



**CSURMA EXECUTIVE COMMITTEE MEETING AGENDA**  
**LONG RANGE ACTION PLANNING**  
 “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 10, 2017  
 Time: 8:00 AM

Primary Location: Alliant Insurance Services, Inc.  
 Torrey Pines Conference Room  
 701 B Street, 6<sup>th</sup> Floor  
 San Diego, CA 92101

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

**8:00 AM BREAKFAST**

**8:30 AM CALL TO ORDER**

1. **Review of CSURMA FY 2016/2017 Long Range Action Plan** **I** pg. 3  
*The Committee will be asked to review the FY 2016/17 Long Range Action Plan*
2. **CSAC-EIA Member Services and Resources Presentation** **I** pg. 7  
**\*\* (TIME CERTAIN – 8:45 AM) \*\***  
*The Committee will hear a presentation by CSAC EIA and review their annual report for CSURMA*
3. **Campus Risk Pools Funding Status** **A** pg. 18  
*The Committee will be asked to review the Campus estimated pool layer funding exhibits and take action as deems appropriate*
4. **Witt O’Brien Consulting Services \*\* (TIME CERTAIN – 10:30 AM) \*\*** **A** pg. 28  
*The Committee will be asked to review Witt O’Brien’s proposed agreement and approve the additional scope of work.*
5. **Aggregate Financial Discussion** **A** pg. 37  
*The Committee will be asked to discuss the captive insurance vehicle, member loan policy and allocation of investable assets as well as earthquake coverage/exposures as an aggregate item exploring in detail the interaction of each*

**12:00 PM LUNCH**

6. **Risk Management Innovation Grants** **A** pg. 39  
*The Committee will be asked to determine whether to continue the grant program and recommend funding as it deems appropriate*

- 7. Benchmarking and Trend Analysis** A pg. 48  
*The Committee will discuss the long-term benchmarking program and will hear an update on the Ventiv Phase I project*
  
- 8. Discussion of CAJPA Comparative Review in FY 2015/2016** A pg. 49  
*The Committee will be asked to provide direction with regard to the completion of an Operational Review of CSURMA*
  
- 9. CSURMA Workers' Compensation Renewal Options** A pg. 74  
*The Committee will be asked to review two workers' compensation renewal options through CSAC EIA and to provide approval or direction Staff.*
  
- 10. Development of New Programs, Services and Projects** A pg. 76  
*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 pg. 77  
*The Committee will discuss the items to be included on CSURMA's long range action plan for FY 17/18*

**2:00 PM ADJOURNMENT**

*The next CSURMA Executive Committee meeting is scheduled for Friday, May 6, 2017, in Long Beach. 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*

**REVIEW OF CSURMA FY 2016/2017 LONG RANGE ACTION PLAN**

**ISSUE:** The Executive Committee will be asked to review the items on the FY 2016/17 Long Range Action Plan to gauge progress, re-evaluate where efforts should be focused, and to establish new goals for the next one to three years.

**RECOMMENDATION:** It is recommended that the Executive Committee review and discuss assigned responsibilities and deadlines of the Long Range Planning Goals, taking action as appropriate.

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

**BACKGROUND:** At its March 11, 2016 meeting, the Executive Committee adopted the CSURMA Long Range Planning Goals. The Committee will receive a report from Staff on the assigned responsibilities and timelines of the Long Range Planning Goals.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. CSURMA's FY 2016/17 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

**CSAC-EIA MEMBER SERVICES AND RESOURCES PRESENTATION**

**ISSUE:** The CSAC EIA Director of Members Services, Rick Brush, will present on EIA's services and capabilities.

**RECOMMENDATION:** This item is for information only; however, the Committee may provide Staff with direction as appropriate.

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

**BACKGROUND:** Rick Brush, the CSAC EIA Director of Members Services, will be at the meeting and will provide additional information.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. CSAC EIA CSURMA Annual Report



# *Hello* **Value**



CSAC  
EXCESS  
INSURANCE  
AUTHORITY

**2016/17**  
**California State**  
**University Risk**  
**Management Aut...**  
**Annual Report**

Greetings,

This year marks the EIA's 37<sup>th</sup> year providing exceptional risk coverage programs and risk management services to California's counties and public entities. This report is intended to quantify the value of participation and highlight the benefits realized as a direct result of your membership in the EIA.

### Benefits of Membership

- Flexible & Responsive to Your Needs
- Shield You from Insurance Market Swings
- Minimize Risk & Uncertainty
- Legislative Advocacy

### Savings

- We're proud of the \$438 million saved by our membership in the last 5 years!
- Monies Saved Through Volume Discounts
- Savings from Claims, Loss Prevention, and Risk Management Services

### Success Attributable to Stability and Longevity

- 80% of county members have been participants for more than 30 years
- Additional membership volume has reduced costs and increased stability for all
- Creation of the EIO (Excess Insurance Organization), a single parent Captive Insurance Company

### Organization Strength

- The EIA is truly member driven
- Stability is achieved through long-term member involvement
- Most California public entities obtain coverage through the EIA
- One of the largest insurance pools in the U.S.

We encourage you to share this information with your governing bodies or others interested in your participation in the EIA.

Regards,

EIA

By choosing EIA, you saved...

**\$4,445,163**

2016/17

## Your Coverages

2016/17

Excess Workers' Compensation  
Member Since 2015

**\$4,445,163**

As an EIA member, you're eligible to take advantage of any of our Member Services!

(non-program specific)

Are you looking for training resources for your employees? Do you need to administer DOT testing or EPN management, learn how we can help!

### You may benefit from these additional coverages

#### Property

Benefit from the economies of scale with one of the largest group purchased property placements in the world, the EIA Property Program provides the protection you need from physical damage to property. The coverages range from "All Risk" perils to Boiler & Machinery, and from Flood (included automatically) to Earthquake and Auto Physical Damage for vehicles (which are both optional).

#### General Liability 1

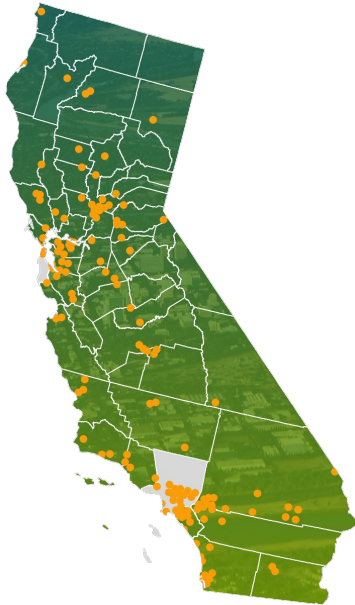
Our General Liability 1 Program provides excess insurance with low net cost and a broad manuscript form, and is tailored to meet your own self-insured retention, which you can set from \$100k to \$1M. Members also benefit from a host of loss prevention, claims and risk management services.

#### MROCIP

With higher limits and better coverage terms as well as a program designed to limit your administrative burden, you can attain significant enhancements over a traditional insurance approach.

# About EIA

Who we are and what we do.



37

Years

We've been partnering with you and hundreds of other entities in California for 36 years.

55

of California's Counties

323

Total Members

1.9K

Organizations within Membership

We deliver an array of coverage programs to meet your needs

10

Major Coverage Programs

20

Miscellaneous/Ancillary Group- Purchase Offerings

We are one of the largest Pools in the Nation, our major programs represent...



Premium

716 Million



Payroll

51.3 Billion



Avg Daily Attendance

481,980



Total Insured Values

61.6 Billion



Employee Lives

170,107

## Awards and Certifications



Financial Reporting & Budgeting Awards, CAFR 2004-2014, PAFR 1994-2015, Budget 2011-2017



Compliance with AGRiP Advisory Standards 2013-2016



Accredited with Excellence 1989-2019

# Can our Member Services help you?

Our Member Services are constantly evolving to respond to and meet your needs. Some of our more popular offerings are highlighted here, but there's more. Visit our website for full details. Don't see what you need? Give us a call and we'll see what we can do! We're here to find solutions!



## Risk Management

- Actuarial Analyses
- Subsidies for Loss Prevention & Risk Management needs
- Real & Personal Property Appraisals
- Certificate of Insurance Management
- Pre-Employment Background Checks
- Legal Advice



## Loss Prevention

- Online Services
- Risk Management Platform
- Employer Pull Notice Program
- Drug & Alcohol Monitoring Consortium
- Personal Consultation
- Risk Control Toolbox Training
- EIA TV
- Soft Tissue Injury Prevention



## Claims

- 24/7 Nurse Triage Services
- Return to Work Program
- Claims Audits
- Claim System Utilization
- ISO Claims Search
- Medicare Reporting Services
- Medical Provider Network
- Express Scripts Pharmacy Benefit Management

# You Make a Difference

## Thank you for being involved.

The success of the EIA is dependent on participation by our members. We thank them for their continued support of the EIA's mission. Your entity's participation on the Board of Directors and/or various committees is illustrated below.

