



# CSURMA EXECUTIVE COMMITTEE MEETING AGENDA

## “This is an Open Public Meeting”

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

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

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

Meeting Date: January 8, 2017  
Time: 3:00 PM

Primary Location: Paradise Point Resort and Spa  
1404 Vacation Road  
San Diego, CA 92109  
Meeting Room: The Board Room

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

**A. CALL TO ORDER**

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

**B. PUBLIC COMMENTS**

**C. CONSENT CALENDAR**

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will be asked to take action on the consent calendar items as a group; however, a member may request that an item be withdrawn from the Consent Calendar for discussion and action.*

- 1. **Approval of Minutes – November 2, 2016** **A** p. 5  
*The Committee will be asked to approve the minutes from its last meetings.*
- 2. **Financial Report – Treasurer’s Report** **A** p. 15
  - a. *Treasurer’s Report*
  - b. *CSURMA Quarterly Investment Report @ 9/30/16*

**D. GENERAL ADMINISTRATION**

- 1. **Executive Committee Appointments / Nominations** **A** p. 22  
*The Committee will be asked to review the seats coming available and take action to appoint a Nominating Committee to propose a slate of candidates.*
- 2. **2017 Long Range Planning Meeting Date, Location, and Agenda** **A** p. 43  
*The Committee is asked to approve the Long Range Planning meeting date, agenda and location.*

- |                          |  |   |        |
|--------------------------|--|---|--------|
| 3.                       | <b>Underwriter Meetings Report</b><br><i>The committee is asked review the underwriter meeting report and provides direction as needed.</i>  | I | p. 46  |
| 4.                       | <b>Evaluation of Parametric Triggered Earthquake Insurance</b><br><i>The committee will be asked to discuss the option of Parametric Insurance for its earthquake property exposures</i>                             | A | p. 48  |
| 5.                       | <b>Evaluation of Captive Insurance Vehicle</b><br><i>The Committee will be asked to discuss the formation of a captive insurance vehicle.</i>  | A | p. 80  |
| 6.                       | <b>CSURMA Member Loan Policy and Allocation of Investable Assets</b><br><i>The Committee will hear a report regarding the alternate investment options for CSURMA.</i>   | A | p. 138 |
| 7.                       | <b>Member Loan Requests</b><br><i>The Committee will be asked to review the proposed member loan requests and provide approval as appropriate.</i>   | A | p. 139 |
| 8.                       | <b>Updated Liability Program Memoranda of Coverage</b><br><i>The Committee will be asked to ratify the final version of the Campus Liability Risk Pool memorandum of coverage to be used effective July 1, 2016.</i> | A | p. 148 |
| 9.                       | <b>Policies and Procedure (Odd Numbered)</b><br><i>The Committee will be asked to review the odd-numbered policies and procedures and take action or provide direction to staff, as appropriate.</i>                 | A | p. 251 |
| 10.                      | <b>CSU International Programs Funding</b><br><i>The Committee will review options for funding the CSU International Program</i>  | A | p. 281 |
| 11.                      | <b>Risk Management Innovation Grant Program</b><br><i>The Committee will be asked to review the grant applications and provide approval as appropriate</i>   | A | p. 283 |
| 12.                      | <b>CSURMA Policy and Procedure No. 26 – Allocation of Property Program Loss Limits (draft)</b><br><i>The Committee will be asked to review and approve, as appropriate, new Policy and Procedure No. 26</i>          | A | p. 296 |
| 13.                      | <b>Campus Liability Coverage Deductible Selection</b><br><i>The Committee will hear a report on the status of the liability deductible selection process</i>   | I | p. 300 |
| <b>E. OTHER PROGRAMS</b> |  |   |        |
| 1.                       | <b>AORMA Programs Update</b><br><i>The Committee will receive a verbal report on the AORMA programs</i>  | I | p. 302 |



California State University Risk Management Authority

2. **AIME Program Update** I p. 303  
*The Committee will receive a verbal report on the AIME*

**F. CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1)** A  
*– Action may be taken per Government Code Section 11126(e)(1) & 11126(f)(1). The matters below may be discussed. The Committee may take action or provide direction to Staff regarding the matters.*

1. CalPERS Audit Finding regarding Humboldt State University Board of Directors

**G. INFORMATION ITEMS**

1. **Review of FY 2016/2017 Long Range Planning Goals** I p. 304  
2. **CSURMA Administrative Service Calendar** I p. 308  
3. **2017 CSURMA Meeting Calendar** I p. 315  
4. **CSURMA Executive Committee & Staff Contact List** I p. 317

**H. ADJOURNMENT**

**The next CSURMA Executive Committee meeting is scheduled for March 9, 2017 in San Diego, CA.**

*If you have questions regarding the agenda package, please contact*

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

**APPROVAL OF THE AGENDA**

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

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

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

**APPROVAL OF MINUTES – NOVEMBER 2, 2016**

**ISSUE:** The Executive Committee will be asked to review and approve the draft minutes from its November 2, 2016 meeting.

**RECOMMENDATION:** It is recommended that the Executive Committee approve the minutes from its November 2, 2016 meeting, including corrections as necessary.

**FISCAL IMPACT:** None.

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

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

**ATTACHMENT(S):**

- a. CSURMA EC Meeting Minutes – November 2, 2016

**MINUTES OF THE  
CSURMA EXECUTIVE COMMITTEE MEETING**

**NOVEMBER 2, 2016**

**HOLIDAY INN CAPITOL PLAZA**

**300 J Street • Sacramento, CA**

**1:30 PM**

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**MEMBERS PRESENT**

Scott Apel, California State University Long Beach  
Lisa Chavez, California State University Los Angeles  
Guy Dalpe (AORMA Vice-Chair), Associated Students, Inc., San Francisco State University  
Mike Lee (CSURMA Vice-Chair), California State University, Sacramento  
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation  
Kevin Saunders, California State University, Monterey Bay  
Jody Van Leuven, California State University, San Bernardino

**MEMBERS ABSENT**

Robert Eaton (CSURMA Treasurer), California State University, Office of the Chancellor  
Linda Hawk (CSURMA Chair), California State University, San Marcos

**STAFF, GUESTS & CONSULTANTS**

Dena Florez - Associated Students, California State University, Los Angeles, Inc.  
Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor  
Tevea Him - Alliant Insurance Services, Inc.  
Daniel Howell - Alliant Insurance Services, Inc.  
William Hsu – CSU, Office of General Counsel  
Rob Leong - Alliant Insurance Services, Inc.  
Amy Lightner - Alliant Insurance Services, Inc.  
Mimi Long - Alliant Insurance Services, Inc.  
Rebecca Skidmore – CSU, Office of the Chancellor  
Intef Weser - Associated Students, California State University, Los Angeles, Inc. (*arrived at 3:00pm*)

**A. CALL TO ORDER**

The meeting was called to order by the Vice-Chair, Mike Lee at 1:30 PM.

The Committee was introduced to Amy Lightner who recently joined the CSURMA team at Alliant Insurance Services, Inc. All Committee members and guests introduced themselves as well.

**A1. Approval of the Agenda**

Items D1, D2 and D3 were moved to the end of the agenda in case Robert Eaton could join the meeting.

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

MOTION: Lisa Chavez  
 SECOND: Kevin Saunders

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

MOTION CARRIED

**B. PUBLIC COMMENTS**

There were no comments from members of the public.

**C. CONSENT CALENDAR**

- C1. Approval of Minutes – September 23, 2016**
- C1a. CSURMA Quarterly Investment Reschedule**
- C1b. Treasurer’s Report**
- C3. Cancellation of the December 2, 2016 CSURMA Executive Committee Meeting**

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

MOTION: Frank Mumford  
 SECOND: Kevin Saunders

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

Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

**D. GENERAL ADMINISTRATION**

**D4. Updated Liability Program Memoranda of Coverage**

Daniel Howell and Rob Leong discussed the progress of the updated Liability Program Memorandum of Coverage (MOC). The AORMA Liability Program MOC has been approved by both reinsurers (Markel and Great American). Staff will finalize the Campus MOC using the approved AORMA MOC as a starting point and customizing it specifically for the Campus program.

Staff has submitted to underwriters the MOC for the \$5MM excess of \$5MM which covers both Campuses and AORMA members. Underwriters (Ironshore and AWAC) are reviewing the coverage form now.

Staff expects to have a final version of the Campus MOC available for the Committee’s review and ratification at the January 8, 2017 meeting.

No action was taken.

**D5. Ventiv Technologies Insurance Policy Database and RiskConsole Proposal**

At the last meeting, the Executive Committee requested that staff conduct a webinar with Campus Risk Managers so that the Committee could receive feedback from likely Campus users of the Ventiv Technologies RiskConsole. Zachary Gifford let the Committee know that two separate webinars were conducted. The majority of the Campus Risk Managers attended one of the two webinars. Gifford received feedback from 12 Campus Risk Managers; all of the feedback was positive. Gifford recommends that the CSURMA go forward with the purchase of the Policy Database Module and the RiskConsole.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to negotiate and execute agreements with Ventiv Technologies, subject to review by CSURMA General counsel, of both the Policy Database Module and the RiskConsole at a cost of not to exceed \$174,000.

MOTION: Jody Van Leuven  
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			

Guy Dalpe	X			
Robert Eaton				X
Linda Hawk				X
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

**MOTION CARRIED**

**D6. Risk Program Benchmarking and Trend Analysis Project Update**

Zachary Gifford updated the Committee on the progress of the benchmarking project. CSURMA joined the California Workers’ Compensation Institute (CWCI), which addresses workers’ compensation benchmarking and now with the approval to purchase the RiskConsole services through Ventiv Technologies, the other coverage programs will be addressed as well.

**D7. Master Out-of-State On-Line Education Surety Bond**

Rob Leong summarized the progress on securing a master surety bond for CSU’s out-of-state online educational activities. Staff has reached out to Cal State Online who has agreed to coordinate efforts to assess systemwide needs. The state has drafted legislation to create reciprocal agreements with other states, however, this has stalled. A survey has been sent out to ascertain which campuses offer online education with limited results. Next Staff will develop a list of the requirements for each state so that the bond addresses each state’s bond requirements.

**D8. Risk Management Innovation Grant Program**

Rob Leong reviewed the Innovation Grant Applications submitted by San Jose State University and the EHS Affinity Group. SJSU reapplied for a grant that had been previously denied for lack of detail. The revised application provides greater detail regarding a data encryption software system for laptops. The EHS Affinity Group submitted another application to utilize \$30,000 of unencumbered funds for emergency responders/safety officers training. Each request was discussed separately.

A motion was made to approve the grant application submitted by the EHS Affinity Group.

MOTION: Lisa Chavez  
 SECOND: Kevin Saunders

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

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

**MOTION CARRIED**

The Committee discussed the SJSU application for a data encryption software system for laptops.

A motion was made to approve the SJSU grant application.

MOTION: Jody Van Leuven

SECOND: Frank Mumford

The Committee discussed the motion. It was felt that the data encryption software should be a Systemwide IT directive rather than a CSURMA issue. Rather than purchasing software for one Campus it may make sense to look at this software for the entire CSU system. Gifford agreed to collaborate with William Perry and Ed Hudson from Systemwide IT.

A substitute motion was made to table this item until the January meeting.

MOTION: Lisa Chavez

SECOND: Kevin Saunders

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

**MOTION CARRIED**

**E. OTHER PROGRAMS**

**E1. AORMA Programs Update**

Frank Mumford, the AORMA Committee Chair, reported that the AORMA Committee had not met since the last report given to the Executive Committee on September 23, 2016.

**E2. AIME Programs Update**

Jody Van Leuven provided an update as to the recent activities of the AIME Committee. The Committee finalized the Plan of Benefits for the AIME program. The third party claims administration agreement with HSR was renewed for an additional two-years using the current rating structure.

The information items G1 through G4 were discussed next.

**G. INFORMATION ITEMS**

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

The Committee agreed to table this discussion item until the Board of Directors meeting.

**G2. CSURMA Administrative Service Calendar**

**G3. 2016 CSURMA Meeting Calendar**

**G4. CSURMA Executive Committee & Staff Contact List**

The Committee reviewed the remaining information items. There was no discussion.

**F. CLOSED SESSION**

**F1. CSU v. SELF**

A motion was made to enter closed session at 2:24 PM.

MOTION: Frank Mumford

SECOND: Kevin Saunders

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

**MOTION CARRIED**

The Committee was in closed session from 2:24 PM to 2:57 PM. The Vice Chair reported that action was taken during closed session.

**D1. Evaluation of Captive Insurance Vehicle**

Zachary Gifford noted that Robert Eaton and Steve Relyea had met with CSU Trustee Peter J. Taylor, who is a proponent of CSU evaluating a captive insurer, to discuss the initial evaluation of the utilization of a captive for CSU/CSURMA.

The Committee reviewed the benefits of forming a captive - ability to invest in a broader array of instruments including equity positions with the goal of earning a higher return than is earned on investments allowed for public agencies, and ability to offer insurance products to third parties such as CSU employees and alumnae, offering the opportunity to retain profits otherwise earned by commercial insurers. Based on the report prepared by Pinnacle Actuarial Resources, the initial captive set up fee for the protected cell within Fiat Lux is \$250,000, plus additional fixed expenses of around \$250,000. The return on investment difference is estimated to be slightly higher than 2%. The Committee wanted to hear from the Treasurer, Robert Eaton, before taking action on this item.

A motion was made to table this item to the January 2017 meeting.

MOTION: Guy Dalpe  
 SECOND: Frank Mumford

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

MOTION CARRIED

**D2. CSURMA Member Loan Policy and Allocation of Investable Assets**

The Committee recommended tabling this item pending the decision of whether CSURMA would develop a captive insurer which would potentially reduce the amount of assets available for investment in member loans. The Committee wanted to hear from the Treasurer, Robert Eaton, before taking action on this item.

A motion was made to table this item until the January 2017 meeting.

MOTION: Lisa Chavez  
 SECOND: Kevin Saunders

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

MOTION CARRIED

**D3. Member Loan Requests**

The Committee members briefly discussed the loan applications for CSU, Sacramento and CSU, Fresno. San Francisco State University had also indicated a potential need for a loan.

A motion was made to table this item until the January 2017 meeting.

MOTION: Lisa Chavez  
SECOND: Frank Mumford

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

MOTION CARRIED

**H. ADJOURNMENT**

A motion was made to adjourn the meeting at 3:05 PM.

MOTION: Guy Dalpe  
SECOND: Kevin Saunders

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

MOTION CARRIED

**FINANCIAL REPORT**  
**TREASURER'S REPORT AT SEPTEMBER 30, 2016**

**ISSUE:** California Government Code Section 53646(b)(1) requires that the CSURMA Treasurer submit a Quarterly Investment Report stating that all investments are in compliance with the current investment policy and that CSURMA has sufficient funds to meet its expenditure requirements for the next six months. The CSURMA Treasurer will be available to address questions.

**RECOMMENDATION:** It is recommended that the Executive Committee review the Treasurer's Report ending September 30, 2016 as part of the Consent Calendar.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Certification of Funds Letter dated December 1, 2016
- b. CSURMA Investment Report - July 1, 2016 to September 30, 2016



California State University Risk Management Authority

**Officers**


Linda Hawk  
Chair - 760-750-4950

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

Robert Eaton  
Treasurer - 562-951-4572

Zachary Gifford  
Secretary-Auditor - 562-951-4568

**To:** Executive Committee  
CSU Risk Management Authority

**From:** Robert Eaton   
Treasurer  
CSU Risk Management Authority

**Re:** Quarterly Investment Report  
Ending September 30, 2016

**Date:** December 1, 2016

Government Code Section 53646(b)(1) requires the Authority's Treasurer to submit to the legislative body (Executive Committee), a quarterly investment report. Attached is the quarterly investment report ending September 30, 2016. The report contains a portfolio summary which includes market value, return, yield, weighted average maturity (WAM), and duration for each of CSURMA Investment Portfolios: Fixed Income Portfolio with TCW (Met West) and CSU's SWIFT Portfolio.

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

Robert Eaton  
Treasurer  
CSU Risk Management Authority

# CSURMA

## Quarterly Investment Report

July 1, 2016 - September 30, 2016

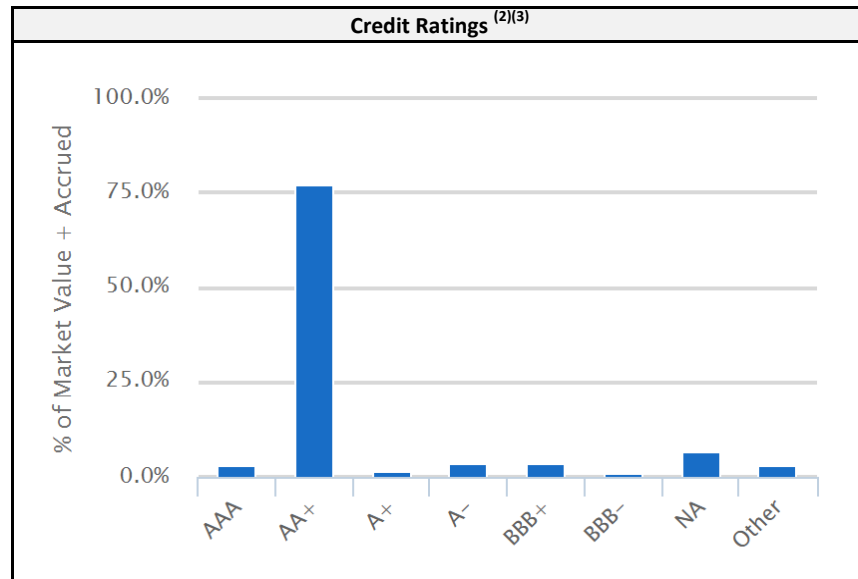
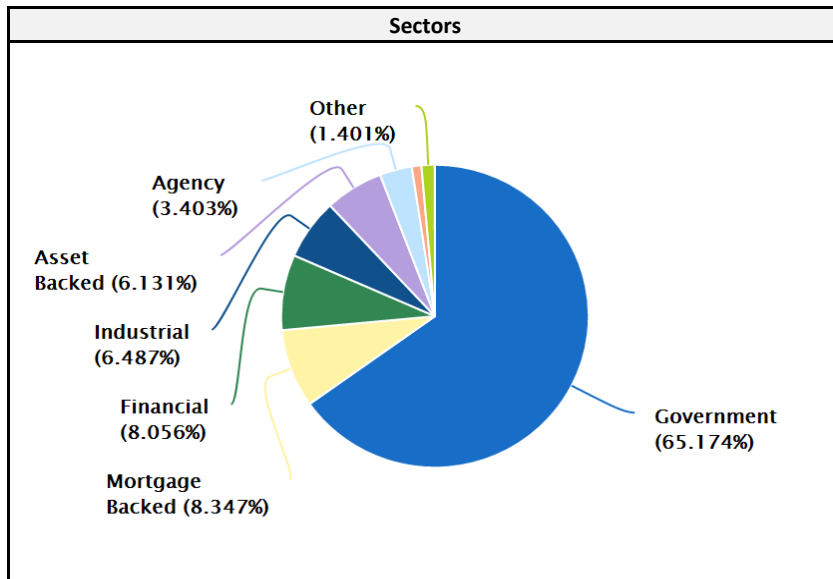
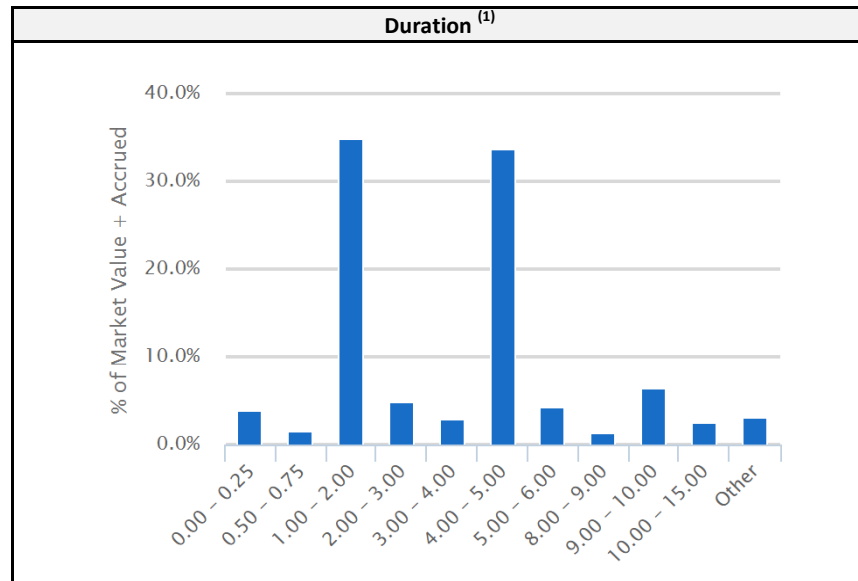
Prepared by Treasury

# California State University Risk Management Authority

## Fixed Income Portfolio (Auxiliary Investment Platform)

As of 09/30/2016

Portfolio Summary Total	
Total Assets	134,025,039
Duration	3.722
Yield	1.318
Avg Credit Rating	AA-/Aa3
QE Performance	-0.029%



<sup>(1)</sup> The Other category combines duration ranges and in aggregate equals 3.200% of the portfolio.

<sup>(2)</sup> The Other category contains assets that do not fall within the top seven specific credit ratings. These assets make up 3.020% of the portfolio.

<sup>(3)</sup> The NA category contains assets that do not have credit ratings available. These assets make up 6.723% of the portfolio.

# California State University Risk Management Authority

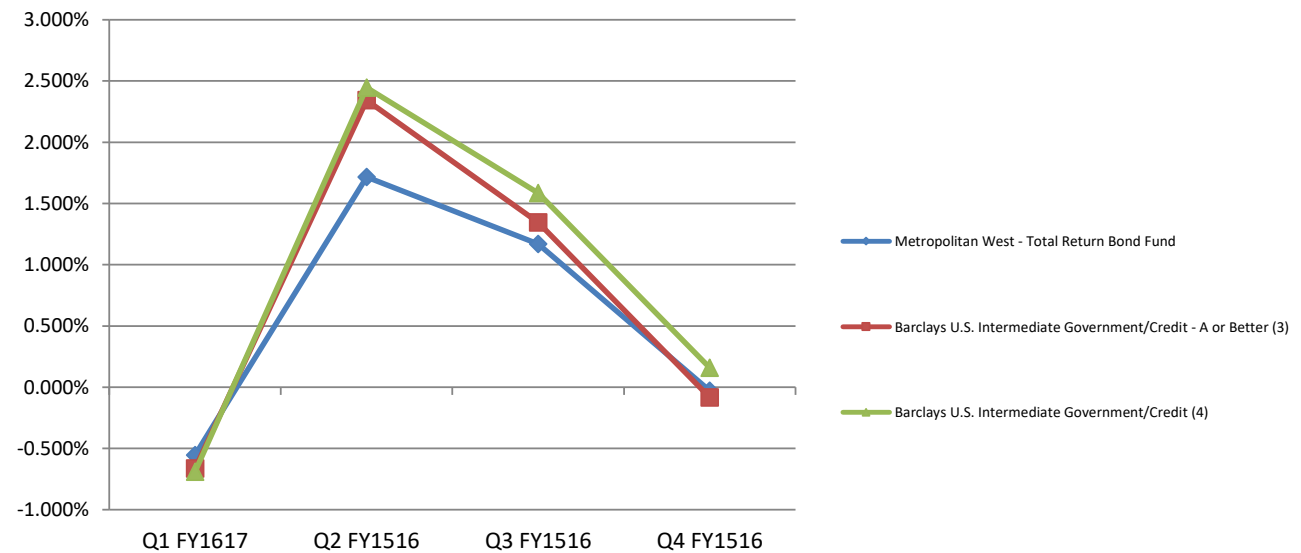
## Fixed Income Portfolio (Auxiliary Investment Platform)

### Performance Summary

Period Ending 09/30/2016

Account / Index	Market Value 09/30/16	3 Month <sup>(1)</sup> 07/01/16 - 09/30/16	Trailing	Trailing	Trailing	Since	Yield	WAM <sup>(2)</sup>	Duration
			12 Month <sup>(1)</sup> 10/01/15 - 09/30/16	3 Year <sup>(1)</sup> 10/01/13 - 09/30/16	5 Year <sup>(1)</sup> 10/01/11 - 09/30/16	Inception <sup>(1)</sup> 07/01/07 - 09/30/16			
Metropolitan West - Total Return Bond Fund	134,025,039	-0.029%	2.305%	2.108%	1.899%	3.965%	1.318	5.868	3.722
Barclays U.S. Intermediate Government/Credit - A or Better <sup>(3)</sup>		-0.083%	2.945%	2.523%	2.112%	3.226%	1.273	4.249	3.970
Barclays U.S. Intermediate Government/Credit <sup>(4)</sup>		0.159%	3.516%	2.793%	2.443%	3.614%	1.510	4.403	4.090

Account / Index	Q1 FY1617 10/01/15 - 12/31/15	Q2 FY1516 01/01/16 - 03/31/16	Q3 FY1516 04/01/16 - 06/30/16	Q4 FY1516 07/01/16 - 09/30/16	Trailing
					12 Month <sup>(1)</sup> 10/01/15 - 09/30/16
Metropolitan West - Total Return Bond Fund	-0.554%	1.716%	1.169%	-0.029%	2.305%
Barclays U.S. Intermediate Government/Credit - A or Better <sup>(3)</sup>	-0.664%	2.343%	1.344%	-0.083%	2.945%
Barclays U.S. Intermediate Government/Credit <sup>(4)</sup>	-0.691%	2.446%	1.585%	0.159%	3.516%



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

(2) Weighted Average Maturity

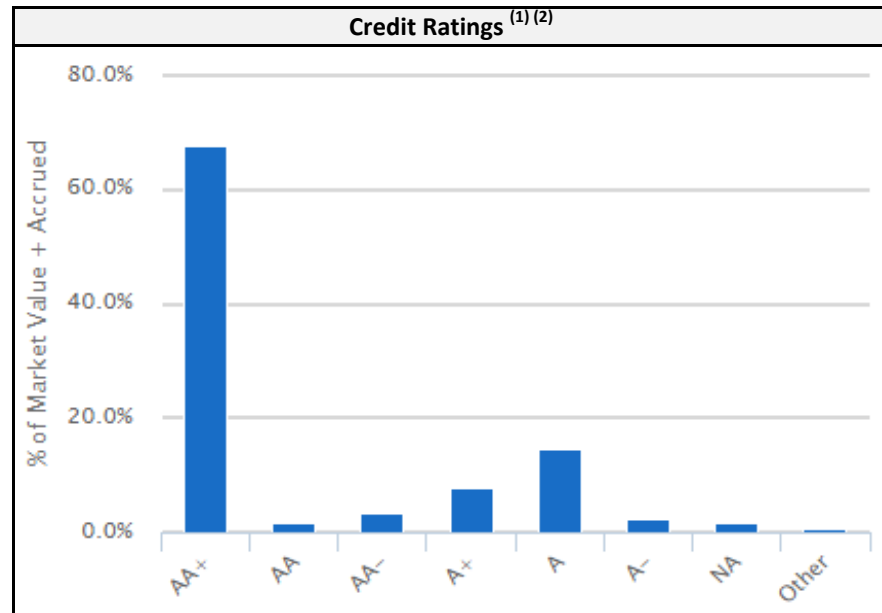
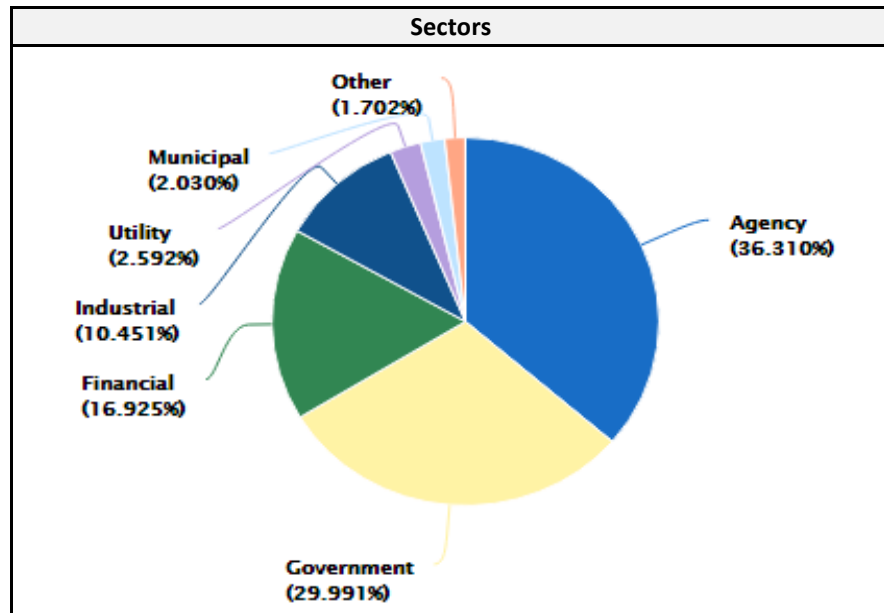
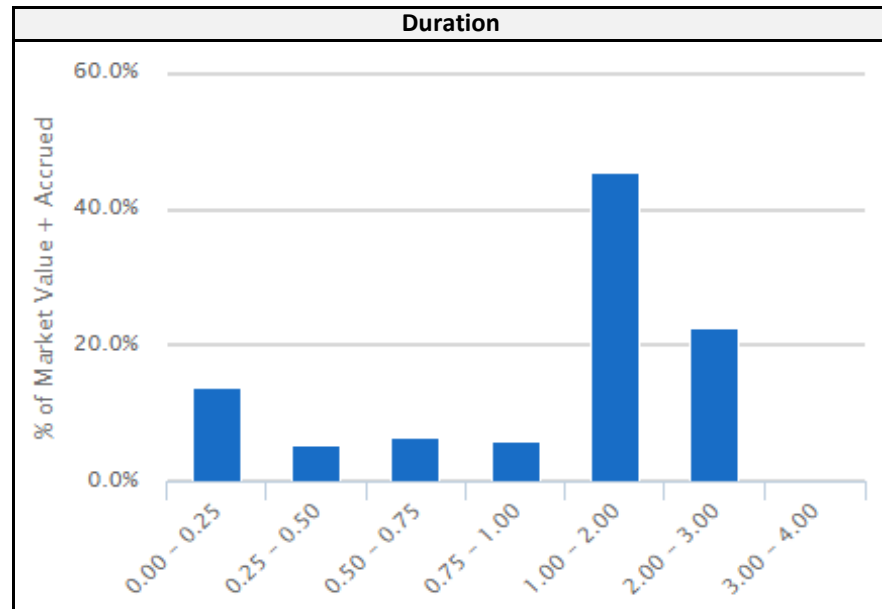
(3) Portfolio Benchmark as of 05/2014.

(4) Portfolio Benchmark prior to 05/2014.

# California State University SWIFT Portfolio

As of 09/30/2016

Portfolio Summary Total	
Total Assets	56,260,481
Duration	1.238
Yield	0.802
Avg Credit Rating	AA-/Aa3
QE Performance	0.424%



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

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

# California State University Risk Management Authority

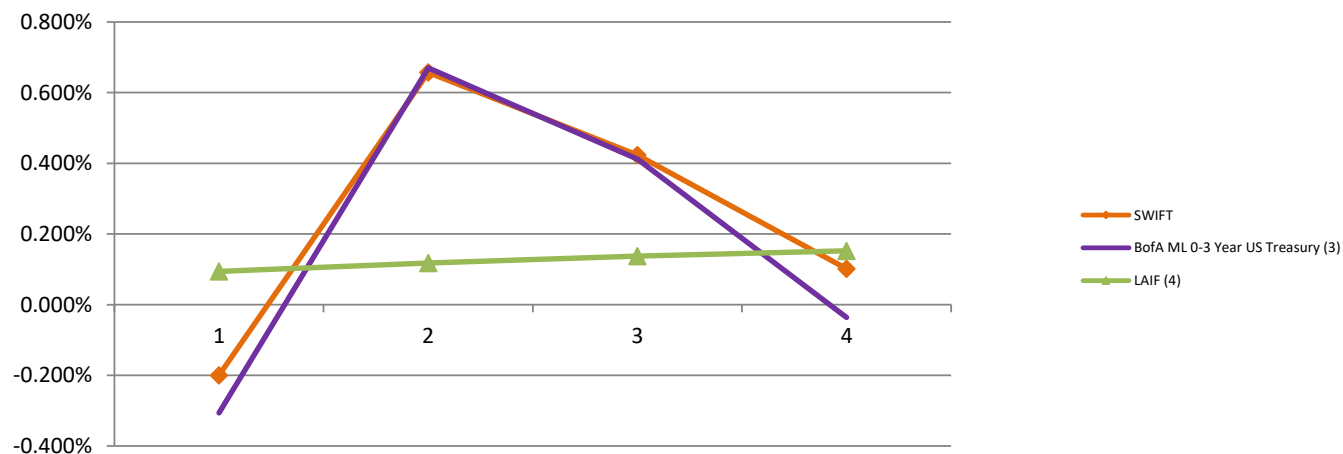
## SWIFT Portfolio

### Performance Summary

Period Ending 09/30/2016

Account / Index	Market Value	3 Month <sup>(1)</sup>	Trailing 12 Month <sup>(1)</sup>	Trailing 3 Year <sup>(1)</sup>	Trailing 5 Year <sup>(1)</sup>	Since Inception <sup>(1)</sup>	Yield	WAM <sup>(2)</sup>	Duration
	09/30/16	07/01/16 - 09/30/16	10/01/15 - 09/30/16	10/01/13 - 09/30/16	10/01/11 - 09/30/16	07/01/07 - 09/30/16			
SWIFT - CSU Systemwide Investment Fund Trust	56,260,481	0.102%	0.984%	0.846%	0.780%	1.328%	0.922	1.541	1.226
BofA ML 0-3 Year US Treasury <sup>(3)</sup>		-0.036%	0.739%	0.658%	0.545%	1.703%	0.683	1.466	1.434
LAIF - Local Agency Investment Fund <sup>(4)</sup>		0.152%	0.503%	0.346%	0.339%	1.028%	0.611		

Account / Index	Q2 FY1516	Q3 FY1516	Q4 FY1516	Q1 FY1617	Trailing 12 Month <sup>(1)</sup>
	10/1/15 - 12/31/15	1/1/16 - 3/31/16	4/1/16 - 6/30/16	07/01/16 - 09/30/16	10/01/15 - 09/30/16
SWIFT	-0.200%	0.657%	0.424%	0.102%	0.984%
BofA ML 0-3 Year US Treasury <sup>(3)</sup>	-0.306%	0.670%	0.412%	-0.036%	0.739%
LAIF <sup>(4)</sup>	0.094%	0.118%	0.138%	0.152%	0.503%



(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

## **EXECUTIVE COMMITTEE APPOINTMENTS / NOMINATIONS**

**ISSUE:** 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 confers on Steve Relyea as the CSU's Executive Vice Chancellor and Chief Financial Officer the power to appoint an interim successor until the CSURMA Board of Directors holds an election. Mr. Relyea has appointed Mike Lee as interim Chair and Lisa Chavez as interim Vice Chair. Pursuant to Section 4.4(h) of the CSURMA Bylaws, Mike Lee as the Interim Chair, may appoint an interim Executive Committee member to fill the vacancy created by the elevation of Lisa Chavez to Vice Chair. After consideration of the representation of campuses on the Executive Committee, the interim Chair has appointed Thom Davis, Vice President of Business and Administrative Services at CSU, Bakersfield. For each of the three appointments, as well as any other terms expiring at June 30, 2017.

As documented in attached CSURMA Policy and Procedure No. 18, Executive Committee members are nominated by a Nominating Committee, which is appointed by the CSURMA Chair, and an election is held by CSURMA the Board of Directors. The following positions will be up for election at the May, 5, 2017 Board of Directors meeting:

In addition to the election for the interim Chair and Vice-Chair (to complete the July 1, 2016 to June 30, 2018 term) and the interim committee member (the term is TBD), the following seats are up for election for the term July 1, 2017 to June 30, 2019:

- Chair: Held by Mike Lee as interim – up for election for remainder of term expiring June 30, 2018
- Vice-Chair – Held by Lisa Chavez as interim – up for election for remainder of term expiring June 30, 2018
- CSU Seat #1 – Held by Thom Davis – up for election for two year term expiring June 30, 2019
- CSU Seat #2 – Held by Jody Van Leuven – up for election for two year term expiring June 30, 2019

**RECOMMENDATION:** Staff recommends that the Interim Chair appoint a Nominating Committee to seek nominations for the election to be held at the May 5, 2017 Board of Directors meeting.

**FISCAL IMPACT:** No fiscal impact is expected by action at today's meeting.

**BACKGROUND:** CSURMA's Executive Committee comprises nine members. The Treasurer is appointed by the EVC/CFO and holds a permanent seat on the EC. Two seats are held by the AORMA Committee Chair and First Vice-Chair and six seats are elected from among Campus Board of Directors members.

**PUBLICATION:** The CSURMA Board of Directors will be informed of these appointments and CSURMA's publications and documents will be updated accordingly.

**ATTACHMENT(S):**

- a. Letters of Appointment for Interim Chair and Interim Vice-Chair
- b. CSURMA Executive Committee Terms of Office Summary
- c. Policy and Procedure No. 18 – Board of Directors Participation and Executive Committee Nominations and Elections Process
- d. CSURMA Bylaws

December 16, 2016

Dr. Mike Lee  
Interim Provost and Vice President for Academic Affairs  
Sacramento State University  
6000 J Street  
Sacramento, CA 95819-6016

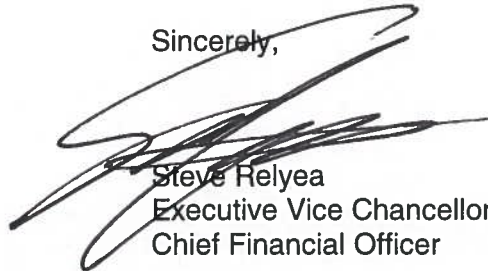
Dear Mike,

The departure of Linda Hawk from CSU San Marcos has created a vacancy in the CSURMA Chair position. As CSU's executive vice chancellor & chief financial officer CSURMA's governing documents invest in me the power to appoint an interim chair pending the next election held by the CSURMA Board of Directors. Pursuant to CSURMA Joint Exercise of Powers Agreement Section 11, Paragraph (f), I do hereby appoint you as CSURMA Chair on an interim basis effective immediately.

I have also appointed Lisa Chavez from CSU Los Angeles to succeed you on an interim basis as Vice Chair. It is my expectation that the CSURMA Board of Directors will elect both of you to full terms as Chair and Vice Chair at their meeting scheduled for May 5, 2017.

The CSURMA Chair position is an important role in our systemwide risk financing program and I appreciate your willingness to serve the CSU community.

Sincerely,



Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

SR:zg

c: Lisa Chavez, Interim CSURMA Vice Chair, CSU Los Angeles  
Zachary Gifford, Secretary Auditor, CSURMA  
Daniel Howell, Program Administrator, CSURMA

December 16, 2016

Lisa Chavez  
Vice President for Administration and Finance  
California State University, Los Angeles  
5151 State University Drive, Administration 607  
Los Angeles, CA 90032

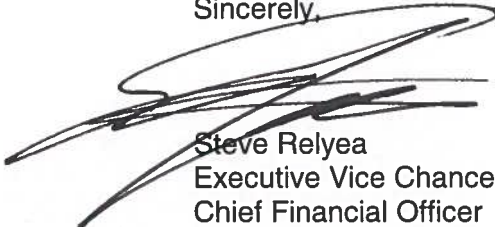
Dear Lisa,

The departure of Linda Hawk from CSU San Marcos has created a vacancy in the CSURMA Chair position, as such I have appointed Mike Lee from Sacramento State University to serve as the interim chair.

In addition, as CSU's executive vice chancellor & chief financial officer, CSURMA's governing documents invest in me the power to appoint an interim CSURMA Vice Chair pending the next election held by the CSURMA Board of Directors. Pursuant to CSURMA Joint Exercise of Powers Agreement Section 11, Paragraph (f), I hereby appoint you as CSURMA Vice Chair on an interim basis effective immediately. It is my expectation that the CSURMA Board of Directors will elect both you and Mike to full terms as Vice Chair and Chair at their next meeting scheduled for May 5, 2017.

The CSURMA Vice Chair position is an important role in our Systemwide risk financing program and I appreciate your willingness to serve the CSU community.

Sincerely,



Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

SR:zg

c: Mike Lee, Interim CSURMA Chair, Sacramento State University  
Zachary Gifford, Secretary Auditor, CSURMA  
Daniel Howell, Program Administrator, CSURMA

**CSURMA  
EXECUTIVE COMMITTEE TERMS OF OFFICE**

Position (election year)	July 1, 2012 to June 30, 2013	July 1, 2013 to June 30, 2014	July 1, 2014 to June 30, 2015	July 1, 2015 to June 30, 2016	July 1, 2016 to June 30, 2017	July 1, 2017 to June 30, 2018
Chair - (even year)	Matson	Matson	Matson/Hawk	Hawk	<b>Hawk/Lee</b>	<b>TBD</b>
Vice-Chair - (even year)	Rodriguez	Rodriguez/ Hawk	Hawk/Lee	Lee	<b>Lee/Chavez</b>	<b>TBD</b>
CSU Seat #1 - (odd year)	Hawk	Hawk/Chavez	Chavez	Chavez	<b>Chavez/Davis</b>	<b>TBD</b>
CSU Seat #2 - (odd year)	Thorpe	Thorpe	Thorpe	Van Leuven	Van Leuven	<b>TBD</b>
CSU Seat #3 - (even year)	Gentles	Gentles	Gentles	Gentles/Apel	Apel	Apel
CSU Seat #4 - (even year)	McCarron	Lee	Lee	Saunders	Saunders	Saunders
AORMA Seat #5 - Chair	Borsting	Brummett	DeWit	Mumford	Mumford	Mumford
AORMA Seat #6 - First Vice Chair	Brummett	DeWit	Mumford	Dalpe	Dalpe	Dalpe
CSU Seat #7/Treasurer - Appointed by EVC/CFO	Ashkar	Ashkar	Ashkar	Eaton	Eaton	Eaton
Secretary/Auditor - Appointed CSURMA EC	Minnick/ Rodriguez	Rodriguez/Eaton	Eaton	Gifford	Gifford	Gifford

Notes:

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

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

Names in **RED** indicates seat up for election at May 2017 Board of Directors meeting.



