

2. **FY 18/19 Pooled Program Funding Status**
 - a. **Campus Risk Pools - Actuarial Reports for Campus Liability, Campus Workers' Compensation and Athletic Injury Medical Expense (AIME) Programs** I p. 85
The Board will be asked to review the actuarial reports.
 - b. **Campus Risk Pools - Funding Status at June 30, 2017** I p. 91
The Board will receive a report on the pooled program funding status at June 30, 2017.
 - c. **Campus Risk Pools – Dividends and Assessments** I p. 100
The Board will be asked to review the dividends approved by the Executive Committee.
3. **FY 2018/2019 Rates and Gross Funding Campus Coverage Programs** A p. 105
The Board will be asked to review and adopt the Campus coverage program rates and funding for the program year 18/19.
4. **FY 2017/2018 Long Range Planning Goals** I p. 116
The Board will be asked to review the FY 17/18 Long Range Planning Goals.
5. **Owner Controlled Insurance Program (OCIP) Renewal** I p. 121
The Board will hear a report regarding the renewal of the Owner Controlled Insurance Program for a second five-year term.
6. **CSURMA Support of CSU Campus Implementation of UC Risk and Safety Solutions Software Modules** I p. 141
The Board will hear a report regarding the Implementation of UC Risk and Safety Solutions Products.
7. **Development of CSURMA Earthquake Coverage Program** I p. 166
The Board will hear a report regarding the purchase of systemwide earthquake coverage with a parametric trigger and will receive a presentation by Swiss Re the insurer of this new insurance program.
8. **Auxiliary Organizations Employee Benefits Program** A p. 204
The Board will be asked to approve the formation of an AORMA Employee Benefits Program.
9. **Development of Student Health Insurance Program and UC SHIP** I p. 205
The Board will hear a report regarding the viability of forming of a student health program through the UC SHIP

- 10. Campus Workers’ Compensation Experience Modification Task Group Report** **I** p. 206
The Board will hear a report regarding the workers’ compensation experience modification calculation.
- 11. Insurance Renewals Report** **I** p. 211
The Board will hear a report on the completion of insurance renewal negotiations.
- E. OTHER INSURANCE PROGRAMS**
- 1. AORMA Programs Update** **I** p. 221
The Board will receive a verbal report on the AORMA programs.
- 2. AIME Program Update** **I** p. 222
The Board will receive a verbal report on the AIME program.
- F. CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1)**
Action may be taken per Government Code Section 11126(e)(1) & 1126(f)(1). Please refer to the below list of claims that may be discussed. The Committee may assess and evaluate pending claims and related issues and take action or provide direction to Staff regarding the litigation described below.
- No items are scheduled for closed session.*
- G. INFORMATION ITEMS**
- 1. Program Administrator’s Stewardship Report** **I** p. 223
Staff will present the Stewardship Report to the Board.
- 2. Workers’ Compensation Stewardship Report** **I** p. 257
The Board will be asked to review the CSU Workers’ Compensation Program Stewardship Report for FY 16/17.
- 3. Insurance Grows for Cyberattacks** **I** p. 271
The Board will be asked to review the cyber report from the business section of the Wall Street Journal
- 4. Liability Claims Administration Audit Results** **I** p. 276
The Board will hear a report regarding the CSURMA General Liability Claims Administration Audit report.
- 5. Workers’ Compensation Claims Administration Service Performance Audit** **I** p. 329
The Board will hear a report regarding the CSURMA Workers’ Compensation Claims Administration Audit report.

- | | | | |
|-----------|---|----------|---------------|
| 6. | State of California Restricted Travel
<i>The Board will review the memorandum to the Campus Presidents from Steve Relyea dated July 27, 2017.</i> | I | <i>p. 342</i> |
| 7. | CSURMA Administrative Service Calendar
<i>The Board will be asked to review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.</i> | I | <i>p. 347</i> |
| 8. | CSURMA Board of Directors and Staff Contact List
<i>The Board will be asked to review the CSURMA Board of Directors contact information and provide Staff with revisions.</i> | I | <i>p. 354</i> |

H. ADJOURNMENT

The next Board of Directors meeting is scheduled for Wednesday, April 25, 2018 during Fitting the Pieces Together 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

Teleconference Locations:

1. CSU Chancellor's Office, 401 Golden Shore, Long Beach, CA
2. CSU Chico, 400 West First Street, Chico, CA
3. CSU Fresno, 2351 E. Barstow Ave., EHS/Risk Management office, Fresno, CA
4. CSU Maritime Academy, 200 Maritime Academy Drive, Vallejo, CA
5. CSU Monterey Bay, 100 Campus Center, Mountain Hall, Suite B, Seaside, CA
6. CSU Northridge, Risk Management, 18111 Nordhoff St., Northridge, CA
7. San Jose State University, One Washington Square, San Jose, CA
8. California Polytechnic State University, 1 Grand Ave., Bldg. 1, Room 128, San Luis Obispo, CA
9. CSU San Marcos, 333 S. Twin Oaks Valley Rd, San Marcos, CA
10. Sonoma State University, 1801 East Cotati Ave., Rohnert Park, CA
11. CSU Stanislaus, One University Circle MSR 290E, Turlock, CA
12. The University Corporation at Monterey Bay, 8 Upper Ragsdale Drive, Monterey, CA
13. CSU San Marcos Corporation, 435 E. Carmel Street, San Marcos, CA

APPROVAL OF THE AGENDA

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

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

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

APPROVAL OF MINUTES – MAY 5, 2017

ISSUE: The Board of Directors will be asked to review and approve the draft minutes from its May 5, 2017 meeting.

RECOMMENDATION: It is recommended that the Board of Directors approve the minutes from its May 5, 2017 meeting, including corrections as necessary.

FISCAL IMPACT: None.

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

PUBLICATION: The approved minutes will be uploaded to the CSURMA website.

ATTACHMENT(S):

- a. CSURMA Board of Directors Meeting Minutes – May 5, 2017

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

May 5, 2017

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

10:30 AM

A. CALL TO ORDER

The meeting was called to order at 10:30 AM by Mike Lee.

All Board of Directors and guests introduced themselves.

A1. Approval of the Agenda

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

MOTION: Lisa Chavez

SECOND: Michael Thorpe

MOTION CARRIED

B. PUBLIC COMMENTS

There were no public comments.

C. CONSENT CALENDAR

C1. Approval of Minutes – November 2, 2016

C2. CSURMA Treasurer's Report

C3. Adoption of the CSURMA's Conflict of Interest Code

C4. CSURMA October 2017 Meeting Date Proposed Change

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

MOTION: Kevin Saunders

SECOND: Lisa Chavez

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. Adoption of the FY 2017/18 CSURMA Operating Budget

Rob Leong summarized the FY 2017/18 CSURMA Operating Budget's features. Systemwide Risk Management, Enterprise Accounting and the Program Administrators worked together to develop the proposed budget for FY 2017/18.

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

- Increase in Total Operating Revenues from \$72,064,962 to \$73,508,962.
- Decrease in Total Operating Expenses from \$97,537,384 to \$83,729,764.
- Decrease in Non-Operating Revenue \$2,127,765 to \$2,096,464.
- Reduce Net Operating Deficit from \$23,344,657 to \$8,124,338.
- Retained Earnings is estimated to be reduced from \$35,522,548 to \$27,398,210 at June 30, 2018.
- The preceding does not include Dividend Distributions during FY 2017/18, which, if any, will increase expenditures and decrease fund reserves.

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

- Decrease in Total Operating Revenues from \$10,713,992 to \$9,856,592.
- Increase in Total Operating Expenses from \$11,156,126 to \$13,576,386.
- Increase in Non-Operating Revenue \$350,975 to \$400,594.
- Increase Net Operating Deficit from \$91,158 to \$3,319,200.
- Retained Earnings is estimated to be reduced from \$20,716,643 to \$17,397,443 at June 30, 2018.
- The preceding includes a Dividend Distributions totaling \$1,712,755 on July 1, 2017.

The proposed operating budget would develop Total Operating Revenues of \$90,279,072 (net of reinsurance premiums), Total Operating Expenses of \$100,477,816 and Total Non-Operating Revenues of \$2,500,000, generating Net Operating Deficit of \$7,698,744. Retained Earnings is estimated decrease from \$67,372,983 to be \$59,674,239 at June 30, 2018.

A motion was made to approved the Resolution No. 01-17 (BOD) as presented and to authorized the Treasurer to invest or reinvest funds of CSURMA, or to sell or exchange securities so purchased and may also delegate responsibilities, as appropriate, to the Assistant Vice Chancellor of Financing, Treasury and Risk Management of the CSU (Assistance Vice Chancellor) in his/her capacity as staff to CSURMA.

MOTION: Robert Eaton

SECOND: Kevin Saunders

MOTION CARRIED

D2. Campus Risk Pools Program Funding Status

Rob Leong summarized the risk pool exhibits which are prepared annually in accordance with the CSURMA's adopted funding policy for its self-funded pooling programs. The exhibits provide an analysis of the pooled program's funding position relative to the actuary's projection for CSURMA's minimum funding requirements and expected cash expenditures for program administration through June 30, 2017. The green section on the exhibit represents the amount of funds in excess of the outstanding losses at a 70% confidence level.

In accordance with the CSURMA's adopted funding policy for its self-funded pooling programs, Staff prepared an analysis of the pooled programs funding position relative to the actuary's projection for CSURMA's funding requirements and expected expenditures as of December 31, 2016 projected to June 30, 2017. The Executive Committee reviewed the risk pools' funding position at its March 10, 2017 long range planning meeting, and determined there are sufficient funds to meet anticipated needs, including a confidence margin for unexpected expenditures. The Executive Committee will meet again on September 8, 2017 and, upon its review of the audited financial statements for fiscal year ending June 30, 2017, determine if there is ample surplus to release dividends to members.

D3. Nominating Committee Report and Executive Committee Elections

Linda Hawk has retired from CSU San Marcos creating a vacancy in the position of the CSURMA Chair. The CSURMA Joint Exercise of Powers Agreement allows Steve Relyea as the CSU's Executive Vice Chancellor and Chief Financial Officer to appoint an interim successor until the CSURMA Board of Directors holds an election. Mr. Relyea appointed Mike Lee as interim Chair and Lisa Chavez as interim Vice Chair. Mike Lee, as the Interim Chair, appointed Thom Davis, Vice President of Business and Administrative Services at CSU, Bakersfield to fill the seat vacated by Lisa Chavez.

The Nominating Committee comprised of Robert Eaton, Kevin Saunders and Scott Apel made the following nominations:

1. (Chair) Mike Lee
2. (Vice-Chair) Lisa Chavez
3. (CSU Executive Committee Seat #1) Thom Davis
4. (CSU Executive Committee Seat #2) Jody Van Leuven

Lee asked for nominations from the floor. Hearing none, Lee asked for a motion to close the nominations.

A motion was made to close nominations as there were no nomination from the floor.

MOTION: Michael Thorpe

SECOND: Kevin Saunders

MOTION CARRIED

The Board of Directors elected by acclamation the proposed slate of candidates.

1. Chair, Mike Lee – For the current term ending on June 30, 2018
2. Vice Chair, Lisa Chavez – For the current term ending on June 30, 2018
3. Seat #1, Thom Davis – For the term July 1, 2017 to June 30, 2019
4. Seat #2, Jody Van Leuven – For the term July 1, 2017 to June 30, 2019

D4. CSURMA Policy & Procedure No. 21 – Risk Management Innovation Grants

At its March 10, 2017 Long Range Planning meeting, the Executive Committee approved changes to the Risk Management Innovation Grant program to revise the focus from Campus safety projects to Systemwide safety projects. Grant applications are to be submitted by WERCS affinity groups. A budget of \$150,000 was approved for FY 2017/18 grant awards. The Executive Committee directed staff to amend Policy & Procedure No. 21 accordingly.

D5. CSURMA Policy & Procedure No. 26 – Allocation of Property Program Loss Limits

Daniel Howell noted that at its meeting on March 9, 2017, the Executive Committee adopted new Policy & Procedure No. 26 - Allocation of Property Program Loss Limits. Because the Property Coverage Program limits are finite, Policy & Procedure No. 26 addresses the method of members' sharing of the available coverage should the limits of coverage be exhausted by a single loss event which exceeds the "per loss" limit and/or any applicable "aggregate" limit of the reinsurance or excess insurance policies.

The Master Property Program insures all of the state university's real property (buildings and related structures) through a combination of reinsurance and excess insurance policies. The program is blanket insurance, insuring all state-owned structures for all twenty-three campuses and the Chancellor's Office. The program provides a single coverage limit of \$1 billion per loss event, with a \$1 million deductible per loss, \$2,000,000 deductible aggregate, and \$100,000 maintenance deductible thereafter. With the exception of specific business personal property (i.e., building contents) where bond covenants require insurance, the University chose to insure its buildings only. Damages caused by earth movement are not covered as the University deemed the cost of earthquake insurance as too expensive, and the minimum deductible required by earthquake underwriters too high. The program insures damage caused by floods per the policy terms. Participating campuses in the Campus Property Risk Pool are covered within the deductible from \$100,000 per loss to \$1,000,000 per loss.

D6. Excess Insurance Renewals Update and Writer Meeting Report

Daniel Howell provided an update for the Board Members.

- **Excess Liability** – This program has seen loss development in the first excess layers for both the AORMA and Campus programs. The Program Administrator anticipates rate increases in the lower layers and flat renewals in the excess. Due to favorable market conditions, the Treasurer and Secretary-Auditor have asked the Bermuda market to price additional excess capacity above the expiring.
- **Property** - AORMA’s property loss experience is at 55% in the primary excess layer and the campus program is at 88%. The Program administrator expects a slight reduction in rate for AORMA and a 5% increase for the campuses. Insured values have risen by 3%. Rates have declined over 38% during the past 5 years.
- **Workers’ Compensation** – CSURMA has an existing two year rate agreement and the Executive Committee is considering a new agreement that would reduce rates and extend the rate guarantee to FY 18/19 as well.
- **Builders Risk** – This program is stable and the Program Administrator expects a 5% rate reduction at renewal. Rates are down 25% in recent years.
- **Fine Arts** – This program was launched in 2016 and the Program Administrator anticipates underwriters will agree to a flat renewal despite losses.
- **SPLIP & SAFECLIP** – This program has performed exceptionally well with no losses and rates will continue to drop.
- **FTIP** – The loss ratio has stabilized at a level acceptable to underwriters. The Program Administrator expects a flat rate renewal.
- **Aviation** – This program has no losses and the market is soft. The Program Administrator expects a flat rate renewal or slight decrease; however, we may enhance the program to include blanket drone coverage, moving the current coverage from the Liability Program.
- **Medical Malpractice** – This program is at minimum premiums and we expect a flat renewal with same underwriting team now at Ascot.
- **Fidelity** – Claims are down, despite social engineering (phishing) losses. The Program Administrator expects a premium decrease on renewal.

D7. FY 2017/18 Long Range Planning Goals

Daniel Howell explained that the Executive Committee held its long range planning session on March 9, 2017. The planning session consisted of a review of the FY 16/17 Long Range Action Plan, a report on its status, an evaluation on where efforts should be focused for the next one to three years, and the development of new long range goals for FY 17/18 and beyond. Based on the discussions during the long range planning session, Staff drafted the FY 17/18 Long Range Action Plan and was approved by the Executive Committee as its meeting today. Howell reviewed the FY 17/18 Long Range Action Plan goals:

- LRP-1 Special Events Resources Guide
- LRP-2 RMIS Reporting
- LRP-3 Captive Insurer
- LRP-4 Campus Visits
- LRP-5 Accessing and Communicating EIA Resources
- LRP-6 Member Loan Policy

- LRP-7 Allocation of Investment
- LRP-8 Earthquake Coverage
- LRP-9 Risk Management Grant Program
- LRP-10 Workers' Compensation Projects Based on CWCI Data
- LRP-11 Marine Program
- LRP-12 Auxiliary Organization Employee Benefits
- LRP-13 Student Health and UC Ship
- LRP-14 Workers' Compensation Experience Modification Factor

E. OTHER INSURANCE PROGRAMS

E1. AORMA Programs Update

Gigi Kiama provided a brief report of the activities of the AORMA Committee.

E2. AIME Programs Update

Jody Van Leuven provided a brief report of the activities of the AIME Committee.

F. CLOSED SESSION

There were no items scheduled for closed session.

G. INFORMATION ITEMS

G1. Agility Recovery

The Board reviewed the contract with Agility Recovery for temporary space, power, communication and computer systems after a declared disaster.

G2. Praesidium

The Board reviewed the contract with Praesidium for Prevention of Sexual Abuse of Minors.

G3. CSAC EIA Member Services and Resources

As a member of CSAC EIA, the CSURMA, and its members, are eligible to participate in the many loss prevention, and claims and risk management services offered through CSAC EIA. The Board reviewed the CSAC EIA brochure which lists the services provided.

G4. Witt O'Brien Consulting

The Board reviewed the Witt O'Brien agreement. Witt O'Brien's provides emergency services consulting for the California State University System under an agreement dated July 1, 2012

between Witt Group Holdings, LLC and CSURMA. The agreement is renewable for successive two-year periods. The current service term is July 1, 2016-18. The scope of work during the period July 1, 2016 and June 30, 2017 is as follows:

- Task 1: Chancellor's Office Emergency Plans, Training and Exercises
- Task 2: Presidents and Senior Emergency Management Training Seminar
- Task 3: CSU System Emergency Management and Business Continuity Affinity Groups Support
- Task 4: System-Wide Coordination Resource Guide
- Task 5: CSU System Public Information Officer Training
- Task 6: CSU Campuses Preparedness, Response, and Recovery Program Review and Recommendations; Assistance to the CSU Chancellor's Office Workgroup on Campus Safety
- Task 7: System-Wide Emergency Management Program Review – Follow-up
- Task 8: CSU Risk Management Association (CSURMA) Support
- Task 9: Provide strategic advisory, representation, and technical services as needed

G5. Unemployment Insurance Claims Cost Summary Charts

The Board reviewed the Unemployment Insurance Claims report showing a quarter by quarter comparison of claims costs and also a nine-year cost history.

G6. Phishing: Don't take the Bait

The Board reviewed the CSU fraud report entitled "Phishing, Don't Take the Bait".

G7. Review of the Service Provider Performance Survey Report

The Board reviewed the Service Provider Performance Survey Report. CSURMA strives to provide consistency and reliability over time. One key component to accomplishing this goal is evaluating those organizations that provide services to CSURMA. On an annual basis CSU Systemwide Risk Management contacts CSURMA members who regularly use vendor services and asks them to complete an on-line vendor survey. The complete 2016 Vendor Survey Report will be posted on the CSURMA website.

G8. CSURMA Administrative Service Calendar

The Board reviewed the CSURMA Administrative Services Calendar.

G9. CSURMA Board of Directors and Staff Contact List

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

H. ADJOURNMENT

A motion was made to adjourn the meeting at 11:50 A.M.

MOTION: Lisa Chavez

SECOND: Thom Davis

MOTION CARRIED

**CSURMA BOARD OF DIRECTORS MEETING
ATTENDANCE**

May 5, 2017

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

10:30 AM

Board of Directors:

Campus	Primary	Present	Alternate	Present
Bakersfield	Thom Davis	In Person	Tim Ridley	In Person
Channel Islands	Katharine Hullinger	x In Person	Caroline Doll	x Teleconference
Chico	Michael Thorpe	In Person	Robbi Stivers	Teleconference
Dominguez Hills	Stephen J. Mastro	Teleconference	Jeff Wood	
East Bay	Nyassa Love Johnson	Teleconference	Debbie Chaw	
Fresno	Debbie Adishian-Astone		Lisa Kao	In Person
Fullerton	Michael Coughlin	In Person	John Beisner	
Humboldt	Kimberly Comet	In Person	Joyce Lopes	
Long Beach	Scott Apel	In Person	Felissa Waynick	In Person
Los Angeles	Lisa Chavez	In Person	Kevin Brady	Teleconference
Maritime	Marianne Spotorno	Teleconference	Franz Lozano	Teleconference
Monterey Bay	Kevin Saunders	In Person	Lenore Reed	Teleconference
Northridge	Edith Winterhalter	Teleconference	Lisa Telles	Teleconference
Pomona	Whitney Fields	In Person	Valerie Eberle	In Person
Sacramento	Ming-Tung (Mike) Lee	In Person	Kirtland Stout	In Person
San Bernardino	Jody Van Leuven	In Person	Douglas Freer	
San Diego	Tom McCarron		Jessica Rentto	In Person
San Francisco	Ann Sherman	Teleconference	Michael Beatty	In Person
San Jose	Marla Perez-Guerra	Teleconference	Charlie Faas	Teleconference
San Luis Obispo	Dru Zachmeyer	In Person	Cindy Vizcaino Villa	
San Marcos	Erin Fullerton	In Person	Vacant	
Somona	Tyson Hill	Teleconference	Stan Nosek	
Stanislaus	Amy Thomas		Darrell Haydon	

AORMA Committee	Members	Present
CSU Fullerton Auxiliary Services Corporation	Frank Mumford	
Associated Students, Inc., California Polytechnic State University at San Luis Obispo	Dwayne Brummett	
The University Corporation at Monterey Bay	Gigi Kiama	In Person
Humboldt State University Center	Dave Nakamura	
Channel Islands University Auxiliary Services, Inc.	Dave Nirenberg	
California State University, Long Beach Research Foundation	Brian Nowlin	In Person
University Auxiliary and Research Services Corporation	Bella Newberg	In Person
University Enterprises, Inc. (UEI)	Jim Reinhart	
Cal Poly Corporation, San Luis Obispo	Starr Lee	In Person
Forty-Niner Shops, Inc., CSU Long Beach	Robert de Wit	In Person

Staff, Guests and/or Consultants Present:

Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
 Tevea Him – Alliant Insurance Services, Inc.
 Daniel Howell - Alliant Insurance Services, Inc.
 Theresa Jackson – CSU, San Marcos
 Alice Kim – CSU, Office of the Chancellor
 Rob Leong - Alliant Insurance Services, Inc.
 Jessica Liu – CSU, Office of the Chancellor
 Mimi Long - Alliant Insurance Services, Inc.
 Rebecca Skidmore – CSU, Office of the Chancellor

TREASURER'S REPORT

ISSUE: California Government Code Section 53646(b)(1) requires that the CSURMA Treasurer submit a Quarterly Investment Report stating that all investments are in compliance with the current investment policy and that CSURMA has sufficient funds to meet its expenditure requirements for the next six months. The Board is asked to review the Quarterly Investment Report ending June 30, 2017. The CSURMA Treasurer will be on hand to answer questions.

RECOMMENDATION: Staff recommends the Board accept the Quarterly Investment Report ending June 30, 2017, as presented at today's meeting.

FISCAL IMPACT: None.

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

PUBLICATION: None.

ATTACHMENT(S):

- a. Certification of Funds Letter
- b. Quarterly Investment Report



California State University Risk Management Authority

Officers

Ming Tung (Mike) Lee
Chair - 916-278-6312

Lisa Chavez
Vice Chair - 323-343-3500

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 16, 2017

As of October 16, 2017, 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

CSURMA

Quarterly Investment Report

January 1, 2017 - March 31, 2017

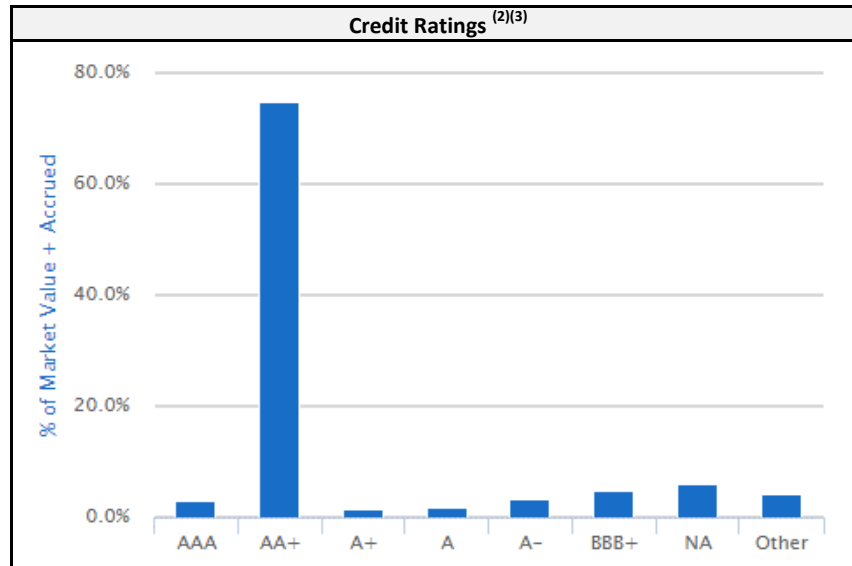
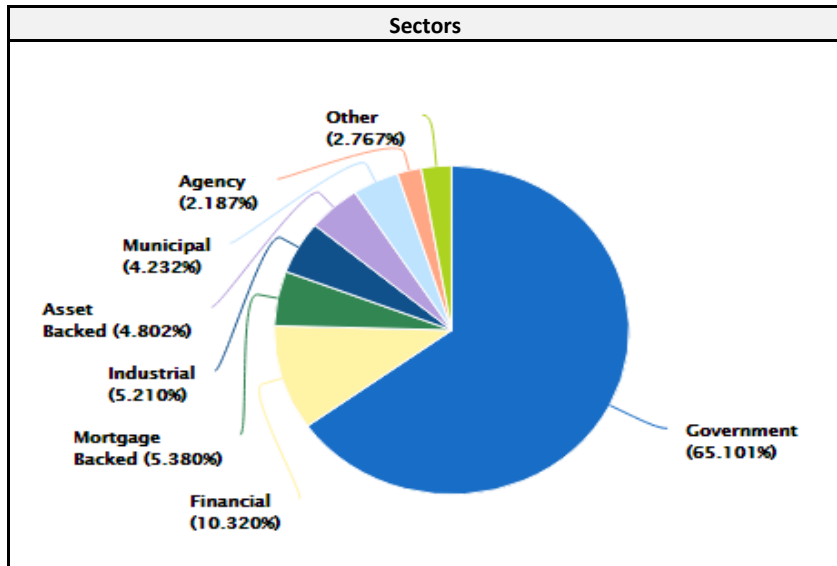
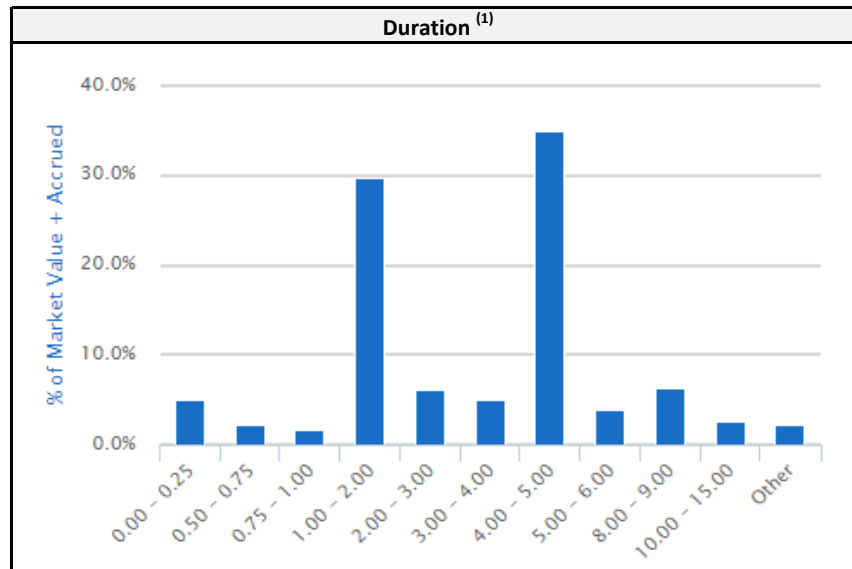
Prepared by Treasury

California State University Risk Management Authority

Fixed Income Portfolio (Auxiliary Investment Platform)

As of 03/31/2017

Portfolio Summary Total	
Total Assets	131,988,698
Duration	3.763
Yield	1.910
Avg Credit Rating	AA-/Aa3
QE Performance	0.505%



(1) The Other category combines duration ranges and in aggregate equals 2.412% of the portfolio.

(2) The Other category contains assets that do not fall within the seven specific charted credit ratings. These assets make up 4.134% of the portfolio and include the following ratings: AA, AA-, BBB, and BBB-.

(3) The NA category contains assets that do not have credit ratings available. These assets make up 5.580% of the portfolio.

California State University Risk Management Authority

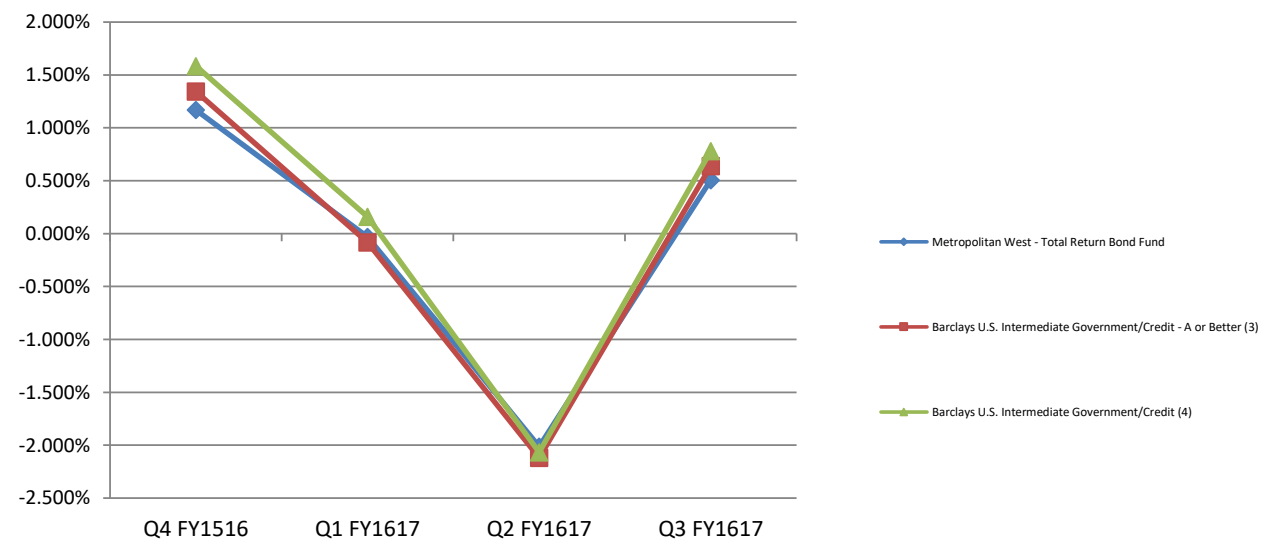
Fixed Income Portfolio (Auxiliary Investment Platform)

Performance Summary

Period Ending 03/31/2017

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	03/31/17	01/01/17 - 03/31/17	04/01/16 - 03/31/17	04/01/14 - 03/31/17	04/01/12 - 03/31/17	07/01/07 - 03/31/17			
Metropolitan West - Total Return Bond Fund	131,988,698	0.505%	-0.396%	1.217%	1.317%	3.565%	1.910	5.477	3.763
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾		0.640%	-0.251%	1.802%	1.597%	2.872%	1.890	4.212	3.940
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾		0.781%	0.423%	2.013%	1.882%	3.259%	2.102	4.379	4.064

Account / Index	Q4 FY1516	Q1 FY1617	Q2 FY1617	Q3 FY1617	Trailing 12 Month ⁽¹⁾
	04/01/16 - 06/30/16	07/01/16 - 09/30/16	10/01/16 - 12/31/16	01/01/17 - 03/31/17	04/01/16 - 03/31/17
Metropolitan West - Total Return Bond Fund	1.169%	-0.029%	-2.013%	0.505%	-0.396%
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾	1.344%	-0.083%	-2.119%	0.640%	-0.251%
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾	1.585%	0.159%	-2.067%	0.781%	0.423%



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

(2) Weighted Average Maturity

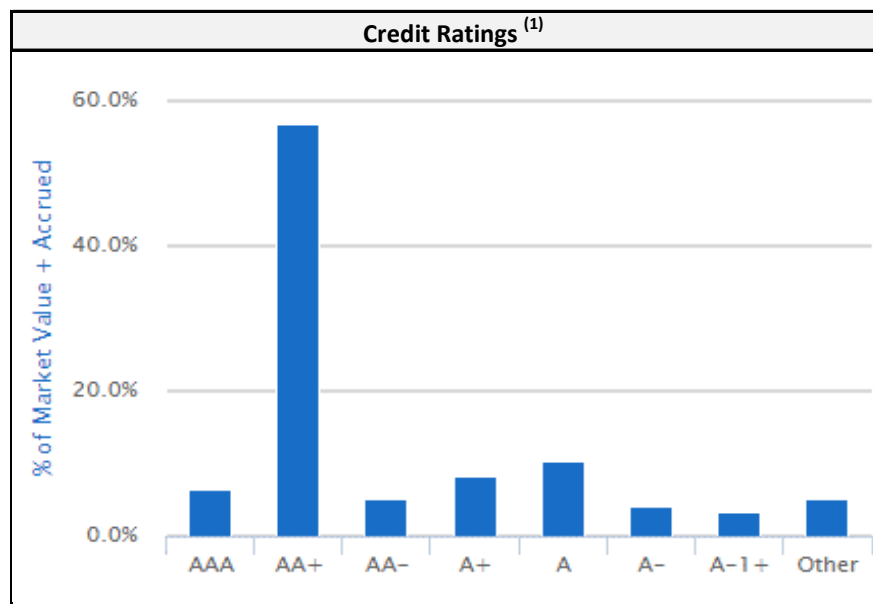
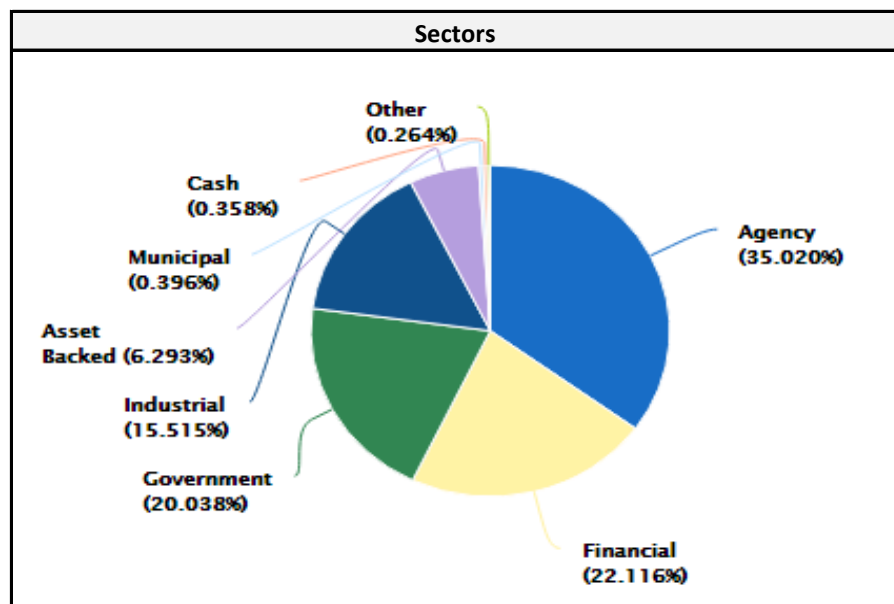
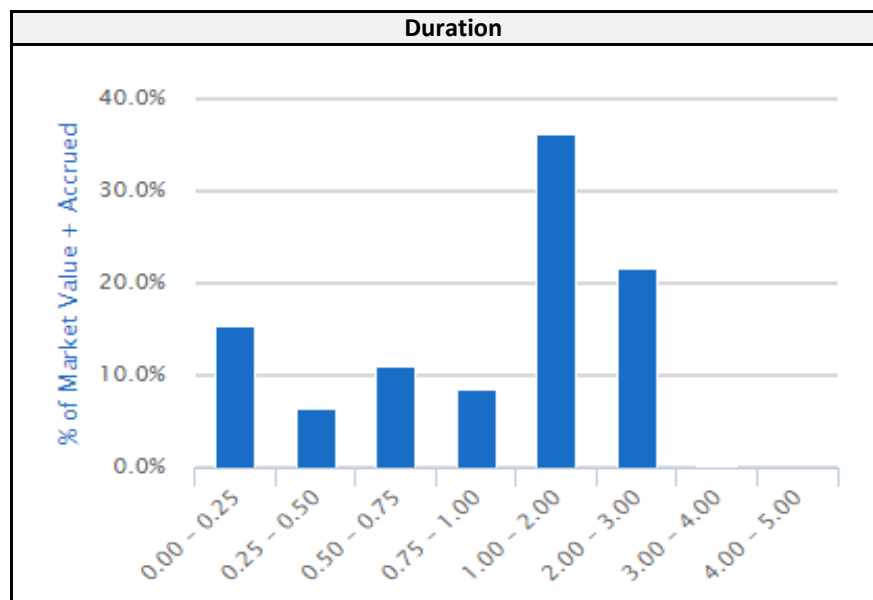
(3) Portfolio Benchmark as of 05/2014.

(4) Portfolio Benchmark prior to 05/2014.

California State University SWIFT Portfolio

As of 03/31/2017

Portfolio Summary Total	
Total Assets	26,049,902
Duration	1.271
Yield	1.351
Avg Credit Rating	AA-/Aa3
QE Performance	0.319%



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

California State University Risk Management Authority

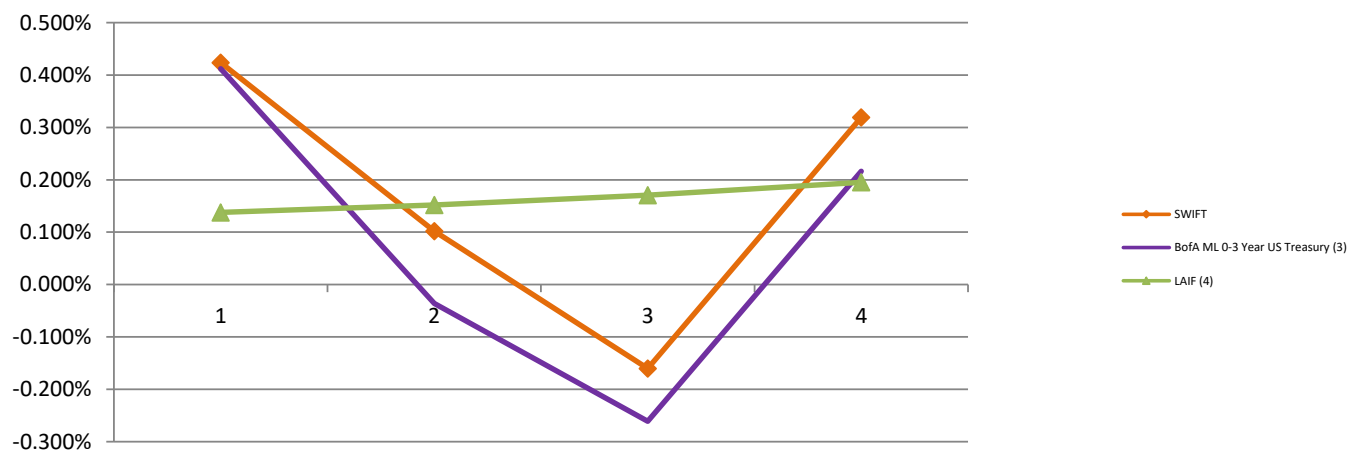
SWIFT Portfolio

Performance Summary

Period Ending 03/31/2017

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	03/31/17	01/01/17 - 03/31/17	04/01/16 - 03/31/17	04/01/14 - 03/31/17	04/01/12 - 03/31/17	07/01/07 - 03/31/17			
SWIFT - CSU Systemwide Investment Fund Trust	26,049,902	0.319%	0.685%	0.785%	0.719%	1.276%	1.351	1.546	1.271
BofA ML 0-3 Year US Treasury ⁽³⁾		0.216%	0.330%	0.590%	0.517%	1.611%	1.172	1.475	1.443
LAIF - Local Agency Investment Fund ⁽⁴⁾		0.195%	0.658%	0.426%	0.374%	1.013%	0.783		

Account / Index	Q4 FY1516	Q1 FY1617	Q2 FY1617	Q3 FY1617	Trailing 12 Month ⁽¹⁾
	4/1/16 - 06/30/16	7/1/16 - 9/30/16	10/01/16 - 12/31/16	01/01/17 - 03/31/17	04/01/16 - 03/31/17
SWIFT	0.424%	0.102%	-0.160%	0.319%	0.685%
BofA ML 0-3 Year US Treasury ⁽³⁾	0.412%	-0.036%	-0.261%	0.216%	0.330%
LAIF ⁽⁴⁾	0.138%	0.152%	0.171%	0.195%	0.658%



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

(2) Weighted Average Maturity

(3) SWIFT Portfolio Benchmark

(4) LAIF returns calculated by CSUCO Treasury

CSURMA

Quarterly Investment Report

April 1, 2017 - June 30, 2017

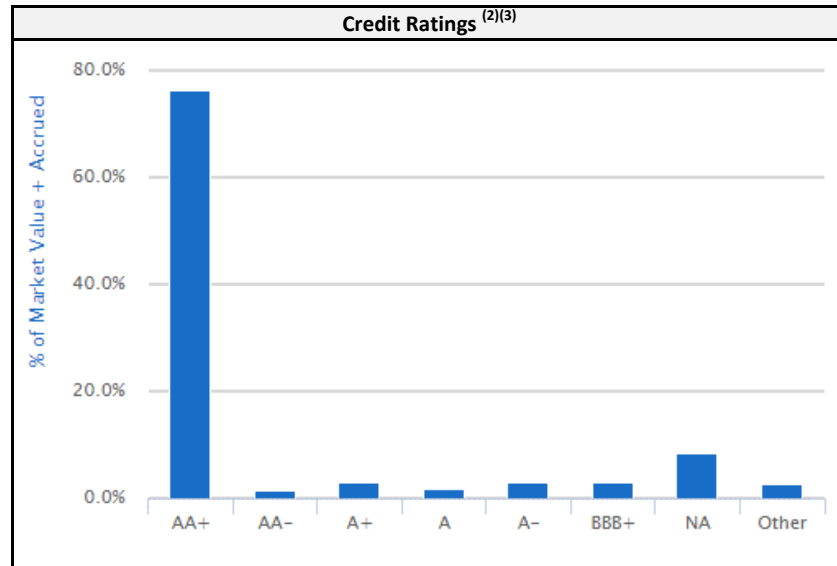
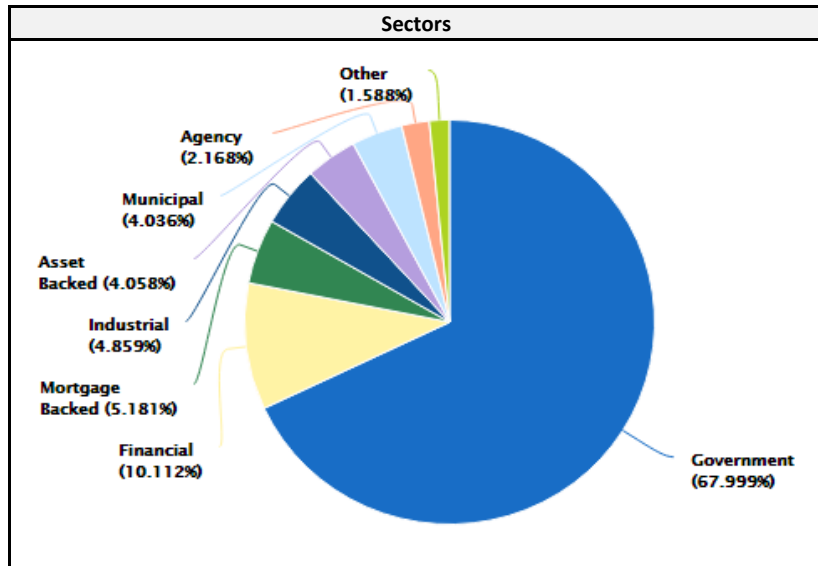
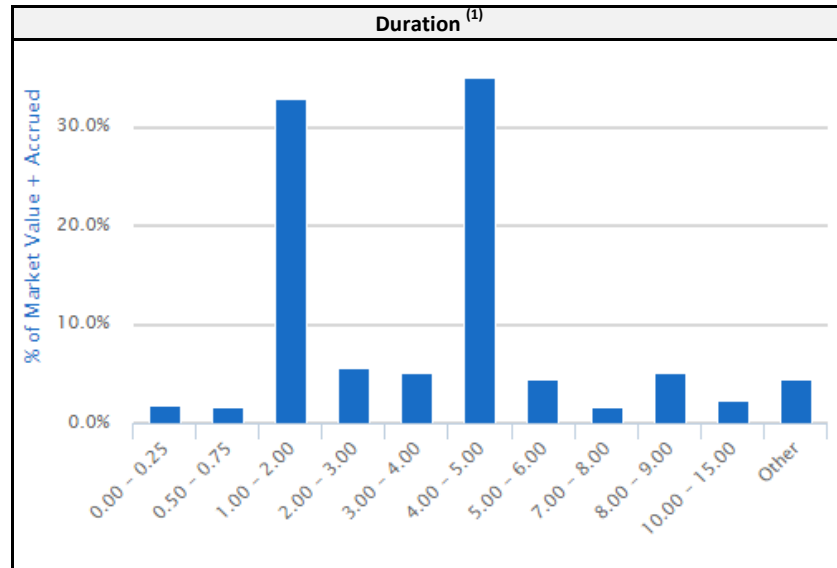
Prepared by Treasury

California State University Risk Management Authority

Fixed Income Portfolio (Auxiliary Investment Platform)

As of 06/30/2017

Portfolio Summary Total	
Total Assets	132,765,827
Duration	3.77
Yield	1.911
Avg Credit Rating	AA-/Aa3
QE Performance	0.628%



(1) The Other category combines duration ranges and in aggregate equals 4.455% of the portfolio.

(2) The Other category contains assets that do not fall within the seven specific charted credit ratings. These assets make up 2.710% of the portfolio and include the following ratings: AAA, AA, BBB, and BBB- .

(3) The NA category contains assets that do not have credit ratings available. These assets make up 8.458% of the portfolio.

California State University Risk Management Authority

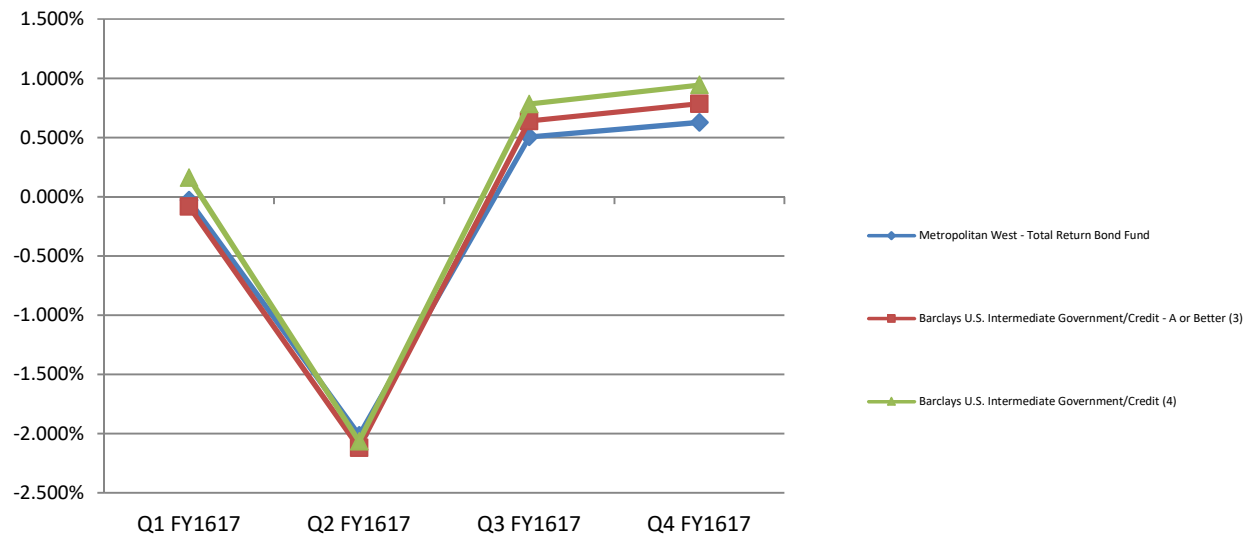
Fixed Income Portfolio (Auxiliary Investment Platform)

Performance Summary

Period Ending 06/30/2017

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	06/30/2017	04/01/17 - 06/30/17	07/01/16 - 06/30/17	07/01/14 - 06/30/17	07/01/12 - 06/30/17	07/01/07 - 06/30/17			
Metropolitan West - Total Return Bond Fund	132,765,827	0.628%	-0.929%	1.089%	1.206%	3.537%	1.911	5.478	3.770
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾		0.785%	-0.802%	1.714%	1.463%	2.880%	1.886	4.223	3.940
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾		0.942%	-0.213%	1.914%	1.774%	3.275%	2.077	4.389	4.067

Account / Index	Q1 FY1617	Q2 FY1617	Q3 FY1617	Q4 FY1617	Trailing 12 Month ⁽¹⁾
	07/01/16 - 09/30/16	10/01/16 - 12/31/16	01/01/17 - 03/31/17	04/01/17 - 06/30/17	07/01/16 - 06/30/17
Metropolitan West - Total Return Bond Fund	-0.029%	-2.013%	0.505%	0.628%	-0.929%
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾	-0.083%	-2.119%	0.640%	0.785%	-0.802%
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾	0.159%	-2.067%	0.781%	0.942%	-0.213%



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

(2) Weighted Average Maturity

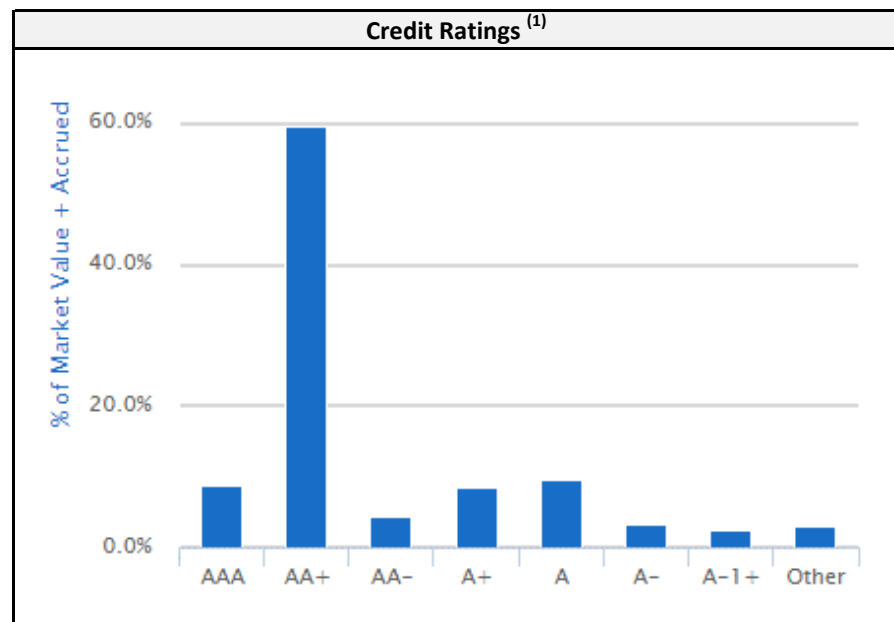
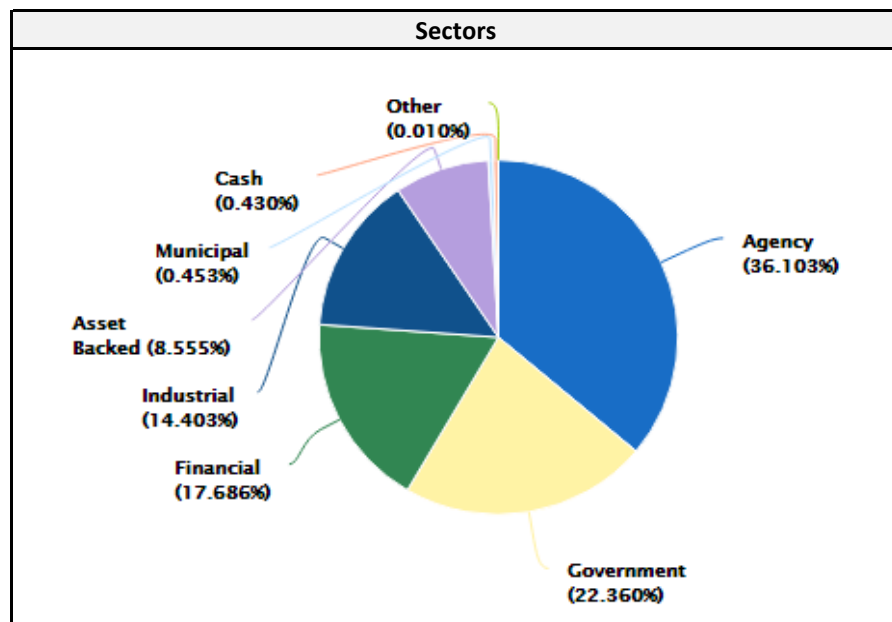
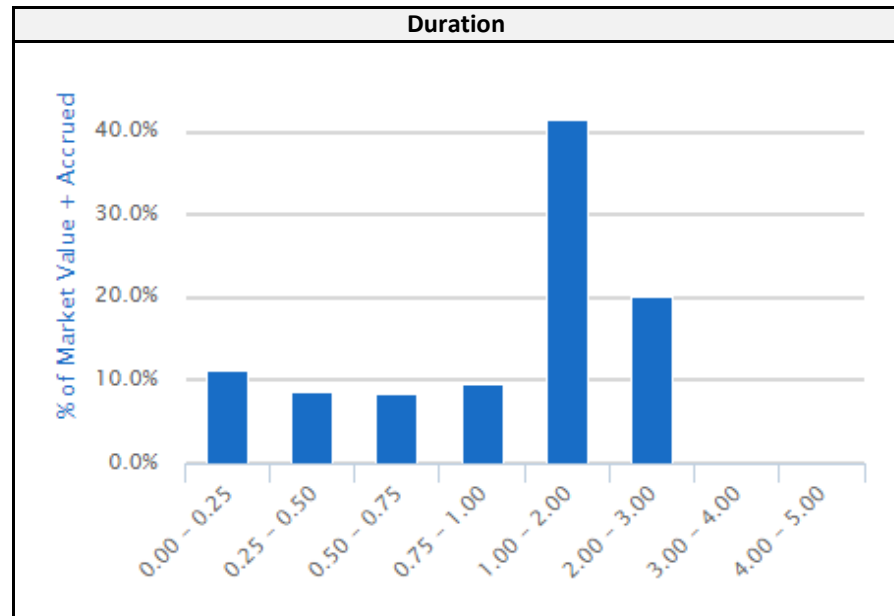
(3) Portfolio Benchmark as of 05/2014.

(4) Portfolio Benchmark prior to 05/2014.

California State University SWIFT Portfolio

As of 06/30/2017

Portfolio Summary Total	
Total Assets	13,134,311
Duration	1.293
Yield	1.453
Avg Credit Rating	AA-/Aa3
QE Performance	0.290%



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

California State University Risk Management Authority

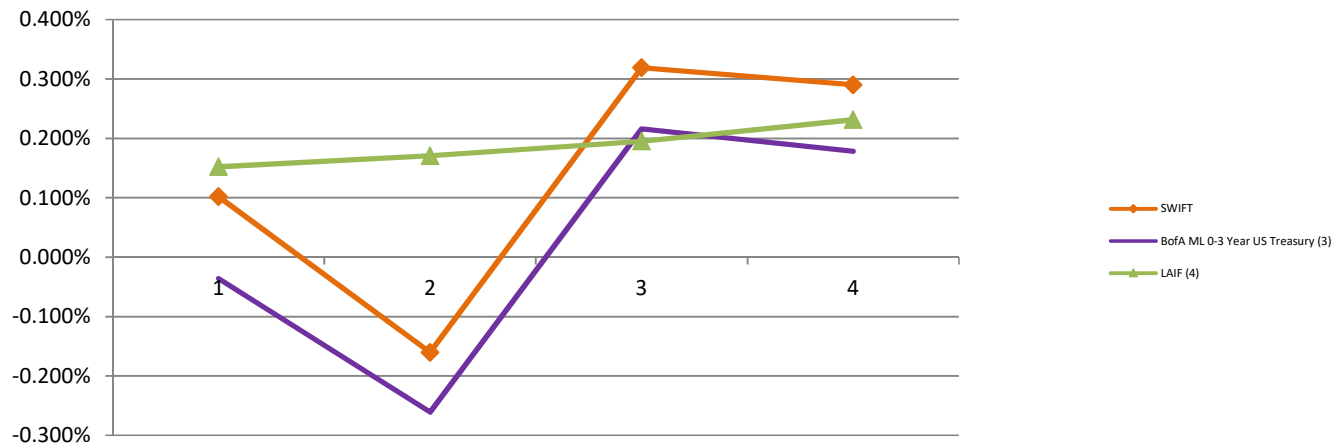
SWIFT Portfolio

Performance Summary

Period Ending 06/30/2017

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
SWIFT - CSU Systemwide Investment Fund Trust	06/30/17 13,134,311	04/01/17 - 06/30/17 0.290%	07/01/16 - 06/30/17 0.551%	07/01/14 - 06/30/17 0.812%	07/01/12 - 06/30/17 0.740%	07/01/07 - 06/30/17 1.273%	1.453	1.587	1.293
BofA ML 0-3 Year US Treasury ⁽³⁾		0.178%	0.096%	0.584%	0.524%	1.588%	1.331	1.483	1.447
LAIF - Local Agency Investment Fund ⁽⁴⁾		0.231%	0.754%	0.485%	0.402%	1.011%	0.929		

Account / Index	Q1 FY1617	Q2 FY1617	Q3 FY1617	Q4 FY1617	Trailing 12 Month ⁽¹⁾
	7/1/16 - 09/30/16	09/30/16 - 12/31/16	1/1/17 - 3/31/17	04/01/17 - 06/30/17	07/01/16 - 06/30/17
SWIFT	0.102%	-0.160%	0.319%	0.290%	0.551%
BofA ML 0-3 Year US Treasury ⁽³⁾	-0.036%	-0.261%	0.216%	0.178%	0.096%
LAIF ⁽⁴⁾	0.152%	0.171%	0.195%	0.231%	0.754%



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

(2) Weighted Average Maturity

(3) SWIFT Portfolio Benchmark

(4) LAIF returns calculated by CSUCO Treasury

CSURMA

Quarterly Investment Report

July 1, 2017 - September 30, 2017

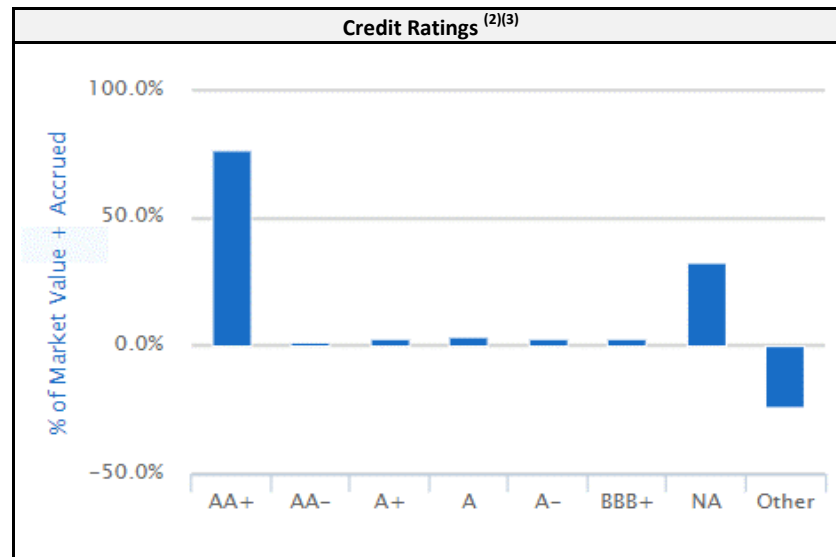
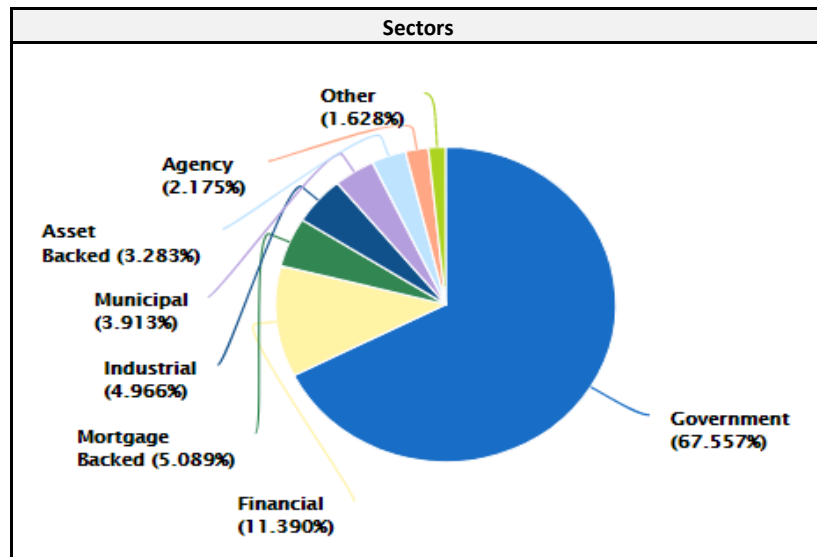
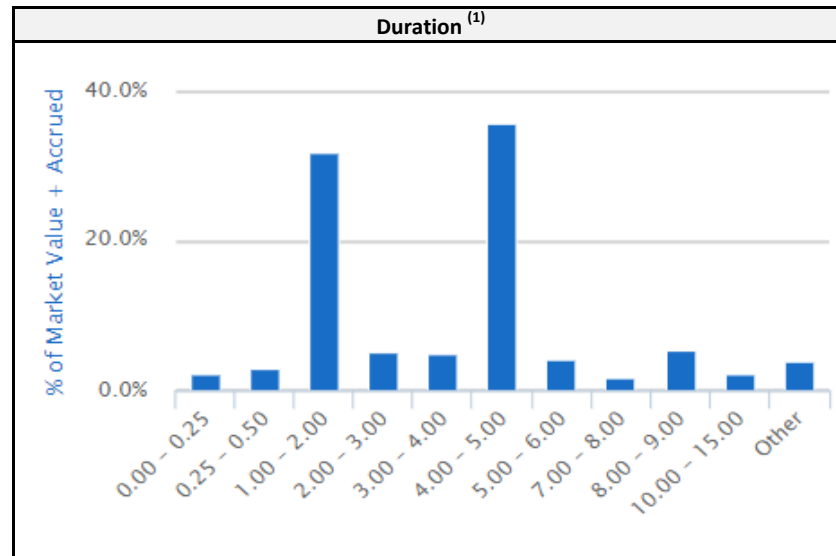
Prepared by Treasury

California State University Risk Management Authority

Fixed Income Portfolio (Auxiliary Investment Platform)

As of 09/30/2017

Portfolio Summary Total	
Total Assets	133,250,382
Duration	3.782
Yield	2.19
Avg Credit Rating	AA-/Aa3
QE Performance	0.364%



(1) The Other category combines duration ranges and in aggregate equals 3.960% of the portfolio.

(2) The Other category contains assets that do not fall within the seven specific charted credit ratings. These assets make -23.586% of the portfolio and include the following ratings: AAA, AA, BBB, and BBB-. The Other category is negative and unusually high due to a payable balance of \$43.0 million for unsettled trades that are classified in the AAA credit rating.

(3) The NA category contains assets that do not have credit ratings available. These assets make up 32.965% of the portfolio. The NA balance is unusually high due to a balance in the amount of \$ 38.2 million held in a Government Money Market fund to cover the unsettled trades shown as a payable balance in the "Other" category in footnote (2). The net between the payable balance and money market fund balance is approximately \$4.8 million or 3.60% of market value.

California State University Risk Management Authority

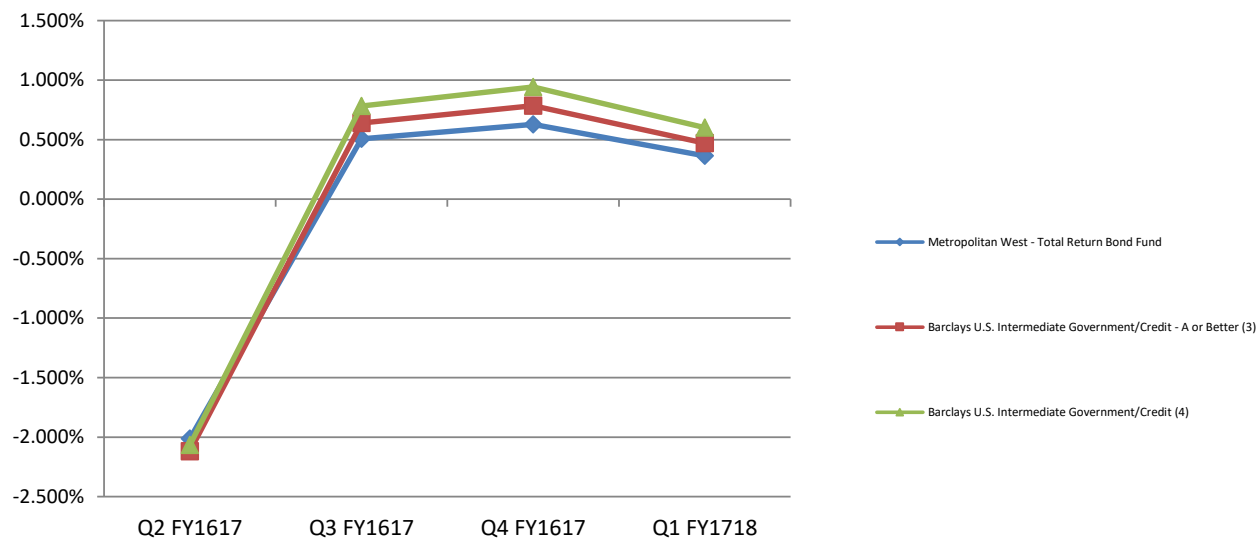
Fixed Income Portfolio (Auxiliary Investment Platform)

Performance Summary

Period Ending 09/30/2017

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	09/30/2017	07/01/17 - 09/30/17	10/01/16 - 09/30/17	10/01/14 - 09/30/17	10/01/12 - 09/30/17	07/01/07 - 09/30/17			
Metropolitan West - Total Return Bond Fund	133,250,382	0.364%	-0.540%	1.185%	0.990%	3.482%	2.190	5.512	3.782
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾		0.470%	-0.253%	1.876%	1.330%	2.853%	1.923	4.196	3.910
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾		0.601%	0.228%	2.129%	1.612%	3.252%	2.101	4.370	4.046

Account / Index	Q2 FY1617	Q3 FY1617	Q4 FY1617	Q1 FY1718	Trailing 12 Month ⁽¹⁾
	10/01/16 - 12/31/16	01/01/17 - 03/31/17	04/01/17 - 06/30/17	07/01/17 - 09/30/17	10/01/16 - 09/30/17
Metropolitan West - Total Return Bond Fund	-2.013%	0.505%	0.628%	0.364%	-0.540%
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾	-2.119%	0.640%	0.785%	0.470%	-0.253%
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾	-2.067%	0.781%	0.942%	0.601%	0.228%



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

(2) Weighted Average Maturity

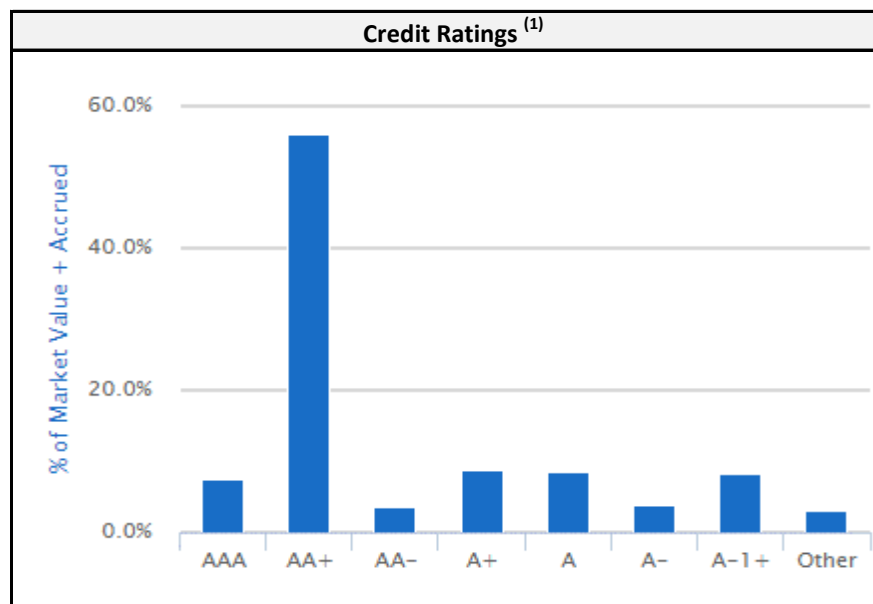
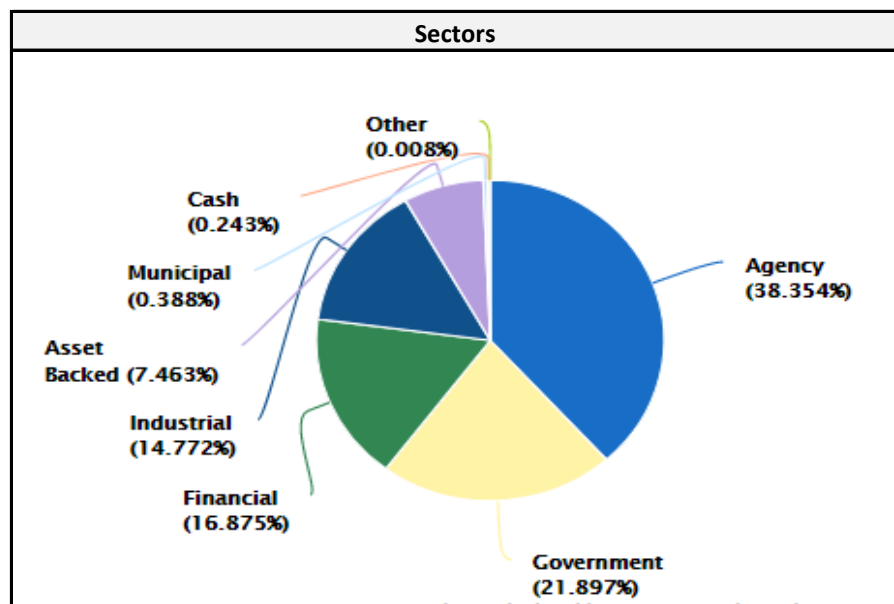
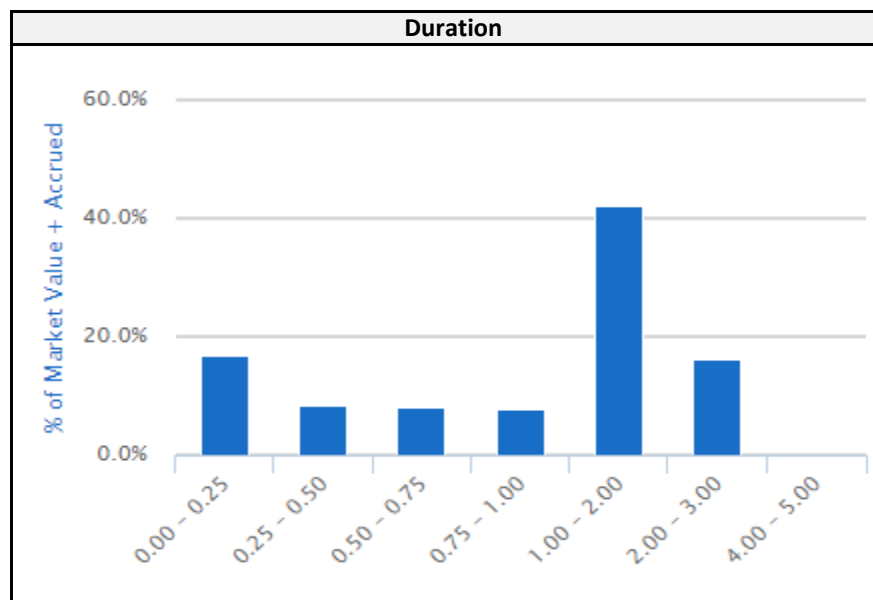
(3) Portfolio Benchmark as of 05/2014.

(4) Portfolio Benchmark prior to 05/2014.