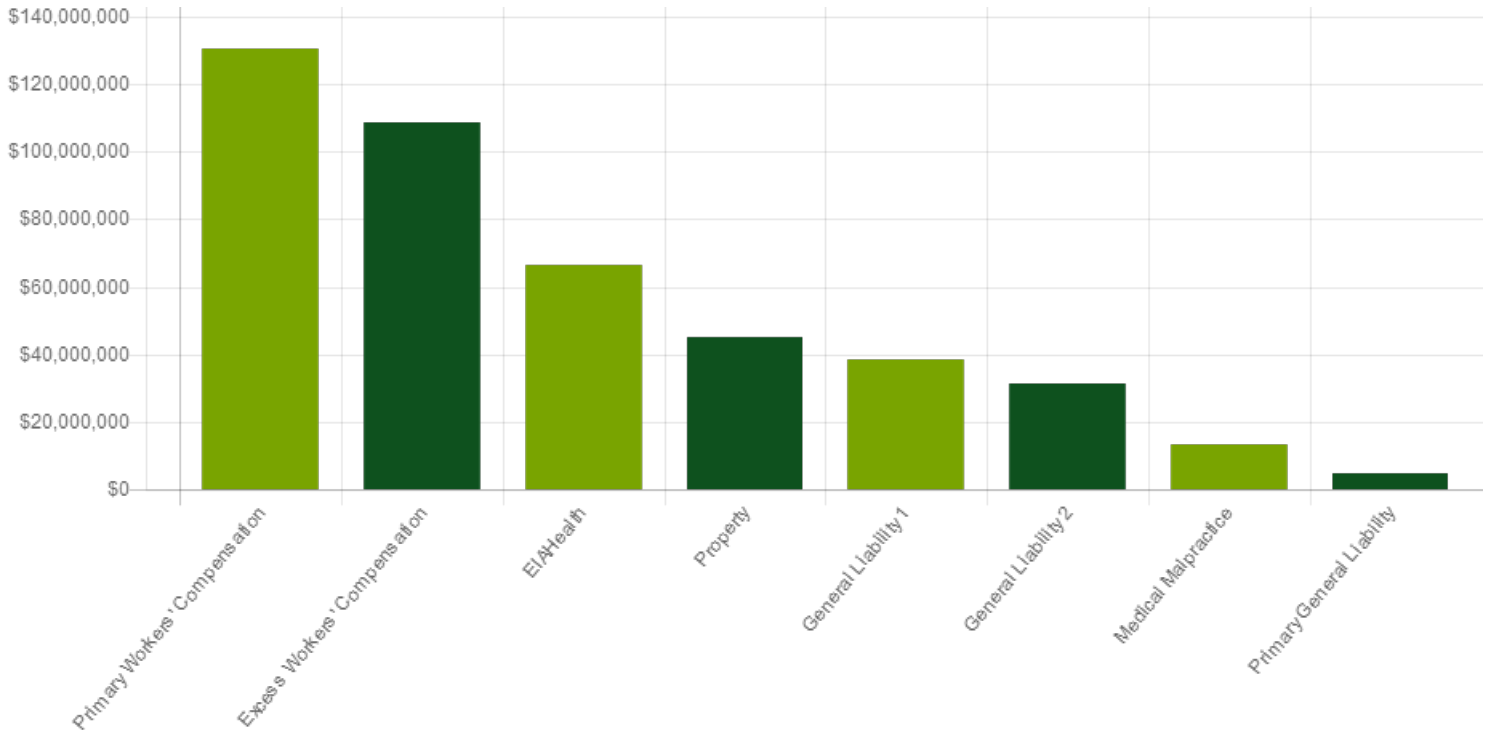
Underwriting											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

COMMITTEE NAME	PARTICIPANT NAME	FROM DATE	TO DATE
Underwriting	Zachary Gifford	●	1/8/2015

The information shown is representative of your entity's participation on the EIA's Board or committees over the last ten years. Terms shown represent anticipated terms through 2017, and may not represent full historical participation.

# All Member Savings

2012/13 - 2016/17



COVERAGE	EIA PREMIUM	EST. STAND-ALONE PREMIUM	SAVINGS
Primary Workers' Compensation	\$287,465,635	\$417,883,838	\$130,418,203
Excess Workers' Compensation	\$468,902,325	\$577,675,057	\$108,772,732
EIA/Health	\$1,153,996,859	\$1,220,445,320	\$66,448,461
Property	\$289,251,913	\$334,341,090	\$45,089,177
General Liability 1	\$178,494,787	\$217,113,385	\$38,618,598
General Liability 2	\$158,182,705	\$189,330,185	\$31,147,480
Medical Malpractice	\$66,593,508	\$80,087,893	\$13,494,385
Primary General Liability	\$9,379,460	\$14,333,342	\$4,953,882
<b>Total Savings</b>	<b>\$2,612,267,192</b>	<b>\$3,051,210,110</b>	<b>\$438,942,918</b>

We're proud of the savings realized by our membership in the last 5 years!

**\$438,942,918**

2012/13 - 2016/17

# Calculating Savings

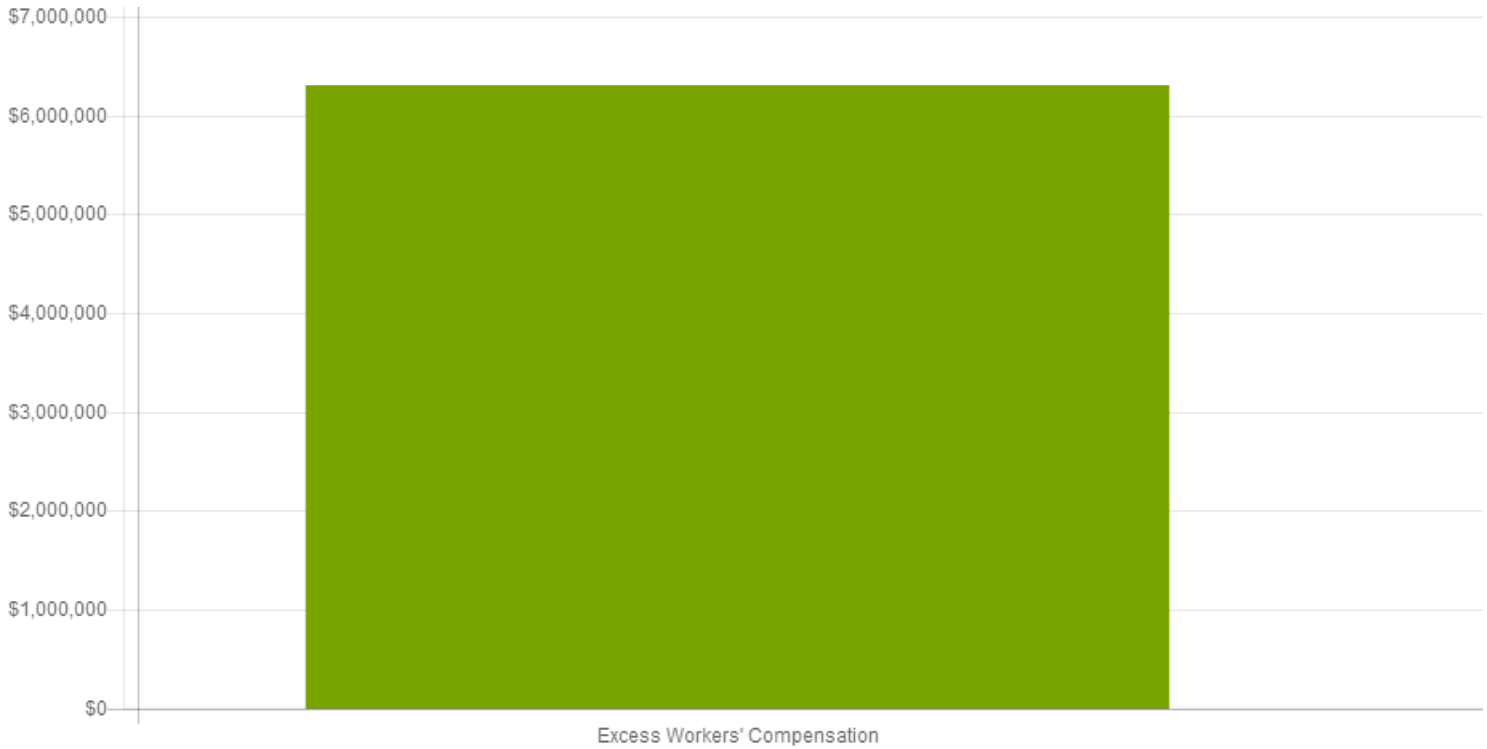
## How are the premium comparisons computed?

In the report, we compare the premiums your agency paid to the EIA to what it would likely cost to purchase similar coverage and services on your own, or what is referred to as the "stand-alone" premium. Except for the Primary Workers' Compensation and Primary General Liability Programs, the stand alone premium estimates are market based projections. Factors such as the entity's size, retention, type of exposures, location, and/or the coverage being purchased has an impact on the estimated stand-alone projection. Below is a summary of the analysis that was done to derive the stand-alone projections as well as the various factors that influence the estimated projections:

Excess Workers' Compensation	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 5-30% below market pricing pending on the type of exposure (county, city, school or other) and SIR levels.
Primary General Liability	Actuarial projection to fund a self-insured layer at the 80% confidence level, discounted at 1%.
Property	Insurance market projection based on actual All Risk and Earthquake quotes received by Alliant for similar public entity risks, ranging from 11 - 25% on an individual member basis below market pricing depending on size of the entity. Size of the entity is measured by total insured values, type of exposure (county, city, school or other), and if earthquake coverage is purchased, and the earthquake zone of the covered location.
EIAHealth	Insurance market projection based on actual member experience including insurance company margins for contingencies and profit.
General Liability 2	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, at approximately 15 - 25% below market pricing depending on the entity's size and type of exposure (county or city).
General Liability 1	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 10 - 15% below market pricing depending on the type of exposure (county, school or other).
Medical Malpractice	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 15 - 20% below market pricing depending on the size of the county and whether the member has a low deductible or higher SIR.
Primary Workers' Compensation	Actuarial projection to fund a self-insured layer at the 90% confidence level.