## CSURMA

## POLICY AND PROCEDURE NO. 18

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**ADOPTED:** March 22, 2013

**EFFECTIVE:** March 22, 2013

**REVISED:** January 10, 2016, May 6, 2016

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

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

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

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

1. Board of Directors Participation:

- a. The CSU Executive Vice Chancellor, Business & Finance (EVC/CFO) will determine in writing to the Secretary-Auditor how to allocate CSURMA Board votes.
- b. If votes are to be delegated to a campus, the EVC/CFO's campus designee will provide a written statement to the Secretary-Auditor of which person will be the primary representative of the campus and may designate one alternate representative. If the primary or alternate representative are to be replaced or are no longer eligible to serve, the campus designee will provide a written statement of the replacement.
- c. The Program Administrator will maintain a list of primary and alternate representatives and will conduct orientations at least annually for new Board members.

2. Executive Committee Nominations and Elections:

## **CSURMA**

## **POLICY AND PROCEDURE NO. 18**

- a. Prior to the spring Board of Directors meeting the Chair will appoint a Nominating Committee to seek nominations for available positions on the Executive Committee.
  - b. The Nominating Committee will evaluate potential candidates and provide a report to the Board of Directors at the spring meeting.
  - c. The Board of Directors will conduct elections at the spring meeting for terms beginning July 1.
  - d. The Program Administrator will conduct orientations for new Board members.
3. Other than the AORMA Chair representing the CSURMA AORMA programs to the Auxiliary Organizations Association, no member or alternate of a CSURMA Executive Committee or Board of Directors shall represent the CSURMA without the prior written approval of the CSURMA Chair and that any proposal to do so shall be submitted to the CSURMA Secretary-Auditor for review and recommendation to the CSURMA Chair at least 30 days prior to such proposed representation. Costs of representing CSURMA will be subject to CSURMA Policy and Procedure and any other requirements established by the CSURMA Executive Committee or Board of Directors.

# **CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**

## **BYLAWS**

**AS AMENDED AND RESTATED**

**EFFECTIVE April 27, 2015**

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

PREAMBLE

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

ARTICLE I - THE AUTHORITY

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

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

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

ARTICLE II - DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ARTICLE III - BOARD OF DIRECTORS

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

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

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

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

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

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

ii. Approval of the annual budget of the Entity.

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

iv. Approval of new Coverage Programs of the Entity.

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

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

SECTION 3.3. Meetings.

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

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

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

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

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

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

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

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

#### ARTICLE IV - EXECUTIVE COMMITTEE

##### SECTION 4.1. Membership.

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

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

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

#### SECTION 4.3. Powers, Duties and Responsibilities.

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

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

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

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

iii. Enter into contracts, within budget limits.

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

v. Review and recommend a budget to the Board

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

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

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

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

#### SECTION 4.4. Meetings.

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

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

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

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

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

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

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

i. Death of an Executive Committee member.

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

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

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

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

## ARTICLE V - OFFICERS

### SECTION 5.1. Principal Officers.

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

### SECTION 5.2. Other Officers.

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

### SECTION 5.3. Powers.

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

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

## ARTICLE VI - OTHER STANDING COMMITTEES

### SECTION 6.1. Establishment of Committees.

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

### SECTION 6.2. AORMA Committee.

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

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

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

(c) Underwriting

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

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

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

(d) Coverage

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

ii. Review and advise on memorandum of coverage matters.

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

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

#### ARTICLE VII - PROGRAM DIRECTOR

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

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

#### ARTICLE VIII - REIMBURSEMENT FOR TRAVEL EXPENSES

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

#### Article IX - TERMINATION OF MEMBERSHIP

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

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

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

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

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

#### ARTICLE X - AMENDMENT

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

#### ARTICLE XI - COVERAGE DOCUMENTS

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

#### ARTICLE XII - RECORDS RETENTION

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

#### ARTICLE XIII - LIABILITY AND INDEMNIFICATION

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

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

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

**2017 LONG RANGE PLANNING MEETING DATE,  
LOCATION, AND AGENDA**

**ISSUE:** The CSURMA Executive Committee has scheduled a Long Range Planning meeting on March 9-10, 2017 at the Alliant Office in San Diego. Staff recommends a meeting in two sessions:

- The Executive Committee regular business meeting from 2:00 p.m. to 5:00 p.m. on Thursday, March 9, 2017 and
- The Long Range Planning meeting from 8:30 a.m. to 2:00 p.m. on Friday, March 10, 2017.

**RECOMMENDATION:** It is recommended that the Executive Committee review the draft agenda and direct Staff as appropriate. Staff also recommends confirming that there will be a quorum on both meeting dates.

**FISCAL IMPACT:** None.

**BACKGROUND:** The CSURMA Executive Committee has found it beneficial to hold an annual Long Range Planning meeting. Items addressed during the Long Range Planning meeting are of such a nature that full consideration of the topics are not easily addressed at regular business meetings.

**PUBLICATION:** All agendas are posted on the CSURMA website.

**ATTACHMENT(S):**

- a. Draft Long Range Planning Meeting Agenda



**CSURMA EXECUTIVE COMMITTEE AGENDA  
LONG RANGE ACTION PLANNING MEETING**  
“This is an Open Public Meeting”

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

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

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

Meeting Date: March 17, 2017  
Time: 8:00 AM

Primary Location: Alliant Insurance Services, Inc.  
701 B Street  
San Diego, CA 92101

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

**8:00 a.m.** Breakfast

- |                  |  |
|------------------|--|
| <b>8:30 a.m.</b> | <ol style="list-style-type: none"> <li><b>1. Review of CSURMA 2016/2017 Long Range Action Plan</b> <span style="float: right;"><b>A</b></span><br/><i>The Committee will be asked to review the FY 2016/17 Long Range Action Plan</i></li> <li><b>2. Campus Risk Pools Funding Status</b> <span style="float: right;"><b>A</b></span><br/><i>The Committee will review the Campus estimated pool layer funding exhibits</i></li> <li><b>3. Evaluation of Captive Insurance Vehicle</b> <span style="float: right;"><b>A</b></span><br/><i>The Committee will discuss and approve, if appropriate, the formation of a captive insurance company</i></li> <li><b>4. Alternative Allocation of Investable Assets</b> <span style="float: right;"><b>A</b></span><br/><i>The Committee will be asked to discuss CSURMA’s investable assets</i></li> <li><b>5. Rating Plan Task Group for Workers’ Compensation Experience Modification Calculation</b> <span style="float: right;"><b>A</b></span><br/><i>The CSURMA Executive Committee Chair will be asked to appoint a RPTG to review the Workers’ Compensation experience modification calculation and to address settlement disincentives</i></li> <li><b>6. Completed Risk Management Innovation Grants</b> <span style="float: right;"><b>I</b></span><br/><i>The Committee will hear a report regarding the results of the completed grant projects</i></li> <li><b>7. Risk Program Benchmarking and Trend Analysis</b> <span style="float: right;"><b>A</b></span><br/><i>The Committee will review the benchmarking and trend analysis report</i></li> <li><b>8. Agility Recovery</b> <span style="float: right;"><b>A</b></span><br/><i>The Committee will be asked to review the usage and outcome reports and determine whether to extend the program for FY 17/18</i></li> </ol> |
|------------------|--|



**CSURMA EXECUTIVE COMMITTEE AGENDA  
LONG RANGE ACTION PLANNING MEETING**  
“This is an Open Public Meeting”

- 9. Praesidium Proposal** **A**  
*The Committee will be asked to review the usage and outcome reports and determine whether to extend the program for FY 17/18*
  
- 10. Development of New Programs, Services and Projects** **A**  
*The Committee will be asked to discuss new programs, services and projects to be developed as part of the long range action plan*
  
- 11. Development of CSURMA Goals for next one to three years** **A**  
*The Committee will discuss the items to be included on CSURMA’s long range action plan for FY 16/17*

**2:00 p.m.**          Adjournment

## **UNDERWRITER MEETINGS REPORT**

**ISSUE:** CSURMA representatives met with CSURMA's program underwriters in London on November 21-22, 2016. CSURMA was represented by Steve Relyea, CSU EVC/CFO, Robert Eaton, CSU Assistant Vice Chancellor, Financing, Treasury and Risk Management, and Daniel Howell, CSURMA Program Director. The main goals of the meetings were:

- Demonstration of CSU leadership's commitment to risk management
- Update on CSU's financial and operational outlook
- Evaluation of the state of the insurance market and how changes may impact CSURMA's placements;
- Discussion of pending claims matters; and,
- Discussion on technical points of insurance placements and renewal expectations

Over the two day period there were 14 meetings with 29 market participants. The meetings were addressed on CSURMA's SAFECLIP, SPLIP, Fidelity, FTIP, Fine Arts, Property, Liability and Cyber coverage programs. Important discussions included:

- Potential for CSURMA to retain more risk on the very well performing SAFECLIP and SPLIP Programs;
- Discussion on the risks caused by social engineering attempts to cause fraudulent transfer of CSU funds and how the Fidelity, Cyber and Property coverages address this exposure;
- Implementation of the Fine Arts Program and two recent claims as training opportunities;
- The state of the very soft property market, and CSU's pending independent property appraisal study;
- The evolving Cyber insurance market and products;
- Availability of specialized Foreign Travel related training of CSU's Executive Leadership; and,
- Discussion of Lexington Insurance Company's (AIG) November announcement that it will not provide coverage for claims arising from concussive injuries and the potential for the London market to replace AIG's capacity on the CSURMA excess liability placement at renewal.

Robert Eaton and Daniel Howell will be available at today's meeting to report on the meetings.

**RECOMMENDATION:** The Executive Committee may take action or provide direction to staff based on the report of the meetings.

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

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

## **EVALUTION OF PARAMETRIC TRIGGERED EARTHQUAKE INSURANCE**

**ISSUE:** CSU has not purchased earthquake insurance due to the cost of coverage. Following major earthquake events, such as the Northridge Earthquake in 1994, the Federal Emergency Management Agency (FEMA) funded the majority of repair and rebuilding efforts. FEMA reimbursement requires that the recipient purchase earthquake insurance following a recovery; however, CSU has received a waiver based on CSU's report that the coverage is unaffordable.

In recent years, the insurance market has developed alternative products that provide coverage in a manner that may be affordable to CSU. These newer products utilize "parametric triggers" rather than traditional percentage of values deductibles. The coverage is not intended to fund the cost to repair or rebuild severely damaged buildings, but rather funds on a formula basis the extra expenses sustained by a campus following a major earthquake. The attached conceptual presentation opens the discussion. The University of California recently purchased a similar program on a systemwide basis.

**RECOMMENDATION:** The Executive Committee may wish to work with the Chancellor's Office to evaluate options and direct staff to develop a presentation for the March 2017 Long Range Planning meeting.

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

**BACKGROUND:** Please refer to attached presentation.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Swiss Re Conceptual discussion of CSU Parametric Trigger Earthquake Insurance Coverage

# California State University

## Parametric Earthquake Insurance



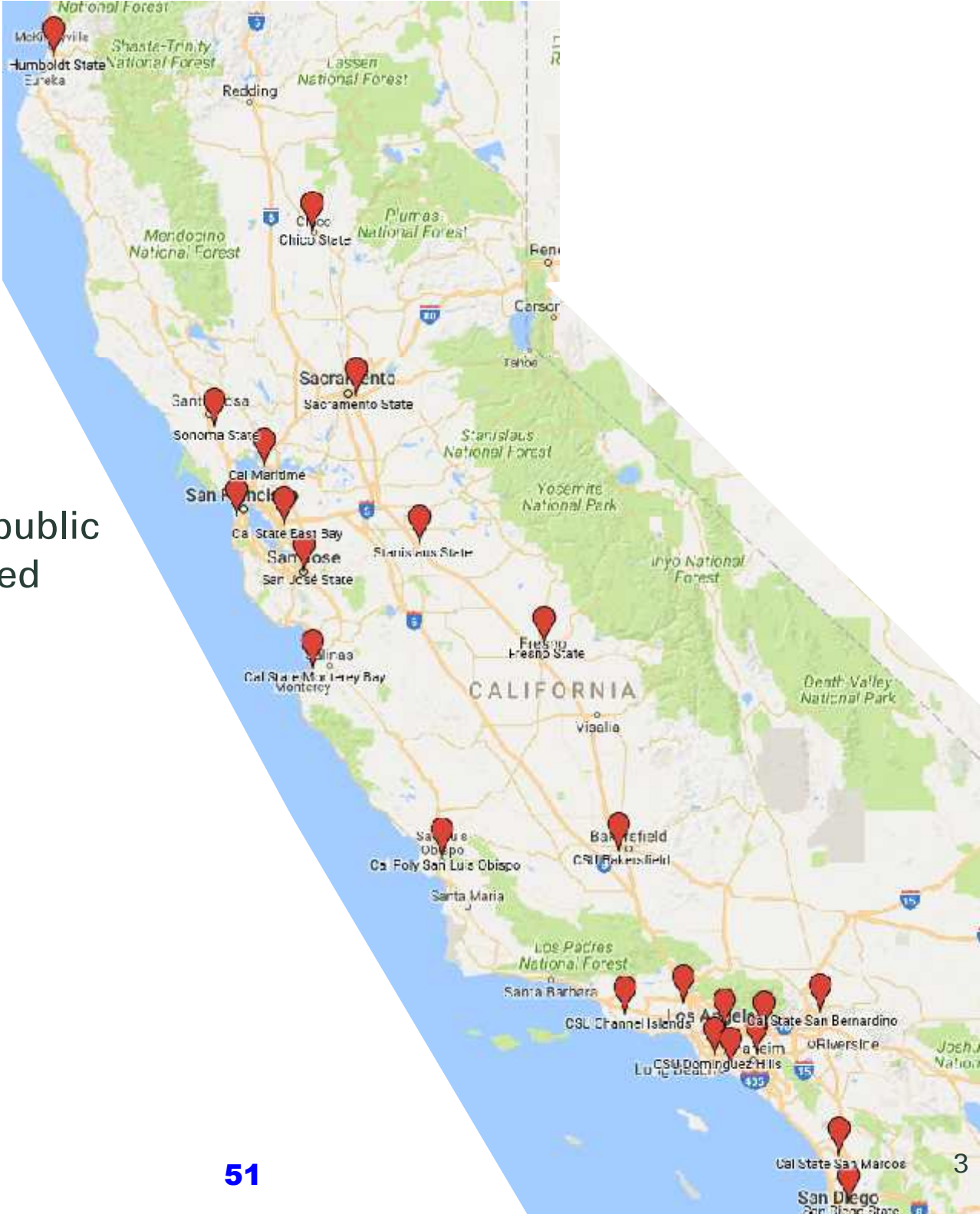
24 Outstanding Students Named CSU Top Scholars

# Notice

- The attached presentation presents terms and conditions to facilitate discussions with respect to a transaction as described herein. Any final transaction between the parties shall be subject to agreement by the parties to a final written Policy.
- This presentation provides an indication of proposed 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.
- This presentation and its contents are non-binding. All of the pricing, terms and conditions in this indication are subject to change.

# CSU detail

- CSU is the largest four-year public university system in the United States
  - Twenty three campuses
  - Eight off-campus centers
  - Enrolling 460,200 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

- Fiscal impact: ratings → interest rates
- Lost revenues
- Growth potential
- Business interruption
- Spending reduction (ripple effect)

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

Loss of business revenue and  
increased expenses

Cost of recoup damage  
claims, capital, interest  
expenses, and appeals

“Claw-back”  
findings in  
later audits

Communication  
and IT  
infrastructure  
interruption

Employee and  
student relocation

Unavailability of  
equipment,  
facilities, housing,  
and transportation

# Parametric Insurance

- Drivers
- How parametric insurance works
- Earthquake Magnitude vs Shake Intensity

# Drivers For Parametric Insurance

- **Key drivers for buyers**
  - Protect against indirect economic loss
  - Supplement traditional insurance
  - Cover underinsured or uninsurable risk
  - Quick payout within weeks, 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 payout referenced above)\*
- 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 Epicentre on an Earthquake unfolds into different **Intensities (MMI)** in affected areas.

# Why an Intensity-Based Parametric Earthquake Insurance Product?

- A simple earthquake magnitude trigger does not necessarily capture localized impacts.
- A moderate magnitude earthquake directly beneath the campus can cause as much damage as a significant earthquake tens to hundreds of miles away.
- Direct and indirect financial losses are more closely correlated to the severity of shaking at the locations of your assets.
- Swiss Re's intensity parametric earthquake product uses USGS produced ShakeMap to determine ground shaking intensity, expressed as MMI, at your location.
- Payout based on the severity of ground shaking at your location.

# Illustration of Structure (sample: greater Los Angeles area)

## Included Campuses Los Angeles Region

Member Name	Assigned Area	Total Insured Value
CALIFORNIA MARITIME ACADEMY	Bay Area	108,524,322
CALIFORNIA POLYTECHNIC STATE UNIVERSITY	Central Coast	1,078,924,591
CALIFORNIA STATE POLYTECHNIC UNIVERSITY	Los Angeles	1,063,712,210
CSU BAKERSFIELD	Central	319,051,392
CSU CHANCELLOR'S OFFICE	Los Angeles	67,455,634
CSU CHANNEL ISLANDS	Los Angeles	341,675,315
CSU CHICO	Sacramento	810,637,707
CSU DOMINGUEZ HILLS	Los Angeles	363,918,480
CSU EAST BAY	Bay Area	586,759,488
CSU FRESNO	Fresno	1,070,431,374
CSU FULLERTON	Los Angeles	1,288,519,288
CSU LONG BEACH	Los Angeles	1,430,672,365
CSU LOS ANGELES	Los Angeles	1,028,095,369
CSU MONTEREY BAY	Monterey	793,776,855
CSU NORTHRIDGE	Los Angeles	1,354,805,766
CSU SACRAMENTO	Sacramento	1,091,567,575
CSU SAN BERNARDINO	Los Angeles	625,409,128
CSU SAN MARCOS	San Diego	967,742,708
CSU STANISLAUS	Sacramento	330,375,988
HUMBOLDT STATE UNIVERSITY	Redwoods	536,162,549
SAN DIEGO STATE UNIVERSITY	San Diego	2,011,161,880
SAN FRANCISCO STATE UNIVERSITY	Bay Area	1,304,702,585
SAN JOSE STATE UNIVERSITY	Bay Area	1,946,807,114
SONOMA STATE UNIVERSITY	Bay Area	608,327,709

- Nine different CSU campuses considered part of greater Los Angeles metro.
- TIV across nine campuses: \$7.5 billion, or 35% of the entire university portfolio

# Payout Table by ZIP Code: Los Angeles Region (1 of 2)

ZIP Code	Latitude	Longitude	TIV	MMI 6.5	MMI 7.5	MMI 8.5
<b>CALIFORNIA STATE POLYTECHNIC UNIVERSITY</b>						
90039	34.111065	-118.25907	612,249	1,250	2,500	5,000
91767	34.081334	-117.73841	1,755,533	2,500	5,000	10,000
91768	34.068144	-117.78404	1,056,140,015	872,500	1,745,000	3,490,000
92211	33.765667	-116.33555	1,245,751	1,250	2,500	5,000
92860	33.925069	-117.55188	3,372,982	2,500	5,000	10,000
93060	34.387816	-119.08813	585,680	1,250	2,500	5,000
<b>Total</b>						<b>3,525,000</b>
<b>CSU CHANCELLOR'S OFFICE</b>						
90802	33.755145	-118.21123	63,619,350	52,500	105,000	210,000
90803	33.762196	-118.12412	1,809,383	2,500	5,000	10,000
95819	38.568114	-121.43743	2,026,901	2,500	5,000	10,000
<b>Total</b>						<b>230,000</b>
<b>CSU CHANNEL ISLANDS</b>						
93012	34.205741	-118.99462	341,675,315	282,500	565,000	1,130,000
<b>Total</b>						<b>1,130,000</b>
<b>CSU DOMINGUEZ HILLS</b>						
90747	33.86699	-118.25483	363,918,480	300,000	600,000	1,200,000
<b>Total</b>						<b>1,200,000</b>
<b>CSU FULLERTON</b>						
90621	33.873622	-117.99305	14,451,206	12,500	25,000	50,000
92309	35.377807	-116.1156	928,410	1,250	2,500	5,000
92618	33.676405	-117.72857	34,614,548	27,500	55,000	110,000
92632	#N/A	#N/A	-	-	-	-
92634	#N/A	#N/A	9,683,733	-	-	-
92665	#N/A	#N/A	497,287	-	-	-
92701	33.748553	-117.85937	998,440	1,250	2,500	5,000
92831	33.87908	-117.89601	20,604,031	17,500	35,000	70,000
92832	33.868035	-117.92905	1,181,741	1,250	2,500	5,000
92834	33.88488	-117.92814	1,205,140,040	995,000	1,990,000	3,980,000
92837	33.88472	-117.92814	419,852	1,250	2,500	5,000
<b>Total</b>						<b>4,230,000</b>

## Payout Table by ZIP Code: Los Angeles Region (2 of 2)

ZIP Code	Latitude	Longitude	TIV	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU LONG BEACH</b>						
90803	33.762196	-118.12412	432,238	1,250	2,500	5,000
90804	33.78174	-118.14857	26,067,465	22,500	45,000	90,000
90813	33.781763	-118.19755	754,940	1,250	2,500	5,000
90815	33.795823	-118.11615	73,907,089	60,000	120,000	240,000
90840	33.79564	-118.11641	1,329,102,913	1,095,000	2,190,000	4,380,000
91768	34.068144	-117.78404	407,720	1,250	2,500	5,000
<b>Total</b>						<b>4,725,000</b>
<b>CSU LOS ANGELES</b>						
90017	34.052876	-118.26443	2,000,000	2,500	5,000	10,000
90032	34.079661	-118.17807	1,026,095,369	847,500	1,695,000	3,390,000
<b>Total</b>						<b>3,400,000</b>
<b>CSU NORTHRIDGE</b>						
90803	33.762196	-118.12412	432,238	1,250	2,500	5,000
90804	33.78174	-118.14857	26,067,465	12,500	25,000	50,000
90813	33.781763	-118.19755	754,940	2,500	5,000	10,000
90815	33.795823	-118.11615	73,907,089	1,102,500	2,205,000	4,410,000
91411	34.178313	-118.45962	546,962	1,250	2,500	5,000
<b>Total</b>						<b>4,480,000</b>
<b>CSU SAN BERNARDINO</b>						
92211	33.765667	-116.33555	37,173,374	30,000	60,000	120,000
92260	33.695302	-116.39114	583,725	1,250	2,500	5,000
92394	34.564497	-117.35221	22,545	1,250	2,500	5,000
92407	34.254931	-117.30764	587,548,111	485,000	970,000	1,940,000
92408	34.084541	-117.26078	58,828	1,250	2,500	5,000
92553	33.923254	-117.24568	22,545	1,250	2,500	5,000
<b>Total</b>						<b>2,080,000</b>
<b>Grand Total</b>						<b>25,000,000</b>

# Payout Examples

# Payout Table

Example: 1994 Northridge Mw 6.7 earthquake

Event Payout: \$5,608,750  
 Event Limit: \$25,000,000  
 Event Payout rate: 22.4%

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CALIFORNIA STATE POLYTECHNIC UNIVERSITY</b>					
9C039	512,249	7.16	1,250	2,500	5,000
91767	1,755,533	5.55	2,500	5,000	10,000
91768	1,056,140,015	5.73	872,500	1,745,000	3,490,000
92211	1,245,751	4.76	1,250	2,500	5,000
92860	3,372,982	5.30	2,500	5,000	10,000
93060	585,680	6.13	1,250	2,500	5,000

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU CHANCELLOR'S OFFICE</b>					
9C802	63,819,350	5.71	52,500	105,000	210,000
9C803	1,509,383	6.02	2,500	5,000	10,000
95819	2,026,901	4.94	2,500	5,000	10,000

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU CHANNEL ISLANDS</b>					
93012	341,575,315	6.60	282,500	565,000	1,130,000

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU DOMINGUEZ HILLS</b>					
9C747	363,918,480	5.96	300,000	600,000	1,200,000

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU FULLERTON</b>					
9C621	14,451,206	6.02	12,500	25,000	50,000
92309	928,410	4.99	1,250	2,500	5,000
92618	34,514,548	5.39	27,500	55,000	110,000
92632	-	4.66	-	-	-
92634	9,683,733	4.66	-	-	-
92665	497,287	4.66	-	-	-
92701	998,440	5.38	1,250	2,500	5,000
92831	20,504,031	6.14	1,500	35,000	70,000
92832	1,181,741	6.20	1,250	2,500	5,000
92834	1,205,140,040	6.20	995,000	1,990,000	3,980,000
92837	419,852	6.20	1,250	2,500	5,000

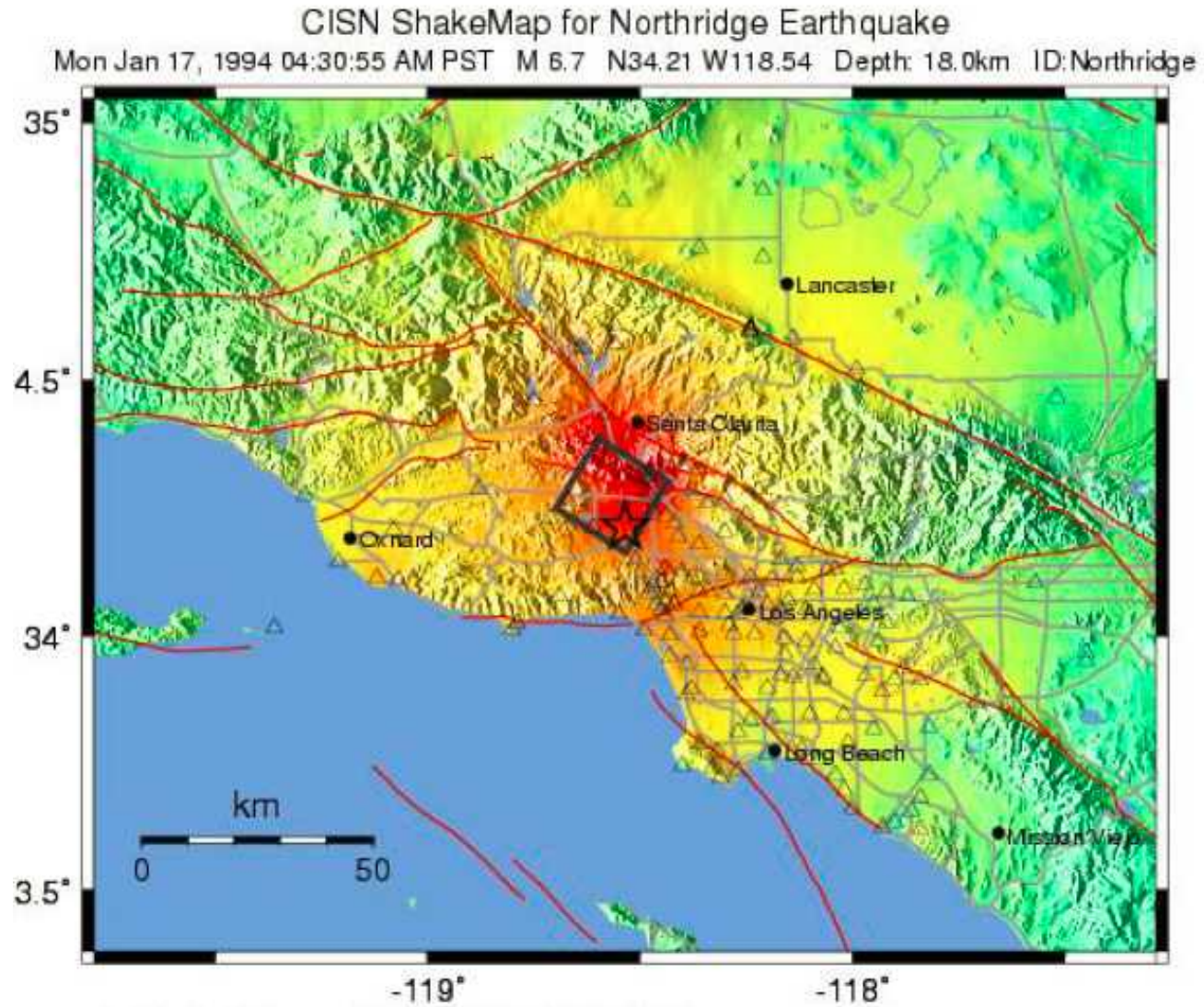
ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU LONG BEACH</b>					
90803	432,238	6.02	1,250	2,500	5,000
90804	26,067,465	5.74	22,500	45,000	90,000
90813	754,940	5.49	1,250	2,500	5,000
90815	73,907,089	6.09	60,000	120,000	240,000
90840	1,329,102,913	6.09	1,095,000	2,190,000	4,380,000
91768	407,720	5.73	1,250	2,500	5,000
<b>Total</b>					<b>4,725,000</b>

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU LOS ANGELES</b>					
90017	2,000,000	6.43	2,500	5,000	10,000
90032	1,026,095,369	6.75	847,500	1,695,000	3,390,000
<b>Total</b>					<b>3,400,000</b>

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU NORTHRIDGE</b>					
91321	62,573	8.97	1,250	2,500	5,000
91324	15,895,397	8.95	12,500	25,000	50,000
91325	4,476,180	8.93	2,500	5,000	10,000
91330	1,333,695,626	9.06	1,102,500	2,205,000	4,410,000
91411	546,962	8.21	1,250	2,500	5,000
<b>Total</b>					<b>4,480,000</b>

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU SAN BERNARDINO</b>					
92211	37,173,374	4.76	30,000	60,000	120,000
92260	583,725	4.74	1,250	2,500	5,000
92394	22,545	5.14	1,250	2,500	5,000
92407	587,548,111	4.87	485,000	970,000	1,940,000
92408	58,828	5.35	1,250	2,500	5,000
92553	22,545	5.15	1,250	2,500	5,000
<b>Total</b>					<b>2,080,000</b>

# Shakemap: 1994 $M_w$ 6.7 Northridge earthquake



<http://earthquake.usgs.gov/earthquakes/shakemap/sc/shake/Northridge/>

# Payout Table

Example: USGS Scenario Puente Hills Mw 7.1 earthquake

Event Payout: \$13,410,000  
 Event Limit: \$25,000,000  
 Event Payout rate: 53.6%

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CALIFORNIA STATE POLYTECHNIC UNIVERSITY</b>					
90039	612,249	9.10	1,250	2,500	5,000
91757	1,755,533	7.85	2,500	5,000	10,000
91758	1,056,140,015	8.47	872,500	1,745,000	3,490,000
92211	1,245,751	5.34	1,250	2,500	5,000
92850	3,372,982	6.75	2,500	5,000	10,000
93050	585,080	5.45	1,250	2,500	5,000

<b>CSU CHANCELLOR'S OFFICE</b>					
90802	63,619,350	7.34	52,500	105,000	210,000
90803	1,809,383	7.52	2,500	5,000	10,000
95819	2,026,901	4.98	2,500	5,000	10,000

<b>CSU CHANNEL ISLANDS</b>					
93012	341,675,315	5.93	262,500	565,000	1,130,000

<b>CSU DOMINGUEZ HILLS</b>					
90747	363,918,480	7.53	300,000	600,000	1,200,000

<b>CSU FULLERTON</b>					
90621	14,451,206	8.75	12,500	25,000	50,000
92309	928,410	4.05	1,250	2,500	5,000
92618	34,614,548	6.91	27,600	55,000	110,000
92632	-	4.83	-	-	-
92634	9,683,733	4.83	-	-	-
92665	497,287	4.83	-	-	-
92701	998,440	7.48	1,250	2,500	5,000
92831	20,604,031	8.70	17,500	35,000	70,000
92832	1,181,741	8.46	1,250	2,500	5,000
92834	1,205,140,040	8.58	995,000	1,990,000	3,980,000
92837	419,052	8.50	1,250	2,500	5,000

ZIP Code	TIV	MMI	MMI 6.5	MMI 7.5	MMI 8.5
<b>CSU LONG BEACH</b>					
90803	432,238	7.52	1,250	2,500	5,000
90804	26,067,465	7.42	22,500	45,000	90,000
90813	754,940	7.48	1,250	2,500	5,000
90815	73,907,089	7.72	60,000	120,000	240,000
90840	1,329,102,913	7.72	1,095,000	2,190,000	4,380,000
91768	407,720	8.47	1,250	2,500	5,000

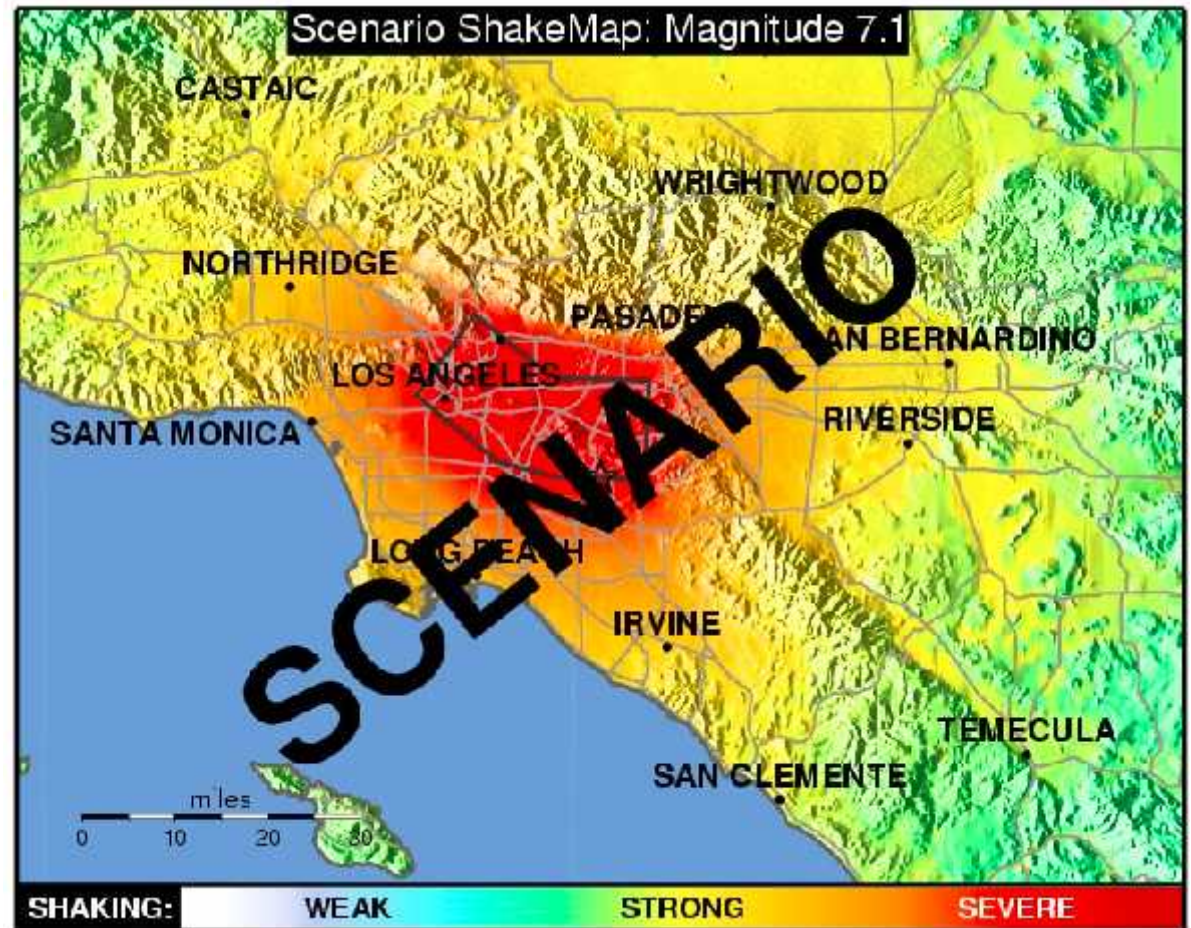
<b>CSU LOS ANGELES</b>					
90017	2,000,000	9.09	2,500	5,000	10,000
90032	1,026,095,369	9.34	847,500	1,695,000	3,390,000

<b>CSU NORTH RIDGE</b>					
91321	62,573	6.64	1,250	2,500	5,000
91324	15,895,397	6.86	12,500	25,000	50,000
91325	4,476,180	7.05	2,500	5,000	10,000
91330	1,333,695,626	6.93	1,102,500	2,205,000	4,410,000
91411	546,962	7.41	1,250	2,500	5,000

<b>CSU SAN BERNARDINO</b>					
92211	37,173,374	5.34	30,000	60,000	120,000
92260	583,725	5.31	1,250	2,500	5,000
92394	22,545	5.71	1,250	2,500	5,000
92407	587,548,111	5.86	485,000	970,000	1,940,000
92408	58,828	6.20	1,250	2,500	5,000
92553	22,545	6.15	1,250	2,500	5,000

# Shakemap: $M_w$ 7.1 Puente Hills earthquake SCENARIO

This earthquake is a USGS ShakeMap scenario, provided to the public for planning purposes. This earthquake, while possible at some point, is not reflective of any actual historical event.



# Proposed Solution

# Summary of Proposed Structure For California State University

- Parametric Earthquake Property Insurance Policy
- **Form:** Insurance
- **Effective Date:** TBD
- **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 UC TIV and MMI measured at each zip code (center)
  - See (sample) Table on previous slides
- **Gross Premium:**
  - TBD
  - Inclusive of 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 3<sup>rd</sup> 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

# Alternative Options

- **Higher / Lower MMI thresholds for Payouts**
  - *Option 1: \$25m limit; 6.5 MMI (25%) / 7.5 MMI (50%) / 8.5 MMI (100%);*
  - Option 2: \$25m limit; 6.7 MMI (25%) / 7.7 MMI (50%) / 8.7 MMI (100%);
  - Option 3: \$25m limit; 6.0 MMI (25%) / 7.0 MMI (50%) / 8.0 MMI (100%);
- **Higher Limits (Aggregate Limit and Payout Tables)**
  - Limits beyond \$25,000,000 can be explored
- **Multi-Year Cover**
  - Limit can be used across Multi-Year period
  - Locks in protection/capacity
  - Premium Paid Annually

# Appendix

- Comparison of Traditional to Parametric
- How the Policy would Respond
- MMI Scale
- USGS Shakemap

## Comparison of Traditional Insurance to Parametric Insurance Product

	<b>Traditional Insurance</b>	<b>Parametric / Index based Cover</b>
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 parameter or index value
Basis Risk*	Policy conditions, deductibles and exclusions	Correlation of chosen index and structure with actual exposure
Loss Assessment and Payment	Months to several years – depending on complexity of loss	Very transparent and settlement 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.

## How the 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 (Center).
- 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.**

# 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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## **EVALUATION OF CAPTIVE INSURANCE VEHICLE**

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

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

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

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

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

**BACKGROUND:** A captive insurer is a form of insurance company established usually to take on the insurable risk of the parent sponsoring organization. CSU has already established a similar vehicle with the CSU Risk Management Authority, joint powers authority; however a captive insurer may have additional benefits including:

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

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

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

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Pinnacle Actuarial Services Report Dated August 2016.