California State University SWIFT Portfolio

As of 09/30/2017

Portfolio Summary Total	
Total Assets	40,910,687
Duration	1.204
Yield	1.439
Avg Credit Rating	AA-/Aa3
QE Performance	0.316%



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

California State University Risk Management Authority

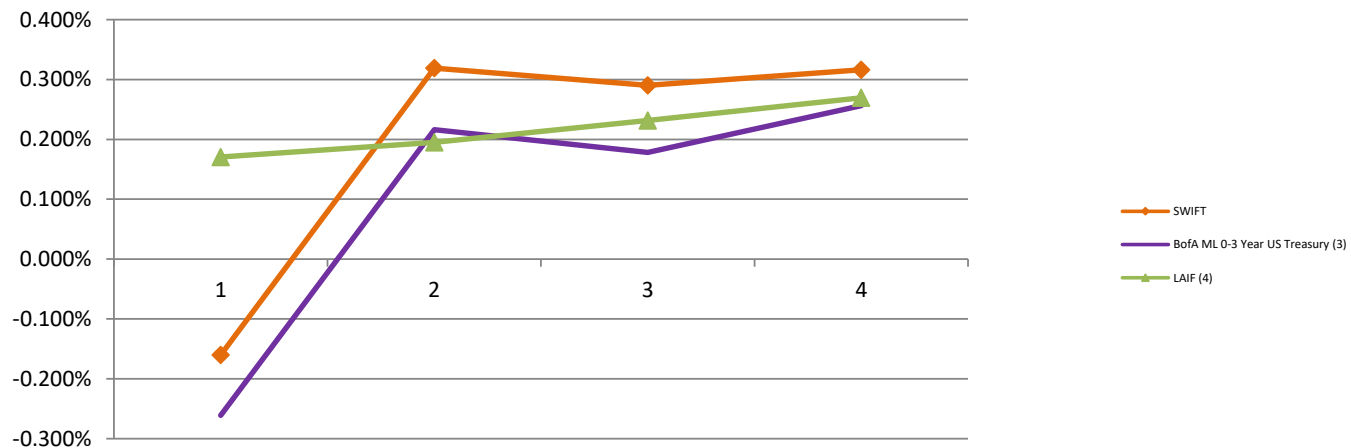
SWIFT Portfolio

Performance Summary

Period Ending 09/30/2017

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing	Trailing	Trailing	Since	Yield	WAM ⁽²⁾	Duration
			12 Month ⁽¹⁾	3 Year ⁽¹⁾	5 Year ⁽¹⁾	Inception ⁽¹⁾			
	09/30/17	07/01/17 - 09/30/17	10/01/16 - 09/30/17	10/01/14 - 09/30/17	10/01/12 - 09/30/17	07/01/07 - 09/30/17			
SWIFT - CSU Systemwide Investment Fund Trust	40,910,687	0.316%	0.767%	0.901%	0.743%	1.273%	1.439	1.427	1.204
BofA ML 0-3 Year US Treasury ⁽³⁾		0.256%	0.389%	0.659%	0.536%	1.574%	1.402	1.481	1.442
LAIF - Local Agency Investment Fund ⁽⁴⁾		0.269%	0.870%	0.554%	0.438%	1.013%	1.082		

Account / Index	Q2 FY1617	Q3 FY1617	Q4 FY1617	Q1 FY1718	Trailing
					12 Month ⁽¹⁾
	10/01/16 - 12/31/16	01/1/17 - 3/31/17	04/01/17 - 06/30/17	07/01/17 - 09/30/17	10/01/16 - 09/30/17
SWIFT	-0.160%	0.319%	0.290%	0.316%	0.767%
BofA ML 0-3 Year US Treasury ⁽³⁾	-0.261%	0.216%	0.178%	0.256%	0.389%
LAIF ⁽⁴⁾	0.171%	0.195%	0.231%	0.269%	0.870%



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

(2) Weighted Average Maturity

(3) SWIFT Portfolio Benchmark

(4) LAIF returns calculated by CSUCO Treasury

ADOPTION OF MEETING DATES FOR CALENDAR YEAR 2018

ISSUE: The CSURMA has adopted a Meeting Calendar for the period of January 2018 - December 2018. The attached calendar records the dates of all Committee and Board meetings, various conferences, and special events.

January 7, 2018 at 3:00 PM (AOA Conference, Sacramento).....	EC
March 8, 2018 at 2:00 PM	EC
March 9, 2018 at 8:30 AM.....	EC LRP
April 25, 2018 at TBD (FTPT Conference, San Diego).....	EC
April 25, 2018 at TBD (FTPT Conference, San Diego)	BOD
September 7, 2018 at 8:30 AM.....	EC
October 26, 2018 8:30 AM.....	EC
October 26, 2018 10:30 AM.....	BOD
December 7, 2018 at 8:30 AM.....	EC

The spring Executive Committee and Board of Directors meetings will be scheduled during the Fitting the Pieces Together Conference.

RECOMMENDATION: It is recommended that the Board of Directors adopt these meeting dates for Calendar Year 2018 as recommended by the Executive Committee, per the attached calendar.

FISCAL IMPACT: Staff continues to consolidate meetings to reduce travel time and expenses.

BACKGROUND: CSURMA's Joint Powers Agreement establishes a Board and Executive Committee structure for governance. The CSURMA Board meets twice per year.

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

ATTACHMENT(S):

- a. CSURMA Proposed Meeting Dates for Calendar Year 2018

2018 CSURMA MEETING CALENDAR

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
7	3:00 PM	EC (AOA Conference)	Sacramento	22	9:00 AM	PC	Teleconference	8	10:00 AM	AORMA	TBD
7 - 10		AOA Annual Conference	Sacramento					8	2:30 PM	EC	TBD
15	10:30 AM	AIME						9	8:30 AM	EC LRP	TBD
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
23 - 24		Fitting the Pieces Conference	San Diego	7	10:30 AM	AIME	San Francisco	TBD		AOA EC	TBD
25	TBD	AORMA	San Diego		2:00 PM	BOD Orientation	Teleconference	21	1:00 PM	PC	Teleconference
25	TBD	EC	San Diego								
25	TBD	BOD	San Diego								
JULY				AUGUST				SEPTEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
	11:00 AM	AORMA Officers Retreat	TBD	TBD		AOA EC	TBD	5	9:00 AM	AORMA New Member	TBD
								5	10:00 AM	AORMA LRP	TBD
								6	9:00 AM	AORMA	TBD
								6	4:00 PM	EC Orientation	TBD
								7	8:30 AM	EC	TBD
								27	1:00 PM	PC	Teleconference
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
15	10:30 AM	AIME	Fullerton	TBD		AOA EC	TBD	6	10:00 AM	AORMA	TBD
	2:00 PM	BOD Orientation	Teleconference	29	8:00 AM	PC	San Francisco	7	8:30 AM	EC	TBD
25	10:00 AM	AORMA	Long Beach								
26	8:30 AM	EC	Long Beach								
26	10:30 AM	BOD	Long Beach								

AORMA = Auxiliary Organizations Risk Management Alliance Committee

AIME = Athletic Injury Medical Expense Committee

AORMA LRP = AORMA Long Range Planning Meeting

PC = AORMA Programs Committee

AOA = CSU Auxiliary Organizations Association

BOD = CSURMA Board of Directors

EC = CSURMA Executive Committee

EC LRP = EC Long Range Planning Meeting

INDEPENDENT AUDITOR’S FINANCIAL AUDIT REPORT
AS OF JUNE 30, 2017

ISSUE: Pursuant to Section 16(d) of the CSURMA Joint Exercise of Powers Agreement, CSURMA contracted the independent audit firm KPMG to conduct an annual fiscal year audit (as of June 30, 2017) of the financial position of CSURMA. Christopher Ray and Liezl Sangalang from KPMG will present an overview of the report at today’s meeting.

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

FISCAL IMPACT: None.

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

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

ATTACHMENT(S):

- a. The Independent Auditor’s Financial Audit Report as of June 30, 2017



**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Financial Statements and Supplementary Schedules

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

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

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

Independent Auditors' Report

The Board of Directors
California State University Risk Management Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the California State University Risk Management Authority (the Authority), a component unit of the California State University, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California State University Risk Management Authority as of June 30, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3 through 7 and the claims development information on schedule 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in schedules 1 through 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 through 14 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 14 are fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Irvine, California
September 22, 2017

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2017 and 2016
(Unaudited)

The following discussion and analysis provides an overview of the financial position and performance of the California State University Risk Management Authority (the Authority) as of and for the years ended June 30, 2017 and 2016. It is designed to assist the readers in focusing on financial overview and analysis of the financial activities of the Authority. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

Overview of the Financial Statements

The financial statements of the Authority as of and for the years ended June 30, 2017 and 2016 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the Authority is considered a special-purpose government engaged in business-type activities.

The Authority's financial statements consist of the independent auditors' report, the basic audited financial statements, notes to the financial statements, supplementary information, and required supplementary information. The Authority's basic financial statements are the Statements of Net Position, the Statements of Revenue, Expenses, and Changes in Net Position, and the Statements of Cash Flows.

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

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A summary of the Authority's assets, liabilities, and net position at June 30, 2017 and 2016 is as follows:

Condensed Schedules of Net Position

June 30, 2017, 2016, and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current assets	\$ 26,777,000	43,574,000	40,301,000
Noncurrent assets	135,179,000	137,713,000	134,340,000
Total assets	<u>\$ 161,956,000</u>	<u>181,287,000</u>	<u>174,641,000</u>
Liabilities:			
Current liabilities	\$ 31,314,000	29,769,000	33,115,000
Noncurrent liabilities	57,262,000	64,063,000	75,465,000
Total liabilities	<u>\$ 88,576,000</u>	<u>93,832,000</u>	<u>108,580,000</u>
Net position:			
Unrestricted	<u>\$ 73,380,000</u>	<u>87,455,000</u>	<u>66,061,000</u>
Total net position	<u>\$ 73,380,000</u>	<u>87,455,000</u>	<u>66,061,000</u>

Assets

The Authority's assets totaled \$161,956,000 on June 30, 2017, a decrease of \$19,331,000, or 11%, as compared to the previous year. The decrease is mainly attributed to the decrease in investments (note 3) of \$23,946,000 due to increased insurance payments, increased dividend distributions, and investment loss. Prepaid expenses increased by \$1,720,000 due to the timing and coverage period of various insurance premiums. The Authority's assets totaled \$181,287,000 on June 30, 2016, an increase of \$6,646,000, or 4%, as compared to the previous year. The increase is mainly attributed to the increase in investments and other long-term investments of \$28,675,000 and \$4,036,000, respectively, due to the timing of the prepayment to California State Association of Counties Excess Insurance Authority (CSAC EIA or the EIA). Prepaid expenses decreased by \$26,552,000 due to the timing of payment as previously noted. The Authority's investments represent 90% and 94% of total assets as of June 30, 2017 and 2016, respectively, and consist of the Authority's share of the CSU Consolidated Investment Pool and investments held in Morgan Stanley Smith Barney.

Liabilities

The Authority's liabilities totaled \$88,576,000 on June 30, 2017, a decrease of \$5,256,000, or 6%, as compared to the previous year. The Authority's liabilities totaled \$93,832,000 on June 30, 2016, a decrease of \$14,748,000, or 14%, as compared to the previous year. These decreases are primarily due to the enrollment in the EIA, effective January 1, 2015, resulting in a decrease in claims liability, current and noncurrent, in the

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amount of \$8,108,000 and \$13,708,000 as of June 30, 2017 and 2016, respectively. The EIA is responsible for all covered losses within the amount of the self-insurance layer for the campus and Auxiliary Organizations Risk Management Alliance (AORMA) workers' compensation program (note 7); thus, the Authority is not liable for the layers covered by the EIA. Claims liability, current and noncurrent, represents 80% and 84% of the total liabilities as of June 30, 2017 and 2016, respectively.

Net Position

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

The Authority's net position totaled \$73,380,000 on June 30, 2017, a decrease of \$14,075,000, or 16%, as compared to the previous year. This is primarily due to increases in insurance premiums and dividends paid, and investment loss. The Authority's net position totaled \$87,455,000 on June 30, 2016, an increase of \$21,394,000, or 32%, compared to the previous year. This is primarily due to a decrease in claim losses and loss adjustment expenses and a decrease in claims liabilities, current and noncurrent, as discussed above.

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

A summary of the Authority's statement of revenues, expenses, and changes in net position is as follows:

Condensed Schedules of Revenues, Expenses and Changes in Net Position

June 30, 2017, 2016, and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 94,006,000	93,477,000	88,376,000
Operating expenses	<u>106,980,000</u>	<u>76,716,000</u>	<u>84,800,000</u>
Operating (loss) income	(12,974,000)	16,761,000	3,576,000
Nonoperating (expenses) revenues, net	<u>(1,101,000)</u>	4,633,000	1,749,000
Change in net position	(14,075,000)	21,394,000	5,325,000
Net position, beginning of year	<u>87,455,000</u>	<u>66,061,000</u>	<u>60,736,000</u>
Net position, end of year	<u>\$ 73,380,000</u>	<u>87,455,000</u>	<u>66,061,000</u>

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Operating Revenues and Expenses

During fiscal year 2017, the operating revenues totaled \$94,006,000, an increase of \$529,000, or 1%, which is primarily due to an increase in member contributions and reinsurance premiums (notes 6 and 7 (b)). The increase in contributions is mainly due to recommended funding for the campus-covered programs and is calculated by an independent actuarial firm employed by the Authority (note 2(g)). During fiscal year 2016, the operating revenues totaled \$93,477,000, an increase of \$5,101,000, or 6%, which is primarily due to an increase in member contributions and a decrease in reinsurance premiums. Member contributions increased during 2016 consistent to the increase during 2017, as previously noted.

During fiscal year 2017, operating expenses totaled \$106,980,000, an increase of \$30,264,000, or 39%, as compared to the previous year. The increase is primarily due to increases in claim losses and loss adjustment expenses in the amount of \$9,496,000, insurance premiums of \$13,879,000, and dividends paid of \$5,729,000. The increase in insurance premiums is primarily due to excess insurance premiums paid to the EIA and other insurance carriers. During fiscal year 2016, operating expenses totaled \$76,716,000, a decrease of \$8,084,000, or 10%, as compared to the previous year. The decrease is primarily due to a decrease in claim losses and loss adjustment expenses in the amount of \$22,747,000, which was offset by an increase in insurance premiums of \$14,799,000. The increase in insurance premiums was primarily due to excess insurance premiums paid to the EIA.

Operating expenses consist of claim losses and loss adjustment expenses of \$26,671,000 and \$17,175,000, claims administration of \$9,324,000 and \$8,717,000, insurance premiums of \$52,555,000 and \$38,676,000, dividend distributions of \$15,401,000 and \$9,672,000, general and administrative of \$1,508,000 and \$1,415,000, and miscellaneous services of \$1,521,000 and \$1,061,000 for the years ended June 30, 2017 and 2016, respectively. Claim losses and loss adjustment expenses include actual claim payments made, as well as adjustments for reserves on claims. Claim case reserves are adjusted as claims develop and mature and more information about potential loss amounts is known. Reserves for claims incurred but not reported, as determined by independent actuaries, are also included in this expense category. Claims administration includes expenses incurred by the Authority for claims administrator's fees and program administrator's fees, and brokerage commissions. Dividend distributions represent the return of contributions to CSU campuses and Auxiliary Organization members. In providing insurance coverage and risk management services to its members, the Authority incurs general and administrative and miscellaneous services expenses that are budgeted and approved by the Board of Directors annually.

Nonoperating Revenues (Expenses), net

During fiscal year 2017, the nonoperating revenues totaled \$(1,101,000), a decrease of \$5,734,000, or 124%, which is primarily due to the decrease in investment income from the investment portfolio where the Authority's investments are held (note 3). During fiscal year 2016, the nonoperating revenues totaled \$4,633,000, an increase of \$2,884,000, or 165%, which is primarily due to the increase in investment income from the investment portfolio where the Authority's investments are held.

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Factors Impacting Future Periods

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

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

The California workers' compensation operating environment continues to be challenging due primarily to increases in the cost of medical care and prescription drugs combined with an aging workforce. To combat increasing costs to settle workers' compensation claims, the Authority has implemented a Workers' Compensation Claims Management and Return to Work Program, as well as an ongoing claims closure initiative.

Generally, the commercial insurance and reinsurance market is stable with a favorable outlook due in large part to catastrophic property claims being well below the average for the past ten years. However, weather extremes, catastrophic loss, and investment losses are areas of concern for commercial insurance carriers.

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

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

The rates charged by the Authority for member contributions for the future year are generally not expected to change significantly. In the May 2017 Board of Director's meeting, the fiscal year 2018 budget was approved for operating revenues of \$90,279,000 and operating expenses of \$100,478,000.

The CSU has asked CSURMA to evaluate utilization of a captive insurer in the near future. If a captive insurer is effected, CSURMA would likely transfer commensurate assets and liabilities to the captive. Use of a captive would likely reduce CSURMA's assets but have a positive overall impact on CSURMA's financial position as the captive would be implemented if it could create overall efficiencies and reduce the CSU's total cost of risk.

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Statements of Net Position

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	2017	2016
Assets:		
Current assets:		
Cash and cash equivalents	\$ —	88,000
Investments (note 3)	13,011,000	35,579,000
Accounts receivable	7,109,000	2,505,000
Loans receivable from affiliates, current portion (note 4)	613,000	1,048,000
Interest receivable	—	5,000
Prepaid expenses	5,872,000	4,152,000
Reinsurance recoverable – workers' compensation	172,000	197,000
Total current assets	26,777,000	43,574,000
Noncurrent assets:		
Loans receivable from affiliates, net of current portion (note 4)	2,413,000	3,569,000
Other long-term investments (note 3)	132,766,000	134,144,000
Total noncurrent assets	135,179,000	137,713,000
Total assets	161,956,000	181,287,000
Liabilities:		
Current liabilities:		
Accounts payable	9,532,000	5,319,000
Unearned revenues	43,000	40,000
SELF assessment liability, current portion (note 9)	1,364,000	1,364,000
Claims liability for losses and loss adjustment expenses – current portion (note 5):		
Reported claims	12,089,000	13,672,000
Claims incurred but not reported	8,286,000	9,374,000
Total current liabilities	31,314,000	29,769,000
Noncurrent liabilities:		
SELF assessment liability, net of current portion (note 9)	6,818,000	8,182,000
Claims liability for losses and loss adjustment expenses – noncurrent portion (note 5):		
Reported claims	29,930,000	33,152,000
Claims incurred but not reported	20,514,000	22,729,000
Total noncurrent liabilities	57,262,000	64,063,000
Total liabilities	88,576,000	93,832,000
Net position:		
Unrestricted	73,380,000	87,455,000
Total net position	\$ 73,380,000	87,455,000

See accompanying notes to financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Member contributions (note 6)	\$ 103,447,000	100,363,000
Reinsurance premiums (note 7)	<u>(9,441,000)</u>	<u>(6,886,000)</u>
Total operating revenues	<u>94,006,000</u>	<u>93,477,000</u>
Operating expenses:		
Claim losses and loss adjustment expenses (note 5)	26,671,000	17,175,000
Claims administration	9,324,000	8,717,000
Insurance premiums	52,555,000	38,676,000
Dividend distributions (note 6)	15,401,000	9,672,000
General and administrative	1,508,000	1,415,000
Miscellaneous services	<u>1,521,000</u>	<u>1,061,000</u>
Total operating expenses	<u>106,980,000</u>	<u>76,716,000</u>
Operating (loss) income	<u>(12,974,000)</u>	<u>16,761,000</u>
Nonoperating revenues (expenses):		
Investment (loss) income, net	(1,149,000)	4,570,000
Interest income from loans	<u>48,000</u>	<u>63,000</u>
Total nonoperating (expenses) revenue, net	<u>(1,101,000)</u>	<u>4,633,000</u>
Change in net position	(14,075,000)	21,394,000
Net position, beginning of year	<u>87,455,000</u>	<u>66,061,000</u>
Net position, end of year	<u>\$ 73,380,000</u>	<u>87,455,000</u>

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Statements of Cash Flows

Years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Receipts of member contributions	\$ 99,256,000	99,076,000
Payments to providers	(73,762,000)	(31,147,000)
Payments of claims	(35,163,000)	(30,743,000)
Dividend distribution to pool participants	(14,860,000)	(9,770,000)
	(24,529,000)	27,416,000
Net cash (used in) provided by operating activities		
Cash flows from noncapital and related financing activities:		
Loans disbursed to related entities	—	(1,000,000)
Payments received on loans to related entities	1,591,000	1,751,000
Loan interest income received	53,000	63,000
	1,644,000	814,000
Net cash provided by noncapital and related financing activities		
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	789,229,000	651,608,000
Purchases of investments	(767,398,000)	(683,418,000)
Investment (loss) income, net	966,000	3,668,000
	22,797,000	(28,142,000)
Net cash provided by (used in) investing activities		
Net change in cash and cash equivalents	(88,000)	88,000
Cash and cash equivalents at beginning of year	88,000	—
Cash and cash equivalents at end of year	\$ —	88,000
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:		
Operating (loss) income	\$ (12,974,000)	16,761,000
Adjustments to reconcile net operating (loss) income to net cash (used in) provided by operating activities:		
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	(1,720,000)	26,552,000
Increase in accounts receivable	(4,604,000)	(1,705,000)
Decrease in reinsurance recoverable – workers' compensation	25,000	556,000
Increase in accounts payable	4,213,000	320,000
Increase in unearned revenues	3,000	3,000
Decrease in SELF assessment liability	(1,364,000)	(1,363,000)
Decrease in claims liability for losses and loss adjustment expenses	(8,108,000)	(13,708,000)
	(8,108,000)	(13,708,000)
Net cash (used in) provided by operating activities	\$ (24,529,000)	27,416,000

See accompanying notes to financial statements.

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(1) Organization

On January 1, 1997, the University and certain Auxiliary Organizations of the University established the California State University Risk Management Authority pursuant to the provisions of Section 6500 et seq. of the California Government Code (the Code). The Code authorizes the CSU and Auxiliary Organizations to establish and operate pooled coverage programs and to provide related services. The Authority provides entity risk pooling programs for workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, property, construction, and other risk-related programs for its member organizations (the Members). Members participating in the Authority's coverage programs at June 30, 2017 and 2016 are as follows:

<u>Campus location</u>	<u>Members</u>
Bakersfield	California State University, Bakersfield
Bakersfield	Associated Students, California State University, Bakersfield, Inc.
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs Administration
Bakersfield	California State University, Bakersfield Foundation
Bakersfield	California State University, Bakersfield Student Union, Inc.
Chancellor's Office	Office of the Chancellor
Chancellor's Office	California State University Foundation
Chancellor's Office	California State University Institute
Channel Islands	California State University, Channel Islands
Channel Islands	Associated Students of California State University, Channel Islands, Inc.
Channel Islands	California State University Channel Islands Foundation
Channel Islands	University Glen Corporation
Chico	California State University, Chico
Chico	Associated Students of California State University, Chico
Chico	Auxiliary Organization Associations
Chico	The CSU, Chico Research Foundation
Chico	The University Foundation, California State University, Chico
Dominguez Hills	California State University, Dominguez Hills
Dominguez Hills	Associated Students, California State University, Dominguez Hills
Dominguez Hills	California State University, Dominguez Hills Foundation
Dominguez Hills	CSU Dominguez Hills Philanthropic Foundation*
Dominguez Hills	Loker University Student Union, Incorporated
East Bay	California State University, East Bay
East Bay	Associated Students, California State University, East Bay
East Bay	Cal State East Bay Educational Foundation
East Bay	California State University, East Bay Foundation, Inc.

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

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

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<u>Campus location</u>	<u>Members</u>
San Luis Obispo	Cal Poly Corporation
San Luis Obispo	California Polytechnic State University Foundation
San Marcos	California State University, San Marcos
San Marcos	California State University San Marcos Foundation
San Marcos	San Marcos University Corporation
San Marcos	The Associated Students of California State University, San Marcos
San Marcos	University Auxiliary and Research Services Corporation
Sonoma	Sonoma State University
Sonoma	Associated Students of Sonoma State University
Sonoma	Sonoma State Enterprises, Inc.
Sonoma	Sonoma State University Academic Foundation, Inc.
Stanislaus	California State University, Stanislaus
Stanislaus	Associated Students, Inc., California State University, Stanislaus
Stanislaus	California State University, Stanislaus Auxiliary and Business Services
Stanislaus	California State University, Stanislaus Foundation
Stanislaus	University Student Union of California State University, Stanislaus
Stanislaus	California State University, Stanislaus
Stanislaus	Associated Students, Inc., California State University, Stanislaus
Stanislaus	California State University, Stanislaus Auxiliary and Business Services
Stanislaus	California State University, Stanislaus Foundation
Stanislaus	University Student Union of California State University, Stanislaus

The accompanying financial statements are also included in the CSU financial statements.

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

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

All post-development costs of the Authority's programs are funded by annual premiums charged to members participating in the program each policy year and by interest earnings on the accumulated funds. Premiums are based on a cost allocation plan and rating formula developed by the Authority with the assistance of an actuary, risk management consultant, and other qualified persons. The premium for each member participating in the shared risk programs includes the member's share of expected program

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losses, program reinsurance costs, and program administrative costs for the year. If the Authority experiences unusually large losses in one of the aforementioned programs during a policy year, those pooled funds for the program may be exhausted or depleted before the next annual premiums are due. The board of directors may, upon consultation with an actuary, impose assessments on all participating members in the respective program, which, in total amount, will assure adequate funds to the Authority for the payment of all incurred losses.

The Authority coordinates the claims process in conjunction with various agencies processing the claims. These agencies include the State of California Attorney General's Office (AG), Sedgwick Claims Management Services, Inc. (Sedgwick), Carl Warren & Company, CSU's Office of General Counsel, Systemwide Risk Management, Alliant Insurance Services (Alliant), the CSU Office of the Chancellor, and the 23 CSU campuses. Sedgwick is the third-party administrator (TPA) for all workers' compensation claims involving campuses and Auxiliary Organizations. Carl Warren & Company is the TPA for Auxiliary Organization liability claims. Health Special Risk, Inc and AG Administrator are the TPAs for Athletic Injury Medical Expense (AIME) and Club Sports Insurance Program (CSIP) claims. Alliant administers all entity risk pooling programs provided by the Authority.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The Authority considers amounts included in the Morgan Stanley

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Smith Barney and the CSU Consolidated Investment Pool to be investments. Certain transactions recorded as revenues or expenses in the accompanying Statements of Revenues, Expenses and Changes in Net Position include transactions between entities that are also participants in the Investment Pool. The Authority considers changes in the respective participants' equity in the Investment Pool resulting from these transactions to represent cash flows of the Authority in the accompanying Statements of Cash Flows.

(d) Investments

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

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

(e) Accounts Receivable

Accounts receivable represents amounts due from the Members as of June 30, 2017 and 2016.

(f) Reinsurance Recoverable

Reinsurance recoverable represents estimated amounts due from reinsurers, who reinsured the CSU's workers' compensation claims liability for claims incurred during the fiscal year. The reported amounts represent recoverable estimates related to paid claims and claim adjustment expenses as of June 30, 2017 and 2016. The estimated amounts recoverable from the reinsurers that are related to the liabilities for unpaid claims and claim adjustment expenses are deducted from those claims liabilities for losses and loss adjustment expenses; refer to note 2(h).

(g) Member Contributions

The Authority reports contributions in the Statements of Revenues, Expenses, and Changes in Net Position for those revenues received from its members. The contribution calculation for the campuses is based on program funding policies and procedures, and a rating plan to meet their pro rata share of the anticipated claims liabilities for losses and loss adjustment expenses. The contribution calculation for Auxiliary Organizations is based on various rating plans, such as the actuary's projections and loss rates. Contributions are recorded as revenue for the policy year in which coverage is provided.

(h) Claims Liability for Losses and Loss Adjustment Expenses

The claims liability for losses and loss adjustment expenses included in the accompanying financial statements reflect the estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2017 and 2016. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the

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reinsurer that are related to the liability for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

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

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

(i) Dividend Distributions

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

(j) Net Position

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

(k) Classification of Revenues and Expenses

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

(l) Income Taxes

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

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(m) Use of Estimates

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

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

The Authority's cash, cash equivalents, and investments as of June 30, 2017 and 2016 are classified in the accompanying Statements of Net Position as follows:

	2017	2016
Cash and cash equivalents	\$ —	88,000
Short-term investments	13,011,000	35,579,000
Other long-term investments	132,766,000	134,144,000
Total investments	\$ 145,777,000	169,811,000

(a) Cash and Cash Equivalents

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

At June 30, 2017 and 2016, the Authority's cash and cash equivalents consist of demand deposits held at a financial institution. The carrying amount of the cash in demand deposit accounts were \$110,000 and \$188,000 at June 30, 2017 and 2016, respectively. The primary difference between the book and bank balance is due to outstanding checks and cash awaiting investment in the CSU Consolidated Investment Pool.

(b) Investments

At June 30, 2017 and 2016, the Authority's investment portfolio consists of investments held in Morgan Stanley Smith Barney and the CSU Consolidated Investment Pool. Separate accounting is maintained as to the amounts allocable to the various funds and programs.

(i) Investment Policy

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

The Authority's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government

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Code Sections 16430 and 53601, and Education Code Section 89724, subject to certain limitations. In general, the Authority's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high-quality domestic corporate and fixed-income securities, and certain other investment instruments.

(ii) Custodial Credit Risk

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

(iii) Interest Rate Risk

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

Durations of the Authority's investment portfolio for each investment type as of June 30, 2017 are presented in the table below.

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 4,662,000	3.45666
Certificates of deposit	552,000	0.28861
Corporate bonds	25,016,000	2.90613
International bonds	1,242,000	5.30739
Money market funds	1,252,000	—
Mortgage-backed securities	6,880,000	3.62214
Municipal bonds	5,418,000	6.29680
Repurchase agreements	37,000	0.00813
U.S. agency securities	8,772,000	2.70064
U.S. Treasury securities	91,946,000	3.66613
Total investments	<u>\$ 145,777,000</u>	

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Durations of the Authority's investment portfolio for each investment type as of June 30, 2016 are presented in the table below.

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (In years)</u>
Asset-backed securities	\$ 9,161,000	3.00753
Certificates of deposit	2,710,000	0.22407
Commercial paper	101,000	0.32250
Corporate bonds	32,995,000	2.70329
International bonds	1,291,000	6.05772
Money market funds	294,000	—
Mortgage-backed securities	10,853,000	3.59848
Municipal bonds	1,795,000	1.55822
Repurchase agreements	205,000	0.00272
U.S. agency securities	18,407,000	2.27217
U.S. Treasury securities	91,911,000	3.65904
Total investments	<u>\$ 169,723,000</u>	

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

(iv) *Credit Risk*

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

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

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Ratings of the Authority's investment portfolio for each investment type as of June 30, 2017 are presented in the table below.

Investment type	Fair value	Rating as of year-end				
		AAA	AA	A	BBB	Not rated
Asset-backed securities	\$ 4,662,000	3,832,000	194,000	636,000	—	—
Certificates of deposit	552,000	233,000	69,000	250,000	—	—
Corporate bonds	25,016,000	677,000	1,674,000	12,611,000	6,309,000	3,745,000
International bonds	1,242,000	—	1,242,000	—	—	—
Money market funds	1,252,000	—	—	20,000	—	1,232,000
Mortgage-backed securities	6,880,000	—	5,587,000	—	—	1,293,000
Municipal bonds	5,418,000	—	5,418,000	—	—	—
Repurchase agreements	37,000	—	—	9,000	—	28,000
U.S. agency securities	8,772,000	72,000	6,656,000	—	—	2,044,000
U.S. Treasury securities	91,946,000	—	91,946,000	—	—	—
Total investments	\$ 145,777,000	4,814,000	112,786,000	13,526,000	6,309,000	8,342,000

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2016 are presented in the table below.

Investment type	Fair value	Rating as of year-end				
		AAA	AA	A	BBB	Not rated
Asset-backed securities	\$ 9,161,000	8,948,000	213,000	—	—	—
Certificates of deposit	2,710,000	—	353,000	2,357,000	—	—
Commercial paper	101,000	—	—	101,000	—	—
Corporate bonds	32,995,000	2,724,000	3,378,000	15,150,000	9,338,000	2,405,000
International bonds	1,291,000	—	1,291,000	—	—	—
Money market funds	294,000	—	—	30,000	—	264,000
Mortgage-backed securities	10,853,000	—	10,853,000	—	—	—
Municipal bonds	1,795,000	—	1,795,000	—	—	—
Repurchase agreements	205,000	—	—	49,000	—	156,000
U.S. agency securities	18,407,000	—	16,022,000	338,000	—	2,047,000
U.S. Treasury securities	91,911,000	—	84,085,000	—	—	7,826,000
Total investments	\$ 169,723,000	11,672,000	117,990,000	18,025,000	9,338,000	12,698,000

(v) *Concentration Risk*

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

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As of June 30, 2017 and 2016, there were no investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of the Authority's total investment portfolio.

(vi) *Fair Value Measurements*

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

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

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The following table presents investments that are measured at fair value on a recurring basis at June 30, 2017:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Net Asset Value</u>
Asset-backed securities	\$ 4,662,000	1,113,000	3,549,000	—
Certificates of deposit	552,000	—	552,000	—
Corporate bonds	25,016,000	479,000	24,537,000	—
International bonds	1,242,000	—	1,242,000	—
Money market funds	1,252,000	—	—	1,252,000
Mortgage-backed securities	6,880,000	—	6,880,000	—
Municipal bonds	5,418,000	—	5,418,000	—
Repurchase agreement	37,000	—	37,000	—
U.S. agency securities	8,772,000	2,372,000	6,400,000	—
U.S. Treasury securities	91,946,000	—	91,946,000	—
Total investments	<u>\$ 145,777,000</u>	<u>3,964,000</u>	<u>140,561,000</u>	<u>1,252,000</u>

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2016:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Asset-backed securities	\$ 9,161,000	—	9,161,000
Certificates of deposit	2,710,000	—	2,710,000
Commercial paper	101,000	—	101,000
Corporate bonds	32,995,000	—	32,995,000
International bonds	1,291,000	—	1,291,000
Money market funds	294,000	294,000	—
Mortgage-backed securities	10,853,000	1,862,000	8,991,000
Municipal bonds	1,795,000	—	1,795,000
Repurchase agreement	205,000	—	205,000
U.S. agency securities	18,407,000	—	18,407,000
U.S. Treasury securities	91,911,000	91,911,000	—
Total investments	<u>\$ 169,723,000</u>	<u>94,067,000</u>	<u>75,656,000</u>

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

Investments are classified in Level 1 as fair value are obtained at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry

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standard pricing service, when available. Investments for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the Authority's external investment managers or their custodians.

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

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2017 or 2016.

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

(c) Investment Income, Net

Investment income, net, included within the Statements of Revenues, Expenses, and Changes in Net Position comprises unrealized losses and gains of \$(2,115,000) and \$902,000, realized losses and gains of \$(1,465,000) and \$1,427,000, and interest and dividend income of \$2,431,000 and \$2,241,000 for the years ended June 30, 2017 and 2016, respectively.

(4) Loans Receivable from Affiliates

In November 2008, the Authority entered into a loan agreement with California State University, Fresno, in the amount of \$4,500,000. The loan term is for a 5-year period that amortizes based on a 20-year amortization schedule, with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.106% at June 30, 2017). The initial maturity date of the loan was October 31, 2013. On September 12, 2013, Executive Members approved California State University, Fresno's loan extension request in the amount of \$2,542,000 for an additional 5 years, extending the maturity date to September 30, 2018. The loan was paid off on November 3, 2016.

In August 2008, the Authority entered into a loan agreement with Humboldt State University Advancement Foundation in the amount of \$2,535,000. The loan is nonamortizing, with interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.106% at June 30, 2017). The initial maturity date of the loan was October 31, 2013. On December 6, 2012, Executive Members approved Humboldt State University Advancement Foundation's loan extension request for an additional 5 years in the amount of \$2,000,000, maturing on October 31, 2017. On May 5, 2017, Executive Members approved the transfer of the loan to Humboldt State University, conditional on a payment of \$200,000 toward the loan, which was paid on June 20, 2017. The amounts outstanding on the loan were \$0 and \$2,000,000 as of June 30, 2017 and 2016, respectively.

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In June 2017, the Authority entered into a loan agreement with Humboldt State University in the amount of \$1,800,000. The loan is nonamortizing, with interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.106% at June 30, 2017). The maturity date of the loan is October 31, 2022. The amounts outstanding on the loan were \$1,800,000 and \$0 as of June 30, 2017 and 2016, respectively.

In May 2014, the Authority entered into a line-of-credit agreement with California State University, Sacramento in the amount of \$4,000,000, and \$1,226,000 of which was drawn against the line as of June 30, 2017. The line-of-credit will be available for a 5-year period with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.106% at June 30, 2017). The maturity date of the line-of-credit is June 1, 2019. The amounts outstanding on the loan were \$1,226,000 and \$2,353,000 as of June 30, 2017 and 2016, respectively.

The following table summarizes the Authority's loans receivable from affiliates as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
California State University, Fresno	\$ —	264,000
Humboldt State University Advancement Foundation	—	2,000,000
Humboldt State University	1,800,000	—
California State University, Sacramento	<u>1,226,000</u>	<u>2,353,000</u>
Total loans receivable from affiliates	3,026,000	4,617,000
Less current portion	<u>(613,000)</u>	<u>(1,048,000)</u>
Loans receivable from affiliates, net of current portion	<u>\$ 2,413,000</u>	<u>3,569,000</u>

(5) Claims Liability for Losses and Loss Adjustment Expenses

The Authority establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related loss adjustment expenses. Although considerable variability is inherent in such estimates, management believes that the liability is reasonable at June 30, 2017 and 2016.

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Changes in the Authority's claims liability for the years ended June 30, 2017 and 2016 are as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2015	\$ 92,635,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	56,800,000
Decrease in provision for reinsured events of the current fiscal year	(24,959,000)
Decrease in provision for insured events of prior fiscal years	<u>(14,666,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>17,175,000</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(18,993,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	9,335,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(21,225,000)</u>
Total payments	<u>(30,883,000)</u>

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Claims liability for losses and loss adjustment expenses, June 30, 2016	\$	78,927,000
Less current portion		<u>(23,046,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2016, net of current portion		<u>55,881,000</u>
Incurred claims for losses and loss adjustment expenses:		
Provision for insured events of the current fiscal year		60,246,000
Decrease in provision for reinsured events of the current fiscal year		(26,653,000)
Decrease in provision for insured events of prior fiscal years		<u>(6,922,000)</u>
Total incurred claims for losses and loss adjustment expenses		<u>26,671,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year		(20,858,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year		13,800,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years		<u>(27,721,000)</u>
Total payments		<u>(34,779,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2017		70,819,000
Less current portion		<u>(20,375,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2017, net of current portion	\$	<u><u>50,444,000</u></u>

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(6) Related-Party Transactions

The following represents a summary of the accounts receivable, contributions (premiums), dividend distribution for the years ended June 30, 2017 and 2016, and general liability insurance deductibles for the policy period detailed by campus:

<u>Members</u>	<u>June 30, 2017</u>			
	<u>Accounts receivable</u>	<u>Contributions for the fiscal year</u>	<u>Dividend distribution</u>	<u>General liability insurance deductibles per occurrence</u>
Bakersfield	\$ —	1,642,000	(305,000)	35,000
California Maritime Academy	—	629,000	(105,000)	35,000
Chancellor's Office	5,492,000	12,501,000	(244,000)	100,000
Channel Islands	—	1,606,000	(279,000)	35,000
Chico	—	2,739,000	(525,000)	250,000
Dominguez Hills	—	2,531,000	(573,000)	100,000
East Bay	—	3,513,000	(531,000)	500,000
Fresno	—	3,279,000	(1,002,000)	250,000
Fullerton	—	4,337,000	(685,000)	250,000
Humboldt	—	2,227,000	(426,000)	50,000
Long Beach	—	6,283,000	(1,091,000)	250,000
Los Angeles	—	4,208,000	(697,000)	250,000
Monterey Bay	—	1,588,000	(290,000)	35,000
Northridge	—	5,678,000	(843,000)	750,000
Pomona	—	4,386,000	(753,000)	250,000
Sacramento	—	3,716,000	(625,000)	900,000
San Bernardino	—	3,090,000	(547,000)	50,000
San Diego	—	5,801,000	(843,000)	900,000
San Francisco	—	4,847,000	(939,000)	500,000
San Jose	—	5,013,000	(747,000)	750,000
San Luis Obispo	—	4,719,000	(651,000)	250,000
San Marcos	—	1,781,000	(320,000)	50,000
Sonoma	—	2,168,000	(397,000)	100,000
Stanislaus	—	1,694,000	(269,000)	35,000
Auxiliary Organizations	482,000	13,471,000	(1,714,000)	Various
	<u>\$ 5,974,000</u>	<u>103,447,000</u>	<u>(15,401,000)</u>	

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

Notes to Financial Statements

June 30, 2017 and 2016

June 30, 2016				
Members	Accounts receivable	Contributions for the fiscal year	Dividend distribution	General liability insurance deductibles per occurrence
Bakersfield	\$ —	1,582,000	(207,000)	35,000
California Maritime Academy	—	554,000	(72,000)	35,000
Chancellor's Office	1,385,000	10,662,000	(156,000)	100,000
Channel Islands	—	1,576,000	(173,000)	35,000
Chico	—	2,638,000	(325,000)	250,000
Dominguez Hills	—	2,560,000	(388,000)	100,000
East Bay	—	3,468,000	(296,000)	500,000
Fresno	—	3,308,000	(739,000)	250,000
Fullerton	—	4,021,000	(405,000)	250,000
Humboldt	—	2,334,000	(287,000)	50,000
Long Beach	—	6,389,000	(672,000)	250,000
Los Angeles	—	4,083,000	(389,000)	250,000
Monterey Bay	—	1,481,000	(196,000)	35,000
Northridge	—	5,429,000	(484,000)	750,000
Pomona	—	3,974,000	(441,000)	250,000
Sacramento	—	3,671,000	(386,000)	900,000
San Bernardino	—	2,851,000	(361,000)	50,000
San Diego	—	5,773,000	(481,000)	900,000
San Francisco	—	4,934,000	(554,000)	500,000
San Jose	—	4,928,000	(464,000)	750,000
San Luis Obispo	—	4,659,000	(364,000)	250,000
San Marcos	—	1,637,000	(230,000)	50,000
Sonoma	—	2,005,000	(264,000)	100,000
Stanislaus	—	1,818,000	(167,000)	35,000
Auxiliary Organizations	394,000	14,028,000	(1,171,000)	Various
	\$ 1,779,000	100,363,000	(9,672,000)	

(7) Excess Insurance and Reinsurance

(a) Excess Insurance

For the years ended June 30, 2017 and 2016, the Authority purchased excess insurance to protect the members from catastrophic losses. The Authority maintained excess public entity liability insurance coverage provided by School Excess Liability Fund (SELF), a Joint Powers Authority, with coverage for individual claims above \$5,000,000 and up to \$45,000,000 per occurrence until December 2009.

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June 30, 2017 and 2016

The Authority maintained excess general liability insurance coverage provided by Ironshore Specialty Insurance Company and various other insurers with coverage for individual claims above \$5,000,000 up to \$200,000,000 per occurrence. The Authority purchased excess workers' compensation insurance provided by Safety National to statutory limits in excess of the \$2,500,000 self-insured retention for the years ended June 30, 2017 and 2016. For the AORMA workers' compensation program, the Authority purchased excess workers' compensation insurance provided by Safety National for the years ended June 30, 2017 and 2016 to statutory limits in excess of the \$500,000 self-insured retention. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

Effective January 1, 2015, the Authority joined the CSAC Excess Insurance Authority Excess Workers' Compensation Program, covered pursuant to the memorandum of coverage issued by the EIA. The EIA is responsible for all covered losses within the amount of the self-insured retention layer of \$2,500,000 for the campus workers' compensation program and \$500,000 for the AORMA workers' compensation program. The estimated amounts that are recoverable from the EIA and that reduce the liabilities as of June 30, 2017 and 2016 were \$42,125,000 and \$27,717,000 for the campus workers' compensation program and \$4,430,000 and \$2,943,000 for the AORMA workers' compensation program, respectively.

(b) Reinsurance

For the years ended June 30, 2017 and 2016, the Authority did not enter into the CSU's workers' compensation reinsurance contract. From the years ended June 30, 2008 through June 30, 2012, the Authority entered into a reinsurance contract with the Insurance Company of the State of Pennsylvania (the Reinsurer). This transaction reinsured the CSU's workers' compensation claims liability for claims incurred within the \$2,500,000 self-insured retention up to aggregate limits. The estimated amounts that are recoverable from the reinsurer and that reduce the liabilities as of June 30, 2017 and 2016 were \$15,210,000 and \$21,967,000, respectively. While such losses are reinsured, the Authority will not be relieved of its primary obligations to the policyholder in these reinsurance transactions.

For the years ended June 30, 2017 and 2016, the Authority purchased reinsurance for the campus and AORMA liability programs provided by Evanston, Great American, Ironshore, AWAC, and the General Reinsurance Corporation. This transaction reinsured the AORMA claims liability for individual claims incurred in excess of \$500,000 and up to \$5,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2017 and 2016 were \$3,066,000 and \$1,070,000, respectively. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the years ended June 30, 2017 and 2016, the Authority purchased reinsurance for the campus and AORMA property programs provided by the Public Entity Property Insurance Program (the PEP/IP). This transaction reinsured the campus and AORMA property programs for individual claims in excess of \$100,000 for the AORMA program and \$1,000,000 for the Campus program and up to \$1,000,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2017 and 2016 were \$6,375,000 and \$5,816,000, respectively. The coverage terms and conditions are the same as provided by the PEP/IP in prior years.

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(8) SELF Assessment Liability

Prior to July 1, 2004, the Authority maintained excess workers' compensation insurance coverage provided by SELF, a public entity risk pool. The Authority remains liable for assessments from SELF in settlement of claims incurred prior to July 1, 2004. The assessment liabilities as of June 30, 2017 and 2016 were \$8,182,000 and \$9,546,000, respectively.

(9) Subsequent Events

Subsequent events have been evaluated through September 22, 2017, which corresponds to the date when the financial statements were issued. There are no subsequent events that require disclosure.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of Workers' Compensation Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 48,494,000	61,000,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	25,687,000	24,837,000
Decrease in provision for reinsured events of current fiscal year	(23,797,000)	(22,528,000)
Decrease in provision for insured events of prior fiscal years	<u>(4,526,000)</u>	<u>(6,424,000)</u>
Total incurred claims and claim adjustment expenses	<u>(2,636,000)</u>	<u>(4,115,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	—
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	12,779,000	8,887,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(18,934,000)</u>	<u>(17,278,000)</u>
Total payments	<u>(6,155,000)</u>	<u>(8,391,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>39,703,000</u>	<u>48,494,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of General Liability Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 20,782,000	18,429,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	7,699,000	7,384,000
Decrease in provision for insured events of prior fiscal years	<u>(727,000)</u>	<u>(3,060,000)</u>
Total incurred claims and claim adjustment expenses	<u>6,972,000</u>	<u>4,324,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(4,291,000)</u>	<u>(1,971,000)</u>
Total payments	<u>(4,291,000)</u>	<u>(1,971,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>23,463,000</u>	<u>20,782,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

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

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>14,366,000</u>	<u>14,341,000</u>
Total incurred claims and claim adjustment expenses	<u>14,366,000</u>	<u>14,341,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,366,000)</u>	<u>(14,341,000)</u>
Total payments	<u>(14,366,000)</u>	<u>(14,341,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Property Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>3,131,000</u>	<u>1,590,000</u>
Total incurred claims and claim adjustment expenses	<u>3,131,000</u>	<u>1,590,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(3,131,000)</u>	<u>(1,590,000)</u>
Total payments	<u>(3,131,000)</u>	<u>(1,590,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,214,000	1,966,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	3,792,000	3,584,000
Decrease (increase) in provision for insured events of prior fiscal years	<u>(6,000)</u>	<u>496,000</u>
Total incurred claims and claim adjustment expenses	<u>3,786,000</u>	<u>4,080,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(1,839,000)	(1,759,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,833,000)</u>	<u>(2,073,000)</u>
Total payments	<u>(3,672,000)</u>	<u>(3,832,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>2,328,000</u>	<u>2,214,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Club Sports Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>42,000</u>	<u>14,000</u>
Total incurred claims and claim adjustment expenses	<u>42,000</u>	<u>14,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(42,000)</u>	<u>(14,000)</u>
Total payments	<u>(42,000)</u>	<u>(14,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of AORMA Workers' Compensation Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 5,944,000	8,995,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	3,041,000	2,714,000
Decrease in provision for reinsured events of current fiscal year	(2,856,000)	(2,431,000)
Decrease in provision for insured events of prior fiscal years	<u>(703,000)</u>	<u>(1,553,000)</u>
Total incurred claims and claim adjustment expenses	<u>(518,000)</u>	<u>(1,270,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	—
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	1,021,000	448,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,570,000)</u>	<u>(2,229,000)</u>
Total payments	<u>(1,549,000)</u>	<u>(1,781,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 3,877,000</u>	<u>5,944,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of AORMA General Liability Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 1,493,000	2,245,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	1,085,000	1,181,000
Decrease in provision for insured events of prior fiscal years	<u>(960,000)</u>	<u>(4,125,000)</u>
Total incurred claims and claim adjustment expenses	<u>125,000</u>	<u>(2,944,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(77,000)	(134,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(93,000)</u>	<u>2,326,000</u>
Total excess (payments) recoveries	<u>(170,000)</u>	<u>2,192,000</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 1,448,000</u>	<u>1,493,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of AORMA Property Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>248,000</u>	<u>238,000</u>
Total incurred claims and claim adjustment expenses	<u>248,000</u>	<u>238,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(248,000)</u>	<u>(238,000)</u>
Total payments	<u>(248,000)</u>	<u>(238,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of AORMA Crime Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>24,000</u>	<u>—</u>
Total incurred claims and claim adjustment expenses	<u>24,000</u>	<u>—</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(24,000)</u>	<u>—</u>
Total payments	<u>(24,000)</u>	<u>—</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities

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

	<u>2017</u>	<u>2016</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>1,131,000</u>	<u>917,000</u>
Total incurred claims and claim adjustment expenses	<u>1,131,000</u>	<u>917,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(1,131,000)</u>	<u>(917,000)</u>
Total payments	<u>(1,131,000)</u>	<u>(917,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Schedule of Net Position

June 30, 2017

(For inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ —
Short-term investments	13,011,029
Accounts receivable, net	7,281,372
Notes receivable, current portion	612,880
Prepaid expenses and other assets	<u>5,871,995</u>
Total current assets	<u>26,777,276</u>
Noncurrent assets:	
Notes receivable, net of current portion	2,412,880
Other long-term investments	<u>132,765,827</u>
Total noncurrent assets	<u>135,178,707</u>
Total assets	<u>161,955,983</u>
Liabilities:	
Current liabilities:	
Accounts payable	10,895,598
Unearned revenue	43,285
Claims liability for losses and LAE – current portion	<u>20,374,668</u>
Total current liabilities	<u>31,313,551</u>
Noncurrent liabilities:	
Claims liability for losses and LAE, net of current portion	50,443,861
Other liabilities	<u>6,818,218</u>
Total noncurrent liabilities	<u>57,262,079</u>
Total liabilities	<u>88,575,630</u>
Net position:	
Unrestricted	<u>73,380,353</u>
Total net position	<u>\$ 73,380,353</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(For inclusion in the California State University)

Revenues:		
Operating revenues:		
Other operating revenues		\$ 94,006,175
Total operating revenues		<u>94,006,175</u>
Expenses:		
Operating expenses:		
Instruction	10,097,299	
Research	121,401	
Public service	110,998	
Academic support	2,257,807	
Student services	2,273,533	
Institutional support	74,893,649	
Operation and maintenance of plant	1,398,004	
Auxiliary enterprise expenses	425,898	
Total operating expenses		<u>91,578,589</u>
Operating income		<u>2,427,586</u>
Nonoperating revenues (expenses):		
Investment income, net	(1,101,141)	
Other nonoperating expenses	(15,401,150)	
Net nonoperating expenses		<u>(16,502,291)</u>
Increase in net position		(14,074,705)
Net position:		
Net position, beginning of year		<u>87,455,058</u>
Net position, end of year		<u>\$ 73,380,353</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Other Information

June 30, 2017

(For inclusion in the California State University)

	<u>Current unrestricted</u>	<u>Total current</u>	<u>Noncurrent unrestricted</u>	<u>Total noncurrent</u>	<u>Total</u>
Asset-backed securities	\$ 1,113,060	1,113,060	3,548,747	3,548,747	4,661,807
Certificates of deposit	551,918	551,918	—	—	551,918
Commercial paper	—	—	—	—	—
Corporate bonds	3,586,656	3,586,656	21,429,370	21,429,370	25,016,026
International bonds	—	—	1,242,197	1,242,197	1,242,197
Money market funds	55,904	55,904	1,196,429	1,196,429	1,252,333
Mortgage-backed securities	1,288	1,288	6,878,829	6,878,829	6,880,117
Municipal bonds	58,956	58,956	5,359,011	5,359,011	5,417,967
Repurchase agreements	36,625	36,625	—	—	36,625
U.S. agency securities	4,697,331	4,697,331	4,074,180	4,074,180	8,771,511
U.S. Treasury securities	2,909,291	2,909,291	89,037,065	89,037,065	91,946,356
Total investments	\$ <u>13,011,029</u>	<u>13,011,029</u>	<u>132,765,828</u>	<u>132,765,828</u>	<u>145,776,857</u>

Fair value hierarchy in investments at June 30, 2017:

	Fair value measurements using				Net asset value (NAV)
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	
Asset-backed securities	\$ 4,661,807	1,113,060	3,548,747	—	—
Certificates of deposit	551,918	—	551,918	—	—
Commercial paper	—	—	—	—	—
Corporate bonds	25,016,027	478,906	24,537,121	—	—
International bonds	1,242,197	—	1,242,197	—	—
Money market funds	1,252,333	17	—	—	1,252,316
Mortgage-backed securities	6,880,117	—	6,880,117	—	—
Municipal bonds	5,417,967	—	5,417,967	—	—
Repurchase agreements	36,625	—	36,625	—	—
U.S. agency securities	8,771,510	2,371,693	6,399,817	—	—
U.S. Treasury securities	91,946,356	—	91,946,356	—	—
Total investments	\$ <u>145,776,857</u>	<u>3,963,676</u>	<u>140,560,865</u>	<u>—</u>	<u>1,252,316</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Claims Development Information

(In thousands)
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net earned required contribution and investment revenues:										
Earned	\$ 92,065	85,769	90,247	96,364	104,726	91,560	93,935	96,997	104,997	102,346
Ceded	—	18,469	19,024	18,879	16,149	3,005	11,626	6,872	6,886	9,441
Net earned	\$ 92,065	67,300	71,223	77,485	88,577	88,555	82,309	90,125	98,111	92,905
Unallocated expenses	\$ 49,872	43,306	52,578	39,257	48,776	41,755	30,116	44,878	60,194	80,309
Estimated incurred claims and expenses, end of policy year:										
Incurred	\$ 41,474	28,604	57,959	63,416	57,994	59,095	59,313	60,386	56,800	60,246
Ceded	—	17,996	17,118	19,834	19,575	—	—	14,527	24,959	26,653
Ceded	\$ 41,474	10,608	40,841	43,582	38,419	59,095	59,313	45,859	31,841	33,593
Paid (cumulative) as of:										
End of policy year	\$ 12,301	12,022	19,615	18,972	20,541	11,400	13,019	14,300	9,658	7,058
One year later	19,767	14,801	22,697	20,457	22,295	28,965	27,549	24,260	21,005	—
Two years later	25,324	20,511	23,082	23,664	23,853	35,942	32,559	26,281	—	—
Three years later	28,175	19,458	24,863	28,733	25,063	38,432	41,718	—	—	—
Four years later	26,667	20,063	25,543	29,004	25,282	40,302	—	—	—	—
Five years later	28,062	20,385	29,061	29,461	25,330	—	—	—	—	—
Six years later	29,240	20,624	29,370	29,617	—	—	—	—	—	—
Seven years later	30,032	20,762	29,545	—	—	—	—	—	—	—
Eight years later	31,033	20,804	—	—	—	—	—	—	—	—
Nine years later	31,932	—	—	—	—	—	—	—	—	—
Reestimated ceded claims and expenses	\$ 18,767	17,996	22,643	21,685	21,685	—	—	14,527	24,959	26,653
Reestimated incurred claims and expenses:										
End of policy year	\$ 41,474	10,608	40,841	43,582	38,419	59,095	59,313	45,859	31,841	33,593
One year later	38,704	23,692	34,160	30,986	27,064	50,697	48,463	36,014	31,206	—
Two years later	38,858	24,655	29,484	28,962	27,864	50,636	49,235	33,781	—	—
Three years later	38,264	20,456	28,725	30,268	26,082	31,868	53,080	—	—	—
Four years later	33,533	20,742	28,024	30,168	25,906	37,005	—	—	—	—
Five years later	33,778	20,858	32,595	30,201	25,588	—	—	—	—	—
Six years later	34,125	21,110	32,360	30,079	—	—	—	—	—	—
Seven years later	35,327	21,154	32,491	—	—	—	—	—	—	—
Eight years later	42,337	21,141	—	—	—	—	—	—	—	—
Nine years later	34,074	—	—	—	—	—	—	—	—	—
Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ (7,400)	10,533	(8,350)	(13,503)	(12,831)	(22,090)	(6,233)	(12,076)	(632)	—

See accompanying independent auditors' report.

CAMPUS RISK POOLS
ACTUARIAL REPORTS FOR CAMPUS LIABILITY, WORKERS’
COMPENSATION AND ATHLETIC INJURY MEDICAL EXPENSE
(AIME) PROGRAMS

ISSUE: CSURMA retains the services of an independent actuary to evaluate the financial liabilities of its self-insured risk pools, and to develop funding recommendations for the upcoming year. The actuarial reports are also used by the independent auditor in its preparation of the audited financial statements, and by the Executive Committee to assess the risk pools funding status. Staff will provide a summary of the actuary’s findings and recommendations in regards to the Campus risk pools for General and Errors & Omissions Liability, Workers’ Compensation, and Athletic Injury Medical Expense.

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

FISCAL IMPACT: The actuary’s findings and recommendations serve as the basis for establishing FY 2018/19 member contributions (premium deposits) and to determine the funding status of the risk pools in light of CSURMA’s funding goals.

BACKGROUND: The Executive Committee reviewed and accepted the actuarial reports at its meeting on September 8, 2017. The actuarial reports include a discussion on the methodology used by the actuary to establish the financial projections for the self-insured risk pools.

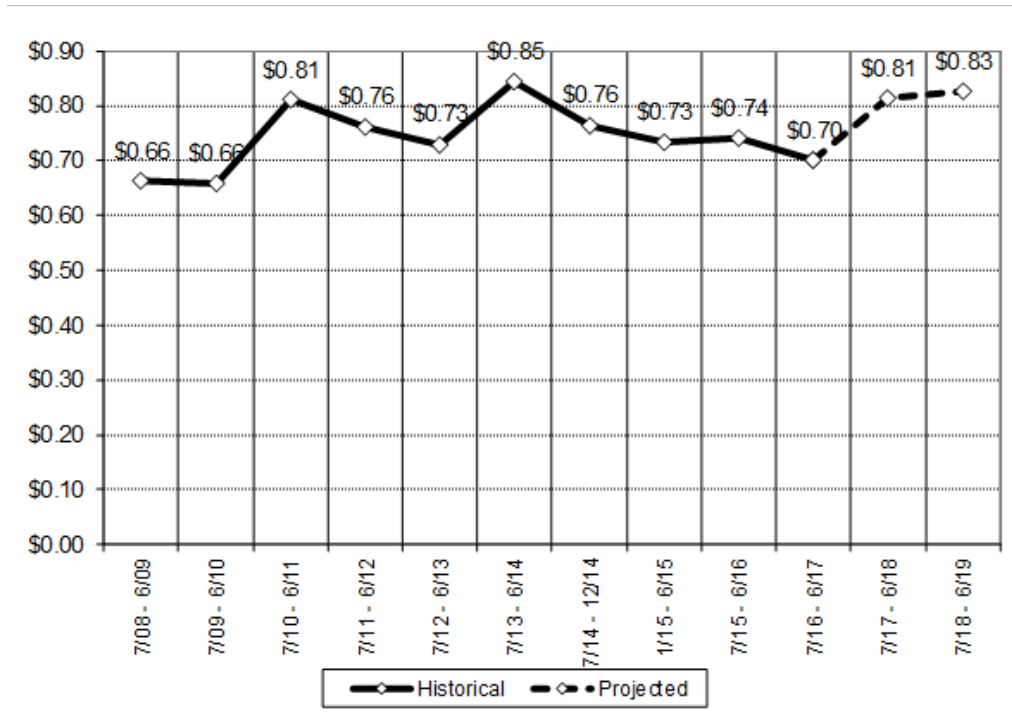
PUBLICATION: None.

ATTACHMENT(S):

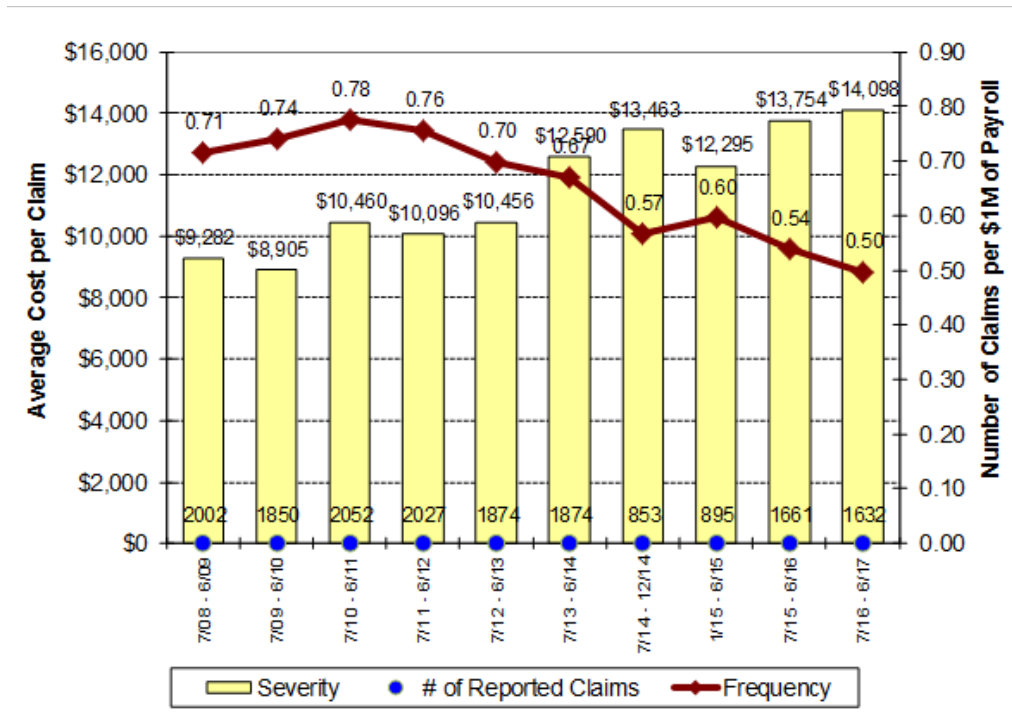
- a. Excerpts from Liability, Workers’ Compensation and AIME actuarial reports dated September 12, 2017.
- b. Complete copies of the actuarial reports are included separately with the Agenda packet.

CAMPUS WC ACTUARIAL HIGHLIGHTS

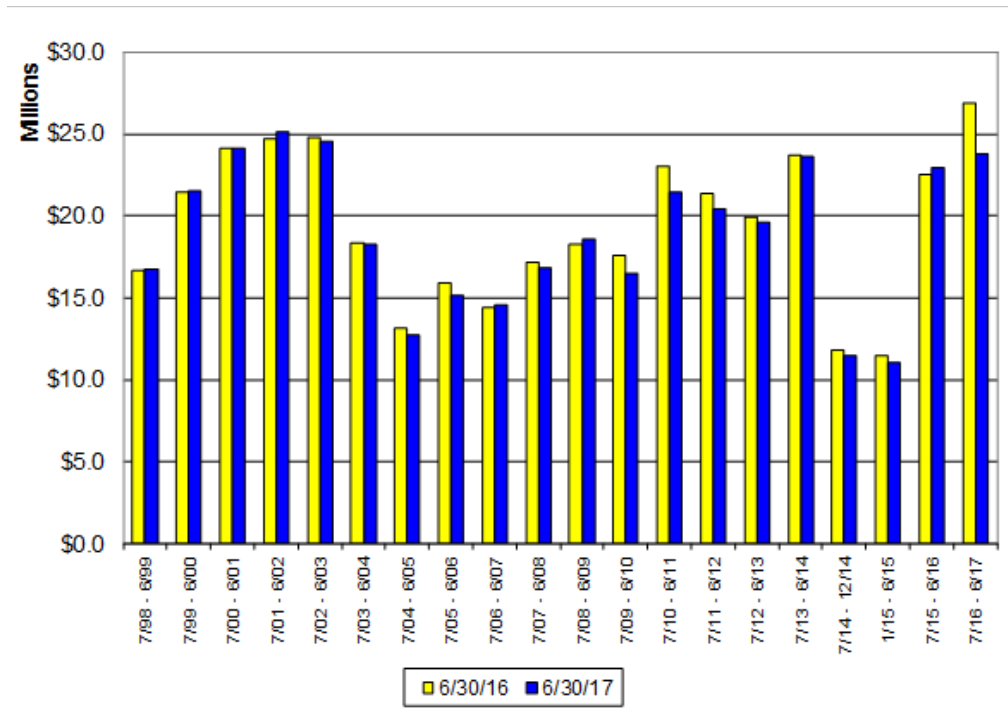
Graph 1 – WC Loss Rate per \$100 Payroll



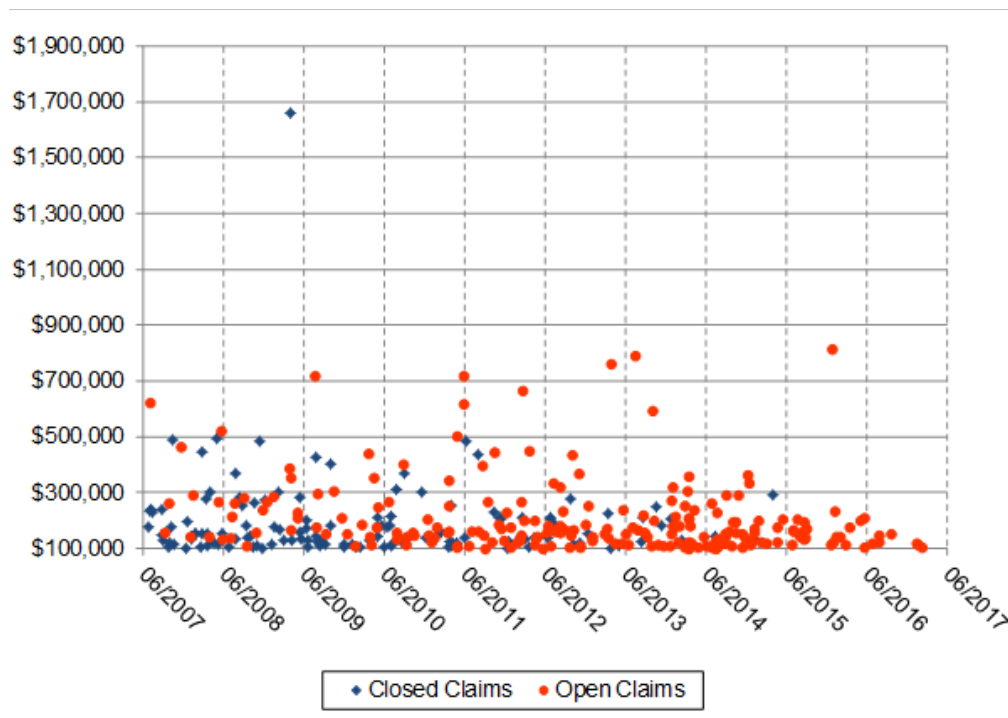
Graph 2 – WC Frequency & Severity



Graph 3 – WC Projected Losses at 6/30/16 & 6/30/17

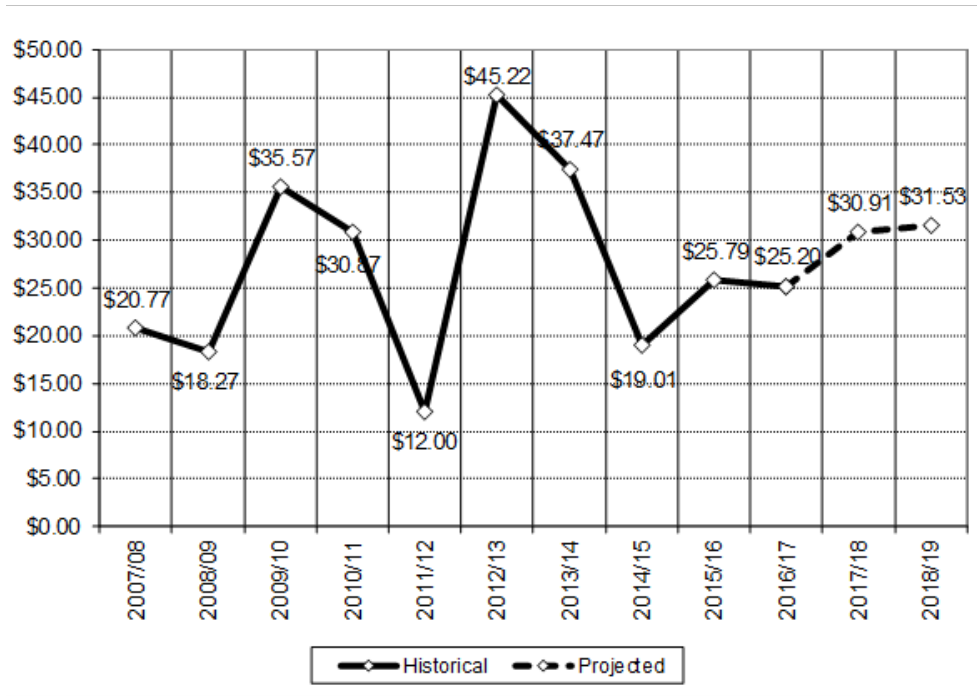


Graph 4 – WC Claims Incurred over \$100,000

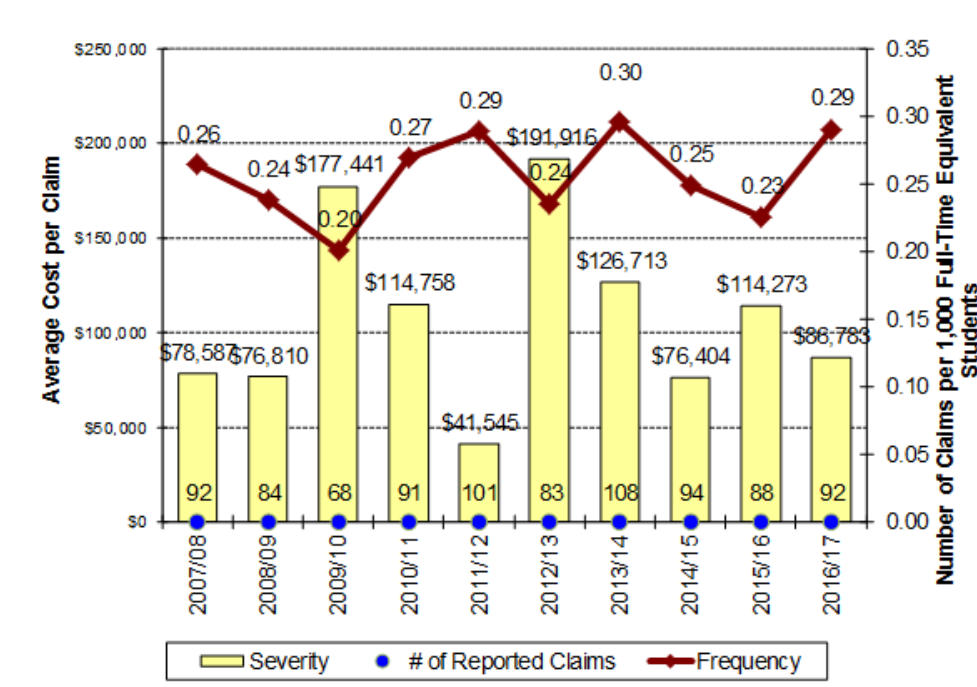


CAMPUS LIABILITY ACTUARIAL HIGHLIGHTS

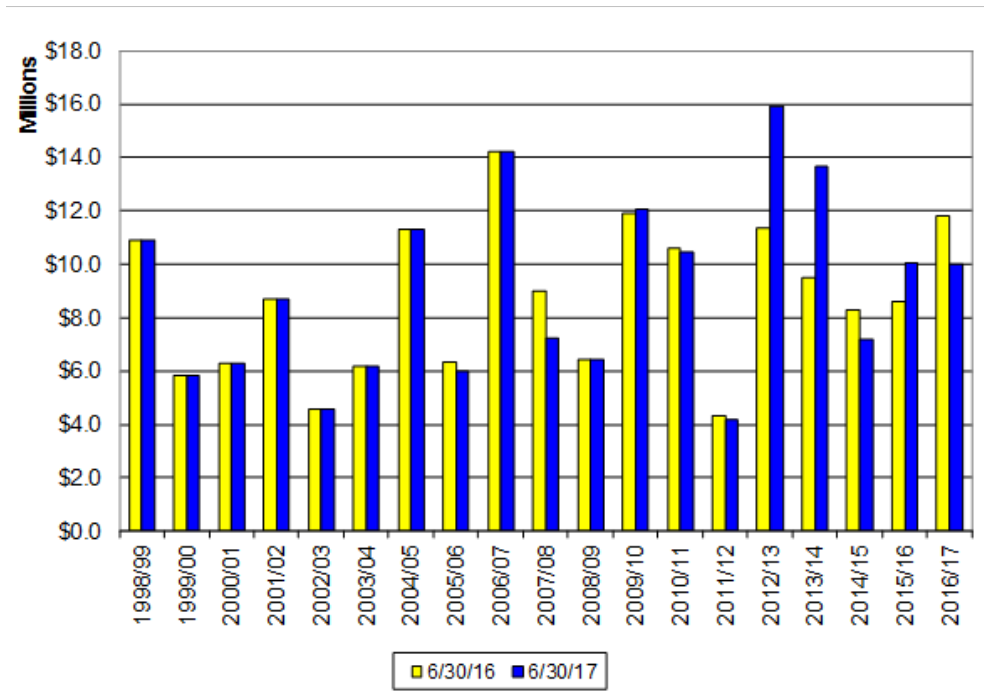
Graph 1 – GL Loss Rate per Full-time Equivalent Student (Gross of Member Deductibles)



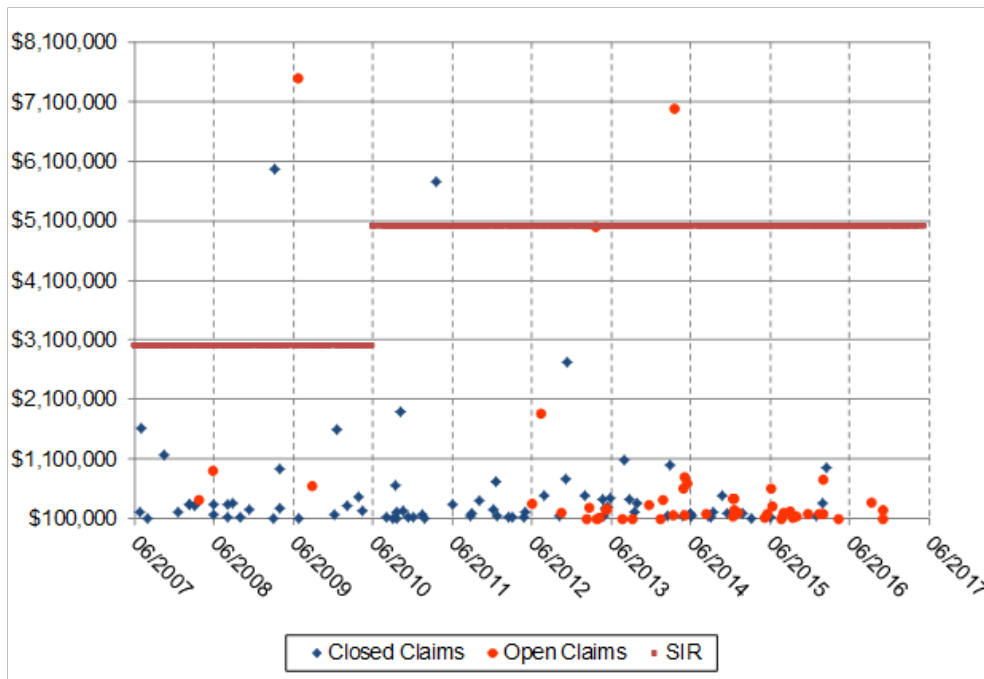
Graph 2 – GL Frequency & Severity (Gross of Member Deductibles)



Graph 3 – GL Projected Limited Losses at 6/30/16 & 6/30/17 (Gross of Member Deductibles)

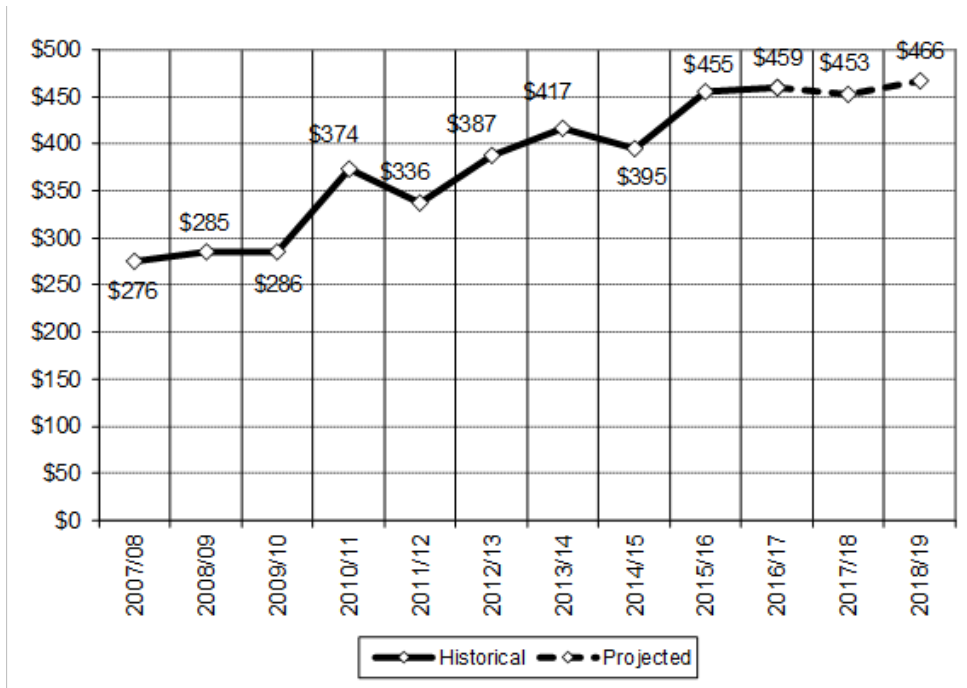


Graph 4 – Incurred Losses above \$100,000



AIME ACTUARIAL HIGHLIGHTS

Graph 1 – Projected Loss rate per Athlete



CAMPUS RISK POOLS
FUNDING STATUS AT JUNE 30, 2017

ISSUE: Each year, Staff evaluates the funding status of CSURMA’s major risk pools and presents its findings to the Executive Committee and the Board of Directors. In its evaluation, Staff uses the most recent actuarial reports and the financial statements prepared by the CSURMA Accountant. Staff has completed its evaluation of the funding status for the Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense risk pools for the fiscal year ending on June 30, 2017.