# Your Savings

2012/13 - 2016/17



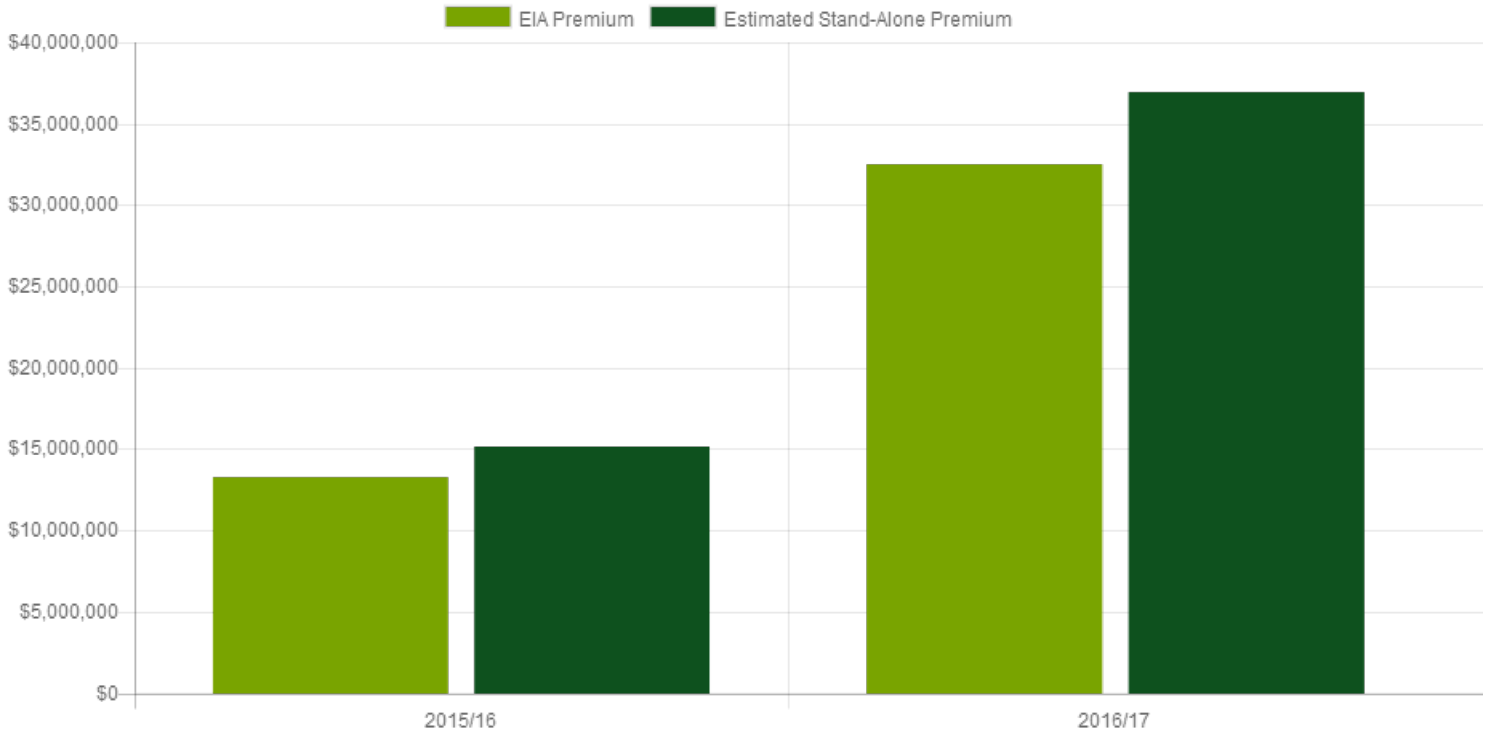
COVERAGE	EIA PREMIUM	EST. STAND-ALONE PREMIUM	SAVINGS
Excess Workers' Compensation	\$45,793,783	\$52,103,052	\$6,309,269
<b>Total Savings</b>	<b>\$45,793,783</b>	<b>\$52,103,052</b>	<b>\$6,309,269</b>

By choosing EIA, you saved a total of

**\$6,309,269**

2012/13 - 2016/17

## Excess Workers' Compensation



YEAR	EIA PREMIUM	EST. STAND-ALONE PREMIUM	SAVINGS
2015/16	\$13,315,040	\$15,179,146	\$1,864,106
2016/17	\$32,478,743	\$36,923,906	\$4,445,163
<b>Total Savings</b>	<b>\$45,793,783</b>	<b>\$52,103,052</b>	<b>\$6,309,269</b>

With Excess Workers' Compensation coverage, you saved:

**\$6,309,269**

2012/13 - 2016/17

## **CAMPUS RISK POOLS FUNDING STATUS**

**ISSUE:** In accordance with the CSURMA's adopted funding policy for its self-funded pooling programs, Staff prepared an analysis of the pooled programs funding position relative to the actuary's projection for CSURMA's minimum funding requirements and expected cash expenditures for program administration as of December 31, 2016 projected to June 30, 2017. The Executive Committee, at its March meeting, reviews the pooled programs funding position and determines if there are sufficient funds to meet anticipated needs, including a confidence margin for unexpected expenditures, if an assessment is necessary, or if there is ample surplus to consider a release of dividends to the members.

**RECOMMENDATION:** The Executive Committee is asked to review CSURMA's pooled programs funding position as of December 31, 2016 projected to June 30, 2017, and take action or direct staff as it deems appropriate.

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

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

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

**PUBLICATION:** None.

**ATTACHMENTS:**

- a. Target Surplus Funding Analyses
- b. Estimated Pool Funding Projected to FYE 2017
- c. CSURMA Policy & Procedure No. 7 – Self-Insured Program Funding
- d. CSURMA Actuarial Reports dated September 11, 2016 and October 18, 2016 (*available at the meeting for reference*)

**Campus Liability Coverage Fund**  
**Target Surplus Funding Analysis at \$5,000,000 SIR**  
*as of 12/31/16 projected to 6/30/17*

Gross Premium (FY 16/17):	\$14,240,860
Maximum Retention:	\$5,000,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/17	\$15,855,006 <i>Expected, Undiscounted, Net of Deductibles</i>
<b>Est. Outstanding Liabilities @ 6/30/17</b>	<b>\$17,599,057</b> <i>at 70% Confidence</i>
Est. Fund Balance @ 6/30/17	\$32,608,781
Est. Funded Loss & ULAE @ 6/30/17	\$19,129,689 <i>at 70% Confidence</i>
<b>Est. Funding above 70% Conf Level:</b>	<b>\$13,479,092</b>

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$4,746,953	0.44
<b>Surplus to Retention</b>	<b>&gt; 1:1</b>	<b>\$5,000,000</b>	<b>6.52</b>
O/S Reserve to Surplus	≤ 5:1	\$3,171,001	0.49

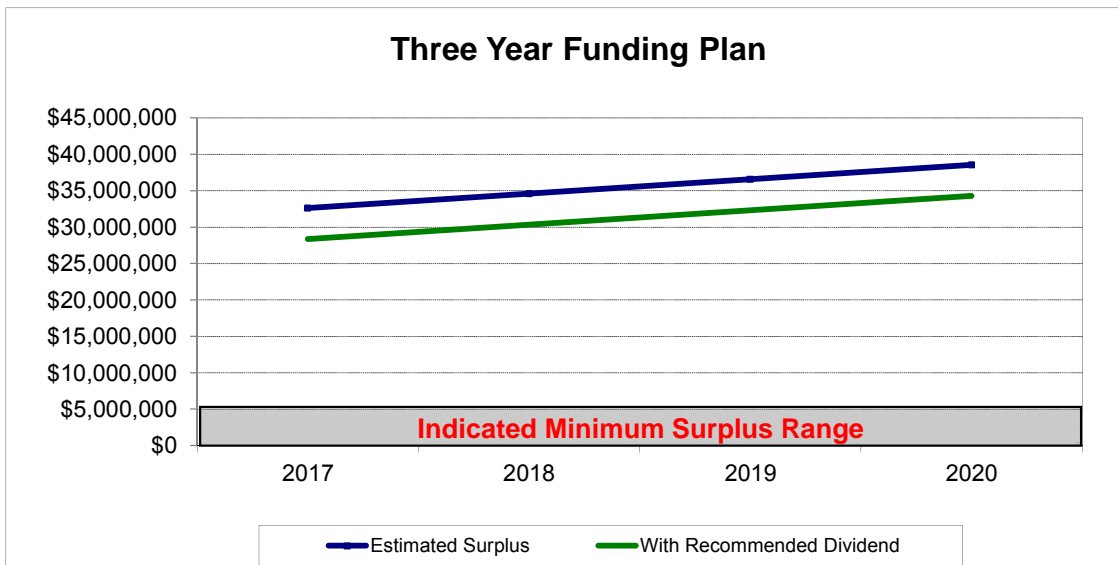
<b>Maximum Dividend Available:</b>	<b>\$8,479,092</b>
<b>Recommended Dividend 50%:</b>	<b>\$4,239,546</b>

**2017/18 Pool Funding Options**

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$13,196,700	-
at 70% Actuarial Confidence	1.150	\$15,176,205	\$1,979,505

**Three Year Funding Plan**

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/17	N/A	\$32,608,781	\$28,369,235
2017/18 - Collection @ 70% CL	\$1,979,505	\$34,588,286	\$30,348,740
2018/19 - Collection @ 70% CL	\$1,979,505	\$36,567,791	\$32,328,245
2019/20 - Collection @ 70% CL	\$1,979,505	\$38,547,296	\$34,307,750



**Campus Workers' Compensation Coverage Fund**  
**Target Surplus Funding Analysis at \$2,500,000 SIR**  
*as of 12/31/16 projected to 6/30/17*

Gross Premium (FY 16/17):	\$37,823,215
Maximum Retention:	\$2,500,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/17	\$37,760,046 <i>Expected, Undiscounted</i>
<b>Est. Outstanding Liabilities @ 6/30/17</b>	<b>\$39,270,448 <i>at 70% Confidence</i></b>
Est. Fund Balance @ 6/30/17	\$57,349,712
Est. Funded Loss & ULAE @ 6/30/17	\$41,233,970 <i>at 70% Confidence</i>
<b>Est. Funding above 70% Conf Level:</b>	<b>\$16,115,742</b>

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$12,607,738	0.66
Surplus to Retention	> 2:1	\$5,000,000	22.94
O/S Reserve to Surplus	≤ 5:1	\$7,552,009	0.66

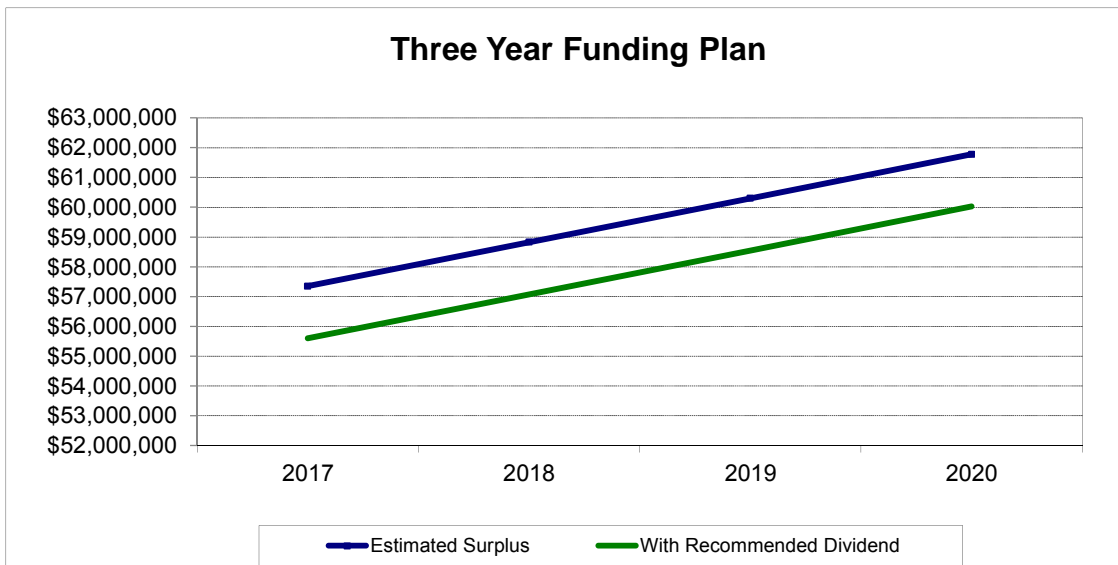
<b>Maximum Dividend Available:</b>	<b>\$3,508,003</b>
<b>Recommended Dividend 50%:</b>	<b>\$1,754,002</b>

