



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 2, 2016
Time: 1:30 PM

Primary Location: Holiday Inn Capitol Plaza
300 J Street
Sacramento, CA 95814

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

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will be asked to take action on the consent calendar items as a group; however, a member may request that an item be withdrawn from the Consent Calendar for discussion and action.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 23, 2016** **A** p. 5
The Committee will be asked to approve the minutes from its last meetings.
- 2. Financial Report – Treasurer’s Report**
 - a. CSURMA Quarterly Investment Reschedule* **A** p. 17
 - b. Treasurer’s Report* **A** p. 29
- 3. Cancellation of the December 2, 2016 CSURMA Executive Committee Meeting** **A** p. 31
The Committee will be asked to take approve the cancellation of the December 2, 2016 meeting.

D. GENERAL ADMINISTRATION

- 1. Evaluation of Captive Insurance Vehicle** **A** p. 33
The Committee will be asked to discuss the formation of a captive insurance vehicle.

2. **CSURMA Member Loan Policy and Allocation of Investable Assets** A p. 91
The Committee will hear a report regarding the alternate investment options for CSURMA.
3. **Member Loan Requests** A p. 92
The Committee will be asked to review the proposed member loan requests and provide approval as appropriate.
4. **Updated Liability Program Memoranda of Coverage** A p. 101
The Committee will be asked to ratify the final version of the Campus Liability Risk Pool memorandum of coverage to be used effective July 1, 2016.
5. **Ventiv Technology RiskConsole Proposal – Insurance Policy Database** A p. 230
The Committee will be asked to review and approve, as appropriate, the Ventiv Technology proposal for its risk management information system for CSURMA.
6. **Risk Program Benchmarking and Trend Analysis Project Update** A p. 247
The Committee will discuss the conceptual proposal for the sustainable long-term benchmarking program.
7. **Master Out-of-State On-Line Education Surety Bond** A p. 249
The Committee will hear an update regarding the placement of a Systemwide blanket bond, providing direction to Staff as appropriate.
8. **Risk Management Innovation Grant Program** A p. 250
The Committee will be asked to review the grant applications and provide approval as appropriate

E. OTHER PROGRAMS

1. **AORMA Programs Update** I p. 264
The Committee will receive a verbal report on the AORMA programs
2. **AIME Program Update** I p. 265
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. **CSU v. SELF**



California State University Risk Management Authority

G. INFORMATION ITEMS

- | | | |
|---|----------|---------------|
| 1. Review of FY 2016/2017 Long Range Planning Goals | I | <i>p. 266</i> |
| 2. CSURMA Administrative Service Calendar | I | <i>p. 270</i> |
| 3. 2016 CSURMA Meeting Calendar | I | <i>p. 278</i> |
| 4. CSURMA Executive Committee & Staff Contact List | I | <i>p. 280</i> |

H. ADJOURNMENT

The next CSURMA Executive Committee meeting is scheduled for January 8, 2017, during the AOA Conference in San Diego, 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 23, 2016

ISSUE: The Executive Committee will be asked to review and approve the draft minutes from its September 23, 2016 meeting.

RECOMMENDATION: It is recommended that the Executive Committee approve the minutes from its September 23, 2016 meeting, including corrections as necessary.

FISCAL IMPACT: None.

BACKGROUND: The minutes reflect the action 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 23, 2016

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING**

SEPTEMBER 23, 2016

**ALLIANT INSURANCE SERVICES
1301 Dove Street, Suite 200 • Newport Beach, CA**

10:00 AM

MEMBERS PRESENT

Scott Apel, California State University Long Beach
Lisa Chavez, California State University Los Angeles
Guy Dalpe (AORMA Vice-Chair), Associated Students, Inc., San Francisco State University (*via Teleconference – Non Voting*)
Robert Eaton (Treasurer), California State University, Office of the Chancellor
Linda Hawk (Chair), California State University, San Marcos
Ming Tung (Mike) Lee, California State University, Sacramento
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation (*Arrived at 10:26 AM*)
Kevin Saunders, California State University, Monterey Bay
Jody Van Leuven, California State University, San Bernardino

MEMBERS ABSENT

None

STAFF, GUESTS & CONSULTANTS

Anthony Botro – Ventiv
Kelly Cox – CSU, Office of the Chancellor
Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
Daniel Howell - Alliant Insurance Services, Inc.
William Hsu – CSU, Office of General Counsel
Carrie James - Ventiv
Rob Leong - Alliant Insurance Services, Inc.
Mimi Long - Alliant Insurance Services, Inc.
Chris Ray - KPMG
Rebecca Skidmore – CSU, Office of the Chancellor

A. CALL TO ORDER

The meeting was called to order by the Chair, Linda Hawk at 10:00 AM.

A1. Approval of the Agenda

Item D9 - Insurance Policy Database - Presentation by Ventiv – was moved up on the agenda to be discussed immediately after Item D1 - Report on Independent Auditor’s Financial Audit as of June 30, 2016.

A motion was made to approve the new order of the agenda as noted above.

MOTION: Mike Lee
SECOND: Robert Eaton

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Guy Dalpe				X
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford				X
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from members of the public.

C. CONSENT CALENDAR

- C1. Approval of Minutes – May 6, 2016 and September 7, 2016**
- C2a. Receipt and Review of the Draft Financial Statements at June 30, 2016**
- C2b. Treasurer’s Report at June 30, 2016**
- C3. AIME Claims Administration Service Agreement**
- C4. Adoption of CSURMA Executive Committee and Board of Directors 2017 Meeting Calendar**

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

MOTION: Kevin Saunders
SECOND: Mike Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Guy Dalpe				X
Robert Eaton	X			

Linda Hawk	X			
Mike Lee	X			
Frank Mumford				X
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. Report on Independent Auditor’s Financial Audit as of June 30, 2016

Kelly Cox introduced Chris Ray from KPMG who discussed the audited financial statements of the CSURMA. Ray summarized the findings as presented in the KPMG letter dated September 22, 2016. KPMG provided a clean opinion of CSURMA’s financial statements.

A motion was made to accept the audited financial report ending June 30, 2016 and recommend approval to the Board of Directors.

MOTION: Lisa Chavez
 SECOND: Mike Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Guy Dalpe				X
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford				X
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D9. Insurance Policy Database - Presentation by Ventiv

At its May 5, 2016 meeting, the Executive Committee reviewed staff’s recommendation to expand its current liability claims management system software contract with Ventiv Technologies to add an insurance policy database module that could be further expanded to include benchmarking dashboards across the various insurance programs, such as property, AIME, general liability etc.

The Committee was introduced to Carrie James and Anthony Botro from Ventiv. James and Botro demonstrated the policy management capabilities as well as the “risk console” which would allow

CSURMA to upload all of its loss information to be used in benchmarking, report presentation and risk management solutions.

The Committee felt the expanded risk console capabilities may be useful to the Campus Risk Managers, but wanted their input before making a final decision. Zachary Gifford agreed to invite all Campus Risk Managers to a webinar to demonstrate the Ventiv risk console capabilities in order to receive a recommendation from the Risk Managers for the Executive Committee's consideration.

This item was tabled until the November meeting.

D2. Insurance Renewals Report

Daniel Howell provided an overview of the insurance and reinsurance programs that renewed on July 1, 2016. The AORMA primary excess liability program experienced a substantial increase due to recent losses. The AORMA increase was \$219,542 (24%) which was largely anticipated in the budget; however, some of the additional premium will be absorbed from AORMA program reserves. Two new insurers are taking the AORMA primary excess reinsurance contract – Markel and Great American. The excess tower was stable, with the \$15 million excess of \$5 million underwriters agreeing to cover the programs on a reinsured basis. Staff is working with the reinsurers to finalize the coverage language which will be consistent with expiring terms. The Campus Liability Risk Pool received an increase of \$66,132 (4%). For the Property Insurance, the AORMA program saw a flat rate renewal and the University program a rate increase of 9% and a premium increase of \$566,499 increase due to a recent large loss. Regarding the Workers' Compensation Program, the initial 18 month primary coverage program costs with CSAC EIA should come in below CSU and AORMA's funded loss cost. Systemwide Risk Management agreed to participate in a two year commitment that utilizes EIA's captive insurer to achieve additional savings. The new Fine Arts, Artifacts and Archives property insurance program is being expanded to a Systemwide offering. Members must report any single item with a value excess of \$2.5 million.

D3. Evaluation of Captive Insurance Vehicle

Robert Eaton discussed the captive insurance vehicle evaluation. CSURMA can benefit by utilizing a captive in two ways – the ability to invest in a broader array of instruments including equity positions with the goal of earning a higher return than is earned on investments allowed for public agencies; and, the ability to offer insurance products to third parties such as CSU employees and alumnae, offering the opportunity to retain profits otherwise earned by commercial insurers. Eaton discussed the recommendation on the formation of a captive insurance company as provided by Pinnacle Actuarial Resources, Inc. The pro forma notes a long-term return of 7.5%. Additional costs to run the captive is around 2%; therefore, the net improvement in investment income appears to be 3% to 3.5% additional asset yields to CSURMA. CSURMA may be able to narrow the delta with new investment options.

The Committee discussed the option of moving approximately \$50,000,000 of CSURMA's outstanding liabilities for old open claims into the captive. A captive could be created to pay off

the old claims. As much as \$20,000,000 would need to be ceded into the captive as the initial funding. Eaton will continue to work with Pinnacle as well as Peter Taylor and will provide additional information to the Committee at its next meeting in November.

No action was taken.

D4. CSURMA Member Loan Policy and Allocation of Investable Assets

The Committee discussed the idea of increasing member loans rather than forming a captive. The idea would be to invest back into the CSU system rather than outside sources.

Staff was directed to add this item to the next Executive Committee meeting for additional discussion.

No action was taken.

D5. FY 2017/18 Rates and Gross Funding Campus Coverage Programs

Rob Leong noted that upon the recommendation of the Executive Committee, the Board of Directors adopts rates and funding for the upcoming fiscal year at its Fall meeting. The Committee reviewed the FY 2017/18 funding recommendations for the Campus Coverage Programs using the draft actuarial reports dated August 2, 2016.

The Campus Liability Program costs include premium deposits for the Student Professional Liability Insurance Program (SPLIP) and the Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP). Campus Property Program costs include Blanket Employee Fidelity coverage, Cyber Risk insurance and Fine Arts Artifacts & Archives insurance (FAAAP). Auto Liability is covered by the State Vehicle Liability Self-Insurance Program (VELSIP), whose cost is determined by the Office of Risk and Insurance Management (ORIM), which is expected to be issued in March 2017. 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 2017.

Campuses will have the opportunity to select a new Liability deductible for the next three coverage periods beginning FY 2017/18. The proposed Liability costs have been calculated at present campus deductibles. Campus Property costs have been adjusted for the elimination of the systemwide central fund that previously paid for SPWB funded facilities. As such, in accordance with the instructions from the Office of the Chancellor, all bond-funded facilities are chargeable to the respective campuses beginning with FY 2017/18.

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

	FY 2016/17	FY 2017/18	% Chg	FY 2017/18	% Chg
	Actual	Undiscounted		Discounted	
Liability	14,240,860	15,561,071	9.3%	15,192,370	6.7%
Workers' Compensation	37,823,215	38,822,622	2.6%	36,337,621	-3.9%
IDL/NDI/UI	13,500,000	15,000,000	11.1%	15,000,000	11.1%
Property	8,250,000	8,250,000	0.0%	8,250,000	0.0%
Auto Liability	845,823	829,510	-1.9%	829,510	-1.9%
AIME ¹	4,158,323	4,158,323	0.0%	4,158,323	0.0%
Total	78,818,221	82,621,526	4.8%	79,767,824	1.2%

(1) AIME Committee to recommend final funding for 2017/18.

The Executive Committee was asked to review and recommend to the Board of Directors adoption of the Campus Coverage programs funding for FY 2017/18 as presented in the table above. It has been the Executive Committee’s general practice to recommend funding on an undiscounted basis for the Board’s Fall meeting, and to review and adopt final funding on an undiscounted or discounted basis, or combination thereof, at its Spring meeting.

A motion was made to adopt discounted funding of \$36,337,621 for the Workers’ Compensation Program and undiscounted funding of \$15,561,071 for the Liability Program and \$15,000,000 for IDL/NDL/UI, \$8,250,000 for Property and \$829,510 for Auto Liability.

MOTION: Mike Lee
 SECOND: Lisa Chavez

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Guy Dalpe				X
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D6a. Campus Risk Pools Funding Status at June 30, 2016

The Committee reviewed the risk pools funding status reports. Daniel Howell explained that Staff evaluates the funding status of CSURMA’s major risk pool programs and presents its findings to the Executive Committee. In its evaluation, Staff uses the most recent actuarial reports and

financial statements prepared by the Accountant. Staff has completed its evaluation of the funding status for Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense risk pools at June 30, 2016.

D6b. Evaluation of Potential Campus Risk Pool Dividends and Assessments

Rob Leong noted that according to CSURMA Policy and Procedure No. 14, the Executive Committee evaluates and approves dividends and assessments for the Campus Risk Pools. The practice has been to declare a dividend of up to fifty percent (50%) of unencumbered program funds where available and an assessment to cover existing and anticipated funding shortfalls for funds that have a negative fund balance.

Pursuant to proposed Policy and Procedure No. 14, staff recommends the Executive Committee approve the proposed dividends and/or assessments for Campus Liability, Campus Workers’ Compensation and IDL/NDI/UI risk pools. Staff also recommends the Executive Committee delegate authority to the AIME Committee to determine if a dividend can be distributed from the AIME risk pool in accordance with CSURMA’s policies and procedures.

PROPOSED CAMPUS RISK POOLS DIVIDEND

Program	FY 15/16 Dividend	FY 16/17 Dividend
Liability	\$5,038,862	\$5,576,910
Workers’ Compensation	\$3,461,497	\$8,111,485
Total	\$8,500,359	\$13,688,395

CSURMA adopted a funding policy that calls for each program to fund its liabilities. CSURMA allows inter-fund borrowing if a fund has a deficit position. Last year, CSURMA declared a dividend of \$8,500,359.

Staff’s proposal would have the effect of reducing the Liability and Workers’ Compensation funds by half of their excess reserves.

A motion was made to approve the dividends of \$5,576,910 from the liability program and \$8,111,485 from the workers’ compensation program.

MOTION: Robert Eaton
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Guy Dalpe				X
Robert Eaton	X			
Linda Hawk	X			

Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D7. Updated Liability Program Memoranda of Coverage

Daniel Howell explained that Staff continues to work on completing the updates to the MOC. The revised MOC is being reviewed by reinsurers and Staff has incorporated changes as appropriate.

At its meeting on May 6, 2016, the Executive Committee delegated authority to the CSURMA Secretary-Auditor to finalize the Campus Liability Risk Pool memorandum of coverage to be used effective July 1, 2016, subject to ratification.

This item was tabled to the next meeting in November.

D8. Campus Risk Pools Rating Plans Task Group

Rob Leong summarized the findings from the Rating Plans Task Groups (RPTG) and the Committee reviewed the recommendations as included within the Rating Plans Task Group Report dated September 23, 2016.

No action was taken. The recommended changes to the rating plans will be presented to the Board of Directors for approval at its next meeting on November 2, 2016.

D10. Campus Workers' Compensation Program Aggregate Stop Loss Coverage Status (PARCEL)

As explained by Rob Leong, CSURMA purchased an Aggregate Stop Loss insurance policy known as the Pool Aggregate Retention Casualty Excess Loss (PARCEL) from Safety National Casualty Company. PARCEL caps the Campus Workers' Compensation risk pool's claims liabilities to a maximum of \$101,000,000 for the six (6) year period beginning July 1, 2002 to June 30, 2008. Thereafter, PARCEL pays up to \$16,000,000 in additional claim liabilities. PARCEL is triggered once \$101,000,000 has been paid by the Campus WC risk pool on claims with dates of injury within the six year coverage period. Paid losses at June 30, 2016 are \$93,190,972; however, total incurred losses are \$102,206,347. Staff will monitor the losses as the risk pool approaches the \$101,000,000 trigger. CSURMA paid \$2,000,000 for the aggregate stop loss insurance.

No action was taken.

D11. Master Out-of-State On-Line Education Surety Bond

Rob Leong summarized the progress on securing a surety bond for the CSU's out-of-state online educational activities. Staff continues to review the out-of-state surety requirements for online education, and will develop a master out-of-state online education surety bond for all CSU campuses where possible. Staff will provide an update at the Committee's next meeting in November.

No action was taken.

D12. Risk Program Benchmarking and Trend Analysis Project Update

Zachary Gifford updated the Committee on the progress of the benchmarking project. CSURMA joined the California Workers' Compensation Institute (CWCI), a statewide database on claims costs. This membership enables CSURMA to evaluate claims experience of CSU campuses and auxiliary organizations against similar institutions. The Committee will continue to explore benchmarking capabilities through Ventiv for the other lines of coverage.

No action was taken.

D13. CSURMA Communications and Outreach Plan

Zachary Gifford and Daniel Howell discussed the CSURMA Communications and Outreach Plan which was included as a long range goal for FY 16/17. Staff has identified strategies for an effective communication plan to keep all members apprised of CSURMA resources. An electronic tri-fold brochure is being created. The Insurance Requirements in Contracts manual has been updated and two in-person training sessions as well as one webinar have been conducted.

No action was taken.

D14. Risk Management Innovation Grant Program

Rob Leong reviewed the Innovation Grant Applications submitted.

1. CSU Bakersfield - BullsEx fire extinguisher training. Leong noted that this training has been approved for other campuses.
2. CSU Long Beach – UPD External Vest Carrier. Leong found that CSU Long Beach had already been awarded to full amount available for FY 16/17 for a different project.
3. EH&S Directors Affinity Group – FIT Backsafe, Systemwide Train the Trainers
4. CSU San Luis Obispo – Risk assessment and program development to reduce repetitive and strenuous work tasks of housekeeping and custodial staff. The Committee agreed that the proposal did not include enough information to make a final decision.

A motion was made to:

1. Approve the grant proposal submitted by CSU Bakersfield for the BullsEx Fire Extinguisher Training

2. Not approve the grant proposal submitted by CSU Long Beach for BPS Tactical, Inc., UPD External Vest Carrier
3. Approve the EH&S grant proposal for risk assessment and program development to reduce repetitive and strenuous work tasks of housekeeping and custodial staff
4. Not approve the grant proposal submitted by CSU San Luis Obispo but to instead request additional information and review again at the next Committee meeting.

MOTION: Kevin Saunders

SECOND: Lisa Chavez

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel		X		
Lisa Chavez	X			
Guy Dalpe				X
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D15. Workers’ Compensation Program Claims Closure Initiative Update

Zachary Gifford provided an update of the workers’ compensation program claims closure initiative (Double Play). This is the second year of the Double Play initiative. Forty claims have been reviewed and the results are positive. The continuation of the Double Play program has been approved for the next two fiscal years, at which point the Committee will be asked to reevaluate and determine continuation of the program.

D16. Member Loan Requests

Mike Lee recused himself from the discussion of this item. Robert Eaton summarized the two loan requested that CSURMA received. CSU Sacramento has requested a \$1,800,000 loan to upgrade five elevators. The Committee felt that elevator maintenance and upgrades is within the normal course of operations for a campus. Also, CSU Sacramento currently has an outstanding loan with CSURMA.

CSU Fresno did not provide a formal loan request, but has inquired as to a loan to fund safety related improvements at their stadium. The handrails at the Bulldog Stadium keep becoming loose. The estimated cost to upgrade the handrails is \$20,000,000 to \$25,000,000. The Committee asked for historical loss information.

The Committee did not approve these loan requests and no action was taken. CSU Fresno will be asked to submit a formal loan request with the required backup documentation.

E. OTHER PROGRAMS

E1. AIME Programs Update

Jody Van Leuven provided an update as to the recent activities of the AIME Committee.

E2. AORMA Programs Update

Frank Mumford, the AORMA Committee Chair, reported on the recent activities of the AORMA Committee.

F. CLOSED SESSION

F1. Sargent vs Sonoma State University

F2. Gupta vs San Francisco State University

F3. Burns vs San Diego State University

The Committee was in closed session from 1:40 PM to 2:00 PM. The Chair reported that no action was taken during closed session.

G. INFORMATION ITEMS

G1. Review of FY 2016/2017 Long Range Planning Goals

G2. CSURMA Administrative Service Calendar

G3. 2016 CSURMA Meeting Calendar

G4. CSURMA Executive Committee & Staff Contact List

H. ADJOURNMENT

The meeting was adjourned at 2:02 PM.

FINANCIAL REPORT
DRAFT FINANCIAL STATEMENT AT SEPTEMBER 30, 2016

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 Finance Services Accounting 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, 2016 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, 2016

California State University Risk Management Authority
Member Aged Accounts Receivable
As of 10/20/2016

Client Name	Current	31-60	61-90	Over 121	Balance
Associated Students Inc, CPSU San Luis Obispo	\$39,215.00	\$0.00	\$0.00	\$0.00	\$39,215.00
Associated Students Inc, CPSU Pomona	\$36,107.00	\$0.00	\$0.00	\$0.00	\$36,107.00
a Associated Students Inc, CSU Bakersfield	\$0.00	\$0.00	\$7,927.00	\$0.00	\$7,927.00
a Associated Students Inc, CSU Dominguez Hills	\$2,937.00	\$0.00	\$1,341.00	\$0.00	\$4,278.00
Associated Students Inc, CSU East Bay	\$6,830.00	\$0.00	\$0.00	\$0.00	\$6,830.00
Associated Students Inc, CSU Long Beach	\$32,682.00	\$0.00	\$0.00	\$0.00	\$32,682.00
Associated Students Inc, CSU Northridge	\$18,412.00	\$0.00	\$0.00	\$0.00	\$18,412.00
Associated Students Inc, CSU Sacramento	\$26,237.00	\$0.00	\$0.00	\$0.00	\$26,237.00
Associated Students Inc, CSU Stanislaus	\$505.00	\$0.00	\$0.00	\$0.00	\$505.00
Associated Students Inc, San Francisco State University	\$15,372.00	\$0.00	\$0.00	\$0.00	\$15,372.00
Associated Students of CSU, Chico	\$51,575.00	\$0.00	\$0.00	\$0.00	\$51,575.00
Associated Students of Humboldt State University	\$541.00	\$0.00	\$0.00	\$0.00	\$541.00
Associated Students of Sonoma State University	\$3,303.00	\$0.00	\$0.00	\$0.00	\$3,303.00
a Associated Students, CSU Fullerton	\$32,842.00	\$0.00	\$81,119.00	\$0.00	\$113,961.00
a Associated Students, CSU Los Angeles	\$0.00	\$0.00	\$8,896.00	\$0.00	\$8,896.00
a Associated Students, San Diego State University	\$50,144.00	\$0.00	\$50,144.00	\$0.00	\$100,288.00
Cal Poly Corporation	\$129,722.00	\$0.00	\$0.00	\$0.00	\$129,722.00
Cal Poly Pomona Foundation, Inc.	\$86,962.00	\$0.00	\$0.00	\$0.00	\$86,962.00
a Cal State LA University Auxiliary Services Inc	\$60,805.00	\$0.00	\$60,805.00	\$0.00	\$121,610.00
a California Maritime Academy Associated Students	\$0.00	\$0.00	\$4,098.00	\$0.00	\$4,098.00
a California Maritime Academy Foundation	\$0.00	\$0.00	\$4,493.00	\$0.00	\$4,493.00
Capital Public Radio, Inc.	\$8,547.00	\$0.00	\$0.00	\$0.00	\$8,547.00
a CSU Bakersfield Foundation	\$5,993.00	\$1,064.00	\$11,233.00	\$0.00	\$18,290.00
CSU Bakersfield Foundation Childcare Center	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
a CSU Bakersfield, Auxiliary for Sponsored Programs Admin	\$3,623.00	\$0.00	\$8,901.00	\$0.00	\$12,524.00
CSU Chico Research Foundation	\$60,554.00	\$0.00	\$0.00	\$0.00	\$60,554.00
CSU Dominguez Hills Foundation	\$26,106.00	\$0.00	\$0.00	\$0.00	\$26,106.00
a CSU Dominguez Hills Philanthropic Foundation	\$0.00	\$0.00	\$2,540.00	\$0.00	\$2,540.00
CSU Fresno Association	\$46,287.00	\$0.00	\$0.00	\$0.00	\$46,287.00
CSU Fresno Athletic Corporation	\$17,937.00	\$0.00	\$0.00	\$0.00	\$17,937.00
CSU Fresno Foundation	\$45,033.00	\$0.00	\$0.00	\$0.00	\$45,033.00
CSU Long Beach Research Foundation	\$52,834.00	\$0.00	\$0.00	\$0.00	\$52,834.00
b CSU Office of the Chancellor-Systemwide	\$0.00	\$0.00	\$2,015,883.00	\$0.00	\$2,015,883.00
a CSUSB Philanthropic Foundation	\$0.00	\$0.00	\$13,381.00	\$0.00	\$13,381.00
Donald P. & Katherine B. Loker University Student Union, Inc.	\$4,597.00	\$0.00	\$0.00	\$0.00	\$4,597.00
Forty-Niner Shops Inc, CSU Long Beach	\$64,575.00	\$0.00	\$0.00	\$0.00	\$64,575.00
Humboldt State Univ Sponsored Programs Foundation	\$24,526.00	\$0.00	\$0.00	\$0.00	\$24,526.00
Humboldt State University Advancement Foundation	\$5,180.00	\$0.00	\$0.00	\$0.00	\$5,180.00
Humboldt State University Center	\$28,736.00	\$0.00	\$0.00	\$0.00	\$28,736.00
San Jose State University Research Foundation	\$80,769.00	\$0.00	\$0.00	\$0.00	\$80,769.00
a San Marcos University Corporation	\$0.00	\$0.00	\$42,814.00	\$0.00	\$42,814.00
a Santos Manuel Student Union, CSU San Bernardino	\$14,327.00	\$0.00	\$14,327.00	\$0.00	\$28,654.00
a SDSU Research Foundation	\$0.00	\$0.00	\$0.00	\$864.66	\$864.66
Sonoma State University Enterprises, Inc	\$7,015.00	\$0.00	\$0.00	\$0.00	\$7,015.00
a Spartan Shops Inc., San Jose State University	\$61,382.00	\$0.00	\$0.00	\$74.00	\$61,456.00
Student Union Inc, San Jose State University	\$11,922.00	\$0.00	\$0.00	\$0.00	\$11,922.00

a	Student Union of CSU Bakersfield	\$0.00	\$0.00	\$8,142.00	\$0.00	\$8,142.00
	The Tower Foundation, San Jose State University	\$1,796.00	\$0.00	\$0.00	\$0.00	\$1,796.00
	The University Corporation, CSU Northridge	\$100,307.00	\$0.00	\$0.00	\$0.00	\$100,307.00
	The University Corporation, San Francisco State	\$13,755.00	\$0.00	\$0.00	\$0.00	\$13,755.00
	Univ Auxiliary & Research Services Corp, San Marcos	\$28,322.00	\$0.00	\$0.00	\$0.00	\$28,322.00
a	University Corporation at Monterey Bay	\$34,275.00	\$0.00	\$38,070.66	\$0.00	\$72,345.66
	University Enterprises Corporation at CSUSB	\$44,048.00	\$0.00	\$0.00	\$0.00	\$44,048.00
	University Enterprises Inc. CSU Sacramento	\$160,396.00	\$0.00	\$0.00	\$0.00	\$160,396.00
a	University Glen Corporation, CSU Channel Islands	\$17,471.00	\$0.00	\$17,471.00	\$0.00	\$34,942.00
	University Student Union Board, CSU Los Angeles	\$15,274.00	\$0.00	\$0.00	\$0.00	\$15,274.00
	University Student Union, CSU Northridge	\$32,381.00	\$0.00	\$0.00	\$0.00	\$32,381.00
	University Student Union, CSU Stanislaus	\$1,514.00	\$0.00	\$0.00	\$0.00	\$1,514.00
Totals:		\$3,352,617.64	\$1,064.00	\$2,391,585.66	\$938.66	\$5,746,205.96

- a CSURMA Accounting is working with Members to collect outstanding balances.
- b Pending approval to cancel billing to Systemwide and allocate them to the campuses.

**California State University Risk Management Authority
Outstanding Member Loan Status
As of 9/30/2016**

Loan Pool: 15% of the overall average cash and investment for the preceding 12 months (Oct 2015 - Sep 2016)

\$ 26,232,757.90

Member Name	Maturity Date	Original Issue Date	Original Issue Amount	Outstanding Loan Balance 9/30/2016	Outstanding Loan Balance 06/30/2016
Humboldt State University Advancement Foundation	Oct 2017 (Extension)	Aug 2008	\$ 2,535,000.00	\$ 2,000,000.00	\$ 2,000,000.00
CSU Fresno	Sep 2018 (Extension)	Nov 2008	\$ 4,500,000.00	\$ 197,961.92	\$ 264,012.84
CSU Sacramento	Jun 2019	May 2014	\$ 4,000,000.00	\$ 2,157,242.00	\$ 2,353,355.00
Total Loans			\$ 11,035,000.00	\$ 4,355,203.92	\$ 4,617,367.84

Remaining Amount Available for Member Loans

\$ 20,034,795.98

(The remaining amount reflects CSU Sacramento Line of credit balance of \$1,842,758)

***Per CSURMA P&P No. 10:**

A single Member loan and its associated Member's Auxiliary Organizations shall not exceed 5% of the overall average cash and investments for the preceding 12 months

\$ 8,744,252.63

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

Processed from July 1, 2016 to September 30, 2016

Dates of Travel	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
7/18-7/20/2016	Zachary Gifford	Oakland/San Francisco	CSURMA Communication to Campus IT Leadership - Cyber Insurance Program Teleconference with Alliant and CO, AORMA Officers Retreat at Alliant Office	\$ 603.22	\$ 45.00	\$ 362.87	\$ 1,011.09
7/27-7/28/2016	Zachary Gifford	Oakland/San Francisco	SFSU Science Bldg and Nevatt Litigation Meeting at Alliant, IRIC Training presentation at Cal Maritime	\$ 252.14	\$ 19.18	\$ 494.13	\$ 765.45
8/10-8/12/2016	Zachary Gifford	Newport Beach/Irvine	WC Stewardship Meeting with Alliant and Sedgwick at Alliant Newport Beach Office and UC-CSU Workers' Compensation Summit at UC Irvine Campus	\$ -	\$ -	\$ 88.02	\$ 88.02
8/17-8/18/2016	Zachary Gifford	LA/Cal Poly Pomona	Alliant/CPDC Claims Advocacy Meeting at Alliant Office and CSURMA IRIC Training presentation at CSPU Pomona	\$ -	\$ -	\$ 85.88	\$ 85.88
8/11-12,18,30-31/2016	Rebecca Skidmore	UCI/Pomona/LA	UC-CSU Workers' Compensation Summit at UC Irvine, CSURMA Training for IRIC 9.0 at Pomona campus, Ventiv in Los Angeles (Omni Hotel)	\$ 230.61	\$ 150.99	\$ -	\$ 381.60
9/6-9/8/2016	Zachary Gifford	Sacramento	CSURMA EC Meeting, AORMA LRP & Committee Meeting at Alliant Offices	\$ 241.10	\$ 57.06	\$ 335.04	\$ 633.20
9/12, 9/18-20/2016	Rebecca Skidmore	San Diego	URMIA Conference	\$ 774.84	\$ 22.35	\$ 201.52	\$ 998.71
9/18-9/20/2016	Zachary Gifford	San Diego	URMIA Conference	\$ 315.84	\$ 44.20	\$ 199.39	\$ 559.43
Total Travel Expenses Processed from 07/01/2016 to 09/30/2016				\$ 2,417.75	\$ 338.78	\$ 1,766.85	\$ 4,523.38

California State University Risk Management Authority

Balance Sheet - Campus Programs as of 9/30/2016

(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 9/30/2016</u>
Assets:							
Cash and Investments	10,593,525	27,718,795	6,609,227	3,967,249	2,240,010	688,469	51,817,274
Other long-term investments	32,413,144	60,059,226	7,510,952	5,128,861	3,517,092	0	108,629,275
Accounts receivable	2,471,937	639,871	0	1,283,392	0	0	4,395,200
Loan receivable	0	0	0	0	0	0	0
Reinsurance receivable	0	215,514	0	0	0	0	215,514
Accrued interest receivable	1,189	2,427	390	252	159	0	4,418
Prepaid insurance	1,868,883	21,770,500	1,617	849,672	14,210	0	24,504,882
Prepaid expense	382,926	2,150,329	8,305	483,058	423,667	0	3,448,284
Total assets:	<u>47,731,604</u>	<u>112,556,663</u>	<u>14,130,490</u>	<u>11,712,483</u>	<u>6,195,138</u>	<u>688,469</u>	<u>193,014,848</u>
Liabilities:							
Accounts payable	83,290	801,749	* 6,536,717	10,266	305,139	0	7,737,162
Unearned revenue	9,371,772	28,367,411	10,125,000	2,865,878	3,118,742	634,368	54,483,171
SELF assessment liability	0	8,181,789	0	0	0	0	8,181,789
Reported claims	10,997,441	32,156,316	0	0	105,426	0	43,259,183
Claims incurred but not reported	9,783,891	16,338,367	0	0	2,108,516	0	28,230,774
Total liabilities:	<u>30,236,394</u>	<u>85,845,632</u>	<u>16,661,717</u>	<u>2,876,144</u>	<u>5,637,823</u>	<u>634,368</u>	<u>141,892,079</u>
Fund balance	17,495,209	26,711,031	-2,531,227	8,836,339	557,315	54,101	51,122,769
Total liabilities and fund balance	<u>47,731,604</u>	<u>112,556,663</u>	<u>14,130,490</u>	<u>11,712,483</u>	<u>6,195,138</u>	<u>688,469</u>	<u>193,014,848</u>

* IQ claims expenses accruals were calculated based on on the previous 12 months' average claims expenses and the trend which has been higher in the 1st quarter. We expect expenses to be in line with the budget by year end.

California State University Risk Management Authority

Balance Sheet - AORMA Programs as of 9/30/2016

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs as of 9/30/2016
Assets:						
Cash and Investments	1,058,266	1,450,094	265,588	56,593	803,496	3,634,036
Other long-term investments	8,126,650	7,569,322	2,036,093	630,251	5,560,816	23,923,132
Accounts receivable	121,314	197,398	62,652	20,539	47,864	449,767
Loan receivable	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0
Accrued interest receivable	254	249	64	19	176	762
Prepaid insurance	114,029	2,343,022	214,250	36	311	2,671,648
Prepaid expense	668,779	407,256	103,345	189	1,642	1,181,210
Total assets:	10,089,291	11,967,341	2,681,991	724,015	6,414,304	31,860,555
Liabilities:						
Accounts payable	919,069	1,003,610	2,943	386	253,672	2,179,679
Unearned revenue	1,856,050	0	783,052	232,904	0	2,872,005
SELF assessment liability	0	0	0	0	0	0
Reported claims	475,118	3,089,301	0	0	0	3,564,419
Claims incurred but not reported	1,018,632	2,853,453	0	0	0	3,872,085
Total liabilities:	4,268,869	6,946,364	785,995	233,290	253,672	12,488,188
Fund balance	5,820,423	5,020,977	1,895,996	474,337	6,160,633	19,372,367
Total liabilities and fund balance	10,089,291	11,967,341	2,681,991	707,627	6,414,304	31,860,555

California State University Risk Management Authority

Balance Sheet - Miscellaneous Programs as of 9/30/2016

(Unaudited)

	Misc				Total	Grand Total
	Purchased	OCIP	Club Sports	Loans	Misc Programs as of 9/30/2016	All Programs as of 9/30/2016
Assets:						
Cash and Investments	-11,411	248,113	23,263	-186,466	73,499	55,524,810
Other long-term investments	-235,456	5,882,866	-6,039	-4,168,738	1,472,632	134,025,039
Accounts receivable	6,273	0	0	0	6,273	4,851,240
Loan receivable	0	0	0	4,355,204	4,355,204	4,355,204
Reinsurance receivable	0	0	0	0	0	215,514
Accrued interest receivable	0	0	0	0	0	5,180
Prepaid insurance	0	1,581,870	127,542	0	1,709,412	28,885,942
Prepaid expense	0	99,077	88,157	0	187,234	4,816,729
Total assets:	-240,594	7,811,926	232,923	0	7,804,255	232,679,658
Liabilities:						
Accounts payable	0	373,537	254	0	373,791	10,290,632
Unearned revenue	144,529	0	26,595	0	197,718	57,526,300
SELF assessment liability	0	0	0	0	0	8,181,789
Reported claims	0	0	0	0	0	46,823,602
Claims incurred but not reported	0	0	0	0	0	32,102,859
Total liabilities:	144,529	373,537	26,849	0	544,914	154,925,182
Fund balance	*	-385,123	7,438,389	206,075	0	7,259,340
Total liabilities and fund balance	-240,594	7,811,926	232,923	0	7,804,255	232,679,658

*Deficit is due to missing billing to the International Program. Billing will be processed in February 2017 when the count of participants in the program is available.

**California State University Risk Management Authority
Income Statement - Campus Programs as of 9/30/2016**

(Unaudited)

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>IDL/NDI/UI</u>	<u>Property</u>	<u>AIME</u>	<u>Auto Liability</u>	<u>Campus Programs 9/30/2016</u>
OPERATING REVENUES:							
Contributions	3,547,815	9,455,804	3,375,000	2,198,800	1,039,581	211,456	19,828,455
Reinsurance premiums	-444,808	0	0	-1,243,507	0	0	-1,688,315
Total operating revenues:	<u>3,103,007</u>	<u>9,455,804</u>	<u>3,375,000</u>	<u>955,293</u>	<u>1,039,581</u>	<u>211,456</u>	<u>18,140,140</u>
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	3,963,087	7,590,088	6,520,000	858,596	896,094	0	19,827,864
Deductible recoveries	-1,738,382	0	0	0	0	0	-1,738,382
Claims administrators	21,985	956,122	18,096	0	50,000	0	1,046,203
Claims management information system	7,673	8,067	0	0	0	0	15,740
Program administrator	43,795	117,794	42,285	53,327	2,588	0	259,789
Brokerage commissions	-3,274	76,066	15	192,851	420	0	266,077
Insurance premiums	614,183	7,255,327	0	277,478	3,746	0	8,150,734
Taxes, assessments & fees	0	0	0	0	0	0	0
Actuarial services	0	0	0	0	0	0	0
Workshops/training	1,594	4,234	1,511	923	0	0	8,263
Loss control	71,294	8,132	0	13,961	0	0	93,386
Reinsurance/excess recovery	0	-2,746,816	0	0	0	0	-2,746,816
Program committee	0	0	0	0	0	0	0
Dividend distributions	0	0	0	0	0	0	0
Change in claims losses and loss adj. exp.	0	0	0	0	0	0	0
Total direct program expenses:	<u>2,981,954</u>	<u>13,269,013</u>	<u>6,581,908</u>	<u>1,397,136</u>	<u>952,848</u>	<u>0</u>	<u>25,182,858</u>
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	4,382	11,637	4,154	2,538	1,280	0	23,990
Executive committee & board expenses	0	0	0	0	0	0	0
JPA insurance	528	1,476	528	313	152	0	2,997
Memberships, associations & dues	698	29,499	697	413	201	0	31,508
Chancellor's office accounting services	12,779	33,942	12,114	7,403	3,732	0	69,971
Risk management expenses	27,721	73,577	26,261	16,048	8,090	0	151,696
JPA legal	0	0	0	0	0	0	0
Miscellaneous indirect services	1,628	2,403	859	516	243	0	5,649
Total general & administrative expenses:	<u>47,736</u>	<u>152,534</u>	<u>44,612</u>	<u>27,232</u>	<u>13,698</u>	<u>0</u>	<u>285,812</u>
Total operating expenses:	<u>3,029,690</u>	<u>13,421,547</u>	<u>6,626,520</u>	<u>1,424,368</u>	<u>966,546</u>	<u>0</u>	<u>25,468,669</u>
NON-OPERATING REVENUES:							
Investment income	-42,139	-93,718	9,369	-9,667	2,433	0	-133,722
Total non-operating revenues:	<u>-42,139</u>	<u>-93,718</u>	<u>9,369</u>	<u>-9,667</u>	<u>2,433</u>	<u>0</u>	<u>-133,722</u>
BEGINNING RETAINED EARNINGS	17,464,030	30,770,492	710,923	9,315,081	481,847	-157,355	58,585,019
NET SURPLUS/(DEFICIT)	31,179	-4,059,461	-3,242,150	-478,742	75,468	211,456	-7,462,251
ENDING RETAINED EARNINGS	<u>17,495,209</u>	<u>26,711,031</u>	<u>-2,531,227</u>	<u>8,836,339</u>	<u>557,315</u>	<u>54,101</u>	<u>51,122,769</u>

California State University Risk Management Authority

Income Statement - AORMA Programs as of 9/30/2016

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs 9/30/2016
OPERATING REVENUES:						
Contributions	940,159	1,258,877	611,370	77,635	593,913	3,481,954
Reinsurance premiums	-321,476	0	-350,353	0	0	-671,829
Total operating revenues:	618,683	1,258,877	261,017	77,635	593,913	2,810,125
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	390,835	707,115	23,350	0	251,485	1,372,785
Deductible recoveries	-12,500	0	0	0	0	-12,500
Claims administrators	3,500	54,941	0	0	7,511	65,953
Claims management information system	0	0	0	0	0	0
Program administrator	150,000	96,619	63,750	10,337	14,211	334,917
Brokerage commissions	20,103	7,512	87,846	0	5	115,467
Insurance premiums	37,857	780,828	71,329	0	0	890,013
Taxes, assessments & fees	0	0	0	0	0	0
Actuarial services	0	0	0	0	0	0
Miscellaneous program services	0	0	0	0	0	0
Workshops/training	434	506	265	35	238	1,479
Loss control	14,908	17,374	4,009	0	0	36,291
Reinsurance/excess recovery	-190,000	-164,886	0	0	0	-354,886
Program committee	504	588	308	40	276	1,717
Dividend distributions	824,137	888,619	0	0	0	1,712,756
Total direct program expenses:	1,239,778	2,389,216	250,857	10,412	273,727	4,163,991
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	1,194	1,392	729	95	655	4,064
Executive committee & board expenses	0	0	0	0	0	0
JPA insurance	150	176	86	12	101	525
Memberships, associations & dues	18	21	10	1	12	63
Chancellor's office accounting services	3,483	4,059	2,125	278	1,909	11,855
Risk management expenses	7,549	8,799	4,607	603	4,139	25,697
Miscellaneous indirect services	242	287	150	20	167	866
Total general & administrative expenses:	12,635	14,733	7,708	1,010	6,983	43,069
Total operating expenses:	1,268,801	2,403,950	258,565	-4,965	280,710	4,207,060
NON-OPERATING REVENUES:						
Investment income	-11,019	-17,346	-1,465	-456	-8,212	-38,499
Total non-operating revenues:	-11,019	-17,346	-1,465	-456	-8,212	-38,499
BEGINNING RETAINED EARNINGS	6,465,172	6,183,396	1,895,009	408,581	5,855,643	20,807,801
NET SURPLUS/(DEFICIT)	-644,749	-1,162,419	987	65,756	304,990	-1,435,434
ENDING RETAINED EARNINGS	5,820,423	5,020,977	1,895,996	474,337	6,160,633	19,372,367

California State University Risk Management Authority
Income Statement - Miscellaneous Programs as of 9/30/2016

(Unaudited)

	Misc			Total	Grand Total		
	Purchased	OCIP	Club Sports	Misc Programs 9/30/2016	All Programs 9/30/2016		
OPERATING REVENUES:							
Contributions	45,221	*	0	*	0	45,221	23,355,630
Reinsurance premiums	0	0	0	0	0	0	-2,360,144
Total operating revenues:	45,221	0	0	45,221	0	45,221	20,995,486
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	0	0	9,781	9,781	0	9,781	21,210,430
Deductible recoveries	0	0	0	0	0	0	-1,750,882
Claims administrators	0	0	2,000	2,000	0	2,000	1,114,155
Claims management information system	0	0	0	0	0	0	15,740
Program administrator	0	68,125	0	68,125	0	68,125	662,831
Brokerage commissions	75,133	3,466	1,744	80,342	0	80,342	461,886
Insurance premiums	433,197	178,383	55,474	667,054	0	667,054	9,707,801
Workshops/training	0	0	0	0	0	0	9,741
Loss control	0	0	0	0	0	0	129,677
Reinsurance/excess recovery	0	0	0	0	0	0	-3,101,702
Program committee	0	0	0	0	0	0	1,717
Dividend distributions	0	0	0	0	0	0	1,712,756
Total direct program expenses:	508,330	249,973	68,999	827,302	0	827,302	30,174,151
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	0	1,883	63	1,946	0	1,946	30,000
JPA insurance	0	239	8	247	0	247	3,770
Memberships, associations & dues	0	29	1	30	0	30	31,600
Chancellor's office accounting services	0	5,491	184	5,674	0	5,674	87,500
Risk management expenses	0	11,902	398	12,300	0	12,300	189,694
Miscellaneous indirect services	0	389	13	402	0	402	6,917
Total general & administrative expenses:	0	19,932	667	20,599	0	20,599	349,480
Total operating expenses:	508,330	269,906	69,665	847,901	0	847,901	30,523,631
NON-OPERATING REVENUES:							
Investment income	0	0	-217	-217	0	-217	-172,437
Total non-operating revenues:	0	0	-217	-217	0	-217	-172,437
BEGINNING RETAINED EARNINGS	77,987	7,708,294	275,957	8,062,238	0	8,062,238	87,455,058
NET SURPLUS/(DEFICIT)	-463,109	-269,906	-69,882	-802,897	0	-802,897	-9,700,582
ENDING RETAINED EARNINGS	-385,123	7,438,389	206,075	7,259,340	0	7,259,340	77,754,476

* Q1 billing to the members will be processed in October.

California State University Risk Management Authority

Income Statement as of 9/30/2016

(Unaudited)

	Budget vs. Actual			Percent of Budget
	FY 2016/2017 Budget	Year-to-Date Ended 9/30/2016	Variance	
OPERATING REVENUES:				
Contributions	98,787,129	23,355,630	75,431,499	23.64%
Reinsurance premiums	(7,664,006)	(2,360,144)	(5,303,862)	30.80%
Total operating revenues:	91,123,123	20,995,486	70,127,637	23.04%
OPERATING EXPENSES:				
DIRECT PROGRAM EXPENSES:				
Claims payment & legal expenses	59,479,626	21,210,430	38,269,196	35.66%
Deductible recoveries	(5,381,360)	(1,750,882)	(3,630,478)	32.54%
Claims administrators	4,492,631	1,114,155	3,378,476	24.80%
Claims management information system	85,000	15,740	69,260	18.52%
Program administrator	2,592,251	662,831	1,929,420	25.57%
Brokerage commissions	1,290,820	461,886	828,934	35.78%
Insurance premiums	38,442,443	9,707,801	28,734,642	25.25%
Taxes, assessments & fees	265,500	0	265,500	0.00%
Actuarial services	386,000	0	386,000	0.00%
Claims audit	22,000	0	22,000	0.00%
Coverage counsel	16,000	0	16,000	0.00%
Program legal	24,500	0	24,500	0.00%
Miscellaneous program services	10,000	0	10,000	0.00%
Workshops/training	329,000	9,741	319,259	2.96%
Loss control	1,070,466	129,677	940,789	12.11%
Reinsurance/excess recovery	(16,452,994)	(3,101,702)	(13,351,292)	18.85%
Program committee	0	1,717	(1,717)	0.00%
Dividend distributions	1,171,524	1,712,756	(541,232)	146.20%
Total direct program expenses:	87,843,407	30,174,151	57,669,256	34.35%
GENERAL & ADMINISTRATIVE EXPENSES:				
Financial audit	43,000	30,000	13,000	69.77%
Executive committee & board expenses	34,000	0	34,000	0.00%
JPA insurance	27,500	3,770	23,730	13.71%
Memberships, associations & dues	7,450	31,600	(24,150)	424.16%
Chancellor's office accounting services	350,000	87,500	262,500	25.00%
Risk management expenses	1,013,000	189,694	823,306	18.73%
JPA legal	105,000	0	105,000	0.00%
Miscellaneous indirect services	15,000	6,917	8,083	46.11%
Total general & administrative expenses:	1,594,950	349,480	1,245,470	21.91%
Total operating expenses:	89,438,357	30,523,631	58,914,726	34.13%
NON-OPERATING REVENUES:				
Investment income	2,500,000	(172,437)	2,672,437	(6.90)%
Total non-operating revenues:	2,500,000	(172,437)	2,672,437	(6.90)%
NET SURPLUS/(DEFICIT)	4,184,766	(9,700,582)	13,885,348	(231.81)%

FINANCIAL REPORT
TREASURER'S REPORT AT SEPTEMBER 30, 2016

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 the Treasurer's Report ending September 30, 2016 as part of the Consent Calendar.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Treasurer's Certification Letter dated October 17, 2016



California State University Risk Management Authority

Officers

Linda Hawk
Chair - 760-750-4950

Dr. Ming Tung (Mike) Lee
Vice Chair - 916-278-6312

Robert Eaton
Treasurer - 562-951-4572

Zachary Gifford
Secretary-Auditor - 562-951-4568

To: Executive Committee
CSU Risk Management Authority

From: Robert Eaton
Treasurer of CSU Risk Management Authority

Re: Treasurer's Certification

Date: October 17, 2016

As of October 17, 2016, the Authority funds held in investments are sufficient to meet the Authority's cash flow needs for the following six (6) months, and the investments are in accordance with the investment policy of the Authority, as duly authorized by the Executive Committee.

Robert Eaton
Treasurer
CSU Risk Management Authority

CANCELLATION OF DECEMBER 2, 2016
CSURMA EXECUTIVE COMMITTEE MEETING

ISSUE: The CSURMA meeting calendar includes a CSURMA Executive Committee meeting scheduled for December 2, 2016. After reviewing the pending items and in consideration of the proximity to the January 8, 2017, CSURMA Executive Committee meeting, the Program Administrator recommends that the December meeting be cancelled and items deferred to the January, 2017 meeting.

RECOMMENDATION: It is recommended that the CSURMA Executive Committee take action to cancel the scheduled December 2, 2016 meeting.

FISCAL IMPACT: Cancellation of the meeting will result in a small cost savings by eliminating meeting expenses.

BACKGROUND: The CSURMA Executive Committee has recently adopted a practice of meeting in January in conjunction with the CSU Auxiliary Organizations Association annual conference which is held each January. As a result, the December meeting has become somewhat unnecessary following the November meeting.

PUBLICATION: Any change to the meeting calendar will be published on the CSURMA website.

ATTACHMENT(S):

- a. CSURMA 2016 Meeting Calendar



California State University Risk Management Authority

2016 CSURMA MEETING CALENDAR

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
9		AOA EC	Sacramento	25	1:00 PM	PC	Teleconference	10	10:00 AM	AORMA	San Francisco
10	3:00 PM	EC (AOA Conference)	Sacramento					10	2:00 PM	EC	San Francisco
10 - 13		AOA Annual Conference	Sacramento					11	8:30 AM	EC LRP	San Francisco
11	10:30 AM	AIME	Sacramento					18		AOA EC	TBD
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
				2	10:30 AM	AIME	Northridge	17		AOA EC	TBD
				5	10:00 AM	AORMA	Long Beach	23	1:00 PM	PC	Teleconference
				5	2:00 PM	BOD Orientation	Teleconference				
				6	8:00 AM	EC	Long Beach				
				6	10:30 AM	BOD	Long Beach				
JULY				AUGUST				SEPTEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
19 - 20	11:00 AM	AORMA Officers Retreat	San Francisco	19		AOA EC	TBD	7	9:00 AM	AORMA New Member	Sacramento
								7	10:00 AM	AORMA LRP	Sacramento
								8	9:00 AM	AORMA	Sacramento
								23	8:30 AM	EC Orientation	Newport Beach
								23	10:00 AM	EC	Newport Beach
								29	1:00 PM	PC	Teleconference
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
17	10:30 AM	AIME	SF or SJ	18		AOA EC	TBD	1	10:00 AM	AORMA	Long Beach
20	10:00 AM	AORMA	Newport Beach	2	1:30 PM	EC (FTPT Conference)	Sacramento	2	8:30 AM	EC	Long Beach
				2	4:00 PM	BOD (FTPT Conference)	Sacramento	8	8:00 AM	PC	San Francisco
				3-4		FTPT Conference	Sacramento				

AORMA = Auxiliary Organizations Risk Management Alliance Committee
 AIME = Athletic Injury Medical Expense Committee
 MSLCTC = AORMA Member Services, Loss Control & Training Committee

PC = AORMA Programs Committee
 AORMA LRP = AORMA Long Range Planning Meeting
 AOA = CSU Auxiliary Organizations Association

EC = CSURMA Executive Committee
 EC LRP = EC Long Range Planning Meeting
 BOD = CSURMA Board of Directors

EVALUATION OF CAPTIVE INSURANCE VEHICLE

ISSUE: Effective January 1, 1997, CSU formed the CSURMA with its not-for-profit auxiliary organizations. CSURMA is a California public agency joint powers authority. More recently, the University of California formed “Fiat Lux” as a captive insurer in 2012. CSU executive management is interested in evaluating whether CSU can benefit from forming a captive. While JPA’s and captives share many similarities, two key benefits from captives are:

- Ability to invest in a broader array of instruments including equity positions with the goal of earning a higher return than is earned on investments allowed for public agencies; and,
- Ability to offer insurance products to third parties such as CSU employees and alumnae, offering the opportunity to retain profits otherwise earned by commercial insurers.