RECOMMENDATION: No action requested. The Executive Committee reviewed and accepted staff’s report on September 8, 2017. Staff will summarize the Campus risk pools funding status as of June 30, 2017 for the Board’s information.

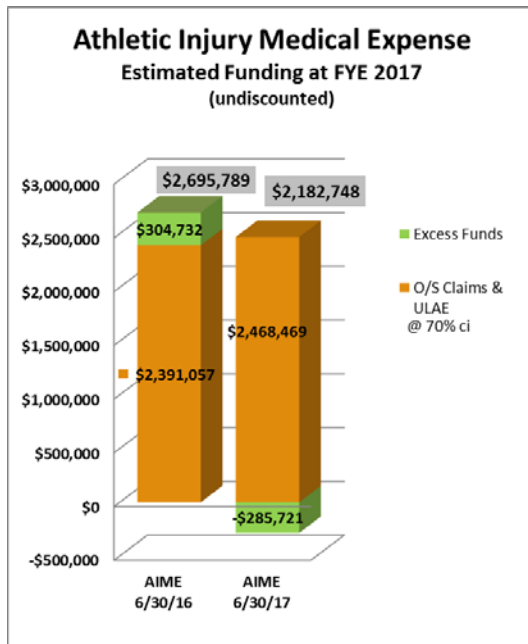
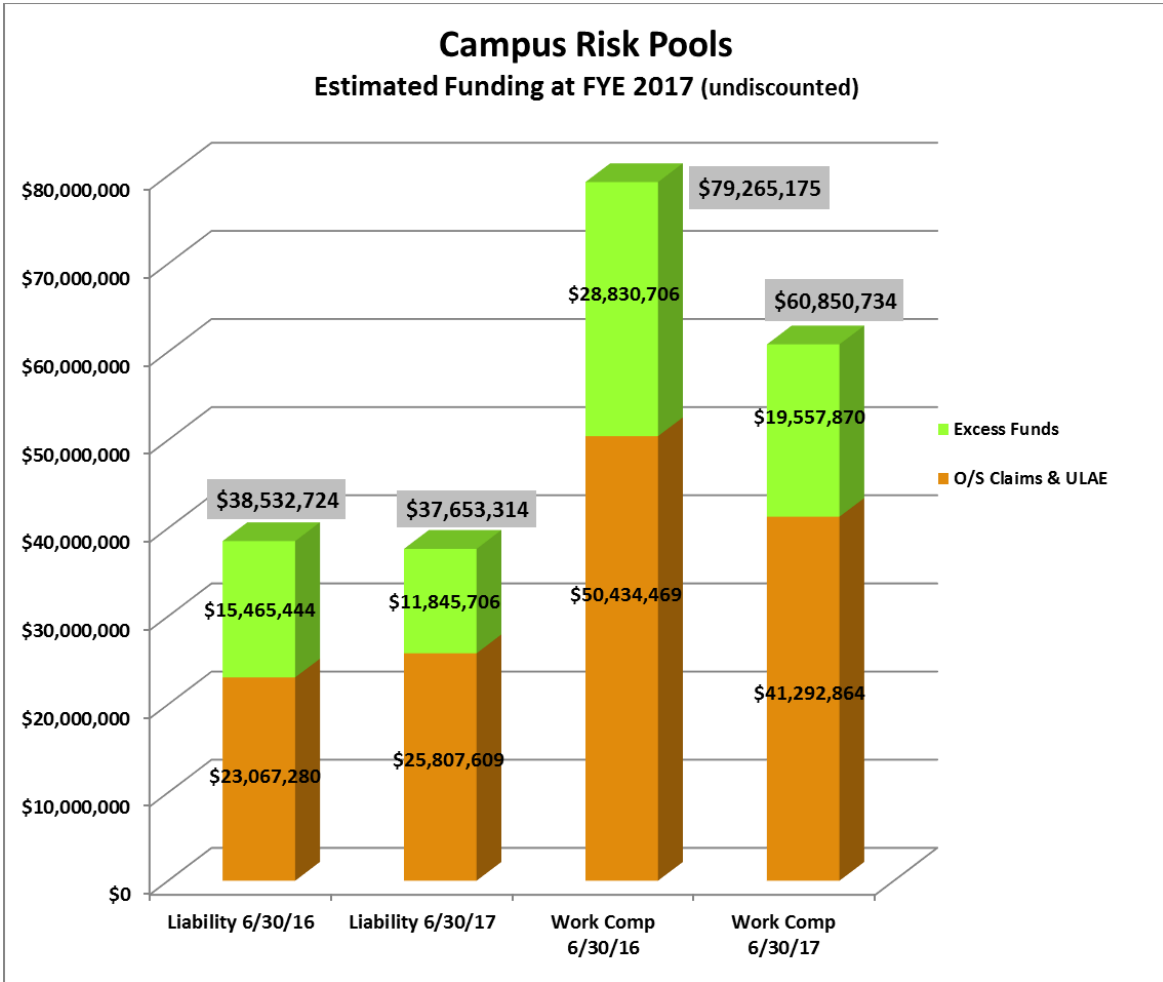
FISCAL IMPACT: None. This item is provided for information only.

BACKGROUND: The Board of Directors adopted Policy & Procedure No. 7 on April 24, 1997 to fund prior years’ claim liabilities on a cash basis, and to begin funding claims as they are incurred beginning in July 1, 1999 with the ultimate goal to achieve accrual funding for all program years in ten years. CSURMA’s funding goal was achieved in eight years on July 1, 2007. Subsequently, the Board revised Policy & Procedure No. 7 which was adopted on April 27, 2015.

PUBLICATION: None

ATTACHMENT(S):

- a. Risk Pools Funding Status Charts at June 30, 2017
- b. Target Surplus Funding Charts at June 30, 2017
- c. Campus Risk Pool Programs Target Reserve Funding Goal (P&P No. 13)



Campus Liability Coverage Fund

Target Surplus Funding Analysis at \$5,000,000 SIR as of 6/30/17 (unaudited)

Gross Premium (FY 17/18):	\$15,707,457
Maximum Retention:	\$5,000,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/17	\$23,461,462 <i>Expected, ULAE, Undsct, Net of Deductibles</i>
Est. Outstanding Liabilities @ 6/30/17	\$25,807,609 <i>at 70% Confidence</i>
Est. Fund Balance @ 6/30/17	\$37,653,314
Est. Funded Loss & ULAE @ 6/30/17	\$25,807,609 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$11,845,706

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$5,235,819	0.42
Surplus to Retention	> 1:1	\$5,000,000	7.53
O/S Reserve to Surplus	≤ 5:1	\$4,692,292	0.62

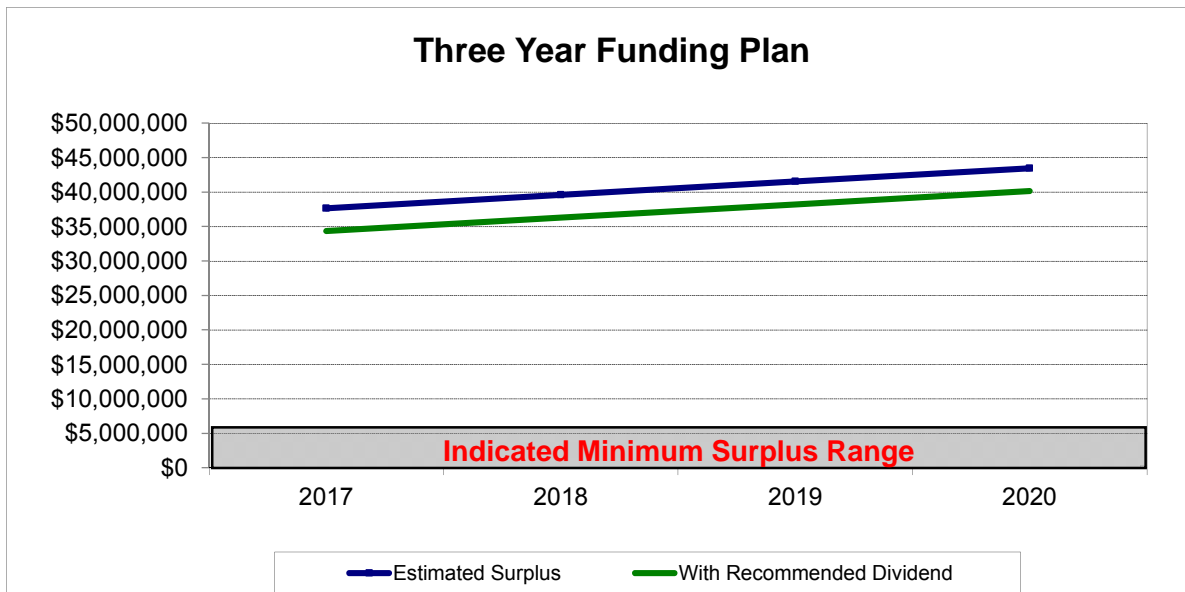
Maximum Dividend Available:	\$6,609,887
Recommended Dividend 50%:	\$3,304,943

2017/18 Pool Funding

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$13,802,800	-
at 70% Actuarial Confidence	1.140	\$15,735,500	\$1,932,700

Three Year Funding Plan

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/17	N/A	\$37,653,314	\$34,348,371
2017/18 - Collection @ 70% CL	\$1,932,700	\$39,586,014	\$36,281,071
2018/19 - Collection @ 70% CL	\$1,932,700	\$41,518,714	\$38,213,771
2019/20 - Collection @ 70% CL	\$1,932,700	\$43,451,414	\$40,146,471



Campus Workers' Compensation Coverage Fund
Target Surplus Funding Analysis at \$2,500,000 SIR
as of 6/30/17 (unaudited)

Gross Premium (FY 17/18):	\$36,337,621
Maximum Retention:	\$2,500,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/17	\$39,704,677 <i>Expected, ULAE, Undiscounted</i>
Est. Outstanding Liabilities @ 6/30/17	\$41,292,864 <i>at 70% Confidence</i>
Est. Fund Balance @ 6/30/17	\$60,850,734
Est. Funded Loss & ULAE @ 6/30/17	\$41,292,864 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$19,557,870

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$12,112,540	0.60
Surplus to Retention	> 2:1	\$5,000,000	24.34
O/S Reserve to Surplus	≤ 5:1	\$7,940,935	0.65

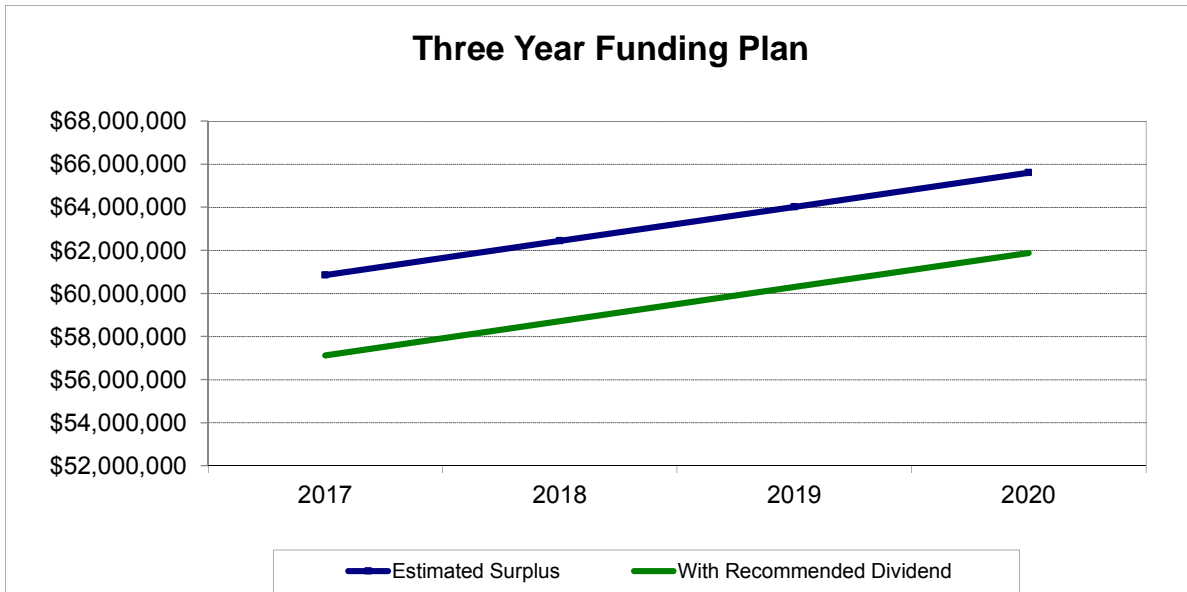
Maximum Dividend Available:	\$7,445,330
Recommended Dividend 50%:	\$3,722,665

2017/18 Pool Funding

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$31,674,500	-
at 70% Actuarial Confidence	1.050	\$33,258,500	\$1,584,000

Three Year Funding Plan

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/17	N/A	\$60,850,734	\$57,128,069
2017/18 - Collection @ 70% CL	\$1,584,000	\$62,434,734	\$58,712,069
2018/19 - Collection @ 70% CL	\$1,584,000	\$64,018,734	\$60,296,069
2019/20 - Collection @ 70% CL	\$1,584,000	\$65,602,734	\$61,880,069



Athletic Injury Medical Expense Coverage Fund

Target Surplus Funding Analysis at \$90,000 SIR

as of 6/30/17 (unaudited)

Gross Premium (FY 17/18):	\$4,506,330
Maximum Retention:	\$90,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/17	\$2,328,744 <i>Expected, ULAE, Undiscounted</i>
Est. Outstanding Liabilities @ 6/30/17	\$2,468,469 <i>at 70% Confidence</i>
Est. Fund Balance @ 6/30/17	\$2,182,748
Est. Funded Loss & ULAE @ 6/30/17	\$2,468,469 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	-\$285,721

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 6:1	\$751,055	2.06
Surplus to Retention	> 5:1	\$450,000	24.25
O/S Reserve to Surplus	≤ 5:1	\$465,749	1.07

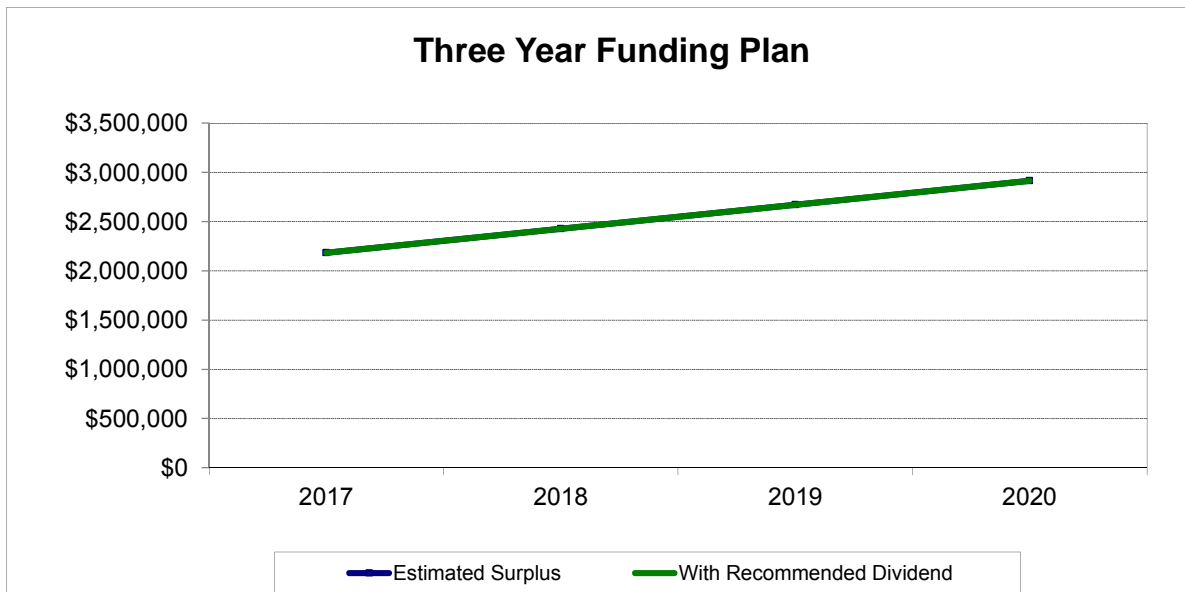
Maximum Dividend Available:	\$0
Recommended Dividend 50%:	\$0

2017/18 Pool Funding

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$4,055,700	-
at 70% Actuarial Confidence	1.060	\$4,299,042	\$243,342

Three Year Funding Plan

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/17	N/A	\$2,182,748	\$2,182,748
2017/18 - Collection @ 70% CL	\$243,342	\$2,426,090	\$2,426,090
2018/19 - Collection @ 70% CL	\$243,342	\$2,669,432	\$2,669,432
2019/20 - Collection @ 70% CL	\$243,342	\$2,912,774	\$2,912,774





CSURMA

POLICY AND PROCEDURE NO. 13

ADOPTED:	OCTOBER 28, 2011
EFFECTIVE:	OCTOBER 28, 2011
REVISED:	APRIL 27, 2015
SUBJECT:	CAMPUS RISK POOL PROGRAMS TARGET RESERVE FUNDING GOAL

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

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

POLICY

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

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

PROCEDURE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MEMBER APPEAL PROCESS

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

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

DEFINITIONS:

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

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

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

IBNR – Incurred but Not Reported losses

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

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

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

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

CAMPUS RISK POOLS
DIVIDENDS AND ASSESSMENTS

ISSUE: Per 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. The Executive Committee reviewed the funding position of the Campus risk pools in light of the actuarial reports and the unaudited financial statements at June 30, 2017, and declared dividends to be paid to members as follows:

Program	FY 15/16 Dividend	FY 16/17 Dividend	FY 17/18 Dividend
Workers' Compensation	\$5,038,862	\$8,111,485	\$3,722,665
Liability	\$3,461,497	\$5,576,910	\$3,304,943
Total	\$8,500,359	\$13,688,395	\$7,027,608

RECOMMENDATION: This item is for information only. The dividend shown above was approved by the Executive Committee at its meeting on September 8, 2017.

FISCAL IMPACT: The adopted FY 2017/18 operating budget will be amended to reduce the Liability and Workers' Compensation fund balance to recognize the dividends indicated above. Dividends will be paid to the campuses via a Cash Posting Order. Additionally, the Executive Committee took action to internally transfer \$500,000 from the Liability Risk Pool to the AIME fund to strengthen AIME's reserves.

BACKGROUND: CSURMA adopted a funding policy that calls for each program to fund its own liabilities. CSURMA allows inter-fund borrowing if a fund has a deficit position.

PUBLICATION: None.

ATTACHMENT(S):

- a. Dividends and Assessments Summary
- b. Campus Risk Pool Dividends and Assessments (P&P No. 14)

2017	<i>5 Years Total Premiums</i>						
	Workers' Comp	General and E&O Liability	WC %	GL %	WC Dividend	GL Dividend	Total Dividend
Bakersfield	3,239,819	1,583,752	1.93%	2.39%	71,848	79,089	150,937
Channel Islands	3,424,920	1,719,364	2.04%	2.60%	75,953	85,861	161,814
Chico	6,333,096	2,484,323	3.77%	3.75%	140,446	124,062	264,508
Dominguez Hills	5,497,387	3,538,607	3.27%	5.35%	121,913	176,710	298,623
East Bay	8,020,664	2,504,694	4.78%	3.78%	177,870	125,079	302,949
Fresno	6,896,222	5,371,078	4.11%	8.12%	152,934	268,219	421,153
Fullerton	9,133,274	3,044,275	5.44%	4.60%	202,544	152,025	354,569
Humboldt	4,167,755	2,684,802	2.48%	4.06%	92,426	134,073	226,499
Long Beach	14,805,248	4,703,218	8.82%	7.11%	328,327	234,869	563,196
Los Angeles	10,742,887	2,256,731	6.40%	3.41%	238,239	112,696	350,935
Maritime Academy	895,749	890,593	0.53%	1.35%	19,865	44,474	64,339
Monterey Bay	2,988,464	1,425,025	1.78%	2.15%	66,274	71,163	137,437
Northridge	11,982,378	3,658,198	7.14%	5.53%	265,726	182,683	448,409
Pomona	11,179,267	2,938,265	6.66%	4.44%	247,916	146,731	394,647
Sacramento	7,504,291	3,445,367	4.47%	5.21%	166,418	172,054	338,472
San Bernardino	6,006,951	3,330,813	3.58%	5.03%	133,213	166,334	299,547
San Diego	12,685,349	2,978,198	7.56%	4.50%	281,315	148,725	430,040
San Francisco	11,919,604	3,143,085	7.10%	4.75%	264,333	156,959	421,292
San Jose	8,721,058	4,126,433	5.20%	6.24%	193,402	206,065	399,467
San Luis Obispo	9,172,011	2,767,714	5.46%	4.18%	203,403	138,214	341,617
San Marcos	2,770,356	1,912,607	1.65%	2.89%	61,437	95,512	156,949
Sonoma	3,745,462	2,264,487	2.23%	3.42%	83,061	113,084	196,145
Stanislaus	3,455,735	1,628,117	2.06%	2.46%	76,636	81,305	157,941
Chancellor's Office	2,577,775	1,781,357	1.54%	2.69%	57,166	88,957	146,123
Total	167,865,722	66,181,103	100.00%	100.00%	3,722,665	3,304,943	7,027,608



CSURMA

POLICY AND PROCEDURE NO. 14

ADOPTED:

OCTOBER 28, 2011

EFFECTIVE:

OCTOBER 28, 2011; REVISED MAY 6, 2016

SUBJECT:

CAMPUS RISK POOL DIVIDENDS & ASSESSMENTS

Should there be any discrepancy between this document and either the MEMORANDUMS OF COVERAGE or PARTICIPATION AGREEMENTS between the Executive Committee and the MEMBER, the MEMORANDUMS OF COVERAGE and the PARTICIPATION AGREEMENTS will govern. Words in capital letters are defined at the end of this document.

POLICY

It is the policy of Executive Committee that:

- Evaluation of the funding for each Campus Risk Pool Self-Insured Program (“PROGRAM”) shall be made based on all coverage periods combined for that particular program rather than on each coverage period on its own. The availability of any dividend or need for any assessment will be determined based on the program’s overall funding relative to the Target Reserve Funding Goal detailed in the separate Policy and Procedure No. 13.
- Assessments and Dividends shall be allocated to the MEMBERS based on participation in “open” policy periods only.
- Unless the Executive Committee takes specific action to the contrary, a coverage period shall be considered “closed” for dividend and assessment purposes five (5) years from the expiration of that period (i.e. 6/30/13 for FY07/08).
- Assessments are a responsibility of membership and shall be allocated to all members who participated in the open policy periods which the assessment is based on, regardless of whether they are current members at the time the assessment is declared.
- Dividends are a privilege of membership and shall be allocated only to the current members in the program at the time the dividend is declared who participated in one or more of the open policy periods which the dividend is based on.

PROCEDURE

1. **Annual Funding Analysis** – Each year the Program Administrator will analyze the current funding position of the programs in accordance with the Target Reserve Funding Goal detailed in Policy and Procedure No. 13. This analysis will, in part, determine whether each program’s overall funding is sufficient to consider a dividend or is depleted to the point of considering an assessment. The Program Administrator’s analysis will be reviewed by the Executive Committee.
2. **Closure of Policy Periods** - Upon reaching five (5) years of maturity after the end of a coverage period, that period shall be "closed" and there shall be no further dividends or

assessments allocated with respect to those program periods. Notwithstanding the above, the Executive Committee may take action to leave a policy period "open" even though it may otherwise qualify for closure. In addition, the last five (5) policy periods shall always remain "open" unless the Executive Committee takes specific action to declare any of the last five (5) policy periods closed.

- 3. Dividends and Assessments** - Dividends and assessments shall be allocated to the MEMBERS based upon the proportion of all premiums paid to the PROGRAM in all "open" periods only. For purposes of allocating dividends and assessments pursuant to this subparagraph, all "open" policy periods shall be considered collectively.
- 4. DECLARATION OF ASSESSMENTS** – Based on the recommendation of the Executive Committee, assessments will be declared as needed by the Board of Directors, and will be collected from a MEMBER in accordance with its proportionate funding to the PROGRAM during all “open” policy periods, whether or not they currently participate in the Program at the time of the assessment.
- 5. DECLARATION OF DIVIDENDS** – The Executive Committee may declare dividends if overall funding is sufficient to support such action. Upon such a declaration, the dividend shall be allocated to those MEMBERS currently participating in the Program at the time the dividend is payable, based on the proportionate funding of all “open” policy periods.

MEMBER APPEAL PROCESS

If a MEMBER wishes to appeal any decision regarding the application of this Dividend/Assessment Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within forty-five (45) days of the disputed decision. The Secretary-Auditor shall present the MEMBER appeal to the Executive Committee agenda at its next available regularly scheduled meeting. The Executive Committee will review the appeal at its next available regularly scheduled meeting and inform the MEMBER of the final decision within five (5) business days of its decision.



DEFINITIONS:

EXECUTIVE COMMITTEE – The governing body of CSURMA’s Campus Risk Pool Programs.

MEMBER – Any campus or the Chancellor’s Office participating in Campus Risk Pool Programs

PROGRAM – For purposes of dividends and assessments, CSURMA’s Campus Risk Pool Programs are the Liability, SAFECLIP, SPLIP, AIME, Workers’ Compensation, Property and Crime Programs.

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

FY 2018/19 RATES AND GROSS FUNDING
CAMPUS COVERAGE PROGRAMS

ISSUE: 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 Executive Committee reviewed staff’s recommendations on September 8, 2017 for the FY 2018/19 Campus coverage programs funding, and recommends that the Board of Directors adopt the proposed funding as presented below.

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). 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 2018.

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

Campus Coverage Programs
FY 2018/19 Proposed Gross Funding

	FY 2017/18 Actual	FY 18/19 Proposed	\$ Chg	% Chg
Liability	\$ 15,707,457	\$ 16,173,148	\$ 465,691	3.0%
Workers Compensation	36,337,621	38,837,384	2,499,763	6.9%
IDL, NDI, UI	15,000,000	15,500,000	500,000	3.3%
Property	8,250,000	8,450,000	200,000	2.4%
AIME	4,506,330	4,660,547	154,217	3.4%
Auto Liability	829,510	772,833	(56,677)	-6.8%
Total	\$ 80,630,918	\$ 84,393,912	\$ 3,762,994	4.7%

Liability: Undiscounted basis for FY 17/18 and FY 18/19.

Workers' Compensation: Discounted basis for FY 17/18 and FY 18/19.

RECOMMENDATION: The Board of Directors is asked to adopt the Campus coverage programs funding for FY 2018/19 as proposed. It has been CSURMA's practice to have the Executive Committee re-review the proposed funding and to finalize rates on an undiscounted or discounted basis when it meets in Spring 2018.

FISCAL IMPACT: Calculations of the proposed funding for the Campus coverage programs are in accordance with the policies and procedures and rating plans adopted by the Board of Directors.

BACKGROUND: CSURMA employs an independent actuary, Aon Risk Consultants, to project claim costs for its General / Errors & Omissions Liability, Workers' Compensation and Athletic Injury Medical Expense programs.

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

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 2018/19 Campus Coverage Programs Proposed Funding
- b. Policy & Procedure No.7 – Self-Insured Program Funding

CSURMA RISK POOL FY 2018/19
Total Program Cost

<i>Campus</i>	<i>Actual FY 17/18</i>	<i>Proposed FY 18/19</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$ 1,626,638	\$ 1,666,498	\$ 39,860	2.5%
Channel Islands	\$ 1,797,797	\$ 1,704,273	(93,524)	-5.2%
Chico	\$ 2,774,609	\$ 2,840,305	65,696	2.4%
Dominguez Hills	\$ 2,658,763	\$ 2,734,108	75,345	2.8%
East Bay	\$ 3,326,616	\$ 3,298,947	(27,669)	-0.8%
Fresno	\$ 3,283,752	\$ 3,447,287	163,535	5.0%
Fullerton	\$ 4,802,717	\$ 5,286,368	483,651	10.1%
Humboldt	\$ 2,134,424	\$ 2,192,572	58,148	2.7%
Long Beach	\$ 6,159,144	\$ 6,189,407	30,263	0.5%
Los Angeles	\$ 4,551,043	\$ 5,198,874	647,831	14.2%
Maritime Academy	\$ 625,499	\$ 617,426	(8,073)	-1.3%
Monterey Bay	\$ 1,615,416	\$ 1,648,382	32,966	2.0%
Northridge	\$ 6,110,798	\$ 6,740,448	629,650	10.3%
Pomona	\$ 4,319,819	\$ 4,264,495	(55,324)	-1.3%
Sacramento	\$ 3,936,446	\$ 4,086,117	149,671	3.8%
San Bernardino	\$ 3,166,204	\$ 3,227,236	61,032	1.9%
San Diego	\$ 5,319,877	\$ 5,612,773	292,896	5.5%
San Francisco	\$ 5,107,824	\$ 5,979,179	871,355	17.1%
San Jose	\$ 5,172,957	\$ 5,433,354	260,397	5.0%
San Luis Obispo	\$ 4,686,675	\$ 4,716,478	29,803	0.6%
San Marcos	\$ 1,921,084	\$ 1,954,609	33,525	1.7%
Sonoma	\$ 2,581,631	\$ 2,839,944	258,313	10.0%
Stanislaus	\$ 1,667,701	\$ 1,619,367	(48,334)	-2.9%
Chancellor's Office	\$ 1,283,484	\$ 1,095,465	(188,019)	-14.6%
Total:	\$ 80,630,918	\$ 84,393,912	\$ 3,762,994	4.7%

Liability program funding for FY 17/18 & FY 18/19 are undiscounted for estimated investment income.

Workers' Comp program funding for FY 17/18 & FY 18/19 are discounted for estimated investment income.

CSURMA RISK POOL FY 2018/19
Liability Program Cost

<i>Campus</i>	<i>Actual</i> <i>FY 17/18</i> <i>undiscounted</i>	<i>Proposed</i> <i>FY 18/19</i> <i>undiscounted</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$ 256,139	\$ 238,924	\$ (17,215)	-6.7%
Channel Islands	518,623	322,943	(195,680)	-37.7%
Chico	685,604	713,145	27,541	4.0%
Dominguez Hills	594,082	487,843	(106,239)	-17.9%
East Bay	547,545	451,784	(95,761)	-17.5%
Fresno	478,356	534,681	56,325	11.8%
Fullerton	1,088,731	1,227,488	138,757	12.7%
Humboldt	389,093	353,478	(35,615)	-9.2%
Long Beach	857,596	781,658	(75,938)	-8.9%
Los Angeles	855,882	1,227,374	371,492	43.4%
Maritime Academy	222,407	173,592	(48,815)	-21.9%
Monterey Bay	204,416	226,524	22,108	10.8%
Northridge	1,065,954	1,266,648	200,694	18.8%
Pomona	672,465	590,867	(81,598)	-12.1%
Sacramento	820,709	757,460	(63,249)	-7.7%
San Bernardino	975,812	886,047	(89,765)	-9.2%
San Diego	619,322	696,135	76,813	12.4%
San Francisco	875,661	1,342,458	466,797	53.3%
San Jose	895,901	1,025,483	129,582	14.5%
San Luis Obispo	821,065	672,200	(148,865)	-18.1%
San Marcos	419,992	423,641	3,649	0.9%
Sonoma	830,764	980,952	150,188	18.1%
Stanislaus	382,054	357,251	(24,803)	-6.5%
Chancellor's Office	629,284	434,572	(194,712)	-30.9%
Total:	\$ 15,707,457	\$ 16,173,148	\$ 465,691	3.0%

New deductibles effective 7/1/17.

Includes SPLIP & SAFECLIP.

**CSURMA RISK POOL FY 2018/19
Workers' Compensation Program Cost**

<i>Campus</i>	<i>Actual FY 17/18 discounted</i>	<i>Proposed FY 18/19 discounted</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$ 734,465	\$ 811,282	\$ 76,817	10.5%
Channel Islands	702,091	755,243	53,152	7.6%
Chico	1,229,320	1,298,121	68,801	5.6%
Dominguez Hills	1,178,179	1,249,625	71,446	6.1%
East Bay	1,802,027	1,837,628	35,601	2.0%
Fresno	1,373,201	1,454,412	81,211	5.9%
Fullerton	2,098,075	2,378,904	280,829	13.4%
Humboldt	857,860	932,224	74,364	8.7%
Long Beach	3,297,593	3,362,819	65,226	2.0%
Los Angeles	2,419,144	2,637,717	218,573	9.0%
Maritime Academy	187,586	221,231	33,645	17.9%
Monterey Bay	641,241	681,454	40,213	6.3%
Northridge	2,827,512	3,158,562	331,050	11.7%
Pomona	2,513,850	2,490,233	(23,617)	-0.9%
Sacramento	1,500,000	1,557,550	57,550	3.8%
San Bernardino	1,285,608	1,384,940	99,332	7.7%
San Diego	2,793,751	2,935,608	141,857	5.1%
San Francisco	2,325,557	2,689,598	364,041	15.7%
San Jose	1,794,650	1,928,260	133,610	7.4%
San Luis Obispo	1,992,203	2,176,620	184,417	9.3%
San Marcos	743,163	756,145	12,982	1.7%
Sonoma	819,708	897,045	77,337	9.4%
Stanislaus	710,618	706,284	(4,334)	-0.6%
Chancellor's Office	510,219	535,879	25,660	5.0%
Total:	\$ 36,337,621	\$ 38,837,384	\$ 2,499,763	6.4%

**CSURMA RISK POOL FY 2018/19
IDL/NDI/UI Program Cost**

<i>Campus</i>	<i>Actual FY 17/18</i>	<i>Proposed FY 18/19</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$ 257,072	\$ 244,325	\$ (12,747)	-5.0%
Channel Islands	389,208	415,547	26,339	6.8%
Chico	415,830	436,659	20,829	5.0%
Dominguez Hills	507,745	529,564	21,819	4.3%
East Bay	596,873	642,004	45,131	7.6%
Fresno	534,576	514,093	(20,483)	-3.8%
Fullerton	898,904	975,196	76,292	8.5%
Humboldt	521,878	550,039	28,161	5.4%
Long Beach	1,101,271	1,165,144	63,873	5.8%
Los Angeles	697,144	767,223	70,079	10.1%
Maritime Academy	140,724	146,583	5,859	4.2%
Monterey Bay	415,868	414,547	(1,321)	-0.3%
Northridge	1,264,581	1,363,107	98,526	7.8%
Pomona	597,177	631,701	34,524	5.8%
Sacramento	740,523	757,086	16,563	2.2%
San Bernardino	539,682	594,307	54,625	10.1%
San Diego	791,250	734,182	(57,068)	-7.2%
San Francisco	1,173,634	1,132,166	(41,468)	-3.5%
San Jose	1,097,223	1,155,537	58,314	5.3%
San Luis Obispo	868,671	882,037	13,366	1.5%
San Marcos	458,188	468,775	10,587	2.3%
Sonoma	560,818	583,042	22,224	4.0%
Stanislaus	321,133	305,653	(15,480)	-4.8%
Chancellor's Office	110,027	91,483	(18,544)	-16.9%
Total:	\$ 15,000,000	\$ 15,500,000	\$ 500,000	3.3%

Industrial Disability Leave, Nonindustrial Disability Insurance, Unemployment Insurance

CSURMA RISK POOL FY 2018/19
Property Program Cost

<i>Campus</i>	<i>Actual FY 17/18</i>	<i>Proposed FY 18/19</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$ 135,343	\$ 139,325	\$ 3,982	2.9%
Channel Islands	157,463	183,034	25,571	16.2%
Chico	359,256	320,254	(39,002)	-10.9%
Dominguez Hills	167,634	166,383	(1,251)	-0.7%
East Bay	266,297	264,175	(2,122)	-0.8%
Fresno	379,826	377,229	(2,597)	-0.7%
Fullerton	523,758	528,132	4,374	0.8%
Humboldt	237,666	235,681	(1,985)	-0.8%
Long Beach	597,584	593,217	(4,367)	-0.7%
Los Angeles	450,656	448,215	(2,441)	-0.5%
Maritime Academy	49,450	49,101	(349)	-0.7%
Monterey Bay	132,636	130,875	(1,761)	-1.3%
Northridge	591,530	622,251	30,721	5.2%
Pomona	441,651	438,340	(3,311)	-0.7%
Sacramento	411,056	408,201	(2,855)	-0.7%
San Bernardino	287,270	285,202	(2,068)	-0.7%
San Diego	484,434	645,746	161,312	33.3%
San Francisco	612,877	688,078	75,201	12.3%
San Jose	862,651	853,264	(9,387)	-1.1%
San Luis Obispo	461,037	437,881	(23,156)	-5.0%
San Marcos	183,544	182,269	(1,275)	-0.7%
Sonoma	275,822	273,699	(2,123)	-0.8%
Stanislaus	147,151	146,230	(921)	-0.6%
Chancellor's Office	33,408	33,218	(190)	-0.6%
Total:	\$ 8,250,000	\$ 8,450,000	\$ 200,000	2.4%

Beginning FY 17/18, SPWB facilities are campus responsibility as the "Systemwide" central fu has been dissolved.

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

Includes Crime (Fidelity), Cyber Risks. Fine Arts

CSURMA RISK POOL FY 2018/19
Athletic Injury Medical Expense Program Cost
(AIME)

<i>Campus</i>	<i>Actual FY 17/18</i>	<i>Proposed FY 18/19</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$ 228,686	\$ 219,827	\$ (8,859)	-3.9%
Channel Islands				
Chico	51,455	44,463	(6,992)	-13.6%
Dominguez Hills	188,177	281,001	92,824	49.3%
East Bay	88,925	82,257	(6,668)	-7.5%
Fresno	442,035	501,076	59,041	13.4%
Fullerton	153,549	137,733	(15,816)	-10.3%
Humboldt	106,802	101,927	(4,875)	-4.6%
Long Beach	254,291	238,746	(15,545)	-6.1%
Los Angeles	101,993	85,525	(16,468)	-16.1%
Maritime Academy	21,326	22,543	1,217	5.7%
Monterey Bay	207,050	178,416	(28,634)	-13.8%
Northridge	318,425	293,465	(24,960)	-7.8%
Pomona	40,044	62,561	22,517	56.2%
Sacramento	426,461	565,342	138,881	32.6%
San Bernardino	40,499	40,325	(174)	-0.4%
San Diego	578,126	555,623	(22,503)	-3.9%
San Francisco	91,504	96,716	5,212	5.7%
San Jose	475,001	430,645	(44,356)	-9.3%
San Luis Obispo	447,000	457,875	10,875	2.4%
San Marcos	101,810	106,900	5,090	5.0%
Sonoma	61,011	74,418	13,407	22.0%
Stanislaus	82,160	83,163	1,003	1.2%
Chancellor's Office				
Total:	\$ 4,506,330	\$ 4,660,547	\$ 154,217	3.4%

**CSURMA RISK POOL FY 2018/19
Auto Liability (VELSIP) Program Cost**

<i>Campus</i>	<i>Actual FY 17/18</i>	<i>Proposed FY 18/19</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$ 14,933	\$ 12,815	\$ (2,118)	-14.2%
Channel Islands	30,412	27,506	(2,906)	-9.6%
Chico	33,144	27,663	(5,481)	-16.5%
Dominguez Hills	22,946	19,692	(3,254)	-14.2%
East Bay	24,949	21,099	(3,850)	-15.4%
Fresno	75,758	65,796	(9,962)	-13.1%
Fullerton	39,700	38,915	(785)	-2.0%
Humboldt	21,125	19,223	(1,902)	-9.0%
Long Beach	50,809	47,823	(2,986)	-5.9%
Los Angeles	26,224	32,820	6,596	25.2%
Maritime Academy	4,006	4,376	370	9.2%
Monterey Bay	14,205	16,566	2,361	16.6%
Northridge	42,796	36,415	(6,381)	-14.9%
Pomona	54,632	50,793	(3,839)	-7.0%
Sacramento	37,697	40,478	2,781	7.4%
San Bernardino	37,333	36,415	(918)	-2.5%
San Diego	52,994	45,479	(7,515)	-14.2%
San Francisco	28,591	30,163	1,572	5.5%
San Jose	47,531	40,165	(7,366)	-15.5%
San Luis Obispo	96,699	89,865	(6,834)	-7.1%
San Marcos	14,387	16,879	2,492	17.3%
Sonoma	33,508	30,788	(2,720)	-8.1%
Stanislaus	24,585	20,786	(3,799)	-15.5%
Chancellor's Office	546	313	(233)	-42.7%
Total:	\$ 829,510	\$ 772,833	\$ (56,677)	-6.8%

Allocated per reported Fleet count submitted to Chancellor's Office and DGS.

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



CSURMA

POLICY AND PROCEDURE NO. 7

EFFECTIVE: JANUARY 1, 2000

REVISED: APRIL 27, 2015

SUBJECT: SELF-INSURED PROGRAM FUNDING

ISSUE:

The CSURMA operate various self-insured coverage programs. Generally, these programs include a primary layer of pooling, with excess and reinsurance coverage. Each program is responsible for all costs generated by that program, as well as a proportionate share of the JPA's general administrative costs. It is important that each self-insured program be properly funded to satisfy its liabilities. This policy and procedure continues the policy adopted by the CSURMA Board of Directors on April 24, 1997.

POLICY STATEMENT:

It is the policy of the CSURMA that each self-insured program shall establish budgets with a goal of full funding, including a reasonable risk margin. Such funding shall be determined by the Executive Committee as a part of each year's annual budget based upon the recommendations of a professional actuary and staff.

PROCEDURE:

CSURMA staff is responsible for developing draft budgets for each of the self-insured programs for each fiscal year. As a part of the budget development, staff will work with the CSU and its actuary to determine projected liabilities for the CSURMA's self-insured programs. The actuary's reports shall be used by staff and the Executive Committee to develop recommended rates and funding for each self-insured program.

It is the policy of the CSURMA to fund fully the self-insured programs. Adopted funding shall include sufficient funds projected to pay the following cost elements:

- Administrative expenses shall be funded on a cash basis for each program year;
- Prior year cash deficits (if any) shall be funded on a cash basis;
- Prior years' claims payable shall be funded on a cash basis to the extent accrued reserves do not amount to full funding;
- Current year expected liabilities shall be funded on an accrual (incurred) basis; and
- At such time as all outstanding liabilities are fully funded, a reasonable risk margin shall be funded.



CSURMA

POLICY AND PROCEDURE NO. 7

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

FY 2017/2018 LONG RANGE PLANNING GOALS

ISSUE: The Executive Committee conducts a Long Range Action Planning meeting each year in March and establishes a long range action plan for the year. Periodically during the year, the Executive Committee receives a report to gauge progress and to re-evaluate where efforts should be focused.

RECOMMENDATION: The Board will hear a report from Staff on the status of the long range action plan items.

FISCAL IMPACT: No fiscal impact is expected from today's meeting.

BACKGROUND: The Executive Committee adopted the FY 17/18 Long Range Action Plan and goals to be accomplished. The Board will receive a report from Staff on the assigned responsibilities and deadlines of the FY 17/18 Long Range Planning goals.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Long Range Action Plan

FY 2017/18 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1	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	Aug-15	Completed
	2	Consultant presents Special Event Management Project at Fitting the Pieces Together Conference	SRM	Nov-16	Completed
	3	Develop subject content for special events risk management manual.	SRM	Apr-17	Completed
	4	Oversee design and development of special events risk management manual.	SRM	Apr-17	In Process
	5	Consultant develops training module(s) for CSU LMS	SRM	Jan-18	
	6	Roll out manual to all campus and auxiliary organization staff	SRM	Jan-18	
	7	Post manual on the CSURMA website.	PA	Jan-18	
	8	Roll out special events training on the CSU LMS.	SRM	May-18	
LRP-2	RMIS REPORTING				
Implement a Risk Management Information System and Provide Regular Reporting	1	Populate Ventiv database with hierarchy structure.	PA	17-Oct	In Process
	2	Populate Ventiv database with Phase 1 policy data.	PA	17-Dec	
	3	Present Phase 1 project results and recommendations for Phase 2.	SRM, PA	17-Dec	
	4	Implement initial benchmarking project.	SRM, PA	18-Jan	
	5	Approve Phase 2 and ongoing database maintenance plan.	EC	18-Mar	
	6	Initial report to EC and BOD.	SRM, PA	18-Apr	
	7	Presentation of sustainable long term benchmarking program.	SRM, PA	18-Oct	
	8	Approval of long term benchmarking project scope and costs.	EC	19-Jan	
LRP-3	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	Jan-16	Completed
	2	Review the Pinnacle Actuarial Resources initial evaluation of CSURMA's captive utilization options.	EC	May-16	Completed
	3	Present further evaluation to EC for direction	EC	Sep-16	Completed
	4	Report on project to EC and BOD	BOD	Nov-16	Completed
	5	Approval of the use of a captive for the legacy workers' compensation claims	EC	Mar-17	Completed
	6	Report on project to the BOD	PA	May-17	In Process
	7	Oversee development of a captive cell	SRM, PA	Jan-18	
LRP-4	CAMPUS VISITS				
Visit Campus VPs to provide updates on CSURMA	1	Schedule meetings with all Campus VPs	PA	Aug-16	Completed
	2	RPTG will meet to review risk pool rating plans	SRM, RPTG, PA	Oct-16	Completed
	4	Completion of Campus VP presentation	PA	Nov-16	Completed

FY 2017/18 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
	5 Completion Campus visits	SRM , PA	Mar-17	In Process
LRP-5 ACCESSING AND COMMUNICATING EIA RESOURCES				
Provide information to the membership regarding the risk management and loss control services available through CSAC-EIA	1 Report on CSAC-EIA resources to the BOD	PA	May-17	Completed
	2 Prepare informational bulletin to be distributed to the members	PA, SRM	Sep-17	In Process
	3 Forward informational bulletins to the members on a quarterly basis	PA	Sep-17	In Process
LRP-6 MEMBER LOAN POLICY				
Revise member loan policy to apply to risk management projects	1 Report of Project to the BOD	PA, CO	May-17	Completed
	2 Review parameters of current loan policy	PA	Oct-17	Completed
	3 Revise Policy and Procedure No. 10 to provide a clear description of the types of risk management projects that may be approved	PA, CO	Oct-17	Completed
	4 Approve revisions to Policy and Procedure No. 10	EC	Oct-17	In Process
	5 Report on the changes to the member loan policy and the changes to Policy and Procedure No. 10 to the BOD	PA	Oct-17	In Process
LRP-7 ALLOCATION OF INVESTMENTS				
Explore and evaluate alternate investment strategies.	1 Discuss alternate investment strategies.	EC	Mar-17	Completed
	2 Review CSU's new investment flexibility with legal counsel as it pertains to CSURMA.	SRM	Mar-18	In Process
	3 Report on project to EC and BOD.	CO	Mar-18	
	4 Approval of alternate investment options.	EC	Mar-18	
	5 Report on final project to BOD	PA	Apr-18	
LRP-8 EARTHQUAKE COVERAGE				
Review and consider the purchase of Systemwide earthquake coverage with a parametric trigger	1 Report on project to the BOD	PA	May-17	Completed
	2 Prepare marketing specifications for earthquake coverage with a parametric trigger	Pa	Jul-17	Completed
	3 Set-up and organize a presentation by the insurer(s) at the CO	PA	Aug-17	Completed
	4 Solicit quotations	PA	Aug-17	Completed
	5 Present coverage and premium quotation to the EC for approval (if moving forward)	PA	Sep-17	Completed
LRP-9 RISK MANAGEMENT GRANT PROGRAM				

FY 2017/18 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
Revise the Risk Management Innovation Grant Program to apply only to projects proposed by the affinity groups	1 Update the Risk Management Innovation Grant Program application and Policy and Procedure No. 21 to apply only to projects proposed by the affinity groups	PA, SRM	Apr-17	Completed
	2 Present changes to the EC for approval	PA, SRM	May-17	Completed
	3 Report on project to BOD	PA, SRM	May-17	Completed
	4 Send out a bulletin to the membership explaining the change to the risk management grant program	PA, SRM	May-17	Completed
LRP-10 WORKERS' COMPENSATION PROJECTS BASED ON CWCI DATA				
Create risk management / loss control workers' compensation projects based on the CWCI data	1 Report on project to BOD	PA, SRM	May-17	Completed
	2 Review CWCI benchmarking results and reports for the CSURMA dashboard	PA, SRM	Jul-17	Completed
	3 Identify campus / auxiliary organization outliers and suggest action to be taken	PA, SRM	Oct-17	In Process
LRP-11 MARINE PROGRAM				
Create a marine program to cover watercraft owned by campus and auxiliary organization members	1 Review and update watercraft schedule, as appropriate	PA	Nov-16	Completed
	2 Create marine program coverage specifications	PA	Nov-16	Completed
	3 Report on project to the BOD	PA	May-17	Completed
	4 Obtain coverage options, and pricing, for program and present to the EC	PA	Jun-17	Completed
	5 Present final program design	PA	Jul-17	Completed
	6 Disseminate the Marine Program information to CSURMA members	PA	Jul-17	Completed
LRP-12 AUXILIARY ORGANIZATIONS EMPLOYEE BENEFITS				
Provide assistance and oversight to the AOA	1 Report on project to the BOD Pending Completion of the AOA Benefits User Group RFP	PA	May-17	In Process
LRP-13 STUDENT HEALTH AND UC SHIP				
Formation of a student health program	1 Report on project to the BOD	PA	May-17	In Process
LRP-14 WORKERS' COMPENSATION EXPERIENCE MODIFICATION FACTOR				
Review and modification if appropriate the Workers'	1 Appoint a task group to review the current workers' compensation experience modification	EC	Mar-17	Completed
	2 Review current calculation to address the disincentive for members to negotiate claim	SRM, PA	Mar-17	Completed

FY 2017/18 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
Compensation Experience Modification calculation	3	Report on project to BOD.	BOD	May-17	Completed
	4	Meet with the task group to finalize recommendations for change.	Task Group	Jun-17	Completed
	5	Report and recommendation for change to EC	EC	Sep-17	Completed
	6	Final report on project to BOD	BOD	Oct-17	Completed

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

OWNER CONTROLLED INSURANCE PROGRAM (OCIP) RENEWAL

ISSUE: At its meeting in September, the Executive Committee delegated authority to the Assistance Vice Chancellor of CPDC and the CSURMA Treasurer to renew the current Owner Controlled Insurance Program (OCIP) for an additional five years (October 1, 2017 to October 1, 2022).

RECOMMENDATION: No action is requested; this item is for information only.

FISCAL IMPACT: The cost of the OCIP is paid from project funds for enrolled projects.

BACKGROUND: Working with CSU Chancellor's Office Capital Planning Design and Construction (CPDC), CSURMA launched in 2012 an Owner Controlled Insurance Program (OCIP). As shown in the attached presentation, the initial five-year term has been successful, with coverage enhancements and savings projected to exceed \$10 million for the initial five-year term.

As part of the renewal discussions, campus feedback generated suggestions for improvements that CSURMA would develop working with CPDC and Systemwide Risk Management. One request involves arranging for CSURMA to fund insurer premiums and recoup those premiums from the projects as the project funding becomes available. This would solve a timing issue that burdens the projects. This proposed funding alignment needs further development for the potential financial impact to CSURMA. The other issues being addressed are shown below:

1. Administrative burden on campus project teams
2. CPDC not fully equipped to administer the OCIP program
3. Initial project costs for premiums create a cash flow problem for projects
4. Concerns around whether financial benefits exceeds administrative burden
5. OCIP loss rate is hovering near rate charged to campuses
6. Difficulty in coordinating between OCIP, Builders Risk and Property policy claims
7. Confusion over drug testing program
8. Negative overall impression of OCIP program at the campus level

PUBLICATION: None.

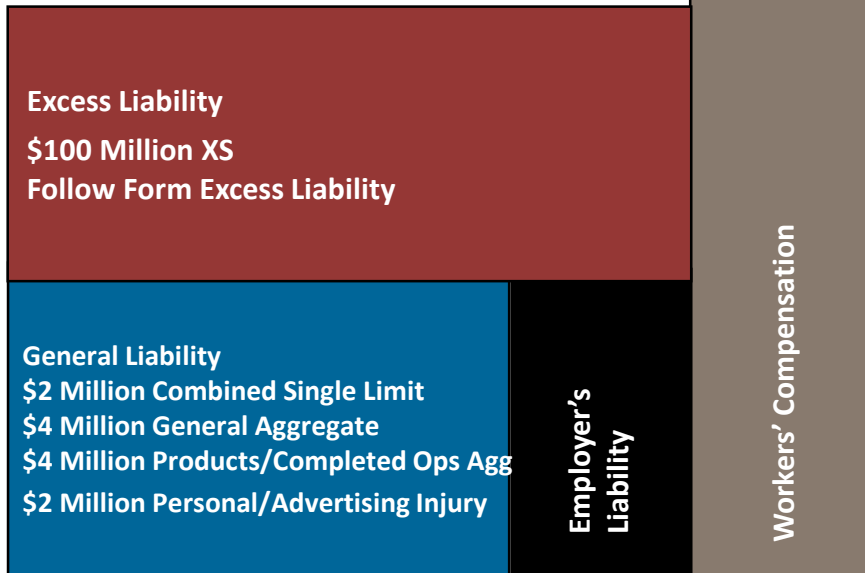
ATTACHMENT(S):

- a. OCIP Renewal Presentation to CABO, August 16, 2017
- b. Policy and Procedure No. 20 – Owner Controlled Insurance Program

CSU Owner Controlled Insurance Program (OCIP) Program Update Presentation to CABO, August 16, 2017

1. **Construction Insurance Program Overview**
2. **OCIP Overview**
3. **OCIP Financial Performance**
4. **Issues & Solutions**
5. **Timeline**

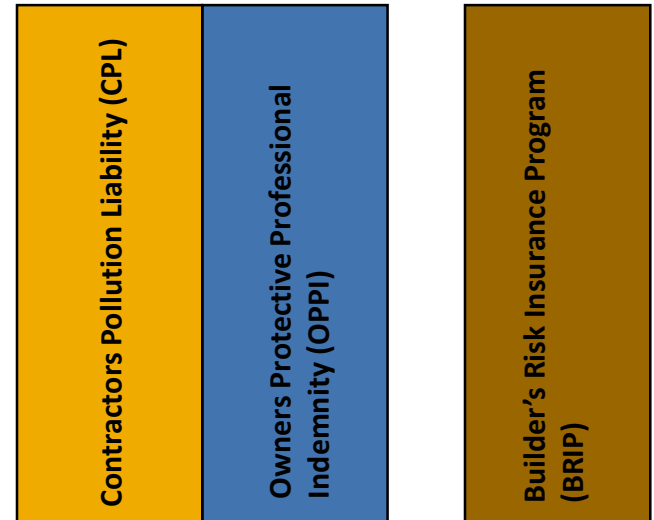
Owner Controlled Insurance Program (OCIP)



Costs are Recovered for These Lines of Coverage

125

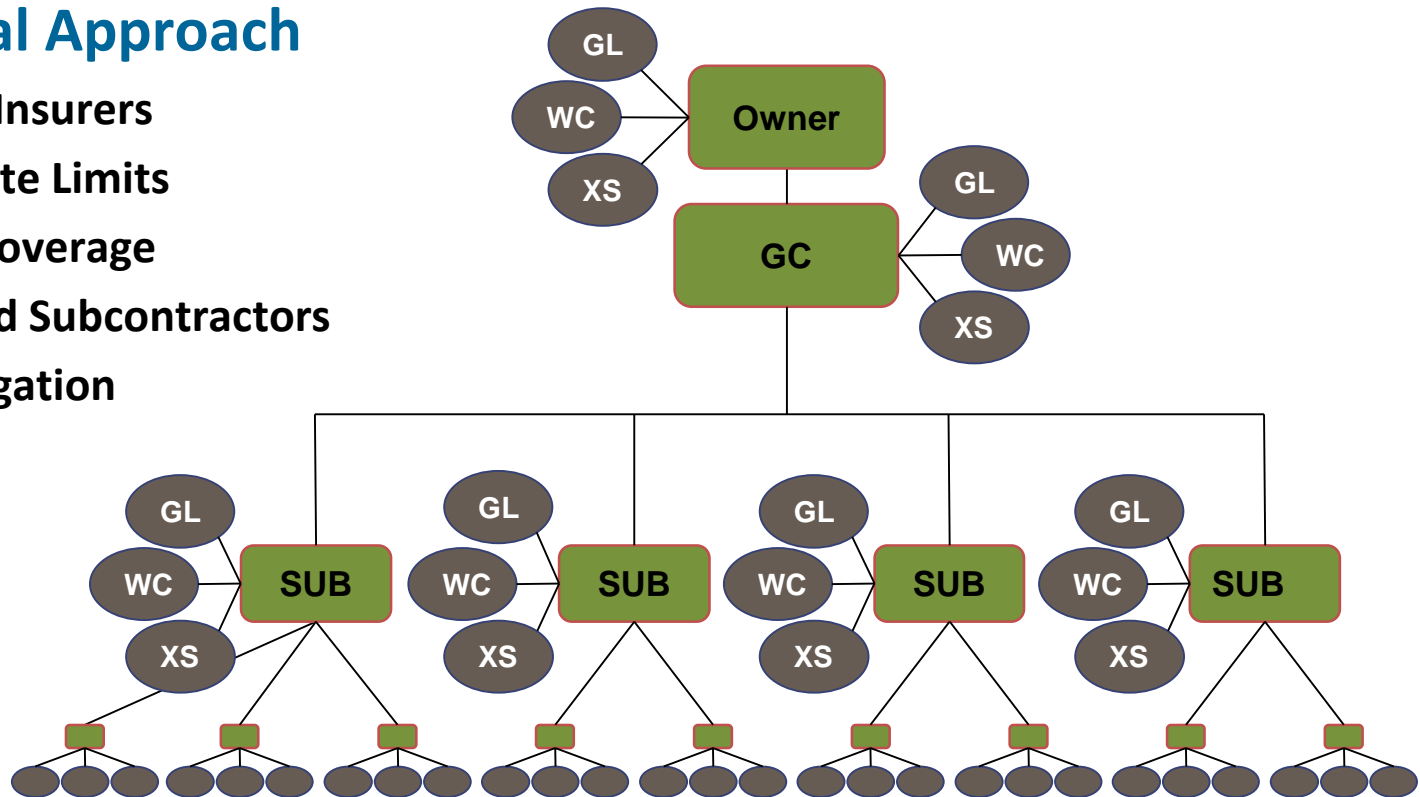
Additional Coverage:



All OCIP Projects Automatically Included

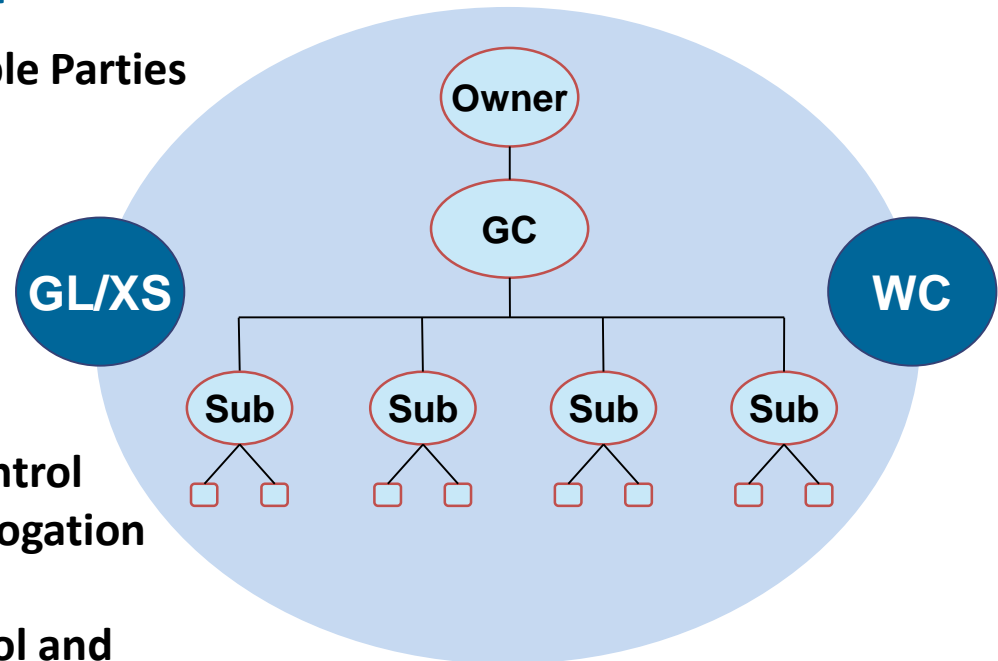
Traditional Approach

- Multiple Insurers
- Inadequate Limits
- Gaps in Coverage
- Uninsured Subcontractors
- Cross Litigation



Owner Controlled Program

- One Primary Carrier for All Eligible Parties
- Control of Claims
- Cost Reduction
- Elimination of Redundant costs and contractor mark-up
- Higher Limits
- Consistent Coverage
- Coordinated Claims and Loss Control
- Minimizes Cross Litigation/ Subrogation
- Public Relations
- Potentially Larger Contractor Pool and Opportunities for Small Contractors



PROJECTS	
Construction Value	\$ 1,520,212,477
Payroll (23% of CV) (Original Estimate was 20%)	\$ 348,128,657

ESTIMATED CONTRACTOR INSURANCE COSTS	PREMIUM	% OF CV
Trade Contractor Workers Compensation	\$ 24,323,400	1.60%
Trade Contractor General Liability	\$ 7,601,062	0.50%
General Contractor General Liability	\$ 6,080,850	0.40%
Total	\$ 38,005,312	2.50%

OCIP PROGRAM COSTS	FIXED COST	LOSS AGGREGATE		
		(DEDUCTIBLE POOL)	MAX COST	% of CV (@max)
Primary WC/GL Premium Rate (per \$100 of payroll)	\$ 3.10	\$ 4.72	\$ 7.82	
Primary WC/GL Premium	\$ 10,791,988	\$ 16,427,147	\$ 27,219,135	1.79%
Excess Premium (\$100M)	\$ 3,587,701	\$	\$ 3,587,701	0.24%
Administration / Claims Management / Loss Control	\$ 3,790,691	\$	\$ 3,790,691	0.25%
Total OCIP Program Costs	\$ 18,170,381	\$ 16,427,147	\$ 34,597,528	2.28%
	% of CV 1.20%	1.08%	2.28%	

LOSS LEVEL % OF AGG.	LOSSES	PROGRAM COSTS PLUS LOSSES	INSURANCE CREDITS	PROGRAM SAVINGS	SAVINGS % OF CV	COST VS NON-OCIP
0%	\$ -	\$ 18,170,381	\$ 38,005,312	\$ 19,834,931	1.30%	48%
10%	\$ 1,642,715	\$ 19,813,096	\$ 38,005,312	\$ 18,192,216	1.20%	52%
14.8%	\$ 2,426,331	\$ 20,596,712	\$ 38,005,312	\$ 17,408,600	1.15%	54%
20%	\$ 3,285,429	\$ 21,455,810	\$ 38,005,312	\$ 16,549,502	1.09%	56%
20.4%	\$ 3,354,070	\$ 21,524,451	\$ 38,005,312	\$ 16,480,861	1.08%	57%
30%	\$ 4,928,144	\$ 23,098,525	\$ 38,005,312	\$ 14,906,787	0.98%	61%
40%	\$ 6,570,859	\$ 24,741,240	\$ 38,005,312	\$ 13,264,072	0.87%	65%
60%	\$ 9,856,288	\$ 28,026,669	\$ 38,005,312	\$ 9,978,643	0.66%	74%
80%	\$ 13,141,718	\$ 31,312,098	\$ 38,005,312	\$ 6,693,214	0.44%	82%
100%	\$ 16,427,147	\$ 34,597,528	\$ 38,005,312	\$ 3,407,784	0.22%	91%

Deductibles Paid to-Date

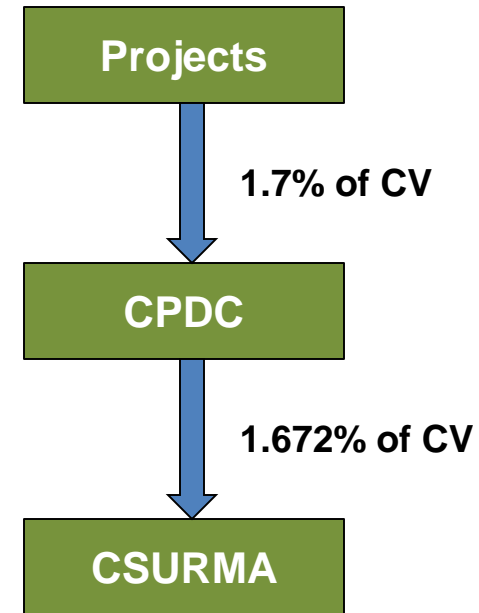
Paid Plus Reserves to-Date

Forecast for Ultimate Losses on \$1.52B

Approaches	Details	Contractor Insurance Cost
A. Original Alliant Pro Forma	2011 Estimate for First \$500M	2.25%
B. Net Bid with Audit of Contractors' Actual Insurance Cost	2014 Audit of 77% of Enrolled Construction Value on 8 Projects	2.52%
C. Bid Credit Tracking with Change Orders (CSU discounts credit by 15%)	9 Projects Underway 3 Projects With Data	2.00% - 2.60% 1.70% - 2.20% (after discount) (estimated ultimate credit on 3 projects)
D. Turner Proposed CCIP	San Marcos PPP	2.80%
E. Level 10 CCIP	Typical Charge as per CFO	2.50%
F. CCIPs	Typical Commercial / Institutional Projects in CA 129	1.9% - 2.8% (CCIP pricing would not include CPL / OPPI)

		Contractor Insurance Credits				
		2.00%	2.25%	2.50%	2.75%	3.00%
		\$30,404,250	\$34,204,781	\$38,005,312	\$41,805,843	\$45,606,374
Loss Level	Savings					
20%	8,948,439	12,748,971	16,549,502	20,350,033	24,150,564	
30%	7,305,725	11,106,256	14,906,787	18,707,318	22,507,849	
40%	5,663,010	9,463,541	13,264,072	17,064,604	20,865,135	
50%	4,020,295	7,820,826	11,621,358	15,421,889	19,222,420	
60%	2,377,581	6,178,112	9,978,643	13,779,174	17,579,705	
70%	734,866	4,535,397	8,335,928	12,136,459	15,936,991	

OCIP	Cost as Percentage of CV	Non-OCIP Lines	Cost as Percentage of CV
Fixed WC/GL Primary Premium	0.71%	Contractors Pollution Liability (CPL)	0.045%
Loss Aggregate Including Claims Expenses	1.08%	Owners Protective Professional Indemnity (OPPI)	0.100%
Excess Liability	0.236%	Excess OPPI/CPL	0.094%
Loss Control / Admin / Claims	0.25%	TOTAL	0.239%
OCIP MAX	2.28%		



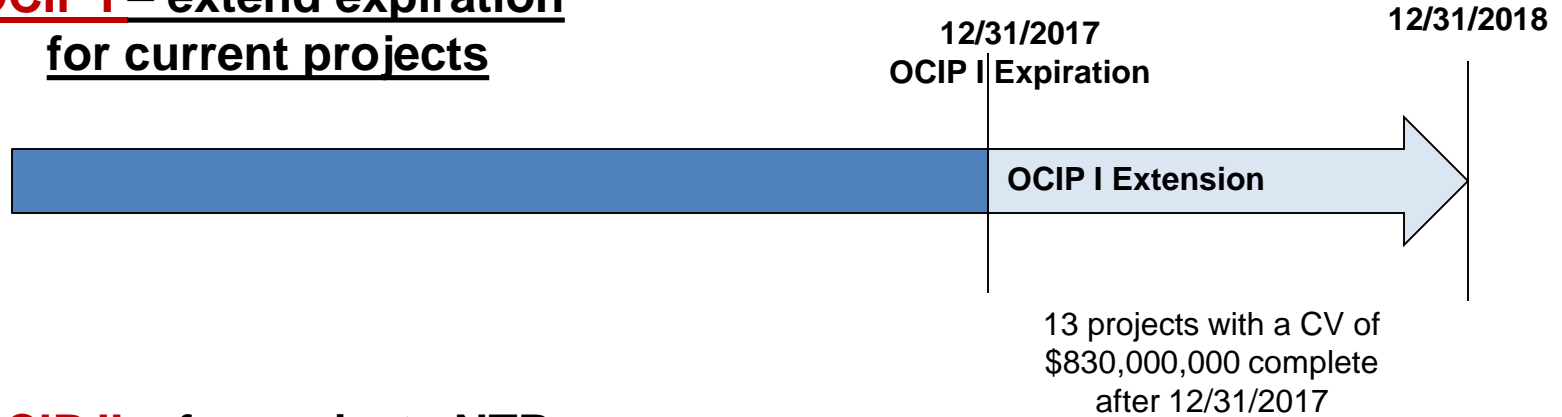
ISSUE	SOLUTION(S)
<p>1. Administrative burden on campus project teams</p>	<p>CPDC, Campuses and Alliant to work at earlier project identification and engagement to inform project teams and minimize administrative burden, participation in pre-bid conferences</p>
<p>2. CPDC not fully equipped to administer the OCIP program</p>	<p>Increased role for Alliant and CSU Systemwide Risk Management</p>
<p>3. Initial project costs for premiums create a cash flow problem for projects</p>	<p>CSURMA exploring options to align project charges to project funding and bid credits</p>
<p>4. Concerns around whether financial benefit exceeds administrative burden</p>	<p>Reducing burden on project teams and improving cash flow should help mitigate these concerns</p>

ISSUE	SOLUTION(S)
<p>5. OCIP loss rate is hovering near rate charged to campuses</p>	<p>Loss projections indicate an ultimate loss ratio of 30%. Charge may need to be adjusted; however, improvements to timing of project charges should help reduce impact to projects</p>
<p>6. Difficulty in coordinating between OCIP, Builders Risk and Property policy claims</p>	<p>Alliant has assigned a single point-of-contact for CSU for addressing all construction related claims</p>
<p>7. Confusion over drug testing program</p>	<p>Alliant to assume administration of the periodic random drug testing program</p>
<p>8. Negative overall impression of OCIP program at the campus level</p>	<p>The above changes combined with more education as to program benefits</p>

We will not be successful unless campuses want to utilize the OCIP and realize its benefits

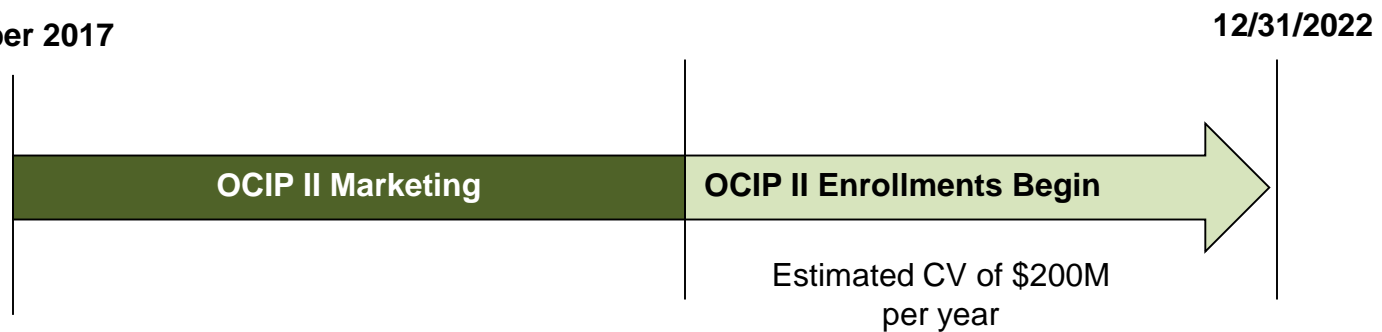
- **Control of Claims**
- **Cost Reduction**
- **Elimination of Redundant costs and contractor mark-up**
- **Higher Limits**
- **Consistent Coverage**
- **Coordinated Claims and Loss Control**
- **Minimized Cross Litigation/ Subrogation**
- **Public Relations**
- **Potentially Larger Contractor Pool and Opportunities for Small Contractors**

**OCIP I – extend expiration
for current projects**



**OCIP II – for projects NTP
CY 2018-2022**

October 2017





ADOPTED: September 13, 2013

AMENDED: November 6, 2013, May 6, 2016

EFFECTIVE: January 1, 2012

SUBJECT: Owner Controlled Insurance Program

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

PURPOSE:

CSURMA launched the Owner Controlled Insurance Program (OCIP) to realize a cost savings, improve coverage, and efficiently administer General Liability, Completed Operations Liability, Workers' Compensation, environmental and design professional coverages for all CSU's Major Capital Outlay construction projects over \$10,000,000 as established by the CSU Chancellor's Office Capital Planning, Design and Construction Office (CPDC). The purpose of this Policy and Procedure is to describe the operation of the OCIP program and provide a process for CSURMA and CPDC to collaborate on administering the programs efficiently and effectively.

