

- | | | |
|--|-----------------|----------------------|
| <p>2. Insurance Renewals Report
 <i>The Committee will receive a report on the completion of insurance renewal negotiations and may take action or provide direction as necessary</i></p> | <p>A</p> | <p><i>p. 113</i></p> |
| <p>3. Evaluation of Captive Insurance Vehicle
 <i>The Committee will be asked to discuss the formation of a captive insurance vehicle.</i></p> | <p>A</p> | <p><i>p. 115</i></p> |
| <p>4. CSURMA Member Loan Policy and Allocation of Investable Assets
 <i>The Committee will hear a report regarding the alternate investment options for CSURMA.</i></p> | <p>A</p> | <p><i>p. 177</i></p> |
| <p>5. FY 2017/18 Rates and Gross Funding Campus Coverage Programs
 <i>The Committee will be asked to recommend to the Board of Directors the campus program rates for the upcoming fiscal year.</i></p> | <p>A</p> | <p><i>p. 178</i></p> |
| <p>6. Pooled Program Funding Status</p> | | |
| <p>a. Campus Risk Pools Funding Status at June 30, 2016
 <i>The Committee will receive a report on the pooled program funding status at June 30, 2016.</i></p> | <p>I</p> | <p><i>p. 190</i></p> |
| <p>b. Evaluation of Potential Campus Risk Pool Dividends and Assessments
 <i>The Committee will consider whether to declare a dividend or assessment from the Campus Risk Pool.</i></p> | <p>A</p> | <p><i>p. 196</i></p> |
| <p>7. Updated Liability Program Memoranda of Coverage
 <i>The Committee will be asked to ratify the final version of the Campus Liability Risk Pool memorandum of coverage to be used effective July 1, 2016.</i></p> | <p>A</p> | <p><i>p. 207</i></p> |
| <p>8. Campus Risk Pools Rating Plans Task Group
 <i>The Committee will hear a report regarding the discussion at the RPTG meeting.</i></p> | <p>I</p> | <p><i>p. 285</i></p> |
| <p>9. Insurance Policy Database ** Time Certain 11:00am Presentation by Ventiv **
 <i>The Committee will hear a presentation by Ventiv and will be asked to approve the selection of services and/or software to be utilized by CSURMA.</i></p> | <p>A</p> | <p><i>p. 317</i></p> |
| <p>10. Campus Workers' Compensation Program Aggregate Stop Loss Coverage Status (PARCEL)
 <i>The Committee will review the current workers' compensation aggregate stop loss report.</i></p> | <p>I</p> | <p><i>p. 334</i></p> |
| <p>11. Master Out-of-State On-Line Education Surety Bond
 <i>The Committee will hear an update regarding the placement of a Systemwide blanket bond, providing direction to Staff as appropriate.</i></p> | <p>A</p> | <p><i>p. 336</i></p> |

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|--|--|----------|---------------|
| 12. | Risk Program Benchmarking and Trend Analysis Project Update
<i>The Committee will review the conceptual proposal for the sustainable long-term benchmarking program.</i> | A | <i>p. 337</i> |
| 13. | CSURMA Communications and Outreach Plan
<i>The Committee will discuss strategies for effective communication.</i> | A | <i>p. 339</i> |
| 14. | Risk Management Innovation Grant Program
<i>The Committee will be asked to review the grant applications and provide approval as appropriate</i> | A | <i>p. 340</i> |
| 15. | Workers' Compensation Program Claims Closure Initiative Update
<i>The Committee will hear an update regarding recent activities</i> | I | <i>p. 362</i> |
| 16. | Member Loan Requests
<i>The Committee will be asked to review the proposed member loan requests and provide approval as appropriate.</i> | A | <i>p. 364</i> |
|
E. OTHER PROGRAMS | | | |
| 1. | AORMA Programs Update
<i>The Committee will receive a verbal report on the AORMA programs</i> | I | <i>p. 373</i> |
| 2. | AIME Program Update
<i>The Committee will receive a verbal report on the AIME</i> | I | <i>p. 374</i> |
|
F. CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1) | | | |
| | <i>– Action may be taken per Government Code Section 11126(e)(1) & 11126(f)(1). The matters below may be discussed. The Committee may take action or provide direction to Staff regarding the matters.</i> | A | |
| 1. | Sargent vs Sonoma State University | | |
| 2. | Gupta vs San Francisco State University | | |
| 3. | Burns vs San Diego State University | | |
|
G. INFORMATION ITEMS | | | |
| 1. | Review of FY 2016/2017 Long Range Planning Goals | I | <i>p. 375</i> |
| 2. | CSURMA Administrative Service Calendar | I | <i>p. 379</i> |
| 3. | 2016 CSURMA Meeting Calendar | I | <i>p. 386</i> |
| 4. | CSURMA Executive Committee & Staff Contact List | I | <i>p. 388</i> |
|
H. ADJOURNMENT | | | |

The next CSURMA Executive Committee meeting is scheduled for November 2, 2016, during the Fitting the Pieces Together Conference, in Sacramento, CA

If you have questions regarding the agenda package, please contact Mimi Long at miml@alliant.com / (415) 403-1423 or Tevea Him at thim@alliant.com / (415) 403-1416

APPROVAL OF THE AGENDA

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

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

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

APPROVAL OF MINUTES – MAY 6, 2016 AND SEPTEMBER 7, 2016

ISSUE: The Executive Committee will be asked to review and approve the draft minutes from its May 6, 2016 and September 7, 2016 meetings.

RECOMMENDATION: It is recommended that the Executive Committee approve the minutes from its May 6, 2016 and September 7, 2016 meeting, including corrections as necessary.

FISCAL IMPACT: None.

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

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

ATTACHMENT(S):

- a. CSURMA EC Meeting Minutes – May 6, 2016
- b. CSURMA EC Meeting Minutes – September 7, 2016

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING
MAY 6, 2016
CSU CHANCELLOR'S OFFICE, MUNITZ ROOM
401 GOLDEN SHORE • LONG BEACH, CA
8:00 AM**

MEMBERS PRESENT

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

MEMBERS ABSENT

None

STAFF, GUESTS & CONSULTANTS

Frank Castro-Wehr - Witt O'Brien
Kelly Cox – CSU, Office of the Chancellor
Mary Ek – CSU Office of the Chancellor, Financial Services
Charlie Fisher - Witt O'Brien
Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
Jacki Graf - Alliant Insurance Services, Inc.
Tevea Him – Alliant Insurance Services, Inc.
Daniel Howell - Alliant Insurance Services, Inc.
William Hsu – CSU, Office of General Counsel
Alice Kim – CSU Office of the Chancellor
Rob Leong - Alliant Insurance Services, Inc.
Jessica Liu – CSU Office of the Chancellor, Financial Services
Jing Liu – Pinnacle Actuarial Resources, Inc.
Mimi Long - Alliant Insurance Services, Inc.
Robert Lowe – Alliant Insurance Services
Aaron Lundberg – Praesidium
Bill Maulsby - GoGround
Rebecca Skidmore – CSU, Office of the Chancellor
Kirtland Stout – California State University, Sacramento

A. CALL TO ORDER

The meeting was called to order by the Chair, Linda Hawk at 8:01 AM.

A1. Approval of the Agenda

Linda Hawk removed item 7, Insurance Policy Database, from the agenda.

A motion was made to approve the agenda with the one amendment.

MOTION: Frank Mumford

SECOND: Kevin Saunders

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

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from the public.

C. CONSENT CALENDAR

- C1. Approval of Minutes – March 10 and 11, 2016**
- C2a. Financial Report: Receipt and Review of the Draft Financial Statements at March 31, 2016**
- C2b. Financial Report: Treasurer’s Quarterly Investment Report**
- C3. Annual Review of the CSURMA’s Data Security Policies**
- C4. Proposed Cost of Risk Study**
- C5. FY 2016/17 Budget Amendments**
- C6. Chancellor’s Office Services FY 2016/17 Memorandums of Understanding**

A motion was made to approve the items within the consent calendar.

MOTION: Frank Mumford

SECOND: Kevin Saunders

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

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. FY 16/17 Long Range Action Plan

Based on the discussions during the long range planning session, Staff drafted the FY 16/17 Long Range Action Plan which includes the items to be accomplished within the next fiscal. Daniel Howell reviewed each item.

A motion was made to approve the draft FY 16/17 Long Range Action Plan as presented.

MOTION: Mike Lee
 SECOND: Jody Van Leuven

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

MOTION CARRIED

D2. Insurance Renewals Update and Underwriter Meetings Report

Daniel Howell noted that most of CSURMA’s insurance and reinsurance programs renew July 1, 2016. In April 2016, CSURMA’s Treasurer, Robert Eaton and Secretary-Auditor, Zachary

Gifford, completed meetings with insurance underwriters in preparation for final renewal negotiations. The markets are fairly stable; however, the AORMA primary liability program will experience a substantial increase due to loss experience. Robert Eaton mentioned that meetings were held with the fine arts team in order to negotiate the terms of the expansion of coverage effective July 1, 2016. Negotiations continue on the maximum value per unscheduled item.

D3. Revised Liability Memorandum of Coverage effective July 1, 2016

As summarized by Daniel Howell, the Memorandum of Coverage (MOC) is a contract between the members and the JPA. It is not an insurance policy. Insurance companies regularly review their policy forms and make revisions to reflect industry trend and claims experience. Similarly, it is prudent for CSURMA to review its coverage form and make amendments as necessary to maintain coverage quality for its members, and as may be needed for effective placement of reinsurance and excess insurance to manage claim liabilities. Robert Lowe, from Alliant Insurance Services, summarized the revisions to the MOCs. Two MOCs have been prepared; one for the AORMA Liability Program and the other for this Campus Liability Risk Pool. A third MOC will be completed for the coverage layer excess of \$5,000,000 and follow the basic language within the AORMA and Campus forms. The revised MOCs will be more in line with the standard public educators form. Howell noted that the AORMA Committee had delegated authority to the Secretary-Auditor to finalize its liability program MOC.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to finalize the Campus Liability Risk Pool memorandum of coverage to be used effective July 1, 2016, subject to ratification by the Executive Committee at its September meeting.

MOTION: Frank Mumford
 SECOND: Guy Dalpe

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

MOTION CARRIED

D4. Praesidium Proposal

Zachary Gifford summarized the importance of preventing abuse of minors and the uninsurable consequences of risk. Aaron Lundberg, from Praesidium, provided an overview of the services

available through Praesidium. The proposed contract includes an expanded list of products and services available to each campus. Staff is proposing that CSURMA fund \$12,000 for the Regional Workshops as well as \$2,000 per campus to be used on any Praesidium product or service. The additional services and products available will be funded directly through the campus.

Staff was directed to work with Systemwide Risk Management to create a letter, to be sent under the CSURMA Chair’s signature, which includes a strong recommend for attendance at the Praesidium leadership training.

A motion was made to approve the proposed renewal contract and to delegate authority to the CSURMA Secretary-Auditor to finalize the contract terms.

MOTION: Frank Mumford
 SECOND: Kevin Saunders

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

MOTION CARRIED

D5. Systemwide Campus Public Safety Risk Mitigation

As explained by Zachary Gifford, CSURMA has funded at Systemwide, public safety training and equipment initiatives over the years. For FY 15/16, CSURMA funded \$100,000 towards training needs. Michael Redmond, Assistant Vice Chancellor, Strategic Initiatives & Support Services, has requested that the CSURMA Executive Committee review a report on Recommended Training for Police Officers of the CSU and consider increasing the training budget for FY 2016/17. Daniel Howell noted that \$100,000 is already in the FY 16/17 budget.

A motion was made to add an additional \$150,000 to the FY 16/17 budget for strategic initiative and support services.

MOTION: Frank Mumford
 SECOND: Mike Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			

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

Motion carried.

The next item was discussed out of order.

D8. Witt O’Brien’s Consulting Services Contract Extension

Frank Castro-Wehr and Charlie Fisher from Witt O’Brien summarized the past, present and future emergency management projects for the CSU. Castro-Wehr discussed some of the proposed tasks for FY 16/17 which include Chancellor’s Office emergency planning and training, Council of Presidents emergency management training seminars, CSU system affinity group support, as well as conducting the Campus behavioral threat assessment program review.

Zachary Gifford agreed to send the Campus Emergency Operations Plans (EOPs) to the Campus Vice Presidents.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to finalize the two-year contract with Witt O’Brien with a cost of not to exceed \$300,000 annually.

MOTION: Lisa Chavez

SECOND: Mike Lee

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

Motion carried.

D6. Evaluation of Captive Insurance Vehicle

Jing Liu, from Pinnacle Actuarial Resources, Inc., summarized the findings regarding CSURMA’s formation of a captive insurance company. Pinnacle reviewed three options for CSURMA – (1) status quo, (2) rent a segregated cell within Fiat Lux, the UC’s captive, or (3) build a new captive specifically for CSURMA.

Liu notes that most Fortune 1000 companies have their own captive insurance company. The formation of a captive would allow CSURMA to have more flexibility in structuring its insurance programs and investment policies. Due to the regulations governing JPAs, a captive would allow a wider array of coverages to be offered, specifically to third parties, e.g., alumni. Because captives operate outside the regulatory restrictions of a JPA, more investment options are favorable. Also, a captive may allow CSURMA to retain the risk on some guaranteed cost programs that generate a significant underwriting profit for the current insurance carriers.

There are key benefits for CSURMA that are specifically related to utilizing a protected cell within Fiat Lux. The application and approval process of a segregated cell is much faster than the set up process for a stand-alone captive. The formation of a cell within Fiat Lux can result in dramatically lower formation costs. CSURMA may receive a reduction on premium tax due to the maximum tax limits and sliding scale tax rates. The rental fee is generally 1% to 2%. The CSURMA cell would not commingle risk, premiums or capital with other Fiat Lux cells. Each cell chooses its own investments. The captive cell allows CSURMA to spinoff and form its own stand-alone captive.

The Executive Committee directed the Treasurer and Secretary-Auditor to work with Pinnacle Actuarial Resources, Inc., on a more detailed discussion of assumptions and results in an updated draft of the report.

This item was tabled to the September, 2016 meeting so that additional analysis could be completed.

D9. Master Enabling Agreement for Transportation

Zachard Gifford introduced Bill Maulsby from GoGround who highlighted the services available. All GoGround transportation carriers are TSX safety certified and carry insurance limits of between \$5MM and \$20MM. GoGround carries \$11MM in excess insurance. Because of the standardization of service, GoGround is able to provide cost savings.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to collaborate with the Campus Risk Managers and to finalize a master enabling agreement for transportation.

MOTION: Frank Mumford
 SECOND: Mike Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			

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

Motion carried.

F. CLOSED SESSION

1. SFSU Science Building Loss Update
2. Lor vs. California State University, Chico

D10. UC Consortium and Web Based Training

Zachary Gifford noted that funds from the FY 14/15 CSURMA Risk Reduction Innovation Grant program were used to purchase a one-year membership for the entire CSU system to the UC Safety Training Consortium which provides online training resources and tools for laboratory safety and other relevant EH&S related topics. This web-based training has been extremely well received. The EH&S affinity group is requesting funding for an on-going membership to the UC Safety Training Consortium.

A motion was made to provide annual funding of \$50,000 for membership to the UC Safety Training Consortium.

MOTION: Kevin Saunders

SECOND: Lisa Chavez

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

Motion carried.

D11. 2016 CSURMA Meeting Calendar

Mimi Long noted that a CABO meeting was scheduled for Friday, September 9, 2016, which conflicts with the CSURMA Executive Committee meeting scheduled for the same day. The Committee discussed alternative meeting dates.

A motion was made to move the September 9, 2016 meeting to Friday, September 23, 2016, location to be determined by Staff.

MOTION: Frank Mumford
 SECOND: Guy Dalpe

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

Motion carried.

Staff will secure a meeting location and will inform the Committee members.

D12. Risk Management Innovation Grant Program

Eighteen grant requests were submitted for approval by the Executive Committee. Eight grants requests were for proposals that were approved previously for other campuses.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to award grants for those eight proposals that were previously approved for other campuses and to approve or deny the remaining ten grant proposals and report its determinations to the Executive Committee at its next meeting.

MOTION: Guy Dalpe
 SECOND: Frank Mumford

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

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

Motion carried.

Staff was directed to inform the grant submitters of the CSURMA Secretary-Auditor’s decision.

D13. New Cal OSHA Regulations for Healthcare Facilities

The Division of Occupational Safety and Health within the State of California’s Department of Industrial Safety (aka Cal OSHA) sets and enforces workplace health and safety regulations. It has come to the attention of CSURMA General Counsel, William Hsu, that there is pending Cal OSHA regulations which would potentially extend the workplace violence prevention and response regulations applicable to healthcare facilities to a number of activities. These activities might include counseling centers, audiology labs and a wide variety of clinical activities that would not have been thought of as “healthcare facilities” in the past. If the regulations are effected, the facilities would have to have an enhanced Injury Illness and Prevention Plan (IIPP) suitable for a healthcare facility. It is recommended that the CSURMA Executive Committee evaluate authorizing a consulting project to develop a master IIPP suitable for tailoring to each campus’ needs and delegate authority to the CSURMA Secretary-Auditor to engage a consultant to perform the work.

A motion was made to approve funding not to exceed \$25,000 for the master IIPP project.

MOTION: Scott Apel
 SECOND: Mike Lee

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

MOTION CARRIED

E. OTHER INSURANCE PROGRAMS REPORTS

E1. AIME Programs Update

E2. AORMA Programs Update

The AIME and AORMA program reports were tabled to the Board of Directors meeting.

G. INFORMATION ITEMS

The information items were tabled to the Board of Directors meeting.

- G1. Alliant Service Team Update**
- G2. Concussive Mitigation LMS Training Program Status**
- G3. CSURMA Administrative Service Calendar**
- G4. 2016 CSURMA Meeting Calendar**
- G5. CSURMA Executive Committee and Staff Contact List**
- G6. CSU IIPP Work Group**

H. ADJOURNMENT

A motion was made to adjourn the meeting at 10:59 AM.

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING
SEPTEMBER 7, 2016
TELECONFERENCE MEETING
3:00 PM**

MEMBERS PRESENT

Scott Apel, California State University Long Beach
Lisa Chavez, California State University Los Angeles
Linda Hawk (Chair), California State University, San Marcos
Ming Tung (Mike) Lee, California State University, Sacramento
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation
Kevin Saunders, California State University, Monterey Bay
Jody Van Leuven, California State University, San Bernardino

MEMBERS ABSENT

Guy Dalpe (AORMA Vice-Chair), Associated Students, Inc., San Francisco State University
Robert Eaton (Treasurer), California State University, Office of the Chancellor

STAFF, GUESTS & CONSULTANTS

Kelly Cox – CSU, Office of the Chancellor
Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
William Hsu, CSU Office of the Chancellor
Alice Kim – CSU Office of the Chancellor
Rob Leong - Alliant Insurance Services, Inc.
Jessica Liu – CSU Office of the Chancellor, Financial Services

A. CALL TO ORDER

The meeting was called to order by the Chair, Linda Hawk at 3:00 PM.

A1. Approval of the Agenda

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

MOTION: Mike Lee
SECOND: Jody Van Leuven

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

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from the public.

C. GENERAL ADMINISTRATION

C1. Actuarial Reports for Liability, Workers’ Compensation, and Athletic Injury Medical Expense Programs

Rob Leong provided a brief summary of the actuarial reports. The information provided by the actuary is used to establish fiscal year-end financial reports, and serves as the starting point to develop rates and funding for FY 2017/18, as well as evaluating potential dividends or assessments.

The Actuary’s findings and recommendations, are undiscounted for investment income, include:

Campus Liability

1. Projected Ultimate Limited Losses increased slightly by +0.14% for FY 17/18.
2. Loss Funding at 70% actuarial confidence increased from \$14,045,000 (FY 16/17) to \$14,065,000 (FY 17/18).

Campus Workers’ Compensation

1. Projected Ultimate Limited Losses decreased by 6% for FY 17/18.
2. Loss Funding at 70% actuarial confidence decreased from \$31,607,000 (FY 16/17) to \$29,691,000 (FY 17/18).

AIME

1. Projected Ultimate Limited Losses increased by 9.9% for FY 17/18.
2. Loss Funding at 70% actuarial confidence increased from \$3,529,000 (FY 16/17) to \$3,878,280 (FY 17/18).

A motion was made to approve and accept the draft actuarial reports for Campus Liability and Campus Workers’ Compensation for use in CSURMA’s financial reporting, rate setting, and funding evaluations as presented, and delegate authority to the AIME Committee to review, approve and accept the AIME actuarial report.

MOTION: Frank Mumford
 SECOND: Lisa Chavez

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

MOTION CARRIED

C2. Review of Proposed Management Discussion and Analysis (MD&A) in Audited Financial Statements

Kelly Cox summarized the eight items within the draft Management Discussion and Analysis (MD&A). The Committee members discussed the MD&A and concluded that it is very helpful high level information to aid the reader in understanding CSURMA.

A motion was made to approve the addition of the MD&A to the audited financial statement.

MOTION: Kevin Saunders
 SECOND: Mike Lee

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

MOTION CARRIED

H. ADJOURNMENT

A motion was made to adjourn the meeting at 3:28 PM.

MOTION: Mike Lee
SECOND: Frank Mumford

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

MOTION CARRIED

FINANCIAL REPORT
DRAFT FINANCIAL STATEMENT AT JUNE 30, 2016

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

RECOMMENDATION: It is recommended that the Executive Committee review and accept the Draft Financial Statement at June 30, 2016 as a part of the Consent Calendar.

FISCAL IMPACT: None.

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

PUBLICATION: None.

ATTACHMENT(S):

- a. Draft Financial Statement at June 30, 2016

California State University Risk Management Authority

Balance Sheet - Campus Programs as of 6/30/2016

(Unaudited)

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>IDL/NDI/UI</u>	<u>Property</u>	<u>AIME</u>	<u>Auto Liability</u>	<u>Total Campus Programs as of 6/30/2016</u>
Assets:							
Cash and Investments	8,004,219	18,476,965	577,631	1,966,042	516,779	(157,355) ¹	29,384,280
Other long-term investments	30,190,032	69,035,115	2,068,660	7,317,001	1,910,170	0	110,520,978
Accounts receivable	376,732	656,838	0	17,238	0	0	1,050,808
Loan receivable	0	0	0	0	0	0	0
Reinsurance receivable	0	196,829	0	0	0	0	196,829
Accrued interest receivable	1,148	2,630	80	279	73	0	4,210
Prepaid insurance	16,323	92	33	16,299	2,514	0	35,261
Prepaid expense	17,580	1,021,871	7,798	4,900	618,326	0	1,670,474
Total assets:	<u>38,606,034</u>	<u>89,390,339</u>	<u>2,654,202</u>	<u>9,321,759</u>	<u>3,047,861</u>	<u>(157,355)</u>	<u>142,862,840</u>
Liabilities:							
Accounts payable	348,022	579,806	1,943,278	6,677	352,072	0	3,229,855
Unearned revenue	12,650	0	0	0	0	0	12,650
SELF assessment liability	0	9,545,359	0	0	0	0	9,545,359
Reported claims	10,997,441	32,156,316	0	0	105,426	0	43,259,183
Claims incurred but not reported	9,783,891	16,338,367	0	0	2,108,516	0	28,230,774
Total liabilities:	<u>21,142,004</u>	<u>58,619,848</u>	<u>1,943,278</u>	<u>6,677</u>	<u>2,566,014</u>	<u>0</u>	<u>84,277,821</u>
Fund balance	17,464,030	30,770,492	710,923	9,315,081	481,847	(157,355)	58,585,019
Total liabilities and fund balance	<u>38,606,034</u>	<u>89,390,339</u>	<u>2,654,202</u>	<u>9,321,759</u>	<u>3,047,861</u>	<u>(157,355)</u>	<u>142,862,840</u>

¹ Actual cost determined by the State VELSIP program exceeded the FY 15/16 budget, which was based on the PY MVIA assessment in March 2015.

California State University Risk Management Authority

Balance Sheet - AORMA Programs as of 6/30/2016

(Unaudited)

	<u>AORMA Liability</u>	<u>AORMA Workers' Comp</u>	<u>AORMA Property</u>	<u>AORMA Crime</u>	<u>AORMA UIP</u>	<u>Total AORMA Programs as of 6/30/2016</u>
Assets:						
Cash and Investments	1,838,289	2,597,243	380,741	86,469	1,278,770	6,181,512
Other long-term investments	6,867,760	9,709,993	1,514,687	322,188	4,778,060	23,192,689
Accounts receivable	29,340	69,441	140	0	29,474	128,395
Loan receivable	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0
Accrued interest receivable	262	370	57	12	182	883
Prepaid insurance	9	11	5	1	6	33
Prepaid expense	152,010	307,231	1,213	163	1,489	462,106
Total assets:	<u>8,887,670</u>	<u>12,684,289</u>	<u>1,896,843</u>	<u>408,833</u>	<u>6,087,981</u>	<u>29,965,617</u>
Liabilities:						
Accounts payable	928,748	558,140	1,834	252	232,339	1,721,312
Unearned revenue	0	0	0	0	0	0
SELF assessment liability	0	0	0	0	0	0
Reported claims	475,118	3,089,301	0	0	0	3,564,419
Claims incurred but not reported	1,018,632	2,853,453	0	0	0	3,872,085
Total liabilities:	<u>2,422,498</u>	<u>6,500,894</u>	<u>1,834</u>	<u>252</u>	<u>232,339</u>	<u>9,157,816</u>
Fund balance	6,465,172	6,183,396	1,895,009	408,581	5,855,643	20,807,801
Total liabilities and fund balance	<u>8,887,670</u>	<u>12,684,289</u>	<u>1,896,843</u>	<u>408,833</u>	<u>6,087,981</u>	<u>29,965,617</u>

California State University Risk Management Authority

Balance Sheet - Miscellaneous Programs as of 6/30/2016

(Unaudited)

	Misc Purchased	OCIP	Club Sports	Loans	Total Misc Programs as of 6/30/2016	Grand Total All Programs as of 6/30/2016
Assets:						
Cash and Investments	14,408	928,854	52,889	(894,408)	101,743	35,667,535
Other long-term investments	61,196	3,895,335	196,912	(3,722,959)	430,484	134,144,150
Accounts receivable	2,383	1,323,620	0	0	1,326,003	2,505,206
Loan receivable	0	0	0	4,617,368	4,617,368	4,617,368
Reinsurance receivable	0	0	0	0	0	196,829
Accrued interest receivable	0	0	8	0	8	5,100
Prepaid insurance	0	1,759,534	15,546	0	1,775,080	1,810,375
Prepaid expense	0	170,144	37,306	0	207,450	2,340,030
Total assets:	<u>77,987</u>	<u>8,077,488</u>	<u>302,661</u>	<u>0</u>	<u>8,458,136</u>	<u>181,286,593</u>
Liabilities:						
Accounts payable	0	369,194	110	0	369,304	5,320,470
Unearned revenue	0	0	26,595	0	26,595	39,245
SELF assessment liability	0	0	0	0	0	9,545,359
Reported claims	0	0	0	0	0	46,823,602
Claims incurred but not reported	0	0	0	0	0	32,102,859
Total liabilities:	<u>0</u>	<u>369,194</u>	<u>26,705</u>	<u>0</u>	<u>395,898</u>	<u>93,831,535</u>
Fund balance	77,987	7,708,294	275,957	0	8,062,238	87,455,058
Total liabilities and fund balance	<u>77,987</u>	<u>8,077,488</u>	<u>302,661</u>	<u>0</u>	<u>8,458,136</u>	<u>181,286,593</u>

California State University Risk Management Authority
Income Statement - Campus Programs as of 6/30/2016
(Unaudited)

	Liability	Workers' Compensation	IDL/ND/UI	Property	AIME	Auto Liability	Total Campus Programs
OPERATING REVENUES:							
Contributions	14,640,915	37,744,986	13,500,000	8,817,452	3,897,503	688,468	79,289,324
Reinsurance premiums	(182,070)	0	0	(4,413,221)	0	0	(4,595,291)
Total operating revenues:	14,458,845	37,744,986	13,500,000	4,404,231	3,897,503	688,468	74,694,033
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	5,367,115	17,944,858	14,341,282	1,590,173	3,832,487	0	43,075,914
Deductible recoveries	(3,396,106)	0	0	0	0	0	(3,396,106)
Claims administrators	87,132	3,793,079	71,729	0	255,000	0	4,206,940
Claims management information system	35,706	0	0	0	0	0	35,706
Program administrator	206,724	421,076	177,310	208,176	10,250	0	1,023,536
Brokerage commissions	336,140	413,675	237	487,265	2,044	0	1,239,360
Insurance premiums	4,228,399	26,247,248	0	1,245,651	16,774	845,823	32,583,895
Taxes, assessments & fees	218,789	0	0	0	0	0	218,789
Actuarial services	36,060	5,250	0	0	2,750	0	44,060
Miscellaneous program services	3,139	5,280	0	0	0	0	8,418
Workshops/training	45,809	17,605	6,447	4,199	0	0	74,060
Loss control	213,718	86,647	0	56,785	0	0	357,151
Reinsurance/excess recovery	0	(9,553,457)	0	0	0	0	(9,553,457)
Program committee	0	0	0	0	3,282	0	3,282
Dividend distributions	5,038,862	3,461,497	0	0	0	0	8,500,359
Change in claims losses and loss adjustment expenses	2,352,155	(12,505,793)	0	0	248,307	0	(9,905,331)
Total direct program expenses:	14,773,640	30,336,966	14,597,005	3,592,250	4,370,893	845,823	68,516,576
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	4,200	11,727	4,194	2,487	1,113	0	23,721
Executive committee & board expenses	1,038	2,898	1,037	615	286	0	5,874
JPA insurance	2,180	6,088	2,177	1,291	578	0	12,314
Memberships, associations & dues	3,460	3,518	1,258	746	334	0	9,316
Chancellor's office accounting services	48,316	134,913	48,251	28,607	13,087	0	273,174
Risk management expenses	121,767	340,012	121,609	72,093	33,409	0	688,891
JPA legal	14,019	39,151	14,003	8,298	4,043	0	79,514
Miscellaneous indirect services	11,221	12,263	4,395	2,687	1,196	0	31,761
Total general & administrative expenses:	206,202	550,570	196,923	116,824	54,046	0	1,124,565
Total operating expenses:	14,979,842	30,887,536	14,793,928	3,709,074	4,424,939	845,823	69,641,142
NON-OPERATING REVENUES:							
Investment income	844,508	2,375,949	288,629	263,277	28,069	0	3,800,432
Miscellaneous fee revenue	(0)	0	0	0	0	0	(0)
Total non-operating revenues:	844,508	2,375,949	288,629	263,277	28,069	0	3,800,432
BEGINNING RETAINED EARNINGS	17,289,228	21,537,093	1,716,222	8,356,648	981,214	0	49,880,404
ADJUSTMENTS TO RETAINED EARNINGS	(148,708)	0	0	0	0	0	(148,708)
TOTAL ADJUSTED RETAINED EARNINGS	17,140,520	21,537,093	1,716,222	8,356,648	981,214	0	49,731,696
NET SURPLUS/(DEFICIT)	323,511	9,233,399	(1,005,299)	958,434	(499,367)	(157,355)	8,853,323
ENDING RETAINED EARNINGS	17,464,030	30,770,492	710,923	9,315,081	481,847	(157,355)	58,585,019