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

September 2, 2016

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

Re: Recommendations on the Formation of a Captive Insurance Company

Mr. Gifford,

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

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

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

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

Sincerely,



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



Jing Liu, FCAS, MAAA  
Consulting Actuary

cc: Daniel Howell, Alliant Insurance Services

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

August 2016



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Bloomington, IL 61704  
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*Commitment Beyond Numbers*

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## Exhibits

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

## *Executive Summary*

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

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

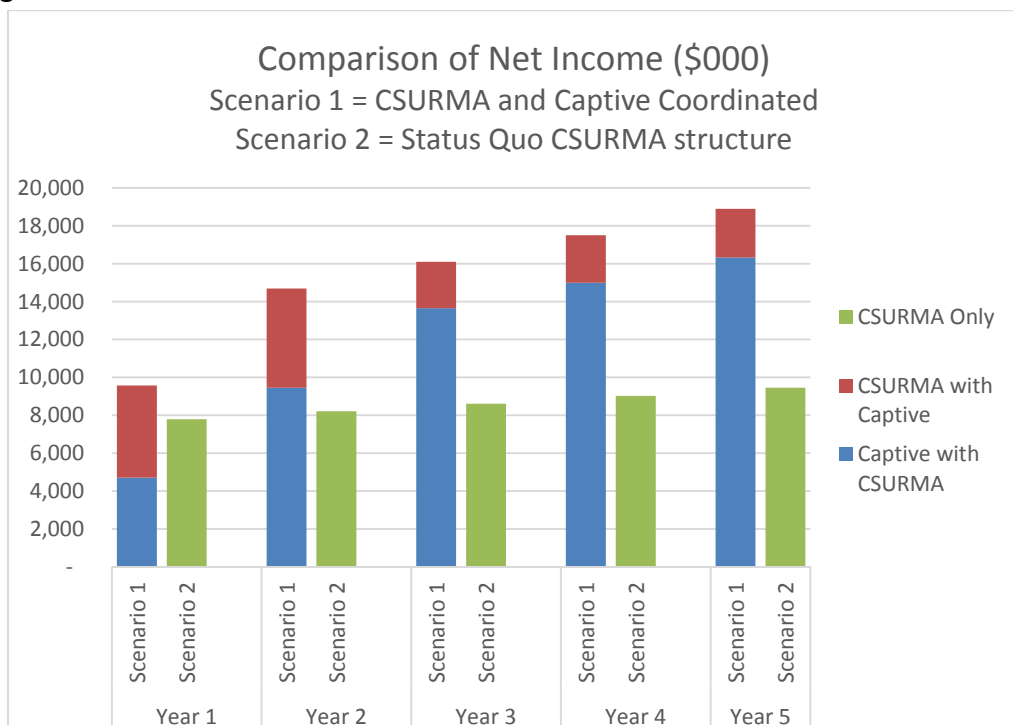
CSU and CSURMA have retained Pinnacle to assist them in investigating the advantages of adding some form of captive insurance company to their existing risk management and risk financing strategies within their insurance program. As shown in the report, Pinnacle is recommending that CSU form at least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

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

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

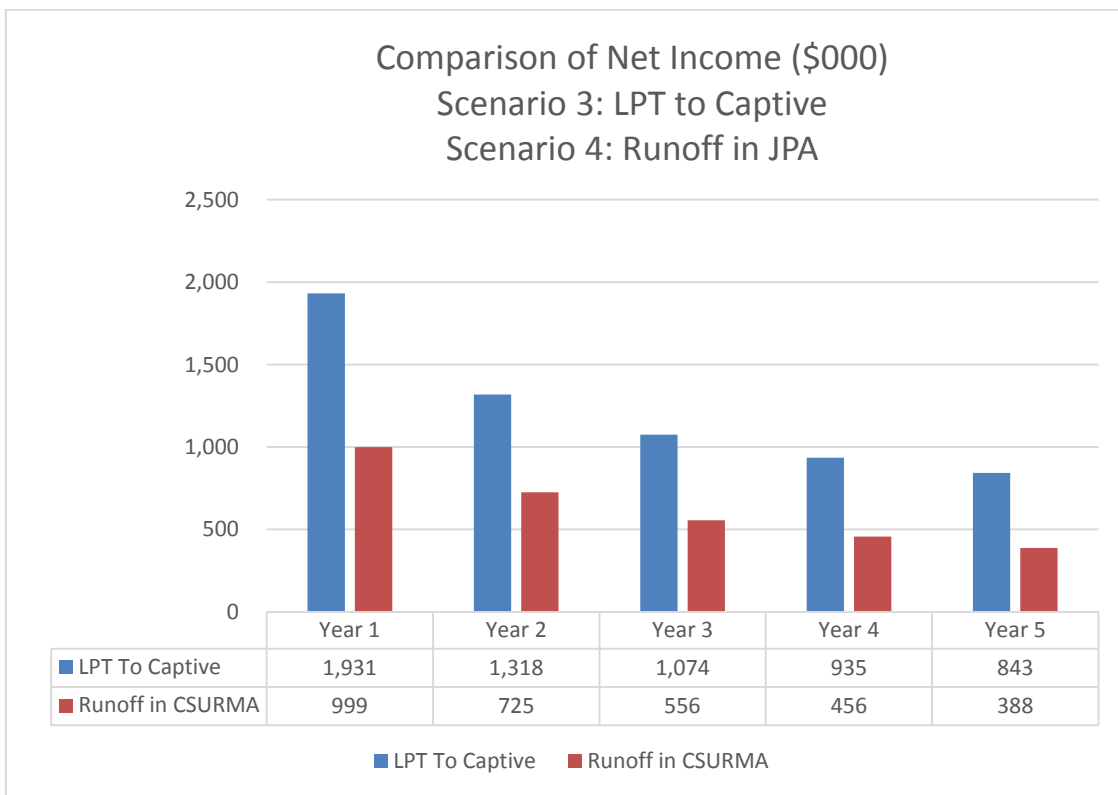
- Time Commitment
- Risk of Adverse Retained Loss Experience
- Capital Commitment
- Increased Commercial Insurance Cost
- Cost of Reinsurance
- Use of Third-Party Service Providers

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



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

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



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

## ***Scope & Background***

### **Project Scope**

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

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

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

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

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

### **CSU and the CSURMA Background**

#### ***General Information***

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

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

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

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

All post development cost of the Authority's programs are funded by annual premium charged to the Members participating in the program each policy year and by interest earnings on the accumulated funds. Premiums are based on a cost allocation plan and rating formula developed by the Authority with assistance from various qualified professionals.

**CSURMA Insurance Program**

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

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

\* From 2015/2016 Budget

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

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

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

\* From 2015/2016 Budget

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

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

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

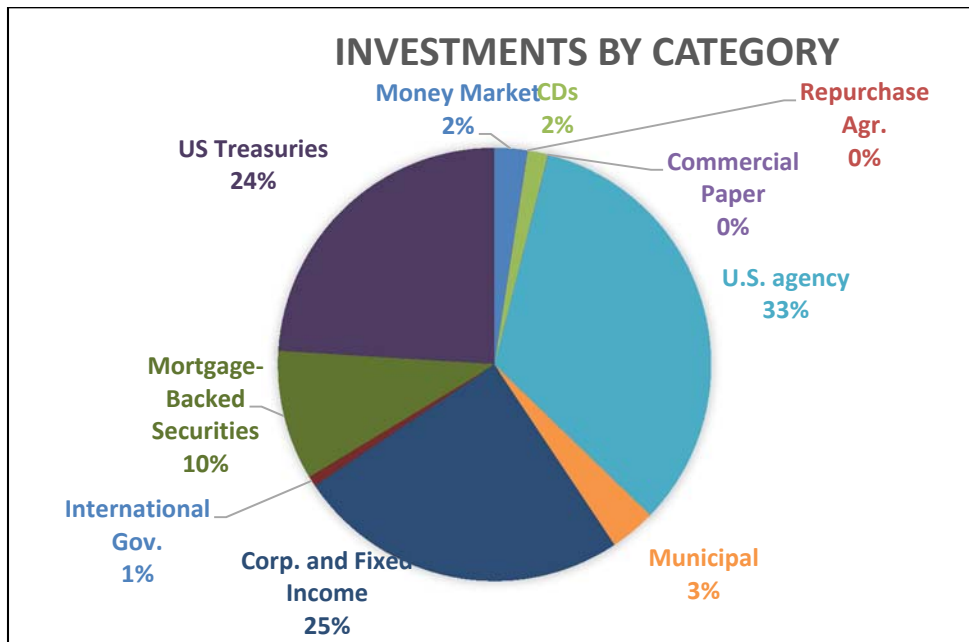
- Owner Controlled Insurance Program (OCIP)
- the Purchased Insurance Program (including the Participant Insurance Program, Auto Physical Damage, and Foreign Travel Insurance Program (FTIP))
- Student Professional Liability Insurance
- Builders Risk
- Student Travel Accident Insurance
- Cyber Liability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

**Investment Policies of CSURMA**

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

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

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



**Captive Background**

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

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

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

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

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

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<sup>1</sup> From the International Risk Management Institute, Inc. (IRMI) website, [www.irmi.com/online/insurance-glossary/default.aspx](http://www.irmi.com/online/insurance-glossary/default.aspx).

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

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

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

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

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

### **Captive Domicile Considerations**

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

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

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

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

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

*Source: Business Insurance Survey*

### **Overview of Fiat Lux**

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

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

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

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

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

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

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

### ***Methodology & Assumptions***

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

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

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

### **Coverage**

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

### **Losses**

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

### **Operating Expense**

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

### **Reinsurance Premium**

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

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

### **Gross Premium**

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

### **Runoff of Existing Exposure**

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

### **Capitalization**

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

### **Investment Income**

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

### **Changes Since Prior Report**

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

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

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

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

### ***Recommendations and Discussion***

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

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

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

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

#### **Benefits of Forming a Captive to CSU**

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

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

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

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

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

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

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

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

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

### **Specific Benefits of Utilizing Fiat Lux**

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

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

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

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

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

**Potential Risks**

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

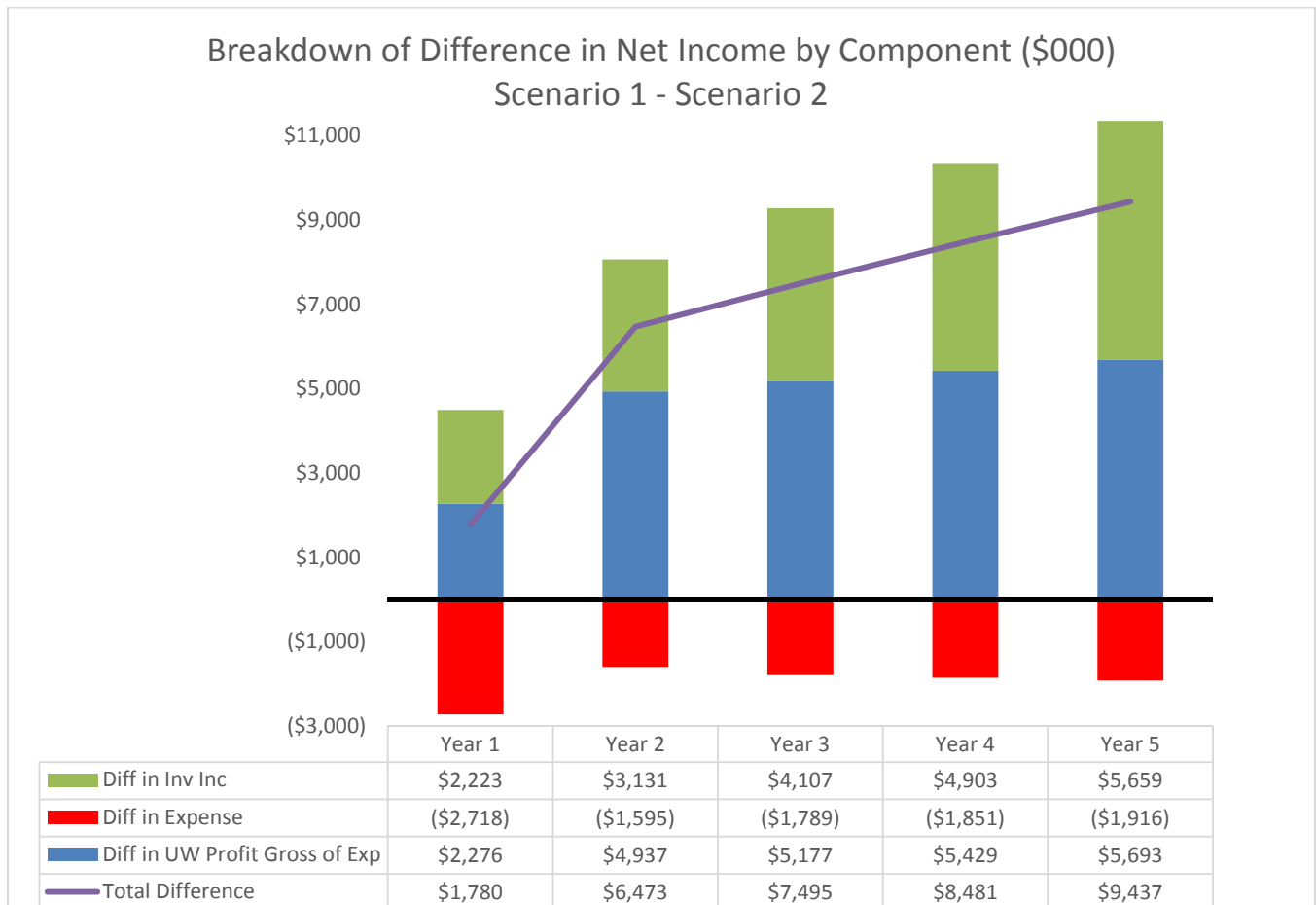
- A. *Time Commitment:*** Establishing and maintaining a captive requires a significant time commitment and usage of internal resources and management.
- B. *Risk of Unprofitability:*** Due to the unknown and potentially volatile nature of insurance claims, the captive owner runs the risk that its premium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

**Financial Model Results**

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

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

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



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

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

### **Developmental Phases**

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

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

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

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

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

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

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

## ***Legal Disclosures***

### **Distribution and Use**

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

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

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

### **Reliances and Limitations**

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

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

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

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

## ***Glossary of Terms & Abbreviations***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

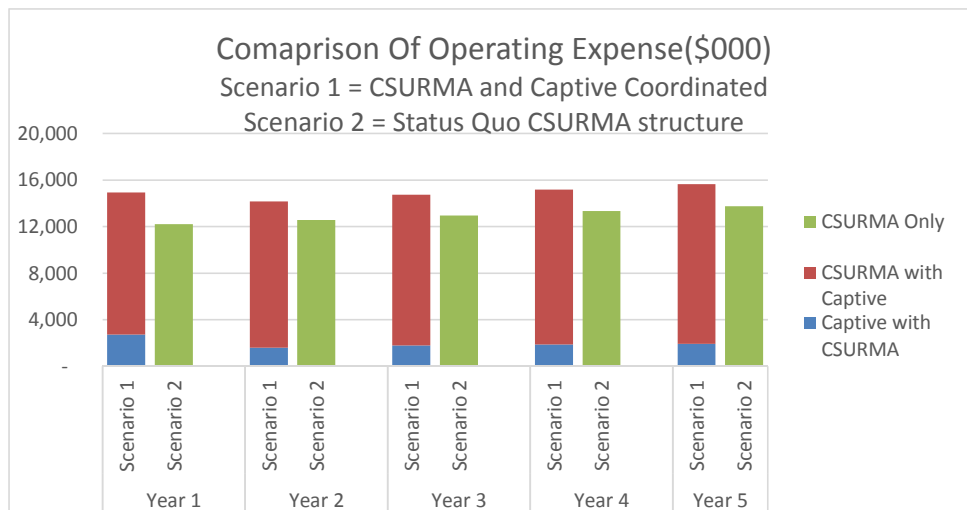
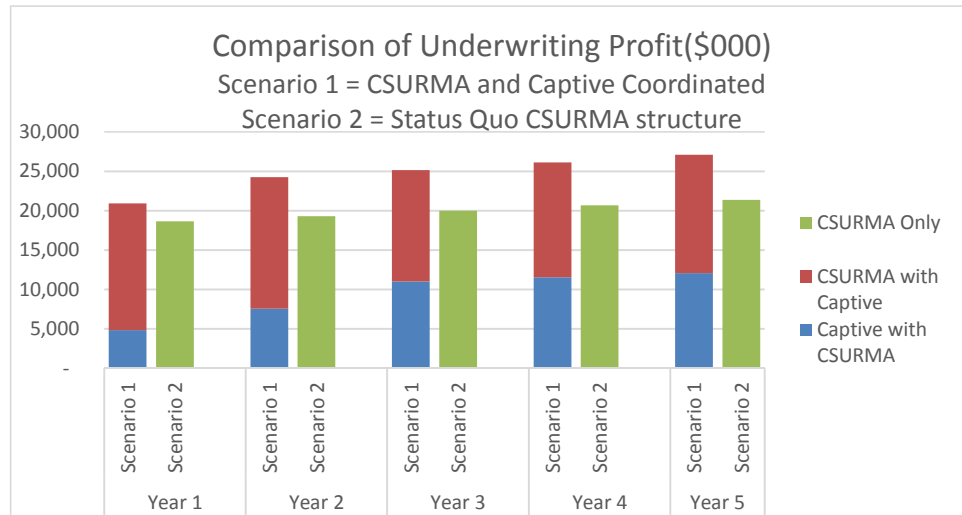
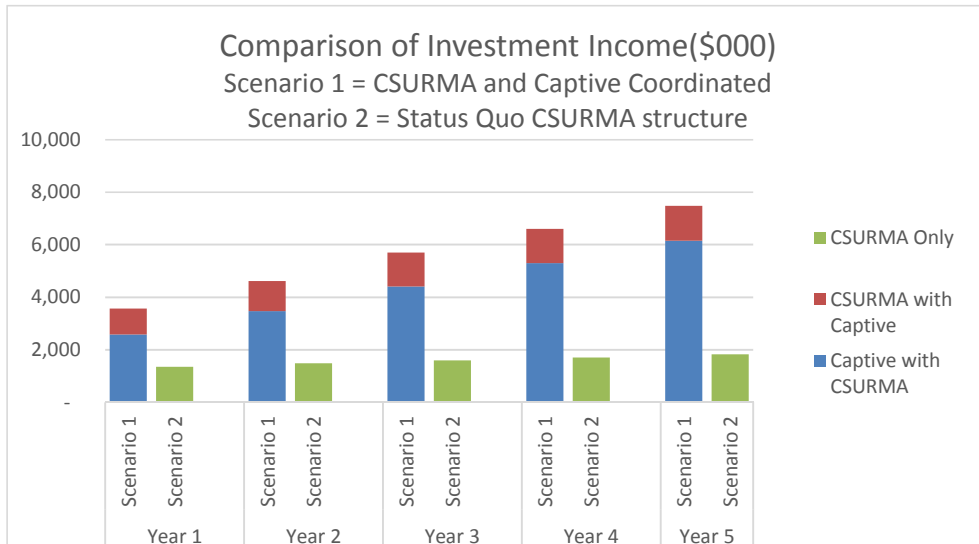
**Underwriting Profit** - The profit that an insurer derives from providing insurance or reinsurance coverage, exclusive of the income it derives from investments.

## INDEX OF EXHIBITS

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

For Pro forma, there are five pages:

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



**Pro Forma Input Assumptions  
Protected Cell Pro Forma of Scenario 1**
**1. UNDERWRITING VARIABLES**

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

**2. INVESTMENT VARIABLES**

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

**3. TAX VARIABLES**

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

**3. CORPORATE VARIABLES**

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

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

Exhibit 1.a  
Page 2

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

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

Exhibit 1.a  
Page 3

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

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

Exhibit 1.a  
 Page 4

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

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

Exhibit 1.a  
Page 5

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

Pro Forma Input Assumptions  
 CSURMA Pro Forma of Scenario 1

## 1. UNDERWRITING VARIABLES

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

## 2. INVESTMENT VARIABLES

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

## 3. TAX VARIABLES

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

## 3 CORPORATE VARIABLES

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

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

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

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

**Exhibit 1.b  
Page 3**

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

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

**Exhibit 1.b  
Page 4**

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

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

**Exhibit 1.b  
Page 5**

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

1. **UNDERWRITING VARIABLES**

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

2. **INVESTMENT VARIABLES**

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

3. **TAX VARIABLES**

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

3 **CORPORATE VARIABLES**

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

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

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

**CSURMA Pro Forma of Scenario 1  
Pro Forma Projection - Status Quo  
Balance Sheet**

**Exhibit 2  
Page 3**

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

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

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

**Pro Forma Input Assumptions  
Protected Cell with LPT of WC and GL Exposure Only**
**1. UNDERWRITING VARIABLES**

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

**2. INVESTMENT VARIABLES**

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

**3. TAX VARIABLES**

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

**3. CORPORATE VARIABLES**

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

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

Exhibit 3  
Page 2

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

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

**Exhibit 3  
Page 3**

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

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

Exhibit 3  
Page 4

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

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

## Pro Forma Input Assumptions

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

## 1. UNDERWRITING VARIABLES

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

## 2. INVESTMENT VARIABLES

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

## 3. TAX VARIABLES

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

## 3. CORPORATE VARIABLES

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

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

Exhibit 4  
Page 2

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

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

**Exhibit 4  
Page 3**

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

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

**Exhibit 4  
Page 4**

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

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

Exhibit 4  
Page 5

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

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

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

This item was tabled at the September 23, 2016 and November 2, 2016 CSURMA Executive Committee meetings pending discussion of whether CSURMA would develop a captive insurer which would potentially reduce the amount of assets available for investment in member loans.

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

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

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

## **MEMBER LOAN REQUESTS**

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

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

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

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

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

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



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

August 23, 2016

## MEMORANDUM

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

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

SUBJECT: CSURMA Loan for Building Elevator Replacements

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

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

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

Robert Eaton  
August 23, 2016  
Page 2

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

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

Thank you.

Attachments: CSURMA Loan Agreement  
Elevator Problems Log

c: Kelly Cox  
Gina Curry

## Risk Analysis

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

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

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

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

### Maintenance

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

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

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

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

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

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

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

#### Risk and Safety

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

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

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

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

*Business and Finance*  
401 Golden Shore, 5<sup>th</sup> Floor  
Long Beach, CA 90802-4210

[www.calstate.edu](http://www.calstate.edu)

California State University, Sacramento  
Loan Agreement

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

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

California State University, Risk Management Authority

By: \_\_\_\_\_

Robert Eaton, Treasurer

Date: \_\_\_\_\_

California State University, Risk Management Authority


By: \_\_\_\_\_

Linda Hawk, Chair

Date: \_\_\_\_\_

California State University, Sacramento

By: \_\_\_\_\_

  
Stacy Hayano  
Interim Vice President and Chief Financial Officer

Date: \_\_\_\_\_





## CSURMA

## POLICY AND PROCEDURE NO. 10

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

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

### **POLICY:**

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

### **PROCEDURE:**

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

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

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

## **UPDATED LIABILITY PROGRAM MEMORANDA OF COVERAGE**

**ISSUE:** Coverage provided under CSURMA's self-insured programs is governed by a memorandum of coverage (MOC) agreement that serves in place of an insurance policy. The Board delegated authority to the AORMA Committee and the Executive Committee to adopt revisions to the MOC's. Three MOC's have been created for coverage effective July 1, 2016.

1. *AORMA Liability Program:* The revised MOC has been approved by the new reinsurers (Markel and Great American) and has been ratified by the AORMA Committee.
2. *Campus Liability Risk Pool Program:* The draft MOC has been completed and is being presented today for ratification by the Executive Committee.
3. *Excess Liability Coverage Program:* Ironshore (\$5MM xs \$5MM) and AWAC (\$10MM xs \$10MM) have agreed to provide coverage on a reinsurance basis. Staff completed the draft MOC for the Excess Liability Coverage Program and it is currently being reviewed by the lead underwriters (Ironshore and AWAC).

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

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

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

**BACKGROUND:** None.

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

**ATTACHMENT(S):**

- a. Final - AORMA Program Liability MOC
- b. Draft - CSURMA Campus Liability Risk Pool MOC
- c. Draft - CSURMA / AORMA Excess Liability Coverage Program MOC

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

Throughout this Memorandum, words and phrases that appear in boldface type have special meanings. They are defined in SECTION I – DEFINITIONS and/or with respect to Covered Parties in SECTION IV – COVERED PARTIES.

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

This Memorandum does not provide insurance, but instead provides for pooled self-insurance. This Memorandum is a negotiated agreement among the **Members** of the CSURMA AORMA, and none of the parties to the document is entitled to rely on any contract interpretation principles which require interpretation of ambiguous language against the drafter of such agreement. This document shall be applied according to the principles of contract law, giving full effect to the intent of the **Members** of the CSURMA AORMA, acting through the Board of Directors in adopting this document. As the CSURMA AORMA is not an insurer, it has no obligation to issue reservation of rights letters, nor does it have an obligation to provide “*Cumis*” counsel to a **Covered Party** in disputed coverage situations under Civil Code 2860. Finally, failure to provide notice to a **Covered Party** of any coverage dispute shall not operate to waive any of the provisions of this document.

**SECTION I – COVERAGES**

Subject to the **Member’s Deductible**, CSURMA AORMA agrees:

To pay on behalf of the **Member** those sums for **Ultimate Net Loss** in excess of the **Member’s Deductible** which the **Member** shall become obligated to pay as **Damages**;

1. By reason of liability assumed by the **Member** by contract because of **Bodily Injury or Property Damage, Personal Injury, Errors and Omissions, Employee Benefits Liability, Employment Practices Liability or Media Wrongful Acts** arising from operations of the **Member** to which this Memorandum applies caused by an **Occurrence or Wrongful Act**, or
2. By reason of liability imposed by law because of **Bodily Injury, Property Damage, Personal Injury, Errors and Omissions, Employment Practices Liability or Media Wrongful Acts** arising from operations of the **Member** to which this Memorandum applies caused by an **Occurrence or Wrongful Act**.
3. By reason of liability imposed by law because of **Employee Benefits Liability** claims made during the **Coverage Period** to which this Memorandum applies caused by an **Occurrence or Wrongful Act**.

## SECTION II - DEFINITIONS

1. **Additional Covered Party** means any person(s), entity(ies) or organization(s) to whom the **Member** is obligated by virtue of any written contract to provide coverage solely with respect to **bodily injury, property damage and personal injury** arising out of and during the **Member's** operations or premises owned, rented or used by the **Member**; and

For which a certificate of coverage has been issued to such person(s); entity(ies) or organization(s) and is on file with CSURMA AORMA evidencing their status as an **additional covered party** under this coverage.

The limit and scope of coverage afforded to the **Additional Covered Party** shall be no broader than that which is required by such contract and shall in no event be broader than the coverage afforded by this Memorandum.

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

2. **Administration**, with respect to **Employee Benefits Liability**, means:
- A. Providing information to **Employees**, including their dependents and beneficiaries, with respect to eligibility for or scope of **Employee Benefit Programs**;
  - B. Handling records in connection with the **Employee Benefit Program**; or
  - C. Effecting, continuing or terminating any **Employees'** participation in any benefit included in the **Employee Benefit Program**.

However, **Administration** does not include handling payroll deductions.

3. **Aircraft** means a vehicle designed for the transport of persons or property principally in the air, but does not include **Unmanned Aerial Vehicle**.
4. **Automobile** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment.
5. **Bodily Injury** means **Bodily Injury**, sickness, disease or death, including but not limited to **shock, mental anguish, mental injury and humiliation** sustained by any person that occurs during the **Coverage Period**. **Bodily Injury** includes **Damages claimed by** any person or organization for care, loss of services or death resulting at any time from the **Bodily Injury**.
6. **Claim** means:
- A. A written demand to a **Member** for payment of **Damages** received by the CSURMA AORMA Secretary-Auditor or by the chief executive, Risk Manager, or general counsel of a **Member**; and/or
  - B. A civil proceeding against a **Member** in which **Damages** are sought on account of
    - 1) **Bodily Injury or Property Damage,**
    - 2) **Personal Injury,**
    - 3) **Errors and Omissions,**
    - 4) **Employee Benefits Liability,**
    - 5) **Employment Practices Liability**

6) **Media Wrongful Acts,**

**Occurrence** or **Wrongful Act** to which this insurance applies, including an arbitration or other alternative dispute resolution proceeding in which monetary **Damages** are sought and to which the **Member** must or does submit with our written consent.

7. **Completed Operations Hazard** includes **Bodily Injury** and **Property Damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the **Member**. Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following time:

- A. When all operations to be performed by or on behalf of the **Additional Covered Party** at the site of the operations have been completed.
- B. When all operations to be performed by or on behalf of the **Additional Covered Party** under the contract have been completed; or
- C. When the portion of the work out of which the injury or **Damages** arise has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete shall be deemed completed. The **Completed Operations Hazard** does not include **Personal Injury** or **Property Damage** arising out of:

- A. Operations in connection with the transportation of property unless the **Personal Injury** or **Property Damage** arises out of a condition in or on a vehicle created by the loading or unloading of that vehicle by any **Member**; or
- B. The existence of tools, uninstalled equipment or abandoned or unused materials.

8. **Coverage Period** means the period of coverage provided under this Memorandum as shown on the Declarations Page.

9. **Covered Individual(s)** means persons who are past or present elected or appointed officials, **Employees, whether or not compensated**, or authorized volunteers of the **Member**, while acting within the scope of their duties, office or employment for or on behalf of the **Member**, including while acting on outside boards at the direction of the **Member**. **Covered Individuals** do not include **Employees** of nonmember organizations, including, but not limited to alumni associations and volunteer university support groups.

10. **Dam** means any artificial barrier together with appurtenant works which:

- A. Is twenty-five feet or more in height from the foot of a natural bed of stream or watercourse; or
- B. Has water impounding capacity of fifty acre feet or more.

Except, any such barrier which is not in excess of twenty-five (25) feet in height regardless of storage capacity, or which has a storage capacity not in excess of fifteen (15) acre feet regardless of height, shall not be considered a **Dam**; and, no structure specifically exempted from jurisdiction by the applicable state agency overseeing **Dams** shall be considered a **Dam**, unless such structure is under the jurisdiction of any agency of the federal government.

11. **Damages** means compensation in money which a **Covered Party** is legally obligated to pay as a result of a **Claim**. **Damages** include: (1) attorney fees not based on any contract awarded against the **Covered Party**, (2) interest on judgments, or (3) costs, for which the **Covered Party** is liable either by adjudication or by compromise with the prior, written consent of the CSURMA AORMA, if the fees, interest or costs arise from an **Occurrence** or **Wrongful Act** to which this coverage applies.

**Damages** shall not include those sums determined to be owed by a **Covered Party** as contract **Damages**, including, but not limited to retroactive or prospective benefits, or any **Damages** determined to be owed for breach of an express contract of employment or under an express obligation to make payments in the event of termination of employment.

**Damages** shall not include sums paid pursuant to any judgment or agreement, whether injunctive or otherwise, to undertake actions to correct past discriminatory or unlawful conduct or to establish practices or procedures designed to eliminate or prevent future discriminatory or other unlawful conduct, or any non-monetary relief.

**Damages** shall not include fines, penalties, sanctions, taxes or fees assessed against any **Covered Party**.

12. **Deductible means the amount** of each **Ultimate Net Loss** which the **Member** is obligated to pay. The deductible is stated in the Declarations. Any deductible amount paid by CSURMA AORMA shall be promptly reimbursed to CSURMA AORMA by the **Member**.
13. **Discrimination**, as respects **Employment Practices Liability**, means the actual or alleged failure to employ, failure to promote, or the demotion, transfer, suspension, or termination of any **Employee** because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy. **Discrimination**, other than as respects **Employment Practices Liability**, means **Bodily Injury**, **Personal Injury** and/or **Errors and Omissions** arising from alleged acts, errors or omissions showing favor, prejudice or bias for or against a person because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy.
14. **Employee** means:
- A. Any person who has an assigned work schedule for the **Member** and is on the **Member's** regular payroll; and
  - B. Any person who is leased to the **Member** through a staffing or temporary agency and is working for the **Member** under the **Member's** supervision, including a **Leased Worker**.
  - C. **Employee** does not include independent contractors.
  - D. As respects **Employment Practices Liability** and **Employee Benefit Liability** and when appearing in boldface type in this Memorandum, means any present or former **Employee** of the **Member**; and
  - E. Solely as respects **Employment Practices Liability** arising from alleged **Discrimination** with respect to negligent hiring, only, **Employee** includes an applicant for employment.
  - F. Solely as respects **Employment Practices Liability**, independent contractors and/or persons working on retained, while acting for or on behalf of the Member.

An **Employee's** status as a **Covered Party** will be determined as of the date of the **Occurrence** or **Wrongful Act** upon which a **Claim** involving the **Employee** is based.

15. **Employee Benefits Liability** means liability for actual or alleged Errors and Omissions in the Administration of a Member's Employee Benefit Program.
16. **Employee Benefit Program** means a program providing some or all of the following benefits to Employees:
- A. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts;
  - B. Profit sharing plans, Employee savings plans, Employee stock ownership plans, pension plans and stock subscription plans; and
  - C. Unemployment insurance, social security benefits, workers' compensation and disability benefits.
17. **Employment Practices Liability** means any circumstance relating to a past, present or prospective **employee** of the Member (and the child, parent, brother or sister of that person) as a consequence of the following **Wrongful Acts** or alleged **Wrongful Acts**: wrongful dismissal, discharge, or termination, either actual or constructive, of employment; employment related misrepresentation; retaliation; wrongful failure or refusal to employ or promote; wrongful deprivation of career opportunity or reassignment; wrongful discipline; failure to grant tenure or negligent **Employee** evaluation; **Sexual or Workplace Harassment** or humiliation of any kind, including, but not limited to, the alleged operation of a harassing workplace environment; negligence resulting in **Damages** to a person that is a whistle-blower; unlawful **Discrimination**, whether direct, indirect, intentional or unintentional; failure to provide adequate **Employee** policies and procedures. **Employment Practices Liability** shall include actions brought under state, local, or federal law, whether common or statutory, and shall include, but not be limited to allegations of violations of the following federal laws, as amended, including regulations promulgated thereunder:
- A. Americans With Disabilities Act of 1992 (ADA)
  - B. Civil Rights Act of 1991
  - C. Age **Discrimination** In Empowerment Act of 1967 (ADEA), including the Older Workers Benefit Protection Act of 1990
  - D. Title VII of the Civil Rights Law of 1964, as amended (1983), including the Pregnancy **Discrimination** Act of 1978;
  - E. Civil Rights Act of 1866, Section 1981; and
  - F. Fifth and Fourteenth Amendments of the U.S. Constitution.
18. **Errors and Omissions** means a **Wrongful Act** by **Covered Individuals** individually or collectively in the discharge of their duties for the **Member**, or any matter claimed against them solely by reason of their being or having been public officials.
19. **Land Subsidence** means the movement of land or earth, including, but not limited to, sinking or settling of land, earth movement, earth expansion, and/or contraction, landslide, slipping, falling away, caving in, eroding, earth sinking, and earth rising or shifting or tilting.
20. **Leased Worker** means any **Employee** who is under contract to the **Member** while performing duties defined under the contract with the Member.

21. **Loss Adjustment Expense** means all costs and expenses incurred by the **Member** in connection with the investigation, appraisal, negotiation, adjustment, settlement, litigation, defense or appeal of a specific **Claim** or loss, including but not limited to CSURMA AORMA approved defense attorney fees, court costs, costs of supersedes and appeal bonds, monitoring counsel expenses, post-judgment interest, pre-judgment interest (unless included as part of an award), subrogation, salvage and recovery expense, costs and expenses in connection with coverage questions and legal actions and other associated costs and expenses. Loss Adjustment Expense shall include any allocated **Claims** expenses, salaries or overhead incurred by attorneys who are **Employees** of the California State University's Office of General Counsel. However, such expenses shall be limited at \$250 per hour. **Loss Adjustment Expense** shall also include fees and expenses of outside adjusters, including Third Party Administrators (TPA), associated with specific **Claims**, but excluding any **Loss Adjustment Expense** and fees paid to a TPA that are not allocable to a specific **Claim**. **Loss Adjustment Expense** does not include salaries and expense of **Member's Employees** except as provided above as well as office and other overhead expenses.
22. **Member** means the **Member** named on the Declarations Page.
23. **Mold(s)** means to include, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produces **Molds**.
24. **Occurrence** means an accident, act, error, offense, omission or event **Media Wrongful Act** or **Wrongful Act** during the **Coverage Period**, including continuous or repeated exposure, which results in damages, neither expected nor intended by the **Member**. An **occurrence** taking place over more than one **Coverage Period** shall be deemed to have taken place during the **Coverage Period** when the **occurrence** ended and shall be treated as a single **occurrence** in that **Coverage Period**.
25. **Media Wrongful Act Occurrence** means any actual or alleged:
- A. Invasion or infringement of the right of privacy or publicity, including the torts of intrusion upon seclusion, publication of private facts, false light, or misappropriation of name or likeness;
  - B. Wrongful entry or eviction, trespass, eavesdropping, or other invasion of the right of private occupancy;
  - C. Libel, slander, disparagement, or any other form of defamation or harm to the character or reputation of any person or entity;
  - D. Outrage, infliction of emotional distress or prima facie tort;
  - E. Infringement or dilution of trademark, trade name, trade dress, title, slogan, service mark or service name;
  - F. Copyright infringement, plagiarism, piracy, breach of implied contract, or misappropriation of property rights, information or ideas;
  - G. Breach of a promise of confidentiality or anonymity;
  - H. Error or omission in content;
  - I. Unfair competition or conspiracy
  - J. Breach of an indemnification or hold harmless agreement relating to **Claims** arising out of the media, but only when such **Claims** allege a **Media Wrongful Act** falling within sections 1-9 above;

solely when committed or allegedly committed by a **Covered Party** in is, her or its capacity as such and in connection with the creation or dissemination of media, or in connection with the creation or dissemination of advertising materials relating to media.

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

26. **Personal Injury** means any of the following offenses:
- A. False arrest, detention, or imprisonment or malicious prosecution;
  - B. Shock, mental anguish, mental injury or humiliation
  - C. Publication or utterance of a libel or slander or of other defamatory or derogatory material, or a publication or utterance in violation of an individual's right of privacy;
  - D. Wrongful entry or eviction or other invasion of the right of private occupancy;
  - E. **Discrimination** or violation of civil rights other than **Employment Practices Liability**, not intentionally committed by or at the direction of the **Member**;
27. **Pollutant** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and **Waste**. **Waste** includes materials to be recycled, reconditioned or reclaimed. The term **Pollutant** as used herein is not defined to mean potable water or agricultural water or water furnished to commercial users.
28. **Property Damage** means:
- A. Physical injury to or destruction of tangible property which occurs during the Coverage Period, including the loss of use thereof at any time resulting therefrom;
  - B. Loss of use of tangible property, which has not been physically injured or destroyed, provided such loss of use is caused by an Occurrence or Wrongful Act during the Coverage **Period**.
29. **Sexual or Workplace Harassment** shall mean any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature, of a person by another person, or person acting in concert, which causes physical and/or mental injuries. **Sexual or Workplace Harassment** also includes the above conduct when:
- A. Submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment, or a basis for employment decisions affecting a person; or
  - B. Such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.
- Sexual or Workplace Harassment** does NOT include **Sexual Misconduct** as defined in this Memorandum.
30. **Sexual Misconduct** means:
- A. The actual, attempted or alleged abuse or molestation of a person by another person, or persons acting in concert which causes physical and/or mental injuries. Sexual molestation includes: sexual abuse, sexual assault, sexual exploitation or sexual injury; or

- B. The negligent employment, investigation, supervision, reporting to the proper authorities or failure to report the above of a Covered Person.
31. **Territory** means an **Occurrence** or a **Wrongful Act** that takes place during the **Coverage Period**, anywhere in the world as well as **Claims** brought anywhere in the world.
32. **Ultimate Net Loss** means the amount of paid **Claims** liability for **Damages** for which the **Member** is liable on a per **Occurrence** or **Wrongful Act** basis, either by (1) adjudication, or (2) compromise with the prior written consent of the CSURMA AORMA, and which the **Member** actually pays in cash, after making proper deduction for all recoveries and salvages collectible. **Ultimate Net Loss** includes defense attorney fees and costs of the **Member** in defense of the **Claim** and also includes court costs, **Loss Adjustment Expenses**, and other associated costs and expenses, but does not include any salaries of the **Member's** regular **Employees**. **Ultimate Net Loss** includes retrospective benefit ("back wages"), but does not include prospective benefits ("forward wages"), payable as part of a **Claims** for **Employment Practices Liability** covered under this Memorandum. **Ultimate Net Loss** shall not include any of the above-described expenses for **Damages** against a **Member** or defense expenses incurred because of liability excluded by this Memorandum.
33. The following definitions are applicable only to **Exclusion T – Nuclear Material**:
- A. **Hazardous Properties** include radioactive, toxic or explosive properties;
- B. **Nuclear Material** means source material, special **Nuclear Material** or byproduct material;
- C. Source material, special **Nuclear Material** and byproduct material have the meaning given in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- D. **Spent Fuel** means fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **Nuclear Reactor**;
- E. **Waste** means any **Waste** material, (a) containing a byproduct material and (b) resulting from the operation by any person or organization of any **Nuclear Facility** included within the definition of **Nuclear Facility** under paragraph a. or b. thereof;
- F. **Nuclear Facility** means:
- 1) Any **Nuclear Reactor**;
  - 2) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing **Spent Fuel**, or (3) handling, processing or packaging **Waste**;
  - 3) Any equipment or device used for the processing, fabricating or alloying of special **Nuclear Material** if at any time the total amount of such material in the custody of the **Member** at the premises where such equipment or device is located consists of or contains more than 25 grams plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or
  - 4) Any structure, basin, excavation site premises or place prepared or used for the storage or disposal of **Waste** and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.
- G. **Nuclear Reactor** means any apparatus designed or used to sustain nuclear fission in a supporting chain reaction or to contain a critical mass of fissionable material.

With respect to injury to or destruction of property, the word injury or destruction includes all forms of radioactive contamination of property.

34. **Unmanned Aerial Vehicle** means any vehicle without a human pilot aboard capable of flight principally in the air that is designed for the transport of equipment and weighing no more than 100 lbs. maximum take-off weight.
35. **Wrongful Termination** means the actual, alleged or constructive termination of an employment relationship between an **Employee** and a **Member** in a manner and/or a reason which is contrary to applicable law.

### SECTION III - DEFENSE AND SETTLEMENT

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

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

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

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

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

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

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

#### SECTION IV - LIMITATIONS UPON CSURMA AORMA'S LIABILITY

Regardless of the number of (1) persons or entities covered under this Memorandum, or (2) persons or organizations who sustain injury or damage, or (3) **Claims** made or suits brought because of injury or damage, the CSURMA AORMA's liability for **Damages** is limited as follows:

The CSURMA AORMA's liability for **Damages** shall be only for the **Ultimate Net Loss** less the **Member's Deductible** not to exceed the Limits of Liability shown in the Declarations, as the result of any one **Occurrence** or **Wrongful Act** or the amount shown in the Declarations because of all occurrences for any one **Member** during each **Coverage Period**. . There is no limit to the number of **Occurrences** or **Wrongful Acts** during the **Coverage Period** for which **Claims** may be made.