At its May 6, 2016 meeting the CSURMA Executive Committee reviewed a report prepared by Pinnacle Actuarial Resources (PAR) as an initial evaluation for CSU/CSURMA captive utilization options. The Executive Committee obtain additional information and clarifications which were included in the attached PAR report dated August 2016. No action was taken at the CSURMA Executive Committee at the September 23, 2016 meeting pending internal discussions among CSU executive management at the Chancellor’s Office. Treasurer Robert Eaton reports there is support for CSURMA to take first steps in establishing a captive insurance vehicle. The most efficient captive insurer solution would be a “protected cell” within an existing captive, such as Fiat Lux.

RECOMMENDATION: It is recommended that the CSURMA Executive Committee delegate authority for the Treasurer and Secretary-Auditor to engage legal, actuarial and other consultants to perform work necessary for a captive insurance vehicle to be established for CSURMA’s use.

FISCAL IMPACT: The cost of the Phase II consulting services from legal, actuarial and other providers has been estimated by PAR at \$250,000 for a “protected cell” captive vehicle. Additional Phase II captive development costs would be determined and included in the midterm budget amendment proposal.

BACKGROUND: A captive insurer is a form of insurance company established usually to take on the insurable risk of the parent sponsoring organization. CSU has already established a

similar vehicle with the CSU Risk Management Authority, joint powers authority; however a captive insurer may have additional benefits including:

- **Increased Investment Income** – CSU has limitations on the kinds of investments available. These limitations apply to the CSURMA JPA. PAR projects an annual return of 2.8% for funds invested via a captive insurer. Alliant research shows JPA’s have been earning (net) a return of 2.48% on intermediate term and 1.37% on their short term investment pools over the past five years.
- **Additional Reinsurance Markets** – CSURMA already has access to reinsurance markets but a captive insurer may have access to additional markets.
- **Third Party Coverage** – A CSU sponsored captive may earn income by sponsoring coverages for third parties, such as homeowner’s and auto coverage for University employees and alumnae, and renter’s insurance for students in university housing.

If CSURMA moves forward with a captive insurer program, there are some challenges:

- **Capitalization** – The regulator of the selected jurisdiction (must be outside of California), will require capitalization. PAR has estimated a capitalization of \$20 million on a projected initial CSURMA loss portfolio transaction. The actual amount may be lower, and the program structure can be designed to reduce capitalization requirements. That said, it may be prudent for CSURMA to hold back a current year dividend to preserve net position capital for the purpose of capitalizing a captive insurer.
- **Startup Costs** – There are substantial startup costs to launching a captive insurer. The University of California has offered to “rent” a protected cell in their captive “Fiat Lux” that would substantially reduce startup cost and speed up timing.

PUBLICATION: None.

ATTACHMENT(S):

- a. Pinnacle Actuarial Services Report Dated August 2016.

Robert J. Walling III, FCAS, MAAA, CERA
Principal and Consulting Actuary
rwalling@pinnacleactuaries.com

September 2, 2016

Zachary Gifford
Director, Systemwide Risk Management
California State University, Chancellor's Office
401 Golden Shore, 5th Floor
Long Beach, CA 90802
[delivered via email to zgifford@calstate.edu]

Re: Recommendations on the Formation of a Captive Insurance Company

Mr. Gifford,

Enclosed are copies of our updated report analyzing the potential benefits of adding a captive to California State University's risk financing program, particularly utilizing a protected cell within Fiat Lux, a District of Columbia domiciled captive insurance company owned by the University of California.

Our updates reflects the discussions we had since our initial report in May, 2016. The changes to the assumptions are outlined in the Methodology/Assumption section of the report.

I am a member in good standing of the Casualty Actuarial Society (CAS) and the American Academy of Actuaries (AAA) and meet the continuing education requirements to provide this statement of actuarial opinion.

I look forward to meeting with the Executive Committee to discuss these results.

Sincerely,



Robert J. Walling III, FCAS, MAAA, CERA
Principal and Consulting Actuary



Jing Liu, FCAS, MAAA
Consulting Actuary

cc: Daniel Howell, Alliant Insurance Services

Recommendations on the Formation of a Captive Insurance Company for California State University

August 2016



3109 Cornelius Drive
Bloomington, IL 61704
309.807.2300
pinnacleactuaries.com

Commitment Beyond Numbers

Table of Contents

Section	Page
Executive Summary.....	1
Scope & Background.....	4
Project Scope	4
CSU and the CSURMA Background	4
Captive Background	7
Methodology.....	12
Recommendations and Discussion	15
Benefits of Forming a Captive to CSU.....	15
Specific Benefits of Utilizing Fiat Lux	17
Potential Risks.....	19
Financial Model Results	20
Developmental Phases.....	21
Legal Disclosures.....	22
Distribution and Use	22
Reliances and Limitations	23
Glossary of Terms & Abbreviations	1

Exhibits

Recommendations on the Formation of a Captive Insurance Company for California State University

Executive Summary

Universities throughout the United States provide a wealth of opportunity for students seeking higher education. These opportunities include not only those in the classroom, but also on the athletic field, and the recreational centers. Many of these opportunities extend to university alumni. Universities are often large employers of diverse group of professionals, owners of numerous properties, tenants to thousands of students, providers of medical care and much more. With these diverse cultures there exists significant risk that a University must manage in its daily operations, as well as significant opportunities.

Many universities use captive insurance company structures as part of their strategy to more efficiently manage and finance their insurance risks. In 1997, the California State University (CSU) and its auxiliary organizations formed a joint power authority (JPA), California State University Risk Management Authority (CSURMA) with the primary goal of developing strategies that streamline and integrate the risk management practices of the CSU system. In the last 9 years, through CSURMA, CSU and its auxiliary organizations have self-insured several coverages at varying retentions.

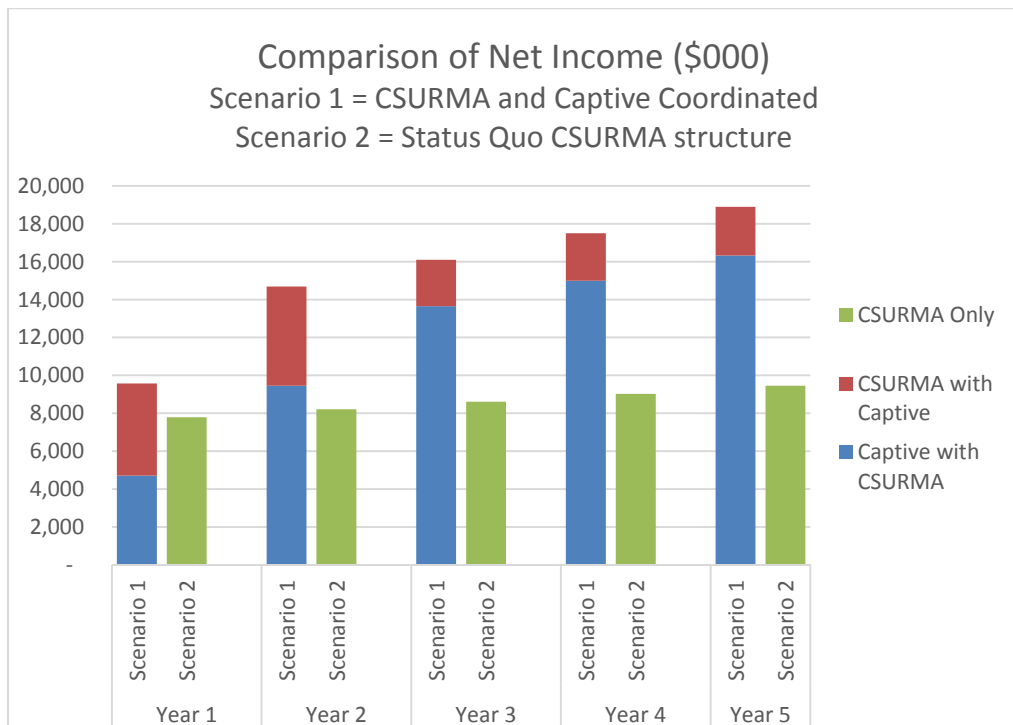
CSU and CSURMA have retained Pinnacle to assist them in investigating the advantages of adding some form of captive insurance company to their existing risk management and risk financing strategies within their insurance program. As shown in the report, Pinnacle is recommending that CSU form at least one wholly-owned cell within Fiat Lux Risk and Insurance Company (Fiat Lux), a District of Columbia domiciled captive insurance company owned by the University of California. Forming a cell within the Fiat Lux captive offers the best combination of advantages including:

- Significant cost savings
- Access to new insurance markets, lowering costs
- Aggregation of risks
- Capital to deploy in additional insurance opportunities
- Much lower formation costs
- Faster implementation and easier regulatory approval
- Existing financial reporting capabilities
- Still allow CSU to spin off into their own captive down the road

There are also some potential disadvantages to forming a captive that must be considered. These disadvantages include:

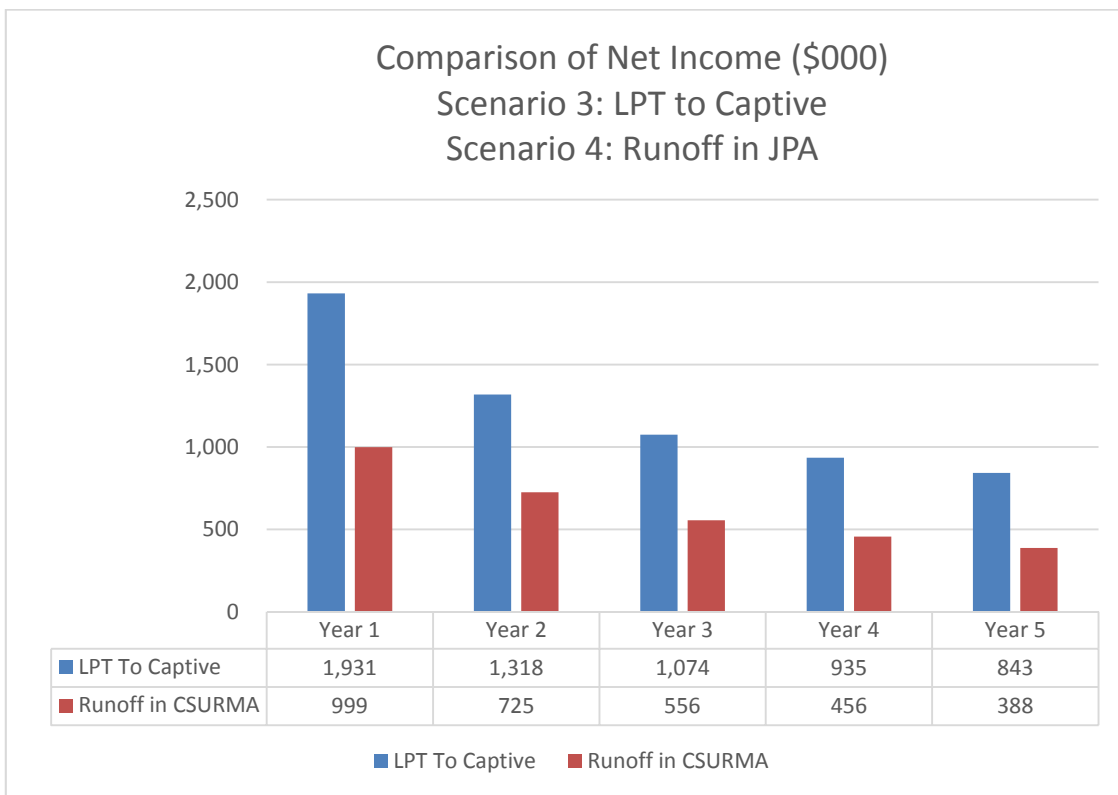
- Time Commitment
- Risk of Adverse Retained Loss Experience
- Capital Commitment
- Increased Commercial Insurance Cost
- Cost of Reinsurance
- Use of Third-Party Service Providers

Based on a series of conservatively parameterized pro forma financial statements, participation in a segregated cell within the Fiat Lux captive insurance company should reasonably be expected to produce more than \$33 million in additional revenue for CSU to deploy by the end of year 5, than the current risk financing model. This is shown in the following graph summarizing the model comparison by year. Please note that scenario 1 is the result of maintaining the current JPA structure but ceding many of the coverages written by the JPA to the captive. In addition the runoff of the existing exposure of WC/GL/AIME is also assumed to be transferred to the captive. Scenario 2 is simply the status quo scenario where all exposures continue to be written through the JPA. Approximately 60% of the difference in net income can be attributed to investment income, while the other 40% is due to underwriting income.



At the request of CSU, we have also modeled in isolation, the difference between running off existing Workers Compensation and General Liability exposure in the JPA (scenario 4) to a loss portfolio transfer of the same exposure through the captive (scenario 3). The net income in year one (2017) for the captive scenario is significantly higher compare to subsequent years due to the one time income of loss portfolio transfer modeled in the pro-forma, and the subsequent runoff of the exposure without additional income. Please note here the difference is almost entirely driven by investment income.

The graph below details the revenue comparison of the runoff scenarios by year. The additional revenue gained by the LPT alone is significantly smaller than the scenario where the captive would also be insuring on going exposures of the CSURMA.



These financial models were based on conservative assumptions in a number of ways. The property program and many of the programs with either small deductibles or no retention were not added to the captive in these models. No retentions were increased to better utilize the captive’s capitalization. No benefits to the insurance program’s reinsurance costs were assumed. More details on the assumptions in the model are documented in the **Methodology** section of the report.

Scope & Background

Project Scope

California State University (CSU or University) and the CSU Risk Management Authority (CSURMA) have retained Pinnacle Actuarial Resources, Inc. (Pinnacle) to assist them in investigating the advantages of adding a captive insurance company to their existing risk financing and insurance program. The primary options under consideration are:

- Status Quo - Continue financing insurable risk using largely the same tools.
- Rent – Utilize a segregated cell within the existing Fiat Lux captive of the University of California (UC)

In particular, Pinnacle will assist in evaluating a captive features including:

- Type of Captive Structure
- Coverages and coverage limits, retentions and deductibles
- Capitalization requirements
- Captive manager selection
- Reinsurance and fronting alternatives
- Domicile Selection
- Risk transfer and risk distribution assessments
- Phases

In considering the different options we will first look at the existing structure of CSURMA. We will then give some background on the captive insurance industry. In addition, we will discuss some advantages and risks of forming a captive that is specific to CSU. Finally we present the benefits of forming a protective cells with in an existing captive and the next steps. These will be quantified using five year pro forma financials for each scenario.

CSU and the CSURMA Background

General Information

On January 1, 1997, California State University and its Auxiliary Organizations formed a Joint Power Authority (CSRUMA) under California Government Code 6500, which authorizes CSURMA to establish and operate pooled coverage programs and provide risk management and insurance services, including insurance and self-insurance. The Authority was formed pursuant to California Government Code Section 6500 et seq., and, as a government entity, is not subject to federal or state income tax.

Based on its mission statement, one of the primary goals of the CSURMA is to develop a forum for the Auxiliary Organizations and the CSU to develop strategies that streamline and integrate the risk management practices of the CSU system.

Auxiliary Organizations Risk Management Alliance (AORMA) was established to provide group purchase comprehensive business insurance coverages for the CSU's non-profit Auxiliary Organizations. Participation in the programs is voluntary.

The authority assumed the losses of the University's risk pool in exchange for a commitment from the University to fund incurred losses, as well as provide sufficient cash flow to the Authority to meet its operating needs.

All post development cost of the Authority's programs are funded by annual premium charged to the 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 assistance from various qualified professionals.

CSURMA Insurance Program

CSURMA currently has two risk pools: 1) the Campus programs and 2) the AORMA programs. Tables below outline the major insurance coverage provided under the Campus and AORMA risk pools:

	Campus Liability	Campus WC ***	Campus Property	Campus IDL/NDL/UI	Campus AIME
Campus Deductible	35K-900K	N/A	100K-1M		0
Pooled Layer	5M incl. Ded.	2.5M	1M/2M	Self-Insured	90K/condition
Reinsurance Layer	N/A	N/A	up to 1B	N/A	N/A
Excess Layer	195M xs 5M	WC - Stat. xs 2.5M EL - 2.5M xs 2.5M			
Contributions *	13,514,960	37,744,986	8,000,000	13,500,000	3,577,749
Reinsurance/XS. Premium *	170,000		4,415,000		
Reserves **	20,640,679	64,050,500			2,162,199

* From 2015/2016 Budget

** From campus risk pools funding status at 6/30/2015 report

*** In 2015, CSURMA transferred the risk of the pooled and excess layer to CSAC Excess Insurance Authority

	AORMA Liability	AORMA WC ***	AORMA Property	AORMA Crime	AORMA Unemployment
Campus Deductible	EPL- 25K - 100K Other – 0	N/A	5K-50K	5K	
Pooled Layer	350K	500K	100k/250K	25K/100K	Self-insured
Reinsurance Layer	4.65M xs 350K	N/A	up to 1B	N/A	N/A
Excess Insurance	195M xs 5M	WC - Stat. xs 500K EL - 4.5M xs 500K		2M incl of Ded and Pooled Layer	
Contributions *	3,823,115	4,382,449	3,179,019	337,000	2,994,851
Reinsurance/XS. Premium *	825,000	-	1,546,476	-	-
Reserves **	2,872,044	10,699,385			

* From 2015/2016 Budget

** From "campus risk pools funding status at 6/30/2015" report"

*** In 2015, CSURMA transferred the risk of the pooled and excess layer to CSAC Excess Insurance Authority

Other than the coverages offered through the risk pool, many additional coverages can be purchased separately by the members from commercial insurers through the CSURMA. They include, but are not limited to:

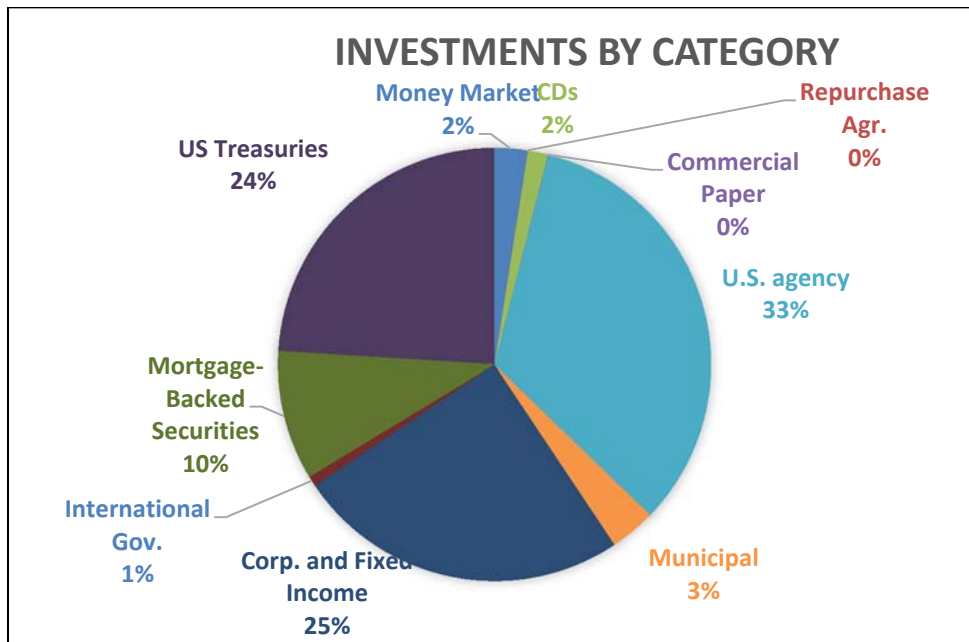
- Owner Controlled Insurance Program (OCIP)
- the Purchased Insurance Program (including the Participant Insurance Program, Auto Physical Damage, and Foreign Travel Insurance Program (FTIP))
- Student Professional Liability Insurance
- Builders Risk
- Student Travel Accident Insurance
- Cyber Liability
- Inland Marine
- CSU Rocketry
- Trustee Errors and Omissions
- Physical Damage coverage for equipment
- Medical professional liability for CSU employed physicians, and others.

Investment Policies of CSURMA

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

CSURMA’s investment policy authorize funds held in local trust accounts under Education Code Section 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430 and 53601 and Education Code Section 89728, subject to certain limitations. In general, the CSURMA investment policy permits investments in obligations of the federal CA state governments, CDs, high quality domestic corporate and fixed income securities.

As of fiscal year end 6/30/2014 the total fair value of investment assets are approximately \$167M. This is broken down as shown below on the graph:



Captive Background

What is a captive insurance company, or a captive for short? First and foremost, it is essential to understand that a captive is an insurance company. Whatever else a captive may or may not be used for (tax advantages, generational wealth transfer, investment opportunities, etc.) a captive must be an insurance company first. More details on what this entails will be provided later on in this report.

Some sources oversimplify their definition of a captive to something akin to an insurance company that provides coverage to its owner. However, there are numerous captives that are owned by a party related to the insured, such as their insurance agency, industry association, a manufacturer of a product their business uses, but not owned by the insured. Further, in order to satisfy risk transfer requirements to be a valid insurance company, many captives also provide coverage to “related unrelated” risks such as franchisees, owner-operators, or even employees through health insurance and benefits insurance programs.

We will define a captive insurance company, or captive, as “an insurance company whose primary purpose is financing the risks of its owners or participants.”¹ Oftentimes, but not always, the owner of the captive is also the sole or primary insured. Captives are typically regulated under different enabling legislation and regulations than traditional admitted insurance companies. Captives tend to be owned by and provide insurance to sophisticated commercial insureds that require less policyholder protection than the general public.

There are a number of different types of captive insurers. These include:

- Single Parent or Pure Captives – A captive formed, owned, controlled and primarily insuring a company and its affiliates.
- Agency Captives – A captive formed by an insurance company or agency to provide reinsurance to their clients.
- Association Captives – A captive formed or sponsored by an industry or trade association for the purpose of insuring the risk of the association's members.
- Group Captives – A captive formed by a group of companies to provide insurance for a shared need and to pool risk. These groups may be homogeneous or heterogeneous.
- Rent-a-Captive – A captive that “rents” its facilities to other companies that may not have the resources or claims volume to form a captive of their own. The renter pays a fee to access the captive and may contractually agree to utilize services provided by the captive such as underwriting, claims or accounting.
- Protected Cell – A form of “rent-a-captive” that attempts to protect and insulate the capital and surplus from the owners of other cells in the captive.
- Risk Retention Groups (RRGs) – A risk retention group is a form of captive operating under the auspices of the Risk Retention Act (RRA) of 1986. RRGs are limited by the RRA to writing

¹ From the International Risk Management Institute, Inc. (IRMI) website, www.irmi.com/online/insurance-glossary/default.aspx.

casualty (liability) insurance coverages. However, because of the RRA, RRGs have significantly reduced state regulatory requirements, particularly as it relates to filing insurance rates.

- Series LLC Captives – A form of U.S. protected cell captive that utilizes a series of limited liability companies (LLCs). Each series, or Special Business Unit (SBU), is treated as a pure captive and can take any of the other captive forms described.
- Special Purpose Vehicles (SPVs) - A special purpose captive is owned or controlled by a parent company and may only insure the risk of its parent. SPVs are frequently used by life reinsurance companies.

A wide variety of coverages are provided through captive insurance companies. Some of the more common coverages include:

- Workers compensation, typically on a deductible reimbursement basis
- Property, sometimes including flood, earthquake or terrorism coverage.
- Professional liability including:
 - Medical professional liability;
 - Hospital professional liability; and
 - Non-medical professional liability for lawyers, accountants, insurance agents, etc.
- Liability insurance, including:
 - Products Liability;
 - Pollution liability;
 - General liability;
 - General liability coverage gaps such as contractual and intellectual property liability;
 - Errors & Omissions liability (E&O);
 - Directors and Officers liability (D&O);
 - Employers professional liability (EPLI);
 - Fiduciary liability;
 - Cyber liability
 - Product recall; and
 - Garage liability.
- Automobile insurance – both liability and physical damage.
- Group health insurance and other employee benefits.
- Non-traditional, low frequency, high severity coverages such as brand rehabilitation, loss of key employee, publisher's liability or loss of contingent business income due to causes such as loss of key supplier or labor shortage.

While a more extensive discussion of the benefits of a captive to the captive owner will be provided in a later section of this report, some of the primary benefits a captive can provide include 1) greater control over the insured's insurance program and claims, 2) ownership of underwriting profits and investment income, 3) improved coverage affordability, availability, and price stability, 4) customized and manuscript coverages, and 5) improved cash flow and tax benefits.

Captive Domicile Considerations

With many captive domiciles worldwide, there are number of consideration one should contemplate when choosing where to form a captive. Some of the considerations are outlined below:

- *Regulation:* There are differences in capitalization requirements, premium taxes, investment restrictions, discounting of reserves, reporting and meeting requirements for many domicile. There may also be different regulation regarding the type of coverages that maybe offered through a captive.
- *Tax:* Premium taxes and fees vary by domicile.
- *Logistics:* Some captive domiciles are located in places that maybe harder to travel to. Domiciles may also have varying level of infrastructure of service providers. It may be important to choose a domicile with adequate resources dedicated to the captive.
- *Perception:* Some domiciles may have a reputation for specializing in certain type of captive or industry. One should consider whether a domicile would create more scrutiny on the legitimacy of the business.

If it is determined that CSU will form a single parent captive, we will provide detailed comparisons of the captive domiciles being considered. This will include regulatory oversight and financial reporting and capitalization requirements.

The table below highlights the top 15 domiciles worldwide by the number of captives licensed as of 2014.

Number of Captives Licenses at Year End 2014			
Rank	Domicile	2014	2013
1	Bermuda	800	831
2	Cayman Island	759	759
3	Vermont	587	588
4	Utah	422	342
5	Anguilla	379	295
6	Delaware	333	298
7	Guernsey	321	318
8	Nevis	281	276
9	Barbados	271	264
10	Luxembourg	224	226
11	Hawaii	194	184
12	District Of Columbia	191	170
13	Montana	177	150
14	Nevada	160	148
15	South Carolina	158	145
Total of Top 15		5,257	4,994

Source: Business Insurance Survey

Overview of Fiat Lux

Over 1,000 higher education institutions own or participate in captive insurance structured in the United States alone, both public and private schools. The diversity of risk faced by universities offers a unique opportunity to utilize captive structure in managing and funding for these risks.

In the fall of 2012, University of California (UC) successfully formed a captive insurance company, Fiat Lux Risk and Insurance Company, with the goal of enabling the University faculty, staff and students to identify, manage and finance risk associated with their activities.

Fiat Lux is a not-for-profit organization, which is a component unit of The University of California, providing insurance coverage to the UC and related entities. As such, the financials of Fiat Lux are consolidated with that of the University. The assets of Fiat Lux are intended to be irrevocably dedicated to University of California's purposes.

From the beginning, the captive provided deductible reimbursement policies for some casualty line, and property/casualty terrorism. It also underwrote University of California's excess liability program, although all net retained positions are reinsured.

Fiat Lux is also in the process of implementing programs to retain more risk throughout the insurance program in various ways, as well as findings new ways to offer insurance products to university staff, students, and alumni. These include quota share of excess layer, stop loss reinsurance, and excess layer insurance. It will soon offer insurance products to employees/students such as voluntary benefits and renters insurance.

The captive is also considering other ways to leverage the captive. Some of the initiatives being considered are offering automobile and homeowner insurance to alumni, "medical set aside" insurance to University of California, and "rent a cell" to other school districts in California.

All these changes mentioned above are expected to result in significant savings to the University of California. They believe that the captive strategy will result in savings of \$7M or more annually from their insurance program prior to the formation of the Fiat Lux.

Methodology & Assumptions

In order to produce comparisons of the operating results for the insurance program under the two risk financing scenarios under consideration, Pinnacle developed a set of pro forma financial statements intended to be reasonable representations of the expected balance sheets, income statements, cash flow exhibits and underwriting experience over a five year period under each scenario.

The pro-formas presented represent four scenarios CSU has asked us to analyze:

- Scenario 1: Continuation of CSURMA along with the formation of a protected cell captive under Fiat Lux. (Exhibit 1a and Exhibit 1b)
- Scenario 2: Status quo where no captive would be formed and CSURMA would continue in its current form as today. (Exhibit 2)
- Scenario 3: Transfer of existing Workers Compensation and General Liability exposure to captive with no additional ongoing exposures. (Exhibit 3)
- Scenario 4: Run-off of the same existing Workers Compensation and General Liability losses as scenario 3, but in CSURMA instead. (Exhibit 4)

Coverage

It is important to point out, that under all scenarios, we have assumed all coverages will still be directly written by CSURMA. Depending on the scenario, some of those coverages will be ceded to the captive. For scenario 1, we have assumed that two programs would move into the captive immediately – Liability (CSURMA and AORMA) and the Athlete Injury Medical Expense (AIME) programs. Concurrent with this shift, we have assumed that the current unpaid claims liabilities for these programs plus Workers Compensation (CSURMA and AROMA) would be transferred to the captive via a loss portfolio transfer. This approach would also transfer the assets necessary to support the transferred loss reserves and thus capitalize the captive. In year 2, Workers Compensation would move into the captive. We have also assumed that in the third year of the captive, the Owner Controlled Insurance Program would be added to the captive.

Losses

Losses are assumed to start at the expected ultimate loss from the most recent actuarial studies. Future losses are then estimated assuming exposure trends of 1% to 2% and loss cost (inflation) trends of 2% to 3% depending on coverage. Loss payment patterns to estimate claims payment cash flows were based on the Aon loss reserve analyses and industry loss development benchmarks for similar coverages as appropriate.

Operating Expense

Captive operating expenses were developed based on information from Fiat Lux and our experience with the captive insurance industry. CSURMA operating expense is based on the 15/16 budget with a 3% annual trend. Due to the expense of administrating a captive along with a JPA, the expense in scenario 1 is assumed to be about \$1.6M-\$2.7M higher than the status quo scenario (scenario 2).

Reinsurance Premium

For coverages ceded to the captive from CSURMA where we were provided reserve and funding analysis by Aon, we have assumed ceding premium at a level that is based on the 70% confidence level of expected loss. For OCIP, we have assumed ceded premium based on the 15/16 budget.

For other reinsurance purchased by CSURMA we have based the premium on the 15/16 budget with the exception of the WC premium ceded to the CSAC Excess Insurance Authority (EIA) for year 2-5 under the status quo scenario (scenario 2). In this case, we have assumed that the ceding premium consistent with 70% confidence level of expected loss. The level of reinsurance premium for the JPA is similar in scenario 1 and 2, except for the additional portion GL /AIME/OCIP coverage premium that is assumed to be ceded to the captive in scenario 1. In the status quo scenario the portion of these coverages that is currently retained by CSURMA continue to be retained.

Gross Premium

Gross premium were developed by increasing the expected losses to the 70% confidence level using a 15% risk margin, and adding provisions for fixed and variable expenses.

Runoff of Existing Exposure

The loss portfolio transfer of the existing claims liabilities has been modeled as a premium and loss transaction effective at the inception of the captive. LPT premium is assumed to be the expected loss plus expenses. Scenario 4 (runoff of existing workers comp and GL exposure in the JPA) is presented simply as an “apples to apples” comparison to scenario 3 (LPT of the WC and GL exposure to captive with no additional ongoing exposure). In Scenario 4, we have not assigned any operating expenses of the JPA to the runoff, and assumed an underwriting profit of NIL.

Capitalization

Capitalization of the captive is assumed to be approximately 20% of first year written premiums, i.e. a 5:1 premium to surplus ratio at inception. It is possible that less capital will be required. If this is the case, the additional capital can either be deployed to write additional coverages or remain in the JPA.

Investment Income

Investment income is assumed to be consistent with historical averages in the status quo scenario. For Fiat Lux, the District of Columbia Department of Insurance has approved Fiat Lux to invest in the University of California's centrally managed total return investment pool (TRIP) and a cash investment pool (STIP). TRIP allows participants the opportunity to maximize return on their long term working capital by investing in large pool across a broad range of asset classes. STIP is a cash investment pool established in 1976 by the Regents of UC, its basic goal is safety of principal and liquidity. It is managed as a highly liquid portfolio. The captive is assumed to earn investment return similar to historical returns of STIP and TRIP, with an asset distribution of 40%/40%/20% in cash, STIP and TRIP respectively.

Changes Since Prior Report

- Updated incurred loss, loss reserve, premium, and loss payout assumptions based on the latest Aon reserve and funding analysis for the campus WC and GL program
- Updated distribution of investment type.
- UDL/NDL/UI coverages will remain with the JPA

There are a number of assumptions in the two captive models that may understate the benefits of captive formation. They include:

- No reflection of potential benefits in reinsurance pricing due to larger claims volume of Fiat Lux,
- No increases in coverage retentions, and the potential underwriting income this could produce,
- No reflection of the potential underwriting benefits that could be gained by moving the Property, Medical Professional Liability (MPL), Trustees Errors & Omissions Liability, Physical Damage, Auto Physical Damage or Travel Insurance Programs into the captive. Many of these programs are heavily insured in the commercial market and could be moved into the captive (potentially with some excess insurance) allowing the captive and CSU to retain the large expected underwriting profits these programs often produce,

As a result of these assumptions, some of the key benefits of forming a captive are not modeled in the pro-formas.

Recommendations and Discussion

Based on our review of available information, we find that the formation of a captive in some format (i.e. single parent or protected cell) would be beneficial to California State University. It could reduce the insurance costs relative to the current insurance program, increase the investment income realized by the University, give it greater control over the various risks for which it is responsible, and better utilize insurance program capital allowing it to be deployed for new insurance risks.

Our analysis to arrive at this conclusion focuses on several specific areas. These include:

- I. Benefits of forming some form of captive
- II. Benefits of initially utilizing a segregated within Fiat Lux
- III. Potential Risks
- IV. Next Steps and Phasing of Implementation

The following sections of the Recommendations and Discussion portion of the report address each of these items in the order they are presented above.

Benefits of Forming a Captive to CSU

- A. Control :** By forming a captive, CSU would have more flexibility in structuring its insurance program and investment policies and designing policies that are tailor-made to fit the individual needs of CSU. While the formation of CSURMA has helped CSU achieve some of the traditional benefits of forming a captive over pure self-insurance, there are additional benefits that can be attained through the use of a captive such as:

- Due to the regulations governing JPAs, a captive would allow a wider array of coverages to be insured, most notably third party coverages.
- Similarly, there is more control over available investment opportunities due to being outside of the regulatory restrictions of the JPA.
- A captive may allow CSU to bear risk on some of the guaranteed cost programs that are currently producing significant underwriting profits for the fronting carriers.

B. Access to additional markets: As a licensed insurer, a captive has the advantage of being able to access the reinsurance market directly. While currently CSURMA has access to the reinsurance market, the combined leverage of CSURMA and Fiat Lux may allow access to additional markets and increase competition, thereby reducing reinsurance costs. By having access to multiple reinsurance markets both domestic and foreign (e.g. Bermuda and Lloyd's), it often leads to lower cost of risk transfer through increased competition. Reinsurers may offer better terms and conditions than traditional insurers. In addition, reinsurance companies usually operate on a lower cost structure than direct insurers. Direct access to reinsurance can reduce frictional cost, allow for payment of ceding commissions to the captive (which leads to greater retention of underwriting profits) and lower federal exercise taxes paid on the transaction.

C. Possible reduced cost of insuring the risk: Captives usually benefit from lower operating expenses than a commercial insurance provider, and may not have the rate of return demand that commercial insurers typically have. This reduces the profit provision built into the insurance premiums. In particular, Pinnacle believes that many of the programs where CSU is retaining little or no risk can be insured in the captive (with reinsurance) and are likely to produce significant underwriting profits. The opportunity here is not the main insurance coverages, such as workers compensation or liability, but rather some of the smaller guaranteed cost programs that typically generate significant underwriting profits for the insurance carriers.

D. Investment Income: A captive earns investment income on its investible assets, including assets to support loss reserves. This differs from assets that must be posted as collateral to support self-insured coverage layers. For coverages with long claims paying lags (e.g. workers compensation, general liability or professional liability) this investment income can be significant. As described in the background section, CSURMA is more restricted in the type of investments it can make than are typically permitted by captive regulators. While each domicile has some guidelines on the types of investment a captive can make, they are less restrictive than the current restrictions CSURMA and therefore offer great investment income potential.

Based on the 2015 audited financial statement CSURMA has approximately \$100M in loss reserves that could potentially be invested. Even a 50 to 100 basis point increase in investment yield would result in substantial increase in insurance-related investment income.

- E. *Aggregation as a Stabilization and Diversification Tool:*** A large university system such as CSU is exposed to many diverse and unique risks. This creates a need to have multiple insurance coverages such as workers compensation, professional liability, general liability, property, A&H and other emerging risks. The underwriting results of these coverages are not perfectly correlated (i.e. bad underwriting results in one area doesn't mean bad results in the other). For captive insuring multiple uncorrelated coverages (i.e. diversification), diversification should result in smoother underwriting results for the captive as a whole.

Currently members of CSURMA make contributions to separate funds, where each fund is allocated to individual coverages in the Campus and AROMA risk pool. By forming a single captives, the results of the various funds can be combined together. The results of the combined fund would be more stable as favorable results of some coverages are offset by worse than expected results of other coverages. This reduced volatility allows the insurance program to require less capital to protect the program from adverse experience. This results in a more capital efficient insurance program. The captive can also insure the numerous other coverages that the members currently purchase through commercial insurer. All this could serve to produce smoother underwriting results for the captive as a whole.

- F. *Capital Deployment:*** A captive is more capital efficient and grows its surplus through increased underwriting income due to excess carrier competition and investment income through more investment options. Therefore, the captive can utilize this available capital to (1) assume more risk from CSU through higher limits or additional coverages, (2) return surplus to its owner, or (3) to offer additional insurance coverages to third parties such as students, staff or alumni.

Specific Benefits of Utilizing Fiat Lux

In the District Columbia, any type of captive insurer may form one or more protected cells to insure the risk of the captive's participants. Each protected cell is capitalized separately, and the assets and liabilities in the protected cells are legally separate from the assets and liabilities in the captive insurer and other protected cell.

There are several key benefits that are specifically related to utilizing a protected cell within Fiat Lux. These include:

- A. Accelerated Formation:** The application and approval process of a segregated cell is much faster than the set up process for a stand-alone captive. The formation of a cell within an existing captive can have dramatically lower formation costs as well. Fiat Lux estimates that their formation costs were over \$1 million, most of which can be avoided if CSU forms a cell within Fiat Lux, rather than forming their own captive insurer initially.
- B. Possible reduction on premium tax:** A captive is generally required to pay tax on the premium they receive. In many domiciles, there are maximum and minimum premium tax amounts, as well as sliding scale tax rates. For protected cells, the maximum/minimum tax is calculated based on the combined premium of all the cells in the segregated cell structure, rather than the premium of each individual cell. Based on the premium we believe would be written in the cells, CSU's cell captive could enjoy savings on premium taxes due to the maximum tax limits and sliding scale tax rates.
- C. Previously vetted captive service providers:** Fiat Lux has already established a network of very reputable captive service providers (e.g. captive managers, attorneys, auditors) that would be readily available to serve an additional protected cell. CSU's cell would also benefit from economies of scale from using the same service providers.
- D. Ease of Regulatory Approval:** Generally speaking, the approval process for a segregated cell is less rigorous as it is for a stand-alone captive.
- E. Access to insurance markets and relationships already utilized by Fiat Lux:** Fiat Lux has already established a network of insurance brokers, fronting carriers and reinsurers, which would be available to CSU. Together with Fiat Lux, CSU could gain greater leverage in negotiating for reinsurance terms/conditions and also potentially see material savings in costs of excess insurance.
- F. Existing financial reporting infrastructure and policy language:** Since both University of California and CSU are university systems in California, many of the coverage needs may be similar for both schools. CSU could benefit from policy language that is already being used by University of California for specific coverages.
- G. CSU's cell would not commingle risk, premiums or capital with the other parts of Fiat Lux.** *As a segregated cell or cells, CSU's premiums, losses, liabilities and assets and those of its related organizations would be completely separate and distinct from those of the University of California. In addition, there is no requirement that CSU purchase similar coverages or utilize the same carriers as UC.*

H. *Still allows and even facilitates CSU forming their own single parent captive in the future:*

A cell captive structure offer the flexibility of transitioning away from protected cell structure into a single parent captive should CSU decide to form a pure single parent captive in the future.

Potential Risks

While we have outlined several significant advantages to forming a captive for CSU, it is also important that one consider the potential risks and challenges to CSU as a captive owner. In the following section we outline many of the significant risks:

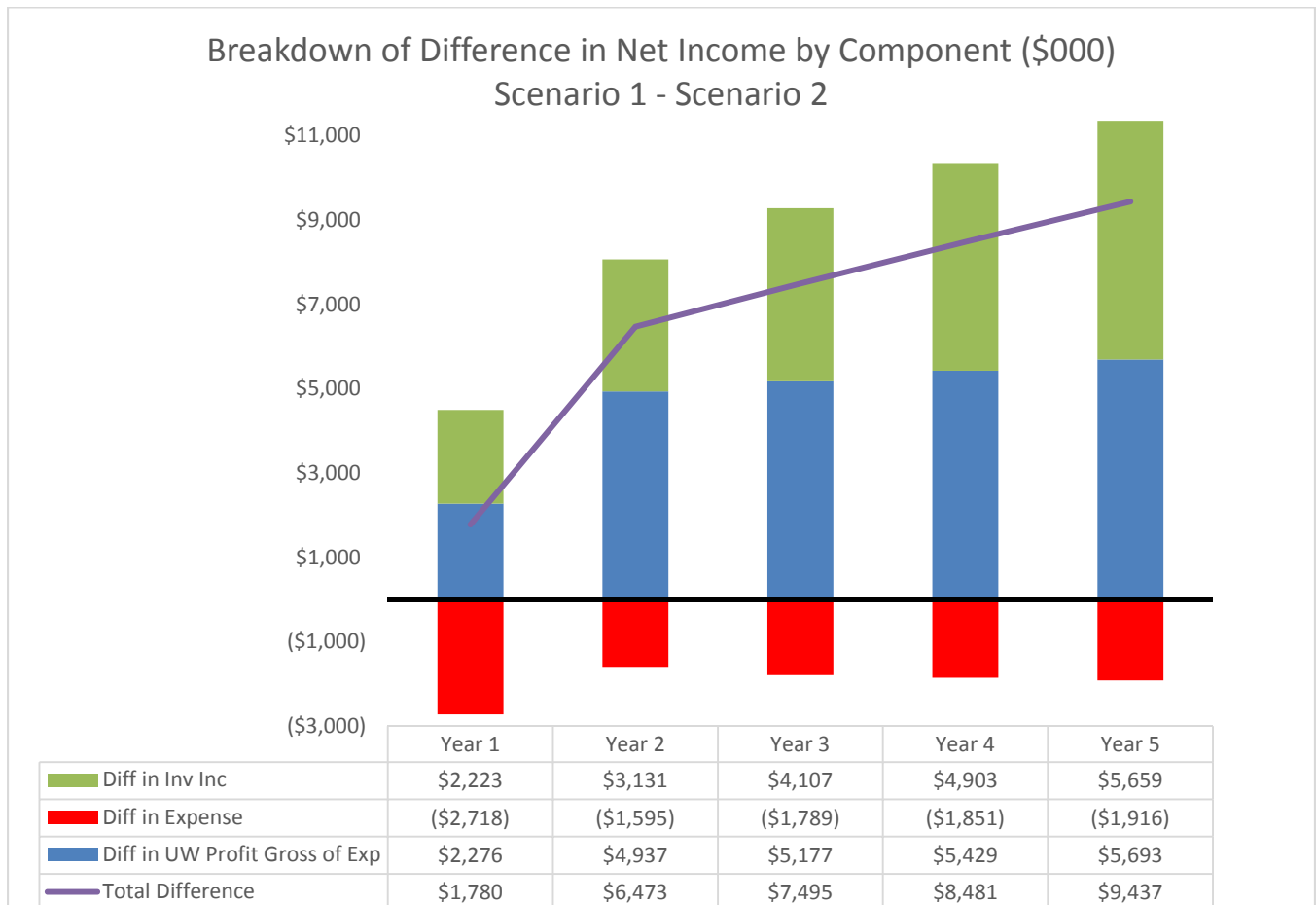
- A. *Time Commitment:*** Establishing and maintaining a captive requires a significant time commitment and usage of internal resources and management.
- B. *Risk of Unprofitability:*** Due to the unknown and potentially volatile nature of insurance claims, the captive owner runs the risk that its premium payments may be inadequate to cover all claims and expense obligations. As a result, CSU may need to contribute additional capital to cover adverse underwriting results. This risk is enhanced when insuring unrelated risk. The expansion of the captive to insure additional coverage or limits from those currently contemplated also increase potential risks; however, the risk diversification effect reduces this potential somewhat.
- C. *Capital Commitment:*** The parent of the captive must contribute enough capital to establish the captive, meet the ongoing needs of the captive, maintain the necessary collateralization of its claims liabilities and fulfill the regulatory capital requirements of the District of Columbia. Again, the consolidation of elements of the insurance program into the captive increases capital efficiency.
- D. *Increased Commercial Insurance Cost:*** If the insured keeps some of its insurance lines in the commercial market, particularly excess of loss coverage or smaller less profitable coverages, and places the larger and profitable coverages in a captive, it may see increased rates for the remaining commercially insured coverages.
- E. *Service Providers:*** A captive generally requires securing the services of third-party service providers to ensure the appropriate expertise for managing a captive. The insured must be sure to retain and proactively manage high quality service providers.

Financial Model Results

Based on the pro forma financials developed for the three scenarios, several things become clear:

- The loss portfolio transfer of the unpaid claims liabilities into the captive have an immediate impact of net income.
- As the captive builds up loss reserves and retained earnings, the difference in expected investment income widens.
- The difference in total net income is a result of increased investment income as well as underwriting profit which offsets the additional operating expense in the captive scenario.

The breakdown of the differences in net income for scenarios 1 and 2 by underwriting income, investment income and operating expense is outlined in the graph below. The differences are calculated by subtracting respective components in the status quo scenario (Scenario 2) from the captive/CSURMA coordinated scenario (Scenario 1).



Please see Summary for comparison of individual component of of net income.

Because of the numerous conservative assumptions built into this model, we expect there is more potential for additional net income in the captive approach once some of the other opportunities (e.g. increasing retentions, taking risk on several of the purchased insurance programs, insuring the property program in the captive) are completed by the captive.

Developmental Phases

A. Initial Coverages to be Insured by the Captive: Traditionally, captive have insured exposures that are high frequency in nature, as the loss results are more predictable. We would recommend, in the beginning stages, the captive provide coverage for these high frequency exposures. We believe many of the coverages that are currently self-insured through the Campus and AORMA risk pool can be insured through the captive immediately upon formation. These would likely include the aviation, boiler machinery, builder's risk program, doctor's medical malpractice, inland marine, rocketry, cyber liability, fidelity/crime program, liability program, pollution liability, property, physical damage, trustee errors and omissions, and workers compensation coverages.

Some of the other coverages, especially those insuring third parties such as the athletic injury medical expense, club sports insurance, foreign travel, IDL/NDI/UI, participant accident program, SAFECLIP program, SPLIP, and student travel accident might initially retain their current structure and financing approaches. However, some of these coverages may be included in the initial implementation. The exact structure of the coverage (i.e. Limits of the coverage to be provided by the captive, and possible reinsurance purchased) can be optimized through further actuarial analysis. In addition, the ongoing role of the JPA is subject to additional evaluation based on the final captive structure and coverage determinations. It may well be that the JPA will remain in place for the time being and simply reinsure retained coverage limits to the captive.

B. Expansion to Other Coverages: After the captives implements these initial coverages, it can investigate the possibility of offering other coverages that are currently purchased commercially such as OCIP, medical stop loss, representations and warranties coverage and warranty insurance. Some of these additional coverages have traditionally experienced low loss ratios, which could benefit the captive's overall underwriting results. The expansion of the captive to these additional coverages would be facilitated by the increased capital efficiency of the initial captive coverages and the superior underwriting and investment performance produced by the captive.

C. Third Party Expansion: As mentioned previously, as the captive grows and accrue additional surplus, it can decide to branch out and provide capacity for third party risk. This could serve to

diversify the risk exposure of the captive insuring exposures that belong exclusively to the university. In addition, the underwriting profits and investment income earned by these third party risk programs, for example an affinity program insuring personal auto and homeowners risks for alumni, are retained by the captive and once paid as dividends to CSU are available for capital projects or other endeavors of the University.

However, caution must be taken when insuring third party risk as to not jeopardize the tax exempt status of CSU or to present material additional risk of underwriting losses to the captive.

- D. **Ongoing Enhancements:** The risk management process for a captive is evergreen in the sense that current coverages are constantly being evaluated, along with changes in coverage limits, excess coverage limits, and coverage exclusions. In addition, monitoring the overall risk spectrum for the University and its related organization presents an opportunity for the captive to serve as a more useful tool in managing risks presented by new or evolving coverages universities face. In the last decade, both cyber liability, active shooter related risks, and student health insurance are key examples of how risks evolve and require risk management consideration and present new opportunities for utilization of a university owned captive.

Legal Disclosures

Distribution and Use

This report is provided for the use of the California State University (CSU) and the CSU Risk Management Authority (CSURMA) who commissioned the study. It is understood that this report may also be distributed to their service providers, including Alliant Insurance Services. Distribution to these parties is granted on the conditions that the entire report be distributed rather than any excerpts and that all recipients are made aware that Pinnacle is available to answer any questions regarding the report.

In addition, CSU and CSURMA may desire to distribute the Executive Summary separately to summarize key findings for broader distribution. This distribution is also granted on the condition that Pinnacle receive attribution for their role in developing this analysis.

Third party users of any of the elements of this report should recognize that the furnishing of this report is not a substitute for their own due diligence and should place no reliance on this report or the data, computations, interpretations contained herein that would result in the creation of any duty or liability by Pinnacle to the third party.

Reliances and Limitations

Judgments as to conclusions, recommendations, and analysis contained in this report should be made only after studying the report in its entirety. Furthermore, Pinnacle is available to explain any matter presented herein; it is assumed that the user of this report will seek such explanation as to any matter in question. It should be understood that the exhibits, graphs and figures are integral elements of the report.

We have relied upon publicly available data and information, without audit or verification. Pinnacle reviewed as many elements of this data and information as practical for reasonableness and consistency with our knowledge of the insurance industry. We have not anticipated any extraordinary changes to the legal, judicial, social or economic environment which might affect the captive insurance market, such as material IRS rulings, NAIC model laws, or substantial changes in accounting standards and requirements.

Any estimates of future insurance market behavior are subject to potential errors of estimation due to the fact that the ultimate results are subject to the outcome of events yet to occur, e.g., final legislation terminology and interpretation, regulatory changes and changes in tax law or accounting standards. Pinnacle has employed techniques and assumptions that we believe are appropriate, and we believe the conclusions presented herein are reasonable, given the information currently available. It should be recognized that future insurance results will likely deviate, perhaps substantially, from our estimates.

Pinnacle is not qualified to provide formal legal interpretations of state legislation. The elements of this report that require legal interpretation should be recognized as reasonable interpretations of the available statutes, regulations, and administrative rules. State governments and courts are also constantly in the process of changing and reinterpreting these statutes.

Glossary of Terms & Abbreviations

The definitions included in this glossary are intended to be practical definitions to assist non-technical readers in understanding the key technical contents of this report. We recognize that some technical clarifications and elaborations have been omitted for the sake of clarity and brevity. We do not believe any of these omissions materially impact the reader's understanding of the report or materially misrepresent the terms. The International Risk Management Institute, Inc. glossary of insurance terms, www.irmi.com/online/insurance-glossary/default.aspx was particularly useful in developing this glossary and we would commend it to readers seeking definitions to additional captive insurance terminology.

Actuarial Funding Study – An actuarial analysis which estimates expected losses for a given set of exposures over a given period of time.

Actuary - An individual, often holding a professional designation—for example, Fellow of the Casualty Actuarial Society (FCAS)—who computes statistics relating to insurance, typically estimating loss reserves and developing premium rates.

Admitted Insurance Company, or Admitted Carrier - An insurer licensed to do business in the state or country in which the insured exposure is located.

Captive Manager - A firm specializing in accounting, underwriting and other services for captive insurance companies, usually serving as the captive's principal representative in the domicile. The management company usually handles all necessary filings and recordkeeping and deals with other captive service providers such as auditors, actuaries, investment advisers, and visiting insureds.

Cede - When a company reinsures its liability with another. The original or primary insurer, the insurance company that purchases reinsurance, is the "ceding company" that "cedes" business to the reinsurer.

Commercial Insurance – 1) Insurance lines used to cover commercial risks as opposed to personal lines, which cover personal risks. Examples include commercial general liability (CGL), workers compensation, and commercial property insurance, 2) Insurance purchased in the commercial market, that through an admitted insurance carrier as compared to a captive insurer.

Deductible - An amount the insurer will deduct from the loss before paying up to its policy limits.

Excess Coverage - A policy issued to provide limits in excess of an underlying policy.

Frequency - The likelihood that a loss will occur, often expressed as low frequency (meaning the loss event is possible, but the event has rarely happened in the past and is not likely to occur in the future), or high frequency (meaning the loss event happens regularly and can be expected to occur regularly in the future).

Insolvency – The state of an insurance company not possessing the funds to meet all of the financial obligations it is contracted to meet.