POLICY:

It is the policy of CSURMA that the Program Administrator, Alliant Insurance Services, Inc., Chancellor's Office Accounting Department (Accounting) and Systemwide Office of Risk Management will collaborate with CPDC to administer the OCIP as described in this Policy and Procedure.

PROCEDURE:

Section 1: General Procedures

1. CSURMA shall pay the insurance premiums and deductible collateral up front to the Program Administrator, and CSURMA will recover the advanced monies on a project-by-project basis, through CPDC, as described herein.
2. The Program Administrator shall manage the OCIP carrier contracts, collect required data from the contractors directly each month, and develop and maintain a quarterly report which will be used by CSURMA to invoice CPDC for the cost of the OCIP on a per-project basis. The quarterly report shall contain:
 - Projects started, continuing, or completed in each quarter
 - Completed projects shall not drop off report
 - Project start and completion dates
 - CPDC project name and CPDC project number
 - Initial Construction Contract Value, which varies by procurement method as follows:
 - For CM at Risk or Design-Bid-Build: Total construction contract award amount
 - For Design-Build: Total contract award minus pre-construction and design costs
 - Initial premiums and deductible collateral for each project

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- Updated, final / completed premiums and deductible collateral for each project based on final labor costs and loss rates.
 - Total premiums and deductible collateral for all projects
 - Audited final labor costs
 - Final labor costs as a percentage of the Initial Construction Contract Value for each project
 - Estimated final value for reduced contractor insurance costs for each project
 - Claims & loss report with actual to date loss rate (provided separately).
3. For the initial Program Period (OCIP I), the Program Administrator's billings to CSURMA will be based on the programs' fixed premiums and a 68% loss rate of the maximum aggregate deductible, which equates to a 2.072% project billing rate relative to the Initial Construction Contract Value (a total of \$10,358,204.00 program cost).
 4. CSURMA's billings to CPDC will be based on a pro-rata portion of the fixed premiums at a 1.672% project billing rate relative to the Initial Construction Contract Value of projects as enrolled.
 5. For OCIP I, CPDC will provide a guarantee for \$1,519,400 of Deductible Collateral and Loss Adjusting Factor to cover the difference between the 68% loss rate CSURMA has billed for and the 100% loss rate. This guarantee will be backed by CPDC's seismic self-insured trust fund account. If OCIP I's loss rate exceeds a 68% loss rate, CPDC will reimburse CSURMA the actual cost difference up to \$1,519,400.
 6. For OCIP I, CSURMA will underwrite an additional \$2,000,000 to bring the total of the Deductible Collateral and Loss Conversion Factor costs down. This equates to a 25.5% Loss Rate and a total 1.672% billing rate relative to the Initial Construction Contract Value of projects as enrolled.
 7. When the Program Administrator reconciles the total program costs for OCIP I with CSURMA based on actual percentage loss of the deductible collateral, CSURMA shall reconcile its invoicing to CPDC to reflect those adjusted actual costs, and, if the loss rate is under 25%, CSURMA shall credit CPDC as appropriate for the actual program costs. Reconciliation of OCIP I is expected 18-24 months after the completion of the initial 5-year program, but may happen sooner.
 8. If there is a credit described in Paragraph 6 above, the credit may, upon agreement by CPDC, be applied to a second OCIP II program, and/or any unapplied funds shall be returned by CSURMA to CPDC for deposit in the system-wide seismic self-insured trust fund account.

Section 2: OCIP Enrollment and Invoicing

1. The Program Administrator shall enroll new projects in OCIP with an Initial Construction Contract Value of \$10,000,000 or more during the construction contract award process. There will be a pre-enrollment period for contractors and their subcontractors in the months leading up to a construction contract award. During this time the contractors will receive enrollment and safety information and will submit cost of insurance documentation for the policies the CSURMA OCIP will replace.
2. Projects with an Initial Construction Contract Value that is less than \$10,000,000 may enroll in OCIP upon the recommendation of CPDC and approval by the Program Underwriters.
3. The Program Administrator shall provide a quarterly report, adding new projects that have started construction during the quarter, along with the initial premium for each project. The Program Administrator will also provide updated information to the existing projects in the quarterly report. The Program Administrator shall submit the quarterly report to Accounting and CPDC program administrators simultaneously for review and approval.

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4. When CPDC and CSURMA approve the quarterly reports Accounting will use them as the basis to invoice CPDC for the initial insurance costs of the enrolled projects based on a 1.672% of Initial Construction Contract Value. CPDC will approve or reject CSURMA invoices via email within 10 business days of receipt.
 5. All invoicing shall be done on templates as agreed upon by CPDC and CSURMA.
 6. Upon approval of the invoices by CPDC, CSURMA shall collect the monies invoiced for the projects via Cash Posting Order (CPO).
 7. CPDC shall maintain a separate account for OCIP, and CSURMA shall collect the monies invoiced from that account via CPO.

Section 3: OCIP Project Completion Activities

1. At the completion of a project The Program Administrator shall add to the quarterly report:
 - Final labor costs
 - Project completion date
 - Final premium amounts
 - Confirmation that all contractor closeout materials have been submitted. Within 30 days of completion the Program Administrator shall separately provide a clearance letter to CPDC for release of contractor retention.
 - Other required information as described in “Procedure” Section #2.
2. As described above, the Program Administrator shall submit the quarterly report to Accounting and CPDC for review and approval.
3. The Program Administrator’s quarterly reports will be used as the basis for Accounting to invoice CPDC for the final additive or deductive reconciliation of insurance costs for the enrolled projects, based on final labor costs.
4. To benefit enrolled projects with predictable OCIP insurance costs, there shall be no premium adjustment for projects that are completed within five percent (5%) of their original projected premium cost. Projects that are completed with a final calculated premium cost exceeding 105% of their original projected premium cost shall be invoiced at 0.73% of the amount exceeding 105%. Projects that are completed with a final calculated premium cost lower than 95% of their original projected premium cost shall be credited the amount less than the original projected premium cost.
5. Upon CPDC’s approval of the invoices, CSURMA shall collect the monies invoiced via CPO to recover, or credit as necessary, the final premiums from the project.

Section 4: OCIP Program Closeout

1. After completion of a project, and over the duration of OCIP policy coverage, the Program Administrator shall continue to administer project claims.
2. Following completion of the initial OCIP I program term (expected to achieve program target enrollment by 36 months from January 1, 2012), CSU, acting through CPDC, may close out or re-enroll in a second CSURMA OCIP II program with the Program Administrator and the carrier(s). At that time premium dividends and deductible obligations will be subject to a final settlement based on total construction value and actual loss rates. During and after this time the Program Administrator and the

carriers may still be actively involved with outstanding claims, but the projects' premiums and dividends may be closed.

3. Any additive or deductive adjustments made to the total program costs based on the reconciliation(s) described above shall be passed through to CPDC via a CSURMA reconciliation billing. This is expected no later than 18-24 months after the CSURMA OCIP I program closeout.
4. In no case shall CPDC pay in excess of CSURMA's actual costs for OCIP I, as identified in Section 1 (3). These actual costs are anticipated to be \$10,358,204 as adjusted by actual loss rates and the total cost of enrolled projects.
5. Because the benefits of the OCIP apply systemwide, CSURMA shall not allocate a charge for missed investment income on advanced premiums.

Section 5: Definitions

As used in this Policy and Procedure, the following terms are defined:

Accounting (Department): CSURMA has engaged the CSU Chancellor's Office Department of Financial Services to perform OCIP and BRIP accounting duties on behalf of the CSURMA.

CSURMA: CSURMA is the California State University Risk Management Authority which is a joint powers authority separate from the CSU and its participating auxiliary organizations. CSURMA has established various programs for insurance and self-insurance to serve the University and the OCIP program is a program of the CSURMA.

CPDC: CSU's Department of Capital Planning, Design and Construction in the Chancellor's Office is the primary client for the OCIP program and the designated representative for managing the programs internal to the CSU.

OCIP Initial Construction Contract Value - varies by procurement method as follows:

- For CM at Risk or Design-Bid-Build: total construction contract award amount
- For Design-Build: total contract award less pre-construction and design costs

Program Administrator: CSURMA has appointed Alliant Insurance Services, Inc. as Program Administrator responsible for designing and implementing the programs serving the CSU and auxiliary organization participants.

Program Underwriters: The insurance companies that underwrite the OCIP insurance policies.

Systemwide Office of Risk Management: CSURMA has engaged the CSU Chancellor's Office Department of Risk Management and Public Safety to provide risk management consulting services to the CSURMA including oversight of programs.

CSURMA SUPPORT OF CSU CAMPUS IMPLEMENTATION OF UC RISK AND SAFETY SOLUTIONS SOFTWARE MODULES

ISSUE: The UC Risk and Safety Solutions (RSS) is a software and service provider to the UC that has developed products tailored to higher education and healthcare providers and is now selling products and services outside of the UC. The Systemwide Office of Risk Management and campus EH&S leadership identifying the value of RSS's offerings developed a master services agreement by which campuses can obtain discounted access to the UC's various safety training and monitoring modules. Key elements of the new service are:

- Campuses can elect to participate in this non-mandatory Software.
- CSURMA would support implementation at up to seven campuses per year at a one-time cost to CSURMA of \$20,000 per campus for implementation.
- Campuses will have a free one-year trial of one module, additional modules and renewals will be available at 60% of UC RSS's list price.
- CSURMA would serve as the single point of billing contact for RSS and then bill the campuses.

A few CSU campuses are already in the process of implementing UC RSS products and services and RSS has agreed to honor the discounted pricing offered to CSU retroactive to current year implementations and licensing.

RECOMMENDATION: No action is requested; this item is for information only.

FISCAL IMPACT: CSURMA has a budget item for the campus grant program and staff proposes that this budget item be increased to allow for the RSS master enabling agreement at a cost not to exceed \$140,000 for FY 17/18. This item will be included in the mid-year budget adjustment item presented to the CSURMA EC in March, 2018.

BACKGROUND: See the attachments for additional information.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA – UC RSS Agreements

MASTER ENABLING AGREEMENT

AGREEMENT NUMBER	AM. NO.
TAXPAYERS FEDERAL / EMPLOYER IDENTIFICATION NUMBER 000009366	

THIS AGREEMENT, made and entered into this TBD in the State of California, by and between the Trustees of the California State University, which is the State of California acting in a higher education capacity, through its duly appointed and acting officer, hereinafter called CSU and

CONTRACTOR'S NAME

University of California (Risk and Safety Solutions), hereafter called Contractor,

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulation of the University hereinafter expressed, does hereby agree to furnish to the University services and materials as follows:

This is a Master Enabling Agreement for Software Services, under which each campus administrative office of the California State University may participate. Campuses shall execute individual service orders for specific personnel placement assignments and will reference the master agreement number. Invoices issued shall reference the service order number. The University makes no commitments regarding the exact total expenditure for this agreement.

Contractor shall provide _____ in accordance with _____, contractors bid submittal received on _____, and the following Riders, which are hereby incorporated by reference and made part of this Agreement. To the extent that any provision of any Rider may conflict with this Agreement or any Riders herein, the order of precedence shall be as follows:

Rider A – Risk & Safety Solutions Master Service Agreement, consisting of thirteen pages.

Rider B – Scope of Work, consisting of two pages.

Rider C – Product Overview, consisting of five pages.

Rider D – 2017 Full Suite Price List, consisting of two pages.

Rider E – Technical Requirements, consisting of two pages.

The term of this Agreement shall be for three (3) years, commencing _____ through _____ with _____ () one-year renewal options subject to the discretion of the CSU, and upon acceptable contractor performance.

This agreement does not confer an exclusive right to provide temporary personnel services.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

UNIVERSITY		CONTRACTOR	
Trustees of the California State University			
BY (AUTHORIZED SIGNATURE)	DATE	BY (AUTHORIZED SIGNATURE)	DATE
➤		➤	
PRINTED NAME AND TITLE OF PERSON SIGNING		PRINTED NAME AND TITLE OF PERSON SIGNING	
ADDRESS 401 Golden Shore Long Beach, CA 90802		ADDRESS	

University of California - Risk & Safety Solutions
Master Subscription Agreement
(U.S. Locations Only)

THIS AGREEMENT GOVERNS YOUR ACQUISITION AND USE OF OUR SERVICES.

IF YOU REGISTER FOR A FREE TRIAL FOR OUR SERVICES, THE APPLICABLE PROVISIONS OF THIS AGREEMENT WILL ALSO GOVERN THAT FREE TRIAL.

BY ACCEPTING THIS AGREEMENT, EITHER BY CLICKING A BOX INDICATING YOUR ACCEPTANCE OR BY EXECUTING AN ORDER FORM THAT REFERENCES THIS AGREEMENT, YOU AGREE TO THE TERMS OF THIS AGREEMENT. IF YOU ARE ENTERING INTO THIS AGREEMENT ON BEHALF OF A COMPANY OR OTHER LEGAL ENTITY, YOU REPRESENT THAT YOU HAVE THE AUTHORITY TO BIND SUCH ENTITY AND ITS AFFILIATES TO THESE TERMS AND CONDITIONS, IN WHICH CASE THE TERMS "YOU" OR "YOUR" SHALL REFER TO SUCH ENTITY AND ITS AFFILIATES. IF YOU DO NOT HAVE SUCH AUTHORITY, OR IF YOU DO NOT AGREE WITH THESE TERMS AND CONDITIONS, YOU MUST NOT ACCEPT THIS AGREEMENT AND MAY NOT USE THE SERVICES.

You may not access the Services for purposes of monitoring their availability, performance or functionality, or for any other benchmarking or competitive purposes.

This Agreement is effective between You and Us as of the date of You accepting this Agreement.

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1. DEFINITIONS

"**Affiliate**" means any entity that directly or indirectly controls, is controlled by, or is under common control with the subject entity. "Control," for purposes of this definition, means direct or indirect ownership or control of more than 50% of the voting interests of the subject entity.

"**Agreement**" means this Master Subscription Agreement.

"**Beta Services**" means UC-RSS services or functionality that may be made available to Customer to try at its option at no additional charge which is designated as beta, pilot, limited release, developer preview, non-production, evaluation, or by a similar description.

"**Content**" means information obtained by UC-RSS from publicly available sources or third party content providers and made available to Customer through the Services, Beta Services or pursuant to an Order Form, as more fully described in the Documentation.

"**Documentation**" means the applicable Service's documentation, and its usage guides and policies, as updated from time to time, and currently accessible at UC-RSS website (<http://risksafety.universityofcalifornia.edu/p/>).

"**Malicious Code**" means code, files, scripts, agents or programs intended to do harm, including, for example, viruses, worms, time bombs and Trojan horses.

"**Non-UC-RSS Application**" means a Web-based, mobile, offline or other software application functionality that is provided by You or a third party and interoperates with a Service, including, for example, an application that is developed by or for You.

"**Order Form**" means an ordering document or online order specifying the Services to be provided hereunder that is entered into between You and Us or any of Our Affiliates, including any addenda and supplements thereto. By entering into an Order Form hereunder, an Affiliate agrees to be bound by the terms of this Agreement as if it were an original party hereto.

"**Purchased Services**" means Services that You or Your Affiliate purchase under an Order Form, as distinguished from those provided pursuant to a free trial.

"**Services**" means the products and services that are ordered by You under an Order Form or provided to You under a free trial, and made available online by Us, including associated UC-RSS offline or mobile components, as described in the Documentation. "Services" exclude Content and Non-UC-RSS products and services.

"**User**" means an individual who is authorized by You to use a Service, for whom You have purchased a subscription (or in the case of any Services provided by Us without charge, for whom a Service has been provisioned), and to whom You (or, when applicable, Us at Your request) have supplied a user identification and password (for Services utilizing authentication). Users may include, for example, Your employees, consultants, contractors and agents, so long as they are using the Service on Your behalf.

"**We**", "**Us**", "**Our**", "**UC-RSS**" or the "**University**" means The Regents of the University of California, a California public corporation, acting on behalf of its Risk & Safety Solutions unit.

"**You**," "**Your**" or "**Customer**" means the company or other legal entity for which you are accepting this Agreement, and Affiliates of that company or entity which have signed Order

Forms.

"Your Data" means electronic data and information submitted by or for Customer to the Services, excluding Content and Non-UC-RSS Applications.

2. FREE TRIAL

If You register on Our website for a free trial, We will make one or more Services available to You on a trial basis free of charge until the earlier of (a) the end of the free trial period for which You registered to use the applicable Services, or (b) the start date of any Purchased Service subscriptions ordered by You for such Services, or (c) termination by Us in our sole discretion. Additional trial terms and conditions may appear on the trial registration web page. Any such additional terms and conditions are incorporated into this Agreement by reference and are legally binding.

ANY DATA YOU ENTER INTO THE SERVICES, AND ANY CUSTOMIZATIONS MADE TO THE SERVICES BY OR FOR YOU, DURING YOUR FREE TRIAL WILL BE PERMANENTLY LOST UNLESS YOU PURCHASE A SUBSCRIPTION TO THE SAME SERVICES AS THOSE COVERED BY THE TRIAL, PURCHASE APPLICABLE UPGRADED SERVICES, OR EXPORT SUCH DATA, BEFORE THE END OF THE TRIAL PERIOD. YOU CANNOT TRANSFER DATA ENTERED OR CUSTOMIZATIONS MADE DURING THE FREE TRIAL TO A SERVICE THAT WOULD BE A DOWNGRADE FROM THAT COVERED BY THE TRIAL; THEREFORE, IF YOU PURCHASE A SERVICE THAT WOULD BE A DOWNGRADE FROM THAT COVERED BY THE TRIAL, YOU MUST EXPORT YOUR DATA BEFORE THE END OF THE TRIAL PERIOD OR YOUR DATA WILL BE PERMANENTLY LOST.

NOTWITHSTANDING SECTION 9 (REPRESENTATIONS, WARRANTIES, EXCLUSIVE REMEDIES AND DISCLAIMERS), DURING THE FREE TRIAL THE SERVICES ARE PROVIDED "AS-IS" WITHOUT ANY WARRANTY.

Please review the applicable Service's Documentation during the trial period so that You become familiar with the features and functions of the Services before You make Your purchase.

3. OUR RESPONSIBILITIES

3.1. Provision of Purchased Services. We will (a) make the Services and Content available to You pursuant to this Agreement and the applicable Order Forms, (b) provide applicable UC-RSS standard support for the Services to You at no additional charge, and/or upgraded support if purchased, (c) use commercially reasonable efforts to make the online Services available 24 hours a day, 7 days a week, except for: (i) planned downtime (of which We shall give advance electronic notice), and (ii) any unavailability caused by circumstances beyond Our reasonable control, including, for example, an act of God, act of government, flood, fire, earthquake, civil unrest, act of terror, strike or other labor problem (other than one involving Our employees), Internet service provider failure or delay, Non-UC-RSS Application, or denial of service attack.

3.2. Protection of Your Data. We will maintain administrative, physical, and technical safeguards for protection of the security, confidentiality and integrity of Your Data, in a commercially reasonable manner. Those safeguards will include, but will not be limited to, measures for preventing access, use, modification or disclosure of Your Data by Our personnel except (a) to provide the Purchased Services and prevent or address service or technical problems, (b) as compelled by law in accordance with Section 8.3 (Compelled Disclosure) below, or (c) as You expressly permit in writing.

3.3. Our Personnel. We will be responsible for the performance of Our personnel (including Our employees and contractors) and their compliance with Our obligations under this Agreement, except as otherwise specified herein.

3.4. Beta Services. From time to time, we may make Beta Services available to You at no charge. You may choose to try such Beta Services or not in Your sole discretion. Beta Services are intended for evaluation purposes and not for production use, are not supported, and may be subject to additional terms. Beta Services are not considered "Services" under this Agreement; however, all restrictions, Our reservation of rights and Your obligations concerning the Services, and use of any related Non-UC-RSS Applications and Content, shall apply equally to Your use of Beta Services. Unless otherwise stated, any Beta Services trial period will expire upon the earlier of one year from the trial start date or the date that a version of the Beta Services becomes generally available without the applicable Beta Services designation. We may discontinue Beta Services at any time in Our sole discretion and may never make them generally available. We will have no liability for any harm or damage arising out of or in connection with a Beta Service.

4. USE OF SERVICES & CONTENT

4.1 Subscriptions. Unless otherwise provided in the applicable Order Form or Documentation, (a) Services and access to Content are purchased as subscriptions, (b) subscriptions may be added during a subscription term at the same pricing as the underlying subscription pricing, prorated for the portion of that subscription term remaining at the time the subscriptions are added, and (c) any added subscriptions will terminate on the same date as the underlying subscriptions.

4.2 Usage Limits. Services and Content are subject to usage limits, including, for example, the quantities specified in Order Forms and Documentation. Unless otherwise specified, (a) a quantity in an Order Form refers to Users, and the Service or Content may not be accessed by more than that number of Users, (b) a User's password may not be shared with any other individual, and (c) except as set forth in an Order Form, a User identification may only be reassigned to a new individual replacing one who will no longer use the Service or Content. If You exceed a contractual usage limit, we may work with You to seek to reduce Your usage so that it conforms to that limit. If, notwithstanding Our efforts, you are unable or unwilling to abide by a contractual usage limit, you will execute an Order Form for additional quantities of the applicable Services or Content promptly upon Our request, and/or pay any invoice for excess usage in accordance with Section 6.2 (Invoicing and Payment).

4.3 Your Responsibilities. You will (a) be responsible for Users' compliance with this Agreement, Documentation and Order Forms, (b) be responsible for the accuracy, quality and legality of Your Data and the means by which You acquired Your Data, (c) use commercially

reasonable efforts to prevent unauthorized access to or use of Services and Content, and notify Us promptly of any such unauthorized access or use, (d) use Services and Content only in accordance with this Agreement, Documentation, Order Forms and applicable laws and government regulations, and (e) comply with terms of service of any Non-UC-RSS Applications with which You use Services or Content.

4.4 Usage Restrictions. You will not (a) make any Service or Content available to, or use any Service or Content for the benefit of, anyone other than You or Users, unless expressly stated otherwise in an Order Form or the Documentation, (b) sell, resell, license, sublicense, distribute, make available, rent or lease any Service or Content, or include any Service or Content in a service bureau or outsourcing offering, (c) use a Service or Non-UC-RSS Application to store or transmit infringing, libelous, or otherwise unlawful or tortious material, or to store or transmit material in violation of third-party privacy rights, (d) use a Service or Non-UC-RSS Application to store or transmit Malicious Code, (e) interfere with or disrupt the integrity or performance of any Service or third-party data contained therein, (f) attempt to gain unauthorized access to any Service or Content or its related systems or networks, (g) permit direct or indirect access to or use of any Service or Content in a way that circumvents a contractual usage limit, or use any of Our Services to access or use any of Our intellectual property except as permitted under this Agreement, an Order Form, or the Documentation, (h) copy a Service or any part, feature, function or user interface thereof, (i) copy Content except as permitted herein or in an Order Form or the Documentation, (j) frame or mirror any part of any Service or Content, other than framing on Your own intranets or otherwise for Your own internal business purposes or as permitted in the Documentation, (k) access any Service or Content in order to build a competitive product or service or to benchmark with a Non-UC-RSS product or service, or (l) reverse engineer any Service (to the extent such restriction is permitted by law). Any use of the Services in breach of this Agreement, Documentation or Order Forms, by You or Users that in Our judgment threatens the security, integrity or availability of Our services, may result in Our immediate suspension of the Services, however We will use commercially reasonable efforts under the circumstances to provide You with notice and an opportunity to remedy such violation or threat prior to such suspension.

4.5 Removal of Content and Non-UC-RSS Applications. If We are required by a licensor to remove Content, or receive information that Content provided to You may violate applicable law or third-party rights, We may so notify You and in such event You will promptly remove such Content from Your systems. If We receive information that a Non-UC-RSS Application hosted on a Service by You may violate applicable law or third-party rights, We may so notify You and in such event You will promptly disable such Non-UC-RSS Application or modify the Non-UC-RSS Application to resolve the potential violation. If You do not take required action in accordance with the above, We may disable the applicable Content, Service and/or Non-UC-RSS Application until the potential violation is resolved.

5. NON-UC-RSS PROVIDERS

5.1 We or third parties may make available third-party products or services, including, for example, Non-UC-RSS Applications and implementation and other consulting services. Any acquisition by You of such products or services, and any exchange of data between You and any Non-UC-RSS provider, product or service is solely between You and the applicable Non-UC-RSS provider. We do not warrant or support Non-UC-RSS Applications or other

Non-UC-RSS products or services, whether or not they are designated by Us as "certified" or otherwise, unless expressly provided otherwise in an Order Form.

5.2 Non-UC-RSS Applications and Your Data. If You choose to use a Non-UC-RSS Application with a Service, You grant Us permission to allow the Non-UC-RSS Application and its provider to access Your Data as required for the interoperation of that Non-UC-RSS Application with the Service. We are not responsible for any disclosure, modification or deletion of Your Data resulting from access by such Non-UC-RSS Application or its provider.

5.3 Integration with Non-UC-RSS Applications. The Services may contain features designed to interoperate with Non-UC-RSS Applications. To use such features, You may be required to obtain access to such Non-UC-RSS Applications from their providers, and may be required to grant Us access to Your accounts on such Non-UC-RSS Applications. We cannot guarantee the continued availability of such Service features, and may cease providing them without entitling You to any refund, credit, or other compensation, if for example and without limitation, the provider of a Non-UC-RSS Application ceases to make the Non-UC-RSS Application available for interoperation with the corresponding Service features in a manner acceptable to Us.

6. FEES & PAYMENT FOR PURCHASED SERVICES

6.1. Fees. You will pay all fees specified in Order Forms. Except as otherwise specified herein or in an Order Form, (i) fees are based on Services and Content subscriptions purchased and not actual usage, (ii) payment obligations are non-cancelable and fees paid are non-refundable, and (iii) quantities purchased cannot be decreased during the relevant subscription term.

6.2. Invoicing and Payment. Payments will be payable to "The Regents of the University of California" in the manner set forth in the applicable invoice or Order Form. You will provide Us with a valid purchase order or alternative document reasonably acceptable to Us. We will invoice You in advance and otherwise in accordance with the relevant Order Form for all Purchased Services listed in the Order Form for the initial subscription term and any renewal subscription term or terms as set forth in Section 12.2 (Term of Subscriptions). Such invoices shall be issued in advance, either annually or in accordance with any different billing frequency stated in the applicable Order Form. Unless otherwise stated in the Order Form, invoiced charges are due net 30 days from the invoice date. You are responsible for providing complete and accurate billing and contact information to Us and notifying Us of any changes to such information.

6.3. Overdue Charges. If any invoiced amount is not received by Us by the due date, then without limiting Our rights or remedies, (a) those charges may accrue late interest at the rate of 1.5% of the outstanding balance per month, or the maximum rate permitted by law, whichever is lower, and/or (b) We may condition future subscription renewals and Order Forms on payment terms shorter than those specified in Section 6.2 (Invoicing and Payment).

6.4. Suspension of Service and Acceleration. If any amount owing by You under this or any other agreement for Our services is 30 or more days overdue, We may, without limiting Our other rights and remedies, accelerate Your unpaid fee obligations under such agreements so that all such obligations become immediately due and payable, and suspend Our services to You

until such amounts are paid in full. We will give You at least 10 days' prior notice that your account is overdue, in accordance with Section 13.1 for billing notices, before suspending services to You.

6.5. Payment Disputes. We will not exercise Our rights under Section 6.3 (Overdue Charges) or 6.4 (Suspension of Service and Acceleration) above if You are disputing the applicable charges reasonably and in good faith and are cooperating diligently to resolve the dispute.

6.6. Taxes. Our fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including, for example, value-added, sales, use or withholding taxes, assessable by any jurisdiction whatsoever (collectively, "**Taxes**"). You are responsible for paying all Taxes associated with Your purchases hereunder. If We have the legal obligation to pay or collect Taxes for which You are responsible under this Section 6.6, We will invoice You and You will pay that amount unless You provide Us with a valid tax exemption certificate authorized by the appropriate taxing authority. For clarity, We are solely responsible for taxes assessable against Us based on Our income, property and employees.

6.7. Future Functionality. You agree that Your purchases are not contingent on the delivery of any future functionality or features, or dependent on any oral or written public comments made by Us regarding future functionality or features.

7. PROPRIETARY RIGHTS & LICENSES

7.1. Reservation of Rights. Subject to the limited rights expressly granted hereunder, We and Our licensors and Content Providers reserve all of Our/their right, title and interest in and to the Services and Content, including all of Our/their related intellectual property rights. No rights are granted to You hereunder other than as expressly set forth herein.

7.2. Access to and Use of Content. You have the right to access and use applicable Content subject to the terms of applicable Order Forms, this Agreement and the Documentation.

7.3. License to Host Your Data and Applications. You grant Us, Our Affiliates and applicable contractors a worldwide, limited-term license to host, copy, transmit and display Your Data, and any Non-UC-RSS Applications and program code created by or for You using a Service or for use by You with the Services, as reasonably necessary for Us to provide the Services in accordance with this Agreement. Subject to the limited licenses granted herein, We acquire no right, title or interest from You or Your licensors under this Agreement in or to any of Your Data, Non-UC-RSS Application or such program code.

7.4. License to Use Feedback. You grant to Us and Our Affiliates a worldwide, perpetual, irrevocable, royalty-free license to use and incorporate into Our and/or Our Affiliates' services any suggestion, enhancement request, recommendation, correction or other feedback provided by You or Users relating to the operation of Our or Our Affiliates' services.

7.5. Federal Government End Use Provisions. We provide the Services, including related software and technology, for ultimate federal government end use in accordance with the following: Government technical data and software rights related to the Services include only those rights customarily provided to the public as defined in this Agreement. This customary

commercial license is provided in accordance with FAR 12.211 (Technical Data) and FAR 12.212 (Software) and, for Department of Defense transactions, DFAR 252.227-7015 (Technical Data – Commercial Items) and DFAR 227.7202-3 (Rights in Commercial Computer Software or Computer Software Documentation). If a government agency has a need for rights not granted under these terms, it must negotiate with Us to determine if there are acceptable terms for granting those rights, and a mutually acceptable written addendum specifically granting those rights must be included in any applicable agreement.

8. CONFIDENTIALITY

8.1. Definition of Confidential Information. "**Confidential Information**" means all information disclosed by a party ("**Disclosing Party**") to the other party ("**Receiving Party**"), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure. Your Confidential Information includes Your Data; Our Confidential Information includes the Services and Content; and Confidential Information of each party includes the terms and conditions of this Agreement and all Order Forms (including pricing), as well as business and marketing plans, technology and technical information, product plans and designs, and business processes disclosed by such party. However, Confidential Information does not include any information that (i) is or becomes generally known to the public without breach of any obligation owed to the Disclosing Party, (ii) was known to the Receiving Party prior to its disclosure by the Disclosing Party without breach of any obligation owed to the Disclosing Party, (iii) is received from a third party without breach of any obligation owed to the Disclosing Party, or (iv) was independently developed by the Receiving Party.

8.2. The Receiving Party will use the same degree of care that it uses to protect the confidentiality of its own confidential information of like kind (but not less than reasonable care) to (i) not use any Confidential Information of the Disclosing Party for any purpose outside the scope of this Agreement and (ii) except as otherwise authorized by the Disclosing Party in writing, limit access to Confidential Information of the Disclosing Party to those of its and its Affiliates' employees and contractors who need that access for purposes consistent with this Agreement and who have signed confidentiality agreements with the Receiving Party containing protections not materially less protective of the Confidential Information than those herein. Neither party will disclose the terms of this Agreement or any Order Form to any third party other than its Affiliates, legal counsel and accountants without the other party's prior written consent, provided that a party that makes any such disclosure to its Affiliate, legal counsel or accountants will remain responsible for such Affiliate's, legal counsel's or accountant's compliance with this "Confidentiality" section. Notwithstanding the foregoing, We may disclose the terms of this Agreement and any applicable Order Form to a subcontractor or Non-UC-RSS Application Provider to the extent necessary to perform Our obligations to You under this Agreement, under terms of confidentiality materially as protective as set forth herein.

8.3. Compelled Disclosure. The Receiving Party may disclose Confidential Information of the Disclosing Party to the extent compelled by law to do so, provided the Receiving Party gives the Disclosing Party prior notice of the compelled disclosure (to the extent legally permitted) and reasonable assistance, at the Disclosing Party's cost, if the Disclosing Party wishes to contest the disclosure. If the Receiving Party is compelled by law to disclose the Disclosing Party's Confidential Information as part of a civil proceeding to which the Disclosing Party is a party,

and the Disclosing Party is not contesting the disclosure, the Disclosing Party will reimburse the Receiving Party for its reasonable cost of compiling and providing secure access to that Confidential Information. Customer acknowledges and agrees that UC-RSS is subject to compliance with the requirements of the California Public Records Act, Government Code Section 6250 *et seq.*, and that any Confidential Information or non-public terms or conditions of this Agreement may be subject to disclosure in the absence of applicable statutory exemptions for such confidential information.

9. REPRESENTATIONS, WARRANTIES, EXCLUSIVE REMEDIES AND DISCLAIMERS

9.1. Representations. Each party represents that it has validly entered into this Agreement and has the legal power to do so.

9.2. Our Warranties. We warrant that during an applicable subscription term (a) the Services will perform materially in accordance with the applicable Documentation, (b) We will not materially decrease the overall security of the Services, and (c) subject to the "Integration with Non-UC-RSS Applications" Section 5.3 above, we will not materially decrease the overall functionality of the Services. For any breach of a warranty above, your exclusive remedies are those described in the "Termination" and "Refund or Payment upon Termination" sections below.

9.3. Disclaimers. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. CONTENT AND BETA SERVICES ARE PROVIDED "AS IS," EXCLUSIVE OF ANY WARRANTY WHATSOEVER. EACH PARTY DISCLAIMS ALL LIABILITY AND INDEMNIFICATION OBLIGATIONS FOR ANY HARM OR DAMAGES CAUSED BY ANY THIRD-PARTY HOSTING PROVIDERS.

10. MUTUAL INDEMNIFICATION

10.1. Indemnification by Us. We will defend, indemnify, and hold You and Your officers, employees, and agents harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims from third parties for injury or damages arising out of the performance of this Agreement ("**Claim Against You**"), but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of Us or Our officers, employees or agents; provided that You (a) promptly give Us written notice of the Claim Against You, (b) give Us sole control of the defense and settlement of the Claim Against You (except that We may not settle any Claim Against You unless it unconditionally releases You of all liability), and (c) give Us all reasonable assistance, at Our expense.

10.2. Indemnification by You. You shall defend, indemnify, and hold Us and Our officers, employees, and agents harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims from third parties for injury or damages arising out of the

performance of this Agreement (“**Claim Against Us**”), but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of You or Your officers, employees or agents; provided that We (a) promptly give You written notice of the Claim Against Us, (b) give You sole control of the defense and settlement of the Claim Against Us (except that You may not settle any Claim Against Us unless it unconditionally releases Us of all liability), and (c) give You all reasonable assistance, at Your expense.

10.3. Exclusive Remedy. This Section 10 states the indemnifying party’s sole liability to, and the indemnified party’s exclusive remedy against, the other party for any type of claim described in this Section 10.

11. LIMITATION OF LIABILITY

11.1. Limitation of Liability. IN NO EVENT SHALL THE AGGREGATE LIABILITY OF EACH PARTY TOGETHER WITH ALL OF ITS AFFILIATES ARISING OUT OF OR RELATED TO THIS AGREEMENT EXCEED THE TOTAL AMOUNT PAID BY YOU AND YOUR AFFILIATES HEREUNDER FOR THE SERVICES GIVING RISE TO THE LIABILITY IN THE TWELVE MONTHS PRECEDING THE FIRST INCIDENT OUT OF WHICH THE LIABILITY AROSE. THE FOREGOING LIMITATION WILL APPLY WHETHER AN ACTION IS IN CONTRACT OR TORT AND REGARDLESS OF THE THEORY OF LIABILITY, BUT WILL NOT LIMIT YOUR AND YOUR AFFILIATES’ PAYMENT OBLIGATIONS UNDER THE "FEES AND PAYMENT" SECTION ABOVE.

11.2. Exclusion of Consequential and Related Damages. IN NO EVENT WILL EITHER PARTY OR ITS AFFILIATES HAVE ANY LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT FOR ANY LOST PROFITS, REVENUES, GOODWILL, OR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, COVER, BUSINESS INTERRUPTION OR PUNITIVE DAMAGES, WHETHER AN ACTION IS IN CONTRACT OR TORT AND REGARDLESS OF THE THEORY OF LIABILITY, EVEN IF A PARTY OR ITS AFFILIATES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF A PARTY’S OR ITS AFFILIATES’ REMEDY OTHERWISE FAILS OF ITS ESSENTIAL PURPOSE. THE FOREGOING DISCLAIMER WILL NOT APPLY TO THE EXTENT PROHIBITED BY LAW.

12. TERM & TERMINATION

12.1 Term of Agreement. This Agreement commences on the date You first accept it and continues until all subscriptions hereunder have expired or have been terminated.

12.2. Term of Subscriptions. The term of each subscription shall be as specified in the applicable Order Form. Except as otherwise specified in an Order Form, subscriptions will automatically renew for additional periods equal to the expiring subscription term or one year (whichever is shorter), unless either party gives the other notice of non-renewal at least 30 days before the end of the relevant subscription term. The per-unit pricing during any renewal term will increase by up to 7% above the applicable pricing in the prior term, unless We provide You notice of different pricing at least 60 days prior to the applicable renewal term. Except as expressly provided in the applicable Order Form, renewal of promotional or one-time priced

subscriptions will be at Our applicable list price in effect at the time of the applicable renewal. Notwithstanding anything to the contrary, any renewal in which subscription volume for any Services has decreased from the prior term will result in re-pricing at renewal without regard to the prior term's per-unit pricing.

12.3. Termination. A party may terminate this Agreement for cause (i) upon 30 days written notice to the other party of a material breach if such breach remains uncured at the expiration of such 30-day period, or (ii) if the other party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation or assignment for the benefit of creditors.

12.4. Refund or Payment upon Termination. If this Agreement is terminated by You in accordance with Section 12.3. (Termination), We will refund You any prepaid fees covering the remainder of the term of all Order Forms after the effective date of termination. If this Agreement is terminated by Us in accordance with Section 12.3, You will pay any unpaid fees covering the remainder of the term of all Order Forms. In no event will termination relieve You of Your obligation to pay any fees payable to Us for the period prior to the effective date of termination.

12.5. Your Data Portability and Deletion. Upon request by You made within 30 days after the effective date of termination or expiration of this Agreement, we will make Your Data available to You for export or download as provided in the Documentation; provided, however, that complex data export or download projects may incur additional fees based on the additional effort required. After such 30-day period, We will have no obligation to maintain or provide any Your Data, and as provided in the Documentation will thereafter delete or destroy all copies of Your Data in Our systems or otherwise in Our possession or control, unless legally prohibited.

12.6 Surviving Provisions. The sections titled "Fees and Payment," "Proprietary Rights and Licenses," "Confidentiality," "Disclaimers," "Mutual Indemnification," "Limitation of Liability," "Refund or Payment upon Termination," "Customer Data Portability and Deletion," "Removal of Content and Non-UC-RSS Applications," "Surviving Provisions" and "General Provisions" will survive any termination or expiration of this Agreement.

13. NOTICES, GOVERNING LAW AND JURISDICTION

13.1. Notice. Billing-related notices to You will be addressed to the relevant billing contact designated by You. All other notices to You will be addressed to the relevant Services system administrator designated by You.

13.2. Any notice required to be given hereunder shall be in writing and delivered by electronic mail (with written acknowledgement confirming receipt by return email), personally or by overnight delivery or sent by registered or certified mail, return receipt requested, at the applicable addresses listed below, or at such other addresses as a party may hereafter designate to the other:

If to UC-RSS:

University of California, Office of the President
Office of Risk Services
1111 Franklin Street, 10th floor

Oakland, CA 94607
Attention: Executive Director – Risk & Safety Solutions

If to Customer:
As specified in the Order Form

Notices sent as provided above will be effective upon receipt or upon receipt of written confirmation of refusal of delivery.

13.3. Governing Law and Jurisdiction. The validity, interpretation, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to its conflicts of laws principles. Each party consents and voluntarily submits to personal jurisdiction of the State of California and in the state courts in Alameda County, and any courts that have jurisdiction to hear appeals from such courts, and the parties hereby waive any right to object to any proceedings being brought in those courts.

13.4. No Agency. Subject to any permitted assignment under Section 14.4, the obligations owed by Us under this Agreement shall be owed to You solely by Us, and the obligations owed by You under this Agreement shall be owed solely to Us.

14. GENERAL PROVISIONS

14.1. Export Compliance. The Services, Content, other technology We make available, and derivatives thereof may be subject to export laws and regulations of the United States and other jurisdictions. Each party represents that it is not named on any U.S. government denied-party list. You shall not permit Users to access or use any Service or Content in a U.S. embargoed country (currently Cuba, Iran, North Korea, Sudan, Syria or Crimea) or in violation of any U.S. export law or regulation.

14.2. Anti-Corruption. You agree that You have not received or been offered any illegal or improper bribe, kickback, payment, gift, or thing of value from any of Our employees or agents in connection with this Agreement. Reasonable gifts and entertainment provided in the ordinary course of business do not violate the above restriction. If You learn of any violation of the above restriction, You will use reasonable efforts to promptly notify the Office of General Counsel (further information available at <http://www.ucop.edu/general-counsel/index.html>).

14.3 Entire Agreement and Order of Precedence. This Agreement is the entire agreement between You and Us regarding Your use of Services and Content and supersedes all prior and contemporaneous agreements, proposals or representations, written or oral, concerning its subject matter. Except as otherwise provided herein, no modification, amendment, or waiver of any provision of this Agreement will be effective unless in writing and signed by the party against whom the modification, amendment or waiver is to be asserted. The parties agree that any term or condition stated in Your purchase order or in any other of Your order documentation (excluding Order Forms) is void. In the event of any conflict or inconsistency among the following documents, the order of precedence shall be: (1) this Agreement, (2) the applicable Order Form and (3) the Documentation.

14.4. Assignment. Neither party may assign any of its rights or obligations hereunder, whether

by operation of law or otherwise, without the other party's prior written consent (not to be unreasonably withheld); provided, however, either party may assign or otherwise transfer this Agreement in its entirety (together with all Order Forms), without the other party's consent to its Affiliate or in connection with a merger, acquisition, corporate reorganization, spin-out, spin-off or sale of all or substantially all of its assets (an "Extraordinary Transaction"); provided, further, that UC-RSS may assign or otherwise transfer, without Customer's consent, this Agreement in its entirety (together with all Order Forms) to a successor entity acquiring a significant portion of UC-RSS's Services business, through an Extraordinary Transaction or otherwise. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties, their respective successors and permitted assigns.

14.5. Relationship of the Parties. The parties are independent contractors. This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary or employment relationship between the parties.

14.6. Third-Party Beneficiaries. There are no third-party beneficiaries under this Agreement.

14.7. Waiver. No failure or delay by either party in exercising any right under this Agreement will constitute a waiver of that right.

14.8. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, the provision will be deemed null and void, and the remaining provisions of this Agreement will remain in effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective date by their duly authorized representatives.

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA

CALIFORNIA STATE UNIVERSITY

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exempt purchase, pursuant to APM Section A8.220, Exemption No. 10.

SCOPE OF WORK

The scope of work for this document addresses the terms of services performed by Risk and Safety Solutions (RSS) in support of THE CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (CSURMA) clients; i.e. California State University Campuses.

RSS agrees to provide its software products and services to interested CSU campuses under the following conditions:

- Implement up to seven interested CSU campuses per year.
- RSS will enter into individual Memorandum of Understanding with each campus for the products of interest to them.
- RSS will offer a one-year free trial to one of the RSS modules. Please see list of modules available in RSS price list.
- RSS will offer a 60% discount from the latest available price list of all commercially available products.
- RSS will prioritize CSU Campus's interest in order of "first come basis."
- Unless stated otherwise in the MOU for a specific campus, access is available to unlimited users on each campus.
- RSS will not initiate an implementation for any campus expecting CSURMA support before obtaining written or electronic approval from the CSURMA Secretary.

CSURMA agrees to fulfill the following obligations:

- Onetime grant of \$20,000 payable to RSS per each CSU campus to cover the initial setup, configuration, integration, and implementation cost of the Core Services module for RSS safety suite.
- CSURMA will centrally manage contract agreements and payments of invoices to RSS.
- CSURMA will serve as the clearinghouse for invoicing and reimbursement to RSS.

RSS services include the following:

CSU access to all subscribed EH&S and Risk Management solutions listed in the Product Overview. The software will be delivered as a service.

Access to all the features available in the current web-based version and iOS/Android version (where applicable) in all EH&S and Risk Management solutions.

Access to relevant features in Core Services and Authentication Services that are required for all EH&S and Risk Management solutions listed in this proposal. These features include user management and facilities information (room, floors, building, etc.).

Software Hosting

- Hosting and monitoring of the software on RSS's hosting platform(s).
- Installation, maintenance and upgrade of the software and the client data.
- Daily backup of software and data.
- System monitoring.
- Access to all available training materials, including communications, graphics and training videos.
- Service Desk access between 8 am and 5 pm PST for up to five assigned technical contacts from CSU.
- A guaranteed minimum of 99% system availability.

PRODUCT OVERVIEW

RSS Product List:

A. Environmental Health and Safety Solutions

MyBoard

The current installation allows quick access to important deadlines, recent notifications, a user's profile groups, the Service Desk contact information and links to the application that are in use at your organization. Future phases include the ability to customize the dashboard based on a user's role and permissions.

Core Services

The application is the central information hub for contact and personnel information shared across the RSS suite of applications. Customers will be able to edit their email, phone numbers, and their associated co-workers and locations.

LHAT

The Laboratory Hazard Assessment Tool (LHAT) allows Principal Investigators to conduct a hazard assessment relevant to their research environment to ensure that lab personnel are properly protected in their work environment. LHAT provides an online solution facilitating reviews of lab risks, as well as the ongoing distribution of Personal Protective Equipment.

Key features include:

- Identify hazards associated with a particular lab.
- Provides training on how to use PPE properly.
- Allows administrative personnel to track hazard assessments, required trainings and PPE distribution.
- Dashboard function enables a user to conduct a comparative analysis on specific locations data related to labs, assessments and PPE.

Chemicals

The chemical inventory management module, called Chemicals, is a cloud based tool which includes both a mobile app (available on iOS and Android) and a desktop version. The system has a full inventory management functionality, including (but not limited to) barcoding, import/export capabilities, tracking of inventory items (including sub-location), sharing of chemicals with other labs, reconciliation and compliance and regulatory reporting. The simple interface and ability to manage inventory and access SDS on a mobile device quickly are what set the system apart from others in the market.

Key features include:

- View detailed chemical and safety data sheet (SDS) information.
- Automatic barcoding reconciliation process.
- Chemicals provides real time data for EH&S, Department Safety Coordinators and Emergency Responders as to what hazardous materials are located within a lab in case of emergency.
- On-staff Cheminformatics, to review problems and maintain up-to-date chemical information.

Procedures

Procedures is a flexible, customizable procedure management system that allows users to manage procedures for a variety of work settings. Examples include Lock Out Tag Out (LOTO), chemical experiments and chemical banding. It includes a searchable library of procedures that can be cloned and edited to fit specific user needs. Procedures is available for mobile phones (iPhone and Android) as well as for tablets or desktops.

Key features include:

- Creating new procedures: using a variety of available templates, you can create new procedures that fit your needs.
- Photo attachment and annotations: take photos and intuitively draw or add text to emphasize what is important.
- Geolocation: use your device's GPS to record where a piece of equipment is located.
- Offline use: when you are not online, you can still create, edit and view procedures. Any changes will automatically sync when you are back online.

Radiation

Radiation is an online tool for managing the use of radioactive substances within labs from the initial use authorization to the final waste pickup.

Key features include:

- Web-based Radiation Use Authorization (RUA) streamlines the application and amendment process.
- Track lab limits, inventory (use log) and automatically calculates decay of your radioactive materials; no more manual calculations.
- Integrated with the hazard assessment and the hazardous waste modules.
- Real-time regulatory reports.

WASTE

Waste Accumulation Storage Tracking electronically (WASTE) is a web-based system that facilitates regulatory compliant labeling, tracking, collecting and disposal of hazardous wastes. This application will provide an interface between Principal Investigators (PIs), lab staff and other generators of regulated wastes and the waste management staff.

Key features include:

- Create a tag in less than one minute that provides all required components of labeling hazardous waste.
- Automatically notifies EH&S staff to pick up waste when the accumulation limit is reached (date limit is customizable per campus).
- Delegates can manage lab personnel and storage locations on behalf of the Responsible Persons.

- Creates tags for chemical, radioactive, mixed, biological and universal waste.
- Dashboards and Reports provide a historical analysis of the time between waste tag generation, tag pick-up and tag shipment. Users can compare and contrast the time between each activity to track overall performance and identify whether goals are being met.

OHSS

Occupational Health Surveillance System (OHSS) provides an automated mechanism for conducting a risk assessment and corresponding medical evaluation for employees with exposure to animal biohazards and other workplace or laboratory exposures.

Key features include:

- Web-based--employees and supervisors can see where they are at in the process from any browser.
- Allows appropriate levels of access to data and information.
- System is housed on secure servers to safeguard protected health information (PHI).
- Allows clarification on medical questions through the system between the Medical Professional and the employee.

Inspect

Inspect is a cloud-based inspection tool that provides streamlined inspections using a mobile device, as well as a desktop component for managing completed inspection reports. The flexible workflow allows for single inspector, multiple inspector (for cross-discipline involvement) and self-led inspections. Inspect also comes with a reporting dashboard that provides trend analysis to identify top concerns and improve results.

Key features include:

- Create inspections without internet access; perfect for working in locations with spotty or no connectivity.
- Self-inspections.
- Customize and edit checklists, locations and people.
- Easily record issues and track resolutions.

B. Risk Management Solutions

Monitor

Monitor tracks data related to the monitoring of campus research personnel for chemical exposures.

Key features include:

- Exposure monitoring of current employees.
- Archived exposure records for reference.
- Cloning records for easy data input.
- Customizable in-app library of chemicals for monitoring.

Accommodate

Accommodate is disability management system that tracks all efforts related to getting employees back to work following time off due to injury, including a history of work accommodations and consultation notes.

Key features include:

- Reminders and tracking for diary entries.
- Client history search.
- Client dashboard for personal information and history.
- Track and add progress notes and attachments.

Away

Away allows an employee to register a work-related trip with their employer and provides them with travel resources to help identify and minimize risk.

Key features include:

- Wizard type user interface to quickly and easily step the user through the process of entering their travel itinerary and participant information.
- Provides risk managers with reporting features that can be used to identify scheduled travel for campus associates for use in emergencies.
- Transmits the user's data to the coverage provider and instantly provides detailed travel-related information about the destination.
- Printable insurance ID card as well as information about the benefits of the travel coverage.

Abroad

Abroad is an online interactive course that offers up-to-date travel tips and information on vaccinations and illnesses, food safety, situational awareness and more.

Key features include:

- Trip registration to gain access to 24-hour emergency contact information and worldwide alerts.
- Location-specific information for 20 countries on five continents.

Employer's First Report of Injury

Employer's First Report of Injury (EFR) allows administrators, supervisors and department representatives to efficiently submit, monitor and resolve the initial causes and resulting disability periods from work injuries.

Key features include:

- Complies with Cal/OSHA regulations and form 5020 reporting.
- Tracks incidents, actions and follow-ups.
- Tracks and monitors work status.
- Electronic claim submission to third party claims management system.

Drone Management System

Centralized registration for Unmanned Aircraft Systems (UAS), pilots and flights. Allows access to flight and incident reporting.

Key features include:

- Register UAS and authorizations online.
- Monitor and track UAS activity.
- Ensure compliance with FAA regulations.
- Provides data on incidents caused by weather or human error.



2017 FULL SUITE PRICE LIST

Effective through Dec 31, 2017.

SYSTEM APPLICATION	PRICE
Core Services	
Core Services	\$20,000.00
CHEMICAL MANAGEMENT	
Chemicals*	\$20,000.00
ChemAdmin	\$20,000.00
Safety Data Sheets (SDS)- This depends on the contracts available with each customer	TBD
ASSESSMENT	
Laboratory Hazard Assessment Tool (LHAT)	\$60,000.00
Laboratory Hazard Assessment Tool (LHAT) - Dashboard	Included
Monitor (LHAT)	Included
Procedures (price per modules) Chemical, Lock Out Tag Out, etc.	\$15,000.00
USE AUTHORIZATION MANAGEMENT	
Biosafety Information Online	\$70,000.00
Biosafety Information Online Dashboard	Included
Radiation	\$50,000.00
INSPECTIONS	
Inspect (price for first base module)	\$40,000.00
AED	\$10,000.00
Biosafety	\$10,000.00
Ergonomics	\$10,000.00
Eyewash Station	\$10,000.00
Fire Safety	\$10,000.00
Food Safety	\$10,000.00
Forklift/Ladder Safety	\$10,000.00
Lab Safety	\$10,000.00
Radiation Safety	\$10,000.00
Shop Safety	\$10,000.00
Theater Safety	\$10,000.00
Waste Accumulation Area (WAA)	\$10,000.00
Workplace Violence	\$10,000.00
Inspect - Dashboard	Included

HAZARDOUS WASTE MANAGEMENT	
Waste Accumulation Storage Tracking electronically (WASTE)	\$40,000.00
Waste Accumulation Storage Tracking electronically (WASTE) - Dashboard	Included
HEALTH SCREENING	
Occupational Health Surveillance System (OHSS)	\$50,000.00
CLAIMS MANAGEMENT	
Employer's First Report (EFR)	\$70,000.00
Accommodate	\$70,000.00
TRAVEL SAFETY	
Away	\$15,000.00
UC Abroad	\$15,000.00
LIABILITY & INSURANCE	
Minors (B2H) 4% of annual generated revenues	\$ -
Waivers	\$20,000.00
UAS FLEET MANAGEMENT	
Drones	\$10,000.00

*If using the chemical application, compatible barcodes are available for purchase at \$50/Roll of 500.

TECHNICAL REQUIREMENTS

Template for People and Facilities Data

People Data

Field	Optional	Description
userId	NO	Unique person identifier exposed by authentication provider (must be immutable)
firstName	NO	Person first name
lastName	NO	Person last name
phoneNumber1	YES	Primary phone number [Format: (530)760-4009 x1234. Note: Area Code is required, Extension is optional]
phoneNumber2	YES	Secondary phone number
systemEmail	NO	Official work email address
alternateEmail	YES	Personal email address
employeeId	YES	Employee identification number

Facilities Data

Field	Optional	Type	Description
buildingKey	NO	varchar(32)	Unique primary key associated with building
code	YES	varchar(32)	Internal code of the building (ENGR 2 for Engineering II / UNIV CENTER for University Center)
name	NO	varchar(128)	Internal name of the building
displayName	YES	varchar(128)	Name of building displayed to public
category	YES	varchar(64)	Classification purpose of the building - general, residential, etc
ubcCode	YES	varchar(32)	Uniform Building Code - building code
assetNumber	YES	varchar(32)	Internal asset number
primaryUsage	YES	varchar(128)	Primary usage and purpose of the building
address	YES	varchar(128)	Building Address
city	YES	varchar(64)	Building City
county	YES	varchar(64)	Building County
state	YES	varchar(32)	Building State
postalCode	YES	varchar(32)	Building Zip Code
size	YES	int(11)	Total sq ft space of building
numFloors	YES	int(11)	Total number of floors in building

code, category, ubccode, assetnumber, primaryusage are fields used for various cases across the 10 UC campuses. They are not necessary. building/floor/room are separated in our database, hence the 3 different tabs

Floor Data

Field	Optional	Type	Description
buildingKey	NO	varchar(32)	Unique primary key associated with building
floorKey	NO	varchar(32)	Unique primary key associated with floor
code	YES	varchar(32)	Floor code/number (1, 2, 3)
name	NO	varchar(128)	Name of the floor (e.g. '1st Floor,' 'Basement')
size	YES	int(11)	Total sq ft size of the floor

Room Data

Field	Optional	Type	Description
buildingKey	NO	varchar(32)	Unique primary key associated with building
floorKey	NO	varchar(32)	Unique primary key associated with floor
roomKey	NO	varchar(32)	Unique primary key associated with room
roomNumber	NO	varchar(32)	Number of room
name	NO	varchar(128)	Name of the room (if different from number)
size	YES	int(11)	Total sq ft size of the room

DEVELOPMENT OF CSURMA EARTHQUAKE COVERAGE PROGRAM

ISSUE: CSURMA’s long range plan included directing staff to evaluate potential for CSURMA to launch an earthquake insurance program using non-traditional approaches. At the September CSURMA Executive Committee meeting the EC took action to delegate authority to the CSURMA Treasurer and Secretary-Auditor to bind coverage with SwissRe provided the CSU Senior Executive Vice Chancellor of Business and Finance concurred with the action. Coverage has been bound effective October 1, 2017 at a premium of \$1,550,000, which is a reduction from the indicated pricing of \$1,625,000 to \$1,700,000.

RECOMMENDATION: No action is requested; this item is for information only.

FISCAL IMPACT: The cost of earthquake coverage (\$1,550,000) will be allocated to the campus and AORMA property funds and premiums for the upcoming FY 18/19 will include a charge for coverage.

BACKGROUND: Please refer to the attached Swiss Re Earthquake Presentation.

PUBLICATION: Members will be notified of the new coverage.

ATTACHMENT(S):

- a. Swiss Re Earthquake Presentation

California State University

Parametric Earthquake Insurance

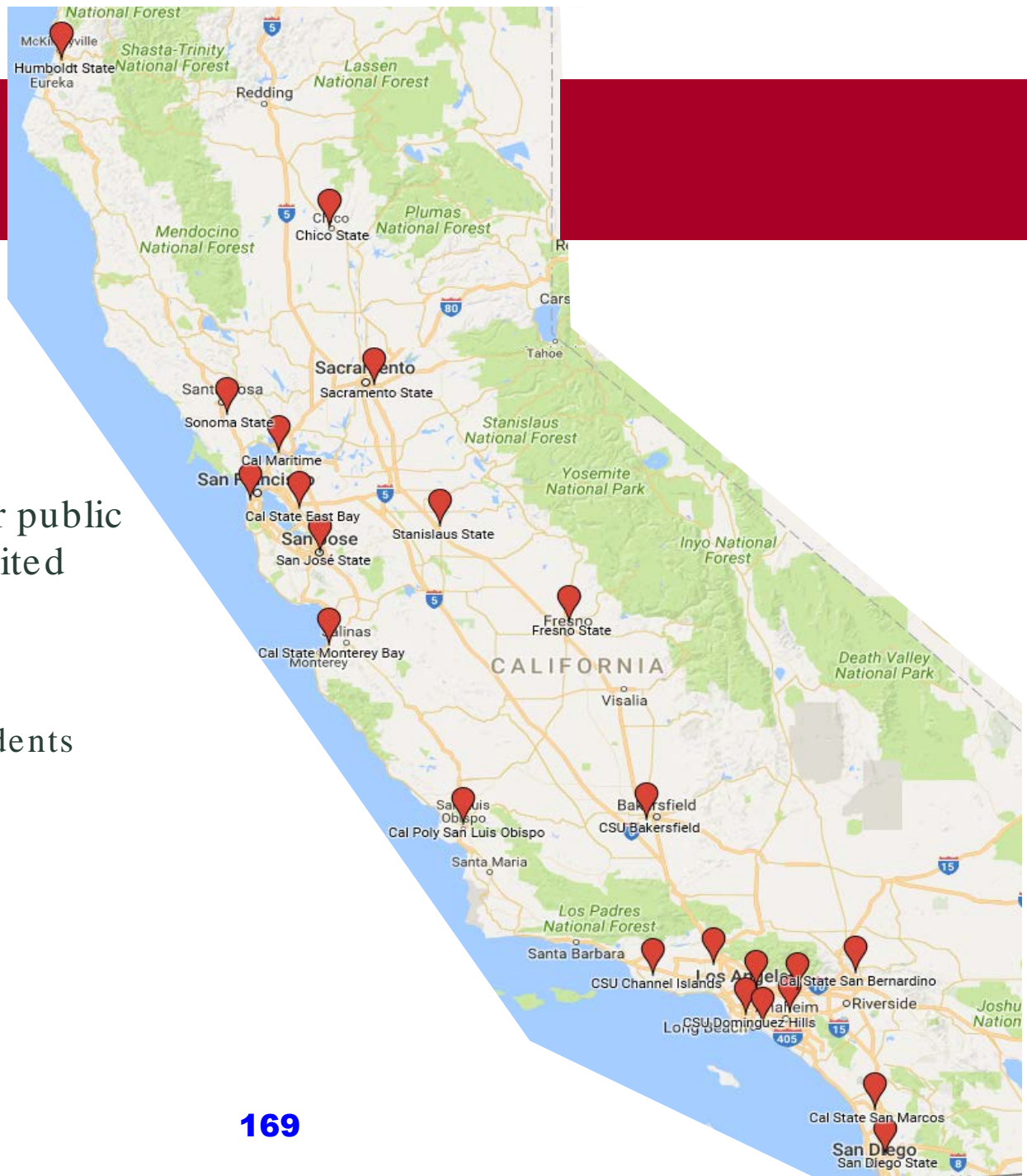


Notice

- Terms and conditions contained herein are non-binding to facilitate discussions with respect to a transaction as described herein. Any final transaction between the parties shall be subject to Policy by the parties to final documentation.
- This presentation provides terms and conditions which we may formalize into a separate Quote. This is intended to present some, but not all, of the terms and conditions which we may choose to include on a formal Quote document.

CSU detail

- CSU is the largest four-year public university system in the United States
 - Twenty three campuses
 - Enrolling over 478,000 students
 - 24,405 faculty
 - 23,012 staff



The Challenge and Need?

It is said that the **first ninety days following a disaster** are the most critical in determining the path of our recovery. Having the ability to secure the **necessary financial resources** in the immediate aftermath is paramount to this success. The ability to act quickly and with certainty can make all the difference.

When an earthquake strikes, there is a direct correlation between the ground shake intensity and the losses suffered on the ground. However, **Higher Education entities face liquidity challenges** as there can be a substantial delay from various reimbursement sources. In some circumstances, **expenses may not be covered by either the federal government or traditional insurance coverage.** Access to pre-agreed funds can provide budgetary clarity and stability during challenging times.

Swiss Re has developed parametric index insurance solutions designed to provide a **rapid disbursement of funds** to assist with the **expenses** that Higher Education entities incur immediately after an earthquake.



Direct vs. Indirect Costs



Direct

- Lost lives
- Capital/ Asset losses
- Property Damage
- Infrastructure repair



Indirect

- Extra Expenses
- Fiscal impact
ratings → interest rates
- Lost revenues
- Growth potential
- Spending reduction
(ripple effect)

Non-reimbursed Disaster Expenses: Samples of what FEMA Doesn't Cover

Increased expenses, “clawbacks” and
loss of business revenue

Communication and
IT infrastructure
interruption

Compliance audits by
FEMA and others can
result in return of
received funds

Employee and
student relocation,
unavailability of
transportation &
facilities

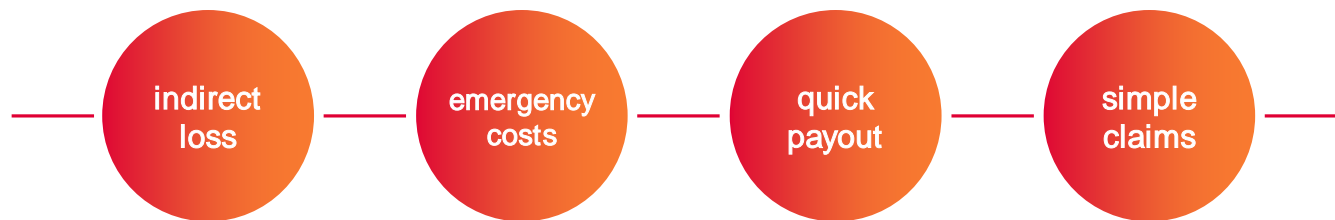
Lost revenue from
scheduled Events
including sports
activities

Parametric Insurance

Drivers For Parametric Insurance

- **Key drivers for buyers**

- Protect against indirect economic loss
- Supplement traditional insurance
- Cover underinsured or uninsurable risk
- Quick payout, improves liquidity
- Simple and transparent claims process
- Assist with post-event emergency costs



What Is A Parametric Insurance Product?*

- Pre-defined **event triggers** and a table of payout factors are established
- A final **policy is agreed** to containing the details of the transaction and the requirements of the two parties (including trigger and payouts)*
- If an event occurs that meets or exceeds the pre-defined event trigger, then the product pays according to the **payout table**
- At a subsequent point in time (generally within 12 months of the event), insured **attests** that actual covered losses and expenses are greater than or equal to payout received.



**Note: This slide is a very simplistic explanation of the product, the full policy will have all stipulations and details of the contract.*

Earthquake: Magnitude vs. Intensity Trigger

- **Magnitude:** Earthquake magnitude is a quantitative measure of the amount of energy released by the earthquake at its source. Various magnitude scales exist; the most common are the **Moment Magnitude Scale** (reported by the United States Geological Survey; USGS) and **Richter Magnitude Scale**.
- **Intensity:** The effect of an earthquake on the Earth's surface is called the intensity. The severity of earthquake shaking is assessed using a descriptive scale – the **Modified Mercalli Intensity Scale (MMI)**. MMI communicates the perceived effects of an earthquake on the Earth's surface, humans, objects of nature, and man-made structures on a scale from I (not felt) to XII (total destruction).



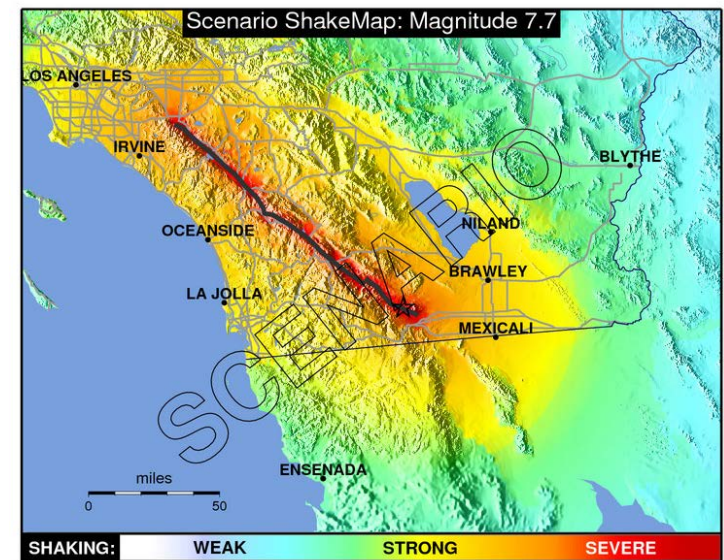
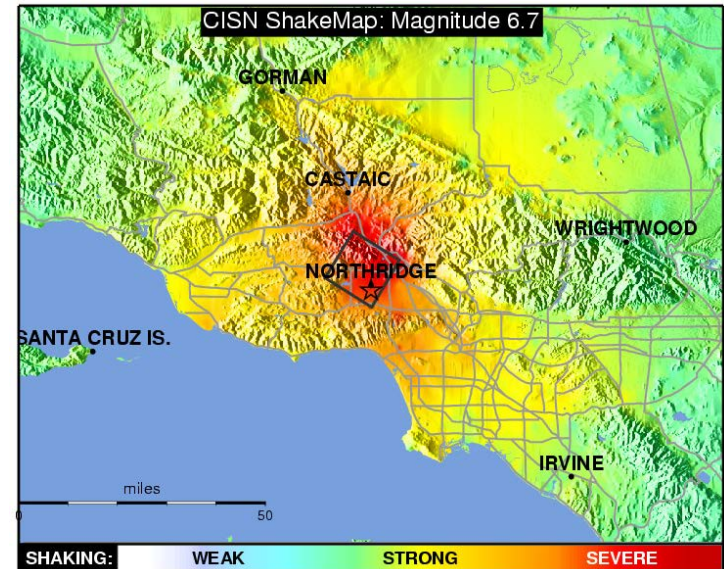
A certain Magnitude measured at the Epicenter on an Earthquake unfolds into different **Intensities (MMI)** in affected areas.

Why an intensity trigger?

It's easy, transparent and tailored to your needs

- A simple earthquake magnitude trigger does not necessarily capture localized impacts.
- A moderate magnitude earthquake directly beneath a campus can cause as much damage as a significant earthquake tens of miles away
- Swiss Re's intensity parametric earthquake products use independent, 3rd party sources, to determine ground shaking intensity at your location.
- Intensity metrics are calculated and reported based on seismic networks, peer-reviewed and published calculation methodologies.
- Payout based on the severity of ground shaking at your locations.

Image: Two ShakeMaps for Southern California. The top map is the ShakeMap for the 1994 Mw 6.7 Northridge earthquake, and the bottom is a hypothetical and physically possible Mw 7.7 earthquake near the California/Mexico border. Both cause strong shaking in the Los Angeles area, despite their different locations and intensities.



Source: USGS

How the Swiss Re QUAKE Parametric Policy Would Respond in an Eligible Event

- Earthquake occurs
- USGS publishes the ShakeMap showing MMI for the affected region
- Using that map we determine what Intensity was experienced at the client's zip codes (centers).
- For each zip code, if MMI measurement is equal to or higher than pre-determined trigger we would pay the Insured using the relevant payout factor associated with the event/zip code combination table, subject to all other terms and conditions of the policy
- Once payout is determined, payment occurs within weeks

Note: the full policy will have all stipulations and details of the contract.