California State University Risk Management Authority
Income Statement - AORMA Programs as of 6/30/2016
(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs
OPERATING REVENUES:						
Contributions	3,701,963	4,690,311	2,374,958	310,723	2,276,861	13,354,816
Reinsurance premiums	(888,930)	0	(1,401,635)	0	0	(2,290,565)
Total operating revenues:	2,813,033	4,690,311	973,323	310,723	2,276,861	11,064,251
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	4,450,376	2,229,280	238,090	0	916,578	7,834,324
Deductible recoveries	(32,909)	0	0	0	0	(32,909)
Claims administrators	14,000	215,456	0	0	30,046	259,502
Claims management information system	0	0	0	0	0	0
Program administrator	596,230	356,032	258,014	24,738	47,866	1,282,880
Brokerage commissions	64,521	54,925	186,134	15,193	52	320,825
Insurance premiums	326,984	2,945,836	85,193	197,437	0	3,555,450
Taxes, assessments & fees	0	38,026	0	0	0	38,026
Actuarial services	5,000	5,500	0	0	0	10,500
Miscellaneous program services	0	0	0	0	0	0
Workshops/training	12,163	8,700	4,770	609	5,802	32,044
Loss control	95,987	111,779	15,095	0	0	222,861
Reinsurance/excess recovery	(6,609,276)	(447,716)	0	0	0	(7,056,993)
Program committee	4,904	4,976	2,561	340	3,184	15,964
Dividend distributions	871,524	300,000	0	0	0	1,171,524
Change in claims losses and loss adjustment expenses	(751,666)	(3,051,550)	0	0	0	(3,803,216)
Total direct program expenses:	(952,163)	2,771,243	789,856	238,316	1,003,528	3,850,781
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	1,164	1,395	732	96	930	4,317
Executive committee & board expenses	291	345	175	23	216	1,050
JPA insurance	604	724	380	50	482	2,241
Memberships, associations & dues	17	21	11	1	14	65
Chancellor's office accounting services	13,468	16,055	8,285	1,096	10,343	49,247
Risk management expenses	34,056	40,467	20,690	2,742	25,520	123,474
JPA legal	3,975	4,664	2,286	311	2,692	13,928
Miscellaneous indirect services	1,242	1,474	810	103	966	4,595
Total general & administrative expenses:	54,817	65,144	33,369	4,422	41,163	198,917
Total operating expenses:	(897,346)	2,836,387	823,226	242,738	1,044,692	4,049,697
NON-OPERATING REVENUES:						
Investment income	230,881	363,237	49,484	11,527	174,539	829,668
Miscellaneous fee revenue	0	0	0	0	0	0
Total non-operating revenues:	230,881	363,237	49,484	11,527	174,539	829,668
BEGINNING RETAINED EARNINGS	2,523,912	3,966,235	1,695,428	329,070	4,448,934	12,963,580
ADJUSTMENTS TO RETAINED EARNINGS	0	0	0	0	0	0
TOTAL ADJUSTED RETAINED EARNINGS	2,523,912	3,966,235	1,695,428	329,070	4,448,934	12,963,580
NET SURPLUS/(DEFICIT)	3,941,260	2,217,161	199,581	79,511	1,406,709	7,844,221
ENDING RETAINED EARNINGS	6,465,172	6,183,396	1,895,009	408,581	5,855,643	20,807,801

California State University Risk Management Authority
Income Statement - Miscellaneous Programs as of 6/30/2016
(Unaudited)

	Misc Purchased	OCIP	Club Sports	Total Misc Programs	Grand Total All Programs
OPERATING REVENUES:					
Contributions	354,481	7,067,090	296,984	7,718,556	100,362,695
Reinsurance premiums	0	0	0	0	(6,885,856)
Total operating revenues:	354,481	7,067,090	296,984	7,718,556	93,476,839
OPERATING EXPENSES:					
DIRECT PROGRAM EXPENSES:					
Claims payment & legal expenses	0	0	14,109	14,109	50,924,346
Deductible recoveries	0	0	0	0	(3,429,015)
Claims administrators	0	0	7,333	7,333	4,473,775
Claims management information system	0	0	0	0	35,706
Program administrator	0	272,500	0	272,500	2,578,916
Brokerage commissions	71,593	24,513	8,246	104,352	1,664,537
Insurance premiums	411,066	1,954,391	171,114	2,536,571	38,675,916
Taxes, assessments & fees	0	0	0	0	256,815
Actuarial services	0	0	0	0	54,560
Miscellaneous program services	0	0	0	0	8,418
Workshops/training	0	0	0	0	106,104
Loss control	0	0	0	0	580,011
Reinsurance/excess recovery	0	0	0	0	(16,610,449)
Program committee	0	0	0	0	19,246
Dividend distributions	0	0	0	0	9,671,883
Change in claims losses and loss adjustment expenses	0	0	0	0	(13,708,547)
Total direct program expenses:	482,659	2,251,403	200,802	2,934,864	75,302,221
GENERAL & ADMINISTRATIVE EXPENSES:					
Financial audit	0	1,902	60	1,962	30,000
Executive committee & board expenses	0	470	15	485	7,409
JPA insurance	0	987	31	1,019	15,573
Memberships, associations & dues	0	29	1	29	9,410
Chancellor's office accounting services	0	21,878	700	22,579	345,000
Risk management expenses	0	55,138	1,783	56,921	869,286
JPA legal	0	6,346	212	6,558	100,000
Miscellaneous indirect services	0	2,016	64	2,080	38,437
Total general & administrative expenses:	0	88,765	2,867	91,633	1,415,115
Total operating expenses:	482,659	2,340,169	203,669	3,026,497	76,717,336
NON-OPERATING REVENUES:					
Investment income	0	0	4,408	4,408	4,634,508
Miscellaneous fee revenue	0	0	0	0	(0)
Total non-operating revenues:	0	0	4,408	4,408	4,634,507
BEGINNING RETAINED EARNINGS	57,457	2,981,373	178,234	3,217,064	66,061,048
ADJUSTMENTS TO RETAINED EARNINGS	148,708	0	0	148,708	0
TOTAL ADJUSTED RETAINED EARNINGS	206,165	2,981,373	178,234	3,365,772	66,061,048
NET SURPLUS/(DEFICIT)	(128,178)	4,726,921	97,723	4,696,466	21,394,010
ENDING RETAINED EARNINGS	77,987	7,708,294	275,957	8,062,238	87,455,058

California State University Risk Management Authority
Income Statement as of 6/30/2016
(Unaudited)

	Budget vs. Actual			Percent of Budget
	FY 2015/2016 Amended Budget	Year-to-Date Ended 06/30/2016	Variance	
OPERATING REVENUES:				
Contributions	97,531,829	100,362,695	(2,830,866)	102.90 %
Reinsurance premiums	(7,114,006)	(6,885,856)	(228,150)	96.79 %
Total operating revenues:	90,417,823	93,476,839	(3,059,016)	103.38 %
OPERATING EXPENSES:				
DIRECT PROGRAM EXPENSES:				
Claims payment & legal expenses	62,792,191	50,924,346	11,867,845	81.10 %
Deductible recoveries	(5,381,360)	(3,429,015)	(1,952,345)	63.72 %
Claims administrators	4,783,683	4,473,775	309,908	93.52 %
Claims management information system	35,000	35,706	(706)	102.02 %
Program administrator	2,559,903	2,578,916	(19,013)	100.74 %
Brokerage commissions	1,290,820	1,664,537	(373,717)	128.95 %
Insurance premiums	38,192,443	38,675,916	(483,473)	101.27 %
Taxes, assessments & fees	265,500	256,815	8,685	96.73 %
Actuarial services	56,000	54,560	1,440	97.43 %
Claims audit	22,000	0	22,000	0.00 %
Coverage counsel	16,000	0	16,000	0.00 %
Program legal	2,500	0	2,500	0.00 %
Miscellaneous program services	171,755	8,418	163,337	4.90 %
Workshops/training	219,000	106,104	112,896	48.45 %
Loss control	1,002,399	580,011	422,388	57.86 %
Reinsurance/excess recovery	(18,353,854)	(16,610,449)	(1,743,405)	90.50 %
Program committee	30,688	19,246	11,442	62.72 %
Dividend distributions	9,671,883	9,671,883	0	100.00 %
Change in claims losses and loss adjustment expenses	0	(13,708,547)	13,708,547	0.00 %
Total direct program expenses:	97,376,551	75,302,221	22,074,330	77.33 %
GENERAL & ADMINISTRATIVE EXPENSES:				
Financial audit	43,000	30,000	(30,000)	69.77 %
Executive committee & board expenses	34,000	7,409	(7,409)	21.79 %
JPA insurance	27,500	15,573	(15,573)	56.63 %
Memberships, associations & dues	7,450	9,410	(9,410)	126.31 %
Chancellor's office accounting services	345,000	345,000	(345,000)	100.00 %
Risk management expenses	1,004,914	869,286	(869,286)	86.50 %
JPA legal	105,000	100,000	(100,000)	95.24 %
Miscellaneous indirect services	15,000	38,437	(38,437)	256.24 %
Total general & administrative expenses:	1,581,864	1,415,115	(1,415,115)	89.46 %
Total operating expenses:	98,958,415	76,717,336	(76,717,336)	77.52 %
NON-OPERATING REVENUES:				
Investment income	2,500,000	4,634,508	(4,634,508)	185.38 %
Miscellaneous fee revenue	0	(0)	0	0.00 %
Total non-operating revenues:	2,500,000	4,634,507	(4,634,507)	185.38 %
NET SURPLUS/(DEFICIT)	(6,040,592)	21,394,010	(21,394,010)	(354.17)%

FINANCIAL REPORT
TREASURER'S REPORT AT JUNE 30, 2016

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

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

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Certification of Funds Letter – September 8, 2016
- b. CSURMA Investment Report - April 1, 2016 to June 30, 2016



California State University Risk Management Authority

Officers

Linda Hawk
Chair - 760-750-4950

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

Robert Eaton
Treasurer - 562-951-4572

Zachary Gifford
Secretary-Auditor - 562-951-4568

To: Executive Committee
CSU Risk Management Authority

From: Robert Eaton
Treasurer
CSU Risk Management Authority

Re: Quarterly Investment Report
Ending June 30, 2016

Date: September 8, 2016

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

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

Robert Eaton
Treasurer
CSU Risk Management Authority

CSURMA

Quarterly Investment Report

April 1, 2016 - June 30, 2016

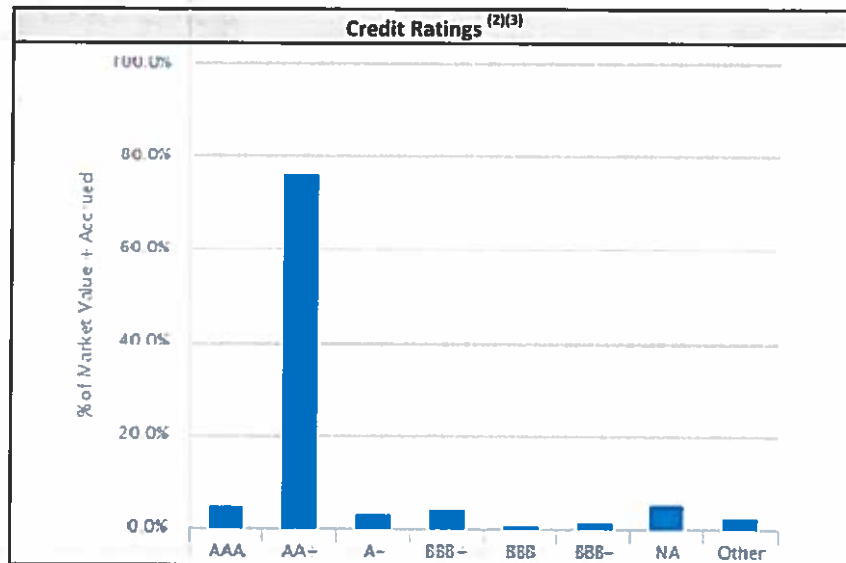
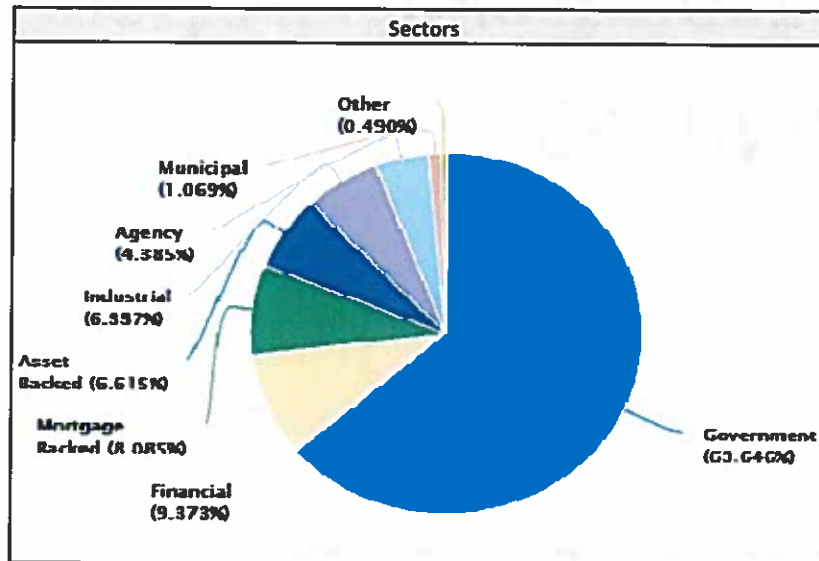
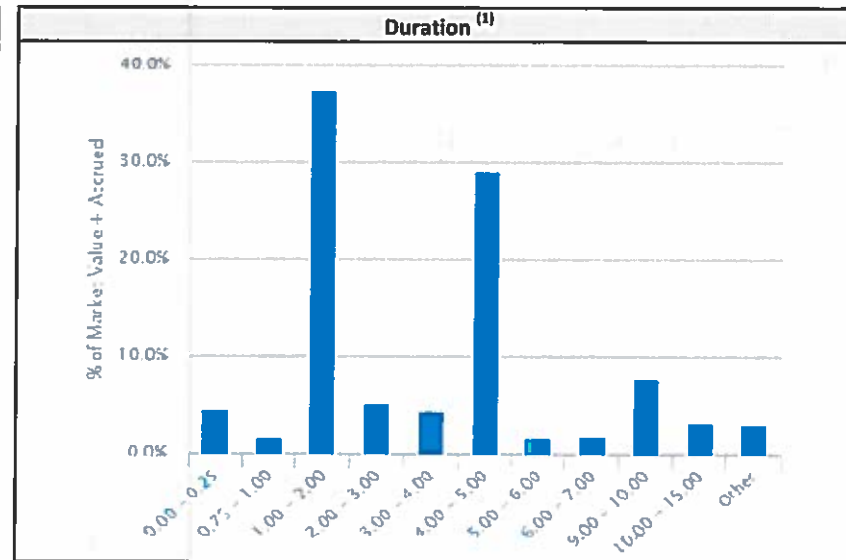
Prepared by Treasury

California State University Risk Management Authority

Fixed Income Portfolio (Auxiliary Investment Platform)

As of 06/30/2016

Portfolio Summary Total	
Total Assets	134,144,150
Duration	3.736
Yield	1.224
Avg Credit Rating	AA-/Aa3
QE Performance	1.169%



⁽¹⁾ The Other category combines duration ranges and in aggregate equals 3.084% of the portfolio.

⁽²⁾ The Other category contains assets that do not fall within the top seven specific credit ratings. These assets make up 2.913% of the portfolio.

⁽³⁾ The NA category contains assets that do not have credit ratings available. These assets make up 5.351% of the portfolio.

California State University Risk Management Authority

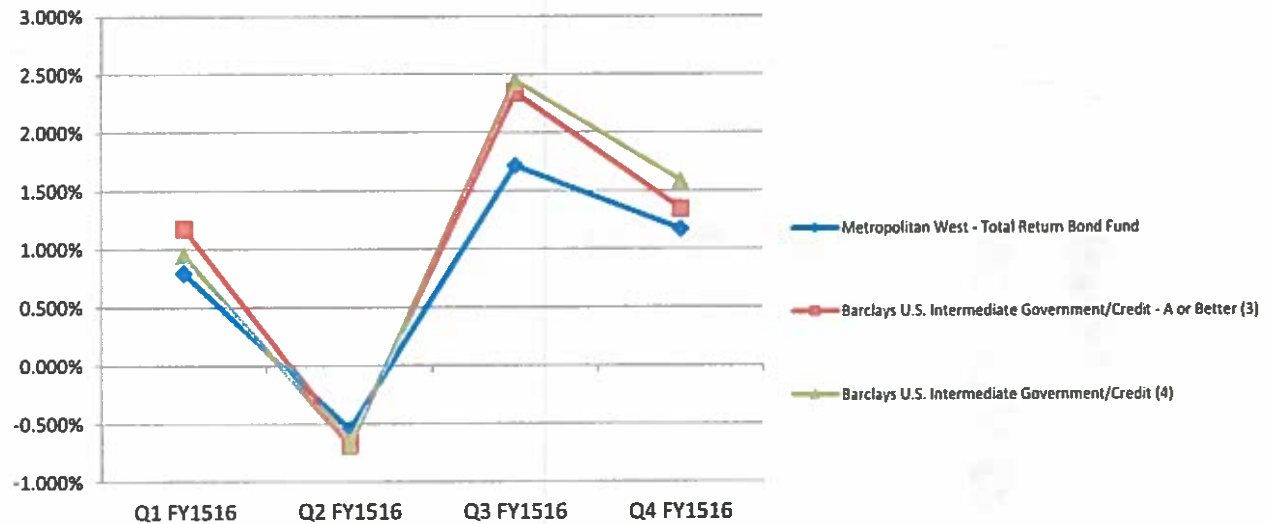
Fixed Income Portfolio (Auxiliary Investment Platform)

Performance Summary

Period Ending 06/30/2016

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	06/30/2016	04/01/16 - 06/30/16	07/01/15 - 06/30/16	07/01/13 - 06/30/16	07/01/11 - 06/30/16	07/01/07 - 06/30/16			
Metropolitan West - Total Return Bond Fund	134,144,150	1.169%	3.148%	2.265%	2.333%	4.092%	1.224	6.127	3.736
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾		1.344%	4.243%	2.739%	2.651%	3.337%	1.133	4.252	3.970
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾		1.585%	4.332%	2.948%	2.895%	3.706%	1.406	4.408	4.084

Account / Index	Q1 FY1516	Q2 FY1516	Q3 FY1516	Q4 FY1516	Trailing 12 Month ⁽¹⁾
	07/01/15 - 09/30/15	10/01/15 - 12/31/15	01/01/16 - 03/31/16	04/01/16 - 06/30/16	07/01/15 - 06/30/16
Metropolitan West - Total Return Bond Fund	0.794%	-0.554%	1.716%	1.169%	3.148%
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾	1.177%	-0.664%	2.343%	1.344%	4.243%
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾	0.949%	-0.691%	2.446%	1.585%	4.332%



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

(2) Weighted Average Maturity

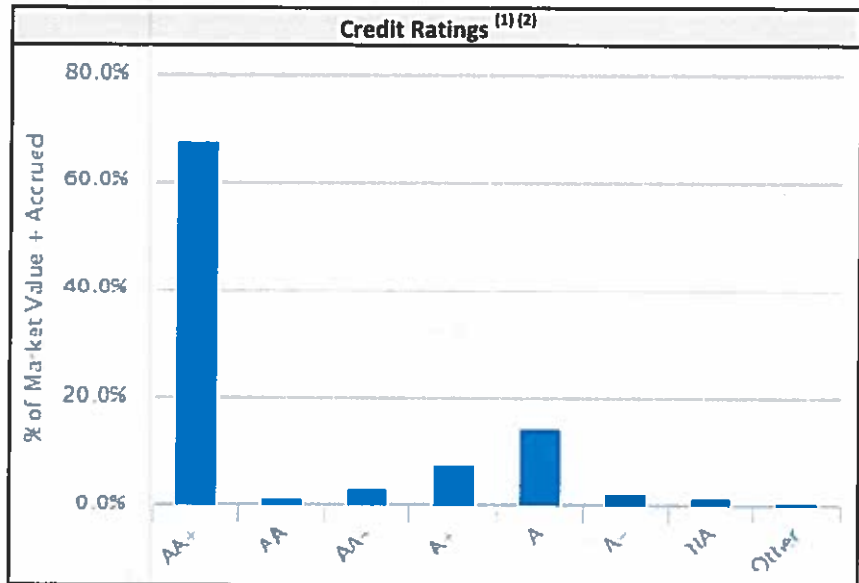
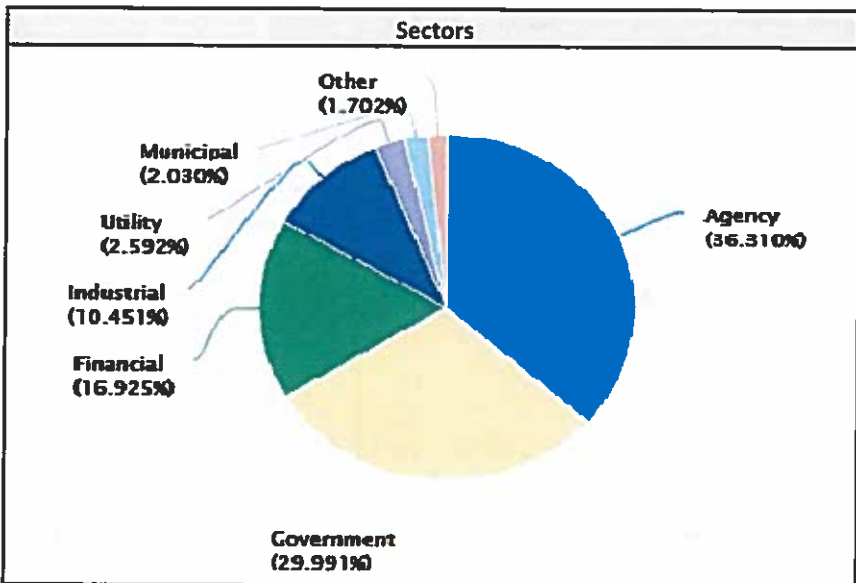
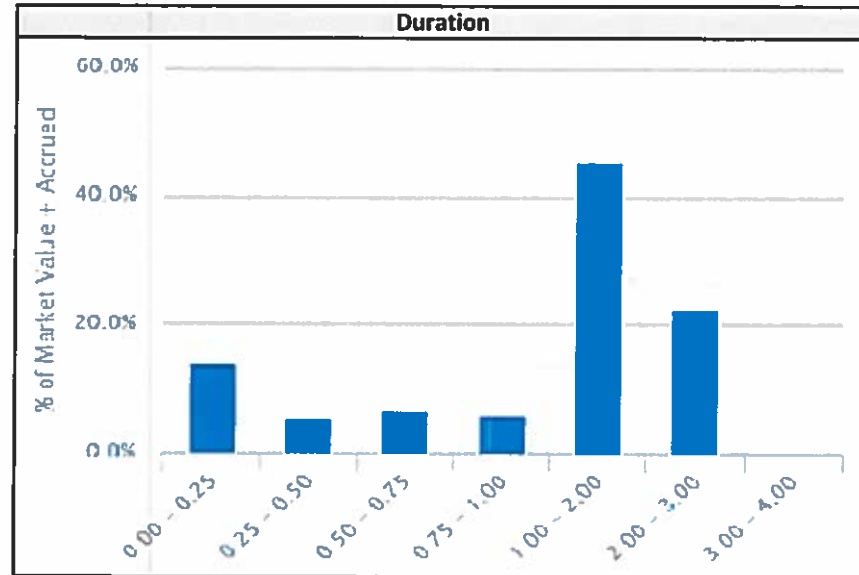
(3) Portfolio Benchmark as of 05/2014.

(4) Portfolio Benchmark prior to 05/2014.

California State University SWIFT Portfolio

As of 06/30/2016

Portfolio Summary Total	
Total Assets	35,588,177
Duration	1.238
Yield	0.802
Avg Credit Rating	AA-/Aa3
QE Performance	0.424%



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

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

California State University Risk Management Authority

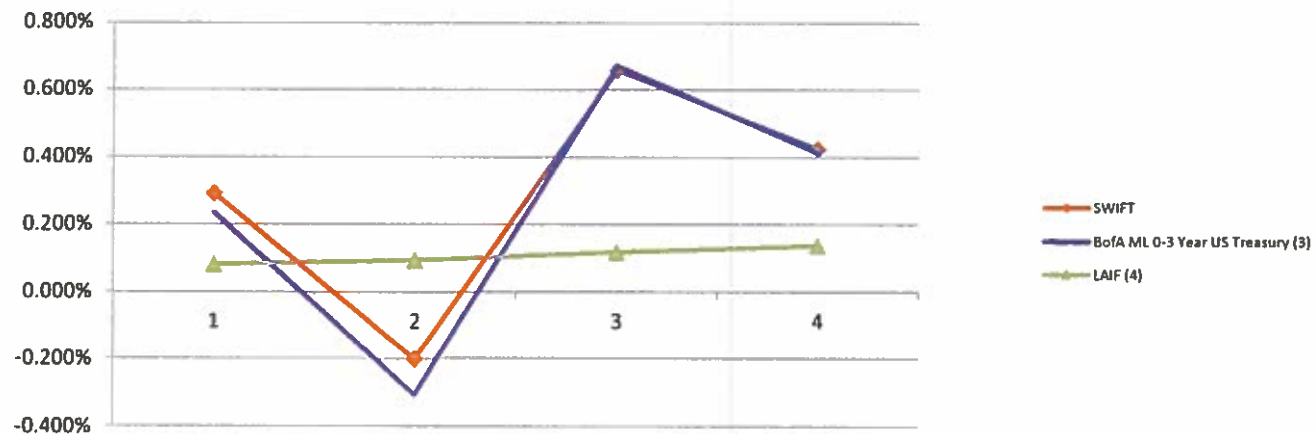
SWIFT Portfolio

Performance Summary

Period Ending 06/30/2016

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	06/30/16	04/01/16 - 06/30/16	07/01/15 - 06/30/16	07/01/13 - 06/30/16	07/01/11 - 06/30/16	07/01/07 - 06/30/16			
SWIFT - CSU Systemwide Investment Fund Trust	35,588,177	0.424%	1.177%	0.916%	0.782%	1.353%	0.802	1.530	1.238
BofA ML 0-3 Year US Treasury ⁽³⁾		0.412%	1.012%	0.744%	0.623%	1.755%	0.538	1.458	1.430
LAIF - Local Agency Investment Fund ⁽⁴⁾		0.138%	0.433%	0.317%	0.328%	1.040%	0.552		

Account / Index	Q1 FY1516	Q2 FY1516	Q3 FY1516	Q4 FY1516	Trailing 12 Month ⁽¹⁾
	07/01/15 - 09/30/15	10/01/15 - 12/31/15	01/01/16 - 03/31/16	04/01/16 - 06/30/16	07/01/15 - 06/30/16
SWIFT	0.293%	-0.200%	0.657%	0.424%	1.177%
BofA ML 0-3 Year US Treasury ⁽³⁾	0.235%	-0.306%	0.670%	0.412%	1.012%
LAIF ⁽⁴⁾	0.082%	0.094%	0.118%	0.138%	0.433%



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

(2) Weighted Average Maturity

(3) SWIFT Portfolio Benchmark

(4) LAIF returns calculated by CSUCO Treasury

CSURMA 2017 MEETING CALENDAR

ISSUE: Noted below are the proposed 2017 CSURMA Executive Committee (EC) and Board of Directors (BOD) meeting dates.

January 8, 2017 at 3:00 PM (AOA Conference, San Diego).....	EC
March 9, 2017 at 2:00 PM	EC
March 10, 2017 at 8:30 AM.....	EC LRP
May 5, 2017 at 8:30 AM.....	EC
May 5, 2017 at 10:30 AM.....	BOD
September 8, 2017 at 8:30 AM.....	EC
October 20, 2017 8:30 AM.....	EC
October 20, 2017 10:30 AM.....	BOD
December 8, 2017 at 8:30 AM.....	EC

RECOMMENDATION: Staff recommends approving the proposed 2017 CSURMA meeting calendar, with changes as appropriate.

FISCAL IMPACT: None.

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

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

ATTACHMENT(S):

- a. Draft 2017 CSURMA Meeting Calendar



California State University Risk Management Authority

2017 CSURMA MEETING CALENDAR

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
8	3:00 PM	EC (AOA Conference)	San Diego					9	10:00 AM	AORMA	TBD
8 - 11		AOA Annual Conference	San Diego					9	2:00 PM	EC	TBD
								10	8:30 AM	EC LRP	TBD
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
				4	10:00 AM	AORMA	Long Beach	TBD		AOA EC	TBD
				4	2:00 PM	BOD Orientation	Teleconference	TBD	1:00 PM	PC	Teleconference
				5	8:30 AM	EC	Long Beach				
				5	10:30 AM	BOD	Long Beach				
JULY				AUGUST				SEPTEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
TBD	11:00 AM	AORMA Officers Retreat	TBD	TBD		AOA EC	TBD	6	9:00 AM	AORMA New Member	TBD
								6	10:00 AM	AORMA LRP	TBD
								7	9:00 AM	AORMA	TBD
								7	4:00 PM	EC Orientation	TBD
								8	8:30 AM	EC	TBD
								TBD	1:00 PM	PC	Teleconference
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
19	10:00 AM	AORMA	Long Beach	TBD		AOA EC	TBD	7	10:00 AM	AORMA	TBD
20	8:30 AM	EC	Long Beach					8	8:30 AM	EC	TBD
20	10:30 AM	BOD	Long Beach					TBD	8:00 AM	PC	

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

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

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

INDEPENDENT AUDITOR'S FINANCIAL AUDIT
AT JUNE 30, 2016

ISSUE: Pursuant to Section 16(d) of the CSURMA Joint Exercise of Powers Agreement, CSURMA contracted the independent audit firm KPMG to conduct an annual fiscal year audit (as of June 30, 2016) of the financial position of CSURMA. The CSURMA Treasurer and Accounting Staff will be present at today's meeting to review the report.

RECOMMENDATION: It is recommended that the Executive Committee review and discuss the audited financial report, taking action as necessary.

FISCAL IMPACT: None.

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

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

ATTACHMENT(S):

- a. The Independent Auditor's Financial Audit Report as of June 30, 2016 (*Handout*)



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

September 22, 2016

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

Ladies and Gentlemen:

We have audited the financial statements of the California State University Risk Management Authority (the Authority) as of and for the years ended June 30, 2016 and 2015, and issued our report thereon under date of September 22, 2016. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audits.

Our Responsibility Under Professional Standards

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

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

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



The Board of Directors
California State University Risk Management Authority
September 22, 2016
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Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Authority's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in Authority's financial statements, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Accounting Practices and Alternative Treatments

Significant Accounting Policies

The significant accounting policies used by the Authority are described in note 2 to the financial statements. As described in note 2, in order to comply with the requirements of U.S. generally accepted accounting principles, the Authority adopted GASB 72 – *Fair Value Measurements and Applications* effective July 1, 2015.

Unusual Transactions

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

Qualitative Aspects of Accounting Practices

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

Management Judgments and Accounting Estimates

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

Management's estimate of the claims liability for losses and loss adjustment expense is based on analysis of historical claims. We evaluated the key factors and assumptions used to develop the liability, including possible management bias in developing the estimate and, in determining that the claims liability is reasonable in relation to the financial statements as a whole.