Large Deductible - A workers compensation insurance or other property casualty insurance program that allows the insured to retain a portion of each loss through a substantial deductible and to transfer onto an insurer losses in excess of that deductible. The insurer also handles losses falling below the deductible and bills back these costs to the insured.

Offshore Domicile – a non-United States captive domicile, such as the Bahamas, Bermuda, the Cayman Islands, or Nevis.

Onshore Domicile – a captive domicile within the United States, including Hawaii.

Pool – An arrangement whereby premiums, losses, and expenses from different sources are combined and shared in agreed ratios.

Premium – The amount of money an insurer charges to provide the coverage described in the insurance policy.

Reinsurance - A transaction in which one party, the "reinsurer," in consideration of a premium paid to it, agrees to indemnify another party, the "reinsured," for part or all of the liability assumed by the reinsured under a policy of insurance that it has issued. The reinsured may also be referred to as the "original" or "primary" insurer or the "ceding company."

Reserves - An amount of money earmarked for a specific purpose. Insurers establish unearned premium reserves and loss reserves indicated on their balance sheets. Unearned premium reserves show the aggregate amount of premiums that would be returned to policyholders if all policies were canceled on the date the balance sheet was prepared. Loss reserves are estimates of outstanding losses and loss adjustment expenses (LAE).

Self-Insured - An organization that has satisfied state filing requirements, met the minimum financial and size criteria, and received approval to self-insure workers compensation or automobile liability.

Each state has its own approval process, and its own restrictions on retention limits and security requirements.

Severity - The amount of damage that is (or that may be) inflicted by a loss. Sometimes quantified as a severity rate, which is a ratio relating the amount of loss to values exposed to loss during a specified period.

Underwriting - The process of determining whether to accept a risk and, if so, what amount of insurance the company will write on the acceptable risk, and at what rate.

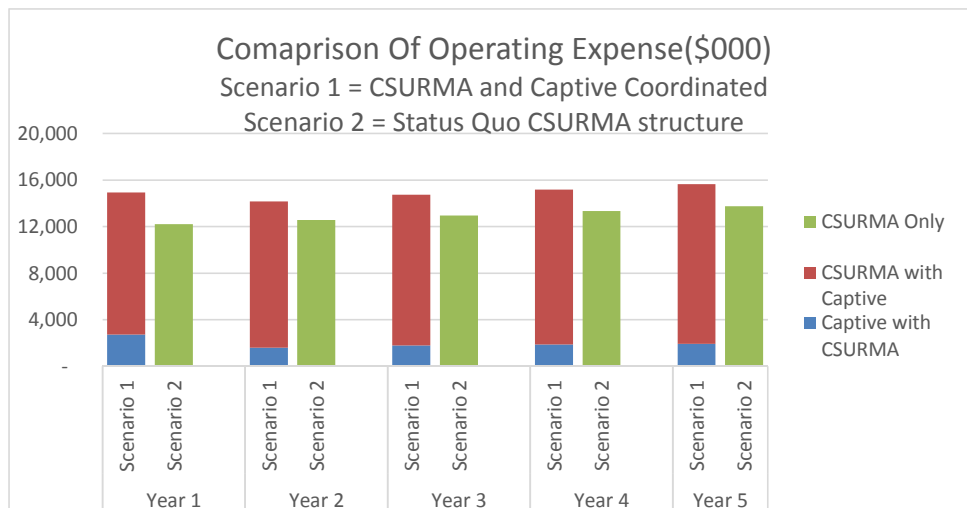
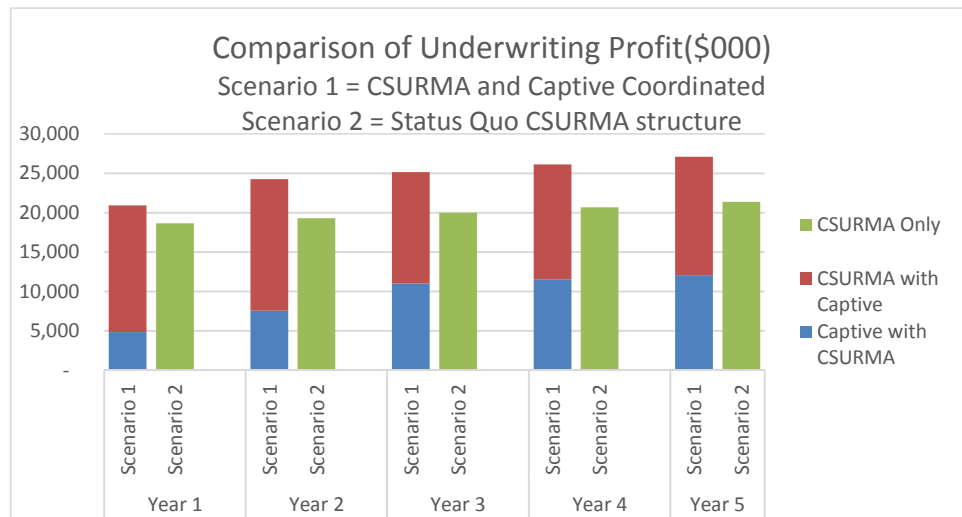
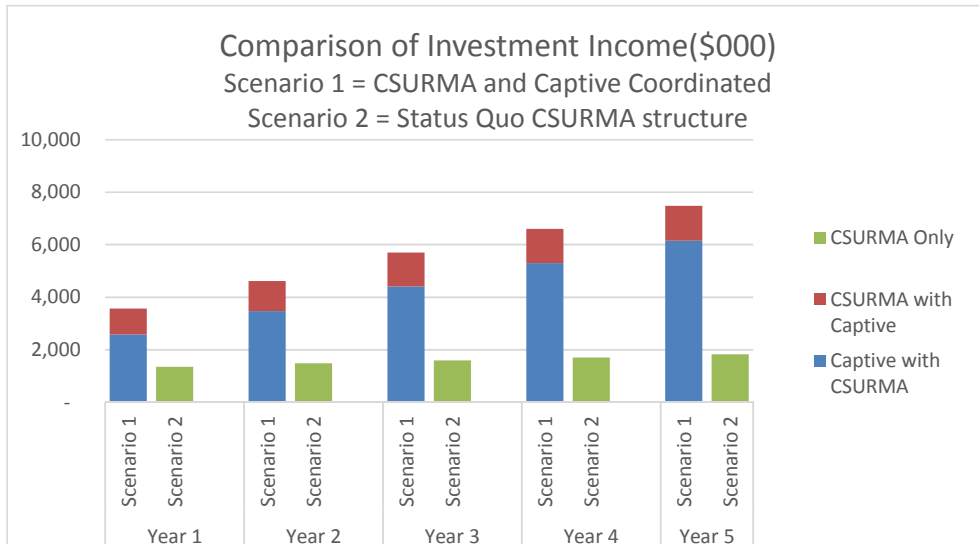
Underwriting Profit - The profit that an insurer derives from providing insurance or reinsurance coverage, exclusive of the income it derives from investments.

INDEX OF EXHIBITS

<i>Exhibit</i>	<i>Description</i>
Summary	Comparison of Income and Expenses
1.a	Pro Forma Financials – Protected Cell Component of Scenario 1
1.b	Pro Forma Financials – CSURMA component of Scenario 1
2	Pro Forma Financials – Status Quo Scenario
3	Pro Forma Financials – LPT to Captive Only
4	Pro Forma Financials – Run-off Existing Exposure in CSURMA

For Pro forma, there are five pages:

<i>Page</i>	<i>Description</i>
1	Assumptions
2	Underwriting Exhibit
3	Balance Sheet
4	Income Statement
5	Cash Flow Exhibit



Pro Forma Input Assumptions

Protected Cell Pro Forma of Scenario 1

1. UNDERWRITING VARIABLES

	Gross Written	QS Reinsurance	Aggregate Reinsurance	Net Written	Other Income	Gross Inc Loss	Net Inc Loss
a. Premium/Losses							
LPT	77,246,472			77,246,472		74,970,827	74,970,827
2017	19,677,236	0	0	19,677,236	0	17,110,640	17,110,640
2018	58,124,211	0	0	58,124,211	0	50,542,792	50,542,792
2019	66,749,921	0	0	66,749,921	0	55,724,955	55,724,955
2020	69,496,420	0	0	69,496,420	0	57,952,162	57,952,162
2021	72,362,859	0	0	72,362,859	0	60,278,833	60,278,833
Earned as % of Written				100%			
Collected % in Year Written				100%			
b. Reinsurance Cost (XOL, Agg.)							
c. Expense Ratio							
i) Acquisition	0.00%						
ii) Fronting Fee	0.00%						
iii) Claims Handling	0.00%						
iv) T L & F	1.25%						
v) Federal Excise Tax	0.00%						
vi) Other Admin Expenses	1.00%						
d. Fixed Expense							
i) Actuarial Fee	28,000			total General ex startup		287,600	
ii) Application Fee	500						
iii) process fee	300						
iv) Captive Set Up	250,000						
v) Mgmt Fee	80,000						
vi) Audit fee	28,800						
vii) legal fees	100,000						
viii) Travel expense	50,000						
e. LPT expected loss	\$74,970,827	paid in 2017/2018 19,075,486	paid in 2018/2019 16,183,883	paid in 2019/2020 10,141,753	paid in 2020/2021 6,098,717	paid in 2021/2022 4,244,405	
f. Claim Payout Pattern (cumulative)	Campus WC	AORMA WC	Campus Liab	AORMA Liab	AIME	IDL/UDL/UI	OCIP
Year 1	14.90%	16.60%	3.30%	11.30%	49.60%		
Year 2	35.80%	35.70%	19.80%	45.20%	89.20%		
Year 3	50.60%	51.80%	59.50%	72.30%	98.10%	90.00%	11.53%
Year 4	60.70%	62.70%	83.30%	94.00%	99.50%	100.00%	34.08%
Year 5	69.80%	71.10%	92.40%	95.90%	100.00%	100.00%	58.35%

2. INVESTMENT VARIABLES

a. Expected Asset Yields	
i) Short-Term	2.2%
ii) Long-Term	7.5%
iii) cash	1.0%
b. Asset Distribution	
i) Short-Term	40.0%
ii) Long-Term	20.0%
iii) Cash	40.0%

3. TAX VARIABLES

a. Tax Rates	
i) Ordinary Income	
ii) Capital Gains	
iii) Alt Min	
b. Carryforwards/Carrybacks	

3. CORPORATE VARIABLES

a. Beginning Capital	20,000,000
b. Capital Contributions	
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5	-

CSURMA Pro Forma of Scenario 1
Pro Forma Projection - Protected Cell in Scenario 1
Underwriting Exhibit (GAAP)

Exhibit 1.a
Page 2

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Gross Written Premium	\$96,923,708	\$58,124,211	\$66,749,921	\$69,496,420	\$72,362,859
a LPT	77,246,472	0	0	0	0
b Direct Premium	19,677,236	58,124,211	66,749,921	69,496,420	72,362,859
2. Less Ceded Reinsurance Premium	0	0	0	0	0
3. Net Written Premium (1) - (2)	96,923,708	58,124,211	66,749,921	69,496,420	72,362,859
4. Net Earned Premium	96,923,708	58,124,211	66,749,921	69,496,420	72,362,859
5. Net Unearned Premium Reserve	0	0	0	0	0
6. Acquisition Costs (% of Gross Premium)					
a) Fronting	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
b) Commissions	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
c) Taxes, Licenses & Fees	1,211,546 1.25%	726,553 1.25%	834,374 1.25%	868,705 1.25%	904,536 1.25%
d) Subtotal	1,211,546 1.25%	726,553 1.25%	834,374 1.25%	868,705 1.25%	904,536 1.25%
7. Net Premium to Captive (4) - (6)	95,712,162	57,397,659	65,915,547	68,627,714	71,458,323
8. Net Incurred Loss and LAE Loss Ratio	92,081,467 95.0%	50,542,792 87.0%	55,724,955 83.5%	57,952,162 83.4%	60,278,833 83.3%
9. Administrative Costs					
a) Claims Handling	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
b) Other Admin Expenses	969,237 1.00%	581,242 1.00%	667,499 1.00%	694,964 1.00%	723,629 1.00%
c) Federal Excise Tax	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
d) Other Fixed Expense	537,600	287,600	287,600	287,600	287,600
d) Subtotal	1,506,837	868,842	955,099	982,564	1,011,229
10. Ceding Commission Income	0	0	0	0	0
11. Dividends	0	0	0	0	0
12. Underwriting Profit/Loss (7) - (8) - (9) + (10) - (11)	2,123,858 2.2%	5,986,024 10.3%	9,235,492 13.8%	9,692,988 13.9%	10,168,262 14.1%

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection - Protected Cell in Scenario 1
Balance Sheet**

Exhibit 1.a
Page 3

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assets					
1. Short-term investments	\$37,167,467	\$49,907,181	\$63,515,200	\$76,253,994	\$88,577,806
2. Long-term investments	18,583,733	24,953,591	31,757,600	38,126,997	44,288,903
3. Real Estate	0	0	0	0	0
4. Cash	37,167,467	49,907,181	63,515,200	76,253,994	88,577,806
5. Subtotal Cash & Invested Assets	92,918,667	124,767,953	158,788,001	190,634,985	221,444,516
6. Agent's Balances	0	0	0	0	0
7. Investment Income Due & Accrued	2,583,139	3,468,549	4,414,306	5,299,653	6,156,158
8. Other Assets	0	0	0	0	0
9. TOTAL ASSETS	95,501,805	128,236,502	163,202,308	195,934,638	227,600,673
Liabilities, Surplus & Other Funds					
1. Loss & LAE Reserves	70,794,808	94,074,932	115,390,939	133,130,628	148,472,244
2. Unearned Premium Reserves	0	0	0	0	0
3. Unpaid Expenses	0	0	0	0	0
4. Dividends declared by unpaid	0	0	0	0	0
5. Other liabilities	0	0	0	0	0
6. Total Liabilities	70,794,808	94,074,932	115,390,939	133,130,628	148,472,244
7. Capital Paid Up	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
8. Paid In/Contributed Surplus	0	0	0	0	0
9. Unassigned Funds (Surplus)	4,706,997	14,161,570	27,811,369	42,804,010	59,128,430
10. Total Surplus	24,706,997	34,161,570	47,811,369	62,804,010	79,128,430
TOTAL LIABILITIES & SURPLUS	95,501,805	128,236,502	163,202,308	195,934,638	227,600,674

CSURMA Pro Forma of Scenario 1
 Pro Forma Projection - Protected Cell in Scenario 1
 Income Statement

Exhibit 1.a
 Page 4

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Underwriting Income					
1. Earned Premium	\$96,923,708	\$58,124,211	\$66,749,921	\$69,496,420	\$72,362,859
2. Loss & LAE Incurred	92,081,467	50,542,792	55,724,955	57,952,162	60,278,833
3. Operating Expenses	2,718,383	1,595,395	1,789,473	1,851,269	1,915,764
4. Underwriting Profit/Loss	2,123,858	5,986,024	9,235,492	9,692,988	10,168,262
Investment Income					
5. Net Investment Income	2,583,139	3,468,549	4,414,306	5,299,653	6,156,158
6. Net Realized Capital Gain/Loss	0	0	0	0	0
7. Net Investment Gain/Loss	2,583,139	3,468,549	4,414,306	5,299,653	6,156,158
8. Other Income	0	0	0	0	0
9. Policyholder Dividends	0	0	0	0	0
10. Federal Income Tax	0	0	0	0	0
11. NET INCOME	4,706,997	9,454,573	13,649,798	14,992,641	16,324,420
Capital & Surplus Account					
12. Beginning Surplus	20,000,000	24,706,997	34,161,570	47,811,369	62,804,010
13. Paid-In Capital	0	0	0	0	0
14. Net Income	4,706,997	9,454,573	13,649,798	14,992,641	16,324,420
15. Change in unrealized capital gains	0	0	0	0	0
16. Dividends to stockholders	0	0	0	0	0
17. Change in Surplus	4,706,997	9,454,573	13,649,798	14,992,641	16,324,420
18. Ending Surplus	24,706,997	34,161,570	47,811,369	62,804,010	79,128,430

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection - Protected Cell in Scenario 1
Cash Flow Exhibit**

Exhibit 1.a
Page 5

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Beginning Cash Balance	\$20,000,000	\$95,501,805	\$128,236,502	\$163,202,308	\$195,934,638
Sources of Cash					
2. Premiums Collected (net of costs of acquisition)	95,712,162	57,397,659	65,915,547	68,627,714	71,458,323
3. Investment Income	2,583,139	3,468,549	4,414,306	5,299,653	6,156,158
4. Ceding Commission	0	0	0	0	0
5. Paid-In Capital	0	0	0	0	0
6. Total Sources of Cash	98,295,301	60,866,208	70,329,853	73,927,367	77,614,481
	2,211,464	2,969,477	3,779,154	4,537,113	5,270,379
Uses of Cash					
7. Losses & LAE Paid	21,286,658	27,262,669	34,408,948	40,212,472	44,937,217
8. Expenses Paid	1,506,837	868,842	955,099	982,564	1,011,229
9. Taxes Paid	0	0	0	0	0
10. Dividends	0	0	0	0	0
11. Total Uses of Cash	22,793,495	28,131,511	35,364,047	41,195,036	45,948,446
12. Ending Cash Balance	95,501,805	128,236,502	163,202,308	195,934,638	227,600,673

Pro Forma Input Assumptions
 CSURMA Pro Forma of Scenario 1

1. UNDERWRITING VARIABLES

	Gross Written	QS Reinsurance	Aggregate insurance	Net Written	Gross Inc Loss	Net Inc Loss
a. Contributions by Member/Losses						
2017	88,727,269	47,105,499	7,726,626	33,895,144	66,306,057	17,804,603
2018	100,994,635	58,124,211	7,958,425	34,911,998	68,790,034	18,247,241
2019	104,732,735	66,749,921	8,197,178	29,785,636	71,378,114	15,653,158
2020	108,618,718	69,496,420	8,443,093	30,679,205	74,074,915	16,122,753
2021	112,658,827	72,362,859	8,696,386	31,599,581	76,885,268	16,606,436
Earned as % of Written				100%		
Collected % in Year Written				100%		
b. Reinsurance Cost (XOL, Agg.)						
c. Expense Ratio						
i) Program Expense						
2017	10,876,121					
2018	11,202,405					
2019	11,538,477					
2020	11,884,631					
2021	12,241,170					
d. Fixed Expense						
i) General And Admin	1,303,516					
2017	1,342,621					
2018	1,382,900					
2019	1,424,387					
2020	1,467,119					
2021	1,511,132					
e. Expected loss of exiting exposure	74,970,827	paid in 2017/2018 19,075,486	paid in 2018/2019 16,183,883	paid in 2019/2020 10,141,753	paid in 2020/2021 6,098,717	paid in 2021/2022 4,244,405
f. Claim Payout Pattern (cumulative)	Campus WC	AORMA WC	Campus Liab	AORMA Liab	AIME	
Year 1	14.90%	16.60%	3.30%	11.30%	49.60%	
Year 2	35.80%	35.70%	19.80%	45.20%	89.20%	
Year 3	50.60%	51.80%	59.50%	72.30%	98.10%	
Year 4	60.70%	62.70%	83.30%	94.00%	99.50%	
Year 5	69.80%	71.10%	92.40%	95.90%	100.00%	

2. INVESTMENT VARIABLES

a. Expected Asset Yields	
i) Short-term	1.8%
ii) Long-term	
iii) Combined	1.8%
b. Non-Cash Asset Distribution	
i) Short-term	100.0%
ii) Long-term	0.0%

3. TAX VARIABLES

a. Tax Rates	
i) Ordinary Income	
ii) Capital Gains	
iii) Alt Min	
b. Carryforwards/Carrybacks	

3 CORPORATE VARIABLES

a. Beginning Cash Balance		54,970,827
b. Capital Contributions		
Year 1	-	
Year 2	-	
Year 3	-	
Year 4	-	
Year 5	-	

CSURMA Pro Forma of Scenario 1
Pro Forma Projection - CSURMA in Scenario 1
Underwriting Exhibit (GAAP)

Exhibit 1.b
Page 2

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Gross Contributions	\$88,727,269	\$100,994,635	\$104,732,735	\$108,618,718	\$112,658,827
2. Less Ceded Reinsurance Premium	54,832,126	66,082,636	74,947,099	77,939,513	81,059,245
3. Net Written Premium (1) - (2)	33,895,144	34,911,998	29,785,636	30,679,205	31,599,581
4. Net Earned Premium	33,895,144	34,911,998	29,785,636	30,679,205	31,599,581
5. Net Unearned Premium Reserve	0	0	0	0	0
6. Direct Prog Expense (% of Gross Premium)					
a) Fronting	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
b) Commissions	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
c) Taxes, Licenses & Fees	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
d) Subtotal	10,876,121 12.3%	11,202,405 11.1%	11,538,477 11.0%	11,884,631 10.9%	12,241,170 10.9%
7. Net Premium after prog exp	23,019,023	23,709,593	18,247,159	18,794,574	19,358,411
8. Net Incurred Loss and LAE Loss Ratio	17,804,603 52.5%	18,247,241 52.3%	15,653,158 52.6%	16,122,753 52.6%	16,606,436 52.6%
9. Administrative Costs					
a) Claims Handling					
b) Other Admin Expenses					
c) Federal Excise Tax					
d) Other Fixed Expense					
d) Subtotal	1,342,621	1,382,900	1,424,387	1,467,119	1,511,132
10. Ceding Commission Income	0	0	0	0	0
11. Dividends	0	0	0	0	0
12. Underwriting Profit/Loss (7) - (8) - (9) + (10) - (11)	3,871,798 11.4%	4,079,452 11.7%	1,169,614 3.9%	1,204,702 3.9%	1,240,843 3.9%

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection - CSURMA in Scenario 1
Balance Sheet**

**Exhibit 1.b
Page 3**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assets					
1. Bonds	\$39,572,387	\$5,201,436	\$5,537,639	\$4,247,633	\$3,307,859
2. Stocks	0	0	0	0	0
3. Real Estate	0	0	0	0	0
4. Cash/Short-term	24,433,660	66,091,149	66,825,255	69,425,055	72,249,673
5. Subtotal Cash & Invested Assets	64,006,048	71,292,585	72,362,894	73,672,688	75,557,532
6. Agent's Balances	0	0	0	0	0
7. Investment Income Due & Accrued	0	0	0	0	0
8. Other Assets	0	0	0	0	0
9. TOTAL ASSETS	64,006,048	71,292,585	72,362,894	73,672,688	75,557,532
Liabilities, Surplus & Other Funds					
1. Loss & LAE Reserves	4,173,948	6,228,924	4,846,353	3,648,913	2,966,806
2. Unearned Premium Reserves	0	0	0	0	0
3. Unpaid Expenses	0	0	0	0	0
4. Dividends declared by unpaid	0	0	0	0	0
5. Other liabilities	0	0	0	0	0
6. Total Liabilities	4,173,948	6,228,924	4,846,353	3,648,913	2,966,806
7. Capital Paid Up	54,970,827	54,970,827	54,970,827	54,970,827	54,970,827
8. Paid In/Contributed Surplus	0	0	0	0	0
9. Unassigned Funds (Surplus)	4,861,273	10,092,834	12,545,714	15,052,948	17,619,900
10. Total Surplus	59,832,100	65,063,661	67,516,541	70,023,775	72,590,726
TOTAL LIABILITIES & SURPLUS	64,006,048	71,292,585	72,362,894	73,672,688	75,557,532

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection - CSURMA in Scenario 1
Income Statement**

**Exhibit 1.b
Page 4**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Underwriting Income					
1. Earned Premium	\$33,895,144	\$34,911,998	\$29,785,636	\$30,679,205	\$31,599,581
2. Loss & LAE Incurred	17,804,603	18,247,241	15,653,158	16,122,753	16,606,436
3. Operating Expenses	12,218,743	12,585,305	12,962,864	13,351,750	13,752,303
4. Underwriting Profit/Loss	3,871,798	4,079,452	1,169,614	1,204,702	1,240,843
Investment Income					
5. Net Investment Income	989,475	1,152,109	1,283,267	1,302,532	1,326,108
6. Net Realized Capital Gain/Loss	0	0	0	0	0
7. Net Investment Gain/Loss	989,475	1,152,109	1,283,267	1,302,532	1,326,108
8. Other Income	0	0	0	0	0
9. Policyholder Dividends	0	0	0	0	0
10. Federal Income Tax	0	0	0	0	0
11. NET INCOME	4,861,273	5,231,561	2,452,880	2,507,234	2,566,951
Capital & Surplus Account					
12. Beginning Surplus	54,970,827	59,832,100	65,063,661	67,516,541	70,023,775
13. Paid-In Capital	0	0	0	0	0
14. Net Income	4,861,273	5,231,561	2,452,880	2,507,234	2,566,951
15. Change in unrealized capital gains	0	0	0	0	0
16. Dividends to stockholders	0	0	0	0	0
17. Change in Surplus	4,861,273	5,231,561	2,452,880	2,507,234	2,566,951
18. Ending Surplus	59,832,100	65,063,661	67,516,541	70,023,775	72,590,726

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection - CSURMA in Scenario 1
Cash Flow Exhibit**

**Exhibit 1.b
Page 5**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Beginning Cash Balance	\$54,970,827	\$64,006,048	\$71,292,585	\$72,362,894	\$73,672,688
Sources of Cash					
2. Premiums Collected (net of costs of acquisition)	23,019,023	23,709,593	18,247,159	18,794,574	19,358,411
3. Investment Income	989,475	1,152,109	1,283,267	1,302,532	1,326,108
4. Ceding Commission	0	0	0	0	0
5. Paid-In Capital	0	0	0	0	0
6. Total Sources of Cash	24,008,497	24,861,702	19,530,426	20,097,106	20,684,519
Uses of Cash					
7. Losses & LAE Paid	13,630,655	16,192,265	17,035,729	17,320,194	17,288,542
8. Expenses Paid	1,342,621	1,382,900	1,424,387	1,467,119	1,511,132
9. Taxes Paid	0	0	0	0	0
10. Dividends	0	0	0	0	0
11. Total Uses of Cash	14,973,277	17,575,165	18,460,116	18,787,312	18,799,675
12. Ending Cash Balance	64,006,048	71,292,585	72,362,894	73,672,688	75,557,532

1. **UNDERWRITING VARIABLES**

		Gross Written	QS Reinsurance	Aggregate Reinsurance	Net Written	Gross Inc Loss	Net Inc Loss
a. Contributions by Member/Losses							
	2017	88,727,269	27,428,263	7,726,626	53,572,380	66,306,057	34,915,243
	2018	100,994,635	37,852,723	7,958,425	55,183,486	68,790,034	35,874,622
	2019	104,732,735	39,692,511	8,197,178	56,843,045	71,378,114	36,862,886
	2020	108,618,718	41,623,111	8,443,093	58,552,513	74,074,915	37,880,905
	2021	112,658,827	43,649,049	8,696,386	60,313,392	76,885,268	38,929,574
	Earned as % of Written				100%		
	Collected % in Year Written				100%		
b. Reinsurance Cost (XOL, Agg.)							
c. Expense Ratio							
i) Program Expense	2017	10,876,121					
	2018	11,202,405					
	2019	11,538,477					
	2020	11,884,631					
	2021	12,241,170					
d. Fixed Expense							
i) General And Admin	2017	1,342,621					
	2018	1,382,900					
	2019	1,424,387					
	2020	1,467,119					
	2021	1,511,132					
	2022	1,556,466					
e. Expected loss of exiting exposure		74,970,827	paid in 2017/2018 19,075,486	paid in 2018/2019 16,183,883	paid in 2019/2020 10,141,753	paid in 2020/2021 6,098,717	paid in 2021/2022 4,244,405
f. Claim Payout Pattern (cumulative)		Campus WC	AORMA WC	Campus Liab	AORMA Liab	AIME	
Year 1		14.90%	16.60%	3.30%	11.30%	49.60%	
Year 2		35.80%	35.70%	19.80%	45.20%	89.20%	
Year 3		50.60%	51.80%	59.50%	72.30%	98.10%	
Year 4		60.70%	62.70%	83.30%	94.00%	99.50%	
Year 5		69.80%	71.10%	92.40%	95.90%	100.00%	

2. **INVESTMENT VARIABLES**

a. Expected Asset Yields						
i) Short-term					1.8%	
ii) Long-term						
iii) Combined					1.8%	
b. Non-Cash Asset Distribution						
i) Short-term					100.0%	
ii) Long-term					0.0%	

3. **TAX VARIABLES**

a. Tax Rates						
i) Ordinary Income						
ii) Capital Gains						
iii) Alt Min						
b. Carryforwards/Carrybacks						

3 **CORPORATE VARIABLES**

a. Beginning Capital					0	
b. Capital Contributions						
Year 1		-				
Year 2		-				
Year 3		-				
Year 4		-				
Year 5		-				

CSURMA Pro Forma of Scenario 1
Pro Forma Projection - Status Quo
Underwriting Exhibit (GAAP)

Exhibit 2
Page 2

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Gross Contributions	\$88,727,269	\$100,994,635	\$104,732,735	\$108,618,718	\$112,658,827
2. Less Ceded Reinsurance Premium	35,154,890	45,811,148	47,889,689	50,066,205	52,345,435
3. Net Written Premium (1) - (2)	53,572,380	55,183,486	56,843,045	58,552,513	60,313,392
4. Net Earned Premium	53,572,380	55,183,486	56,843,045	58,552,513	60,313,392
5. Net Unearned Premium Reserve	0	0	0	0	0
6. Direct Prog Expense (% of Gross Premium)					
a) Fronting	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
b) Commissions	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
c) Taxes, Licenses & Fees	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
d) Subtotal	10,876,121	11,202,405	11,538,477	11,884,631	12,241,170
7. Net Premium to Captive (4) - (6)	42,696,258	43,981,082	45,304,568	46,667,882	48,072,221
8. Net Incurred Loss and LAE Loss Ratio	34,915,243 65.2%	35,874,622 65.0%	36,862,886 64.9%	37,880,905 64.7%	38,929,574 64.5%
9. Administrative Costs					
a) Claims Handling					
b) Other Admin Expenses					
c) Federal Excise Tax					
d) Other Fixed Expense					
d) Subtotal	1,342,621	1,382,900	1,424,387	1,467,119	1,511,132
10. Ceding Commission Income	0	0	0	0	0
11. Dividends	0	0	0	0	0
12. Underwriting Profit/Loss (7) - (8) - (9) + (10) - (11)	6,438,394 12.0%	6,723,559 12.2%	7,017,295 12.3%	7,319,858 12.5%	7,631,515 12.7%

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assets					
1. Bonds	\$74,969,791	\$73,658,175	\$71,066,960	\$68,719,608	\$66,864,745
2. Stocks	0	0	0	0	0
3. Real Estate	0	0	0	0	0
4. Cash/Short-term	7,786,834	14,690,466	23,327,983	32,560,868	42,294,003
5. Subtotal Cash & Invested Assets	82,756,625	88,348,641	94,394,943	101,280,476	109,158,748
6. Agent's Balances	0	0	0	0	0
7. Investment Income Due & Accrued	0	0	0	0	0
8. Other Assets	0	0	0	0	0
9. TOTAL ASSETS	82,756,625	88,348,641	94,394,943	101,280,476	109,158,748
Liabilities, Surplus & Other Funds					
1. Loss & LAE Reserves	74,968,756	72,347,594	69,786,326	67,652,891	66,076,599
2. Unearned Premium Reserves	0	0	0	0	0
3. Unpaid Expenses	0	0	0	0	0
4. Dividends declared by unpaid	0	0	0	0	0
5. Other liabilities	0	0	0	0	0
6. Total Liabilities	74,968,756	72,347,594	69,786,326	67,652,891	66,076,599
7. Capital Paid Up	0	0	0	0	0
8. Paid In/Contributed Surplus	0	0	0	0	0
9. Unassigned Funds (Surplus)	7,787,869	16,001,047	24,608,618	33,627,585	43,082,149
10. Total Surplus	7,787,869	16,001,047	24,608,618	33,627,585	43,082,149
TOTAL LIABILITIES & SURPLUS	82,756,625	88,348,641	94,394,943	101,280,476	109,158,748

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Underwriting Income					
1. Earned Premium	\$53,572,380	\$55,183,486	\$56,843,045	\$58,552,513	\$60,313,392
2. Loss & LAE Incurred	34,915,243	35,874,622	36,862,886	37,880,905	38,929,574
3. Operating Expenses	12,218,743	12,585,305	12,962,864	13,351,750	13,752,303
4. Underwriting Profit/Loss	6,438,394	6,723,559	7,017,295	7,319,858	7,631,515
Investment Income					
5. Net Investment Income	1,349,475	1,489,619	1,590,276	1,699,109	1,823,049
6. Net Realized Capital Gain/Loss	0	0	0	0	0
7. Net Investment Gain/Loss	1,349,475	1,489,619	1,590,276	1,699,109	1,823,049
8. Other Income	0	0	0	0	0
9. Policyholder Dividends	0	0	0	0	0
10. Federal Income Tax	0	0	0	0	0
11. NET INCOME	7,787,869	8,213,178	8,607,570	9,018,967	9,454,564
Capital & Surplus Account					
12. Beginning Surplus	0	7,787,869	16,001,047	24,608,618	33,627,585
13. Paid-In Capital	0	0	0	0	0
14. Net Income	7,787,869	8,213,178	8,607,570	9,018,967	9,454,564
15. Change in unrealized capital gains	0	0	0	0	0
16. Dividends to stockholders	0	0	0	0	0
17. Change in Surplus	7,787,869	8,213,178	8,607,570	9,018,967	9,454,564
18. Ending Surplus	7,787,869	16,001,047	24,608,618	33,627,585	43,082,149

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Beginning Cash Balance	\$74,970,827	\$82,756,625	\$88,348,641	\$94,394,943	\$101,280,476
Sources of Cash					
2. Premiums Collected (net of costs of acquisition)	42,696,258	43,981,082	45,304,568	46,667,882	48,072,221
3. Investment Income	1,349,475	1,489,619	1,590,276	1,699,109	1,823,049
4. Ceding Commission	0	0	0	0	0
5. Paid-In Capital	0	0	0	0	0
6. Total Sources of Cash	44,045,733	45,470,701	46,894,844	48,366,991	49,895,270
Uses of Cash					
7. Losses & LAE Paid	34,917,313	38,495,784	39,424,155	40,014,340	40,505,865
8. Expenses Paid	1,342,621	1,382,900	1,424,387	1,467,119	1,511,132
9. Taxes Paid	0	0	0	0	0
10. Dividends	0	0	0	0	0
11. Total Uses of Cash	36,259,935	39,878,685	40,848,542	41,481,458	42,016,998
12. Ending Cash Balance	82,756,625	88,348,641	94,394,943	101,280,476	109,158,748

Pro Forma Input Assumptions
Protected Cell with LPT of WC and GL Exposure Only

1. UNDERWRITING VARIABLES

	Gross Written	QS Reinsurance	Aggregate Reinsurance	Net Written	Other Income	Gross Inc Loss	Net Inc Loss
a. Premium and Losses							
LPT	75,108,855			75,108,855		72,948,106	72,948,106
2017	0	0	0	0	0	0	-
2018	0	0	0	0	0	0	-
2019	0	0	0	0	0	0	-
2020	0	0	0	0	0	0	-
2021	0	0	0	0	0	0	-
Earned as % of Written				100%			
Collected % in Year Written				100%			
b. Reinsurance Cost (XOL, Agg.)							
c. Expense Ratio							
i) Acquisition	0.00%						
ii) Fronting Fee	0.00%						
iii) Claims Handling	0.00%						
iv) T L & F	1.25%						
v) Federal Excise Tax	0.00%						
vi) Other Admin Expenses	1.00%						
d. Fixed Expense							
i) Actuarial Fee	20,000			total General ex startup		220,800	
ii) Application Fee	500						
iii) process fee	300						
iv) Captive Set Up	250,000						
v) Mgmt Fee	80,000						
vi) Audit fee	20,000						
vii) legal fees	50,000						
viii) Travel expense	50,000						
		paid in	paid in	paid in	paid in	paid in	
		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	
e. LPT expected loss	\$72,948,106	17,472,989	15,840,211	10,081,247	6,082,672	4,244,405	
f. Claim Payout Pattern (cumulative)	Campus WC	AORMA WC	Campus Liab	AORMA Liab			
Year 1	14.90%	16.60%	3.30%	11.30%			
Year 2	35.80%	35.70%	19.80%	45.20%			
Year 3	50.60%	51.80%	59.50%	72.30%			
Year 4	60.70%	62.70%	83.30%	94.00%			
Year 5	69.80%	71.10%	92.40%	95.90%			

2. INVESTMENT VARIABLES

a. Expected Asset Yields	
i) Short-Term	2.2%
ii) Long-Term	7.5%
iii) Cash/T-Bill	1.0%
b. Asset Distribution	
i) Short-Term	40.0%
ii) Long-Term	20.0%
iii) Cash/T-Bill	40.0%

3. TAX VARIABLES

a. Tax Rates	
i) Ordinary Income	
ii) Capital Gains	
iii) Alt Min	
b. Carryforwards/Carrybacks	

3. CORPORATE VARIABLES

a. Beginning Capital		14,000,000
b. Capital Contributions		
Year 1	-	
Year 2	-	
Year 3	-	
Year 4	-	
Year 5	-	

CSURMA Pro Forma of Scenario 1
Pro Forma Projection - LPT only
Underwriting Exhibit (GAAP)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Gross Written Premium	\$75,108,855	\$0	\$0	\$0	\$0
a LPT	75,108,855	0	0	0	0
b Direct Premium	0	0	0	0	0
2. Less Ceded Reinsurance Premium	0	0	0	0	0
3. Net Written Premium (1) - (2)	75,108,855	0	0	0	0
4. Net Earned Premium	75,108,855	0	0	0	0
5. Net Unearned Premium Reserve	0	0	0	0	0
6. Acquisition Costs (% of Gross Premium)					
a) Fronting	0	0	0	0	0
b) Commissions	0	0	0	0	0
c) Taxes, Licenses & Fees	938,861 1.25%	0 1.25%	0 1.25%	0 1.25%	0 1.25%
d) Subtotal	938,861 1.25%	0	0	0	0
7. Net Premium to Captive (4) - (6)	74,169,994	0	0	0	0
8. Net Incurred Loss and LAE Loss Ratio	72,948,106 97.1%	0	0	0	0
9. Administrative Costs					
a) Claims Handling	0 0.00%	0	0	0	0
b) Other Admin Expenses	751,089 1.00%	0 1.00%	0 1.00%	0 1.00%	0 1.00%
c) Federal Excise Tax	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
d) Other Fixed Expense	470,800	220,800	220,800	220,800	220,800
d) Subtotal	1,221,889	220,800	220,800	220,800	220,800
10. Ceding Commission Income	0	0	0	0	0
11. Dividends	0	0	0	0	0
12. Underwriting Profit/Loss (7) - (8) - (9) + (10) - (11)	(0) 0.0%	(220,800)	(220,800)	(220,800)	(220,800)

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection - LPT only
Balance Sheet**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assets					
1. Short-term investments	\$27,790,047	\$22,138,206	\$18,632,829	\$16,629,433	\$15,305,649
2. Long-term investments	\$13,895,023	\$11,069,103	\$9,316,415	\$8,314,716	\$7,652,824
3. Real Estate	0	0	0	0	0
4. Cash	\$27,790,047	\$22,138,206	\$18,632,829	\$16,629,433	\$15,305,649
5. Subtotal Cash & Invested Assets	69,475,117	55,345,514	46,582,073	41,573,582	38,264,122
6. Agent's Balances	0	0	0	0	0
7. Investment Income Due & Accrued	1,931,408	1,538,605	1,294,982	1,155,746	1,063,743
8. Other Assets	0	0	0	0	0
9. TOTAL ASSETS	71,406,525	56,884,120	47,877,054	42,729,327	39,327,865
Liabilities, Surplus & Other Funds					
1. Loss & LAE Reserves	55,475,117	39,634,906	29,553,659	23,470,987	19,226,582
2. Unearned Premium Reserves	0	0	0	0	0
3. Unpaid Expenses	0	0	0	0	0
4. Dividends declared by unpaid	0	0	0	0	0
5. Other liabilities	0	0	0	0	0
6. Total Liabilities	55,475,117	39,634,906	29,553,659	23,470,987	19,226,582
7. Capital Paid Up	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
8. Paid In/Contributed Surplus	0	0	0	0	0
9. Unassigned Funds (Surplus)	1,931,408	3,249,214	4,323,395	5,258,341	6,101,283
10. Total Surplus	15,931,408	17,249,214	18,323,395	19,258,341	20,101,283
TOTAL LIABILITIES & SURPLUS	71,406,525	56,884,120	47,877,054	42,729,327	39,327,865

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection - LPT only
Income Statement**

Exhibit 3
Page 4

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Underwriting Income					
1. Earned Premium	\$75,108,855	\$0	\$0	\$0	\$0
2. Loss & LAE Incurred	72,948,106	0	0	0	0
3. Operating Expenses	2,160,749	220,800	220,800	220,800	220,800
4. Underwriting Profit/Loss	0	(220,800)	(220,800)	(220,800)	(220,800)
Investment Income					
5. Net Investment Income	1,931,408	1,538,605	1,294,982	1,155,746	1,063,743
6. Net Realized Capital Gain/Loss	0	0	0	0	0
7. Net Investment Gain/Loss	1,931,408	1,538,605	1,294,982	1,155,746	1,063,743
8. Other Income	0	0	0	0	0
9. Policyholder Dividends	0	0	0	0	0
10. Federal Income Tax	0	0	0	0	0
11. NET INCOME	1,931,408	1,317,805	1,074,182	934,946	842,943
Capital & Surplus Account					
12. Beginning Surplus	14,000,000	15,931,408	17,249,214	18,323,395	19,258,341
13. Paid-In Capital	0	0	0	0	0
14. Net Income	1,931,408	1,317,805	1,074,182	934,946	842,943
15. Change in unrealized capital gains	0	0	0	0	0
16. Dividends to stockholders	0	0	0	0	0
17. Change in Surplus	1,931,408	1,317,805	1,074,182	934,946	842,943
18. Ending Surplus	15,931,408	17,249,214	18,323,395	19,258,341	20,101,283

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection - LPT only
Cash Flow Exhibit**

**Exhibit 3
Page 5**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Beginning Cash Balance	\$14,000,000	\$71,406,525	\$56,884,120	\$47,877,054	\$42,729,327
Sources of Cash					
2. Premiums Collected (net of costs of acquisition)	74,169,994	0	0	0	0
3. Investment Income	1,931,408	1,538,605	1,294,982	1,155,746	1,063,743
4. Ceding Commission	0	0	0	0	0
5. Paid-In Capital	0	0	0	0	0
6. Total Sources of Cash	76,101,403	1,538,605	1,294,982	1,155,746	1,063,743
	1,653,508	1,317,223	1,108,653	989,451	910,686
Uses of Cash					
7. Losses & LAE Paid	17,472,989	15,840,211	10,081,247	6,082,672	4,244,405
8. Expenses Paid	1,221,889	220,800	220,800	220,800	220,800
9. Taxes Paid	0	0	0	0	0
10. Dividends	0	0	0	0	0
11. Total Uses of Cash	18,694,877	16,061,011	10,302,047	6,303,472	4,465,205
12. Ending Cash Balance	71,406,525	56,884,120	47,877,054	42,729,327	39,327,865

Scenario 4: Run-off of Existing WC and GL Exposure in CSURMA

1. UNDERWRITING VARIABLES

	Gross Written	QS Reinsurance	Aggregate Reinsurance	Net Written	Other Income	Gross Inc Loss	Net Inc Loss
a. Premium and Losses							
LPT	0			0		0	0
2017	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0
Earned as % of Written				100%			
Collected % in Year Written				100%			
b. Reinsurance Cost (XOL, Agg.)							
c. Program Expense							
i) Program Expense							
2017	-						
2018	-						
2019	-						
2020	-						
2021	-						
d. Fixed Expense							
i) General And Admin							
2017	-						
2018	-						
2019	-						
2020	-						
2021	-						
2022	-						
e. LPT expected loss	\$72,948,106	paid in 2017/2018 17,472,989	paid in 2018/2019 15,840,211	paid in 2019/2020 10,081,247	paid in 2020/2021 6,082,672	paid in 2021/2022 4,244,405	
f. Claim Payout Pattern (cumulative)	Campus WC	AORMA WC	Campus Liab	AORMA Liab			
Year 1	14.90%	16.60%	3.30%	11.30%			
Year 2	35.80%	35.70%	19.80%	45.20%			
Year 3	50.60%	51.80%	59.50%	72.30%			
Year 4	60.70%	62.70%	83.30%	94.00%			
Year 5	69.80%	71.10%	92.40%	95.90%			

2. INVESTMENT VARIABLES

a. Expected Asset Yields	
i) Short-Term	1.8%
ii) Long-Term	1.8%
iii) Cash/T-Bill	1.8%
b. Asset Distribution	
i) Short-Term	100.0%
ii) Long-Term	0.0%
iii) Cash/T-Bill	0.0%

3. TAX VARIABLES

a. Tax Rates	
i) Ordinary Income	
ii) Capital Gains	
iii) Alt Min	
b. Carryforwards/Carrybacks	

3. CORPORATE VARIABLES

a. Beginning Capital	0
b. Capital Contributions	
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5	-

CSURMA Pro Forma of Scenario 1
Pro Forma Projection -Run-off Only In CSURMA
Underwriting Exhibit (GAAP)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Gross Written Premium	\$0	\$0	\$0	\$0	\$0
a LPT	0	0	0	0	0
b Direct Premium	0	0	0	0	0
2. Less Ceded Reinsurance Premium	0	0	0	0	0
3. Net Written Premium (1) - (2)	0	0	0	0	0
4. Net Earned Premium	0	0	0	0	0
5. Net Unearned Premium Reserve	0	0	0	0	0
6. Acquisition Costs (% of Gross Premium)					
a) Fronting	0	0	0	0	0
b) Commissions	0	0	0	0	0
c) Taxes, Licenses & Fees	0	0	0	0	0
d) Subtotal	0	0	0	0	0
7. Net Premium to Captive (4) - (6)	0	0	0	0	0
8. Net Incurred Loss and LAE Loss Ratio	0	0	0	0	0
9. Administrative Costs					
a) Claims Handling	0	0	0	0	0
b) Other Admin Expenses	0	0	0	0	0
c) Federal Excise Tax	0	0	0	0	0
d) Other Fixed Expense	-	-	-	-	-
d) Subtotal	0	0	0	0	0
10. Ceding Commission Income	0	0	0	0	0
11. Dividends	0	0	0	0	0
12. Underwriting Profit/Loss (7) - (8) - (9) + (10) - (11)	0	0	0	0	0

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection -Run-off Only In CSURMA
Balance Sheet**

**Exhibit 4
Page 3**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assets					
1. Short-term investments	\$55,475,117	\$40,289,786	\$30,873,249	\$25,330,250	\$21,541,789
2. Long-term investments	\$0	\$0	\$0	\$0	\$0
3. Real Estate	0	0	0	0	0
4. Cash	\$0	\$0	\$0	\$0	\$0
5. Subtotal Cash & Invested Assets	55,475,117	40,289,786	30,873,249	25,330,250	21,541,789
6. Agent's Balances	0	0	0	0	0
7. Investment Income Due & Accrued	998,552	725,216	555,718	455,944	387,752
8. Other Assets	0	0	0	0	0
9. TOTAL ASSETS	56,473,669	41,015,002	31,428,967	25,786,194	21,929,541
Liabilities, Surplus & Other Funds					
1. Loss & LAE Reserves	55,475,117	39,291,234	29,149,480	23,050,763	18,806,358
2. Unearned Premium Reserves	0	0	0	0	0
3. Unpaid Expenses	0	0	0	0	0
4. Dividends declared by unpaid	0	0	0	0	0
5. Other liabilities	0	0	0	0	0
6. Total Liabilities	55,475,117	39,291,234	29,149,480	23,050,763	18,806,358
7. Capital Paid Up	0	0	0	0	0
8. Paid In/Contributed Surplus	0	0	0	0	0
9. Unassigned Funds (Surplus)	998,552	1,723,768	2,279,487	2,735,431	3,123,183
10. Total Surplus	998,552	1,723,768	2,279,487	2,735,431	3,123,183
TOTAL LIABILITIES & SURPLUS	56,473,669	41,015,002	31,428,967	25,786,194	21,929,541

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection -Run-off Only In CSURMA
Income Statement**

**Exhibit 4
Page 4**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Underwriting Income					
1. Earned Premium	\$0	\$0	\$0	\$0	\$0
2. Loss & LAE Incurred	0	0	0	0	0
3. Operating Expenses	0	0	0	0	0
4. Underwriting Profit/Loss	0	0	0	0	0
Investment Income					
5. Net Investment Income	998,552	725,216	555,718	455,944	387,752
6. Net Realized Capital Gain/Loss	0	0	0	0	0
7. Net Investment Gain/Loss	998,552	725,216	555,718	455,944	387,752
8. Other Income	0	0	0	0	0
9. Policyholder Dividends	0	0	0	0	0
10. Federal Income Tax	0	0	0	0	0
11. NET INCOME	998,552	725,216	555,718	455,944	387,752
Capital & Surplus Account					
12. Beginning Surplus	0	998,552	1,723,768	2,279,487	2,735,431
13. Paid-In Capital	0	0	0	0	0
14. Net Income	998,552	725,216	555,718	455,944	387,752
15. Change in unrealized capital gains	0	0	0	0	0
16. Dividends to stockholders	0	0	0	0	0
17. Change in Surplus	998,552	725,216	555,718	455,944	387,752
18. Ending Surplus	998,552	1,723,768	2,279,487	2,735,431	3,123,183

**CSURMA Pro Forma of Scenario 1
Pro Forma Projection -Run-off Only In CSURMA
Cash Flow Exhibit**

**Exhibit 4
Page 5**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Beginning Cash Balance	\$72,948,106	\$54,871,172	\$39,412,504	\$29,826,470	\$24,183,697
Sources of Cash					
2. Premiums Collected (net of costs of acquisition)	0	0	0	0	0
3. Investment Income	998,552	725,216	555,718	455,944	387,752
4. Ceding Commission	0	0	0	0	0
5. Paid-In Capital	0	0	0	0	0
6. Total Sources of Cash	998,552	725,216	555,718	455,944	387,752
	1,220,453	886,375	679,211	557,265	473,919
Uses of Cash					
7. Losses & LAE Paid	19,075,486	16,183,883	10,141,753	6,098,717	4,244,405
8. Expenses Paid	0	0	0	0	0
9. Taxes Paid	0	0	0	0	0
10. Dividends	0	0	0	0	0
11. Total Uses of Cash	19,075,486	16,183,883	10,141,753	6,098,717	4,244,405
12. Ending Cash Balance	54,871,172	39,412,504	29,826,470	24,183,697	20,327,044

**CSURMA MEMBER LOAN POLICY AND ALLOCATION OF
INVESTABLE ASSETS**

ISSUE: The Executive Committee in a separate item at today's meeting will be discussing utilization of a captive insurance vehicle which may offer investment alternatives. In addition, there have been some discussion about whether CSURMA in its existing structure can achieve more effective and impactful investments by segregating its short and long term capital needs. For example, CSURMA's June 30, 2016 balance sheet shows current assets of \$43.6 million and non-current assets of \$137.7 million. While there is a member loan program, can CSURMA be a more effective partner with the CSU community by investing in certain capital projects? Are there other ways to put these resources to work for the CSU while maintaining the needed assets and liquidity of the CSURMA?

This item was tabled at the September 23, 2016 CSURMA Executive Committee meeting pending discussion of whether CSURMA would develop a captive insurer which would potentially reduce the amount of assets available for investment in member loans.

RECOMMENDATION: It is recommended that the CSURMA Executive Committee discuss this topic at today's meeting and provide direction to the CSURMA Treasurer for consideration by the CSU EVC/CFO.

FISCAL IMPACT: No financial impact is expected from action on this item at today's meeting. Financial impact would be evaluated as a part of action taken at a future meeting depending on the nature of the direction taken.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

MEMBER LOAN REQUESTS

ISSUE: CSURMA has reviewed member loan requests from CSU, Sacramento and CSU, Fresno. San Francisco State University has also indicated a potential need for a loan. Under Policy and Procedure No. 10 and upon recommendation of the CSURMA Treasurer, the CSURMA Executive Committee is authorized to extend loans to CSURMA members. Sacramento has requested a loan related to an elevator replacement project. Fresno has requested funding for safety related improvements at their stadium. A formal request has been received from Sacramento. Fresno's request is at the inquiry stage. SFSU has requested a loan for upgrades to life safety systems at a campus structure.

The CSURMA Treasurer will be present at today's meeting to discuss the requested loans.

RECOMMENDATION: It is recommended that the CSURMA Executive Committee review the proposed member loan requests and take action as appropriate.