Limit Summary

Limit Summary by Campus

- Parametric limit assigned to Twenty Three CSU campuses (plus Chancellor's Office).
- Limit by campus proportional to each campus TiV
- Two largest earthquake areas (Bay Area and LA Metro) each have \$25 m total limit across area campuses

	TiV	Parametric Limit
Bay Area		25,000,000
CALIFORNIA MARITIME ACADEMY	108,524,322	700,000
CSU EAST BAY	586,759,488	3,700,000
SAN FRANCISCO STATE UNIVERSITY	1,304,702,585	8,300,000
SAN JOSE STATE UNIVERSITY	1,946,807,114	12,300,000
Central Coast		10,000,000
CALIFORNIA POLYTECHNIC STATE UNIVERSITY	1,078,924,591	5,800,000
CSU MONTEREY BAY	793,776,855	4,200,000
LA Metro		25,000,000
CALIFORNIA STATE POLYTECHNIC UNIVERSITY	1,063,712,210	3,500,000
CSU CHANCELLOR'S OFFICE	67,455,634	200,000
CSU CHANNEL ISLANDS	341,675,315	1,100,000
CSU DOMINGUEZ HILLS	363,918,480	1,200,000
CSU FULLERTON	1,288,519,288	4,300,000
CSU LONG BEACH	1,430,672,365	4,700,000
CSU LOS ANGELES	1,028,095,369	3,400,000
CSU NORTHRIDGE	1,354,805,766	4,500,000
CSU SAN BERNARDINO	625,409,128	2,100,000
Sacramento Valley		10,000,000
CSU CHICO	810,637,707	2,700,000
CSU SACRAMENTO	1,091,567,575	3,500,000
HUMBOLDT STATE UNIVERSITY	536,162,549	1,800,000
SONOMA STATE UNIVERSITY	608,327,709	2,000,000
San Diego area		15,000,000
CSU SAN MARCOS	967,742,708	4,900,000
SAN DIEGO STATE UNIVERSITY	2,011,161,880	10,100,000
San Joaquin Valley		10,000,000
CSU BAKERSFIELD	319,051,392	1,900,000
CSU FRESNO	1,070,431,374	6,200,000
CSU STANISLAUS	330,375,988	1,900,000

Illustration of Structure

(sample: greater Los Angeles Metro area)

Detailed Limits and Payouts

by zip code: (LA Metro Area)

LA Metro	Sum of Limit	LA Metro	Sum of Limit
CA STATE POLYTECHNIC	3,500,000	CSU LONG BEACH	4,700,000
90039	5,000	90803	5,000
91767	10,000	90804	90,000
91768	3,465,000	90813	5,000
92211	5,000	90815	240,000
92860	10,000	90840	4,355,000
93060	5,000	91768	5,000
CSU CHANCELLOR'S OFFICE	200,000	CSU LOS ANGELES	3,400,000
90802	180,000	90017	10,000
90803	10,000	90032	3,390,000
95819	10,000	CSU NORTHRIDGE	4,500,000
CSU CHANNEL ISLANDS	1,100,000	91321	5,000
93012	1,100,000	91324	50,000
CSU DOMINGUEZ HILLS	1,200,000	91325	10,000
90747	1,200,000	91330	4,430,000
CSU FULLERTON	4,300,000	91411	5,000
90621	50,000	CSU SAN BERNARDINO	2,100,000
92309	5,000	92211	120,000
92618	120,000	92260	5,000
92701	5,000	92394	5,000
92831	70,000	92407	1,960,000
92832	5,000	92408	5,000
92834	4,040,000	92553	5,000
92837	5,000		

MMI Payouts by zip Code

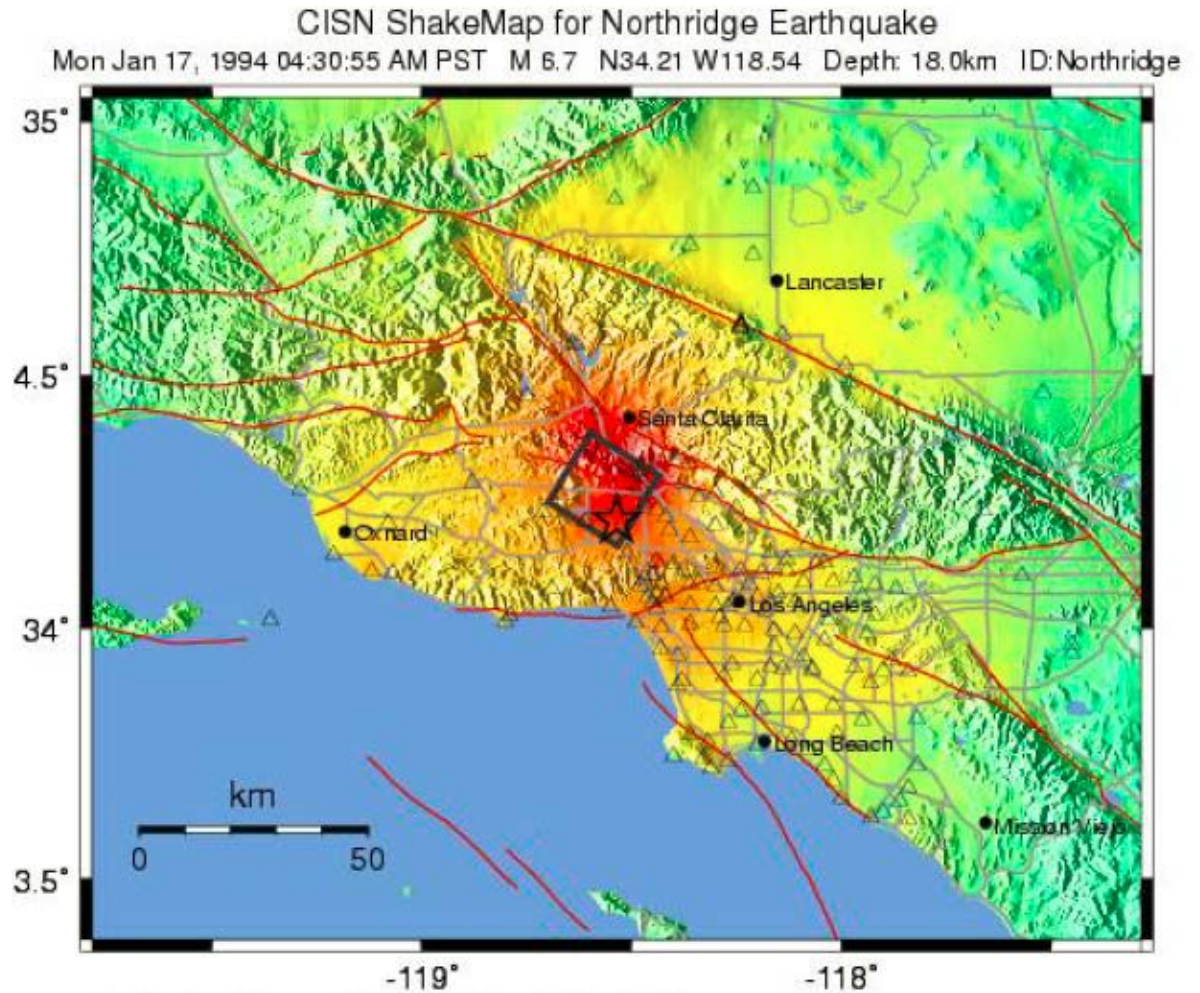
6.50 – 7.49: 25% of the limit

7.50 – 8.49: 50% of the limit

8.5+: 100% of the limit

Sample ShakeMap

- Northridge: 1994
- Magnitude: Mw 6.7
- MMI: Varies by geographic location (see map illustrating MMI at locations across the region)



Earthquake Hazards Program

<http://usgs.github.io/shakemap/>

PERCEIVED SHAKING	Not felt	Weak	Light	Moderate	Strong	Very strong	Severe	Violent	Extreme
INSTRUMENTAL INTENSITY	I	II-III	IV	V	VI	VII	VIII	IX	X+

Sample Payout

1994 Northridge Earthquake

(Mw 6.7)

Confidential

Event Payout: \$5,683,750
Event Limit: \$25,000,000

LA Metro	Sum of Limit	MMI	Payouts		
			MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CA STATE POLYTECHNIC	3,500,000				
90039	5,000	7.16	1,250	2,500	5,000
91767	10,000	5.55	2,500	5,000	10,000
91768	3,465,000	5.73	866,250	1,732,500	3,465,000
92211	5,000	<5	1,250	2,500	5,000
92860	10,000	5.3	2,500	5,000	10,000
93060	5,000	6.13	1,250	2,500	5,000
CSU CHANCELLOR'S OFFICE	200,000				
90802	180,000	5.71	45,000	90,000	180,000
90803	10,000	6.02	2,500	5,000	10,000
95819	10,000	<5	2,500	5,000	10,000
CSU CHANNEL ISLANDS	1,100,000				
93012	1,100,000	6.6	275,000	550,000	1,100,000
CSU DOMINGUEZ HILLS	1,200,000				
90747	1,200,000	5.96	300,000	600,000	1,200,000
CSU FULLERTON	4,300,000				
90621	50,000	6.02	12,500	25,000	50,000
92309	5,000	<5	1,250	2,500	5,000
92618	120,000	5.39	30,000	60,000	120,000
92701	5,000	5.38	1,250	2,500	5,000
92831	70,000	6.14	17,500	35,000	70,000
92832	5,000	6.2	1,250	2,500	5,000
92834	4,040,000	6.2	1,010,000	2,020,000	4,040,000
92837	5,000	6.2	1,250	2,500	5,000

LA Metro	Sum of Limit	MMI	Payouts		
			MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CSU LONG BEACH	4,700,000				
90803	5,000	6.02	1,250	2,500	5,000
90804	90,000	5.74	22,500	45,000	90,000
90813	5,000	5.49	1,250	2,500	5,000
90815	240,000	6.09	60,000	120,000	240,000
90840	4,355,000	6.09	1,088,750	2,177,500	4,355,000
91768	5,000	5.73	1,250	2,500	5,000
CSU LOS ANGELES	3,400,000				
90017	10,000	6.43	2,500	5,000	10,000
90032	3,390,000	6.75	847,500	1,695,000	3,390,000
CSU NORTHRIDGE	4,500,000				
91321	5,000	8.97	1,250	2,500	5,000
91324	50,000	8.95	12,500	25,000	50,000
91325	10,000	8.93	2,500	5,000	10,000
91330	4,430,000	9.06	1,107,500	2,215,000	4,430,000
91411	5,000	8.21	1,250	2,500	5,000
CSU SAN BERNARDINO	2,100,000				
92211	120,000	<5	30,000	60,000	120,000
92260	5,000	<5	1,250	2,500	5,000
92394	5,000	5.14	1,250	2,500	5,000
92407	1,960,000	<5	490,000	980,000	1,960,000
92408	5,000	5.35	1,250	2,500	5,000
92553	5,000	5.15	1,250	2,500	5,000

Note: CSU San Marcos has exposures coded to 93012 (channel islands) and triggered \$62,500 payment for this event (included in total)

Full Limit and Payout Details

(by zip code: all campuses)

Detailed Limits and Payouts by zip code

LA Metro	Sum of Limit	Payouts			LA Metro	Sum of Limit	Payouts		
		MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+			MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CA STATE POLYTECHNIC	3,500,000				CSU LONG BEACH	4,700,000			
90039	5,000	1,250	2,500	5,000	90803	5,000	1,250	2,500	5,000
91767	10,000	2,500	5,000	10,000	90804	90,000	22,500	45,000	90,000
91768	3,465,000	866,250	1,732,500	3,465,000	90813	5,000	1,250	2,500	5,000
92211	5,000	1,250	2,500	5,000	90815	240,000	60,000	120,000	240,000
92860	10,000	2,500	5,000	10,000	90840	4,355,000	1,088,750	2,177,500	4,355,000
93060	5,000	1,250	2,500	5,000	91768	5,000	1,250	2,500	5,000
CSU CHANCELLOR'S OFFICE	200,000				CSU LOS ANGELES	3,400,000			
90802	180,000	45,000	90,000	180,000	90017	10,000	2,500	5,000	10,000
90803	10,000	2,500	5,000	10,000	90032	3,390,000	847,500	1,695,000	3,390,000
95819	10,000	2,500	5,000	10,000	CSU NORTHRIDGE	4,500,000			
CSU CHANNEL ISLANDS	1,100,000				91321	5,000	1,250	2,500	5,000
93012	1,100,000	275,000	550,000	1,100,000	91324	50,000	12,500	25,000	50,000
CSU DOMINGUEZ HILLS	1,200,000				91325	10,000	2,500	5,000	10,000
90747	1,200,000	300,000	600,000	1,200,000	91330	4,430,000	1,107,500	2,215,000	4,430,000
CSU FULLERTON	4,300,000				91411	5,000	1,250	2,500	5,000
90621	50,000	12,500	25,000	50,000	CSU SAN BERNARDINO	2,100,000			
92309	5,000	1,250	2,500	5,000	92211	120,000	30,000	60,000	120,000
92618	120,000	30,000	60,000	120,000	92260	5,000	1,250	2,500	5,000
92701	5,000	1,250	2,500	5,000	92394	5,000	1,250	2,500	5,000
92831	70,000	17,500	35,000	70,000	92407	1,960,000	490,000	980,000	1,960,000
92832	5,000	1,250	2,500	5,000	92408	5,000	1,250	2,500	5,000
92834	4,040,000	1,010,000	2,020,000	4,040,000	92553	5,000	1,250	2,500	5,000
92837	5,000	1,250	2,500	5,000					

Detailed Limits and Payouts by zip code

Bay Area	Sum of Limit	Payouts		
		MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CALIFORNIA MARITIME	700,000			
94590	700,000	175,000	350,000	700,000
CSU EAST BAY	3,700,000			
94521	140,000	35,000	70,000	140,000
94542	3,410,000	852,500	1,705,000	3,410,000
94545	150,000	37,500	75,000	150,000
SAN FRANCISCO STATE	8,300,000			
94103	100,000	25,000	50,000	100,000
94131	20,000	5,000	10,000	20,000
94132	8,065,000	2,016,250	4,032,500	8,065,000
94601	10,000	2,500	5,000	10,000
94920	100,000	25,000	50,000	100,000
96124	5,000	1,250	2,500	5,000
SAN JOSE STATE	12,300,000			
94608	5,000	1,250	2,500	5,000
95039	200,000	50,000	100,000	200,000
95112	240,000	60,000	120,000	240,000
95113	10,000	2,500	5,000	10,000
95172	30,000	7,500	15,000	30,000
95192	11,815,000	2,953,750	5,907,500	11,815,000

Sacramento Valley	Sum of Limit	Payouts		
		MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CSU CHICO	2,700,000			
95926	20,000	5,000	10,000	20,000
95928	80,000	20,000	40,000	80,000
95929	2,595,000	648,750	1,297,500	2,595,000
95942	5,000	1,250	2,500	5,000
CSU SACRAMENTO	3,500,000			
95211	5,000	1,250	2,500	5,000
95383	5,000	1,250	2,500	5,000
95616	5,000	1,250	2,500	5,000
95626	5,000	1,250	2,500	5,000
95670	10,000	2,500	5,000	10,000
95690	5,000	1,250	2,500	5,000
95811	5,000	1,250	2,500	5,000
95814	20,000	5,000	10,000	20,000
95816	5,000	1,250	2,500	5,000
95819	3,400,000	850,000	1,700,000	3,400,000
95826	30,000	7,500	15,000	30,000
95971	5,000	1,250	2,500	5,000
HUMBOLDT STATE	1,800,000			
95501	20,000	5,000	10,000	20,000
95521	1,765,000	441,250	882,500	1,765,000
95555	5,000	1,250	2,500	5,000
95570	10,000	2,500	5,000	10,000
SONOMA STATE	2,000,000			
94542	210,000	52,500	105,000	210,000
94928	1,785,000	446,250	892,500	1,785,000
95404	5,000	1,250	2,500	5,000

Detailed Limits and Payouts by zip code

San Diego area		Payouts			San Diego area		Payouts		
Sum of Limit	MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+	Sum of Limit	MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+		
SAN DIEGO STATE	10,100,000								
91910	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
91948	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
91977	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92019	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92025	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92026	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92028	10,000	2,500	5,000	10,000	2,500	5,000	10,000		
92037	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92069	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92075	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92082	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92084	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92101	80,000	20,000	40,000	80,000	20,000	40,000	80,000		
92102	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92105	90,000	22,500	45,000	90,000	22,500	45,000	90,000		
92109	30,000	7,500	15,000	30,000	7,500	15,000	30,000		
92110	20,000	5,000	10,000	20,000	5,000	10,000	20,000		
92113	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92115	550,000	137,500	275,000	550,000	137,500	275,000	550,000		
92117	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92118	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92119	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92120	30,000	7,500	15,000	30,000	7,500	15,000	30,000		
92123	60,000	15,000	30,000	60,000	15,000	30,000	60,000		
92126	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92182	9,005,000	2,251,250	4,502,500	9,005,000	2,251,250	4,502,500	9,005,000		
92192	10,000	2,500	5,000	10,000	2,500	5,000	10,000		
92227	10,000	2,500	5,000	10,000	2,500	5,000	10,000		
92231	80,000	20,000	40,000	80,000	20,000	40,000	80,000		
92243	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92501	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
92590	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
94501	20,000	5,000	10,000	20,000	5,000	10,000	20,000		
95249	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
CSU SAN MARCOS	4,900,000								
92078	310,000	77,500	155,000	310,000	77,500	155,000	310,000		
92096	2,235,000	558,750	1,117,500	2,235,000	558,750	1,117,500	2,235,000		
92831	5,000	1,250	2,500	5,000	1,250	2,500	5,000		
93012	250,000	62,500	125,000	250,000	62,500	125,000	250,000		
93407	1,780,000	445,000	890,000	1,780,000	445,000	890,000	1,780,000		
95202	320,000	80,000	160,000	320,000	80,000	160,000	320,000		

Detailed Limits and Payouts by zip code

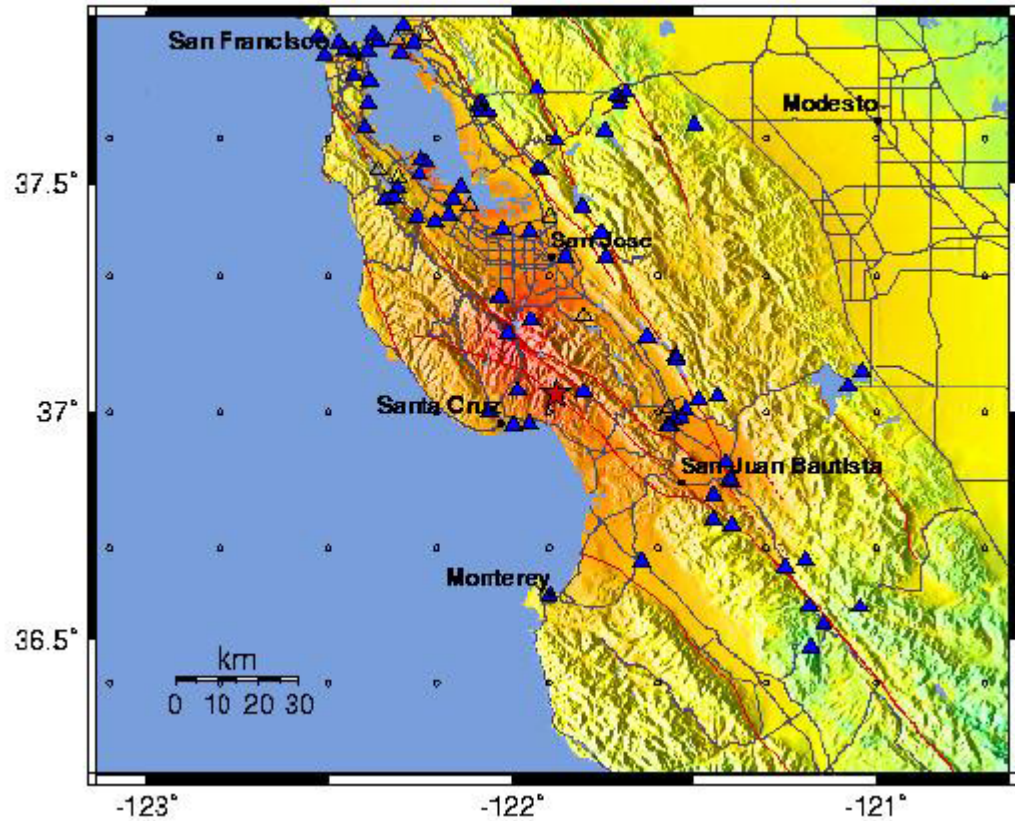
Central Coast		Payouts			San Joaquin Valley		Payouts		
	Sum of Limit	MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+		Sum of Limit	MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CA POLYTECHNIC STATE	5,800,000				CSU BAKERSFIELD	1,900,000			
93401	30,000	7,500	15,000	30,000	93311	1,880,000	470,000	940,000	1,880,000
93405	20,000	5,000	10,000	20,000	93536	20,000	5,000	10,000	20,000
93407	5,550,000	1,387,500	2,775,000	5,550,000	CSU FRESNO	6,200,000			
93422	5,000	1,250	2,500	5,000	93710	870,000	217,500	435,000	870,000
93424	5,000	1,250	2,500	5,000	93726	40,000	10,000	20,000	40,000
93445	180,000	45,000	90,000	180,000	93740	5,290,000	1,322,500	2,645,000	5,290,000
95017	10,000	2,500	5,000	10,000	CSU STANISLAUS	1,900,000			
CSU MONTEREY BAY	4,200,000				93727	5,000	1,250	2,500	5,000
93901	20,000	5,000	10,000	20,000	95380	70,000	17,500	35,000	70,000
93930	5,000	1,250	2,500	5,000	95382	1,825,000	456,250	912,500	1,825,000
93933	120,000	30,000	60,000	120,000					
93940	30,000	7,500	15,000	30,000					
93955	4,025,000	1,006,250	2,012,500	4,025,000					

Additional Payout Examples

Sample Shake Map

- Loma Prieta: 1989
- Magnitude: Mw 6.9
- MMI: Varies by geographic location (see map illustrating MMI at locations across the region)

CISN Rapid Instrumental Intensity Map for LomaPrieta Earthquake
 Tue Oct 17, 1989 05:04:00 PM PDT M 6.9 N37.04 W121.88 Depth: 18.0km ID:LomaPrieta



PERCEIVED SHAKING	Not felt	Weak	Light	Moderate	Strong	Very strong	Severe	Violent	Extreme
INSTRUMENTAL INTENSITY	I	II-III	IV	V	VI	VII	VIII	IX	X+



Earthquake Hazards Program

<http://usgs.github.io/shakemap/>

Sample Payout

1989 Loma Prieta Earthquake

(Mw 6.9)

Confidential

Event Payout: \$3,212,500
Event Limit: \$25,000,000

Bay Area	Sum of Limit	MMI	Payouts		
			MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CALIFORNIA MARITIME	700,000				
94590	700,000	5.83	175,000	350,000	700,000
CSU EAST BAY	3,700,000				
94521	140,000	5.35	35,000	70,000	140,000
94542	3,410,000	5.78	852,500	1,705,000	3,410,000
94545	150,000	6.88	37,500	75,000	150,000
SAN FRANCISCO STATE	8,300,000				
94103	100,000	6.75	25,000	50,000	100,000
94131	20,000	6.73	5,000	10,000	20,000
94132	8,065,000	6.19	2,016,250	4,032,500	8,065,000
94601	10,000	6.5	2,500	5,000	10,000
94920	100,000	6.87	25,000	50,000	100,000
96124	5,000	<5	1,250	2,500	5,000
SAN JOSE STATE	12,300,000				
94608	5,000	6.73	1,250	2,500	5,000
95039	200,000	7.23	50,000	100,000	200,000
95112	240,000	6.71	60,000	120,000	240,000
95113	10,000	6.71	2,500	5,000	10,000
95172	30,000	6.71	7,500	15,000	30,000
95192	11,815,000	6.71	2,953,750	5,907,500	11,815,000

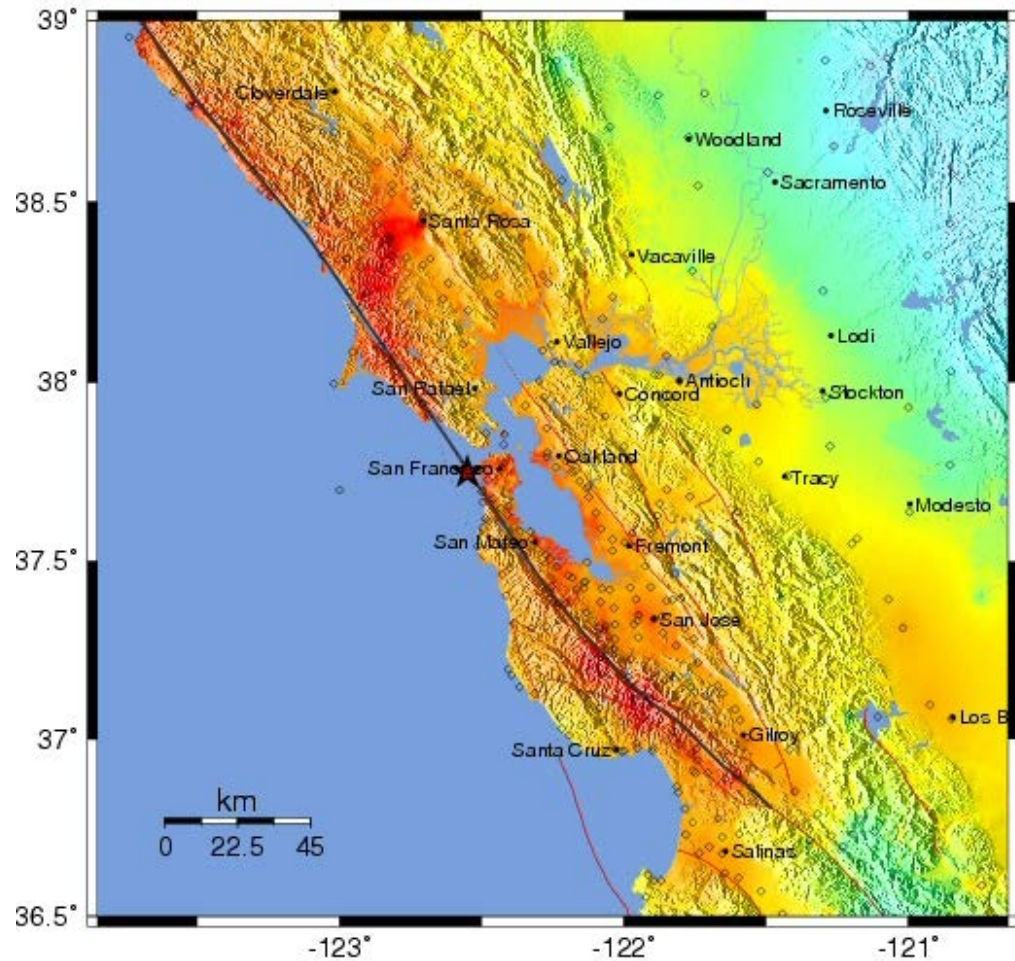
Central Coast	Sum of Limit	MMI	Payouts		
			MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CA POLYTECHNIC STATE	5,800,000				
93405	20,000	<5	5,000	10,000	20,000
93407	5,550,000	<5	1,387,500	2,775,000	5,550,000
93422	5,000	<5	1,250	2,500	5,000
93424	5,000	<5	1,250	2,500	5,000
93445	180,000	<5	45,000	90,000	180,000
95017	10,000	6.91	2,500	5,000	10,000
CSU MONTEREY BAY	4,200,000				
93901	20,000	6.78	5,000	10,000	20,000
93930	5,000	5.39	1,250	2,500	5,000
93933	120,000	6.64	30,000	60,000	120,000
93940	30,000	5.62	7,500	15,000	30,000
93955	4,025,000	5.95	1,006,250	2,012,500	4,025,000

Note: San Diego State has exposures coded to 94501 and triggered \$5,000 payment for this event (included in total)

Sample Shake Map

1906 Earthquake, M7.8, Depth 10 km, Epicenter N37.75 W122.55

- San Francisco: 1906
- Magnitude: Mw 7.8
- MMI: Varies by geographic location (see map illustrating MMI at locations across the region)



PERCEIVED SHAKING	Not felt	Weak	Light	Moderate	Strong	Very strong	Severe	Violent	Extreme
INSTRUMENTAL INTENSITY	I	II-III	IV	V	VI	VII	VIII	IX	X+



Earthquake Hazards Program

<http://usgs.github.io/shakemap/>

Sample Payout

1906 San Francisco Earthquake

(Mw 7.8)

Confidential

Event Payout: \$17,497,500
Event Limit: \$25,000,000

Bay Area	Sum of Limit	MMI	Payouts		
			MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CALIFORNIA MARITIME	700,000				
94590	700,000	6.63	175,000	350,000	700,000
CSU EAST BAY	3,700,000				
94521	140,000	6.39	35,000	70,000	140,000
94542	3,410,000	7.06	852,500	1,705,000	3,410,000
94545	150,000	8.03	37,500	75,000	150,000
SAN FRANCISCO STATE	8,300,000				
94103	100,000	8.84	25,000	50,000	100,000
94131	20,000	8.31	5,000	10,000	20,000
94132	8,065,000	8.61	2,016,250	4,032,500	8,065,000
94601	10,000	7.7	2,500	5,000	10,000
94920	100,000	6.93	25,000	50,000	100,000
96124	5,000	<5	1,250	2,500	5,000
SAN JOSE STATE	12,300,000				
94608	5,000	8.06	1,250	2,500	5,000
95039	200,000	7.52	50,000	100,000	200,000
95112	240,000	8.06	60,000	120,000	240,000
95113	10,000	8.13	2,500	5,000	10,000
95172	30,000	8.06	7,500	15,000	30,000
95192	11,815,000	8.06	2,953,750	5,907,500	11,815,000

Central Coast	Sum of Limit	MMI	Payouts		
			MMI 6.50-7.49	MMI 7.50-8.49	MMI 8.50+
CA POLYTECHNIC STATE	5,800,000				
93405	20,000	<5	5,000	10,000	20,000
93407	5,550,000	<5	1,387,500	2,775,000	5,550,000
93422	5,000	<5	1,250	2,500	5,000
93424	5,000	<5	1,250	2,500	5,000
93445	180,000	<5	45,000	90,000	180,000
95017	10,000	7.15	2,500	5,000	10,000
CSU MONTEREY BAY	4,200,000				
93901	20,000	7.62	5,000	10,000	20,000
93930	5,000	5.71	1,250	2,500	5,000
93933	120,000	7.63	30,000	60,000	120,000
93940	30,000	5.57	7,500	15,000	30,000
93955	4,025,000	7.17	1,006,250	2,012,500	4,025,000
Sacramento Valley	Sum of Limit	MMI	MMI 6.50-7.49	Payouts MMI 6.50-7.49	MMI 6.50-7.49
HUMBOLDT STATE	1,800,000				
95501	20,000	7.07	5,000	10,000	20,000
95521	1,765,000	6.49	441,250	882,500	1,765,000
95555	5,000	5.19	1,250	2,500	5,000
95570	10,000	5.69	2,500	5,000	10,000
SONOMA STATE	2,000,000				
94542	210,000	7.06	52,500	105,000	210,000
94928	1,785,000	7.85	446,250	892,500	1,785,000
95404	5,000	7.15	1,250	2,500	5,000

Notes:

- Intensities for 1906 San Francisco Earthquake based on models. No seismic stations at the time.
- San Diego State has exposures coded to 94501 and triggered \$10,000 payment for this event (included in total) **194**

Proposed Solution

Summary of Proposed Structure For California State University

- Parametric Earthquake Property Insurance Policy
- **Form:** Insurance
- **Effective Date:** TBD
- **Term:** 3-years (*other term lengths available*)
- **Swiss Re Share:** 100%
- **Limit:** \$25,000,000 per occurrence and term aggregate
- **Payout:**
 - Applicable by zip code.
 - Payout amounts vary by zip code in relation to TIV and MMI measured at each zip code (center)
 - See Tables on previous slides
- **Gross Premium:**
 - Estimated Annual Premium: \$1,625,000 - \$1,700,000
 - Inclusive of 7.5% brokerage, net of Taxes and Fees

Key Features of Proposed Solution

- **Broad Scope:** Limits available to all CA locations, large and small
- **Independent Data Provider:** MMI from post-event ShakeMap provided by sound, independent 3rd party source (USGS)
- **Timing:** Fast payout to assist with immediate financial needs
- **Insurance Form:** Coverage provided on insurance form. Insured permitted 12 months post event to determine full extent of financial loss and to sign letter attesting actual financial burden at least as great as payment received.
- **Broad Coverage:** Payments can be used for immediate emergency needs, business expenses not covered elsewhere, building damage, etc.
- **Deductible:** None

Appendix

Comparison of Traditional Insurance to Parametric Insurance Product

	Traditional Insurance	Parametric / Index based Cover
Trigger	Loss or damage to physical asset	Event occurrence exceeding pre-defined threshold or trigger
Recovery	Reimbursement of actual loss sustained	Pre-agreed payment structure based on event parameters
Basis Risk*	Policy conditions, deductibles and exclusions	Correlation of chosen trigger structure with actual exposure
Loss Assessment and Payment	Months to several years – depending on complexity of loss	Very transparent and settlement usually within 30 days
Term	Usually annual, multi-year difficult	Single or multi-year (up to three years)
Structure	Standard products and contract wordings	Customized product with high structuring flexibility (single trigger, multi-trigger)
Form	Insurance Contract	Insurance Contract

*Risk that Client's collected payout is not equal to your actual loss.

Modified Mercalli Intensity Scale

Intensity	Shaking	Description/Damage
I	Not felt	Not felt except by a very few under especially favorable conditions.
II	Weak	Felt only by a few persons at rest, especially on upper floors of buildings.
III	Weak	Felt quite noticeably by persons indoors, especially on upper floors of buildings. Many people do not recognize it as an earthquake. Standing motor cars may rock slightly. Vibrations similar to the passing of a truck. Duration estimated.
IV	Light	Felt indoors by many, outdoors by few during the day. At night, some awakened. Dishes, windows, doors disturbed; walls make cracking sound. Sensation like heavy truck striking building. Standing motor cars rocked noticeably.
V	Moderate	Felt by nearly everyone; many awakened. Some dishes, windows broken. Unstable objects overturned. Pendulum clocks may stop.
VI	Strong	Felt by all, many frightened. Some heavy furniture moved; a few instances of fallen plaster. Damage slight.
VII	Very strong	Damage negligible in buildings of good design and construction; slight to moderate in well-built ordinary structures; considerable damage in poorly built or badly designed structures; some chimneys broken.
VIII	Severe	Damage slight in specially designed structures; considerable damage in ordinary substantial buildings with partial collapse. Damage great in poorly built structures. Fall of chimneys, factory stacks, columns, monuments, walls. Heavy furniture overturned.
IX	Violent	Damage considerable in specially designed structures; well-designed frame structures thrown out of plumb. Damage great in substantial buildings, with partial collapse. Buildings shifted off foundations.
X	Extreme	Some well-built wooden structures destroyed; most masonry and frame structures destroyed with foundations. Rails bent.

PERCEIVED SHAKING	Not felt	Weak	Light	Moderate	Strong	Very strong	Severe	Violent	Extreme
POTENTIAL DAMAGE	none	none	none	Very light	Light	Moderate	Moderate/Heavy	Heavy	Very Heavy
PEAK ACC. (%g)	<0.1	0.1-1.1	1.1-3.4	3.4-8.1	8.1-16	16-31	31-60	60-116	>116
PEAK VEL. (cm/s)	<0.1	0.1-1.1	1.1-3.4	3.4-8.1	8.1-16	16-31	31-60	60-116	>116
INSTRUMENTAL INTENSITY	I	II-III	IV	V	VI	VII	VIII	IX	X+

USGS ShakeMaps

- ShakeMap is a product of the U.S. Geological Survey Earthquake Hazards Program in conjunction with regional seismic network operators.
- ShakeMap sites provide near-real-time maps of ground motion and shaking intensity following significant earthquakes.
- These maps are used by federal, state, and local organizations, both public and private, for post-earthquake response and recovery, public and scientific information, as well as for preparedness exercises and disaster planning.
- In order to develop the seismic intensity the USGS relies on reporting stations (of which there are many in the State of California) as well as other tools it has found useful to more accurately assess the shake intensity at a given site. See full detail in the link included below.
- **USGS ShakeMap Website:** <http://usgs.github.io/shakemap/introduction.html>



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AUXILIARY ORGANIZATION EMPLOYEE BENEFITS PROGRAM

ISSUE: The Auxiliary Organizations Association (AOA) has a joint marketing employee benefits program, administered by the selected insurance broker under the supervision of the “AOA Benefits User Group” (AOA BUG) consisting of representatives from participating organizations. The AOA BUG conducted an insurance brokerage services RFP in Spring 2017 and selected Alliant Insurance Services as the program’s insurance broker. One of the strategies the program may take is to join the CSAC Excess Insurance Authority’s benefits program via CSURMA. The AOA BUG has indicated it may seek to become a standing committee of the AORMA program.

RECOMMENDATION: It is recommended by the AORMA Committee and Executive Committee that the CSURMA Board of Directors authorize the formation of a new AORMA Employee Benefits Program.

FISCAL IMPACT: The cost of an employee benefits insurance program would be allocated to the participating members as a part of the AORMA program budget.

BACKGROUND: None

PUBLICATION: None.

ATTACHMENT(S): None.

**DEVELOPMENT OF STUDENT HEALTH INSURANCE PROGRAM
AND UC SHIP**

ISSUE: The CSU has a history of offering student health insurance directed to incoming international students. Because the CSU does not have a “hard waiver” directing domestic students to buy coverage, there have only been a handful of domestic students buying coverage. With this year’s renewals, the insurance markets refused to offer coverage to domestic students due to adverse selection resulting in high claims levels. The resulting cancellation created concerns about how CSU can best serve the student population’s need for student health insurance. For FY 17/18, the majority of campuses are referring domestic students to Covered California.

In the past, CSU’s Systemwide Risk Management office has had discussions with the University of California about the potential for CSU to participate in the UC’s Student Health Insurance Program (SHIP). UC’s administrators of the SHIP expressed interest, provided CSU’s campuses came in as a group. Participation would require delivery to UC SHIP of census and claim information maintained by the current insurers via the current retail brokers, which has been problematic to obtain.

RECOMMENDATION: This item is for interest only as the Executive Committee felt it was imperative that this item be elevated to the CABO members as well as CSU’s Senior Executive Vice Chancellor for further action.

FISCAL IMPACT: No cost is anticipated from the discussion at today’s meeting and if a program were developed it is expected that the program would be self-sustaining from student paid health insurance premiums.

BACKGROUND: None

PUBLICATION: None.

ATTACHMENT(S): None.

CAMPUS WORKERS' COMPENSATION
EXPERIENCE MODIFICATION TASK GROUP REPORT

ISSUE: The Executive Committee established the Campus WC X-Mod Task Group on March 9, 2017 to review the Experience Rating methodology currently in use for the Campus Workers' Compensation program, and to recommend refinements to the formula as it deems appropriate and fair for all campus members. Staff developed several alternative methods to address the concern of some members that large settlements adversely impact their X-Mods. The WC X-Mod Task Group met on July 19, 2017 to review and discuss staff's analyses. Following that meeting, staff drafted and the task group approved the written report attached to this item. Staff and task group members will present a verbal summary and be available to address questions at today's meeting.

RECOMMENDATION: No action requested. The Executive Committee accepted the task group's findings and recommendations at its meeting on September 8, 2017. This item is presented for the Board's information only.

FISCAL IMPACT: None. The X-Mod rating plan serves to distribute budgeted costs to members using the calculation formula approved by the Board of Directors.

BACKGROUND: In accordance with the rating plan adopted by the Board of Directors, the Campus Workers' Compensation program employs an Experience Modification Factor (X-Mod) to provide incentives for members to actively manage their claims, and thereby improve the cost of claims over time. Recently, a few campuses have avoided utilizing compromise & release settlements (C&Rs) or stipulated settlements on some claims because of the consequential impact in their X-Mods.

PUBLICATIONS: None

ATTACHMENT(S):

- a. Campus WC X-Mod Task Group Report dated July 25, 2017

**CAMPUS WORKERS COMPENSATION EXPERIENCE RATING
TASK GROUP REPORT
July 25, 2017**

A. Purpose

The Executive Committee established the Campus WC X-Mod Task Group to review the current experience rating methodology and to explore alternative methods as it deems appropriate. The Executive Committee included this task as a long range plan item for 2017-18. The task group's recommendations, if any, for refinements to the rating plan and/or the funding policy, are to be used for calculating the annual contributions for each campus beginning FY 2018/19.

B. Background

In accordance with the rating plan adopted by the Board of Directors, the Campus Workers' Compensation program employs an Experience Modification Factor (X-Mod) to provide incentives for members to actively manage their claims, and thereby improve the cost of claims over time. A few campus members have avoided utilizing compromise & release (C&R) or stipulated settlements because they perceived these settlement types adversely impact their X-Mods.

C. Task Group Members

1. The task group consisted of:

- Kevin Saunders, *Vice President, Administration & Finance*
CSU, Monterey Bay; CSURMA Executive Committee
- Lisa Chavez, *Vice President, Administration / CFO*
CSU, Los Angeles; CSURMA Executive Committee
- Scott Apel, *Associate Vice President, Human Resources*
CSU Long Beach, CSURMA Executive Committee
- Thom Davis, *Vice President, Business & Administrative Services*
CSU, Bakersfield; CSURMA Executive Committee

2. The task group was supported by:

- Zachary Gifford, *Director, Systemwide Risk Management,*
CSU Office of the Chancellor, CSURMA Secretary-Auditor

3. The task group was staffed by:

- Robert Leong, *CSURMA Program Administrator*
First Vice President, Alliant Insurance Services
- Jacki Graf, *CSURMA WC Claims Consultant*
Vice President, Alliant Insurance Services
- Daniel Howell, *CSURMA Program Director*
Senior Executive Vice President, Alliant Insurance Services

D. Meetings

The Executive Committee held an initial discussion at its meeting on March 9, 2017 wherein staff presented suggested refinements to the X-Mod formula. The committee felt additional work was needed. A task group was appointed to work with staff to finalize modifications to the X-Mod formula and to present its recommendations to the committee at its meeting on September 8, 2017.

The task group met via teleconference on July 20, 2017. Staff presented two X-Mod rating alternatives, which also took into account the committee's desire that any change in the X-Mod formula do not negatively impact campuses.

E. CSURMA Rating Plans Philosophy

CSURMA's rating plans have as a goal to balance campus accountability for performance with the need for rate stability. Accountability is needed to encourage campus loss control efforts. Rate stability is a goal so that campuses can project annual costs for budget preparation and management purposes. Overall, the rating plans should fairly allocate the cost of the programs to the campuses.

The task group's findings and recommendations ***will not affect aggregate funding*** of the Campus WC program. Aggregate funding is based on an independent actuarial analysis, which develops cost projections for the program. However, the task group's recommendations, if any, ***will affect how that aggregate funding is shared among the campuses***. The rating plans define how the costs for each coverage program are allocated to each campus.

F. Current X-Mod Rating Plan and Alternative Rating Formulas Considered

Further to the Executive Committee discussion on March 9, 2017, staff presented on July 20, 2017 a review of the current Campus WC X-Mod formula, and two possible alternatives to refine the formula in respect of claims that are settled by compromise & release or stipulated payments.

The X-Mod rating refinements considered were:

1. Setting a maximum per loss on all claims; i.e., “Loss Cap”
2. Discounting C&R Settlements

G. Alternative X-Mod Rating Formulas Reviewed

Staff calculated a range of premium deposits for each campus based on the suggested refinements, and compared its findings to the current X-Mod rating.

For the first X-Mod rating refinement, staff calculated amended deposits based on Loss Caps, setting the maximum amount per loss used for X-Mod rating at \$100,000; \$200,000; \$250,000; and \$300,000. Capping losses above \$300,000 provided no significant change. Loss caps were defined by the actual total amount paid per loss at fiscal year-end, respectively for each of the five years of the rating period.

For the second X-mod rating refinement, staff calculated amended deposits based on a discount factor applied to C&R settlements. The C&R settlements were credited against the total amount of claim payments each year. C&R discounts were taken at 20%, 25%, 30%, 40%, and 50%. Discounting C&R losses above 50% would result in aggregate funding below CSURMA’s adopted funding policy, which may endanger the WC Fund’s ability to pay its outstanding claims liability.

H. Findings

Because the Executive Committee desired that any refinement to the X-Mod rating formula do not cause an adverse impact to campuses, any refinement to the X-Mod rating formula will result in a funding shortfall since decreases in X-Mods will be allowed, but increases in X-Mods will be exempted; i.e., campuses are to be locked in at the original X-Mod if the recalculated X-Mod results in a higher percentage. Staff and the task group determined that any resultant shortfall should be no more than \$500,000.

Utilizing the Loss Cap method, the funding shortfall ranges from \$139,682 to \$270,824 depending on the size of the loss cap. Utilizing the C&R Discount method, the funding shortfall ranges from \$187,200 to \$495,661 depending on the percentage discount.

Staff and the task group also determined the X-mod refinements will benefit only a handful of campuses, and these do not include those campuses who have been reluctant to employ strategic claim settlement strategies.

I. Recommendations

The task group finds that the current X-Mod rating plan continues to serve its purpose, and therefore a refinement to the current formula is unnecessary. Further, the benefit to a few campuses do not outweigh the efforts required to parse and sort claims that are

necessary to calculate alternative premium deposits, and also the claims data may not contain the level of claims coding required to identify claims subject to the refined formula.

J. Conclusion

“No Further Action” is recommended.

DRAFT

INSURANCE RENEWALS REPORT

ISSUE: CSURMA's programs employ a combination of insurance and self-insurance funding. Most of the program anniversary dates align with CSU's fiscal year. Staff prepared the attached report to summarize the results of the renewals including key outcomes.

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

FISCAL IMPACT: No fiscal impact is expected at this meeting. Renewal costs have been included in the CSURMA budget.

BACKGROUND: Please refer to attached report.

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 2017-2018 Insurance Renewals Executive Summary

2017-18 INSURANCE RENEWALS

Executive Summary

July 17, 2017

I. BACKGROUND

At its May 5, 2017 meeting, the Executive Committee delegated authority to Robert Eaton, Treasurer, and Zachary Gifford, Secretary-Auditor, to work with Alliant to finalize negotiations with insurers and to effect coverage beginning July 1, 2017 as they deem appropriate. The actions taken are to be reported to the Executive Committee when it next meets on September 8, 2017.

II. PURPOSE

This Executive Summary recaps the participating insurers and costs for CSURMA's major coverage programs for FY 2017-18. The summary also highlights certain changes and bind orders directed by Robert Eaton and Zachary Gifford, which have been confirmed by the respective underwriters.

III. COVERAGE OPTIONS

A. EXCESS LIABILITY

1. **Terrorism Risk Insurance Act (TRIA)**: Renewed coverage for certified terrorism acts per TRIA to \$100M limit. TRIA was increased from \$50M to \$100M last year. Because TRIA is not applicable for reinsurance nor the MOC, we are obtaining clarification on how this is to be handled by the reinsurers.
2. **Additional Excess Limits (New Coverage)** -The Excess Liability coverage limits were increased from \$200M total to \$300M total, with 75% covered by Bermudian insurers, and 25% retained by CSURMA. The cost for \$100M xs \$200M is \$175,000 (i.e., \$1,750 per \$1M), thus the premium is 75% of \$175,000 or \$131,250; with taxes/fees, the cost \$140,437. As market capacity becomes available, CSURMA will entertain opportunities to insure 100% of this excess layer.

B. TERRORISM RISK – *New Options*

1. **Dedicated Terrorism** (Not Taken) - Hiscox indicated cost to provide dedicated terrorism insurance covering certified and non-certified acts, but this was very expensive compared to TRIA that is offered as part of the Excess Liability coverage. The cost for \$15M xs \$5M Dedicated Terrorism is \$100,000 compared to \$30,000 for TRIA included in the \$45M xs \$5M layers. Both exclude losses resulting from nuclear, chemical, biological, or radiation exposures (NCBR).
2. **NCBR** (Not Taken) - Coverage for Sabotage & Terrorism Liability including Malicious Acts involving Nuclear, Chemical, Biological and Radiological materials is offered from \$15M to \$100M limit each occurrence & aggregate in excess of \$100,000 self-retention as follows:
 - \$15M limit: \$195,000 annual premium + taxes/fees
 - \$25M limit: \$295,000 + taxes/fees
 - \$50M limit: \$550,000 + taxes/fees

- \$100M limit: \$850,000 + taxes/fees

These are subject to confirming carrier support, full and satisfactory security information; and no losses, threats or incidents whether insured or not, during the last 10 years.

3. The cost for Dedicated Terrorism with or without NCBR cover seems expensive. But, the federal government has not certified an act of terrorism to date, so an active shooter event like the San Bernardino County holiday party attack could raise coverage questions.

C. ACTIVE ASSAILANT COVERAGE (Not Taken)

1. Indication provided by XL Catlin: \$5M occ / \$5M agg; \$25k ded.
2. Annual premium is \$175,000 + taxes/fees.
3. One free reinstatement of limits.
4. Subjectivity: No prior loss that would have coverage under this active assailant policy.
5. This seems expensive and does not provide third-party liability cover.

D. DRONE INSURANCE PROGRAM – *New Program effective July 1, 2017*

1. New program effective July 1, 2017 covering Drone Liability for small drones that are owned, non-owned or hired by the University and/or its Auxiliary Organizations, and used for non-commercial purposes.
2. Only small Unmanned Aircraft Systems (sUAS aka: drones) as defined by Title 14 of the Code of Federal Regulations (14 CFR) Part 107 are covered by this program; i.e., 55lbs maximum total weight at takeoff including all onboard equipment, fuel, etc.
3. Coverage limit is \$50M, with \$0 (zero) deductible.
4. Chubb will quote Hull insurance for specific drones upon request.
5. \$150,000 initial annual premium will be allocated to Campus Liability and AORMA Liability program funds in proportion to the number of reported drones.
6. *Because of this new coverage, the Excess Liability premiums have been reduced, thus saving about \$35,000 total; Ironshore (\$27,000) and AWAC (\$8,000).*

IV. CHANGES TO THE EXPIRING POLICIES

Changes to the expiring policies are summarized below. Note: This is a highlight only. See actual policies for other terms affecting coverage.

EXCESS LIABILITY COVERAGE (CAMPUS & AORMA)

A. LIABILITY REINSURANCE (SIR to \$5,000,000)

	<u>Insurer</u>	<u>Premium (taxes/fees included)</u>
• <i>Expiring:</i>	Evanston (50%) / GAIC (50%)	\$1,290,512
• <i>Recommended:</i>	Markel (50%) / GAIC (50%)	\$1,356,726

Markel replaces Evanston – they are sister companies in the same insurance group. Markel/Great American provides reinsurance for both Campus Liability and AORMA Liability. Campus coverage is Automobile Liability only covering non-salaried operators only (e.g., student volunteers) subject to a

\$1,000,000 self-retention. AORMA coverage includes General/Errors & Omissions Liability and Automobile Liability with a \$500,000 self-retention.

B. EXCESS LIABILITY (Layer 1 - \$5,000,000 xs \$5,000,000)

- *Expiring:* Ironshore \$1,231,803
- *Recommended:* same \$1,279,360

Ironshore is the primary excess reinsurer (“lead underwriter”) for the Liability Risk Pool covering both Campus Liability and AORMA Liability. The increased cost is due to an increase in total enrollment. Premium has been reduced by \$27,000 for new Drone Liability insurance purchased separately.

C. EXCESS LIABILITY (Layer 2 - \$10,000,000 xs \$10,000,000)

- *Expiring:* AWAC \$740,000
- *Recommended:* same \$754,600

Allied World (AWAC) offered to renew with an increase comparable to the lead underwriter. Premium has been reduced by \$8,000 for new Drone Liability insurance purchased separately.

D. EXCESS LIABILITY (Layer 3 - \$5,000,000 xs \$20,000,000)

- *Expiring:* Ironshore \$192,542
- *Recommended:* same \$195,237

Ironshore offered to renew with a slight increase as it required for Layer 1.

E. EXCESS LIABILITY (Layer 4 - \$10,000,000 xs \$25,000,000)

- *Expiring:* Peleus (Argonaut) \$275,000
- *Recommended:* same \$286,896

Argonaut offered to renew with an increase comparable to the lead underwriter.

F. EXCESS LIABILITY (Layer 5 - \$5,000,000 xs \$35,000,000)

- *Expiring:* AWAC \$91,450
- *Recommended:* same \$92,000

AWAC offered to renew with an increase comparable to the lead underwriter.

G. EXCESS LIABILITY (Layer 6 - \$10,000,000 xs \$40,000,000)

- *Expiring:* Gemini \$156,348
- *Recommended:* same \$156,348

No change; renewed flat.

H. EXCESS LIABILITY (Layer 7 – \$50,000,000 xs \$50,000,000)

- *Expiring:* Arch (30%) / AIG (50%) / GAIC (20%) \$332,280
- *Recommended:* GAIC (20%) / Hiscox, ATL, Score Re (60%) / Hallmark (20%) \$335,400

Mix of insurers changed. AIG required traumatic brain injury exclusion at renewal and Arch required continuation of the 2x annual aggregate. **Renewal carriers have agreed to remove the 2x aggregate and no exclusion for TBI.**

I. EXCESS LIABILITY (Layer 8 – Cat Excess \$50,000,000 xs \$100,000,000)

- *Expiring:* Aspen (50%) / Ironshore, Starr, Hamilton, Antares (50%) \$133,750
- *Recommended:* same \$133,750

Renew as is.

J. EXCESS LIABILITY (Layer 9 – Cat Excess \$50,000,000 xs \$150,000,000)

- *Expiring:* XL Catlin \$107,000
- *Recommended:* same \$107,000

Renew as is.

K. EXCESS LIABILITY (Layer 10 – Cat Excess \$75,000,000 po \$100,000,000 xs \$200,000,000) - NEW

- *Recommended:* Iron-Starr (25%), Aspen (25%), Chubb (25%) \$140,437

This excess layer is 75% complete, thus CSURMA retains 25% of the risk. As market capacity becomes available, CSURMA will entertain opportunities to insure 100% of this excess layer.

OTHER COVERAGE PROGRAMS

L. CYBER RISK (Excess)

- *Expiring:* APIP CEO, Novae, CFC \$520,205
- *Recommended:* APIP CEO, Novae, CFC, AXIS \$597,012

APIP provides \$2,000,000 limits and includes Cyber Enhancement Option in the Master Property Program. Excess limits have been increased from \$10,000,000 to \$15,000,000. Novae insures \$5M xs \$2M; CFC insures \$5M xs \$7M; and AXIS provides \$5M xs \$12M (new). Total combined limit is \$17,000,000. Self-retention remains as \$100,000 (Campus); \$25,000 (AORMA).

M. FIDELITY (Crime)

- *Expiring:* Lloyd’s London (Chubb, BRIT, XL Catlin) \$432,924
- *Recommended:* same \$411,278

Small reduction in premium. Lloyd’s provides coverage for Fidelity (Crime) covering the University against employee dishonesty, theft, computer crime, counterfeiting, or forgery. The insurance provides \$20,000,000 limit each loss; subject to a \$40,000,000 policy aggregate and a \$250,000 Deductible each loss. AORMA coverage limits are \$2,000,000 per loss with a \$25,000 deductible per

loss and \$100,000 deductible aggregate, which subsequently reverts to the applicable deductible for each member.

N. TRUSTEES E&O LIABILITY, FIDUCIARY LIABILITY

- *Expiring:* Lloyd’s London (Aspen, Barbican) \$68,138
- *Recommended:* same \$68,138

Lloyd’s offered to renew Flat. Lloyd’s covers CSURMA for Errors & Omissions Liability insuring its Board of Directors, Executive Committee, AORMA Committee, AIME Committee, and others while serving on behalf of CSURMA, and provides Fiduciary Liability insurance for AORMA members.

O. AUTOMOBILE PHYSICAL DAMAGE (APD)

- *Expiring:* Beazley \$86,150
- *Recommended:* same \$97,052

Beazley provides coverage for Auto Physical Damage for Campus and AORMA with deductibles ranging from \$1,000 to \$10,000. Cost is based on vehicle’s insured values and selected deductible.

P. DRONE INSURANCE PROGRAM - NEW

- *Recommended:* Chubb Aviation \$150,000

New program is effective July 1, 2017 covering liability for small unmanned aerial systems (sUAS aka: UAV or “drone”) up to 55lbs total weight that are owned, non-owned or hired by the University and/or its Auxiliary Organizations. Coverage includes TRIA and War risks.

CAMPUS COVERAGE PROGRAMS

A. WORKERS’ COMPENSATION

- *Expiring:* CSAC-EIA \$29,325,402
- *Recommended:* same \$30,314,694

CSAC-EIA offered to renew the first-dollar reinsurance plan for a new two year fixed rate and included a feature to assuage the burden for additional premium if CSU’s final actual payroll is greater than had been estimated for the coverage period.

B. FOREIGN TRAVEL INSURANCE PROGRAM (FTIP)

- *Expiring:* Chubb (ACE) *\$524,151
- *Recommended:* same \$433,821

*Includes prepayment of \$95,718 for 3 years of K&E coverage.

Chubb’s renewal terms reflect a flat rate; i.e., no rate increase. The annual cost is based on expected utilization of the program, which has increased. Rates are defined by trip duration (1-15 days, 16-30 days, etc.).

Chubb provides coverage for CSU faculty, staff, students, and guests who travel abroad on University or Auxiliary Organization business. Coverage includes: General Liability; Contingent Automobile Liability; Employer’s Responsibility (Workers’ Compensation); Employer’s Liability; Primary Medical Expense; Emergency Medical Expense, including Medical Evacuation; Repatriation of Remains, Emergency Reunion; Political Evacuation; Accidental Death & Dismemberment; Trip Cancellation; Trip Interruption. Additionally, CSU self-funds the expense for cancelling trips that is triggered by critical events that are not otherwise covered by Chubb.

C. INTERNATIONAL PROGRAMS (IP)

- *Expiring:* Chubb (ACE) \$289,135
- *Recommended:* same \$253,151

Chubb separately provides the same coverage for CSU’s International Program managed by the Chancellor’s Office. Premium reduced due to decline in participation.

D. STUDENT PROFESSIONAL LIABILITY INSURANCE PROGRAM (SPLIP)

- *Expiring:* Lloyd’s London, Hiscox \$601,824
- *Recommended:* Lloyd’s London, Ascot \$584,698

Lloyd’s provides General/Professional Liability insurance for Student Interns in Teaching, Nursing and Allied Health. Limits are \$5,000,000 each loss, subject to a \$15,000,000 policy aggregate. Deductibles are \$25,000 each claim; \$100,000 aggregate, which are covered by the risk pool. Lloyd’s agreed to renew at the expiring rate and continue the “No Claims Bonus.”

Additionally, the risk pool purchases \$10,000,000 additional Aggregate Limits – *this has moved with our underwriting team in Bermuda from Hiscox to Ascot, who has agreed to renew at the expiring price.*

E. STUDENT ACADEMIC FIELD EXPERIENCE FOR CREDIT LIABILITY INSURANCE PROGRAM (SAFECLIP)

- *Expiring:* Lloyd’s London, Hiscox \$297,216
- *Recommended:* Lloyd’s London, Ascot \$280,082

Lloyd’s provides General/Professional Liability insurance for Student Interns in Service Learning. Limits are \$5,000,000 each loss, subject to a \$10,000,000 policy aggregate. Deductibles are \$10,000 each claim; \$40,000 aggregate, which are covered by the risk pool. The underwriter agreed to renew at the expiring rate and continue the “No Claims Bonus.”

The risk pool purchases \$10,000,000 additional Aggregate Limits from Ascot, who has agreed to renew at the same price.

F. PHYSICIANS PROFESSIONAL LIABILITY

- *Expiring:* Hiscox \$77,400
- *Recommended:* Ascot \$77,400

Ascot replaces Hiscox to provide additional coverage limits for medical professional liability insuring CSU’s employed physicians, following CSU’s underwriting team move to Ascot.

G. PROPERTY / BOILER & MACHINERY

- *Expiring:* APIP \$5,181,821
- *Recommended:* same \$5,500,020

APIP (Alliant Property Insurance Program) is the Master Property Program offered by Alliant covering direct damage to the University’s buildings and including equipment breakdown for specified plant & equipment. Total Insured Values have been adjusted to 100% Replacement Cost. The insurance provides \$1,000,000,000 blanket limit and \$1,000,000 deductible per loss. The risk pool covers losses below \$1,000,000 with a \$100,000 deductible; except San Diego State University who chose the \$1,000,000 deductible. Special deductibles apply for structures designated as Campus 99, which are fully covered by APIP.

H. INLAND MARINE

- *Expiring:* Allianz \$44,871
- *Recommended:* same \$47,862

Allianz provides coverage for cameras, projectors, films, musical instruments, office equipment, electronic data processing equipment, laptops, and other specialized equipment and accessories. Deductibles range from \$1,000 to \$10,000. Cost is based on equipment type and equipment value.

I. FINE ARTS, ARTIFACTS & ARCHIVES PROGRAM (FAAAP)

- *Expiring:* Lloyd’s London \$237,360
- *Recommended:* same \$237,360

Renewed with no increase. FAAAP provides automatic coverage for loss or damage to the university’s fine arts, artifacts and archives that are owned by the university, lent to the university, or lent to others by the university. Coverage includes property in-transit. Coverage is “nail-to-nail” aka: “wall-to-wall.”

J. AVIATION LIABILITY (Non-Owned Aircraft)

- *Expiring:* Chubb Aviation \$38,700
- *Recommended:* same \$38,700

Chubb offered to renew the policy at the same cost. Chubb provides coverage for Non-owned Aircraft Liability. The \$50,000,000 coverage limit is excess over other valid and collectible insurance, with no deductible.

K. ROCKETRY LIABILITY (Designated Launch Sites)

- *Expiring:* Chubb Aerospace \$13,200
- *Recommended:* same \$12,375

Premium reduced by 6.3%. Chubb provides liability coverage for rocketry at designated launch sites.

L. BUILDER’S RISK INSURANCE PROGRAM (BRIP)

- *Expiring:* Chubb \$103,200
- *Recommended:* same \$25,800

Rates have been reduced by 5%. Initial deposit premium reduced from \$100,000 to \$25,000 plus taxes & fees, which is followed by quarterly payments based on actual projects reported, including new starts and completed projects for final premium adjustment.

The premium payment plan is revamped and is superior to Chubb’s prior insistence on installment billings, which was calculated on projected projects start-ups that are often delayed, and consequently requiring amendments to the installment schedule. CPDC and Alliant are relieved Chubb agreed to return to the plan when BRIP originally began.

Chubb insures direct damages to the CSU’s and Auxiliary Organizations’ construction projects while in the course of construction. Per the Chancellor’s Office Capital Planning Design & Construction (CPDC) directive, all major capital projects are to be covered by the BRIP.

M. STUDENT TRAVEL ACCIDENT (AIME)

- *Expiring:* Mutual of Omaha \$16,650
- *Recommended:* same \$16,650

Mutual of Omaha agreed to renew flat. This policy provides coverage for Student Travel Accident for inter-collegiate athletics (AIME) in excess of the Blanket Student Travel Accident policy purchased by CSU for student travel away from campus.

N. POLLUTION LIABILITY

- *Expiring:* APEEL \$127,220
- *Recommended:* same \$139,381

Rate increased 9.59%. The deductible for Campuses increased from \$100,000 to \$250,000 per loss due to CSU’s claims experience. AORMA’s deductible remained at \$50,000.

AORMA COVERAGE PROGRAMS

A. WORKERS’ COMPENSATION

- *Expiring:* CSAC-EIA \$3,153,341
- *Recommended:* same \$4,302,129

CSAC-EIA offered to renew the first-dollar reinsurance plan. The premium deposit is based on the estimated payrolls provided by each member auxiliary organization. **Aztec Shops joined the program this year, increasing the premium.** A proposal was also issued to SDSU Research Foundation but they decided to renew with their Large Deductible plan.

B. PROPERTY / BOILER & MACHINERY

- *Expiring:* APIP \$1,421,327
- *Recommended:* same \$1,362,734

APIP (Public Entity Property Insurance Program) is the Master Property Program offered by Alliant covering direct damage to the Auxiliary Organization’s owned buildings and contents, including equipment breakdown for specified plant & equipment. Total Insured Values have been adjusted to 100% Replacement Cost. The insurance provides \$1,000,000,000 blanket limit with deductible at \$100,000 per occurrence; \$250,000 in the aggregate. The risk pool provides coverage from the member deductibles to \$100,000. Member deductibles range from \$5,000 to \$100,000.

C. IDENTITY FRAUD EXPENSE REIMBURSEMENT

- *Expiring:* Travelers \$31,705
- *Recommended:* same \$27,594

Premium reduced due to decline in participation. Travelers provides cost reimbursement for AORMA members who are victims of identification fraud, which emanate from a theft of personal privacy information that may impair a victim’s or victims’ credit worthiness through fraudulent use of private information by unauthorized individuals.

D. PARTICIPANT ACCIDENT INSURANCE (PAI)

- *Expiring:* QBE \$99,626
- *Recommended:* same \$98,242

QBE provides coverage for accidental injuries to participants in Auxiliary Organization sponsored sport camps, and other activities requested by the member. Cost is based on utilization and the selected deductible.

TOTAL COST:

	2017-18	2016-17	\$ Chg	% Chg
Campus	\$ 42,209,335	\$ 40,705,963	\$ 1,503,372	3.69%
AORMA	\$ 7,704,591	\$ 6,536,289	\$ 1,168,303	17.87%
Total	\$ 49,913,926	\$ 47,242,252	\$ 2,671,674	5.66%

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.

PROGRAM ADMINISTRATOR'S STEWARDSHIP REPORT

ISSUE: Each year the Program Administrators prepare a Stewardship Report for the CSURMA Board of Directors. The Stewardship Report describes the activities and accomplishments of CSURMA and its Program Administrators. The Stewardship Report will be presented to the Board at today's meeting.

RECOMMENDATION: This item is presented for the Board's information. No action is requested for this item.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: A complete copy of the 2016/17 CSURMA Annual Stewardship Report will be posted on the CSURMA website

ATTACHMENT:

- a. CSURMA Annual Stewardship Report for FY 2016/17



CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

Annual Stewardship Report Fiscal Year End - June 30, 2017



Alliant Insurance Services, Inc.

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EXECUTIVE SUMMARY

CSURMA and ALLIANT

Alliant Insurance Services (Alliant) is proud of its history and continuing partnership with the California State University and its Auxiliary Organizations, collectively the CSU. Key principals of the Alliant team have consistently provided creative solutions for CSU since 1995. We are proud of our accomplishments for the CSU, and in particular, the opportunity to develop and manage a number of effective and very efficient insurance and coverage plans through the entity we helped form, namely the California State University Risk Management Authority (CSURMA). Launched in 1997, CSURMA is a joint powers authority created under the Government Code of the State of California, and established specifically to address and manage the operational risks of CSU's colleges and universities, and its auxiliary organizations through the Auxiliary Organizations Risk Management Alliance (AORMA).

Alliant is a specialty insurance brokerage firm that also provides joint powers authority (JPA) program administration, risk management, and insurance brokerage services. We regard working with the CSU as an exciting professional opportunity. As Program Administrators, Alliant oversees CSURMA's risk pool programs, excess and reinsurance placements, group purchase insurance, and provides risk management consultation and joint power authority administration for all members of the authority.

Alliant is committed to working with the CSU at the system level and directly with all twenty-three campuses (23) and all eighty-five (85) auxiliary organizations. We provide direct consultative and program management services for the Office of the Chancellor, including Systemwide Risk Management, Public Safety, General Counsel, Capital Planning Design & Construction, and the Chief Administrative & Business Officials (CABO). On the campuses, Alliant provides risk management consultation and advice for Campus Risk Management, Environmental Health & Safety, Human Resources, Student Health Centers, Athletics, Student Life & Leadership, Facilities, and others; and of course, CSU's auxiliary organizations and its Auxiliary Organizations Association (AOA).

Alliant has responded to CSURMA's evolving needs and adapted its services to deliver high quality and stable risk management programs that support CSU's mission and CSURMA's vision.

STEWARDSHIP REPORT

Alliant prepared this Stewardship Report for CSURMA Board of Directors and Members summarizing the Program Administrator's activities and accomplishments during the past fiscal year. Also, this stewardship report offers Alliant the opportunity to reflect on areas for improvement in providing program management services for all CSURMA members. We appreciate the opportunity to work with dynamic, creative and forward thinking leaders of the CSU, and enjoy the opportunity to deliver creative and cost effective products and services addressing the complex risk management needs of the CSU's campuses and auxiliary organizations.

PROGRAM ADMINISTRATORS

Alliant is proud of its team of dedicated professionals who are assigned to serve you. The team is led by Daniel Howell as CSURMA Program Director, Robert Leong for Campus coverage programs, and Mimi Long for AORMA coverage programs. Robert Frey provides expert consultation for Property and Liability claims. Jacki Graf consults exclusively for the campuses and auxiliary organizations in all areas of Workers' Compensation claims, including the hosting of CSU's monthly meetings of the Workers' Compensation Coordinators for all CSURMA members. Stacey Weeks manages the Foreign Travel Insurance Program, and services the Athletic Injury Medical Expense program. The team is supported by an experienced and quality administrative staff including Andrew Gaspari, Tevea Him, Yung Lam, Myron Leavell, Amy Lightner, Van Rin, and Karen Worden.

Alliant's CSURMA Program Administration Service Team is depicted herein:

Program Administration



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WC Claims Consultant
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JPA Administrator
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Mimi Long
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Van Rin
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Karen Worden
Builder's Risk
(949) 660-6101
kworden@alliant.com

Please refer to Appendix A for the Alliant Team Organization Chart for CSURMA.

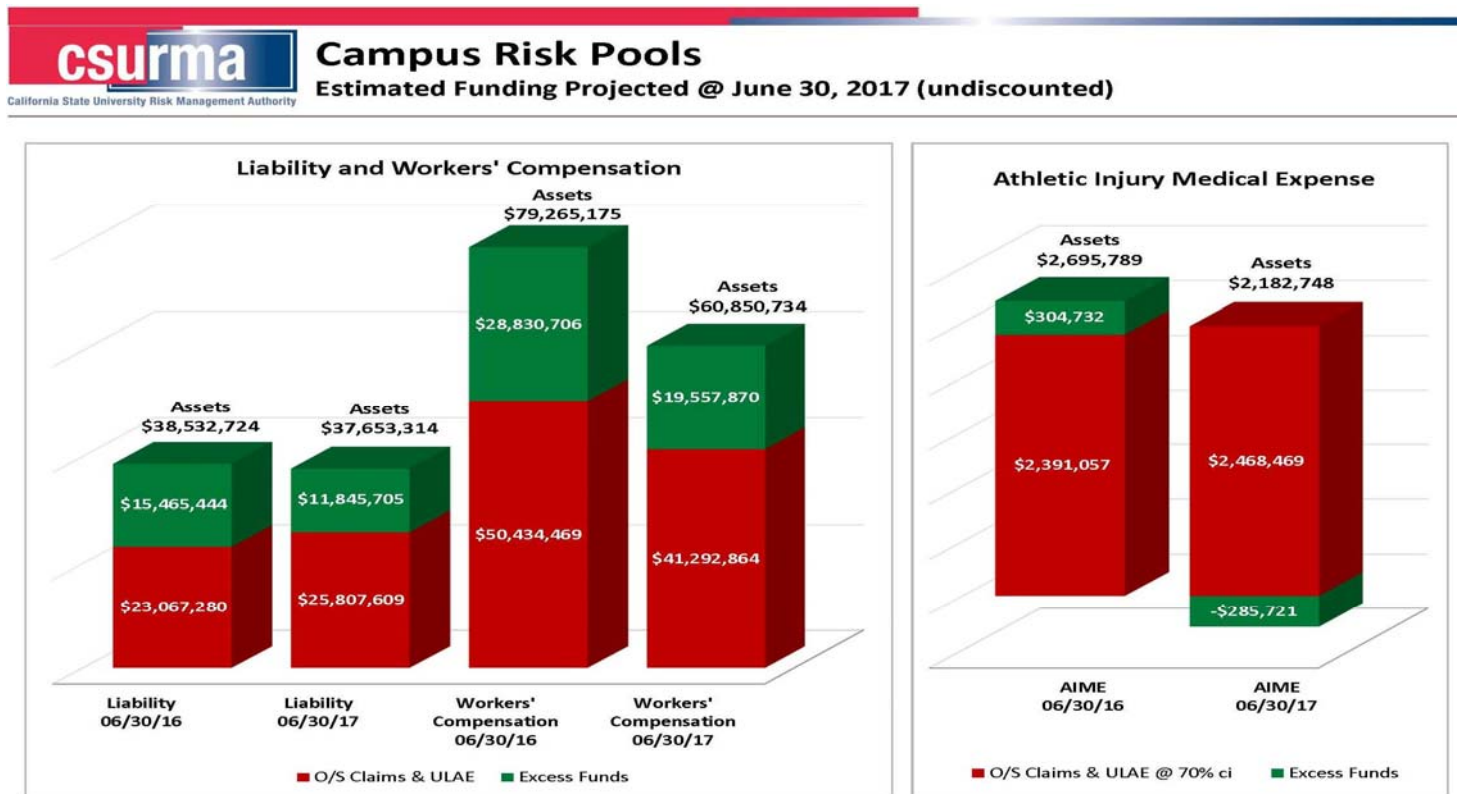
FINANCIAL PERFORMANCE

CSURMA adopted funding policies for each of its risk pools to ensure that each coverage program maintains adequate funds to meet its operating expenses, particularly the claims payment obligations for the current year, and for the outstanding claims liabilities as they become due, which in many cases can be years into the future. Alliant prepares Risk Pools Funding Status Reports, incorporating the findings and recommendations of CSURMA’s independent actuary and accountant, to help guide decision making for the Executive Committee and AORMA Committee in regards to rate setting and deposit contribution (premium) calculations, with the goals of maintaining safe financial risk margins, budget stability, and fairness to all members.