Management's estimate of the amounts recoverable related to reinsurance agreements are based on paid claims and claim adjustment expense. We evaluated the assumptions used to develop the



The Board of Directors
California State University Risk Management Authority
September 22, 2016
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estimated amounts due from reinsurers in determining that the estimated amounts recoverable were reasonable in relation to the financial statements taken as a whole.

Management's estimates of the fair values of various accounts are described in the notes to the financial statements.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements

In connection with our audit of the Authority's financial statements, we have discussed with management certain financial statement misstatements that have not been corrected in the Authority's books and records as of and for the year ended June 30, 2016. We have reported such misstatements to management on a Summary of Audit Misstatements and have received written representations from management that management believes that the effects of the uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Attached is a copy of the summary that has been provided to, and discussed with, management.

Corrected Misstatements

None noted.

Disagreements with Management

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

Management's Consultation with Other Accountants

None noted.

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters with the Board and management each year prior to our retention by the Board as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



The Board of Directors
California State University Risk Management Authority
September 22, 2016
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Material Written Communications

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

1. Engagement letter
2. Management representation letter

Significant Difficulties Encountered During the Audit

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

Other Significant Findings or Issues

None noted.

Independence

Our professional standards and other regulatory requirements specify that we communicate all relationships between our firm and the Authority and persons in financial reporting oversight roles at the Authority that may reasonably be thought to bear on auditor independence.

Confirmation of Audit Independence

We hereby confirm that as of the date of this letter, we are independent accountants with respect to the Authority under relevant professional and regulatory standards.

* * * * *

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

Very truly yours,

KPMG LLP

Irvine, California
September 22, 2016



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

Telephone +1 949 885 5400
Fax +1 949 885 5410
Internet www.us.kpmg.com

April 26, 2016

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

Attention: Mary Ek, Assistant Vice Chancellor and Controller

Ladies and Gentlemen:

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

Objectives and Limitations of Services

Financial Statement Audit Services

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

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

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

Our audit of the financial statements will be planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the



United States of America and *Government Auditing Standards*. Also, an audit is not designed to detect matters that are immaterial to the financial statements, and because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to detect abuse.

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

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

Internal Control over Financial Reporting and Compliance and Other Matters

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

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CSU's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, our objective is not to provide an opinion on compliance with such provisions.

In accordance with *Government Auditing Standards*, we will prepare a written report, *Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards* (GAGAS report), on our consideration of internal control over financial reporting and tests of compliance made as part of our audit of the financial statements. While the objective of our audit of the financial statements is not to report on CSU's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, this report will include any material weaknesses and significant deficiencies to the extent they come to our attention. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. This report will also include instances of:



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

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

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

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

Uniform Guidance Audit Services

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

As part of our audit procedures performed in accordance with the provisions of the Uniform Guidance, we will perform tests to evaluate the effectiveness of the design and operation of internal controls that we consider relevant to preventing or detecting material noncompliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of CSU's major federal programs. The tests of internal control performed in accordance with the Uniform Guidance are less in scope than would be necessary to render an opinion on internal control.

In relation to compliance with the program requirements applicable to its federal programs, management acknowledges and understands its responsibility for:

- Identifying the CSU's government programs and understanding and complying with the compliance requirements.



California State University
April 26, 2016
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- Establishing and maintaining effective controls that provide reasonable assurance that the CSU administers government programs in compliance with the compliance requirements.
- Evaluating and monitoring the CSU's compliance with the compliance requirements.
- Taking corrective action when instances of noncompliance are identified, including corrective action on audit findings of the compliance audit.

We will perform tests of CSU's compliance with federal statutes, regulations, and the terms and conditions of federal awards we determine to be necessary based on the *OMB Compliance Supplement*. The procedures outlined in the *OMB Compliance Supplement* are those suggested by each federal agency and do not cover all areas of regulations governing each program. Program reviews by federal agencies may identify additional instances of noncompliance.

As required by the Uniform Guidance, we will prepare a written report which provides our opinion on the schedule of expenditures of federal awards in relation to CSU's financial statements. In addition, we will prepare a written report (single audit report) which 1) provides our opinion on CSU's compliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major federal programs and 2) communicates our consideration of internal control over major federal programs. The single audit report will describe its purpose and will state that it is not suitable for any other purpose.

The Federal Audit Clearinghouse requires the single audit reporting package, which includes the audited financial statements, to be submitted in a PDF format which is text searchable, unencrypted, and unlocked. This letter serves as CSU's authorization for the submission of the reporting package in this format.

Offering Documents

Should CSU wish to include or incorporate by reference these financial statements and our audit reports thereon into an offering of exempt securities, prior to our consenting to include or incorporate by reference our reports on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to, reading other information incorporated by reference in the offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future offering documents will be determined at the time the services are to be performed.



Should CSU wish to include or incorporate by reference these financial statements and our audit reports thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our reports on such financial statements, and we are not otherwise associated with the offering document, then CSU agrees to include the following language in the offering document:

“KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement.”

Our Responsibility to Communicate with the Board of Trustees

We will report to the audit committee or those charged with governance, in writing, the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audit and the effect that they, individually or in the aggregate, may have on our opinion in the auditor’s report, and the effect of uncorrected misstatements related to prior periods.
- Significant difficulties and disagreements with management, if any, encountered during our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the audit committee and determine that the audit committee has received copies of all material written communications between ourselves and management. We will also determine that the audit committee has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any illegal acts, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the audit committee illegal acts, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the financial statements.



Management Responsibilities

The management of CSU acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that CSU complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing us of any known material violations of such laws and regulations and provisions of contracts and grant agreements. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of CSU also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements and the compliance requirements applicable to its federal programs such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audits; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

In addition to the Uniform Guidance requirements to maintain internal control and comply with the compliance requirements applicable to federal programs as discussed above, the Uniform Guidance also requires CSU to prepare a:

- Schedule of expenditures of federal awards;
- Summary schedule of prior audit findings;
- Corrective action plan; and
- Data collection form (Part I).

While we may be separately engaged to assist you in the preparation of these items, preparation is the responsibility of CSU.



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Certain provisions of the Uniform Guidance allow a granting agency to request that a specific program be selected as a major program provided that the federal granting agency is willing to pay the incremental audit cost arising from such selection. CSU agrees to notify KPMG LLP (KPMG) of any such request by a granting agency and to work with KPMG to modify the terms of this letter as necessary to accommodate such a request.

To facilitate our audit planning, in accordance with *Government Auditing Standards*, management agrees to identify and provide copies of reports, if applicable, of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented, prior to June 30, 2016.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management's representations to the effective performance of our services, CSU will release KPMG and its personnel from any claims, liabilities, costs and expenses relating to our services under this letter attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

Management is also responsible for providing us with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS or single audit report within 14 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the reports, the reports will indicate the status of management's responses.

Management is responsible for the distribution of the reports issued by KPMG.

Non-audit service - Assistance in Preparing Financial Statements

We will assist management in preparing the financial statements and related notes in accordance with U.S. generally accepted accounting principles. We will use information from the trial balance and/or other source documents provided by management to assist management in preparing the financial statements and related notes.

Our responsibility is to assist management in preparing the financial statements and related notes using the information provided by management. We will not assume management responsibilities on behalf of CSU. However, we will provide advice and recommendations to assist management of CSU in performing its responsibilities.

CSU agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of the financial statements and notes.



California State University
April 26, 2016
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- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the financial statement preparation assistance.

Dispute Resolution

Any dispute or claim arising out of or relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any of its subcontractors or agents to CSU or at its request, shall be ruled by the provisions set forth in the MEA #4422 dated December 17, 2014.

Other Matters

In the event that any term or provision of this Engagement Letter shall be held to be invalid, void or unenforceable, then the remainder of the Engagement Letter shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

This letter shall serve as CSU's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and CSU and between KPMG and outside specialists or other entities engaged by either KPMG or CSU. CSU acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, CSU hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of CSU solely for presentations or reports to CSU or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

KPMG, as an accounting firm, has an obligation to comply with applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1.700, "Confidential Client Information Rule," adopted by the American Institute of Certified Public Accountants and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of client confidential information without client consent, except in limited circumstances. KPMG represents to CSU that KPMG will treat CSU's confidential information in accordance with applicable professional standards.

KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or



California State University

April 26, 2016

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more KPMG member firms (together with KPMG, the “KPMG Firms”) to provide services to CSU. In connection with the performance of services under this Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third party service providers within or outside of the United States to complete the services under this Engagement Letter. KPMG Firms and such third parties may have access to your confidential information from offshore locations. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical services to KPMG and these third party service providers may in the performance of such services have access to your confidential information. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use.

You also understand and agree that the KPMG Firms, with the assistance of third parties as outlined above, may use your confidential information obtained to complete this engagement for other purposes, such as improving the delivery of audit and other services to you and to other clients and for use in presentations to you, other clients and non-clients. When your confidential information is used outside of the KPMG Firms or third parties discussed above for any purpose other than the provision of audit or other services to you, back-office administrative and clerical services to KPMG or service quality improvement, it will be de-identified so that CSU cannot be attributed as the source of the information.

Except as otherwise provided for in this Engagement Letter, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Engagement Letter (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment in violation hereof shall be null and void.

The audit documentation for this engagement is the property of KPMG. If KPMG receives a subpoena; other validly issued administrative, judicial, government or investigative regulatory demand or request; or other legal process requiring it to disclose CSU’s confidential information (“Legal Demand”), KPMG shall, unless prohibited by law or such Legal Demand, provide prompt written notice to CSU of such Legal Demand in order to permit it to seek a protective order. So long as KPMG gives notice as provided herein, KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event KPMG is requested or authorized by CSU, or is required by law, rule, regulation or Legal Demand in a proceeding or investigation to which KPMG is not a named party or respondent, to produce KPMG’s documents or personnel as witnesses or for interviews, or otherwise to make information relating to the service under the Engagement Letter available to a third party, or CSU, CSU shall reimburse KPMG for its professional time, at its then-current standard hourly rates, and expenses, including reasonable attorneys’ fees and expenses, incurred in producing documents or personnel or providing information pursuant to such requests, authorizations or requirements.



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Pursuant to *Government Auditing Standards*, we are required to make certain audit documentation available in a full and timely manner to Regulators upon request for their reviews of audit quality and for use by their auditors. In addition, we may also be requested to make certain audit documentation available to Regulators pursuant to authority provided by law or regulation. If so requested, access to such audit documentation will be provided. Furthermore, Regulators may obtain copies of selected audit documentation. Such regulators may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies.

As required by *Government Auditing Standards*, we have attached a copy of KPMG's most recent peer review report.

Additional Reports and Fees for Services

Appendix I to this letter lists the additional reports we will issue as part of this engagement and our fees for professional services to be performed under this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.

* * * * *

Our engagement herein is for the provision of annual audit services for the financial statements and the Uniform Guidance for the periods described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this letter we will provide the services set forth in Appendix I as a single engagement for each of CSU's subsequent fiscal years until either those charged with governance or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by those charged with governance.

This Engagement Letter and any exhibits, attachments and appendices hereto, and amendments thereto agreed in writing by the parties, shall constitute the entire agreement between KPMG and CSU with respect to the subject matter hereof and thereof, and supersede all other previous oral and written representations, understandings or agreements relating to the subject matter of this agreement.



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We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

Mark T. Thomas
Partner

Enclosures

MTT:ls:glb:T1501_v3

ACCEPTED:

California State University

Authorized Signature

Interim Associate Director

Title

Jul 26, 2016

Date

Fees for Services

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

Audit of the financial statements of CSU as of and for the year ended June 30, 2016 per the billing schedule \$2,100,000

The reports that we will issue as part of and upon completion of this engagement are as follows:

Report

CSU Combined Financial Statements
CSU Combined Financial Statements with
Supplementary Information
Revenue Bond Programs Financial Statements
Federal Funds (A-133 Single Audit)

Other Reports to be issued:

CSU Risk Management Authority
California State University Institute
Stockton Center Site Authority

Other Required Tasks:

GAAP Manual and Year End Workshop

Additional procedures, subject to the CSU's advance approval, \$ 100,000
including the review of Auxiliary Organization financial information, implementation of GASB pronouncements of unusual complexity, and other additional procedures as necessary (to be billed based on the number of hours incurred and approved by the CSU).

The above estimates are based on the level of experience of the individuals who will perform the services. Our fees are based on significantly discounted hourly rates and include all out-of-pocket expenses.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be CSU's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.

December 11, 2014

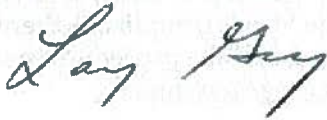
John B Veihmeyer, CPA
KPMG LLP
345 Park Ave
New York, NY 10154

Dear Mr. Veihmeyer:

It is my pleasure to notify you that on December 11, 2014 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2017. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Larry Gray
Chair, National Peer Review Committee
nprc@aicpa.org 919 402.4502

cc: Keith Robert Rowden; Thomas W Whittle

Firm Number: 10054128

Review Number 359579

Letter ID: 945097



System Review Report

To the Partners of KPMG LLP
And the National Peer Review Committee of the AICPA Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the Firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended March 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, an audit performed under FDICIA, audits of a carrying broker-dealers, and examinations of services organizations [Service Organizations Control (SOC 1) engagements].

In our opinion, the system of quality control for the accounting and auditing practice of KPMG LLP, applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended March 31, 2014, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. KPMG LLP has received a peer review rating of *pass*.

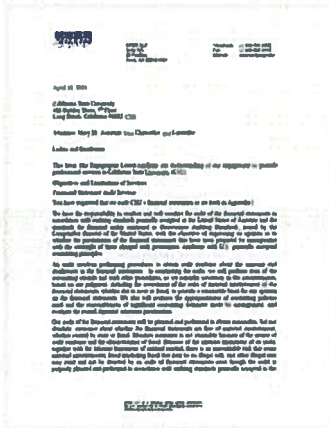
PricewaterhouseCoopers LLP

December 5, 2014

CSU Engagement letter




Adobe Sign Document History

07/26/2016



Created:	07/26/2016
By:	Darryl Dearborn (ddearborn@calstate.edu)
Status:	SIGNED
Transaction ID:	CBJCHBCAABAAPh8Ob5TRMI_3Zuosip8CWug4-X-QdQ4p

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-  Document created by Darryl Dearborn (ddearborn@calstate.edu)
07/26/2016 - 4:31:11 PDT - IP address: 137.145.238.76
-  Document e-signed by Darryl Dearborn (ddearborn@calstate.edu)
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-  Signed document emailed to Darryl Dearborn (ddearborn@calstate.edu) and lsangalang@kpmg.com
07/26/2016 - 4:33:17 PDT



California State University Risk Management Authority

401 Golden Shore-5th Floor, Long Beach, CA 90802
Telephone: 562-951-4621
Facsimile: 562-951-4865

September 22, 2016

KPMG LLP
20 Pacifica, Suite 700
Irvine, California 92618

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the financial statements of California State University Risk Management Authority (the Authority), a discretely presented component unit of the California State University, and the related notes to the financial statements, as of and for the years ended June 30, 2016 and 2015, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial positions, changes in financial positions, and cash flows of the Authority are in accordance with U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of September 22, 2016, the following representations made to you during your audits:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 26, 2016, for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence.

- d. All minutes of the meetings of the Board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. There are no:
 - a. Violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62, paragraphs 96 – 113.
 - d. Material transactions, for example, grants and other contractual arrangements, that have not been properly recorded in the accounting records underlying the financial statements.
 - e. Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
 - f. Events that have occurred subsequent to the date of the statement of net position and through the date of this letter that would require adjustment to or disclosure in the financial statements.
5. All known actual or possible litigation and claims have been accounted for and disclosed in accordance with GASB Statement No. 62, paragraphs 96 – 113.
6. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements for each respective opinion unit.
7. We acknowledge our responsibility for the design, implementation and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements

whether due to error or fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with U.S. generally accepted accounting principles.

8. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Authority's ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies and material weaknesses in internal control over financial reporting, in accordance with the definitions in AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*.
9. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
10. We have no knowledge of any fraud or suspected fraud affecting the Authority's financial statements involving:
 - a. Management,
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, or others.
12. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.
13. We have no knowledge of any officer or Board Member of the Authority, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audits.
14. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions of which we are aware in accordance with the requirements of U.S. generally accepted accounting principles, including

sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to related parties. The term "related party" refers to government's related organizations, joint ventures, and jointly governed organizations, as defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended; elected and appointed officials of the government; its management; members of the immediate families of elected or appointed officials of the government and its management; and other parties with which the government may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

- b. Guarantees, whether written or oral, under which the Authority is contingently liable.
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - d. Agreements to repurchase assets previously sold, including sales with recourse.
 - e. Changes in accounting principle affecting consistency.
 - f. The existence of and transactions with joint ventures and other related organizations.
15. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
16. The Authority has complied with all aspects of laws, regulations, and contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
17. Management is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Authority. Management has identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.
18. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
19. Amounts advanced to related entities represent valid receivables and are expected to be recovered at some future date in accordance with the terms of related agreements.

20. Receivables reported in the financial statements represent valid claims against debtors arising on or before the date of the statement of net position and have been appropriately reduced to their estimated net realizable value.
21. Deposits and investment securities are properly classified and reported.
22. The Authority is responsible for making the fair value measurements and disclosures included in the financial statements in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, including determining the fair value of assets and liabilities for which there has been a significant decrease in the volume and level of activity in relation to the normal market activity for those assets or liabilities (or similar assets or liabilities) or for which transactions are deemed not orderly. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, in accordance with the fair value techniques included in GASB 72, considered the appropriateness of valuation techniques including circumstances in which a practical expedient may be used to estimate fair value, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with U.S. generally accepted accounting principles, including the disclosure requirements of GASB 72. We believe the assumptions and techniques used by us, including those used by specialists engaged by us, are in accordance with the definition of fair value in GASB 72 and the disclosures adequately describe the level of the inputs used in the fair value measurement, in accordance with the fair value hierarchy in GASB 72.
23. The Authority is responsible for determining the fair value of certain investments as required by GASB 72, and paragraph 11 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. The amounts reported represent the Authority's best estimate of the fair value of investments required to be reported under the Statement. The Authority has also disclosed the methods and significant assumptions used to estimate the fair value of its investments, and the nature of investments reported at amortized cost.
24. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:
 - a. The extent, nature, and terms of financial instruments with off-balance-sheet risk;
 - b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and
 - c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

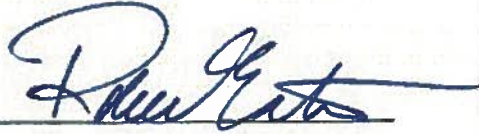
25. The Authority has no:
 - a. Commitments for the purchase or sale of services or assets at prices involving material probable loss.
 - b. Loss to be sustained as a result of other-than-temporary declines in the fair value of investments.
26. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
27. Revenues are appropriately classified as operating or nonoperating in the statements of revenues, expenses, and changes in net position.
28. The Authority has identified and properly accounted for all nonexchange transactions.
29. Expenses have been appropriately classified in the statements of revenues, expenses, and changes in net position.
30. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Authority's current period financial statements and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements and our assessment of internal control over financial reporting is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
31. We agree with the findings of specialists in evaluating the loss reserve and incurred but not reported estimates related to claims and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
32. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria and:
 - a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria.
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period.

- c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.
33. We acknowledge our responsibility for the presentation of the required supplementary information, which includes management's discussion and analysis and a schedule of claims development information, in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
- a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.
34. The Authority has complied with all applicable laws and regulations in adopting, approving, and amending budgets.
35. The Authority has presented management's discussion and analysis that U.S. generally accepted accounting principles (GAAP) requires to supplement, although not to be part of, the financial statements.
36. The Authority was formed pursuant to California Government Code Section 6500 et seq. and, as a government entity is not subject to federal or state income taxes under §115 of the Internal Revenue Code of 1986.
37. KPMG LLP assisted management in drafting the financial statements and notes. In accordance with *Government Auditing Standards*, we confirm that we have reviewed, approved, and accept responsibility for the financial statements and notes.
36. There are no representations provided in connection with your audit of the financial statements as of June 30, 2015 and for the year then ended that requires modification.

Further, we confirm that we are responsible for the fair presentation in the financial statements including the statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows of the Authority, and the related notes to the financial statements, in accordance with U.S. generally accepted accounting principles.

Respectfully yours,

California State University Risk Management Authority



Robert Eaton

*Treasurer
CSU Risk Management Authority*



Mary Ek

*Assistant Vice Chancellor/Controller, Financial Services
CSU Chancellor's Office*

Summary of Unconnected Audit Misstatements				Current Period End		Income Statement Effect - Debit/Credit		Balance Sheet Effect - Debit/Credit					Cash Flow Effect - Increase/Decrease			Statement of Comprehensive Income - Debit/Credit	
ID	Description of misstatement	Type of misstatement	Accounts	Debit	Credit	Income effect of correcting the balance sheet in prior period (carryforward from prior period)	Income effect of correcting the current period balance sheet	Equity	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Operating Activities	Investing Activities	Financing Activities	Comprehensive Income	
				A	B	C-D											
AM1	When performing procedures over Member Contribution revenue, the engagement team noted that the April - June 2015 OCP revenue was incorrectly recorded in FY 15/16.	Factual	Member contributions Unrestricted net assets	1,387,892	0	0	1,387,892	1,387,892	0	0	0	0	0	0	0	0	0
AM2	During our network related to the non-grasp policies, we noted the impact of recording late insurance premium expenses when the invoice is received instead of the period incurred is above our audit misstatement posting threshold. As such, we proposed the noted adjustment.	Factual	Unrestricted net assets Insurance premiums	339,473	0	0	0	339,473	0	0	0	0	0	0	0	0	0
				0	(339,473)	0	(339,473)	(339,473)	0	0	0	0	0	0	0	0	0
				0	1,048,419	0	1,048,419	1,048,419	0	0	0	0	0	0	0	0	0
				0	1,048,419	0	1,048,419	1,048,419	0	0	0	0	0	0	0	0	0
				0	21,394,000	0	21,394,000	87,455,000	43,572,000	137,713,000	29,767,000	64,063,000	27,415,000	28,141,000	814,000	0	0
				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Unconnected audit misstatements as a percentage of financial statement amounts (after tax):



**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Financial Statements and Supplementary Schedules

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

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

Independent Auditors' Report

The Board of Directors
California State University Risk Management Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the California State University Risk Management Authority (the Authority), a component unit of the California State University (University), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California State University Risk Management Authority as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

KPMG LLP

Irvine, California
September 22, 2016

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2016 and 2015
(Unaudited)

The following discussion and analysis provides an overview of the financial position and performance of the California State University Risk Management Authority (the Authority) as of and for the years ended June 30, 2016 and 2015. It is designed to assist the readers in focusing on financial overview and analysis of the financial activities of the Authority. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

Overview of the Financial Statements

The financial statements of the Authority as of and for the years ended June 30, 2016 and 2015 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. For reporting purposes, the Authority is considered a special-purpose government engaged in business-type activities.

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

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

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A summary of the Authority's assets, liabilities, and net position at June 30, 2016 and 2015 is as follows:

Condensed Schedules of Net Position

June 30, 2016, 2015 and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets:			
Current assets	\$ 43,574,000	40,301,000	45,147,000
Noncurrent assets	137,713,000	134,340,000	131,941,000
Total assets	<u>181,287,000</u>	<u>174,641,000</u>	<u>177,088,000</u>
Liabilities:			
Current liabilities	29,769,000	33,115,000	39,953,000
Noncurrent liabilities	64,063,000	75,465,000	76,399,000
Total liabilities	<u>93,832,000</u>	<u>108,580,000</u>	<u>116,352,000</u>
Net position:			
Unrestricted	87,455,000	66,061,000	60,736,000
Total net position	<u>\$ 87,455,000</u>	<u>66,061,000</u>	<u>60,736,000</u>

Assets

The Authority's assets totaled \$181,287,000 on June 30, 2016, an increase of \$6,646,000, or 4% as compared to the previous year. The increase is mainly attributed to the increase in investments and other long-term investments (note 3) of \$28,675,000 and 4,036,000, respectively, due to the timing of the prepayment for California State Association of Counties Excess Insurance Authority (CSAC EIA or the EIA). Prepaid expenses decreased by \$26,552,000 due to the timing of payment as previously noted. The Authority's investments represent 94% and 78% of total assets as of June 30, 2016 and 2015, respectively, and consist of the Authority's share of the CSU Consolidated Investment Pool and investments held in Morgan Stanley Smith Barney. There were no significant changes in 2015 compared to 2014.

Liabilities

The Authority's liabilities totaled \$93,832,000 on June 30, 2016, a decrease of \$14,748,000, or 14% as compared to the previous year. This is primarily due to the enrollment in the EIA, effective January 1, 2015, resulting in a decrease in claims liability, current and noncurrent, in the amount of \$13,708,000. The EIA is responsible for all covered losses within the amount of the self-insurance layer for the campus and Auxiliary Organizations Risk Management Alliance (AORMA) workers' compensation program (note 7), thus, the Authority is not liable for the layers covered by the EIA. Claims liability, current and noncurrent, represents 84% and 85% of the total liabilities

**CALIFORNIA STATE UNIVERSITY
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Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

as of June 30, 2016 and 2015, respectively. As explained above, during 2015 the Authority joined the EIA, which resulted in decreased liability between 2015 and 2014 (note 7). There were no other significant events during 2015.

Net Position

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

The Authority's net position totaled \$87,455,000 on June 30, 2016, an increase of \$21,394,000, or 32%, as compared to the previous year. This is primarily due to a decrease in claim losses and loss adjustment expenses and a decrease in claims liabilities, current and noncurrent, as discussed above. There were no significant changes in 2015 compared to 2014.

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

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

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

Years ended June 30, 2016, 2015 and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 93,477,000	88,376,000	78,555,000
Operating expenses	<u>76,716,000</u>	<u>84,800,000</u>	<u>83,314,000</u>
Operating income (loss)	16,761,000	3,576,000	(4,759,000)
Nonoperating revenues	<u>4,633,000</u>	<u>1,749,000</u>	<u>3,754,000</u>
Change in net position	21,394,000	5,325,000	(1,005,000)
Net position, beginning of year	<u>66,061,000</u>	<u>60,736,000</u>	<u>61,741,000</u>
Net position, end of year	<u>\$ 87,455,000</u>	<u>66,061,000</u>	<u>60,736,000</u>

Operating Revenues and Expenses

During fiscal year 2016, the operating revenues totaled \$93,477,000, an increase of \$5,101,000, or 6% which is primarily due to an increase in member contributions (note 6). The increase in contributions is mainly due to

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(Unaudited)

recommended funding for the campus covered programs and is calculated by an independent actuarial firm employed by the Authority (note 2 g). During fiscal year 2015, the operating revenues totaled \$88,376,000, an increase of \$9,821,000, or 13%, which is primarily due to an increase in member contributions and a decrease in reinsurance premiums. Member contributions increased during 2015 consistent to the increase during 2016, as previously noted. Reinsurance premiums decreased during 2015 due to the reduced payments of campus and AORMA property premiums from \$10,636,000 to \$5,852,000.

During fiscal year 2016, operating expenses totaled \$76,716,000, a decrease of \$8,084,000 or 10% as compared to the previous year. The decrease is primarily due to a decrease in claim losses and loss adjustment expenses in the amount of \$22,747,000 which is offset by an increase in insurance premiums of \$14,799,000. The increase in insurance premiums is primarily due to excess insurance premiums paid to the EIA.

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

Nonoperating Revenues

During fiscal year 2016, the nonoperating revenues totaled \$4,633,000, an increase of \$2,884,000, or 165% which is primarily due to the increase in investment income from the investment portfolio where the Authority's investments are held (note 3). During fiscal year 2015, nonoperating revenues totaled \$1,749,000, a decrease of \$2,005,000 or 53% which is primarily due to a decrease in investment income earned.

Factors Impacting Future Periods

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

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

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

Generally, the commercial insurance and reinsurance market is stable with a favorable outlook due in large part to catastrophic property claims being well below the average for the past ten years. However, weather extremes, catastrophic loss and investment earnings are areas of concern for commercial insurance carriers. The market for excess liability for California public entities has begun to firm following several years of softening. This is largely due to a significant rise in the cost of claims, especially those involving employment practices and injuries to minors. The Authority has managed this risk by developing long term underwriting relationships and attracting new markets to the program.

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

The rates charged by the Authority for member contributions for the future year are generally not expected to change significantly; however, the Auxiliary Organization Liability Program membership may see a larger rate increase due to an increased employment loss trend and the impact of two catastrophic claims incurred in fiscal year 2014 (both claims are paid and closed with no outstanding liability). In the May 2016 Board of Director's meeting, the fiscal year 2017 budget was approved for operating revenues of \$91,123,000 and operating expenses of \$89,432,000.