FISCAL IMPACT: The proposed loans would change CSURMA non-current assets from invested funds to member loans. Member loans include an interest rate intended to maintain CSURMA's return on investment rate.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Member Loan Request from CSU, Sacramento
- b. CSURMA Policy and Procedure No. 10, Member Loans




California State University, Sacramento
Office of the Vice President & Chief Financial Officer
6000 J Street • Sacramento Hall 272 • Sacramento, CA 95819-6038
T (916) 278-6312 • F (916) 278-5783 • www.csus.edu/aba

August 23, 2016

MEMORANDUM

TO: Robert Eaton
Assistant Vice Chancellor for Financing, Treasury, and Risk Management

FROM: Stacy Hayano 
Vice President and Chief Financial Officer (Interim)

SUBJECT: CSURMA Loan for Building Elevator Replacements

Please consider this memorandum and attached CSURMA Loan Agreement as the official request for a \$1,800,000 loan to address elevator safety concerns at Sacramento State. There are five very antiquated elevators, which were installed when the buildings were initially completed. These elevators are located in the Athletic Center (1975), Capistrano Hall (1967), Del Norte Hall (1988), and the Library (1974). An elevator's useful life is 20-25 years. Many of these elevators have exceeded 40 years of usage. As a result, there have been many breakdowns (see attached list for work order description by building). Given that these elevator cars are outdated, the repair parts are becoming increasingly difficult to acquire. This issue creates repair problems, ADA access issues, and increases the safety risks to passengers.

The resulting loan request may be less depending on the bids that the university receives. We strongly believe these projects will significantly reduce safety and increase risk on campus. It will especially help decreasing the number of times people get stuck in the elevators. Highlights of the loan request details for your review are recommended for the CSURMA Meeting on September 9, 2016.

1. Loan amount for projects listed above total \$1,800,000
2. Loan dollars will be drawn down in lump sums (minimum of \$500,00 at a time to be transferred on the 1st of a month) at the beginning of each phase with at least a 10-day notice
 - a. Expected start date is December 2016
3. Original loan term will be for a 5 year period
 - a. Renewable for additional 5-year periods with EC approval
4. Loan is with California State University, Sacramento

Robert Eaton
August 23, 2016
Page 2

3. Original loan term will be for a 5 year period
 - a. Renewable for additional 5-year periods with EC approval
4. Loan is with California State University, Sacramento
5. Principal and Interest (at foregone rate) will be paid quarterly in equal amounts
6. Repayment will be from CSU Operating Fund reserves
7. Sacramento State has exhausted all other financial resources, including
 - a. Housing funds are being used for a new housing project
 - b. Parking funds are being used for a new parking structure
 - c. Campus Operating Fund reserves are earmarked for the Science II building until some or all of the donations are received. We want to avoid a large outlay of funds to help preserve our remaining reserves for campus emergencies.

Please contact Stacy Hayano at (916)278-6312 if you need additional information regarding this request.

Thank you.

Attachments: CSURMA Loan Agreement
Elevator Problems Log

c: Kelly Cox
Gina Curry

Risk Analysis

This risk analysis is written in support of Sacramento State's request for a loan from CSURMA to replace five elevators on campus.

Like any other moving part of a building, an elevator can wear out and need to be replaced. This risk analysis addresses risk and safety concerns regarding five elevators at the Sacramento State campus:

Location	Year constructed	Age of elevator
Intercollegiate Athletics Center	1975	41 years
Capistrano Hall	1967	49 years
Del Norte Hall	1988	18 years
Library (2)	1974	42 years

The case for elevator replacement can be made from two perspectives: the maintenance case and the risk case. Because the two approaches are intertwined, this analysis combines them.

Maintenance

Elevators consist of four parts: 1) the shaft and structure built into the building, including the guide rails and doors, 2) the car, 3) the sheave, motor, steel rope and counterweight, and 4) the control unit and associated electronics. All four parts of the elevator require maintenance and eventual replacement except for the shaft, which is the vertical chamber where all other parts are mounted or located.

According to the literature on elevator maintenance and replacement, commercial-use elevators have a life expectancy of 20-30 years if they are well maintained. Parts and major components of all elevators require maintenance and replacement at more frequent intervals, but the elevator should be replaced in its entirety approximately every 30 years.

According to Facilitiesnet (<http://www.facilitiesnet.com/elevators/article/Elevators-ROI-depends-on-building-owners-ROI-Facilities-Management-Elevators-Feature--1414>) the average elevator's lifespan is 20-25 years, after which it should be replaced. Further, elevators installed prior to the mid-1980s were installed using relay-logic control systems which have long since been phased out. Parts for relay-logic control systems are now very hard to find and very expensive, and the technicians who have been trained on such systems are retiring with the old systems. Newer elevators use solid state electronics and computer-based control systems. The Otis Elevator Company designs their elevators to function for 20 years between complete overhauls. At overhaul, an Otis elevator will have all critical parts replaced, and often the inside of the elevator car is replaced as well.

As elevators continue to age and continue to be heavily used, repair costs rise because of the increased frequency of repairs and cost of hard-to-find parts, service and emergency calls will continue to rise, and elevator down time will increase.

A review of the service request records of the elevators in question for the period of January 2014 through April 2016 reveals 82 total complaints, characterized by the following excerpts taken directly from the service requests:

Building	Number of complaints	Types of issues
Athletics Center	12	"Elevator stuck, not working, not responding"
Capistrano Hall (oversized for pianos and other instruments)	12	"Passengers trapped in elevator, stuck on 1 st floor, stuck on 3 rd floor, not responding, shuttering, stopped below 1 st floor"
Del Norte Hall	13	"Elevator not responding, stuck between floors, shaky, rocky, out of order, burning smell in elevator, disconnect switch needs grounding"
Library (2 elevators)	45	"Elevator not responding, passenger trapped, stuck with students inside, not leveling, shaking, doors won't open on 5 th floor, buttons not working, stuck between floors, doors not opening fully, doors closed very long time, door knocked off track, doors not opening fully, doors not closing fully"

The bottom line in looking at the maintenance realities is that as time passes, older elevators become more problematic for the institution and for users, and become much more expensive to operate.

Risk and Safety

Elevators are equipped with many safety features both in the physical hardware, designed into the electronics and programmed into the computer. As elevators age, declining performance is mirrored by rising risk. Safety features that once functioned perfectly become compromised as hardware wears out and electronics lose functionality. When safety features are compromised, elevators can become very dangerous for users.

The litigious times we live in require a commensurate management of risk. Mitigating risk in the majority of the elements of an institution requires the participation of individuals in the organization by way of training, safe working practices and administrative procedures. Examples of this include vehicle operation, safe lifting, and welding safety. However, mitigating elevator risk is different, and is more similar to managing risk in commercial aviation. Once the airplane is off the ground, passengers are completely at the mercy of the plane and its pilots; once elevator passengers are in the elevator car and the car is in motion, passengers are

powerless to effect changes in the trajectory of the elevator car beyond the effects of the control buttons. Hence, elevator risk mitigation is completely a function of the age of the elevator and its maintenance.

On December 7, 2011 an employee of Cal State Long Beach was killed in a malfunctioning elevator in the Foundation building at that campus. Employees who worked in the three-story building reported that the elevator had been malfunctioning in previous weeks. The liability costs in such an instance will probably end up costing the Long Beach State Forty-niner Foundation much more than it would have cost to replace a half dozen elevators on campus. This is exactly the scenario Sacramento State wants to avoid. By replacing old elevators and keeping existing units well maintained, Sacramento State hopes to avoid injuries and fatalities that can come with older worn out elevator equipment.

Business and Finance
401 Golden Shore, 5th Floor
Long Beach, CA 90802-4210

www.calstate.edu

California State University, Sacramento
Loan Agreement

In consideration of granting a loan from the California State University Risk Management Authority (CSURMA), California State University, Sacramento hereby agrees to repay CSURMA the Loan in accordance with the following terms and conditions:

1. A Line of Credit shall be established in the amount of One Million Eight Hundred Dollars (\$1,800,000), of which proceeds are to be used to fund the repair and replacement of very old building elevators due to safety concerns.
2. Principal and Interest payments shall be made quarterly in arrears and at an interest rate equivalent to the investment income rate that CSURMA would have earned if the funds had instead been invested during the same calculation period.
3. Principal and interest will be paid from campus interest income or CSU operating funds.
4. The loan term will be a 5-year period with principal and interest due and payable quarterly (thirty days following the end of each calendar quarter). Principal may be prepaid at any time during the term of this loan. All funds, principal and any remaining unpaid interest, will be due and payable on June 1, 2021; however, the loan may be renewed at the end of the 5-year period, by request of the Sacramento campus and the approval of the CSURMA Executive Committee, for an additional 5-year period.
5. Line of credit funding requirements are at the request of the campus and will be processed on the first of a month in amounts of at least \$500,000 with a notice of at least 10 days to allow for processing time.

California State University, Risk Management Authority

By: _____

Robert Eaton, Treasurer

Date: _____

California State University, Risk Management Authority


By: _____

Linda Hawk, Chair

Date: _____

California State University, Sacramento

By: _____


Stacy Hayano
Interim Vice President and Chief Financial Officer

Date: _____





CSURMA

POLICY AND PROCEDURE NO. 10

ADOPTED: MAY 13, 2011, January 10, 2016 (AMENDED)
EFFECTIVE: JULY 1, 2011
SUBJECT: MEMBER LOANS

Should there be any discrepancy between this document and either the JOINT POWERS AGREEMENT or BYLAWS, the JOINT POWERS AGREEMENT and BYLAWS will govern.

POLICY:

It is the policy of CSURMA that, upon recommendation of the Treasurer, the Executive Committee may approve a loan to a Member pursuant to the procedures described herein. No new Member Loan shall be granted without a finding by the Executive Committee that CSURMA has sufficient funds such that the proposed member loan would not impair CSURMA's ongoing operations. Member Loans shall only be granted upon a finding by the Treasurer that the Member has exhausted alternative sources of funding and that a Member Loan is in the best interests of the University.

PROCEDURE:

The following procedures shall be followed in administration of the CSURMA Member Loan program:

- 1. Amount Available for Member Loans** – The amount available for Member Loans shall not exceed 15% of the overall average fund balance for the preceding 12 months and no new Member Loan shall be initiated by the Treasurer without determining that the proposed Member Loan will fall within the 15% limit and that CSURMA will maintain adequate funds to cover its cash needs following the loan. In the interest of fairness, Member Loans to a single Member Campus (and its associated Member Auxiliary Organizations) shall not exceed 5% of the overall average fund balance for the preceding 12 months.
- 2. Member Loan Request** – A member seeking a CSURMA Member Loan shall submit to the Treasurer a written request describing the amount, purpose, proposed terms, and repayment for the requested Member Loan. The request shall describe what steps the Member has taken to secure the requested funds through alternate sources and why the Member is seeking the proposed loan from CSURMA. The Member shall describe the collateral and source of repayment funds for the proposed Member Loan. If a general obligation pledge is proposed by an Auxiliary Organization Member, then that Member must also show adequate cash flow from a specific funding source or adequate reserves to make the debt service payments during the term of the loan. Proposed Member Loans for the acquisition of real estate by an auxiliary organization may not pledge the real estate as collateral for the loan.

- 3. Treasurer's Review and Recommendation** - The Treasurer shall review the Member Loan request and seek additional information as necessary to make a determination. If a favorable determination is made, the Treasurer shall recommend to the Executive Committee the proposed Member Loan including the Treasurer's recommended terms and conditions. Recommended terms shall require that the frequency of interest payments shall be at least quarterly in arrears and at an interest rate at least equivalent to the investment income rate that CSURMA would have earned if the funds had instead been invested during the same calculation period.
- 4. Executive Committee Action** – At duly noticed meeting, the Executive Committee shall take action on the Treasurer's recommendation. If the proposed Member Loan is to be approved, such approval shall be memorialized by resolution directing the Treasurer to prepared the loan note for review and approval by CSURMA's General Counsel.
- 5. Administration of Member Loans** – The Treasurer shall direct the CSURMA Accountant to transfer funds, calculate interest, collect repayment proceeds and prepare reports on the status of outstanding loans. Any failure to make timely payments or proposed change in terms or conditions shall be reported by the Treasurer to the Executive Committee for review and action.

UPDATED LIABILITY PROGRAM MEMORANDA OF COVERAGE

ISSUE: Coverage provided under CSURMA’s self-insured programs is governed by a memorandum of coverage (MOC) agreement that serves in place of an insurance agreement. With pending changes to both the AORMA Liability Program and Campus Liability Risk Pool Program, the Board delegated at their May 6, 2016 meeting authority to the AORMA Committee to adopt revisions to the AORMA Liability program MOC and to the Executive Committee for the Campus Liability Risk Pool MOC and Excess Liability Coverage Program for coverage effective July 1, 2016.

- **AORMA Liability Program:** With the change in reinsurers, a new MOC is appropriate. Staff has drafted the proposed MOC following the Campus Liability Risk Pool as an example and has provided it to the new reinsurers, Markel and Great American. It is expected that we will reach agreement with the reinsurers and have AORMA committee approval at their meeting in December.
- **Campus Liability Risk Pool Program:** The Campus Liability Risk Pool coverage memorandum has not been updated since July 1, 2007 and this year appeared an appropriate time to review considering excess reinsurer willingness to offer coverage on a reinsured basis. Staff has prepared a draft which is under review. If review is completed it will be presented to the Executive Committee at the November 2, 2016 meeting.
- **Excess Liability Coverage Program:** The University and auxiliary organizations are jointly covered in the Excess Liability Coverage Program attaching at \$5 million. The lead underwriters, Ironshore and AWAC have indicated a willingness to cover the program on a reinsured basis. Staff has prepared a draft form which would follow the expiring insurance contracts and convert the terms to a “memorandum of coverage” format which the reinsurers would follow. The draft has been presented to Ironshore and AWAC, it is likely the form will be finalized for the January 8, 2016 meeting.

Staff will be present at today’s meeting to report on the proposed changes.

RECOMMENDATION: The Executive Committee has delegated authority to the CSURMA Secretary-Auditor to negotiate and finalize the forms and may take action or provide direction as appropriate.

FISCAL IMPACT: There is no cost expected from the recommended action at today's meeting.

BACKGROUND: None.

PUBLICATION: The Memoranda of Coverage will be delivered to the members following renewal of the programs.

ATTACHMENT(S):

- a. DRAFT CSURMA AORMA Program Liability MOC
- b. DRAFT CSURMA Campus Liability Risk Pool MOC
- c. DRAFT CSURMA \$5 million xs \$5 million layer MOC



**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
LIABILITY PROGRAM**

MEMORANDUM OF COVERAGE

DECLARATIONS

This Memorandum of Coverage is issued under and pursuant to the terms, conditions, covenants and stipulations of the California State University Risk Management Authority (CSURMA) Joint Powers Agreement, Bylaws, and CSURMA and CSURMA Auxiliary Organizations Risk Management Alliance (CSURMA AORMA) Policies and Procedures. All terms and conditions of these documents are incorporated herein by reference. In the event that any provision of this Memorandum of Liability Coverage is in conflict with or is inconsistent with these documents, the terms and conditions of such documents shall prevail and take precedence to the extent of such conflict or inconsistency. CSURMA AORMA agrees with the **Member**, in consideration of the payment of contribution and in reliance upon statements in the Declarations and subject to the limits of liability, exclusions, conditions, and other terms of this memorandum and the abovementioned documents, to provide the coverage as stated in this memorandum.

Item 1: Member

See the **Member** listing attached.

Item 2: Coverage Period:

July 1, 2016 to July 1, 2017

Item 3: Limits of Liability:

1. Any one Occurrence or Wrongful Act or series of continuous, repeated or related Occurrences or Wrongful Acts..... \$5,000,000
2. Aggregate Policy Limit during each Policy Period..... \$20,000,000 – each Member
3. Non-Salaried Employees (of the California State University)
Auto Liability \$5,000,000 – each occurrence
4. Mold\$600,000 – each occurrence for each Member
5. Mold \$850,000 – annual aggregate for each Member

Item 5: Sub-Limits / Coverage Extensions *(Provided through the CSURMA AORMA Liability Program pooled layer):*

1. Medical Payments\$5,000 – per any one person
2. California Uninsured or Underinsured Motorists
(bodily injury only):\$250,000 - bodily injury only
3. Domestic Hired Automobile Physical Damage..... \$50,000 - each accident
4. Fiduciary Liability Coverage (Claims Made Basis):..... \$350,000 – each occurrence
5. Funds, Grants or Appropriations (defense only) \$250,000 – each occurrence
6. Land Use (defense only)..... \$250,000 – each occurrence
7. Nuclear Materials (limited coverage):..... \$250,000 – each occurrence

Item 6: Member’s Deductible

1. Any one Occurrence or Wrongful Act or series of continuous, repeated or related Occurrences of Wrongful Acts *(except Employment Practices Liability)*:\$0
2. Employment Practices Liability *(all Members except as noted below)*:\$25,000 - each occurrence
3. Employment Practices Liability \$50,000 – each occurrence
 - a. California State University, East Bay Foundation, Inc.
 - b. Cal State L.A. University Auxiliary Services, Inc.
 - c. Cal Poly Corporation
 - d. University Enterprises, Inc., CSU Sacramento
4. Employment Practices Liability \$75,000 – each occurrence
 - a. California State University, Long Beach Research Foundation
 - b. California State University, Fresno Foundation
 - c. San Jose State University Research Foundation
5. Employment Practices Liability \$100,000 – each occurrence
 - a. San Diego State University Research Foundation
 - b. Cal Poly Pomona Foundation, Inc.
6. Non-Salaried Employees (of the California State University) Auto Liability\$1,000,000 – each occurrence/accident
7. Domestic Hired Automobile Physical Damage – Comprehensive and Collision \$1,000 - each accident
8. Domestic Hired Automobile Physical Damage – Comprehensive and Collision *(when the use of the hired vehicle on a non-paved road violates the rental car agreement)*..... \$5,000 - each accident

Item 7: Retroactive Dates:


Fiduciary Liability, including Employee Benefits Liability Coverage:

1. Associated Students of California State University, Chico..... July 1, 2005
2. California State University, Long Beach Research Foundation..... July 1, 2008
3. Associated Students, California State University, Los Angeles, Inc. July 1, 2007
4. The University Corporation, CSU Northridge October 1, 1991
5. University Student Union of California State University, Northridge..... October 1, 1999
6. Capital Public Radio, Inc., CSU Sacramento.....April 14, 2010
7. San Jose State University Research Foundation July 1, 2002
8. Spartan Shops, Inc., San Jose State UniversityFebruary 1, 1998
9. Auxiliaries Multiple Employer VEBA..... July 1, 2010
10. All other Named Members July 1, 2010

Item 9: Claims Administrator:

Carl Warren & Company
Attn: Mauri McGuire
P.O. Box 7059
Ventura, CA 93006
(805) 650-7020 Ext 1003
mmcguire@carlwarren.com

To be valid, this agreement must be signed by our Program Administrator.



Authorized Signature

Item 1: Member

Member Listing

Campus		Auxiliary Organization
1	Bakersfield	Associated Students, California State University, Bakersfield, Inc.
2	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration
3	Bakersfield	California State University, Bakersfield Foundation
4	Bakersfield	California State University, Bakersfield Student Union, Inc.
5	Chancellor's Office	California State University Foundation
6	Chancellor's Office	California State University Institute
7	Channel Islands	Associated Students of California State University, Channel Islands, Inc.
8	Channel Islands	California State University Channel Islands Foundation
9	Channel Islands	University Glen Corporation
10	Chico	Associated Students of California State University, Chico
11	Chico	The CSU, Chico Research Foundation
12	Chico	The University Foundation, California State University, Chico
13	Dominguez Hills	Associated Students, California State University, Dominguez Hills
14	Dominguez Hills	California State University, Dominguez Hills Foundation
15	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated
16	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation
17	East Bay	Associated Students, California State University, East Bay
18	East Bay	Cal State East Bay Educational Foundation
19	East Bay	California State University, East Bay Foundation, Inc.
20	Fresno	Associated Students, Inc. of California State University, Fresno
21	Fresno	California State University, Fresno Association, Inc.
22	Fresno	California State University, Fresno Foundation
23	Fresno	Fresno State Programs for Children, Inc.
24	Fresno	The Agricultural Foundation of California State University, Fresno
25	Fresno	The California State University, Fresno Athletic Corporation
26	Fullerton	Associated Students, California State University, Fullerton, Inc.

Campus		Auxiliary Organization
27	Fullerton	Cal State Fullerton Philanthropic Foundation
28	Fullerton	CSU Fullerton Auxiliary Services Corporation
29	Humboldt	Associated Students, Humboldt State University
30	Humboldt	Humboldt State University Advancement Foundation
31	Humboldt	Humboldt State University Center Board of Directors
32	Humboldt	Humboldt State University Sponsored Programs Foundation
33	Long Beach	Associated Students, California State University, Long Beach
34	Long Beach	California State University, Long Beach Research Foundation
35	Long Beach	CSULB 49er Foundation
36	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach
37	Los Angeles	Associated Students, California State University, Los Angeles, Inc.
38	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
39	Los Angeles	California State University, Los Angeles Foundation
40	Los Angeles	University-Student Union Board, California State University, Los Angeles
41	Maritime Academy	California Maritime Academy Foundation, Inc.
42	Maritime Academy	The Associated Students of the California Maritime Academy
43	Monterey Bay	Foundation of California State University, Monterey Bay
44	Monterey Bay	The University Corporation at Monterey Bay
45	Northridge	Associated Students, California State University, Northridge, Inc.
46	Northridge	California State University, Northridge Foundation
47	Northridge	North Campus University Park Development Corporation
48	Northridge	The University Corporation, CSU Northridge
49	Northridge	University Student Union of California State University, Northridge
50	Pomona	Associated Students Inc., California State Polytechnic University, Pomona
51	Pomona	The Cal Poly Pomona Foundation, Inc.
52	Sacramento	Associated Students of California State University, Sacramento
53	Sacramento	Capital Public Radio, Inc., CSU Sacramento
54	Sacramento	The University Foundation at Sacramento State
55	Sacramento	University Enterprises, Inc., CSU Sacramento
56	Sacramento	University Union Operation of CSUS, Inc.
57	San Bernardino	Associated Students Inc., California State University, San Bernardino
58	San Bernardino	CSUSB Philanthropic Foundation

Campus		Auxiliary Organization
59	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
60	San Bernardino	University Enterprises Corporation at CSUSB
61	San Diego	Associated Students, San Diego State University
62	San Diego	Aztec Shops, Ltd., San Diego State University
63	San Diego	San Diego State University Research Foundation
64	San Diego	The Campanile Foundation
65	San Francisco	Associated Students, Inc., San Francisco State University
66	San Francisco	San Francisco State University Foundation
67	San Francisco	The University Corporation, San Francisco State
68	San Jose	Associated Student, San Jose State University
69	San Jose	San Jose State University Research Foundation
70	San Jose	Spartan Shops, Inc., San Jose State University
71	San Jose	The Student Union of San Jose State University
72	San Jose	The Tower Foundation, San Jose State University
73	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
74	San Luis Obispo	Cal Poly Corporation
75	San Luis Obispo	California Polytechnic State University Foundation
76	San Marcos	California State University San Marcos Foundation
77	San Marcos	San Marcos University Corporation
78	San Marcos	The Associated Students of California State University, San Marcos
79	San Marcos	University Auxiliary and Research Services Corporation
80	Sonoma	Associated Students of Sonoma State University
81	Sonoma	Sonoma State Enterprises, Inc.
82	Sonoma	Sonoma State University Academic Foundation, Inc.
83	Stanislaus	Associated Students, Inc., California State University, Stanislaus
84	Stanislaus	California State University, Stanislaus Auxiliary and Business Services
85	Stanislaus	California State University, Stanislaus Foundation
86	Stanislaus	University Student Union of California State University, Stanislaus
87	N/A	Auxiliary Organization Associations
88	N/A	Auxiliaries Multiple Employer VEBA

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
COVERAGE TERMS AND CONDITIONS FOR
CSURMA AORMA LIABILITY PROGRAM**

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 is an intergovernmental agency, risk sharing, joint powers authority, duly formed pursuant to California Government Code Sections 6500 *et seq.* The Auxiliary Organizations Risk Management Alliance (hereinafter called AORMA) is a group of programs that operate within the California State University Risk Management Authority representing the California State University Auxiliary Organizations. Within this Memorandum the California State University Risk Management Authority will be called CSURMA AORMA recognizing that this is an AORMA Liability Program document with separate terms and conditions.

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 AORMA, and none of the parties to the document is 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 AORMA, acting through the Board of Directors in adopting this document. As the CSURMA AORMA 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**, CSURMA AORMA agrees:

To pay on behalf of the **Member** those sums for **Ultimate Net Loss** in excess of the **Member’s Deductible** which the **Member** shall become 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 any 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 AORMA 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, but does not include **Unmanned Aerial Vehicle**.
4. **Automobile** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery 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 AORMA Secretary-Auditor or by the chief executive, Risk Manager, or general counsel of a **Member**; and/or
 - B. A civil proceeding against a **Member** in which **Damages** are sought on account of
 - 1) **Bodily Injury or Property Damage,**
 - 2) **Personal Injury,**
 - 3) **Errors and Omissions,**
 - 4) **Employee Benefits Liability,**
 - 5) **Employment Practices Liability**

6) **Media Wrongful Acts,**

Occurrence or **Wrongful Act** to which this insurance applies, 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 or more in height from the foot of a natural bed of stream or watercourse; or
- B. Has water impounding capacity of fifty 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**, (2) 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 the CSURMA AORMA, if the fees, interest or costs arise from an **Occurrence** or **Wrongful Act** to which this coverage applies.

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, 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 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** is obligated to pay. The deductible is stated in the Declarations. Any deductible amount paid by CSURMA AORMA shall be promptly reimbursed to CSURMA AORMA by the **Member**.

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 Benefit 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 retained, 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 Benefit 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** In 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, including but not limited to CSURMA AORMA 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, including Third Party Administrators (TPA), associated with specific **Claims**, but excluding any **Loss Adjustment Expense** and fees paid to a TPA 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.
22. **Member** means the **Member** named on the Declarations Page.
23. **Mold(s)** means 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**.
24. **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**.
25. **Media Wrongful Act Occurrence** means 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 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;
 - 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
 - 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.

Wrongful Act Occurrence means any actual or alleged error, misstatement, omission, negligent act, or breach of duty, including misfeasance and nonfeasance by the **Member**.

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. 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. Wrongful entry or eviction or other invasion of the right of private occupancy;
 - E. **Discrimination** or violation of civil rights other than **Employment Practices Liability**, not intentionally committed by or at the direction of the **Member**;
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 to be 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.
28. **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**.
29. **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.
30. **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.
31. **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.
32. **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 the CSURMA AORMA, 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.
33. The following definitions are applicable only to **Exclusion T – 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.

34. **Unmanned Aerial Vehicle** means any vehicle without a human pilot aboard capable of flight principally in the air that is designed for the transport of equipment and weighing no more than 100 lbs. maximum take-off weight.
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.

SECTION III - DEFENSE AND SETTLEMENT

CSURMA AORMA shall assume charge of the control, negotiation, investigation, settlement, defense or appeal of any claims made, or suits brought, or proceedings instituted against the **Covered Party**, which in the opinion of the CSURMA AORMA is or may be covered by CSURMA AORMA under the terms of this Memorandum.

In accordance with the CSURMA AORMA Legal Counsel Selection Memorandum and Procedure, CSURMA AORMA shall appoint, through its' claims administrator, all legal counsel to represent the **Covered Parties** in defense of a covered claim. The **Covered Party** has the right to recommend legal counsel from the approved legal counsel list; however, CSURMA AORMA shall make the final selection of legal counsel. If the **Covered Party** disapproves of the selection as outlined in the CSURMA AORMA Legal Counsel Selection Memorandum and Procedure, the **Covered Party** may submit an appeal in writing.

In the event of an **occurrence** which involves more than one **Covered Party**, all **Covered Parties** involved agree to joint legal representation as selected by CSURMA AORMA.

The **Covered Party** may select and engage, at its own expense, monitoring counsel in addition to the legal counsel selected and engaged by CSURMA AORMA. However, legal counsel selected by CSURMA AORMA shall manage and control the litigation.

If there is a conflict of interest between CSURMA AORMA and a **Covered Party** which would be considered a "conflict of interest" between an insured and its insurer within the meaning of California Civil Code Section 2860, the **Covered Party** has the same rights to select and engage independent counsel as would an insured under Section 2860. CSURMA AORMA has all of the rights reserved to an insurer under Section 2860.

The **Covered Party** shall fully cooperate with the CSURMA AORMA in all matters pertaining to such claim, suit or proceeding. CSURMA AORMA shall have the right to settle any claim that in the CSURMA AORMA's sole opinion may create indemnification obligations for the CSURMA AORMA under this Memorandum.

No claim, suit or proceeding shall be settled, whether by out of court settlement, stipulated judgment or otherwise, by a **Covered Party** wherein the **Ultimate Net Loss** exceeds the **deductible**, without the prior written consent of the CSURMA AORMA.

SECTION IV - LIMITATIONS UPON CSURMA AORMA'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 AORMA's liability for **Damages** is limited as follows:

The CSURMA AORMA's liability for **Damages** shall be only for the **Ultimate Net Loss** less the **Member's Deductible** 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 Deductibles** 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 AORMA Limit of Liability and the **Member's Deductible**, 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 Deductibles** 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. CSURMA AORMA'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 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** will apply to the **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 AORMA:

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**.
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.
5. Any person while using an owned **Automobile**, or non-owned **Automobile**, or a hired **Automobile**, or mobile equipment and any person or organization legally responsible for the use thereof, including garage operations, provided the actual use of the **Automobile** is by or with permission of the **Member**.

Coverage provided by this Memorandum with respect to any person or organization other than the **Member** does not apply under this paragraph:

- A. To any person or organization, or to any agent or **Employee** thereof, engaged in selling, repairing, servicing, delivering, testing, road testing, parking or storing **Automobiles**, with respect to any **Occurrence** or **Wrongful Act** arising out of any such occupation, if there is other valid and collectible insurance available to such person as a named insured or as an agent or **Employee** of the named insured under that other insurance Memorandum with limits at least equal to the requirements of the applicable Financial Responsibility Laws; or;
 - B. With respect to any hired **Automobile**, to the owner, or a lessee thereof other than the **Member**, or to any agent or **Employee** of such owner or lessee.
6. Any **Employee** pension benefits or **Employee** welfare benefits trust, formed under U.S. Internal Revenue Code Section 501(c)(9), in which a **Member** participates, provided the trust only serves auxiliary organizations who are **Members**.

The board of trustees of the trust are covered parties, when acting solely within the scope of their duties, office, or employment for the trust.

Coverage provided by this Memorandum with respect to covered trusts will not extend to any third party service provider to the covered trust.

Fraternal organizations are not covered parties under this Memorandum of Coverage.

SECTION V – EXCLUSIONS

This Memorandum shall not apply to and CSURMA AORMA 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**, or to an **Unmanned Aerial Vehicle**.

2. Asbestos

The presence of, or installation or removal of, asbestos or any product containing asbestos material.

3. Assault and Battery

Arising out of assaults and batteries, 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**.

4. 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.

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.

This exclusion shall not apply, however, to the ownership, maintenance, loading or unloading, use or operation of any **Unmanned Aerial Vehicle**.

5. 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 Practice 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.

6. 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.

7. Dams

To any liability arising out of the rupture, bursting, overtopping, accidental discharge or partial or complete failure of any **Dam**.

8. 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.

Except as provided within the Fiduciary Liability Coverage endorsement.

9. ERISA

For the violation of any of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act, the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, and any rules or regulations of the foregoing promulgated thereunder, and amendments thereto, or any similar federal, state, local, or foreign statutory law or common law; provided, however, this exclusion shall not apply to **Employment Practices Liability** for an alleged violation of the Equal Pay Act.

Except as provided within the Fiduciary Liability Coverage endorsement.

10. Fiduciary Liability

To liability arising out of;

- A. The purchase, or sale, or offer of sale, or solicitation of any security, or decline in price or value of any security, debt, bank deposit or financial interest or instrument;
- B. Any representation made at any time in relation to the price or value of any security, debt, bank deposit or financial interest or instrument; or
- C. Any depreciation or decline in price or value of any security, debt, bank deposit or financial interest or instrument;

Except as provided within the Fiduciary Liability Coverage endorsement.

11. 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 AORMA 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, subject to the CSURMA AORMA sublimit of \$250,000 per **Occurrence**.

12. Insolvency

Arising by contract, operation of law, or otherwise, from **Covered Party's** participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency Fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payments or assumption by CSURMA AORMA or any **Covered Party** of part or all of any **Claim**, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any **Claim**, debt, charge, fee or other obligation in whole or in part.

13. Intentional Conduct

Arising out of any intentional, dishonest, fraudulent, criminal or malicious act, committed by any **Covered Party**, including the willful or reckless violation of any statute.

This exclusion shall not apply to any vicarious liability that any **Member** has with regards to the managerial, advisory, supervisory, or controlling obligations over the action of another.

Defense coverage will be provided until a **Covered Party** is proven to have engaged in fraudulent, criminal or dishonest conduct, through final adjudication or judgment.

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;

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 AORMA shall defend the **Covered Party** up to an amount not exceeding \$250,000 **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 limit of liability.

16. Lead

Arising out of, resulting as a consequence of, or related to lead whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

17. Medical Malpractice

To any liability arising out of the operation of any hospital, clinic, or health care facility, owned or operated by any **Member**. This includes, but is not limited to:

A. The rendering or failure to render:

- 1) Medical, surgical, dental, x-ray or nursing service or treatment, or furnishing of food or beverages in connection therewith;

- 2) Any service or treatment related to physical or mental health or of a professional nature;
 - 3) Any cosmetic or tonsorial service or treatment.
- B. The furnishing of or dispensing of drugs or medical, dental or surgical supplies or appliances.

This exclusion does not apply to liability arising out of;

- A. Ambulance operations, occupational physical examinations, student nursing programs, infirmaries, on-clinic nursing services or services of the Insured's **Employees** who are nurses, physician assistants, paramedics, emergency medical technicians, speech therapists, speech pathologists, nutritionists, psychologists, audiologists, phlebotomist or physical therapists;
- B. **Employment Practices Liability;**
- C. First aid to any person. For the purposes of this exception, first aid means the immediate and emergency care given to an ill or injured person before regular medical aid can be obtained.
- D. Any medical services clinic that does not perform invasive surgery of any kind; or
- E. Operations performed by coroners.
- F. Volunteer medical personnel while attending an activity sponsored by the Member or while on school premises under the **Member's** control.

18. Mold

Arising from **Mold**, moss, mildew, fungi, spores, bacterial infestation or any similar organism, wet or dry rot and extremes of temperature or humidity. This includes, but is not limited to, the cost for investigation, testing, and remediation services. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Except as provided as a sub-limit and aggregate limit per **Member**, as shown on the Declarations Page.

19. 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.

20. 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 **Covered Party** under the Memorandum is also an **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 c. 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**, but only to a sublimit of \$250,000 each **Occurrence**.

21. Office of Foreign Assets Control (OFAC)

For any liability for premium or loss under this Memorandum if it would result in a violation of any mandatory sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America that are applicable to either party.

22. 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 (d.1.) do not apply to **bodily injury** of **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** 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 Director of Risk Finance and Insurance Services, 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 Director of Risk Finance and Insurance Services, 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 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.

23. 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 disable 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

24. Silica

Arising out of, in whole or in part, the injurious properties of silica or any product or material containing or composed of silica in any form, under any theory of liability whatsoever. "Silica" means silica occurring in any form, including silicon dioxide, silica particles, silica fibers, silica sand, silica dust or silica compounds, including a mixture or combination of any of the foregoing and any other mineral, dust, particle or any substance or material of any kind or origin.

25. Subsidence

For any **Property Damage** arising from or related to **Land Subsidence** for any reason whatsoever.

26. Terrorism

For any loss, damage, cost or expense directly or indirectly caused by, contributed by, resulting from, or arising out of: (i) an Act of Terrorism as defined under the Terrorism Risk Insurance Act of 2002 or any amendments, renewals or successor legislation thereto in connection with biological, chemical, radiological or nuclear explosion, pollution or contamination; and (ii) any act, whether or not related to terrorism or any act of terrorism in connection with biological, chemical, radiological or nuclear explosion, pollution, contamination; whether in time of peace or war, and regardless of who commits the act, regardless of any other cause or event contributing concurrently or in any other manner.

27. War

Arising from war. War, as utilized herein, shall mean war whether or not declared, civil war, martial law, insurrection, revolution, invasion, bombardment or any use of military force, usurped power or confiscation, nationalization or damage of property by any government, military or other authority. This exclusion applies regardless of whether or not there is any other cause or event that in any way contributes concurrently or in any sequence to a loss, cost or expense.

28. 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.

29. Wrongful Acts

- A. Arising from any lockout, strike, picket line, replacement or other similar actions in connection with labor disputes or labor negotiations. This exclusion shall not apply to a **Claim** brought by (i) an **Employee** alleging **Wrongful Termination** or retaliation as a result of strike activity or union involvement, or (ii) a law enforcement officer responding within the scope of his or her duties to any lockout, strike, picket line, replacement or other similar actions in connection with labor disputes or labor negotiations.
- B. For injunctions, equitable relief, or any other form of relief other than the payment of money **Damages**.
- C. Liability arising out of an alleged willful commission of a crime by **Member** or other dishonest fraudulent, or malicious act. At CSURMA AORMA's discretion, however, CSURMA AORMA will pay for **Loss Adjustment Expense** until final adjudication, judgment, or settlement to which CSURMA AORMA have agreed. If the judgment or final adjudication is adverse to the **Member**, **Member** will reimburse CSURMA AORMA for all costs associated with the defense.
- D. Liability arising out of a **Member's Wrongful Act** for gain, profit, or advantage to which **Member** is not legally entitled. At CSURMA AORMA's discretion, however, CSURMA AORMA will pay **Loss Adjustment Expense** for any **Claim** or Suit arising from an alleged willful commission of a crime by a **Member** or other dishonor, fraudulent or malicious act, for any **Claim** or Suit arising out of the Members **Wrongful Act** for gain, profit, or advantage to which **Member** is not legally entitled until final adjudication, judgment, settlement to which CSURMA AORMA have agreed. If the judgment or final adjudication is adverse to the **Member**, **Member** will reimburse CSURMA AORMA for all costs associated with the defense.

This exclusion shall not apply to any vicarious liability that any **Member** has with regards to the managerial, advisory, supervisory, or controlling obligations over the action of another **Member**.

30. Under Errors and Omissions Liability;

- A. Based on **Covered Party's** obtaining of financial gain to which the Covered Parts 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.

31. 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.

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**;

32. Uninsured/Underinsured Motorists

For any **Claim** under any Uninsured Motorists, Underinsured Motorists, or No-Fault Law, or any similar federal, state, local or municipal law, and to any sums the **Covered Party** may be legally entitled to recover as **Damages** from the owner or operator of any uninsured or underinsured **Automobile** because of **Bodily Injury** or **Property Damage** sustained by any **Covered Party**.

SECTION VII - COVERAGE EXTENSIONS

Medical Payments - Subject to the limit of liability stated in the Declarations. CSURMA AORMA will pay medical expenses as described below for **Bodily Injury** caused by an accident:

- 1. On premises the **Member** owns or rents,
- 2. On ways next to premises the **Member** owns or rents, or
- 3. Because of the **Member's** operations;
- 4. Provided that:
 - A. The accident takes place in the covered **territory** and during the **Coverage Period**;
 - B. The expenses are incurred and reported to CSURMA AORMA within one (1) year or the date of the accident; and
 - C. The injured person submits to examination, at CSURMA AORMA's expense, by physicians of the CSURMA AORMA's choice as often as CSURMA AORMA reasonably require.
 - 1) CSURMA AORMA will make these payments regardless of fault. These payments will not exceed the applicable limit of coverage. CSURMA AORMA will pay reasonable expenses for:
 - a) First aid administered at the time of an accident;

- b) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - c) Necessary ambulance, hospital, professional nursing and funeral services.
- 2) The Program will not pay expenses for **Bodily Injury**:
- a) To any **Member**;
 - b) To a person hired to do work for or on behalf of any **Member** or a tenant of any **Member**;
 - c) To a person injured on that part of premises the **Member** owns or rents that the person normally occupies;
 - d) To a person, whether or not an **Employee** of any **Member**, if benefits for **Bodily Injury** are payable or must be provided under workers' compensation or disability benefits law or a similar law;
 - e) To a person injured while taking part in athletics;
 - f) To a person who is a student of the California State University or a participant enrolled in a CSU sponsored program;
 - g) Included with the products- **Completed Operations Hazard**; and
 - h) Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

Domestic Hired Automobile Physical Damage - Subject to the limit of liability stated in the Declarations, CSURMA AORMA will pay for physical damage **Loss** to a **Hired Automobile** or its equipment. The coverage provided by this endorsement is excess over any other collectible coverage. CSURMA AORMA will pay expenses for which a **Covered Party** becomes legally responsible to pay for loss of use of a Hired Automobile under a written rental contract or agreement. However, the most CSURMA AORMA will pay for any expenses for loss of use is \$60 per day, to a maximum of \$1,800. CSURMA AORMA will pay up to the limits shown in the Declarations Page for towing and labor costs incurred each time a covered Hired Automobile of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

A **Hired Automobile** is defined as a land motor vehicle designed for travel on public roads that the **Covered Party** may hire, lease, rent or borrow for no more than thirty (30) days by execution of a contract within the Coverage **Territory**. **Hired Automobile** does not include;

1. Those types of **Hired Automobiles** excluded under Exclusions A and B below, or to Mobile Equipment.
2. A **Hired Automobile** a **Covered Party** may hire, lease, rent or borrow from a **Member** of his/her household.
3. A **Hired Automobile** a **Covered Party** may hire, lease, rent or borrow with a driver.

Loss as used in this extension means direct and accidental loss or damage.

The most CSURMA AORMA will pay for Loss in any one accident is the lesser of:

1. The actual cash value of the damaged or stolen property at the time of the Loss; or
2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality; or
3. \$50,000.

For each **Hired Automobile**, CSURMA AORMA's obligation to pay for repair, return or replace damaged or stolen property will be reduced by the applicable deductible of \$1,000. A deductible of \$5,000 will apply to all losses covered subject to the add-back of coverage detailed in Exclusions G and N.

This coverage extensions applies to losses occurring in the United States of America; and the territories and possessions of the United States of America; and Puerto Rico.

CSURMA AORMA shall not be obligated to make any payments in connection with;

1. Loss to any Expensive, Exotic or Antique **Hired Automobile**; semi-trailer trucks; motorcycles, mopeds, or motorbikes. Antique **Automobile** is defined as any vehicle over twenty (20) years old or any vehicle that has not been manufactured for ten (10) years or more. Examples of excluded Expensive or Exotic vehicles include but are not limited to those manufactured by Aston Martin, Bentley, Bricklin, Daimler, DeLorean, Excalibur, Ferrari, Jensen, Lamborghini, Lotus, Maaserati, Porsche and Rolls Royce. However, selected models of BMW, Mercedes-Benz, Cadillac and Lincoln are covered.
2. Loss to any **Hired Automobile** while used in any professional or organized racing or demolition contest or stunt activity, or while practicing for such contest or activity. CSURMA AORMA will also not pay for Loss to any covered **Hired Automobile** while that covered **Hired Automobile** is being prepared for such contest or activity.
3. Loss caused by or resulting from any of the following unless caused by other Loss that is covered by this coverage:
 - A. Wear and tear, freezing or mechanical or electrical breakdown; or
 - B. Blowouts, punctures or other road damage to tires.
4. Loss to any of the following:
 - A. Tapes, records, discs, or other similar audio, visual data electronic devices designed for use with audio, visual or data electronic equipment.
 - B. Any device designed or used to detect speed measuring equipment such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed measuring equipment.
 - C. Any electronic equipment, without regard to whether the equipment is permanently installed, that receives or transmits audio, visual, or data signals and that is not designed solely for the reproduction of sound.

- D. Any accessories used with the electronic equipment described in Exclusion d.iii do not apply to:
- 1) Equipment designed solely for the reproduction of sound and accessories, provided such equipment is permanently installed in the covered **Hired Automobile** at the time of the loss or such equipment is removable from a housing unit which is permanently installed in the covered **Hired Automobile** at the time of loss, and such equipment is designed to be solely operated by use of the power from the covered **Hired Automobile's** electrical system, in or upon the covered **Hired Automobile**.
 - 2) Any other electronic equipment that is:
 - a) Necessary for the normal operation of the covered **Hired Automobile** or the monitoring of the covered **Hired Automobile's** operating system
 - b) An integral part of the same unit housing any sound reproducing equipment described above in i. above and permanently installed in the opening of the dash or console of the covered **Hired Automobile** normally used by the manufacturer for installation of a radio.
- E. CSURMA AORMA will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provisions of this Endorsement.
- F. Loss arising out of any violation of the rental car agreement. This exclusion does not apply to operation of a **Hired Automobile** on non-paved roads when the off-road operation is authorized by a **Covered Party** for an appropriate business operation and the **Hired Automobile** is appropriate for the conditions of the non-paved road.
- G. Damage to **Hired Automobile's** that are hired, rented or borrowed for more than thirty (30) consecutive days.
- H. Loss or theft of personal belongings.
- I. **Damages** resulting from any **Covered Party's** personal liability.
- J. Loss due to intentional acts, or due to the driver(s) being under the influence of alcohol, intoxicants, or drugs, or due to contraband or illegal activities.
- K. CSURMA AORMA will not pay for confiscation by authorities.
- L. CSURMA AORMA will not pay for losses reported more than forty-five (45) days from the date of loss.

SECTION VIII – CONDITIONS

1. Action Against CSURMA AORMA - No action shall lie against CSURMA AORMA 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 AORMA. 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 AORMA as a co-defendant in any action against the **Covered Party** to determine such **Covered Party's** liability.

2. Arbitration:

A. In the event that a question or dispute arises between CSURMA AORMA 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 AORMA 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 AORMA fail to agree upon an arbitrator, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 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 AORMA without its written consent to endorse hereon.

4. Bankruptcy or Insolvency: Bankruptcy or insolvency of the **Member** or any **Covered Party** shall not relieve CSURMA AORMA of any of its obligations hereunder nor shall such bankruptcy or insolvency increase CSURMA AORMA'S obligations hereunder.

5. 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 and Bylaws and the Policies and Procedures.

6. 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 AORMA, unless and until a written endorsement which expressly amends this Memorandum or waives a provision thereof has been duly issued by CSURMA AORMA and made a part of this Memorandum, unless the CSURMA AORMA policies and procedures regarding claims reporting and claims administration and litigation management have been amended by CSURMA AORMA.

7. Claims Settlement: As stated in the CSURMA AORMA Policy and Procedures regarding Claims Reporting and Claims Administration and Litigation Management:

8. 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 AORMA's rules and rates. CSURMA AORMA shall not be required to perform any obligations under this Memorandum if contributions are not paid.

9. Duties in the Event of Occurrence, Wrongful Act, Claim or Suit: The following provisions and the provisions of the CSURMA AORMA 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 AORMA.
- 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 the Third Party Claims Administrator (TPA) 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 AORMA.
- 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 TPA and authorize CSURMA AORMA to obtain records and other information;
- 1) Late Reporting Penalties
 - a) If an **occurrence**, offense, claim, suit or proceeding is not reported by the **Member** to the TPA within the timeframes set below; the following late reporting schedule shall apply;
 - b) If an **occurrence**, offense, claim or suit is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
 - c) If an **occurrence**, offense, claim or suit is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply; or

- d) If an **occurrence**, offense, claim or suit is reported more than 12 months late as determined by the TPA, no recovery will be available to the **Member** or other involved **Covered Party**.

D. The **Member** and any other involved **Covered Party** will cooperate with CSURMA AORMA in the investigation or settlement of the claim, suit or proceeding or defense against and assist CSURMA AORMA, 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.

- 10. Inspection and Audit: CSURMA AORMA 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 AORMA at the end of the **Coverage Period** and at such times during the **Coverage Period** as we may direct. CSURMA AORMA may examine and audit **Member's** books and records as they related to this Policy at any time during the **Coverage Period** and extensions thereof and within three (3) years after the final termination of this Policy.

- 11. 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 AORMA.

With respect to **Employment Practices Liability**, as stated in CSURMA AORMA Policy and Procedure on **Claims** Reporting, in no event shall any payments be made by CSURMA AORMA 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 the TPA.

Moreover, no settlement of any **Claim** shall be paid by CSURMA AORMA without prior written authorization of the TPA.

- 12. Other Coverage: If other valid and collectible coverage is available to the **Covered Party** for a covered claim, CSURMA AORMA's obligations are limited as follows:

- A. Primary Coverage

This coverage is primary except when Paragraph 3 below applies. If this coverage is primary, CSURMA AORMA's obligations are not affected unless any of the other coverage is also primary. Then, CSURMA AORMA will share with all other coverage by the method described in Paragraph 3 below.

- B. Excess Coverage:

- 1) With respect to liability for damages of the Covered Party arising from the conduct or activities of a third party, as between the Member and the CSURMA AORMA, the amount of the Member's deductible as set forth in the Declarations of this Memorandum shall be satisfied in whole or in part (as applicable, depending on how much other coverage is available) by any insurance coverage of said third party/parties which is available and applicable to the liability for

damages of the Covered Party. If such third-party insurance coverage exceeds the Member's deductible, all of such third-party insurance coverage (whether written on a primary or an excess basis, or written as reinsurance) shall apply to the loss before the CSURMA AORMA's limits hereunder shall attach.

- 2) When this coverage is excess, CSURMA AORMA will have no duty to defend the Covered Party against any suit if any other coverage provider has a duty to defend the Covered Party against that suit. If no other coverage provider defends, CSURMA AORMA will undertake to do so, but CSURMA AORMA will be entitled to the Covered Party's rights against all those other coverage providers.
- 3) CSURMA AORMA will share the remaining ultimate net loss, if any, with any other coverage that is not described in this provision and was not bought specifically to apply in excess of the limits of liability shown in the Declarations.

C. Method of Sharing:

- 1) If all of the other coverage permits contribution by equal shares, CSURMA AORMA will also permit contribution by equal shares. Under this approach, each coverage provider contributes equal amounts until the applicable limit of liability has been paid or none of the ultimate net loss remains, whichever comes first; or
- 2) If any of the other coverage providers does not permit contribution by equal shares, CSURMA AORMA will contribute by limits. Under this method, each coverage provider's share is based on the ratio of its applicable limit of liability to the total applicable limits of liability of all coverage providers.

13. Contribution: The Contribution designated in the Declarations Page is flat and not adjustable, unless:
 - A. A material exposure is added;
 - B. The Limits of Liability are increased or decreased;
 - C. Coverage is restricted or broaden by endorsement; or
 - D. The **Coverage Period** is increased or shortened
14. Separation of Covered Parties: Except with respect to the Section III – Limitations Upon CSURMA AORMA'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.
15. 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.
16. Subrogation/Transfer of Rights of Recovery Against Others to CSURMA AORMA: CSURMA AORMA 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 AORMA 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** plus the Limit of Liability hereunder shall be reimbursed first to the extent of actual payment. CSURMA AORMA 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.

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
LIABILITY PROGRAM
MEMORANDUM OF COVERAGE FOR
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
(CSURMA AORMA)**

**CALIFORNIA UNINSURED OR UNDERINSURED MOTORISTS
COVERAGE BODILY INJURY
AMENDATORY ENDORSEMENT - #1**

***THIS ENDORSEMENT CHANGES THE MEMORANDUM OF COVERAGE
PLEASE READ IT CAREFULLY***

For a covered **Automobile** licensed or principally garaged in or with operations conducted in California this endorsement modifies the Memorandum provided under the following:

Bodily Injury to which this additional coverage applies.

With respect to the additional coverage provided by this endorsement, the provisions of the Memorandum apply unless modified by this endorsement. This endorsement changes the Memorandum effective on the inception date unless another date is indicated below.

SCHEDULE: Limit of Liability - \$250,000 per **Occurrence**

A. Coverage

1. CSURMA AORMA will pay all sums the **Covered Party** is legally entitled to recover as compensatory **Damages** from the owner or driver of an uninsured or underinsured motor vehicle. The **Damages** must result from “**Bodily Injury**” sustained by the **Covered Party** caused by an **Occurrence**. The owner’s or driver’s liability for these **Damages** must result from the ownership, maintenance or use of the uninsured or underinsured motor vehicle.
2. CSURMA AORMA will pay only after the limits of liability under any liability bonds or policies have been exhausted by payment of judgments or settlements.
3. Any judgment for **Damages** arising out of a **Claim**, suit or proceeding brought without the written consent of CSURMA AORMA is not binding.

B. Exclusions

This additional coverage does not apply to any of the following:

1. Punitive or exemplary **Damages**.

2. Any **Claim** settled without consent of the CSURMA AORMA. However, this exclusion does not apply to a settlement made with the insurer of an auto described in Paragraph b. of the definition of uninsured or underinsured motor vehicle.
3. The direct or indirect benefit of any insurer or self-insurer under any worker's compensation, disability benefits or similar law or to the direct benefit of the United States, a state or its political subdivisions.
4. **Bodily Injury** sustained by any **Covered Party** while occupying or when struck by any **Automobile** owned by that **Covered Party** that is not a covered **Automobile** for uninsured or underinsured motorists Coverage under this Coverage Form;

However, Exclusion 4 shall not apply to **Bodily Injury** sustained by any **Covered Party** when struck by an **Automobile** owned by the **Member** and operated or caused to be operated by a person without that **Member's** consent in connection with criminal activity that has been documented in a police report and to which that **Covered Party** is not a party to.