The **Member's Deductibles** as shown in the Declarations applies to each such **Occurrence** or **Wrongful Act** without regard to exclusions, limitations or exhaustion of aggregate limits in underlying or contributing coverage, insolvency of any insurance carrier or insurance pool, or any circumstances wherein underlying or contributing coverage is uncollectible.

For the purpose of determining the CSURMA AORMA Limit of Liability and the **Member's Deductible**, all **Damages** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **Occurrence** or **Wrongful Act**.

This Memorandum applies to **Occurrences** or **Wrongful Acts**, which take place anywhere in the world during the specified **Coverage Period** stated in the Declarations of this Memorandum.

The term **Covered Party** is used severally and not collectively. The Limit of Liability and **Member's Deductibles** as stated in the Declarations apply separately to each **Covered Party**. In the event of an **Occurrence** for which more than one **Covered Party** is or may be held liable, one **Member Deductible** and one Limit of Liability coverage will apply. CSURMA AORMA's liability for all Covered Parties shall not exceed the Limit of Liability set forth in Declarations. An **Occurrence** or **Wrongful Act** involving more than more than one **Member** shall be treated as a single **Occurrence** or **Wrongful Act** and a single Limit of Liability and a single **Member's Deductible** will apply to the **Occurrence** or **Wrongful Act**.

An **Occurrence** or **Wrongful Act** with a duration of more than one **Coverage Period** shall be treated as a single **Occurrence** or **Wrongful Act** arising during the **Coverage Period** when the **Occurrence** or **Wrongful Act** ends and under no circumstances shall the fact that said **Occurrence** or **Wrongful Act** have a duration of more than one **Coverage Period** entitle a **Covered Party** to more than one Limit of Liability or to coverage under more than one Memorandum.

**Bodily Injury** or **Personal Injury** damages resulting from **Sexual Misconduct** will be deemed to have occurred at the time of the last **Sexual Misconduct** and all such **Bodily Injury** or **Personal Injury** will be deemed to be a single occurrence whether committed by the same perpetrator or two or more perpetrators acting in concert and without regard to the number of (1) incidents of **Sexual Misconduct** taking place thereafter, (2) victims of **Sexual Misconduct**, or (3) locations where the **Sexual Misconduct** took place. Only the Memorandum of Coverage in effect during which such **Sexual Misconduct** last occurred will apply to such single occurrence of **Sexual Misconduct**. Coverage does not apply to any **Covered Party** who is found by a court of law to have committed a criminal act of **Sexual Misconduct**.

## SECTION V - COVERED PARTIES

The parties covered by the CSURMA AORMA:

1. The **Member**.
2. The following individually and collectively, when acting solely within the scope of their duties, office, or employment for the **Member**:
  - A. Governing Board.
  - B. Officers.
  - C. **Employees**.
  - D. Non-compensated individuals, while acting for or on behalf of the **Member**.
3. Additional Covered Parties as defined in Section II, 1. of this document.
4. **Covered Individuals** as defined in Section II, 9. of this document.
5. Any person while using an owned **Automobile**, or non-owned **Automobile**, or a hired **Automobile**, or mobile equipment and any person or organization legally responsible for the use thereof, including garage operations, provided the actual use of the **Automobile** is by or with permission of the **Member**.

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

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

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

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

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

## SECTION V – EXCLUSIONS

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

1. Aircraft

The ownership, maintenance, loading or unloading, use or operation of any **Aircraft** capable of flight. This exclusion does not apply to static **Aircraft**, or to an **Unmanned Aerial Vehicle**.

2. Asbestos

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

3. Assault and Battery

Arising out of assaults and batteries, except for assault and battery committed by or directed for the purpose of protecting persons or property or where same are not committed by or at the direction of the **Member**.

4. Aviation Activities

The ownership, maintenance, loading or unloading, use or operation of any:

- A. **Aircraft**
- B. Airfields;
- C. Runways;
- D. Hangars; or
- E. Buildings of other properties in connection with aviation activities.

This exclusion shall not apply, however, to those areas open to the public for the purpose of entering, leaving, or using the airport facilities (including parking lots and garages).

This exclusion shall not apply, however, to the maintenance and operations of permanently stationary **Aircraft** used for instructional purposes only.

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

5. Bodily Injury

To **Bodily Injury** to any of the **Member's Employees** arising out of and in the course of employment by the **Member**, but this exclusion does not apply to Workers' Compensation Coverage B, Employers Liability, or Stop Gap Liability, as defined by the National Council on Workers' Compensation Insurance or Employment Practice Liability.

With respect to **Employment Practices Liability, Bodily Injury**, to any **Employee** of the **Member** arising out of and in the course of his/her employment by any **Member**; but this exclusion does not apply to liability assumed by any **Member** under any written contract.

6. Contractual Obligations

The actual or alleged failure to perform or breach of any contract, agreement or other guarantee or promise, except this exclusion does not apply to any employment related contracts as provided under **Employment Practices Liability**. This exclusion does not apply to liability for **damages** that the **Member** would have in the absence of the contract or agreement.

7. Dams

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

8. Employee Benefits Liability

- A. Arising out of an insufficiency of funds to meet any obligations under any plan included in the Employee Benefits Program
- B. Failure of any investment to perform;
- C. Errors in providing information on past performance of investment vehicles; or
- D. Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the Employee Benefits Program.
- E. For any **Employee Benefits Liability** Claim for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the **Covered Party**, from the applicable funds accrued or other collectible insurance.
- F. For taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

Except as provided within the Fiduciary Liability Coverage endorsement.

9. ERISA

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

Except as provided within the Fiduciary Liability Coverage endorsement.

10. Fiduciary Liability

To liability arising out of;

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

Except as provided within the Fiduciary Liability Coverage endorsement.

11. Funds, Grants or Appropriations

For the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations for the return of such funds, grants, or appropriations for any reason. However, CSURMA AORMA will defend any action or suits brought against any **Covered Party** for the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations or for the return of such funds, grants or appropriations for such causes of action, unless their alleged conduct was

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

12. Insolvency

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

13. Intentional Conduct

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

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

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

14. Lack of Occurrence or Wrongful Act

For injuries or **Damages** which do not arise out of an **Occurrence** or **Wrongful Act** as defined in this Memorandum;

15. Land Use

To any liability for **Damages** arising from any **Claim**, suit or proceeding arising from allegations related to land use, land planning or land development. However, CSURMA AORMA shall defend the **Covered Party** up to an amount not exceeding \$250,000 **Ultimate Net Loss** for such liability.

This exclusion shall not apply, however, to any land use litigation where suits or **Claims** for land use litigation are a result of negligence proven on the part of a **Covered Party**. Nothing herein shall act to increase the limit of liability.

16. Lead

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

17. Medical Malpractice

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

A. The rendering or failure to render:

- 1) Medical, surgical, dental, x-ray or nursing service or treatment, or furnishing of food or beverages in connection therewith;
- 2) Any service or treatment related to physical or mental health or of a professional nature;

- 3) Any cosmetic or tonsorial service or treatment.
- B. The furnishing of or dispensing of drugs or medical, dental or surgical supplies or appliances.

This exclusion does not apply to liability arising out of;

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

18. Mold

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

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

19. Non-Compensatory Amounts and/or Damages

For any non-monetary equitable redress or form of relief other than the payment of monetary **Damages**, including but not limited to, declaratory, injunctive or administrative relief or specific performance award, or any cost to defend or cost or expense to comply with any declaratory, injunctive or administrative relief or specific performance award.

20. Nuclear Material

To any liability for **Damages** arising out of injury, sickness, disease, death or destruction:

- A. For any loss or liability accruing to the **Covered Party** as a **Member** of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such **Member**, subscriber or association.
  - 1) It is agreed that this Memorandum does not apply under any liability coverage, to Injury, sickness, disease, death or destruction, **Bodily Injury** or **Property Damage** with respect to which a **Covered Party** under the Memorandum is also an **Covered Party** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy

but for its termination upon exhaustion of its limit of liability. The **Member** is, or had such coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

- B. Resulting from the **Hazardous Properties of Nuclear Material**, if:
- 1) The **Nuclear Material** is at any **Nuclear Facility** owned by, or operated by or on behalf of a **Member**, or has been discharged or dispersed therefrom;
  - 2) The **Nuclear Material** is contained in **Spent Fuel** or **Waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a **Member**; or
  - 3) The injury, sickness, disease, death or destruction arises out of the furnishing by a **Member** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operations or use of any **Nuclear Facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this part c. applies only to injury to or destruction of property at such **Nuclear Facility**.

However, this Exclusion shall not apply to liability arising from the use of radioactive materials in instructional laboratories operated by the **Member** and/or research activities sponsored by the **Member**, but only to a sublimit of \$250,000 each **Occurrence**.

21. Office of Foreign Assets Control (OFAC)

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

22. Pollution

For any loss, cost, or expense:

- A. Arising out of, or that would not have occurred in whole or in part but for, the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** at any time, however, wherever or whenever occurring and by whomever caused or alleged to have been caused;
- B. Arising out of any **Claim**, suit, governmental direction or request, request, demand or order, whether by or on behalf of a governmental authority or not, that any **Covered Party** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of pollution or **Pollutants**:
- 1) At any premises owned, rented or occupied by the **Covered Party**;
  - 2) At or from any site or location used by or for the **Covered Party** or others for the handling, storage, dispersal, processing or treatment of **Waste**;
  - 3) Which are at any time transported, handled, stored, treated or disposed of; or processed as **Waste** by or for the **Covered Party** or any person or organization for whom the **Covered Party** may be legally responsible; or

- 4) At or from any site or location on which the **Covered Party** or any contractors or subcontractors working directly or indirectly on the **Covered Party's** behalf are performing operations:
  - a) If the **Pollutants** are brought on or to the site or location in connection with such operation; or
  - b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **Pollutants**.

Subparagraph (a) and (d.1.) do not apply to **bodily injury** of **property damage** arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one, which becomes uncontrollable or breaks out from where it was intended to be.

Provided, however, that this exclusion does not apply to:

- A. Discharge, dispersal, release or escape directly caused by hostile fire, explosion, lightning, windstorm, vandalism or malicious mischief; or
- B. **Personal Injury** or **Property Damage** which is within the product hazard of the **Completed Operations Hazard**; or
- C. Loss or Damage caused by the collision, upset or overturn of any **Automobile**; or
- D. A discharge, dispersal, release or escape of **Pollutants** that meets all of the following conditions:
  - 1) It was accidental and was neither expected nor intended by the **Covered Party**.
  - 2) It was instantaneous and was demonstrable as having commenced at a specific time and date during the term of this coverage.
  - 3) Its commencement became known to the Director of Risk Finance and Insurance Services, or Executive Director of the **Covered Party** within ten (10) calendar days.
  - 4) Its commencement was reported in writing within forty (40) calendar days of becoming known to the Director of Risk Finance and Insurance Services, or Executive Director of the **Covered Party**.
  - 5) Reasonable effort was expended by the **Covered Party** to terminate the situation as soon as conditions permitted.

Nothing contained in this exclusion shall operate to provide any coverage with respect to:

- A. Any site or location used by others on the **Covered Party's** behalf, principally for the handling, storage, disposal, dumping, processing or treatment of **Waste** material.
- B. Any fines, penalties or exemplary **Damages**.
- C. Any clean-up costs ordered by the Superfund program, or any federal, state or local governmental authority. However, this specific exclusion (3) shall not serve to deny coverage for third party clean-up costs otherwise covered by this endorsement simply because of the involvement of a governmental authority;
- D. Acid rain;

- E. Clean up, removal, containment, treatment, detoxification or neutralization of **Pollutants** situated on premises the **Member** currently owns, rents or occupies at the time of the actual discharge, dispersal, seepage, migration, release or escape of said **Pollutants**; or
- F. Water Pollution caused by oil or by its derivatives.

23. Property Damage

For the cost to modify any building or property in order to make said building or property more accessible or accommodating to any disable or incapacitated person.

Arising from **Property Damage** to:

- A. Property owned by a **Covered Party**; or
- B. Property rented or leased to a **Covered Party** where the **Covered Party** had assumed liability for damage to or destruction of such property unless the **Covered Party** would have been liable in the absence of such assumption of liability or contractual liability

24. Silica

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

25. Subsidence

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

26. Terrorism

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

27. War

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

28. Watercraft

Arising out of the ownership, maintenance, operation, use, entrustment to others, loading or unloading of any watercraft owned or operated by or rented or loaned by any **Covered Party**, but this exclusion does not apply to:

- A. Watercraft while ashore on premises owned or rented by **Covered Party**;

- B. Watercraft less than fifty-one (51) feet in length at the waterline.
- C. Watercraft with no self-propulsion capabilities, regardless of length.

29. Wrongful Acts

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

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

30. Under Errors and Omissions Liability:

- A. Based on **Covered Party's** obtaining of financial gain to which the Covered Parts was not legally entitled.
- B. Arising out of the willful violation of a penal code or ordinance committed by or with knowledge of consent of any **Covered Party**; except that any act pertaining to any one **Covered Party** shall not be imputed to any other **Covered Party** for the purpose of determining the application of this exclusion.

31. Under Media Wrongful Acts;

- A. Based upon, arising out of, directly or indirectly resulting from, in consequence of or in any way involving any actual or alleged infringement, contributing to the infringement, or inducing the infringement of any patent.
- B. Actual or alleged violation of any federal, state or local statute, law or regulation regarding the dissemination of unsolicited communications, including but not limited to unsolicited telephone calls, facsimiles and electronic mail; or

- C. Liability of any **Member** arising in whole or in part, out of any **Covered Party** obtaining remuneration or financial gain to which the **Covered Party** was not legally entitled;
- D. Liability arising out of the willful violation of a penal statute, code or ordinance committed by or with the knowledge or consent of any **Member**; except that any act for which a **Covered Party** is responsible shall not be imputed to any other **Covered Party** for purposes of this subpart 3.

This exclusion does not apply to liability arising from the managerial, advisory, supervisory, or controlling obligations of any **Covered Party** over the action of another **Covered Party**;

32. Uninsured/Underinsured Motorists

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

### SECTION VII - COVERAGE EXTENSIONS

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

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

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

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

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

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

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

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

1. The actual cash value of the damaged or stolen property at the time of the Loss; or

2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality; or
3. \$50,000.

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

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

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

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

permanently installed in the covered **Hired Automobile** at the time of loss, and such equipment is designed to be solely operated by use of the power from the covered **Hired Automobile's** electrical system, in or upon the covered **Hired Automobile**.

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

## SECTION VIII – CONDITIONS

1. Action Against CSURMA AORMA - No action shall lie against CSURMA AORMA unless, as a condition precedent thereto, the **Covered Party** shall have fully complied with all the terms of this Memorandum nor until the amount of the **Covered Party's** obligation to pay shall have been finally determined whether by judgment against the **Covered Party** after actual trial or by written agreement of the **Covered Party**, the claimant and CSURMA AORMA. Said judgment shall not be deemed final, if an appeal be prosecuted therefrom, until the suit shall have been finally determined on appeal. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this document to the extent of the coverage afforded by this document. Nothing contained in this

document shall give any person or organization any right to join CSURMA AORMA as a co-defendant in any action against the **Covered Party** to determine such **Covered Party's** liability.

2. Arbitration:

- A. In the event that a question or dispute arises between CSURMA AORMA and a **Covered Party** concerning the applicability of the coverage provided by this document to an **Occurrence** or **Wrongful Act** or **Claim** against the **Covered Party**, either the **Covered Party** or CSURMA AORMA may make a written request for arbitration. Where such a request is made, arbitration shall be a condition precedent to the filing of any civil action concerning, or in any way arising out of, such question or dispute.
- B. If a **Covered Party** and CSURMA AORMA fail to agree upon an arbitrator, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request selection by a judge of a court having jurisdiction. Each party will bear the expense it incurs, and the two parties will bear the expense of the third arbitrator equally. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will constitute a determination of the matter in question or dispute.
- C. Except as otherwise provided above, arbitration hereunder shall be conducted as provided in Title 9 of the California Code of Civil Procedure (Code of Civil Procedure Section 1280, *et seq.*).

3. Assignment: No assignment of interest under this Memorandum shall bind CSURMA AORMA without its written consent to endorse hereon.

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

5. Cancellation and Termination:

Coverage provided under this Memorandum may be terminated at any time in accordance with the terms set forth in the CSURMA Joint Powers Agreement and Bylaws and the Policies and Procedures.

6. Changes to the Memorandum: This Memorandum may not be amended or changed in any respect, nor shall any provision of this Memorandum be deemed to have been waived by CSURMA AORMA, unless and until a written endorsement which expressly amends this Memorandum or waives a provision thereof has been duly issued by CSURMA AORMA and made a part of this Memorandum, unless the CSURMA AORMA policies and procedures regarding claims reporting and claims administration and litigation management have been amended by CSURMA AORMA.

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

8. Contribution Payment: The annual contribution payment shall be due and payable upon inception of coverage and each renewal thereafter. The amount of the annual contribution will be computed in accordance with CSURMA AORMA's rules and rates. CSURMA AORMA shall not be required to perform any obligations under this Memorandum if contributions are not paid.

9. Duties in the Event of Occurrence, Wrongful Act, Claim or Suit: The following provisions and the provisions of the CSURMA AORMA Memorandum and Policy and Procedure on claims reporting and Claims Administration and Litigation Management are conditions precedent to

coverage under this Memorandum. The **Covered Party's** failure to comply with any of these provisions will be cause for a reduction in or denial of coverage by CSURMA AORMA.

- A. In the event of any **occurrence** or an offense which may result in a claim, suit or proceeding against a **Covered Party**, written notice (includes e-mail correspondence, fax transmissions and original hard copy notifications) shall be given by the **Member** to the Third Party Claims Administrator (TPA) as soon as practicable.
  
- B. When the **Member** submits the first claim report, the following information shall be included, if available and applicable:
  - 1) How, when and where the **occurrence** or offense took place;
  - 2) The names and addresses of any injured persons and witnesses;
  - 3) The nature and location of any injury or damage arising out of the **occurrence** or offense;
  - 4) Incident reports;
  - 5) Investigation reports;
  - 6) Police reports;
  - 7) Claim notices and **Member** and any other involved **Covered Party** response(s);
  - 8) Medical reports; and
  - 9) Other information helpful to CSURMA AORMA.
  
- C. The **Member** and any other involved **Covered Party** shall provide immediate notice of any Pleadings, Summons, Complaints and any other legal papers received by the **Member** or other involved **Covered Party** to the TPA and authorize CSURMA AORMA to obtain records and other information;
  - 1) Late Reporting Penalties
    - a) If an **occurrence**, offense, claim, suit or proceeding is not reported by the **Member** to the TPA within the timeframes set below; the following late reporting schedule shall apply;
    - b) If an **occurrence**, offense, claim or suit is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
    - c) If an **occurrence**, offense, claim or suit is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply; or
    - d) If an **occurrence**, offense, claim or suit is reported more than 12 months late as determined by the TPA, no recovery will be available to the **Member** or other involved **Covered Party**.

- D. The **Member** and any other involved **Covered Party** will cooperate with CSURMA AORMA in the investigation or settlement of the claim, suit or proceeding or defense against and assist CSURMA AORMA, in the enforcement of any right against any person or organization which may be liable to the **Member** because of injury or damage to which this coverage may also apply.
10. Inspection and Audit: CSURMA AORMA shall have the right, but not the obligation, to inspect the **Member's** property and operations at any time. Neither our right to make inspections, nor the making thereof, nor any report thereon shall constitute an undertaking, on behalf or benefit of the **Member** or others, to determine or warrant that such property or operations are safe or healthy.

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

11. No Voluntary Payments: Except as stated below, no **Member** will, except at that **Member's** own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without the consent of CSURMA AORMA.

With respect to **Employment Practices Liability**, as stated in CSURMA AORMA Policy and Procedure on **Claims** Reporting, in no event shall any payments be made by CSURMA AORMA for any costs incurred to defend a covered **Claim** more than thirty (30) days prior to written notification of an **Occurrence**, offense, **Claim** or suit to the TPA.

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

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

A. Primary Coverage

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

B. Excess Coverage:

- 1) With respect to liability for damages of the Covered Party arising from the conduct or activities of a third party, as between the Member and the CSURMA AORMA, the amount of the Member's deductible as set forth in the Declarations of this Memorandum shall be satisfied in whole or in part (as applicable, depending on how much other coverage is available) by any insurance coverage of said third party/parties which is available and applicable to the liability for damages of the Covered Party. If such third-party insurance coverage exceeds the Member's deductible, all of such third-party insurance coverage (whether written on a primary or an excess basis, or written as reinsurance) shall apply to the loss before the CSURMA AORMA's limits hereunder shall attach.

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

C. Method of Sharing:

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

13. Contribution: The Contribution designated in the Declarations Page is flat and not adjustable, unless:

- A. A material exposure is added;
- B. The Limits of Liability are increased or decreased;
- C. Coverage is restricted or broadened by endorsement; or
- D. The **Coverage Period** is increased or shortened

14. Separation of Covered Parties: Except with respect to the Section III – Limitations Upon CSURMA AORMA's Liability, and any rights or duties specifically assigned to this Memorandum, this coverage applies:

- A. As if each **Covered Party** were the only **Covered Party**; and
- B. Separately to each **Covered Party** against whom the **Claim** is made or suit is brought.

15. Statutory Provisions: Terms of the Memorandum which are in conflict with the statutes of the State of California are amended to conform to such statutes.

16. Subrogation/Transfer of Rights of Recovery Against Others to CSURMA AORMA: CSURMA AORMA shall be subrogated to the extent of any payment hereunder, to all of **Member's** rights of recovery and **Member** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. **Member** may elect to waive their rights to subrogation prior to a loss. To the extent that **Member** elects to waive such rights, CSURMA AORMA shall have no right of subrogation. Any amount recovered shall be apportioned as follows:

Any interest, including yours, having paid an amount in excess of **Member's Deductible** plus the Limit of Liability hereunder shall be reimbursed first to the extent of actual payment. CSURMA

AORMA shall be reimbursed next, to the extent of actual payment hereunder. If any balance then remains unpaid, it shall be applied to reimburse the Member. The expense of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries. If there is no recovery in proceedings conducted solely by **Member**, then **Member** shall bear the expenses thereof.

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

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

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

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

**Bodily Injury** to which this additional coverage applies.

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

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

A. Coverage

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

B. Exclusions

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

1. Punitive or exemplary **Damages**.

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

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

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

#### C. Limit of Liability

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

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

D. Changes in Conditions

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

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

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

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

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

4. Other Insurance is replaced by the following:

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

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

E. Additional Definitions

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

a covered **Automobile** is principally garaged but that sum is less than the limit of liability for this coverage;

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

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

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

*All other terms and conditions in the Memorandum remain unchanged.*

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

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

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

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

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

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

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

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

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

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

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

**FIDUCIARY LIABILITY  
AMENDATORY ENDORSEMENT - #3**

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

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

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

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

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

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

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

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

C. EXCLUSIONS

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

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

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

#### D. DEFINITIONS

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

1. **Administration** means:
  - a. Providing information, advice, counsel or notice to **Employees** or Trust beneficiaries, with respect to the Employee Benefits Plan or Trust;
  - b. Providing interpretations of the Employee Benefits Plan or Trust;
  - c. Handling records in connection with the Employee Benefits Plan or Trust, or
  - d. Effecting enrollment, termination or cancellation of **Employees**, participants, or beneficiaries under the Employee Benefit Plan.
  
2. **Claim** means:
  - a. A written demand for specific monetary, non-pecuniary, or injunctive relief;
  - b. A criminal or civil proceeding for monetary, non-pecuniary or injunctive relief which is commenced by;
    - i. Service of a complaint or similar pleading; or
    - ii. Return of an indictment (in the case of criminal proceeding); or
    - iii. Receipt or filing of a notice of changes; or
  - c. A formal agency or regulatory proceeding to which a **Covered Party** is subject  
Made against a **Covered Party** alleging a **Wrongful Act**.
  
3. **Claims Expenses** mean reasonable expenditures incurred by a **Covered Party** in defense of a **Claim** covered under this endorsement, including but not limited to, cost of investigations, experts, adjustment services, legal services, court costs and similar expenses; provided however that **Claims Expenses** does not include wages or salaries of a **Covered Party**, or cost of attachment or similar bonds.
  
4. **Covered Party** means any natural person who was, is now, or becomes:
  - a. A trustee, **Member** of the board of directors, officer, in-house general counsel or an **Employee** of the **Member** of an Employee Benefit Plan or Trust, while acting in his or her capacity as a fiduciary of an Employee Benefit Plan or Trust or as a person performing **Administration** for an Employee Benefit Plan or Trust, or who is;
  - b. Assigned to act as a trustee, or an agent for finances of an Employee Benefit Plan or Trust.
  
5. Employee Benefit Plan means a program providing some or all of the following benefits to **Employees**:
  - a. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts, provided that no one other than an

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

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

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

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

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

*All other terms and conditions in the Memorandum remain unchanged.*



## CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY Campus Liability Coverage Program Memorandum of Coverage

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

Throughout this Memorandum, words and phrases that appear in **boldface** type have special meanings. They are defined in SECTION I – DEFINITIONS and/or with respect to Covered Parties in SECTION IV – COVERED PARTIES.

The California State University Risk Management Authority (hereinafter called CSURMA) is an intergovernmental agency, risk sharing, joint powers authority, duly formed pursuant to California Government Code Sections 6500 *et seq.*

This Memorandum does not provide insurance, but instead provides for pooled self-insurance. This Memorandum is a negotiated agreement among the **Members** of the CSURMA, and none of the parties to the document are entitled to rely on any contract interpretation principles which require interpretation of ambiguous language against the drafter of such agreement. This document shall be applied according to the principles of contract law, giving full effect to the intent of the **Members** of the CSURMA, acting through the Board of Directors in adopting this document. As the CSURMA is not an insurer, it has no obligation to issue reservation of rights letters, nor does it have an obligation to provide “*Cumis*” counsel to a **Covered Party** in disputed coverage situations under Civil Code 2860. Finally, failure to provide notice to a **Covered Party** of any coverage dispute shall not operate to waive any of the provisions of this document.

### SECTION I – COVERAGES

Subject to the **Member’s Deductible(s)**, CSURMA agrees:

To pay on behalf of the **Member** those sums for **Ultimate Net Loss** in excess of the **Member’s Deductible(s)** which the **Member** becomes obligated to pay as **Damages**;

1. By reason of liability assumed by the **Member** by contract because of **Bodily Injury** or **Property Damage, Personal Injury, Errors and Omissions, Employee Benefits Liability, Employment Practices Liability** or **Media Wrongful Acts** arising from operations of the **Member** to which this Memorandum applies, caused by an **Occurrence** or **Wrongful Act**, or
2. By reason of liability imposed by law because of **Bodily Injury, Property Damage, Personal Injury, Errors and Omissions, Employment Practices Liability** or **Media Wrongful Acts** arising from operations of the **Member** to which this Memorandum applies, caused by an **Occurrence** or **Wrongful Act**.
3. By reason of liability imposed by law because of **Employee Benefits Liability** claims made during the **Coverage Period** to which this Memorandum applies, caused by an **Occurrence** or **Wrongful Act**.



## SECTION II - DEFINITIONS

1. **Additional Covered Party** means any person(s), entity(ies) or organization(s) to whom the **Member** is obligated by virtue of a written contract to provide coverage solely with respect to **bodily injury, property damage and personal injury** arising out of and during the **Member's** operations or premises owned, rented or used by the **Member**; and

For which a certificate of coverage has been issued to such person(s); entity(ies) or organization(s) and is on file with CSURMA evidencing their status as an **additional covered party** under this coverage.

The limit and scope of coverage afforded to the **Additional Covered Party** shall be no broader than that which is required by such contract and shall in no event be broader than the coverage afforded by this Memorandum.

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

2. **Administration**, with respect to **Employee Benefits Liability**, means:
  - A. Providing information to **Employees**, including their dependents and beneficiaries, with respect to eligibility for or scope of **Employee Benefit Programs**;
  - B. Handling records in connection with the **Employee Benefit Program**; or
  - C. Effecting, continuing or terminating any **Employees'** participation in any benefit included in the **Employee Benefit Program**.

However, **Administration** does not include handling payroll deductions.

3. **Aircraft** means a vehicle designed for the transport of persons or property principally in the air, but does not include **Unmanned Aerial Vehicle**.
4. **Automobile** means a licensed land motor vehicle or semi-trailer designed for travel on public roads, including any attached machinery, trailer or equipment.
5. **Bodily Injury** means **Bodily Injury**, sickness, disease or death, including but not limited to shock, mental anguish, mental injury and humiliation sustained by any person that occurs during the **Coverage Period**. **Bodily Injury** includes **Damages** claimed by any person or organization for care, loss of services or death resulting at any time from the **Bodily Injury**.
6. **Claim** means:
  - A. A written demand to a **Member** for payment of **Damages** received by the CSURMA Secretary-Auditor or by the chief executive, risk manager, or general counsel of a **Member**; and/or
  - B. A civil proceeding against a **Member** in which **Damages** are sought on account of
    - 1) **Bodily Injury** or **Property Damage**,
    - 2) **Personal Injury**,
    - 3) **Errors and Omissions**,



- 4) **Employee Benefits Liability,**
- 5) **Employment Practices Liability,** or
- 6) **Media Wrongful Acts,**

arising from an **Occurrence** or a **Wrongful Act** for which this coverage may apply, including an arbitration or other alternative dispute resolution proceeding in which monetary **Damages** are sought and to which the **Member** must or does submit with our written consent.

7. **Completed Operations Hazard** includes **Bodily Injury** and **Property Damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs after such operations have been completed or abandoned, and occurs away from premises owned by or rented to the **Member**. Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following time:
  - A. When all operations to be performed by or on behalf of the **Additional Covered Party** at the site of the operations have been completed.
  - B. When all operations to be performed by or on behalf of the **Additional Covered Party** under the contract have been completed; or
  - C. When the portion of the work out of which the injury or **Damages** arise has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete shall be deemed completed. The **Completed Operations Hazard** does not include **Personal Injury** or **Property Damage** arising out of:

- A. Operations in connection with the transportation of property unless the **Personal Injury** or **Property Damage** arises out of a condition in or on a vehicle created by the loading or unloading of that vehicle by any **Member**; or
  - B. The existence of tools, uninstalled equipment or abandoned or unused materials.
8. **Coverage Period** means the period of coverage provided under this Memorandum as shown on the Declarations Page.
  9. **Covered Individual(s)** means persons who are past or present elected or appointed officials, **Employees**, whether or not compensated, or authorized volunteers of the **Member**, while acting within the scope of their duties, office or employment for or on behalf of the **Member**, including while acting on outside boards at the direction of the **Member**. **Covered Individuals** do not include **Employees** of nonmember organizations, including, but not limited to alumni associations and volunteer university support groups.
    - A. **Dam** means any artificial barrier together with appurtenant works which:



- B. Is twenty-five feet (25) or more in height from the foot of a natural bed of stream or watercourse at the downstream toe of the barrier or from the lowest elevation of the outside limit of the barrier, if it is not across a stream, channel or watercourse, to the maximum possible water storage elevation; or
- C. Has water impounding capacity of fifty (50) acre feet or more.

Except, any such barrier which is not in excess of twenty-five (25) feet in height regardless of storage capacity, or which has a storage capacity not in excess of fifteen (15) acre feet regardless of height, shall not be considered a **Dam**; and, no structure specifically exempted from jurisdiction by the applicable state agency overseeing **Dams** shall be considered a **Dam**, unless such structure is under the jurisdiction of any agency of the federal government.

- 10. **Damages** means compensation in money which a **Covered Party** is legally obligated to pay as a result of a **Claim**. **Damages** include: (1) attorney fees not based on any contract awarded against the **Covered Party**, (2) interest on judgments, or (3) costs, for which the **Covered Party** is liable either by adjudication or by compromise with the prior written consent of CSURMA, if the fees, interest or costs arise from an **Occurrence** or **Wrongful Act** to which this coverage applies.

**Damages** shall not include those sums determined to be owed by a **Covered Party** as contract **Damages**, including, but not limited to retroactive or prospective benefits, or any **Damages** determined to be owed for breach of an express contract of employment or under an express obligation to make payments in the event of termination of employment.

**Damages** shall not include sums paid pursuant to any judgment or agreement, whether injunctive or otherwise, to undertake actions to correct past discriminatory or unlawful conduct or to establish practices or procedures designed to eliminate or prevent future discriminatory or other unlawful conduct, or any non-monetary relief.

**Damages** shall not include fines, penalties, sanctions, taxes or fees assessed against any **Covered Party**.

- 11. **Deductible** means the amount of each **Ultimate Net Loss** which the Member has to pay irrespective of the amount of the **Ultimate Net Loss** as shown on the Declarations page of this document.
- 12. **Discrimination**, as respects **Employment Practices Liability**, means the actual or alleged failure to employ, failure to promote, or the demotion, transfer, suspension, or termination of any **Employee** because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy. **Discrimination**, other than as respects **Employment Practices Liability**, means **Bodily Injury**, **Personal Injury** and/or **Errors and Omissions** arising from alleged acts, errors or omissions showing favor, prejudice or bias for or against a person because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy.
- 13. **Employee** means:
  - A. Any person who has an assigned work schedule for the **Member** and is on the **Member's** regular payroll; and
  - B. Any person who is leased to the **Member** through a staffing or temporary agency and is working for the **Member** under the **Member's** supervision, including a **Leased Worker**.



- C. **Employee** does not include independent contractors.
- D. As respects **Employment Practices Liability** and **Employee Benefits Liability** and when appearing in boldface type in this Memorandum, means any present or former **Employee** of the **Member**; and
- E. Solely as respects **Employment Practices Liability** arising from alleged **Discrimination** with respect to negligent hiring, only, **Employee** includes an applicant for employment.
- F. Solely as respects **Employment Practices Liability**, independent contractors and/or persons working on retainer, while acting for or on behalf of the Member.

An **Employee's** status as a **Covered Party** will be determined as of the date of the **Occurrence** or **Wrongful Act** upon which a **Claim** involving the **Employee** is based.

- 14. **Employee Benefits Liability** means liability for actual or alleged Errors and Omissions in the Administration of a Member's Employee Benefit Program.
- 15. **Employee Benefits Program** means a program providing some or all of the following benefits to Employees:
  - A. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts;
  - B. Profit sharing plans, Employee savings plans, Employee stock ownership plans, pension plans, and stock subscription plans; and
  - C. Unemployment insurance, social security benefits, workers' compensation, and disability benefits.
- 16. **Employment Practices Liability** means any circumstance relating to a past, present or prospective **Employee** of the **Member** (and the child, parent, brother or sister of that person) as a consequence of the following **Wrongful Acts** or alleged **Wrongful Acts**: wrongful dismissal, discharge, or termination, either actual or constructive, of employment; employment related misrepresentation; retaliation; wrongful failure or refusal to employ or promote; wrongful deprivation of career opportunity or reassignment; wrongful discipline; failure to grant tenure or negligent **Employee** evaluation; **Sexual or Workplace Harassment** or humiliation of any kind, including, but not limited to, the alleged operation of a harassing workplace environment; negligence resulting in **Damages** to a person that is a whistle-blower; unlawful **Discrimination**, whether direct, indirect, intentional or unintentional; failure to provide adequate **Employee** policies and procedures. **Employment Practices Liability** shall include actions brought under state, local, or federal law, whether common or statutory, and shall include, but not be limited to allegations of violations of the following federal laws, as amended, including regulations promulgated thereunder:
  - A. Americans With Disabilities Act of 1992 (ADA)
  - B. Civil Rights Act of 1991
  - C. Age **Discrimination** Empowerment Act of 1967 (ADEA), including the Older Workers Benefit Protection Act of 1990
  - D. Title VII of the Civil Rights Law of 1964, as amended (1983), including the Pregnancy **Discrimination** Act of 1978;



- E. Civil Rights Act of 1866, Section 1981; and
  - F. Fifth and Fourteenth Amendments of the U.S. Constitution.
17. **Errors and Omissions** means a **Wrongful Act** by **Covered Individuals** individually or collectively in the discharge of their duties for the **Member**, or any matter claimed against them solely by reason of their being or having been public officials.
18. **Land Subsidence** means the movement of land or earth, including, but not limited to, sinking or settling of land, earth movement, earth expansion, and/or contraction, landslide, slipping, falling away, caving in, eroding, earth sinking, and earth rising or shifting or tilting.
19. **Leased Worker** means any **Employee** who is under contract to the **Member** while performing duties defined under the contract with the Member.
20. **Loss Adjustment Expense** means all costs and expenses incurred by the **Member** in connection with the investigation, appraisal, negotiation, adjustment, settlement, litigation, defense or appeal of a specific **Claim** or loss covered hereunder, including but not limited to CSURMA approved defense attorney fees, court costs, **costs of supersedes** and appeal bonds, monitoring counsel expenses, post-judgment interest, pre-judgment interest (unless included as part of an award), subrogation, salvage and recovery expense, costs and expenses in connection with coverage questions and legal actions and other associated costs and expenses. **Loss Adjustment Expense** shall include any allocated **Claims** expenses, salaries or overhead incurred by attorneys who are **Employees** of the California State University's Office of General Counsel. However, such expenses shall be limited at \$250 per hour. **Loss Adjustment Expense** shall also include fees and expenses of outside adjusters and others associated with specific **Claims**, but excluding any **Loss Adjustment Expense** and fees paid that are not allocable to a specific **Claim**. **Loss Adjustment Expense** does not include salaries and expense of **Member's Employees** except as provided above, as well as office and other overhead expenses.
- Additionally, CSURMA may exercise the right to require that such counsel have certain minimum qualifications with respect to their competency including experience in defending **Claims** similar to the one against the **Member** and to require that independent counsel have errors and omissions coverage. The **Member** agrees to instruct counsel, whether independent or in-house, to respond to CSURMA request(s) for information regarding the **Claim** in a timely manner.
21. **Media Wrongful Act** means any actual or alleged:
- A. Invasion or infringement of the right of privacy or publicity, including the torts of intrusion upon seclusion, publication of private facts, false light, or misappropriation of name or likeness;
  - B. Wrongful entry or eviction, trespass, eavesdropping, or other invasion of the right of private occupancy;
  - C. Libel, slander, disparagement, or any other form of defamation or harm to the character or reputation of any person or entity;
  - D. Outrage, infliction of emotional distress or prima facie tort;
  - E. Infringement or dilution of trademark, trade name, trade dress, title, slogan, service mark or service name;



- F. Copyright infringement, plagiarism, piracy, breach of implied contract, or misappropriation of property rights, information or ideas;
  - G. Breach of a promise of confidentiality or anonymity;
  - H. Error or omission in content;
  - I. Unfair competition or conspiracy
  - J. Breach of an indemnification or hold harmless agreement relating to **Claims** arising out of the media, but only when such **Claims** allege a **Media Wrongful Act** falling within sections 1-9 above; solely when committed or allegedly committed by a **Covered Party** in is, her or its capacity as such and in connection with the creation or dissemination of media, or in connection with the creation or dissemination of advertising materials relating to media.
22. **Member** means the **Member** named on the Declarations Page.
23. **Mold(s)** means to include, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produces **Molds**.
24. **Occurrence** means an accident, act, error, offense, omission or event **Media Wrongful Act** or **Wrongful Act** during the **Coverage Period**, including continuous or repeated exposure, which results in damages, neither expected nor intended by the **Member**. An **Occurrence** taking place over more than one **Coverage Period** shall be deemed to have taken place during the **Coverage Period** when the **Occurrence** ended and shall be treated as a single **Occurrence** in that **Coverage Period**.
26. **Personal Injury** means any of the following offenses:
- A. False arrest, detention or imprisonment, or malicious prosecution;
  - B. Shock, mental anguish, mental injury, or humiliation
  - C. Publication or utterance of a libel or slander or of other defamatory or derogatory material, or a publication or utterance in violation of an individual's right of privacy;
  - D. Wrongful entry or eviction or other invasion of the right of private occupancy;
  - E. **Discrimination** or violation of civil rights other than **Employment Practices Liability**, not intentionally committed by or at the direction of the **Member**; and
  - F. Assault and battery not committed by or at the direction of, or with consent of the **Member**. However, this does not apply if committed or directed for the purpose of protecting persons from injury or death, or property from damage.
27. **Pollutant** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and **Waste**. **Waste** includes materials, which are intended to be or have been recycled, reconditioned or reclaimed. The term **Pollutant** as used herein is not defined to mean potable water or agricultural water or water furnished to commercial users.
28. **Products Hazard** includes **Bodily Injury** and **Property Damage** arising out of **your** products or reliance upon a representation or warranty with respect thereto, but only if the **Bodily**



**Injury or Property Damage** occurs away from premises owned by or rented to **you** and after physical possession of **your** product (s) has been relinquished to others.

29. **Property Damage** means:

- A. Physical injury to or destruction of tangible property which occurs during the Coverage Period, including the loss of use thereof at any time resulting therefrom;
- B. Loss of use of tangible property, which has not been physically injured or destroyed, provided such loss of use is caused by an Occurrence or Wrongful Act during the Coverage Period.

30. **Sexual or Workplace Harassment** shall mean any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature, of a person by another person, or person acting in concert, which causes physical and/or mental injuries. **Sexual or Workplace Harassment** also includes the above conduct when:

- A. Submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment, or a basis for employment decisions affecting a person; or
- B. Such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

**Sexual or Workplace Harassment** does NOT include **Sexual Misconduct** as defined in this Memorandum.

31. **Sexual Misconduct** means:

- A. The actual, attempted or alleged abuse or molestation of a person by another person, or persons acting in concert which causes physical and/or mental injuries. Sexual molestation includes: sexual abuse, sexual assault, sexual exploitation or sexual injury; or
- B. The negligent employment, investigation, supervision, reporting to the proper authorities or failure to report the above of a Covered Person.