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Statements of Net Position

June 30, 2016 and 2015

	2016	2015
Assets:		
Current assets:		
Cash and cash equivalents	\$ 88,000	—
Investments (note 3)	35,579,000	6,904,000
Accounts receivable	2,505,000	800,000
Loans receivable from affiliates, current portion (note 4)	1,048,000	1,136,000
Interest receivable	5,000	4,000
Prepaid expenses	4,152,000	30,704,000
Reinsurance recoverable – workers’ compensation	197,000	753,000
Total current assets	43,574,000	40,301,000
Noncurrent assets:		
Loans receivable from affiliates, net of current portion (note 4)	3,569,000	4,232,000
Other long-term investments (note 3)	134,144,000	130,108,000
Total noncurrent assets	137,713,000	134,340,000
Total assets	181,287,000	174,641,000
Liabilities:		
Current liabilities:		
Accounts payable	5,319,000	4,999,000
Unearned revenues	40,000	37,000
SELF assessment liability, current portion (note 9)	1,364,000	1,364,000
Claims liability for losses and loss adjustment expenses – current portion (note 5):		
Reported claims	13,672,000	15,058,000
Claims incurred but not reported	9,374,000	11,657,000
Total current liabilities	29,769,000	33,115,000
Noncurrent liabilities:		
SELF assessment liability, net of current portion (note 9)	8,182,000	9,545,000
Claims liability for losses and loss adjustment expenses – noncurrent portion (note 5):		
Reported claims	33,152,000	37,156,000
Claims incurred but not reported	22,729,000	28,764,000
Total noncurrent liabilities	64,063,000	75,465,000
Total liabilities	93,832,000	108,580,000
Net position:		
Unrestricted	87,455,000	66,061,000
Total net position	\$ 87,455,000	66,061,000

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY
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Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Member contributions (note 6)	\$ 100,363,000	95,248,000
Reinsurance premiums (note 7)	(6,886,000)	(6,872,000)
Total operating revenues	<u>93,477,000</u>	<u>88,376,000</u>
Operating expenses:		
Claim losses and loss adjustment expenses (note 5)	17,175,000	39,922,000
Claims administration	8,717,000	9,000,000
Insurance premiums	38,676,000	23,877,000
Dividend distributions (note 6)	9,672,000	9,857,000
General and administrative	1,415,000	1,142,000
Miscellaneous services	1,061,000	1,002,000
Total operating expenses	<u>76,716,000</u>	<u>84,800,000</u>
Operating income	<u>16,761,000</u>	<u>3,576,000</u>
Nonoperating revenues:		
Investment income, net	4,570,000	1,664,000
Interest income from loans	63,000	85,000
Total nonoperating revenues	<u>4,633,000</u>	<u>1,749,000</u>
Increase in net position	<u>21,394,000</u>	<u>5,325,000</u>
Net position, beginning of year	<u>66,061,000</u>	<u>60,736,000</u>
Net position, end of year	<u>\$ 87,455,000</u>	<u>66,061,000</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts of member contributions	\$ 99,076,000	94,745,000
Payments to providers	(31,147,000)	(69,717,000)
Payments of claims	(30,743,000)	(45,736,000)
Dividend distribution to pool participants	(9,770,000)	(10,502,000)
Net cash provided by (used in) operating activities	<u>27,416,000</u>	<u>(31,210,000)</u>
Cash flows from noncapital and related financing activities:		
Loans disbursed to related entities	(1,000,000)	(2,339,000)
Payments received on loans to related entities	1,751,000	1,979,000
Loan interest income received	63,000	89,000
Net cash provided by (used in) noncapital and related financing activities	<u>814,000</u>	<u>(271,000)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	651,608,000	653,665,000
Purchases of investments	(683,418,000)	(624,206,000)
Investment income, net	4,570,000	1,664,000
Unrealized (gains) losses	(902,000)	358,000
Net cash (used in) provided by investing activities	<u>(28,142,000)</u>	<u>31,481,000</u>
Net change in cash and cash equivalents	88,000	—
Cash and cash equivalents at beginning of year	<u>—</u>	<u>—</u>
Cash and cash equivalents at end of year	<u>\$ 88,000</u>	<u>—</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 16,761,000	3,576,000
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	26,552,000	(26,507,000)
Increase in accounts receivable	(1,705,000)	(506,000)
Decrease (increase) in reinsurance recoverable – workers' compensation	556,000	(1,000)
Increase (decrease) in accounts payable	320,000	(602,000)
Increase in unearned revenues	3,000	4,000
Decrease in SELF assessment liability	(1,363,000)	(1,360,000)
Decrease in claims liability for losses and loss adjustment expenses	(13,708,000)	(5,814,000)
Net cash provided by (used in) operating activities	<u>\$ 27,416,000</u>	<u>(31,210,000)</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2016 and 2015

(1) Organization

On January 1, 1997, the University and certain Auxiliary Organizations of the University established the California State University Risk Management Authority pursuant to the provisions of Section 6500 et seq. of the California Government Code (the Code). The Code authorizes the CSU and Auxiliary Organizations to establish and operate pooled coverage programs and to provide related services. The Authority provides entity risk pooling programs for workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, property, construction, and other risk-related programs for its member organizations (the Members). Members participating in the Authority's coverage programs at June 30, 2016 and 2015 are as follows:

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

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Campus location	Members
Fresno	Fresno State Programs for Children, Inc.
Fresno	The Agricultural Foundation of California State University, Fresno
Fresno	The California State University, Fresno Athletic Corporation
Fullerton	California State University, Fullerton
Fullerton	Associated Students, California State University, Fullerton, Inc.
Fullerton	Cal State Fullerton Philanthropic Foundation
Fullerton	CSU Fullerton Auxiliary Services Corporation
Humboldt	Humboldt State University
Humboldt	Associated Students, Humboldt State University
Humboldt	Humboldt State University Advancement Foundation
Humboldt	Humboldt State University Center Board of Directors
Humboldt	Humboldt State University Sponsored Programs Foundation
Long Beach	California State University, Long Beach
Long Beach	Associated Students, California State University, Long Beach
Long Beach	California State University, Long Beach Research Foundation
Long Beach	CSULB 49er Foundation
Long Beach	Forty-Niner Shops, Inc., CSU Long Beach
Los Angeles	California State University, Los Angeles
Los Angeles	Associated Students, California State University, Los Angeles, Inc.
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
Los Angeles	California State University, Los Angeles Foundation
Los Angeles	University-Student Union Board, California State University, Los Angeles
Maritime Academy	California Maritime Academy
Maritime Academy	California Maritime Academy Foundation, Inc.
Maritime Academy	The Associated Students of the California Maritime Academy
Monterey Bay	California State University, Monterey Bay
Monterey Bay	Foundation of California State University, Monterey Bay
Monterey Bay	The University Corporation at Monterey Bay
Northridge	California State University, Northridge
Northridge	Associated Students, California State University, Northridge, Inc.
Northridge	California State University, Northridge Foundation
Northridge	North Campus University Park Development Corporation
Northridge	The University Corporation, CSU Northridge
Northridge	University Student Union of California State University, Northridge
Pomona	California State Polytechnic University, Pomona
Pomona	Associated Students Inc., California State Polytechnic University, Pomona
Pomona	The Cal Poly Pomona Foundation, Inc.
Sacramento	California State University, Sacramento
Sacramento	Associated Students of California State University, Sacramento
Sacramento	Capital Public Radio, Inc., CSU Sacramento
Sacramento	The University Foundation at Sacramento State
Sacramento	University Enterprises, Inc., CSU Sacramento
Sacramento	University Union Operation of CSUS, Inc.

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Notes to Financial Statements

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<u>Campus location</u>	<u>Members</u>
San Bernardino	California State University, San Bernardino
San Bernardino	Associated Students Inc., California State University, San Bernardino
San Bernardino	CSUSB Philanthropic Foundation
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
San Bernardino	University Enterprises Corporation at CSUSB
San Diego	San Diego State University
San Diego	Associated Students, San Diego State University
San Diego	Aztec Shops, Ltd., San Diego State University
San Diego	San Diego State University Research Foundation
San Diego	The Campanile Foundation
San Francisco	San Francisco State University
San Francisco	Associated Students, Inc., San Francisco State University
San Francisco	San Francisco State University Foundation
San Francisco	The University Corporation, San Francisco State
San Jose	San Jose State University
San Jose	Associated Student, San Jose State University
San Jose	San Jose State University Research Foundation
San Jose	Spartan Shops, Inc., San Jose State University
San Jose	The Student Union of San Jose State University
San Jose	The Tower Foundation, San Jose State University
San Luis Obispo	California Polytechnic State University, San Luis Obispo
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
San Luis Obispo	Cal Poly Corporation
San Luis Obispo	California Polytechnic State University Foundation
San Marcos	California State University, San Marcos
San Marcos	California State University San Marcos Foundation
San Marcos	San Marcos University Corporation
San Marcos	The Associated Students of California State University, San Marcos
San Marcos	University Auxiliary and Research Services Corporation
Sonoma	Sonoma State University
Sonoma	Associated Students of Sonoma State University
Sonoma	Sonoma State Enterprises, Inc.
Sonoma	Sonoma State University Academic Foundation, Inc.
Stanislaus	California State University, Stanislaus
Stanislaus	Associated Students, Inc., California State University, Stanislaus
Stanislaus	California State University, Stanislaus Auxiliary and Business Services
Stanislaus	California State University, Stanislaus Foundation
Stanislaus	University Student Union of California State University, Stanislaus

* New member beginning fiscal year 2016

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

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

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

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

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

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(d) *Investments*

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

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

(e) *Accounts Receivable*

Accounts receivable represents amounts due from the members as of June 30, 2016 and 2015.

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(f) Reinsurance Recoverable

Reinsurance recoverable represents estimated amounts due from reinsurers, who reinsured the CSU's workers' compensation claims liability for claims incurred during the fiscal year. The reported amounts represent recoverable estimates related to paid claims and claim adjustment expenses as of June 30, 2016 and 2015. The estimated amounts recoverable from the reinsurers that are related to the liabilities for unpaid claims and claim adjustment expenses are deducted from those claims liabilities for losses and loss adjustment expenses; refer to note 2 h.

(g) Member Contributions

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

(h) Claims Liability for Losses and Loss Adjustment Expenses

The claims liability for losses and loss adjustment expenses included in the accompanying financial statements reflects the estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2016 and 2015. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liability is for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

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

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

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(i) Dividend Distributions

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

(j) Net Position

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

(k) Classification of Revenues and Expenses

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

(l) Income Taxes

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

(m) Use of Estimates

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

(n) New Accounting Pronouncements

In February 2015, GASB issued statement No. 72 *Fair Value Measurements and Applications*, effective for the Programs' fiscal year beginning July 1, 2015. This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

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

The Authority's cash, cash equivalents, and investments as of June 30, 2016 and 2015 are classified in the accompanying Statements of Net Position as follows:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 88,000	—
Short-term investments	35,579,000	6,904,000
Other long-term investments	<u>134,144,000</u>	<u>130,108,000</u>
Total investments	<u>\$ 169,811,000</u>	<u>137,012,000</u>

(a) Cash and Cash Equivalents

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

At June 30, 2016 and 2015, the Authority's cash and cash equivalents consist of demand deposits held at a financial institution. The carrying amount of the cash in demand deposit accounts were \$188,000 and \$178,000 at June 30, 2016 and 2015, respectively. The primary difference between the book and bank balance is due to outstanding checks and cash awaiting investment in the CSU Consolidated Investment Pool.

(b) Investments

At June 30, 2016 and 2015, the Authority's investment portfolio consists of investments held in Morgan Stanley Smith Barney and the CSU Consolidated Investment Pool. Separate accounting is maintained as to the amounts allocable to the various funds and programs.

Investment Policy

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

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

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Custodial Credit Risk

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

Interest Rate Risk

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

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

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

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Durations of the Authority's investment portfolio for each investment type as of June 30, 2015 are presented in the table below.

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 10,252,000	0.67187
Certificates of deposit	320,000	0.19372
Corporate bonds	27,680,000	3.52937
Money market funds	6,879,000	—
Mortgage-backed securities	15,908,000	4.00097
Municipal bonds	2,110,000	1.97063
Repurchase agreements	18,000	0.00274
U.S. Agency securities	24,487,000	2.55879
U.S. Treasury securities	48,107,000	3.88601
International bonds	1,251,000	6.69269
Total investments	<u>\$ 137,012,000</u>	

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

Credit Risk

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

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

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

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

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2015 are presented in the table below.

Investment type	Fair value	Rating as of year-end					Not rated
		AAA	AA	A	BBB	BB	
Asset-backed securities	\$ 10,252,000	10,007,000	245,000	—	—	—	—
Certificates of deposit	320,000	—	23,000	297,000	—	—	—
Corporate bonds	27,680,000	2,684,000	2,388,000	12,027,000	7,250,000	576,000	2,755,000
Money market funds	6,879,000	—	—	—	—	—	6,879,000
Mortgage-backed securities	15,908,000	—	15,908,000	—	—	—	—
Municipal bonds	2,110,000	—	1,551,000	559,000	—	—	—
Repurchase agreements	18,000	—	—	11,000	—	—	7,000
U.S. Agency securities	24,487,000	—	14,574,000	7,970,000	—	—	1,943,000
U.S. Treasury securities	48,107,000	—	—	—	—	—	48,107,000
International bonds	1,251,000	—	1,251,000	—	—	—	—
Total investment \$	137,012,000	12,691,000	35,940,000	20,864,000	7,250,000	576,000	59,691,000

Concentration Risk

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

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As of June 30, 2016, there were no investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of the Authority's total investment portfolio. As of June 30, 2015, the following investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Authority's total investment portfolio: Federal National Mortgage Association (Fannie Mae) totaling \$11,283,000, or 8%; and Federal Home Loan Banks totaling \$9,641,000, or 7%.

Fair Value Measurements

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

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

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

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

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2015:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Asset-backed securities	\$ 10,252,000	—	10,252,000
Certificates of deposit	320,000	—	320,000
Corporate bonds	27,680,000	—	27,680,000
Money market funds	6,879,000	6,879,000	—
Mortgage-backed securities	15,908,000	5,258,000	10,650,000
Municipal bonds	2,110,000	—	2,110,000
Repurchase agreement	18,000	—	18,000
U.S. Agency securities	24,487,000	—	24,487,000
U.S. Treasury securities	48,107,000	48,107,000	—
International bonds	1,251,000	—	1,251,000
Total investments	<u>\$ 137,012,000</u>	<u>60,244,000</u>	<u>76,768,000</u>

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

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Securities such as asset-backed, mortgage-backed, U.S. agency and U.S. treasury are valued at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the University's external investment managers or their custodians.

For investments that include money market funds, municipal bonds, repurchase agreements, international bonds, and corporate bonds, the carrying value is similarly calculated using valuations that include observable market quoted prices. However, observable inputs other than quoted prices such as price services or indexes, estimates, appraisals, assumptions and other methods that are reviewed by management. Change in market conditions and economic environments may impact the net asset value of the funds and consequently the fair value of the University's interests in the funds.

Securities such as Commercial Paper and Certificate of Deposit with short maturities and infrequent secondary market trades are typically priced via mathematical calculations.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2016 and 2015.

(c) Investment Income, Net

Investment income, net, included within the Statements of Revenues, Expenses, and Changes in Net Position is comprised of unrealized gains and losses of \$902,000 and \$(358,000), realized gains of \$1,427,000 and \$169,000, and interest and dividend income of \$2,241,000 and \$1,853,000 for the years ended June 30, 2016 and 2015, respectively.

(4) Loans Receivable from Affiliates

In November 2008, the Authority entered into a loan agreement with California State University, Fresno, in the amount of \$4,500,000. The loan term is for a 5-year period that amortizes based on a 20-year amortization schedule, with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.086% at June 30, 2016). The initial maturity date of the loan was October 31, 2013. On September 12, 2013, Executive Members approved California State University, Fresno's loan extension request in the amount of \$2,542,000 for an additional 5 years, extending the maturity date to September 30, 2018. The amounts outstanding on the loan were \$264,000 and \$1,028,000 as of June 30, 2016 and 2015, respectively. Due to an additional pay-down of the loan principal on November 9, 2015, the loan will be paid off June 30, 2017.

In August 2008, the Authority entered into a loan agreement with Humboldt State University Advancement Foundation in the amount of \$2,535,000. The loan is nonamortizing, with interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.086% at June 30, 2016). The initial maturity date of the loan was October 31, 2013. On December 6, 2012, Executive Members approved Humboldt State University Advancement Foundation's loan extension request for an additional 5 years in

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the amount of \$2,000,000. The new extended maturity date of the loan is October 31, 2017. The amounts outstanding on the loan were \$2,000,000 as of June 30, 2016 and 2015.

In May 2014, the Authority entered into a line-of-credit agreement with California State University, Sacramento in the amount of \$4,000,000, and \$2,353,000 of which was drawn against the line as of June 30, 2016. The line-of-credit will be available for a 5-year period with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.086% at June 30, 2016). The maturity date of the line-of-credit is June 1, 2019. The amounts outstanding on the loan were \$2,353,000 and \$2,340,000 as of June 30, 2016 and 2015, respectively.

The following table summarizes the Authority's loans receivable from affiliates as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
California State University, Fresno	\$ 264,000	1,028,000
Humboldt State University Advancement Foundation	2,000,000	2,000,000
California State University, Sacramento	2,353,000	2,340,000
Total loans receivable from affiliates	<u>4,617,000</u>	<u>5,368,000</u>
Less current portion	<u>(1,048,000)</u>	<u>(1,136,000)</u>
Loans receivable from affiliates, net of current portion	<u>\$ 3,569,000</u>	<u>4,232,000</u>

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June 30, 2016 and 2015

(5) Claims Liability for Losses and Loss Adjustment Expenses

The Authority establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related loss adjustment expenses. Although considerable variability is inherent in such estimates, Management believes that the liability is reasonable at June 30, 2016 and 2015.

Changes in the Authority's claims liability for the years ended June 30, 2016 and 2015 are as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2014	\$ 98,449,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	60,386,000
Decrease in provision for reinsured events of the current fiscal year	(14,527,000)
Decrease in provision for insured events of prior fiscal years	(5,937,000)
Total incurred claims for losses and loss adjustment expenses	39,922,000
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(20,478,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	6,178,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(31,436,000)
Total payments	(45,736,000)
Claims liability for losses and loss adjustment expenses, June 30, 2015	92,635,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	56,800,000
Decrease in provision for reinsured events of the current fiscal year	(24,959,000)
Decrease in provision for insured events of prior fiscal years	(14,666,000)
Total incurred claims for losses and loss adjustment expenses	17,175,000
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(18,993,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	9,335,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(21,225,000)
Total payments	(30,883,000)
Claims liability for losses and loss adjustment expenses, June 30, 2016	78,927,000
Less current portion	(23,046,000)
Claims liability for losses and loss adjustment expenses, June 30, 2016, net of current portion	\$ 55,881,000

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Notes to Financial Statements

June 30, 2016 and 2015

(6) Related-Party Transactions

The following represents a summary of the accounts receivable, contributions (premiums), dividend distribution, for the years ended June 30, 2016 and 2015, and general liability insurance deductibles for the policy period detailed by campus:

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

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Notes to Financial Statements

June 30, 2016 and 2015

June 30, 2015				
Members	Accounts receivable	Contributions for the fiscal year	Dividend distribution	General liability insurance deductibles per occurrence
Bakersfield	\$	1,431,000	(256,000)	35,000
California Maritime Academy	—	561,000	(80,000)	35,000
Chancellor's Office	—	9,827,000	(157,000)	100,000
Channel Islands	—	1,533,000	(153,000)	35,000
Chico	—	2,543,000	(354,000)	250,000
Dominguez Hills	—	2,566,000	(425,000)	100,000
East Bay	—	2,975,000	(191,000)	500,000
Fresno	—	3,900,000	(1,050,000)	250,000
Fullerton	—	3,993,000	(363,000)	250,000
Humboldt	—	2,101,000	(339,000)	50,000
Long Beach	—	5,808,000	(700,000)	250,000
Los Angeles	—	3,590,000	(320,000)	250,000
Monterey Bay	—	1,310,000	(263,000)	35,000
Northridge	—	4,580,000	(392,000)	750,000
Pomona	—	3,929,000	(352,000)	250,000
Sacramento	—	3,547,000	(377,000)	900,000
San Bernardino	—	2,411,000	(446,000)	50,000
San Diego	—	4,909,000	(380,000)	900,000
San Francisco	—	4,752,000	(563,000)	500,000
San Jose	—	4,745,000	(444,000)	750,000
San Luis Obispo	—	3,990,000	(264,000)	250,000
San Marcos	—	1,563,000	(340,000)	50,000
Sonoma	—	1,957,000	(310,000)	100,000
Stanislaus	—	1,653,000	(158,000)	35,000
Auxiliary Organizations	490,000	15,074,000	(1,180,000)	—
	\$ 490,000	95,248,000	(9,857,000)	

(7) Excess Insurance and Reinsurance

(a) Excess Insurance

For the years ended June 30, 2016 and 2015, the Authority purchased excess insurance to protect the members from catastrophic losses. The Authority maintained excess public entity liability insurance coverage provided by School Excess Liability Fund (SELF), a Joint Powers Authority, with coverage for individual claims above \$5,000,000 and up to \$45,000,000 per occurrence until December 2009.

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June 30, 2016 and 2015

The Authority maintained excess general liability insurance coverage provided by Ironshore Specialty Insurance Company and various other insurers with coverage for individual claims above \$5,000,000 up to \$200,000,000 per occurrence. The Authority purchased excess workers' compensation insurance provided by Safety National to statutory limits in excess of the \$2,500,000 self-insured retention for the years ended June 30, 2016 and 2015. For the AORMA workers' compensation program, the Authority purchased excess workers' compensation insurance provided by Safety National for the years ended June 30, 2016 and 2015 to statutory limits in excess of the \$500,000 self-insured retention. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

Effective January 1, 2015, the Authority joined the CSAC Excess Insurance Authority Excess Workers' Compensation Program, covered pursuant to the memorandum of coverage issued by the EIA. The EIA is responsible for all covered losses within the amount of the self-insured retention layer of \$2,500,000 for the campus workers' compensation program and \$500,000 for the AORMA workers' compensation program. The estimated amounts that are recoverable from the EIA and that reduce the liabilities as of June 30, 2016 and 2015 were \$27,717,000 and \$12,362,000 for the Campus workers' compensation program and \$2,943,000 and \$1,248,000 for the AORMA workers' compensation program, respectively.

(b) Reinsurance

For the years ended June 30, 2016 and 2015, the Authority did not enter into the CSU's workers' compensation reinsurance contract. From the years ended June 30, 2008 through June 30 2012, the Authority entered into a reinsurance contract with the Insurance Company of the State of Pennsylvania (the Reinsurer). This transaction reinsured the CSU's workers' compensation claims liability for claims incurred within the \$2,500,000 self-insured retention up to aggregate limits. The estimated amounts that are recoverable from the reinsurer and that reduce the liabilities as of June 30, 2016 and 2015 were \$21,967,000 and \$26,145,000, respectively. While such losses are reinsured, the Authority will not be relieved of its primary obligations to the policyholder in this reinsurance transaction.

For the years ended June 30, 2016 and 2015, the Authority purchased reinsurance for the Campus and AORMA liability programs provided by the General Reinsurance Corporation. This transaction reinsured the AORMA claims liability for individual claims incurred in excess of \$350,000 and up to \$5,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2016 and 2015 were \$1,070,000 and \$1,020,000, respectively. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the years ended June 30, 2016 and 2015, the Authority purchased reinsurance for the campus and AORMA property programs provided by the Public Entity Property Insurance Program (the PEPPIP). This transaction reinsured the Campus and AORMA property programs for individual claims in excess of \$100,000 for the AORMA program and \$1,000,000 for the Campus program and up to \$1,000,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2016 and 2015 were \$5,816,000 and \$5,852,000, respectively. The coverage terms and conditions are the same as provided by the PEPPIP in prior years.

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Notes to Financial Statements

June 30, 2016 and 2015

(8) SELF Assessment Liability

Prior to July 1, 2004, the Authority maintained excess workers' compensation insurance coverage provided by SELF, a public entity risk pool. The Authority remains liable for assessments from SELF in settlement of claims incurred prior to July 1, 2004. The assessment liabilities as of June 30, 2016 and 2015 were \$9,546,000 and \$10,909,000, respectively.

(9) Subsequent Event

Subsequent events have been evaluated through September 22, 2016, which corresponds to the date when the financial statements were issued. There are no subsequent events that require disclosure.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Workers' Compensation Claims Liabilities

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 61,000,000	65,301,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	24,837,000	28,840,000
Decrease in provision for reinsured events of current fiscal year	(22,528,000)	(13,185,000)
Decrease in provision for insured events of prior fiscal years	<u>(6,424,000)</u>	<u>(8,084,000)</u>
Total incurred claims and claim adjustment expenses	<u>(4,115,000)</u>	<u>7,571,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(2,120,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	8,887,000	6,084,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(17,278,000)</u>	<u>(15,836,000)</u>
Total payments	<u>(8,391,000)</u>	<u>(11,872,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>48,494,000</u>	<u>61,000,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of General Liability Claims Liabilities

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 18,429,000	19,038,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	7,384,000	7,496,000
(Decrease) increase in provision for insured events of prior fiscal years	<u>(3,060,000)</u>	<u>71,000</u>
Total incurred claims and claim adjustment expenses	<u>4,324,000</u>	<u>7,567,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,971,000)</u>	<u>(8,176,000)</u>
Total payments	<u>(1,971,000)</u>	<u>(8,176,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>20,782,000</u>	<u>18,429,000</u>

See accompanying independent auditors' report.

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Supplementary Information

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

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>14,341,000</u>	<u>12,774,000</u>
Total incurred claims and claim adjustment expenses	<u>14,341,000</u>	<u>12,774,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,341,000)</u>	<u>(12,774,000)</u>
Total payments	<u>(14,341,000)</u>	<u>(12,774,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of Property Claims Liabilities

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>1,590,000</u>	<u>2,465,000</u>
Total incurred claims and claim adjustment expenses	<u>1,590,000</u>	<u>2,465,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(1,590,000)</u>	<u>(2,465,000)</u>
Total payments	<u>(1,590,000)</u>	<u>(2,465,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	—

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 1,966,000	1,912,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	3,584,000	3,010,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>496,000</u>	<u>(78,000)</u>
Total incurred claims and claim adjustment expenses	<u>4,080,000</u>	<u>2,932,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(1,759,000)	(1,416,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,073,000)</u>	<u>(1,462,000)</u>
Total payments	<u>(3,832,000)</u>	<u>(2,878,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>2,214,000</u>	<u>1,966,000</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of Club Sports Claims Liabilities

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>14,000</u>	—
Total incurred claims and claim adjustment expenses	<u>14,000</u>	—
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,000)</u>	—
Total payments	<u>(14,000)</u>	—
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA Workers' Compensation Claims Liabilities

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 8,995,000	9,070,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	2,714,000	3,321,000
Decrease in provision for reinsured events of current fiscal year	(2,431,000)	(1,342,000)
(Decrease) increase in provision for insured events of prior fiscal years	<u>(1,553,000)</u>	45,000
Total incurred claims and claim adjustment expenses	<u>(1,270,000)</u>	<u>2,024,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(238,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	448,000	94,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,229,000)</u>	<u>(1,955,000)</u>
Total payments	<u>(1,781,000)</u>	<u>(2,099,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>5,944,000</u>	<u>8,995,000</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA General Liability Claims Liabilities

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,245,000	3,128,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	1,181,000	1,124,000
(Decrease) increase in provision for insured events of prior fiscal years	<u>(4,125,000)</u>	<u>2,109,000</u>
Total incurred claims and claim adjustment expenses	<u>(2,944,000)</u>	<u>3,233,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(134,000)	(109,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,326,000</u>	<u>(4,007,000)</u>
Total excess recoveries (payments)	<u>2,192,000</u>	<u>(4,116,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>1,493,000</u>	<u>2,245,000</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA Property Claims Liabilities

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>238,000</u>	<u>252,000</u>
Total incurred claims and claim adjustment expenses	<u>238,000</u>	<u>252,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(238,000)</u>	<u>(252,000)</u>
Total payments	<u>(238,000)</u>	<u>(252,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities

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

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>917,000</u>	<u>1,104,000</u>
Total incurred claims and claim adjustment expenses	<u>917,000</u>	<u>1,104,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(917,000)</u>	<u>(1,104,000)</u>
Total payments	<u>(917,000)</u>	<u>(1,104,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Schedule of Net Position

June 30, 2016

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 88,083
Short-term investments	35,579,452
Accounts receivable, net	2,705,134
Notes receivable, current portion	1,048,465
Prepaid expenses and other assets	4,152,405
Total current assets	43,573,539

Noncurrent assets:

Notes receivable, net of current portion	3,568,903
Other long-term investments	134,144,151
Total noncurrent assets	137,713,054
Total assets	181,286,593

Liabilities:

Current liabilities:

Accounts payable	6,684,040
Unearned revenue	39,245
Claims liability for losses and LAE – current portion	23,045,838
Total current liabilities	29,769,123

Noncurrent liabilities:

Claims liability for losses and LAE, net of current portion	55,880,623
Other liabilities	8,181,789
Total noncurrent liabilities	64,062,412
Total liabilities	93,831,535

Net position:

Unrestricted	87,455,058
Total net position	\$ 87,455,058

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2016

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Other operating revenues	\$ 93,476,839
Total operating revenues	<u>93,476,839</u>
Expenses:	
Operating expenses:	
Instruction	10,905,258
Research	136,058
Public service	156,851
Academic support	2,561,568
Student services	2,570,721
Institutional support	48,587,712
Operation and maintenance of plant	1,564,354
Auxiliary enterprise expenses	<u>562,932</u>
Total operating expenses	<u>67,045,454</u>
Operating income	<u>26,431,385</u>
Nonoperating revenues (expenses):	
Investment income, net	4,634,508
Other nonoperating expenses	<u>(9,671,883)</u>
Net nonoperating expenses	<u>(5,037,375)</u>
Increase in net position	<u>21,394,010</u>
Net position:	
Net position, beginning of year	<u>66,061,048</u>
Net position, end of year	\$ <u><u>87,455,058</u></u>

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Other Information

June 30, 2016

(for inclusion in the California State University)

	<u>Current unrestricted</u>	<u>Total current</u>	<u>Noncurrent unrestricted</u>	<u>Total noncurrent</u>	<u>Total</u>
Asset-backed securities	\$ 2,192,563	2,192,563	6,968,118	6,968,118	9,160,681
Certificates of deposit	2,710,040	2,710,040	—	—	2,710,040
Commercial paper	100,515	100,515	—	—	100,515
Corporate bonds	10,666,135	10,666,135	22,329,124	22,329,124	32,995,259
International bonds	—	—	1,291,729	1,291,729	1,291,729
Money market funds	165,451	165,451	128,745	128,745	294,196
Mortgage-backed securities	7,134	7,134	10,845,846	10,845,846	10,852,980
Municipal bonds	361,274	361,274	1,434,405	1,434,405	1,795,679
Repurchase agreements	204,617	204,617	—	—	204,617
U.S. agency securities	11,345,942	11,345,942	7,060,994	7,060,994	18,406,936
U.S. Treasury securities	7,825,781	7,825,781	84,085,190	84,085,190	91,910,971
Total investments	\$ 35,579,452	35,579,452	134,144,151	134,144,151	169,723,603

Fair value hierarchy in investments at June 30, 2016:

	Fair value measurements using				Net asset value (NAV)
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Asset-backed securities	\$ 9,160,681	—	9,160,681	—	—
Certificates of deposit	2,710,040	—	2,710,040	—	—
Commercial paper	100,515	—	100,515	—	—
Corporate bonds	32,995,259	—	32,995,259	—	—
International bonds	1,291,729	—	1,291,729	—	—
Money market funds	294,196	294,196	—	—	—
Mortgage-backed securities	10,852,980	1,861,503	8,991,477	—	—
Municipal bonds	1,795,679	—	1,795,679	—	—
Repurchase agreements	204,617	—	204,617	—	—
U.S. Agency securities	18,406,936	—	18,406,936	—	—
U.S. Treasury securities	91,910,971	91,910,971	—	—	—
Total investments	\$ 169,723,603	94,066,670	75,656,933	—	—

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
Claims Development Information

(In thousands)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net earned required Contribution and investment revenues:										
Earned	\$ 101,489	\$ 92,065	\$ 85,769	\$ 90,247	\$ 96,364	\$ 104,726	\$ 91,560	\$ 93,935	\$ 96,997	\$ 104,997
Ceded	—	—	18,469	19,024	18,879	16,149	3,005	11,626	6,872	6,886
Net earned	\$ 101,489	\$ 92,065	\$ 67,300	\$ 71,223	\$ 77,485	\$ 88,577	\$ 88,555	\$ 82,309	\$ 90,125	\$ 98,111
Unallocated expenses	\$ 31,358	\$ 49,872	\$ 43,306	\$ 52,578	\$ 39,257	\$ 48,776	\$ 41,755	\$ 30,116	\$ 44,878	\$ 60,194
Estimated incurred claims and expenses, end of policy year:										
Incurred	\$ 41,023	\$ 41,474	\$ 28,604	\$ 57,959	\$ 63,416	\$ 57,994	\$ 59,095	\$ 59,313	\$ 60,386	\$ 56,800
Ceded	—	—	17,996	17,118	19,834	19,575	—	—	14,327	24,959
Estimated incurred claims and expenses, end of policy year:	\$ 41,023	\$ 41,474	\$ 10,608	\$ 40,841	\$ 43,582	\$ 38,419	\$ 59,095	\$ 59,313	\$ 45,859	\$ 31,841
Paid (cumulative) as of:										
End of policy year	\$ 12,032	\$ 12,301	\$ 12,022	\$ 19,615	\$ 18,972	\$ 20,541	\$ 11,400	\$ 13,019	\$ 14,300	\$ 9,658
One year later	20,627	19,767	14,801	22,697	20,457	22,295	28,965	27,449	24,260	—
Two years later	28,585	25,324	20,511	23,082	23,664	23,853	33,942	32,559	—	—
Three years later	34,565	28,175	19,458	24,865	28,735	25,063	38,432	—	—	—
Four years later	36,060	26,667	20,063	25,543	29,004	25,282	—	—	—	—
Five years later	34,064	28,062	20,385	29,061	29,461	—	—	—	—	—
Six years later	35,201	29,240	20,624	29,370	—	—	—	—	—	—
Seven years later	35,983	30,032	20,762	—	—	—	—	—	—	—
Eight years later	36,373	—	—	—	—	—	—	—	—	—
Nine years later	36,827	—	—	—	—	—	—	—	—	—
Reestimated ceded claims and expenses	\$ —	\$ —	\$ 18,767	\$ 17,996	\$ 22,643	\$ 21,685	\$ —	\$ —	\$ 14,327	\$ 24,959
Reestimated incurred claims and expenses:										
End of policy year	\$ 41,023	\$ 41,474	\$ 10,608	\$ 40,841	\$ 43,582	\$ 38,419	\$ 59,095	\$ 59,313	\$ 45,859	\$ 31,841
One year later	40,392	38,704	23,692	34,160	30,986	27,064	50,697	48,463	36,014	—
Two years later	41,336	38,858	24,655	29,484	28,962	27,864	50,636	49,235	—	—
Three years later	42,254	38,264	20,456	28,725	30,268	26,082	31,868	—	—	—
Four years later	42,727	33,533	20,742	28,024	30,168	25,906	—	—	—	—
Five years later	38,318	33,778	20,858	28,024	30,201	—	—	—	—	—
Six years later	38,438	34,125	21,110	32,360	—	—	—	—	—	—
Seven years later	38,643	35,327	—	—	—	—	—	—	—	—
Eight years later	38,873	42,337	—	—	—	—	—	—	—	—
Nine years later	30,074	—	—	—	—	—	—	—	—	—
Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ (10,949)	\$ 863	\$ 10,546	\$ (8,481)	\$ (13,381)	\$ (12,513)	\$ (27,227)	\$ (10,078)	\$ (9,845)	\$ —

See accompanying independent auditors' report.