5. Anyone using an **Automobile** without a reasonable belief that the person is entitled to do so.
6. **Bodily Injury** sustained by a **Covered Party** while occupying any **Automobile** that is rented or leased to that **Covered Party** for use as a public or livery conveyance.
7. **Bodily Injury** arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. Limit of Liability

1. Regardless of the number of covered **Automobiles**, the **Member**, premiums paid, **Claims** made or **Automobiles** involved in the **Occurrence**, the most CSURMA AORMA will pay for all **Damages** resulting from any one **Occurrence** is the limit of liability for Uninsured or Underinsured Motorists coverage shown in the schedule of Declarations Page.
2. For an **Automobile** described in Paragraph b. of the definition of Uninsured Motor Vehicle, our limit of liability shall be reduced by all sums paid because of **Bodily Injury** by or for anyone who is legally responsible, including all sums paid or payable under this policy's liability coverage.
3. No one will be entitled to receive duplicate payment under this coverage for any element of **Damages** for which payment has been made by or for anyone who is legally responsible.

4. CSURMA AORMA will not make a duplicate payment under this coverage for any element of **Damages** for which payment has been made by or for anyone who is legally responsible.
5. CSURMA AORMA will not pay for any element of **Damages** if a person is entitled to receive payment for the same element of **Damages** under any workers' compensation, disability benefits or similar law.

D. Changes in Conditions

The conditions are changed for California uninsured motorist's coverage – **Bodily Injury** as follows:

1. Duties in the Event of Accident, Claim, Suit or Proceeding is changed by adding the following:
 - a. Promptly notify the police if a hit-and-run driver is involved; and
 - b. Send CSURMA AORMA copies of the legal papers if a **Claim**, suit or proceeding is brought. In addition, a person seeking coverage under Paragraph b. of the definition of Uninsured Motor Vehicle must:
 - i. Provide CSURMA AORMA with a copy of the complaint by personal service or certified mail if the **Covered Party** brings an action against the owner or operator of such Uninsured Motor Vehicle;
 - ii. Within a reasonable time, make all pleadings and depositions available for copying by CSURMA AORMA or furnish CSURMA AORMA copies at the expense of CSURMA AORMA; and
 - iii. Provide CSURMA AORMA with proof that the limits of liability under any applicable liability bonds or policies have been exhausted by payment of judgments or settlements.
2. Action Against CSURMA AORMA is replaced by the following:

No legal action may be brought against CSURMA AORMA under this endorsement until there has been full compliance with all the terms of this endorsement and with respect to Paragraphs a., c. and d. of the definition of uninsured motor vehicle unless within two (2) years from the date of the **Occurrence**:

- a. Agreement as to the amount due under this Memorandum has been concluded;
- b. The **Covered Party** has formally instituted arbitration proceedings against CSURMA AORMA. In the event that the **Covered Party** decides to arbitrate, the **Covered Party** must formally begin arbitration proceedings by notifying CSURMA AORMA in writing, sent by certified mail, return receipt requested; or
- c. **Claim**, suit or proceeding, for **Bodily Injury** has been filed against the Uninsured Motorist in a court of competent jurisdiction.

3. Transfer of Rights of Recovery Against Others to CSURMA AORMA is replaced by the following:
- a. With respect to Paragraphs a., c. and d. of the definition of Uninsured or Underinsured Motor Vehicle, if CSURMA AORMA makes any payment, CSURMA AORMA is entitled to recover what CSURMA AORMA paid from other parties. Any person to or for whom CSURMA AORMA makes payment must transfer to CSURMA AORMA his or her rights of recovery against any other party. This person must do everything necessary to secure these rights and must do nothing that would jeopardize them.
 - b. With respect to Paragraph b. of the definition of Uninsured or Underinsured Motor Vehicle, if CSURMA AORMA makes any payment and the **Covered Party** recovers from another party, the **Covered Party** shall hold the proceeds in trust for CSURMA AORMA and pay back the amount CSURMA AORMA has paid.
4. Other Insurance is replaced by the following:

If there is other applicable insurance available under one or more policies or provisions of coverage:

- a. The maximum recovery under all endorsements and the memorandum combined may equal but not exceed the highest applicable limit for any one **Automobile** under any endorsement and the memorandum providing coverage on either a primary or excess basis.
- b. Any coverage CSURMA AORMA provides with respect to an **Automobile** the **Member** does not own shall be excess over any other collectible Uninsured or Underinsured Motorists insurance providing coverage on a primary basis.
- c. If the coverage under this endorsement is provided:
 - i. On a primary basis, CSURMA AORMA will pay only the share of the **Damages** that must be paid under this Memorandum providing coverage on a primary basis. CSURMA AORMA's share is the proportion that the limit of liability bears to the total of all applicable limits of liability for coverage on a primary basis.

E. Additional Definitions

- 1. Occupying means in, upon, getting in, on, out or off.
- 2. Uninsured or Underinsured Motor Vehicle means a land motor **Automobile** or trailer:
 - a. For which no liability bond or policy at the time of an **Occurrence** provides at least the amounts required by the applicable law where a covered **Automobile** is principally garaged;
 - b. That is an Underinsured Motor Vehicle. An Underinsured Motor Vehicle is a land motor vehicle or for which the sum of all liability bonds or policies at the

time of an **Occurrence** provides at least the amounts required by the applicable law where a covered **Automobile** is principally garaged but that sum is less than the limit of liability for this coverage;

- c. For which an insuring or bonding company denies coverage or refuses to admit coverage except conditionally or with reservation or becomes insolvent;
- d. That is a hit-and-run **Automobile** and neither the driver nor owner can be identified. The **Automobile** must make physical contact with a **Covered Party**, a covered **Automobile** or an **Automobile** a **Covered Party** is occupying; or
- e. That is owned by the **Member** and operated or caused to be operated by a person without the owner's consent in connection with criminal activity that has been documented in a police report.

However, Uninsured Motor Vehicle does not include any **Automobile**:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
- b. Owned by a governmental unit or agency; or
- c. Designed or modified primarily for use off public roads while not on public roads.

All other terms and conditions in the Memorandum remain unchanged.

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
LIABILITY PROGRAM
MEMORANDUM OF COVERAGE FOR
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
(CSURMA AORMA)**

**NON-SALARIED STATE EMPLOYEE AUTO LIABILITY
AMENDATORY ENDORSEMENT - #2**

***THIS ENDORSEMENT CHANGES THE MEMORANDUM OF COVERAGE
PLEASE READ IT CAREFULLY***

The following is added to Section IV – COVERED PARTIES, Section C.

As respects motor vehicles operated by a Non-Salaried **Employee** of the California State University, CSURMA AORMA agrees to provide coverage directly in excess of the Motor Vehicle Liability Self-Insurance Program as defined by the State Administrative Manual of the State of California, section 2420 including any amendment or successor thereto, subject to all other terms and conditions of this Memorandum of Coverage. The coverage added does not involve the CSURMA AORMA pooling layer of liability.

The coverage provided herein includes liability arising from the use of any owned, non-owned or hired vehicle operated by a Non-Salaried Employee while on State business.

For the purpose of the coverage provided by this endorsement, the following definitions are added:

1. Non-Salaried Employee: Means anyone, including but not limited to a student assistant or volunteer, operating a motor vehicle while on State business.
2. State: Means the State of California; the Trustees of the California State University; the California State University, and its campuses.

2420 MOTOR VEHICLE LIABILITY SELF-INSURANCE PROGRAM (Revised 3/14)

The ORIM administers the State Motor Vehicle Liability Self-Insurance Program (VELSIP), which provides unlimited self-insured liability coverage for the state, agencies, and employees who operate covered self-propelled land vehicles on state business (California Vehicle Code Sections 17000 and 17001). Effective January 1, 2004, liability coverage is limited to \$1 million per occurrence/accident when the state vehicle is operated by a non-salaried employee (i.e. student assistant, volunteer, etc.) on state business. The driver's employing department/agency will be financially responsible for the payment of any claims, settlements, judgments or verdicts in excess of \$1 million. With the exception of peace officers as defined in Insurance Code Section 557.5, the VELSIP provides excess liability coverage for state employees on state business while driving non-state vehicles, but only after the vehicle owner's liability policy limits have been paid. The VELSIP does not provide coverage for injury to state employees nor for damage to state vehicles. Employee injuries are handled through Workers' Compensation coverage. Damage to state vehicles are handled through the budget of the owning state agency.

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
LIABILITY PROGRAM
MEMORANDUM OF COVERAGE FOR
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
(CSURMA AORMA)**

**FIDUCIARY LIABILITY
AMENDATORY ENDORSEMENT - #3**

***THIS ENDORSEMENT CHANGES THE MEMORANDUM OF COVERAGE
PLEASE READ IT CAREFULLY***

This is claims made and reported coverage; therefore, the coverage is limited to Claims that are first made against the Member during the coverage period and are reported to CSURMA AORMA during the coverage period.

With respect to the additional coverage provided by this endorsement, the provisions of the Memorandum of Coverage apply unless modified by this endorsement.

A. SUBJECT TO THE LIMIT STATED BELOW CSURMA AORMA AGREES:

To pay on behalf of any **Member** those sums for loss including expenses incurred in the defense and settlement of any **Claim** first made against the **Member** and reported during the **Coverage Period**, alleging a **Wrongful Act(s)** of any **Covered Party**, first committed, or allegedly committed on or subsequent to the Retroactive Date shown herein, in the **Administration** of **Covered Party's Employee Benefit Plans** or **Covered Party's Trusts**.

B. **LIMIT OF LIABILITY:** (As shown on the Declarations Page)

For the purpose of determining the limit of liability of CSURMA AORMA under this endorsement, all Damages arising out of continuous repeated exposure to substantially the same general conditions shall be considered as arising out of one loss.

Loss, with duration of more than one **Coverage Period** shall be treated as a single loss arising during the **Coverage Period** when the **Claim** is first made, and under no circumstances shall the fact that said loss has duration of more than one **Coverage Period** entitle a **Covered Party** to more than one limit of coverage.

C. EXCLUSIONS

Exclusion 7 - Employee Benefits Liability Claim, Exclusion 9 – Employee Retirement Income Security Act (ERISA) and Exclusion 10 - Fiduciary Liability do not apply to the **Administration** of the **Covered Party's Employee Benefit Plans** or **Covered Party's Trusts**, but only up to the limit of liability stated above for CSURMA AORMA .

Underwriters shall not be liable to make any payment for that part of Loss, other than Defense Expenses:

1. Which constitutes civil or criminal fines or penalties, taxes, or the multiple portion of any multiplied damage award;
2. Which constitutes payments due under the terms of the Benefit Plan or Trust , unless recovery is based upon a covered **Wrongful Act**;
3. Loss made against the **Covered Party**:
 - a. For libel, slander, **Bodily Injury**, emotional distress, disease, sickness or death of any person. Or any damage to or destruction of any tangible property including loss of use thereof;
 - b. For liability of others assumed by the **Covered Party** under any oral, written or implied contract or agreement; however, this exclusion shall not apply to the extent the **Covered Party** would have been liable in the absence of such contract or agreement; or the liability was assumed in accordance with or under the Benefit Plan or Trust agreement or equivalent document pursuant to which the plan was established;
 - c. Any Insured's gain of any profit, remuneration or advantage to which they were not legally entitled; or
 - d. For **Discrimination** in violation of any law.
4. CSURMA AORMA shall not be liable to make any payment for Loss in connection with any **Claim** based upon, arising out of, directly or indirectly resulting from or in consequence of:
 - a. Any fact, circumstance, situation, transaction event or **Wrongful Act** which was the subject to any notice given under any prior coverage for fiduciary liability or other similar insurance;
 - b. Any litigation or administrative or regulatory proceeding against any Insured pending on or before the effective date of this endorsement, or any actual, alleged fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged therein which was known to the **Covered Party** prior to the inception of this endorsement, or
 - c. Any deliberately fraudulent or dishonest act or omission or any willful violation of any statute or regulation by any Insured; however, this exclusion shall not apply unless a judgment or other final adjudication adverse to such Insured establishes such a deliberately fraudulent or dishonest act or omission or willful violation.

D. DEFINITIONS

For the purpose of the coverage provided by this endorsement, the following definitions are added:

1. **Administration** means:
 - a. Providing information, advice, counsel or notice to **Employees** or Trust beneficiaries, with respect to the Employee Benefits Plan or Trust;
 - b. Providing interpretations of the Employee Benefits Plan or Trust;
 - c. Handling records in connection with the Employee Benefits Plan or Trust, or
 - d. Effecting enrollment, termination or cancellation of **Employees**, participants, or beneficiaries under the Employee Benefit Plan.

2. **Claim** means:
 - a. A written demand for specific monetary, non-pecuniary, or injunctive relief;
 - b. A criminal or civil proceeding for monetary, non-pecuniary or injunctive relief which is commenced by;
 - i. Service of a complaint or similar pleading; or
 - ii. Return of an indictment (in the case of criminal proceeding); or
 - iii. Receipt or filing of a notice of changes; or
 - c. A formal agency or regulatory proceeding to which a **Covered Party** is subject
Made against a **Covered Party** alleging a **Wrongful Act**.

3. **Claims Expenses** mean reasonable expenditures incurred by a **Covered Party** in defense of a **Claim** covered under this endorsement, including but not limited to, cost of investigations, experts, adjustment services, legal services, court costs and similar expenses; provided however that **Claims Expenses** does not include wages or salaries of a **Covered Party**, or cost of attachment or similar bonds.

4. **Covered Party** means any natural person who was, is now, or becomes:
 - a. A trustee, **Member** of the board of directors, officer, in-house general counsel or an **Employee** of the **Member** of an Employee Benefit Plan or Trust, while acting in his or her capacity as a fiduciary of an Employee Benefit Plan or Trust or as a person performing **Administration** for an Employee Benefit Plan or Trust, or who is;
 - b. Assigned to act as a trustee, or an agent for finances of an Employee Benefit Plan or Trust.

5. Employee Benefit Plan 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, provided that no one other than an

Employee may subscribe to such benefits and such benefits are made generally available to those **Employees** who satisfy the plan's eligibility requirements;

- b. Pension plans, provided that no one other than an **Employee** may subscribe to such benefits and such benefits are made generally available to all **Employees** who are eligible under the plan for such benefits;
 - c. Unemployment insurance, social security benefits, workers' compensation and disability benefits; and
 - d. Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family and civil leave, tuition assistance plans; transportation and health club subsidies.
6. Insured means:
- a. **Member**
 - b. Elected/Appointed Officials: all past, present and future, including the **Member's** Designated Professional Fiduciary
 - c. **Employees**: all past, present, and future
7. Loss means the amount which a **Covered Party** is legally and personally liability to pay on account of a **Claim** first made or instituted during the **Coverage Period** covered under and not excluded by this additional coverage endorsement.
8. Retroactive Date shall mean any **Claim** or Loss reported pursuant to the terms and conditions herein and rendered on or after the date set forth herein:

For all **Members** other than those **Members** specifically listed below the retroactive date for this endorsement is: July 1, 2010. For all **Members** listed below the retroactive date is as stated.

<u>Campus</u>	<u>AORMA Member</u>	<u>Retroactive Date</u>
Chico	Associated Students of CSU Chico	July 1, 2005
Long Beach	CSU Long Beach Foundation	July 1, 2008
Los Angeles	Associated Students Inc. CSU Los Angeles	July 1, 2007
Northridge	The University Corp., CSU Northridge	October 1, 1991
Northridge	University Student Union, CSU Northridge	October 1, 1999
Sacramento	Capital Public Radio, CSU Sacramento	April 15, 2010
San Jose	San Jose University Research Foundation	July 1, 2002
San Jose	Spartan Shops, Inc.	February 1, 1998

9. Trust(s) means charitable remainder trusts, charitable lead trusts, pooled income funds, or any combination thereof, or any **Employee** pension benefits or **Employee** welfare benefits trust, formed under U.S. Internal Revenue Code Section 501(c)(9), in which a **Member** participates, provided the trust only serves auxiliary organizations who are **Members**.
10. **Wrongful Act** means:
- a. Any actual or alleged breach of the responsibilities, obligations or duties imposed upon **Covered Party** for the Trusts by common or statutory law or regulation of the United States or any state;
 - b. Any other actual or alleged matter claimed against a **Covered Party** solely because of his or her service as the designated fiduciary of any Employee Benefit Plans or Trusts; or
 - c. Any actual or alleged negligent act, error or omission solely in the **Administration** of any Employee Benefit Plan or Trust, and
 - d. Any actual or alleged breach of duties, obligations and responsibilities imposed by ERISA or by COBRA or by any similar or related federal, state or local law or regulation in the discharge of the **Covered Party's** duties with respect to any Employee Benefit Plans or Trust.

All other terms and conditions in the Memorandum remain unchanged.

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
CAMPUS RISK POOL LIABILITY PROGRAM**

MEMORANDUM OF COVERAGE - DECLARATIONS

Item 1: Named Insured

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)

In addition, the CSU Campuses listed in Item 6 – Member Deductibles, are included as Named Insureds

Item 2: Coverage Period:

July 1, 2016 to July 1, 2017

Item 3: Limits of Liability:

\$5,000,000	Ultimate Net Loss - Each Occurrence or Wrongful Act
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Item 4: Sub-Limits / Coverage Extensions *(Provided through the Campus Risk Pool Liability Program pooled layer):*

\$5,000,000	Medical Malpractice <i>(for Medical Doctors and the Student Health Centers)</i>
\$1,000,000	Funds, Grants or Appropriations <i>(defense only)</i>
\$1,000,000	Land Use <i>(defense only)</i>
\$1,000,000	Nuclear Materials <i>(limited coverage)</i>

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
\$500,000	California State University, East Bay
\$250,000	California State University, Fresno
\$250,000	California State University, Fullerton
\$50,000	Humboldt State University
\$250,000	California State University, Long Beach
\$250,000	California State University, Los Angeles

Revision Date: 2016 06 13

\$35,000	California Maritime Academy
\$35,000	California State University, Monterey Bay
\$750,000	California State University, Northridge
\$250,000	California State Polytechnic University, Pomona
\$900,000	California State University, Sacramento
\$50,000	California State University, San Bernardino
\$900,000	San Diego State University
\$500,000	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
\$100,000	Sonoma State University
\$35,000	California State University, Stanislaus
\$100,000	California State University, Chancellor's Office

Item 5: Liability Claims Administrator:

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

To be valid, this agreement must be signed by our Program Administrator.

Authorized Signature

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

COVERAGE TERMS AND CONDITIONS FOR CAMPUS LIABILITY POOLED COVERAGE PROGRAM

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 the CSURMA) is intergovernmental agency, risk sharing, joint powers authority, duly formed pursuant to the State of California Government Code Section 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 is 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 **Coverage Party** in disputed coverage situations under Civil Code 2860. Finally, failure to provide notice to a **Coverage Party** of any coverage dispute shall not operate to waive any of the provisions of this document.

SECTION I – DEFINITIONS

1. **Additional Covered Party** means any person, organization, trustee or estate who is specifically endorsed to this Memorandum by written endorsement and to whom or to which the **Member** is obligated by virtue of a written contract to provide coverage as is afforded by this Memorandum, but only with respect to operations performed by or on behalf of the **Member** or facilities owned or used by the **Member**. The limit and scope of coverage afforded by endorsement to this Memorandum 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 or endorsements to this Memorandum.

This coverage does not extend, either with respect to defense or indemnity to the sole negligence, or to the willful misconduct of any **Additional Covered Party**.

2. **Administration**, with respects 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, but does not include an **Unmanned Aerial Vehicle**.

4. **Automobile** means ~~a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment, but Automobile does not include Mobile Equipment.~~ any licensed land motor vehicle, trailer, or semi-trailer.
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(s)** means:
 - A. A written demand to a **Member** for payment of **Damages** received by the CSURMA Secretary/Auditor or by the chief executive, Director of Risk Finance and Insurance Services, or general counsel of a **Member**; and/or
 - B. A civil proceeding against a **Member** in which **Damages** are sought on account of
 - 1) **Bodily Injury** or **Property Damage**,
 - 2) **Personal Injury**,
 - 3) **Errors and Omissions**,
 - 4) **Employee Benefits Liability**,
 - 5) **Employment Practices Liability**,
 - 6) ~~or a~~ **Media Wrongful Acts**,

Occurrence or **Wrongful Act** to which this insurance applies, 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 **Member** at the site of the operations have been completed.
 - B. When all operations to be performed by or on behalf of the **Member** under the contract have been completed; or
 - C. When the portion of the work out of which the injury or **Damage** arises 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 insured; or
 - B. The existence of tools, uninstalled equipment or abandoned or unused materials.
8. **Coverage Period(s)** 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** or appointed volunteers of the **Member**, whether or not compensated while acting 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 auxiliary organizations, alumni associations and volunteer university support groups.
10. **Covered Party** means the entities or individuals named in SECTION IV – COVERED PARTIES as being covered by the memorandum.
11. **Dam** means any artificial barrier together with appurtenant works which:
- A. Is twenty-five feet or more in height from the foot of a natural bed of stream or watercourse; or
 - B. Has water impounding capacity of fifty 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.
12. **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**, (2) 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 the CSURMA, if the fees, interest or costs arise from an **Occurrence** or **Wrongful Act** to which this coverage applies.
- 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, 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 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**.
13. **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.

14. **Defense Cost(s)** means reasonable fees charged by an attorney, including expenses of a **Claims** servicing organization the **Member** has engaged, and all other reasonable fees, costs, including third-party attorney's fees and costs as authorized by law or under contract, and expenses attributable to the investigation, defense, **Administration** or appeal of a **Claim** or suit within the scope of coverage afforded by this policy. **Defense Costs** 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 in **Defense Costs** shall be limited at \$250 per hour.
15. **Discrimination**, as respects **Employment Practices Liability**, means the actual or alleged failure to employ, failure to promote, or the demotion or transfer 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.
16. **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. 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; and
 - D. As respects **Employment Practices Liability** and **Employee Benefit 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.
17. **Employee Benefits Liability** means liability for actual or alleged **Errors and Omissions** in the **Administration** of a **Member's Employee Benefits Program**.
18. **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.

19. **Employment Practice Liability** means any **Claim** or suit by a past, present or prospective **Employee** of the **Member** (and the spouse, child, parent, brother or sister of that person as a consequence of **Employment Practices Liability** at whom any of the **Employment Practices Liability** is directed) arising out of the following **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 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 In 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.
20. **Errors and Omissions** means any actual or alleged misstatement or misleading statement or act or omission or neglect or breach of duty or lack of ordinary skill in the performance of a professional act including misfeasance, malfeasance or 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.
- ~~**Impaired Property** means tangible property, other than **Your Product** or **Your Work**, that cannot be used or is less useful because:~~
- ~~A. It incorporates **Your Product** or **Your Work** that is known or thought to be defective, deficient, inadequate or dangerous; or~~
 - ~~B. **Member** has failed to fulfill the terms of a contract or agreement;~~
- ~~If such property can be restored to use by the repair, replacement, adjustment or removal of "**Your Product**" or "your" fulfilling the terms of the contract or agreement.~~
21. **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.
22. **Leased Worker** means:
- ~~A. Any **Employee** who is under contract to the **Member** one-hundred (100) percent of the time, or~~

~~A.B. Whose only contract of employment is with the Member, a person leased to the Member by a labor leasing firm under a previously executed written agreement between the Member and the labor leasing firm, to perform duties related to the conduct of the Member.~~

23. **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, including but not limited to 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 also include a pro-rata share of salaries and expenses of **Member** in-house counsel who are **Employees** while working as outside adjusters according to time spent on specific **Claims**, fees and expenses of outside adjusters, including Third Party Administrators (TPA), associated with specific **Claims**, but excluding any **Loss Adjustment Expense** and fees paid to a TPA 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.
24. **Media Wrongful Act** means 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 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, tradename, trade dress, title, slogan, service mark or service name;
 - 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
 - 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 his, 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.
25. **Member** means the **Member** named in the Declarations Page.

~~**Mobile Equipment** means any of the following types of land vehicles, including any attached machinery or equipment:~~

- ~~A. — Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;~~
- ~~B. — Vehicles maintained for use solely on or next to premises you own or rent;~~
- ~~C. — Vehicles that travel on crawler treads;~~
- ~~D. — Vehicles, whether self propelled or not, maintained primarily to provide mobility to permanently mounted:

 - ~~1) — Power cranes, shovels, loaders, diggers or drills; or~~
 - ~~2) — Road construction or resurfacing equipment such as graders, scrapers or rollers;~~~~
- ~~E. — Vehicles not described in Paragraph 1, 2, 3, or 4 above that are not self propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

 - ~~1) — Air compressors, pumps and generators, including spraying, welding, building, cleaning, geophysical exploration, lighting and well servicing equipment; or~~
 - ~~2) — Cherry pickers and similar devices used to raise or lower workers;~~~~
- ~~F. — Vehicles not described in Paragraph 1, 2, 3, or 4 above maintained primarily for purposes other than the transportation of persons or cargo.~~

~~However, self propelled vehicles with the following types of permanently attached equipment are not **Mobile Equipment** but will be considered an Automobile.~~

- ~~A. — Equipment designed primarily for:

 - ~~1) — Snow removal;~~
 - ~~2) — Road maintenance, but not construction or resurfacing; or~~
 - ~~3) — Street cleaning;~~~~
- ~~A. — Cherry pickers and similar devices mounted on **Automobile** or truck chassis and used to raise or lower workers; and~~
- ~~B. — Air compressors, pumps and generators, including spraying, welding, building, cleaning, geophysical exploration, lighting and well servicing equipment.~~

~~However, **Mobile Equipment** does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered **Automobiles**~~

- 26. **Mold(s)** means 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**.
- 27. **Occurrence** means an accident, or event, or continuous or repeated exposure which results in Bodily Injury, Property Damage or Personal Injury during the Coverage Period, neither expected nor intended by the Member.:

- ~~A. With respect to Bodily Injury or Property Damage means an accident or event, including continuous or repeated exposure to conditions, which, during the coverage period, results in injury or damage to which this coverage applies; provided, such injury or damage is neither expected nor intended from the standpoint of the Member.~~
- ~~B. With respect to Personal Injury: Occurrence means any of the offenses described in the definition of Personal Injury in this Section I—Definitions, that is committed during the Coverage Period.~~
- ~~C. With respect to Errors and Omissions: Occurrence means any of the conduct described in the definition of Errors and Omissions in this Section I—Definitions that is committed during the Coverage Period.~~
- ~~D. With respect to Employment Practices Liability: Occurrence means any of the conduct described in the definition of Employment Practices Liability in this Section I—Definitions that is committed during the Coverage Period.~~
- ~~E. With respect to Employee Benefit Liability Occurrence means any of the conduct described in the definition of Employee Benefits Liability in this Section I—Definition that is committed during the Coverage Period.~~
- ~~F. With respect to Media Wrongful Acts: Occurrence means any of the conduct described in the definition of Media Wrongful Act in this Section I—Definitions that is committed during the Coverage Period.~~

28. **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. 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. Wrongful entry or eviction or other invasion of the right of private occupancy;
 - E. **Discrimination** or violation of civil rights other than **Employment Practices Liability**, not intentionally committed by or at the direction of the ~~Covered Party~~**Member**;
29. **Pollutant** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and **Waste**. **Waste** includes materials to be 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.
30. **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 from 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** during the **Coverage Period**.
31. **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.

32. **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.

33. **Ultimate Net Loss** as contained in the Declarations Page of this Memorandum means the amount of paid **Claims** and liability for **Damages** for which the **Member** is responsible on a per **Occurrence** or **Wrongful Act** basis, 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 benefits ("back wages"), but does not include prospective benefits ("forward wages"), payable as a part of a **Claim** for **Employment Practices Liability** covered under this document. **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 ~~document~~ Memorandum.

34. The following definitions are applicable only to **Exclusion T – 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.

35. **Unmanned Aerial Vehicle** means any vehicle without a human pilot aboard capable of flight principally in the air that is designed for the transport of equipment and weighing no more than 100 lbs. maximum take-off weight.

~~**Volunteer Worker** means a person who is not your **Employee** or an **Employee** who is not acting in his/her capacity as an **Employee**, and who donates his or her work and acts at the direction of and within the scope of duties determined by **Member**, and is not paid a fee, salary or other compensation by **Member** or anyone else for their donated work performed for **Member**, except that the person may be reimbursed for expenses they incur while donating time.~~

~~**Your Product** means:~~

~~A. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:~~

- ~~1) You;~~
- ~~2) Others trading under your name; or~~
- ~~3) A person or organization whose business or assets you have acquired; and~~

~~B. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.~~

~~C. Includes:~~

- ~~1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "**Your Product**"; and~~
- ~~2) The providing of or failure to provide warnings or instructions.~~
- ~~3) Does not include vending machines or other property rented to or located for the use of others but not sold.~~

~~**Your Work:**~~

~~A. Means:~~

- ~~1) Work or operations performed by you or on your behalf; and~~
- ~~2) Materials, parts or equipment furnished in connection with such work or operations.~~

~~B. Includes:~~

- ~~1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "Your Work", and~~
- ~~2) The providing of or failure to provide warning or instructions.~~

~~36. **Wrongful Act** means any actual or alleged error, misstatement, omission, negligent act, or breach of duty, including misfeasance and nonfeasance by the **Member**.~~

~~36.37. **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.~~

SECTION II – COVERAGES

Subject to the **Member's Deductible**, the CSURMA agrees:

To pay on behalf of the **Member** those sums for **Ultimate Net Loss** in excess of the **Member Deductible** which the **Member** shall become 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, and Products/Completed Operations Liability** arising from operations of the **Member** to which this Memorandum applies caused by an **Occurrence or Wrongful Act and/or**
2. By reason of liability imposed by law because of **Bodily Injury or Property Damage, Personal Injury, Errors and Omissions, Employee Benefits Liability, Employment Practices Liability, or Media Wrongful Acts or Products/Completed Operations Liability** arising from operations of the **Member** to which this Memorandum applies caused by an **Occurrence or Wrongful Act.**

SECTION III – 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** in excess of the **Member's Deductible** not to exceed the Limit of Liability shown in the Memorandum, as the result of any one **Occurrence or Wrongful Act**. There is no limit to the number of **Occurrences or Wrongful Acts** during the ~~document period~~ **Coverage Period** for which **Claims** may be made.

The **Member's Deductible** 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**, 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** as stated in the Declarations apply separately to each **Covered Party**. In the event of an

Occurrence or Wrongful Act for which more than one **Covered Party** is or may be held liable, this Memorandum shall cover each such **Covered Party** as if separate Memoranda had been issued to each **Covered Party**, except that 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** will apply to the **Occurrence or Wrongful Act**.

In the event that the same **Occurrence, Wrongful Act** or **Claim** involves more than one **Member** of the CSURMA, one **Member Deductible** and one Limit of Liability ~~coverage~~ will apply per **Occurrence, Wrongful Act** or **Claim**.

An **Occurrence or Wrongful Act** with a duration of more than one **Coverage Period** shall be treated as a single **Occurrence** arising during the **Coverage Period** when the **Occurrence or Wrongful Act began ends** and under no circumstances shall the fact that said **Occurrence or Wrongful Act** has 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 IV – 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 named **Member**:
 - A. **Members** of the Board of Trustees.
 - B. Officers.
 - C. **Employees**.
 - D. Non-compensated individuals, while acting for or on behalf of the **Member**.
3. Additional covered parties as defined in Section I, ~~A~~1. of this document.
4. **Covered individuals** as defined in Section I, ~~E~~9 of this document.

SECTION V – EXCLUSIONS

This Memorandum shall not apply to and CSURMA shall not be obligated to make any payment or defense any lawsuit in connection with and **Claim** for liability or **Damages**:

1. Aircraft

For any liability for **Damages** arising out of the ownership, maintenance, loading or unloading, use or operation of any **Aircraft** capable of flight. This exclusion does not apply to static **Aircraft**, or to an **Unmanned Aerial Vehicle**.

2. Asbestos

Arising out of or related to the presence of, or installation or removal of, asbestos or any product containing asbestos material.

3. Aviation Activities

To liability for **Damages** arising out of the ownership, maintenance, loading or unloading, use or operation of any:

A. **Aircraft**

- 1) Airfields;
- 2) Runways;
- 3) Hangars; or
- 4) Buildings of other properties in connection with aviation activities.

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.

This exclusion shall not apply, however, to the ownership, maintenance, loading or unloading, use or operation of any **Unmanned Aerial Vehicle**.

4. 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 Practice 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.

5. 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**.

6. Dams

To any liability arising out of the rupture, bursting, overtopping, accidental discharge or partial or complete failure of any **Dam**.

7. Employee Benefits Liability Claim

Arising out of an insufficiency of funds to meet any obligations under any plan included in the **Employee Benefit Program**

For any **Employee Benefits Liability Claim** based upon:

- A. Failure of any investment to perform;

- B. Errors in providing information on past performance of investment vehicles; or
- C. 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 Benefit Program**.
- D. 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.
- E. For taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

Except as provided within the Fiduciary Liability Coverage endorsement.

8. Eminent Domain and Inverse Condemnation

For any loss, **Damage** or expense arising out of or related to, either directly or indirectly, from any **Claim**, suit or demand arising from or in connection with the direct condemnation of property or exercise of power of eminent domain by the **Member** or on the **Member's** behalf, or inverse condemnation, or any taking of property by the **Member** which is compensable under the Fifth or Fourteenth Amendments to the United States Constitution, or any taking of property by the **Member** which is compensable under the law of the State in which the **Claim** is made.

This exclusion shall not apply to physical injury or to destruction of tangible property, including all resulting loss of use of such property, for which the **Member** may be legally responsible and for which recovery is sought for **Claims** for inverse condemnation, by whatever name called; provided, however, that in any case in which a **Claim** for inverse condemnation, by whatever name called, is made against the **Member**, coverage shall only exist for physical injury to or destruction of tangible property, including all resulting loss of use of that property, and there shall be no coverage for reduced value of property (diminution of value), attorney fees, expert fees, severance **Damages**, relocation costs or any other form of relief, however denominated.

9. Employee Retirement Income Security Act (ERISA)

For the violation of any of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act, the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, and any rules or regulations of the foregoing promulgated thereunder, and amendments thereto, or any similar federal, state, local, or foreign statutory law or common law; provided, however, this exclusion shall not apply to **Employment Practices Liability** for an alleged violation of the Equal Pay Act.

Except as provided within the Fiduciary Liability Coverage endorsement.

10. Fiduciary Liability

To any liability arising out of the purchase, sale, or offer of sale, or solicitation, or decline in price or value of any security, debt, bank deposit or financial interest or instrument.

To liability arising out of;

- A. The purchase, or sale, or offer of sale, or solicitation of any security, debt, bank deposit or financial interest or instrument;
- B. Any representation made at any time in relation to the price or value of any security, debt, bank deposit or financial interest or instrument; or

- C. Any depreciation or decline in price or value of any security, debt, bank deposit or financial interest or instrument;

Except as provided within the Fiduciary Liability Coverage endorsement.

11. 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, costs to defend any action or suits brought against any Covered Party for such causes of action, shall be considered Ultimate Net Loss unless the Covered Party's alleged conduct was outside the scope of employment.~~ 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, subject to the CSURMA SIR program sublimit of \$1,000,000 per ~~Occurrence~~ Wrongful Act.

12. Insolvency

Arising by contract, operation of law, or otherwise, from **Covered Party's** participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency Fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payments or assumption by CSURMA or any **Covered Party** of part or all of any **Claim**, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any **Claim**, debt, charge, fee or other obligation in whole or in part.

13. Intentional Conduct

Arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by any **Covered Party**, including the willful or reckless violation of any statute.

This exclusion shall not apply to any vicarious liability that any Member has with regards to the managerial, advisory, supervisory, or controlling obligations over the action of another.

Defense coverage will be provided until a Covered Party is proven to have engaged in fraudulent or dishonest conduct, through final adjudication or judgment.

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;

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 **Claim** for land use litigation are a result of negligence proven on the part of a **Covered Party**. Nothing herein shall act to increase the limit of liability.

16. Lead

Arising out of, resulting as a consequence of, or related to lead whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

~~17. **Medical Malpractice**~~

~~To any liability arising out of the operation of any hospital, clinic, or health care facility, owned or operated by any **Member**. This includes, but is not limited to:~~

- ~~1. The rendering or failure to render:
 - ~~a. Medical, surgical, dental, x ray or nursing service or treatment, or furnishing of food or beverages in connection therewith;~~
 - ~~b. Any service or treatment related to physical or mental health or of a professional nature;~~
 - ~~c. Any cosmetic or tonsorial service or treatment.~~~~
- ~~2. The furnishing of or dispensing of drugs or medical, dental or surgical supplies or appliances.~~

~~This exclusion does not apply to liability arising out of~~

- ~~1. Ambulance operations, occupational physical examinations, student nursing programs, infirmaries, on-clinic nursing services or services of the Insured's employees who are nurses, physician assistants, paramedics, emergency medical technicians, speech therapists, speech pathologists, nutritionists, psychologists, audiologists, or physical therapists;~~
- ~~2. Employment Practices Liability;~~
- ~~3. First aid to any person. For the purposes of this exception, first aid means the immediate and emergency care given to an ill or injured person before regular medical aid can be obtained.~~
- ~~4. Any nursing services clinic that does not perform invasive surgery of any kind; or~~
- ~~5. Operations performed by coroners.~~
- ~~6.1. Volunteer medical personnel while attending an activity sponsored by the Insured or while on school premises under the **Member's** control.~~

18.17. Mold

Arising from **Mold**, moss, mildew, fungi, spores, bacterial infestation or any similar organism, wet or dry rot and extremes of temperature or humidity. This includes, but is not limited to, the cost for investigation, testing, and remediation services. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

19.18. 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 or expense to comply with any declaratory, injunctive or administrative relief or specific performance award.

20.19. 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 **Covered Party** under the Memorandum is also an **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 c. 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**, but only to a sublimit of \$1,000,000 each **Occurrence**.

21.20. Office of Foreign Assets Control (OFAC)

For any liability for premium or loss under this Memorandum if it would result in a violation of any mandatory sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America that are applicable to either party.

22.21. 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 operations; or
 - b. If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **Pollutants**.

~~Subparagraph (a) and (d.1.) do not apply to bodily injury of 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:

Discharge, dispersal, release or escape directly caused by hostile fire, explosion, lightning, windstorm, vandalism or malicious mischief; or

Personal Injury or Property Damage which is within the product hazard of the **Completed Operations Hazard**

Loss or Damage caused by the collision, upset or overturn of any **Automobile** or **Mobile Equipment**; or

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 Director of Risk Finance and Insurance Services, 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 Director of Risk Finance and Insurance Services, 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 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.

23.22. 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 disable 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

24.23. Silica

Arising out of, in whole or in part, the injurious properties of silica or any product or material containing or composed of silica in any form, under any theory of liability whatsoever. "Silica" means silica occurring in any form, including silicon dioxide, silica particles, silica fibers, silica sand, silica dust or silica compounds, including a mixture or combination of any of the foregoing and any other mineral, dust, particle or any substance or material of any kind or origin.

25.24. Subsidence

For any **Property Damage** arising from or related to **Land Subsidence** for any reason whatsoever; ~~notwithstanding any coverage provided under Exclusion I.~~

26.25. Terrorism

For any loss, **Damage**, cost or expense directly or indirectly caused by, contributed by, resulting from, or arising out of: (i) an Act of Terrorism as defined under the Terrorism Risk Insurance Act of 2002 or any amendments, renewals or successor legislation thereto in connection with biological, chemical, radiological or nuclear explosion, pollution or contamination; and (ii) any act, whether or not related to terrorism or any act of terrorism in connection with biological, chemical, radiological or nuclear explosion, pollution, contamination; whether in time of peace or war, and regardless of who commits the act, regardless of any other cause or event contributing concurrently or in any other manner.

27:26. War

Arising from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority

28:27. 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

29:28. Wrongful Acts

- A. Arising from any lockout, strike, picket line, replacement or other similar actions in connection with labor disputes or labor negotiations. This exclusion shall not apply to a **Claim** brought by (i) an **Employee** alleging **Wrongful Termination** or retaliation as a result of strike activity or union involvement, or (ii) a law enforcement officer responding within the scope of his or her duties to any lockout, strike, picket line, replacement or other similar actions in connection with labor disputes or labor negotiations.
- B. For injunctions, equitable relief, or any other form of relief other than the payment of money **Damages**.
- C. For liability arising out of an alleged willful commission of a crime by **Member** or other dishonest fraudulent, or malicious act. At CSURMA's discretion, however, CSURMA will pay for **Defense Costs** until final adjudication, judgment, or settlement to which CSURMA have agreed. If the judgment or final adjudication is adverse to the **Member**, **Member** will reimburse CSURMA for all costs associated with the defense.
- D. Liability arising out of a **Member's Wrongful Act** for gain, profit, or advantage to which **Member** is not legally entitled. At CSURMA's discretion, however, CSURMA will pay **Defense Costs** for any **Claim** or Suit arising from an alleged willful commission of a crime by a **Member** or other dishonest, fraudulent or malicious act, for any **Claim** or Suit arising out of the **Members Wrongful Act** for gain, profit, or advantage to which **Member** is not legally entitled until final adjudication, judgment, settlement to which CSURMA have agreed. If the judgment or final adjudication is adverse to the **Member**, **Member** will reimburse CSURMA for all costs associated with the defense.

This exclusion shall not apply to any vicarious liability that any **Member** has with regards to the managerial, advisory, supervisory, or controlling obligations over the action of another **Member**.

Under Errors and Omissions Liability

- A. Based on **Covered Party's** obtaining of financial gain to which the Covered Parts 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.

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;
- 1) 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

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**;

30-29. Uninsured/Underinsured Motorists

For any **Claim** under any Uninsured Motorists, Underinsured Motorists, or No-Fault Law, or any similar federal, state, local or municipal law, and to any sums the **Covered Party** may be legally entitled to recover as **Damages** from the owner or operator of any uninsured or underinsured **Automobile** because of **Bodily Injury** or **Property Damage** sustained by any **Covered Party**.

SECTION VI – 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.
2. Arbitration:
- A. In the event that a question or dispute arises between CSURMA and a Covered **Member** concerning the applicability of the coverage provided by this document to an **Occurrence**, **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 **Member** 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 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 to endorse hereon.
 4. Bankruptcy or Insolvency: Bankruptcy or insolvency of the **Member** or any **Covered Party** shall not relieve CSURMA of any of its obligations hereunder nor shall such bankruptcy or insolvency increase CSURMA'S obligations hereunder.
 5. Cancellation and Termination: This Memorandum may, with respect to any **Member**, be cancelled by CSURMA either for the then-current **Coverage Period** or, in the event of expulsion, permanently upon the **Occurrence** of the events and under terms set forth in the CSURMA Joint Powers Agreement and the Bylaws.

This Memorandum may be terminated at any time in accordance with the Bylaws of CSURMA

6. Changes to the Memorandum: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or change in any part of this Memorandum nor preclude CSURMA from asserting any right under the terms of this Memorandum, nor shall the terms of this Memorandum be waived or changed, except by written endorsement issued by CSURMA to form a part of this Memorandum.
7. Claims Settlement:
8. 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.
9. Defense Payments: Defense fees and costs are included in the **Member Deductible**. After the amount of the **Member Deductible** has been exhausted, CSURMA will pay Defense fees and costs only at a rate agreed to by CSURMA in writing.

Provided it can be communicated without breach of the **Covered Party's** attorney-client privilege of confidentiality, the CSURMA shall be entitled to complete access to the **Covered Party's Claim** file, the defense attorney's file, and all investigation material and reports, including all evaluations and information on negotiations. The **Covered Party** shall be responsible to report on the progress of the litigation and any significant developments as requested by the CSURMA, and to provide the CSURMA with copies of all correspondence provided to the **Covered Party** in which a demand for an amount that is within the CSURMA's coverage is made.

10. Drop Down Exclusion: CSURMA's Limit of Liability stated in the Declarations herein shall not be increased for any reason, including, but not limited to, the refusal or inability, for any reason, of

the **Member** to pay its **Member's Deductible** or by the refusal or inability of any underlying or excess insurer to pay, whether by reason of insolvency, bankruptcy, or otherwise.

11. Duties in the Event of **Occurrence, Wrongful Act, Claim** or Suit; ~~Perhaps workable if these are not bolded?~~
- A. In the event of an **Occurrence** or **Wrongful Act** that is reasonably likely to involve CSURMA, written notice containing particulars sufficient to identify **Member** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of any injured persons and witnesses, shall be given by or for **Member** to CSURMA or any of CSURMA's authorized agents as soon as practicable after **Member's** Risk Manager, Chief Risk Officer, Assistant Vice Chancellor for Risk Management or a Chief Executive Officer of the **Member** has knowledge of the **Occurrence** or **Wrongful Act**.
 - B. If **Claim** is made or Suit is brought against **Member** that is reasonably likely to involve CSURMA, **Member** shall immediately forward to CSURMA every demand, notice, summons or other process received by **Member** or **Member's** representatives.
 - C. **Member** shall cooperate with CSURMA and upon CSURMA's request assist in making settlements, in the conduct of Suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to **Member** because of **Personal Injury, Property Damage** or Public Official's **Errors and Omissions** with respect to which insurance is afforded under this Policy; and you shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. **Member** will not, except at **Member's** own cost, voluntarily make any payment, assume any obligation or incur any expense; however, in the event that the amount of **Ultimate Net Loss** becomes certain either through trial court judgment or agreement among **Member**, the claimant and us, you may pay the amount of **Ultimate Net Loss** to the claimant to effect settlement and upon submission of due proof thereof, CSURMA shall indemnify you for that part of such payment which is in excess of your **Member Deductible**, or upon **Member's** request, make such payment to the claimant on your behalf.
 - D. In the event of an **Occurrence** or **Wrongful Act**, which is reserved at greater than or equal to fifty (50) percent of your retention, **Member** shall:
 - 1) Report said **Occurrence** or **Wrongful Act**; or
 - 2) Regardless of the reserve amount, report losses without regard to liability falling within the following classifications:
 - a. Fatalities; Spinal cord, paralysis or brain injuries;
 - b. Amputations; Loss of sight;
 - c. Serious head injury;
 - d. Paralysis;
 - e. Severe burns;
 - f. Sexual Abuse or Molestation.

g. Serious loss of use of any body functions;

E. Whenever **Member** has information from which **Member** may reasonably conclude that an **Occurrence** or **Wrongful Act** covered hereunder involves injuries or **Damages**, which in the event that you shall be held liable, are likely to involve this Policy, notice shall be sent to us as soon as practicable; provided, however, that failure to give notice of any **Occurrence** or **Wrongful Act** which at the time of its happening did not appear to involve this Policy, but which at a later date would appear to give rise to **Claim** hereunder, shall not prejudice such **Claim**.

12. 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 related to this Policy at any time during the **Coverage Period** and extensions thereof and within three (3) years after the final termination of this Policy.

13. 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 the TPA.~~

Moreover, no settlement of any **Claim** shall be paid by CSURMA without prior written authorization of the ~~Liability Claims Administrator~~ TPA.

14. Other Coverage

A. Except as provided in ~~F(2)(B)~~ below, the **Member** must pay the full amount of its **Member's Deductible** in order for coverage under this Memorandum to apply. Payment of the **Member's Deductible** by the **Member** is required in addition to, and regardless of, any payment or payments from any other source for or on behalf of that **Member**. If insurance or any other coverage with any insurer, joint powers authority or other source is available to the **Covered Party** covering a loss also covered hereunder (whether on a primary, excess or contingent basis), the coverage hereunder shall be in excess of, and shall not contribute with, such other insurance or coverage. This coverage shall be in excess of, and shall not contribute with, any insurance or coverage which names a **Covered Party** herein as an **Member** or a **Covered Party**, where such coverage applies to a loss also covered hereunder.

B. If any coverage is available to the **Covered Party**, whether such coverage is called excess over, or pro rata with other valid and collectible coverage 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 Memorandum.

- C. CSURMA acknowledges that a **Member** from time to time may purchase or become an additional insured on underlying coverage with Limits of Liability less than, equal to, or greater than the amount of the **Member's Deductible**, for certain operations, events or hazards for which this Memorandum affords excess coverage. It is agreed that this Memorandum (subject to its Declarations, terms, Conditions, Exclusions, and Endorsements that complete this Memorandum) shall provide coverage in excess of such underlying coverage subject to the following condition:

If the Limits of Liability of the underlying policy are less than the **Member's Deductible** the **Member** shall bear the risk of the difference; however, if such limits are greater than the **Member's Deductible** this Memorandum is in excess of the greater limit.

15. Premium: The premium designated in the Policy Declarations is flat and not adjustable, unless:
- A. A material exposure is added under the Policy;
 - B. The Limits of Liability are increased or decreased;
 - C. The coverage is restricted or broadened by endorsement; or
 - D. The **Coverage Period** is increased or shortened
16. Separation of Insureds: 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.
17. 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.
18. 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** 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 you. 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.

SECTION VII – DEFENSE AND SETTLEMENT

1. ~~The~~ CSURMA shall not be obligated to investigate or to defend any **Claim for Damages**, or to pay for or to take charge of the investigation or defense of any **Claim for Damages** against any **Covered Party**. However, the CSURMA, at its own expense, shall have the right, but not the duty, to associate itself with any **Covered Party** in the control, negotiation, investigation, defense or appeal of any **Claim** or proceeding which, in the opinion of the CSURMA or the **Covered Party**, is or may be covered by this document, and for which the **Ultimate Net Loss** therefrom may exceed the **Deductible**. The **Covered Party** shall fully cooperate with the CSURMA in all matters pertaining to such **Claim** or proceeding.
2. No **Claim** shall be settled, whether by out of court settlement, stipulated judgment or otherwise, by a **Covered Party** wherein the **Ultimate Net Loss** exceeds the **Deductible**, without the prior written consent of the CSURMA.

SECTION VIII – ~~POLICY COVERAGE PERIOD, TERRITORY~~

The ~~Policy Coverage Period~~ commences on the effective date shown in the Declarations. The ~~Policy Coverage Period~~ ends on the earlier of either the expiration~~s~~ date or effective date of cancellation of this Memorandum. If a person or organization becomes a **Member** under this Memorandum after the effective date, the ~~Policy Coverage Period~~ for that person or organization begins on the date the person or organization became a **Member**.

This Memorandum applies to **Bodily Injury** or **Property Damage**, **Personal Injury**, ~~Property Damage or Public Official's Errors and Omissions~~, Employee **Benefits Liability**, **Employment Practices Liability**, **Medical Malpractice** or **Media Wrongful Acts** arising out of an **Occurrence** or a **Wrongful Act** that takes place during the ~~Policy Coverage Period~~, anywhere in the world as well as **Claims** brought anywhere in the world.

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

COVERAGE TERMS AND CONDITIONS FOR CAMPUS LIABILITY POOLED COVERAGE PROGRAM

FIDUCIARY LIABILITY

AMENDATORY ENDORSEMENT - #1

***THIS ENDORSEMENT CHANGES THE MEMORANDUM OF COVERAGE
PLEASE READ IT CAREFULLY***

This is claims made and reported coverage; therefore, the coverage is limited to Claims that are first made against the Member during the coverage period and are reported to CSURMA during the coverage period.

With respect to the additional coverage provided by this endorsement, the provisions of the Memorandum of Coverage apply unless modified by this endorsement.

INSURING AGREEMENT

To pay on behalf of any **Member** those sums for loss including expenses incurred in the defense and settlement of any **Claim** first made against the **Member** and reported during the **Coverage Period**, alleging a **Wrongful Act(s)** of any **Covered Party**, first committed, or allegedly committed on or subsequent to the Retroactive Date shown herein, in the **Administration of Covered Party's Employee Benefit Plans** or **Covered Party's Trusts**.

LIMIT OF LIABILITY (as shown on the Declarations Page)

For the purpose of determining the limit of liability of CSURMA AORMA under this endorsement, all **Damages** arising out of continuous repeated exposure to substantially the same general conditions shall be considered as arising out of one loss.

Loss, with duration of more than one **Coverage Period** shall be treated as a single loss arising during the **Coverage Period** when the **Claim** is first made, and under no circumstances shall the fact that said loss has duration of more than one **Coverage Period** entitle a **Covered Party** to more than one limit of coverage.

EXCLUSIONS

Exclusion 7 - Employee Benefits Liability Claim, Exclusion 9 – Employee Retirement Income Security Act (ERISA) and Exclusion 10 - Fiduciary Liability do not apply to the **Administration of the Covered Party's Employee Benefit Plans** or **Covered Party's Trusts**, but only up to the limit of liability stated above for CSURMA.

Underwriters shall not be liable to make any payment for that part of Loss, other than Defense Expenses:

1. Which constitutes civil or criminal fines or penalties, taxes, or the multiple portion of any multiplied damage award;

2. Which constitutes payments due under the terms of the Benefit Plan or Trust , unless recovery is based upon a covered **Wrongful Act**;
3. Loss made against the **Covered Party**:
 - a. For libel, slander, **Bodily Injury**, emotional distress, disease, sickness or death of any person. Or any damage to or destruction of any tangible property including loss of use thereof;
 - b. For liability of others assumed by the **Covered Party** under any oral, written or implied contract or agreement; however, this exclusion shall not apply to the extent the **Covered Party** would have been liable in the absence of such contract or agreement; or the liability was assumed in accordance with or under the Benefit Plan or Trust agreement or equivalent document pursuant to which the plan was established;
 - c. Any Insured's gain of any profit, remuneration or advantage to which they were not legally entitled; or
 - d. For **Discrimination** in violation of any law.
4. CSURMA AORMA shall not be liable to make any payment for Loss in connection with any **Claim** based upon, arising out of, directly or indirectly resulting from or in consequence of:
 - a. Any fact, circumstance, situation, transaction event or **Wrongful Act** which was the subject to any notice given under any prior coverage for fiduciary liability or other similar insurance;
 - b. Any litigation or administrative or regulatory proceeding against any Insured pending on or before the effective date of this endorsement, or any actual, alleged fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged therein which was known to the **Covered Party** prior to the inception of this endorsement, or
 - c. Any deliberately fraudulent or dishonest act or omission or any willful violation of any statute or regulation by any Insured; however, this exclusion shall not apply unless a judgment or other final adjudication adverse to such Insured establishes such a deliberately fraudulent or dishonest act or omission or willful violation.