**2017/18 Pool Funding Options**

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability at 70% Actuarial Confidence	1.000	\$29,505,525	-
	1.050	\$30,980,801	\$1,475,276

**Three Year Funding Plan**

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/17	N/A	\$57,349,712	\$55,595,710
2017/18 - Collection @ 70% CL	\$1,475,276	\$58,824,988	\$57,070,987
2018/19 - Collection @ 70% CL	\$1,475,276	\$60,300,265	\$58,546,263
2019/20 - Collection @ 70% CL	\$1,475,276	\$61,775,541	\$60,021,539



## Athletic Injury Medical Expense Coverage Fund

### Target Surplus Funding Analysis at \$90,000 SIR

as of 12/31/16 projected to 6/30/17

Gross Premium (FY 16/17):	\$4,158,323
Maximum Retention:	\$90,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/17	\$2,212,048 <i>Expected, Undiscounted</i>
<b>Est. Outstanding Liabilities @ 6/30/17</b>	<b>\$2,389,012 at 70% Confidence</b>
Est. Fund Balance @ 6/30/17	\$3,177,339
Est. Funded Loss & ULAE @ 6/30/17	\$2,508,462 <i>at 70% Confidence</i>
<b>Est. Funding above 70% Conf Level:</b>	<b>\$668,877</b>

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 6:1	\$693,054	1.31
Surplus to Retention	> 5:1	\$450,000	35.30
O/S Reserve to Surplus	≤ 5:1	\$442,410	0.70

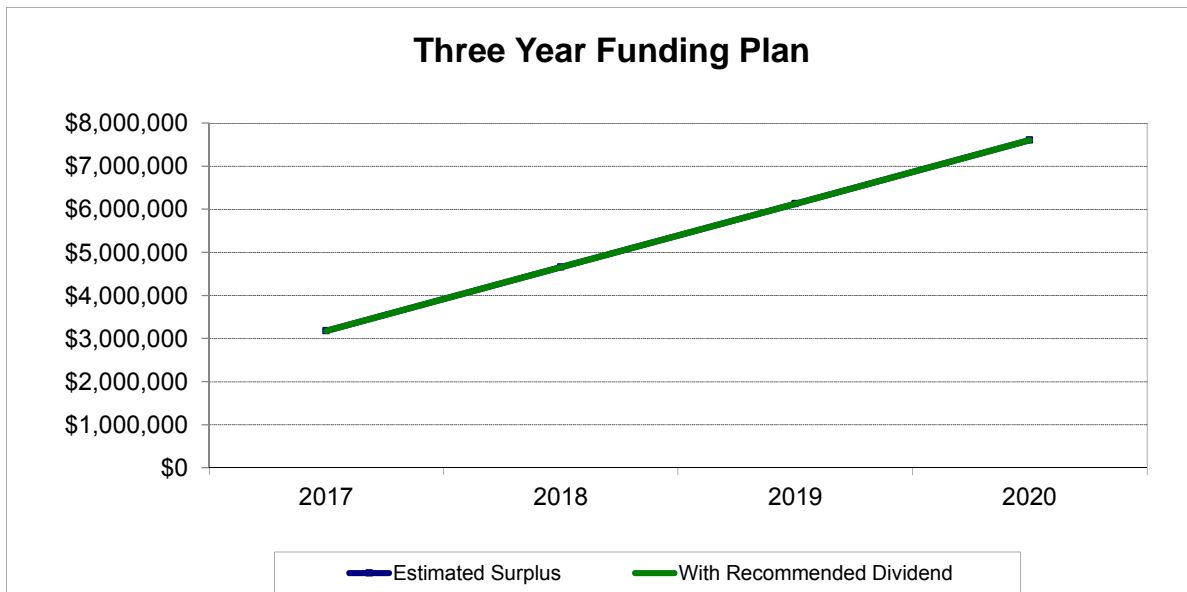
<b>Maximum Dividend Available:</b>	<b>\$0</b>
<b>Recommended Dividend 50%:</b>	<b>\$0</b>

### 2017/18 Pool Funding Options

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$29,505,525	-
at 70% Actuarial Confidence	1.050	\$30,980,801	\$1,475,276

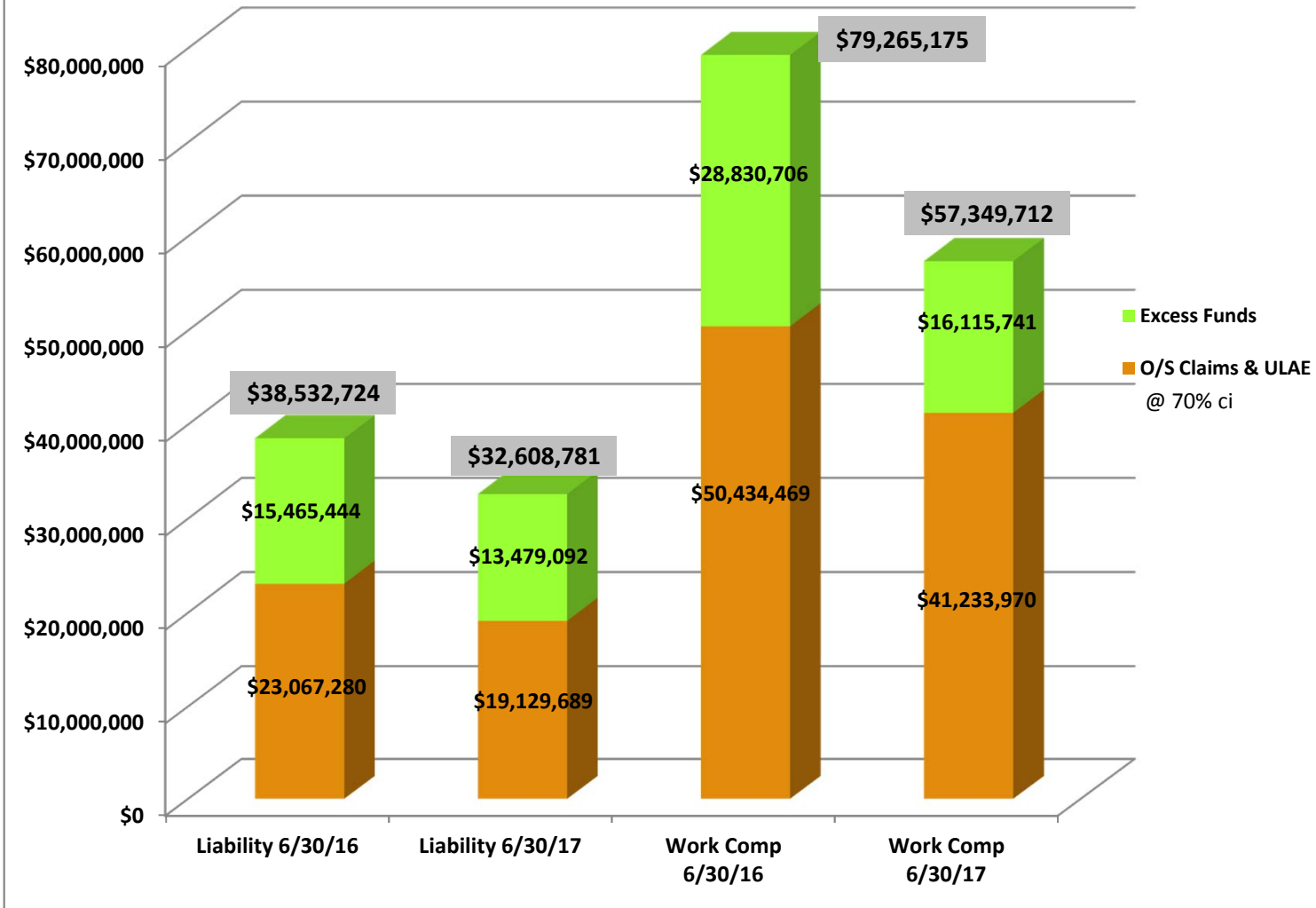
### Three Year Funding Plan

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/17	N/A	\$3,177,339	\$3,177,339
2017/18 - Collection @ 70% CL	\$1,475,276	\$4,652,615	\$4,652,615
2018/19 - Collection @ 70% CL	\$1,475,276	\$6,127,892	\$6,127,892
2019/20 - Collection @ 70% CL	\$1,475,276	\$7,603,168	\$7,603,168