INSURANCE RENEWALS REPORT

ISSUE: Most of CSURMA's insurance and reinsurance programs renewed July 1, 2016. Following is a brief overview of the major renewals:

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

The Treasurer and Secretary-Auditor have been previously authorized to renew programs and report back to the EC at the September 2016 meeting.

RECOMMENDATION: The Executive Committee may take action or provide direction to staff based on the report at the meeting.

FISCAL IMPACT: No direct fiscal impact is expected from action on this item at today's meeting. The cost of the insurance renewals is included in the CSURMA program budgets.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

EVALUATION OF CAPTIVE INSURANCE VEHICLE

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

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

At its May 6, 2016 meeting the CSURMA Executive Committee reviewed a report prepared by Pinnacle Actuarial Resources (PAR) as an initial evaluation for CSU/CSURMA captive utilization options. The Executive Committee directed staff to obtain additional information and clarifications which are included in the attached PAR report dated August 2016.

RECOMMENDATION: It is recommended that the CSURMA Executive Committee evaluate the report at today’s meeting and take action or provide direction as appropriate.

FISCAL IMPACT: The cost of the Phase I consulting services from PAR has been included in the proposed FY 16/17 budget. Additional Phase II captive development costs would be determined and included in the midterm budget amendment proposal.

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

- **Increased Investment Income** – CSU has limitations on the kinds of investments available. These limitations apply to the CSURMA JPA. PAR projects an annual return of 2.8% for funds invested via a captive insurer. Alliant research shows JPA’s have been earning (net) a return of 2.48% on intermediate term and 1.37% on their short term investment pools over the past five years.

- **Additional Reinsurance Markets** – CSURMA already has access to reinsurance markets but a captive insurer may have access to additional markets.
- **Third Party Coverage** – A CSU sponsored captive may earn income by sponsoring coverages for third parties, such as homeowner’s and auto coverage for University employees and alumnae, and renter’s insurance for students in university housing.

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

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

PUBLICATION: None.

ATTACHMENT(S):

- a. Pinnacle Actuarial Services Report Dated August 2016
- b. Chandler Asset Management Investment Return Summaries (as example)

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

September 2, 2016

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

Re: Recommendations on the Formation of a Captive Insurance Company

Mr. Gifford,

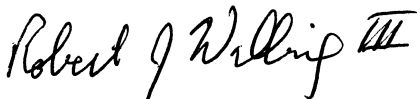
Enclosed are copies of our updated report analyzing the potential benefits of adding a captive to California State University's risk financing program, particularly utilizing a protected cell within Fiat Lux, a District of Columbia domiciled captive insurance company owned by the University of California.

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

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

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

Sincerely,



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



Jing Liu, FCAS, MAAA
Consulting Actuary

cc: Daniel Howell, Alliant Insurance Services

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

August 2016



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Bloomington, IL 61704
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Commitment Beyond Numbers

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

Executive Summary

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

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

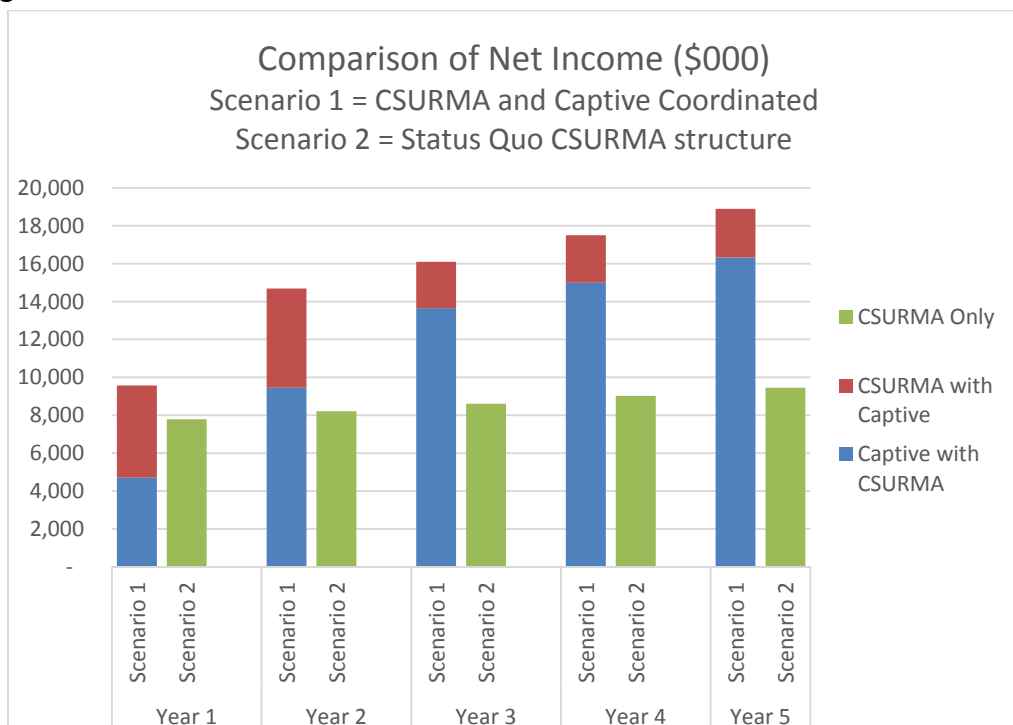
CSU and CSURMA have retained Pinnacle to assist them in investigating the advantages of adding some form of captive insurance company to their existing risk management and risk financing strategies within their insurance program. As shown in the report, Pinnacle is recommending that CSU form at least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

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

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

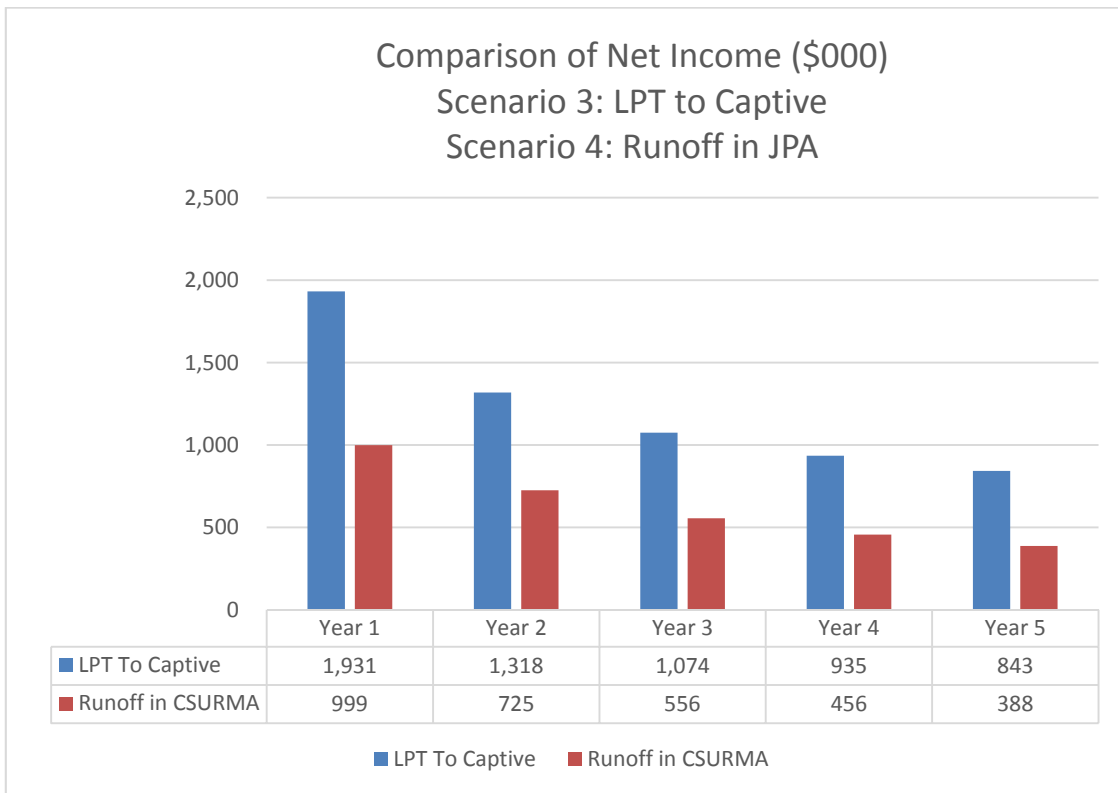
- Time Commitment
- Risk of Adverse Retained Loss Experience
- Capital Commitment
- Increased Commercial Insurance Cost
- Cost of Reinsurance
- Use of Third-Party Service Providers

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



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

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



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

Scope & Background

Project Scope

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

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

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

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

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

CSU and the CSURMA Background

General Information

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

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

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

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

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

CSURMA Insurance Program

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

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

* From 2015/2016 Budget

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

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

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

* From 2015/2016 Budget

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

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

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

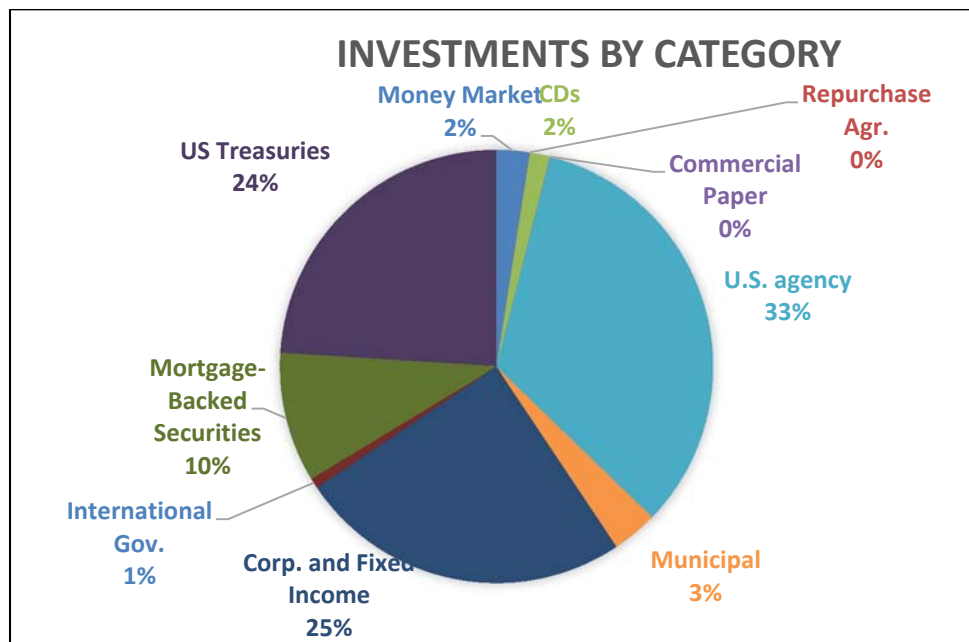
- Owner Controlled Insurance Program (OCIP)
- the Purchased Insurance Program (including the Participant Insurance Program, Auto Physical Damage, and Foreign Travel Insurance Program (FTIP))
- Student Professional Liability Insurance
- Builders Risk
- Student Travel Accident Insurance
- Cyber Liability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

Investment Policies of CSURMA

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

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

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



Captive Background

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

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

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

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

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

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

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

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

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

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

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

Captive Domicile Considerations

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

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

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

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

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

Source: Business Insurance Survey

Overview of Fiat Lux

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

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

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

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

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

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

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

Methodology & Assumptions

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

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

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

Coverage

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

Losses

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

Operating Expense

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

Reinsurance Premium

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

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

Gross Premium

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

Runoff of Existing Exposure

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

Capitalization

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

Investment Income

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

Changes Since Prior Report

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

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

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

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

Recommendations and Discussion

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

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

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

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

Benefits of Forming a Captive to CSU

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

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

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

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

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

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

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

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

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

Specific Benefits of Utilizing Fiat Lux

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

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

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

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

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

Potential Risks

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

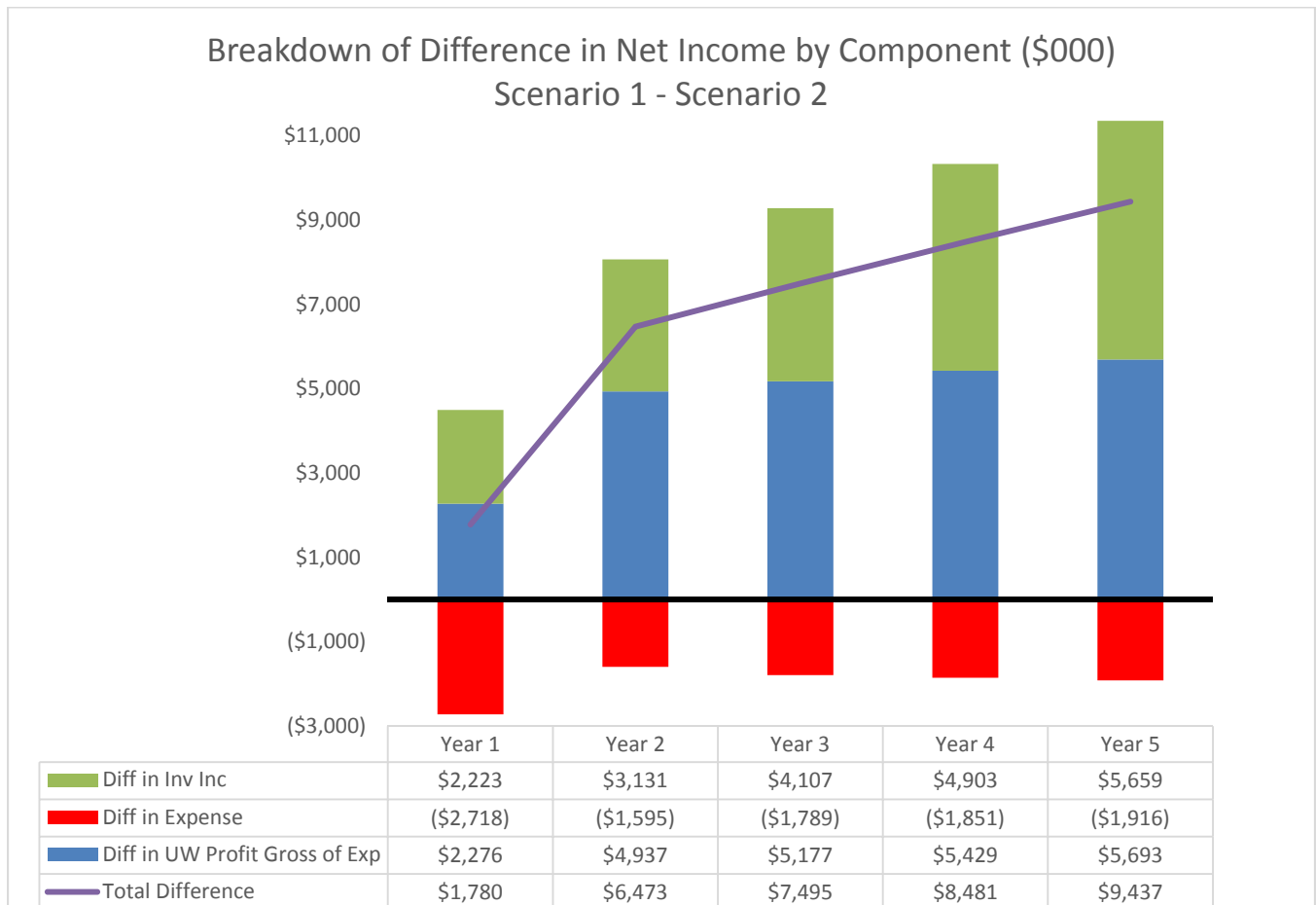
- A. *Time Commitment:*** Establishing and maintaining a captive requires a significant time commitment and usage of internal resources and management.
- B. *Risk of Unprofitability:*** Due to the unknown and potentially volatile nature of insurance claims, the captive owner runs the risk that its premium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

Financial Model Results

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

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

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



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

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

Developmental Phases

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

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

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

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

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

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

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

Legal Disclosures

Distribution and Use

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

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

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

Reliances and Limitations

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

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

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

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

Glossary of Terms & Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

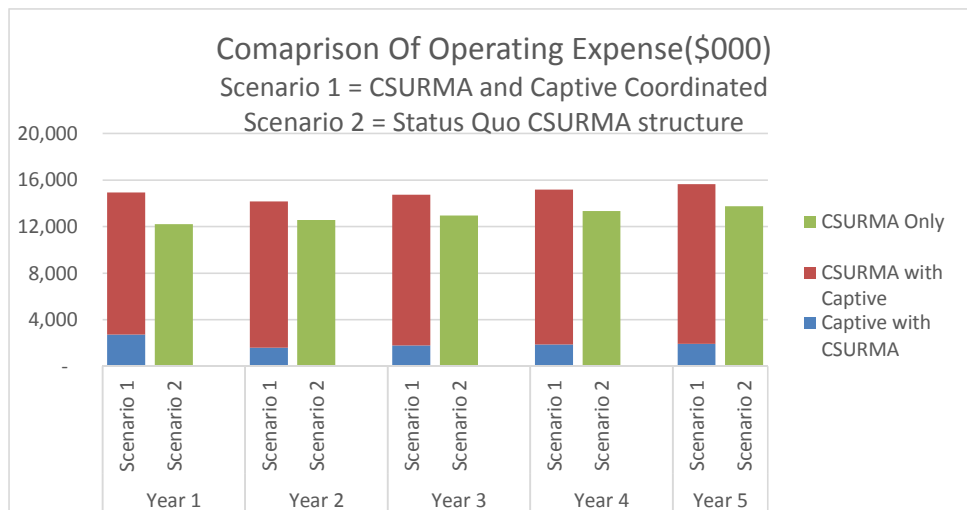
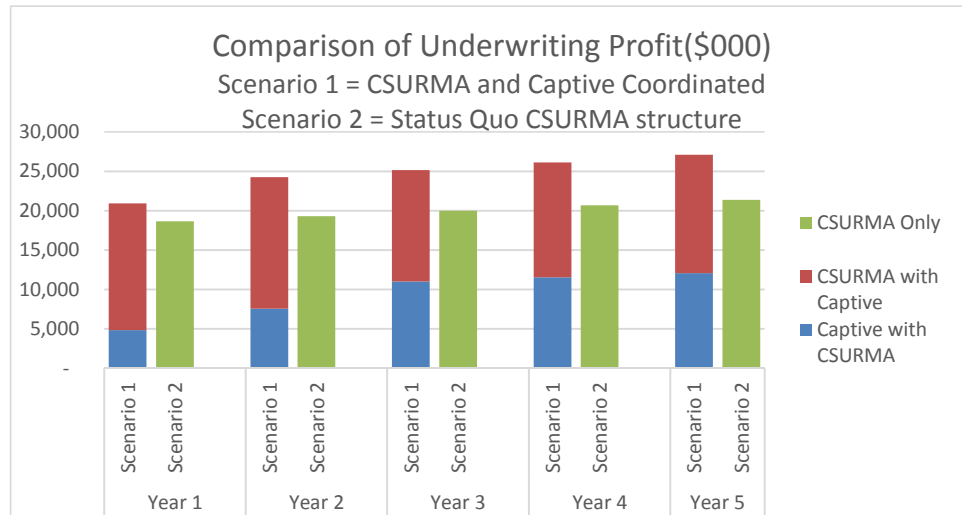
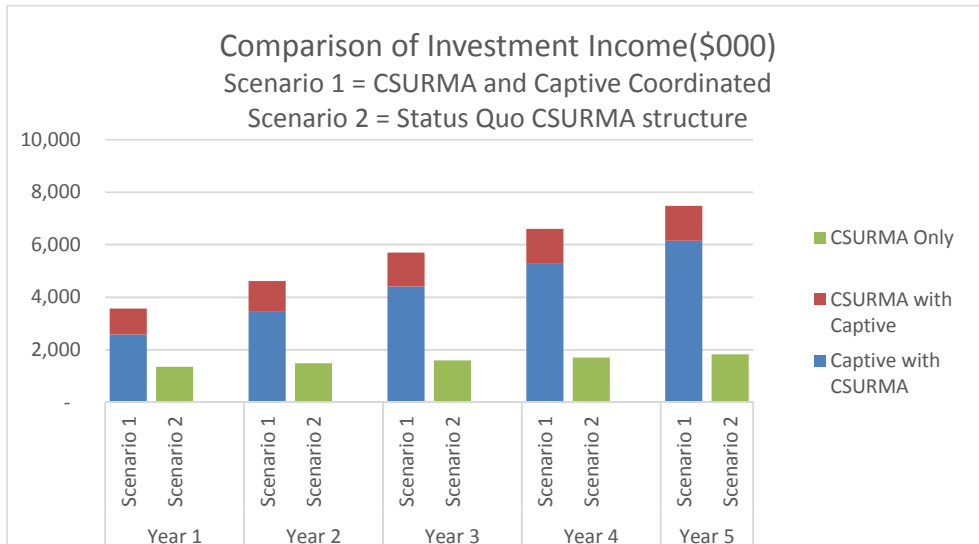
Underwriting Profit - The profit that an insurer derives from providing insurance or reinsurance coverage, exclusive of the income it derives from investments.

INDEX OF EXHIBITS

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

For Pro forma, there are five pages:

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



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

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

2. INVESTMENT VARIABLES

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

3. TAX VARIABLES

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

3. CORPORATE VARIABLES

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

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

Exhibit 1.a
Page 2

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

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

Exhibit 1.a
Page 3

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

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

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

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

Exhibit 1.a
 Page 5

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

Pro Forma Input Assumptions
 CSURMA Pro Forma of Scenario 1

1. UNDERWRITING VARIABLES

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

2. INVESTMENT VARIABLES

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

3. TAX VARIABLES

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

3 CORPORATE VARIABLES

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

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

Exhibit 1.b
Page 2

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

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

**Exhibit 1.b
Page 3**

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

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

Exhibit 1.b
 Page 4

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

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

**Exhibit 1.b
Page 5**

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

1. **UNDERWRITING VARIABLES**

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

2. **INVESTMENT VARIABLES**

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

3. **TAX VARIABLES**

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

3 **CORPORATE VARIABLES**

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

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

Exhibit 2
Page 2

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

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

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

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

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

1. UNDERWRITING VARIABLES

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

2. INVESTMENT VARIABLES

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

3. TAX VARIABLES

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

3. CORPORATE VARIABLES

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

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

Exhibit 3
Page 2

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

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

**Exhibit 3
Page 3**

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

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

**Exhibit 3
Page 4**

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

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

**Exhibit 3
Page 5**

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

Pro Forma Input Assumptions

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

1. UNDERWRITING VARIABLES

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

2. INVESTMENT VARIABLES

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

3. TAX VARIABLES

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

3. CORPORATE VARIABLES

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

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

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

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

**Exhibit 4
Page 3**

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

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

**Exhibit 4
Page 4**

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

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

Exhibit 4
Page 5

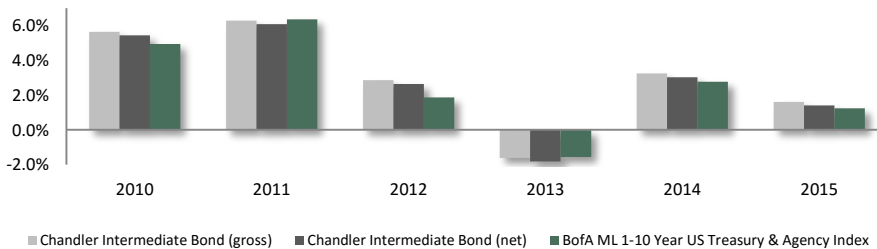
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1. Beginning Cash Balance	\$72,948,106	\$54,871,172	\$39,412,504	\$29,826,470	\$24,183,697
Sources of Cash					
2. Premiums Collected (net of costs of acquisition)	0	0	0	0	0
3. Investment Income	998,552	725,216	555,718	455,944	387,752
4. Ceding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

COMPOSITE PERFORMANCE

ANNUALIZED*

	2Q16	YTD	1Y	3Y	5Y	10Y	Since Inception ¹
Chandler Intermediate Bond (Gross)	1.15%	3.50%	4.13%	2.84%	2.68%	4.49%	5.15%
Chandler Intermediate Bond (Net) ²	1.10%	3.40%	3.92%	2.63%	2.48%	4.28%	4.94%
BofA ML 1-10 Year US Treasury & Agency Index	1.22%	3.51%	3.89%	2.47%	2.37%	4.09%	4.76%

ANNUAL RETURNS



CHARACTERISTICS

	Chandler Intermediate Bond	BofA ML 1-10 Year US Treasury & Agency Index
Average Maturity	3.84	3.94
Average Duration	3.52	3.70
Yield-to-Maturity	1.07%	0.88%
Average Quality*	AA+	AAA
Average Coupon	2.18%	2.03%

*Composite quality based on S&P ratings. Index quality reflects S&P equivalent of composite/average of S&P, Moody's and Fitch ratings. Composite characteristics are supplemental information under GIPS and supplement the composite presentation herein.

STRATEGY HIGHLIGHTS

The *Intermediate Bond* strategy seeks to achieve above-benchmark returns consistently throughout market cycles with low volatility relative to its benchmark, the *Bank of America Merrill Lynch 1-10 Year US Treasury & Agency Index*. Driven by a proprietary model, the strategy focuses on active duration management, sector selection and term structure positioning.

- Invests primarily in U.S. Treasuries, federal agencies and investment grade corporate bonds with a maximum of 5 years rated "A" and above
- Typically maintains at least 10% of the portfolio in U.S. Treasuries and maximum 30% in corporates

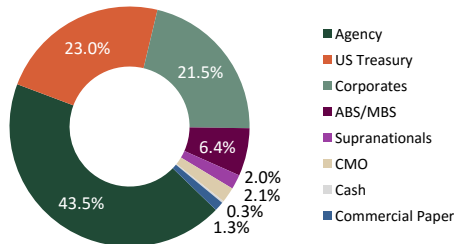
KEY ELEMENTS OF OUR APPROACH

- Constrain portfolio duration relative to the benchmark to maintain the desired exposure to market risk
- Strategically allocate assets to market sectors and rotate sectors as values change
- Position securities along the yield curve to capture additional value as yield curves shift
- Select individual securities that we believe offer the greatest potential to maximize yield

STRATEGY PROFILE

- Inception date: 09/30/95
- Approx. 50-60 Security Holdings
- High Grade-Minimum Rating A
- 20-30% Annual Turnover

ASSET ALLOCATION



CREDIT QUALITY

Credit Quality (S&P)	% Total
AAA	6.3
AA	74.4
A (A-1)	14.8
NOT RATED	4.4

The composite characteristics, sample issuers, asset allocation, maturity breakdown and credit distribution that appear in this presentation are supplemental information under GIPS and supplement the composite presentation herein.

ABOUT CHANDLER

Since 1988, *Chandler Asset Management* has specialized in the management of high-quality, fixed income portfolios. Chandler's mission is to provide fully customizable, client-centered investment management that preserves principal, manages risk and generates income for our clients.

FIRM OVERVIEW

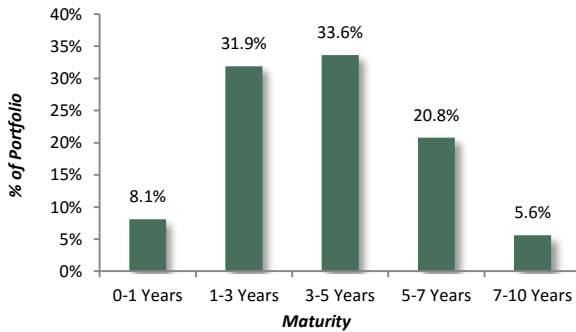
- Total Firm Assets: \$12.4 Billion
- Taxable Bond Managers
- Independent, Employee-Owned

INVESTMENT MANAGEMENT TEAM

- Led by CEO/CIO Marty Cassell, CFA
- 10 Investment Professionals
- Team Approach

¹Inception date 9/30/95. Past performance is no guarantee of future results. Please see GIPS disclosures that appear at the end of this presentation. Valuations are computed and performance reported in US Dollars. Minimum investment for an institutional account is \$2 million. Retail accounts available with a reduced minimum investment size through Separately Managed Account platforms. Minimum investment varies depending on the managed account sponsor. Please call Chandler to verify amount. Fixed income investments are subject to interest, credit, and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates. ²Model fees represent the highest fee charged to an account in the composite, but is not used for all accounts currently in the composite. Actual fees vary based on assets under management and are subject to negotiation. *Performance of one year or less has not been annualized.

MATURITY BREAKDOWN



SAMPLE ISSUERS

Federal Farm Credit Bank

Federal Home Loan Bank

Federal Home Loan Mortgage Corp.

Federal National Mortgage Association

Honda ABS

International Bank for Recon. and Development

John Deere ABS

General Electric Co.

Tennessee Valley Authority

United States Treasury

Based on the ten largest issuers in the composite, listed alphabetically. Holdings subject to change and should not be considered as a recommendation to buy, sell or hold any security. Excludes cash and cash equivalents.