DEFINITIONS

For the purpose of the coverage provided by this endorsement, the following definitions are added:

1. **Administration** means:
 - a. Providing information, advice, counsel or notice to **Employees** or Trust beneficiaries, with respect to the Employee Benefits Plan or Trust;
 - b. Providing interpretations of the Employee Benefits Plan or Trust;
 - c. Handling records in connection with the Employee Benefits Plan or Trust, or
 - d. Effecting enrollment, termination or cancellation of **Employees**, participants, or beneficiaries under the Employee Benefit Plan.
2. **Claim** means:
 - a. A written demand for specific monetary, non-pecuniary, or injunctive relief;

- b. A criminal or civil proceeding for monetary, non-pecuniary or injunctive relief which is commenced by;
 - i. Service of a complaint or similar pleading; or
 - ii. Return of an indictment (in the case of criminal proceeding); or
 - iii. Receipt or filing of a notice of changes; or
 - c. A formal agency or regulatory proceeding to which a **Covered Party** is subject
Made against a **Covered Party** alleging a **Wrongful Act**.
3. **Claims Expenses** mean reasonable expenditures incurred by a **Covered Party** in defense of a **Claim** covered under this endorsement, including but not limited to, cost of investigations, experts, adjustment services, legal services, court costs and similar expenses; provided however that **Claims Expenses** does not include wages or salaries of a **Covered Party**, or cost of attachment or similar bonds.
4. **Covered Party** means any natural person who was, is now, or becomes:
- a. A trustee, **Member** of the board of directors, officer, in-house general counsel or an **Employee** of the **Member** of an Employee Benefit Plan or Trust, while acting in his or her capacity as a fiduciary of an Employee Benefit Plan or Trust or as a person performing **Administration** for an Employee Benefit Plan or Trust, or who is;
 - b. Assigned to act as a trustee, or an agent for finances of an Employee Benefit Plan or Trust.
5. **Employee Benefit Plan** 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, provided that no one other than an **Employee** may subscribe to such benefits and such benefits are made generally available to those **Employees** who satisfy the plan's eligibility requirements;
 - b. Pension plans, provided that no one other than an **Employee** may subscribe to such benefits and such benefits are made generally available to all **Employees** who are eligible under the plan for such benefits;
 - c. Unemployment insurance, social security benefits, workers' compensation and disability benefits; and
 - d. Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family and civil leave, tuition assistance plans; transportation and health club subsidies.
6. **Insured** means:
- a. **Member**
 - b. Elected/Appointed Officials: all past, present and future, including the **Member's** Designated Professional Fiduciary
 - c. **Employees**: all past, present, and future

7. Loss means the amount which a **Covered Party** is legally and personally liability to pay on account of a **Claim** first made or instituted during the **Coverage Period** covered under and not excluded by this additional coverage endorsement.
8. Retroactive Date shall mean any **Claim** or Loss reported pursuant to the terms and conditions herein and rendered on or after July 1, 2010.
9. Trust(s) means charitable remainder trusts, charitable lead trusts, pooled income funds, or any combination thereof, or any **Employee** pension benefits or **Employee** welfare benefits trust, formed under U.S. Internal Revenue Code Section 501(c)(9), in which a **Member** participates, provided the trust only serves auxiliary organizations who are **Members**.
10. **Wrongful Act** means:
 - a. Any actual or alleged breach of the responsibilities, obligations or duties imposed upon **Covered Party** for the Trusts by common or statutory law or regulation of the United States or any state;
 - b. Any other actual or alleged matter claimed against a **Covered Party** solely because of his or her service as the designated fiduciary of any Employee Benefit Plans or Trusts; or
 - c. Any actual or alleged negligent act, error or omission solely in the **Administration** of any Employee Benefit Plan or Trust, and
 - d. Any actual or alleged breach of duties, obligations and responsibilities imposed by ERISA or by COBRA or by any similar or related federal, state or local law or regulation in the discharge of the **Covered Party's** duties with respect to any Employee Benefit Plans or Trust.

All other terms and conditions in the Memorandum remain unchanged.

NOTICE:

1. THE INSURANCE POLICY THAT YOU HAVE PURCHASED IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.

2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.

3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.

4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC’S INTERNET WEB SITE AT WWW.NAIC.ORG.

5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE’S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC'S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR "SURPLUS LINE" BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

D-2 (Effective July 21, 2011)

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

California Premium: \$1,181,803.00
Filing Fee: N/A
Fees: N/A
Surplus Lines Tax: \$35,454.09
Stamping Fee: \$2,363.61

**SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES
DECLARATIONS**

Policy Number: 000541305

Renewal Of: 000541304

ITEM 1. Named Insured and Address		Agent Name and Address	
California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA) (Please see Endorsements 2 & 3) 401 Golden Shore Long Beach, CA 90802		AmWINS Insurance Brokerage of California 19867 Prairie Street, Suite 250 Chatsworth, CA 91311	
ITEM 2. Policy Period		From: July 01, 2015	To: July 01, 2016
ITEM 3. Limit of Liability	INSURED'S RETAINED LIMIT:		
	Item 3A (1)	\$ <u>5,000,000</u>	Any one Occurrence or Wrongful Act or series of continuous, repeated or related Occurrences or Wrongful Acts – Defense erodes Retained Limit
	COMPANY'S LIABILITY:		
	Item 3B (1)	\$ <u>5,000,000</u>	Any one Occurrence or Wrongful Act or series of continuous, repeated or related Occurrences or Wrongful Acts in excess of your Retained Limit.
	Item 3B (2)	\$ <u>5,000,000</u>	Aggregate Policy Limit during each Policy Period as a result of: Completed Operations Hazard
	Item 3B (3)	\$ <u>N/A</u>	Aggregate Policy Limit during each Policy Period as a result of: Wrongful Acts arising out of Public Officials' Errors and Omissions Liability
Item 3B (4)	\$ <u>N/A</u>	Aggregate Policy Limit during each Policy Period as a result of: Wrongful Acts arising out of Employment Practices Liability	
Item 3B (5)	\$ <u>N/A</u>	Aggregate Policy Limit during each Policy Period as a result of: Wrongful Acts arising out of Employee Benefits Liability	

ITEM 4. Premium Compensation	\$1,170,102.00 Premium \$ <u>11,701.00</u> TRIA 1 (Certified) \$1,181,803.00 Total
Minimum Premium	35%
ITEM 5. Policy Fee	Not applicable
Self-Insured Claims Servicing Organization: Self-Administered – Campus; Carl Warren & Company – AORMA	
Policy Coverage Form: CSURMA – Manuscript Form	
Endorsements Attached to Policy At Inception: Please see Schedule of Endorsements – Endorsement 1	
These Declarations together with the coverage form and endorsements, if any, issued to form a part of the Policy thereof, complete the above numbered Special Excess Liability Policy For Public Entities.	
Countersigned: <u>September 3, 2015</u> DATE	By: _____ AUTHORIZED REPRESENTATIVE

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

Policy Number: 000541305

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine **your** rights, duties and what is and is not covered.

Throughout this Policy the words **you** and **your** refer to the **Named Insured(s)** shown in the **DECLARATIONS** and any other person(s) or organization(s) qualifying as an **Insured** under this Policy. The words **we**, **us**, and **our** refer to the **Company** providing this insurance.

Other words and phrases that appear in boldface have special meaning. Refer to **SECTION VII. DEFINITIONS**.

In consideration of the payment of the premium, in reliance upon the statements in the **DECLARATIONS** made a part hereof and subject to all of the terms of this Policy, **we** agree with **you** as follows:

SECTION I. INSURING AGREEMENT

- Coverage A **Personal Injury** Liability
- Coverage B **Property Damage** Liability
- Coverage C **Public Officials' Errors and Omissions** Liability
- Coverage D **Employment Practices** Liability
- Coverage E **Employee Benefits** Liability

We will pay on **your** behalf the **Ultimate Net Loss** in excess of **your Retained Limit** hereinafter stated which **you** become legally obligated to pay as **Damages** because of.

- (A) **Personal Injury;**
- (B) **Property Damage;**
- (C) **Public Officials Errors and Omissions;**
- (D) **Employment Practices Claims; or**
- (E) **Employee Benefits Wrongful Act**

to which this Policy applies caused by an **Occurrence** or a **Wrongful Act** that takes place during the Policy Period.

SECTION II. DEFENSE AND DEFENSE COSTS

- (A) **We** will have the right and duty to defend any **Claim** or **Suit** against the **Insured** seeking **damages** arising out of any **Occurrence** or **Wrongful Act** to which this insurance applies even if the **Claim** or **Suit** is groundless, false or fraudulent when the **Retained Limit** has been exhausted by the payment of **damages** including **defense costs**

to which this insurance applies and provided further that no other insurer has a duty to defend or is defending such **Claim** or **Suit**.

- (B) We will have no duty to defend the **Insured** against any **Claim** or **Suit** seeking **damages** arising out of any **Occurrence** or **Wrongful Act** to which this insurance does not apply.
- (C) When **we** assume the defense of any **Claim** or **Suit** on **your** behalf, **we** will:
- (1) Investigate, negotiate and settle the **Claim** or **Suit** as we deem expedient; and
 - (2) Pay the following to the extent that they are not covered by any other insurance:
 - (a) Premiums on bonds to release attachments for amounts not exceeding our Limits of Insurance, but **we** are not obligated to apply for or furnish any such bond;
 - (b) Premiums on appeal bonds required by law to appeal any **Claim** or **Suit** **we** defend, but **we** are not obligated to apply for or furnish any such bond;
 - (c) All reasonable costs taxed against **you** in any **Claim** or **Suit** that **we** defend;
 - (d) Pre-judgment interest awarded against **you** on that part of the judgment **we** pay. If we make an offer to pay the applicable Limit(s) of Liability, we will not pay any pre-judgment interest accrued for that period of time after the offer;
 - (e) All interest that accrues after entry of judgment and before we have paid, offered to pay or deposited in court the part of the judgment that is within our applicable Limit(s) of Liability; or
 - (f) Your reasonable expenses incurred with **our** consent or at **our** request.
- (D) **We** will not defend any **Claim** or **Suit** after our applicable Limit(s) of Liability has been exhausted by payments of judgments or settlements including **Defense Costs**.
- (E) Except as provided in Paragraph A above, we will have no duty to defend any **Claim** or **Suit** against the **Insured**. 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 Policy may apply, and the **Insured** shall cooperate fully with us in such participation. If we exercise this right, we will do so at our own expense.
- (F) All expenses **we** incur in the defense of any **Claim** or **Suit** are included in our Limit of Liability and are not paid in addition to our Limit of Liability.

SECTION III. YOUR RETAINED LIMIT - OUR LIMIT OF LIABILITY

Regardless of the number of (1) **Insureds** under this Policy, (2) persons or organizations who sustain injury or **Damage**, or (3) **Claims** made or **Suits** brought on account of **Personal Injury** Liability, **Property Damage** Liability, **Public Officials Errors & Omissions** Liability, **Employment Practices** Liability or **Employee Benefit** Liability, **our** liability is limited as follows:

With respect to **Personal Injury, Property Damage, Public Officials Errors & Omissions, Employment Practices or Employee Benefit Wrongful Act**, or any combination thereof, **our** liability shall be only for the **Ultimate Net Loss** in excess of **your Retained Limit** as specified in Item 3. of the Limit of Liability section of the **DECLARATIONS** as the result of any one **Occurrence** or **Wrongful Act**, and then for an amount not exceeding the amount specified in Item 3B(1) of the Limit of Liability section of the **DECLARATIONS** as the result of any one **Occurrence** or **Wrongful Act**.

This Policy is subject to aggregate Limits of Liability as stated in the **DECLARATIONS** as stated in Items 3B(2), 3B(3), 3B(4) and 3B(5). These aggregate Limits of Liability are the maximum amount that will be paid under this Policy for all **Occurrences, Wrongful Acts, Employee Benefit Wrongful Act or Related Employee Benefit Wrongful Acts**, as the case may be, during the Policy Period applying separately to:

- (A) **Completed Operations Hazard;**
- (B) **Public Officials' Errors and Omissions;**
- (C) **Employment Practices Claims**
- (D) **Employee Benefit Claims**

In the event the **Named Insured** is an entity established pursuant to a Joint Powers Authority or Joint Insurance Fund, by whatever name called, and there are multiple **Named Insureds** shown on the respective Named Insured endorsement under this policy, the **Company's** each **Occurrence** or **Wrongful Act** Limit of Liability and the **Named Insured's Retained Limit** under this policy shall apply separately to each **Named Insured**.

However, an **Occurrence** or **Wrongful Act** involving more than one **Named Insured** shall be treated as a single **Occurrence** or **Wrongful Act**. A single **Company** each **Occurrence** or **Wrongful Act** Limit of Liability and a single **Retained Limit** shall apply.

It is understood and agreed that nothing will be construed to increase our Limit of Liability, It is further understood and agreed that the Aggregate Limits of Liability as set forth in the **DECLARATIONS** shall be applied separately to each **Named Insured**.

For the purpose of determining the limit of our liability, the **Ultimate Net Loss** arising from **Damages for Personal Injury, Property Damage, Public Officials Errors and Omissions, Employment Practices Claims** or **Employee Benefit Wrongful Act** arising out of continuous, repeated, or related exposure to substantially the same general conditions shall be considered as arising out of one **Occurrence** or **Wrongful Act**.

Personal Injury, Property Damage, Public Officials Errors and Omissions, Employment Practices Claims or **Employee Benefit Wrongful Act** taking place over more than one Policy Period insured by us shall be deemed to have taken place during the last Policy Period and only that limit shall apply.

SECTION IV. POLICY PERIOD - TERRITORY

The Policy Period commences on the effective date shown in the **DECLARATIONS**. The Policy Period ends on the earlier of either the expiration date or the effective date of cancellation of this Policy. If a person or organization becomes an **Insured** under this Policy after the effective date, the Policy Period for that person or organization begins on the date the person or organization became an **Insured**.

This Policy applies to **Personal Injury, Property Damage, or Public Official's Errors and Omissions** arising out of an **Occurrence** or a **Wrongful Act** that takes place during the Policy Period, anywhere in the world, but only if a **Claim** is made and a **Suit** is brought for such **Occurrence** or **Wrongful Act** in the United States of America.

SECTION V. PERSONS OR ENTITIES INSURED

The following are **Insureds**;

- (A) The **Named Insured** as designated in the **DECLARATIONS**.
- (B) Commissions, boards, districts, authorities, committees, agencies, not-for-profit corporations or other entities under the direction or control of the **Named Insured**, while acting solely within the course and scope of their duties with and for the direct benefit or on behalf of the **Named Insured**.
- (C) Past or present employees, directors, officers, trustees or any equivalent position, volunteers, elected or appointed officials of the **Named Insured**, including **Contract Employees** of the **Insured**, while acting within

the course and scope of their employment or under the direction and control for or on behalf of the **Named Insured**. This does not include any person working on retainer or as an independent contractor.

(D) Any person:

- (1) Designated in paragraphs (A) through (C) with respect to any **Automobile** not owned by **you** that is used in **your** operations as a public entity; and
- (2) Using any **Automobile** owned by the **Named Insured** or hired **Automobile** or any person legally responsible for the use thereof, provided that the **Automobile** is being used with **your** permission and while acting on **your** behalf.

The coverage granted by this provision, however does not apply to:

- (1) Any person operating an **Automobile** while working in a business that sells, services, repairs, delivers, tests, parks, or stores **Automobiles** unless it is your business; or
- (2) The owner or lessee of any hired **Automobile**, other than you or any agent or employee of such owner or lessee.

However, with respect to California State University owned, hired or non-owned **Automobiles**, coverage afforded under **Section V – Persons or Entities Insured, (D)** – only applies to **Non-Employee Drivers**.

Non-Employee Drivers means any volunteer, student, or any individual who is not an employee of the **Named Insured** while driving an **Automobile** and acting for or on behalf of the **Named Insured**.

- (E) Student Organizations including those involved with radio, television and publishing, but only those organizations formally recognized by the **Named Insured** as student organizations.
- (F) Students, but only with respect to liability arising out of service by the student as a teaching assistant or student teacher; while serving in a supervised internship program in satisfaction of course requirements; while participating in activities required to complete nurse training or similar allied health courses; while participating in teacher certification programs; while serving or acting under the direction of an entity included as a **Named Insured**.
- (G) All special districts governed by the entity's board and all other districts or agencies named on the policy.
- (H) Police Officers currently employed by you as respects secondary employment specifically authorized by your Police Department (commonly referred to as "moonlighting"); however:
 - (1) This coverage would only apply to extent that you were joined in any Suit naming said Police Officers; and
 - (2) This coverage is excess over any other valid and collectible insurance covering any loss for which this insurance would otherwise be applicable; and
 - (3) Nothing provided hereunder would serve to increase any Limits of Liability of this Policy.

SECTION VI. EXCLUSIONS

This Policy does not apply:

- (A) To any obligation for which **you** or any carrier as the insurer for **you** may be held liable under any workers compensation, occupational disease, unemployment compensation or disability benefits law, or under any similar federal, state or local law.

- (B) To **Bodily Injury** to any of **your** employees arising out of and in the course of employment by **you**, 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 Practice Liability**.
- (C) To any liability for **Property Damage** to:
- (1) Real property owned, occupied by or leased to **you**, **your** agents or subcontractors;
 - (2) Real or personal property in **you**, **your** agents or subcontractors care, custody or control or as to which **you**, **your** agents or subcontractors are for any purpose exercising physical control;
- The above exclusions (C)(1) and (C)(2) do not apply to:
- (a) Real and personal property including **Automobiles** and mobile equipment that is in **your** custody as part of the operations of impound lots or seizure activities as well as personal property in **your** care, custody and control at the time of arrest or incarceration;
 - (b) Non-owned **Automobiles** that are in **your** care, custody or control;
 - (c) Real property that is leased or rented by **you** for losses arising out of fire, smoke or resulting water damage.
- (a), (b) and (c) are subject to a maximum limit of coverage of \$1,000,000 per **Occurrence**.
- (D) As respects liability assumed by **you** under any contract:
- (1) To any **Claim**, judgment or agreement from any arbitration proceeding wherein **we** are not entitled to exercise **your** rights in the choice of arbitrators, and in the conduct of such proceedings;
 - (2) If the indemnitee of the **Insured** is an architect, engineer or surveyor, for the liability of the indemnitee, his agents or employees, arising out of:
 - (a) The preparation or approval of contracts, maps, plans, drawings, opinions, reports, tests, inspections, surveys, change orders, designs or specifications;
 - (b) The giving or the failure to give directions or instructions by the indemnitee, his agents or employees, provided such giving or failure to give results in **Personal Injury** or **Property Damage**.
- (E) To liability arising out of the ownership, maintenance, **Loading** or **Unloading**, use of, or operation of any **Aircraft**, airfields, runways, hangars, buildings, or other properties in connection with aviation activities. **Loading** or **Unloading** of **Aircraft** shall not apply to paramedics, nurses or emergency medical technicians employed by **you** or a static aircraft used for instructional aircraft maintenance training, non-flight purposes only.
- 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) or to liability arising out of the ownership, operation, rental, or loan of vehicles licensed for highway use while being operated away from the premises of any airfield
- (F) To any liability arising out of the operation of any hospital, clinic, or health care facility, owned or operated by any **Insured**. This includes, but is not limited to:
- a. The rendering or failure to render:
 - (1) Medical, surgical, dental, x-ray or nursing service or treatment, or the furnishing of food or beverages in connection therewith;
 - (2) Any service or treatment related to physical or mental health or of a professional nature; or

(3) Any cosmetic or tonsorial service or treatment.

b. The furnishing of or dispensing of drugs or medical, dental or surgical supplies or appliances.

This exclusion does not apply to any liability arising out of

1. Ambulance operations, occupational physical examinations, student nursing programs, infirmaries, non-clinic nursing services or services of the **Insured's** employees who are nurses, physician assistants, paramedics, emergency medical technicians, speech therapists, speech pathologists, nutritionists, psychologists, audiologists, or physical therapists;
2. **Employment Practices Liability;**
3. First aid to any person. For the purposes of this exception, first aid means the immediate and emergency care given to an ill or injured person before regular medical aid can be obtained.
4. Any nursing services clinic that does not perform invasive surgery of any kind; or
5. Operations performed by coroners.
6. Volunteer medical personnel while attending an activity sponsored by the Insured or while on school premises under the **Insured's** control.

(G) To **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.

(H) To liability arising out of the failure to adequately supply electrical power, fuel or water or to liability arising out of the interruption of the electrical power, fuel or water supply.

However, this exclusion does not apply to the failure to supply water if:

- (1) Such failure is caused by an **Occurrence** or **Wrongful Act** as defined in this Policy; and
- (2) The combined capacity of **your** installed production facilities and contractual supply arrangements is equal to or greater than one hundred (100) percent of the water demand on **your** water system.

(I) To **Personal Injury** or **Property Damage** arising out of out of the ownership, maintenance, operations, use, **Loading** or **Unloading** of (1) any **Watercraft** owned or operated by or rented or loaned to you, or (2) **Watercraft** operated by any person in the course of employment by you.

However, this exclusion shall not apply to: (a) any owned and/or non-owned **Watercraft** less than fifty-one (51) feet in length, (b) any **Watercraft** while ashore or on premises owned or controlled by you, or (c) rowing or sculling shells regardless of length.

(J) To **Personal Injury, Property Damage** or **Public Officials' Errors and Omissions:**

- (1) With respect to which **you** are also an **Insured** under a nuclear energy policy issued by the Nuclear Energy Liability-Property 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; or
- (2) Resulting from the **hazardous properties of nuclear material** and with respect to which (i) any person or any organizations required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, (ii) **you** are, or had this Policy not been available 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;
- (3) Under any liability coverage, to **Bodily Injury** or **Property Damage**, resulting from **hazardous properties of nuclear material**, if:
 - (a) The **nuclear material** (i) is at any **nuclear facility** owned by, or operated by or on **your** behalf, or (ii) has been discharged or dispensed therefrom;

- (b) 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 **your** behalf;
- (c) **Bodily Injury or Property Damage** arising out of the furnishing by **you** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operating 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 exclusion (c) applies only to **Property Damage** to such **nuclear facility** and any property thereat.

(4) As used in this exclusion:

- (a) **hazardous properties** includes radioactive, toxic or explosive properties;
- (b) **nuclear material** means "source material", special "nuclear material" or "byproducts material";
- (c) **source material**, "special nuclear material" and "by-products material" have the meaning given them in the Atomic Energy Act of 1954 or any law amendatory thereof;
- (d) **spent fuel** means any 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 (1) containing "by-products material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its **source material** contents, and (ii) resulting from the operation by any person or organization of a **nuclear facility** included within the first two paragraphs of the definition of **nuclear facility** below;
- (f) **nuclear facility** means:
 - (i) Any **nuclear reactor**;
 - (ii) 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 **wastes**;
 - (iii) 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 **your** custody at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grains of uranium 235;
 - (iv) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **waste**, including the site on which any of the foregoing is located and 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 self-supporting chain reaction or to contain a critical mass of fissionable material;
- (h) With respect to **Property Damage**, the words injury or destruction includes all forms of radioactive contamination of property.

(K) As respects any liability arising out of **Pollutants**:

- (1) To any **Claim** for **Personal Injury**, or **Property Damage**, or **Public Officials' Errors and Omissions** arising out of the actual or alleged generation, storage, transportation, discharge, dispersal, escape, treatment, removal of, disposal of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gasses, waste materials or other irritants, contaminants or **Pollutants** into or upon the land, atmosphere or water, to include ground water;
- (2) To any obligation to defend any **Claim** or **Suit** against **you** alleging **Personal Injury**, or **Property Damage**, or **Public Officials' Errors and Omissions**, if such **Claim** or **Suit** arose from **Personal Injury**, or **Property Damage**, or **Public Officials' Errors and Omissions** arising out of the discharge, dispersal, release or escape of **Pollutants**, anywhere in the world;

- (3) To any loss, cost or expense arising out of any governmental demand, direction or request that **you** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**;
- (4) To any loss, cost or expense arising out of the arranging to dispose of, the transporting of, or disposing of **Pollutants**;
- (5) To any loss, cost or expense incurred by a governmental unit or other third party, including but not limited to costs of investigation and monitoring, and attorneys' fees, relating to activities in connection with efforts to test for, monitor, clean up, remove, contain, trace, detoxify or neutralize **Pollutants**;
- (6) To any loss, cost or expense arising from any **Underground Storage Tank** unless satisfactory documentation is received and approved by, and are on file with, the **Company**. Coverage is only available for those **Underground Storage Tanks** specifically approved in writing by the **Company** and scheduled in the Policy by endorsement.

However, this exclusion shall not apply to the following:

- (a) Loss or **Damage** arising out of **Pollution Conditions** caused by heat, smoke or fumes from a **Hostile Fire** involving a property which is owned, rented or occupied by the **Insured** or upon which operations are being performed by or on **your** behalf.
- (b) Loss or **Damage** arising out of **Pollution Conditions** caused by **your** firefighting activities or on **your** behalf, including fires intentionally set for training, intentional demolition or fires intentionally set for the purpose of limiting or controlling a fire.
- (c) Loss or **Damage** arising out of **Pollution Conditions** caused by the collision, upset, or overturn of any **Automobile** or mobile equipment.
- (d) Loss or **Damage** arising out of **Pollution Conditions** caused by chemicals used in weed abatement or tree spraying activities conducted by **you**.
- (e) Loss or **Damage** arising out of **Pollution Conditions** caused by classroom activities conducted by or on **your** behalf.

However, exceptions (a) – (e) above do not apply to loss or **Damage** due to asbestos, silica or lead, including but not limited to lead based paint.

- (f) Loss or **Damage** arising out of **Pollution Conditions** caused by the use of pepper sprays, mace, or other chemicals designed to temporarily incapacitate persons as long as the use is deemed to be reasonable force.
- (g) **Personal Injury** or **Property Damage** which is within the Products Hazard or the Completed Operations Hazard
- (h) Loss or **Damage** arising out of **Pollution Conditions** caused by water, whether recycled, reconditioned or reclaimed.
- (i) Loss or **Damage** arising out of **Pollution Conditions** caused by explosion, lightning, windstorm, vandalism and malicious mischief, riot and civil commotion, flood.
- (j) Loss or **Damage** arising out of **Pollution Conditions** that meet the following conditions:
 - (I) It was accidental and neither expected nor intended by the **Insured**; and
 - (II) It was demonstrable as having commenced on a specific date during the term of this policy; and

- (III) Its commencement became known to the **Insured** within ten (10) calendar days; and was further reported to the person responsible for Risk Management within a reasonable timeframe; and
- (IV) Its commencement was reported in writing to the Company within forty (40) calendar days of becoming known to the person responsible for Risk Management; and
- (V) Reasonable effort was expended by the **Insured** to terminate the discharge, dispersal, release or escape of **pollutants** as soon as conditions permitted;
- (VI) Its termination was within seventy-two (72) hours of its commencement.

However, nothing contained in this provision (j) shall operate to provide any coverage with respect to:

- (a) Any site or location principally used by any **Insured**, or others on the **Insured's** behalf for the handling, storage, disposal, dumping, processing or treatment of waste material;
- (b) Any fines or penalties;
- (c) Any clean-up costs ordered by the superfund program, or any federal, state or local governmental authority. However, this paragraph shall not serve to deny coverage for third party clean-up costs otherwise covered by this exception to this exclusion 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 **Insured** owns, rents or occupies at the time of the actual discharge, dispersal, seepage, migration, release or escape of said **pollutants**; or
- (f) Water pollution caused by oil or its derivatives.

As used herein loss or **Damage** means **Ultimate Net Loss** as defined in the **DEFINITIONS** section of this Policy.

- (L) As respects any liability arising out of asbestos and/or silica:
 - (1) To any liability arising out of the manufacture, mining, use, sale, installation, removal, storage, disposal, distribution, or exposure to asbestos products, asbestos fibers, silica or asbestos dust.
 - (2) To any liability to indemnify any party because of **Damage** arising out of **Personal Injury** or loss due to a **Wrongful Act** at any time as a result of the manufacture, sale installation, removal, distribution, transportation or exposure to asbestos, asbestos products, asbestos fibers, silica or asbestos dust.
 - (3) To any liability to defend any **Claim** or **Suit** against **you** seeking **Damages** arising out of **Personal Injury** or **Property Damage** or **Public Officials' Errors and Omissions** due to an **Occurrence** or loss due to a **Wrongful Act**, if such **Claim** or **Suit** results from any of the following: manufacture, mining, use, sale, installation, removal, distribution, transportation, or exposure to asbestos, asbestos products, asbestos fibers, silica or asbestos dust.
- (M) As respects any liability imposed upon **you** under the Employee Retirement Income Security Act of 1974 and any amendatory law thereof.
- (N) To any liability arising out of the rupture, bursting, overtopping, accidental discharge or partial or complete failure of any **Dam**.
- (O) Under Coverage C, **Public Officials' Errors and Omissions** Liability, for:

- (1) Personal Injury or Property Damage, as defined, that does not arise out of a Claim or Suit for **Public Officials' Errors and Omissions**;
- (2) Refund of taxes, fees or assessments;
- (3) **Your** liability arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of plans or failure to award contracts in accordance with any statute or ordinance which under law must be submitted for bids;
- (4) Injury to, destruction or disappearance of any tangible property (including money) or the loss of use thereof;
- (5) Failure to perform or breach of a contractual obligation except employment contracts;
- (6) Liability arising from the deliberate violation of any statute, law, act, ordinance, rule, or regulation whether federal, state, city, county, district, or local committed by or with the knowledge or consent of any **Insured**;

We shall not pay any cost that results from the defense, investigation, and settlement of any **Occurrence** or **Wrongful Act** arising out of any losses excluded herein.

- (P) It is agreed that the following exclusions are hereby included in the Policy only for **Wrongful Acts** resulting from **your Employment Practices Claims**.
- (1) **Strikes and Lockouts.** This Policy does not apply to any **Claim** or **Claims** for loss arising out of a lockout, strike, picket line, replacement or similar actions in connection with labor disputes or labor negotiations.
 - (2) **W.A.R.N. Act.** This Policy does not apply to any **Claim** or **Claim** for loss arising out of the Workers Adjustment and Retraining Notification Act, Public Law 100-379 (1988), or any amendment thereto or any similar federal, state or local law.
 - (3) This Policy does not apply to any **Claim** or **Claims** for any costs incurred by **you** to modify any building or property in order to make said building or property more accessible or accommodating to any disabled person.
- (Q) To any **Claims** or **Suits** arising from all pending or prior litigation or hearing as well as future **Claims** or **Suits** arising out of said pending or prior litigation or hearing, and arising out of, based upon or attributable to the facts alleged, or to the same or related **Wrongful Acts**, alleged or contained in any **Claim** or **Suit** arising out of any **Wrongful Act** prior to the inception of this Policy.
- (R) For **Personal Injury, Property Damage, or Bodily Injury** or any other loss, cost or expense arising in whole or part, out of the installation, repair, removal, encapsulation, abatement, replacement or handling of, presence, ingestion, inhalation, absorption of or exposure to, or testing for, lead in any form or products containing lead.
- (S) For any loss, injury, **Damage**, cost or expense, including, but not limited to, losses, costs or expenses related to, arising from or associated with clean-up, remediation, containment, removal or abatement, caused directly or indirectly, in whole or in part, by:
- (1) Any **fungus(i), mold(s)**, mildew or yeast;
 - (2) Any **spore(s)** or toxins created or produced by or emanating from such **fungus(i), mold(s)**, mildew or yeast;

- (3) Any substance, vapor, gas, or other emission or organic or inorganic body or substance produced by or arising from any **fungus(i), mold(s)**, mildew or yeast; or
- (4) Any material, product, building component, building or structure, or any concentration of moisture, water or other liquid within such material, product, building component, building or structure, that contains, harbors, nurtures or acts as a medium for any **fungus(i), mold(s)**, yeast, or **spore(s)** or toxins emanating therefrom.

Regardless of any other cause, event, material, product and/or building component that contributed concurrently or in any sequence to that loss, injury, **Damage**, cost or expense.

- (T) For injunctions, equitable relief, or any other form of relief other than the payment of money damages.
- (U) Liability arising out of an alleged willful commission of a crime by **you** or other dishonest fraudulent, or malicious act. At **our** discretion, however, **we** will pay for **Defense Costs** until final adjudication, judgment, or settlement to which **we** have agreed. If the judgment or final adjudication is adverse to **you**, **you** will reimburse **us** for all costs associated with the defense.

This exclusion shall not apply to any vicarious liability that any **insured** has with regard to the managerial, advisory, supervisory, or controlling obligations over the actions of another **insured**.

- (V) Liability arising out of **your Wrongful Act** for gain, profit, or advantage to which **you** are not legally entitled. At **our** discretion, however, **we** will pay for **Defense Costs** for any **Claim** or **Suit** arising from an alleged willful commission of a crime by **you** or other dishonor, fraudulent or malicious act, for any **Claim** or **Suit** arising out of **your Wrongful Act** for gain, profit, or advantage to which **you** are not legally entitled until final adjudication, judgment, or settlement to which **we** have agreed. If the judgment or final adjudication is adverse to **you**, **you** will reimburse **us** for all costs associated with the defense.

This exclusion shall not apply to any vicarious liability that any **insured** has with regard to the managerial, advisory, supervisory, or controlling obligations over the actions of another **insured**.

- (W) Liability arising out of a **Wrongful Act** by **you** or on **your** behalf in the handling of **Claims** or **Suits** within **your Retained Limit** whenever **you** investigate, defend, or settle such **Claims** or **Suits** or elect a third party to investigate, defend or settle such **Claims** or **Suits**.

- (X) To **Personal Injury, Property Damage** or **Wrongful Acts** arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war; or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against of these.

- (Y) To liability arising out of or in connection with any transit authority, transit system, or public transportation system owned, operated, or regulated by **you**. This exclusion shall not apply to transit or public transportation systems operating over non-fixed routes, including, but not limited to, Dial-a-Ride, senior citizen transportation, or handicapped persons transportation, or to contingent liability coverage where such services are contracted.

- (Z) For any **Property Damage** arising out of **Land Subsidence** for any reason whatsoever.

- (AA) For **Personal Injury**:

- (1) Arising out of oral or written publication of material, if done by or at the direction by **you** with knowledge if its falsity; or

- (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the Policy Period. All **Personal Injury** arising out of publication of the same or similar material subsequent to the beginning of the Policy Period is also excluded.
- (BB) For any **Claim** or **Suit** under any Uninsured Motorists or Underinsured Motorists or any similar law, and to any sums you may be legally entitled to recover as **damages** from the owner or operator of any uninsured or underinsured **Automobile** because of **Bodily Injury** and **Property Damage** sustained by any **Insured**, caused by an Occurrence and arising out of the ownership, maintenance, operation, use, **Loading** or **Unloading** of such **Automobile**.
- (CC) To any liability arising out of the operation of an Automobile by an employee of the Named Insured as designated in the Declarations of this policy; however, this exclusion only applies to California State University owned, hired or non-owned **Automobiles**.
- (DD) Under Coverage E – Employee Benefit Liability, for **Claims**:
- (1) Arising out of any **Claims** or part thereof which may be alleged as covered under this Coverage Part if we have accepted coverage or coverage has been held to apply for such **Claim** or part thereof under any other Coverage Part (s) of this Policy.
 - (2) Arising out of any representations made at any time in relation to the price or value of any security, bank, bank deposit or financial interest or instrument, including, but not limited to, advice given to any person to participate in any plan included in the **Employee Benefit Program**.
 - (3) Arising out of any depreciation or decline in price or value of any security, debt, bank deposit or financial interest or instrument.
 - (4) Arising out of any insufficiency of funds to meet any obligation under any **Employee Benefit Program**.
 - (5) Arising out of an act, error, or omission by **you** to effect or maintain insurance or bonding for plan property or assets of **Employee Benefit Program**.
 - (6) Arising out of failure of performance or performance under any contract by an insurer of benefits subject to the **Employee Benefit Program**.
 - (7) Arising from any **Employee Benefit Wrongful Act** or Related **Employee Benefit Wrongful Act** of which **you** were aware prior to the Policy Period if such **Employee Benefit Wrongful Act** or Related **Employee Benefit Wrongful Act** could reasonably be expected to give rise to a **Claim**.
 - (8) For **damages** arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by **you**, including the willful or reckless violation of any statute.
 - (9) For **damages** arising out of **Bodily Injury, Property Damage, or Personal Injury**.
 - (10) For **damages** arising out of wrongful termination of employment, discrimination, or other employment related practices.
 - (11) For any **claim** arising out of **your** failure to comply with the mandatory provisions of any Workers' Compensation, Unemployment Compensation Insurance, Social Security or Disability Benefits Law or any similar law.
 - (12) For **damages** for which **you** are liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974 as now or hereafter amended, or by any similar Federal, State or Local laws.

(13) For any **claim** for benefits to the extent that such benefits are available, with reasonable effort and cooperation by **you**, from the applicable funds accrued or other collectible insurance

(EE) To any liability arising out of the purchase, sale, or offer of sale, or solicitation, or decline in price or value of any security, debt, bank deposit or financial interest or instrument

SECTION VII. DEFINITIONS

When used in this Policy (including endorsements forming a part hereof):

(A) **Aircraft** means a vehicle designed for the transport of persons or property principally in the air.

(B) **Automobile** means any licensed land motor vehicle, trailer, or semi-trailer.

(C) **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 Policy Period.

(D) **Claim(s)** means a demand for money

(E) **Company** means the insurer(s) specified in the DECLARATIONS.

(F) **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 **you**. **Operations** include materials, parts or equipment furnished in connection therewith. **Operations** shall be deemed completed at the earliest of the following time:

(1) When all operations to be performed by or on behalf of you at the site of the operations have been completed.

(2) When all operations to be performed by or on behalf of you under the contract have been completed; or

(3) When the portion of the work out of which the injury or Damage arises 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:

(1) 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 Insured; or

(2) The existence of tools, uninstalled equipment or abandoned or unused materials.

(G) **Contract Employee** means:

(1) Any employee who is under contract to you one hundred (100) percent of the time, or

(2) Whose only contract of employment is with you

(H) **Dam** means any artificial barrier together with appurtenant works, which does or may impound or divert water, and which either:

(1) Is twenty five (25) feet or more in height from the natural bed of the stream or water course 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

(2) Has an impounding capacity of fifty (50) acre-feet or more.

- (I) **Damages** includes damages for death and for care and loss of services resulting from **Personal Injury** and damages for loss of use of property resulting from **Property Damage**, and losses for **Wrongful Acts** as defined in this Policy.
- (J) **Defense Costs** means attorney's fees, costs and expenses and other fees, costs and expenses incurred in connection with the investigation, settlement, adjustment, defense and appeal of a **Claim** or **Suit** covered hereunder. However, **Defense Costs** do not include **our** office expenses, **your** office expenses or the salaries of **our** employees or officers or **your** employees or officers.

Additionally, **we** may exercise the right to require that such counsel have certain minimum qualifications with respect to their competency including experience in defending **Claims** or **Suits** similar to the one against **you**, and to require that independent counsel have errors and omissions insurance coverage. **You** agree to instruct counsel, whether independent or in-house, to respond to **our** request(s) for information regarding the **Claim** or **Suit** in a timely manner.

- (K) **Employee Benefit Program** includes any employee benefit plan including, but not limited to, the following: Group life insurance, group accident or life insurance, profit sharing plans, pension plans and stock subscription plans provided that no one other than an employee may subscribe to such insurance plans, unemployment insurance, Social Security Benefits, workers' compensation and disability benefits.
- (L) **Employee Benefit Wrongful Act** means an actual or alleged negligent act, or omission that arises solely from **your** administration of **your Employee Benefit Program**
- (M) **Employment Practices** means: Wrongful termination or discrimination arising out of or due to:
- (1) The refusal to employ any person who is an applicant for employment;
 - (2) The termination of any person's employment; or
 - (3) Employment-related practices, policies, acts or omissions such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
 - (4) The spouse, child, parent, brother or sister of that person or persons as a consequence of any of the employment-related practices described in paragraphs (1), (2), or (3) above is directed;

It is agreed that this Policy shall apply to a **Wrongful Act** that **you** become legally obligated to pay or compensate others for an **Occurrence** resulting from **your Employment Practices Claims**. An **Employment Practice Claim** must arise out of the conduct of **your** operations.

- (N) **Employment Practices Claim** means any **Wrongful Act** relating to a past, present, or prospective employee of **yours** and arising out of an actual or alleged wrongful dismissal, discharge or termination, either actual or constructive, of employment, employment related misrepresentation, wrongful failure to employ or promote, wrongful deprivation of career opportunity, wrongful discipline, failure to grant tenure or negligent employee evaluation or sexual or workplace harassment of any kind, including, but not limited to, the alleged operation of a harassing workplace environment, or unlawful discrimination, whether direct, indirect, intentional or unintentional, or failure to provide adequate employee policies and procedures.

Employment Practices Claim shall include **Wrongful Acts** 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 laws, as amended, including regulations promulgated thereunder:

- (1) Americans with Disabilities Act of 1992 (ADA);
- (2) Civil Rights Act of 1991;
- (3) Age Discrimination in Employment Act of 1967 (ADEA), including the Older Workers Benefit Protection Act of 1990;

- (4) Title VII of the Civil Rights Law of 1974, as amended (1983), including the Pregnancy Discrimination Act of 1978; and
- (5) Fifth and Fourteenth amendments of the United States Constitution.

- (O) **Fungus (i)** includes, but is not limited to, any of the plants or organisms belonging to the major group **fungi**, lacking chlorophyll, and including molds, rusts, mildews, smuts and mushrooms.
- (P) **Hostile Fire** means a fire that becomes uncontrollable or breaks out from where it was intended to be.
- (Q) **Injury or Damage** means any **Injury or Damage** covered under this Policy and includes but is not limited to **Bodily Injury, Property Damage, Personal Injury or Wrongful Acts** as may be defined under this Policy.
- (R) **Insured** means the **Named Insured** designated in Item 1. of the **DECLARATIONS** and any person or organization qualifying as an **Insured** under **SECTION V. PERSONS OR ENTITIES INSURED** of this Policy.
- (S) **Joint Powers Authority (ies)** means two or more public agencies joined together by a joint agreement in order to jointly exercise any power common to the contracting parties, including but not limited to the power to create risk pooling and joint purchase of private insurance.
- (T) **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.
- (U) **Loading or Unloading** means the handling of property:
 - (1) After it is moved from the place where it is accepted for movement into or onto an Aircraft, Watercraft or Automobile;
 - (2) While it is in or on an **Aircraft, Watercraft or Automobile**; or
 - (3) While it is being moved from an **Aircraft, Watercraft or Automobile** to the place where it is finally delivered;but **Loading or Unloading** does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the **Aircraft, Watercraft or Automobile**.
- (V) **Mold(s)** means to include, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce molds.
- (W) **Municipality** means a legally incorporated or duly authorized association of inhabitants of a limited area limited to the following: city, town, county, village, township, borough, hamlet, burg, or state.
- (X) **Named Insured** means the entity (ies) listed in Item 1 of the Declarations including endorsements thereto.
- (Y) **Occurrence** shall mean an accident, or event, or continuous or repeated exposure which results in **Bodily Injury or Property Damage** during the Policy Period; neither expected nor intended by **you**.
- (Z) **Personal Injury** means:
 - (1) **Bodily Injury**, including disability, shock, mental anguish, mental injury, or death resulting from any of the foregoing;
 - (2) False arrest, false imprisonment, wrongful detention, or malicious prosecution;
 - (3) Wrongful entry into, or eviction of any person from, a room, a dwelling or premises that a person occupies, or other invasion of the right of private occupancy;
 - (4) A publication or utterance that slanders or libels a person or organization or disparages a person's or an organization's good, products or services;
 - (5) A publication or utterance that violates a person's right to privacy;

- (6) Assault and battery not committed by or at the direction of, or with **your** consent. However, this limitation does not apply if committed or directed for the purpose of protecting persons from injury or death, or property from **Damage**; and
- (7) Discrimination other than as a result of **Employment Practices**.

all of the above seven (7) items which occur during the Policy Period.

- (AA) **Pollutants** 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.
- (BB) **Pollution Conditions** means the discharge, dispersal, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, medical waste and waste materials into or upon land, or any structure on land, the atmosphere or any watercourse or body of water, including groundwater, provided such conditions are not naturally present in the environment.
- (CC) **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.
- (DD) **Property Damage** means (1) physical injury to or destruction of tangible property which occurs during the Policy Period, including the loss of use thereof at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed, provided such loss of use is caused by an **Occurrence** during the Policy Period.
- (EE) **Public Entity** refers to that **municipality**, governmental body, department, or unit, which is a **Named Insured** in the **DECLARATIONS**.
- (FF) **Public Officials' Errors and Omissions** means losses from **Wrongful Acts** committed by **you**.
- (GG) **Retained Limit** refers to the amount stated on the **DECLARATIONS**.

The **Retained Limit** shall be comprised of **Damages** and **Defense Costs**. **You** shall be responsible for all **Damages** and **Defense Costs** incurred without right to indemnification in accordance with the Policy's terms and conditions until the **Retained Limit** is exhausted as a result of **Damages** and **Defense Costs**.
- (HH) **Spore(s)** means any dormant or reproductive body produced by or arising or emanating out of any **fungus (i), mold(s)**, mildew, plants organisms or microorganisms.
- (II) **Suit** means a civil proceeding in which damages are alleged because of **Bodily Injury** or **Property Damage**, or **Wrongful Act** to which this Policy applies. **Suit** includes:
 - (1) An arbitration proceeding in which such **Damages** are claimed and to which **you** must submit or do submit with **our** consent; or
 - (2) Any other alternative dispute resolution in which such **Damages** are claimed and to which **you** submit with **our** consent.
- (JJ) **Ultimate Net Loss** means the total amount of **Damages** including **Defense Costs** we are legally obligated to pay because of **Bodily Injury, Personal Injury, Property Damage, Wrongful Acts, Employment Practices Wrongful Acts or Employee Benefits Wrongful Acts**. **Ultimate Net Loss** shall be established after a contested **Suit** or by compromise settlement to which we have previously agreed in writing. **Ultimate Net Loss** shall be reduced by any recoveries or salvages which have been paid to or collected by us. **Ultimate Net Loss** includes **Defense Costs** incurred in the defense of an **Occurrence** or **Wrongful Act** to which this insurance applies.

- (KK) **Underground Storage Tank** means any tank, including associated underground piping connected to the tank, that has at least ten (10) percent of its volume below ground.
- (LL) **Underlying Insurance** refers to the policies listed in the Schedule of **Underlying Insurance** and includes:
- (1) Any renewal or replacement of such policies;
 - (2) Any other insurance available to the **you**; and
 - (3) Any other valid and collectible risk financing mechanism provided under a **Joint Powers Authority**.
- (MM) **Watercraft** means a vehicle designed for the transport of persons or property principally on water.
- (NN) **Wrongful Act** means any actual or alleged error, misstatement, omission, negligent act, or breach of duty, including misfeasance, and nonfeasance by the **Insured**.

SECTION VIII. CONDITIONS

(A) **Action Against Us.**

No person or entity has a right under this Policy to join **us** as a party to a lawsuit or to sue **us** under this Policy. **You** acknowledge and agree that this Policy was issued to **you** based upon the representations in **your** application for insurance that this Policy provides **you** with benefits unique to **your** needs for insurance, based upon **your** stated insurance requirements and decisions as to what insurance coverage **you** decided to purchase; and that this insurance policy is unique to **you**. **You** agree that there are no other persons or entities who have a unity of interest with **you** for any issues that may arise in connection with any dispute that **you** may have with **us** in connection with any aspect of this policy, including but not limited to its issuance and the coverage that it provides **you**. **You** agree that **your** right to bring any action against **us** in connection with any dispute is limited to arbitration or submission to small claims court, as per the provisions of **CONDITION (C), Arbitration**.

(B) **Appeals.**

In the event **you** elect not to appeal a judgment in excess of **your Retained Limit**, **we** may elect to do so at **our** own expense, but in no event shall **our** liability for **Ultimate Net Loss** exceed the applicable amount specified in the Limit of Liability section of the **DECLARATIONS** plus all **Defense Costs** necessary and incident to such appeal.

(C) **Arbitration.**

All controversy or **claim** of any nature, including the validity or formation of this Policy, that arises out of or relates to this agreement involving two or more parties to this agreement, that cannot be settled among the disputing parties, shall be resolved by submission to a single, neutral arbitrator for determination through arbitration in accordance with the then current rules of the National Arbitration Forum, Minneapolis, MN, and judgment upon the award may be entered in any court having jurisdiction thereof. The arbitrator shall have the power to decide all disputes between the parties, including but not limited to, the validity, formation, application or interpretation of the agreement, the amount of funds due, if any, and the award of damages only as provided for within this agreement. The arbitrator shall have no power to change, or add to the provisions of this agreement. The arbitrator shall provide a written opinion with his decision and findings of fact and law in accord with the laws in effect in the state in which the **Named Insured** is domiciled. In the event the arbitrator's findings are contrary to the laws of the state whose laws are applicable to the dispute, either party shall be entitled to appeal the arbitrator's ruling, at their own expense.

We will pay the cost of administering the arbitration. **We** will not pay the fees of **your** legal representative or the cost incurred in proving **your** case, unless such fees and costs are included in an arbitration award against **us**.

Notwithstanding the foregoing, all disputes between **you** and **us** shall be submitted to Small Claims Court procedure if the amount in dispute provides jurisdiction of the Small Claims Court or, at the option of the **Insured** only, disputes involving less than \$25,000. may be subject to arbitration.

The provisions of this paragraph, and the obligation to arbitrate as provided herein, applies to all persons or entities who are insured under the policy and to any other persons or entities who may be otherwise entitled to the recovery of any policy benefits under state or federal law.

(D) **Assignment.**

Assignment of interest under this Policy shall not bind **us** until **our** consent is endorsed hereon; however, if **you** die, such insurance as is afforded by this Policy shall apply (1) to **your** legal representative, as the **Named Insured**, but only while acting within the scope of his/her duties as such and (2) with respect to **your** property, to the person having temporary custody thereof as the **Insured**, but only until the appointment and qualification of the legal representative.

(E) **Bankruptcy and Insolvency**

Your bankruptcy, insolvency or inability to pay shall not relieve **us** of any of **our** obligations under this Policy.

But under no circumstances will such bankruptcy, insolvency, or inability to pay require **us** to drop down or in any way replace **your Retained Limit** or assume any obligation associated with **your Retained Limit**.

(F) **Cancellation.**

This Policy may be canceled by the **Named Insured** by surrender thereof to **us** or any of **our** authorized agents or by mailing to **us** written notice stating when thereafter the cancellation shall be effective. The Policy may be canceled by **us** by mailing to the **Named Insured**, at the address shown in this Policy, written notice stating when not less than ninety (90) days thereafter such cancellation shall be effective. If **you** fail to discharge when due any of **your** obligations in connection with the payment of premium for the Policy or any installment thereof, whether payable directly to **us** or **our** agent or indirectly under a premium finance plan or extension of credit, this Policy may be canceled by **us** by mailing to the **Named Insured** at the address shown in this Policy, written notice stating when not less than ten (10) days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the Policy period. Delivery of such written notice either by the **Named Insured** or by **us** shall be equivalent to mailing.

If **you** cancel, earned premium shall be computed in accordance with the customary short rate table and procedure. If we cancel, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

(G) **Changes**

Notice of any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or change in any part of this Policy or estop **us** from asserting any right under the terms of this Policy, nor shall the terms of this Policy be waived or changed, except by endorsement issued and made a part of this Policy.

(H) **First Named Insured**

The **Insured** first named in Item 1. in the **DECLARATIONS** is authorized to act on behalf of all **Named Insureds** and other **Insureds** with respect to the giving and receiving of notice of cancellation and to receiving any returned

premium that may become payable under this Policy. The **Insured** first name in Item 1. in the **DECLARATIONS** is responsible for the payment of all premiums, but the other **Named Insureds** jointly and severally agree to make such premium payments in full if the first **Named Insured** in Item 1. fails to pay the amount due within thirty (30) days after **we** give written demand for payment to the first **Named Insured** in Item 1.

(I) **Inspection and Audit.**

We shall have the right, but not the obligation, to inspect **your** 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 **you** or others, to determine or warrant that such property or operations are safe or healthy.

The **Named Insured** shall maintain records of such information as is necessary for premium computation, and shall send copies of such record to **us** at the end of the Policy Period and at such times during the Policy Period as **we** may direct. **We** may examine and audit **your** books and records as they related to this Policy at any time during the Policy Period and extensions thereof and within three (3) years after the final termination of this Policy.

(J) **Liberalization Clause**

If within sixty (60) days prior to or during the Policy Period **we** adopt any revision which would broaden coverage under this Policy without additional premium, such broadened coverage will immediately apply to this Policy.