The following is a discussion of the funding status at June 30, 2017 for the Campus and AORMA risk pools, which are highlighted and depicted below:

Campus Risk Pools:

CSURMA adopted a funding policy to fund the Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense (AIME) coverage programs to at least a 70% actuarial confidence. This funding policy provides an additional risk funding margin of about 15-18% over expected losses, thus assuring members there are adequate funds to pay claims as they become due. As of June 30, 2017, all programs continue to be fully-funded per the funding policy, and actually exceed targeted funding goals (excess funds) as depicted below:



AORMA Risk Pools:

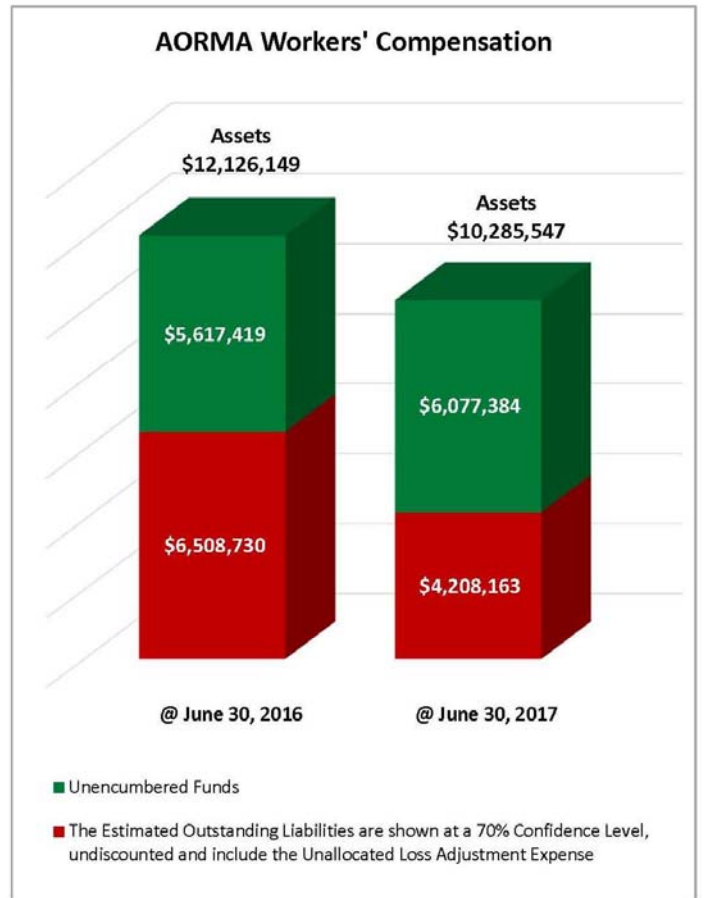
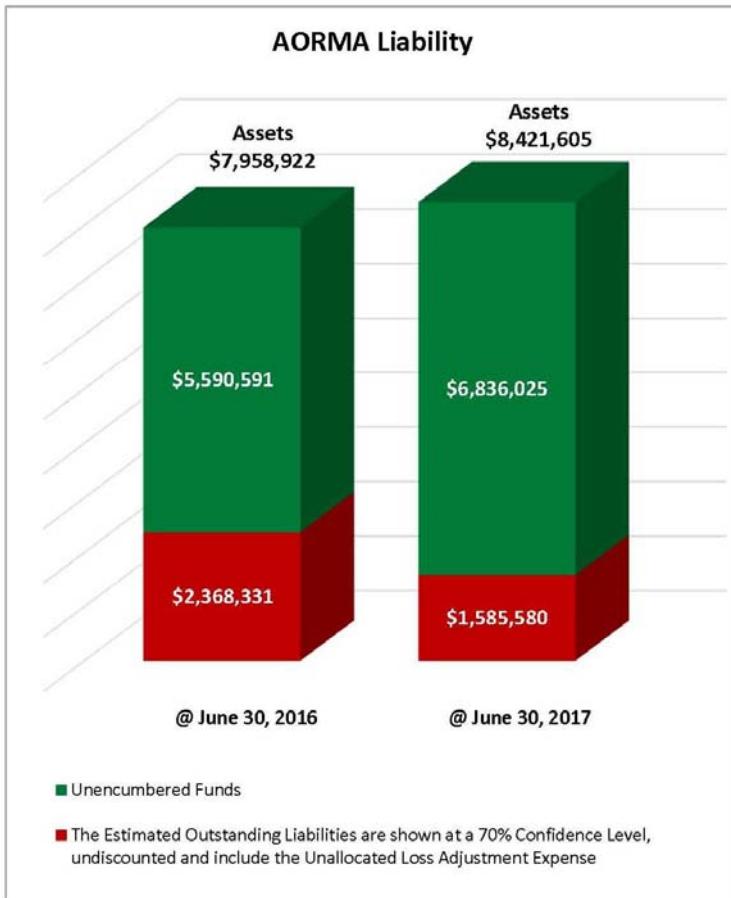
The AORMA Committee adopted a funding policy to fund the AORMA Liability and Workers' Compensation programs to at least a 70% actuarial confidence. This funding policy provides an additional risk funding margin of about 15-18% over expected losses, thus assuring members there are adequate funds to pay claims as they become due. As of June 30, 2017, all programs continue to be fully-funded per the funding policy, and actually exceed targeted funding goals (excess funds) as depicted below:



California State University Risk Management Authority
Auxiliary Organizations Risk Management Alliance

AORMA Risk Pools

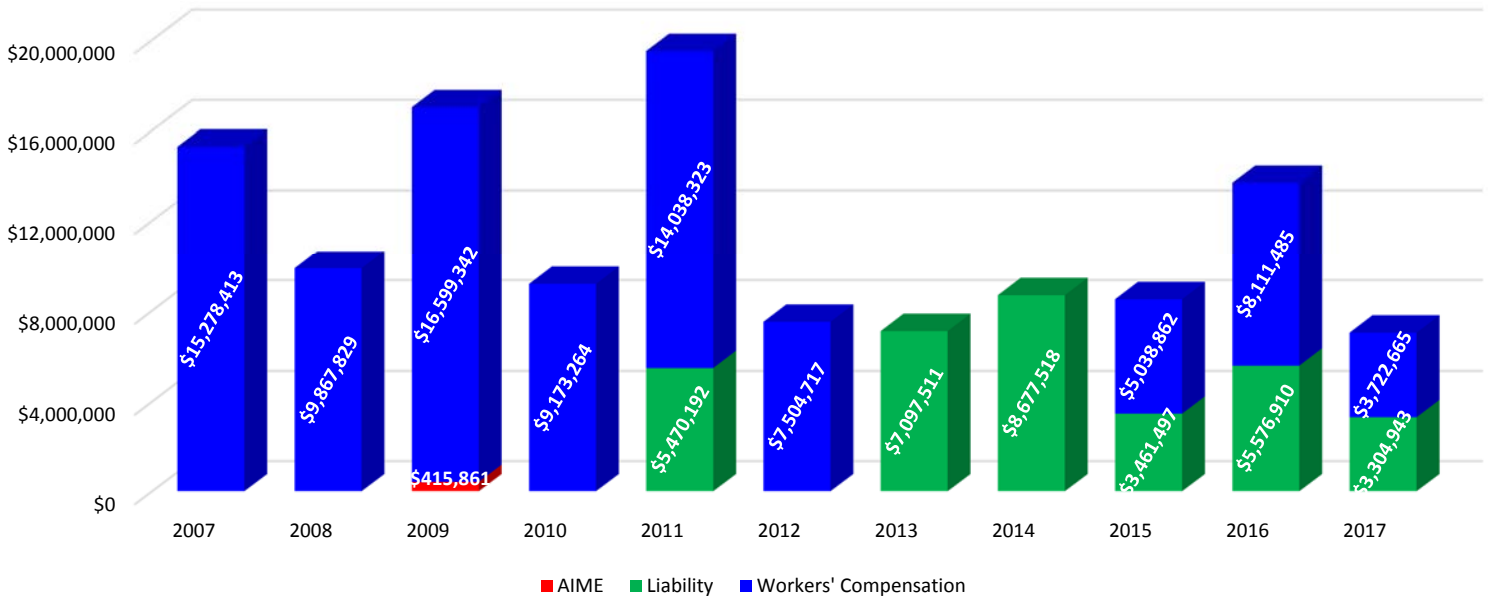
Estimated Funding Projected @ June 30, 2017 (undiscounted)



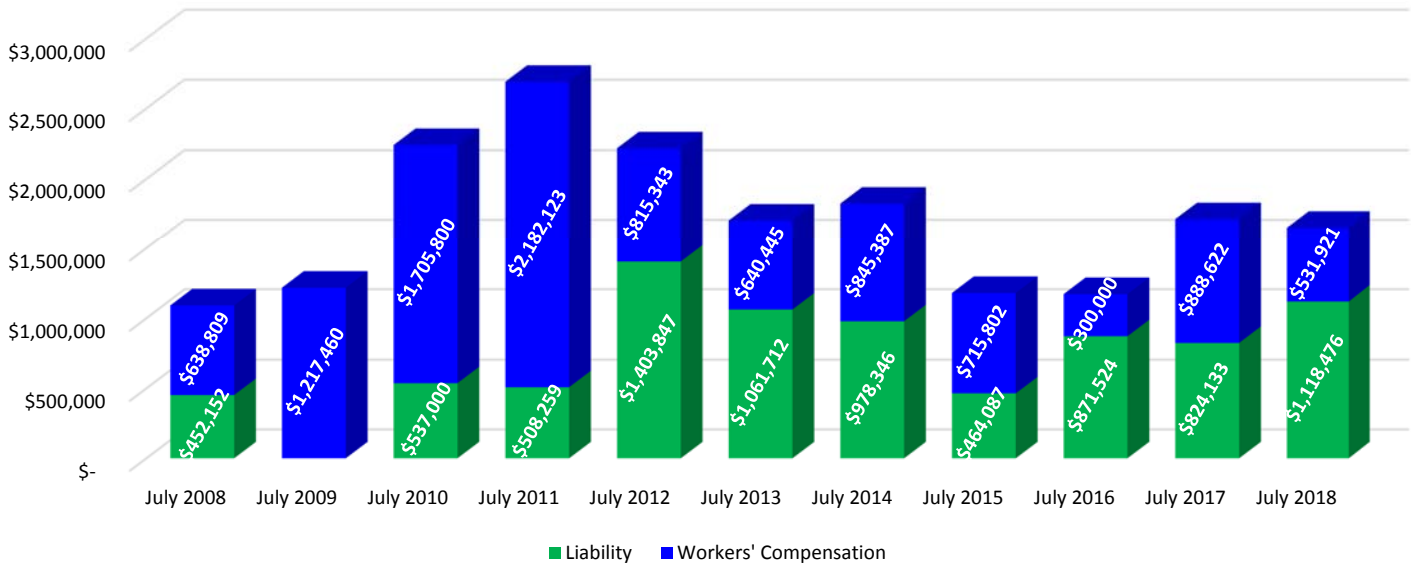
DIVIDENDS (Member Rewards)

CSURMA’s dedication to maintain the funding policies in the face of budget pressures at the State level enabled CSURMA to reward its members with distributions of excess reserve funds in the form of cash dividends. A history of the dividends paid to members is summarized in the following charts. **Through June 30, 2018, CSURMA returned dividends totaling \$140,390,183 to members**, which if commercially insured, the carriers would have reaped as underwriting profits rather than being restored to members as dividends.

Campus Programs Dividend Payments



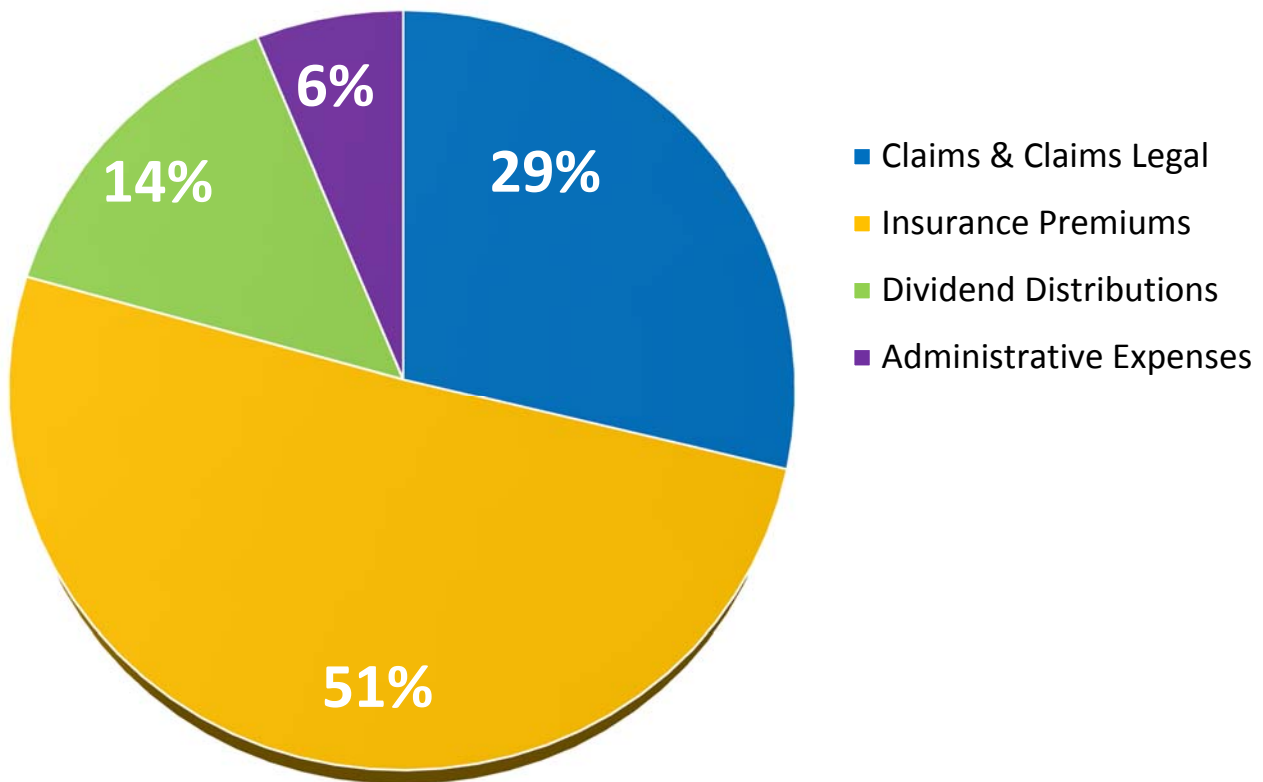
AORMA Programs Dividend Payments



PROGRAM ECONOMICS

The pie chart below shows a breakdown of expenses for the fiscal year ending June 30, 2017. Twenty-nine percent (29%) of your premium deposits were used to pay claims, or set aside to pay future claims, within the primary self-insured layer. Fifty-one percent (51%) was the cost to insure the group’s catastrophe claims through the purchase of excess insurance and reinsurance. Counting claims & claims legal expenses together with insurance premiums, eighty percent of your dollars was spent to finance your claims. CSURMA returned fourteen percent (14%) as cash dividends to members. Program Administration expense amounted to only six percent (6%) while continuing at a high level of service performance. This is a remarkable achievement when compared to similar joint powers insurance authorities which typically operate at a twelve to seventeen percent (12-17%) expense ratios.

CSURMA Program Expenses @ 06/30/17
"Your Premium Dollars at Work \$106,979,739"



COVERAGE PROGRAMS

Alliant manages a number of risk management and coverage programs for CSURMA that serve the University and its Auxiliary Organizations. In addition to program administration of CSURMA's risk pools (group self-insurance programs), Alliant places and manages a number of insurance and reinsurance policies to supplement and support CSURMA's coverage program structures. These are highlighted and described in the following sections:

CAMPUS PROGRAMS

Campus Liability Coverage Program

The Campus Liability Coverage Program was established to fund the exposures of General Liability, Errors & Omissions, Professional Liability, Employment Practices Liability, and other similar public liability exposures of the University system. The participants include all twenty-three (23) campuses of the CSU and the Chancellor's Office. The Campus Liability Coverage Program increased its self-insured limit from \$3,000,000 to \$5,000,000 per occurrence on July 1, 2010.

Each campus selects its own deductible, which is offered from \$35,000 to \$1,000,000 per occurrence. After three years, members have the opportunity to choose another deductible. The last deductible selection became effective July 1, 2014 and applicable to July 1, 2017. Concurrently every three years, the Executive Committee appoints a task group to review and recommend refinements, if any, to the rating plans to ensure the formulas used to allocate program costs remain responsive and equitable as respects CSURMA's goals and the needs of the University.

Auto Liability is provided by the State Motor Vehicle Insurance Account (MVIA) and managed by the Office of Risk & Insurance Management (ORIM) through the State's Department of General Services. MVIA's coverage for state-salaried employees is unlimited, but liability for non-state operators is capped at \$1,000,000 per accident. The Campus Liability risk pool purchases reinsurance to cover Auto Liability for non-state employees driving for University business from MVIA's \$1,000,000 self-retention limit to CSURMA's \$5,000,000 pool limit.

Additionally, CSURMA purchases excess/reinsurance to insure catastrophe risks above the \$5,000,000 self-retention limit from various commercial carriers in the global market.

Campus Workers' Compensation Coverage Program

The Campus Workers' Compensation Coverage Program was established to provide statutory Workers' Compensation and Employer's Liability coverage for all CSU state employees and designated volunteers at all campuses and the Office of the Chancellor. The program includes a risk pool and specific excess insurance. The risk pool is self-insured with no deductible and retains the first \$2,500,000 each occurrence. Claims in excess of the risk pool retention are covered by commercial insurance from the \$2,500,000 self-retention to the Statutory Workers' Compensation limits proscribed by the State of California.

Beginning January 1, 2015, CSURMA entered into an agreement with CSAC Excess Insurance Authority (EIA), the risk pool for California counties and other California public entities, to finance the university's Workers' Compensation claims covered by the Campus Workers' Compensation risk pool and AORMA Workers' Compensation risk pool. This financing strategy enables CSURMA to fund its workers' compensation claims at a cost less than the actuary's minimum funding recommendation while preserving CSURMA's funding policy and financial integrity. The agreement with EIA covers industrial injuries occurring from January 1, 2015 to June 30, 2018.

Campus IDL/NDI/UI Coverage Program

The Industrial Disability Leave/ Non-Industrial Disability Leave/ Unemployment Insurance (IDL/NDI/UI) program fund was established to provide a funding mechanism for temporary disability and unemployment insurance benefit for state employees. The IDL/NDI/UI program fund is entirely self-insured, and costs are allocated to the members based on each campus' actual utilization (claims) over a rolling five year period.

Campus Athletic Injury Medical Expense Coverage Program (AIME)

The Athletic Injury Medical Expense program (AIME) was established to provide coverage for medical expenses incurred by CSU students participating in NCAA and NAIA intercollegiate athletic activities. The AIME program replaced individual insurance programs previously purchased by the campuses.

The AIME program is self-insured for the members' deductible limit defined by the catastrophe coverage policies purchased by their respective national governing bodies, NCAA or NAIA. NCAA purchased catastrophe liability insurance on behalf of all its member schools with a \$90,000 deductible. NAIA purchased catastrophe liability insurance on behalf of its member schools with a \$25,000 deductible.

AIME's claims experience is annually reviewed by an independent professional actuary to develop loss projections and loss rates by sport. Alliant uses the actuary's recommendation to develop program costs each year in accordance with AIME's rating plan. Alliant's developed costs are then reviewed and approved by the AIME Committee in accordance with CSURMA's funding policy.

A special task group was convened in Spring 2015 by the AIME Committee to review AIME's rating plan. The AIME Committee adopted modifications to the rating plan to reflect program maturity and cost allocation weighted more in favor of actual utilization (claims) by member. The revised rating plan is effective beginning FY 2015/16.

Campus Property Coverage Program

The Campus Property coverage program was established to provide Property and Boiler & Machinery Insurance covering physical damage to buildings and other specified structures. Building contents (furnishings, equipment, etc.) may also be covered as may be required by bond covenants. The program insures all CSU campuses and the Chancellor's Office. CSU chose to not purchase coverage for Earthquake because of the high cost for that insurance, unless Earthquake insurance is specifically required by bond covenants.

Beginning July 1, 2013, CSURMA changed its coverage structure from insurance to reinsurance to save costs, specifically in regards to premium taxes and associated fees. The Campus Property coverage program is now fully reinsured by a syndication of insurance companies known as the Alliant Property Insurance Program (APIP), an Alliant exclusive designed for public entities to empower market negotiations. Until July 1, 2010, CSURMA purchased a Deductible Buy-Down policy to provide coverage from \$100,000 to \$1,000,000 within the program's \$1,000,000 deductible limit. Beginning July 1, 2010, CSURMA self-insured the Deductible Buy-Down to an aggregate limit of \$2,000,000 for all losses subject to the Deductible Buy-Down (i.e., \$900,000 excess \$100,000 deductible). All campuses except San Diego State University participate in the Deductible Buy-Down plan.

Campus 99 was created as a special designation to provide Property insurance at a deductible lower than the standard \$100,000 for campuses. Campus 99 is designed to enable CSU auxiliary organizations who occupy state-owned buildings to enjoy deductibles from \$5,000 to \$100,000.

Campus 86 provides an option for campuses to insure its business personal property (i.e., building contents) at deductibles less than \$100,000. Campuses have used Campus 86 to insure higher-valued and specialized items such as electronic data processing equipment, laboratory equipment, scientific instruments, library stacks, fitness & recreation equipment, etc.

Campus Crime Program

The Campus Crime program insures the University covering all state employees for Employee Fidelity, including faithful performance of duties, theft of monies & securities, counterfeit, fraud, computer crime, and other misappropriation of the University's funds. The coverage is excess of a \$250,000 deductible.

Student Professional Liability Insurance Program (SPLIP)

On August 1, 2006 CSU purchased a systemwide professional liability insurance program to provide coverage for students enrolled in the Nursing, Allied Health or Education internship curricula. This systemwide program is designed to satisfy the requirements of host institutions that students maintain professional liability insurance in order to participate in programs offered under affiliation agreements with the University. The program includes professional and personal liability coverage with broad protection for the students, affiliates and the University. SPLIP provides coverage limits up to \$5 million per occurrence with a \$25 million annual aggregate.

Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP)

On July 1, 2007 CSU purchased the Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP) to provide coverage for students involved in the University's service learning programs while performing service or volunteer work for academic credit. SAFECLIP similarly covers CSU students in Radio, Television or Film academic programs. This systemwide program is designed to satisfy the requirements of host institutions that students maintain liability insurance in order to participate in programs offered under affiliation agreements with the University. The program includes professional and personal liability coverage with broad protection for the students, affiliates and the University. SAFECLIP provides coverage limits up to \$5million per occurrence with a \$10 million annual aggregate.

Fine Arts, Artifacts & Archives Program (FAAAP)

FAAAP provides coverage for art objects that are owned or lent to the university. Coverage includes transit risk while the art objects are transported to or away from the campus; i.e., coverage is “nail-to-nail” or “wall-to-wall”. All art objects up to \$2,500,000 in value are automatically covered with no deductible (except 10% for damages caused by EQ). There is no reporting requirement, and an appraisal is not needed, unless the value of the covered object/collection is more than \$2,500,000.

AORMA PROGRAMS

The CSU Auxiliary Organizations coverage programs operate within CSURMA as the Auxiliary Organizations Risk Management Alliance (AORMA). Alliant works with a dedicated committee composed of executive officials who are elected from among AORMA members. Participation in the program is voluntary. AORMA coverage programs include:

AORMA Liability Program

The AORMA Liability program was established on July 1, 2002 to provide liability insurance coverage for participating Auxiliary Organizations. The Liability coverage includes General Liability, Automobile Liability, Directors’ & Officers’ Liability, Employment Practices Liability, Professional Liability, and Fiduciary Liability. The AORMA Liability Fund is self-insured for the first \$5,000,000 of each occurrence. AORMA purchases reinsurance in the amount of \$4,500,000 excess of \$500,000. Therefore, AORMA’s self-insured layer retains only \$500,000 of each occurrence. Additional coverage excess of the \$5,000,000 limit is provided by AORMA’s participation in the Campus Liability excess insurance placements.

AORMA Workers’ Compensation Coverage Program

The AORMA Workers’ Compensation program is self-insured for the first \$750,000 of each occurrence. Excess insurance is purchased from a commercial insurer to provide statutory limits excess of the \$750,000 self-insured limit for Workers’ Compensation, and to \$5,000,000 per occurrence for Employers’ Liability.

Beginning January 1, 2015, CSURMA entered into an agreement with CSAC Excess Insurance Authority (EIA), the risk pool for California counties and other California public entities, to finance the university’s Workers’ Compensation claims covered by the Campus Workers’ Compensation risk pool and AORMA Workers’ Compensation risk pool. This financing strategy enables CSURMA to fund its workers’ compensation claims at a cost less than the actuary’s minimum funding recommendation while preserving CSURMA’s funding policy and financial integrity. The agreement with EIA covers industrial injuries occurring from January 1, 2015 to June 30, 2018.

AORMA Property Program

The AORMA Property Coverage Program has a shared risk layer of \$100,000 per occurrence with an aggregate stop loss limit of \$250,000. Member deductibles are \$5,000 for business personal property and business interruption / loss of rents. The member deductible for real property is based on the Total Insurance Value (TIV) of the building as shown below:

TIV \$10,000,000 or less	\$5,000
TIV between \$10,000,001 and \$25,000,000.....	\$10,000
TIV between \$25,000,001 and \$50,000,000.....	\$25,000
TIV \$50,000,001 or more	\$50,000

If the claims paid out of the shared risk layer exceed the \$250,000 aggregate limit, the insurer then pays all claims in excess of the members’ selected deductibles. All members in the AORMA Liability program automatically participate in the AORMA Property program.

AORMA Crime Program

The AORMA Crime program has a shared risk layer of \$25,000 per occurrence with an aggregate stop loss limit of \$100,000. All members have a deductible of \$5,000. If the claims paid out of the shared risk layer exceed the \$100,000 aggregate limit, the insurer then pays all claims in excess of the members’ selected deductibles. All members in the AORMA Liability program automatically participate in the AORMA Crime program.

AORMA Unemployment Insurance Program (UIP)

The AORMA Unemployment Insurance program was established July 1, 2011 and is the successor to the Auxiliary Organization Unemployment Insurance Trust (AOUIT). The AORMA UIP was established to provide a funding mechanism for the mandatory unemployment benefits program. The UIP is entirely self-insured and costs are allocated to the UIP members based on the members’ actual claims over a five-year period.

CAMPUS and AORMA PROGRAMS

Builder’s Risk Insurance Program (BRIP)

CSURMA implemented the Builder’s Risk Insurance Program (BRIP) beginning July 1, 2005. BRIP covers direct physical loss to the University’s and/or the Auxiliary Organizations’ construction projects in the course of construction. All Major Capital Improvement Projects are to be insured by the BRIP in place of the contractor’s insurance. The program is managed by Alliant and CSU’s Capital Planning Design & Construction (CPDC) department at the Chancellor’s Office. This program includes coverage for Earthquake damage that is self-funded by the University.

Owner-Controlled Insurance Program (OCIP)

The Owner-Controlled Insurance Program (OCIP) was implemented in January 2012 to cover major building projects of the University and Auxiliary Organizations with initial total construction cost of \$10,000,000 and more. Realizing the cost savings and effective administration of CSURMA’s Builder’s Risk Insurance Program (BRIP), the Office of the Chancellor Capital Planning Design & Construction (CPDC) expanded BRIP to include General/Completed Operations Liability and Workers’ Compensation coverage for all contractors doing work on CSU building projects.

Club Sports Insurance Program

The Club Sports Insurance Program was launched on August 1, 2012. The program is designed to cover CSU students for medical expense due to accidental injuries while participating in the University’s or Auxiliary Organization’s club sports programs that are officially recognized by the

University as a student organization. Beginning August 1, 2013, the program was expanded to include Intramural and Recreational sports. The program maintains a risk pool for primary accidental medical expense up to a \$30,000 limit per accident, subject to a \$100 deductible. The deductible operates to preclude “first aid” claims, and to promote safe play. Catastrophe accident medical expense coverage is provided by commercial insurance to \$5,000,000 lifetime benefit. Additionally, the program purchases primary General Liability insurance with a \$1,000,000 limit; no deductible.

Drone Insurance Program (DRIP)

This new program was launched on July 1, 2017 and covers aviation risk on a blanket basis for liability arising from small drones that are owned, non-owned or hired by the University or its Auxiliary Organization. Coverage is limited to \$50 million, with no deductible. Coverage is automatic, and for non-commercial uses of small drones only. As such, there is no need to report your drones; however, CSURMA will conduct a survey on drone usage annually. Coverage can also be purchased to insure the hull; i.e., physical damage or loss to the drone itself and its equipment.

Rocketry Liability

CSURMA purchases a special Aviation Liability insurance policy to facilitate coverage for the university’s liability arising from rocketry activities. Coverage is limited to \$5 million maximum; i.e., there are no excess coverage limits. Rocket launches must be pre-approved by the insurer, and must be launched from approved sites; i.e., registered launch sites in the Mojave Desert. Please call your Program Administrator for further information and premium quote.

MISCELLANEOUS PROGRAMS

Difference-in-Conditions Insurance Program (Earthquake)

Difference-in-Conditions (DIC) coverage for Earthquake losses is not provided as part of CSURMA’s blanket coverage, but can be purchased on a stand-alone basis for any member wishing to secure this insurance.

Participant Accident Insurance Program (PAI)

Participant Accident Insurance provides coverage for a broad range of non-employer groups. Its primary benefit—accident medical insurance—is designed to provide insurance protection for participants of a group or organization while they are engaged in the group's sponsored activities. The plan is sold as blanket coverage, purchased by a group for all of its participants.

Student Travel Accident Insurance

Beginning in 1994, CSU purchased the Student Travel Accident policy to provide medical expense coverage for injuries to CSU students (including Extended Education Program students) during travel to or from campus to participate in a school sponsored activity. In 2014 the policy limit was increased to \$50,000 with a \$0 deductible. Additionally, coverage for overnight supervised and sponsored travel is included for up to 14 days.

Foreign Travel Insurance Program (FTIP)

This program provides coverage for employees and students while traveling outside the United States. The program provides General Liability, Contingent Auto Liability, Employee Benefits Liability,

Employers Responsibility, Employee Voluntary Compensation, Employers Liability, Primary Accident and Sickness, Accidental Death and Dismemberment, and Executive Assistance Services. Beginning July 1, 2014, FTIP added an “Overlay” coverage to supplement the insurance mandated by certain third-party travel program providers under approved agreements with the University. Specifically, the overlay coverage extends FTIP’s Liability insurance that is not otherwise provided by certain third-party programs.

Inland Marine Insurance Program

This is a specialized form of insurance to cover physical damage to specific objects such as: computer and other EDP equipment including media and laptops; scientific and laboratory equipment; cameras, audio, industrial lighting; fine arts; valuable collections; specialized mobile equipment; etc. Rates are based on the type of equipment insured.

Public Entity Automobile Physical Damage Program

CSU participates with select public entities in the Public Entity Automobile Physical Damage Program. The program was designed specifically for public agencies including CSU with a limited number of higher valued vehicles. The program was expanded to include other types of vehicle and mobile equipment.

The insurance is an “All Risk” Equipment Floater including earthquake and flood for scheduled equipment on file with the insurer. Claims are adjusted on a replacement cost basis. The deductible varies for each member as selected annually. The plan covers all risks of direct physical loss or damage from any external cause, including salvage charges, except perils excluded.

Non-Owned Aircraft Liability Insurance

As CSU occasionally uses non-owned aircraft for university business, effective July 1, 2011 a special Aviation Liability policy was placed to insure against non-owned aircraft liability. Because of the increased exposure in athletics and in international travel, air travel involving faculty, staff, students, and auxiliary organizations makes this insurance essential, and it is relatively inexpensive. Beginning July 1, 2014, the insurance was expanded to offer Aircraft Liability coverage for unmanned aerial systems (UAS) aka: “drones” operated by the University. The coverage for drones was replaced by a special blanket policy effective July 1, 2017 (see discussion above regarding the Drone Insurance Program “DRIP” for more info).

Special Events Liability Insurance Program

The Special Events Program of Alliant offers premises liability coverage for a broad range of events held by underinsured third parties in public assembly facilities. The program has the added feature of allowing the CSU and its auxiliary organizations to insure its own events as circumstances warrant. The three coverage components are:

- *Tenant/User Liability* – Coverage is provided for events held or sponsored by companies, organizations, or individuals that have been permitted to use a campus or auxiliary organization meeting room or other facility. Liability insurance protects the owner and the user of the facility. The campus or auxiliary organization determines the premium for the event based on published rates and provides a certificate of insurance to the user. Reports of covered

events, copies of certificates, and payment of premium are remitted to Alliant on a quarterly basis.

- *Instructor/Recreation Classes* – This provides coverage for events that are instructional to participants. Also covered are instructors who are not employed by the campus or auxiliary organization but who provide instructional services for a fee. The events are reported quarterly to Alliant, premiums are determined and certificates are issued to the instructor. Participant coverage requires signed waivers and prior approval from the underwriter.
- *Nominee Events* – Coverage is offered for events held or sponsored by a campus or auxiliary organization itself or by any of its departments. Coverage can be expanded to cover co-sponsors if desired. This is not a self-rated program, and events must be approved and rated by Alliant, who issues the insurance certificates.

Vendors / Contractors Liability Insurance Program

The Vendors/Contractors Program was developed to meet the needs of public entities such as CSU for those situations when the public entity enters into a contract with a contractor/vendor, and the contractor/vendor is unable to provide the insurance required. The program allows the contractor/vendor to purchase General Liability insurance for the work to be performed for the University or Auxiliary Organization at a significantly reduced cost.

Watercraft Insurance Program

The Watercraft Insurance program provides Hull and Machinery Insurance, Collision and Towing Liability coverage, Protection and Indemnity Liability coverage. This is not blanket coverage; each vessel must be reported and scheduled on the policy.

MILESTONES – A Proud History of Accomplishments

Alliant is proud of its history of developing and implementing meaningful and cost effective coverage programs for CSU since the establishment of the Campus Risks Pool in 1995 and its successor joint powers authority, CSURMA, in 1997. Many of the coverage programs for the University, and including the formation of the Auxiliary Group Purchase Insurance Program (AGPIP) for auxiliary organization members, which evolved into Auxiliary Organizations Risk Management Alliance (AORMA), remain viable today and continue to provide highly-valued, cost-effective, state-of-the-art protection for all its member participants.

These accomplishments for CSU campuses and auxiliary organizations can be considered “Milestones” for CSURMA. From the establishment of the risk pools, formation of the joint powers authority, creation of additional coverage, development of loss-sensitive yet equitable rating plans, commissioning independent professional actuarial reviews, setting budget goals to ensure adequate funding, measuring rating adequacy, and recommending dividends to members, to the more recent challenges addressing sound program management that is expected of a public joint powers insurance authority and the administrative expectations of CSU’s Internal Auditors to ensure fiscal responsibility, Alliant has welcomed and embraced these essential tasks and responsibilities for the betterment of all CSURMA members.

The Milestones are highlighted in a chart on pages 20, 21 and 22.

2016/2017 – A Year of Challenges and Performances

There have been many challenges during the past fiscal period, which the dedicated members of Alliant have risen to meet and resolve for CSURMA. The major challenges of the year and how Alliant responded for the Campuses and Auxiliary Organizations are highlighted below.

Campus Programs:

1. Implemented new Drone Insurance Program (DRIP) to provide automatic coverage for small unmanned aerial systems operated by the university for non-commercial purposes.
2. Collaborated with systemwide risk management to revise the Risk Management Grants program, and drafted revisions to the policies & procedures.
3. Implemented new Watercraft Liability insurance program.
4. Convened a special task group to examine the Campus WC X-Mod rating formula, explored alternative methods, and drafted the final report on the task group’s findings and recommendations.
5. Conducted Campus Workers’ Compensation performance audit of Sedgwick claims services.
6. Managed the claims services performance audit for Campus Liability and AORMA Liability risk pools with the independent auditor and third-party administrators.
7. Implemented new Earthquake coverage for all campuses and auxiliary organizations with coverage triggers based on parametric measurements.
8. Participated in CSU-CCC-UC Higher Education Collaborative Conference at UC Irvine.

9. Conducted monthly meetings of the Campus Workers' Compensation Coordinators.
10. Conducted on-campus meetings with Campus VPs, Risk Managers, and Auxiliary Organizations.
11. Conducted CSURMA Orientation for new risk managers, Executive Committee members, and AORMA Committee members.
12. Calculated premium deposits and funding recommendations for all Campus programs.
13. Coordinated and managed new construction and major renovation projects with Capital Planning Design & Construction (CPDC), and reconciling project premiums with the insurer.
14. Managed application forms for Risk Reduction Incentive Grants for Health & Wellness and Loss Control & Safety.
15. Prepared Educational Memos for Workers' Compensation Coordinators.
16. Workers' Compensation Claims Settlement Authorization Requests (SAR) review and discussions – ongoing.
17. Investigation Vendor Panel and Oversight Program – annual review.
18. Calculated and presented Deductible Options for Campus Liability Program.
19. Calculated Risk Pools Funding Status and Potential Dividends
20. Assisted Accounting staff in preparation for the annual independent financial audit.
21. Assisted in finalizing the term of the contract for Prevention of Sexual Abuse of Minors with Praesidium
22. Assisted in the implementation of Ventiv Technology for claims database and risk management information systems - ongoing.
23. Assisted in benchmarking Campus Workers Compensation claims in comparison to CWCI database - ongoing.

AORMA Programs:

1. Reviewed Policy and Procedure W-3 Claims Handling Procedures and Guidelines, Policy and Procedure L-8 Liability Program Member Allocation Formula, and Policy and Procedure A-2 AORMA Committee and Standing Committee Roles and Responsibilities and recommended changes for the AORMA Committee's approval
2. Calculated premium deposits and funding recommendations for all AORMA programs
3. Prepared and presented the Target Surplus Funding Report and Dividend Calculation for the AORMA Committee's review and approval
4. Revised the AORMA Liability Program memorandum of coverage
5. Performed the AORMA Workers' Compensation Program Claims Administration Audit
6. Assisted the AORMA Committee in reviewing the maximum allowable hourly rate for legal counsel
7. Worked with the AORMA Committee to establish its long range action plan for FY 16/17
8. Assisted CSURMA AORMA and Systemwide Professional Development in transitioning the Member's online training platform from Target Solutions to SkillPort
9. Continued to assist in the benchmarking initiative by securing services from the California Workers' Compensation Institute and Ventiv
10. Creation of a watercraft program

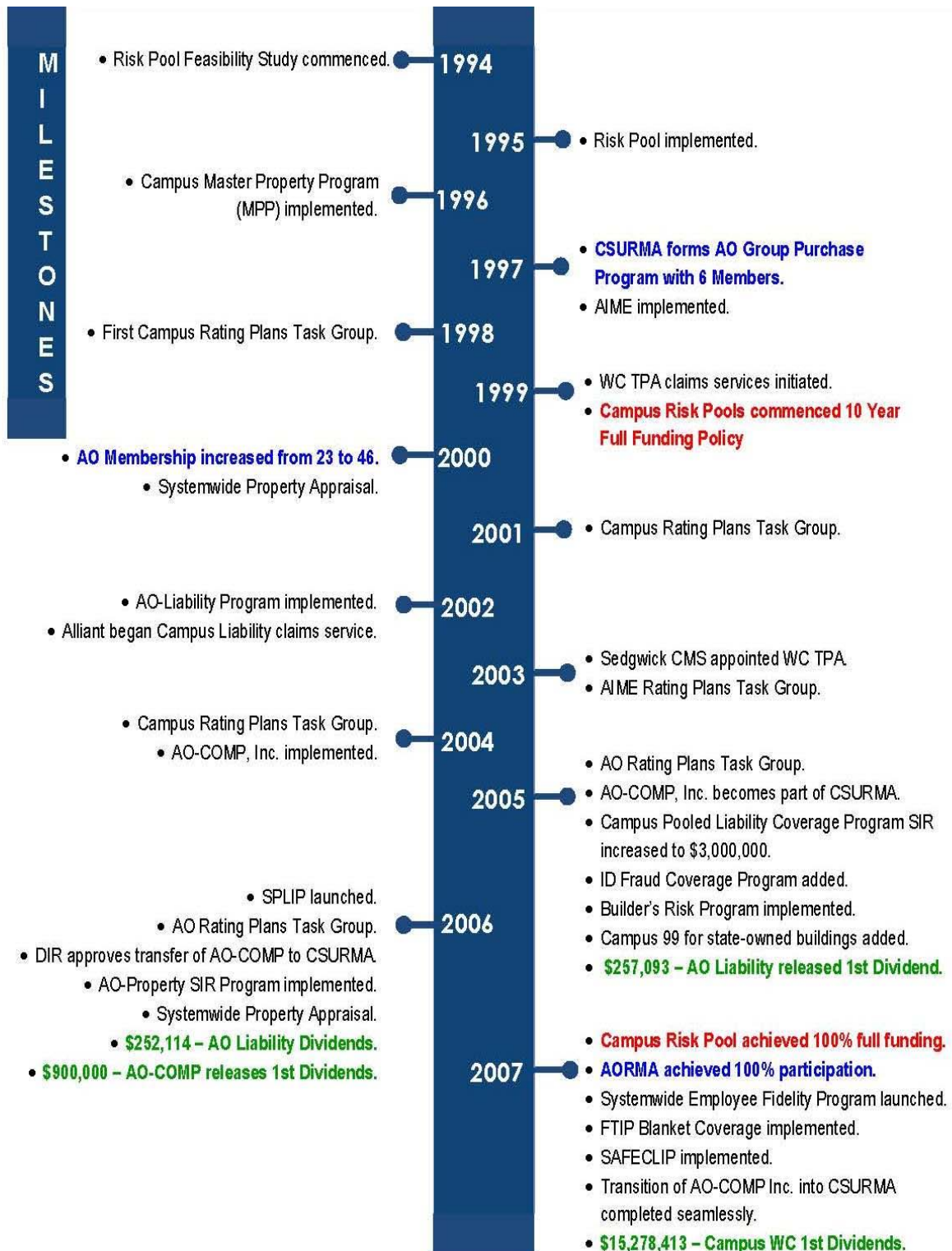
11. Reviewed Policy and Procedure UI-1 (Formula for Determining UIP Annual Deposit), Policy and Procedure A-4 (Dividends and Assessments), and Policy and Procedure W-1 Workers' Compensation Program Member Allocation Formula and recommended changes for the AORMA Committee's approval
12. Reviewed Policy and Procedure A-1 (AORMA Committee Composition, Elections and Terms Limits), A-7 (Travel Reimbursement Policy), C-1 (Crime Program Member Allocation Formula), L-5 (Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations), L-7 (Employment Practices Deductible Options), and P-1 (Property Program Member Allocation Formula) and recommended changes for the AORMA Committee's approval
13. Worked with the AORMA Committee to secure an additional three-year contract for the HR Consulting Services through the Employers Group
14. Worked with the AORMA Committee to secure an additional one-year contract with Alliant for Risk Control Consulting
15. Provided input for the Programs Committee to consider when conducting their every three-year allocation formula review; suggested several changes to enhance each program

JPA Administration:

1. Conducted an "Orientation to CSURMA" for all members via webinar.
2. Drafted and managed the distribution of meeting agendas, and participated in meetings for the Board of Directors, Executive Committee, AORMA Committee, AIME Committee, and several subcommittees and task groups.
3. Prepared the updated version of the Service Calendar
4. Requested and updated the Campus Presidents' appointments to the CSURMA Board of Directors
5. Requested and updated the Campus Presidents' Claims Settlement Authority for both the Campus Liability and Workers' Compensation Risk Pools
6. Requested and updated the Campus Presidents' delegation of approval for travel to high hazard countries

The accomplishments described above highlight Alliant's role in supporting CSURMA's achievements during the year. These would not have been possible without the commitment and professionalism of the Alliant team members working with CSU's Systemwide Office of Risk Management and with the Campuses' and Auxiliary Organizations' leadership.

CSURMA Milestones



M I L E S T O N E S

- Identity Fraud Expense Reimbursement coverage for AORMA member employees added.
 - Cyber Liability Program added.
 - AORMA WC Class Code consolidation completed.
 - **\$1,090,961 – AO-COMP Dividends.**
 - **\$9,867,829 – Campus WC Dividends.**

- Campus WC On-Time reporting: 96%
 - Foreign Travel Insurance Program (FTIP) enhanced.
 - AIME catastrophic coverage enhanced.
 - Fiduciary Liability coverage added.
 - HR support counseling added for AORMA members.
 - Systemwide Property Appraisal.
 - AORMA Bulletins launched.
 - AORMA Toolkit updated.
 - CSU IRIC Manual updated.
 - **AORMA UIP launched, freeing up over \$10 million reserves for members.**
 - AORMA Risk Reduction Incentive Plan implemented.
 - **Independent review of CSURMA administration shows programs are in good position relative to CAJPA standards.**
 - **\$2,242,800 – AORMA Dividends.**
 - **\$9,173,264 – Campus Dividends.**

- CSU International Programs launches (CSUIP).
 - Owner Controlled Insurance Program (OCIP) implemented.
 - Facilities Use Agreement template for auxiliary organizations published.
 - Regional trainings for IRIC manual completed.
 - Club Sports Insurance Program (CSIP) implemented.
 - **AIME achieved 100% campus participation.**
 - **\$2,219,190 – AORMA Dividends.**
 - **\$7,504,717 – Campus Dividends.**

- Campus WC on-time reporting: 90%
 - SELF XS Liability program replaced.
 - **CSURMA and AORMA logos developed.**
 - **\$415,861 – AIME released 1st Dividends.**
 - **\$1,217,460 – AORMA Dividends.**
 - **\$16,599,342 – Campus WC Dividends.**

- Campus WC On-Time reporting: 93%
 - Self-insured layer for Campus Property program added (savings of over \$3 million per year).
 - Change Management Training for all campuses.
 - **Digitization of CSURMA records completed.**
 - **\$2,690,382 – AORMA Dividends.**
 - **\$5,470,192 Campus Liability Dividends.**
 - **\$14,038,323 – Campus WC Dividends.**

- CSU Doctor's Medical Practice Program added.
 - **csurma.org website re-launched.**
 - Campus Liability claims audit completed.
 - AIME claims audit completed.
 - AORMA Liability claims audit completed.
 - Intramural/Recreational Sports added to CSIP.
 - **\$1,702,157 – AORMA Dividends.**
 - **\$7,097,512 – Campus Dividends.**

2014

- Theater Safety Risk Management rolled out.
- Unmanned Aerial Systems (“Drones”) coverage added to Campus Liability.
 - Campus members offered option for new deductibles for Liability coverage.
- Rating Plans Task Group for Campus Risk Pools.
- Rating Plans Task Group for Student Insurance Programs.
 - Campus Property Program restructured as reinsurance.
- Auto Physical Damage coverage for rented RVs and limousines added.
 - CSU IRIC Manual updated.
 - Shoes for Crews Program launched.
 - **\$1,823,733 – AORMA Dividends.**
 - **\$8,677,518 – Campus Dividends.**

2015

- Independent operational review of CSURMA administration concluded program management is in good position relative to CAJPA standards.
- AORMA revisions to the member allocation formulas finalized.
- CSURMA Website redesigned.
- AORMA coverage for Drones added.
- CSURMA joined CWCI for workers’ compensation benchmarking.
- Club Sports program expanded to include intramural and recreational sports.
- Risk Management Innovation Grants added.
- Rocketry Liability coverage added.
- Online services & training for Prevention of Sexual Abuse of Minors added.
- Agility Recovery Property Loss Program added.
- Campus and AORMA workers’ compensation programs reinsured by CSAC EIA.
- Participated in CSU-CCC-UC collaborative business conference at UC Riverside.
 - **\$1,179,889 – AORMA Dividends.**
 - **\$8,500,359 – Campus Dividends.**

2016

- Campus 86 for Campus Personal Property coverage added
- Fine Arts, Archives & Artifacts Program (FAAAP) implemented.
 - Operation “Double Play” – successful implementation of WC claims closure initiative to reduce claims volume and outstanding liabilities of long-term files.
- Implemented e-filing of the state required Conflict of Interest disclosure statements (Form 700).
 - Property Appraisals – comprehensive on-site building appraisals for insurance valuation purposes completed for all members.
- Participated in CSU-CCC-UC collaborative business conferences at CSU Sacramento.
- Campus Rating Plans Task Group – reviewed and updated rating formulae for campus risk pools.
 - **\$1,171,524 – AORMA Dividends.**
 - **\$13,688,395 – Campus Dividends.**

2017

- Drone Insurance Program (DRIP) implemented.
- Risk Management Grants revised to systemwide projects through WERCS affinity groups.
- Watercraft Liability Program implemented.
- AORMA Rating Plans Task Group - enhancements made to allocation formulas.
- Campus WC experience modification (X-Mod) rating review completed.
- Campus Liability, AORMA Liability, and Campus WC claims audits completed.
- EQ Parametric Coverage added to Campus & AORMA Property Programs
- Participated in CSU-CCC-UC CA Higher Education Collaborative (CHEC) conference at UC Irvine.
 - **\$1,712,755 – AORMA Dividends**
 - **\$7,027,608 – Campus Dividends**

LOOKING AHEAD - Opportunities for Improvement

In serving such a vibrant and growing program, Alliant recognizes there are opportunities for improvement in its performance. As a result of our internal review and planning process, we have identified the following priority opportunities for improvement which are contained in the 2017/18 CSURMA Long Range Action Plans:

Campus Programs Long Range Action Plan

- LRP-1: Create a Special Events Resource Guide. Implement risk management training for special events.
- LRP-2: Implement a Risk Management Information System and Provide Regular Reporting
- LRP-3: Complete cost / benefits analysis for a captive insurance company to operate within CSURMA.
- LRP-4: Visit Campus VPs to provide updates on CSURMA
- LRP-5: Provide information to the membership regarding the risk management and loss control services available through CSAC-EIA
- LRP-6: Revise member loan policy to apply to risk management projects
- LRP-7: Explore and evaluate alternate investment strategies.
- LRP-8: Review and consider the purchase of Systemwide earthquake coverage with a parametric trigger
- LRP-9: Revise the Risk Management Innovation Grant Program to apply only to projects proposed by the affinity groups
- LRP-10: Create risk management / loss control workers' compensation projects based on the CWCI data
- LRP-11: Create a marine program to cover watercraft owned by campus and auxiliary organization members
- LRP-12: Provide assistance and oversight to the AOA
- LRP-13: Formation of a student health program
- LRP-14: Review and modification if appropriate the Workers' Compensation Experience Modification calculation

AORMA Programs Long Range Action Plan

- LRP-1: Workers' Compensation Program Growth
- LRP-2: Student Clubs Insurance Program
- LRP-3: Evaluation of participation in the CSU captive vehicle
- LRP 4: Development of Recreation Center Good Practices
- LRP 5: Formation of AORMA Benefits Program
- LRP 6: Preparation and Distribute the CSURMA 20th Anniversary Report
- LRP 7: Disseminate CSAC EIA Risk Management / Safety Services

Alliant expects there to be other opportunities for improving our performance, and we encourage CSURMA members to assist us by bringing performance improvement items to our attention. The service team regards working with the CSURMA as an exciting opportunity with our professional

promise to provide the highest level of services. We are committed to improving our effectiveness and value to all members. We appreciate your support and encouragement as we move forward.

CALENDARS

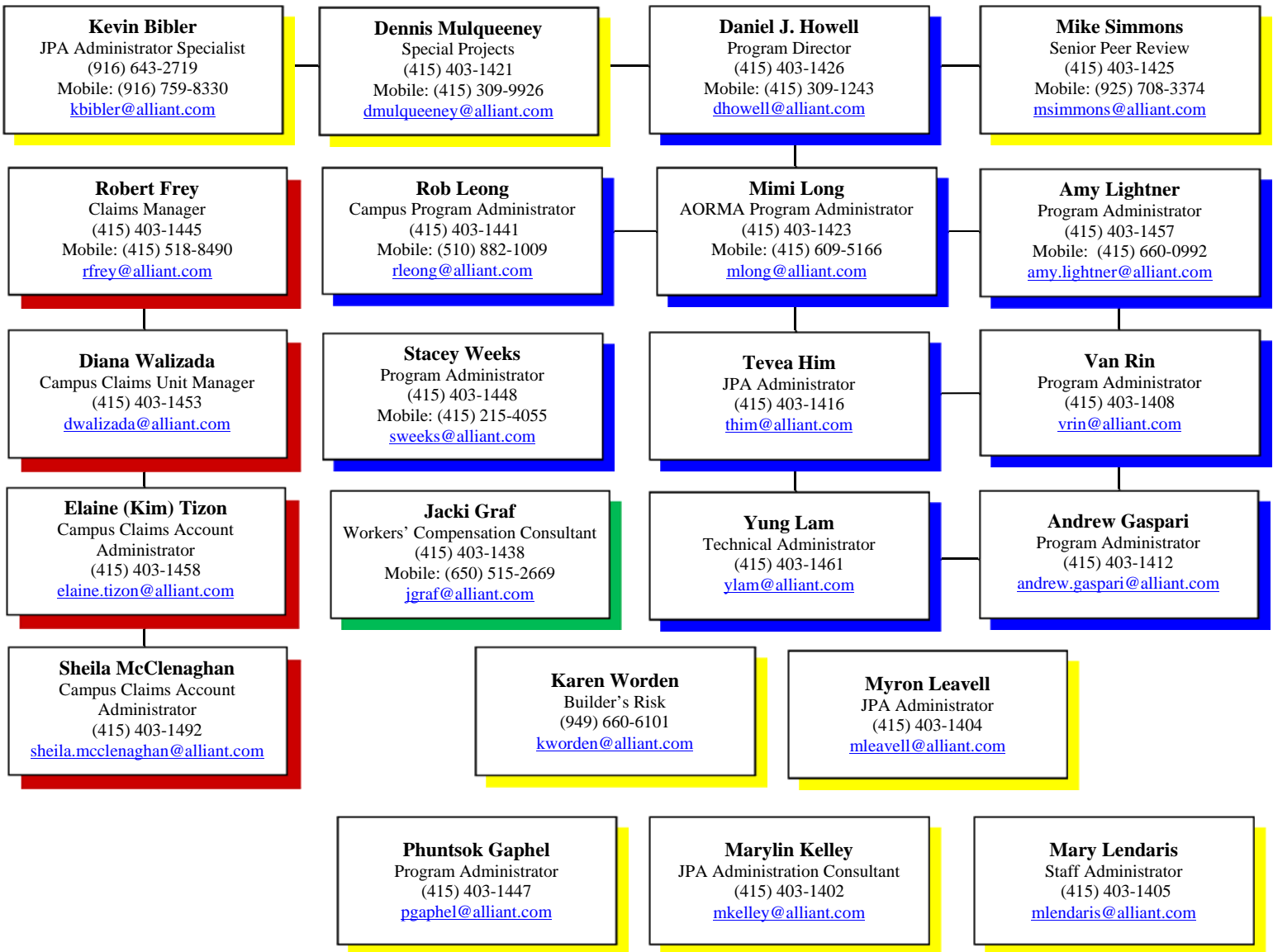
Meeting Calendar





An organization as complex as CSURMA requires regular meetings of its Board of Directors, the Executive Committee, AORMA Committee, AIME Committee, and a number of subcommittees and task groups who are focused on specific tasks and responsibilities. These meetings are important to ensure member needs are met, to communicate program development, and to provide reports to all members regarding status of the program's objectives. As a governmental entity, CSURMA's Campus programs and AORMA programs ascribe to the Bagley-Keane Open Meeting Law. A copy of the Meeting Calendars for 2017 and 2018 are included as Appendix B.

SUMMARY

We are excited to have the opportunity to work with dynamic, creative and forward thinking leaders who are willing to invest energy and resources that is essential for program success. We are extremely proud to be associated with CSU and its Auxiliary Organizations. We are committed to meet the current and future needs of CSURMA.

Appendix A – Alliant Team Organization Chart for CSURMA as of July 1, 2017



	CSURMA Core Service Team
	Claims Consulting
	Workers' Comp / Risk Analysis
	Special Projects / Peer review



Appendix B – CSURMA Meeting Calendar

2017 CSURMA MEETING CALENDAR

JANUARY, 2017	FEBRUARY, 2017	MARCH, 2017
11 EC: San Diego: 3:00 p.m. 8-11 AOA Conference: San Diego 11 AIME: San Diego: 10:30 a.m.	23 PC: San Francisco, 9:00 a.m.	9 AORMA: San Diego: 10:00 a.m. 9 EC: San Diego: 2:30 p.m. 10 EC LRP: San Diego: 8:30 a.m.
APRIL, 2017	MAY, 2017	JUNE, 2017
	1 AIME: San Francisco: 10:30 a.m. 4 AORMA: Long Beach; 10:00 a.m. 4 BOD Orientation: 2:00 p.m. 5 EC: Long Beach: 8:30 a.m. 5 BOD: Long Beach: 10:30 a.m.	22 PC: Teleconference, 1:00 p.m.
AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AIME = Athletic Injury Medical Expense Committee	AOA = CSU Auxiliary Organizations Association	EC LRP = EC Long Range Planning Meeting
AORMA LRP = AORMA Long Range Planning Meeting	BOD = CSURMA Board of Directors	

Appendix B – CSURMA Meeting Calendar (cont'd)

2017 CSURMA MEETING CALENDAR

JULY, 2017		AUGUST, 2017		SEPTEMBER, 2017	
17-18 AORMA Officers Retreat: 11:00 a.m.				6	AORMA New Member Orientation:
				6	AORMA LRP: Sacramento: 10:00 a.m.
				7	AORMA: Sacramento: 9:00 a.m.
				7	EC Orientation: Sacramento: 4:00 p.m.
				8	EC: Sacramento: 8:30 a.m.
				28	PC: Teleconference, 1:00 p.m.
OCTOBER, 2017		NOVEMBER, 2017		DECEMBER, 2017	
16	AIME: San Francisco: 10:30 a.m. BOD Orientation: 2:00 p.m.			7	AORMA: TBD: 10:00 a.m.
26	AORMA: Long Beach: 3:00 p.m.			8	EC: TBD: 8:30 a.m.
27	EC: Long Beach: 9:00 a.m.				
27	BOD: Long Beach: 10:30 a.m.				
AORMA = Auxiliary Organizations Risk Management Alliance Committee		PC = AORMA Programs Committee		EC = CSURMA Executive Committee	
AIME = Athletic Injury Medical Expense Committee		AOA = CSU Auxiliary Organizations Association		EC LRP = EC Long Range Planning Meeting	
AORMA LRP = AORMA Long Range Planning Meeting		BOD = CSURMA Board of Directors			

Appendix B – CSURMA Meeting Calendar (cont'd)

2018 CSURMA MEETING CALENDAR

JANUARY, 2018	FEBRUARY, 2018	MARCH, 2018
7 EC: Sacramento: 3:00 p.m. 7-10 AOA Conference: Sacramento 15 AIME: TBD: 10:30 a.m.	22 PC: Teleconference, 1:00 p.m.	8 AORMA: TBD: 10:00 a.m. 8 EC: TBD: 2:30 p.m. 9 EC LRP: TBD: 8:30 a.m.
APRIL, 2018	MAY, 2018	JUNE, 2018
23-24 Fitting the Pieces Conference, San Diego 25 AORMA: San Diego, 25 EC: San Diego, 25 BOD: San Diego,	07 AIME: TBD: 10:30 a.m.	21 PC: Teleconference: 1:00 p.m.
AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AIME = Athletic Injury Medical Expense Committee	AOA = CSU Auxiliary Organizations Association	EC LRP = EC Long Range Planning Meeting
AORMA LRP = AORMA Long Range Planning Meeting	BOD = CSURMA Board of Directors	

Appendix B – CSURMA Meeting Calendar (cont'd)

2018 CSURMA MEETING CALENDAR

JULY, 2018	AUGUST, 2018	SEPTEMBER, 2018
TBD AORMA Officers Retreat, 11:00 a.m.		5 AORMA New Member Orientation: 5 AORMA LRP: TBD: 10:00 a.m. 6 AORMA: TBD: 9:00 a.m. 6 EC Orientation: TBD: 4:00 pm 7 EC: TBD: 8:30 a.m. 27 PC: Teleconference, 1:00 p.m.
OCTOBER, 2018	NOVEMBER, 2018	DECEMBER, 2018
15 AIME: TBD: 10:30 a.m. BOD Orientation: 2:00 p.m. 25 AORMA: Long Beach: 10:00 a.m. 26 EC: Long Beach: 8:30 a.m. 26 BOD: Long Beach: 10:30 a.m.	29 PC: Teleconference, 1:00 p.m.	6 AORMA: Long Beach: 10:00 a.m. 7 EC: Long Beach: 8:30 a.m.
AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AIME = Athletic Injury Medical Expense Committee	AOA = CSU Auxiliary Organizations Association	EC LRP = EC Long Range Planning Meeting
AORMA LRP = AORMA Long Range Planning Meeting	BOD = CSURMA Board of Directors	

Appendix C – CSU and AORMA Member Listing

#	Location	Campus
1	Bakersfield	California State University, Bakersfield
2	Chancellor's Office	California State University, Chancellor's Office
3	Channel Islands	California State University, Channel Islands
4	Chico	California State University, Chico
5	Dominguez Hills	California State University, Dominguez Hills
6	East Bay	California State University, East Bay
7	Fresno	California State University, Fresno
8	Fullerton	California State University, Fullerton
9	Humboldt	Humboldt State University
10	Long Beach	California State University, Long Beach
11	Los Angeles	California State University, Los Angeles
12	Maritime Academy	California Maritime Academy
13	Monterey Bay	California State University, Monterey Bay
14	Northridge	California State University, Northridge
15	Pomona	California State Polytechnic University, Pomona
16	Sacramento	California State University, Sacramento
17	San Bernardino	California State University, San Bernardino
18	San Diego	San Diego State University
19	San Francisco	San Francisco State University
20	San Jose	San Jose State University
21	San Luis Obispo	California Polytechnic State University, San Luis Obispo
22	San Marcos	California State University, San Marcos
23	Sonoma	Sonoma State University
24	Stanislaus	California State University, Stanislaus

#	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	CI University Auxiliary Services, Inc.
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.
27	Fullerton	Cal State Fullerton Philanthropic Foundation
28	Fullerton	CSU Fullerton Auxiliary Services Corporation
29	Humboldt	Associated Students, Humboldt State University

#	Campus	Auxiliary Organization
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 at 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	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

#	Campus	Auxiliary Organization
58	San Bernardino	CSUSB Philanthropic Foundation
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.
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, Inc.
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	The Associated Students of California State University, San Marcos
78	San Marcos	California State University San Marcos Corporation
79	Sonoma	Associated Students of Sonoma State University
80	Sonoma	Sonoma State Enterprises, Inc.
81	Sonoma	Sonoma State University Foundation
82	Stanislaus	Associated Students, Inc., California State University, Stanislaus
83	Stanislaus	California State University, Stanislaus Auxiliary and Business Services
84	Stanislaus	California State University, Stanislaus Foundation
85	Stanislaus	University Student Union of California State University, Stanislaus
	N/A	Auxiliary Organization Associations
	N/A	Auxiliaries Multiple Employer VEBA

WORKERS' COMPENSATION STEWARDSHIP REPORT

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

RECOMMENDATION: This item is for information only; no action is requested.

FISCAL IMPACT: None.

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

Staff will be on hand at the meeting to answer questions and provide a summary of the key findings within the Stewardship Report.

PUBLICATION: None.

ATTACHMENT(S):

- a. Sedgwick's CSU Workers' Compensation Stewardship Report



California State University Workers' Compensation Program Stewardship Report FY 2016-2017



sedgwick®

California State University
Workers' Compensation

August 10th, 2017

Table of Contents

- Executive Summary
- Program Statistical Analysis
- Conclusion

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Executive Summary

We are pleased to present our annual stewardship report for the California State University (CSU) Workers' Compensation Program.

We have reviewed the key performance indicators for the program over the last 5 fiscal years. The CSU has experienced a decrease in claim reporting, exclusively in the reporting of First Aid claims. Both Indemnity and Medical Only reports are up slightly. For five years running we have continued to demonstrate a decrease in open Indemnity files at fiscal year (FY) end, as well a steady increase in the percentage of Compromise & Release (C & R) settlements.

Key findings:

- New Medical Only and Indemnity claims up by 1% FY17 over FY16
- New First Aid Claims down by 49% FY17 over FY16
- Open Active Indemnity inventory down 9% FY17 over FY16
- Open Future Medical Inventory down by 3% FY17 over FY16
- Settlements are up 8% FY17 over FY16, with a 20% increase in C & R settlements.
- Cash Flow has increased by 22% FY17 over FY16
 - Related to increased C & R's.
- Medical costs are up by 35% FY17 over FY16
 - Related to increased C & R's.

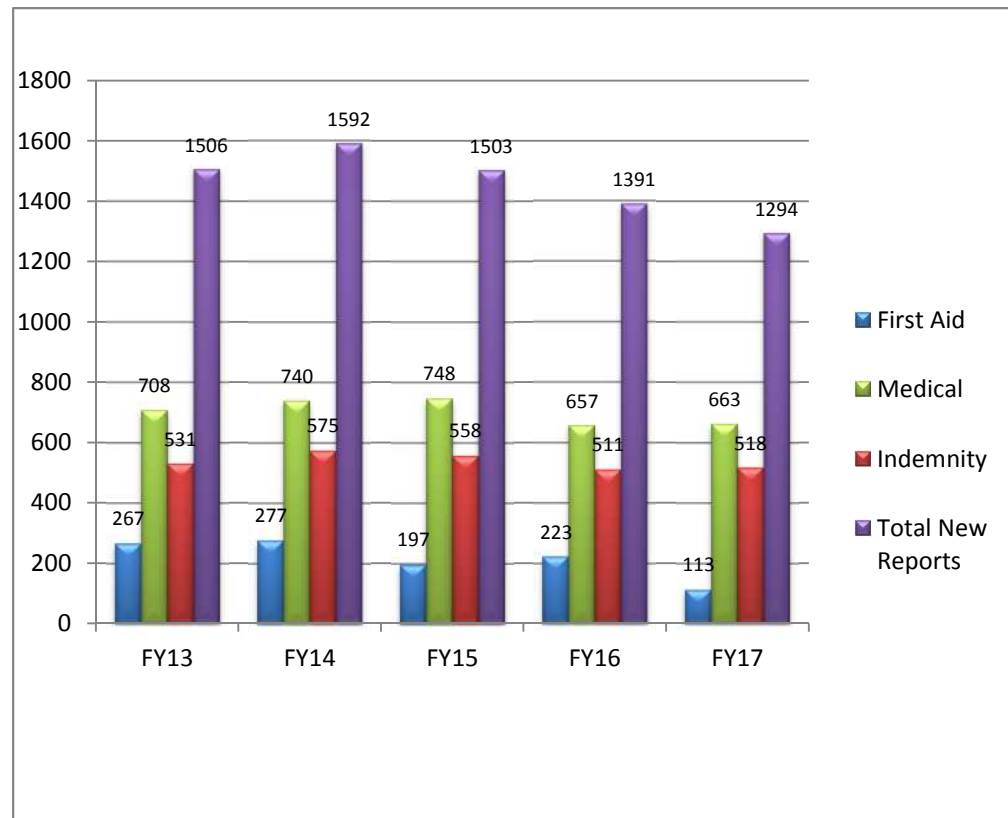


Program Statistical Analysis

New Claims

The number of new claims reported has decreased by 7%, FY17 over FY16. The number of new indemnity claims has increased by 1%. The number of medical claims has increased by 1%. The new claim reduction comes from the first aid claims, which have decreased by 49%. These numbers demonstrate a continued downward trend in frequency, with severity remaining similar to FY16.

Total New Reports	FY13	FY14	FY15	FY16	FY17
First Aid	267	277	197	223	113
Medical	708	740	748	657	663
Indemnity	531	575	558	511	518
Total New Reports	1506	1592	1503	1391	1294



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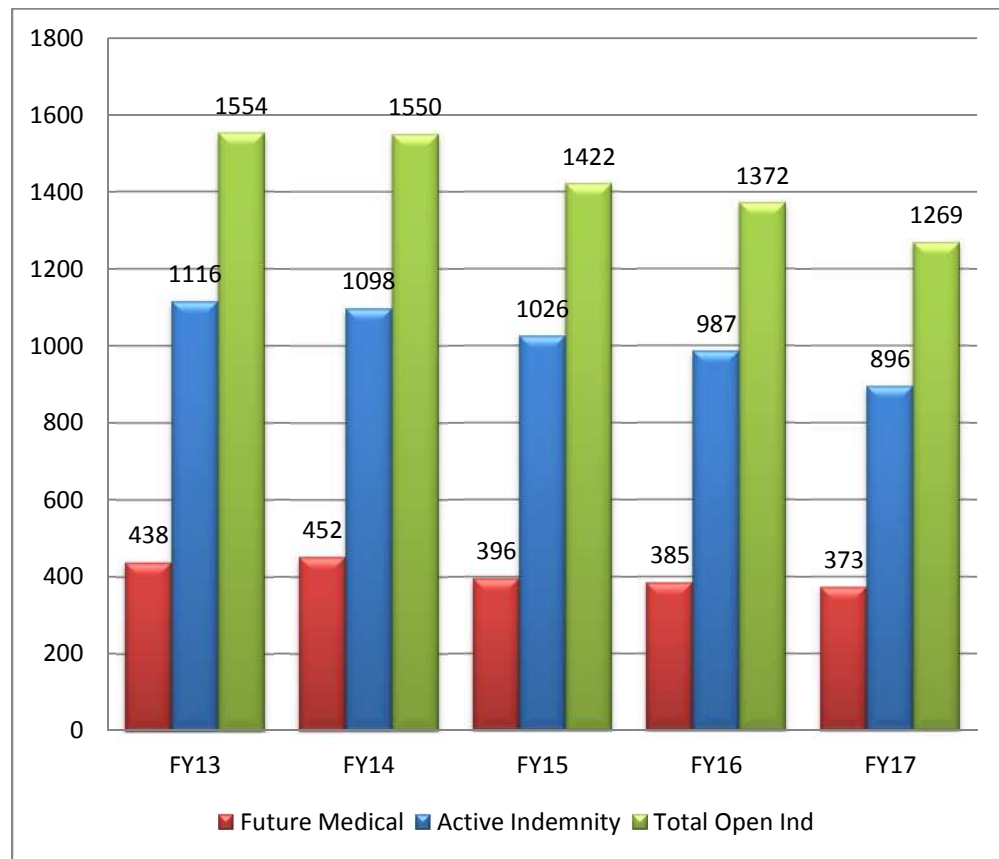


Open Inventory

There has been a 9% decrease in open Active Indemnity inventory FY17 over FY16. When combined with the 3% decrease in open Future Medical claims, this results in an overall open indemnity decrease of 8%.



Open Ind Inventory	FY13	FY14	FY15	FY16	FY17
Future Medical	438	452	396	385	373
Active Indemnity	1116	1098	1026	987	896
Total Open Ind	1554	1550	1422	1372	1269



Inventory Aging

Age of Open Inventory								
FY	# Claims	% Total	# Ind	# FM	Outstanding	% Total	Avg Out Ind	Avg Out FM
FY 2017	322	25%	319	3	\$ 5,748,799.22	10%	\$ 17,874.82	\$ 15,577.61
FY 2016	196	15%	180	16	\$ 7,173,534.25	13%	\$ 37,146.82	\$ 30,444.15
FY 2015	139	11%	115	24	\$ 5,495,987.71	10%	\$ 40,198.86	\$ 36,379.97
FY 2014	112	9%	87	25	\$ 4,815,499.11	9%	\$ 46,449.39	\$ 30,976.08
FY 2013	68	5%	50	18	\$ 3,534,069.13	6%	\$ 55,784.41	\$ 41,380.49
FY 2012	67	5%	46	21	\$ 3,220,998.01	6%	\$ 47,944.44	\$ 48,359.71
FY 2011	45	4%	27	18	\$ 1,736,373.27	3%	\$ 34,332.05	\$ 44,967.10
FY 2010	39	3%	20	19	\$ 1,950,308.19	4%	\$ 59,506.12	\$ 40,009.77
FY 2009	31	2%	7	24	\$ 1,480,240.89	3%	\$ 84,644.22	\$ 36,988.81
FY 2008	20	2%	6	14	\$ 1,375,463.03	2%	\$ 125,627.99	\$ 44,406.79
FY 2007	28	2%	8	20	\$ 1,970,679.07	4%	\$ 73,173.83	\$ 69,264.42
FY 2006	13	1%	3	10	\$ 989,591.39	2%	\$ 76,957.50	\$ 75,871.89
FY 2005	12	1%	1	11	\$ 829,330.78	2%	\$ 15,616.22	\$ 73,974.05
FY 2004	8	1%	3	5	\$ 426,207.00	1%	\$ 65,449.23	\$ 45,971.86
FY 2003	16	1%	1	15	\$ 866,390.23	2%	\$ 126,213.76	\$ 49,345.10
FY 2002	27	2%	3	24	\$ 2,112,193.26	4%	\$ 51,946.97	\$ 81,514.68
FY 2001	18	1%	3	15	\$ 1,112,479.64	2%	\$ 149,071.25	\$ 44,351.06
FY 2000	21	2%	1	20	\$ 4,455,545.39	8%	\$ 1,085,657.97	\$ 168,494.37
FY 1999	11	1%	3	8	\$ 230,746.34	0%	\$ 5,795.89	\$ 26,669.83
FY 1998	11	1%	3	8	\$ 420,241.10	1%	\$ 13,932.88	\$ 47,305.31
FY 1997	8	1%	1	7	\$ 559,964.00	1%	\$ 6,088.60	\$ 79,125.06
FY 1996	12	1%	0	12	\$ 1,025,296.75	2%	N/A	\$ 85,441.40
FY 1995	6	0%	1	5	\$ 490,371.63	1%	\$ 106,502.38	\$ 76,773.85
FY 1994	6	0%	0	6	\$ 491,284.92	1%	N/A	\$ 81,880.82
FY 1993	1	0%	0	1	\$ 51,931.83	0%	N/A	\$ 51,931.83
FY 1992	5	0%	1	4	\$ 203,556.46	0%	\$ 14,255.08	\$ 47,325.35
FY 1991	6	0%	0	6	\$ 960,408.13	2%	N/A	\$ 160,068.02
FY 1990	3	0%	0	3	\$ 297,475.72	1%	N/A	\$ 99,158.57
FY 1989	3	0%	1	2	\$ 205,843.60	0%	\$ 9,861.46	\$ 97,991.07
FY 1988	1	0%	0	1	\$ 10,115.20	0%	N/A	\$ 10,115.20
FY 1987	3	0%	1	2	\$ 65,264.46	0%	\$ 43,186.79	\$ 11,038.84
FY 1986	1	0%	0	1	\$ 133,184.17	0%	N/A	\$ 133,184.17
FY 1985 & Prior	10	1%	0	10	\$ 588,411.96	1%	N/A	\$ 58,841.20
Totals	1269	100%	891	378	\$ 55,027,785.84	100%	\$ 36,579.94	\$ 59,352.02

Red text indicates years of SELF Excess Ins. Coverage. These claims represent 10% (132 claims) of the total open indemnity claim population. Of the remaining SELF files, 14% (18 claims) are active indemnity files versus 86% (114 claims) future medical files.