32. **Territory** means an **Occurrence** or a **Wrongful Act** that takes place during the **Coverage Period** anywhere in the world, as well as **Claims** brought anywhere in the world.

33. **Ultimate Net Loss** means the amount of paid **Claims** liability for **Damages** for which the **Member** is liable on a per **Occurrence** or **Wrongful Act** basis, either by (1) adjudication, or (2) compromise with the prior written consent of CSURMA, and which the **Member** actually pays in cash, after making proper deduction for all recoveries and salvages collectible. **Ultimate Net Loss** includes defense attorney fees and costs of the **Member** in defense of the **Claim** and also includes court costs, **Loss Adjustment Expenses**, and other associated costs and expenses, but does not include any salaries of the **Member's** regular **Employees**. **Ultimate Net Loss** includes retrospective benefit ("back wages"), but does not include prospective benefits ("forward wages"), payable as part of a **Claims for Employment Practices Liability** covered under this Memorandum. **Ultimate Net Loss** shall not include any of the above-described expenses for **Damages** against a **Member** or defense expenses incurred because of liability excluded by this Memorandum.



34. **Unmanned Aerial Vehicle** means any vehicle without a human pilot aboard capable of flight principally in the air that is designed for the transport of equipment, and weighing no more than 100 lbs. maximum take-off weight.
35. **Wrongful Act** means any actual or alleged error, misstatement, omission, negligent act, or breach of duty, including misfeasance and nonfeasance by covered individuals individually or collectively in the discharge of their duties for the **Member**, or any matter claimed against them solely by reason of their being or having been public officials.
36. **Wrongful Termination** means the actual, alleged or constructive termination of an employment relationship between an **Employee** and a **Member** in a manner and/or a reason which is contrary to applicable law.
37. The following definitions are applicable only to **Exclusion 15 – Nuclear Material**:
- A. **Hazardous Properties** include radioactive, toxic or explosive properties;
  - B. **Nuclear Material** means source material, special **Nuclear Material** or byproduct material;
  - C. Source material, special **Nuclear Material** and byproduct material have the meaning given in the Atomic Energy Act of 1954 or in any law amendatory thereof;
  - D. **Spent Fuel** means fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **Nuclear Reactor**;
  - E. **Waste** means any **Waste** material, (a) containing a byproduct material and (b) resulting from the operation by any person or organization of any **Nuclear Facility** included within the definition of **Nuclear Facility** under paragraph a. or b. thereof;
  - F. **Nuclear Facility** means:
    - 1) Any **Nuclear Reactor**;
    - 2) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing **Spent Fuel**, or (3) handling, processing or packaging **Waste**;
    - 3) Any equipment or device used for the processing, fabricating or alloying of special **Nuclear Material** if at any time the total amount of such material in the custody of the **Member** at the premises where such equipment or device is located consists of or contains more than 25 grams plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or
    - 4) Any structure, basin, excavation site premises or place prepared or used for the storage or disposal of **Waste** and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.
  - G. **Nuclear Reactor** means any apparatus designed or used to sustain nuclear fission in a supporting chain reaction or to contain a critical mass of fissionable material.

With respect to injury to or destruction of property, the word injury or destruction includes all forms of radioactive contamination of property.



### SECTION III - DEFENSE AND SETTLEMENT

- (A) **CSURMA** has the right and duty to defend any **Claim** or **Suit** against the **Member** seeking **Damages** arising out of any **Occurrence** or **Wrongful Act** to which this coverage applies even if the **Claim** or **Suit** is groundless, false or fraudulent when the **Deductible** has been exhausted by the payment of **Damages** including **Loss Adjustment Expenses** to which this coverage applies and provided further that no insurer has a duty to defend or is defending such **Claim**.
- (B) **CSURMA** has no duty to defend the **Member** against any **Claim** or **Suit** seeking **Damages** arising out of any **Occurrence** or **Wrongful Act** to which this coverage does not apply.
- (C) When **CSURMA** assumes the defense of any **Claim** or **Suit** on the Member's behalf, **CSURMA** will:
  - (1) Investigate, negotiate and settle the **Claim** or suit as **CSURMA** may deem expedient; and
  - (2) Pay the following to the extent that they are not covered by any other coverage:
    - (a) Premiums on bonds to release attachments for amounts not exceeding our Limits of Coverage, but **CSURMA** is not obligated to apply for or furnish any such bond;
    - (b) Premiums on appeal bonds required by law to appeal any **Claim** or suit which **CSURMA** defends, but **CSURMA** is not obligated to apply for or furnish any such bond;
    - (c) All reasonable costs taxed against the **Member** in any **Claim** or suit that **CSURMA** defends;
    - (d) Pre-judgment interest awarded against the **Member** on that part of the judgment **CSURMA** pays. If **CSURMA** makes an offer to pay the applicable Limit(s) of Liability, then **CSURMA** will not pay any pre-judgment interest accrued for that period of time after the offer;
    - (e) All interest that accrues after entry of judgment and before **CSURMA** has paid, offered to pay or deposited in court the part of the judgment that is within **CSURMA**'s applicable Limit(s) of Liability; or
    - (f) Reasonable **Member** expenses incurred with **CSURMA**'s consent or at **CSURMA**'s request.
- (D) **CSURMA** will not defend any **Claim** or **Suit** after our applicable Limit(s) of Liability has been exhausted by payments of judgments or settlements including **Loss Adjustment Expenses**.



- (E) Except as provided in Paragraph A above, **CSURMA** will have no duty to defend any **Claim** or **Suit** against the **Member**. We will, however, have the right, but not the duty, to participate in the defense of any **Suit** and the investigation of any **Claim** to which this Memorandum may apply, and the **Member** shall cooperate fully with us in such participation. If **CSURMA** chooses to exercise this right, **CSURMA** will do so at **CSURMA's** own expense.
- (F) All expenses **CSURMA** may incur in the defense of any **Claim** or **Suit** are included in the Limit of Liability and are not paid in addition to the Limit of Liability.

#### SECTION IV - LIMITATIONS UPON CSURMA'S LIABILITY

Regardless of the number of (1) persons or entities covered under this Memorandum, or (2) persons or organizations who sustain injury or damage, or (3) **Claims** made or suits brought because of injury or damage, the **CSURMA's** liability for **Damages** is limited as follows:

The **CSURMA's** liability for **Damages** shall be only for the **Ultimate Net Loss** less the **Member's Deductible(s)** not to exceed the Limits of Liability shown in the Declarations, as the result of any one **Occurrence** or **Wrongful Act** or the amount shown in the Declarations because of all **Occurrences** for any one **Member** during each **Coverage Period**. There is no limit to the number of **Occurrences** or **Wrongful Acts** during the **Coverage Period** for which **Claims** may be made.

The **Member's Deductible(s)** as shown in the Declarations applies to each such **Occurrence** or **Wrongful Act** without regard to exclusions, limitations or exhaustion of aggregate limits in underlying or contributing coverage, insolvency of any insurance carrier or insurance pool, or any circumstances wherein underlying or contributing coverage is uncollectible.

For the purpose of determining the **CSURMA** Limit of Liability and the **Member's Deductible(s)**, all **Damages** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **Occurrence** or **Wrongful Act**.

This Memorandum applies to **Occurrences** or **Wrongful Acts**, which take place anywhere in the world during the specified **Coverage Period** stated in the Declarations of this Memorandum.

The term **Covered Party** is used severally and not collectively. The Limit of Liability and **Member's Deductible(s)** as stated in the Declarations apply separately to each **Covered Party**. In the event of an **Occurrence** for which more than one **Covered Party** is or may be held liable, one **Member** Deductible and one Limit of Liability coverage will apply. **CSURMA's** liability for all **Covered Parties** shall not exceed the Limit of Liability set forth in Declarations. An **Occurrence** or **Wrongful Act** involving more than more than one **Member** shall be treated as a single **Occurrence** or **Wrongful Act**, and a single Limit of Liability and a single **Member's Deductible(s)** will apply to the **Occurrence** or **Wrongful Act**.

An **Occurrence** or **Wrongful Act** with a duration of more than one **Coverage Period** shall be treated as a single **Occurrence** or **Wrongful Act** arising during the **Coverage Period** when the **Occurrence** or **Wrongful Act** ends, and under no circumstances shall the fact that said **Occurrence** or **Wrongful Act** have a duration of more than one **Coverage Period** entitle a **Covered Party** to more than one Limit of Liability or to coverage under more than one Memorandum.

**Bodily Injury** or **Personal Injury** damages resulting from **Sexual Misconduct** will be deemed to have occurred at the time of the last **Sexual Misconduct** and all such **Bodily Injury** or **Personal Injury** will be deemed to be a single occurrence whether committed by the same perpetrator or two or more perpetrators acting in concert and without regard to the number of (1) incidents of **Sexual Misconduct** taking place



thereafter, (2) victims of **Sexual Misconduct**, or (3) locations where the **Sexual Misconduct** took place. Only the Memorandum of Coverage in effect during which such **Sexual Misconduct** last occurred will apply to such single **Occurrence of Sexual Misconduct**. Coverage does not apply to any **Covered Party** who is found by a court of law to have committed a criminal act of **Sexual Misconduct**.

#### SECTION V - COVERED PARTIES

The parties covered by the CSURMA:

1. **The Member.**
2. The following individually and collectively, when acting solely within the scope of their duties, office, or employment for the **Member**:
  - A. Governing Board.
  - B. Officers.
  - C. **Employees.**
  - D. Non-compensated individuals, while acting for or on behalf of the **Member**. This includes individuals appointed and acting as volunteers. Volunteers include students who are enrolled in community service programs, but only while such students are performing services for credit that are valid for the student to meet the university's requirements for college graduation.
3. **Additional Covered Parties** as defined in Section II, 1. of this document.
4. **Covered Individuals** as defined in Section II, 9. of this document.

#### SECTION V – EXCLUSIONS

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

1. Aircraft

The ownership, maintenance, loading or unloading, use or operation of any **Aircraft** capable of flight. This exclusion does not apply to static **Aircraft**, or to an **Unmanned Aerial Vehicle**.
2. Assault and Battery

Arising out of assault and battery, except for assault and battery committed by or directed for the purpose of protecting persons or property or where same are not committed by or at the direction of the **Member**.
3. Automobile

For any liability arising out of the use or entrustment to others of any **Automobile** owned or operated by or rented or loaned to any **Member**, but this exclusion does not apply to parking an **Automobile** on or on the ways next to premises the **Member** owns or rents, provided the **Automobile** is not owned by or rented or loaned to the **Member**.



4. Automobile Physical Damage

For any liability for damages to or destruction of any **Automobile** owned by, rented to, leased to or in charge of the **Member**.

5. Aviation Activities

The ownership, maintenance, loading or unloading, use or operation of any:

- A. **Aircraft**
- B. Airfields;
- C. Runways;
- D. Hangars; or
- E. Buildings of other properties in connection with aviation activities.
- F. Liability for **Damages** arising out of in-flight operations of **Aircraft** by or in the interest of the **Covered Party** except with respect to operations performed by scheduled common carriers or operations of **Aircraft** owned or operated by the United States government or the State of California. The term in-flight as used in the foregoing means the period of time the **Aircraft** moves forward in taking off or in an attempt to take off until it has completed its landing run.

This exclusion shall not apply, however, to those areas open to the public for the purpose of entering, leaving, or using the airport facilities (including parking lots and garages).

This exclusion shall not apply, however, to the maintenance and operations of permanently stationary **Aircraft** used for instructional purposes only.

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

6. Bodily Injury

To **Bodily Injury** to any of the **Member's Employees** arising out of and in the course of employment by the **Member**, but this exclusion does not apply to Workers' Compensation Coverage B, Employers Liability, or Stop Gap Liability, as defined by the National Council on Workers' Compensation Insurance, or Employment Practices Liability.

With respect to **Employment Practices Liability, Bodily Injury**, to any **Employee** of the **Member** arising out of and in the course of his/her employment by any **Member**; but this exclusion does not apply to liability assumed by any **Member** under any written contract.

7. CSU Managed Construction Projects

For any liability for damages assumed by the **Covered Parties** under any construction project contracts managed by the Chancellor's Office of the California State University or managed by a campus of the California State University, or both. However, CSURMA shall defend any actions or suits brought against any Member for such causes of action.



8. Contractual Obligations

The actual or alleged failure to perform or breach of any contract, agreement or other guarantee or promise, except this exclusion does not apply to any employment related contracts as provided under **Employment Practices Liability**. This exclusion does not apply to liability for **Damages** that the **Member** would have in the absence of the contract or agreement.

9. Employee Benefits Liability

- A. Arising out of an insufficiency of funds to meet any obligations under any plan included in the Employee Benefits Program
- B. Failure of any investment to perform;
- C. Errors in providing information on past performance of investment vehicles; or
- D. Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the Employee Benefits Program.
- E. For any **Employee Benefits Liability Claim** for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the **Covered Party**, from the applicable funds accrued or other collectible insurance.
- F. For taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

10. Funds, Grants or Appropriations

For the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations for the return of such funds, grants, or appropriations for any reason. However, CSURMA will defend any action or suits brought against any **Covered Party** for the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations or for the return of such funds, grants or appropriations for such causes of action, unless their alleged conduct was outside the scope of employment.

11. Intentional Conduct

- 1. For any liability based on the **Member's** obtaining of financial gain to which the **Member** was not legally entitled.
- 2. For any liability arising out of the willful violation of a penal code or ordinance committed by or with the knowledge or consent of any **Member, Covered Individual or Additional Covered Party**; except that any act pertaining to any one **Member** shall not be imputed to any other **Member** for the purpose of determining the application of this exclusion.

12. Lack of Occurrence or Wrongful Act

For injuries or **Damages** which do not arise out of an **Occurrence** or **Wrongful Act** as defined in this Memorandum;



13. Land Use

To any liability for **Damages** arising from any **Claim**, suit or proceeding arising from allegations related to land use, land planning or land development. However, CSURMA shall defend the **Covered Party** up to an amount not exceeding \$1,000,000 **Ultimate Net Loss** for such liability.

This exclusion shall not apply, however, to any land use litigation where suits or **Claims** for land use litigation are a result of negligence proven on the part of a **Covered Party**. Nothing herein shall act to increase the Limits of Liability stated in the Declarations page.

14. Non-Compensatory Amounts and/or Damages

For any non-monetary equitable redress or form of relief other than the payment of monetary **Damages**, including but not limited to, declaratory, injunctive or administrative relief or specific performance award, or any cost to defend or cost or expense to comply with any declaratory, injunctive or administrative relief or specific performance award.

Commented [A1]: This is not excluded by CSURMA, but I do not perceive a problem in excluding it.

15. Nuclear Material

To any liability for **Damages** arising out of injury, sickness, disease, death or destruction:

- A. For any loss or liability accruing to the **Covered Party** as a Member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such Member, subscriber or association.
  - 1) It is agreed that this Memorandum does not apply under any liability coverage, to injury, sickness, disease, death or destruction, **Bodily Injury** or **Property Damage** with respect to which a **Member** under the Memorandum is also a **Covered Party** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability. The **Member** is, or had such coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Resulting from the **Hazardous Properties** of **Nuclear Material**, if:
  - 1) The **Nuclear Material** is at any **Nuclear Facility** owned by, or operated by or on behalf of a **Member**, or has been discharged or dispersed therefrom;
  - 2) The **Nuclear Material** is contained in **Spent Fuel** or **Waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a **Member**; or
  - 3) The injury, sickness, disease, death or destruction arises out of the furnishing by a **Member** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operations or use of any **Nuclear Facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this part 3. applies only to injury to or destruction of property at such **Nuclear Facility**.



However, this Exclusion shall not apply to liability arising from the use of radioactive materials in instructional laboratories operated by the **Member** and/or research activities sponsored by the **Member** or California State University.

16. Pollution

For any loss, cost, or expense:

- A. Arising out of, or that would not have occurred in whole or in part but for, the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** at any time, however, wherever or whenever occurring and by whomever caused or alleged to have been caused;
- B. Arising out of any **Claim**, suit, governmental direction or request, request, demand or order, whether by or on behalf of a governmental authority or not, that any **Covered Party** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of pollution or **Pollutants**:
  - 1) At any premises owned, rented or occupied by the **Covered Party**;
  - 2) At or from any site or location used by or for the **Covered Party** or others for the handling, storage, dispersal, processing or treatment of **Waste**;
  - 3) Which are at any time transported, handled, stored, treated or disposed of; or processed as **Waste** by or for the **Covered Party** or any person or organization for whom the **Covered Party** may be legally responsible; or
  - 4) At or from any site or location on which the **Covered Party** or any contractors or subcontractors working directly or indirectly on the **Covered Party's** behalf are performing operations:
    - a) If the **Pollutants** are brought on or to the site or location in connection with such operation; or
    - b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **Pollutants**.

**Subparagraph (A) and (B.1)** do not apply to **Bodily Injury** of **Property Damage** arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one, which becomes uncontrollable or breaks out from where it was intended to be.

Provided, however, that this exclusion does not apply to:

- A. Discharge, dispersal, release or escape directly caused by hostile fire, explosion, lightning, windstorm, vandalism or malicious mischief; or
- B. **Personal Injury** or **Property Damage** which is within the **Product Hazard** of the **Completed Operations Hazard**; or
- C. Loss or Damage caused by the collision, upset or overturn of any **Automobile**; or



- D. A discharge, dispersal, release or escape of **Pollutants** that meets all of the following conditions:
- 1) It was accidental and was neither expected nor intended by the **Covered Party**.
  - 2) It was instantaneous and was demonstrable as having commenced at a specific time and date during the term of this coverage.
  - 3) Its commencement became known to the Risk Manager or Executive Director of the **Covered Party** within ten (10) calendar days.
  - 4) Its commencement was reported in writing within forty (40) calendar days of becoming known to the Risk Manager or Executive Director of the **Covered Party**.
  - 5) Reasonable effort was expended by the **Covered Party** to terminate the situation as soon as conditions permitted.

Nothing contained in this exclusion shall operate to provide any coverage with respect to:

- A. Any site or location used by others on the **Covered Party's** behalf, principally for the handling, storage, disposal, dumping, processing or treatment of **Waste** material.
- B. Any fines, penalties or exemplary **Damages**.
- C. Any clean-up costs ordered by the Superfund program, or any federal, state or local governmental authority. However, this specific exclusion (3) shall not serve to deny coverage for third party clean-up costs otherwise covered by this endorsement simply because of the involvement of a governmental authority;
- D. Acid rain;
- E. Clean up, removal, containment, treatment, detoxification or neutralization of **Pollutants** situated on premises the **Member** currently owns, rents or occupies at the time of the actual discharge, dispersal, seepage, migration, release or escape of said **Pollutants**; or
- F. Water pollution caused by oil or by its derivatives.

17. Property Damage

For the cost to modify any building or property in order to make said building or property more accessible or accommodating to any disabled or incapacitated person.

Arising from **Property Damage** to:

- A. Property owned by a **Covered Party**; or
- B. Property rented or leased to a **Covered Party** where the **Covered Party** had assumed liability for damage to or destruction of such property, unless the **Covered Party** would have been liable in the absence of such assumption of liability or contractual liability

Arising out of the ownership, maintenance, operation, use, entrustment to others, loading or unloading of any watercraft owned or operated by or rented or loaned by any **Covered Party**, but this exclusion does not apply to:



- A. Watercraft while ashore on premises owned or rented by **Covered Party**;
- B. Watercraft less than fifty-one (51) feet in length at the waterline.
- C. Watercraft with no self-propulsion capabilities, regardless of length.
- D. Rowing or sculling shells regardless of length.

18. Under Errors and Omissions Liability:

- A. Based on **Covered Party's** obtaining of financial gain to which the **Covered Party** was not legally entitled.
- B. Arising out of the willful violation of a penal code or ordinance committed by or with knowledge of consent of any **Covered Party**; except that any act pertaining to any one **Covered Party** shall not be imputed to any other **Covered Party** for the purpose of determining the application of this exclusion.

19. Under Media Wrongful Acts:

- A. Based upon, arising out of, directly or indirectly resulting from, in consequence of or in any way involving any actual or alleged infringement, contributing to the infringement, or inducing the infringement of any patent.
- B. Actual or alleged violation of any federal, state or local statute, law or regulation regarding the dissemination of unsolicited communications, including but not limited to unsolicited telephone calls, facsimiles and electronic mail; or
- C. Liability of any **Member** arising in whole or in part, out of any **Covered Party** obtaining remuneration or financial gain to which the **Covered Party** was not legally entitled;
- D. Liability arising out of the willful violation of a penal statute, code or ordinance committed by or with the knowledge or consent of any **Member**; except that any act for which a **Covered Party** is responsible shall not be imputed to any other **Covered Party** for purposes of this **subpart 3**.

**Commented [A2]:** Again, this is not excluded on the CSURMA form, but did not see a problem keeping it in.

This exclusion does not apply to liability arising from the managerial, advisory, supervisory, or controlling obligations of any **Covered Party** over the action of another **Covered Party**;

### SECTION VIII – CONDITIONS

- 1. Action Against CSURMA - No action shall lie against CSURMA unless, as a condition precedent thereto, the **Covered Party** shall have fully complied with all the terms of this Memorandum nor until the amount of the **Covered Party's** obligation to pay shall have been finally determined whether by judgment against the **Covered Party** after actual trial or by written agreement of the **Covered Party**, the claimant and CSURMA. Said judgment shall not be deemed final, if an appeal be prosecuted therefrom, until the suit shall have been finally determined on appeal. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this document to the extent of the coverage afforded by this document. Nothing contained in this document shall give any person or organization any right to join CSURMA as a co-defendant in any action against the **Covered Party** to determine such **Covered Party's** liability.



2. Arbitration:
  - A. In the event that a question or dispute arises between CSURMA and a **Covered Party** concerning the applicability of the coverage provided by this document to an **Occurrence** or **Wrongful Act** or **Claim** against the **Covered Party**, either the **Covered Party** or CSURMA may make a written request for arbitration. Where such a request is made, arbitration shall be a condition precedent to the filing of any civil action concerning, or in any way arising out of, such question or dispute.
  - B. If a **Covered Party** and CSURMA fail to agree upon an arbitrator, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within thirty (30) days, either may request selection by a judge of a court having jurisdiction. Each party will bear the expense it incurs, and the two parties will bear the expense of the third arbitrator equally. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will constitute a determination of the matter in question or dispute.
  - C. Except as otherwise provided above, arbitration hereunder shall be conducted as provided in Title 9 of the California Code of Civil Procedure (Code of Civil Procedure Section 1280, *et seq.*).
3. Assignment: No assignment of interest under this Memorandum shall bind CSURMA without its written consent and endorsed hereon.
4. Cancellation and Termination:

Coverage provided under this Memorandum may be terminated at any time in accordance with the terms set forth in the CSURMA Joint Powers Agreement, the Bylaws and the Policies and Procedures.
5. Changes to the Memorandum: This Memorandum may not be amended or changed in any respect, nor shall any provision of this Memorandum be deemed to have been waived by CSURMA, unless and until a written endorsement which expressly amends this Memorandum or waives a provision thereof has been duly issued by CSURMA and made a part of this Memorandum, unless the CSURMA Policies and Procedures regarding claims reporting and claims administration and litigation management have been amended by CSURMA.
6. Claims Settlement: As stated in the CSURMA Policy and Procedures regarding Claims Reporting and Claims Administration and Litigation Management.
7. Contribution Payment: The annual contribution payment shall be due and payable upon inception of coverage and each renewal thereafter. The amount of the annual contribution will be computed in accordance with CSURMA's rules and rates. CSURMA shall not be required to perform any obligations under this Memorandum if contributions are not paid.
8. Duties in the Event of **Occurrence, Wrongful Act, Claim** or Suit: The following provisions and the provisions of the CSURMA Memorandum and Policy and Procedure on Claims Reporting and Claims Administration and Litigation Management are conditions precedent to coverage under this Memorandum. The **Covered Party's** failure to comply with any of these provisions will be cause for a reduction in or denial of coverage by CSURMA.
  - A. In the event of any **Occurrence** or an offense which may result in a claim, suit or proceeding against a **Covered Party**, written notice (includes e-mail correspondence, fax



transmissions and original hard copy notifications) shall be given by the **Member** to CSURMA as soon as practicable.

- B. When the **Member** submits the first claim report, the following information shall be included, if available and applicable:
- 1) How, when and where the **Occurrence** or offense took place;
  - 2) The names and addresses of any injured persons and witnesses;
  - 3) The nature and location of any injury or damage arising out of the **Occurrence** or offense;
  - 4) Incident reports;
  - 5) Investigation reports;
  - 6) Police reports;
  - 7) Claim notices and **Member** and any other involved **Covered Party** response(s);
  - 8) Medical reports; and
  - 9) Other information helpful to CSURMA.
- C. The **Member** and any other involved **Covered Party** shall provide immediate notice of any Pleadings, Summons, Complaints and any other legal papers received by the **Member** or other involved **Covered Party** to the CSURMA Claims Administrator and authorize CSURMA to obtain records and other information;
- D. The **Member** and any other involved **Covered Party** will cooperate with CSURMA in the investigation or settlement of the claim, suit or proceeding or defense against and assist CSURMA, in the enforcement of any right against any person or organization which may be liable to the **Member** because of injury or damage to which this coverage may also apply.

9. Inspection and Audit: CSURMA shall have the right, but not the obligation, to inspect the **Member's** property and operations at any time. Neither our right to make inspections, nor the making thereof, nor any report thereon shall constitute an undertaking, on behalf or benefit of the **Member** or others, to determine or warrant that such property or operations are safe or healthy.

The **Member** shall maintain records of such information as is necessary for premium computation, and shall send copies of such record to CSURMA at the end of the **Coverage Period** and at such times during the **Coverage Period** as we may direct. CSURMA may examine and audit **Member's** books and records as they relate to this Memorandum at any time during the **Coverage Period** and extensions thereof and within three (3) years after the final termination of this Policy.



10. No Voluntary Payments: Except as stated below, no **Member** will, except at that **Member's** own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without the consent of CSURMA.

With respect to **Employment Practices Liability**, as stated in CSURMA Policy and Procedure on Claims Reporting, in no event shall any payments be made by CSURMA for any costs incurred to defend a covered **Claim** more than thirty (30) days prior to written notification of an **Occurrence**, offense, **Claim** or suit to CSURMA.

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

11. Other Coverage: It being recognized that similar coverage contracts contain Other Insurance Clauses, it is therefore intended, understood and agreed that:

A. Notwithstanding the terms and conditions of any Other Insurance Clause of Clauses in any policy or policies where other coverage is available to the **Covered Party** (whether such policy is issued to the **Covered Party** or extends to it as employer, employee or agent in any other capacity), the coverage afforded hereunder is intended to be, and shall be, excess coverage; and under no circumstances shall the coverage afforded hereunder be considered pro-rata, concurring or co-existent.

B. If any other coverage is available to the **Covered Party**, whether such coverage is called excess over, or pro-rata with other valid and collectible insurance or not, the coverage afforded hereunder shall not apply until such other coverage has been exhausted, provided that this clause does not apply with respect to excess insurance purchased specifically to be in excess of this document.

12. Separation of Covered Parties: Except with respect to the Section III – Limitations Upon CSURMA's Liability, and any rights or duties specifically assigned to this Memorandum, this coverage applies:

A. As if each **Covered Party** were the only **Covered Party**; and

B. Separately to each **Covered Party** against whom the **Claim** is made or suit is brought.

13. Statutory Provisions: Terms of the Memorandum which are in conflict with the statutes of the State of California are amended to conform to such statutes.

14. Subrogation/Transfer of Rights of Recovery Against Others to CSURMA: CSURMA shall be subrogated to the extent of any payment hereunder, to all of **Member's** rights of recovery and **Member** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. **Member** may elect to waive their rights to subrogation prior to a loss. To the extent that **Member** elects to waive such rights, CSURMA shall have no right of subrogation. Any amount recovered shall be apportioned as follows:

Any interest, including yours, having paid an amount in excess of **Member's Deductible(s)** plus the Limit of Liability hereunder shall be reimbursed first to the extent of actual payment. CSURMA shall be reimbursed next, to the extent of actual payment hereunder. If any balance then remains unpaid, it shall be applied to reimburse the Member. The expense of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries. If there is no recovery in proceedings conducted solely by **Member**, then **Member** shall bear the expenses thereof.

**MEMORANDUM OF LIABILITY COVERAGE FOR  
THE CALIFORNIA STATE UNIVERSITY  
AND ITS AUXILIARY ORGANIZATIONS**

**DECLARATIONS**

Memorandum Number: \_\_\_\_\_

<b>ITEM 1. Named Covered Party:</b>		<b>Program Administrator:</b>
California State University Risk Management Authority (CSURMA) California State University (CSU) Auxiliary Organizations Risk Management Alliance (AORMA) <i>(Please see Endorsements 2 &amp; 3)</i> 401 Golden Shore Long Beach, CA 90802-4210		Alliant Insurance Services, Inc. 100 Pine Street, Suite 1100 San Francisco, CA 94111-5101
<b>ITEM 2. Memorandum Period:</b>		
<b>ITEM 3.</b>	Named Covered Party's RETAINED LIMIT:	
	Item 3A (1)	<u>See Endt xx</u> Any one Occurrence or Wrongful Act or series of continuous, repeated or related Occurrences or Wrongful Acts – Defense erodes Retained Limit
	CSURMA'S LIABILITY:	
	Item 3B (1)	<u>\$ 5,000,000</u> Any one Occurrence or Wrongful Act or series of continuous, repeated or related Occurrences or Wrongful Acts in excess of your Retained Limit.
	Item 3B (2)	<u>\$ 5,000,000</u> Aggregate Memorandum Limit during each Memorandum Period as a result of: Completed Operations Hazard
	Item 3B (3)	<u>\$ N/A</u> Aggregate Memorandum Limit during each Memorandum Period as a result of: Wrongful Acts arising out of Public Officials' Errors and Omissions Liability
Item 3B (4)	<u>\$ N/A</u> Aggregate Memorandum Limit during each Memorandum Period as a result of: Wrongful Acts arising out of Employment Practices Liability	
Item 3B (5)	<u>\$ N/A</u> Aggregate Memorandum Limit during each Memorandum Period as a result of: Wrongful Acts arising out of Employee Benefits Liability	
<b>Limit of Liability</b>		

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<b>ITEM 4. Premium Compensation</b>	
<b>Self-Insured Claims Servicing Organization:</b> Campus: Self-Administered AORMA: Carl Warren Company	
<b>Memorandum Coverage Form:</b> CSURMA – Manuscript Form <b>Endorsements Attached to Memorandum At Inception:</b> Please see Schedule of Endorsements –	
<b>These Declarations together with the coverage form and endorsements, if any, issued to form a part of the Memorandum thereof, complete the above numbered Memorandum.</b>	
<b>Countersigned:</b> _____ <b>By:</b> _____ DATE AUTHORIZED REPRESENTATIVE	

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## MEMORANDUM OF LIABILITY COVERAGE FOR THE CALIFORNIA STATE UNIVERSITY AND ITS AUXILIARY ORGANIZATIONS

Memorandum Number: \_\_\_\_\_

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

Throughout this Memorandum the words **you** and **your** refer to the **Named Covered Party(s)** shown in the **DECLARATIONS** and any other person(s) or organization(s) qualifying as a **Covered Party** under this Memorandum. The words **we**, **us**, and **our** refer to the entity providing this coverage, namely **CSURMA**.

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

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

### SECTION I. COVERAGE AGREEMENT

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

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

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

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

### SECTION II. DEFENSE AND DEFENSE COSTS

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

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

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

### SECTION III. YOUR RETAINED LIMIT - OUR LIMIT OF LIABILITY

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

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

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

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

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

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

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

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

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

#### **SECTION IV. MEMORANDUM PERIOD, TERRITORY**

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

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

#### **SECTION V. PERSONS OR ENTITIES COVERED**

The following are **Covered Parties**;

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

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

(D) Any person:

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

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

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

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

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

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

#### **SECTION VI. EXCLUSIONS**

This Memorandum does not apply:

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

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

(3) Any cosmetic or tonsorial service or treatment.

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

This exclusion does not apply to any liability arising out of

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

(G) To **Claims** for loss or **Damage** or any liability arising out of or in connection with the principles of eminent domain, condemnation proceedings or inverse condemnation, or by whatever name used whether such **Claims** are made directly against **you** or by virtue of any agreement entered into, by or on **your** behalf.

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

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

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

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

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

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

- (1) With respect to which **you** are also an **Insured** under a nuclear energy **policy** issued by the Nuclear Energy Liability-Property Coverage Association, Mutual Atomic Energy Liability Underwriters or Nuclear Coverage Association of Canada, or would be an **Insured** under any such **policy** but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the **hazardous properties** of **nuclear material** and with respect to which (i) any person or any organizations required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, (ii) **you** are, or had this **Memorandum** not been available would be, entitled to indemnity from the United States of America or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;
- (3) Under any liability coverage, to **Bodily Injury** or **Property Damage**, resulting from **hazardous properties** of **nuclear material**, if:
  - (a) The **nuclear material** (i) is at any **nuclear facility** owned by, or operated by or on **your** behalf, or (ii) has been discharged or dispensed therefrom;

- (b) The **nuclear material** is contained in **spent fuel** or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on **your** behalf;
- (c) **Bodily Injury or Property Damage** arising out of the furnishing by **you** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operating or use of any **nuclear facility**. But if such facility is located within the United States of America, its territories or possessions, or Canada, this exclusion (c) applies only to **Property Damage** to such **nuclear facility** and any property thereat.

(4) As used in this exclusion:

- (a) **hazardous properties** includes radioactive, toxic or explosive properties;
- (b) **nuclear material** means "source material", special "nuclear material" or "byproducts material";
- (c) **source material**, "special nuclear material" and "by-products material" have the meaning given them in the Atomic Energy Act of 1954 or any law amendatory thereof;
- (d) **spent fuel** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **nuclear reactor**;
- (e) **waste** means any waste material (1) containing "by-products material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its **source material** contents, and (ii) resulting from the operation by any person or organization of a **nuclear facility** included within the first two paragraphs of the definition of **nuclear facility** below;
- (f) **nuclear facility** means:
  - (i) Any **nuclear reactor**;
  - (ii) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing **spent fuel** or (3) handling, processing or packaging **wastes**;
  - (iii) Any equipment or device used for the processing, fabricating, or alloying of special **nuclear material** if at any time the total amount of such material in **your** custody at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grains of uranium 235;
  - (iv) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **waste**, including the site on which any of the foregoing is located and all operations conducted on such site and all premises used for such operations;
- (g) **nuclear reactor** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- (h) With respect to **Property Damage**, the words injury or destruction includes all forms of radioactive contamination of property.

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

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

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

However, this exclusion shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SECTION VII. DEFINITIONS

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

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

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

(C) **Bodily Injury** means bodily injury, sickness, disease or death, including but not limited to shock, mental anguish, mental injury and humiliation sustained by any person that occurs during the Memorandum Period.

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

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

(F) **Completed Operations Hazard** includes **Bodily Injury** and **Property Damage** arising out of **operations** or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs after such **operations** have been completed or abandoned and occurs away from premises owned by or rented to **you**. **Operations** include materials, parts or equipment furnished in connection therewith. **Operations** shall be deemed completed at the earliest of the following time:

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

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

(3) When the portion of the work out of which the injury or Damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

**Operations** which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete shall be deemed completed. The **Completed Operations Hazard** does not include **Personal Injury** or **Property Damage** arising out of:

(1) Operations in connection with the transportation of property unless the Personal Injury or Property Damage arises out of a condition in or on a vehicle created by the Loading or Unloading of that vehicle by any Covered Party; or

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

(G) **Contract Employee** means:

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

(2) Whose only contract of employment is with you

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

(1) Is twenty five (25) feet or more in height from the natural bed of the stream or water course at the downstream toe of the barrier or from the lowest elevation of the outside limit of the barrier, if it is not across a stream channel or watercourse, to the maximum possible water storage elevation; or

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

(I) **Damages** includes damages for death and for care and loss of services resulting from **Personal Injury** and damages for loss of use of property resulting from **Property Damage**, and losses for **Wrongful Acts** as defined in this Memorandum.

(J) **Defense Costs** means attorney's fees, costs and expenses and other fees, costs and expenses incurred in connection with the investigation, settlement, adjustment, defense and appeal of a **Claim** or **Suit** covered hereunder. However, **Defense Costs** do not include **our** office expenses, **your** office expenses or the salaries of **our** employees or officers or **your** employees or officers.

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

(K) **Employee Benefit Program** includes any employee benefit plan including, but not limited to, the following: Group life coverage, group accident or life coverage, profit sharing plans, pension plans and stock subscription plans provided that no one other than an employee may subscribe to such coverage plans, unemployment coverage, Social Security Benefits, workers' compensation and disability benefits.

(L) **Employee Benefit Wrongful Act** means an actual or alleged negligent act, or omission that arises solely from **your** administration of **your Employee Benefit Program**

(M) **Employment Practices** means: Wrongful termination or discrimination arising out of or due to:

- (1) The refusal to employ any person who is an applicant for employment;
- (2) The termination of any person's employment; or
- (3) Employment-related practices, policies, acts or omissions such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (4) The spouse, child, parent, brother or sister of that person or persons as a consequence of any of the employment-related practices described in paragraphs (1), (2), or (3) above is directed;

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

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

**Employment Practices Claim** shall include **Wrongful Acts** brought under state, local, or federal law, whether common or statutory, and shall include, but not be limited to allegations of violations of the following laws, as amended, including regulations promulgated thereunder:

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

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

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

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

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

- (AA) **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials, which are intended to be, or have been, recycled, reconditioned or reclaimed.
- (BB) **Pollution Conditions** means the discharge, dispersal, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, medical waste and waste materials into or upon land, or any structure on land, the atmosphere or any watercourse or body of water, including groundwater, provided such conditions are not naturally present in the environment.
- (CC) **Products Hazard** includes **Bodily Injury** and **Property Damage** arising out of **your** products or reliance upon a representation or warranty with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs away from premises owned by or rented to **you** and after physical possession of **your** product (s) has been relinquished to others.
- (DD) **Property Damage** means (1) physical injury to or destruction of tangible property which occurs during the Memorandum Period, including the loss of use thereof at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed, provided such loss of use is caused by an **Occurrence** during the Memorandum Period.
- (EE) **Public Entity** refers to that **municipality**, governmental body, department, or unit, which is a **Named Covered Party** in the **DECLARATIONS**.
- (FF) **Public Officials' Errors and Omissions** means losses from **Wrongful Acts** committed by **you**.
- (GG) **Retained Limit** refers to the amount stated on the **DECLARATIONS**.

The **Retained Limit** shall be comprised of **Damages** and **Defense Costs**. **You** shall be responsible for all **Damages** and **Defense Costs** incurred without right to indemnification in accordance with the Memorandum's terms and conditions until the **Retained Limit** is exhausted as a result of **Damages** and **Defense Costs**.

- (HH) **Spore(s)** means any dormant or reproductive body produced by or arising or emanating out of any **fungus (i)**, **mold(s)**, mildew, plants organisms or microorganisms.
- (II) **Suit** means a civil proceeding in which damages are alleged because of **Bodily Injury** or **Property Damage**, or **Wrongful Act** to which this Memorandum applies. **Suit** includes:
  - (1) An arbitration proceeding in which such **Damages** are claimed and to which **you** must submit or do submit with **our** consent; or
  - (2) Any other alternative dispute resolution in which such **Damages** are claimed and to which **you** submit with **our** consent.
- (JJ) **Ultimate Net Loss** means the total amount of **Damages** including **Defense Costs** we are legally obligated to pay because of **Bodily Injury**, **Personal Injury**, **Property Damage**, **Wrongful Acts**, **Employment Practices Wrongful Acts** or **Employee Benefits Wrongful Acts**. **Ultimate Net Loss** shall be established after a contested **Suit** or by compromise settlement to which we have previously agreed in writing. **Ultimate Net Loss** shall be reduced by any recoveries or salvages which have been paid to or collected by us. **Ultimate Net Loss** includes **Defense Costs** incurred in the defense of an **Occurrence** or **Wrongful Act** to which this coverage applies.

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

#### SECTION VIII. CONDITIONS

(A) **Action Against Us.**

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

(B) **Appeals.**

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

(C) **Arbitration.**

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

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

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

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

(D) **Assignment.**

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

(E) **Bankruptcy and Insolvency**

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

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

(F) **Cancellation.**

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

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

(G) **Changes**

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

(H) **First Named Covered Party**

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

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

(I) **Inspection and Audit.**

**We** shall have the right, but not the obligation, to inspect **your** property and operations at any time. Neither **our** right to make inspections, nor the making thereof, nor any report thereon shall constitute an undertaking, on behalf or benefit of **you** or others, to determine or warrant that such property or operations are safe or healthy.

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

(J) **Liberalization Clause**

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

(K) **Other Coverage**

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

(L) **Premium**

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

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

(M) **Subrogation**

**We** shall be subrogated to the extent of any payment hereunder, to all of **your** rights of recovery and **you** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. **You** may elect to waive **your** right to subrogation prior to a loss. To the extent the **Named Covered Party** elects to waive such rights, **we** shall have no right of subrogation. Any amount recovered shall be apportioned as follows:

Any interest, including yours, having paid an amount in excess of **your Retained Limit** plus the Limit of Liability hereunder shall be reimbursed first to the extent of actual payment. **We** shall be reimbursed next, to the extent of **our** actual payment hereunder. If any balance then remains unpaid, it shall be applied to reimburse you. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries. If there

is no recovery in proceedings conducted solely by **you**, then **you** shall bear the expenses thereof.