(K) **Other Insurance**

If other valid and collectible insurance with any other insurer is available to **you** covering a loss also covered hereunder, whether on a primary, excess or contingent basis, the insurance hereunder shall be in excess of, and shall not contribute with such other insurance; provided, however, this clause does not apply with respect to excess insurance purchased specifically to be in excess of this Policy, or to other insurance which is intended to provide the remainder of the Limit of Liability stated in the **DECLARATIONS** of the Policy when the insurance afforded under this Policy provides less than one hundred (100) percent of the limit set forth on the **DECLARATIONS**.

(L) **Premium**

The premium designated in the Policy **DECLARATIONS** is flat and not adjustable, unless:

- (1) A material exposure is added under the Policy;
- (2) The Limits of Liability are increased or decreased;
- (3) The Policy is restricted or broadened by endorsement; or
- (4) The Policy Period is increased or shortened.

(M) **Subrogation**

We shall be subrogated to the extent of any payment hereunder, to all of **your** rights of recovery and **you** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. **You** may elect to waive **your** right to subrogation prior to a loss. To the extent the **Named Insured** elects to waive such rights, **we** 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 **your Retained Limit** plus the Limit of Liability hereunder shall be reimbursed first to the extent of actual payment. **We** shall be reimbursed next, to the extent of **our** actual payment hereunder. If any balance then remains unpaid, it shall be applied to reimburse you. The expenses 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 **you**, then **you** shall bear the expenses thereof.

(N) **Your Duties in the Event of Occurrence, Wrongful Act, Claim or Suit.**

- (1) In the event of an **Occurrence** or **Wrongful Act** that is reasonably likely to involve **us**, written notice containing particulars sufficient to identify **you** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of any injured persons and witnesses, shall be given by or for **you** to **us** or any of **our** authorized agents as soon as practicable after **your** Risk Manager, Chief Risk Officer, Assistant Vice Chancellor for Risk Management or a Chief Executive Officer of the **Named Insured** has knowledge of the **Occurrence** or **Wrongful Act**.
- (2) If **Claim** is made or **Suit** is brought against **you** that is reasonably likely to involve **us**, **you** shall immediately forward to **us** every demand, notice, summons or other process received by **you** or **your** representatives.
- (3) **You** shall cooperate with **us** and upon **our** request assist in making settlements, in the conduct of **Suits** and in enforcing any right of contribution or indemnity against any person or organization who may be liable to **you** because of **Personal Injury, Property Damage** or **Public Official's Errors and Omissions** with respect to which insurance is afforded under this Policy; and **you** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. **You** will not, except at **your** own cost, voluntarily make any payment, assume any obligation or incur any expense; however, in the event that the amount of **Ultimate Net Loss** becomes certain either through trial court judgment or agreement among **you**, the claimant and **us**, **you** may pay the amount of **Ultimate Net Loss** to the claimant to effect settlement and upon submission of due proof thereof, **we** shall indemnify **you** for that part of such payment which is in excess of your **Retained Limit**, or upon **your** request, make such payment to the claimant on **your** behalf.
- (4) In the event of an **Occurrence** or **Wrongful Act**, which is reserved at greater than or equal to fifty (50) percent of **your** retention, **you** shall:
 - (a) Report said **Occurrence** or **Wrongful Act**; or
 - (b) Regardless of the reserve amount, report losses without regard to liability falling within the following classifications:
 - (I) Fatalities;
 - (II) Spinal cord or brain injuries;
 - (III) Amputations;
 - (IV) Loss of sight;
 - (V) Severe burns;
 - (VI) Serious head injury;
 - (VII) Psycho-neurotic disorders;
 - (VIII) Serious loss of use of any body functions;
 - (IX) Long term hospitalization; or
 - (X) Paralysis;
 - (XI) Civil Rights Allegations, including allegations involving police and law enforcement;
 - (XII) Sexual Abuse or Molestation.
- (5) Whenever **you** have information from which **you** may reasonably conclude that an **Occurrence** or **Wrongful Act** covered hereunder involves injuries or **Damages**, which in the event that **you** shall be held liable, are likely to involve this Policy, notice shall be sent to **us** as soon as practicable; provided, however, that failure to give notice of any **Occurrence** or **Wrongful Act** which at the time of its happening did not appear to involve this Policy, but which at a later date would appear to give rise to **Claims** hereunder, shall not prejudice such **Claims**.

Such notice is to be sent with all pertinent facts as respects Item (O) of **CONDITIONS** to:

YORK Claims Service, Inc.
99 Cherry Hill Road, Suite 102
Parsippany, New Jersey 07054
Attn: Jenai A. Russell, Manager
Fax: (973) 404-9034
Telephone: 1-866-391-9675 (YORK)
Email: 4068ironshorecasualty@york-claims.com
Website: www.york-claims.com

YORK Client Code for Ironshore Casualty: 4068

Key Contacts:

Jenai A. Russell, Manager, YORK Claims Intake Center
Telephone: (973) 404-1155
Email: jenai.russell@york-claims.com

Diane De Cristo, Director, Client Services
Telephone: (908) 595-0248
Email: diane.decristo@york-claims.com

Ironshore Specialty Insurance Company by:

Secretary

President

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 1

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF ENDORSEMENTS

(ATTACHED TO THE POLICY AT INCEPTION)

- | | |
|------------------|--|
| 1. MANU.END.001 | Schedule of Endorsements |
| 2. MANU.END.002 | Named Insured Endorsement - CAMPUSES |
| 3. MANU.END.003 | Named Insured Endorsement - AUXILIARIES |
| 4. MANU.END.004 | Amendatory Endorsement – Automatic Additional Insured Required by Written Contract |
| 5. MANU.END.005 | Crisis <i>Threesixty</i> Amendatory Endorsement |
| 6. MANU.END.006 | Amendment - Reporting Requirement - CSU Sacramento Capital Public Radio |
| 7. MANU.END.007 | Act of Terrorism Retention Endorsement |
| 8. MANU.END.008 | Evacuation Expenses Reimbursement Endorsement |
| 9. MANU.END.009 | Service of Suit |
| 10. MANU.END.010 | Minimum Earned Premium |
| 11. MANU.END.011 | Amendment - Expanded Coverage Territory |
| 12. MANU.END.012 | Violations of Economic Trade Sanctions Endorsement |
| 13. MANU.END.013 | Amendment – Unmanned Aerial Vehicles |

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015

Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 2

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED INSURED ENDORSEMENT CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (CSURMA) – CAMPUSES

This endorsement modifies insurance provided under the following:
SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

ITEM 1: NAMED INSURED, as shown on the Declarations, is completed to read as follows:

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)

In addition, the following persons, entities, and organizations (members) are included as **Named Insureds** under this Policy:

CAMPUSES:

1. California State University, Office of the Chancellor
2. California State University, Bakersfield
3. California State University, Channel Islands
4. California State University, Chico
5. California State University, Dominguez Hills
6. California State University, East Bay
7. California State University, Fresno
8. Humboldt State University
9. California State University, Fullerton
10. California State University, Long Beach
11. California State University, Los Angeles
12. California Maritime Academy
13. California State University, Monterey Bay
14. California State University, Northridge
15. California State Polytechnic University, Pomona

16. California State University, Sacramento
17. California State University, San Bernardino
18. San Diego State University
19. San Francisco State University
20. San Jose State University
21. California Polytechnic State University, San Luis Obispo
22. California State University, San Marcos
23. California State University, Stanislaus
24. Sonoma State University

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015
Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 3

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED INSURED ENDORSEMENT CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (CSURMA) - AUXILIARIES

This endorsement modifies insurance provided under the following:
SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

ITEM 1: NAMED INSURED, as shown on the Declarations, is completed to read as follows:

California State University Risk Management Authority (CSURMA)
Auxiliary Organizations of the California State University

In addition, the following persons, entities, and organizations (members) are included as Named Insureds under this Policy:

	Campus	Auxiliary Organizations
1.	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs
2.	Bakersfield	Associated Students, California State University, Bakersfield, Inc.
3.	Bakersfield	California State University, Bakersfield Foundation
4.	Bakersfield	California State University, Bakersfield Student Union, Inc.,
5.	Chancellor's Office	California State University Foundation
6.	Chancellor's Office	California State University Institute
7.	Channel Islands	Associated Students of California State University, Channel Islands, Inc.
8.	Channel Islands	California State University Channel Islands Foundation
9.	Channel Islands	University Glen Corporation
10.	Chico	Associated Students of California State University, Chico
11.	Chico	The CSU Chico Research Foundation
12.	Chico	The University Foundation, California State University, Chico
13.	Dominguez Hills	Associated Students, California State University, Dominguez Hills
14.	Dominguez Hills	California State University, Dominguez Hills Foundation
15.	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation
16.	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated

17.	East Bay	Associated Students, California State University, East Bay
18.	East Bay	California State University, East Bay Foundation, Inc.
19.	East Bay	Cal State East Bay Educational Foundation
20.	Fresno	Associated Students Inc., of California State University, Fresno
21.	Fresno	California State University, Fresno Association, Inc.
22.	Fresno	California State University, Fresno Foundation
23.	Fresno	Fresno State Programs for Children, Inc.
24.	Fresno	The Agricultural Foundation of California State University , Fresno
25.	Fresno	The California State University, Fresno Athletic Corporation
26.	Fullerton	Associated Students, California State University, Fullerton, Inc.
27.	Fullerton	CSU Fullerton Auxiliary Services Corporation
28.	Fullerton	Cal State Fullerton Philanthropic Foundation
29.	Humboldt	Associated Students, Humboldt State University
30.	Humboldt	Humboldt State University Advancement Foundation
31.	Humboldt	Humboldt State University Sponsored Programs Foundation
32.	Humboldt	Humboldt State University Center Board of Directors
33.	Long Beach	Associated Students, California State University, Long Beach
34.	Long Beach	California State University, Long Beach Research Foundation
35.	Long Beach	Forty-Niner Shops, Inc. CSU Long Beach
36.	Long Beach	CSULB 49er Foundation
37.	Los Angeles	Associated Students, California State University, Los Angeles, Inc.
38.	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
39.	Los Angeles	California State University, Los Angeles Foundation
40.	Los Angeles	University - Student Union Board, California State University , Los Angeles
41.	Maritime Academy	The Associated Students of the California Maritime Academy
42.	Maritime Academy	California Maritime Academy Foundation, Inc.
43.	Monterey Bay	Foundation of California State University, Monterey Bay
44.	Monterey Bay	The University Corporation at Monterey Bay
45.	Northridge	Associated Students, California State University, Northridge, Inc.
46.	Northridge	California State University, Northridge Foundation
47.	Northridge	North Campus University Park Development Corporation
48.	Northridge	The University Corporation, CSU Northridge
49.	Northridge	University Student Union of California State University, Northridge
50.	Pomona	Associated Students Inc., California State Polytechnic University, Pomona
51.	Pomona	The Cal Poly Pomona Foundation, Inc.
52.	Sacramento	Associated Students of California State University, Sacramento
53.	Sacramento	Capital Public Radio, Inc., CSU Sacramento
54.	Sacramento	The University Foundation at Sacramento State
55.	Sacramento	University Enterprises, Inc., CSU Sacramento
56.	Sacramento	University Union Operation of CSUS, Inc.
57.	San Bernardino	Associated Students Inc., California State University, San Bernardino
58.	San Bernardino	University Enterprises Corporation at CSUSB
59.	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
60.	San Bernardino	CSUSB Philanthropic Foundation
61.	San Diego	Associated Students, San Diego State University
62.	San Diego	Aztec Shops, LTD, San Diego State University
63.	San Diego	San Diego State University Research Foundation
64.	San Diego	The Campanile Foundation
65.	San Francisco	Associated Students Inc., San Francisco State University
66.	San Francisco	San Francisco State University Foundation
67.	San Francisco	The University Corporation, San Francisco State

68.	San Jose	Associated Students, San Jose State University
69.	San Jose	San Jose State University Research Foundation
70.	San Jose	Spartan Shops, Inc., San Jose State University
71.	San Jose	The Student Union of San Jose State University
72.	San Jose	The Tower Foundation, San Jose State University
73.	San Luis Obispo	Associated Students Inc., California Polytechnic State University at San Luis Obispo
74.	San Luis Obispo	Cal Poly Corporation
75.	San Luis Obispo	California Polytechnic State University Foundation
76.	San Marcos	The Associated Students of California State University, San Marcos
77.	San Marcos	California State University San Marcos Foundation
78.	San Marcos	San Marcos University Corporation
79.	San Marcos	University Auxiliary and Research Services Corporation 83.
80.	Sonoma	Associated Students of Sonoma State University
81.	Sonoma	Sonoma State University Academic Foundation, Inc.
82.	Sonoma	Sonoma State Enterprises, Inc.
83.	Stanislaus	Associated Students Inc., California State University, Stanislaus
84.	Stanislaus	California State University, Stanislaus Auxiliary and Business Services
85.	Stanislaus	California State University, Stanislaus Foundation
86.	Stanislaus	University Student Union of California State University, Stanislaus
87.	All Campuses	Auxiliary Organization Associations
88.	All Campuses	Auxiliaries Multiple Employer VEBA

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015

Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 4

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY ENDORSEMENT AUTOMATIC ADDITIONAL INSURED REQUIRED BY WRITTEN CONTRACT

This endorsement modifies insurance provided under the following:

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

SCHEDULE OF ADDITIONAL INSURED(S)		
ADDITIONAL INSURED	SPECIFIED CONTRACT	CONTRACT DATE
WHERE REQUIRED BY WRITTEN CONTRACT		

SPECIAL NOTE: THIS POLICY PROVIDES INSURANCE IN EXCESS OF A **RETAINED LIMIT**. THE ADDITIONAL INSURED(S) LISTED ABOVE WILL BE SUBJECT TO THE SAME POLICY TERMS, CONDITIONS AND LIMITATIONS PROVIDED TO THE **NAMED INSURED**.

This policy is amended as follows:

1. Any person(s), entity (ies) or organization(s) listed in the Schedule of this endorsement to whom the **Named Insured** is obligated by virtue of a written contract to provide insurance solely with respect to **personal injury** and **property damage** is an additional insured with regard to liability and defense of **claims** or **suits** arising from the operations and uses performed by or on behalf of the **Named Insured**.
2. The Limits of Insurance afforded under this endorsement to such person(s), entity (ies) or organization(s) will be limited to the limits of insurance required within the terms of the written contract or the limit of insurance of this policy, whichever is less. We will not be obligated for limits of insurance indicated in the written contract that are greater than the limits of insurance of this policy.
3. With respect to **claims** arising out of the operations and uses performed by or on behalf of the **Named Insured**, such insurance coverages afforded the Above-Named Additional Insured under the policy shall be considered the primary coverage, but will apply in excess of the **Named Insured's retained limit**. We shall not seek contribution from the other insurance held by the person(s), entity (ies), or organization(s) named above for amounts payable under this insurance.

This condition applies only with respect to liability for **personal injury** or **property damage** arising out of the negligent acts of the **Named Insured**.

4. Each insurance coverage under the policy shall apply separately to each Above-Named Additional Insured against whom **claim** is made or **suit** is brought except with respect to the limits of insurance afforded to the Additional Insured under the policy procured by the **Named Insured**.
5. However, Paragraphs 1, 2, 3, and 4 above do not apply to a person(s), entity(ies), or organization(s) unless the **Named Insured** had a specific written contract from that person(s), entity(ies) or organization(s) that requires that:
 - a. This insurance be primary;
 - b. They be an additional insured under this policy; and
 - c. The **Named Insured** received such request prior to the date that the **Named Insured's** operations for that person(s), entity (ies) or organization commenced.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015
Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 5

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CRISIS THREESIXTYSM AMENDATORY ENDORSEMENT

This policy is amended as follows:

Section I., INSURING AGREEMENT is amended to include the following additional provision:

Section I. INSURING AGREEMENT – Coverage F Crisis ThreeSixty

A. Crisis ThreeSixty

We will advance **Crisis ThreeSixty Costs** directly to third parties on behalf of the **Named Insured**, regardless of fault, arising from a **Crisis Management Event** first commencing during the **Policy Period**, up to the amount of the **Crisis ThreeSixty Limit of Insurance**.

B. Specialty Casualty Fund

We will pay **Crisis Management Loss** on behalf of the **Named Insured** arising from a **Crisis Management Event** first commencing during the **Policy Period**, up to the amount of the **Specialty Casualty Fund Limit of Insurance**.

C. A Crisis Management Event will first commence at the time during the **Policy Period** when a **Key Executive** first becomes aware of an **Occurrence** that gives rise to a **Crisis Management Event** and will end when we determine in good faith that a crisis no longer exists or when the **Crisis ThreeSixty Limit of Insurance** has been exhausted, whichever occurs first.

D. There will be no **Retained Limit** applicable to **Crisis ThreeSixty Costs** or **Crisis Management Loss**.

E. Any advancement of **Crisis ThreeSixty Costs** or payment of **Crisis Management Loss** that we make under the coverage provided by this **Section I. Coverage F** will not be a determination of our obligations under this policy, nor create any duty to defend any **Suit** under any other part of this policy.

Section III., Your Retained Limit – Our Limit of Liability is amended to include the following additional provisions:

The **Crisis ThreeSixty Limit of Insurance** is the most we will pay for all **Crisis ThreeSixty Costs** under this policy, regardless of the number of **Crisis Management Events** first commencing during the **Policy Period**. This **Crisis ThreeSixty Limit of Insurance** will be in addition to the applicable **Limit of Insurance**.

The Specialty Casualty Fund Limit of Insurance is the most we will pay for all **Crisis Management Loss** under this policy, regardless of the number of **Crisis Management Events** first commencing during the **Policy Period**. **This Specialty Casualty Fund Limit of Insurance** will be in addition to the applicable **Limit Of Insurance**.

We will have no obligation to advance **Crisis ThreeSixty Costs** when we determine in good faith that **Crisis Management Event** has ended or when the **Crisis ThreeSixty Limit of Insurance** has been exhausted, whichever occurs first.

It is further understood and agreed, that **Item 3** of the **Declarations Page** is amended to include the following additional limits:

3B (6) \$100,000 **Crisis ThreeSixty Limit of Insurance**
3B (7) \$50,000 **Specialty Casualty Fund Limit of Insurance**

Section VIII., Conditions is amended to include the following additional condition as respects **Crisis ThreeSixty** only:

(O) (6) Your Duties in the Event of an Occurrence, Wrongful Act, Claim or Suit as respects to **Crisis ThreeSixty**:

You must report any **Crisis Management Event** to us within twenty-four (24) hours of the time that a **Key Executive** first becomes aware of an **Occurrence** that gives rise to a **Crisis Management Event**, or as soon as practicable thereafter, to be eligible for the advancement of **Crisis ThreeSixty Costs** and the payment of **Crisis Management Loss**.

Notice of a Crisis Management Event

Notice of a **Crisis Management Event** may be given 24 hours / 7 days by calling Ironshore @ 1.866.795.1414.

Approved Crisis Management Firms

The following firms are approved **Crisis ThreeSixty Firms**:

Crisis Management Firms:

The Abernathy MacGregor Group

501 Madison Avenue New York, NY 10022 (212) 371-5999	707 Wilshire Boulevard, Suite 3950 Los Angeles, CA 90017 (213) 630-6550
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Rhonda Barnat (cell) (917) 912-6378 rb@abmac.com	Ian Campbell (cell) (213) 422-7958 idc@abmac.com
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Mike Pascale (cell) (917) 860-2048 mmp@abmac.com	Charlie Sipkins (cell) (310) 600-0293 cfs@abmac.com
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Section VII., Definitions is amended to include the following additional definitions:

OO. Crisis Management Event means an **Occurrence** that in the good faith opinion of a **Key Executive** of the **Named Insured**, in the absence of **Crisis Management Services**, has or may reasonably result in:

1. damages covered by this policy that are in excess of the total applicable limits of **Scheduled Underlying Insurance** or the **Self-Insured Retention**; and
2. significant adverse regional or national media coverage.

Crisis Management Event will include, without limitation, man-made disasters such as explosions, major crashes, multiple deaths, burns, dismemberment, traumatic brain injury, permanent paralysis, or contamination of food, drink or pharmaceuticals, provided that any damages arising out of any of the aforementioned must be covered under this policy.

PP. **Crisis Management Firm** means any firm that is shown in Schedule A, Approved Crisis Management Firms, attached to and forming a part of this policy or any other firm that you select and we approve, which is hired by you to perform **Crisis Management Services** in connection with a **Crisis Management Event**.

QQ. **Crisis Management Loss** means the following amounts incurred during a **Crisis Management Event**:

1. amounts for the reasonable and necessary fees and expenses incurred by a **Crisis Management Firm** in the performance of **Crisis Management Services** for the **Named Insured** solely arising from a covered **Crisis Management Event**; and
2. amounts for reasonable and necessary printing, advertising, mailing of materials, or travel by directors, officers, employees or agents of the **Named Insured** or a **Crisis Management Firm** incurred at the direction of a **Crisis Management Firm**, solely arising from a covered **Crisis Management Event**.

RR. **Crisis Management Services** means those services performed by a **Crisis Management Firm** in advising the **Named Insured** on minimizing potential harm to the **Named Insured** from a covered **Crisis Management Event**.

SS. **Crisis ThreeSixty Costs** means the following reasonable and necessary expenses incurred during a **Crisis Management Event** directly caused by a **Crisis Management Event**, provided that such expenses have been pre-approved by us and may be associated with damages that would be covered by this policy:

1. Medical expenses;
2. Funeral expenses;
3. Psychological counseling;
4. Travel expenses;
5. Temporary living expenses;
6. Expenses to secure the scene of a **Crisis Management Event**; and
7. Any other expenses pre-approved by the Company.

Crisis ThreeSixty Costs do not include defense costs or **Crisis Management Loss**.

TT. **Crisis ThreeSixty Limit of Insurance** means the **Crisis ThreeSixty Limit of Insurance** shown in **item 3B (6) of the Declarations**.

UU. **Specialty Casualty Fund Limit of Insurance** means the **Specialty Casualty Fund Limit of Insurance** shown in **Item 3B (7) of the Declarations**.

VV. **Key Executive** means the Chairman, Chief Executive Officer, Chief Operating Officer, Director of Risk Management, Chief Risk Officer, Chief Financial Officer, President, General Counsel or general partner (if the **Named Insured** is a partnership) of the **Named Insured** or sole proprietor (if the **Named Insured** is a sole

proprietorship). A **Key Executive** also means any other person holding a title designated by you and approved by us, which title is shown in Schedule A, Additional Key Executives attached to and forming part of this policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015
Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 6

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT - REPORTING REQUIREMENT CSU SACRAMENTO CAPITAL PUBLIC RADIO

This endorsement modifies insurance provided under the following:

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

SCHEDULE

CSU Sacramento Capital Public Radio

Prior Acts Time Period:

For any **Personal Injury Liability, Property Damage Liability, Public Officials' Errors and Omissions Liability or Employment Practices Liability** 11/01/02 to 11/01/07

Report Due Date: 7/01/16

Only with respect to CSU Sacramento – Capital Public Radio, the following is added to SECTION I. **INSURING AGREEMENT:**

This insurance applies to any **Personal Injury Liability, Property Damage Liability, Public officials' Errors and Omissions Liability or Employment Practices Liability**, in excess of the **Retained Limit**, occurring within the Prior Acts Time Period shown in the Schedule of this endorsement only if the **claim** or **suit** is reported to **us** by the Report Due Date shown in the Schedule of this endorsement. However, the insurance provided by this endorsement will not apply to such **Personal Injury Liability, Property Damage Liability, Public officials' Errors and Omissions Liability or Employment Practices Liability** if:

1. The **claim** or **suit** has been reported to or otherwise known by **you** prior to inception of this Policy;
2. The **claim** or **suit** has been reported under any policy whose limits of insurance have been exhausted;

3. The **claim** or **suit** is within and subject to any deductible or self-insured retention under another policy; or
4. Coverage under another policy is impaired by the other carrier's bankruptcy or insolvency

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015
Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 7

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACT OF TERRORISM RETENTION ENDORSEMENT

Solely with respect to any **Act of Terrorism**, this policy is amended as follows:

Section III., YOUR RETAINED LIMIT – OUR LIMIT OF LIABILITY, is amended to include the following **Act of Terrorism Retained Limit**:

As respects all liability arising out of an **Act of Terrorism**, an **Act of Terrorism Retained Limit** in the amount of \$5,000,000 shall apply per occurrence.

The **Act of Terrorism Retained Limit** applies whether or not there is any available **Underlying Insurance** providing coverage to the **Insured** for an **Act of Terrorism**. If there is **Underlying Insurance** providing coverage to the **Insured** for an **Act of Terrorism** covered by this policy, amounts received through such **Underlying Insurance** for payment of liability arising out of the **Act of Terrorism** may be applied to reduce or exhaust the **Act of Terrorism Retained Limit**.

Section VII., DEFINITIONS, is amended to include the following additional definitions:

Act of Terrorism means:

- a. any act which is verified or recognized by the United States Government as an act of terrorism, including a certified act of terrorism defined by Section 102. Definitions, of the Terrorism Risk Insurance Act of 2002 and any revisions, amendments, or extensions thereto; or
- b. the use or threatened use of force or violence against person or property or commission of an act dangerous to human life or property or commission of an act that interferes with or disrupts an electronic or communication system undertaken by any person or group whether or not acting on behalf of or in connection with any organization, government, power, authority or military force when the effect is to intimidate, coerce or harm a government, the civilian population or any segment thereof or to disrupt any segment of the economy.

Act of Terrorism Retained Limit means the amount to be borne by the **Insured** for liability arising out of an **Act of Terrorism** before this policy applies.

It is understood and agreed that if any other endorsement to this policy excludes coverage for an **Act of Terrorism** arising in one or more specified countries, the provisions of such exclusion shall supersede this endorsement.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015
Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 8

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EVACUATION EXPENSES REIMBURSEMENT ENDORSEMENT

This **SPECIAL EXCESS POLICY FOR PUBLIC ENTITIES** policy is amended as follows:

Item 3 of the Declarations is amended to include the following additional limits:

3c. \$50,000 Evacuation Expenses Reimbursement Limit of Insurance

Section I., INSURING AGREEMENT, is amended to include the following additional provision:

Evacuation Expenses Reimbursement

We will reimburse the **Named Insured** shown in Item 1 of the Declarations for **Evacuation Expenses** actually paid by the **Named Insured** in connection with a single **Evacuation Event** occurring during the **Policy Period** shown in Item 2 of the Declarations, up to the amount of the **Evacuation Expenses Reimbursement Limit of Insurance**.

Section III., YOUR RETAINED LIMIT – OUR LIMIT OF LIABILITY, is amended to include the following additional provisions:

The **Evacuation Expenses Reimbursement Limit of insurance** is the most we will pay for all **Evacuation Expenses** under this policy. This **Evacuation Expenses Reimbursement Limit of Insurance** will be in addition to the applicable **Limits of Liability** shown in Item 3a and 3b of the Declarations.

We will pay **Evacuation Expenses** for only one **Evacuation Event** occurring during the **Policy Period** shown in Item 2 of the Declarations, regardless of the number of **Evacuation Events** occurring during the **Policy Period**.

Section VIII., CONDITIONS O, YOUR DUTIES IN THE EVENT OF OCCURRENCE, WRONGFUL ACT, CLAIM, OR SUIT, is amended to include the following additional condition as respects Evacuation Expenses Reimbursement only:

You must report any **Evacuation Event** to us within forty-eight (48) hours of the time that a **Key Executive** first becomes aware of an **Occurrence** that gives rise to an **Evacuation Event**, or as soon as practicable thereafter, to be eligible for **Evacuation Expenses Reimbursement**.

Notice of an Evacuation Event

Notice of an **Evacuation Event** may be given 24 hours / 7 days by calling Ironshore @ 1.866.795.1414.

Section VII., DEFINITIONS, is amended to include the following additional definitions:

Evacuation Event means the removal from one or more of the Named Insured's facilities to any other location of a majority of the occupants of such facility (ies) as a result of any natural or man-made **Occurrence** that, in the reasonable judgment of one or more **Key Executives** of the **Named Insured**, causes or could potentially cause such facility (ies) to be unsafe for such occupants.

Evacuation Expenses means reasonable costs incurred in connection with an **Evacuation Event**, including costs associated with transporting and lodging occupants who have been evacuated. **Evacuation Expenses** does not include any remuneration, salaries, overhead or benefit expenses of the **Named Insured**.

Evacuation Expenses Reimbursement means the **Evacuation Expenses Reimbursement Limit of Insurance** shown in Item 3c. **of the Declarations**.

Key Executive means the Chairman, Chief Executive Officer, Chief Operating Officer, Director of Risk Management, Chief Risk Officer, Chief Financial Officer, President, General Counsel or general partner (if the **Named Insured** is a partnership) of the **Named Insured** or sole proprietor (if the **Named Insured** is a sole proprietorship). A **Key Executive** also means any other person holding a title designated by you and approved by us, which title is shown in Schedule A, Additional Key Executives attached to and forming part of this policy.

Occurrence means an accident, offense or event, including continuous, repeated, or related exposure to substantially the same generally harmful conditions, which results in an **Evacuation Event** that is neither expected nor intended from the standpoint of the **Insured**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015

Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 9

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT

In the event of the Company's failure to pay any amount claimed to be due hereunder, the Company, at the request of the Insured will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the law; of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Legal Department, Ironshore Holdings, U.S. Inc., One State Street Plaza, 7th Floor, New York, NY 10004, or his or her representative, and that in any suit instituted against the Company upon this contract, the Company will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefore, the Company hereby designates the Superintendent, Commissioner, or Director of Insurance, other officer specified for that purpose in the statute, or his or her successor or successors in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of an Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015

Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 10

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM

It is understood and agreed that in the event of cancellation of this policy by or at the direction of the insured, the Company shall retain a Minimum Earned Premium of 35%.

It is further agreed that the provision regarding cancellation by the insured is amended to read:

“If the Insured cancels this policy, earned premium will be computed in accordance with the customary short-rate table and procedure, or the Minimum Earned Premium stated herein, whichever is greater”.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015
Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 11

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT - EXPANDED COVERAGE TERRITORY

This endorsement modifies insurance provided under the following:

SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

SECTION IV. POLICY PERIOD - TERRITORY is deleted in its entirety and replaced by the following:

SECTION IV. POLICY PERIOD - EXPANDED COVERAGE TERRITORY

The Policy Period commences on the effective date shown in the **DECLARATIONS**. The Policy Period ends on the earlier of either the expiration date or the effective date of cancellation of this Policy. If a person or organization becomes an **Insured** under this Policy after the effective date, the Policy Period for that person or organization begins on the date the person or organization became an **Insured**.

This Policy applies to **Personal Injury, Property Damage, Public Official's Errors and Omissions, Employment Practices Claims, or Employee Benefits Wrongful Acts** arising out of an **Occurrence** or a **Wrongful Act** that takes place during the Policy Period, in the Expanded Coverage Territory, subject to the following:

1. If a **Claim** is made and a **Suit** is brought for such **Occurrence** or **Wrongful Act** in the United States of America, we will pay on your behalf the **Ultimate Net Loss** in excess of **your Retained Limit** hereinafter stated, which you become legally obligated to pay as **Damages**, to which this Policy applies caused by an **Occurrence** or a **Wrongful Act** that takes place during the Policy Period.
2. If a **Claim** is made and a **Suit** is brought for such **Occurrence** or **Wrongful Act** that is within the Expanded Coverage Territory but outside the United States of America, the **Insured** will initiate a defense of the **Claim** or **Suit** and **we** will indemnify the **Insured** for **Ultimate Net Loss** in excess of **your Retained Limit** hereinafter stated, which you become legally obligated to pay as **Damages**, to which this Policy applies caused by an **Occurrence** or a **Wrongful Act** that takes place during the Policy Period. 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 Policy may apply, and the **Insured** shall cooperate fully with us in such participation. If we exercise this right, we will do so at our own expense.
3. All payments or reimbursements we make for **Damages** because of judgments or settlements will be made in U.S. currency at the prevailing exchange rate at the time the **Insured** became legally obligated to pay such sums.

4. The **Insured** must fully maintain any coverage required by law, regulation or other governmental authority during the policy period, except for reduction of the aggregate limits due to payment of **Damages**.

Failure to maintain such coverage required by law, regulation or other governmental authority will not invalidate this insurance. However, this insurance will apply as if the required coverage by law, regulation or other governmental authority was in full effect.

The following definition is added to **SECTION VII. DEFINITIONS: Expanded Coverage Territory** means anywhere in the world with the exception of any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States of America.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015
Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

ENDORSEMENT # 12

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIOLATION OF ECONOMIC OR TRADE SANCTIONS

This policy is amended as follows:

SECTION VIII. CONDITIONS is amended to include the following additional condition:

Violation of Economic or Trade Sanctions

If coverage for a claim or "suit" under this policy is in violation of any United States of America's economic or trade sanctions, laws, or regulations, including, but not limited to, sanctions, laws, and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") then coverage for that claim or "suit" shall be null and void.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Authorized Representative

September 3, 2015
Date

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

Endorsement # 13

Policy Number: 000541305

Effective Date of Endorsement: July 01, 2015

Insured Name: California State University Risk Management Authority (CSURMA); California State University (CSU);
Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT - UNMANNED AERIAL VEHICLES

This endorsement modifies insurance provided under the following:
SPECIAL EXCESS LIABILITY POLICY FOR PUBLIC ENTITIES

SECTION VI. EXCLUSIONS, (E) is deleted in its entirety and replaced by the following:

(E) To liability arising out of the ownership, maintenance, **Loading** or **Unloading**, use of, or operation of any **Aircraft**, airfields, runways, hangars, buildings, or other properties in connection with aviation activities.

This exclusion shall not apply to:

1. **Loading** or **Unloading** of **Aircraft** by paramedics, nurses or emergency medical technicians employed by **you** in the course of medical treatment.
2. Static aircraft used for instructional aircraft maintenance training, and classroom or travel activity associated with an **Aircraft** program or curriculum (non-flight purposes only).
3. Those areas open to the public for the purpose of entering, leaving, or using the airport facilities (including parking lots, and garages) or to liability arising out of the ownership, operation, rental, or loan of vehicles licensed for highway use while being operated away from the premises of any airfield.
4. **Unmanned Aerial Vehicles.**
5. Class 1. Amateur Rockets, as defined by the U.S. Department of Transportation, Federal Aviation Administration, Procedures for Handling Airspace Matters, Order JO 7400.2K, Effective Date: April 3, 2014, Chapter 31. Amateur Rocket and Commercial Space Operations, Section 1. General, 31-1-5. DEFINITIONS, c. Amateur Rocket Class 1 a model rocket that uses no more than 125 grams (4.4 ounces) of propellant; uses a slow-burning propellant; is made of paper, wood, or breakable plastic; contains no substantial metal parts; and weighs no more than 1,500 grams (53 ounces) including the propellant.

SECTION VII. DEFINITIONS, is amended as follows:

1. Definition **(A) Aircraft** is deleted in its entirety and replaced by the following:

Aircraft means any machine supported in the air by buoyancy or by the dynamic action of air on its surfaces including airplanes, helicopters, gliders, **Unmanned Aerial Vehicles** (aka "Drones"), rockets, satellites, and missiles.

The following definition is added to **SECTION VII. DEFINITIONS**:

Unmanned Aerial Vehicle (aka: "Drone") means any vehicle designed to fly in the air with no onboard pilot or crew used principally for the transport of equipment that has a flight weight of 100 lbs or less (flight weight includes the aircraft itself, fuel and other fluids, and all payload), and is used for research and/or educational purposes.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

Authorized Representative

September 3, 2015
Date

VENTIV TECHNOLOGY RISK CONSOLE PROPOSAL
INSURANCE POLICY DATABASE

ISSUE: At the May 5, 2016 Executive Committee meeting, the Committee reviewed staff's recommendation that CSURMA expand its current liability claims management system software contract with Ventiv Technologies to add an insurance policy database module that could be further expanded to include benchmarking dashboards across our various insurance programs, such as property, AIME, general liability etc. At the September 23, 2016 meeting the Executive Committee received a presentation from Ventiv Technologies on system capabilities. The Executive Committee requested that staff conduct a webinar with campus risk managers so that the EC could receive feedback from likely campus users on the merits of the Ventiv risk management information system (RMIS) as a solution.

RECOMMENDATION: It is recommended that CSURMA Executive Committee evaluate the proposal from Ventiv Technologies consider delegation of authority to the Secretary-Auditor to negotiate and execute agreements to obtain the necessary software licenses described above.

FISCAL IMPACT: The cost of the Ventiv policy management and reporting module will have an annual cost of approximately \$32,000 with implementation fees of \$32,000. The budget includes funding to establish the database.

Should the Executive Committee desire the more robust dashboard, "Risk Console", the implementation cost would not increase by more than \$142,000 and annual cost will not exceed \$75,000.

BACKGROUND: CSURMA purchases over 50 insurance policies per year and issues over 200 memoranda of coverage to the members. It is important that we are able to track and locate the coverage documents. Beyond document management, insurance industry vendors have developed products that can track insurer solvency, remaining limits and create graphical representations of insurance programs. Ventiv's software is considered among the industry leaders and staff expects it to continue to be upgraded to remain a leading solution.

Industry trends and the CSU have stressed the benefits of data dashboards and benchmarks in order to evaluate various programs over time, provide benchmarking opportunities and a "one-stop" database that overall may house representative data points over a wide variety of

CSURMA programs. If approved, the initial endeavor would include dashboards of property, general liability and the AIME programs.

PUBLICATION: None.

ATTACHMENT(S):

- a. Ventiv Technologies Proposal/Presentation

Ventiv Technology

California State University Risk Management
RiskConsole Proposal

September 23, 2016

Executive Summary

Thank you for considering Ventiv Technology as a potential provider of a new Risk Management Information System (RMIS) for CSURM.

From our discussions with you, we understand you are looking at:

- ❖ Policy Management
- ❖ Exposure Summary
- ❖ Enhanced Reporting

Ventiv Technology and our market leading RMIS platform, RiskConsole, are perfectly suited to providing the solution for you. With our experience, expertise and product capabilities, in partnership with your risk management team, we can bring the best value solution to your organization.

This document will provide you with an overview of Ventiv Technology, our experience and provide further details on the following RiskConsole modules. These we believe could help address many of your risk information, data and reporting challenges:

- Policy Management
- Exposure Management
- Claim Management
- Property Management
- Business Intelligence Reporting

We hope you find this overview document informative and useful for your decision making process.

Our dedicated and experienced team of risk technology professionals look forward to continue our work with CSURM.

Introduction

About Ventiv Technology

Ventiv Technology is a global company headquartered in London, with offices in San Ramon, Dallas, Chicago, Atlanta, Paris, Rotterdam, Hamburg, Hong Kong and Sydney. Formerly a division of Aon Plc (as Aon eSolutions), Ventiv Technology became an independent company in September 2014 following our acquisition by Symphony Technology Group.

Ventiv has more than 40 years of experience in the technology business, and we now serve more than 550 organizations and 270,000 people around the world.

Through RiskConsole we help businesses turn risk and insurance data into insights that help deliver a competitive advantage and generate tangible value. RiskConsole enables our users to capture, manage and analyze renewal data, incidents and claims, policies, ERM, premium allocation, risk financing and more from one integrated system.

Staff & Industry Experience

Ventiv Technology are proud to have the most experienced and knowledgeable team within the risk technology marketplace. We actively encourage all our staff – both client facing and technical – to undertake insurance specific qualifications.

Ventiv Technology works with over 500 of the world's largest companies and across all industry sectors.

Through this experience our Solutions Consultants, Project Managers and Business Analysts have become well versed in understanding your situation and providing simple, relevant and effective solutions.

Risk Console Overview

RiskConsole is Ventiv Technology’s market leading Risk Management Information System (RMIS).

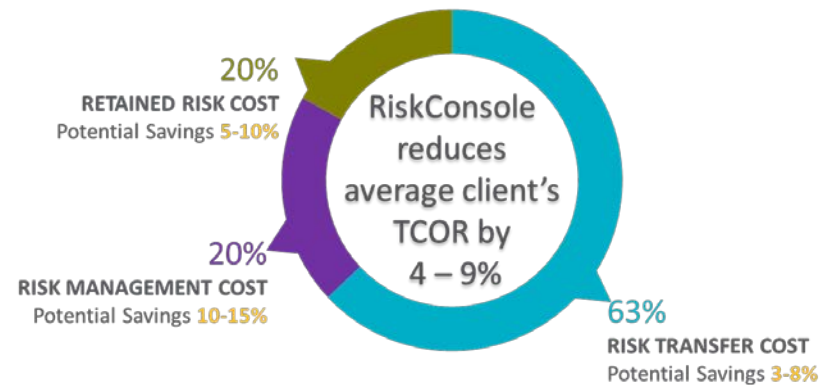
Typically we found Risk & Insurance Managers are facing the following challenges in managing their risk information:



Implementing RiskConsole helps you overcome these challenges and deliver clear benefits to your risk management and business. From our Global Risk Technology Survey, risk managers identified these top benefits:

1	Accuracy and reliability of data	6	Ease of access to data from one location
2	Automation of processes	7	Communication improvement
3	Data consolidation and management	8	Increased awareness
4	Management reporting improvements	9	Total cost of risk reduction/management
5	Risk management process improvement	10	Auditability

These combining to provide you with clear financial benefits in relation to your overall expenditure:



RiskConsole is a flexible solution designed on a series of interrelated, integrated modules focused on the risk activity of most importance for our clients. By building on the processes you currently have in place we will empower you with the following capabilities:

- ✓ **Improved efficiencies** – automating the collection, collation and distribution of information.
- ✓ **Industry-leading reporting and analytics** – enabling better informed business decision making.
- ✓ **Reduce TCOR** – by providing accurate, timely and auditable insurance and risk information.

Built specifically for the risk and insurance market, RiskConsole consolidates and processes your risk and insurance data into useful and actionable information. RiskConsole gives you the ability to identify patterns and trends in your data quickly, ultimately providing you with a deeper understanding of risks your organisation faces.

RiskConsole includes a range of integrated analytics tools, so users can compare specific business lines and identify correlations across the organization's entire operations. Built-in geographic mapping capabilities help decision making by allowing aggregated and proximity risk situations to be identified, assets to be related to their risk level for natural catastrophe hazards and proximity alerts to be generated.

With ready-to-go packages that address an organization's typical needs, it's easy to get the right solution. As a modular system, RiskConsole makes it easy to get started with your key priorities right out of the box. Self-service tools allow you to tailor the system to meet your specific needs. And, as your business requirements change, RiskConsole grows and adapts with you.

Accessing RiskConsole

RiskConsole is a 100% online platform - known as a 'software as a service' (SaaS). The system can be accessed from any internet connected device (including smartphones and tablets) enabling you to obtain your insurance information, documentation and reporting anywhere in the world and at any time.

RiskConsole is accessed using your web-browser and secure login details (email address and password).

No software or tools need to be installed on the client computer systems.

RiskConsole Security

Ensuring the security of your data is of critical importance to Ventiv Technology. We take information security exceptionally seriously and are pleased to offer our clients a world-class, market leading security infrastructure.

Ventiv Technology holds a number of key information security accreditations including **ISO 27001**, the highest global security standard available. This standard covers not only our systems, but also our processes and people. Additionally Ventiv holds **HIPPA** and **SSAE-16/SOC1** certifications too.

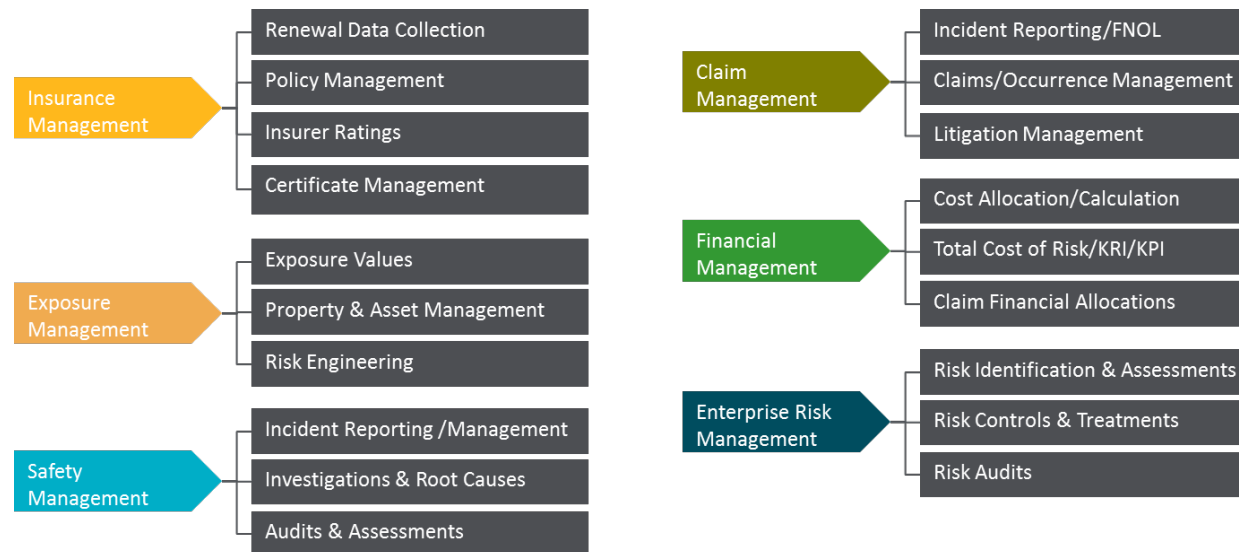
Clients have a choice of data centers with a US (based in Atlanta) and EU (based in Dublin) data centers and unlike some other providers within the risk technology marketplace, Ventiv's entire infrastructure is entirely owned by us. We do not use or rely on third-party providers for any of our system architecture or infrastructure.

Full security and accreditation details can be provided on request.

Modules & Capabilities

RiskConsole consists of a large number of ‘modules’ that cover the various work streams and activities undertaken by Risk & Insurance Managers. This modular flexibility allows clients to implement various capabilities in a phased approach aligned to their own business priorities.

All RiskConsole modules are completely integrated and work seamlessly with each other.

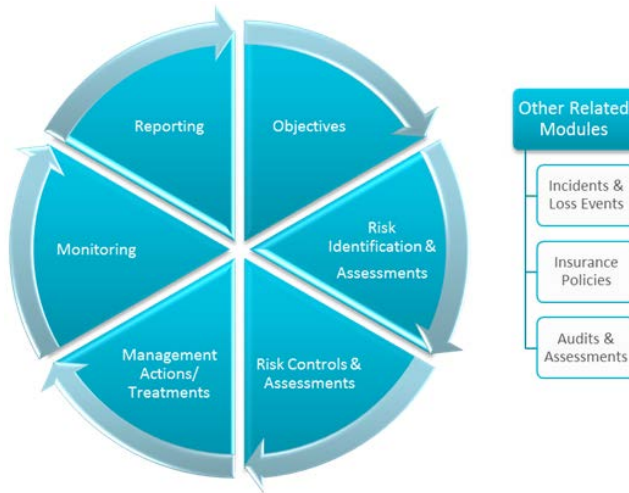


CSURM RiskConsole Administrator will have ultimate control over the system and how it is configured, including ability to add, update and remove users, legal entities, units, objects, data fields, workflow and reports. The administrator will also have the ability to delegate this work out to other individuals based on system security rules and privileges.

What follows is a more detailed look at the various RiskConsole modules we feel will be of immediate benefit to you.

Enterprise Risk Management

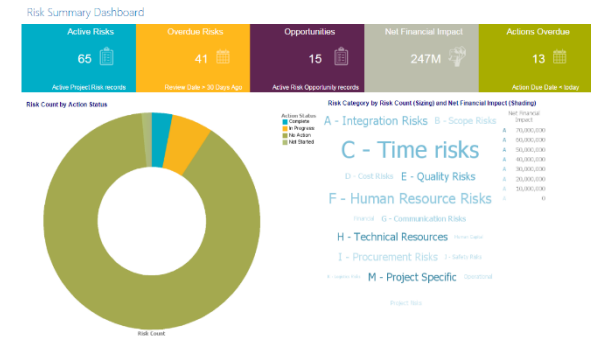
Empowering the managing of risk across your enterprise



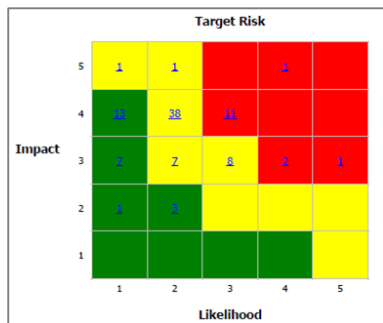
In today's world there is an even greater need to understand the risks facing an organization on an enterprise basis. Managing Risk Registers on a global scale via spreadsheets can be resource intensive and unreliable. By implementing a robust reliable online tool for recording and consolidating risks facilitates improved management of risks, strategic decision making, and monitoring preventative measures (controls) and actions.

RiskConsole's ERM module is simple, clear, scalable, easily accessible and flexible. Delivering a transparent and auditable process that can be included as part of a formal corporate governance and rating submission.

- ✓ Integrate ERM and insurance management activities.
- ✓ More efficient with better workflow, automatic reminders and chasers, and seamless consolidation, aggregation and reporting.



- ✓ Roll out ERM across your enterprise; embed risk management and drive best practice.
- ✓ Maximize the value of your ERM process with improved real-time reports and analytics to help make better risk based decisions.



Features include:

- Full hierarchy support covering business, objectives, categorizations and other contexts like projects.
- Full audit trail and tracking of assessments over time to easily track changes in risk landscape and identify developing risks.
- Supports escalation of risks up your organisation or establishing a risk linkage for aggregating risks.
- Linked with RiskConsole's powerful reporting and analytic capabilities for risk maps, risk registers, risk plots, per risk profiles, top risk reductions, and spider charts for landscape views.

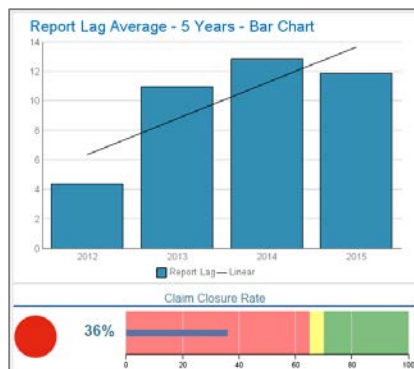
Claims Management

Capturing, managing and reporting claims information provides a deeper understanding of risks your organization faces

Working with more accurate, complete and reliable data helps identify claim trends, establish accurate reserves and adds the ability to perform root cause analysis. All these activities identify key drivers for optimizing loss investment control and gauging the best split between retention and transfer of risk.

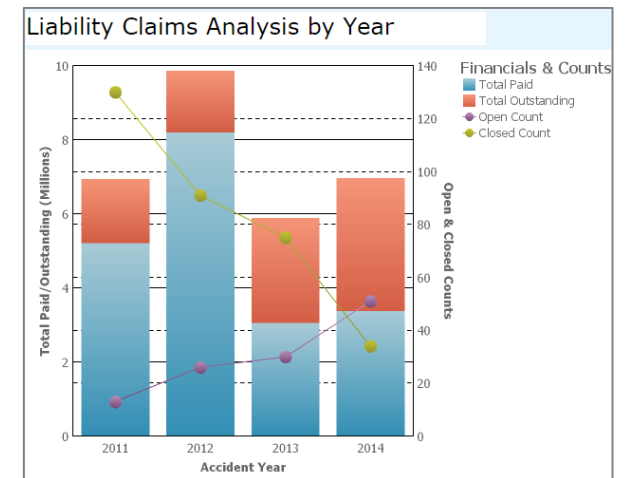
Whether you self-administer claims or rely on a third party claims administrator, RiskConsole’s Claims module allows you to be in control of your claim situation with one consolidated central repository. The Claims module is a comprehensive claims management system where records can be viewed, added, edited, and removed. In addition to the standard claims data fields there are an abundance of customizable data fields which can be used to support your claims management process.

- ✓ **Reduce reporting costs** Expedite incident/claim reporting to reduce claim reporting costs and effort for the whole organization, plus gather the quality data you've always dreamed of!
- ✓ **Improve your operational and financial performance:** Your claims financial performance is a critical component of total cost of risk. Optimize your claims handling process, and transform raw claims data into actionable business intelligence.
- ✓ **Proactive loss control:** Track trends and identify patterns to proactively avoid incidents and reduce claims.
- ✓ **Maximize the impact of your legal and service provider spend:** Proactively manage your legal and service providers against their service levels. Strategically manage legal matters with greater insight into performance, expenses and risk.



Features include:

- Very flexible ability to automatically consolidate and intake claims information from multiple sources into the system, including manual entry and from a wide variety of TPAs and insurers, or a combination of the two as appropriate.
- Supports a full range of Claim types with specific information and business rules.
- Track reserves and payment changes, with approval processes, full history and accounting integration options.
- Full claim lifecycle workflow support including diary (plus automatic), notes, and associated documentation (including form letters and e-mail in).