The total percentage of open indemnity files from the SELF years has decreased by 18%, FY17 (132) over FY16 (160). These numbers demonstrate continued focus on the resolution of these "SELF years" files.



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Cash Flow

The CSU has seen a pure increase in cash flow in FY17 over FY16 of 22%, or \$4,432,646.

This is due primarily to an increase in Medical Settlement costs, tied to the significant increase in C & R settlements for FY17 over FY16.

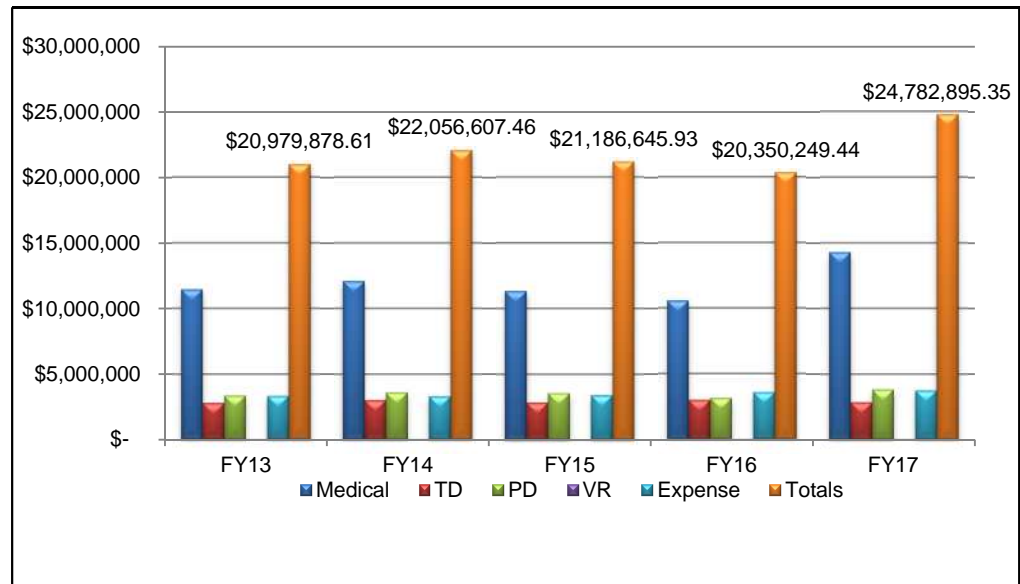
When the cash flow numbers for FY13 thru FY17 are adjusted for this (Medical Settlement dollars removed), the cash flow is essentially flat (1% increase) for FY17 over FY16.

When the Medical cash flow is adjusted in the same way, the result is a 7% decrease in Medical cash flow.

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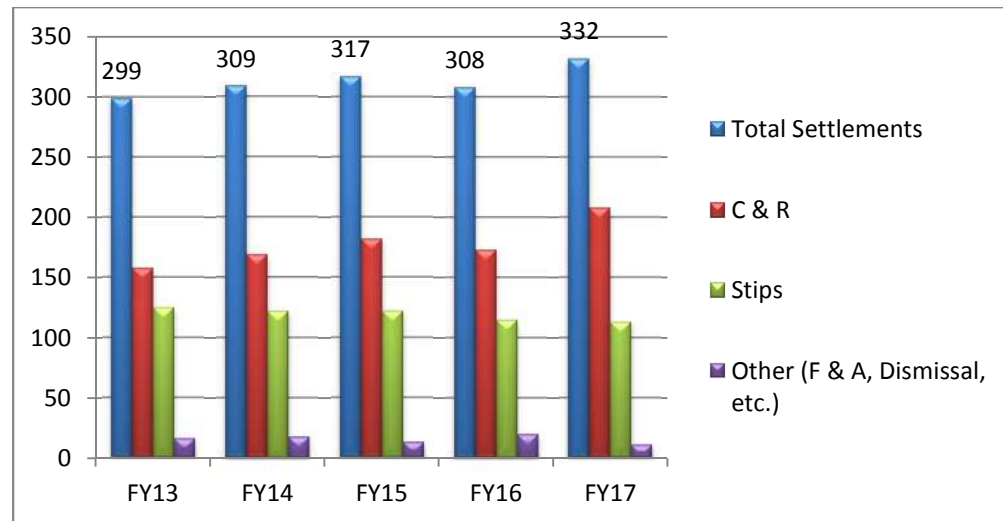
Cash Flow	FY13	FY14	FY15	FY16	FY17
Medical	\$11,450,476	\$12,089,878	\$11,333,300	\$10,573,240	\$14,301,117
TD	\$2,800,048	\$3,019,893	\$2,847,216	\$3,006,402	\$2,860,461
PD	\$3,381,994	\$3,616,782	\$3,576,461	\$3,146,459	\$3,838,049
VR	\$7,566	\$18,145	\$1,769	\$33,913	\$28,600
Expense	\$3,339,795	\$3,311,909	\$3,427,900	\$3,590,236	\$3,754,668
Totals	\$20,979,879	\$22,056,607	\$21,186,646	\$20,350,249	\$24,782,895
Medical Settlements	\$2,608,410	\$3,225,876	\$2,650,833	\$3,297,996	\$7,538,279
Adjusted Cash Flow	\$18,371,469	\$18,830,732	\$18,535,813	\$17,052,253	\$17,244,617



Settlements

The CSU has seen a substantial increase in settlements of 8% for FY17 over FY16. The number of C & R settlements is up 20% for FY17 over FY16. For the fifth straight year, the number of C & R settlements has exceeded all others combined.

Settlements	FY13	FY14	FY15	FY16	FY17
Total Settlements	299	309	317	308	332
C & R	158	169	182	173	208
Stips	125	122	122	115	113
Other (F & A, Dismissal, etc.)	16	18	13	20	11
C & R to total settlements	53%	55%	57%	56%	63%



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Medical Treatment Cost Drivers

The CSU has experienced a pure medical cost increase of 35% for FY17 over FY 16. As discussed in the Cash Flow section of this report, this increase is driven primarily by the Medical Settlement spend, which when adjusted for, leaves an actual 7% decrease in Medical costs. There has been a shift in the Top 5 categories, with "Hospital-Inpatient" and "Pharmacy" being replaced by "Medical Supplies & Equipment" and "Physical Therapy." Below are presented the FY17 Top 5 as a stand-alone, as well as the "apples to apples" comparison of the historical Top 5 with the FY17 numbers.

2017

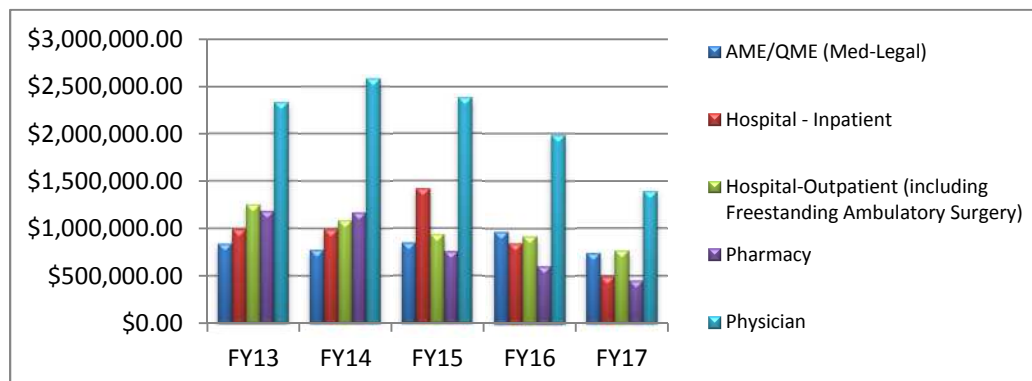
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Type	Total FY17
Physician	\$1,388,292.33
Physical Therapy	\$763,573.02
AME/QME (Med-Legal)	\$739,607.48
Hospital-Outpatient (including Freestanding Ambulatory Surgery)	\$768,590.18
Medical Supplies & Equipment	\$508,702.43
Total	\$4,168,765.44
Total Med (Actual Cashflow)	\$14,301,117
% of Total Med	29%

Type	FY13	FY14	FY15	FY16	FY17*
AME/QME (Med-Legal)	\$843,284	\$777,832	\$852,977	\$970,253	\$739,607
Hospital - Inpatient	\$995,322	\$994,886	\$1,422,420	\$847,854	\$494,085
Hospital - Outpatient ** (including Freestanding Ambulatory Surgery)	\$1,253,936	\$1,088,358	\$938,282	\$923,142	\$768,590
Pharmacy	\$1,185,759	\$1,172,044	\$760,913	\$608,957	\$452,105
Physician	\$2,331,665	\$2,585,940	\$2,381,552	\$1,986,249	\$1,388,292

Total Med (Top Five)	\$6,609,966	\$6,619,059	\$6,356,144	\$5,336,455	\$3,842,680
Total Med (Actual Cashflow)	\$11,450,476	\$12,089,878	\$11,333,300	\$10,573,240	\$14,301,117
% of Total Med	58%	55%	56%	50%	27%



* These numbers provided for direct comparison to prior years. True Top 5 for FY17 is provided in the first table.

** Post-JURIS conversion, the Hospital-Outpatient and Freestanding Ambulatory Surgery must be combined to describe the same treatment types as were covered under Hospital-Outpatient in iVOS. The FY16 numbers have been adjusted in the same manner, as the CSU data was captured in 2 claims systems for that FY.



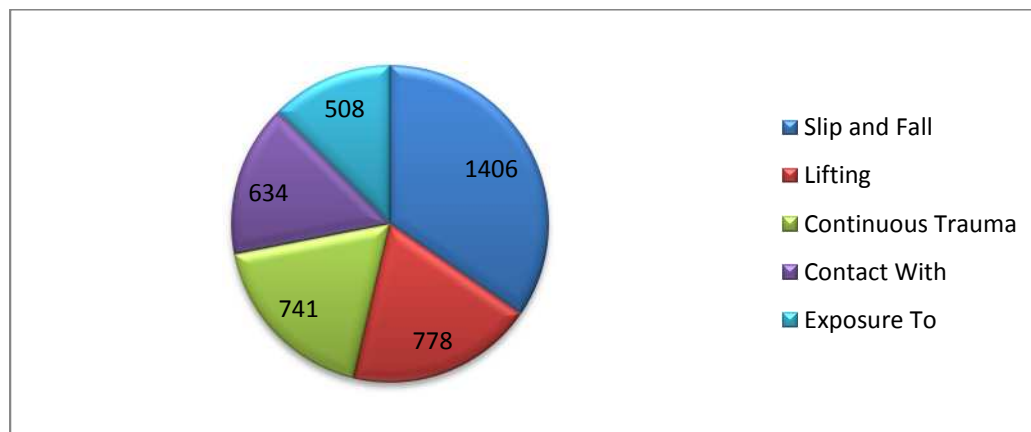
Claims by Source: 5 year total Top 5 FY13 – FY17

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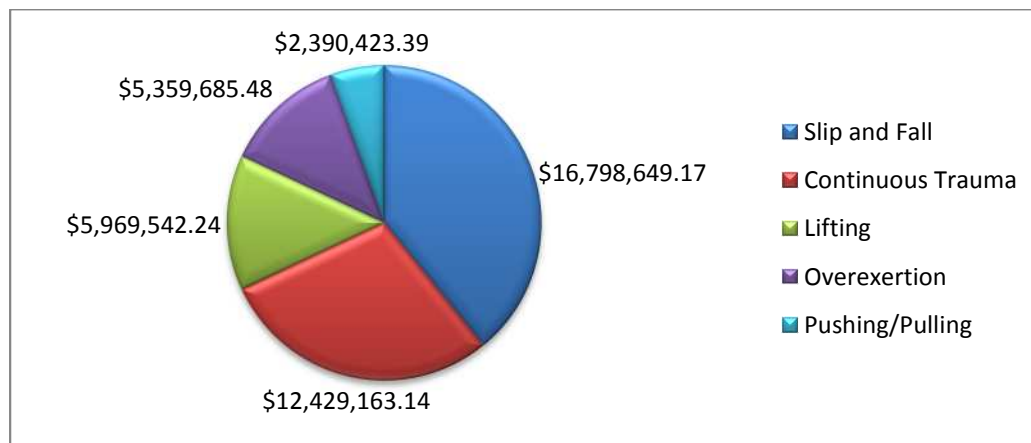
Top Five Source (Frequency – fig. 1)	Frequency	Total Incurred	% of Total Claims
Slip and Fall	1406	\$16,798,649.17	20%
Lifting	778	\$5,969,542.24	11%
Continuous Trauma	741	\$12,429,163.14	11%
Contact With	634	\$1,904,103.57	9%
Exposure To	508	\$1,012,506.57	7%

Figure 1



Top Five Source (Severity – fig. 2)	Frequency	Total Incurred	% of Total Incurred
Slip and Fall	1406	\$16,798,649.17	28%
Continuous Trauma	741	\$12,429,163.14	20%
Lifting	778	\$5,969,542.24	10%
Overexertion	430	\$5,359,685.48	9%
Pushing/Pulling	203	\$2,390,423.39	4%

Figure 2



Claims by Body Part Group: 5 year total Top 5 FY13 – FY17

Body Part Group	Frequency (fig. 3)	% of Total	Total Incurred (fig. 4)	% of Total
Upper Extremities	2,493	36%	\$20,237,733	33%
Lower Extremities	1,682	24%	\$15,239,717	25%
Trunk	1114	16%	\$12,080,254	20%
Head	807	11%	\$2,833,503	5%
Neck	151	2%	\$1,843,076	3%

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Figure 3

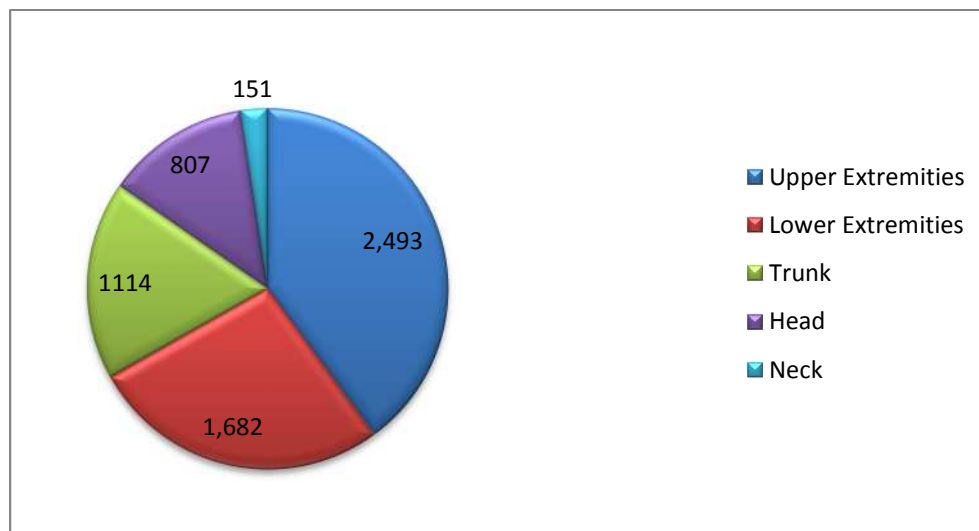
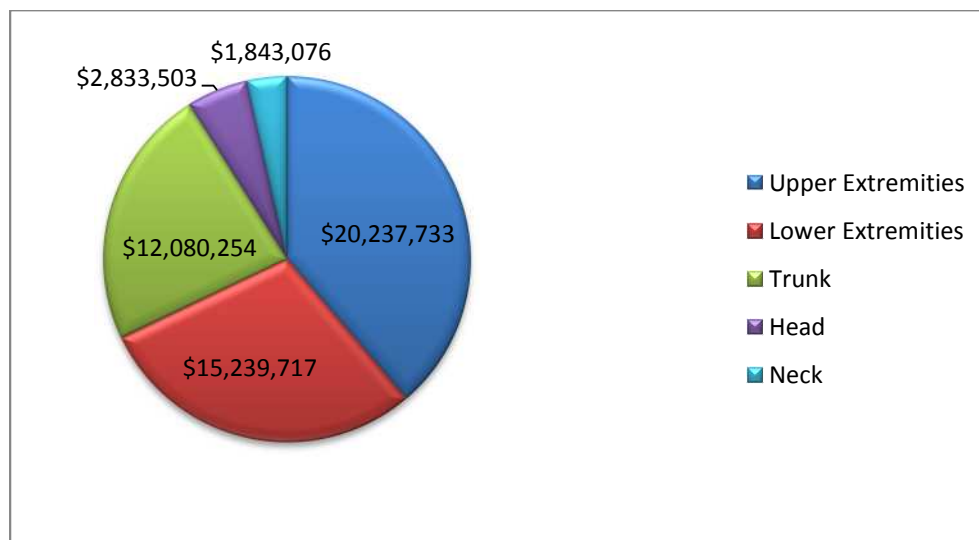


Figure 4



Claims by Age: Frequency & Severity Open as of 6/30/2017

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Age Group	Total Claims (fig. 5)	% of Total Claims	Incurred Total (fig. 6)	% of Total Incurred
18-24	35	3%	\$2,313,252	2%
25-34	96	8%	\$8,893,196	7%
35-44	254	20%	\$29,931,029	22%
45-59	701	55%	\$77,375,384	57%
60+	183	14%	\$16,746,395	12%

Figure 3

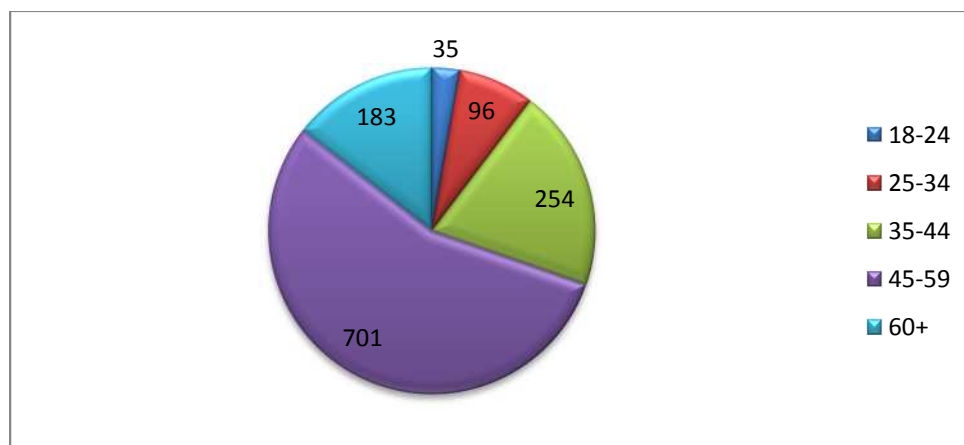
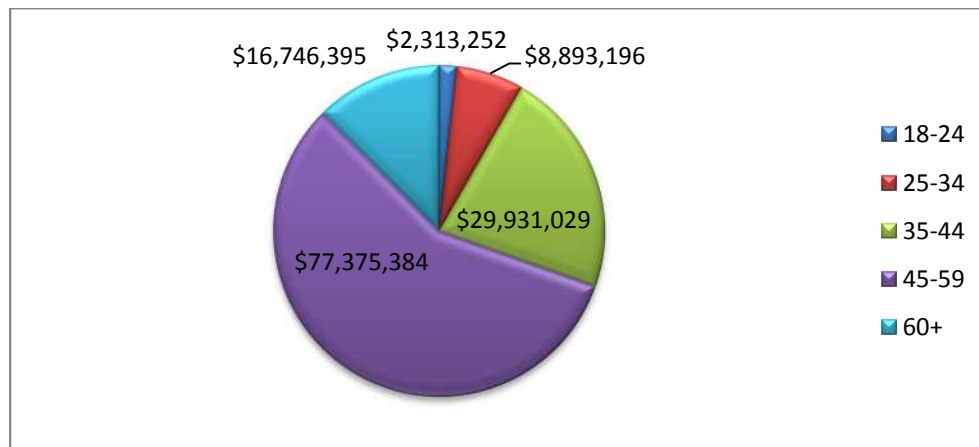


Figure 4



Conclusion

In an ever evolving and complex Workers' Compensation system, the CSU program continues to consistently drive positive results.

Several key vendor partnerships have now been in place for several years and have matured to produce optimal outcomes.

The expansion of the Double Play program has helped to further reduce inventory in the SELF years.

Collaboration with Optum has continued to manage prescription costs as well as foster safe and effective medication usage for CSU's injured employees.

The Defense Attorney Panel was revised in early 2017 and, along with the partnership of Quovant, has helped to further strengthen efficient and effective litigation practices for the program.

Ongoing collaboration with trusted vendors, along with seizing opportunities to develop new strategic partnerships that will cultivate the program's innovative vision, will help to ensure that the program rises to any change or challenge in the California Workers' Compensation System.

Sedgwick is very proud of our longstanding partnership with CSU and Alliant, as well as the continued success of the Workers' Compensation program. We look forward to working together to meet and exceed goals once again in Fiscal Year 2017/2018.

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INSURANCE GROWS FOR CYBERATTACKS

ISSUE: The attached article entitled Insurance Grows for Cyberattacks, provides some useful information regarding cyber liability insurance and statistical information regarding attacks.

RECOMMENDATION: This item is for information only; no action is requested.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Insurance Grow for Cyberattacks – article from the Business Section of the Wall Street Journal

Insurance Grows for Cyberattacks

Companies protect themselves against a wide array of threats



Headline-grabbing data breaches have helped push more companies to buy stand-alone cyberinsurance policies. One research firm forecasts the global market may reach \$14 billion by 2022. PHOTO: ISTOCKPHOTO/GETTY IMAGES

By *Adam Janofsky*

Sept. 17, 2017 10:06 p.m. ET

0 COMMENTS

As the threat from hackers grows, businesses are hoping that cyberinsurance will provide a new line of defense.

Once largely limited to technology firms, cyberinsurance has emerged as the fastest-growing type of coverage among U.S. companies. The policies are designed to cover financial losses from different kinds of attacks—from theft of data to extortion using ransomware—as well as recouping damages from a tainted reputation and stolen money. Many carriers are also trying to distinguish themselves by offering tools and services to help firms respond quickly to cyberattacks or prevent them.

JOURNAL REPORT

- Insights from [The Experts](#)
- Read more at WSJ.com/LeadershipReport

MORE IN CYBERSECURITY

- [The Dangers of the Hackable Car](#)
- [Biometrics Are Taking the Place of Passwords](#)
- [Cybersecurity Training That Uses Carrots, Not Sticks](#)
- [Before You Buy an Internet-Connected Device...](#)
- [Do Consumers Still Need Antivirus Software?](#)

A growing market

The market for cyberinsurance has soared in the past several years. In June, Fitch Ratings said the industry grew by 35% in 2016, with total premiums of \$1.35 billion. The ratings firm added that it “likely underestimates” the industry’s size, because it is difficult to break out cyberinsurance coverage from multifaceted policies. Researchers from Allied Market Research predicted that demand for cyberinsurance will continue to boom in coming years, and forecast that the global market may reach \$14 billion by 2022.

Headline-grabbing breaches at organizations like [Yahoo Inc.](#), the Democratic National Committee and [Equifax Inc.](#) account for part of that growth, insurance experts say, but many companies are also purchasing cyberinsurance in response to new laws such as the European Union’s General Data Protection Regulation that takes effect in May 2018. “There has been a legal imperative, and along with that, company awareness of the issue has grown,” says Claire Wilkinson, a consultant to the Insurance Information Institute Inc., a New York-based trade group, and an author of several white papers on cyberinsurance.

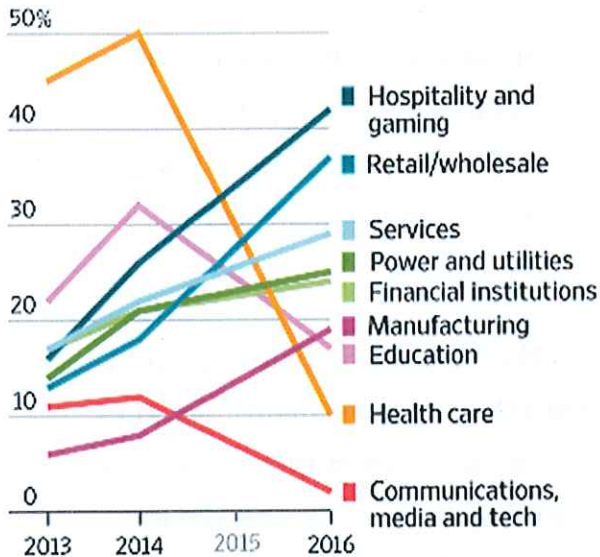
Twenty years ago, insurers offered only policies that covered things like coding errors and other software accidents that could bring down a company’s networks, according to Ms. Wilkinson. Now, cyberinsurance can cover a vast array of computer-related risks, and insurers have introduced policy riders designed for small firms.

Security experts, of course, caution that insurance shouldn’t be seen as a replacement for good cybersecurity measures, because data breaches and cyberattacks can cause lasting damage that is difficult to recoup. And it isn’t even clear what kind of claims will be allowed or not allowed.

“There’s so much new coverage out there that hasn’t been tested,” says Tim Francis, a vice president and enterprise lead for cyberinsurance at [Travelers Co s.](#) “One day there will be certain claims and we’ll figure out if the words we used to convey coverage actually say what we thought they meant, which is often up to a lot of lawyers.”

Increasing Coverage

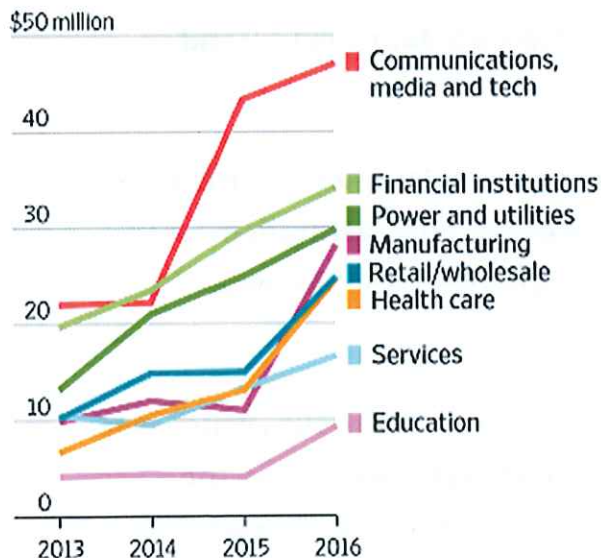
Percentage of Marsh LLC^c clients in the U.S. purchasing standalone insurance against cyberattacks, by industry...



Note: Data was unavailable for 2015

^cMarsh, a leading insurance broker, is a unit of Marsh & McLennan Cos.

...And average total limit of cyber-liability coverage purchased, by industry



Source: Marsh Risk Management Research, 2015; Marsh Global Analytics

THE WALL STREET JOURNAL.

New breaches and attacks “accelerate the need for cyberinsurance, and carriers have innovated in response,” says Ms. Wilkinson.

One recent example is the influx of ransomware attacks, in which a computer is locked until the victim pays a demand. In May, hundreds of thousands of computers running outdated operating systems were infected with the “WannaCry” ransomware, and in June several major organizations were infected with a variant of the “Petya” ransomware that security researchers say was particularly destructive.

One victim of the June attack, shipping conglomerate A.P. Moller-Maersk A/S, says it will cost the company between \$200 million and \$300 million because system shutdowns halted a large part of the firm’s operations.

Insurers say the evolution of ransomware has been a wake-up call that would likely change how carriers structure their policies. “Our policies covered cyberextortion for years, but if you asked me five or 10 years ago what that would look like, it would be a disgruntled ex-employee who had a back door to the system,” says Mr. Francis, adding that there were relatively few victims. “Now we have ransomware, and we have to figure out how

that [affects] how we price policies. That wasn’t something we worried about, because it just didn’t happen.”

Ransomware is only one of many new threats that have led to the creation of new policies. For instance, insurers offer coverage for property damage and bodily injury coverage due to cyberattacks on critical infrastructure operators, transportation companies and oil and gas firms.

Some of these risks may be covered under other kinds of insurance policies—businesses with kidnap and ransom insurance occasionally use it to recoup losses from ransomware, for example. But insurance experts say such policies weren't designed with cyber risks in mind, and will likely be disputed as stand-alone cyberinsurance products emerge.

A wide effect

Some insurance providers and industry experts argue that the benefits of insurance go beyond the coverage itself. Going through the process of purchasing cyberinsurance, they say, can make a company more secure, because the audits and questionnaires may alert a business to a risk or technology of which it wasn't aware. And getting a policy can be an incentive for companies to commit to security measures such as firewalls, encryption and regular software updates, to keep their premiums low.

"It is the same as lowering your homeowners insurance by having an alarm system in your house," says John Jacobus, partner at the law firm Steptoe & Johnson LLP and an expert on cyberinsurance disputes.

But experts caution that cyberinsurance shouldn't be seen as a replacement for rigorous security precautions. Data breaches and cyberattacks can often cause lasting damage in the form of lost customers or a destroyed reputation, and cyberinsurance in some situations will cover only a fraction of the costs.

In June 2014, for example, the restaurant chain P.F. Chang's China Bistro Inc., which paid a \$134,000 annual premium for cyberinsurance, learned that hackers had stolen the credit-card numbers of 60,000 customers. According to court documents, the restaurant was reimbursed more than \$1.7 million by the insurer for costs such as a forensic investigation and litigation, but had to pay \$1.9 million in fines levied against it by its credit-card processing vendor.

P.F. Chang's didn't respond to requests for comment.

Mr. Janofsky is a staff reporter for WSJ Pro Cybersecurity. Email: adam.janofsky@wsj.com.

LIABILITY CLAIMS ADMINISTRATION AUDIT RESULTS

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

BRS performed the last claim audits for Campus Liability and AORMA Liability in 2015. To ensure consistency of review, the Executive Committee authorized the Secretary-Auditor to engage BRS as claims auditor for 2017. The claims audit for AIME has been deferred to 2018, due to the change of its TPA agreement.

RECOMMENDATION: The Executive Committee and AORMA Committee have reviewed and accepted these reports. This item is for information only; no action is requested.

FISCAL IMPACT: None; the cost for the audits were included within the FY 16/17 CSURMA budget.

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

PUBLICATION: None.

ATTACHMENT(S):

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



2017 General Liability and Errors and Omissions
Claim Audit

California State University Risk Management Authority

July 18, 2017



July 18, 2017

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

RE: **California State University Risk Management Authority
2017 General Liability and Errors and Omissions Claims Audit**

Dear Mr. Leong:

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

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

Bickmore appreciates the opportunity to provide claims program and evaluation services and the assistance received from SRM and Alliant Insurance Services to complete this project.

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

Direct: 916.290.4616
Mobile: 714.323.7898
E-mail: demitchell@bickmore.net

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Dennis Mitchell".

Dennis Mitchell, CPCU, SCLA, ARM
Senior Claims Consultant

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I. Executive Summary

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

The University is the largest four-year public university system in the nation with 49,000 faculty and staff, and 479,000 students at its 23 statewide campus locations and the Chancellor's office.

Claims have been administered by the Systemwide Office of Risk Management (SRM) since 2012 under the management of a Director and three staff members who provide claim oversight and support services. Prior to October 2011 claims were received by the state Victim Compensation and Government Claims Board (VCGCB) and administered by Alliant Insurance Services, Inc. (Alliant). The Claims Director reports to the Assistant Vice Chancellor - Financing, Treasury, and Risk Management. We provide an organization chart in Exhibit I-1.

The Director works closely with the Office of General Counsel (OGC) and campus risk managers. The Board of Trustees (BOT) has delegated settlement authority to General Counsel. While there is no direct reporting relationship between the Director and OGC, effective management of claims made against the University requires creation of an atmosphere of cooperation and mutual respect between both divisions.

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

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

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

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

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

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

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

To meet its responsibilities, SRM maintains daily contact with campus Risk Managers and with OGC to gather and exchange information regarding the 176 liability claims they administer annually.

The purpose of this audit is to:

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

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

- Reviewed CSURMA "Liability Claims Administration Guidelines" (Guidelines) dated April 2017, updated since the previous audit and now includes its "Claims Operational Manual;"
- Reviewed CSURMA's "Master Coverage Documents – General Liability and Errors and Omissions;"

- Interviewed SRM claims administration staff regarding:
 - Workflows and administration of claims according to established Guidelines;
 - Communication with campus Risk Managers; and
 - Communication with OGC located in Long Beach and at the campuses.
- Reviewed open and closed claims data and selected the sample of 45 liability claims shown in Appendix A;
- Reviewed the sample claims onsite at the Chancellor’s Office in Long Beach, California from June 13 through June 15, 2017, to determine whether SRM policies and procedures meet industry best practices and are applied;
- Provided feedback communicating our findings on each claim to SRM at the conclusion of the onsite audit; and
- Provided opportunity for SRM Claims Management to rebut individual claim findings.

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

- One Claims Examiner, responsible for day-to-day handling of claims under the supervision of the Director;
- One Senior Manager, supporting the team by developing reports and analyzing claims data for both the University and CSURMA;
- One Administrative Analyst responsible for invoice payments, member billing, and workers’ compensation financial support for the University; and
- One Manager of Environment Health and Safety, who reports to the Director, but has no direct claim involvement.

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

- Documentation of claim activity in an electronic notepad;
- Use of template letters which automatically download electronically to the file;
- Retention of scanned documents through its “sticky notes” feature; and

- Development and issuance of a variety of reports to apprise members and management of claim activity.

Alliant provided a ten-year history of open and closed claims through March 31, 2017. Our analysis of the data reflected 191 open pending claims and we randomly selected 45 open and closed claims for review. Twenty claims (44%) of the sample are litigated, compared to the overall pending litigation rate of 53%.

We find overall performance at 99%, indicating a **Superior** performance level as shown in Table I-1. All components we measure achieved a superior score.

We find:

- SRM complies with industry best practices and its internal procedures for administering liability claims;
- In evaluating the investigation component, we recognize SRM's role is to support campus risk management efforts to investigate claims, rather than conduct investigations or hire a vendor to investigate;
- Because OGC is charged with management of litigation strategy and costs, SRM's role is to ensure continued reserve accuracy by communicating frequently with OGC to obtain current developments impacting the reserve and determining necessity to report to excess carriers;
- Claims are promptly recorded and well-documented;
- SRM's opportunities for improvement all relate to compliance with the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA), and include:
 - Accurate completion of the ISO *ClaimSearch*[®] index for all bodily injury claims to promote successful query of Medicare eligibility;
 - Complying with MMSEA reporting requirements which requires the identity of Medicare-Eligible claimants; and
 - Documenting steps taken to verify Medicare eligibility and action taken to protect Medicare's secondary payment status at the time the claim or suit is settled.

To arrive at our findings we compared performance in the nine¹ claims handling component areas for each claim shown in Appendix A against industry standards, state law, and CSURMA's requirements. Results are shown in Exhibit I-2 "Scoring by Component with Financials," and graphically in Exhibit I-3.

¹ There were actually eight categories scored in this audit as the ninth category (Litigation/Recovery Management) is not evaluated for Litigation Management and there were no sample claims with recovery issues.

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

Table I-1
Performance Evaluation Scale

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

Table I-2
Performance Evaluation Criteria

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

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

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

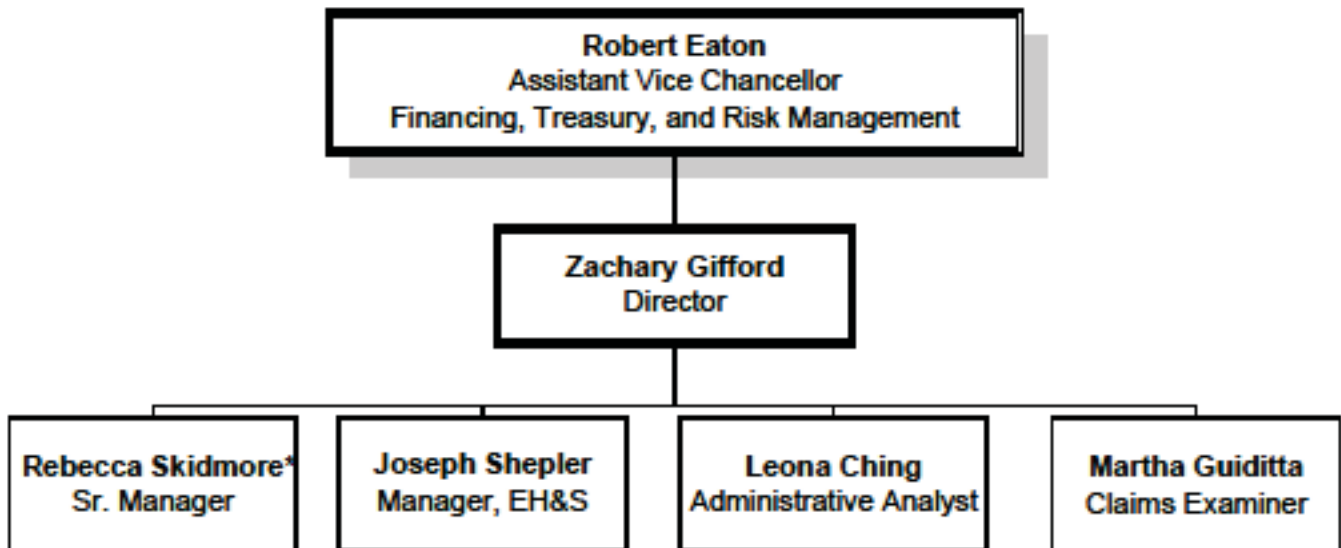
Table I-3
Performance Enhancement Recommendations Summary

Performance Component	Performance Enhancement Recommendations
Investigation	<ul style="list-style-type: none"> • Complete a bodily injury index report for each qualifying claim through <i>ISO ClaimSearch</i>[®], as required by industry best practices and CSU Guidelines to: <ul style="list-style-type: none"> – Develop information on the claimant’s prior injuries; and – Provide data necessary for ISO to query the Centers for Medicare & Medicaid Services (CMS) regarding Medicare eligibility. • Verify sufficient accurate information is provided to ISO. To query for Medicare eligibility, ISO must be provided with the claimant’s: <ul style="list-style-type: none"> – Health Insurance Claim Number (HICN) or at least last five digits of social security number; – Name; – Date of birth; and – Gender.
Statutory Compliance	<ul style="list-style-type: none"> • Ensure all Medicare-eligible claimants are identified by: <ul style="list-style-type: none"> – Flagging the claim in <i>iVOS</i>[®] to identify the claimant as Medicare-eligible; and – Documenting the query’s accuracy and the non-eligible result.
Claim Disposition and Payment	<ul style="list-style-type: none"> • Ensure Medicare eligibility is properly documented prior to issuing a settlement check for a bodily injury claim. • Document and address conflicting eligibility information appearing in claim files. • Verify whether Medicare has made conditional payment(s). • Require release providing the claimant will hold the University and other covered defendants harmless from any liens, including liens filed by Medicare.

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

Systemwide Risk Management and Public Safety
Organizational Chart
Claims Administration

Systemwide Risk Management
Organizational Chart
FY2016-17



*Scheduled retirement effective June 30, 2017.

Exhibit I-2

Scoring by Component with Financials

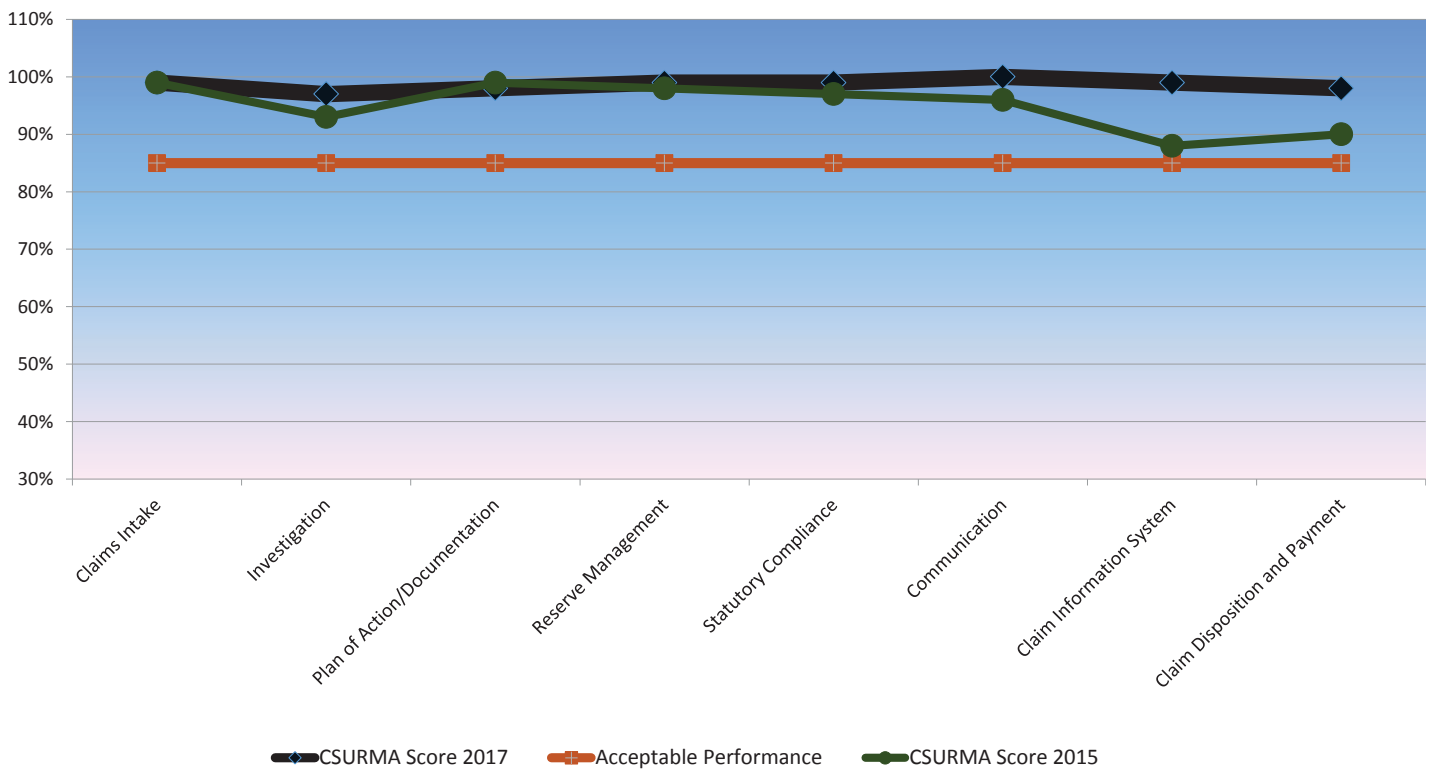
Claims Reviews Completed:	45	Actual Reserve:	\$3,522,778
Incurred:	\$11,657,763	Recommended Reserve:	\$3,522,778
Paid:	\$8,134,985	Net Reserve Change:	\$0

Claims Administration Component	Claims Graded	Number of Responses for Component			Score	
		Yes	No	NA	2017	2015
01 Claims Intake	45	258	2	10	99%	99%
02 Investigation	44	187	5	213	97%	93%
03 Plan of Action/Documentation	44	309	5	136	98%	99%
04 Reserve Management	44	274	4	127	99%	98%
05 Statutory Compliance	38	77	1	102	99%	97%
06 Communication	45	82	0	53	100%	96%
07 Claim Management Information System	45	220	2	3	99%	88%
08 Claim Disposition and Payment	35	199	4	517	98%	90%
09. Litigation/Recovery Management	COMPONENT NOT APPLICABLE FOR THIS AUDIT					
Overall Claims Administration	45	1,606	23	1,161	99%	96%

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

Exhibit I-3

Scoring by Component Summary Graph



II. Detailed Findings

This chapter provides our findings for each component we measure. Our findings consider how well procedures meet industry best practices and how well procedures are applied in handling the claims according to the sample review. We also consider CSURMA's own procedures as stated in its own written Guidelines.

Below is a narrative discussion of our analysis and findings. Exceptions for all components are found in Appendix B. Upon request, we can provide additional detail to include comment on each claim reviewed. These details are redacted from this report for to ensure confidentiality.

1. Claims Intake

Score 99%

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

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

Campuses report claims timely and SRM records the information in *iVOS*[®], usually on the date received. Whether reported by telephone or in person, either the campus or SRM advises the claimant of the requirement to complete a Government Tort claim form. Forms, including instructions for completion, are available on the SRM website.²

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

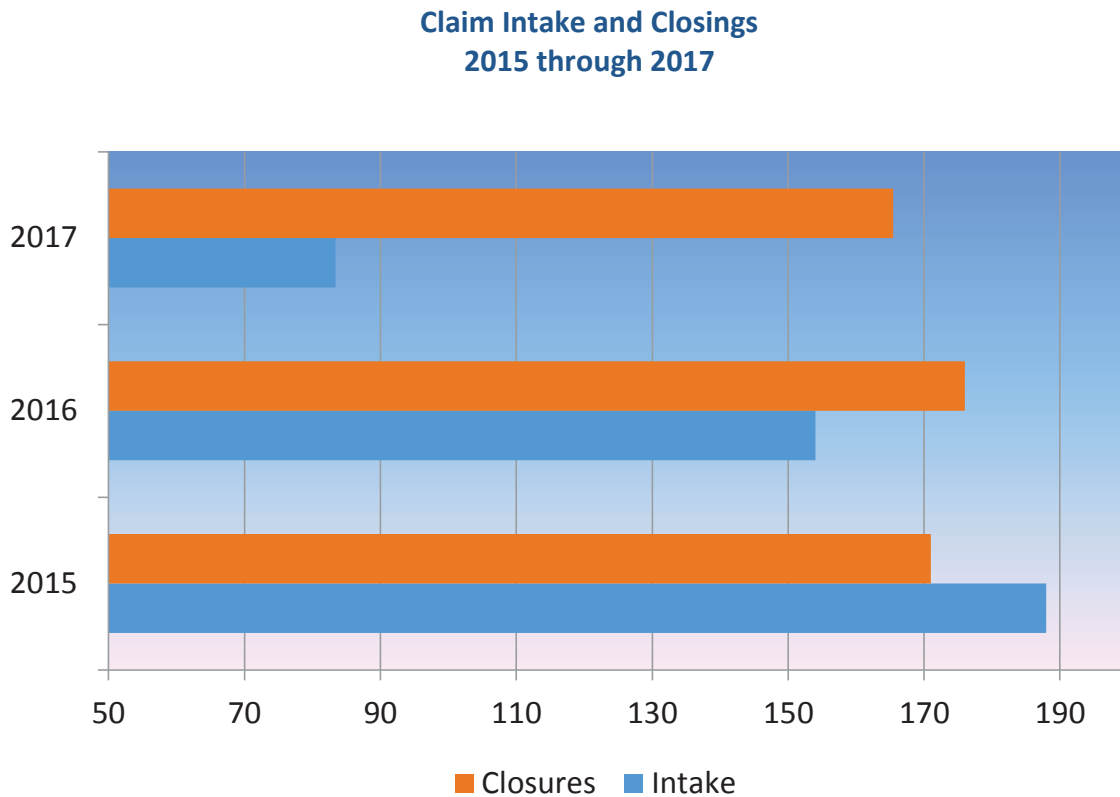
SRM's two staff members provide oversight for claims. They review the claim form for sufficiency, sending out a Notice of Insufficiency if appropriate. If the notice is considered sufficient, SRM coordinates a response with the campus and sends a Notice of Rejection if the claim is to be denied. If the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

² http://calstate.edu/risk_management/claims/ contains forms and instructions claimants may use to file their tort claim against the CSU.

Caseloads are manageable. CSURMA incurred an average of 176 claims per year for the three fiscal years ending June 30, 2017³. During the same period, SRM closed an average of 174 per year, for a closing ratio of 99%. This is a favorable ratio; ratios at 100% reflect closures maintaining pace with intake, demonstrating staff are productive in managing the pending claims. A favorable ratio also lessens the likelihood of need for additional staff to handle a growing number of pending claims. Figure II-1 graphically demonstrates the favorable three-year intake and closing data.

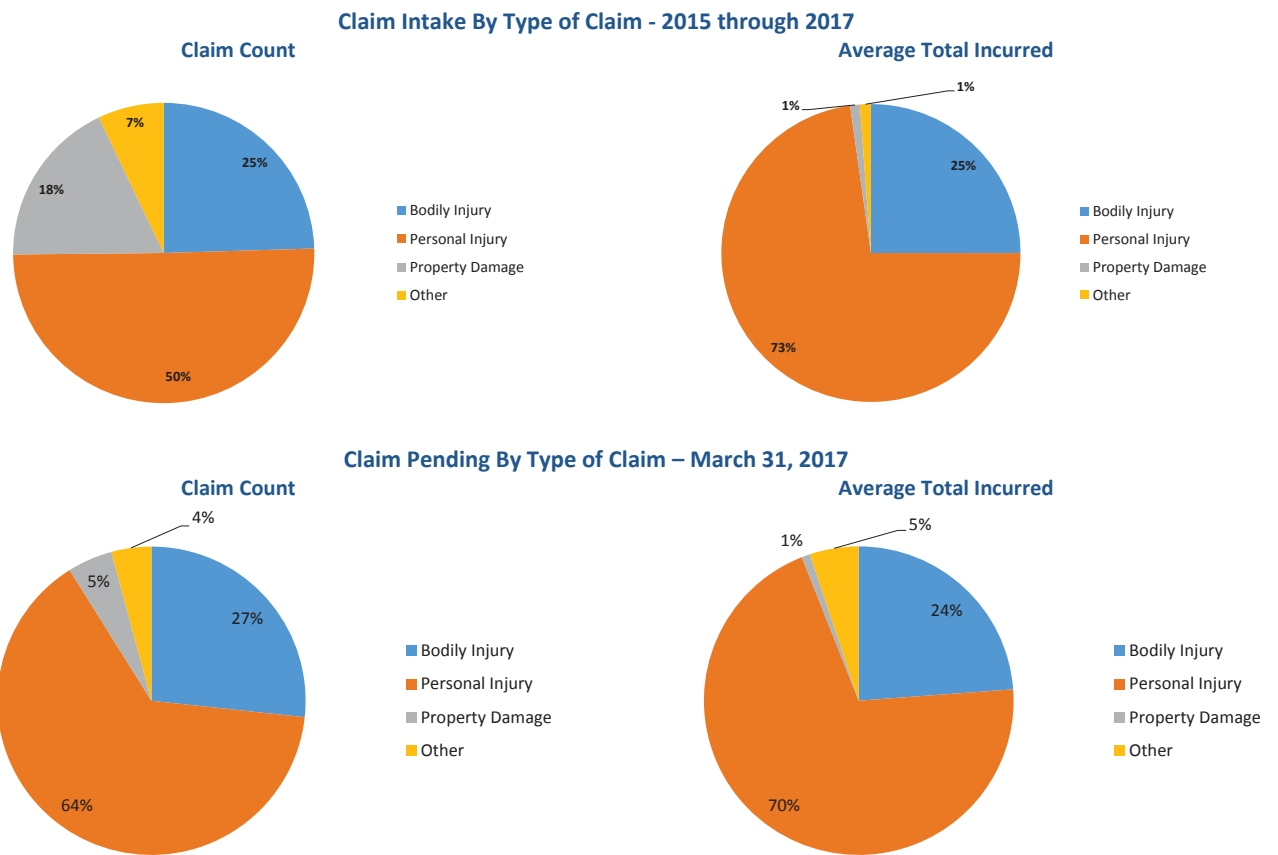
CSURMA’s claims are complex, with 68% of the total intake for three years and 90% of the pending claims involving bodily injury or personal injury. Almost half (48%) of the pending claims are litigated. Figure II-2 demonstrates the complexity by graphically presenting the composition of the claim intake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

Figure II-1



³ 2017 results are annualized based on data provided as of March 31, 2017.

Figure II-2



We find:

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

We assess claims intake performance as superior.

2. Investigation

Score 97%

Best practices require:

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

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

Campus Risk Management performs the initial investigative tasks, and SRM reviews to ensure the evidence and information will support the decision made on the claim.

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

The SRM Guidelines support best practices by:

- Requiring claim staff to obtain "all available information" from the campus coordinator;
- Following up for outstanding investigation and evidence using the *iVOS*[®] electronic diary feature; and
- Subscribing to ISO *ClaimSearch*[®] and requiring indexing of bodily injury and personal injury claims.

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

We find:

- Contacts with campus risk staff are timely, usually by telephone or e-mail concurrent with claim setup;
- Claimant contact, if unrepresented, is usually made by the campus, although SRM will assist if necessary;
- Investigation is completed promptly or file is documented with action plan for completion;
- Investigation usually includes evidence such as police reports, security reports, statements and photographs;
- The *iVOS*[®] notepad usually documents the adjuster's analysis of negligence;
- Campus and SRM jointly make the liability determination and decide which will proceed to attempt settlement or deny the claim; and
- ISO *ClaimSearch*[®] indexing performance has improved since the previous audit, but still requires improvement; 15 of 18 (83%) qualifying claims were reported to ISO.

We assess claims investigation performance as superior. Because of the potential financial consequences of not reporting claims involving Medicare-eligible claimants, we recommend increasing supervision to ensure:

- **Completion of a bodily injury index report for each qualifying claim through ISO *ClaimSearch*[®], as required by industry best practices and CSU Guidelines to:**
 - **Develop information on the claimant’s prior injuries; and**
 - **Provide data necessary for ISO to query the CMS regarding Medicare eligibility.**
- **Verify sufficient accurate information is provided to ISO. To query for Medicare eligibility, ISO must be provided with the claimant’s:**
 - **HICN or at least last 5 digits of social security number;**
 - **Name;**
 - **Date of birth; and**
 - **Gender.**

3. *Plan of Action/Documentation*

Score 98%

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

SRM requires the claim notepad to reflect the current status of the claim based on review of information from the claimant, campus, investigation and OGC. Litigated claims are managed by OGC while SRM reviews its *e-Counsel*[®] administration system and NetDocs document management system periodically and summarizes activity in the *iVOS*[®] notepad.

We find:

- Action plans are reflected in the notepad;
- Rejected claims are generally diaried to the expiration of the six-month statute of limitations for closure;
- Active claims where settlement discussions are taking place are generally diaried for review at 30 -60 day intervals until the statute of limitations expires;

- SRM staff frequently (usually at 60 – 90 day intervals) checks OGC’s *e-Counsel*® file and *NetDocs*® (OGC’s document management system) to determine the status of litigation and summarizes significant events in the *iVOS*® notepad;
- The *e-Counsel*® system generally provides current case information; if not, SRM follows up with the OGC attorney responsible for overseeing the case;
- File documentation reflects excellent communication between SRM and OGC; and
- Claim notes are professional clearly identify the party documenting the claim.

We assess diary and action plan performance as superior.

4. Reserve Management

Score 99%

Best practices require:

- Setting initial reserves within five days of claim receipt;
- Reevaluating reserves at least bi-annually for adequacy based upon the liability and damages information reflected in the investigation and discovery;
- Documenting reserve calculations using Most Probable Outcome (MPO) considering the probable adverse outcome and the probability for a favorable outcome is as follows:
 - 75% or greater chance for favorable outcome, reserve for favorable outcome plus 25% of probable adverse outcome;
 - 51% to 75% chance for favorable outcome, reserve for favorable outcome plus 50% of probable adverse outcome; and
 - 50% or less chance for favorable outcome, reserve for 100% of probable adverse outcome.

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

We find:

- Notepad documentation and the *iVOS*® reserve section demonstrate frequent reserve review;
- Initial reserves are set timely, usually on the date the claim is received, and 93% within two business days;

- Initial reserves are usually set by the Examiner, with the Director providing oversight and guidance when necessary;
- Although SRM does not set time frames for review, claim files reflect consistent evaluation of reserves;
- Reserve rationale is documented in the notepad or in the *iVOS*[®] reserve screen; the notepad is preferable for documentation as lengthy explanations become truncated in the *iVOS*[®] reserve screen;
- SRM evaluates each reserve component separately using three indemnity components (Bodily Injury, Property Damage, Other) and one expense component. The “Other” component is used to reserve for personal injury claims, including employment claims;
- Reserves are accurate; we make no recommendations for adjustment to the audit sample, with reserves totaling \$3,552,778, as shown in Appendix A; and
- All reserves are closed within 30 days of making the final payment.

We assess reserve management performance as superior.

5. Statutory Compliance

Score 99%

Best practices require compliance with:

- Any state Fair Claims Practices Act;
- Government code section(s) relating to filing or responding to claims, if appropriate; and
- Other federal or state laws relating to handling and payment of claims.

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

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

The CMS is responsible for implementing the MMSEA.

Beginning January 1, 2012, Responsible Reporting Entities (RREs) were to begin reporting Total Payment Obligation to Claimant (TPOC) settlements, judgments, awards, or other payments over \$100,000. This threshold diminishes over the years and the current reporting threshold is now \$750. The complete reporting threshold dates are as follows.

Amount	TPOC Date on or after	Reporting Required*
\$100,000	October 1, 2011	January 1, 2012
\$50,000	April 1, 2012	July 1, 2012
\$25,000	July 1, 2012	October 1, 2012
\$5,000	October 1, 2012	January 1, 2012
\$2,000	October 1, 2013	January 1, 2014
\$1,000	October 1, 2014	January 1, 2015
\$750	January 1, 2017	April 1, 2017

*Within the quarter beginning on this date.

Note the minimum reporting threshold is now \$750.

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

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

- Complete the ISO *ClaimSearch*[®] index form and ensure it contains complete information required by CMS to search the database;⁴
- Document the claim file with a positive match from the query; and
- Verify the accuracy of the data submitted for the query.

We find:

- SRM enforces provisions of the California Tort Claims Act found in §910 et seq. of the California Government Code by:
 - Notifying claimants of the requirement to complete a tort claim form;
 - Placing the tort claim form on its website with instructions for completion;

⁴ Required information includes the claimant's full legal name, last five digits of social security number, date of birth, and gender.

- Reviewing submitted tort claim forms for completion and returning those deemed insufficient; and
- Acknowledging receipt of the form and sending a timely rejection notice or taking steps to settle the claim.
- SRM identified three of four Medicare-eligible claimants and documented the file appropriately.

We assess statutory compliance performance as superior. The identification of Medicare-eligible claimants is critical because of financial consequences of potential fines for not reporting. We recommend CSURMA:

- **Ensure all Medicare-eligible claimants are identified by:**
 - **Flagging the claim in *iVOS*[®] to identify the claimant as Medicare-eligible; and**
 - **Documenting the query's accuracy and the non-eligible result.**

6. Communication

Score 100%

Best practices require:

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

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

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

We find:

- Review of *iVOS*[®] notepads reflects continuous communication between OGC and SRM on litigated claims;
- SRM has direct access to *e-Counsel*[®] and *NetDocs*[®] which usually provide updated information SRM needs to continually evaluate case reserves;

- OGC provides a monthly status report form to campus risk management which provides a summary of investigation and discovery to date and includes counsel's opinion on the chance of prevailing; and
- SRM promptly responds to internal or external communications, including correspondence.

We assess communication as superior.

7. Claims Management Information System (CMIS)

Score 99%

Best practices require:

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

SRM meets best practices by requiring:

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

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

We find:

- Data captured is accurate and with two exceptions:
- Data fields are updated when necessary;
- *iVOS*[®] contains sufficient fields to support provision of meaningful reports;
- SRM's in-house *iVOS*[®] expert retires in June 2017 creating a challenge to develop reports for members without vendor involvement; however, internal training is ongoing;

- Claim financial data reviewed in the sample agrees with the loss run data; and
- Notepad entry is timely.

We assess performance for CMIS as superior.

8. Claim Disposition and Payment

Score 98%

Industry best practices require documentation of:

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

The University Board of Trustees delegates settlement authority to its General Counsel "in consultation with the Chancellor and/or appropriate campus Presidents, settlement, termination, or other resolution of all claims and litigation."⁵

General Counsel has established settlement authority as follows:

- Campus Risk Managers, in consultation with OGC, have settlement authority within the campus deductible up to \$100,000;
- Settlements exceeding the campus deductible, but under \$100,000 require concurrence of the campus Risk Manager, campus counsel, and SRM;

⁵ Standing Orders of the Board of Trustees of the California State University (Adopted March 15, 2006).

- Settlements exceeding \$100,000 require approval by a Settlement Committee consisting of campus counsel, an OGC litigator, and the Deputy Vice Chancellor of Risk Management. The Settlement Committee makes its recommendation to the General Counsel who may approve settlement up to \$250,000; and
- Settlements above \$250,000 require approval by the Chancellor.

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

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

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

Campus Risk Managers usually rely on SRM to resolve the claim within the agreed value.

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

We find:

- Claim evaluation is consistently completed within 30 days of receipt of damage information, with no exceptions;
- Adjusters establish a value range for the claim prior to beginning negotiations;
- Evaluations are properly documented when SRM participates in the settlement;
- Negotiations are properly documented, recording offers and demands;
- Without exception, releases are executed prior to issuance of a settlement check;

- Although SRM does not control litigation strategy, the claim files reflect:
 - SRM may influence the strategy;
 - Continued case monitoring throughout the litigation process via *e-Counsel*[®] and *NetDocs*[®];
 - SRM regularly provides input for evaluations and participates in mediations and settlement conferences.
- The process of counsel selection is transparent and demonstrates the objective to match the case with the individual attorney. New litigation is assigned to OGC, Office of the AG, or outside counsel;
- Payment of approved fees and costs are processed through SRM:
 - OGC-handled cases incur no fees;
 - AG-handled cases incur fees at hourly rates significantly less than “market rates” and monthly billing submitted to OGC details tasks performed and hours spent; and
 - Outside counsel incurs fees at contracted rates with billings monitored and approved by OGC.
- We note settlement of one claim where Medicare’s interest may not have been protected. While Medicare-eligibility was not determined, file documentation indicated potential eligibility;
- Payments are not issued by SRM, but requested through the CSURMA Accounting Department and entered into *iVOS*[®];
- Settlement rationale is usually documented in the file or in a request for authority, although we note rationale is missing in two instances; and
- Settlement checks and copies of releases and other supportive material are maintained in the claim file.

We assess claims disposition performance as superior. We recommend CSURMA:

- **Ensure Medicare eligibility is properly documented prior to issuing a settlement check;**
- **Document and address conflicting eligibility information appearing in claim files;**
- **Verify whether Medicare has made conditional payment(s); and**

- **Require release providing the claimant will hold the University and other covered defendants harmless from any liens, including liens filed by Medicare.**

9. Litigation/Recovery Management

Score N/A

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

Best practices for recovery management require:

- Prompt identification of and contact with responsible parties;
- Prompt identification of contracts to potentially shift liability to a third party;
- Appropriate follow up with responsible parties to effect recovery;
- Assessment of costs and methods to effect recovery should the responsible party decline payment; and
- Protection of the statute of limitations when the decision is made to use legal assistance to obtain payment.

No sample claims involved potential recovery.



2017 General Liability and Errors and Omissions Claim Audit

AORMA - CSU Auxiliary Organizations

July 11, 2017

July 11, 2017

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

RE: **AORMA – CSU Auxiliary Organizations**
2017 General Liability and Errors and Omissions Claims Audit

Dear Mr. Leong:

Please find enclosed the findings and recommendations of our claims audit on behalf of the California State University Auxiliary Organizations Risk Management Alliance (AORMA). Carl Warren and Company (CW), AORMA's third party administrator (TPA), is contracted to manage its public liability and errors and omissions claims. Our audit examines CW's claims handling practices.

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

Bickmore appreciates the opportunity to provide claims audit services and the assistance received from Alliant Insurance Services, Inc. and CW.

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

Direct: 916.290.4616
Mobile: 714.323.7898
E-mail: demitchell@bickmore.net

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

Respectfully submitted,



Dennis Mitchell, CPCU, SCLA, ARM
Senior Claims Consultant

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- A - Claims Audit List
- B - Component, Subcomponent, and Criteria Scores with Exceptions
- C - Carl Warren Claims Handling Guidelines
- D - Defense Counsel Engagement Letter
- E - Defense Counsel Suspension Letter

I. Executive Summary

The California State University Auxiliary Organizations Risk Management Alliance (AORMA) represents a group of programs under the California State University Risk Management Authority (CSURMA). CSURMA is a Joint Powers Authority established in 1997 to perform pooled group insurance and risk management-related activities for the California State University (University) system and its 23 campuses.

AORMA is comprised of about 90 covered independent non-profit organizations serving the needs of the University. These separate legal entities include student unions, research foundations, student housing, bookstores, etc. While associated with the University, they are not public entities. Thus, they are not entitled to the protections afforded to public entities by the California Government Code.

CSURMA provides \$350,000 pooled liability coverage to AORMA with member deductibles of \$25,000 to \$100,000 applying only to employment practices liability. Coverage above the \$350,000 primary layer is provided by CSURMA, with quota share reinsurance (through Evanston and Great American) above \$1,000,000 up to \$5,000,000. Ironshore Specialty Insurance Company provides excess coverage to \$10,000,000 and various excess carriers provide coverage up to \$200 million.

AORMA's liability claims are administered by Carl Warren and Company (CW), a third party administrator (TPA), located in Ventura, California.

The purpose of this audit is to:

- Verify CW's claims administration practices meet industry best practices, comply with state law, the claims administration contract, and its internal procedures;
- Evaluate adjuster experience, competence, and staffing levels; and
- Identify opportunities for program improvement and make recommendations to ensure improvement.

To assist AORMA in assessing the effectiveness of CW's claims administration, Bickmore:

- Reviewed the claims administration contract;
- Interviewed current CW claims administration staff;
- Reviewed selected AORMA Policies and Procedures (P & P) relating to the administration of claims, member coverage, and litigation;
- Reviewed "Carl Warren Claims Handling Guidelines" (Appendix C) outlining claims administration procedures;

- Reviewed open and closed claims data and selected the sample of 30 liability claims shown in Appendix A;
- Reviewed the sample claims onsite at CW's Ventura, California office from June 5 through June 7, 2017, to determine whether CW claims administration meets industry best practices. Our review included the physical claim files along with the electronic notepad and financial information with system access provided by CW. This allowed us to review documented adjuster activities, reserve adjustments and payments. We did not have access to documents; however, needed documents were located in the physical claim file;
- Provided daily feedback communicating our findings to CW during the onsite audit; and
- Provided our findings to CW to validate results. We discussed the findings onsite, concluding discussions by telephone and e-mail through June 26, 2017.

We were provided with the history of open and closed claims as of May 2017. Our analysis of the data reflected 46 open pending claims and we randomly selected 18 open and 12 closed claims for review. Ten claims (30%) of the sample are litigated, compared to the overall pending litigation rate of 13% of the open claims.

For the three years ending April 30, 2017, annual claim intake averages 45 with 59 closures, for a 130% closing ratio. Maintaining a closing ratio of 100% or better promotes control of pending claims and usually stabilizes staffing requirements. General liability claims comprise 62% of the new claim intake and 76% of the open pending claims, with about 20% of those claims relate to employment practices or other personal injury. Exhibit I-3 graphically illustrates these statistics. The "Other" category includes Automobile bodily injury (ABI), property damage (APD), and collision (AC) claims, of which APD is the largest component.

The AORMA team is led by a Claims Supervisor in the Ventura office. In September 2016, claims were moved from Ventura to CW's Concord office for handling by an adjuster with oversight provided by a local Supervisor. Account coordination and management remained with the Ventura Supervisor which maintained stability. As of the audit, claims have been transferred back to Ventura with the Ventura Supervisor now having responsibility for investigation, resolution and overall account management. CW provides no administrative support beyond recording the initial report of incident. Adjusting caseload is reasonable with current pending claims totaling fewer than 60.

We find overall performance at 95%, indicating a **Commendable** performance level, as shown in Table I-1.

We find:

- CW complies with the contract, industry best practices, and its internal procedures;

- All components measured scored acceptable or better, with six of nine components scoring superior;
- Claim reporting by members is timely;
- Claim set-up and assignment by CW is prompt, promoting timely investigation;
- CW provides prompt and thorough investigations;
- Index reporting is outstanding, with all 10 qualifying claims reported;
- The claim sample included paper files supplemented with electronic notepad and financial information;
- Incoming correspondence is date-stamped or otherwise recorded;
- All initial reserves are set timely, usually within 24 hours of receipt of the claim;
- Reserves are accurate and reviewed frequently, with most adjustments made timely;
- Communication among members, CW and defense counsel are excellent with no exceptions noted;
- Payments are generally timely although we noted three exceptions to timely payment of defense counsel billings; and
- Litigation management results continue to reflect delays in initial and subsequent reporting and budget submissions by defense counsel despite CW's use of a retention letter which indicates payment of bills is contingent on compliance. We note adjusters make multiple requests for the initial case evaluation and budget, but find no evidence payment is withheld.

To arrive at our findings, we compared performance in the nine claims handling component areas for each claim shown in Appendix A against industry standards, state law, AORMA's requirements, and CW's guidelines. Results are shown in Exhibit I-1 "Scoring by Component with Financials," and graphically in Exhibit I-2.

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

Table I-1
Performance Evaluation Scale

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

Table I-2
Performance Evaluation Criteria

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

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

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

Table I-3
Performance Enhancement Recommendations Summary

Performance Component	Performance Enhancement Recommendations
Plan of Action/ Documentation	Improve timeliness and quality of the plan of action (POA) by requiring adjusters to: <ul style="list-style-type: none"> • Document the POA minimally at 90 days intervals, or sooner if reasonable claim judgment requires, based on facts and activities of the claim; • Identify target activities and results in the POA; and • Include the next planned report date in the current POA.
Statutory Compliance	Ensure compliance with MMSEA by: <ul style="list-style-type: none"> • Increasing supervision to ensure Medicare-eligible claimants are identified within the claims system; and • Requiring documentation of confirmation of Medicare-eligibility inquiry response prior to issuing a settlement check for a bodily injury claim.
Claim Disposition and Payment	Improve evaluation and documentation of claim settlements by requiring adjusters to: <ul style="list-style-type: none"> • Verify damage to property by personal inspection, appraisal or photographs prior to authorizing settlement; and • Direct counsel to protect Medicare’s secondary payer status when settling claims involving Medicare-beneficiaries.
Litigation/Recovery Management	Continue to work with defense counsel to improve management of litigation by: <ul style="list-style-type: none"> • Sending counsel a retention letter and requesting they return a signed acknowledgment for each new assignment; and • Monitor for the return of the signed acknowledgment. With AORMA approval, implement recommendations of the prior audit by: <ul style="list-style-type: none"> • Sending a suspension notice letter to counsel if compliance is not met within the required time frame, but no later than 45 days; and • Suspending payment to defense counsel until receipt of the signed acknowledgment, initial case analysis, and budget.