GIPS PERFORMANCE

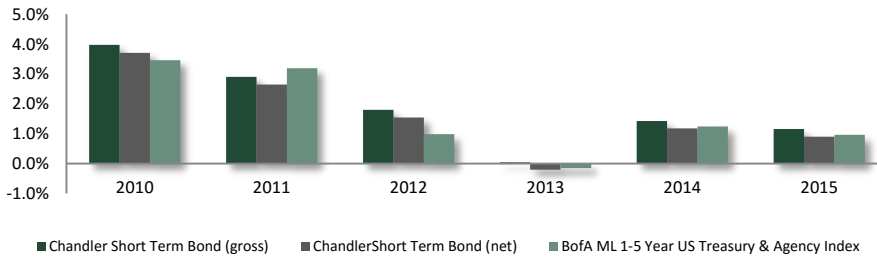
YEAR END	Returns			3 Years Annualized Standard Deviation		Dispersion		Assets		
	Total Gross	Total Net	Index	Composite	Index	Asset Wtd. Std. Dev.	Number of Portfolios	Composite Assets (MM)	% of Firm Assets	Firm (MM)
2006	4.41%	4.20%	3.85%	n/a	n/a	0.06%	7	376	12.52%	3,003
2007	8.58%	8.36%	8.55%	n/a	n/a	0.10%	7	431	12.67%	3,406
2008	8.96%	8.75%	10.54%	n/a	n/a	0.52%	7	414	11.32%	3,655
2009	2.10%	1.90%	-0.49%	n/a	n/a	0.29%	9	653	13.16%	4,965
2010	5.64%	5.43%	4.94%	3.85%	3.78%	0.09%	9	669	11.63%	5,755
2011	6.28%	6.07%	6.35%	2.55%	2.91%	0.18%	9	696	11.73%	5,929
2012	2.85%	2.64%	1.87%	2.12%	2.32%	0.17%	9	704	10.94%	6,431
2013	-1.61%	-1.81%	-1.56%	2.07%	2.19%	0.15%	9	673	9.40%	7,165
2014	3.24%	3.03%	2.77%	1.90%	1.90%	0.07%	9	683	7.68%	8,894
2015	1.60%	1.40%	1.24%	2.11%	2.09%	0.10%	9	664	5.65%	11,747

Chandler Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Chandler Asset Management has been independently verified by ACA Performance Services for the period of July 1, 1997 through March 31, 2016. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. 1. Chandler Asset Management is an independent investment adviser registered as such with the Securities and Exchange Commission under the Investment Adviser's Act of 1940. Registration with the SEC does not imply a certain level of skill or training. Since 1988, Chandler Asset Management has provided fixed income investment management services to the public sector, as well as to foundations, endowments, individuals and corporations. A complete list and description of all of the firm's composites is available upon request. 2. The Intermediate Bond Composite is a composite of individually managed accounts with an average modified duration approximately equal to the modified duration of the Bank of America Merrill Lynch 1-10 Year US Treasury & Agency Index and a maximum final stated maturity of individual securities (except for mortgage related securities) of ten years. The minimum account size required to be included in this composite is \$2 million. This composite was created in September 1995. The name of this composite was changed from 1-10 Year Government Fixed Income effective June 30, 2009. 3. The B of A Merrill Lynch Government 1-10 Year US Treasury & Agency Index is comprised of securities issued by entities of the US Government, including the US Treasury and Agencies such as Fannie Mae, Resolution Trust Funding and the Federal Home Loan Bank. Corporate or foreign debt guaranteed by the US Government, such as USAID securities, may also be included in the index. All securities in the index must be investment grade, have fixed coupon rates or rates that change according to a predetermined schedule, and have at least one year but not greater than ten years to maturity regardless of any call features. Indexes are referred to for comparative purposes only and are not intended to parallel the risk or investment style of the portfolios in the Composite. Indexes do not utilize leverage. Index calculations do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index. Index data contained herein (and all trademarks related thereto) are owned by the indicated index provider, and may not be redistributed. The information herein has not been approved by the index provider. 4. Valuations are computed and performance reported in U.S. Dollars. Firm assets shown are those managed on a contractually discretionary basis only and therefore may differ from the Regulatory Assets Under Management reflected on our Form ADV. 5. Performance is calculated using a time-weighted total rate of return, which links performance monthly, and is reported gross of investment management fees and custodial fees, but after all trading expenses. Results reflect the reinvestment of income, dividends and other earnings, and include realized and unrealized gains and losses and interest accrued through the last day of each month. Results do not reflect the potential impact of taxes. Past performance is not indicative of future results. Fees charged by Chandler Asset Management will reduce performance. 6. Net-of-fees performance returns are calculated by reducing the monthly gross performance by one-twelfth (1/12) of the actual maximum applicable fee of 0.20%. Fees are negotiable and additional information regarding Chandler's fees is included in our Part 2A of Form ADV. These monthly returns are then geometrically linked to produce annual returns which are presented before custodial fees but after management fees and all trading expenses. 7. Dispersion is calculated using the asset weighted standard deviation for all accounts in the composite for the year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period and is required by GIPS for periods beginning after Jan. 1, 2011. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

COMPOSITE PERFORMANCE

	ANNUALIZED*						Since Inception ¹
	2Q16	YTD	1Y	3Y	5Y	10Y	
Chandler Short Term Bond (Gross)	0.73%	2.25%	2.48%	1.81%	1.63%	3.47%	4.47%
Chandler Short Term Bond (Net) ²	0.67%	2.12%	2.23%	1.56%	1.37%	3.21%	4.20%
BofA Merrill Lynch 1-5 year US Treasury & Agency Index	0.79%	2.35%	2.37%	1.65%	1.41%	3.22%	4.20%

ANNUAL RETURNS



CHARACTERISTICS

	Chandler Short Term Bond	BofA Merrill Lynch 1-5 Year US Treasury & Agency Index
Average Maturity	2.62	2.70
Average Duration	2.44	2.60
Yield-to-Maturity	0.88%	0.72%
Average Quality*	AA+	AAA
Average Coupon	1.40%	1.90%

*Composite quality based on S&P ratings. Index quality reflects S&P equivalent of composite/average of S&P, Moody's and Fitch ratings. Composite characteristics are supplemental information under GIPS and supplement the composite presentation herein.

STRATEGY HIGHLIGHTS

The *Short Term Bond* strategy seeks to achieve above-benchmark returns consistently throughout market cycles with low volatility relative to the *Bank of America Merrill Lynch 1-5 Year US Treasury & Agency Index*. Driven by a proprietary model, the strategy focuses on active duration management, sector selection and term structure positioning.

- Invests primarily in U.S. Treasuries, federal agencies and investment grade corporate bonds rated "A" and above
- Duration closely tracks index duration

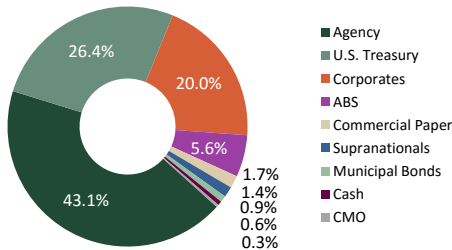
KEY ELEMENTS OF OUR APPROACH

- Constrain portfolio duration relative to the benchmark to maintain the desired exposure to market risk
- Strategically allocate assets to market sectors and rotate sectors as values change
- Position securities along the yield curve to capture additional value as yield curves shift
- Select individual securities that we believe offer the greatest potential to maximize yield

STRATEGY PROFILE

- Inception date: 9/30/95
- Approx. 50-60 Security Holdings
- High Grade Minimum Rating "A"
- 25-35% Annual Turnover

ASSET ALLOCATION



CREDIT QUALITY

Credit Quality (S&P)	% Total
AAA	6.3
AA	79.1
A (A-1)	12.3
BBB	0.2
NOT RATED	2.1

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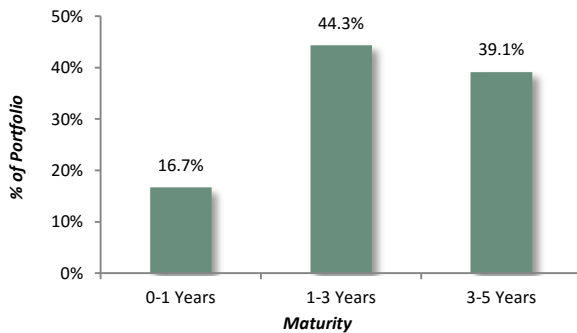
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- Taxable Bond Managers
- Independent, Employee-Owned

INVESTMENT MANAGEMENT TEAM

- Led by CEO/CIO Marty Cassell, CFA
- 10 Investment Professionals
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MATURITY BREAKDOWN



SAMPLE ISSUERS

Bank of Tokyo Mitsubishi UFJ
 Federal Farm Credit Bank
 Federal Home Loan Bank
 Federal Home Loan Mortgage Corp.
 Federal National Mortgage Association
 Honda ABS
 John Deere ABS
 Toyota ABS
 United States Treasury
 Wells Fargo Corp.

Based on the ten largest issuers in the composite, listed alphabetically. Holdings subject to change and should not be considered as a recommendation to buy, sell or hold any security. Excludes cash and cash equivalents.

GIPS PERFORMANCE

YEAR END	Returns			3 Years Annualized Standard Deviation		Dispersion		Assets		
	Total Gross	Total Net	Index	Composite	Index	Asset Wtd. Std. Dev.	Number of Portfolios	Composite Assets (MM)	% of Firm Assets	Firm (MM)
2006	4.44%	4.18%	4.04%	n/a	n/a	0.06%	21	898	29.91%	3,003
2007	7.45%	7.18%	7.88%	n/a	n/a	0.17%	24	1,074	31.54%	3,406
2008	7.65%	7.40%	8.37%	n/a	n/a	0.53%	22	1,202	32.90%	3,655
2009	2.80%	2.50%	0.91%	n/a	n/a	0.35%	29	1,554	31.29%	4,965
2010	3.97%	3.70%	3.46%	2.46%	2.44%	0.11%	33	1,906	33.12%	5,755
2011	2.90%	2.64%	3.19%	1.47%	1.65%	0.07%	32	1,866	31.48%	5,929
2012	1.80%	1.54%	0.98%	1.18%	1.27%	0.26%	38	2,133	33.17%	6,431
2013	0.04%	-0.21%	-0.16%	1.02%	1.10%	0.08%	39	2,168	30.26%	7,165
2014	1.42%	1.17%	1.24%	0.96%	0.99%	0.07%	40	2,325	26.14%	8,894
2015	1.15%	0.90%	0.96%	1.11%	1.18%	0.07%	44	3,403	28.97%	11,747

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

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

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

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

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

**FY 2017/18 RATES AND GROSS FUNDING
 CAMPUS COVERAGE PROGRAMS**

ISSUE: Upon the recommendation of the Executive Committee, the Board of Directors adopts rates and funding for the upcoming fiscal year at its Fall meeting. The Program Administrator has prepared FY 2017/18 funding recommendations for the Campus Coverage Programs using the draft actuarial reports dated August 2, 2016.

The Campus Liability Program costs include premium deposits for the Student Professional Liability Insurance Program (SPLIP) and the Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP). Campus Property Program costs include Blanket Employee Fidelity coverage, Cyber Risk insurance and Fine Arts Artifacts & Archives insurance (FAAAP). Auto Liability is covered by the State Vehicle Liability Self-Insurance Program (VELSIP), whose cost is determined by the Office of Risk and Insurance Management (ORIM), which is expected to be issued in March 2017. The costs for the purchased insurance programs (SPLIP, SAFECLIP, Property, Fidelity, and Cyber) are estimates at this time since actual rates will not be known until negotiations are finalized in June 2017.

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

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

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

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

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

FISCAL IMPACT: Adoption of the recommended funding for the Campus Coverage programs totaling \$82,621,526 (undiscounted) or \$79,767,824 (discounted) are in accordance with the policies and procedures and rating plans adopted and approved by the Board of Directors.

BACKGROUND: CSURMA employs an independent actuary, Aon Risk Consultants, to project claim costs for its General / Errors & Omissions Liability, Workers' Compensation and Athletic Injury Medical Expense coverage programs. The actuary's reports dated August 2, 2016 were used to calculate funding proposals for FY 2017/18.

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

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 2017/18 Campus Coverage Programs Proposed Funding (Draft)

CSURMA RISK POOL FY 2017/18
Total Program Cost

<i>Campus</i>	<i>Adopted</i>	<i>Proposed</i>	<i>\$ Chg</i>	<i>% Chg</i>
	<i>FY 16/17</i>	<i>FY 17/18</i>		
		<i>Undiscounted</i>		
Bakersfield	\$1,620,420	\$1,652,748	\$32,328	2.0%
Channel Islands	1,585,632	1,845,819	260,187	16.4%
Chico	2,664,732	2,860,088	195,356	7.3%
Dominguez Hills	2,514,935	2,671,708	156,773	6.2%
East Bay	3,482,311	3,583,572	101,261	2.9%
Fresno	3,208,578	3,271,072	62,494	1.9%
Fullerton	4,218,062	4,970,027	751,965	17.8%
Humboldt	2,165,896	2,358,480	192,584	8.9%
Long Beach	6,121,413	6,442,083	320,670	5.2%
Los Angeles	4,186,953	4,728,810	541,857	12.9%
Maritime Academy	614,302	647,636	33,334	5.4%
Monterey Bay	1,537,999	1,620,808	82,809	5.4%
Northridge	5,620,916	6,255,518	634,602	11.3%
Pomona	4,332,205	4,507,511	175,306	4.0%
Sacramento	3,665,165	3,759,533	94,368	2.6%
San Bernardino	3,029,987	3,255,791	225,804	7.5%
San Diego	5,427,007	5,481,833	54,826	1.0%
San Francisco	4,666,500	5,122,450	455,950	9.8%
San Jose	4,984,041	5,288,005	303,964	6.1%
San Luis Obispo	4,342,856	4,772,791	429,935	9.9%
San Marcos	1,760,802	1,969,833	209,031	11.9%
Sonoma	2,133,031	2,534,066	401,035	18.8%
Stanislaus	1,675,781	1,704,497	28,716	1.7%
Chancellor's Office	1,242,815	1,316,847	74,032	6.0%
Systemwide *	2,015,883	0	-2,015,883	-100.0%
Total:	\$78,818,221	\$82,621,526	\$3,803,305	4.8%

FY 16/17 funding for Liability is undiscounted for estimated investment income.

FY 16/17 funding for Workers' Comp is discounted for estimated investment income.

FY 17/18 funding for Liability & Workers' Comp are undiscounted for estimated investment income

CSURMA RISK POOL FY 2017/18
Total Program Cost

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18 Discounted</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$1,620,420	\$1,596,854	-\$23,566	-1.5%
Channel Islands	1,585,632	1,782,035	196,403	12.4%
Chico	2,664,732	2,759,166	94,434	3.5%
Dominguez Hills	2,514,935	2,573,912	58,977	2.3%
East Bay	3,482,311	3,438,398	-43,913	-1.3%
Fresno	3,208,578	3,174,399	-34,179	-1.1%
Fullerton	4,218,062	4,807,072	589,010	14.0%
Humboldt	2,165,896	2,283,269	117,373	5.4%
Long Beach	6,121,413	6,194,619	73,206	1.2%
Los Angeles	4,186,953	4,535,454	348,501	8.3%
Maritime Academy	614,302	628,032	13,730	2.2%
Monterey Bay	1,537,999	1,573,666	35,667	2.3%
Northridge	5,620,916	6,037,694	416,778	7.4%
Pomona	4,332,205	4,311,974	-20,231	-0.5%
Sacramento	3,665,165	3,650,504	-14,661	-0.4%
San Bernardino	3,029,987	3,140,399	110,412	3.6%
San Diego	5,427,007	5,280,710	-146,297	-2.7%
San Francisco	4,666,500	4,950,225	283,725	6.1%
San Jose	4,984,041	5,149,797	165,756	3.3%
San Luis Obispo	4,342,856	4,620,431	277,575	6.4%
San Marcos	1,760,802	1,912,701	151,899	8.6%
Sonoma	2,133,031	2,456,971	323,940	15.2%
Stanislaus	1,675,781	1,646,364	-29,417	-1.8%
Chancellor's Office	1,242,815	1,263,178	20,363	1.6%
Systemwide *	2,015,883	0	-2,015,883	-100.0%
Total:	\$78,818,221	\$79,767,824	\$949,603	1.2%

FY 16/17 funding for Liability is undiscounted for estimated investment income.

FY 16/17 funding for Workers' Comp is discounted for estimated investment income.

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

CSURMA RISK POOL FY 2017/18
Liability Program Cost

<i>Campus</i>	<i>Adopted</i>	<i>Proposed</i>	<i>\$ Chg</i>	<i>% Chg</i>
	<i>FY 16/17</i>	<i>FY 17/18</i>		
	<i>Undiscounted</i>	<i>Undiscounted</i>		
Bakersfield	\$253,052	\$256,139	\$3,087	1.2%
Channel Islands	395,355	518,623	123,268	31.2%
Chico	586,897	685,604	98,707	16.8%
Dominguez Hills	582,161	594,082	11,921	2.0%
East Bay	616,564	681,010	64,446	10.5%
Fresno	422,003	413,272	-8,731	-2.1%
Fullerton	718,597	1,088,731	370,134	51.5%
Humboldt	473,564	564,998	91,434	19.3%
Long Beach	854,592	857,596	3,004	0.4%
Los Angeles	572,292	855,882	283,590	49.6%
Maritime Academy	228,161	234,105	5,944	2.6%
Monterey Bay	214,057	204,416	-9,641	-4.5%
Northridge	882,036	1,065,954	183,918	20.9%
Pomona	635,469	672,465	36,996	5.8%
Sacramento	690,332	641,530	-48,802	-7.1%
San Bernardino	865,150	975,812	110,662	12.8%
San Diego	574,083	619,322	45,239	7.9%
San Francisco	550,435	738,264	187,829	34.1%
San Jose	906,352	895,901	-10,451	-1.2%
San Luis Obispo	724,461	821,065	96,604	13.3%
San Marcos	401,904	419,992	18,088	4.5%
Sonoma	433,010	744,970	311,960	72.0%
Stanislaus	384,428	382,054	-2,374	-0.6%
Chancellor's Office	542,350	629,284	86,934	16.0%
Systemwide *	733,555	0	-733,555	-100.0%
Total:	\$14,240,860	\$15,561,071	\$1,320,211	9.3%

FY 16/17 and FY 17/18 are undiscounted for estimated investment income.
FY 17/18 costs are calculated at present deductibles. Actual FY 17/18 costs are pending campus deductible selections for FY 17/18, FY 18/19 and FY 19/20.

Includes SPLIP & SAFECLIP.

CSURMA RISK POOL FY 2017/18
Liability Program Cost

<i>Campus</i>	<i>Adopted</i>	<i>Proposed</i>	<i>\$ Chg</i>	<i>% Chg</i>
	<i>FY 16/17</i>	<i>FY 17/18</i>		
	<i>Undiscounted</i>	<i>Discounted</i>		
Bakersfield	\$253,052	\$250,639	-\$2,413	-1.0%
Channel Islands	395,355	502,861	107,506	27.2%
Chico	586,897	667,876	80,979	13.8%
Dominguez Hills	582,161	578,366	-3,795	-0.7%
East Bay	616,564	663,477	46,913	7.6%
Fresno	422,003	407,943	-14,060	-3.3%
Fullerton	718,597	1,064,173	345,576	48.1%
Humboldt	473,564	548,492	74,928	15.8%
Long Beach	854,592	841,738	-12,854	-1.5%
Los Angeles	572,292	834,424	262,132	45.8%
Maritime Academy	228,161	226,641	-1,520	-0.7%
Monterey Bay	214,057	200,476	-13,581	-6.3%
Northridge	882,036	1,043,027	160,991	18.3%
Pomona	635,469	656,652	21,183	3.3%
Sacramento	690,332	630,149	-60,183	-8.7%
San Bernardino	865,150	947,473	82,323	9.5%
San Diego	574,083	611,505	37,422	6.5%
San Francisco	550,435	724,380	173,945	31.6%
San Jose	906,352	875,725	-30,627	-3.4%
San Luis Obispo	724,461	802,402	77,941	10.8%
San Marcos	401,904	410,443	8,539	2.1%
Sonoma	433,010	722,430	289,420	66.8%
Stanislaus	384,428	372,100	-12,328	-3.2%
Chancellor's Office	542,350	608,978	66,628	12.3%
Systemwide *	733,555	0	-733,555	-100.0%
Total:	\$14,240,860	\$15,192,370	\$951,510	6.7%

FY 16/17 funding is undiscounted for estimated investment income.

FY 17/18 funding is discounted for estimated investment income.

FY 17/18 costs are calculated at present deductibles. Actual FY 17/18 costs are pending campus deductible selections for FY 17/18, FY 18/19 and FY 19/20.

**CSURMA RISK POOL FY 2017/18
Workers' Compensation Program Cost**

<i>Campus</i>	<i>Adopted</i>	<i>Proposed</i>	<i>\$ Chg</i>	<i>% Chg</i>
	<i>FY 16/17</i>	<i>FY 17/18</i>		
	<i>Discounted</i>	<i>Undiscounted</i>		
Bakersfield	\$780,939	\$784,859	\$3,920	0.5%
Channel Islands	727,419	750,113	22,694	3.1%
Chico	1,328,110	1,312,514	-15,596	-1.2%
Dominguez Hills	1,189,225	1,260,259	71,034	6.0%
East Bay	1,912,297	1,929,668	17,371	0.9%
Fresno	1,464,874	1,464,545	-329	0.0%
Fullerton	2,086,179	2,236,472	150,293	7.2%
Humboldt	926,451	916,565	-9,886	-1.1%
Long Beach	3,431,016	3,529,199	98,183	2.9%
Los Angeles	2,447,688	2,591,042	143,354	5.9%
Maritime Academy	189,579	199,726	10,147	5.4%
Monterey Bay	688,711	684,443	-4,268	-0.6%
Northridge	2,822,922	3,022,409	199,487	7.1%
Pomona	2,685,042	2,693,574	8,532	0.3%
Sacramento	1,597,645	1,597,648	3	0.0%
San Bernardino	1,367,698	1,372,661	4,963	0.4%
San Diego	3,015,178	2,987,057	-28,121	-0.9%
San Francisco	2,445,638	2,483,898	38,260	1.6%
San Jose	1,896,781	1,912,682	15,901	0.8%
San Luis Obispo	1,989,729	2,125,900	136,171	6.8%
San Marcos	682,328	790,746	108,418	15.9%
Sonoma	849,191	874,263	25,072	3.0%
Stanislaus	754,092	758,797	4,705	0.6%
Chancellor's Office	544,483	543,582	-901	-0.2%
Systemwide				
Total:	\$37,823,215	\$38,822,622	\$999,407	2.6%

FY 16/17 funding is discounted for estimated investment income.

FY 17/18 is undiscounted for estimated investment income.

**CSURMA RISK POOL FY 2017/18
Workers' Compensation Program Cost**

<i>Campus</i>	<i>Adopted</i>	<i>Proposed</i>	<i>\$ Chg</i>	<i>% Chg</i>
	<i>FY 16/17</i>	<i>FY 17/18</i>		
	<i>Discounted</i>	<i>Discounted</i>		
Bakersfield	\$780,939	\$734,465	(46,474)	-6.0%
Channel Islands	727,419	702,091	(25,328)	-3.5%
Chico	1,328,110	1,229,320	(98,790)	-7.4%
Dominguez Hills	1,189,225	1,178,179	(11,046)	-0.9%
East Bay	1,912,297	1,802,027	(110,270)	-5.8%
Fresno	1,464,874	1,373,201	(91,673)	-6.3%
Fullerton	2,086,179	2,098,075	11,896	0.6%
Humboldt	926,451	857,860	(68,591)	-7.4%
Long Beach	3,431,016	3,297,593	(133,423)	-3.9%
Los Angeles	2,447,688	2,419,144	(28,544)	-1.2%
Maritime Academy	189,579	187,586	(1,993)	-1.1%
Monterey Bay	688,711	641,241	(47,470)	-6.9%
Northridge	2,822,922	2,827,512	4,590	0.2%
Pomona	2,685,042	2,513,850	(171,192)	-6.4%
Sacramento	1,597,645	1,500,000	(97,645)	-6.1%
San Bernardino	1,367,698	1,285,608	(82,090)	-6.0%
San Diego	3,015,178	2,793,751	(221,427)	-7.3%
San Francisco	2,445,638	2,325,557	(120,081)	-4.9%
San Jose	1,896,781	1,794,650	(102,131)	-5.4%
San Luis Obispo	1,989,729	1,992,203	2,474	0.1%
San Marcos	682,328	743,163	60,835	8.9%
Sonoma	849,191	819,708	(29,483)	-3.5%
Stanislaus	754,092	710,618	(43,474)	-5.8%
Chancellor's Office	544,483	510,219	(34,264)	-6.3%
Systemwide				
Total:	\$37,823,215	\$36,337,621	-\$1,485,594	-4.1%

FY 16/17 and FY 17/18 are discounted for estimated investment income.

**CSURMA RISK POOL FY 2017/18
IDL/NDI/UI Program Cost**

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$255,900	\$257,072	\$1,172	0.5%
Channel Islands	286,484	389,208	102,724	35.9%
Chico	376,073	415,830	39,757	10.6%
Dominguez Hills	434,325	507,745	73,420	16.9%
East Bay	600,779	596,873	-3,906	-0.7%
Fresno	484,816	534,576	49,760	10.3%
Fullerton	776,581	898,904	122,323	15.8%
Humboldt	461,450	521,878	60,428	13.1%
Long Beach	1,001,728	1,101,271	99,543	9.9%
Los Angeles	615,507	697,144	81,637	13.3%
Maritime Academy	122,279	140,724	18,445	15.1%
Monterey Bay	345,350	415,868	70,518	20.4%
Northridge	1,125,467	1,264,581	139,114	12.4%
Pomona	542,349	597,177	54,828	10.1%
Sacramento	716,238	740,523	24,285	3.4%
San Bernardino	491,631	539,682	48,051	9.8%
San Diego	780,994	791,250	10,256	1.3%
San Francisco	1,045,382	1,173,634	128,252	12.3%
San Jose	997,888	1,097,223	99,335	10.0%
San Luis Obispo	732,920	868,671	135,751	18.5%
San Marcos	398,174	458,188	60,014	15.1%
Sonoma	490,107	560,818	70,711	14.4%
Stanislaus	296,250	321,133	24,883	8.4%
Chancellor's Office	121,328	110,027	-11,301	-9.3%
Systemwide				
Total:	\$13,500,000	\$15,000,000	\$1,500,000	11.1%

Industrial Disability Leave, Nonindustrial Disability Insurance, Unemployment Insurance

**CSURMA RISK POOL FY 2017/18
Property Program Cost**

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$110,900	\$135,343	\$24,443	22.0%
Channel Islands	145,364	157,463	12,099	8.3%
Chico	286,116	359,256	73,140	25.6%
Dominguez Hills	166,785	167,634	849	0.5%
East Bay	242,456	266,297	23,841	9.8%
Fresno	356,542	379,826	23,284	6.5%
Fullerton	413,762	523,758	109,996	26.6%
Humboldt	186,643	237,666	51,023	27.3%
Long Beach	476,645	597,584	120,939	25.4%
Los Angeles	416,864	450,656	33,792	8.1%
Maritime Academy	50,573	49,450	-1,123	-2.2%
Monterey Bay	106,157	132,636	26,479	24.9%
Northridge	478,606	591,530	112,924	23.6%
Pomona	365,626	441,651	76,025	20.8%
Sacramento	291,433	411,056	119,623	41.0%
San Bernardino	224,408	287,270	62,862	28.0%
San Diego	455,940	484,434	28,494	6.2%
San Francisco	510,705	612,877	102,172	20.0%
San Jose	662,538	862,651	200,113	30.2%
San Luis Obispo	397,725	461,037	63,312	15.9%
San Marcos	160,750	183,544	22,794	14.2%
Sonoma	281,871	275,822	-6,049	-2.1%
Stanislaus	145,166	147,151	1,985	1.4%
Chancellor's Office	34,097	33,408	-689	-2.0%
Systemwide	1,282,328	0	-1,282,328	-100.0%
Total:	\$8,250,000	\$8,250,000	\$0	0.0%

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

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

Includes Crime (Fidelity), Cyber Risks. Fine Arts

**CSURMA RISK POOL FY 2017/18
Auto Liability (VELSIP) Program Cost**

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$15,227	\$14,933	-\$294	-1.9%
Channel Islands	31,010	30,412	-598	-1.9%
Chico	33,796	33,144	-652	-1.9%
Dominguez Hills	23,397	22,946	-451	-1.9%
East Bay	25,440	24,949	-491	-1.9%
Fresno	77,248	75,758	-1,490	-1.9%
Fullerton	40,481	39,700	-781	-1.9%
Humboldt	21,540	21,125	-415	-1.9%
Long Beach	51,808	50,809	-999	-1.9%
Los Angeles	26,740	26,224	-516	-1.9%
Maritime Academy	4,085	4,006	-79	-1.9%
Monterey Bay	14,484	14,205	-279	-1.9%
Northridge	43,637	42,796	-841	-1.9%
Pomona	55,707	54,632	-1,075	-1.9%
Sacramento	38,438	37,697	-741	-1.9%
San Bernardino	38,067	37,333	-734	-1.9%
San Diego	54,036	52,994	-1,042	-1.9%
San Francisco	29,154	28,591	-563	-1.9%
San Jose	48,465	47,531	-934	-1.9%
San Luis Obispo	98,602	96,699	-1,903	-1.9%
San Marcos	14,670	14,387	-283	-1.9%
Sonoma	34,167	33,508	-659	-1.9%
Stanislaus	25,068	24,585	-483	-1.9%
Chancellor's Office	557	546	-11	-2.0%
Systemwide				
Total:	\$845,823	\$829,510	-\$16,313	-1.9%

Allocated per reported Fleet count submitted to Chancellor's Office and DGS., and is subject to fleet update in process.

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

CSURMA RISK POOL FY 2017/18
Athletic Injury Medical Expense Program Cost
(AIME)

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i> <i>to be updated</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$204,402	\$204,402	\$0	0.0%
Channel Islands				
Chico	53,740	53,740	0	0.0%
Dominguez Hills	119,042	119,042	0	0.0%
East Bay	84,775	84,775	0	0.0%
Fresno	403,095	403,095	0	0.0%
Fullerton	182,462	182,462	0	0.0%
Humboldt	96,248	96,248	0	0.0%
Long Beach	305,624	305,624	0	0.0%
Los Angeles	107,862	107,862	0	0.0%
Maritime Academy	19,625	19,625	0	0.0%
Monterey Bay	169,240	169,240	0	0.0%
Northridge	268,248	268,248	0	0.0%
Pomona	48,012	48,012	0	0.0%
Sacramento	331,079	331,079	0	0.0%
San Bernardino	43,033	43,033	0	0.0%
San Diego	546,776	546,776	0	0.0%
San Francisco	85,186	85,186	0	0.0%
San Jose	472,017	472,017	0	0.0%
San Luis Obispo	399,419	399,419	0	0.0%
San Marcos	102,976	102,976	0	0.0%
Sonoma	44,685	44,685	0	0.0%
Stanislaus	70,777	70,777	0	0.0%
Chancellor's Office				
Systemwide				
Total:	\$4,158,323	\$4,158,323	\$0	0.0%

FY 17/18 rates are to be updated and approved by the AIME Committee.