(N) **Your Duties in the Event of Occurrence, Wrongful Act, Claim or Suit.**

- (1) In the event of an **Occurrence** or **Wrongful Act** that is reasonably likely to involve **us**, written notice containing particulars sufficient to identify **you** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of any injured persons and witnesses, shall be given by or for **you** to **us** or any of **our** authorized agents as soon as practicable after **your** Risk Manager, Chief Risk Officer, Assistant Vice Chancellor for Risk Management or a Chief Executive Officer of the **Named Covered Party** has knowledge of the **Occurrence** or **Wrongful Act**.
- (2) If **Claim** is made or **Suit** is brought against **you** that is reasonably likely to involve **us**, **you** shall immediately forward to **us** every demand, notice, summons or other process received by **you** or **your** representatives.
- (3) **You** shall cooperate with **us** and upon **our** request assist in making settlements, in the conduct of **Suits** and in enforcing any right of contribution or indemnity against any person or organization who may be liable to **you** because of **Personal Injury, Property Damage** or **Public Official's Errors and Omissions** with respect to which coverage is afforded under this Memorandum; and **you** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. **You** will not, except at **your** own cost, voluntarily make any payment, assume any obligation or incur any expense; however, in the event that the amount of **Ultimate Net Loss** becomes certain either through trial court judgment or agreement among **you**, the claimant and **us**, **you** may pay the amount of **Ultimate Net Loss** to the claimant to effect settlement and upon submission of due proof thereof, **we** shall indemnify **you** for that part of such payment which is in excess of your **Retained Limit**, or upon **your** request, make such payment to the claimant on **your** behalf.
- (4) In the event of an **Occurrence** or **Wrongful Act**, which is reserved at greater than or equal to fifty (50) percent of **your** retention, **you** shall:
  - (a) Report said **Occurrence** or **Wrongful Act**; or
  - (b) Regardless of the reserve amount, report losses without regard to liability falling within the following classifications:
    - (I) Fatalities;
    - (II) Spinal cord or brain injuries;
    - (III) Amputations;
    - (IV) Loss of sight;
    - (V) Severe burns;
    - (VI) Serious head injury;
    - (VII) Psycho-neurotic disorders;
    - (VIII) Serious loss of use of any body functions;
    - (IX) Long term hospitalization; or
    - (X) Paralysis;
    - (XI) Civil Rights Allegations, including allegations involving police and law enforcement;
    - (XII) Sexual Abuse or Molestation.
- (5) Whenever **you** have information from which **you** may reasonably conclude that an **Occurrence** or **Wrongful Act** covered hereunder involves injuries or **Damages**, which in the event that **you** shall be held liable, are likely to involve this Memorandum, notice shall be sent to **us** as soon as practicable; provided, however, that failure to give notice of any **Occurrence** or **Wrongful Act** which at the time of its happening did not appear to involve this Memorandum, but which at a later date would appear to give rise to **Claims** hereunder, shall not prejudice such **Claims**.

Such notice is to be sent with all pertinent facts as respects Item (O) of **CONDITIONS** to:

**Campus Liability:**

Systemwide Risk Management  
Office of the Chancellor  
California State University  
401 Golden Shore, 5<sup>th</sup> Floor  
Long Beach, CA 90802-4210

*Key Contact:*

Zachary Gifford, Director-Systemwide Risk Management  
(T): 561-951-4568  
(E): zgifford@calstate.edu

**AORMA Liability:**

Carl Warren Company  
P. O. Box 3975  
Walnut Creek, CA 94598-3975

*Key Contact:*

Mauri McGuire  
(T): 805-650-7020, ext. 1003  
(E): mmcguire@carlwarren.com

CSURMA by:

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Secretary

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Chair

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## ENDORSEMENT # 1

**Memorandum Number:** 000541305

**Effective Date of Endorsement:** July 01, 2016

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE MEMORANDUM. PLEASE READ IT CAREFULLY.

## SCHEDULE OF ENDORSEMENTS

(ATTACHED TO THE MEMORANDUM AT INCEPTION)

- |                  |  |
|------------------|--|
| 1. MANU.END.001  | Schedule of Endorsements   |
| 2. MANU.END.002  | Named Covered Party Endorsement - CAMPUSES   |
| 3. MANU.END.003  | Named Covered Party Endorsement - AUXILIARIES  |
| 4. MANU.END.004  | Amendatory Endorsement – Automatic Additional Covered Party Required by Written Contract |
| 5. MANU.END.005  | Amendment - Reporting Requirement - CSU Sacramento Capital Public Radio                  |
| 6. MANU.END.006  | Evacuation Expenses Reimbursement Endorsement  |
| 7. MANU.END.007  | Service of Suit  |
| 8. MANU.END.008  | Amendment - Expanded Coverage Territory  |
| 9. MANU.END.008  | Violations of Economic Trade Sanctions Endorsement                                       |
| 10. MANU.END.010 | Amendment – Unmanned Aerial Vehicles   |

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## ENDORSEMENT # 2

**Memorandum Number:** 000541305

**Effective Date of Endorsement:** July 01, 2016

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE MEMORANDUM. PLEASE READ IT CAREFULLY.

## NAMED COVERED PARTY ENDORSEMENT CALIFORNIA STATE UNIVERSITY - CAMPUSES

**ITEM 1: NAMED COVERED PARTY**, as shown on the Declarations, is completed to read as follows:

California State University Risk Management Authority (CSURMA)  
The State of California as respects the Trustees of the California State University  
The California State University (CSU)  
Auxiliary Organizations Risk Management Alliance (AORMA)

In addition, the following persons, entities, and organizations (members) are included as **Named Covered Party** under this Memorandum:

### CAMPUSES:

1. California State University, Office of the Chancellor
2. California State University, Bakersfield
3. California State University, Channel Islands
4. California State University, Chico
5. California State University, Dominguez Hills
6. California State University, East Bay
7. California State University, Fresno
8. Humboldt State University
9. California State University, Fullerton
10. California State University, Long Beach
11. California State University, Los Angeles
12. California Maritime Academy
13. California State University, Monterey Bay
14. California State University, Northridge
15. California State Polytechnic University, Pomona

16. California State University, Sacramento
17. California State University, San Bernardino
18. San Diego State University
19. San Francisco State University
20. San Jose State University
21. California Polytechnic State University, San Luis Obispo
22. California State University, San Marcos
23. California State University, Stanislaus
24. Sonoma State University

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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Authorized Representative

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Date

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## ENDORSEMENT # 3

**Policy Number:** 000541305

**Effective Date of Endorsement:** July 01, 2015

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### NAMED COVERED PARTY ENDORSEMENT CALIFORNIA STATE UNIVERSITY – AUXILIARY ORGANIZATIONS

This endorsement modifies coverage provided under the Memorandum:

**ITEM 1: NAMED COVERED PARTY**, as shown on the Declarations, is completed to read as

follows: California State University Risk Management Authority (CSURMA)  
The State of California as respects the Trustees of the California State University  
The California State University (CSU)  
Auxiliary Organizations of the California State University

In addition, the following persons, entities, and organizations (members) are included as Named Covered Party under this Policy:

	<b>Campus</b>	<b>Auxiliary Organizations</b>
1.	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs
2.	Bakersfield	Associated Students, California State University, Bakersfield, Inc.
3.	Bakersfield	California State University, Bakersfield Foundation
4.	Bakersfield	California State University, Bakersfield Student Union, Inc.,
5.	Chancellor’s Office	California State University Foundation
6.	Chancellor’s Office	California State University Institute
7.	Channel Islands	Associated Students of California State University, Channel Islands, Inc.
8.	Channel Islands	California State University Channel Islands Foundation
9.	Channel Islands	University Glen Corporation
10.	Chico	Associated Students of California State University, Chico
11.	Chico	The CSU Chico Research Foundation
12.	Chico	The University Foundation, California State University, Chico
13.	Dominguez Hills	Associated Students, California State University, Dominguez Hills
14.	Dominguez Hills	California State University, Dominguez Hills Foundation
15.	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation
16.	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated

17.	East Bay	Associated Students, California State University, East Bay
18.	East Bay	California State University, East Bay Foundation, Inc.
19.	East Bay	Cal State East Bay Educational Foundation
20.	Fresno	Associated Students Inc., of California State University, Fresno
21.	Fresno	California State University, Fresno Association, Inc.
22.	Fresno	California State University, Fresno Foundation
23.	Fresno	Fresno State Programs for Children, Inc.
24.	Fresno	The Agricultural Foundation of California State University , Fresno
25.	Fresno	The California State University, Fresno Athletic Corporation
26.	Fullerton	Associated Students, California State University, Fullerton, Inc.
27.	Fullerton	CSU Fullerton Auxiliary Services Corporation
28.	Fullerton	Cal State Fullerton Philanthropic Foundation
29.	Humboldt	Associated Students, Humboldt State University
30.	Humboldt	Humboldt State University Advancement Foundation
31.	Humboldt	Humboldt State University Sponsored Programs Foundation
32.	Humboldt	Humboldt State University Center Board of Directors
33.	Long Beach	Associated Students, California State University, Long Beach
34.	Long Beach	California State University, Long Beach Research Foundation
35.	Long Beach	Forty-Niner Shops, Inc. CSU Long Beach
36.	Long Beach	CSULB 49er Foundation
37.	Los Angeles	Associated Students, California State University, Los Angeles, Inc.
38.	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
39.	Los Angeles	California State University, Los Angeles Foundation
40.	Los Angeles	University - Student Union Board, California State University , Los Angeles
41.	Maritime Academy	The Associated Students of the California Maritime Academy
42.	Maritime Academy	California Maritime Academy Foundation, Inc.
43.	Monterey Bay	Foundation of California State University, Monterey Bay
44.	Monterey Bay	The University Corporation at Monterey Bay
45.	Northridge	Associated Students, California State University, Northridge, Inc.
46.	Northridge	California State University, Northridge Foundation
47.	Northridge	North Campus University Park Development Corporation
48.	Northridge	The University Corporation, CSU Northridge
49.	Northridge	University Student Union of California State University, Northridge
50.	Pomona	Associated Students Inc., California State Polytechnic University, Pomona
51.	Pomona	The Cal Poly Pomona Foundation, Inc.
52.	Sacramento	Associated Students of California State University, Sacramento
53.	Sacramento	Capital Public Radio, Inc., CSU Sacramento
54.	Sacramento	The University Foundation at Sacramento State
55.	Sacramento	University Enterprises, Inc., CSU Sacramento
56.	Sacramento	University Union Operation of CSUS, Inc.
57.	San Bernardino	Associated Students Inc., California State University, San Bernardino
58.	San Bernardino	University Enterprises Corporation at CSUSB
59.	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
60.	San Bernardino	CSUSB Philanthropic Foundation
61.	San Diego	Associated Students, San Diego State University
62.	San Diego	Aztec Shops, LTD, San Diego State University
63.	San Diego	San Diego State University Research Foundation
64.	San Diego	The Campanile Foundation
65.	San Francisco	Associated Students Inc., San Francisco State University
66.	San Francisco	San Francisco State University Foundation
67.	San Francisco	The University Corporation, San Francisco State

68.	San Jose	Associated Students, San Jose State University
69.	San Jose	San Jose State University Research Foundation
70.	San Jose	Spartan Shops, Inc., San Jose State University
71.	San Jose	The Student Union of San Jose State University
72.	San Jose	The Tower Foundation, San Jose State University
73.	San Luis Obispo	Associated Students Inc., California Polytechnic State University at San Luis Obispo
74.	San Luis Obispo	Cal Poly Corporation
75.	San Luis Obispo	California Polytechnic State University Foundation
76.	San Marcos	The Associated Students of California State University, San Marcos
77.	San Marcos	California State University San Marcos Foundation
78.	San Marcos	San Marcos University Corporation
79.	San Marcos	University Auxiliary and Research Services Corporation 83.
80.	Sonoma	Associated Students of Sonoma State University
81.	Sonoma	Sonoma State University Academic Foundation, Inc.
82.	Sonoma	Sonoma State Enterprises, Inc.
83.	Stanislaus	Associated Students Inc., California State University, Stanislaus
84.	Stanislaus	California State University, Stanislaus Auxiliary and Business Services
85.	Stanislaus	California State University, Stanislaus Foundation
86.	Stanislaus	University Student Union of California State University, Stanislaus
87.	All Campuses	Auxiliary Organization Associations
88.	All Campuses	Auxiliaries Multiple Employer VEBA

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## ENDORSEMENT # 4

Memorandum Number: 000541305

Effective Date of Endorsement: July 01, 2016

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE MEMORANDUM. PLEASE READ IT CAREFULLY.

### AUTOMATIC ADDITIONAL COVERED PARTY REQUIRED BY WRITTEN CONTRACT

This endorsement modifies coverage provided under the following:

SCHEDULE OF ADDITIONAL COVERED PARTYS		
ADDITIONAL COVERED PARTY	SPECIFIED CONTRACT	CONTRACT DATE
<b>WHERE REQUIRED BY WRITTEN CONTRACT</b>		

SPECIAL NOTE: THIS MEMORANDUM PROVIDES COVERAGE IN EXCESS OF A **RETAINED LIMIT**. THE ADDITIONAL COVERED PARTY(S) LISTED ABOVE WILL BE SUBJECT TO THE SAME MEMORANDUM TERMS, CONDITIONS AND LIMITATIONS PROVIDED TO THE **NAMED COVERED PARTY**.

This Memorandum is amended as follows:

1. Any person(s), entity (ies) or organization(s) listed in the Schedule of this endorsement to whom the **Named Covered Party** is obligated by virtue of a written contract to provide coverage solely with respect to **personal injury** and **property damage** is an Additional Covered Party with regard to liability and defense of **claims** or **suits** arising from the operations and uses performed by or on behalf of the **Named Covered Party**.
2. The Limits of Coverage afforded under this endorsement to such person(s), entity (ies) or organization(s) will be limited to the limits of coverage required within the terms of the written contract or the limit of coverage of this Memorandum, whichever is less. We will not be obligated for limits of coverage indicated in the written contract that are greater than the limits of coverage of this Memorandum.
3. With respect to **claims** arising out of the operations and uses performed by or on behalf of the **Named Covered Party**, such coverage coverages afforded the Above-Named Additional Covered Party under the Memorandum shall be considered the primary coverage, but will apply in excess of the **Named Covered Party's retained limit**. We shall not seek contribution from the other coverage held by the person(s), entity (ies), or organization(s) named above for amounts payable under this coverage.

This condition applies only with respect to liability for **personal injury** or **property damage** arising out of the negligent acts of the **Named Covered Party**.

4. Each coverage under the Memorandum shall apply separately to each Above-Named Additional Covered Party against whom **claim** is made or **suit** is brought except with respect to the limits of coverage afforded to the Additional Covered Party under the Memorandum procured by the **Named Covered Party**.
5. However, Paragraphs 1, 2, 3, and 4 above do not apply to a person(s), entity(ies), or organization(s) unless the **Named Covered Party** had a specific written contract from that person(s), entity(ies) or organization(s) that requires that:
  - a. This coverage be primary;
  - b. They be an Additional Covered Party under this Memorandum; and
  - c. The **Named Covered Party** received such request prior to the date that the **Named Covered Party's** operations for that person(s), entity (ies) or organization commenced.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## ENDORSEMENT # 5

**Policy Number:** 000541305

**Effective Date of Endorsement:** July 01, 2015

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## REPORTING REQUIREMENT CSU SACRAMENTO CAPITAL PUBLIC RADIO

This endorsement modifies insurance provided under the Memorandum.

### SCHEDULE

#### CSU Sacramento Capital Public Radio

Prior Acts Time Period:

For any **Personal Injury Liability, Property Damage Liability, Public Officials’ Errors and Omissions Liability or Employment Practices Liability** 11/01/02 to 11/01/07

Report Due Date: 7/01/16

Only with respect to CSU Sacramento – Capital Public Radio, the following is added to SECTION I. **COVERAGE AGREEMENT:**

This coverage applies to any **Personal Injury Liability, Property Damage Liability, Public officials’ Errors and Omissions Liability or Employment Practices Liability**, in excess of the **Retained Limit**, occurring within the Prior Acts Time Period shown in the Schedule of this endorsement only if the **claim** or **suit** is reported to **us** by the Report Due Date shown in the Schedule of this endorsement. However, the coverage provided by this endorsement will not apply to such **Personal Injury Liability, Property Damage Liability, Public Officials’ Errors and Omissions Liability or Employment Practices Liability** if:

1. The **claim** or **suit** has been reported to or otherwise known by **you** prior to inception of this Policy;
2. The **claim** or **suit** has been reported under any policy whose limits of insurance have been exhausted;

3. The **claim** or **suit** is within and subject to any deductible or self-insured retention under another policy; or
4. Coverage under another policy is impaired by the other carrier's bankruptcy or insolvency

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## ENDORSEMENT # 6

**Memorandum Number:** 000541305

**Effective Date of Endorsement:** July 01, 2016

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE MEMORANDUM. PLEASE READ IT CAREFULLY.

## EVACUATION EXPENSES REIMBURSEMENT ENDORSEMENT

**Item 3** of the Declarations is amended to include the following additional limits:

3c. \$50,000 Evacuation Expenses Reimbursement Limit of Coverage

**Section I., COVERAGE AGREEMENT**, is amended to include the following additional provision:

### Evacuation Expenses Reimbursement

We will reimburse the **Named Covered Party** shown in Item 1 of the Declarations for **Evacuation Expenses** actually paid by the **Named Covered Party** in connection with a single **Evacuation Event** occurring during the **Memorandum Period** shown in Item 2 of the Declarations, up to the amount of the **Evacuation Expenses Reimbursement Limit of Coverage**.

**Section III., YOUR RETAINED LIMIT – OUR LIMIT OF LIABILITY**, is amended to include the following additional provisions:

The **Evacuation Expenses Reimbursement Limit of coverage** is the most we will pay for all **Evacuation Expenses** under this Memorandum. This **Evacuation Expenses Reimbursement Limit of Coverage** will be in addition to the applicable **Limits of Liability** shown in Item 3a and 3b of the Declarations.

We will pay **Evacuation Expenses** for only one **Evacuation Event** occurring during the **Memorandum Period** shown in Item 2 of the Declarations, regardless of the number of **Evacuation Events** occurring during the **Memorandum Period**.

**Section VIII., CONDITIONS O, YOUR DUTIES IN THE EVENT OF OCCURRENCE, WRONGFUL ACT, CLAIM, OR SUIT**, is amended to include the following additional condition as respects Evacuation Expenses Reimbursement only:

You must report any **Evacuation Event** to us within forty-eight (48) hours of the time that a **Key Executive** first becomes aware of an **Occurrence** that gives rise to an **Evacuation Event**, or as soon as practicable thereafter, to be eligible for **Evacuation Expenses Reimbursement**.

## Notice of an Evacuation Event

Notice of an **Evacuation Event** may be given 24 hours / 7 days by calling Ironshore @ 1.866.795.1414.

**Section VII., DEFINITIONS**, is amended to include the following additional definitions:

**Evacuation Event** means the removal from one or more of the Named Covered Party's facilities to any other location of a majority of the occupants of such facility (ies) as a result of any natural or man-made **Occurrence** that, in the reasonable judgment of one or more **Key Executives** of the **Named Covered Party**, causes or could potentially cause such facility(ies) to be unsafe for such occupants.

**Evacuation Expenses** means reasonable costs incurred in connection with an **Evacuation Event**, including costs associated with transporting and lodging occupants who have been evacuated. **Evacuation Expenses** does not include any remuneration, salaries, overhead or benefit expenses of the **Named Covered Party**.

**Evacuation Expenses Reimbursement** means the **Evacuation Expenses Reimbursement Limit of Coverage** shown in Item 3c. of the **Declarations**.

**Key Executive** means the Chairman, Chief Executive Officer, Chief Operating Officer, Director of Risk Management, Chief Risk Officer, Chief Financial Officer, President, General Counsel or general partner (if the **Named Covered Party** is a partnership) of the **Named Covered Party** or sole proprietor (if the **Named Covered Party** is a sole proprietorship). A **Key Executive** also means any other person holding a title designated by you and approved by us, which title is shown in Schedule A, Additional Key Executives attached to and forming part of this Memorandum.

**Occurrence** means an accident, offense or event, including continuous, repeated, or related exposure to substantially the same generally harmful conditions, which results in an **Evacuation Event** that is neither expected nor intended from the standpoint of the **Covered Party**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY ("CSURMA")

401 Golden Shore, Long Beach, CA 90802-4210

## ENDORSEMENT # 7

Memorandum Number: 000541305

Effective Date of Endorsement: July 01, 2016

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE MEMORANDUM. PLEASE READ IT CAREFULLY.

## SERVICE OF SUIT

In the event of the CSURMA's failure to pay any amount claimed to be due hereunder, the CSURMA, at the request of the **Covered Party** will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the CSURMA's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the law; of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon **Legal Department, Ironshore Holdings, U.S. Inc., One State Street Plaza, 7<sup>th</sup> Floor, New York, NY 10004**, or his or her representative, and that in any suit instituted against the CSURMA upon this contract, the CSURMA will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefore, the CSURMA hereby designates the Superintendent, Commissioner, or Director of Coverage, other officer specified for that purpose in the statute, or his or her successor or successors in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of a **Covered Party** or any beneficiary hereunder arising out of this contract of coverage, and hereby designate the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## ENDORSEMENT # 8

Memorandum Number: 000541305

Effective Date of Endorsement: July 01, 2016

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE MEMORANDUM. PLEASE READ IT CAREFULLY.

## AMENDMENT - EXPANDED COVERAGE TERRITORY

This endorsement modifies coverage provided under the

MEMORANDUM

**SECTION IV. MEMORANDUM PERIOD - TERRITORY** is deleted in its entirety and replaced by the following:

### **SECTION IV. MEMORANDUM PERIOD - EXPANDED COVERAGE TERRITORY**

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

This Memorandum applies to **Personal Injury, Property Damage, Public Official’s Errors and Omissions, Employment Practices Claims, or Employee Benefits Wrongful Acts** arising out of an **Occurrence** or a **Wrongful Act** that takes place during the Memorandum Period, in the Expanded Coverage Territory, subject to the following:

1. If a **Claim** is made and a **Suit** is brought for such **Occurrence** or **Wrongful Act** in the United States of America, we will pay on your behalf the **Ultimate Net Loss** in excess of **your Retained Limit** hereinafter stated, which you become legally obligated to pay as **Damages**, to which this Memorandum applies caused by an **Occurrence** or a **Wrongful Act** that takes place during the Memorandum Period.
2. If a **Claim** is made and a **Suit** is brought for such **Occurrence** or **Wrongful Act** that is within the Expanded Coverage Territory but outside the United States of America, the **Covered Party** will initiate a defense of the **Claim** or **Suit** and **we** will indemnify the **Covered Party** for **Ultimate Net Loss** in excess of **your Retained Limit** hereinafter stated, which you become legally obligated to pay as **Damages**, to which this Memorandum applies caused by an **Occurrence** or a **Wrongful Act** that takes place during the Memorandum Period. We will, however, have the right, but not the duty, to participate in the defense of any **Suit** and the investigation of any **Claim** to which this Memorandum may apply, and the **Covered Party** shall cooperate fully with us in such participation. If we exercise this right, we will do so at our own expense.
3. All payments or reimbursements we make for **Damages** because of judgments or settlements will be made in U.S. currency at the prevailing exchange rate at the time the **Covered Party** became legally obligated to pay such sums.

4. The **Covered Party** must fully maintain any coverage required by law, regulation or other governmental authority during the Memorandum period, except for reduction of the aggregate limits due to payment of **Damages**.

Failure to maintain such coverage required by law, regulation or other governmental authority will not invalidate this coverage. However, this coverage will apply as if the required coverage by law, regulation or other governmental authority was in full effect.

The following definition is added to **SECTION VII. DEFINITIONS: Expanded Coverage Territory** means anywhere in the world with the exception of any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States of America.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## ENDORSEMENT # 9

**Memorandum Number:** 000541305

**Effective Date of Endorsement:** July 01, 2016

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE MEMORANDUM. PLEASE READ IT CAREFULLY.

## VIOLATION OF ECONOMIC OR TRADE SANCTIONS

This Memorandum is amended as follows:

**SECTION VIII. CONDITIONS** is amended to include the following additional condition:

### Violation of Economic or Trade Sanctions

If coverage for a claim or “suit” under this Memorandum is in violation of any United States of America’s economic or trade sanctions, laws, or regulations, including, but not limited to, sanctions, laws, and regulations administered and enforced by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) then coverage for that claim or “suit” shall be null and void.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

# CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY (“CSURMA”)

401 Golden Shore, Long Beach, CA 90802-4210

## Endorsement # 10

Memorandum Number: 000541305

Effective Date of Endorsement: July 01, 2016

**Covered Party:** California State University Risk Management Authority (CSURMA); California State University (CSU); Auxiliary Organizations Risk Management Alliance (AORMA)

THIS ENDORSEMENT CHANGES THE MEMORANDUM. PLEASE READ IT CAREFULLY.

## AMENDMENT - UNMANNED AERIAL VEHICLES

This endorsement modifies coverage provided under the MEMORANDUM

**SECTION VI. EXCLUSIONS, (E)** is deleted in its entirety and replaced by the following:

(E) To liability arising out of the ownership, maintenance, **Loading** or **Unloading**, use of, or operation of any **Aircraft**, airfields, runways, hangars, buildings, or other properties in connection with aviation activities.

This exclusion shall not apply to:

1. **Loading** or **Unloading** of **Aircraft** by paramedics, nurses or emergency medical technicians employed by **you** in the course of medical treatment.
2. Static aircraft used for instructional aircraft maintenance training, and classroom or travel activity associated with an **Aircraft** program or curriculum (non-flight purposes only).
3. Those areas open to the public for the purpose of entering, leaving, or using the airport facilities (including parking lots, and garages) or to liability arising out of the ownership, operation, rental, or loan of vehicles licensed for highway use while being operated away from the premises of any airfield.
4. **Unmanned Aerial Vehicles.**
5. Class 1. Amateur Rockets, as defined by the U.S. Department of Transportation, Federal Aviation Administration, Procedures for Handling Airspace Matters, Order JO 7400.2K, Effective Date: April 3, 2014, Chapter 31. Amateur Rocket and Commercial Space Operations, Section 1. General, 31-1-5. DEFINITIONS, c. Amateur Rocket Class 1 a model rocket that uses no more than 125 grams (4.4 ounces) of propellant; uses a slow-burning propellant; is made of paper, wood, or breakable plastic; contains no substantial metal parts; and weighs no more than 1,500 grams (53 ounces) including the propellant.

**SECTION VII. DEFINITIONS,** is amended as follows:

1. Definition **(A) Aircraft** is deleted in its entirety and replaced by the following:

**Aircraft** means any machine supported in the air by buoyancy or by the dynamic action of air on its surfaces including airplanes, helicopters, gliders, **Unmanned Aerial Vehicles** (aka “Drones”), rockets, satellites, and missiles.

The following definition is added to **SECTION VII. DEFINITIONS**:

**Unmanned Aerial Vehicle** (aka: "Drone") means any vehicle designed to fly in the air with no onboard pilot or crew used principally for the transport of equipment that has a flight weight of 100 lbs or less (flight weight includes the aircraft itself, fuel and other fluids, and all payload), and is used for research and/or educational purposes.

ALL OTHER TERMS AND CONDITIONS OF THIS MEMORANDUM REMAIN UNCHANGED.

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

**REVIEW OF POLICIES & PROCEDURES**  
**(ODD-NUMBERED)**

**ISSUE:** The Executive Committee adopted Resolution No. 04-13 (EC) directing review of the Authority's Policies & Procedures on a regular basis to ensure administrative processes of the Authority and their documentation remain relevant and effective. The resolution defines the process for the Executive Committee to review even-numbered Policies & Procedures in even-numbered calendar years, and odd-numbered Policies & Procedures in odd-numbered calendar years.

In preparation for this agenda item, Staff reviewed all odd-numbered Policies & Procedures, and finds all reflect the current administrative practices of the CSURMA, and therefore does not make any recommendations or suggestions for amendments to any of the odd-numbered Policies & Procedures.

**RECOMMENDATION:** In accordance with Resolution No. 04-13 (EC), the Executive Committee is asked to review the odd-numbered Policies & Procedures at today's meeting, and take action or provide direction to staff as it deems appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** To date, the Authority has adopted twenty-five (25) Policies & Procedures.

**PUBLICATION:** Any revision to the Policies & Procedures adopted at today's meeting will be noticed to the CSURMA membership and posted on the CSURMA website.

**ATTACHMENT(S):**

- a. Resolution No. 04-13 (EC)
- b. No. 1 - Assessments and Disbursements
- c. No. 3 - Records Retention
- d. No. 5 - Claims Audits
- e. No. 7 - Self-Insured Program Funding
- f. No. 9 - Property Coverage for State-Owned Buildings Leased to Auxiliary Organizations

- g. No. 11 - CSURMA Operating Budget Process
- h. No. 13 - Campus Risk Pool Target Reserve Funding Policy
- i. No. 15 - Responsibilities of Treasurer and Auditor
- j. No. 17 - Reimbursement of Travel Expenses
- k. No. 19 - Campus Risk Pool Claims Settlement Authority
- l. No. 21 - Campus Risk Management Innovation Grant Program
- m. No. 23 - Additional Covered Party Endorsements
- n. No. 25 - Pooled Programs Underwriting Procedures

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

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

**Resolution to Review CSURMA Policies and Procedures**

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

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

In consideration of the foregoing findings and determinations,

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

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

\* \* \* \* \*

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


AYES, and in favor thereof, members:

NOES, members: None.

ABSTAIN, members:

ABSENT, members:

ATTEST:   
Cynthia Teniente-Matson, Chair

, Secretary-Auditor

Mary Ann Rodriguez



## **CSURMA**

## **POLICY AND PROCEDURE NO. 1**

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**EFFECTIVE:** AUGUST 5, 1999

**SUBJECT:** ASSESSMENTS AND DISBURSEMENTS

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### **POLICY:**

It is the intent of the California State University Risk Management Authority (CSURMA) to properly manage the funds of the Authority. In this regard, both assessments and disbursements of Authority funds will be handled in accordance with generally accepted accounting principles, and in accordance with any governing JPA documents.

### **PROCEDURE:**

If the Treasurer determines that there is a deficiency of funds in any of the CSURMA programs such that the solvency of the program or Authority itself is threatened, the Treasurer shall notify Executive Committee of such deficiency. The Executive Committee shall notify the Board of Directors and provide the Board with a plan to restore the solvency of the threatened program, or Authority as a whole.

Any plan adopted to restore solvency shall be in accordance with the Authority's governing documents such as the JPA Agreement, Bylaws, Participation Agreements, and any other policies and procedures or resolutions in effect at the time.

If the Treasurer determines that there is a surplus of funds in any of the CSURMA programs, or the Authority as a whole, beyond that which is needed to maintain any established actuarial "confidence level" approved by the Authority, the Treasurer shall notify the Executive Committee. The Executive Committee may recommend a plan for the disbursement of excess funds to the Board of Directors, or they may recommend the establishment of a formal dividend policy and procedure to govern such matters.

Any plan adopted to distribute funds shall be in accordance with the Authority's governing documents such as the JPA Agreement, Bylaws, Participation Agreements, and any other policies and procedures or resolutions in effect at the time.



**CSURMA**

**POLICY AND PROCEDURE NO. 3**

**EFFECTIVE:** AUGUST 8, 1999

**SUBJECT:** RECORDS RETENTION

**POLICY:**

The California State University Risk Management Authority (CSURMA) has an obligation to create and maintain records and information in accordance with accepted records management practices and standards. It shall be CSURMA's policy to maintain records in accordance with the following Records Retention Schedule.

**RECORDS RETENTION SCHEDULE**

<b>Type</b>	<b>Title</b>	<b>Retention Period</b>
<b>ADM</b>	<b>Administration</b> Correspondence Policy and Procedure Accreditation	3 years Permanent Permanent
<b>BC</b>	<b>Boards / Committees</b> Agendas Minutes - Executive Committee Minutes - Program Committees Resolutions	Permanent Permanent Permanent Permanent
<b>BD</b>	<b>Board of Directors</b> Agendas Meeting Notices Minutes of Board Meetings Resolutions	Permanent Permanent Permanent Permanent
<b>CON</b>	<b>Contracts</b> Agreements and Contracts	7 years following end of contract
<b>ELE</b>	<b>Elections</b> General	Permanent

**CSURMA**

**POLICY AND PROCEDURE NO. 3**

Type	Title	Retention Period
<b>FIN</b>	<p><b>Financial</b></p> <p>Accounts Payable  Correspondence  A/P Distribution Journal  Cash Disbursements  Expense Reports  Invoices</p> <p>Accounts Receivable  A/R Register  Aged Trial Balance  Invoices</p> <p>Audit Reporting  Correspondence  Reports  State Controller's Report  Workpapers</p> <p>Banking  Correspondence  Bank Confirmations  Bank Reconciliations  Bank Statements  Canceled and Voided Checks  Deposit Slips  Signature Authorizations</p> <p>Financial Reporting  Correspondence  Reports and Studies  Charts of Accounts</p> <p>Ledgers  Account Analysis  Balance Sheets  General Ledger  Journal Entries</p>	<p>Permanent until reclassified</p> <p>Permanent until reclassified</p> <p>Permanent until reclassified</p> <p>Permanent until reclassified</p> <p>Permanent until reclassified</p> <p>Permanent until reclassified</p>
<b>INS</b>	<p><b>Insurance</b></p> <p>Memorandum of Coverage  Insurance Policies  Endorsements  Premium Deposit Determination  Retrospective Ratings  Claims Audits  Actuarial Studies  Underwriting Files</p>	<p>Permanent</p> <p>Permanent</p> <p>Permanent</p> <p>Permanent</p> <p>Permanent</p> <p>Permanent</p> <p>Permanent</p> <p>Permanent</p>



**CSURMA**

**POLICY AND PROCEDURE NO. 3**

<b>Type</b>	<b>Title</b>	<b>Retention Period</b>
	Certificates of Insurance	Permanent
<b>LGL</b>	<b>Legal</b> General Correspondence Attorney Correspondence Conflicts of Interest Code Conflict of Interest Statements Claims Litigation Opinions	Permanent Permanent Permanent 7 years 7 years 5 years after litigation is concluded Permanent
<b>MEM</b>	<b>Membership</b> Membership Records Program Participation Agreements	Permanent Permanent
<b>MIS</b>	<b>Miscellaneous</b>	Permanent until reclassified



## CSURMA

## POLICY AND PROCEDURE NO. 5

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**EFFECTIVE:** JULY 1, 1999  
**REVISED:** APRIL 27, 2015  
**SUBJECT:** CLAIMS AUDITS

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### **POLICY:**

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

### **PROCEDURE:**

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

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

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



## **CSURMA**

## **POLICY AND PROCEDURE NO. 7**

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**EFFECTIVE:** JANUARY 1, 2000  
**REVISED:** APRIL 27, 2015  
**SUBJECT:** SELF-INSURED PROGRAM FUNDING

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### **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**

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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.



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**CSURMA****POLICY AND PROCEDURE NO. 9**

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**ADOPTED:** March 26, 2009

**EFFECTIVE:** April 17, 2006 and revised March 26, 2009

**SUBJECT:** PROPERTY COVERAGE OF STATE-OWNED BUILDINGS LEASED TO AN AUXILIARY ORGANIZATION AND OTHER SPECIFIED STATE-OWNED BUILDINGS

**SUPERSEDES:** 9-JPA

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**POLICY:**

As a clarification of the insurable interest under the CSURMA property insurance programs, CSURMA has determined that Property Coverage for state-owned buildings is the responsibility of the University including state-owned buildings leased to an Auxiliary Organization, unless there exists a written agreement that the Auxiliary Organization is required to purchase and maintain Property Coverage for the leased building. This Policy and Procedure describes the responsibility and procedure for insuring these buildings and other specified state-owned buildings needing special deductibles in accordance with the CSU policy. This policy and procedure is not intended to impact any cost allocation practices among the campuses and auxiliary organizations that may exist or be developed in the future.

**PROCEDURE:**

As a result of negotiations with insurance companies and accepted by the CSU Office of the Chancellor, the CSURMA Property Coverage program will cover state-owned buildings (real property) that are leased to a CSU Auxiliary Organization as follows:

Effective: December 1, 2005

1. All buildings (real property) owned by the University (State) that are leased to a CSU Auxiliary Organization will be covered by the Campus Property Program, unless there exists a written agreement that the Auxiliary Organization is required to purchase and maintain Property Coverage for the leased building.
2. The University and Auxiliary Organization may agree to apportion that part of the University's Property Coverage premium covering buildings leased to an Auxiliary Organization. Said premium may be payable by the Auxiliary Organization to the University, or if advised by the Campus and Auxiliary Organization, CSURMA will separately invoice the premium to be paid by the Auxiliary Organization.



3. If the lease agreement does not specify responsibility for deductibles and uninsured losses, the Campus and Auxiliary Organization shall determine responsibility for deductibles and uninsured losses.
4. All buildings which are funded by Public Works Bonds (PWB) or State Revenue Bonds (SRB) have as a maximum deductible the amount required in the applicable bond covenants.
5. If an Auxiliary Organization desires a lower deductible, then that lower deductible can be purchased as approved by the underwriters and invoicing of the additional cost shall be directed by the Campus and Auxiliary Organization
6. If it is necessary for other University owned buildings to maintain a deductible other than the standard deductible offered maintained by a Campus Member, then that specified building may be insured at a lower deductible as approved by the underwriters and the additional cost shall be invoiced as agreed.



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**CSURMA****POLICY AND PROCEDURE NO. 11**

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**ADOPTED:** March 26, 2009**EFFECTIVE:** July 1, 2009**SUBJECT:** CSURMA OPERATING BUDGET DEVELOPMENT AND ADOPTION

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**POLICY:**

CSURMA's fiscal period begins on July 1 each year and ends on June 30 of the following year. Upon the Executive Committee's recommendation, an annual operating budget is to be approved and adopted by the Board of Directors at its meeting preceding the beginning of the new budget period.

The operating budget for the Auxiliary Organizations coverage programs are developed separately by the AORMA Committee. The AORMA Committee shall develop its operating budget, and recommend to the Executive Committee its inclusion in the CSURMA Operating Budget for adoption by the Board of Directors.

**PROCEDURE:**

The Chancellor's Office and the Program Administrators shall work together to develop a draft operating budget for the Executive Committee to review and recommend adoption by the Board of Directors with any changes it deems necessary.

The operating budget shall be composed of a General Fund for General and Administrative Expenses (indirect expenses) and separate Program Funds for direct program expenses. The General Fund shall include an estimate for Non-Operating Revenues such as Investment Income, Loan Interest and Miscellaneous Fee Revenue.

Operating Revenues shall include Members' Contributions and Dividends. Operating Expenses and Non-Operating Revenues are allocable to each Program Fund as applicable, and shall be distributed in the following general manner:

General and Administrative Expenses shall be allocated to each Program Fund in proportion that each Program Fund Contribution bears to the Total Contribution for the fiscal period as of the start of the fiscal period; i.e., as of July 1. The proportionate share shall be fixed (locked-in) as of the beginning of the fiscal period for the duration of the fiscal period.

Non-Operating Revenues shall be distributed to each Program Fund that generate opportunities for investment income based on each fund's average monthly balance for Cash and Investments during the fiscal period. For budget development purposes, estimated Non-Operating Revenues



## **CSURMA**

## **POLICY AND PROCEDURE NO. 11**

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for each applicable fund shall be based on the each fund's average monthly cash balance of the preceding twelve months at the time the budget is developed.

Direct Program Expenses shall be allocated to each Program Fund as specified for the coverage as applicable (e.g., claims, claim administration, program administration, brokerage, insurance, actuarial, reinsurance, program committee, etc.). Other Direct Program Expenses shall be allocated to each Program Fund in the proportion directed by the respective Program Committee, which shall generally reflect estimated utilization by/for the applicable coverage.



**CSURMA**

**POLICY AND PROCEDURE NO. 13**

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**ADOPTED:** OCTOBER 28, 2011

**EFFECTIVE:** OCTOBER 28, 2011

**REVISED:** APRIL 27, 2015

**SUBJECT:** CAMPUS RISK POOL PROGRAMS TARGET  
RESERVE FUNDING GOAL

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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.



## CSURMA

## POLICY AND PROCEDURE NO. 15

**ADOPTED:** December 9, 2011

**EFFECTIVE:** October 23, 2015

**REVISED:** October 23, 2015

**SUBJECT:** RESPONSIBILITIES OF THE TREASURER AND THE SECRETARY-AUDITOR

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**POLICY:** Pursuant to California Government Code Section 6505 et seq. (referenced below) the CSURMA has designated in the governing documents the officer positions of the Treasurer and the Secretary-Auditor. It is the policy of the CSURMA that there shall a designation of the operational responsibilities of the Treasurer and the Secretary-Auditor as described in this Policy & Procedure No. 15.

**PROCEDURE:** The Treasurer and Secretary-Auditor shall perform the duties specified in California Government Code Section 6505 et seq. and other duties as designated by the Board of Directors, Executive Committee or AORMA Committee. To clarify the roles of the Treasurer and the Secretary-Auditor, the duties and responsibilities of the Treasurer and the Secretary-Auditor are described respectively as follows:

### TREASURER

The Treasurer shall serve as a member of the Executive Committee and have the following duties and responsibilities for CSURMA:

#### 1. FUNDS AND ACCOUNTS:

##### 1.1. ACCOUNTS

1.1.1. The Treasurer shall establish and maintain funds and accounts in compliance with good accounting practice.

##### 1.2. RECEIPT

1.2.1. The Treasurer shall receive all funds for custody by the entity.

1.2.2. The Treasurer ensures all funds are deposited to the proper program fund accounts.

1.2.3. Upon receipt of the approved premium deposit allocation, the Treasurer bills and collects annual premiums, quarterly premiums, and special assessments from all members.