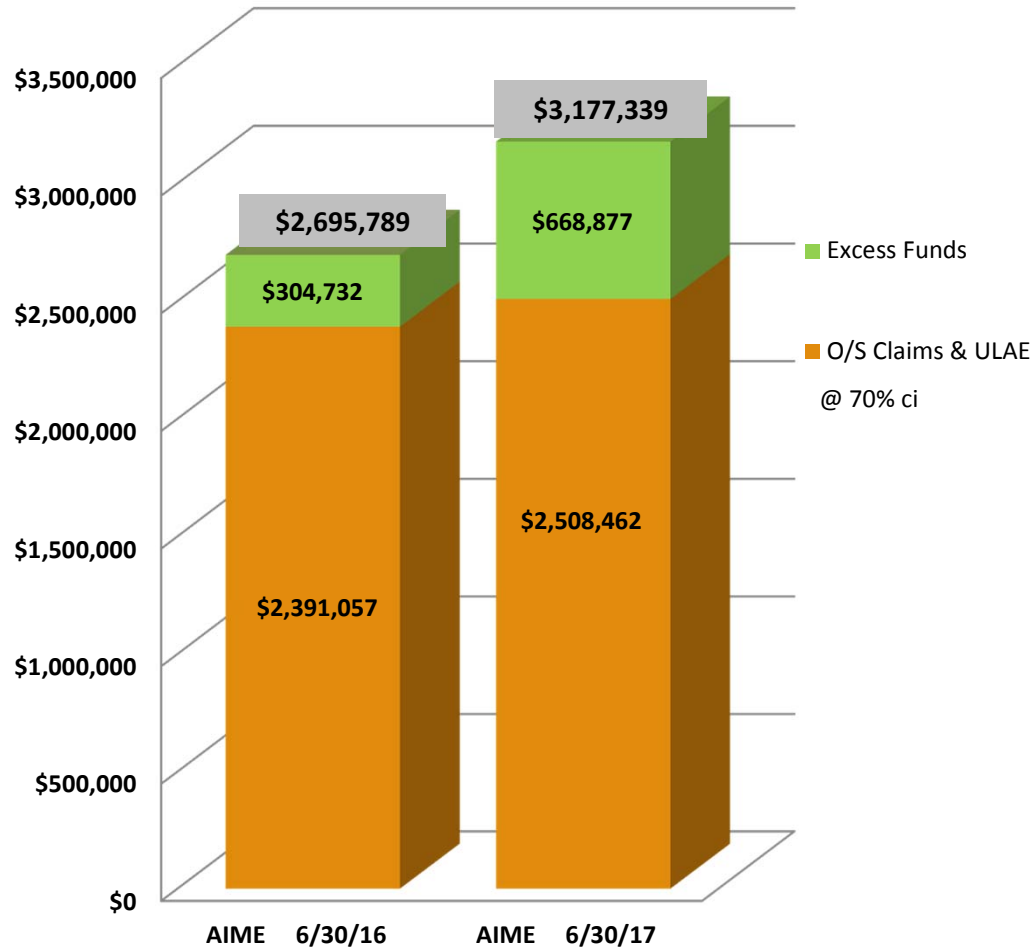
## Campus Risk Pools

Estimated Funding Projected to FYE 2017 (undiscounted)



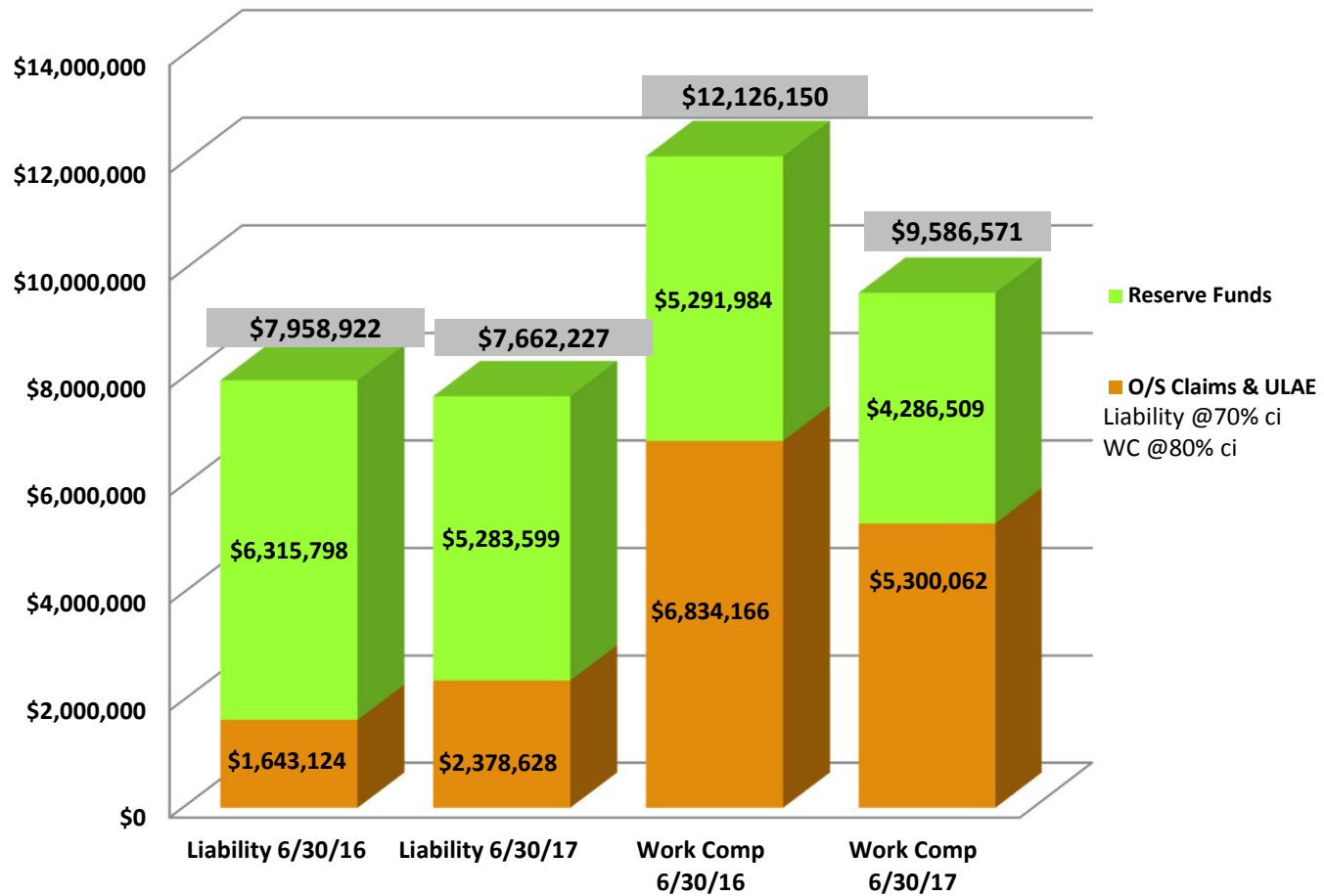
## Athletic Injury Medical Expense

Estimated Funding Projected to FYE 2017 (undiscounted)



## AORMA Risk Pools

Estimated Funding Projected to FYE 2017 (undiscounted)





## **CSURMA**

## **POLICY AND PROCEDURE NO. 7**

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**EFFECTIVE:** JANUARY 1, 2000

**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. CSURMA recognizes that its self-insured programs are transitioning from a cash funding basis to an accrual funding basis. Adopted funding shall facilitate this transition by including sufficient funds projected to pay the following cost elements:

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



Staff and the actuary shall perform the calculations needed to establish the funding elements described above. It is expected that all outstanding liabilities will be fully funded by July 1, 2009 and staff shall make an annual report to the Board of Directors, detailing the self-insurance programs' progress toward achieving this funding policy.

## **WITT O'BRIEN CONSULTING SERVICES**

**ISSUE:** Witt O'Brien's provides emergency services consulting for the California State University System under an agreement dated July 1, 2012 between Witt Group Holdings, LLC and CSURMA. The agreement is renewable for successive two-year periods. The current service term is July 1, 2016-18. The scope of work during the period July 1, 2016 and June 30, 2017 is as follows:

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

By no later than June 1, 2017, Witt O'Brien's will provide an additional scope of work and project outline for the period July 1, 2017 to June 30, 2018.

Witt O'Brien's representatives will present a summary of their activities over the past year and their service plan for the next year.

**RECOMMENDATION:** The Executive Committee is asked to review Witt O'Brien's proposed service agreement for July 1, 2017 to June 30, 2018 and approve the additional scope of work.

**FISCAL IMPACT:** The annual fee is included in the operating budget for FY 16/17 and FY 17/18.

**BACKGROUND:** Witt O'Brien's provides emergency services consulting for the California State University System under an agreement between Witt Group Holdings LLC and CSURMA.

The original two-year agreement was effective July 1, 2012 and is renewable for successive two-year periods subject to adjustments of costs and fees to be agreed upon in writing.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Witt O'Brien's Professional Services Agreement Amendment 2
- b. Scope of work and project outline for the period July 1, 2017 to June 30, 2018 (*will be provided as a handout at the meeting*)

## **Amendment #2 for Extension to Professional Services Agreement Between Witt O'Brien's, LLC and California State University Risk Management Authority**

This Second Amendment of the Agreement for Professional Services (this "Second Amendment") is made and entered into as of April 20, 2016, between California State University Risk Management Authority ("Client") and Witt O'Brien's, LLC ("Consultant").

On July 1, 2012, California State University Risk Management Authority and Witt O'Brien's, LLC entered into an Agreement for Professional Services ("Agreement").

On May 27, 2014, California State University Risk Management Authority and Witt O'Brien's, LLC entered into an Amendment of the Agreement for Professional Services ("First Amendment").

Client and Consultant desire to further amend the Agreement in accordance with the terms and conditions described below.



~~Now, therefore, in consideration of the terms and conditions contained in this~~  
Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Client and Consultant hereby agree as follows:

1. **Section 3, Period of Performance**, is amended as follows: The period of performance under the Agreement shall be from July 1, 2016 to June 30, 2018. The Agreement may thereafter, by mutual written agreement, be renewed for a successive two (2) year period. The renewal will be issued under the same terms and conditions as the Agreement, unless otherwise agreed to by the parties at that time.
2. **Section 2, Scope of Work**, is amended to add the attached Appendix B-2. Consultant will provide the services set forth in Appendix B-2, during the period July 1, 2016 - June 30, 2017. By no later than June 1, 2017, Consultant will provide an additional Scope of Work and Project Outline for the period July 1, 2017 - June 30, 2018, for review and approval by Client.
3. **Section 4, Fees and Payment**, shall be amended to add the attached Appendix C-2. In consideration for the services set forth in Appendix B-2, in accordance with Appendix C-2, Client shall pay Consultant a total amount not to exceed \$300,000.00. Upon Client's approval of the Scope of Work and Project Outline for the period July 1, 2017 - June 30, 2018, Client will pay Consultant an additional amount not to exceed \$300,000.00 in total, for those services.
4. **Other Terms and Conditions**: All other terms and conditions of the Agreement and the First Amendment remain in full force and effect.

# WITT|O'BRIEN'S


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IN WITNESS WHEREOF, Client and Consultant have executed this Amendment as of the date first above written:

<b>California State University, Risk Management Authority</b>	<b>Witt O'Brien's, LLC</b>
 Signature	 Signature
Zachary Gifford Name (Typed or Printed)	Elizabeth Apple Name (Typed or Printed)
CSURMA Secretary-Auditor Title	Controller Title
6/15/16 Date	06/13/16 Date

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This contract has been reviewed and approved by CSURMA legal counsel.