CAMPUS RISK POOLS FUNDING STATUS AT JUNE 30, 2016

ISSUE: Each year, Staff evaluates the funding status of CSURMA's major risk pool programs and presents its findings to the Executive Committee. In its evaluation, Staff uses the most recent actuarial reports and financial statements prepared by the Accountant. Staff has completed its evaluation of the funding status for Campus Liability, Campus Workers' Compensation and Athletic Injury Medical Expense risk pools at June 30, 2016.

RECOMMENDATION: The Executive Committee is asked to review the risk pools funding status at June 30, 2016.

FISCAL IMPACT: No action requested. This item is provided for information only.

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

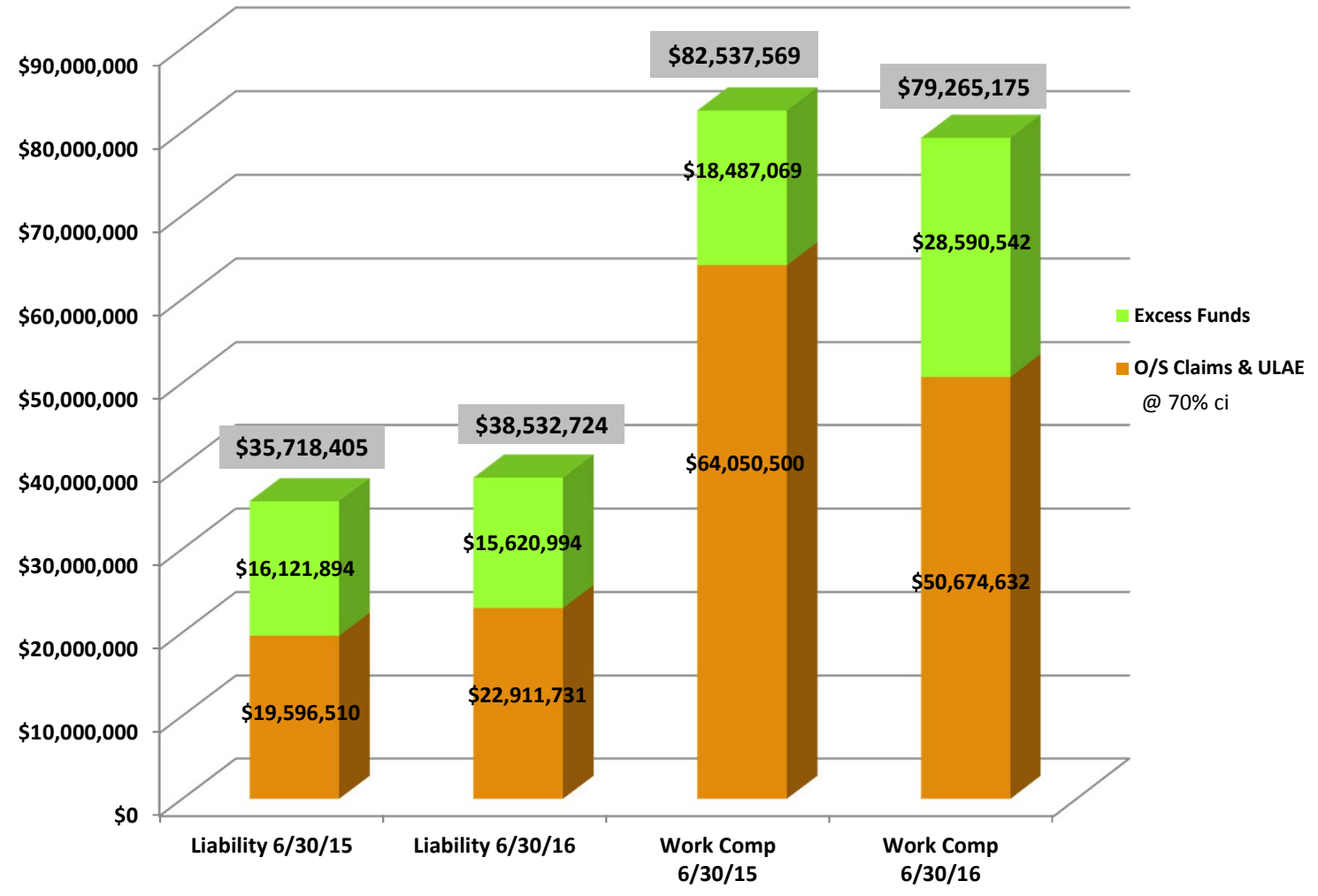
PUBLICATION: None

ATTACHMENT(S):

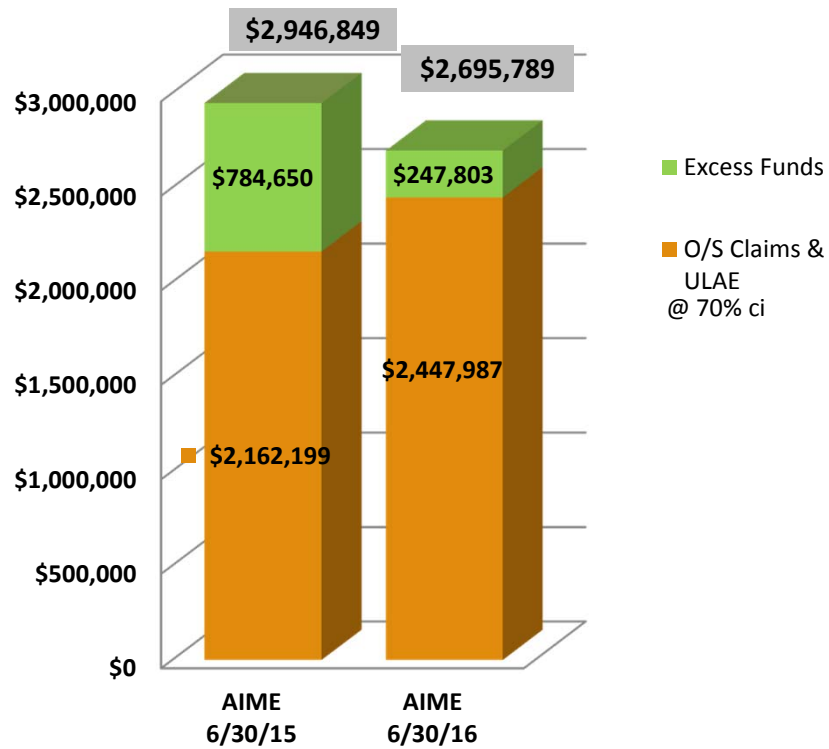
- a. Risk Pools Funding Status Chart at June 30, 2016 (unaudited)
- b. Policy & Procedure No. 7-JPA

Campus Risk Pools

Estimated Funding Projected to FYE 2016 (undiscounted)

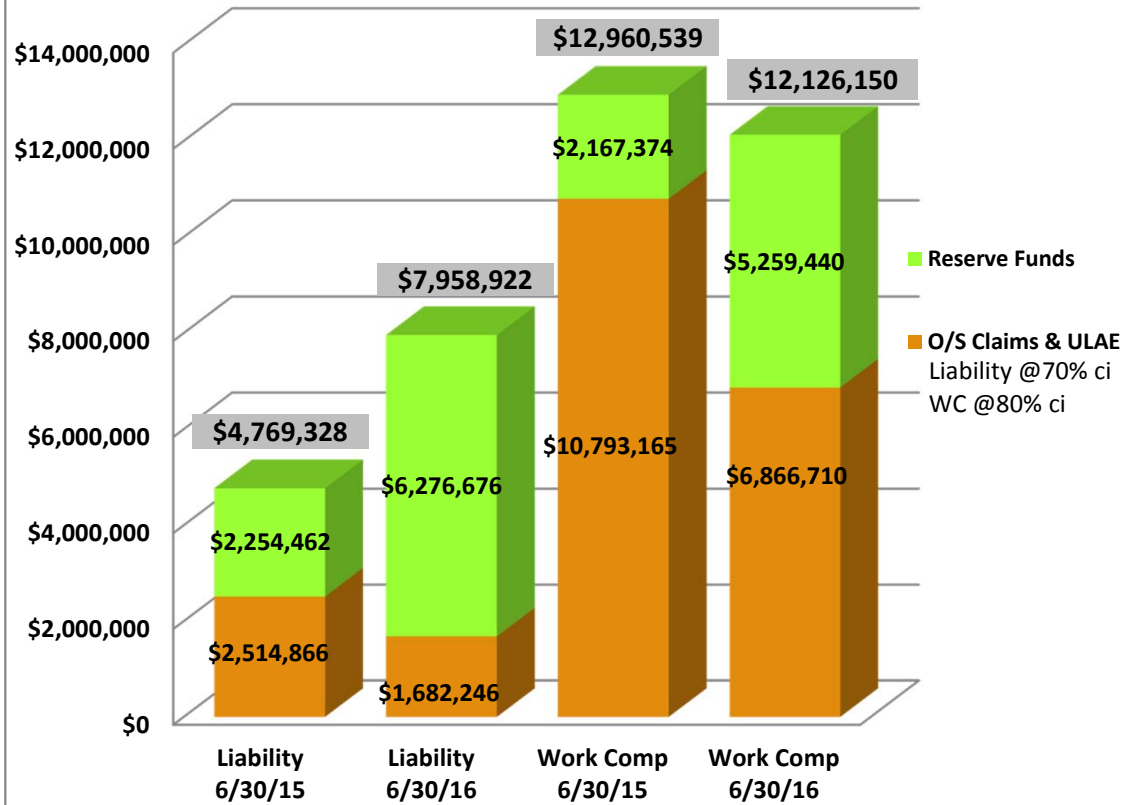


Athletic Injury Medical Expense Estimated Funding Projected to FYE 2016 (undiscounted)



AORMA Risk Pools

Estimated Funding Projected to FYE 2016 (undiscounted)





CSURMA

POLICY AND PROCEDURE NO. 7

EFFECTIVE: JANUARY 1, 2000
REVISED: APRIL 27, 2015
SUBJECT: SELF-INSURED PROGRAM FUNDING

ISSUE:

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

POLICY STATEMENT:

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

PROCEDURE:

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

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

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



CSURMA

POLICY AND PROCEDURE NO. 7

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

**EVALUATION OF POTENTIAL CAMPUS RISK POOLS
DIVIDENDS AND ASSESSMENTS**

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

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

PROPOSED CAMPUS RISK POOLS DIVIDEND

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

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

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

PUBLICATION: None.

ATTACHMENT(S):

- a. Target Equity Calculation
- b. Dividends and Assessments Summary
- c. Policy and Procedure #13 – Campus Risk Pool Target Reserve Funding Goal
- d. Policy and Procedure #14 – Campus Risk Pool Dividends and Assessments

Campus Liability Coverage Fund
Target Surplus Funding Analysis at \$5,000,000 SIR
as of 6/30/16 (unaudited)

Gross Premium (FY 16/17):	\$14,240,860
Maximum Retention:	\$5,000,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$19,201,115 <i>Expected, Undiscounted, Net of Deductibles</i>
Est. Outstanding Liabilities @ 6/30/16	\$21,313,238 at 70% Confidence
Est. Fund Balance @ 6/30/16	\$38,532,724
Est. Funded Loss & ULAE @ 6/30/16	\$22,378,900 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$16,153,824

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$4,746,953	0.37
Surplus to Retention	> 1:1	\$5,000,000	7.71
O/S Reserve to Surplus	≤ 5:1	\$3,840,223	0.50

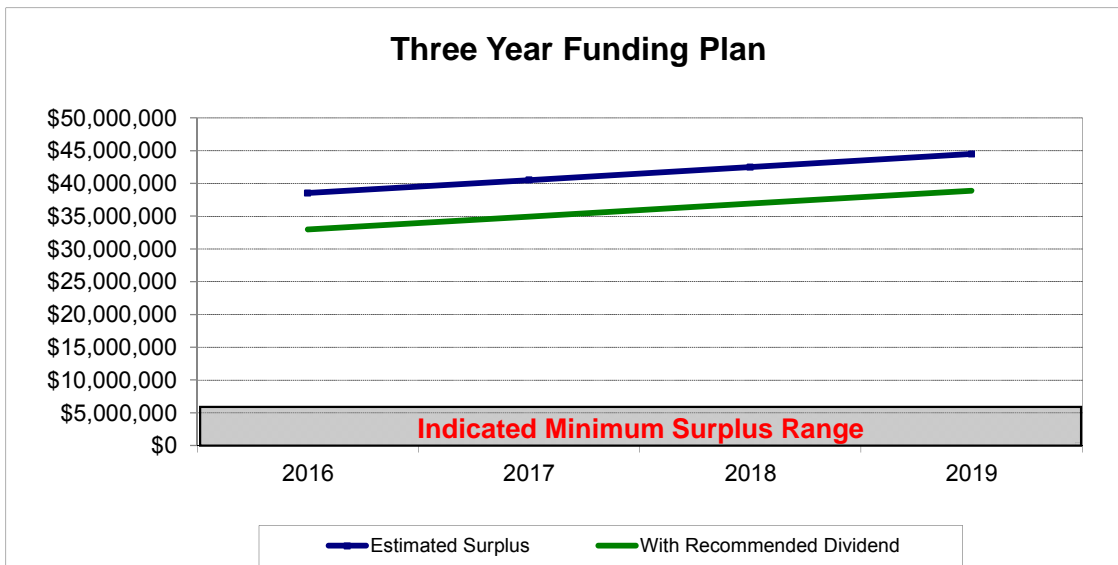
Maximum Dividend Available:	\$11,153,824
Recommended Dividend 50%:	\$5,576,912

2015/16 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 6/30/16	N/A	\$38,532,724	\$32,955,812
2016/17 - Collection @ 70% CL	\$1,979,505	\$40,512,229	\$34,935,317
2017/18 - Collection @ 70% CL	\$1,979,505	\$42,491,734	\$36,914,822
2018/19 - Collection @ 70% CL	\$1,979,505	\$44,471,239	\$38,894,327



Campus Workers' Compensation Coverage Fund
Target Surplus Funding Analysis at \$2,500,000 SIR
as of 6/30/16 (unaudited)

Gross Premium (FY 16/17):	\$37,823,215
Maximum Retention:	\$2,500,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$46,185,411 <i>Expected, Undiscounted</i>
Est. Outstanding Liabilities @ 6/30/16	\$48,032,827 <i>at 70% Confidence</i>
Est. Fund Balance @ 6/30/16	\$79,265,175
Est. Funded Loss & ULAE @ 6/30/16	\$50,434,468 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$28,830,707

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$12,607,738	0.48
Surplus to Retention	> 2:1	\$5,000,000	31.71
O/S Reserve to Surplus	≤ 5:1	\$9,237,082	0.58

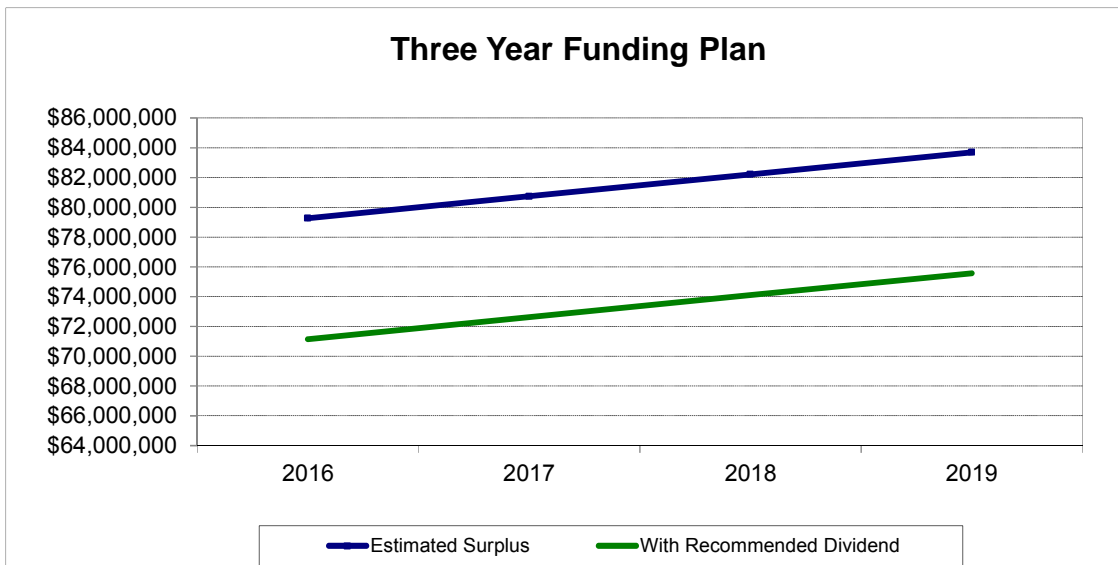
Maximum Dividend Available:	\$16,222,968
Recommended Dividend 50%:	\$8,111,484

2015/16 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 6/30/16	N/A	\$79,265,175	\$71,153,691
2016/17 - Collection @ 70% CL	\$1,475,276	\$80,740,451	\$72,628,967
2017/18 - Collection @ 70% CL	\$1,475,276	\$82,215,728	\$74,104,243
2018/19 - Collection @ 70% CL	\$1,475,276	\$83,691,004	\$75,579,520



DRAFT**Recommended Campus Risk Pools Dividends****September 23, 2016**

Campus	Liability	WC	Liability	WC	Net
	% of Ttl Deposit	% of Ttl Deposit	Dividend	Dividend	Dividend
Bakersfield	2.87%	1.79%	\$ 160,099	\$ 145,213	\$ 305,312
Channel Islands	2.05%	2.03%	114,114	164,888	279,002
Chico	3.78%	3.88%	210,586	314,563	525,149
Dominguez Hills	5.38%	3.36%	300,169	272,755	572,924
East Bay	2.60%	4.76%	145,094	386,146	531,240
Fresno	11.71%	4.30%	653,210	349,095	1,002,305
Fullerton	4.25%	5.53%	236,850	448,207	685,057
Humboldt	3.95%	2.54%	220,087	205,939	426,026
Long Beach	7.74%	8.13%	431,896	659,192	1,091,088
Los Angeles	3.44%	6.22%	192,108	504,490	696,598
Maritime Academy	1.04%	0.58%	57,877	47,344	105,221
Monterey Bay	2.74%	1.69%	152,792	136,929	289,721
Northridge	4.66%	7.18%	260,081	582,699	842,780
Pomona	4.50%	6.20%	250,828	502,540	753,368
Sacramento	4.47%	4.63%	249,145	375,897	625,042
San Bernardino	4.80%	3.45%	267,724	279,504	547,228
San Diego	4.58%	7.24%	255,325	587,428	842,753
San Francisco	5.76%	7.62%	321,300	617,890	939,190
San Jose	5.45%	5.47%	303,668	443,404	747,072
San Luis Obispo	3.24%	5.79%	180,854	469,931	650,785
San Marcos	3.50%	1.54%	195,295	125,168	320,463
Sonoma	3.57%	2.44%	199,288	197,858	397,146
Stanislaus	1.95%	1.97%	108,939	160,042	268,981
Chancellor's Office	1.96%	1.66%	109,581	134,363	243,944
Total	100.00%	100.00%	\$ 5,576,910	\$ 8,111,485	\$ 13,688,395
Dividend	\$5,576,912	\$8,111,484	\$13,688,396		

Distribution based on percentage of Total Contribution by Fund in past 5 years (7/1/10 to 6/30/15).



CSURMA

POLICY AND PROCEDURE NO. 13

ADOPTED: OCTOBER 28, 2011

EFFECTIVE: OCTOBER 28, 2011

REVISED: APRIL 27, 2015

SUBJECT: CAMPUS RISK POOL PROGRAMS TARGET
RESERVE FUNDING GOAL

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

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

POLICY

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

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

PROCEDURE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MEMBER APPEAL PROCESS

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

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

DEFINITIONS:

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

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

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

IBNR – Incurred but Not Reported losses

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

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

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

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



CSURMA

POLICY AND PROCEDURE NO. 14

ADOPTED: OCTOBER 28, 2011

EFFECTIVE: OCTOBER 28, 2011

SUBJECT: CAMPUS RISK POOL DIVIDENDS & ASSESSMENTS

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

POLICY

It is the policy of Executive Committee that:

- Evaluation of the funding for each Campus Risk Pool Self-Insured Program (“PROGRAM”) shall be made based on all coverage periods combined for that particular program rather than on each coverage period on its own. The availability of any dividend or need for any assessment will be determined based on the program’s overall funding relative to the Target Reserve Funding Goal detailed in the separate Policy and Procedure No. 13.
- Assessments and Dividends shall be allocated to the MEMBERS based on participation in “open” policy periods only.
- Unless the Executive Committee takes specific action to the contrary, a coverage period shall be considered “closed” for dividend and assessment purposes five (5) years from the expiration of that period (i.e. 6/30/03 for FY07/08).
- Assessments are a responsibility of membership and shall be allocated to all members who participated in the open policy periods which the assessment is based on, regardless of whether they are current members at the time the assessment is declared.
- Dividends are a privilege of membership and shall be allocated only to the current members in the program at the time the dividend is declared who participated in one or more of the open policy periods which the dividend is based on.

PROCEDURE

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

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

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

MEMBER APPEAL PROCESS

If a MEMBER wishes to appeal any decision regarding the application of this Dividend/Assessment Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary within thirty (30) days of the disputed decision. The Secretary shall place the MEMBER appeal on the Executive Committee agenda at its next regularly scheduled meeting. The Executive Committee will review the appeal at its next regularly scheduled meeting and inform the MEMBER of the final decision within five (5) business days of its decision.



DEFINITIONS:

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

MEMBER – Any campus participating in Campus Risk Pool Programs

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

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

UPDATED LIABILITY PROGRAM MEMORANDA OF COVERAGE

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

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

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

RECOMMENDATION: The Executive Committee may take action or provide direction to staff as appropriate.

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

BACKGROUND: None.

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

ATTACHMENT(S):

- a. DRAFT CSURMA Campus Liability Risk Pool MOC
- b. DRAFT CSURMA AORMA Program Liability MOC

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

MEMORANDUM OF COVERAGE - DECLARATIONS

Item 1: Named Insured

California State University Risk Management Authority (CSURMA)
The State of California as respects the Trustees of the California State University
The California State University (CSU)

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

Item 2: Coverage Period:

July 1, 2016 to July 1, 2017

Item 3: Limits of Liability:

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

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

Item 4: Member Deductibles:

\$0	The State of California as respects the Trustees of the California State University
\$0	California State University Risk Management Authority (CSURMA)
\$35,000	California State University, Bakersfield
\$35,000	California State University, Channel Islands
\$250,000	California State University, Chico
\$100,000	California State University, Dominguez Hills
\$500,000	California State University, East Bay
\$250,000	California State University, Fresno
\$250,000	California State University, Fullerton
\$50,000	Humboldt State University
\$250,000	California State University, Long Beach
\$250,000	California State University, Los Angeles

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

Item 5: Liability Claims Administrator:

California State University, Office of Systemwide Risk Management
 Attn: Director of Systemwide Risk Management
 562-951-4568 – Direct
 562-951-4859 – Fax
zgifford@calstate.edu – email

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

Authorized Signature

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

COVERAGE TERMS AND CONDITIONS FOR CAMPUS LIABILITY POOLED COVERAGE PROGRAM

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

The California State University Risk Management Authority (hereinafter called the CSURMA) is intergovernmental agency, risk sharing, joint powers authority, duly formed pursuant to the State of California Government Code Section 6500 *et seq.*

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

SECTION I – DEFINITIONS

1. **Additional Covered Party** means any person, organization, trustee or estate who is specifically endorsed to this Memorandum by written endorsement and to whom or to which the **Member** is obligated by virtue of a written contract to provide coverage as is afforded by this Memorandum, but only with respect to operations performed by or on behalf of the **Member** or facilities owned or used by the **Member**. The limit and scope of coverage afforded by endorsement to this Memorandum shall be no broader than that which is required by such contract and shall in no event be broader than the coverage afforded by this Memorandum or endorsements to this Memorandum.

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

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

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

3. **Aircraft** means a vehicle designed for the transport of persons or property principally in the air, but does not include an **Unmanned Aerial Vehicle**.

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

Occurrence or **Wrongful Act** to which this insurance applies, including an arbitration or other alternative dispute resolution proceeding in which monetary **Damages** are sought and to which the **Member** must or does submit with our written consent.
7. **Completed Operations Hazard** includes **Bodily Injury** and **Property Damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the **Member**. Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following time:
 - A. When all operations to be performed by or on behalf of the **Member** at the site of the operations have been completed.
 - B. When all operations to be performed by or on behalf of the **Member** under the contract have been completed; or
 - C. When the portion of the work out of which the injury or **Damage** arises has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project

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

- A. Operations in connection with the transportation of property unless the **Personal Injury** or **Property Damage** arises out of a condition in or on a vehicle created by the loading or unloading of that vehicle by any insured; or
 - B. The existence of tools, uninstalled equipment or abandoned or unused materials.
8. **Coverage Period(s)** means the period of coverage provided under this Memorandum as shown on the Declarations Page.
9. **Covered Individual(s)** means persons who are past or present elected or appointed officials, **Employees** or appointed volunteers of the **Member**, whether or not compensated while acting for or on behalf of the **Member**, including while acting on outside boards at the direction of the **Member**. **Covered Individuals** do not include **Employees** of nonmember organizations, including, but not limited to auxiliary organizations, alumni associations and volunteer university support groups.
10. **Covered Party** means the entities or individuals named in SECTION IV – COVERED PARTIES as being covered by the memorandum.
11. **Dam** means any artificial barrier together with appurtenant works which:
- A. Is twenty-five feet or more in height from the foot of a natural bed of stream or watercourse; or
 - B. Has water impounding capacity of fifty acre feet or more.

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

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

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

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

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

13. **Deductible** means the amount of each **Ultimate Net Loss** which the **Member** has to pay irrespective of the amount of the **Ultimate Net Loss** as shown on the declarations page of this document.

14. **Defense Cost(s)** means reasonable fees charged by an attorney, including expenses of a **Claims** servicing organization the **Member** has engaged, and all other reasonable fees, costs, including third-party attorney's fees and costs as authorized by law or under contract, and expenses attributable to the investigation, defense, **Administration** or appeal of a **Claim** or suit within the scope of coverage afforded by this policy. **Defense Costs** shall include any allocated **Claims** expenses, salaries or overhead incurred by attorneys who are **Employees** of the California State University's Office of General Counsel. However, such expenses in **Defense Costs** shall be limited at \$250 per hour.
15. **Discrimination**, as respects **Employment Practices Liability**, means the actual or alleged failure to employ, failure to promote, or the demotion or transfer of any **Employee** because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy. **Discrimination**, other than as respects **Employment Practices Liability**, means **Bodily Injury, Personal Injury** and/or **Errors and Omissions** arising from alleged acts, errors or omissions showing favor, prejudice or bias for or against a person because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy.
16. **Employee** means:
- A. Any person who has an assigned work schedule for the **Member** and is on the **Member's** regular payroll; and
 - B. Any person who is leased to the **Member** through a staffing or temporary agency and is working for the **Member** under the **Member's** supervision, including a **Leased Worker**.
 - C. **Employee** does not include independent contractors. An **Employee's** status as a **Covered Party** will be determined as of the date of the **Occurrence** or **Wrongful Act** upon which a **Claim** involving the **Employee** is based; and
 - D. As respects **Employment Practices Liability** and **Employee Benefit Liability** and when appearing in boldface type in this Memorandum, means any present or former **Employee** of the **Member**; and
 - E. Solely as respects **Employment Practices Liability** arising from alleged **Discrimination** with respect to negligent hiring, only, **Employee** includes an applicant for employment.
17. **Employee Benefits Liability** means liability for actual or alleged **Errors and Omissions** in the **Administration** of a **Member's Employee Benefits Program**.
18. **Employee Benefits Program** means a program providing some or all of the following benefits to **Employees**:
- A. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts;
 - B. Profit sharing plans, **Employee** savings plans, **Employee** stock ownership plans, pension plans and stock subscription plans; and
 - C. Unemployment insurance, social security benefits, workers' compensation and disability benefits.

19. **Employment Practice Liability** means any **Claim** or suit by a past, present or prospective **Employee** of the **Member** (and the spouse, child, parent, brother or sister of that person as a consequence of **Employment Practices Liability** at whom any of the **Employment Practices Liability** is directed) arising out of the following **Wrongful Acts**: wrongful dismissal, discharge, or termination, either actual or constructive, of employment; employment related misrepresentation; retaliation; wrongful failure or refusal to employ or promote; wrongful deprivation of career opportunity or reassignment; wrongful discipline; failure to grant tenure or negligent **Employee** evaluation; **Sexual or Workplace Harassment** or humiliation of any kind, including, but not limited to, the alleged operation of a harassing workplace environment; negligence resulting in **Damages** to a person that is a whistle-blower; unlawful **Discrimination**, whether direct, indirect, intentional or unintentional; failure to provide adequate **Employee** policies and procedures. **Employment Practices Liability** shall include actions brought under state, local, or federal law, whether common or statutory, and shall include, but not limited to allegations of violations of the following federal laws, as amended, including regulations promulgated thereunder:
- A. Americans With Disabilities Act of 1992 (ADA)
 - B. Civil Rights Act of 1991
 - C. Age Discrimination In Empowerment Act of 1967 (ADEA), including the Older Workers Benefit Protection Act of 1990
 - D. Title VII of the Civil Rights Law of 1964, as amended (1983), including the Pregnancy Discrimination Act of 1978;
 - E. Civil Rights Act of 1866, Section 1981; and
 - F. Fifth and Fourteenth Amendments of the U.S. Constitution.
20. **Errors and Omissions** means any actual or alleged misstatement or misleading statement or act or omission or neglect or breach of duty or lack of ordinary skill in the performance of a professional act including misfeasance, malfeasance or nonfeasance by **Covered Individuals** individually or collectively in the discharge of their duties for the **Member**, or any matter claimed against them solely by reason of their being or having been public officials.
- ~~**Impaired Property** means tangible property, other than **Your Product** or **Your Work**, that cannot be used or is less useful because:~~
- ~~A. It incorporates **Your Product** or **Your Work** that is known or thought to be defective, deficient, inadequate or dangerous; or~~
 - ~~B. **Member** has failed to fulfill the terms of a contract or agreement;~~
- ~~If such property can be restored to use by the repair, replacement, adjustment or removal of "**Your Product**" or "your" fulfilling the terms of the contract or agreement.~~
21. **Land Subsidence** means the movement of land or earth, including, but not limited to, sinking or settling of land, earth movement, earth expansion, and/or contraction, landslide, slipping, falling away, caving in, eroding, earth sinking, and earth rising or shifting or tilting.
22. **Leased Worker** means:
- ~~A. Any **Employee** who is under contract to the **Member** one-hundred (100) percent of the time, or~~

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

23. **Loss Adjustment Expense** means all costs and expenses incurred by the **Member** in connection with the investigation, appraisal, negotiation, adjustment, settlement, litigation, defense or appeal of a specific **Claim** or loss, including but not limited to defense attorney fees, court costs, costs of supersedes and appeal bonds, monitoring counsel expenses, post-judgment interest, pre-judgment interest (unless included as part of an award), subrogation, salvage and recovery expense, costs and expenses in connection with coverage questions and legal actions and other associated costs and expenses. **Loss Adjustment Expense** shall also include a pro-rata share of salaries and expenses of **Member** in-house counsel who are **Employees** while working as outside adjusters according to time spent on specific **Claims**, fees and expenses of outside adjusters, including Third Party Administrators (TPA), associated with specific **Claims**, but excluding any **Loss Adjustment Expense** and fees paid to a TPA that are not allocable to a specific **Claim**. **Loss Adjustment Expense** does not include salaries and expense of **Member's Employees** except as provided above as well as office and other overhead expenses.
24. **Media Wrongful Act** means any actual or alleged:
- A. Invasion or infringement of the right of privacy or publicity, including the torts of intrusion upon seclusion, publication of private facts, false light, or misappropriation of name or likeness;
 - B. Wrongful entry or eviction, trespass, eavesdropping, or other invasion of the right of private occupancy;
 - C. Libel, slander, disparagement, or any other form of defamation or harm to the character or reputation of any person or entity;
 - D. Outrage, infliction of emotional distress or prima facie tort;
 - E. Infringement or dilution of trademark, tradename, trade dress, title, slogan, service mark or service name;
 - F. Copyright infringement, plagiarism, piracy, breach of implied contract, or misappropriation of property rights, information or ideas;
 - G. Breach of a promise of confidentiality or anonymity;
 - H. Error or omission in content;
 - I. Unfair competition or conspiracy
 - J. Breach of an indemnification or hold harmless agreement relating to **Claims** arising out of the media, but only when such **Claims** allege a **Media Wrongful Act** falling within sections 1-9 above; solely when committed or allegedly committed by a **Covered Party** in his, her or its capacity as such and in connection with the creation or dissemination of media, or in connection with the creation or dissemination of advertising materials relating to media.
25. **Member** means the **Member** named in the Declarations Page.