##### 1.3. DISBURSEMENT

1.3.1. The Treasurer shall pay any sums due out of monies of the Authority, as approved for payment.

**2. REPORTING**

- 2.1. The Treasurer maintains a central accounting system for CSURMA.
- 2.2. Unaudited financial statements will be produced as requested by the Executive Committee to show the accounting transactions by fund.
- 2.3. The Treasurer shall engage a certified public accountant or public accountant to perform an independent financial audit as provided by law.
- 2.4. The Treasurer shall create a quarterly investment report for review by the Executive Committee.

**3. CASH AND DEBT MANAGEMENT**

- 3.1. The Treasurer manages the cash flow of CSURMA which includes investing the excess monies over the required immediate expenditures for the Authority.
- 3.2. The Treasurer administers short-term and long-term debt financing, authorized by the Executive Committee
- 3.3. The Treasurer shall maintain a detailed record of every loan, including an entry on the loan register showing each loan and payment.

The duties of the Treasurer vary and play a key fiduciary role in the operation of the Authority.

**SECRETARY-AUDITOR**

The Secretary-Auditor shall have the following duties and responsibilities for CSURMA:

**1. BUDGET**

- 1.1. The Secretary-Auditor shall ensure that all bills are reviewed and approved for payment before payments are issued by the Treasurer.
- 1.2. The Secretary-Auditor may examine the Treasurer's book on behalf of the CSURMA Executive Committee to check for accuracy.
- 1.3. The Secretary-Auditor acts as the CSURMA budget officer and shall be responsible for the preparation and administration of the budget.

**2. MISCELLANEOUS DUTIES**

- 2.1. The Secretary Auditor also conducts the sale of surplus items such as office equipment.
- 2.2. The internal audit duties may also fall under the direction of the Secretary-Auditor as directed by the Executive Committee.
- 2.3. The Secretary-Auditor serves as Secretary of the CSURMA.

**3. AUTHORITY TO BIND INSURANCE**

- 3.1. The Secretary-Auditor is authorized to finalize negotiations with insurers and to bind insurance on behalf of the CSURMA.
- 3.2. The Secretary-Auditor shall provide a report summarizing the insurance bound on behalf of CSURMA to the Executive Committee.



## **CSURMA**

## **POLICY AND PROCEDURE NO. 15**

The duties of the Secretary-Auditor are directly accountable to the Executive Committee in the implementation of the policies, procedures and programs of the CSURMA.



## **CSURMA**

## **POLICY AND PROCEDURE NO. 17**

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**ADOPTED:** March 22, 2013  
**EFFECTIVE:** March 22, 2013  
**SUBJECT:** TRAVEL REIMBURSEMENT

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### **PURPOSE:**

This Policy and Procedure is intended to formalize the prior existing practices of CSURMA.

### **POLICY:**

It is the policy of the CSURMA that reasonable and actual expenses incurred by AUTHORIZED TRAVELERS for COVERED PURPOSES related to operation of CSURMA's programs shall be reimbursed. The method of approving travel, and reporting and calculating the reimbursable amount shall be in accordance with the travel reimbursement policy of the California State University or the AUTHORIZED TRAVELER'S member auxiliary organization at the time of the travel. The AORMA Committee may adopt more a more specific travel reimbursement policy and procedure for travel related to the AORMA programs.

### **PROCEDURE:**

1. Reimbursement requests will be reported on the AUTHORIZED TRAVELER'S completed State of California – Travel Expense Claim form. The claim form may be forwarded to the AUTHORIZED TRAVELER's member accounting department for reimbursement or sent to the CSU Systemwide Office of Risk Management for processing. If the AUTHORIZED TRAVELER is reimbursed by the member's accounting department, that member may then seek reimbursement from CSURMA.
2. The member's accounting department should send the following documents to CSURMA c/o the Systemwide Office of Risk Management:
  - a) Invoices for all reasonable expenses
  - b) Completed State of California – Travel Expense Claim form
  - c) Documentation of the purpose of the travel such as a copy of the agenda, presentation, etc. for the COVERED PURPOSE that the COVERED TRAVELER attended.
3. The CSURMA Secretary-Auditor or designee shall then process the reimbursement request in the manner of other CSURMA payment requests.



**DEFINITIONS:**

**AUTHORIZED TRAVELERS** – includes CSURMA Executive Committee members and officers, standing committee members and participants in duly established task groups. Other persons, including University personnel traveling on CSURMA related travel shall be reimbursed pursuant to this P&P No. 17 as agreed under separate agreement in advance of the travel. Independent consultants shall not be considered **AUTHORIZED TRAVELERS** under this P&P No. 17 and any travel expenses incurred by independent consultants may be reimbursed as provided under separate consulting agreements.

**COVERED EXPENSES** – includes reasonable expenses incurred by the **AUTHORIZED TRAVELER** as provided under the travel reimbursement policy of the California State University.

**COVERED PURPOSES** – covered purposes shall include attendance at meetings of the CSURMA Executive Committee, standing committees, task group meetings, program presentations, member meetings, approved professional development trainings and other travel approved for University personnel. Any other **COVERED PURPOSES** must be approved for reimbursement by the Executive Committee. Travel to CSURMA Board of Directors Meetings is not a covered purpose. If there is travel to an event that would otherwise be a **COVERED PURPOSE** in conjunction with another event the **AUTHORIZED TRAVELER** would otherwise attend, such as a CSURMA Board of Directors meeting or the CSURMA Fitting the Pieces Together Conference, the **AUTHORIZED TRAVELER** is eligible for reimbursement of **COVERED EXPENSES** to attend the **COVERED PURPOSE** meeting only and there will be no CSURMA reimbursement of the expenses the **AUTHORIZED TRAVELER** would have normally incurred to attend the CSURMA Board of Directors Meeting or the CSURMA Fitting the Pieces Together Conference.



## CSURMA

## POLICY AND PROCEDURE NO. 19

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**ADOPTED:** March 22, 2013

**EFFECTIVE:** March 22, 2013

**SUBJECT:** CSURMA CLAIMS SETTLEMENT AUTHORITY

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**PURPOSE:** The purpose of this Policy and Procedure No. 19 is to describe the process and level of authorities to pay claims incurred by the CSURMA Programs. This Policy and Procedure No. 19 applies solely to the operation of CSURMA and does not affect any policy, process, or authorities of the California State University. The AORMA Committee may adopt policies and procedures for claims settlement authorities for AORMA's self-insured programs.

**POLICY:** It is the policy of the CSURMA that payment of claims covered under the self-insured programs will follow the processes and documentation requirements described in this policy and procedure.

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

1. The following amounts may be authorized for the following programs:
  - a. Liability Program: The campus may authorize payments from CSURMA funds up to the campus deductible, but not more than \$100,000.00. Above \$100,000.00, the CSURMA Secretary-Auditor or designee may authorize payment of CSURMA funds upon written approval from the appropriate University personnel up to the retained amount of the Liability Program.
  - b. Workers' Compensation Program: Upon approval of a Settlement Authorization Request (SAR) from the third party claims administrator, the campus may authorize aggregate claim settlements from CSURMA funds up to \$175,000.00. Above \$175,000.00, the CSURMA Secretary-Auditor or designee may authorize payment of CSURMA funds upon written approval from the appropriate University personnel up to the retained amount of the Workers' Compensation Program.
  - c. Unemployment Insurance/Non-industrial Disability Leave/Industrial Disability Leave Program: The CSURMA Secretary-Auditor or designee may authorize payment from CSURMA funds to reimburse funds expended by the campus for benefits covered under the program.
  - d. Property Program: Upon the receipt from the program claims adjuster of the completed and executed Proof of Loss statement, the CSURMA Secretary-Auditor or designee may authorize payment from CSURMA funds up to the retained amount of the Property Program.
2. The Program Administrator will maintain records of the campus personnel designated to authorize payments and the amount of authorization.

**ADOPTED:** September 13, 2013

**EFFECTIVE:** September 13, 2013

**REVISED:** December 5, 2014

**SUBJECT:** Risk Management Innovation Grant Program

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**PURPOSE:**

The Risk Management Innovation Grant Program (Program) makes funds available to Campus members (Members) in the Liability and Workers' Compensation programs. It funds specialized training, safety equipment, physical improvements, or other safety related items that will support the mitigation of risk exposures. The purpose of this matching grant program is to encourage Members to facilitate a reduction in claim costs and to enhance existing risk reduction efforts.

**POLICY:**

1. Annually, the Program Administrator and Systemwide Risk Management will:
  - a. Propose to the Executive Committee a budget for the Program.
  - b. Review the Liability and Workers' Compensation loss information and other resources to identify patterns and claims which may be preventable with the (1) purchase, replacement or upgrade of physical property; (2) development of specialized training; or (3) development of risk management programs.
  - c. Identify the focus of the Program for the upcoming fiscal year.
  - d. Draft the Grant Application and recommend a maximum grant amount per Member.
  - e. Send a memo to all Members describing the Program and invite Members to apply for a grant by completing the Grant Application.
2. To access funds under the Program, and previous to the Member expending funds, Member must complete the Grant Application which is to include:
  - a. A description of the proposed risk reduction project.
  - b. The anticipated timeline for completion of the risk reduction project.
  - c. An estimate of the total cost for the proposed risk reduction project.
  - d. Agreement and approval of Grant Application by the Campus VP of Business & Finance or his/her designee; e.g., Environmental Health & Safety Director, Risk Manager, etc.

3. Members working collaboratively via the Risk Managers and/or Environmental Health & Safety working groups of CSUWERCs, may complete a Grant Application that would be applicable to systemwide risk mitigation endeavors. Other than item 2(d), the requirements remain the same.
4. The Program Administrator will review completed Grant Applications, and if found appropriate and consistent with the purpose of the Program, refer the Grant Application to the Executive Committee for approval.
5. The Member will be expected to complete the proposed risk reduction project within the time period described in the Grant Application. The Executive Committee may rescind the grant if the Member has not started, or made substantive progress towards completion, the risk reduction project within the timeframe proposed.
6. Fifty percent (50%) of the Member's risk reduction project costs (up to the maximum grant amount approved for each Member) may be reimbursed by the Program. The Member will submit to the Program Administrator the final paid receipt(s) to be used to calculate the program reimbursement amount.
7. Submissions completed under Section 3, approved projects will be 100% reimbursed by the program.
8. After the grant funds are utilized, the Member or working group will provide a brief report providing information that will assist the Executive Committee in monitoring this program's effectiveness and the merits of future program funds.
9. The Program Administrator and Systemwide Risk Management will work with the Grant Recipients to develop benchmarks to evaluate the success of the program. The Program Administrator and Systemwide Risk Management will also provide guidance to future Grant Recipients based on these historical benchmarks.

**ADOPTED:** October 23, 2015

**EFFECTIVE:** October 23, 2015

**SUBJECT:** Additional Covered Party Endorsements – Campus Risk Pool and AORMA Program

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**PURPOSE:**

CSURMA provides self-insured liability coverage for CSURMA Member campuses and auxiliary organizations. CSURMA is often requested to extend coverage to another party for various activities including but not limited to services performed for a third party, for a lease of premises, and other business operations in which a third party may have a legal interest. This policy and procedure advises in a general manner how an Additional Coverage Party can be included for coverage by CSURMA where appropriate. In no event shall Errors & Omissions Liability coverage be extended to a third party.

**POLICY:**

Upon review of a written request from a Member, CSURMA shall determine if the request to add a third party as an Additional Covered Party falls within CSURMA’s underwriting guidelines in the judgment of the Program Administrator, and may confirm that the other party is an Additional Covered Party per the blanket provision included in CSURMA’s Memorandum of Liability Coverage (Liability MOC), and if further required, may issue a specific endorsement to the Liability MOC expressly naming the third party as an Additional Covered Party when required by a written agreement between the Member and the Additional Covered Party.

**PROCEDURE:**

1. Request for Additional Covered Party – Member shall provide to the Program Administrator a copy of the written agreement requiring that the third party be named an Additional Insured (known as an “Additional Covered Party” for CSURMA purposes) with an explanation of the purpose for the agreement, including the agreement period; i.e., dates of commencement and completion of the agreement. The request shall include the complete name, mailing address and contact information of both the Member representative and the third party to the agreement. The request must include, and should highlight, the specific section of the agreement regarding the insurance required, including acceptance of CSURMA’s self-insurance programs as acceptable coverage, as well as the appropriate section regarding any required indemnification.
2. Review of Request for Additional Covered Party – Upon receipt of all required elements described above, the Program Administrator shall:

- a. Review the appropriateness of the request in accordance with the terms of the Liability MOC and within the Program Administrator's advisability of covering the requested exposure.
- b. If deemed appropriate, Program Administrator will provide written confirmation that the request is approved by issuance of a Certificate of Coverage to the other party with a copy to the Member. If further required, a specific Additional Covered Party Endorsement may be issued; otherwise all parties shall rely on the automatic Additional Covered Party provision contained in the Liability MOC or applicable excess liability insurance policies. In either case, such confirmation shall not serve to increase CSURMA's liability nor modify the terms of the Liability MOC or excess liability insurance policies.
- c. If the request is not deemed appropriate, Program Administrator shall advise the Member of the determination with an explanation for the denial of the request. Upon receipt, Member may:
  - i. Seek resolution from the third party regarding its insurance requirements.
  - ii. Request review by the CSURMA Secretary-Auditor. The CSURMA Secretary-Auditor may consult with CSURMA's General Counsel, and shall make a determination on the matter.
  - iii. If the Member disagrees with the determination in the preceding paragraph, Member may appeal as described below:
    1. Campus Member may appeal to the CSURMA Executive Committee at its next regularly scheduled meeting.
    2. AORMA Member may appeal to the AORMA Committee at its next regularly scheduled meeting.
    3. The decision of the Committee shall be final and no further appeal permitted.

**ADOPTED:** May 6, 2016

**EFFECTIVE:** May 6, 2016

**SUBJECT:** Pooled Programs Underwriting Procedures

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

**PURPOSE:**

The California State University Risk Management Authority (CSURMA) may develop and implement **Coverage Programs** which CSURMA deems necessary, advisable and beneficial to its **Members**. CSURMA has established underwriting rules and other qualifying conditions for its **Coverage Programs**. Underwriting information is used for determination of rates and **Member** pool deposits as well as deductible selection and dividends. Underwriting standards and guidelines are outlined in various governing documents, including the JPA Agreement, By-Laws and CSURMA Policies and Procedures.

**POLICY:**

1. Underwriting Function/Mission

Establishing underwriting criteria ensures that all CSURMA Coverage Programs are analyzed for risk exposures, funding requirements, dividend and deductible selection.

Adherence to these underwriting standards and guidelines provides confidence for Members regarding the continued financial viability and security of CSURMA.

2. New Members

The guidelines for admittance of new members to CSURMA are set forth in the Joint Powers Agreement and By-Laws. Membership eligibility requires the entity be an **Auxiliary Organization**. Approval by the **Executive Committee** may be contingent upon the proposed **Member's** ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any **Coverage Program** in which the **Auxiliary Organization** wishes to participate.

3. Underwriting Guidelines / Rate Setting / Funding Requirements

Rates are established based upon multiple factors including, but not limited to, the following:

- ✓ Payroll Exposure
- ✓ Loss Rates
- ✓ Excess Insurance Rates
- ✓ Administrative Expenses

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✓ Contingency Margin

4. Periodic Review

The Underwriting Guidelines are reviewed by the **Board of Directors** at least every three years. This review may be delegated to the **Executive Committee** or other ad hoc committee established for the sole purpose of addressing underwriting issues.

**DEFINITIONS:**

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

**“Board of Directors”** or “Board” shall mean the governing body of the CSURMA.

**“Coverage Programs”** shall consist of Coverages Programs provided directly by CSURMA under a Risk Pooling Program pursuant to a memorandum of Coverage and/or provided by a Purchased Insurance Program. These may include, but are not limited to, Property, Workers’ Compensation and Liability coverage as may be determined by the Board of Directors. “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss. “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.

**“Executive Committee”** shall mean the Executive Committee of the CSURMA Board of Directors.

**“Member”** shall mean the signatory to the CSURMA Joint Powers Authority.

## CSU INTERNATIONAL PROGRAMS FUNDING

**ISSUE:** This item was last reviewed by the Executive Committee on January 10, 2016.

The CSU Office of International Programs at the Chancellor’s Office (CSU IP) joined the CSURMA FTIP program in 2012 to obtain broader coverage for the students and facilitate the IP services. In addition, the new program included liability protection for the University. At the time, coverage was more expensive than the expiring offering and the CSURMA Executive Committee adopted a plan to have the rate charged students increased over time to meet the premium requirements. However, largely due to unexpected claims increases, premium costs escalated faster than the rate increase could catch up. As a result, the rate charged participants has not kept up to the actual cost. The table below summarizes the financial status.

### CSU INTERNATIONAL PROGRAMS CSURMA Foreign Travel Insurance Program (FTIP)

Coverage Period	Premium Expense	IP Contribution	Deficit	# Ptcpt	IP Paid per Ptcpt	Actual Cost per Ptcpt
01/15/12 - 06/30/13	\$132,400	\$95,710	(\$36,690)	563	\$170	\$235
07/01/13 - 06/30/14	\$125,000	\$89,250	(\$35,750)	525	\$170	\$238
07/01/14 - 06/30/15	\$209,250	\$119,050	(\$90,200)	530	\$225	\$395
07/01/15 - 06/30/16	\$277,983	\$137,225	(\$140,758)	500	\$275	\$524
07/01/16 - 06/30/17	\$289,135	\$187,500	(\$101,635)	500	\$375	\$578

**AY 17/18 Renewal Premium**

07/01/17 - 06/30/18*	\$289,135	\$200,000	(\$89,135)	500	\$400	\$578
07/01/17 - 06/30/18 **	\$276,980	\$187,500	(\$89,480)	500	\$375	\$554

\*17/18 Premium is estimated. Actual quote is expected by meeting

\*\*17/18 Premium with a \$100 deductible

*# Ptcpt: Total Number of Participants including Staff (Resident Directors) and Students*

CSU IP has students leaving in January 2017 (approximately 20) and approximately 500 in July. The insurer is quoting the July renewal now so that the cost can be known. IP asked for an alternative quote that includes a \$100 per accident/sickness deductible, which may reduce the

cost. Adding a \$100 deductible offers savings of \$12,155. Staff does not feel the savings warrant taking the deductible option.

**RECOMMENDATION:** It is recommended that the Executive Committee consider the following action with respect to the CSU IP placement in CSURMA FTIP:

- Determine that the existing deficit of \$148,708 will be absorbed by the FTIP program fund reserve in the Liability Program Fund,
- Delegate authority to the CSURMA Secretary-Auditor to bind the renewal program selected by the Director of CSU IP,
- Determine that the projected deficit for the AY 17/18 policy year deficit will be absorbed by the FTIP program fund reserve in the Liability Program Fund; and,
- Agree that the difference of \$89,135 is a cost of the FTIP program for the coverage protections provided to the university beyond the student travel coverage.

**FISCAL IMPACT:** As recommended above, the FTIP program would absorb the \$89,135 for the AY 17/18 CSU IP FTIP policy.

**BACKGROUND:** CSU International Programs (CSU IP) has a comprehensive travel insurance program for all staff and students in CSU IP sponsored Study Abroad programs. Coverages include: Primary General Liability, Contingent Auto Liability, Employer's Responsibility Voluntary Compensation, Employer's Liability, Primary Accident or Sickness, Emergency Medical, Emergency Medical Evacuation, Repatriation of Remains, Emergency Reunion, Accidental Death & Dismemberment, Trip Cancellation, Trip Interruption, and Travel Assistance.

**PUBLICATION:** Approved rates will be published to the participating students.

**ATTACHMENT(S):** None.

## **RISK MANAGEMENT INNOVATION GRANT PROGRAM**

**ISSUE:** The Risk Management Innovation Grant Program makes funds available for Campus members in the Liability and Workers' Compensation programs to supplement Campus costs for innovative safety-related items and/or training that lead to mitigation of risk exposures, and which may also reduce risk for other campuses systemwide. A maximum of \$10,000 per campus in matching grant funds was made available for FY 2016/17. Unencumbered funds of the prior year may be utilized for systemwide endeavors.

Two applications have been submitted for review today:

1. CSULA – Garaventa Power Evacu-Trac motorized stair climber evacuation chair to assist injured or disabled people in basement of University Library. Total cost: \$9,000 for 2 chairs. Grant request: \$4,500.
2. SJSU – Deferred from Nov 2 EC meeting. It was felt the proposed data encryption software should be a Systemwide IT directive rather than a CSURMA issue, thus it may make sense to look at this software for the entire CSU. Zachary Gifford agreed to collaborate with William Perry and Ed Hudson from Systemwide IT.

**RECOMMENDATION:** The Executive Committee is asked to review and approve risk management grant request as it deems appropriate.

**FISCAL IMPACT:** \$240,000 has been budgeted for FY 2016/17, of which \$8,000 has been encumbered.

**BACKGROUND:** The Risk Management Innovation Grant Program was established by the Executive Committee on September 13, 2013. The program makes funds available to Campus members in the Liability and Workers' Compensation coverage programs for specialized training, safety equipment, physical improvements, or other safety related items that may lead to mitigation of risk exposures.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Summary of Applications
- b. Completed Applications Submitted by Campuses
- c. Risk Management Grant Program Description and Procedures

## FY 2016-17 Campus Risk Management Innovation Grant Program

Campus	Date of Application	Provider	Description	Estimated Start Date	Estimated Completion	Estimated Cost	Requested Amount	Approved by EC	Approved Amount
<b>Sep 23, 2016 EC</b>									
Bakersfield	8/31/16	BullsEx	Fire Extinguisher Training			\$ 16,000	\$ 8,000	Approved	\$ 8,000
Long Beach	8/24/16	BPS Tactical, Inc.	UPD External Vest Carrier	10/1/16		\$ 10,000	\$ 5,000	Denied	
EH&S Directors Affinity Group	8/19/16	Future Industrial Technologies	FIT Backsafe: Systemwide Train the Trainers; two 5-day sessions, one each in Northern CA and Southern CA.	10/1/16		\$ 75,000	\$ 75,000	Approved	\$ 75,000
San Luis Obispo	8/31/16	Ergonomist TBD	Risk assessment and program development to reduce repetitive and strenuous work tasks of housekeeping and custodial staff	1/1/17		\$ 30,000	\$ 10,000	Denied	
<b>Nov 2, 2016 EC</b>									
EH&S Directors Affinity Group	10/18/16	Don Will Training	ICS Safety Officer training module: two-persons from each campus in Northern CA and Southern CA.	10/1/16		\$ 30,000	\$ 30,000	Approved	\$ 30,000
San Jose	10/4/16	SHI	Workstation and Laptop Encryption	11/1/16		\$ 20,000	\$ 10,000	Tabled	
<b>Jan 8, 2017 EC</b>									
Los Angeles	10/21/16	Garaventa Lift	Garaventa Power Evacu-Trac motorized stair climber evacuation chair to assist injured or disabled people in basement of University Library.	10/5/16		\$ 9,000	\$ 4,500		
San Jose	10/4/16	SHI	Workstation and Laptop Encryption	11/1/16		\$ 20,000	\$ 10,000		
<b>TOTAL AWARDED \$ 113,000 to date</b>									
<b>Fund Balance \$ 127,000 to date</b>									
<b>Requested this Period 5/6/16 EC</b>									
<b>Remaining Fund Balance if all requests for this period are approved</b>									
						<b># Grants Requested</b>		<b>7 to date</b>	
						<b># Grants Awarded</b>		<b>3 to date</b>	
						<b># Grants Denied</b>		<b>4 to date</b>	
						<b># To be reviewed</b>		<b>today</b>	
						<b># Campuses submitted</b>		<b>5 to date</b>	
<b>* Systemwide grants not counted in totals.</b>									



California State University Risk Management Authority

Campus Risk Pools Grant Application
Safety & Risk Control, Employee Health & Wellness

Please Complete All Fields

Campus/Working Group: Los Angeles Date: 10/21/2016

Contact: Kevin Brady, CSU Los Angeles Phone: 323-343-3527 Email: kbrady@cslanet.calstatela.edu

Grant Requested for (please describe): This FY 16/17 campus grant request is for partial reimbursement for the procurement of two unique and innovative emergency preparedness and safety devices that allow for the safe evacuation of injured or disabled from isolated basement environments. The item is the Garaventa Power Evacu-Trac motorized stair climber evacuation chair, Quantity 2, at a total cost of \$9,000.

Planned Date of Purchase (Please attach cost estimate): 10/05/2016 (PO issued) Amount Requested (Up to \$10,000 per fiscal year - please see guidelines at the bottom): \$4,500.00

This is a (check all that apply):
Service, Software, Equipment, Training, Safety Program Development, Safety Program Management, Safety Consulting, Other (please describe):

Please describe how this will improve or enhance your risk control efforts:
The university has embarked on a program over the last year and a half to equip each building with multiple stories with evacuation chairs. To date over 75 chairs have been or will be implemented. Through our Phase III implementation every building will have access to evacuation chairs to safely evacuate those who are injured or disabled from multi-story buildings. This Phase III implementation has also addressed the need to safely evacuate from our two basement levels at our university Library building. Disabled or injured personnel would need to wait and seek assistance currently from first responders, and it is likely that the availability of this assistance may take significant time to get to those in need. The purchase and implementation of these stair climber evacuation chairs will allow for the more severely injured or impaired individuals to receive evacuation assistance in a more efficient and timely manner. Cal State LA will be unique in that it will be the first and only campus in the CSU system to have addressed this functional need setting itself up as a leader and innovator to assist other CSU campuses on this type of emergency preparedness resource. The request is specifically for 50% of the costs to procure two (2) Garaventa Power Evacu-Trac stair climber chairs.

Signature (VP- Business & Admin, or designee): [Signature]
Date:

Please submit your completed Grant Application to Rob Leong at:
(email) rleong@alliant.com or (fax) 415-874-4810

- 1. CSURMA grants are available to all CSU campuses to supplement member costs for Safety & Risk Control and/or Employee Health & Wellness projects.
2. This is a "matching" grant program. CSURMA pays 50% of member's costs that have been approved by CSURMA. The maximum payable by CSURMA for all approved projects is \$10,000 total per member.
3. If member has more than one project, member may submit an application for each project under consideration. No more than \$10,000 total is payable per member for all projects during the fiscal year.
4. Applications may be submitted for pre-approval by CSURMA prior to member incurring costs for project described above.
5. Applications must be signed by the Campus VP of Business & Finance or designee.

6. Applications must be submitted during the same fiscal year that the project expense is incurred.
7. Applications must include supporting documents such as:
  - a. detailed description of the proposed project
  - b. anticipated timeline for completion of project
  - c. estimated total cost for the proposed project
9. Members working collaboratively via the Risk Managers and/or Environmental Health & Safety working groups (CSUWERCS) may complete a Grant Application for unencumbered funds that would be applicable to systemwide risk mitigation endeavors. Other than item 5, the requirements remain the same.
10. *Equipment, trainings, personal protective equipment, etc. that employers are required by law or regulation to provide are not eligible for reimbursement.* **This program is intended to encourage members to enhance existing risk control efforts. Please feel free to contact the Program Administrator to discuss whether an item or service is eligible for reimbursement prior to submitting a request form.**
11. It is the member's responsibility to obtain confirmation from CSURMA that all reimbursement requests submitted were received by CSURMA.
12. Please contact **Rob Leong** at 415.403.1441 or [rleong@alliant.com](mailto:rleong@alliant.com) if you have any questions.



**What is your accessibility challenge? Let us help.  
Call Garaventa Lift now 1.800.663.6556**

[Garaventa Lift](#) / [Products](#) / [Evacuation Chairs](#) / [Power Evacuation Chair](#) /

## **Power Evacu-Trac**



## **Powered Emergency Evacuation Chair**

The Power Evacu-Trac is a versatile stair-climbing chair that can be used for emergency evacuation from below ground level to the exit level. It can also be used to provide a versatile stairway access solution for the elderly or those unable to climb stairs. A powerful motor and battery allow a small attendant to easily move a heavy passenger up and down stairs with the push of a button. Rubber tracks securely grip the stairs.

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### ***Garaventa Lift***

*Phone: 1.800.663.6556*

*Email: [customerrelations@garaventalift.com](mailto:customerrelations@garaventalift.com)*

## GARAVENTA EVACU-TRAC QUOTATION

**GARAVENTA LIFT**  
**PO BOX 1769**  
**BLAINE, WA 98231-1769**  
**PH: (866) 824-8314 FX: (604) 594-9915**  
**CONTACT: TREVOR DE JARAY**  
[idejaray@garaventallift.com](mailto:idejaray@garaventallift.com)



**CUSTOMER:**  
 Cal State Los Angeles  
 Los Angeles, CA  
**Attn: Randy Styner**

		REFERENCE NO.	TERMS	DATE
		08-16-11	NET 30	08/09/2016
QUANTITY	DESCRIPTION		UNIT PRICE	AMOUNT \$ USD
2	POWER EVACU-TRAC (18550)		4,500.00	9,000.00
1	FREIGHT COST <span style="float: right;">No charge when shipped with other chairs.</span>		-	0.00
	<p><b>GARAVENTA EVACU-TRAC SPECIFICATION:</b></p> <p>MODEL POWER EVACU-TRAC</p> <p>WEIGHT CAPACITY 136KGS/300LBS.</p> <p>ASCENT/DESCENT SPEED 24.5'/min / 42.7'/min</p> <p>WEIGHT OF UNIT 47KGS/103LBS</p> <p>FIRE RETARDANT SEAT INCLUDED</p> <p>OWNERS MANUAL INCLUDED</p> <p>2 YEAR WARRANTY INCLUDED</p> <p><b>EXCLUDES</b></p> <ul style="list-style-type: none"> <li>- TAXES</li> <li>- ON-SITE TRAINING</li> </ul> <p><b>TERMS</b></p> <ul style="list-style-type: none"> <li>- THIS QUOTATION IS VALID FOR 90 DAYS FROM THE ABOVE DATE.</li> <li>- NET 30 TERMS UPON DELIVERY</li> </ul> <p><b>WARRANTY</b></p> <ul style="list-style-type: none"> <li>- THE WARRANTY COVERS MATERIALS AND WORKMANSHIP</li> <li>- GARAVENTA WARRANTS THE PRODUCT AGAINST DEFECT AND MATERIAL FOR A PERIOD OF TWO (2) YEARS FROM THE DATE OF DELIVERY</li> <li>- FAIR WEAR &amp; TEAR, NEGLIGENT USE, UNAUTHORIZED MODIFICATION OR NEGLIGENCE ARE EXCLUDED</li> <li>- THE WARRANTY SPECIALLY EXCLUDES ANY DAMAGE AFTER THE SHIPMENT HAS BEEN ACCEPTED FROM THE CARRIER; OR RESULTING FROM NEGLIGENT USE OR IMPROPER OPERATION, OR MINOR MECHANICAL ADJUSTMENTS.</li> </ul> <p><b>RETURNED INVENTORY POLICY</b></p> <ul style="list-style-type: none"> <li>- GOODS MAY BE RETURNED WITHIN 30 DAYS OF INVOICE DATE IF THEY DO NOT MEET EVACUATION REQUIREMENTS. CUSTOMER IS RESPONSIBLE FOR COST OF FREIGHT TO RETURN GOODS TO GARAVENTA LIFT. A RE-STOCKING FEE OF 10% WILL APPLY. CUSTOMER WILL ALSO BE CHARGED FOR COST OF ANY REQUIRED REPAIRS AND REPLACEMENT OF ANY MISSING ITEMS. CUSTOMER MUST RECEIVE A RETURNED GOODS AUTHORIZATION NUMBER FROM GARAVENTA BEFORE GOODS WILL BE ACCEPTED</li> </ul> <p><b>FREIGHT DAMAGE POLICY</b></p> <ul style="list-style-type: none"> <li>- CUSTOMER IS RESPONSIBLE TO INSPECT GOODS UPON RECEIPT FOR POSSIBLE SHIPPING DAMAGE. DO NOT SIGN FOR DELIVERY WITHOUT PROPER INSPECTION. GARAVENTA LIFT IS NOT RESPONSIBLE FOR REPAIR OR REPLACEMENT OF GOODS THAT HAVE BEEN ACCEPTED BY THE CUSTOMER BUT ARE LATER FOUND TO BE DAMAGED.</li> </ul>			
			USD \$	9,000.00



CALIFORNIA STATE UNIVERSITY, LOS ANGELES  
ADMINISTRATION AND FINANCE

FISCAL YEAR 2016-2017

BUDGET AUGMENT REQUEST

---

Use For Campus Operating Fund ONLY

Date Requested: 8/10/2016

Proposed Use of Funds: Phase III of Evacuation Chair

Amount Requested: \$ 55,505

One-Time

Baseline

Department Charfield: 660830-SF001-500725

Requested by: Kevin T. Brady

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For VPAF and CFO Use ONLY

Approved  Not Approved

Lisa Chavez  
Lisa Chavez, VPAF and CFO

Date: 8/12/16

Funding Source:

660830-SF001-500000

Additional Comments (if any):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

cc:  
Budget Administration/J. Tcheng  
File  
Requesting Department

For Budget Administration Use Only

Reference Number:

Funding Source Charfield:

**Requisition**  
Cal State University, L.A.

**Ship To:** Ship to Address:  
California State University  
Receiving Department  
5151 State University Dr.  
Los Angeles CA 90032

<b>Business Unit:</b>		<b>LACMP</b>	<b>OPEN</b>
Req ID	Date	Page	
0000029964	10/03/2016	1	
Requester	Telephone	Entered By	
Valdez, Obie		Valdez, Obie	

Line-Schd-Dist	Description	Fund	Dept	Category	Quantity	UOM	Price	Extended Amt	Due Date
Distribution	Account			Prgm	Class	Project		Dist Amt	
Supplier: 0000089833 EVAC + CHAIR NORTH AMERICA LLC									
1-1	EVACU-TRAC (23444)			42500	16.0000	EA	1,950.00	31,200.00	
1-1-1	660830	SF001	500725						31,200.00
QUOTATION ATTACHED TO REQ.									
<u>Line Total:</u>								31,200.00	
Supplier: 0000089833 EVAC + CHAIR NORTH AMERICA LLC									
2-1	EVACU-TRAC STORAGE CABINET (09444)			42500	16.0000	EA	310.00	4,960.00	
2-1-1	660830	SF001	500725						4,960.00
<u>Line Total:</u>								4,960.00	
Supplier: 0000089833 EVAC + CHAIR NORTH AMERICA LLC									
3-1	FREIGHT COST			42500	1.0000	EA	650.00	650.00	
3-1-1	660830	SF001	500725						650.00
<u>Line Total:</u>								650.00	
Supplier: 0000089833 EVAC + CHAIR NORTH AMERICA LLC									
4-1	POWER EVACU-TRAC (18550)			42500	2.0000	EA	4,500.00	9,000.00	
4-1-1	660830	SF001	500725						9,000.00
<u>Line Total:</u>								9,000.00	
<u>Total Requisition Amount:</u>								45,810.00	

UNIVERSITY USE ONLY:  
Obie - 3531/RM/EHS OFFICE  
VENDOR: EVAC-CHAIR NORTH AMERICA  
ACCOUNT: 660830-SF001-500725  
REF: EHS-1617-022

# Purchase Order



<b>Purchase Order</b> 2100016419	<b>BU</b> LACMP	<b>Date</b> 10/05/2016	<b>Revision</b>	<b>Page</b> 1
<b>Payment Terms</b> Net 30	<b>Freight Terms</b> FOB-Destination		<b>Ship Via</b> Common	

Cal State University, L.A.  
Los Angeles, CA 90032

**Supplier:** 0000089842  
Tel: 866/824-8314

**GARAVENTA (CANADA) LTD.**  
P.O. BOX 1769  
BLAINE WA 98231

**Ship To:** CSU, Los Angeles  
5151 State University Dr.  
Los Angeles CA 90032

**Bill To:** Cal State University, Los Angeles  
5151 State University Drive  
Administration Bldg #514  
Los Angeles CA 90032-8521  
323/343-3550

Line-Sch	Quantity	UOM	Description	Unit Price	Extended Amt	Due Date
1- 1	16.00	EA	EVACU-TRAC - Item# 23444	1,950.00	31,200.00	10/05/2016
2- 1	16.00	EA	EVACU-TRAC STORAGE CABINET - Item# 09444	310.00	4,960.00	10/05/2016
3- 1	2.00	EA	POWER EVACU-TRAC - Item# 18550	4,500.00	9,000.00	10/05/2016

Pricing per Quotes # 08/06/10 & 08/16/11

Email to: Trevor De Jaray - tdejaray@garaventlift.com

University Department Contact: Obie Valdez, (EHS Office), Phone: (323) 343-3531  
Email: ovaldez@calstatela.edu

UNIVERSITY USE ONLY:  
Obie - 3531/RM/EHS OFFICE  
VENDOR: EVAC-CHAIR NORTH AMERICA  
ACCOUNT: 660830-SF001-500725  
REF: EHS-1617-022

<b>Subtotal</b> 45,160.00	<b>Sales Tax</b> 0.00	<b>Misc. Charge/Discount</b> 0.00	<b>Freight</b> 650.00	<b>Total</b> 45,810.00
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**Internal Use Only** Req #29964-Evac Chair/Cabinet

<p><b>CERTIFICATION AND APPROVAL OF PURCHASE ORDER</b> Issued in accordance with CSU General Provisions for Commodity and Service Acquisitions (CRL020), CSU General Provisions for Service Agreements (CRL050) and CSU General Provisions for Information Technology Acquisitions (CRL 063). Reference CSU Chancellor Office Website: www.calstate.edu/csp/crl/gp/gp.shtml. Delay: If order cannot be filled without delay, notify the University Purchasing Office immediately of the probable delivery date. Changes: No change or modification in terms, quantities or specifications may be made without express authorization in writing from the University Purchasing Office. No other CSU officer or employee may authorize changes.</p>	<p><b>CERTIFICATION AND APPROVAL OF PURCHASE ORDER</b> I hereby certify on my own knowledge that this order for the purchase of the items specified is issued in accordance with the procedure prescribed by law governing such items for the Trustees of the CSU and that all such legal requirements have been met.</p> <p style="text-align: center;"><i>Mary Clouser</i></p> <p><b>By:</b> _____ Waldron, April Buyer Tel: 323 3433498 Fax: 323/343-3499 email: awaldro@calstatela.edu Please contact buyer with questions</p>
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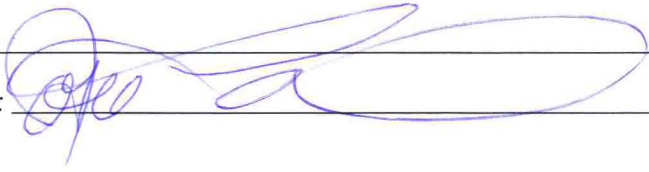
## Campus Risk Pools Grant Application

### Safety & Risk Control, Employee Health & Wellness

Please Complete All Fields

<b>Campus/Working Group: San Jose State University</b>		<b>10/4/2016</b>
<b>Contact:</b> <b>Bradley Olin</b>	<b>Phone:</b> <b>(408) 924 1663</b>	<b>Email:</b> <b>Bradley.olin@sjsu.edu</b>
<p><b>Grant Requested for</b> <i>(please describe)</i>: <b>Workstation and Laptop Encryption.</b> San Jose State University currently owns and supports 2000 laptops which are at times used to store confidential data belonging to our Students, Faculty and Staff. Several times per semester a laptops becomes missing, lost or stolen resulting in University data entering the hands of a criminal. Often, information security breach notifications are issued to the impacted individuals and data is never recovered. The University, and its constituents are at risk of identity theft, costs associated with the Information Security Incident and damage to the University's reputation.</p>		
<b>Planned Date of Purchase</b> <i>(Please attach cost estimate)</i> : <b>11/1/2016</b>		<b>Amount Requested</b> <i>(Up to \$10,000 per fiscal year - please see guidelines at the bottom)</i> : <b>\$10,000</b>
<b>This is a</b> <i>(check all that apply)</i> :		
<input checked="" type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Software</b>	<input type="checkbox"/> <b>Equipment</b>
<input type="checkbox"/> <b>Training</b>	<input type="checkbox"/> <b>Safety Program Development</b>	<input type="checkbox"/> <b>Safety Program Management</b>
<input type="checkbox"/> <b>Safety Consulting</b>	<input type="checkbox"/> <b>Other</b> <i>(please describe)</i> :	
<b>Please describe how this will improve or enhance your risk control efforts:</b>		
<p>Laptops are inherently designed to be small, light, and portable. As such, they are also attractive targets for petty theft, and on average we experience one theft per month. This rate appears to be on the rise. As laptops continue to become smaller, more portable, and more powerful, they remain an attractive target for thieves as well as more increasingly viable option as a replacement for traditional desktop devices.</p> <p>Normally, even without a password, the hard disk drive can be removed from a laptop computer, connected to another device, and the data read. The proposed implementation of Sophos Safeguard will protect confidential information by encrypting (or obfuscating) the data such that in the event that a laptop falls into the wrong hands the information stored on that device will be unreadable without the appropriate password. Under California Senate Bill 1386, data which is lost, but encrypted is not considered a breach. This reduces the University's risk of exposure for data breaches and improves the security for our Students, Faculty and Staff.</p> <p>Certain types of data, if exposed by the university, can lead to up to a \$20,000 per item fine. If the data is related to HIPAA, we are required to report breaches to the local media which represents significant risk of reputational damage to the university. In addition, FERPA breaches, if severe or frequent, can have impacts to the university's accreditation or financial aid eligibility for students.</p> <p>On average, somewhere between 60-75% of the breaches we have experienced on campus could have been prevented with the implementation of data encryption software on laptop computers.</p> <p>While not required by law, credit monitoring services are often procured by universities and corporations in the event of unwanted information disclosure. These services can range in cost from thousands to millions of dollars depending on the size and scope of the breach. As a relative example, CSU East Bay recently experienced a breach and procured credit monitoring services for affected parties. The settlement of that breach exceeded six figures.</p>		

Signature (VP- Business & Admin, or designee): \_\_\_\_\_  
(Member submission only)



Date: 10-19-16

**Please submit your completed Grant Application to Tevea Him at:**  
(email) [thim@alliant.com](mailto:thim@alliant.com) or (fax) **415-874-4810**

1. CSURMA grants are available to all CSU campuses to supplement member costs for Safety & Risk Control and/or Employee Health & Wellness projects.
2. This is a "matching" grant program. CSURMA pays 50% of member's costs that have been approved by CSURMA. The maximum payable by CSURMA for all approved projects is \$10,000 total per member.
3. If member has more than one project, member may submit an application for each project under consideration. No more than \$10,000 total is payable per member for all projects during the fiscal year.
4. Applications may be submitted for pre-approval by CSURMA prior to member incurring costs for project described above.
5. Applications must be signed by the Campus VP of Business & Finance or designee.
6. Applications must be submitted during the same fiscal year that the project expense is incurred.
7. Applications must include supporting documents such as:
  - a. detailed description of the proposed project
  - b. anticipated timeline for completion of project
  - c. estimated total cost for the proposed project
9. Members working collaboratively via the Risk Managers and/or Environmental Health & Safety working groups (CSUWERCS) may complete a Grant Application for unencumbered funds that would be applicable to systemwide risk mitigation endeavors. Other than item 5, the requirements remain the same.
10. *Equipment, trainings, personal protective equipment, etc. that employers are required by law or regulation to provide are not eligible for reimbursement.* **This program is intended to encourage members to enhance existing risk control efforts. Please feel free to contact the Program Administrator to discuss whether an item or service is eligible for reimbursement prior to submitting a request form.**
11. It is the member's responsibility to obtain confirmation from CSURMA that all reimbursement requests submitted were received by CSURMA.
12. Please contact **Rob Leong** at 415.403.1441 or [rluong@alliant.com](mailto:rluong@alliant.com) if you have any questions.