 William Hsu, CSURMA Legal Counsel	6/16/2016 Date
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## APPENDIX B-1 Witt O'Brien's and CSU System Contract July 1, 2016 – June 30, 2017 Scope of Work and Project Outline

This document outlines proposed emergency management projects for both the CSU System and for the Chancellor's Office (CO) based on a continuation of successful preparedness programs, current emergency management needs, and inclusion of best practices and trends in higher education emergency management. These projects can be changed or adjusted as necessary, based on the needs of the CO and any emergency incidents that may affect the CSU System.

Witt O'Brien's will perform the following services:

### Tasks specific to Chancellor's Office Emergency Management

#### Task 1: Chancellor's Office Emergency Plans, Training, and Exercises (\$60,000)

##### 1.a. *EOC Training – Quarterly Trainings and Exercises*

Witt O'Brien's will conduct quarterly trainings and exercises for the CSU CO Emergency Operations Center (EOC) staff in coordination with the Assistant Vice Chancellor, Strategic Initiatives and Support Services. These trainings will cover emergency management plans and procedures for the CO, continuity of government plans and procedures for the CO, coordination with external partners, guest speaker presentations, and scenario-based exercises.

##### 1.b. *Emergency Management Plan: Emergency Operations and Business Continuity*

Witt O'Brien's will work with the CO to provide edits and updates to the CSU CO Emergency Management Plan as needed following after action findings from exercises and trainings. The CSU CO Emergency Management Plan describes both response and continuity actions that must be taken by the CO in an emergency to protect its staff and facilities and continue its essential functions. The plan includes activation and operation of the Emergency Operations Center (EOC), building management and evacuation information, roles and responsibilities of CO staff in an emergency, and continuity plans for all critical departments at the CO. Plan updates will be provided based on After Action input following all trainings and exercises.

##### 1.c. *Policy Group Training and Tabletop Exercise*

Witt O'Brien's will conduct a training workshop and tabletop exercise for the CSU CO Policy Group (i.e. Senior Executives). The focus will be concepts outlined in the CSU CO Emergency Management Plan, with a focus on Policy Group roles and responsibilities. The exercise will include the use of *Veoci* software for information collection, sharing, and planning purposes. A guidance document will be developed and provided that will support the Policy Group with implementation of their specific roles and responsibilities.

## 1.d. Development of the *Multi-year Training and Exercise Plan (MYTEP)*

Witt O'Brien's will lead a workshop with the CO emergency management and continuity of operations staff members to establish the priorities for training and exercising over the next three years. The MYTEP schedule includes preparedness activities that enhance identified capabilities, support response to recognized threats, identify and use existing resources, and address recommendations derived from after action reports related to previous events and exercises.

## 1.e *Additional plans as needed*

Witt O'Brien's will assist the CO with additional emergency plans, as needed, such as the Emergency Notification Plan, standard operating procedures, and checklists. These will be completed under the direction of the Assistant Vice Chancellor, Strategic Initiatives and Support Services.

## 1.f *Crisis Communications Plan*

Witt O'Brien's will work with the Assistant Vice Chancellor for Public Affairs to support her in developing and revising the CSU Chancellor's Office Crisis Communications Plan and other communications plans as needed. Witt O'Brien's will also assist with training and exercising the plans as requested.

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## **Specific to Support of the CSU System-Wide Emergency Management**

### **Task 2: Presidents and Senior Emergency Management Training Seminar (\$40,000)**

Witt O'Brien's will work with campus emergency preparedness coordinators/directors to provide a robust, half-day emergency management training seminar for the campus Presidents and Senior Campus Management, to be conducted throughout the fiscal year (2016/2017) preferably on a regional, and/or campus by campus basis. This training will include:

- Executive Summary of the Campus Emergency Operations Plans (EOPs) Project.
- The Role of the Policy Group/Senior Executives, and Case Studies of successes and challenges.
- Crisis Communications, Reputation Management, and Public Perception.
- Tabletop Exercise.

Following this training, the CSU Presidents will have an enhanced concept of emergency management in general, their essential role in the process, the status of their specific campus emergency management program, and recent trends requiring focused attention.

### **Task 3: CSU System Emergency Management and Business Continuity Affinity Groups Support (\$45,000)**

Witt O'Brien's will assist both the CSU System Emergency Managers Affinity Group, and the Business Continuity Coordinators Affinity Group with system-wide efforts. These may include:

- Attending Affinity Group bi-monthly meetings and providing subject matter expertise as requested.
- Support development of revised Executive Orders related to EM and BC programs.
- Conducting research and compiling information about best practices in higher education emergency management.
- Providing tools and resources to enhance the emergency management and business continuity programs at the campuses (e.g. plan templates, exercise scenarios, etc.).
- Conducting training and exercise sessions for the emergency managers and business continuity coordinators (these may be conducted via webinar or in-person regionally or at conferences).

Witt O'Brien's will serve as a resource for the Emergency Managers and Business Continuity Coordinators in order to help enhance the campus emergency management and business continuity programs and increase consistency and collaboration system-wide.

#### Task 4: System-Wide Coordination Resource Guide (\$50,000)

Witt O'Brien's will develop a comprehensive system-wide coordination resource guide that describes how the Chancellor's Office can assist campuses in an emergency response, how campuses should coordinate with each other in an emergency, and notification and communication requirements and recommendations between campuses, with the Chancellor's Office, and with other local or state entities in an emergency that affects one or more campuses.

#### Task 5: CSU System Public Information Officer Training (\$25,000)

Witt O'Brien's will work with the Assistant Vice Chancellor for Public Affairs to develop and conduct PIO training for communications and public affairs staff from all of the CSU campuses and the Chancellor's Office. These trainings may consist of Federal Emergency Management Agency (FEMA) PIO courses and/or training sessions using scenario-based discussions and exercises.

#### Task 6: CSU Campuses Preparedness, Response, and Recovery Program Review and Recommendations; Assistance to the CSU Chancellor's Office Workgroup on Campus Safety (\$20,000)

Witt O'Brien's will assist the CSU Chancellor's Office Workgroup on Campus Safety with its endeavors to formulate and implement recommendations to improve system-wide preparedness, response, and recovery at the 23 CSU campuses via engagement with Risk Management, campuses, and existing working groups and affinity group. Witt O'Brien's will also assist with system-wide training and exercise initiatives associated with the preparedness efforts as requested. As an example, in 2015-2016, some program review assistance was provided to the behavioral threat assessment program

## Task 7: System-Wide Emergency Management Program Review- Follow-up (\$35,000)

In 2015, Witt O'Brien's completed the comprehensive review of the campus's emergency management plans. This task will involve further support for EOP reviews, and support of individual campuses with EOP updates. Furthermore, an emergency management program review will be offered to the campuses on an individual basis, but may be initiated system-wide depending on executive leadership goals. If we are invited to conduct the emergency management program reviews, Witt O'Brien's will visit each campus being assessed in order to become familiar with the university's current emergency management program structure, plans, policies, and procedures. Additionally, Witt O'Brien's will conduct interviews / working sessions with key members of each campus's emergency management team, senior administrators, and external emergency management partners to discuss the current emergency management program, including successes and challenges, as well as potential changes necessary to enhance the program. Using the document review, site visit, and working sessions / interviews, Witt O'Brien's will conduct a gap analysis/review of each assessed campus's emergency management program structure, plans, responsibilities, authorities, and activities and evaluate them according to national best practices in higher education emergency management; current emergency management standards, laws, and authorities at the local, state, and federal levels; and the specific needs of the CSU System. Following the evaluation, Witt O'Brien's will develop an overall assessment report for each campus being assessed.

This project would span a number of years depending on the number of campus emergency management programs we review. The "initial tasks" as part of this budget will have to be determined prior to the start of the task.

## Task 8: CSU Risk Management Association (CSURMA) Support (\$10,000)

Witt O'Brien's will provide assistance to CSURMA as needed and requested, including a training seminar for the CSURMA Board of Directors, regular status presentations, and yearly reports.

## Task 9: Provide strategic advisory, representation, and technical services as needed (\$15,000)

## Appendix C-1 Estimated Cost Structure

**Compensation.** For the services as described above, Consultant shall be compensated as follows:

<b>CSU Chancellors Office July 1 2016 – June 30, 2017</b>		
<b>Tasks related to Chancellors Office Emergency Management Program</b>		
		<b>BUDGET</b>
Task 1	Chancellor's Office Emergency Plans, Training, and Exercises	\$60,000
<b>Tasks related to CSU System-Wide Emergency Management Program</b>		
Task 2	Council of Presidents Emergency Management Training Seminar	\$40,000
Task 3	CSU System Affinity Groups Support	\$45,000
Task 4	System-Wide Coordination Plan	\$50,000
Task 5	CSU System Public Information Officer (PIO) Training	\$25,000
Task 6	CSU Campuses Behavioral Threat Assessment Program Review and Assistance to the CSU CO Workgroup on Campus Safety	\$20,000
Task 7	System-wide Emergency Management Program Review	\$35,000
Task 8	CSU Risk Management Association (CSURMA) Support	\$10,000
Task 9	Provide strategic advisory, representation, and technical as needed	\$15,000
	Expenses are included in the tasks	
	<b>TOTAL</b>	<b>\$300,000</b>

The above costs include Witt O'Brien's out-of-pocket expenses reasonably associated with services performed and will be reimbursed by CSU in accordance with Witt O'Brien's expense reimbursement policy. Hours spent traveling by Witt O'Brien's personnel for tasks under this project will not be billed to the project, in accordance with CSU policies.

## **AGGREGATE FINANCIAL DISCUSSION**

**ISSUE:** Over the past year, the Committee has discussed the following items which could have a significant financial impact on CSURMA:

- Captive insurance vehicle
- Member loan policy
- Allocation of investable assets
- Earthquake insurance product using the parametric trigger

The Committee will be asked to discuss these items in the aggregate, exploring how they interconnect, what if any are priorities and/or offer the best potential mitigation of financial risk to CSURMA members.

**RECOMMENDATION:** This item is for discussion only; however, the Committee may provide Staff with direction, as appropriate.