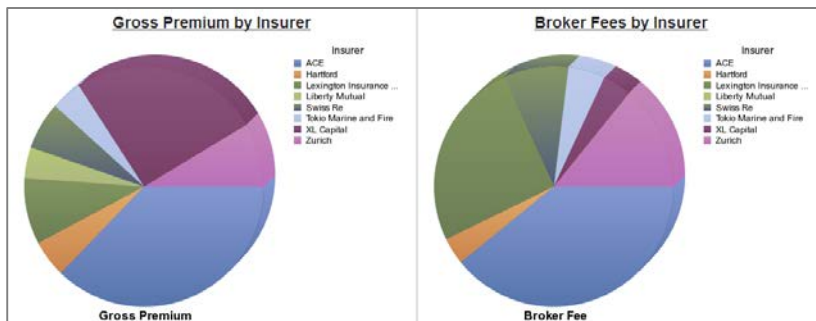
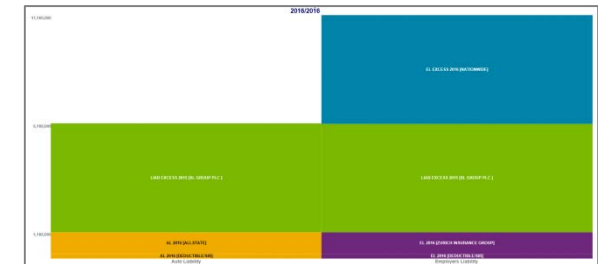
Policy Management

A Holistic approach to managing policies and insurance programs

With the increasing globalization of organizations, managing your insurance requirements has become more complicated. Ensuring adequate cover is in place globally whilst remaining compliant with local territory regulations is complex enough without also having to monitor erosion of policy limits.

The Policy Management module helps you maximise the coverage for your premium spend. Managing your organization’s insurance policies, including premiums, limits & conditions, loss ratios, aggregate erosion, premium flows, and insurer exposure.

- ✓ **100% visibility:** understand globally the policies you have in place, the cover and premium expenditure, insurers used and make informed decisions.
- ✓ **Spot coverage gaps and overlaps:** with a transparent view on your policy and program structure, eliminate duplicate policies, eliminate coverage gaps and identify opportunities for new global cover.
- ✓ **Monitor Policy Performance:** understand your policy loss ratios and help target poor performing areas plus keep a tight track on any aggregate positions.
- ✓ **Streamline certificate management:** significantly cut the time and effort needed to manage certificates of insurance. Define custom insurance requirements. Track vendor compliance. And it’s all auditable and traceable.
- ✓ **Protect against credit exposures:** understand your organization’s insurer rating exposures. Be proactive in monitoring your insurers’ financial ratings; especially for historic programs and external vendors/contractors policies.



Features include:

- Manage program structures and visualise via automatically generated mud maps
- Track policy limits/sub-limits, deductible levels and retention limits including variances by organisation and exposure with associated erosion tracking.
- Cater for simple and complex covers, including multiple year and multiple coverages.
- Cover lifecycle of a policy, with renewal support and endorsement tracking for mid-term adjustments.
- Manage fronting, coinsurance and reinsurance and respective participation.

Exposure Management (Property)

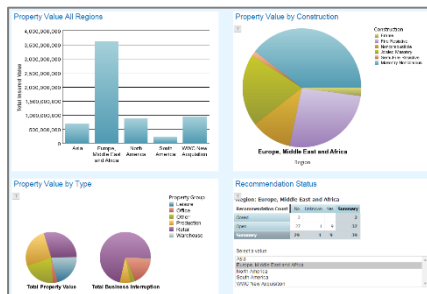
A proactive exposure risk control system to enable a stronger negotiating position for risk transfer

Risk managers often face the challenge of effectively managing risks associated with a large and diverse property & asset portfolio. Providing complete risk profiles of each property supplies underwriters with the quality data they need strengthening your negotiating position for securing the best property premium rates.

The Property Module is a flexible comprehensive property management system capturing all Construction, Occupancy, Protection and Exposure (COPE) information and providing visibility of what you own, lease or operate. With location references as well as property/asset purposes, valuation method, and insurance policy details all recorded; helpful when understanding the impacts from major events.



- ✓ **Understand the global profile of your risks:** With exposures and assets stretched across nations, identifying all the detailed exposures and assets, with their relative exposure to hazards and perils allows the risk manager to make informed decisions about managing their risks.
- ✓ **Maximize the value of your risk improvement program:** With a fully transparent risk profile, you can get better insights on where to invest your loss control budget to get the most value.
- ✓ **Get the optimal coverage limits and terms:** With a comprehensive and timely landscape view of your exposure and asset portfolio, you can have the correct insights for discussions with your risk advisors.
- ✓ **Streamline your exposure-management processes:** RiskConsole helps risk managers administer and automate the exposure-management process by driving data collection responsibility to field users knowledgeable of their exposures with real-time tracking/reminders to ensure completion.



Features include:

- Track multiple loss estimates including; EML (estimated maximum loss), PML (probable maximum loss) and NLE (normal loss expectancy).
- Benchmark similar facilities and equipment against each other, as well as past performance. Measure key metrics while also identifying trends.
- Managing summarised exposure values like vehicle numbers, payroll, and hours worked with custom support and use in weighted reporting.
- Track other detailed exposures like fleet, drivers, contracts, projects, employees, energy assets, marine assets, aviation assets, etc.

The Exposure Management module can be used stand-alone. However, it's far more powerful when linked to other modules in RiskConsole; e.g. engineering surveys, loss control recommendations, claim, policy, safety and incident.

Pricing Proposal

Here is the proposed pricing by phases.

I. Phase 1: implement policy management.

- Modules:
 - Policy Management:
 - Implementation including config, reporting, testing, project management, and training: \$5,500
 - Annual Ongoing: \$3,250
- User Licenses:
 - 1 Administrator, 2 Full Users w/ reporting, 15 Lite Users:
 - Implementation including config, testing, project management, and training: \$11,000
 - Annual Ongoing: \$4,920
- Data Loads:

Description	Layout	Frequency
Hierarchy from iVOS	Standard	Quarterly

- Implementation including setup, testing, and project management: \$10,000
- Annual Ongoing: \$1,950
- Project Management Status/Planning: 30 hours \$5,850
- Managed Service Hours: 40 hours \$7,800
- Hosting: \$3,000
- Stewardship:
 - Onsite meeting once per year to discuss product and organization roadmap: \$1,560
 - Travel: \$3,000
- **Total Implementation: \$32,350**
- **Total Annual Ongoing (MSH, Hosting, Stewardship, Annual Ongoing): \$25,480**

II. Phase 2: implement claim management and data loads.

- Modules:
 - Claim Management:
 - Implementation including config, reporting, testing, project management, and training: \$12,000
 - Annual Ongoing: \$1,170
- Data Loads:

Description	Layout	Frequency
AORMA WC	Standard	Quarterly
Campus WC	Standard	Quarterly
Carl Warren AORMA Liability	Standard	Quarterly
iVOS Campus Liability	Standard	Monthly

- Implementation including setup, testing, and project management: \$52,000
 - Annual Ongoing: \$18,525
- Project Management Status/Planning: 30 hours \$5,850
- Managed Service Hours: 26 hours \$5,070
- **Total Implementation: \$69,850**
- **Total Annual Ongoing (MSH, Annual Ongoing): \$24,765**

III. Phase 3: implement exposure summary, property management, and data loads.

- Modules:
 - Exposure Summary:
 - Implementation including config, reporting, testing, project management, and training: \$3,000
 - Annual Ongoing: \$1,500
 - Property Management:
 - Implementation including config, reporting, testing, project management, and training: \$5,500
 - Annual Ongoing: \$3,250

- User Licenses:
 - 5 Lite Users:
 - Implementation including config, testing, project management, and training: \$2,500
 - Annual Ongoing: \$350

- Data Loads:

Description	Layout	Frequency
Oasis AORMA Property	Standard	One-Time
Oasis Campus Property	Standard	One-Time
AIME Policy HSR/AG	Standard	Quarterly
ClubSports Policy HSR/AG	Standard	Quarterly
Alliant Property	Standard	Quarterly
CA State-ORIM Property	Standard	Quarterly

- Implementation including setup, testing, and project management: \$52,000
- Annual Ongoing: \$7,800
- Project Management Status/Planning: 30 hours \$5,850
- Managed Service Hours: 31 hours \$6,045
- Hosting: \$2,000
- **Total Implementation: \$68,850**
- **Total Annual Ongoing (MSH, Hosting, Annual Ongoing): \$20,945**

IV. Complete Project Summary:

- Modules:
 - Policy Management
 - Claim Management
 - Exposure Summary
 - Property Management

- User Licenses:
 - 1 Administrator
 - 2 Full w/ reporting
 - 20 Lite
- Data Loads:

Description	Layout	Frequency
Hierarchy from iVOS	Standard	Quarterly
AORMA WC	Standard	Quarterly
Campus WC	Standard	Quarterly
Carl Warren AORMA Liability	Standard	Quarterly
iVOS Campus Liability	Standard	Monthly
Oasis AORMA Property	Standard	One-Time
Oasis Campus Property	Standard	One-Time
AIME Policy HSR/AG	Standard	Quarterly
ClubSports Policy HSR/AG	Standard	Quarterly
Alliant Property	Standard	Quarterly
CA State-ORIM Property	Standard	Quarterly

- Project Management Status/Planning: 90 hours
- Managed Service Hours: 97 hours
- Hosting
- Stewardship
- **Total Implementation: \$171,050**
- **Total Annual Ongoing: \$71,190**

RISK PROGRAM BENCHMARKING AND TREND ANALYSIS PROJECT UPDATE

ISSUE: This item was deferred from the September 23, 2016 Executive Committee meeting pending sample reports from CWCI.

At its March 11, 2016 Long Range Planning meeting, the Executive Committee determined CSURMA should establish a regular practice of benchmarking the performance of CSURMA's coverage programs to internal and external standards, which should help identify claim trends and enable CSURMA to proactively manage loss exposures. Staff will provide a status report at today's meeting, including:

1. CSURMA membership in the California Workers' Compensation Institute (CWCI), a statewide database on claims costs. Membership allows enables CSRMA to evaluate claims experience of CSU campuses and auxiliary organizations against similar institutions.
2. Systemwide Risk Management development of performance measurement standards and balanced scorecards, which will include benchmarks for CSU's Liability, Property, Workers' Compensation, and AIME coverage programs.
3. Systemwide Risk Management development of data sharing protocols with other universities, including the University of California System.

RECOMMENDATION: The Executive Committee may wish to take action at today's meeting or provide direction to Staff on next steps.

FISCAL IMPACT: No cost is anticipated from action at today's meeting. If action is expected to result in additional cost, a budget will be presented to the Executive Committee as a midterm budget amendment.

BACKGROUND: CWCI is a not-for-profit organization supported by member contributions. Insurers and self-insurers contribute data to the CWCI data warehouse and are granted access to prepare reports comparing their data to similar employment categories, with names of claimants and employers kept confidential. CWCI database is now populated with CSU data for comparative analysis and allows staff to identify performance measures. Using this data, CSU would be able to identify types of claims and specific geographic regions where improvement may be achieved. The

University of California has agreed to join CWCI and contribute their claims data, which should provide even more valuable benchmarking opportunities for CSU.

PUBLICATION: None.

ATTACHMENT(S): None.

MASTER OUT-OF-STATE ONLINE EDUCATION SURETY BOND

ISSUE: This item was deferred from the September 23, 2016 Executive Committee meeting pending completion of the campus bond information survey and needs assessment.

As a long range planning goal, the Executive Committee directed staff to research the CSU's out-of-state online education activities, determine out-of-state surety requirements for online education, and develop a master out-of-state online education surety bond for all CSU campuses where possible. Staff will provide a report of its findings and present possible opportunities for a master bond.

RECOMMENDATION: The Executive Committee may wish to take action at today's meeting and/or provide direction to staff on next steps.

FISCAL IMPACT: TBD. The Executive Committee may decide that campuses pay their portion of the surety bond premium directly, or if the action taken today results in additional cost to CSURMA, a budget will be presented to the Executive Committee as a midterm budget amendment.

BACKGROUND: Some states require out-of-state institutions who provide educational services in their state to provide a surety bond for the benefit of that state. CSU campuses who provide online education to students residing outside the State of California have been securing the required bonds individually, and on a state-by-state basis.

PUBLICATION: None.

ATTACHMENT(S): None.

RISK MANAGEMENT INNOVATION GRANT PROGRAM

ISSUE: The Risk Management Innovation Grant Program makes funds available for Campus members in the Liability and Workers' Compensation programs to supplement Campus costs for innovative safety-related items and/or training that lead to mitigation of risk exposures, and which may also reduce risk for other campuses systemwide. A maximum of \$10,000 per campus in matching grant funds was made available for FY 2016/17. Unencumbered funds of the prior year may be utilized for systemwide endeavors.

Two applications have been submitted for review today:

1. San Jose State reapplied for a grant that had been denied for lack of specificity. The revised application provides greater detail regarding a data encryption software system for laptops.
2. EHS Affinity Group submitted another application to utilize \$30,000 of unencumbered funds for emergency responders/safety officers training. At its last meeting, the Executive Committee approved EHS' application for two FIT Backsafe "train the trainers" sessions. Not including this new application, \$80,252 remains as unencumbered funds in FY 2015/16.

RECOMMENDATION: The Executive Committee is asked to review and approve risk management grant request as it deems appropriate.

FISCAL IMPACT: For FY 2015/16, \$80,252 remain as unencumbered funds. Approval of the EHS Affinity Group application would reduce the amount by \$30,000. \$240,000 has been budgeted for FY 2016/17, of which \$8,000 has been encumbered.

BACKGROUND: The Risk Management Innovation Grant Program was established by the Executive Committee on September 13, 2013. The program makes funds available to Campus members in the Liability and Workers' Compensation coverage programs for specialized training, safety equipment, physical improvements, or other safety related items that may lead to mitigation of risk exposures.

PUBLICATION: None.

ATTACHMENT(S):

- a. Summary of Applications
- b. Completed Applications Submitted by Campuses
- c. Risk Management Grant Program Description and Procedures

FY 2016-17 Campus Risk Management Innovation Grant Program

Campus	Date of Application	Provider	Description	Estimated Start Date	Estimated Completion	Estimated Cost	Requested Amount	Approved by EC	Approved Amount	Invoice Received	Grant Payment	Comments
Nov 2, 2016 EC												
EH&S Directors Affinity Group	10/18/16	Don Will Training	ICS Safety Officer training module: two-persons from each campus in Northern CA and Southern CA.	10/1/16		\$ 30,000	\$ 30,000					Kevin Brady (EHS Director)
San Jose	10/4/16	SHI	Workstation and Laptop Encryption	11/1/16		\$ 20,000	\$ 10,000					Bradley Olin

Please submit your completed Grant Application to Rob Leong at:

(email) rluong@alliant.com or (fax) **415-874-4810**

1. CSURMA grants are available to all CSU campuses to supplement member costs for Safety & Risk Control and/or Employee Health & Wellness projects.
2. This is a "matching" grant program. CSURMA pays 50% of member's costs that have been approved by CSURMA. The maximum payable by CSURMA for all approved projects is \$10,000 total per member.
3. If member has more than one project, member may submit an application for each project under consideration. No more than \$10,000 total is payable per member for all projects during the fiscal year.
4. Applications may be submitted for pre-approval by CSURMA prior to member incurring costs for project described above.
5. Applications must be signed by the Campus VP of Business & Finance or designee.
6. Applications must be submitted during the same fiscal year that the project expense is incurred.
7. Applications must include supporting documents such as:
 - a. detailed description of the proposed project
 - b. anticipated timeline for completion of project
 - c. estimated total cost for the proposed project
9. Members working collaboratively via the Risk Managers and/or Environmental Health & Safety working groups (CSUWERCS) may complete a Grant Application for unencumbered funds that would be applicable to systemwide risk mitigation endeavors. Other than item 5, the requirements remain the same.
10. *Equipment, trainings, personal protective equipment, etc. that employers are required by law or regulation to provide are not eligible for reimbursement.* **This program is intended to encourage members to enhance existing risk control efforts. Please feel free to contact the Program Administrator to discuss whether an item or service is eligible for reimbursement prior to submitting a request form.**
11. It is the member's responsibility to obtain confirmation from CSURMA that all reimbursement requests submitted were received by CSURMA.
12. Please contact **Rob Leong** at 415.403.1441 or rluong@alliant.com if you have any questions.

Don Will Training
30 Wahoo Ave.
Oroville, CA. 95966

donwilltraining@att.net
(530) 282-6280-Business Cell

"I'm all for starting somewhere"
California Small Business Supplier Number 1004281

October 1, 2016

Randy Styner
Emergency Operations Officer
California State University, Los Angeles
5151 State University Drive Los Angeles, CA 90032

Randy,

Based on our phone conversation on September 13, here is the cost proposal for your consideration. This proposal is for the following classes:

- All Hazard L-954 SOFR 32-Hour class at CSU-LA
- All Hazard L-954 SOFR 32-Hour class at CSU-Monterey

Cost Breakdown for CSU-LA Class:

- **Two registered FEMA L-954 Instructors Salary**
 - Don Will-40 Hours @ \$95/Hour=\$3800.00
 - Mike Burns-32 Hours @ \$95/Hour=\$3040.00
- **Travel/Per Diem-Includes Plane/POV Miles/Parking/Lodging/Rental Car¹ @ Federal Per Diem Rates**
 - Don Will-\$2448.00
 - Mike Burns-\$2098.00
- **Administration/Profit**
 - FEMA Registration/FEMA Close-Out Report/Instructor Coordination-@18%=\$1230.00
- **L-954-LA Total=\$12616.00**

¹ Both Instructors will coordinate flights to LAX and carpool.

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Cost Breakdown for CSU-Monterey Class:

- **Two registered FEMA L-954 Instructors Salary**
 - Don Will-40 Hours @ \$95/Hour=\$3800.00
 - Phil Veneris-32 Hours @ \$95/Hour=\$3040.00

- **Travel/Per Diem-Includes POV Miles²/Lodging/ @ Federal Per Diem Rates**
 - Don Will-\$1242.00
 - Phil Verneris-\$1132.00

- **Administration/Profit**
 - FEMA Registration/FEMA Close-Out Report/Instructor Coordination-@18%=\$1230.00

- **L-954-Monterey Total=\$10445.00**

- **Total Cost Per Class;**
 - L-954-LA=\$12616.00
 - L-954-Monterey=\$10445.00

- **Total=\$23061.00³**

Please review and contact me if you have any questions or need clarifications. Thank you for the opportunity to deliver these classes to CSU.

Sincerely,

Donald B. Will

Digitally signed by Donald B. Will
DN: cn=Donald B. Will, o=Don Will Training, ou,
email=donwilltraining@att.net, c=US
Date: 2016.10.01 12:39:26 -0700'

DONALD B. Will
Don Will Training

² Both Instructors will drive POV from home unit to Monterey and return.

³ Total cost does not include any course material duplication or shipping. CSU will provide these services.

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October 1, 2016

Randy Styner
Emergency Operations Officer
California State University, Los Angeles
5151 State University Drive Los Angeles, CA 90032

Randy,

Based on our phone conversation on September 13, here is a short summarization of the All Hazard L-954 SOFR class. I also included a suggestion for a comparison and maintaining standardization for an EOC based Safety Officer.

Background

The NIMS-L-954 Safety Officer (SOFR) class is a 4-day, 32-hour course that is focused on the Roles and Responsibilities of the Safety Officer that is a member of the Command Staff on an Incident Command Post based (On-Scene) All Hazards Incident Management Team. To summarize, the primary Safety Officers role on an AHIMT is to:

- Develop and Recommend measures for ensuring personnel safety, and assess and anticipate hazardous situations.

The four core responsibilities are:

- Recognize potentially hazardous situations
- Inform personnel of hazards
- Ensure special precautions are taken when extraordinary hazardous exists
- Ensure that adequate rest is provided to all personnel

The student is instructed on the processes and interactions with the Command and General Staff, participation in the Planning Cycle (Planning P), field observations and hazard/risk analysis methods to manage risk. This not only takes in the field incident, but also includes all incident facilities, food services, travel routes, sleeping facilities, fueling/sanitation/disposal oversight, interactions with aviation components and accident/injury/illness fact-finding and

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California Small Business Supplier Number 1004281

investigation. The SOFR is responsible not only for on-scene assessments, but also Incident Command Post (ICP) and support facility oversights.

The Unity of Command for the AHIMT-SOFR is to the Incident Commander.

Current Status-CSU System-EOC Based Safety Officer

In the interest of standardization, and to meet the CSU use of an EOC Safety Officer, I recommend blending the "California Statewide Multi-Agency Coordination System Guide, February 2013', specifically, on page 18, as the description of the SOFR position duties in an EOC/MAC Group facility. It reads as follows:

Safety Officer

The Safety Officer ensures a safe working environment is established and maintained in the facility. The Safety Officer will routinely inspect and correct any deficiencies in the operating environment of the EOC/MAC Group facility. The Safety Officer will also ensure that personnel are not over-stressed or working for extended periods that may jeopardize their health.

The Safety Officer:

- Ensures all buildings and other facilities used in support of the EOC are in a safe operating condition.
- Monitors operational procedures and activities to ensure they are being conducted in a safe manner, considering the existing situation and conditions.
- Stops or modifies all unsafe operations, notifying the MAC Group Coordinator of actions taken.
- Maintains Unit Log for documentation package.

The Unity of Command for the EOC based Safety Officer is the EOC Director or Mac Group Coordinator.

The experience base of the instructors I plan to use is broad in scope with years of field and support experience. I am confident we will bridge the ICP Safety Officer and EOC Safety Officer duties through class discussion and include in the lecture.

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Student Pre-requisites as set by NIMS

Students are required to have the following course work completed prior to attending the L-954 class.

- ICS-100 through 400.¹
- ICS-700

One of the following three courses:

- All Hazard Incident Management Team-L-305
- Command and General Staff Functions for Local IMT
- I-420

California NIMS coordinators are in agreement with the CICCIS Task Force that it is perfectly acceptable to successfully complete the Position Specific classes prior to completing the L-305 All Hazard IMT class.

In comparison, the ICS series classes, 100 through 400 and ICS-700 must be completed prior to students attending any of the NIMS (8) Command and General Staff Position Specific courses, which L-954 Safety Officer is part of. ICS-100, 200 and 700 are available on-line. ICS-300 and 400 are classroom delivered classes. If you have the need, I have available, qualified instructors that live locally in LA and in close proximity to Monterey that are available for these deliveries. Perhaps we can discuss options.

Sincerely,

Donald B. Will

Digitally signed by Donald B. Will
DN: cn=Donald B. Will, o=Don Will Training, ou,
email=donwilltraining@att.net, c=US
Date: 2016.10.01 12:40:20 -07'00'

DONALD B. WILL
Don Will Training

¹ Effective October 1, 2013 ICS-400 was changed from recommended to required.

[Federal Emergency Management Agency | Emergency Management Institute](#)



E954: All-Hazards Position Specific Safety Officer

Course Description:

This course provides local- and state-level emergency responders with a robust understanding of the duties, responsibilities, and capabilities of an effective Safety Officer (SOFR) on an All-Hazards Incident Management Team (AHIMT). These responsibilities fall into two categories: 1) responding to the incident and the safety needs of the incident, and 2) effectively fulfilling the position responsibilities of an SOFR on an AHIMT. Exercises, simulations, discussions, and a final exam enable participants to process and apply their new knowledge.

Emergency Management Institute
16825 S. Seton Ave., Emmitsburg, MD
21727
Switchboard: (301) 447-1000
Admissions Fax: (301) 447-1658



DisasterAssistance.gov
ACCESS TO DISASTER HELP AND RESOURCES
(800) 621-FEMA / TTY (800) 462-7585
[3 Step Guide for Assistance](#)



FEMA



Independent Study Program
Office: (301) 447-1200 Fax: (301) 447-1201



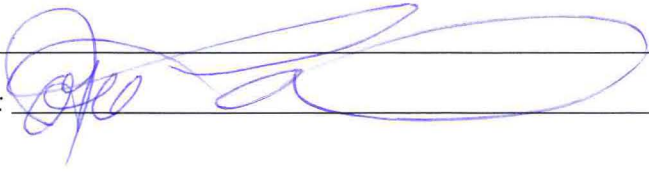
Campus Risk Pools Grant Application

Safety & Risk Control, Employee Health & Wellness

Please Complete All Fields

Campus/Working Group: San Jose State University		10/4/2016
Contact: Bradley Olin	Phone: (408) 924 1663	Email: Bradley.olin@sjsu.edu
<p>Grant Requested for <i>(please describe)</i>: Workstation and Laptop Encryption. San Jose State University currently owns and supports 2000 laptops which are at times used to store confidential data belonging to our Students, Faculty and Staff. Several times per semester a laptops becomes missing, lost or stolen resulting in University data entering the hands of a criminal. Often, information security breach notifications are issued to the impacted individuals and data is never recovered. The University, and its constituents are at risk of identity theft, costs associated with the Information Security Incident and damage to the University's reputation.</p>		
Planned Date of Purchase <i>(Please attach cost estimate)</i> : 11/1/2016		Amount Requested <i>(Up to \$10,000 per fiscal year - please see guidelines at the bottom)</i> : \$10,000
This is a <i>(check all that apply)</i> :		
<input checked="" type="checkbox"/> Service	<input checked="" type="checkbox"/> Software	<input type="checkbox"/> Equipment
<input type="checkbox"/> Training	<input type="checkbox"/> Safety Program Development	<input type="checkbox"/> Safety Program Management
<input type="checkbox"/> Safety Consulting	<input type="checkbox"/> Other <i>(please describe)</i> :	
Please describe how this will improve or enhance your risk control efforts:		
<p>Laptops are inherently designed to be small, light, and portable. As such, they are also attractive targets for petty theft, and on average we experience one theft per month. This rate appears to be on the rise. As laptops continue to become smaller, more portable, and more powerful, they remain an attractive target for thieves as well as more increasingly viable option as a replacement for traditional desktop devices.</p> <p>Normally, even without a password, the hard disk drive can be removed from a laptop computer, connected to another device, and the data read. The proposed implementation of Sophos Safeguard will protect confidential information by encrypting (or obfuscating) the data such that in the event that a laptop falls into the wrong hands the information stored on that device will be unreadable without the appropriate password. Under California Senate Bill 1386, data which is lost, but encrypted is not considered a breach. This reduces the University's risk of exposure for data breaches and improves the security for our Students, Faculty and Staff.</p> <p>Certain types of data, if exposed by the university, can lead to up to a \$20,000 per item fine. If the data is related to HIPAA, we are required to report breaches to the local media which represents significant risk of reputational damage to the university. In addition, FERPA breaches, if severe or frequent, can have impacts to the university's accreditation or financial aid eligibility for students.</p> <p>On average, somewhere between 60-75% of the breaches we have experienced on campus could have been prevented with the implementation of data encryption software on laptop computers.</p> <p>While not required by law, credit monitoring services are often procured by universities and corporations in the event of unwanted information disclosure. These services can range in cost from thousands to millions of dollars depending on the size and scope of the breach. As a relative example, CSU East Bay recently experienced a breach and procured credit monitoring services for affected parties. The settlement of that breach exceeded six figures.</p>		

Signature (VP- Business & Admin, or designee): _____
(Member submission only)



Date: 10-19-16

Please submit your completed Grant Application to Tevea Him at:
(email) thim@alliant.com or (fax) **415-874-4810**

1. CSURMA grants are available to all CSU campuses to supplement member costs for Safety & Risk Control and/or Employee Health & Wellness projects.
2. This is a "matching" grant program. CSURMA pays 50% of member's costs that have been approved by CSURMA. The maximum payable by CSURMA for all approved projects is \$10,000 total per member.
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12. Please contact **Rob Leong** at 415.403.1441 or rluong@alliant.com if you have any questions.



Pricing Proposal
 Quotation #: 11791401
 Created On: 6/24/2016
 Valid Until: 6/30/2016

SAN JOSE STATE UNIVERSITY

Inside Account Manager

Mike Cook

129 SOUTH TENTH ST, CLARK HALL, SUITE 500
 SAN JOSE, CA 95192
 United States
 Phone: 4089241547
 Fax:
 Email: mike.cook@sjsu.edu

Dallas Kraft

290 Davidson Ave.
 Somerset, NJ 08873
 Phone: 800-535-5210
 Fax: 1-800-814-7567
 Email: Dallas_Kraft@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 Sophos Premium Support Sophos - Part#: PREM	1	\$3,019.62	\$3,019.62
2 Sophos SafeGuard Disk Encryption Advanced - Subscription license renewal (3 years) - 1 client - EDU, volume - 2000-4999 licenses - Win Sophos - Part#: DEAL3ETAA	2000	\$8.27	\$16,540.00
		Total	\$19,559.62

Additional Comments

CSU (MEA) #4431 / SHI Software LAR. No additional bidding is required on all software publishers purchased through SHI. SHI will always fulfill media electronically when possible. In the event that the manufacturer that ONLY ships physical media, please include this statement which must be on your PO to avoid sales tax: "All products purchased on this order are to be distributed via electronic download only. No tangible media or documentation is to be shipped in association with this order. Access to the products purchased on this order is in no way dependent upon any tangible media that may have been previously received prior to, or separately from this order

The Products offered under this proposal are subject to the SHI Return Policy posted at www.shi.com/returnpolicy, unless there is an existing agreement between SHI and the Customer.

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.

REVIEW OF FY 2016/2017 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 2016/2017 Long Range Planning goals to be accomplished. The Committee will receive a report from Staff on the assigned responsibilities and deadlines of the FY 2016/2017 Long Range Planning goals.

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 2016/2017 CSURMA Long Range Action Plan

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1 MASTER OUT-OF-STATE ON-LINE EDUCATION SURETY					
Search for a blanket surety bond to cover all campuses and auxiliary organizations who provide on-line instruction outside California.	1	Research scope of on-line programs and jurisdictions. Determine if placement of a blanket bond or alternative systemwide placement approach is feasible.	SRM, OGC, PA	August 2016	Completed
	2	Present information to EC for direction.	SRM, OGC, PA	September 2016	In process
	3	Report on project to EC and BOD.	SRM, OGC, PA	November 2016	In process
	4	Approval of blanket or alternative surety program as appropriate.	EC	March 2017	
	5	Implement program. Communicate to campus stakeholders.	PA	July 2017	
LRP-2 SPECIAL EVENTS RESOURCE GUIDE					
Create a Special Events Resource Guide. Implement risk management training for special events.	1	Identify and engage consultant to create Special Events Risk Management Manual and training modules.	SRM	August 2015	Completed
	2	Develop subject content for special events risk management manual.	SRM	October 2015	Completed
	3	Oversee design and development of special events risk management manual.	SRM	December 2016	In process
	4	Roll out manual to all campus and auxiliary organization staff.	SRM	January 2017	
	5	Post manual on the CSURMA website.	PA	February 2017	
	6	Present the Special Events Risk Management Training at Fitting the Pieces Together Conference.	SRM	November 2016	In process
	7	Roll out special events training on the CSU learning management system.	SRM	July 2017	
LRP-3 BENCHMARKING AND TREND ANALYSIS					
Develop a Workers' Compensation statistical database for comparative analysis and industry benchmarking.	1	Research benchmarking resources available.	PA	April 2015	Completed
	2	Develop conceptual proposal for short and long term benchmarking.	SRM, PA	May 2015	Completed
	3	Approval of initial benchmarking project scope and costs.	EC	May 2015	Completed
	4	Implement initial project.	SRM, PA	September 2015	On-going
	5	Initial report to EC, BOD and CABO.	SRM, PA	October 2015	Completed
	6	Report to AORMA membership at AOA Conference.	SRM, PA	February 2016	Completed
	7	Presentation of sustainable long term benchmarking program.	SRM, PA	September 2016	In process
	8	Approval of long term benchmarking project scope and costs.	EC	November 2016	In process
LRP-4 INSURANCE POLICY DATABASE					
Implement an insurance database for	1	Research and identify viable software products.	SRM, PA	January 2016	Completed
	2	Review presentation by Ventif.	EC, BOD	September 2016	In process
	3	Approve selection of software product.	EC	November 2016	In process

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
coverage history and to provide a reference for litigation matters.	4	Populate database with Phase 1 data.	PA	December 2016	
	5	Present Phase 1 project results and recommendations for Phase 2.	SRM, PA	March 2017	
	6	Approve Phase 2 and ongoing database maintenance plan.	EC	May 2017	
LRP-5 CAPTIVE INSURER					
Complete cost / benefits analysis for a captive insurance company to operate within CSURMA.	1	Identify and engage consultant to evaluate CSURMA's captive utilization options.	EC, SRM, PA	January 2016	Completed
	2	Review the Pinnacle Actuarial Resources initial evaluation of CSURMA's captive utilization options.	EC	May 2016	Completed
	3	Present further evaluation to EC for direction.	EC	September 2016	In process
	4	Report on project to EC and BOD.	BOD	November 2016	In process
	5	Oversee formation of captive.	SRM, PA	July 2017	
LRP-6 LOAN POLICY AND INVESTMENT OPTIONS					
Review member loan policy. Explore and evaluate alternate investment strategies.	1	Research viable investment options within the CSU community to invest in certain capital projects.	CO, SRM, PA	August 2016	Completed
	2	Present investment options to EC for direction.	CO, EC	September 2016	In process
	3	Report on project to EC and BOD.	CO, BOD	November 2016	In process
	4	Approval of alternate investment options.	EC	January 2017	
		<i>Note: this item may be impacted by potential development of a captive insurer.</i>			
LRP-7 ON-CAMPUS VISITS WITH VICE PRESIDENTS					
Visit Campus VPs to provide updates on rating plans, cost of risk analysis and benchmarking.	1	Schedule meetings with all Campus VPs.	PA	August 2016	In discussion
	2	RPTG will meet to review risk pool rating plans.	SRM, RPTG, PA	September 2016	Completed
	3	Cost of Risk Analysis received from Actuary.	PA	October 2016	
	4	Completion of Campus VP presentation.	PA	November 2016	
	5	Completion Campus visits.	SRM , PA	March 2017	
LRP-8 CSURMA COMMUNICATIONS AND OUTREACH PLAN					
Develop and implement communications plan to keep all members apprised	1	Identify strategies for effective communication.	PA	August 2016	Completed
	2	Present communication strategies to CSURMA EC for direction.	EC	September 2016	In process
	3	Report on project to BOD.	BOD	November 2016	In process
	4	Implement communication strategies.	PA	December 2016	
	5	Report to EC on long term communication strategies.	EC, PA	March 2017	

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL		ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
of CSURMA resources.						
LRP-9 MASTER ENABLING AGREEMENT FOR TRANSPORTATION						
Review current transportation management.	1	Identify available transportation carriers and obtain contract proposals.	SRM, PA	May 2016	Completed	
	2	Present options to EC for direction.	SRM, PA, EC	May 2016	Completed	
	3	Report on project to BOD.	BOD	May 2016	Completed	
	Develop a master enabling agreement for charter bus companies.	4	Negotiate final contract for EC approval.	EC	January 2017	
		5	Roll out transportation program.	SRM, PA	January 2017	

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 2016				
01/02/16	FORM 700 - JPA ADMIN finalizes current year member listing	Alliant Staff	Tevea Him	Completed
01/06/16	Statement of Facts – Roster of Public Agencies - file with Secretary of State	Alliant Staff	Tevea Him	Completed
01/07/16	Announce the new AORMA Committee Vice Chair as well as open seats on the AORMA Committee	Nominations Committee	Mimi Long	Completed
<i>01/10/16</i>	<i>CSURMA AOA CONFERENCE</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>01/10/16</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>01/11/16</i>	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	<i>Completed</i>
01/15/16	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
01/31/16	Final premium / rate letter to all AORMA members	Alliant Staff	Mimi Long	Completed
01/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
FEBRUARY 2016				
02/01/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
02/01/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 12/31	Alliant Staff	Tevea Him	Completed
02/01/16	UIP - Send EDD Claims Information to Individual Members	Alliant Staff	Tevea Him	Completed
02/01/16	Campus Liability Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/01/16	Campus Workers' Compensation Risk Pool claims audit (every odd year)	Alliant Staff	Jacki Graf	---
02/01/16	AORMA Workers' Compensation program claims administration audit (every even year)	Alliant Staff	Jacki Graf	Completed
02/01/16	AIME Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/01/16	AORMA Liability Program claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/15/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
<i>02/25/16</i>	<i>AORMA Program Committee Meeting (Teleconference)</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
MARCH 2016				
03/01/16	Annual Review of (1) Data Security Policies and (2) the Integrated CSU Administration Manual	Alliant Staff	Mimi Long	Completed
03/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
03/01/16	Approval by EC Resolution allowing Treasurer to invest or reinvest funds (annual approval required - see Res 01-15 BOD)	BOD and Alliant Staff	Tevea Him	Completed
03/01/16	Approval of Conflict of Interest Code by BOD every even-number year - File with FPPC as required.	BOD and Alliant Staff	Tevea Him	Completed
03/01/16	Chancellor's Office Services Budget Proposals	Alliant Staff	Mimi Long	Completed
03/01/16	CSURMA Budget	Alliant Staff	Robert Leong	Completed
03/01/16	CSURMA Master Investment Policy and Investment Policy for the Fixed Income Portfolio	Alliant Staff	Mimi Long	Completed
03/01/16	CSURMA Mid-Term Budget Amendments	Alliant Staff	Robert Leong	Completed
03/01/16	FORM 700 - Follow up No. 3 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
03/01/16	Review the Auxiliary Service Provider Report	Alliant Staff	Mimi Long	Completed
03/01/16	Appointment of the Campus Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
03/01/16	Appointment of the Student Insurance Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
03/10/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
03/10/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
03/11/16	CSURMA EC LRP Meeting	Alliant Staff	Mimi Long	Completed
03/15/16	FORM 700 - Follow up - JPA ADMIN follows up with FILER, prepares status report for CSURMA EC review at Long Range Planning meeting	Alliant Staff	Tevea Him	Completed
03/15/16	Quarterly Risk Management Report	Alliant Staff	Mimi Long	Completed
03/19/16	CSURMA Policies and Procedures (odd in odd years / even in even years)	Alliant Staff	Robert Leong	Completed
03/20/16	Forward slate of nominees to fill the open seats on the AORMA Committee	Alliant Staff	Mimi Long	Completed
03/31/16	Approval by BOD Resolution allowing Treasurer to invest or reinvest funds (annual approval required - see Res 01-15 BOD)	BOD and Alliant Staff	Tevea Him	Completed
03/31/16	Completion of the Form 700 – Statement of Economic Interest	BOD and Alliant Staff	Tevea Him	Completed
03/31/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
APRIL 2016				
04/01/16	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
04/01/16	FORM 700 - JPA ADMIN sends all forms received to FPPC for processing	Alliant Staff	Tevea Him	Completed
04/01/16	Send out ballot for AORMA Committee term beginning on July 1, 2016	Alliant Staff	Tevea Him	Completed
04/30/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
MAY 2016				
05/02/16	AIME Committee Meeting	Alliant Staff	Stacey Weeks	Completed
05/06/16	Receive back all AORMA Committee ballots for the term beginning on July 1, 2016	Alliant Staff	Tevea Him	Completed
05/05/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
05/05/16	CSURMA BOD NMO Meeting via Teleconference	Alliant Staff	Mimi Long	Completed
05/06/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
05/06/16	CSURMA BOD Meeting	Alliant Staff	Mimi Long	Completed
05/11/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
05/15/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly appointed AORMA Standing Committee Chairs for the term beginning on July 1, 2016	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2016	AORMA Chair/Alliant Staff	Tevea Him	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
05/30/16	Send out appointment letters to the newly elected Executive Committee members for the term beginning on July 1, 2016	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 3/31/16	Alliant Staff	Tevea Him	Completed
05/30/16	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2016	Alliant Staff	Tevea Him	Completed
05/30/16	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2016	Alliant Staff	Mimi Long	Completed
JUNE 2016				
06/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
06/01/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
06/23/16	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	Completed
06/30/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
06/30/16	<i>Expiring Contract: Carl Warren & Company - July 1, 2011 to June 30, 2016</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: CO Enterprise Accounting / Financial Services - July 1, 2015 to June 30, 2016</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: UC Office of Risk Services Performing Arts Center of Excellence - November 1, 2013 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: A-G Administrator (AIME) - July 1, 2009 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Alliant Loss Control Services - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: CO OGC / Legal - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: CO Risk Management - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Praesidium - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Target Safety dba Target Solutions - July 1, 2012 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Employers Group - July 1, 2014 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Employers Risk - July 1, 2013 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: HSR - July 1, 2015 to June 30, 2019</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Agility - July 1, 2015 to June 30, 2016</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Sedgwick - July 1, 2013 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/16	Government Compensation Report (request from CSU Accounting and post on CSURMA website)	Accounting	Tevea Him	No Action
06/30/16	Request COI from all vendor's contract	Alliant Staff	Hsan Htein	In Process
JULY 2016				
07/01/16	<i>Expiring Contract: Witt O'Brien's, LLC (formally Witt Group Holdings, LLC) - July 1, 2014 to July 1, 2016</i>	Alliant Staff	Mimi Long	Completed
07/01/16	Financial audit prep with KPMG	Alliant Staff / RM	Van Rin	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
07/01/16	Send to CSU Accounting the approved dividends and allocation of program costs for invoicing	Alliant Staff	Van Rin	Completed
07/04/16	Send out AORMA binder, insurance summary and invoice to all members	Alliant Staff	Van Rin	Completed
07/05/16	Request a review of the claims activity within the UIP – claims activity variations of more than 10% above or below pricing levels used will resulting in a pricing adjustment	Alliant Staff	Mimi Long	Completed
07/05/16	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	Alliant Staff	Mimi Long	Completed
07/07/16	Request Liability (EPL check register) for minimum EPL deductible calculation for upcoming fiscal year	Alliant Staff	Tevea Him	Completed
07/14/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/15/16	Final FY Payroll - request from Chancellor's Office	Alliant Staff	Robert Leong	Completed
07/15/16	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	CSU Accounting	Van Rin	Completed
7/19-20/2016	AORMA Officers Retreat – San Francisco, CA	AORMA Officers	Mimi Long	Completed
07/21/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/21/16	Upon receipt of loss data begin semi-annual loss charts for RM meeting in October and to be sent to members	Alliant Staff	Robert Leong	Completed
07/28/16	FORM 700 - FORMS DUE TO FPPC ON THIS DATE [ASSUMING/LEAVING]	Alliant Staff	Tevea Him	Completed
07/31/16	Actuarial Study - receive draft and forward to RM	Alliant Staff	Robert Leong	Completed
07/31/16	Campus Workers' Compensation Program Safety National Aggregate Stop Loss Report - Present to EC in Sept	Alliant Staff	Robert Leong	Completed
07/31/16	Distribute the Liability and Workers' Compensation dividend checks	Alliant Staff	Van Rin	Completed
07/31/16	Request final audited payroll from all Workers' Compensation program members for expired year	Alliant Staff	Hsan Htein	Completed
07/31/16	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate (every three years)	Liability TPA	Mimi Long	Completed
07/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
07/31/16	Appointment of the Campus Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
07/31/16	Appointment of the Student Insurance Programs RPTG - Spring 2017 (FY 2018/2019)	Alliant Staff	Robert Leong	No Action
AUGUST				
08/01/16	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
08/01/16	Send out letter regarding Campus Appointment of CSURMA Board of Directors Members and Alternate	Alliant Staff	Tevea Him	Completed
08/01/16	Send out letter to regarding Claims Settlement Authority Annual Confirmation	Alliant Staff	Tevea Him	Completed
08/01/16	Send out letter to regarding Foreign Travel Authority Confirmation	Alliant Staff	Tevea Him/Stace	Completed
08/01/16	Completion of draft actuarial studies for Workers' Compensation and Liability programs	Actuary	Mimi Long	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
08/01/16	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi Long	Completed
08/11/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
08/15/16	AOA EC Meeting - San Diego	Alliant Staff	Mimi Long	Completed
08/31/16	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll	Alliant Staff	Mimi Long	Completed
08/31/16	Calculate each member's minimum EPL deductible for the upcoming program term	Alliant Staff	Mimi Long	Completed
08/31/16	Complete Target Surplus Funding Report	Alliant Staff	Mimi Long	Completed
08/31/16	Completion of Financial Audit	CSU Accounting	Mimi Long	Completed
08/31/16	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	Completed
Begin Task	AORMA Workers' Compensation Desk Audit	Alliant Staff	Mimi Long	Completed
SEPTEMBER				
09/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	
09/01/16	Stewardship Report	Alliant Staff	Mimi Long	Completed
09/07/16	AORMA Long Range Plan meeting	Alliant Staff	Mimi Long	
09/07/16	AORMA New Committee Member Orientation meeting	Alliant Staff	Mimi Long	
09/08/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	
09/13/16	CAJPA Fall Conference and Training Seminar -South Lake Tahoe	Alliant Staff	Mimi Long	
09/14/16	CAJPA Standards review (2014 and every 3 years thereafter)	Alliant Staff	Mimi Long	No Action
09/15/16	Prepare invoices or checks for the Workers' Compensation payroll audit	CSU Accounting	Van Rin	In Process
09/15/16	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	In Process
09/23/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	
09/23/16	CSURMA EC Orientation Meeting	Alliant Staff	Mimi Long	
09/29/16	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	
09/30/16	CSURMA Quarterly EPL Deductible Recoverys ending September 30 (Begin Task)	Alliant Staff	Van Rin	
09/30/16	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				
10/01/16	Request completion of the Liability application	Alliant Staff	Mimi Long	In Process
10/01/16	Request estimated Workers' Compensation payroll	Alliant Staff	Mimi Long	Completed
10/15/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
10/15/16	Poll eligible AORMA Committee members to determine which members are willing to be nominated for the Vice Chair position	Nominations Committee	Mimi Long	In Process
10/17/16	AIME Committee Meeting	Alliant Staff	Stacey Weeks	

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
10/20/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	
10/31/16	Create Government Compensation Report page on CSURMA website for public viewing	Alliant Staff	Tevea Him	
10/31/16	Expiring Contract: Praesidium - October 31, 2015 to October 1, 2016	Alliant Staff	Mimi Long	
10/31/16	Government Compensation Report (request from CSU Accounting)	Accounting	Tevea Him	
10/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	
10/TBD/2016	CSURMA BOD NMO Meeting via Teleconference	Alliant Staff	Mimi Long	
NOVEMBER				
11/01/16	FORM 700 - Campus Risk Pool Administrator sends request to campus president to confirm appointments of primary and alternate representative to BOD (Note: AORMA Representatives are maintained through their election process)	Alliant Staff	Tevea Him	
11/02/16	CSURMA BOD Meeting	Alliant Staff	Mimi Long	
11/02/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	
11/28/16	Campus Risk Pool Deductible - Confirm (every 3 years - 2014, 2017, 2020)	Alliant Staff	Robert Leong	
11/28/16	Send campus risk pool renewal budget (Budget)	Alliant Staff	Robert Leong	
11/28/16	Send campus risk pool renewal budget (Early Bird Renewal Letter)	Alliant Staff	Robert Leong	
11/30/16	Review volunteer losses within the Workers' Compensation program	Alliant Staff	Mimi Long	
11/30/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30	Alliant Staff	Tevea Him	
11/30/16	Research the single bond approach & report back at the September meeting	Alliant Staff	Rob Leong	In Process
DECEMBER				
12/01/16	2016 Vendor Survey - Review List of Vendors and Work on Recipients	Risk Management	Rebecca Skidmore	
12/01/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	
12/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	
12/01/16	P & P Outlining Underwriting Guidelines for Granting Additional Insured Status	Alliant Staff	Dan Howell	
12/02/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	
12/08/16	AORMA Program Committee Meeting	Alliant Staff	Mimi Long	
12/15/16	FORM 700 - Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	Alliant Staff	Tevea Him	
12/15/16	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	
12/30/16	Financial Audit - mail to Secretary of State and County Auditor	Alliant Staff/Accounting	Tevea Him	
12/31/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	
12/31/16	Expiring Contract: Alliant Insurance Services (Brokerage Agreement) - January 1, 2014 to December 31, 2015	Alliant Staff	Mimi Long	
12/31/16	Expiring Contract: Alliant Insurance Services (Program Admin Agreement) - January 1, 2014 to December 31, 2015	Alliant Staff	Mimi Long	

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
<i>12/31/16</i>	<i>Expiring Contract: Enterprises Rent A Car - January 1, 2015 - December 31, 2015</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	

2016 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. 2016 CSURMA Meeting Calendar



California State University Risk Management Authority

2016 CSURMA MEETING CALENDAR

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
9		AOA EC	Sacramento	25	1:00 PM	PC	Teleconference	10	10:00 AM	AORMA	San Francisco
10	3:00 PM	EC (AOA Conference)	Sacramento					10	2:00 PM	EC	San Francisco
10 - 13		AOA Annual Conference	Sacramento					11	8:30 AM	EC LRP	San Francisco
11	10:30 AM	AIME	Sacramento					18		AOA EC	TBD
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
				2	10:30 AM	AIME	Northridge	17		AOA EC	TBD
				5	10:00 AM	AORMA	Long Beach	23	1:00 PM	PC	Teleconference
				5	2:00 PM	BOD Orientation	Teleconference				
				6	8:00 AM	EC	Long Beach				
				6	10:30 AM	BOD	Long Beach				
JULY				AUGUST				SEPTEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
19 - 20	11:00 AM	AORMA Officers Retreat	San Francisco	19		AOA EC	TBD	7	9:00 AM	AORMA New Member	Sacramento
								7	10:00 AM	AORMA LRP	Sacramento
								8	9:00 AM	AORMA	Sacramento
								23	8:30 AM	EC Orientation	Newport Beach
								23	10:00 AM	EC	Newport Beach
								29	1:00 PM	PC	Teleconference
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
17	10:30 AM	AIME	SF or SJ	18		AOA EC	TBD	1	10:00 AM	AORMA	Long Beach
20	10:00 AM	AORMA	Newport Beach	2	1:30 PM	EC (FTPT Conference)	Sacramento	2	8:30 AM	EC	Long Beach
				2	4:00 PM	BOD (FTPT Conference)	Sacramento	8	8:00 AM	PC	San Francisco
				3-4		FTPT Conference	Sacramento				

AORMA = Auxiliary Organizations Risk Management Alliance Committee
 AIME = Athletic Injury Medical Expense Committee
 MSLCTC = AORMA Member Services, Loss Control & Training Committee

PC = AORMA Programs Committee
 AORMA LRP = AORMA Long Range Planning Meeting
 AOA = CSU Auxiliary Organizations Association

EC = CSURMA Executive Committee
 EC LRP = EC Long Range Planning Meeting
 BOD = CSURMA Board of Directors

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, 2016

Seat	Member	Position	Campus	Organization	E-Mail	Telephone Number
Chair	Linda Hawk	Vice President, Finance & Administrative Services	San Marcos	California State University San Marcos	lhawk@csusm.edu	760-750-4950
Vice Chair	Ming Tung (Mike) Lee	Vice President, Administration and Chief Financial Officer	Sacramento	California State University Sacramento	mikelee@csus.edu	916-278-6312
CSU Seat #1	Lisa Chavez	Vice-President, Administration and Chief Financial Officer	Los Angeles	California State University Los Angeles	lisa.chavez@calstatela.edu	323-343-3500
CSU Seat #2	Jody Van Leuven	Executive Director	San Bernardino	California State University San Bernardino	jody.vanleuven@csusb.edu	909-537-3939
CSU Seat #3	Scott Apel	Associate Vice President	Long Beach	California State University Long Beach	scott.apel@csulb.edu	562-985-8716
CSU Seat #4	Kevin Saunders	VP Administration & Finance	Monterey Bay	California State University Monterey Bay	kesaunders@csumb.edu	831-582-3397
AORMA Seat #5 - Chair	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101
AORMA Seat #6 - V Chair	Guy Dalpe	Managing Director	San Francisco	Associated Students, Inc., San Francisco State University	gdalpe@sfsu.edu	415-338-1044
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

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Hsan Htein Van Rin	hhtein@alliant.com vrin@alliant.com	415-403-1452 415-403-1408	415-874-4810 415-874-4810
General CSURMA Coverage Questions	Robert Leong Van Rin Hsan Htein Daniel Howell	rleong@alliant.com vrin@alliant.com hhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
General AORMA Coverage Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Inland Marine	Van Rin Hsan Htein Mimi Long	vrin@alliant.com hhtein@alliant.com mlong@alliant.com	415-403-1408 415-403-1452 415-403-1423	415-874-4810 415-874-4810 415-874-4810
Participant Accident Insurance (PAI)	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Foreign Travel Program	Stacey Weeks Van Rin	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
General Risk Management Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Alliant Claims Consulting	Robert Frey Diana Walizada Michelle Maffei Elaine Kim	rfrey@alliant.com dwalizada@alliant.com mmaffei@alliant.com ekim@alliant.com	415-403-1445 415-403-1453 415-403-1418 415-403-1458	415-403-1466 415-403-1466 415-403-1466 415-403-1466
Form 700	Tevea Him	thim@alliant.com	415-403-1416	415-402-0773
Website and Technology Questions	Tevea Him Yung Lam	thim@alliant.com ylam@alliant.com	415-403-1416 415-403-1461	415-874-4810 415-874-4810

CONTACT LIST				
Coverage	Contact	E-Mail Address	Office	Fax
CSU Chancellor's Office				
CSU Chancellor's Office	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Rebecca Skidmore	rskidmore@calstate.edu	562-951-4574	562-951-4859
	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Alice Kim	akim@calstate.edu	562-951-4627	562-951-4865
	Kelly Cox	kcox@calstate.edu	562-951-4611	562-951-4865
	Robert Eaton	reaton@calstate.edu	562-951-4572	562-951-4971
	Audra Reed	areed@calstate.edu	562-951-4564	562-951-4971
	William Hsu	whsu@calstate.edu	562-951-4500	562-951-4956
	Steve Relyea	srelyea@calstate.edu	562-951-4600	562-951-4971
	Martha Guiditta	mguiditta@calstate.edu	562-951-4557	562-951-4859
	Michael Clements	mclements@calstate.edu	562-951-4091	
	Jessica Liu	jliu@calstate.edu	562-951-4621	
Cindi Le	cle@calstate.edu	562-951-4651		