Pricing Proposal  
Quotation #: 11791401  
Created On: 6/24/2016  
Valid Until: 6/30/2016

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## SAN JOSE STATE UNIVERSITY

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## Inside Account Manager

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### Mike Cook

129 SOUTH TENTH ST, CLARK HALL, SUITE 500  
SAN JOSE, CA 95192  
United States  
Phone: 4089241547  
Fax:  
Email: mike.cook@sjsu.edu

### Dallas Kraft

290 Davidson Ave.  
Somerset, NJ 08873  
Phone: 800-535-5210  
Fax: 1-800-814-7567  
Email: Dallas\_Kraft@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 Sophos Premium Support Sophos - Part#: PREM	1	\$3,019.62	\$3,019.62
2 Sophos SafeGuard Disk Encryption Advanced - Subscription license renewal ( 3 years ) - 1 client - EDU, volume - 2000-4999 licenses - Win Sophos - Part#: DEAL3ETAA	2000	\$8.27	\$16,540.00
		Total	\$19,559.62

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### Additional Comments

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CSU (MEA) #4431 / SHI Software LAR. No additional bidding is required on all software publishers purchased through SHI. SHI will always fulfill media electronically when possible. In the event that the manufacturer that ONLY ships physical media, please include this statement which must be on your PO to avoid sales tax: "All products purchased on this order are to be distributed via electronic download only. No tangible media or documentation is to be shipped in association with this order. Access to the products purchased on this order is in no way dependent upon any tangible media that may have been previously received prior to, or separately from this order

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The Products offered under this proposal are subject to the SHI Return Policy posted at [www.shi.com/returnpolicy](http://www.shi.com/returnpolicy), unless there is an existing agreement between SHI and the Customer.

**CSURMA POLICY & PROCEDURE NO. 26**  
**ALLOCATION OF PROPERTY PROGRAM LOSS LIMITS (DRAFT)**

**ISSUE:** 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 throughout the state. 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; i.e., damage 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.

AORMA's Property Program is similar to the Campus Program, but with deductibles of \$100,000 per loss; \$250,000 deductible aggregate; and \$5,000 deductible. AORMA's program includes contents coverage at member's option.

Because the coverage limits are finite, this 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.

**RECOMMENDATION:** The Executive Committee is asked to review and adopt Policy & Procedure No. 26 – Allocation of Property Program Loss Limits, making changes as it deems appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** Policies & Procedures define CSURMA administrative practices and serves its members by ensuring CSURMA's policies and procedures are applied consistently and fairly for the benefit of all members in the management of CSURMA's coverage programs.

**PUBLICATION:** Pending adoption by the Executive Committee, P&P No. 26 will be posted on the CSURMA website.

**ATTACHMENT(S):**

- a. Draft P&P No. 26 – Allocation of Property Program Loss Limits



**CSURMA**

**POLICY AND PROCEDURE NO. 26**

**ADOPTED:** January 8, 2017

**EFFECTIVE:** January 8, 2017

**SUBJECT:** Allocation of Property Program Loss Limits

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

**PURPOSE:**

This policy and procedure addresses the settlement of claims through the CSURMA Property Program in the event that more than one MEMBER (Campus or AUXILIARY ORGANIZATION MEMBER) is involved in an occurrence which triggers the loss limit.

The CSURMA Property Program includes certain maximum amounts that the excess insurer / reinsurer is liable to pay in the event of losses. These are known as "loss limits." These loss limits are shared by all MEMBERS of the CSURMA Property Insurance Program. For example, available limits could be exhausted in the following situations:

- A single MEMBER has a loss in excess of the aggregate
- More than one Member is involved in the same loss event resulting in total payable claims in excess of the aggregate
- A series of unassociated loss events during the policy term involve more than one MEMBER resulting in total payable claims in excess of the aggregate

**POLICY:**

The following Loss Limit Sharing Formula (LLSF) shall govern recoveries by MEMBERS from the property excess insurer / reinsurer in any case when the total payable claims of affected MEMBERS exceed either a per occurrence loss limit or an annual aggregate loss limit specified in the policy such that, in either case, the excess insurance / reinsurance coverage available is insufficient to pay all payable claims of affected MEMBERS.

$$\frac{\text{Member's TIV}}{\text{Total of Affected Member's TIV}} \times \text{Available Limits} = \text{Amount Covered}$$

(TIV refers to total insurable value, meaning property values reported by the MEMBER to CSURMA and included on the CSURMA Property Program property schedule.)

In any event where it appears that LLSF may require proration of MEMBERS', the CSURMA EXECUTIVE COMMITTEE shall be, and is, empowered to instruct the excess insurer / reinsurer concerning the manner in which claims of affected MEMBERS shall be paid so as to achieve the objectives required by this policy and procedure. However, in exercising this power, the CSURMA

## CSURMA

## POLICY AND PROCEDURE NO. 26

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EXECUTIVE COMMITTEE shall give due consideration to the needs of affected MEMBERS for expeditious administration and prompt payment of their claims, and payment of proper claims shall not be unduly delayed because of the application of this policy and procedure. If in any case, a MEMBER should receive payments for its claim or claims which exceed, in the aggregate, the amount to which the MEMBER is entitled under the LLSF, the MEMBER shall promptly refund the excess funds to CSURMA for redistribution in accordance with this policy and procedure.

### DEFINITIONS:

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

“**Executive Committee**” shall mean the Executive Committee of the CSURMA Board of Directors.

“**Member**” shall mean the signatory to the CSURMA Joint Powers Authority.

## **CAMPUS LIABILITY COVERAGE DEDUCTIBLE SELECTIONS**

**ISSUE:** Campuses have the opportunity to select a new liability deductible for the next three coverage periods beginning FY 2017/18. The proposed liability costs have been calculated at present campus deductibles and sent to the Campus Vice Presidents for Business, Finance and Administration with a copy to the Campus Risk Managers on November 17, 2016. The letter included the campus' respective cost for each deductible option, along with an analysis and recommendation by staff. The letter also invited the campuses to call upon staff to meet on campus or via WebEx to further review deductible options and staff's recommendation. Liability deductible selections are due from the campuses by December 23, 2016.

**RECOMMENDATION:** No action is requested. The Executive Committee is asked to hear a report on the status of the liability deductible selections by campus.

**FISCAL IMPACT:** No change for FY 2016/17. The new liability deductibles become effective on July 1, 2017 and the FY 2017/18 budget to be presented in March 2017 will be based on the final liability deductible selections for each campus.

**BACKGROUND:** Campuses have the opportunity every third year to select a new deductible for new claims occurring in the next three fiscal years. The selected deductible for this cycle begins on July 1, 2017 and will apply to new claims occurring in FY 2017/18, FY 2018/19 and FY 2019/20.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Campus Liability Deductible Selections for FY 2017/18, FY 2018/19, FY 2019/20

**CSURMA POOLED LIABILITY PROGRAM**  
**SELECTED DEDUCTIBLES BY PROGRAM YEAR**

Campus	FY 14/15, 15/16, 16/17 Selected Deductible	FY 17/18, 18/19, 19/20 Selected Deductible	Requested Meeting
Bakersfield	35,000	35,000	
Channel Islands	35,000		
Chico	250,000	250,000	
Dominguez Hills	100,000		
East Bay	500,000		
Fresno	250,000	100,000	12/13 - Debbie Adishian-Astone - NEED LTR
Fullerton	250,000		
Humboldt	50,000	250,000	
Long Beach	250,000		
Los Angeles	250,000	250,000	
Maritime Academy	35,000		
Monterey Bay	35,000	35,000	
Northridge	750,000	750,000	12/5 1:30p Colin Donahue, Edith W, Lisa Telles
Pomona	250,000	250,000	
Sacramento	900,000	500,000	
San Bernardino	50,000		12/9 9:30a Doug Freer, Jody Van Leuven
San Diego	900,000		
San Francisco	500,000		
San Jose	750,000	750,000	
San Luis Obispo	250,000		
San Marcos	50,000		
Sonoma	100,000		
Stanislaus	35,000	35,000	12/7 9:30a Doug Dawes, Amy Thomas
Chancellor's Office	100,000		
<b>Decreased</b>	<b>Received</b>	<b>11</b>	
<b>Increased</b>			
<b>No Change</b>			

## **AORMA PROGRAMS UPDATE**

**ISSUE:** The Auxiliary Organizations Risk Management Alliance (AORMA) continues to address the insurance and risk management needs of its members. All Auxiliary Organizations in Good Standing purchase insurance coverage through the AORMA.

The AORMA Chair, will report on the activities of the AORMA Committee.

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

**FISCAL IMPACT:** None.

**BACKGROUND:** The AORMA was first marketed to CSU Auxiliary Organizations in 1998. Since that time, the program has grown from 12 members to 86 members, and represents 100% participation.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

## **AIME PROGRAMS UPDATE**

**ISSUE:** The Athletic Injury Medical Expense (AIME) program continues to address the insurance and risk management needs of its members.

The Executive Committee Liaison for AIME, will report on the activities of the AIME Committee.

**RECOMMENDATION:** This item is for information only; no action is required on this item at today's meeting.

**FISCAL IMPACT:** None.

**BACKGROUND:** AIME is designed to cover medical expenses arising from injuries to student athletes while practicing or competing in inter-collegiate sports programs of the university.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

**FY 2016/2017 LONG RANGE PLANNING GOALS**

**ISSUE:** Each year the Executive Committee conducts a Long Range Action Planning meeting to gauge progress and to re-evaluate where efforts should be focused.

**RECOMMENDATION:** This item is for information only; no action is requested.

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

**BACKGROUND:** The CSURMA Executive Committee adopts the FY 2016/2017 Long Range Planning goals to be accomplished. The Committee will receive a report from Staff on the assigned responsibilities and deadlines of the FY 2016/2017 Long Range Planning goals.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. FY 2016/2017 CSURMA Long Range Action Plan

## FY 2016/17 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
<b>LRP-1 MASTER OUT-OF-STATE ON-LINE EDUCATION SURETY</b>					
<b>Search for a blanket surety bond to cover all campuses and auxiliary organizations who provide on-line instruction outside California.</b>	1	Research scope of on-line programs and jurisdictions. Determine if placement of a blanket bond or alternative systemwide placement approach is feasible.	SRM, OGC, PA	August 2016	Completed
	2	Present information to EC for direction.	SRM, OGC, PA	September 2016	In process
	3	Report on project to EC and BOD.	SRM, OGC, PA	November 2016	In process
	4	Approval of blanket or alternative surety program as appropriate.	EC	March 2017	
	5	Implement program. Communicate to campus stakeholders.	PA	July 2017	
<b>LRP-2 SPECIAL EVENTS RESOURCE GUIDE</b>					
<b>Create a Special Events Resource Guide. Implement risk management training for special events.</b>	1	Identify and engage consultant to create Special Events Risk Management Manual and training modules.	SRM	August 2015	Completed
	2	Consultant presents Special Event Management Project at Fitting the Pieces Together Conference	SRM	November 2016	Completed
	3	Develop subject content for special events risk management manual.	SRM	April 2017	On-going
	4	Oversee design and development of special events risk management manual.	SRM	April 2017	On-going
	5	Consultant develops training module(s) for CSU LMS	SRM	June 2017	
	6	Roll out manual to all campus and auxiliary organization staff.	SRM	June 2017	
	7	Post manual on the CSURMA website.	PA	June 2017	
	8	Roll out special events training on the CSU LMS.	SRM	July 2017	
<b>LRP-3 BENCHMARKING AND TREND ANALYSIS</b>					
<b>Develop a Workers' Compensation statistical database for comparative analysis and industry benchmarking.</b>	1	Research benchmarking resources available.	PA	April 2015	Completed
	2	Develop conceptual proposal for short and long term benchmarking.	SRM, PA	May 2015	Completed
	3	Approval of initial benchmarking project scope and costs.	EC	May 2015	Completed
	4	Implement initial project.	SRM, PA	September 2015	On-going
	5	Initial report to EC, BOD and CABO.	SRM, PA	October 2015	Completed
	6	Report to AORMA membership at AOA Conference.	SRM, PA	February 2016	Completed
	7	Presentation of sustainable long term benchmarking program.	SRM, PA	March 2017	In process
	8	Approval of long term benchmarking project scope and costs.	EC	March 2017	In process

## FY 2016/17 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
<b>LRP-4 INSURANCE POLICY DATABASE</b>					
<b>Implement an insurance database for coverage history and to provide a reference for litigation matters.</b>	1	Research and identify viable software products.	SRM, PA	January 2016	Completed
	2	Review presentation by Ventif.	EC, BOD	September 2016	Completed
	3	Approve selection of software product.	EC	November 2016	Completed
	4	Populate database with Phase 1 data.	PA	March 2017	In process
	5	Present Phase 1 project results and recommendations for Phase 2.	SRM, PA	March 2017	
	6	Approve Phase 2 and ongoing database maintenance plan.	EC	March 2017	
<b>LRP-5 CAPTIVE INSURER</b>					
<b>Complete cost / benefits analysis for a captive insurance company to operate within CSURMA.</b>	1	Identify and engage consultant to evaluate CSURMA's captive utilization options.	EC, SRM, PA	January 2016	Completed
	2	Review the Pinnacle Actuarial Resources initial evaluation of CSURMA's captive utilization options.	EC	May 2016	Completed
	3	Present further evaluation to EC for direction.	EC	September 2016	In process
	4	Report on project to EC and BOD.	BOD	November 2016	In process
	5	Oversee formation of captive.	SRM, PA	July 2017	
<b>LRP-6 LOAN POLICY AND INVESTMENT OPTIONS</b>					
<b>Review member loan policy. Explore and evaluate alternate investment strategies.</b>	1	Research viable investment options within the CSU community to invest in certain capital projects.	CO, SRM, PA	August 2016	Completed
	2	Present investment options to EC for direction.	CO, EC	September 2016	Completed
	3	Report on project to EC and BOD.	CO, BOD	November 2016	Completed
	4	Approval of alternate investment options.	EC	January 2017	
		<i>Note: this item may be impacted by potential development of a captive insurer.</i>			
<b>LRP-7 ON-CAMPUS VISITS WITH VICE PRESIDENTS</b>					
<b>Visit Campus VPs to provide updates on rating plans, cost of risk analysis and benchmarking.</b>	1	Schedule meetings with all Campus VPs.	PA	August 2016	In discussion
	2	RPTG will meet to review risk pool rating plans.	SRM, RPTG, PA	September 2016	Completed
	3	Cost of Risk Analysis received from Actuary.	PA	October 2016	Pending
	4	Completion of Campus VP presentation.	PA	November 2016	Completed
	5	Completion Campus visits.	SRM, PA	March 2017	In process

## FY 2016/17 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
<b>LRP-8 CSURMA COMMUNICATIONS AND OUTREACH PLAN</b>					
<b>Develop and implement communications plan to keep all members apprised of CSURMA resources.</b>	1	Identify strategies for effective communication.	PA	August 2016	Completed
	2	Present communication strategies to CSURMA EC for direction.	EC	September 2016	Completed
	3	Report on project to BOD.	BOD	November 2016	Completed
	4	Implement communication strategies.	PA	December 2016	Completed
	5	Report to EC on long term communication strategies.	EC, PA	March 2017	
<b>LRP-9 MASTER ENABLING AGREEMENT FOR TRANSPORTATION</b>					
<b>Review current transportation management. Develop a master enabling agreement for charter bus companies.</b>	1	Identify available transportation carriers and obtain contract proposals.	SRM, PA	May 2016	Completed
	2	Present options to EC for direction.	SRM, PA, EC	May 2016	Completed
	3	Report on project to BOD.	BOD	May 2016	Completed
	4	Negotiate final contract for EC approval.	EC	July 2017	
	5	Roll out transportation program.	SRM, PA	July 2017	

**BOD:** CSURMA Board of Directors  
**CABO:** CSU Chief Administrators and Business Officers  
**CO:** Chancellor's Office  
**CPDC:** CO Capital Planning Design & Construction

**EC:** CSURMA Executive Committee  
**OGC:** CSU Office of General Counsel  
**PA:** CSURMA Program Administrator  
**SRM:** CSU Systemwide Risk Management

## **CSURMA ADMINISTRATIVE SERVICE CALENDAR**

**ISSUE:** This item is provided as information to advise the Executive Committee of the various recurring administrative activities and when they take place over the course of the year. It includes items noting when they appear before the Executive Committee and Board of Directors. It is to be provided for information with each agenda packet.

**RECOMMENDATION:** It is recommended that the Executive Committee review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.

**FISCAL IMPACT:** No direct fiscal impact is expected.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. CSURMA Administrative Service Calendar

## CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
<b>JANUARY 2016</b>				
01/02/16	FORM 700 - JPA ADMIN finalizes current year member listing	Alliant Staff	Tevea Him	Completed
01/06/16	Statement of Facts – Roster of Public Agencies - file with Secretary of State	Alliant Staff	Tevea Him	Completed
01/07/16	Announce the new AORMA Committee Vice Chair as well as open seats on the AORMA Committee	Nominations Committee	Mimi Long	Completed
<i>01/10/16</i>	<i>CSURMA AOA CONFERENCE</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>01/10/16</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>01/11/16</i>	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	<i>Completed</i>
01/15/16	FORM 700 - JPA ADMIN sends Form 700 to CSURMA FILERS, including EC, BOD, AORMA, Standing Committees, and designated consultants, including identified Alliant personnel	Alliant Staff	Tevea Him	Completed
01/31/16	Final premium / rate letter to all AORMA members	Alliant Staff	Mimi Long	Completed
01/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
<b>FEBRUARY 2016</b>				
02/01/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
02/01/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 12/31	Alliant Staff	Tevea Him	Completed
02/01/16	UIP - Send EDD Claims Information to Individual Members	Alliant Staff	Tevea Him	Completed
02/01/16	Campus Liability Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/01/16	Campus Workers' Compensation Risk Pool claims audit (every odd year)	Alliant Staff	Jacki Graf	---
02/01/16	AORMA Workers' Compensation program claims administration audit (every even year)	Alliant Staff	Jacki Graf	Completed
02/01/16	AIME Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/01/16	AORMA Liability Program claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/15/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
<i>02/25/16</i>	<i>AORMA Program Committee Meeting (Teleconference)</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<b>MARCH 2016</b>				
03/01/16	Annual Review of (1) Data Security Policies and (2) the Integrated CSU Administration Manual	Alliant Staff	Mimi Long	Completed
03/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
03/01/16	Approval by EC Resolution allowing Treasurer to invest or reinvest funds (annual approval required - see Res 01-15 BOD)	BOD and Alliant Staff	Tevea Him	Completed
03/01/16	Approval of Conflict of Interest Code by BOD every even-number year - File with FPPC as required.	BOD and Alliant Staff	Tevea Him	Completed
03/01/16	Chancellor's Office Services Budget Proposals	Alliant Staff	Mimi Long	Completed
03/01/16	CSURMA Budget	Alliant Staff	Robert Leong	Completed
03/01/16	CSURMA Master Investment Policy and Investment Policy for the Fixed Income Portfolio	Alliant Staff	Mimi Long	Completed
03/01/16	CSURMA Mid-Term Budget Amendments	Alliant Staff	Robert Leong	Completed
03/01/16	FORM 700 - Follow up No. 3 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
03/01/16	Review the Auxiliary Service Provider Report	Alliant Staff	Mimi Long	Completed
03/01/16	Appointment of the Campus Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
03/01/16	Appointment of the Student Insurance Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
<i>03/10/16</i>	<i>AORMA Committee Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>03/10/16</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>

## CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
<b>03/11/16</b>	<b>CSURMA EC LRP Meeting</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	<b>Completed</b>
03/15/16	FORM 700 - Follow up - JPA ADMIN follows up with FILER, prepares status report for CSURMA EC review at Long Range Planning meeting	Alliant Staff	Tevea Him	Completed
03/15/16	Quarterly Risk Management Report	Alliant Staff	Mimi Long	Completed
03/19/16	CSURMA Policies and Procedures (odd in odd years / even in even years)	Alliant Staff	Robert Leong	Completed
03/20/16	Forward slate of nominees to fill the open seats on the AORMA Committee	Alliant Staff	Mimi Long	Completed
03/31/16	Approval by BOD Resolution allowing Treasurer to invest or reinvest funds (annual approval required - see Res 01-15 BOD)	BOD and Alliant Staff	Tevea Him	Completed
03/31/16	Completion of the Form 700 – Statement of Economic Interest	BOD and Alliant Staff	Tevea Him	Completed
03/31/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
<b>APRIL 2016</b>				
04/01/16	Campus Risk Pool Administrator verifies Campus Primary and Alternate representative remain in place by contacting campus representatives ( i.e. ensure no leave of absence, retirement, change in duties, etc.)	Alliant Staff	Tevea Him	Completed
04/01/16	FORM 700 - JPA ADMIN sends all forms received to FPPC for processing	Alliant Staff	Tevea Him	Completed
04/01/16	Send out ballot for AORMA Committee term beginning on July 1, 2016	Alliant Staff	Tevea Him	Completed
04/30/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
<b>MAY 2016</b>				
<b>05/02/16</b>	<b>AIME Committee Meeting</b>	<b>Alliant Staff</b>	<b>Stacey Weeks</b>	<b>Completed</b>
05/06/16	Receive back all AORMA Committee ballots for the term beginning on July 1, 2016	Alliant Staff	Tevea Him	Completed
<b>05/05/16</b>	<b>AORMA Committee Meeting</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	<b>Completed</b>
<b>05/05/16</b>	<b>CSURMA BOD NMO Meeting via Teleconference</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	<b>Completed</b>
<b>05/06/16</b>	<b>CSURMA EC Meeting</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	<b>Completed</b>
<b>05/06/16</b>	<b>CSURMA BOD Meeting</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	<b>Completed</b>
05/11/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
05/15/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly appointed AORMA Standing Committee Chairs for the term beginning on July 1, 2016	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2016	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly elected Executive Committee members for the term beginning on July 1, 2016	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 3/31/16	Alliant Staff	Tevea Him	Completed
05/30/16	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2016	Alliant Staff	Tevea Him	Completed
05/30/16	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2016	Alliant Staff	Mimi Long	Completed

**JUNE 2016**

## CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
06/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
06/01/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
<b>06/23/16</b>	<b>AORMA Program Committee Meeting (Teleconference)</b>	Alliant Staff	Mimi Long	<b>Completed</b>
06/30/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
06/30/16	<i>Expiring Contract: Carl Warren &amp; Company - July 1, 2011 to June 30, 2016</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: CO Enterprise Accounting / Financial Services - July 1, 2015 to June 30, 2016</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: UC Office of Risk Services Performing Arts Center of Excellence - November 1, 2013 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: A-G Administrator (AIME) - July 1, 2009 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Alliant Loss Control Services - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: CO OGC / Legal - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: CO Risk Management - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Praesidium - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Target Safety dba Target Solutions - July 1, 2012 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Employers Group - July 1, 2014 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Employers Risk - July 1, 2013 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: HSR - July 1, 2015 to June 30, 2019</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Agility - July 1, 2015 to June 30, 2016</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Sedgwick - July 1, 2013 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/16	Government Compensation Report (request from CSU Accounting and post on CSURMA website)	Accounting	Tevea Him	No Action
06/30/16	Request COI from all vendor's contract	Alliant Staff	Hsan Htein	In Process
<b>JULY 2016</b>				
07/01/16	<i>Expiring Contract: Witt O'Brien's, LLC (formally Witt Group Holdings, LLC) - July 1, 2014 to July 1, 2016</i>	Alliant Staff	Mimi Long	Completed
07/01/16	Financial audit prep with KPMG	Alliant Staff / RM	Van Rin	Completed
07/01/16	Send to CSU Accounting the approved dividends and allocation of program costs for invoicing	Alliant Staff	Van Rin	Completed
07/04/16	Send out AORMA binder, insurance summary and invoice to all members	Alliant Staff	Van Rin	Completed
07/05/16	Request a review of the claims activity within the UIP – claims activity variations of more than 10% above or below pricing levels used will resulting in a pricing adjustment	Alliant Staff	Mimi Long	Completed
07/05/16	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	Alliant Staff	Mimi Long	Completed
07/07/16	Request Liability (EPL check register) for minimum EPL deductible calculation for upcoming fiscal year	Alliant Staff	Tevea Him	Completed
07/14/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/15/16	Final FY Payroll - request from Chancellor's Office	Alliant Staff	Robert Leong	Completed
07/15/16	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	CSU Accounting	Van Rin	Completed
<b>7/19-20/2016</b>	<b>AORMA Officers Retreat – San Francisco, CA</b>	<b>AORMA Officers</b>	<b>Mimi Long</b>	<b>Completed</b>
07/21/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed

## CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
07/21/16	Upon receipt of loss data begin semi-annual loss charts for RM meeting in October and to be sent to members	Alliant Staff	Robert Leong	Completed
07/28/16	FORM 700 - FORMS DUE TO FPPC ON THIS DATE [ASSUMING/LEAVING]	Alliant Staff	Tevea Him	Completed
07/31/16	Actuarial Study - receive draft and forward to RM	Alliant Staff	Robert Leong	Completed
07/31/16	Campus Workers' Compensation Program Safety National Aggregate Stop Loss Report - Present to EC in Sept	Alliant Staff	Robert Leong	Completed
07/31/16	Distribute the Liability and Workers' Compensation dividend checks	Alliant Staff	Van Rin	Completed
07/31/16	Request final audited payroll from all Workers' Compensation program members for expired year	Alliant Staff	Hsan Htein	Completed
07/31/16	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate (every three years)	Liability TPA	Mimi Long	Completed
07/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
07/31/16	Appointment of the Campus Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
07/31/16	Appointment of the Student Insurance Programs RPTG - Spring 2017 (FY 2018/2019)	Alliant Staff	Robert Leong	No Action
<b>AUGUST</b>				
08/01/16	FORM 700 - JPA ADMIN sends entering and leaving office notices to AORMA FILERS who will be taking office on AORMA and Standing Committees	Alliant Staff	Tevea Him	Completed
08/01/16	Send out letter regarding Campus Appointment of CSURMA Board of Directors Members and Alternate	Alliant Staff	Tevea Him	Completed
08/01/16	Send out letter to regarding Claims Settlement Authority Annual Confirmation	Alliant Staff	Tevea Him	Completed
08/01/16	Send out letter to regarding Foreign Travel Authority Confirmation	Alliant Staff	Tevea Him/ Stacey Weeks	Completed
08/01/16	Completion of draft actuarial studies for Workers' Compensation and Liability programs	Actuary	Mimi Long	Completed
08/01/16	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi Long	Completed
08/11/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
08/15/16	AOA EC Meeting - San Diego	Alliant Staff	Mimi Long	Completed
08/31/16	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll	Alliant Staff	Mimi Long	Completed
08/31/16	Calculate each member's minimum EPL deductible for the upcoming program term	Alliant Staff	Mimi Long	Completed
08/31/16	Complete Target Surplus Funding Report	Alliant Staff	Mimi Long	Completed
08/31/16	Completion of Financial Audit	CSU Accounting	Mimi Long	Completed
08/31/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 6/30	Alliant Staff	Tevea Him	Completed
Begin Task	Completion of the Public Self-Insurer's Annual Report for CSURMA (must be filed with the state by Oct 1st.)	Alliant Staff	Mimi Long	Completed
Begin Task	AORMA Workers' Compensation Desk Audit	Alliant Staff	Mimi Long	Completed
<b>SEPTEMBER</b>				
09/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	
09/01/16	Stewardship Report	Alliant Staff	Mimi Long	Completed
09/07/16	<i>AORMA Long Range Plan meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
09/07/16	<i>AORMA New Committee Member Orientation meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>

## CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
09/08/16	<i>AORMA Committee Meeting</i>	Alliant Staff	Mimi Long	Completed
09/13/16	<i>CAJPA Fall Conference and Training Seminar -South Lake Tahoe</i>	Alliant Staff	Mimi Long	Completed
09/14/16	CAJPA Standards review (2014 and every 3 years thereafter)	Alliant Staff	Mimi Long	No Action
09/15/16	Prepare invoices or checks for the Workers' Compensation payroll audit	CSU Accounting	Van Rin	In Process
09/15/16	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	In Process
09/23/16	<i>CSURMA EC Meeting</i>	Alliant Staff	Mimi Long	Completed
09/23/16	<i>CSURMA EC Orientation Meeting</i>	Alliant Staff	Mimi Long	Completed
09/29/16	<i>AORMA Program Committee Meeting (Teleconference)</i>	Alliant Staff	Mimi Long	Completed
09/30/16	CSURMA Quarterly EPL Deductible Recoverys ending September 30 (Begin Task)	Alliant Staff	Van Rin	
09/30/16	Completion of the AORMA Committee (September Letter) updating all AORMA members on the funding and dividends approved for the upcoming fiscal year	Alliant Staff/AORMA Chair	Mimi Long	Completed
<b>OCTOBER</b>				
10/01/16	Request completion of the Liability application	Alliant Staff	Mimi Long	Completed
10/01/16	Request estimated Workers' Compensation payroll	Alliant Staff	Mimi Long	Completed
10/15/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
10/15/16	Poll eligible AORMA Committee members to determine which members are willing to be nominated for the Vice Chair position	Nominations Committee	Mimi Long	Completed
10/17/16	<i>AIME Committee Meeting</i>	Alliant Staff	Stacey Weeks	Completed
10/20/16	<i>AORMA Committee Meeting</i>	Alliant Staff	Mimi Long	CANCELED
10/31/16	Create Government Compensation Report page on CSURMA website for public viewing	Alliant Staff	Tevea Him	
10/31/16	<i>Expiring Contract: Praesidium - October 31, 2015 to October 1, 2016</i>	Alliant Staff	Mimi Long	Completed
10/31/16	Government Compensation Report (request from CSU Accounting)	Accounting	Tevea Him	
10/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	
10/TBD/2016	<i>CSURMA BOD NMO Meeting via Teleconference</i>	Alliant Staff	Mimi Long	Completed
<b>NOVEMBER</b>				
11/01/16	FORM 700 - Campus Risk Pool Administrator sends request to campus president to confirm appointments of primary and alternate representative to BOD (Note: AORMA Representatives are maintained through their election process)	Alliant Staff	Tevea Him	Completed
11/02/16	<i>CSURMA BOD Meeting</i>	Alliant Staff	Mimi Long	Completed
11/02/16	<i>CSURMA EC Meeting</i>	Alliant Staff	Mimi Long	Completed
11/28/16	Campus Risk Pool Deductible - Confirm (every 3 years - 2014, 2017, 2020)	Alliant Staff	Robert Leong	In Process
11/28/16	Send campus risk pool renewal budget (Budget)	Alliant Staff	Robert Leong	Completed
11/28/16	Send campus risk pool renewal budget (Early Bird Renewal Letter)	Alliant Staff	Robert Leong	Completed
11/30/16	Review volunteer losses within the Workers' Compensation program	Alliant Staff	Mimi Long	Completed
11/30/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30	Alliant Staff	Tevea Him	Completed
11/30/16	Research the single bond approach & report back at the September meeting	Alliant Staff	Rob Leong	In Process
<b>DECEMBER</b>				

## CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
12/01/16	2016 Vendor Survey - Review List of Vendors and Work on Recipients	Risk Management	Rebecca Skidmore	
<b>12/01/16</b>	<b>AORMA Committee Meeting</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	<b>Completed</b>
12/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	
<b>12/02/16</b>	<b>CSURMA EC Meeting</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	<b>CANCELED</b>
<b>12/08/16</b>	<b>AORMA Program Committee Meeting</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	<b>Completed</b>
12/15/16	FORM 700 - Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	Alliant Staff	Tevea Him	
12/15/16	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	
12/30/16	Financial Audit - mail to Secretary of State and County Auditor	Alliant Staff/Accounting	Tevea Him	
12/31/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	
<b>12/31/19</b>	<b>Expiring Contract: Alliant Insurance Services (Brokerage Agreement) - December 31, 2019</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	
<b>12/31/19</b>	<b>Expiring Contract: Alliant Insurance Services (Brokerage Agreement OCIP) - December 31, 2019</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	
<b>12/31/19</b>	<b>Expiring Contract: Alliant Insurance Services (Program Admin Agreement) - December 31, 2019</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	
<b>12/31/16</b>	<b>Expiring Contract: Enterprises Rent A Car - January 1, 2015 - December 31, 2015</b>	<b>Alliant Staff</b>	<b>Mimi Long</b>	

## **2017 CSURMA MEETING CALENDAR**

**ISSUE:** The Program Administrator includes a current copy of the CSURMA meeting calendar in every agenda.

**RECOMMENDATION:** No action is requested on this item.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. 2017 CSURMA Meeting Calendar



California State University Risk Management Authority

## 2017 CSURMA MEETING CALENDAR

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
8	3:00 PM	EC (AOA Conference)	San Diego	23	1:00 PM	PC	TBD	9	10:00 AM	AORMA	San Diego
8 - 11		AOA Annual Conference	San Diego					9	2:00 PM	EC	San Diego
TBD		AIME	TBD					10	8:30 AM	EC LRP	San Diego
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
				3	2:00 PM	BOD Orientation	Teleconference	TBD		AOA EC	TBD
				4	10:00 AM	AORMA	Long Beach	22	1:00 PM	PC	Teleconference
				5	8:30 AM	EC	Long Beach				
				5	10:30 AM	BOD	Long Beach				
				TBD		AIME	TBD				
JULY				AUGUST				SEPTEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
TBD	11:00 AM	AORMA Officers Retreat	TBD	TBD		AOA EC	TBD	6	9:00 AM	AORMA New Member	TBD
								6	10:00 AM	AORMA LRP	TBD
								7	9:00 AM	AORMA	TBD
								7	4:00 PM	EC Orientation	TBD
								8	8:30 AM	EC	TBD
								28	1:00 PM	PC	Teleconference
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
18	2:00 PM	BOD Orientation	Teleconference	TBD		AOA EC	TBD	7	10:00 AM	AORMA	TBD
19	10:00 AM	AORMA	Long Beach	30	8:00 AM	PC	San Francisco	8	8:30 AM	EC	TBD
20	8:30 AM	EC	Long Beach					7	8:00 AM	PC	San Francisco
20	10:30 AM	BOD	Long Beach								
TBD		AIME	TBD								

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

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

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

## **CSURMA EXECUTIVE COMMITTEE AND STAFF CONTACT LIST**

**ISSUE:** Attached is a list of CSURMA Executive Committee members and the Program Administrators.

**RECOMMENDATION:** It is recommended that members review the list at each meeting for accuracy, making revisions as appropriate. If there are any changes, please contact Tevea Him at [thim@alliant.com](mailto:thim@alliant.com).

**FISCAL IMPACT:** None.

**BACKGROUND:** An accurate and current contact list facilitates better communication among Committee Members and Staff.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. CSURMA Executive Committee and Staff Contact List

**CSURMA EXECUTIVE COMMITTEE MEMBERS**  
**Effective at July 1, 2016**

Seat	Member	Position	Campus	Organization	E-Mail	Telephone Number
Chair	Ming Tung (Mike) Lee	Vice President, Administration and Chief Financial Officer	Sacramento	California State University Sacramento	mikelee@csus.edu	916-278-6312
Vice Chair	Lisa Chavez	Vice-President, Administration and Chief Financial Officer	Los Angeles	California State University Los Angeles	lisa.chavez@calstatela.edu	323-343-3500
CSU Seat #1	Thom Davis	Vice President for Business and Administrative Services	Bakersfield	California State University, Bakersfield	tdavis31@csusb.edu	661-654-2287
CSU Seat #2	Jody Van Leuven	Executive Director	San Bernardino	California State University San Bernardino	jody.vanleuven@csusb.edu	909-537-3939
CSU Seat #3	Scott Apel	Associate Vice President	Long Beach	California State University Long Beach	scott.apel@csulb.edu	562-985-8716
CSU Seat #4	Kevin Saunders	VP Administration & Finance	Monterey Bay	California State University Monterey Bay	kesaunders@csumb.edu	831-582-3397
AORMA Seat #5 - Chair	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101
AORMA Seat #6 - V Chair	Guy Dalpe	Managing Director	San Francisco	Associated Students, Inc., San Francisco State University	gdalpe@sfsu.edu	415-338-1044
Treasurer	Robert Eaton	Assistant Vice Chancellor, Financing, Treasury, and Risk Management	Chancellor's Office	California State University, Office of the Chancellor	reaton@calstate.edu	562-951-4572
Secretary Auditor	Zachary Gifford	Director of Systemwide Risk Management and Public Safety	Chancellor's Office	California State University, Office of the Chancellor	zgifford@calstate.edu	562-951-4580

## CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
<b>JPA Program Administrator – Alliant Insurance Services, Inc.</b>				
<b>Certificate of Insurance Requests</b>	<b>Van Rin</b>	vrin@alliant.com	415-403-1408	415-874-4810
<b>General CSURMA Coverage Questions</b>	<b>Robert Leong Van Rin Amy Lightner Daniel Howell</b>	rleong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
<b>General AORMA Coverage Questions</b>	<b>Mimi Long Van Rin Amy Lightner Daniel Howell</b>	mlong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
<b>Inland Marine</b>	<b>Van Rin Mimi Long</b>	vrin@alliant.com mlong@alliant.com	415-403-1408 415-403-1423	415-874-4810 415-874-4810
<b>Participant Accident Insurance (PAI)</b>	<b>Van Rin Tevea Him</b>	vrin@alliant.com thim@alliant.com	415-403-1408 415-403-1416	415-874-4810 415-874-4810
<b>Special Events Insurance</b>	<b>Van Rin</b>	vrin@alliant.com	415-403-1408	415-874-4810
<b>Foreign Travel Program</b>	<b>Stacey Weeks Van Rin</b>	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
<b>General Risk Management Questions</b>	<b>Mimi Long Van Rin Amy Lightner Daniel Howell</b>	mlong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
<b>Workers' Compensation Claims Consultant</b>	<b>Jacki Graf</b>	jgraf@alliant.com	415-403-1438	415-874-4810
<b>Alliant Claims Consulting</b>	<b>Robert Frey Diana Walizada Elaine Kim</b>	rfrey@alliant.com dwalizada@alliant.com ekim@alliant.com	415-403-1445 415-403-1453 415-403-1458	415-403-1466 415-403-1466 415-403-1466
<b>Form 700</b>	<b>Tevea Him</b>	thim@alliant.com	415-403-1416	415-402-0773
<b>Website and Technology Questions</b>	<b>Yung Lam Tevea Him Myron Leavell</b>	ylam@alliant.com thim@alliant.com mleavell@alliant.com	415-403-1461 415-403-1416 415-403-1404	415-874-4810 415-874-4810 415-874-4810

<b>CONTACT LIST</b>				
<b>Coverage</b>	<b>Contact</b>	<b>E-Mail Address</b>	<b>Office</b>	<b>Fax</b>
<b>CSU Chancellor's Office</b>				
<b>CSU Chancellor's Office</b>	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Rebecca Skidmore	rskidmore@calstate.edu	562-951-4574	562-951-4859
	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Alice Kim	akim@calstate.edu	562-951-4627	562-951-4865
	Kelly Cox	kcox@calstate.edu	562-951-4611	562-951-4865
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