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

**BACKGROUND:** Listed below are key points of consideration for the Committee's discussion.

1. Captive insurance vehicle:
  - Allows CSURMA opportunity to achieve a higher rate of return on investments
  - Scalable to fit future needs
  - Ability to offer insurance products to third parties
  - Access to additional reinsurance markets
  - Additional administrative costs
  - Some of the benefits of a captive vehicle are already achieved through the JPA
2. Member loan policy:
  - Allows CSURMA to support the campuses with seed funding for capital projects
  - CSURMA could earn a rate of return on loans that more than offsets lost investment opportunity
  - Amount available for loan is limited by current member loan policy and could be further reduced by adding captive insurer

3. Allocation of investable assets:
  - CSURMA's investment policy currently is based on the CSU's investment policy
  - CSURMA's cash flow needs are somewhat different than CSU since much of CSU's funds are held to pay long term liabilities
  - CSURMA could achieve a higher rate of return and maximize CSU's new investment flexibility
  - Dividend vs. retention
  
4. Earthquake insurance product using the parametric trigger:
  - \$0 deductible; compared to 5-10% in standard EQ policies
  - Coverage amount received is determined based on severity of shaking at a particular zip code
  - No line item description of damage in proof of loss so processing is swift
  - Lump sum of money to CSU as a whole to be distributed as appropriate
  - A way to address the FEMA insurance requirements

**PUBLICATION:** None at this time.

**ATTACHMENTS:** 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. It is anticipated projects supported by the grants may also reduce risk for other CSU campuses, and thereby improve loss results systemwide.

Grant Recipients were asked to provide a brief report providing information to assist the Executive Committee in evaluating the program's effectiveness and merits of future program funds. Staff will provide a status report of the program's utilization and cost to date. Zachary Gifford of Systemwide Risk Management solicited reports from grant recipients and will summarize his findings and recommendations.

**RECOMMENDATION:** The Executive Committee is asked to determine whether to continue the Risk Management Innovation Grant Program and recommend funding as it deems appropriate.

**FISCAL IMPACT:** \$240,000 has been budgeted for FY 2016/17. \$8,000 has been awarded to date. The remaining balance is \$232,000 subject to the Executive Committee's review of pending applications at its meeting on March 9, 2017.

**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 will lead to mitigation of risk exposures.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Summary of Applications
- b. Risk Management Grant Program Description and Procedures
- c. Follow up on CSURMA Risk Management Grant Program Awards – February 3, 2017
- d. Policy and Procedure No. 21 – Risk Management Innovation Grant Program



## Campus Risk Pools Grant Application

### Safety & Risk Control, Employee Health & Wellness

Please Complete All Fields

<b>Campus/Working Group:</b>		<b>Date:</b>
<b>Contact:</b>	<b>Phone:</b>	<b>Email:</b>
<b>Grant Requested for</b> <i>(please describe):</i>		
<b>Planned Date of Purchase</b> <i>(Please attach cost estimate):</i>	<b>Amount Requested</b> <i>(Up to \$10,000 per fiscal year - please see guidelines at the bottom):</i>	
<b>This is a</b> <i>(check all that apply):</i>		
<input type="checkbox"/> <b>Service</b>	<input 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>		
<b>Signature</b> <i>(VP- Business &amp; Admin, or designee):</i> _____ <i>(Member submission only)</i>		
<b>Date:</b> _____		
<b>Please submit your completed Grant Application to Tevea Him at:</b> (email) <a href="mailto:thim@alliant.com">thim@alliant.com</a> or (fax) 415-874-4810		
<ol style="list-style-type: none"> <li>1. CSURMA grants are available to all CSU campuses to supplement member costs for Safety &amp; Risk Control and/or Employee Health &amp; Wellness projects.</li> <li>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.</li> <li>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.</li> <li>4. Applications may be submitted for pre-approval by CSURMA prior to member incurring costs for project described above.</li> <li>5. Applications must be signed by the Campus VP of Business &amp; Finance or designee.</li> <li>6. Applications must be submitted during the same fiscal year that the project expense is incurred.</li> <li>7. Applications must include supporting documents such as:               <ol style="list-style-type: none"> <li>a. detailed description of the proposed project</li> <li>b. anticipated timeline for completion of project</li> <li>c. estimated total cost for the proposed project</li> </ol> </li> <li>9. Members working collaboratively via the Risk Managers and/or Environmental Health &amp; 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.</li> <li>10. <i>Equipment, trainings, personal protective equipment, etc. that employers are <u>required</u> by law or regulation to provide are <u>not</u> eligible for reimbursement. <b>This program is intended to encourage members to enhance</b></i></li> </ol>		

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](mailto:Rob.Leong@alliant.com) at 415.403.1441 or [Rob Leong](mailto:Rob.Leong@alliant.com) if you have any questions.

## FY 2016-17 Campus Risk Management Innovation Grant Program

Campus	Date of Application	Provider	Description	Estimated Start Date	Estimated Completion	Estimated Cost	Requested Amount	Approved by EC	Approved Amount	Invoice Received	Grant Payment	Comments
<b>Sep 23, 2016 EC</b>												
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			Kevin Brady - 2015/16 unencumbered funds
Bakersfield	8/31/16	BullsEx	Fire Extinguisher Training	8/31/16		\$ 16,000	\$ 8,000	Approved	\$ 8,000			Tim Ridley
Long Beach	8/24/16	BPS Tactical, Inc.	UPD External Vest Carrier	10/1/16		\$ 10,000	\$ 5,000	Denied				Peer Gerber - maxed
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				David Korpan - info incomplete
<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			Kevin Brady - 2015/16 unencumbered funds
San Jose	10/4/16	SHI	Workstation and Laptop Encryption	11/1/16		\$ 20,000	\$ 10,000	Tabled				Bradley Olin. - Zachary Gifford to confer with Systemwide IT (William Perry, Ed Hudson) for collaborative possibility.
<b>Jan 8, 2017 EC</b>												
Fullerton	12/21/16	e-Compliance CibrTrac	EH&S data management software annual subscription.	11/7/16	7/31/17	\$ 18,000	\$ 9,000	Tabled				App received after agenda posted.
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	Denied				Kevin Brady - facilities
San Jose	10/4/16	SHI	Workstation and Laptop Encryption	11/1/16		\$ 20,000	\$ 10,000	Tabled				Tabled from 11/2/16 EC.
<b>Mar 9, 2017 EC</b>												
San Jose	10/4/16	SHI	Workstation and Laptop Encryption	11/1/16		\$ 20,000	\$ 10,000					Tabled from 1/8/17 EC.
Fullerton	12/21/16	e-Compliance CibrTrac	EH&S data management software annual subscription.	11/7/16	7/31/17	\$ 18,000	\$ 9,000					Tabled from 1/8/17 EC.
Emergency Managers Affinity Group	1/25/17	VEOCI	Software to intergrate emergency management systems systemwide. Subscription for 250 named licenses.	7/1/17	3/31/18	\$ 49,800	\$ 49,800					Randy Styner (CSULA)
Los Angeles	1/25/17	NTT Training	NFPA 70E Arc Flash Electrical Safety Training.	3/10/17	4/30/17	\$ 5,687	\$ 2,844					Kevin Brady (CSULA)
<b>TOTAL AWARDED</b>						<b>\$113,000</b>	<i>Including Systemwide Grants.</i>			<b>\$113,000</b>		
<b>2016/17 Awards</b>						<b>\$8,000</b>	<i>Campus Grants only.</i>					
<b>2016/17 Fund Balance</b>						<b>\$232,000</b>	<i>to date</i>					

## Follow-up on CSURMA Risk Management Grant Program Awards

February 3, 2017

In order to assist in evaluating the benefits of the above program, Systemwide Risk Management (SRM) was tasked by the CSURMA EC to follow-up on a few of the previously awarded grants to gauge the impact or value they had for the campus or perhaps Systemwide.

A request for information was sent to four recipients and the following are the responses from three:

### **CSU Dominguez Hills**

*Grant: \$1,822.13 regarding "Pop-up Safety Cones"*

Campus purchased 50 cones and custom signs to be hung near the cones.

40 cones were installed in the initial implementation. A number of cones were replaced as they were removed from the holders and not replaced. The backup cones will be deployed as needed due where additional cones are needed, to replace missing cones or as part of new/remodeling done on campus.

Facilities Services assisted with the placement of the cones and signs. Information was provided to Facilities Services/Custodial on the roll out of the cones as part of the CSURMA matching grant program and how the program was to work. It was an opportunity to address the importance of good maintenance (housekeeping) practices to assist in mitigating the risk of slip and falls.

During the slip, trip, and fall training, EHs staff brought a cone to the sessions and show attendees how to operate the cone and to discuss the overall goal of having the campus community members who observe a spill or other hazard to drop the cone and to call Facilities Services to report the issue.

*The observed results of the use-of-cones and associated training/communications was that in the roll out it assisted our further supporting a safety culture as the staff understood the overall goal of reducing slips, trips and falls on campus.*

Staff has observed the use of the cones being used and have a better understanding of the overall goals and objectives in creating a safety culture.



## **Unencumbered Grant Dollars - EHS**

*Grant: UC Safety Training consortium Membership. \$50,000*

The CSU originally pursued a web based comprehensive Laboratory Safety training course. The first year (2015/16) provided the CSU with this product that was originally sought by the grant. This 2-hour course now belongs to the CSU and has been branded accordingly. Along with this asset our membership provided us access to the UC web based safety training courses. With the assistance of Systemwide Professional Development, we have converted the UC Industrial/Instructional Shop safety course to a CSU asset. These courses acquired in this manner can be edited as the CSU sees fit and can be utilized by our student (employee and non-employee) community.

As of November 2016, the membership consists of the following Universities:

Northwestern University	California State University
Washington University in St.	Wellesley College
New Mexico State University	Princeton University
University of Pittsburgh	Central Michigan University
Emory University	Virginia Commonwealth University
University of California	

Together they will be creating web based training that specifically addresses educational and research institutions.

The second year (2016/17) of membership will provide us an improved version of the Laboratory Safety Fundamentals training which is due out in February 2017. Along with this main product and due to our membership the CSU will be provided the following assets:

Safety Training Consortium:

1. Laboratory Safety Fundamentals Version 2
2. PI Responsibilities
3. Laser Safety

The consortium may provide more assets to its membership by the end of the FY. The above courses are those that have been scheduled so far.

UC courses converted to CSU:

1. Emergency Action Plan
2. Bloodborne Pathogen
3. Electrical Safety
4. Hazard Communication
5. Biosafety

The CSU is only limited by the number of UC courses that it can process.

## **CSU Los Angeles**

***Grant: Mental Health First Aide Training. \$2,000***

From June – December 2014, there were three 8-hour training sessions.

Student Health Center staff and University Police were the focus of the training, though folks from other departments did attend. In all, 47 people attended the training.