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

Exhibit I-1

Scoring by Component with Financials

Claims Reviews Completed:	30	Actual Reserve:	\$676,852
Incurred:	\$1,866,153	Recommended Reserve:	\$675,452
Paid:	\$1,189,302	Net Reserve Change:	(\$1,400)

Claims Administration Component	Claims Graded	Number of Responses for Component			Score	
		Yes	No	NA	2017	2015
01 Claims Intake	30	171	3	6	98%	99%
02 Investigation	30	141	5	124	97%	99%
03 Plan of Action/Documentation	30	231	22	47	91%	96%
04 Reserve Management	29	198	9	63	96%	98%
05 Statutory Compliance	23	24	1	95	99%	98%
06 Communication	27	58	0	32	100%	99%
07 Claim Management Information System	27	132	0	18	100%	99%
08 Claim Disposition and Payment	26	129	7	344	95%	100%
09 Litigation/Recovery Management	14	83	14	323	86%	88%
Overall Claims Administration	30	1,166	62	1,052	95%	97%

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

Exhibit I-2

Scoring by Component Summary Graph

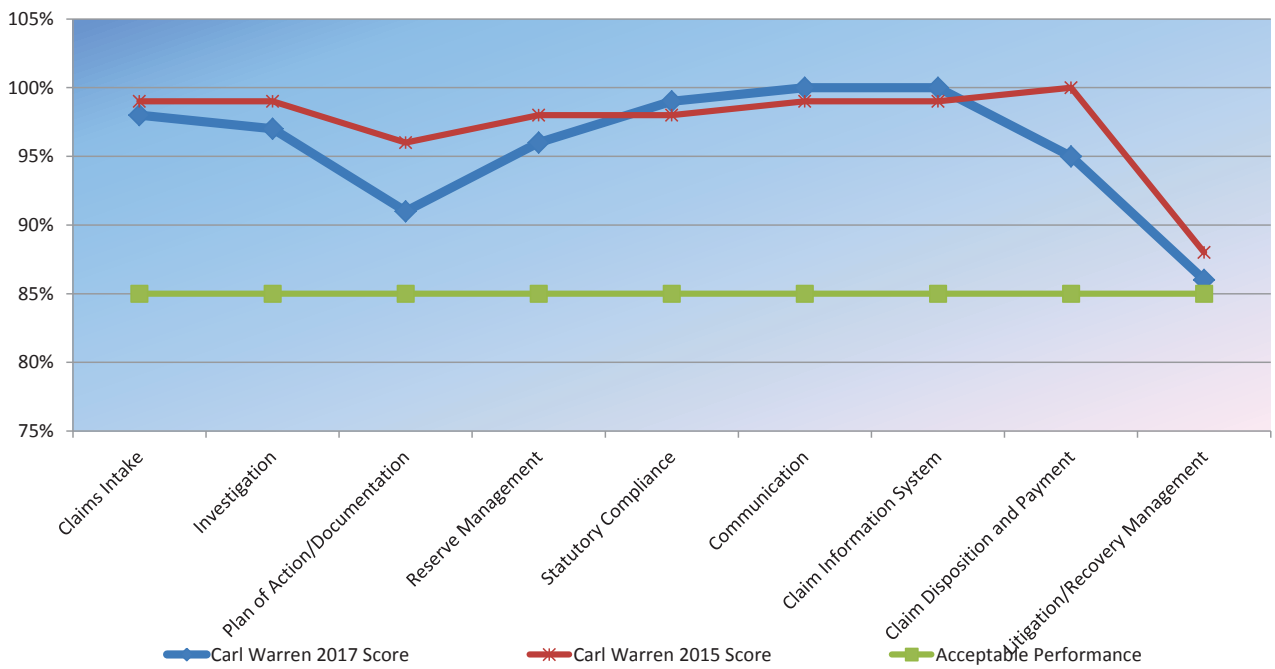
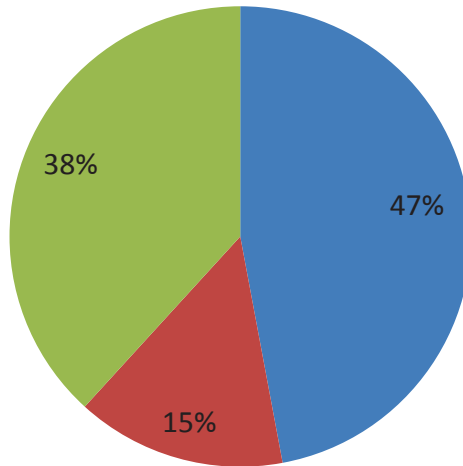


Exhibit I-3

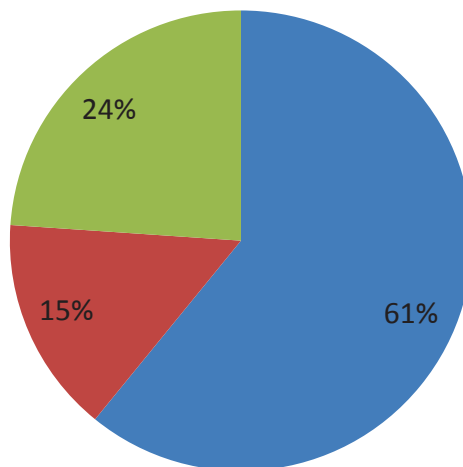
Claim Intake and Pending Analysis

**Claim Intake
2014 through 2017**



■ GL ■ EPL/PI ■ Other

**Claims Pending
As of April 30, 2017**



■ GL ■ EPL/PI ■ Other

II. Detailed Findings

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

- The Third Party Claims Administration Contract between AORMA and CW effective July 1, 2016;
- CW's requirements stated in the "Carl Warren Claims Handling Guidelines" (Guidelines) which we attach in Appendix C; and
- AORMA's guidelines stated in its Policies and Procedures.

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

1. Claims Intake

Score: 98%

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

- Maintain manageable caseloads to promote prompt, effective service to members and third party claimants;
- Process assignments within one business day; and
- Verify the Memorandum of Coverage (MOC) applies to the loss date and the claim facts.

CW's Guidelines support best practices by requiring:

- Creating and assigning new claims within 24 hours of receipt and setting the initial reserve within five working days;
- Supervisory approval prior to hiring independent experts; and
- Accurate data entry.

Members report claims timely; we note one late-reported claim in the audit sample. Late-reported claims may subject the member to a financial penalty. AORMA's P & P L-1 provides for a sliding scale reduction of coverage according to the number of days or months the claim is reported late. This encourages timely reporting.

Claims are recorded in CW's proprietary system maintaining financial and statistical data and allowing the adjuster to document claim handling by entering notes. CW maintains individual paper files supporting the electronic notes. Investigation, correspondence, and other documentation are maintained in the physical claim file or on a drive on their server. While we were not provided access to the server, we found needed documents in the paper file.

While caseloads are stable now, the nine months previous to the audit saw claims shifted among four adjusters and two supervisors in two claim offices with the only stability provided by the Account Manager. The claims have now shifted back from the Concord office to Ventura where the Account Manager is now responsible for adjustment of all AORMA claims. If investigation is required outside the Ventura area, staff from the local CW office will respond.

Workloads do not appear to be an issue with the current case manager administering a caseload of 55 pending claims, including all the AORMA claims. Other than initial claim entry, adjusters provide their own administrative support. CW staff is well-qualified with over 25 years' claims experience including 12 years with CW and providing AORMA with claims management service for almost the entire 12 years.

We find:

- Member reporting is timely;
- New claims are set up off-site and assigned timely, usually within 24 hours of receipt;
- CW confirms receipt of claim to the member;
- Data is accurate and updated when appropriate;
- Productivity is acceptable with claim closures exceeding claim intake for each of the past three years;
- Caseloads are manageable; and
- CW is thoroughly familiar with AORMA's coverage and will seek authority to issue a reservation of rights when appropriate.

We assess claims intake performance as superior.

2. Investigation

Score: 97%

Best practices require:

- Initiating timely contact with required parties within one business day of assignment;
- Documenting contact attempts and results;

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

A timely and properly conducted investigation ensures an accurate understanding of the facts to determine liability. Prompt liability determination promotes early resolution and may avoid litigation. If litigation does occur, discovery can be more focused.

CW's Guidelines establish written investigation standards supporting industry best practices for quality investigations, setting timeframes for contacting parties and determining liability.

We find:

- With respect to timeliness and quality of contact:
 - CW consistently makes required contacts within 24 hours, we note two exceptions in 24 qualifying claims; and
 - CW's experienced staff are able to assess potential issues and obtain sufficient information to promote early liability evaluations.
- All investigations are completed timely with appropriate planned follow-up if not completed within 30 days;
- Investigation usually includes statements and photographs, although we note one exception for obtaining adequate damage verification prior to paying a subrogation claim;
- All qualifying claims are indexed through ISO *ClaimSearch*[®]; and

- Post-investigation analysis of liability and damages is completed, but we note two claims which lacked a thorough analysis addressing the member's negligence and comparative negligence of each party.

We assess claims investigation performance as superior.

3. Plan of Action/Documentation

Score: 91%

Recognizing the importance of planning for resolution for claims open beyond 30 days, best practices require:

- Documenting an action plan no later than 30 days and identifying planned activities and anticipated time frames;
- Reviewing and updating the action plan at appropriate intervals (usually every 30-45 days for active claims) to ensure planned activities are focused on resolving the claim;
- Establishing diary to support the plan;
- Documenting communication between adjuster, member, claimant, and defense counsel;
- Documenting significant activities as they occur, by recording within 24 hours in a claim log or electronic claim notes, identifying the date of the note and its author;
- Documenting with clarity and professionalism;
- Maintaining paper files, date-stamped, and in chronological order, establishing additional volumes by date or by subject, when necessary; and
- Maintaining separate folders within a claim volume to house claimant-specific information when there are multiple claimants.

CW supports industry best practices by requiring:

- An initial case assessment within five days of assignment;
- An update POA within 30 days of receipt and every 90 days thereafter; and
- System-generated diary dates at 30 days, then recurring every 90 days;

We find:

- Action plans are documented and updated in the notepad and reflect appropriate activities initiated to resolve the claim, with one exception noted in 29 qualifying claims;
- POAs require improvement by noting targeted completion dates for each activity and the adjuster's planned follow-up date; 12 of the 25 qualifying claims documented this information;
- Diary frequency cannot be determined without access to historical diary activity; however, we were able to determine diary frequency usually met CW's requirements by reviewing the notepad for dates and activities; we note three exceptions;
- Claim notes documentation is professional, reflects ongoing internal and external communication, and identifies authorship and date;
- Files containing documents are usually in chronological order, although there were three exceptions where documentation had to be printed prior to shipment to Ventura from Concord and printed material was not in any particular order; and
- Correspondence received via regular mail is date-stamped.

We assess diary and action plan performance as commendable. However, we recommend CW take steps to improve timeliness and quality of the documented POA by requiring adjusters to:

- **Document the POA minimally at 90 days intervals, or sooner if reasonable claim judgment requires, based on facts and activities of the claim;**
- **Identify target activities and results in the POA; and**
- **Include the next planned report date in the current POA.**

4. Reserve Management

Score: 96%

Best practices require:

- Setting initial reserves timely and reviewing adequacy based upon developing an analysis of evidence in favor of issues pursued by the claimant and evidence in favor of immunities and defenses;
- Reevaluating reserves at least bi-annually for adequacy based upon the liability and damages information reflected in the investigation and discovery;

- Documenting reserve calculations using Most Probable Outcome (MPO) considering the probable adverse outcome and the probability for a favorable outcome is as follows:
 - 75% or greater chance for favorable outcome, reserve for favorable outcome plus 25% of probable adverse outcome;
 - 51% to 75% chance for favorable outcome, reserve for favorable outcome plus 50% of probable adverse outcome; and
 - 50% or less chance for favorable outcome, reserve for 100% of probable adverse outcome.

CW meets best practices by requiring:

- Initial loss reserve set within five days of receipt of the claim;
- Initial expense reserve set upon completion of the initial action plan;
- Expense reserves on litigated claims to be based on counsel’s approved budget;
- Consideration of multiple factors in determining ultimate loss and expense payments; and
- Documentation of the adjuster’s rationale when initially set, subsequently adjusted, and reviewed at 90-day intervals;

We find:

- CW sets a “placeholder” reserve when a new claim is entered offsite; however, this is not considered an initial reserve;
- Initial reserves are timely by the assigned adjuster;
- With two exceptions, adjustments are made within 30 days of receipt of information supporting the need for an adjustment;
- Files generally document reserve review at reasonable intervals, but no less than bi-annually;
- Adjusters document reserve rationale, although we note three exceptions of 22 qualifying claims;
- Indemnity and expense reserves are evaluated separately, supported by case facts, and consider defense counsel’s analysis and recommended budget;

- Reserves are accurate. We recommend two reserve adjustments, one increase and one decrease for a net decrease of (\$1,400) to the total outstanding reserves of \$676,852 for the audit sample reflected in Appendix A;
- The recommended decrease is insignificant at less than 1% of the total outstanding reserves; our actuaries advise reserve adjustments less than 10% do not impact actuarial results; and
- All but two sample claims are closed within 30 days of the final payment.

We assess reserve management performance as superior.

5. Statutory Compliance

Score: 99%

Best practices require compliance with:

- Any state Fair Claims Practices Act;
- Government code section(s) relating to filing or responding to claims, if appropriate, and
- Other federal or state laws relating to handling and payment of claims.

As a self-funded plan not covered by insurance, AORMA is exempt from the requirements of the California Fair Claims Practices Act included in the California Insurance Code. Nevertheless, CW treats claimants fairly and communicates and issues payments timely.

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

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

Beginning January 1, 2012, Responsible Reporting Entities (RREs) were to begin reporting Total Payment Obligation to Claimant (TPOC) settlements, judgments, awards, or other payments over \$100,000. This threshold diminishes over the years and the current reporting threshold is now \$750. The complete reporting threshold dates are as follows.

Amount	TPOC Date on or after	Reporting Required*
\$100,000	October 1, 2011	January 1, 2012
\$50,000	April 1, 2012	July 1, 2012
\$25,000	July 1, 2012	October 1, 2012
\$5,000	October 1, 2012	January 1, 2012
\$2,000	October 1, 2013	January 1, 2014
\$1,000	October 1, 2014	January 1, 2015
\$750	January 1, 2017	April 1, 2017

*Within the quarter beginning on this date.

Because CSURMA funds AORMA’s self-insured retention, CSURMA is the RRE under MMSEA. CW is the reporting agent and contracts with ISO to identify and report appropriate claims. ISO provides CW with a listing of claims identifying Medicare recipients. CW’s Guidelines require certain system fields to be completed to facilitate reporting.

This workflow is dependent on the adjuster:

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

We note one claim settled in 2014 which was not identified as Medicare-eligible and defense counsel was asked to verify and did not respond, but the adjuster appropriately indicated the Total Payment Obligation to the Claimant (TPOC) was being reported; however, we are unable to confirm this occurred.

We assess statutory compliance performance as superior. However, to ensure compliance with MMSEA, we recommend CW:

- **Increase supervision to ensure Medicare-eligible claimants are identified within the claims system; and**
- **Require documentation of confirmation of Medicare-eligibility inquiry response prior to issuing a settlement check for a bodily injury claim.**

6. *Communication*

Score: 100%

Best practices require:

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

We find:

- Audit sample files reflect good communication among CW, CSURMA, defense counsel and member representatives; and
- Members are updated as claim or suit progresses.

We assess communication as superior.

7. Claims Management Information System (CMIS)

Score: 100%

Best practices require:

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

We find:

- Data reflected in the printed financials provided for sample claims is accurate;
- Data integrity is dependent on the adjuster's updating data as necessary, and we find no exceptions;
- CW's proprietary system appears to contain sufficient fields to allow meaningful reports; and
- Claim file data reviewed in the sample agreed with the loss run data and there was no contradictory data found in the notepads.

We assess performance for CMIS as superior.

8. *Claim Disposition and Payment*

Score: 95%

Industry best practices require documentation of:

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

CW Guidelines require appropriate documentation to support bodily injury and property damage claims and response to settlement demands within 30 days.

CW requires the request for authority to provide a clear analysis of the claim.

AORMA's P & P No. L-2 sets forth the following settlement authority parameters:

- CW has authority to \$25,000; and
- The AORMA Committee has settlement authority in excess of \$25,000 to the limit of the pooled layer.

The MOC requires member notification for settlements and provides a two-level appeal process should the member disagree.

We find:

- The authority level delegated to CW is appropriate, given the experience of the individuals responsible for administering AORMA claims;

- Settlement evaluations are documented within 30 days of receipt of damages information without exception;
- Adjusters generally acknowledge receipt of a demand within 10 days, which we believe is an excellent practice, if 30 days is allowed for response to the demand;
- Settlement evaluations consistently include the adjuster's evaluation of evidence and rationale for the valuation range provided;
- We note one exception for proper documentation of the adjuster's evaluation and two exceptions for property damage verification;
- Negotiation strategy is well documented;
- Offers and demands are documented in the claim notes;
- Releases are obtained in 100% of the settled claims in the audit sample;
- Medicare interest potential was recognized in one settlement, but Medicare-eligibility was not documented;
- Settlement authority requests are timely and presented clearly;
- Payments are timely, with three exceptions noted for late payment of attorney fees without explanation; and
- Payments are accurate and supported.

We assess claims disposition performance as commendable. We recommend CW improve evaluation and documentation of claim settlements by requiring adjusters to:

- **Verify damage to property by personal inspection, appraisal or photographs prior to authorizing settlement; and**
- **Direct counsel to protect Medicare's secondary payer status when settling claims involving Medicare-beneficiaries.**

9. Litigation/Recovery Management

Score: 86%

Best practices for litigation management require the administrator to avoid unnecessary litigation by:

- Investigating claims promptly;

- Evaluating claims reasonably and making early resolution decisions;
- Maintaining frequent contact with third party claimants to establish trust and foster claim resolution when appropriate; and
- Treating claimants and attorneys fairly.

To minimize costs when litigation does occur, the administrator is expected to:

- Control the use of outside defense counsel;
- Assign claims in writing to specific attorneys rather than to firms;
- Ensure cases contain the attorney's documented resolution strategy and a written budget;
- Collaborate with the assigned attorney to facilitate development of alternative resolution strategies when appropriate;
- Consider alternative dispute resolution; and
- Monitor defense counsel's billings to ensure compliance with contractual requirements.

AORMA meets best practices by detailing litigation management requirements in P & P No. L-2 which requires:

- TPA oversight of legal defense management;
- Counsel to acknowledge and sign an engagement letter indicating understanding of AORMA's litigation management requirements; and
- Counsel to provide a case analysis and litigation budget within 30 days of receipt of assignment and update the legal budget as necessary.

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

AORMA P & P L-3 requires CW to assign new suits to AORMA-approved counsel within five days of receipt. The policy also provides for maximum hourly rates.

AORMA litigation management guidelines are excellent as they set communication standards and require budgeting to promote cost projections. Despite CW's consistent application of the guidelines, performance for submitting the initial case analysis and budget requires improvement. Both items are critical to achieve reserving accuracy and accurate cost projections.

We find:

- Seventeen percent of the open pending claims and 40% of the audit sample are litigated, both excluding automobile;
- In addition to litigated claims, counsel is generally retained to monitor discrimination cases involving administrative hearings before the U.S. Equal Employment Opportunity Commission (EEOC) or the California Department of Fair Employment and Housing (DFEH);
- Representation of the member in EEOC and DFEH cases is outside the scope of the member's coverage;
- Without exception, CW refers new litigation to a panel firm within five days;
- CW uses the required engagement letter with one exception;
- Panel counsel demonstrates the necessary expertise to defend assigned cases and provides a thorough fact summary and analysis of liability. However, we note:
 - Counsel is non-compliant to CW's request for an initial case analysis within 30 days in two of nine qualifying¹ claims;
 - Counsel demonstrates non-compliance to CW's request for a litigation budget in three of ten qualifying claims, with several claims requiring multiple requests; and
 - Subsequent case reporting by counsel requires improvement to meet AORMA's guidelines with nine of thirteen qualifying claims in the sample reflecting late reporting.
- For those claims where counsel was delinquent in providing a timely initial evaluation or submitting a case budget, interim bills were paid despite the non-compliance; and
- Legal billings generally comply with AORMA's guidelines.

Best practices for recovery management require:

- Prompt identification of and contact with responsible parties;
- Prompt identification of contracts intended to hold a third party liable;
- Appropriate follow up with responsible parties to effect recovery;

¹ "Qualifying" claims are those claims for which an initial analysis and/or case budget is due during the current audit period.

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

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

We assess litigation management performance as acceptable. To improve performance to superior, we recommend AORMA request CW to:

- **Continue to work with defense counsel to improve management of litigation by:**
 - **Sending counsel a retention letter and requesting they return a signed acknowledgment for each new assignment; and**
 - **Monitor for the return of the signed acknowledgment.**
- **With AORMA approval, implement the prior audit recommendations by:**
 - **Sending a suspension notice letter to counsel if compliance is not met within the required time frame, but no later than 45 days; and**
 - **Suspending payment to defense counsel until receipt of the signed acknowledgment, initial case analysis and budget.**

CW's Engagement Letter (Appendix D) notifies counsel of the requirement to immediately return a signed copy of the letter, and submit an initial analysis and budget within 30 days. The Engagement Letter provides sufficient notice to counsel and allows withholding of payment of bills received prior to the firm's compliance. The Suspension Letter (Appendix E) can be sent after expiration of the compliance period.

**WORKERS' COMPENSATION CLAIMS ADMINISTRATOR SERVICE
PERFORMANCE AUDIT**

ISSUE: CSURMA engages Sedgwick Claims Management Services (Sedgwick CMS) to serve as third-party administrator (TPA) for Campus and AORMA Workers' Compensation Risk Pool claims. Pursuant to CSURMA Policy and Procedure No. 5, a regular performance audit is performed to review services delivered by Sedgwick, particularly in regards to the standards of performance for the industry and the specific requirements outlined in the Service Agreement between CSURMA and Sedgwick CMS. A service performance audit for 2017 was completed by Jacki Graf, CSURMA's Senior Workers' Compensation Claims Consultant in June and July of 2017 for the Campus Workers' Compensation Risk Pool. The summary report is attached for the Board's review and discussion.

RECOMMENDATION: This report has been accepted by the Executive Committee. No action is requested; this item is for information only.

FISCAL IMPACT: None.

BACKGROUND: CSU is permissibly uninsured for Workers' Compensation. An agreement between CSURMA and Sedgwick CMS for Workers' Compensation claims administration contains performance standards required by CSURMA and associated compliance measurement for each party. This report represents the sixth biennial audit conducted of Sedgwick CMS since the inception of the agreement.

PUBLICATION: The Audit is presented to the Executive Committee and Board of Directors, and reviewed with the Chancellor's Office and claims administrator for action.

ATTACHMENT(S):

- a. CSU Workers' Compensation Claims TPA Audit - 2017 Report

Confidential
Comment DRAFT

CSU **The California State University**
WORKING FOR CALIFORNIA



**CSU WORKERS' COMPENSATION
CLAIMS TPA
AUDIT
2017 REPORT**



Alliant

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100 Pine Street, 11th Floor
San Francisco, CA 94111

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

www.alliant.com

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1. INTRODUCTION

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

This report represents the eighth audit conducted of Sedgwick CMS since the inception of the Workers' Compensation Third Party Administrator's Contract in 2003. Six full audits and two "mini" audits have been conducted. The enclosed report reflects the findings of the full audit conducted in June and July of 2017.

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

ALLIANT INSURANCE SERVICES

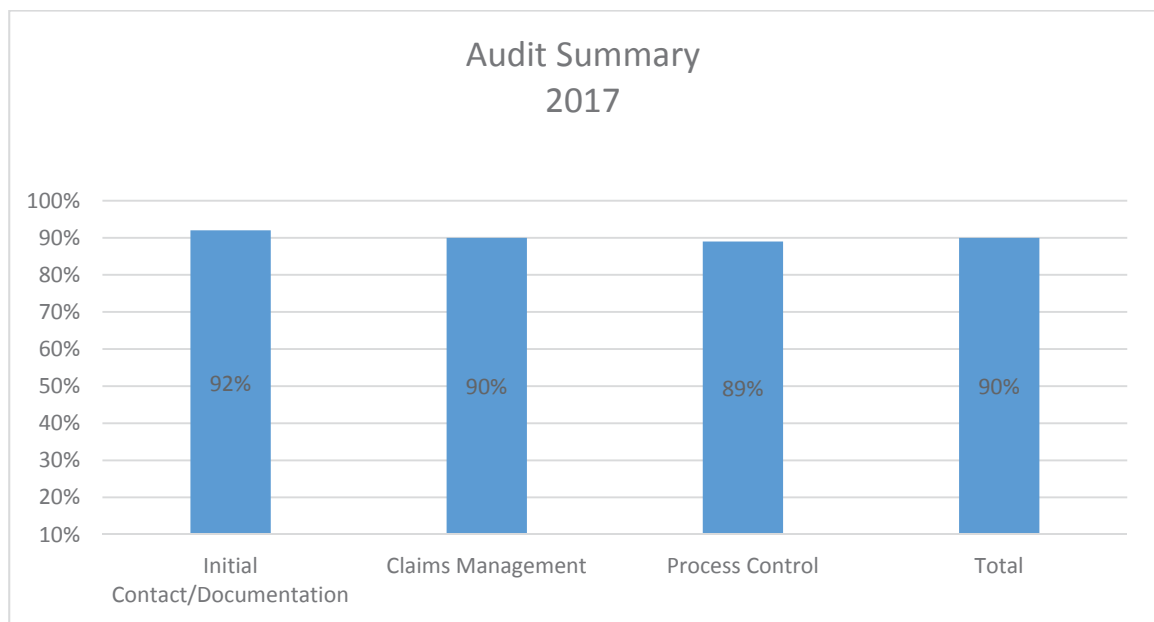
Jacki Graf

2. EXECUTIVE SUMMARY

2.1. OVERVIEW

An audit of 132 workers' compensation files representing 10% of the open indemnity and future medical file population was conducted on files handled by Sedgwick in their Rancho Cordova and Oakland offices. Sedgwick achieved a total audit score of 90% in this review. The average compliance standard required by the Service Agreement with Sedgwick is 90%. Detailed findings and results have been provided to CSU Systemwide Office Risk Management.

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



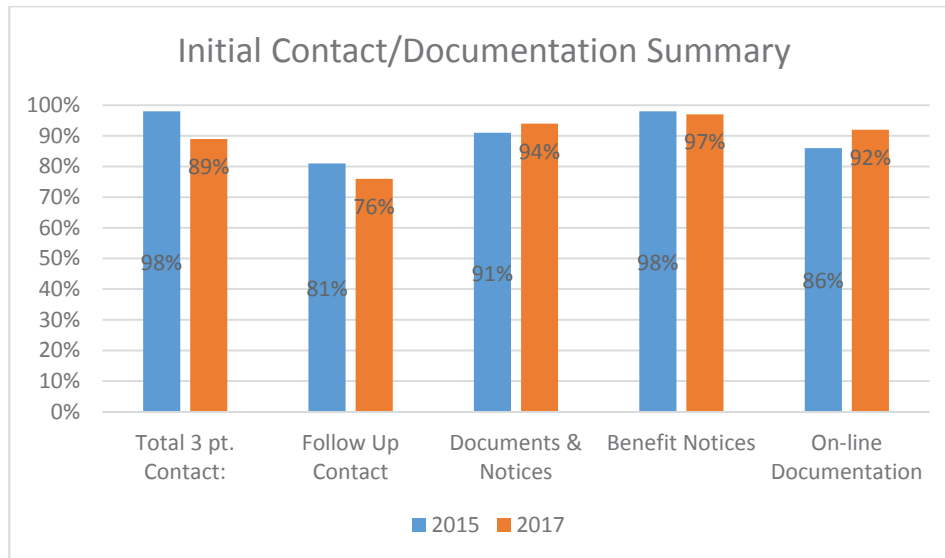
Two of the three major categories met or exceeded the 90% standard with a 92% in Initial Contact/Documentation, 90% in Claim Management. Process Control is 1% shy of goal. This is a very good result. 2015 audit result also achieved 90%.

2.2. FINDINGS

2.2.1. Findings – Initial Contact and Documentation

The 2017 audit resulted in a 1% improvement from the 2015 audit in the category of Initial Contact and Documentation. This area remains a strong area of performance for the CSU team with an excellent result of 92%.

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



Three of the 5 categories are above goal.

The Three Point Contact category dipped below goal to 89% a drop of 9%. This category found a decline in all areas except for Coordinator Contact Completed which remained high at 98%. There was a 14% drop in On Time Contact for Employee, 22% drop in On Time Supervisor Contact and a 12% drop in On Time Coordinator Contact. Completed contacts for the Employee and the Coordinator were attained in 98% of the applicable files and the Supervisor contact was completed in 85% the cases reviewed. Although the optional medical Facility contact was achieved in 92% of the cases, the result in 2017 in this line item was 100%.

The Follow-Up Contact category evaluates whether ongoing contact is maintained with injured workers throughout the life of the file per the standards outlined in the CSU Client Service Instructions. The performance in this sub category in the prior three audits was found to be below standard. Ground has been lost in this audit period on this item again. The score fell from 81% in 2015 to 76% in 2017.

However, ten out of the campus inventories achieved 100% in this category. This clearly shows that many of the examiners are committed to maintaining an ongoing dialogue throughout the life of the file through resolution. Other inventories did not demonstrate a consistent performance in this area. This standard requires compliance by all examiners in the program. CSU values communication with the injured worker. Maintaining an ongoing dialogue through file resolution will reduce litigation and timely closure.

The Documents and Notices category above goal at 94% is a 3% increase from the 2015 result.

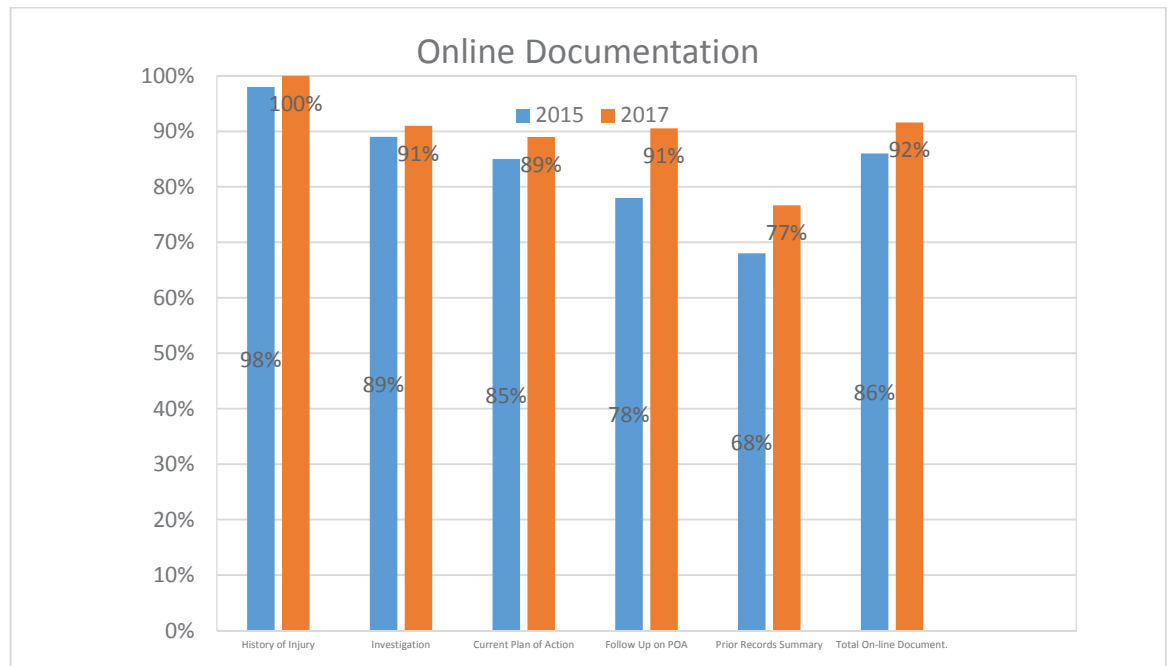
Claim Form documentation is consistently noted in the files at this time.

The Benefit Notices category result is excellent at 97%.

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

This category evaluates the documentation of the History of the Injury 100%, Investigation 91%, Current Plan of Action 89%, Follow Up on the Plan of Action 91% and Prior Record Summary 77%.

I am pleased to note every area improved during this review period.



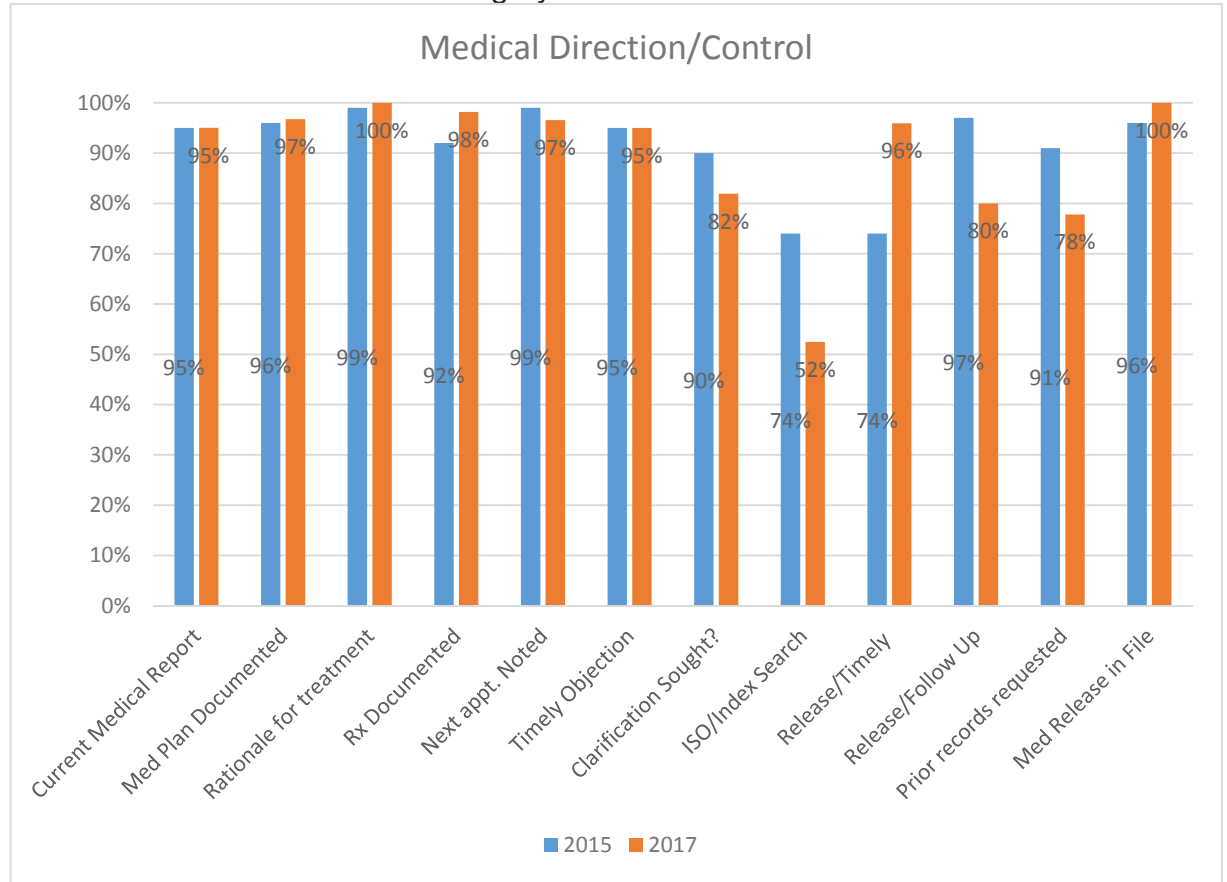
The area with the most change (+13%) from the last audit is in the area of Follow up on POA (Plan of Action). The files reviewed demonstrated that there was progress achieved in file movement from POA to POA and this was documented in the action plans. Prior record summary also recorded positive change with a 9% improvement from last review.

2.2.2. Findings – Claims Management

Sedgwick achieved a score of 90% in the Claims Management category in this audit. This represents a 2% decrease in this category since 2015. The Claims Management category is composed of two sub categories: Medical Direction/Control and Litigation Management. The results in the sub-

categories are 89% in Medical Direction/Control and 91% in Litigation Management.

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



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

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

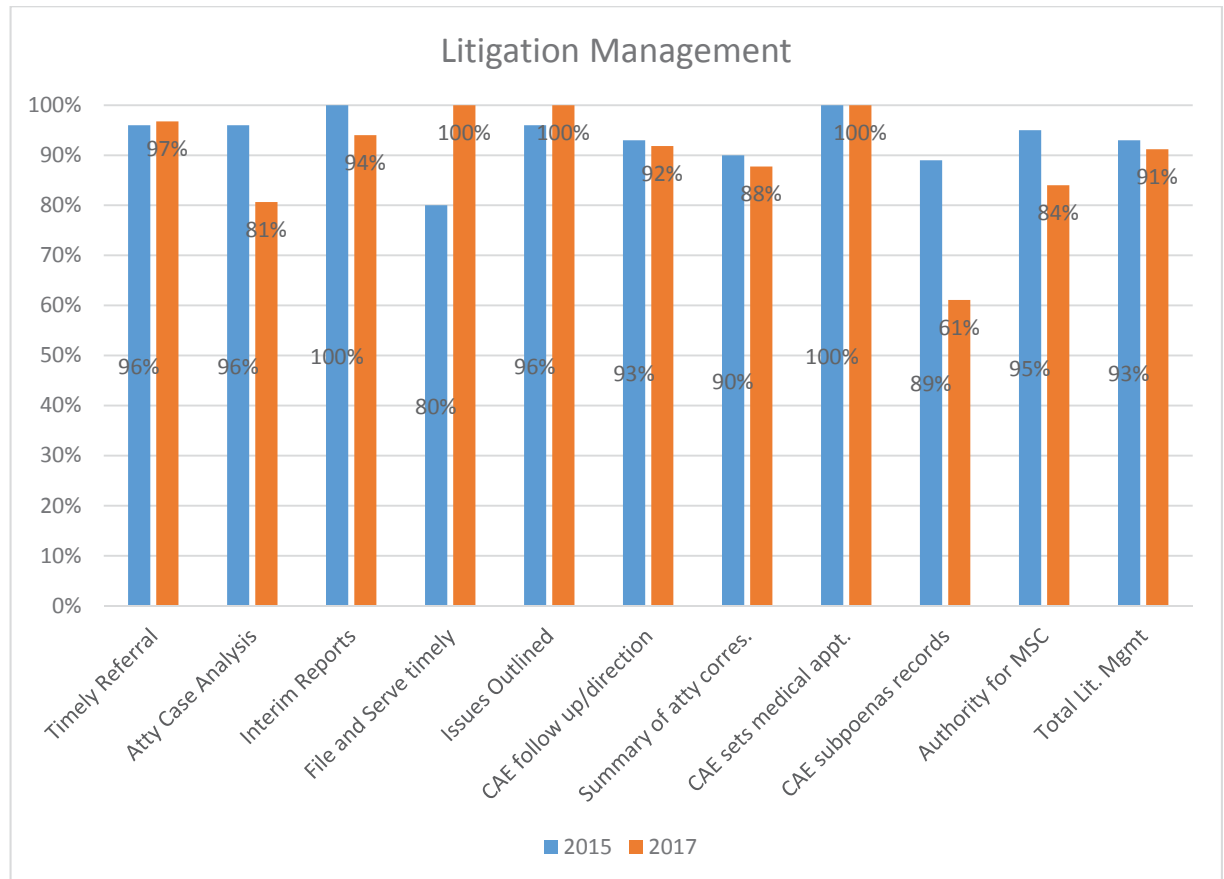
While overall category dropped 2% this review, the medical reporting categories are all at acceptable levels.

The other sub categories in the Medical Direction/Control area concerns indexing for prior claims and obtaining medical records for prior claims/pre-existing conditions.

There was significant decline in the area of ISO index search (-22%). Some of this decline is due to the change in claim systems. In the Juris system, the index system did not become live after conversion. While I understand this was recently corrected, there are still a large group of files without a current index report. The breakdown in indexing when it had already been identified as an area that needed improvement is disappointing.

On the flip side of this area of discovery, the sending of Medical Releases at the claim onset has improved by 22% to a score of 96%. The follow-up on the medical releases declined 17% to 80%. Where medical releases were obtained the request for prior records has dropped 13% to 78%. The documentation of the medical release once obtained is 100%.

The second component in the overall Claims Management Category is Litigation Management. Sub category results in 2017 compared with 2015 are shown below.



Litigation Management decreased by 2% from 2015. The result remains quite strong at 91%. Six out of the ten subcategories are above standard. This demonstrates strong legal management in the claims files.

There is noted improvement in the area of Filing and Serving medical reports; now scoring 100%; a 20% improvement from the last review. This area is certainly on track in this review.

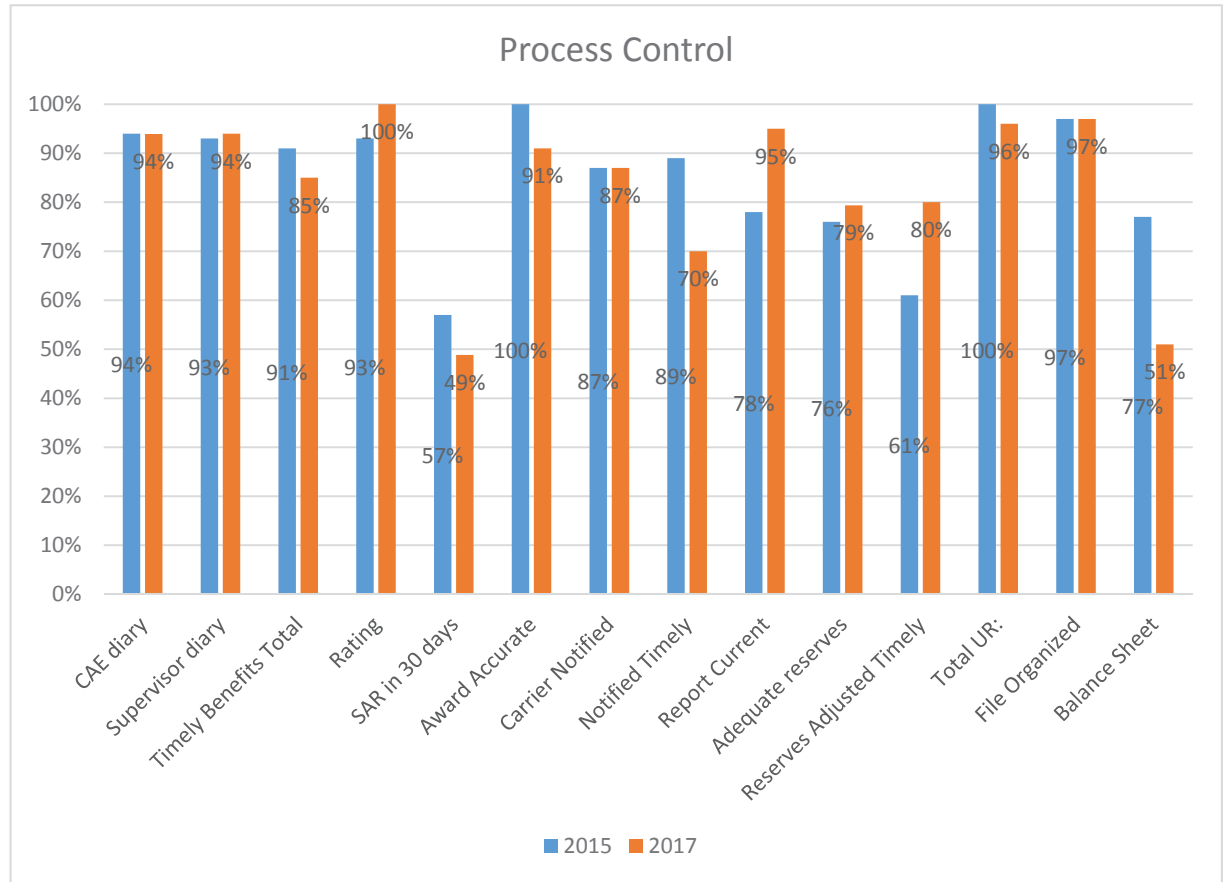
Three areas decreased more than 10% points over last review.

- Attorney case analysis decreased 15% to 81%. This category requires that the defense attorney initial analysis be received and posted to the note section of the claims system within 30 days of the file transmittal. This occurred in 25 of the 31 applicable files. While most of the time the attorney did send the analysis within 30 days, there were files where the examiner never posted a summary of the analysis to the claim file. The legal analysis of the claim issues should be a touchstone in the file for further claims handling.
- The documentation of the of claims examiner subpoenaing the medical records rather than the defense attorney is down 28% for a score of 61%. When the defense attorney subpoenaed the records directly, I could not find evidence of a discussion with the examiner as to why this was necessary. This should only be done in rare cases, and if the DA is instructed to do so by the examiner the reasons for same should be well documented in the claims file. This electronic documentation on this was lacking.
- Authority for MSC has lost nearly all the gains that were evidenced in the 2015 review. Current result is 84% and the 2015 result had achieved 95%. Settlement Authority should be proactive on a claims file and not a reactive rush response to the WCAB calendar conference date.

2.2.3. Findings – Process Control

The overall score in the Process Control category for the 2017 audit is 89%. This is unchanged from the 2015 review.

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



The following categories met or exceeded standard: Diary 94%, Total UR(Utilization Review) 96%, and Organization 97%.

The following areas did not meet standard: Finalization 78%, Excess Reporting 85%, Reserves 79% and Reconciliation (Balance Sheet) 51%.

Comments:

Diary – Above standard; No overall change from last review. 94%

Timely Benefit Administration –Below standard: 6% decrease from 2015. There were some duplicate payments in one inventory where live Temporary Disability checks were paid concurrently while authorizing Industrial Disability Leave. While a few of these files came to light pre-audit, additional instances were identified in this review.

Finalization Result – Below standard

Ratings are obtained timely with an excellent 100% result. The SAR's are not being completed through the approval process in 30 days. This category lost

ground from 57% to 49% this review. This area has historically been below standard.

The examiners generally prepare the SAR within 30 days of the rating, but when the internal review process requires operations manager approval this extends beyond the 30 day window. When revisions are requested the SAR process can extend well beyond the 30 days. This internal process should be reviewed to determine how the 30 day target can be met in all situations. While effort has been made by Sedgwick to use IT resources to track SAR submissions, the internal approval time when management oversight is involved extends beyond 30 days.

Excess Reporting – Below Standard 85%

This category reviews both timely reporting to the Excess Carriers and Chancellor Office. There were 4 files where the initial report to the excess carrier was missed or late at the time the reserve reporting threshold was met. Seven of the eleven files in the Notified Timely section represent Chancellor Report files.

Overall Reserve Awareness – Below Standard 79%

This category has improved overall 11%. There is still significant room for improvement. The examiners need to more timely recognize the pace/pattern of use of medical care and have a reasonable expectation of permanent disability residuals especially in litigated claims.

Reconciliation- The task of balancing indemnity payments on the claim file lost significant ground from 77% in 2015 to 51% in 2017. The reason for this regression is unclear.

The CSI's require that a claim file have a Claims Balance Worksheet completed annually for claims where indemnity benefits have been paid. This ensures that benefits are properly calculated. It was noted that 6 campuses had a 100% finding of compliance in this area.

2.2.4. Findings – Staff Commentary

There has been changes in the staff since the last review. Both supervisors are consistently performing diary timely.

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

2.3. RECOMMENDATION

Listed below are recommendations by category:

2.3.1. CSI Compliance Review

As always, an annual CSI refresher training review should be arranged. Given the audit findings this should particularly highlight the following areas: Claimant Timely (initial contacts), Follow Up Contact, Prior Record Summary,

ISO/Index Search, Follow-up Medical Release Timely, Initial Attorney Analysis, Examiner Subpoena Records, Authority for MSC, SAR in 30 days, Excess Report Current, Reserves Adequate and Timely, and Reconciliation. Corrective action is required on the inventory with TD benefit delivery issues.

2.3.2. CSI Update

The CSI document will be reviewed with Sedgwick to determine if any changes are recommended to ensure compliance.

2.3.3. Training and Development

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

Conclusion:

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

STATE OF CALIFORNIA RESTRICTED TRAVEL

ISSUE: CSURMA adopted a travel policy that says that CSURMA travelers follow the travel requirements of their organization. The State of California has eliminated travel to certain states and CSURMA will follow this restriction.

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

FISCAL IMPACT: No fiscal impact at this meeting.


BACKGROUND: Please refer to attached report.

PUBLICATION: None.

ATTACHMENT(S):

- a. Memorandum dated July 27, 2017

www.calstate.edu

DATE: July 27, 2017
TO: CSU Presidents
FROM: Steve Relyea 
Executive Vice Chancellor and
Chief Financial Officer
SUBJECT: Travel Ban and Monies Under GC 1139.8

Recently the California Attorney General added four additional states to the state travel ban list. This brings the total number of states to the eight listed below:

1. Alabama
2. Kansas
3. Kentucky
4. Mississippi
5. North Carolina
6. South Dakota
7. Tennessee
8. Texas

The ban includes language that provides for exceptions when the travel at issue is to participate in meetings or training required by grants, or to meet contractual obligations incurred before January 1, 2017. Such contractual obligations may, depending on the circumstances, include contracts entered into prior to January 1, 2017, in order to attend and participate in athletic or academic events. This restriction only applies to reimbursable travel expenses, not to other expenses such as salaries.

During the recent offsite meeting of the Council of Presidents, the issue arose regarding what monies may be used to pay expenses incurred for travel subject to Government Code Section 11139.8, which prohibits the use of "state funds" for travel to the identified states.

Monies that are appropriated by the legislature, either as part of the budget process or continuously appropriated (e.g., tuition and fees) may not be used to pay for travel to the current list of banned states unless the travel falls under one of the exceptions noted in the legislation and also listed at the bottom of this communication. Monies received by a campus auxiliary organization may be used for such travel, consistent with campus and auxiliary policies. Private funds may also be used for such travel.

CSU Campuses
Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay

Fresno
Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy

Monterey Bay
Northridge
Pomona
Sacramento
San Bernardino
San Diego

San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

Questions about this memo may be directed to Assistant Vice Chancellor and Chief Counsel Andrea Gunn Eaton at aeaton@calstate.edu or Assistant Vice Chancellor and Controller Mary Ek at mek@calstate.edu.

SR:jw

c: Timothy P. White, Chancellor, Chancellor's Office
Chief Administration and Business Officers
Fram Virjee, Executive Vice Chancellor and General Counsel, Chancellor's Office
Loren Blanchard, Executive Vice Chancellor, Academic and Student Affairs,
Chancellor's Office
Larry Mandel, Vice Chancellor and Chief Audit Officer, Chancellor's Office
Garrett Ashley, Vice Chancellor, University Relations and Advancement,
Chancellor's Office
Melissa Bard, Vice Chancellor, Human Resources, Chancellor's Office

Exceptions to the travel ban may be granted for the following purposes:

- 1) Enforcement of California law, including auditing and revenue collection.
- 2) Litigation.
- 3) To meet contractual obligations incurred before January 1, 2017.
- 4) To comply with requests by the federal government to appear before committees.
- 5) To participate in meetings or training required by a grant or required to maintain grant funding.
- 6) To complete job-required training necessary to maintain licensure or similar standards required for holding a position, in the event that comparable training cannot be obtained in California or a different state not affected.
- 7) For the protection of public health, welfare, or safety, as determined by the CSU or other state agencies.

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


Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

562-951-4600
srelyea@calstate.edu

www.calstate.edu

DATE: October 18, 2016

TO: CSU Presidents
Chief Administrators and Business Officers

FROM: Steve Relyea 
Executive Vice Chancellor and
Chief Financial Officer

SUBJECT: CSU Travel Restrictions – Assembly Bill 1887

Assembly Bill 1887 approved by the Governor Jerry Brown and filed with the Secretary of State on September 27, 2016, added Section 11139.8 to the Government Code relating to discrimination. As a result of this new law, as of January 1, 2017, the CSU will be restricted from requiring employees to travel to certain states. Additionally, CSU is prohibited from approving state-funded or state-sponsored travel to those states. A current example of a state subject to these travel prohibitions is North Carolina, which in 2016 passed a law which prevents local governments from passing anti-discrimination rules to grant protections to gay and transgender people. The complete list of affected states will be maintained on the California State Attorney General's website, [State of California Department of Justice](#), and travelers and approvers are required to check the website for the current list when planning out-of-state travel.

Exceptions to the new travel prohibitions may be granted for the following purposes:

- 1) Enforcement of California law, including auditing and revenue collection.
- 2) Litigation.
- 3) To meet contractual obligations incurred before January 1, 2017.
- 4) To comply with requests by the federal government to appear before committees.
- 5) To participate in meetings or training required by a grant or required to maintain grant funding.

CSU Campuses
Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay

Fresno
Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy

Monterey Bay
Northridge
Pomona
Sacramento
San Bernardino
San Diego

San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

CSU Presidents and CABO
October 18, 2016
Page 2

- 6) To complete job-required training necessary to maintain licensure or similar standards required for holding a position, in the event that comparable training cannot be obtained in California or a different state not affected.
- 7) For the protection of public health, welfare, or safety, as determined by the CSU or other state agencies.

Travelers are required to document any exceptions on their travel authorization and/or travel expense documentation. The CSU Travel Policy has been updated to reflect this new law.

The text of the new law is shown below.

The California State University and other state agencies are prohibited from doing either of the following:

- 1) *Requiring employees to travel to any state that after June 26, 2015, has enacted a law that voids or repeals, or has the effect of voiding or repealing, existing state or local protections against discrimination on the basis of sexual orientation, gender identity, or gender expression, or has enacted a law that authorizes or requires discrimination against same-sex couples or their families or on the basis of sexual orientation, gender identity, or gender expression, including any law that creates an exemption to antidiscrimination laws in order to permit discrimination against same-sex couples or their families or on the basis of sexual orientation, gender identity, or gender expression.*
- 2) *Approving a request for state-funded or state-sponsored travel to a state that, after June 26, 2015, has taken the same actions as described in subsection 1) above.*

Should you have any questions please contact Assistant Vice Chancellor / Controller Mary Ek at mek@calstate.edu or (562) 951-4610.

SR:dt

c: Chancellor Timothy White
Fram Virjee, Executive Vice Chancellor and General Counsel
Loren Blanchard, Executive Vice Chancellor, Academic and Student Affairs
Larry Mandel, Vice Chancellor and Chief Audit Officer
Garrett Ashley, Vice Chancellor, University Relations and Advancement
Andrew Jones, Interim Vice Chancellor, Human Resources

CSURMA ADMINISTRATIVE SERVICE CALENDAR

ISSUE: This item is provided as an information item to advise the Board of Directors of the various recurring administrative activities and when they take place over the course of the year. It includes items noting when they appear before the Executive Committee and Board of Directors. It is to be provided for information with each agenda packet.

RECOMMENDATION: It is recommended that the Board of Directors review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.

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

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Administrative Services Calendar

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	
JANUARY 2017				
01/01/17	CSURMA Policies and Procedures (odd in odd years / even in even years)	Alliant Staff	Robert Leong	Completed
01/01/17	FTIP: Order FTIP loss run and IP loss run valued at 12/31	Alliant Staff	Stacey Weeks/ Robert Leong	Completed
01/02/17	FORM 700 - JPA ADMIN finalizes current year member listing	Alliant Staff	Tevea Him	Completed
01/06/17	Statement of Facts – Roster of Public Agencies - file with Secretary of State	Alliant Staff	Tevea Him	Pending
01/07/17	Announce the new AORMA Committee Vice Chair as well as open seats on the AORMA Committee	Nominations Committee	Mimi Long	Completed
<i>01/08/17</i>	<i>CSURMA AOA CONFERENCE</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>01/08/17</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>01/11/17</i>	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	<i>Completed</i>
01/15/17	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
01/31/17	Final premium / rate letter to all AORMA members	Alliant Staff	Mimi Long	Completed
01/31/17	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
FEBRUARY 2017				
02/01/17	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
02/01/17	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 12/31	Alliant Staff	Tevea Him	Completed
02/01/17	UIP - Send EDD Claims Information to Individual Members	Alliant Staff	Tevea Him	Completed
02/01/17	Campus Liability Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	Completed
02/01/17	Campus Workers' Compensation Risk Pool claims audit (every odd year)	Alliant Staff	Jacki Graf	Completed
02/01/17	AORMA Workers' Compensation program claims administration audit (every even year)	Alliant Staff	Jacki Graf	N/A
02/01/17	AIME Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	N/A
02/01/17	AORMA Liability Program claims audit (every odd year)	Alliant Staff	Mimi Long	Completed
02/01/17	FTIP: Prepare loss summaries, review with SRM to determine renewal strategy (market or not, etc)	Alliant Staff	Stacey Weeks/ Robert Leong	Completed
02/15/17	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
<i>02/23/17</i>	<i>AORMA Program Committee Meeting (Teleconference)</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
MARCH 2017				
03/01/17	Annual Review of (1) Data Security Policies and (2) the Integrated CSU Administration Manual	Alliant Staff	Mimi Long	Completed
03/01/17	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
03/01/17	Chancellor's Office Services Budget Proposals	Alliant Staff	Mimi Long	Completed
03/01/17	CSURMA Budget (EC and AORMA Approval)	Alliant Staff	Robert Leong	Completed
03/01/17	Review of the CSURMA Master Investment Policy	Alliant Staff	Mimi Long	Completed
03/01/17	CSURMA Mid-Term Budget Amendments	Alliant Staff	Robert Leong	Completed
03/01/17	FORM 700 - Follow up No. 3 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
03/01/17	Review the Auxiliary Service Provider Report	Alliant Staff	Mimi Long	Completed
03/01/17	Appointment of the Campus Programs RPTG - Spring 2017 (FY 2018/2019)	Alliant Staff	Robert Leong	
03/01/17	FTIP: Obtain initial feedback from underwriters on renewal pricing, prepare item for EC and obtain renewal for overall renewal pricing	Alliant Staff	Stacey Weeks/ Robert Leong	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	
03/09/17	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
03/09/17	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
03/10/17	CSURMA EC LRP Meeting	Alliant Staff	Mimi Long	Completed
03/15/17	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
03/15/17	Quarterly Risk Management Report	Alliant Staff	Mimi Long	Completed
03/19/17	CSURMA Policies and Procedures (odd in odd years / even in even years)	Alliant Staff	Robert Leong	Completed
03/20/17	Forward slate of nominees to fill the open seats on the AORMA Committee	Alliant Staff	Mimi Long	Completed
03/31/17	Completion of the Form 700 – Statement of Economic Interest	BOD and Alliant Staff	Tevea Him	Completed
03/31/17	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
APRIL 2017				
04/01/17	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
04/01/17	FORM 700 - JPA ADMIN sends all forms received to FPPC for processing	Alliant Staff	Tevea Him	Completed
04/01/17	Send out ballot for AORMA Committee term beginning on July 1, 2017	Alliant Staff	Tevea Him	Completed
04/01/17	FTIP: Announce upcoming FY rates to campuses, continue renewal marketing/negotiations	Alliant Staff	Stacey Weeks/ Robert Leong	Completed
04/30/17	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
MAY 2017				
05/01/17	FTIP: Include renewal rates/coverage summary to board of directors, finish underwriter negotiations, bind program with underwriters	Alliant Staff	Stacey Weeks/ Robert Leong	Completed
05/01/17	AIME Committee Meeting	Alliant Staff	Stacey Weeks	Completed
05/01/17	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
05/01/17	Approval of Conflict of Interest Code by BOD every even-number year - File with FPPC as required.	BOD and Alliant Staff	Tevea Him	Completed
05/04/17	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
05/04/17	CSURMA BOD NMO Meeting via Teleconference	Alliant Staff	Mimi Long	Completed
05/04/17	Receive back all AORMA Committee ballots for the term beginning on July 1, 2017	Alliant Staff	Tevea Him	Completed
05/05/17	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
05/05/17	CSURMA BOD Meeting	Alliant Staff	Mimi Long	Completed
05/11/17	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
05/15/17	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
05/30/17	Send out appointment letters to the newly appointed AORMA Standing Committee Chairs for the term beginning on July 1, 2017	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/17	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2017	AORMA Chair/Alliant Staff	Tevea Him	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	
05/30/17	Send out appointment letters to the newly elected Executive Committee members for the term beginning on July 1, 2017	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/17	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 3/31/17	Alliant Staff	Tevea Him	Completed
05/30/17	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2017	Alliant Staff	Tevea Him	Completed
05/30/17	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2017	Alliant Staff	Mimi Long	Completed
JUNE 2017				
06/01/17	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
06/01/17	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
06/23/17	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	Completed
06/30/17	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
06/30/17	<i>Expiring Contract: Carl Warren & Company - July 1, 2016 to June 30, 2019, plus two options to June 30, 2020 and June 30, 2021</i>	Alliant Staff	Mimi Long	Completed
06/30/17	<i>Expiring Contract: CO Enterprise Accounting / Financial Services - July 1, 2016 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/17	<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
06/30/17	<i>Expiring Contract: A-G Administrator (AIME) - July 1, 2009 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/17	<i>Expiring Contract: Alliant Loss Control Services - July 1, 2017 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/17	<i>Expiring Contract: CO OGC / Legal - July 1, 2017 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/17	<i>Expiring Contract: CO Risk Management - July 1, 2017 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/17	<i>Expiring Contract: Praesidium - July 1, 2017 to June 30, 2020</i>	Alliant Staff	Mimi Long	Completed
06/30/17	<i>Expiring Contract: Target Safety dba Target Solutions - June 30, 2017</i>	Alliant Staff	Mimi Long	N/A
06/30/17	<i>Expiring Contract: Employers Group - July 1, 2017 to June 30, 2020</i>	Alliant Staff	Mimi Long	Completed
06/30/17	<i>Expiring Contract: Employers Risk - July 1, 2013 to June 30, 2018</i>	Alliant Staff	Mimi Long	N/A
06/30/17	<i>Expiring Contract: HSR - July 1, 2015 to June 30, 2019</i>	Alliant Staff	Mimi Long	N/A
06/30/17	<i>Expiring Contract: Agility - July 1, 2017 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/17	<i>Expiring Contract: Sedgwick - July 1, 2013 to June 30, 2018</i>	Alliant Staff	Mimi Long	N/A
06/30/17	Request COI from all vendor's contract	Alliant Staff	Andrew Gaspari	in process
JULY 2017				
07/01/17	OCIP Renewal (5 year program)	Alliant Staff	Daniel Howell/ Mimi Long	Completed
07/01/17	Financial audit prep with KPMG	Alliant Staff / RM	Van Rin	Completed
07/01/17	Send to CSU Accounting the approved dividends and allocation of program costs for invoicing	Alliant Staff	Van Rin	Completed
07/04/17	Send out AORMA binder, insurance summary and invoice to all members	Alliant Staff	Van Rin	Completed
07/05/17	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
07/05/17	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	Alliant Staff	Mimi Long	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	
07/07/17	Request Liability (EPL check register) for minimum EPL deductible calculation for upcoming fiscal year	Alliant Staff	Tevea Him	Completed
07/14/17	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/15/17	Final FY Payroll - request from Chancellor's Office	Alliant Staff	Robert Leong	Completed
07/15/17	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	CSU Accounting	Van Rin	Completed
07/17-18/2017	AORMA Officers Retreat – San Diego, CA	AORMA Officers	Mimi Long	Completed
07/21/17	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/28/17	FORM 700 - FORMS DUE TO FPPC ON THIS DATE [ASSUMING/LEAVING]	Alliant Staff	Tevea Him	Completed
07/31/17	Actuarial Study - receive draft and forward to RM	Alliant Staff	Robert Leong	Completed
07/31/17	Campus Workers' Compensation Program Safety National Aggregate Stop Loss Report - Present to EC in Sept	Alliant Staff	Robert Leong	Completed
07/31/17	Distribute the Liability and Workers' Compensation dividend checks	Alliant Staff	Van Rin	Completed
07/31/17	Request final audited payroll from all Workers' Compensation program members for expired year	Alliant Staff	Tevea Him	Completed
07/31/17	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate (every three years)	Liability TPA	Mimi Long	Completed
07/31/17	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
07/31/17	Appointment of the Campus Programs RPTG - 2019 (FY 2021/2022)	Alliant Staff	Robert Leong	N/A
AUGUST				
08/01/17	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
08/01/17	Send out letter regarding Campus Appointment of CSURMA Board of Directors Members and Alternate	Alliant Staff	Tevea Him	Completed
08/01/17	Send out letter to regarding Claims Settlement Authority Annual Confirmation	Alliant Staff	Tevea Him	Completed
08/01/17	Send out letter to regarding Foreign Travel Authority Confirmation	Alliant Staff	Tevea Him/ Stacey Weeks	Completed
08/01/17	Completion of draft actuarial studies for Workers' Compensation and Liability programs	Actuary	Mimi Long	Completed
08/01/17	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi Long	Completed
08/11/17	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	
08/15/17	AOA EC Meeting - San Diego	Alliant Staff	Mimi Long	Completed
08/31/17	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll	Alliant Staff	Mimi Long	Completed
08/31/17	Calculate each member's minimum EPL deductible for the upcoming program term	Alliant Staff	Mimi Long	Completed
08/31/17	Complete Target Surplus Funding Report	Alliant Staff	Mimi Long	Completed
08/31/17	Completion of Financial Audit	CSU Accounting	Mimi Long	Completed
08/31/17	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	In Process

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	
SEPTEMBER				
09/01/17	AORMA Liability Program - Reinsurance Recovery (verify w/ Carl Warren)	Carl Warren	Mimi Long	Completed
09/01/17	Stewardship Report	Alliant Staff	Mimi Long	Completed
09/01/17	10/01 - EQ Renewal Anniversary	Alliant Staff	Daniel Howell	
09/06/17	AORMA Long Range Plan meeting	Alliant Staff	Mimi Long	Completed
09/06/17	AORMA New Committee Member Orientation meeting	Alliant Staff	Mimi Long	Completed
09/07/17	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
09/07/17	CSURMA EC Orientation Meeting	Alliant Staff	Mimi Long	Completed
09/08/17	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
09/12/17	CAJPA Fall Conference and Training Seminar -South Lake Tahoe	Alliant Staff	Mimi Long	Completed
09/14/17	CAJPA Standards review (2017 and every 3 years thereafter)	Alliant Staff	Mimi Long	In Process
09/15/17	Prepare invoices or checks for the Workers' Compensation payroll audit	CSU Accounting	Van Rin	Completed
09/15/17	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	In Process
09/28/17	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	Completed
09/30/17	CSURMA Quarterly EPL Deductible Recoverys ending September 30 (Begin Task)	Alliant Staff	Van Rin	Completed
09/30/17	Completion of the AORMA Committee (September Letter) updating all AORMA members on the funding and dividends approved for the upcoming fiscal year	Alliant Staff/AORMA Chair	Mimi Long	Completed
OCTOBER				
10/01/17	Request completion of the Liability application	Alliant Staff	Mimi Long	In Process
10/01/17	Request estimated Workers' Compensation payroll	Alliant Staff	Mimi Long	In Process
10/15/17	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
10/16/17	AIME Committee Meeting	Alliant Staff	Stacey Weeks	Completed
10/26/17	AORMA Committee Meeting	Alliant Staff	Mimi Long	
10/26/17	CSURMA BOD NMO Meeting via Teleconference	Alliant Staff	Mimi Long	
10/27/17	CSURMA BOD Meeting	Alliant Staff	Mimi Long	
10/27/17	CSURMA EC Meeting	Alliant Staff	Mimi Long	
10/31/17	Government Compensation Report (request from CSU Accounting)	Accounting	Tevea Him	In Process
10/31/17	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	
NOVEMBER				
11/01/17	FORM 700 - Campus Risk Pool Administrator sends request to campus president to confirm appointments of primary and alternate representative to BOD (Note: AORMA Representatives are maintained through their election process)	Alliant Staff	Tevea Him	Completed
11/28/17	Send campus risk pool renewal budget (Budget)	Alliant Staff	Robert Leong	
11/28/17	Send campus risk pool renewal budget (Early Bird Renewal Letter)	Alliant Staff	Robert Leong	
11/28/17	Campus Risk Pool Deductible - Confirm (every 3 years - 2017, 2020)	Alliant Staff	Robert Leong	Completed
11/30/17	Review volunteer losses within the Workers' Compensation program	Alliant Staff	Mimi Long	Completed
11/30/17	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30	Alliant Staff	Tevea Him	Completed
11/30/17	AORMA Program Committee Meeting	Alliant Staff	Mimi Long	

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD
DECEMBER			
12/01/17	2018 Vendor Survey - Review List of Vendors and Work on Recipients	Risk Management	Risk Management
12/01/17	Appointment of the Club Sport Insurance Programs RPTG - Spring 2018 (FY 2018/2019)	Alliant Staff	Robert Leong
12/01/17	AORMA Liability Program - Reinsurance Recovery (verify w/ Carl Warren)	Carl Warren	Mimi Long
12/07/17	AORMA Committee Meeting	Alliant Staff	Mimi Long
12/08/17	CSURMA EC Meeting	Alliant Staff	Mimi Long
12/15/17	FORM 700 - Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	Alliant Staff	Tevea Him
12/15/17	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell
12/30/17	Financial Audit - mail to Secretary of State and County Auditor	Alliant Staff/Accounting	Tevea Him
12/31/17	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin
12/31/17	Expiring Contract: Enterprises Rent A Car - January 1, 2016 - December 31, 2016	Alliant Staff	Mimi Long

CSURMA BOARD OF DIRECTORS AND STAFF CONTACT LIST

ISSUE: Attached is a list of phone numbers and e-mail addresses for members of the CSURMA Board of Directors and CSURMA Staff.

RECOMMENDATION: Staff recommends that members review the list at each meeting for accuracy. If there are any changes, please contact Tevea Him via email at thim@alliant.com.

FISCAL IMPACT: None

BACKGROUND: An accurate and current list facilitates better communication among the Board members and with staff.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Board of Directors and Staff Contact List

CSURMA BOARD OF DIRECTORS MEMBERS

Effective at July 1, 2017

Representative /Alternate	Member	Position	Campus	Organization	E-Mail	Telephone Number
Representative	Thom Davis	Vice President for Business and Administrative Services	Bakersfield	California State University, Bakersfield	tdavis31@csub.edu	661-654-2287
Alternate	Tim Ridley, CSP, ARM-P	Associate Vice President Human Resources	Bakersfield	California State University Bakersfield	tridley1@csub.edu	661-654-2066
Secretary-Auditor	Zachary Gifford	Director, Systemwide Risk Management	Chancellor's Office	CSU Chancellor's Office	zgifford@calstate.edu	562-951-4600
Representative / Treasurer	Robert Eaton	Interim Assistant Vice Chancellor	Chancellor's Office	California State University, Office of the Chancellor	reaton@calstate.edu	562-951-4671
Alternate	Steve Relyea	Executive Vice Chancellor and CFO	Chancellor's Office	CSU Chancellor's Office	srelyea@calstate.edu	562-951-4600
Representative	Katharine Hullinger	Risk Manager	Channel Islands	California State University, Channel Islands	katharine.hullinger@csuci.edu	805-437-8846
Alternate	Diane Mandrafina	Assistant VP for Business & Financial Affairs/Controller	Channel Islands	California State University, Channel Islands	diane.mandrafina@csuci.edu	805-437-3651
Representative	Michael Thorpe	Risk Manager	Chico	California State University, Chico	methorpe@csuchico.edu	530-898-6588
Alternate	Robbi Stivers	VP, Business & Finance	Chico	California State University, Chico	rstivers@csuchico.edu	530-896-6231
Representative	Noami Goodwin	Interim Vice President / CFO, Administration and Finance	Dominguez Hills	California State University, Dominguez Hills	ngoodwin@csudh.edu	310-243-3301
Alternate	Stephen J. Mastro	Associate Vice President, Administration and Finance	Dominguez Hills	California State University, Dominguez Hills	smastro@csudh.edu	310-243-3707
Representative	Nyassa Love Johnson	Risk Management & Internal Control	East Bay	California State University, East Bay	nyassa.love@csueastbay.edu	510-885-2743
Alternate	Debbie Chaw	Vice President Administration & Finance/CFO	East Bay	California State University, East Bay	debbie.chaw@csueastbay.edu	510-885-3803
Representative	Debbie Adishian-Astone	Interim Vice President for Administration Services and Associate Vice President for Auxiliary Operations	Fresno	California State University, Fresno	debbiea@csufresno.edu	559-278-0802
Alternate	Lisa Kao	Associate Dir EHS, Risk Mgmt & Sustainability	Fresno	California State University, Fresno	lisak@csufresno.edu	559-278-6910
Representative	Michael Coughlin	Risk Manager	Fullerton	California State University, Fullerton	mcoughlin@fullerton.edu	657-278-8673
AORMA/EC	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101
Alternate	John Beisner	Vice President Human Resources, Diversity and Inclusion	Fullerton	California State University, Fullerton	jbeisner@fullerton.edu	714-278-2425
Representative	Kimberly Comet	Director of Risk Management & Safety	Humboldt	Humboldt State University	Kimberly.Comet@humboldt.edu	707-826-3305
AORMA Rep	Dave Nakamura	Executive Director	Humboldt	Humboldt State University Center	dave.nakamura@humboldt.edu	707-826-4878
Alternate	Doug Dawes	Vice President for Administrative Affairs	Humboldt	Humboldt State University	Douglas.Dawes@humboldt.edu	707-826-3351
Representative	Scott Apel	Associate Vice President	Long Beach	California State University Long Beach	scott.apel@csulb.edu	562-985-8716
Alternate	Felissa Waynick, ARM-P	Risk Manager	Long Beach	California State University, Long Beach	felissa.waynick@csulb.edu	562-985-2396
Representative	Lisa Chavez	VP, Administration/CFO	Los Angeles	California State University, Los Angeles	lchavez10@cslanet.calstatela.edu	323-343-3500
Alternate	Kevin Brady	Director Risk Mgmt & EHS	Los Angeles	California State University, Los Angeles	kbrady@cslanet.calstatela.edu	323-343-3527
Representative	Marianne Spotorno	Director of Safety and Risk Management	Maritime 355	California Maritime Academy	mspotorno@csum.edu	707-654-1076

CSURMA BOARD OF DIRECTORS MEMBERS

Effective at July 1, 2017

Representative /Alternate	Member	Position	Campus	Organization	E-Mail	Telephone Number
Alternate	Franz Lozano	Vice President for Administration and Finance	Maritime	California Maritime Academy	flozano@csum.edu	707-654-1038
Representative	Kevin Saunders	Vice President Administration & Finance	Monterey	California State University, Monterey Bay	kesaunders@csumb.edu	831-582-3398
Alternate	Lenore Reed	Director of Enterprise Risk Management & Records	Monterey	California State University, Monterey Bay	lreed@csumb.edu	831-582-4766
Representative	Edith Winterhalter	Director, Administrative Services	Northridge	California State University, Northridge	edith.t.winterhalter@csun.edu	818-677-4066
Alternate	Lisa Telles	Risk Manager	Northridge	California State University, Northridge	lisa.telles@csun.edu	818-677-2079
Representative	Whitney Fields	Director of Institutional Risk and Emergency Management	Pomona	California State Polytechnic University	wjfields@cpp.edu	909-869-3988
Alternate	Valerie Eberle	University Risk Manager	Pomona	California State Polytechnic University	vjeberle@cpp.edu	909-869-4846
Representative	Mike Lee	Vice President, Administration and Chief Financial Officer	Sacramento	California State University, Sacramento	mikelee@csus.edu	916-278-6312
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Effective at July 1, 2017

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