A review of the evaluation forms demonstrated that the training was very well received by those who attended. This was particularly true with the two departments that were the focus of the training. Clearly, these professionals are often on the front line in dealing with individuals who may be under one form or another of mental duress and effectively addressing mental health first aid can have an impact on enhanced safety of others and mitigation of a potential liability risk, particularly with University Police.

**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.

## **BENCHMARKING AND TREND ANALYSIS**

**ISSUE:** At the March 2015 Long Range Planning Meeting, the CSURMA Executive Committee asked staff to develop a more robust capability of evaluating CSU and the Auxiliary Organizations' risk management performance. At today's meeting the Executive Committee will receive a report on progress, a demonstration of existing capabilities and planned implementations. Key items include:

- Continuation of the Workers' Compensation Scorecard which is utilized by staff on a monthly basis and distributed to CABO members on a quarterly basis.
- Enhanced benchmarking capabilities from the California Workers' Compensation Institute now that the University of California's data is included in addition to more public entity participants
- Planned implementation of Ventiv's Risk Console risk management information system which includes benchmarking dashboards

The Committee will receive a demonstration of the CWCI on-line database capabilities and where staff is headed with this initiative.

**RECOMMENDATION:** This item is for discussion only; however, the Committee may provide Staff with direction, as appropriate.

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

**BACKGROUND:** None.

**PUBLICATION:** None at this time; however it is expected that this initiative will result in regular reporting of results.

**ATTACHMENTS:** None.

## **DISCUSSION OF CAJPA COMPARATIVE REVIEW IN FY 2017/2018**

**ISSUE:** In 2014, CSURMA engaged an independent consultant to conduct a performance review of CSURMA's program administration along the lines of the California Association of Joint Powers Authority (CAJPA) Accreditation Standards. The comparative review did not include a review of CSURMA's accounting services since those services are already audited on an annual basis. The review was conducted by Robin Johnson and provided several recommendations that served to improve overall management of CSURMA. As it has been three years since the last review, the Executive Committee may want to conduct a similar review during FY 17/18.

**RECOMMENDATION:** The Executive Committee is asked to consider whether to engage a consultant to perform another CSURMA Operational Review in FY 17/18.

**FISCAL IMPACT:** The consultant's fee for the last review was \$7,500.

**BACKGROUND:** CSURMA has been accredited by CAJPA in the past, but withdrew from that program because CAJPA's accreditation committee failed to recognize as adequate the CSURMA Funding Policy since that policy relies on the University's commitment to fund deficits over a long time. Also, the Committee wanted CSURMA to adopt for the campus Risk Pool a mandatory 70% confidence level funding rather than the current policy that allows the Committee discretion in setting target funding.

CSURMA has been administered in general compliance with all CAJPA's accreditation standards, and this independent review will verify that compliance, and identify opportunities for improvement.

**PUBLICATION:** None at this time.

**ATTACHMENT(S):**

- a. CSURMA Operational Review dated April, 2015



California State University Risk Management Authority

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

**OPERATIONAL REVIEW**

**April 2015**

by

**Robin Johnson, Esq.**

**California State University Risk Management Authority**

**Operational Review**

**April 2015**

**INTRODUCTION**

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

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

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

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

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

**EXECUTIVE SUMMARY**

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

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

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

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

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

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

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

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

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

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

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

### I. GOVERNING DOCUMENTS

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

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

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

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

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

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

## II. CONTRACTS

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

**A. Program Administration Contract**

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

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

**B. Program Brokerage**

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

**C. Liability Claims Administration**

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

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

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

**D. Workers' Compensation Claim Adjusting**

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

**E. Unemployment Claims Management**

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

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

**F. Safety and Loss Control**

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

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

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

**G. Administration of the Contracts**

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

**III. GENERAL OPERATIONS**

**A. Government Code**

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

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

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

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

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

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

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

### **B. Organizational Issues**

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

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

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

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

**C. Staff and Board Training**

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

**IV. PROGRAMS**

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

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

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

**V. FINANCE AND ACCOUNTING**

**A. Audited Financials**

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

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

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

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

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

**B. Annual Budget**

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

**C. Quarterly Reports**

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

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

**D. General Funding of AORMA**

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

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

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### EXHIBIT 1

#### GOVERNING DOCUMENTS

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

**Law Office of Robin Johnson**

**EXHIBIT 2**

**CONTRACTS**

**CONTRACTS - PROGRAM ADMINISTRATION AND BROKERAGE**

**ALLIANT - JPA ADMINISTRATION**

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

**ALLIANT BROKERAGE**

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

## Law Office of Robin Johnson

### CONTRACTS - CLAIMS MANAGEMENT

#### CARL WARREN

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

#### SEDGWICK

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

## Law Office of Robin Johnson

### CONTRACTS - CLAIMS MANAGEMENT, *cont'd.*

#### EMPLOYERS GROUP

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

## Law Office of Robin Johnson

### CONTRACTS - SAFETY AND LOSS CONTROL

#### ALLIANT

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

#### PRAESIDIUM

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

## Law Office of Robin Johnson

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

#### TARGET SAFETY

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

**Law Office of Robin Johnson**

**EXHIBIT 3**

**GENERAL OPERATIONS**

**GENERAL OPERATIONS - GOVERNMENT CODE REQUIREMENTS**

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

## Law Office of Robin Johnson

### GENERAL OPERATIONS - INTERNAL OPERATIONS

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

## Law Office of Robin Johnson

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

#### MEETINGS

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

## Law Office of Robin Johnson

### EXHIBIT 4

### PROGRAMS

### LIABILITY

#### PROGRAMS DOCUMENTATION

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

#### CLAIMS MANAGEMENT

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

## Law Office of Robin Johnson

### WORKERS' COMPENSATION

#### PROGRAMS DOCUMENTATION

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

#### CLAIMS MANAGEMENT

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

<b>W.C. PROGRAM TOTAL</b>	<b>140</b>	<b>140</b>		<b>100%</b>
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## Law Office of Robin Johnson

### PROPERTY

#### PROGRAMS DOCUMENTATION

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

#### CLAIMS MANAGEMENT

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

<b>PROPERTY PROGRAM TOTAL</b>	<b>100</b>	<b>100</b>		<b>100%</b>
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<b>Total All Programs</b>	<b>390</b>	<b>390</b>		<b>100%</b>
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## Law Office of Robin Johnson

### EXHIBIT 5

#### FINANCE AND ACCOUNTING

##### FUNDING

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

##### INVESTMENTS

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

**Law Office of Robin Johnson**

**FINANCE AND ACCOUNTING, *cont'd***

**ACCOUNTING**

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

<b>Total Finance and Accounting</b>	<b>145</b>	<b>135</b>		<b>93%</b>
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**CSURMA WORKERS’ COMPENSATION RENEWAL OPTIONS**

**ISSUE:** The CSURMA Workers’ Compensation Programs elected to participate in the CSAC Excess Insurance Authority’s (EIA) Primary Workers’ Compensation (PWC) Program. CSURMA committed that both the campus and AORMA programs would renew for FY 17/18 in return for a guaranteed rate on the primary layer and reduced cost from EIA’s captive investment pool. The EIA has a priority of assisting members by offering rate stabilization opportunities so that the members can benefit from knowledge of their costs and has proposed a new two year proposal that would provide additional savings. The table below shows the projected costs for FY 17/18.

**Table 1  
 CSURMA WC Program Cost Options for FY 17/18**

A	Funding at Selected Discounted 70% Confidence Level:	\$36,080,994
B	Renewal Cost at Current Rate Agreement:	\$33,629,066
C	Savings from Actuarial Funding: (A-B)	\$2,451,928
D	Funding with New 2 year Commitment	\$32,442,899
E	Additional Savings (B-D)	\$1,186,167
F	Total Savings: (C+E)	\$3,638,095

*\* Based on Aon Actuarial Study Dated August, 2016, excluding excess cost.*

The CSAC EIA proposal will effectively lock in a cost near CSURMA’s discounted expected cost of \$31,607,261, thereby confirming the potential dividend in advance. The Executive Committee may also wish to take into consideration that if CSU establishes a captive insurer, a two-year rate agreement would defer placing the primary workers’ compensation program funding in the captive insurer until July 1, 2019. Note that the final costs are based on rates that apply to the actual CSU payroll.

**RECOMMENDATION:** It is recommended that the Executive Committee take action to determine whether to extend the commitment to participate in EIA’s PWC program for FY 18/19 as proposed above.

**FISCAL IMPACT:** The action taken at today's meeting is expected to set the Campus and AORMA WC program rates for FY 17/18 and may also set rates for FY 18/19 (other than the excess insurance cost).

**BACKGROUND:** None.

**PUBLICATION:** The CSU Campus leadership will be advised of the program rates.

**ATTACHMENT(S):** None.

## **DEVELOPMENT OF NEW PROGRAMS, SERVICES AND PROJECTS**

**ISSUE:** At the annual Long Range Planning Meeting, the Executive Committee evaluates potential for developing new coverages, services and projects.

**RECOMMENDATION:** It is recommended that the Executive Committee evaluate potential programs, services and projects and take action or provide direction as appropriate.

**FISCAL IMPACT:** Program development costs may be incurred at the direction of the Executive Committee. Costs will be allocated to the CSURMA fund as appropriate.

**BACKGROUND:** None.

**PUBLICATION:** No specific publication from action on this item is anticipated. Potential program development may result in published documents.

**ATTACHMENT(S):** None.

**DEVELOPMENT OF CSURMA GOALS FOR NEXT  
ONE TO THREE YEARS**

**ISSUE:** The Long Range Planning session offers the Executive Committee the opportunity to consider the direction CSURMA should take in the development of potential programs. The 2016/17 Long Range Action Plan developed last year is attached for the Committee's review.

**RECOMMENDATION:** It is recommended that the Executive Committee review the attached 2016/17 Long Range Action Plan and develop a new Long Range Action Plan for 2017/18. The Executive Committee and staff may have other ideas for potential CSURMA programs for discussion at today's meeting that will result new items.

**FISCAL IMPACT:** No fiscal impact is anticipated by action that may be taken at today's meeting.

**BACKGROUND:** The Long Range Action Plan establishes the Executive Committee's vision for CSURMA, and assigns responsibilities and tasks to staff in order to accomplish its vision.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. CSURMA 2016/17 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</b>	<b>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</b>	<b>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