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

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

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

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

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

- ~~A. — Equipment designed primarily for:

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

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

- 26. **Mold(s)** means to include, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produces **Molds**.
- 27. **Occurrence** means an accident, or event, or continuous or repeated exposure which results in Bodily Injury, Property Damage or Personal Injury during the Coverage Period, neither expected nor intended by the Member.:

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

28. **Personal Injury** means any of the following offenses:
- A. False arrest, detention, or imprisonment or malicious prosecution;
 - B. Shock, mental anguish, mental injury or humiliation;
 - C. Publication or utterance of a libel or slander or of other defamatory or derogatory material, or a publication or utterance in violation of an individual's right of privacy;
 - D. Wrongful entry or eviction or other invasion of the right of private occupancy;
 - E. **Discrimination** or violation of civil rights other than **Employment Practices Liability**, not intentionally committed by or at the direction of the ~~Covered Party~~**Member**;
29. **Pollutant** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and **Waste**. **Waste** includes materials to be recycled, reconditioned or reclaimed. The term **Pollutant** as used herein is not defined to mean potable water or agricultural water or water furnished to commercial users.
30. **Property Damage** means:
- A. Physical injury to or destruction of tangible property which occurs during the **Coverage Period**, including the loss of use thereof at any time resulting from therefrom;
 - B. Loss of use of tangible property, which has not been physically injured or destroyed, provided such loss of use is caused by an **Occurrence** during the **Coverage Period**.
31. **Sexual or Workplace Harassment** shall mean any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature, of a person by another person, or person acting in concert, which causes physical and/or mental injuries. **Sexual or Workplace Harassment** also includes the above conduct when:

- A. Submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment, or a basis for employment decisions affecting a person; or
- B. Such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

Sexual or Workplace Harassment does NOT include **Sexual Misconduct** as defined in this Memorandum.

32. **Sexual Misconduct** means:

- A. The actual, attempted or alleged abuse or molestation of a person by another person, or persons acting in concert which causes physical and/or mental injuries. Sexual molestation includes: sexual abuse, sexual assault, sexual exploitation or sexual injury; or
- B. The negligent employment, investigation, supervision, reporting to the proper authorities or failure to report the above of a Covered Person.

33. **Ultimate Net Loss** as contained in the Declarations Page of this Memorandum means the amount of paid **Claims** and liability for **Damages** for which the **Member** is responsible on a per **Occurrence or Wrongful Act** basis, and which the **Member** actually pays in cash, after making proper deduction for all recoveries and salvages collectible. **Ultimate Net Loss** includes defense attorney fees and costs of the **Member** in defense of the **Claim** and also includes court costs, **Loss Adjustment Expenses**, and other associated costs and expenses, but does not include any salaries of the **Member's** regular **Employees**. **Ultimate Net Loss** includes retrospective benefits ("back wages"), but does not include prospective benefits ("forward wages"), payable as a part of a **Claim** for **Employment Practices Liability** covered under this document. **Ultimate Net Loss** shall not include any of the above-described expenses for **Damages** against a **Member** or defense expenses incurred because of liability excluded by this ~~document~~Memorandum.

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

- A. **Hazardous Properties** include radioactive, toxic or explosive properties;
- B. **Nuclear Material** means source material, special **Nuclear Material** or byproduct material;
- C. Source material, special **Nuclear Material** and byproduct material have the meaning given in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- D. **Spent Fuel** means fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **Nuclear Reactor**;
- E. **Waste** means any **Waste** material, (a) containing a byproduct material and (b) resulting from the operation by any person or organization of any **Nuclear Facility** included within the definition of **Nuclear Facility** under paragraph a. or b. thereof;
- F. **Nuclear Facility** means:
 - 1) Any **Nuclear Reactor**;
 - 2) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing **Spent Fuel**, or (3) handling, processing or packaging **Waste**;
 - 3) Any equipment or device used for the processing, fabricating or alloying of special **Nuclear Material** if at any time the total amount of such material in the custody

of the **Member** at the premises where such equipment or device is located consists of or contains more than 25 grams plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or

- 4) Any structure, basin, excavation site premises or place prepared or used for the storage or disposal of **Waste** and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

G. **Nuclear Reactor** means any apparatus designed or used to sustain nuclear fission in a supporting chain reaction or to contain a critical mass of fissionable material.

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

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

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

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

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

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

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

~~C. Includes:~~

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

~~**Your Work**:~~

~~A. Means:~~

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

~~B. Includes:~~

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

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

~~36.37. **Wrongful Termination** means the actual, alleged or constructive termination of an employment relationship between an **Employee** and a **Member** in a manner and/or a reason which is contrary to applicable law.~~

SECTION II – COVERAGES

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

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

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

SECTION III – LIMITATIONS UPON CSURMA'S LIABILITY

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

The CSURMA's liability for **Damages** shall be only for the **Ultimate Net Loss** in excess of the **Member's Deductible** not to exceed the Limit of Liability shown in the Memorandum, as the result of any one **Occurrence or Wrongful Act**. There is no limit to the number of **Occurrences or Wrongful Acts** during the ~~document period~~ **Coverage Period** for which **Claims** may be made.

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

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

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

The term **Covered Party** is used severally and not collectively. The Limit of Liability and **Member's Deductible** as stated in the Declarations apply separately to each **Covered Party**. In the event of

an **Occurrence or Wrongful Act** for which more than one **Covered Party** is or may be held liable, this Memorandum shall cover each such **Covered Party** as if separate Memoranda had been issued to each **Covered Party**, except that CSURMA's liability for all Covered Parties shall not exceed the Limit of Liability set forth in Declarations. An **Occurrence or Wrongful Act** involving more than one **Member** shall be treated as a single **Occurrence or Wrongful Act** and a single Limit of Liability and a single **Member's Deductible** will apply to the **Occurrence or Wrongful Act**.

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

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

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

SECTION IV – COVERED PARTIES

The parties covered by the CSURMA:

1. The **Member**.
2. The following individually and collectively, when acting solely within the scope of their duties, office, or employment for the named **Member**:
 - A. **Members** of the Board of Trustees.
 - B. **Officers**.
 - C. **Employees**.
 - D. Non-compensated individuals, while acting for or on behalf of the **Member**.
3. Additional covered parties as defined in Section I, ~~A1~~. of this document.
4. **Covered individuals** as defined in Section I, ~~E9~~ of this document.

SECTION V – EXCLUSIONS

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

1. Aircraft

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

2. Asbestos

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

3. Aviation Activities

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

A. **Aircraft**

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

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

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

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

4. Bodily Injury

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

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

5. Contractual Obligations

The actual or alleged failure to perform or breach of any contract, agreement or other guarantee or promise, except this exclusion does not apply to any employment related contracts as provided under **Employment Practices Liability**.

6. Dams

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

7. Employee Benefits Liability Claim

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

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

- A. Failure of any investment to perform;

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

Except as provided within the Fiduciary Liability Coverage endorsement.

8. Eminent Domain and Inverse Condemnation

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

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

9. Employee Retirement Income Security Act (ERISA)

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

Except as provided within the Fiduciary Liability Coverage endorsement.

10. Fiduciary Liability

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

To liability arising out of;

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

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

Except as provided within the Fiduciary Liability Coverage endorsement.

11. Funds, Grants or Appropriations

For the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations for the return of such funds, grants, or appropriations for any reason. ~~However, costs to defend any action or suits brought against any Covered Party for such causes of action, shall be considered Ultimate Net Loss unless the Covered Party's alleged conduct was outside the scope of employment.~~ However, CSURMA will defend any action or suits brought against any **Covered Party** for the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations or for the return of such funds, grants or appropriations for such causes of action, unless their alleged conduct was outside the scope of employment, subject to the CSURMA SIR program sublimit of \$1,000,000 per ~~Occurrence~~ Wrongful Act.

12. Insolvency

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

13. Intentional Conduct

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

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

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

14. Lack of Occurrence or Wrongful Act

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

15. Land Use

To any liability for **Damages** arising from any **Claim**, suit or proceeding arising from allegations related to land use, land planning or land development. However, CSURMA shall defend the **Covered Party** up to an amount not exceeding \$1,000,000 **Ultimate Net Loss** for such liability.

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

16. Lead

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

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

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

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

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

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

18.17. **Mold**

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

19.18. **Non-Compensatory Amounts and/or Damages**

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

20.19. **Nuclear Material**

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

- A. For any loss or liability accruing to the **Covered Party** as a **Member** of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such **Member**, subscriber or association.
- 1) It is agreed that this Memorandum does not apply under any liability coverage, to *{Injury, sickness, disease, death or destruction, **Bodily Injury or Property Damage**}* with respect to which a **Covered Party** under the Memorandum is also an **Covered Party** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability. The **Member** is, or had such coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Resulting from the **Hazardous Properties of Nuclear Material**, if:
- 1) The **Nuclear Material** is at any **Nuclear Facility** owned by, or operated by or on behalf of a **Member**, or has been discharged or dispersed therefrom;
 - 2) The **Nuclear Material** is contained in **Spent Fuel** or **Waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a **Member**; or
 - 3) The injury, sickness, disease, death or destruction arises out of the furnishing by a **Member** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operations or use of any **Nuclear Facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this part c. applies only to injury to or destruction of property at such **Nuclear Facility**.

However, this Exclusion shall not apply to liability arising from the use of radioactive materials in instructional laboratories operated by the **Member** and/or research activities sponsored by the **Member**, but only to a sublimit of \$1,000,000 each **Occurrence**.

~~21.20.~~ Office of Foreign Assets Control (OFAC)

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

~~22.21.~~ Pollution

For any loss, cost, or expense:

- A. Arising out of, or that would not have occurred in whole or in part but for, the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** at any time, however, wherever or whenever occurring and by whomever caused or alleged to have been caused;

- B. Arising out of any **Claim**, suit, governmental direction or request, request, demand or order, whether by or on behalf of a governmental authority or not, that any **Covered Party** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of pollution or **Pollutants**:
- 1) At any premises owned, rented or occupied by the **Covered Party**;
 - 2) At or from any site or location used by or for the **Covered Party** or others for the handling, storage, dispersal, processing or treatment of **Waste**;
 - 3) Which are at any time transported, handled, stored, treated or disposed of; or processed as **Waste** by or for the **Covered Party** or any person or organization for whom the **Covered Party** may be legally responsible; or
 - 4) At or from any site or location on which the **Covered Party** or any contractors or subcontractors working directly or indirectly on the **Covered Party**'s behalf are performing operations:
 - a. If the **Pollutants** are brought on or to the site or location in connection with such operations; or
 - b. If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **Pollutants**.

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

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

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

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

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

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

A discharge, dispersal, release or escape of **Pollutants** that meets all of the following conditions:

- 1) It was accidental and was neither expected nor intended by the **Covered Party**.
- 2) It was instantaneous and was demonstrable as having commenced at a specific time and date during the term of this coverage.
- 3) Its commencement became known to the Director of Risk Finance and Insurance Services, or Executive Director of the **Covered Party** within ten (10) calendar days.
- 4) Its commencement was reported in writing within forty (40) calendar days of becoming known to the Director of Risk Finance and Insurance Services, or Executive Director of the **Covered Party**.
- 5) Reasonable effort was expended by the **Covered Party** to terminate the situation as soon as conditions permitted.

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

- A. Any site or location used by others on the **Covered Party's** behalf, principally for the handling, storage, disposal, dumping, processing or treatment of **Waste** material.
- B. Any fines, penalties or exemplary **Damages**.
- C. Any clean-up costs ordered by the Superfund program, or any federal, state or local governmental authority. However, this specific exclusion (3) shall not serve to deny coverage for third party clean-up costs otherwise covered by this endorsement simply because of the involvement of a governmental authority;
- D. Acid rain;
- E. Clean up, removal, containment, treatment, detoxification or neutralization of **Pollutants** situated on premises the **Member** currently owns, rents or occupies at the time of the actual discharge, dispersal, seepage, migration, release or escape of said **Pollutants**; or
- F. Water Pollution caused by oil or by its derivatives.

23.22. Property Damage

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

Arising from **Property Damage** to:

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

24.23. Silica

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

25.24. Subsidence

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

26.25. Terrorism

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

27:26. War

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

28:27. Watercraft

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

- A. Watercraft while ashore on premises owned or rented by **Covered Party**;
- B. Watercraft less than fifty-one (51) feet in length at the waterline.
- C. Watercraft with no self-propulsion capabilities

29:28. Wrongful Acts

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

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

Under Errors and Omissions Liability

- A. Based on **Covered Party's** obtaining of financial gain to which the Covered Parts was not legally entitled.

- B. Arising out of the willful violation of a penal code or ordinance committed by or with knowledge of consent of any **Covered Party**; except that any act pertaining to any one **Covered Party** shall not be imputed to any other **Covered Party** for the purpose of determining the application of this exclusion.

Under Media Wrongful Acts

- A. Based upon, arising out of, directly or indirectly resulting from, in consequence of or in any way involving any actual or alleged infringement, contributing to the infringement, or inducing the infringement of any patent.
- B. Actual or alleged violation of any federal, state or local statute, law or regulation regarding the dissemination of unsolicited communications, including but not limited to unsolicited telephone calls, facsimiles and electronic mail; or
- C. Liability of any **Member** arising in whole or in part, out of any **Covered Party** obtaining remuneration or financial gain to which the **Covered Party** was not legally entitled;
- 1) Liability arising out of the willful violation of a penal statute, code or ordinance committed by or with the knowledge or consent of any **Member**; except that any act for which a **Covered Party** is responsible

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

~~30:29.~~ Uninsured/Underinsured Motorists

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

SECTION VI – CONDITIONS

1. Action Against CSURMA: No action shall lie against CSURMA unless, as a condition precedent thereto, the **Covered Party** shall have fully complied with all the terms of this Memorandum nor until the amount of the **Covered Party's** obligation to pay shall have been finally determined whether by judgment against the **Covered Party** after actual trial or by written agreement of the **Covered Party**, the claimant and CSURMA. Said judgment shall not be deemed final, if an appeal be prosecuted therefrom, until the suit shall have been finally determined on appeal. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this document to the extent of the coverage afforded by this document. Nothing contained in this document shall give any person or organization any right to join CSURMA as a co-defendant in any action against the **Covered Party** to determine such **Covered Party's** liability.
2. Arbitration:
- A. In the event that a question or dispute arises between CSURMA and a Covered **Member** concerning the applicability of the coverage provided by this document to an **Occurrence**, **Wrongful Act** or **Claim** against the **Covered Party**, either the **Covered Party** or CSURMA may make a written request for arbitration. Where such a request is made, arbitration shall be a condition precedent to the filing of any civil action concerning, or in any way arising out of, such question or dispute.

- B. If a Covered **Member** and CSURMA fail to agree upon an arbitrator, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request selection by a judge of a court having jurisdiction. Each party will bear the expense it incurs, and the two parties will bear the expense of the third arbitrator equally. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will constitute a determination of the matter in question or dispute.
 - C. Except as otherwise provided above, arbitration hereunder shall be conducted as provided in Title 9 of the California Code of Civil Procedure (Code of Civil Procedure Section 1280, *et seq.*).
3. Assignment: No assignment of interest under this Memorandum shall bind CSURMA without its written consent to endorse hereon.
 4. Bankruptcy or Insolvency: Bankruptcy or insolvency of the **Member** or any **Covered Party** shall not relieve CSURMA of any of its obligations hereunder nor shall such bankruptcy or insolvency increase CSURMA'S obligations hereunder.
 5. Cancellation and Termination: This Memorandum may, with respect to any **Member**, be cancelled by CSURMA either for the then-current **Coverage Period** or, in the event of expulsion, permanently upon the **Occurrence** of the events and under terms set forth in the CSURMA Joint Powers Agreement and the Bylaws.

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

6. Changes to the Memorandum: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or change in any part of this Memorandum nor preclude CSURMA from asserting any right under the terms of this Memorandum, nor shall the terms of this Memorandum be waived or changed, except by written endorsement issued by CSURMA to form a part of this Memorandum.
7. Claims Settlement:
8. Contribution Payment: The annual contribution payment shall be due and payable upon inception of coverage and each renewal thereafter. The amount of the annual contribution will be computed in accordance with CSURMA's rules and rates. CSURMA shall not be required to perform any obligations under this Memorandum if contributions are not paid.
9. Defense Payments: Defense fees and costs are included in the **Member Deductible**. After the amount of the **Member Deductible** has been exhausted, CSURMA will pay Defense fees and costs only at a rate agreed to by CSURMA in writing.

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

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

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

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

g. Serious loss of use of any body functions;

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

12. Inspection and Audit: CSURMA shall have the right, but not the obligation, to inspect the **Member's** property and operations at any time. Neither our right to make inspections, nor the making thereof, nor any report thereon shall constitute an undertaking, on behalf or benefit of the **Member** or others, to determine or warrant that such property or operations are safe or healthy

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

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

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

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

14. Other Coverage

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

B. If any coverage is available to the **Covered Party**, whether such coverage is called excess over, or pro rata with other valid and collectible coverage or not, the coverage afforded hereunder shall not apply until such other coverage has been exhausted, provided that this clause does not apply with respect to excess insurance purchased specifically to be in excess of this Memorandum.

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

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

15. Premium: The premium designated in the Policy Declarations is flat and not adjustable, unless:
- A. A material exposure is added under the Policy;
 - B. The Limits of Liability are increased or decreased;
 - C. The coverage is restricted or broadened by endorsement; or
 - D. The **Coverage Period** is increased or shortened
16. Separation of Insureds: Except with respect to the Section III – Limitations Upon CSURMA's Liability, and any rights or duties specifically assigned to this Memorandum, this coverage applies:
- A. As if each **Covered Party** were the only **Covered Party**; and
 - B. Separately to each **Covered Party** against whom the **Claim** is made or suit is brought.
17. Statutory Provisions: Terms of the Memorandum which are in conflict with the statutes of the State of California are amended to conform to such statutes.
18. Subrogation/Transfer of Rights of Recovery Against Others to CSURMA: CSURMA shall be subrogated to the extent of any payment hereunder, to all of **Member's** rights of recovery and **Member** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. **Member** may elect to waive their rights to subrogation prior to a loss. To the extent that **Member** elects to waive such rights, CSURMA shall have no right of subrogation. Any amount recovered shall be apportioned as follows:

Any interest, including yours, having paid an amount in excess of **Member's Deductible** plus the Limit of Liability hereunder shall be reimbursed first to the extent of actual payment. CSURMA shall be reimbursed next, to the extent of actual payment hereunder. If any balance then remains unpaid, it shall be applied to reimburse you. The expense of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries. If there is no recovery in proceedings conducted solely by **Member**, then **Member** shall bear the expenses thereof.

SECTION VII – DEFENSE AND SETTLEMENT

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

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

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

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

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

COVERAGE TERMS AND CONDITIONS FOR CAMPUS LIABILITY POOLED COVERAGE PROGRAM

FIDUCIARY LIABILITY

AMENDATORY ENDORSEMENT - #1

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

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

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

INSURING AGREEMENT

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

LIMIT OF LIABILITY (as shown on the Declarations Page)

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

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

EXCLUSIONS

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

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

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

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

DEFINITIONS

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

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

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

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

All other terms and conditions in the Memorandum remain unchanged.



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

MEMORANDUM OF COVERAGE

DECLARATIONS

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

Item 1: Member

See the **Member** listing attached.

Item 2: Coverage Period:

July 1, 2016 to July 1, 2017

Item 3: Limits of Liability:

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

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

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

Item 6: Member’s Deductible

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



Item 7: Retroactive Dates:

Fiduciary Liability, including Employee Benefits Liability Coverage:

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

Item 9: Claims Administrator:

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

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

Authorized Signature

Item 1: Member

Member Listing

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

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

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

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

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

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

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

SECTION I – COVERAGES

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

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

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

SECTION II - DEFINITIONS

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

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

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

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

2. **Administration**, with respect to **Employee Benefits Liability**, means:

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

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

3. **Aircraft** means a vehicle designed for the transport of persons or property principally in the air, but does not include **Unmanned Aerial Vehicle**.

4. **Automobile** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment.

5. **Bodily Injury** means **Bodily Injury**, sickness, disease or death, including but not limited to **shock, mental anguish, mental injury and humiliation** sustained by any person that occurs during the **Coverage Period**. **Bodily Injury** includes **Damages claimed by** any person or organization for care, loss of services or death resulting at any time from the **Bodily Injury**.

6. **Claim** means:

- A. A written demand to a **Member** for payment of **Damages** received by the CSURMA AORMA Secretary-Auditor or by the chief executive, Risk Manager, or general counsel of a **Member**; and/or
- B. A civil proceeding against a **Member** in which **Damages** are sought on account of
 - 1) **Bodily Injury or Property Damage,**
 - 2) **Personal Injury,**
 - 3) **Errors and Omissions,**
 - 4) **Employee Benefits Liability,**
 - 5) **Employment Practices Liability**
 - 6) **Media Wrongful Acts,**

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

7. **Completed Operations Hazard** includes **Bodily Injury** and **Property Damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the **Member**. Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following time:
- A. When all operations to be performed by or on behalf of the **Additional Covered Party** at the site of the operations have been completed.
 - B. When all operations to be performed by or on behalf of the **Additional Covered Party** under the contract have been completed; or
 - C. When the portion of the work out of which the injury or **Damages** arise has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project

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

- A. Operations in connection with the transportation of property unless the **Personal Injury** or **Property Damage** arises out of a condition in or on a vehicle created by the loading or unloading of that vehicle by any **Member**; or
 - B. The existence of tools, uninstalled equipment or abandoned or unused materials.
8. **Coverage Period** means the period of coverage provided under this Memorandum as shown on the Declarations Page.
9. **Covered Individual(s)** means persons who are past or present elected or appointed officials, **Employees, whether or not compensated**, or authorized volunteers of the **Member**, while acting within the scope of their duties, office or employment for or on behalf of the **Member**, including while acting on outside boards at the direction of the **Member**. **Covered Individuals** do not include **Employees** of nonmember organizations, including, but not limited to alumni associations and volunteer university support groups.
10. **Dam** means any artificial barrier together with appurtenant works which:
- A. Is twenty-five feet or more in height from the foot of a natural bed of stream or watercourse; or
 - B. Has water impounding capacity of fifty acre feet or more.

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

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

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

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

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

12. **Deductible** means the amount of each **Ultimate Net Loss** which the **Member** is obligated to pay. The deductible is stated in the Declarations. Any deductible amount paid by CSURMA AORMA shall be promptly reimbursed to CSURMA AORMA by the **Member**.

13. **Discrimination**, as respects **Employment Practices Liability**, means the actual or alleged failure to employ, failure to promote, or the demotion, transfer, suspension, or termination of any **Employee** because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy. **Discrimination**, other than as respects **Employment Practices Liability**, means **Bodily Injury**, **Personal Injury** and/or **Errors and Omissions** arising from alleged acts, errors or omissions showing favor, prejudice or bias for or against a person because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy.

14. **Employee** means:

- A. Any person who has an assigned work schedule for the **Member** and is on the **Member's** regular payroll; and
- B. Any person who is leased to the **Member** through a staffing or temporary agency and is working for the **Member** under the **Member's** supervision, including a **Leased Worker**.
- C. **Employee** does not include independent contractors.
- D. As respects **Employment Practices Liability** and **Employee Benefit Liability** and when appearing in boldface type in this Memorandum, means any present or former **Employee** of the **Member**; and
- E. Solely as respects **Employment Practices Liability** arising from alleged **Discrimination** with respect to negligent hiring, only, **Employee** includes an applicant for employment.
- F. Solely as respects **Employment Practices Liability**, independent contractors and/or persons working on retained, while acting for or on behalf of the Member.

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

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

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

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

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

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

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

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

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

SECTION III - DEFENSE AND SETTLEMENT

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

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

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

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

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

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

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

SECTION IV - LIMITATIONS UPON CSURMA AORMA'S LIABILITY

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

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

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

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

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

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

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

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

SECTION V - COVERED PARTIES

The parties covered by the CSURMA AORMA:

1. The **Member**.
2. The following individually and collectively, when acting solely within the scope of their duties, office, or employment for the **Member**:
 - A. Governing Board.
 - B. Officers.
 - C. **Employees**.

- D. Non-compensated individuals, while acting for or on behalf of the **Member**.
3. Additional Covered Parties as defined in Section II, 1. of this document.
4. **Covered Individuals** as defined in Section II, 9. of this document.
5. Any person while using an owned **Automobile**, or non-owned **Automobile**, or a hired **Automobile** and any person or organization legally responsible for the use thereof, including garage operations, provided the actual use of the **Automobile** is by or with permission of the **Member**.

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

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

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

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

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

SECTION V – EXCLUSIONS

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

1. Aircraft
The ownership, maintenance, loading or unloading, use or operation of any **Aircraft** capable of flight. This exclusion does not apply to static **Aircraft**, or to an **Unmanned Aerial Vehicle**.
2. Asbestos
The presence of, or installation or removal of, asbestos or any product containing asbestos material.
3. Assault and Battery
Arising out of assaults and batteries, except for assault and battery committed by or directed for the purpose of protecting persons or property or where same are not committed by or at the direction of the **Member**.
4. Aviation Activities

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

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

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

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

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

5. Bodily Injury

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

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

6. Contractual Obligations

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

7. Dams

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

8. Employee Benefits Liability

- A. Arising out of an insufficiency of funds to meet any obligations under any plan included in the Employee Benefits Program
- B. Failure of any investment to perform;
- C. Errors in providing information on past performance of investment vehicles; or
- D. Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the Employee Benefits Program.

- E. For any **Employee Benefits Liability** Claim for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the **Covered Party**, from the applicable funds accrued or other collectible insurance.
- F. For taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

Except as provided within the Fiduciary Liability Coverage endorsement.

9. ERISA

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

Except as provided within the Fiduciary Liability Coverage endorsement.

10. Fiduciary Liability

To liability arising out of;

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

Except as provided within the Fiduciary Liability Coverage endorsement.

11. Funds, Grants or Appropriations

For the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations for the return of such funds, grants, or appropriations for any reason. However, CSURMA AORMA will defend any action or suits brought against any **Covered Party** for the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations or for the return of such funds, grants or appropriations for such causes of action, unless their alleged conduct was outside the scope of employment, subject to the CSURMA AORMA sublimit of \$250,000 per **Occurrence**.

12. Insolvency

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

13. Intentional Conduct

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

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

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

14. Lack of Occurrence or Wrongful Act

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

15. Land Use

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

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

16. Lead

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

17. Medical Malpractice

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

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

This exclusion does not apply to liability arising out of

- A. Ambulance operations, occupational physical examinations, student nursing programs, infirmaries, on-clinic nursing services or services of the Insured's **Employees** who are nurses, physician assistants, paramedics, emergency medical technicians, speech therapists, speech pathologists, nutritionists, psychologists, audiologists, phlebotomist or physical therapists;
- B. **Employment Practices Liability**;

- C. First aid to any person. For the purposes of this exception, first aid means the immediate and emergency care given to an ill or injured person before regular medical aid can be obtained.
- D. Any medical services clinic that does not perform invasive surgery of any kind; or
- E. Operations performed by coroners.
- F. Volunteer medical personnel while attending an activity sponsored by the Member or while on school premises under the **Member's** control.

18. Mold

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

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

19. Non-Compensatory Amounts and/or Damages

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

20. Nuclear Material

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

- A. For any loss or liability accruing to the **Covered Party** as a **Member** of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such **Member**, subscriber or association.
 - 1) It is agreed that this Memorandum does not apply under any liability coverage, to Injury, sickness, disease, death or destruction, **Bodily Injury** or **Property Damage** with respect to which a **Covered Party** under the Memorandum is also an **Covered Party** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability. The **Member** is, or had such coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Resulting from the **Hazardous Properties** of **Nuclear Material**, if:
 - 1) The **Nuclear Material** is at any **Nuclear Facility** owned by, or operated by or on behalf of a **Member**, or has been discharged or dispersed therefrom;
 - 2) The **Nuclear Material** is contained in **Spent Fuel** or **Waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a **Member**; or

- 3) The injury, sickness, disease, death or destruction arises out of the furnishing by a **Member** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operations or use of any **Nuclear Facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this part c. applies only to injury to or destruction of property at such **Nuclear Facility**.

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

21. Office of Foreign Assets Control (OFAC)

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

22. Pollution

For any loss, cost, or expense:

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

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

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

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

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

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

- A. Any site or location used by others on the **Covered Party's** behalf, principally for the handling, storage, disposal, dumping, processing or treatment of **Waste** material.
- B. Any fines, penalties or exemplary **Damages**.
- C. Any clean-up costs ordered by the Superfund program, or any federal, state or local governmental authority. However, this specific exclusion (3) shall not serve to deny coverage for third party clean-up costs otherwise covered by this endorsement simply because of the involvement of a governmental authority;
- D. Acid rain;
- E. Clean up, removal, containment, treatment, detoxification or neutralization of **Pollutants** situated on premises the **Member** currently owns, rents or occupies at the time of the actual discharge, dispersal, seepage, migration, release or escape of said **Pollutants**; or
- F. Water Pollution caused by oil or by its derivatives.

23. Property Damage

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

Arising from **Property Damage** to:

- A. Property owned by a **Covered Party**; or

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

24. Silica

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

25. Subsidence

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

26. Terrorism

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

27. War

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

28. Watercraft

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

1. Watercraft while ashore on premises owned or rented by **Covered Party**;
2. Watercraft less than fifty-one (51) feet in length at the waterline.
3. Watercraft with no self-propulsion capabilities, regardless of length.

29. Wrongful Acts

- A. Arising from any lockout, strike, picket line, replacement or other similar actions in connection with labor disputes or labor negotiations. This exclusion shall not apply to a **Claim** brought by (i) an **Employee** alleging **Wrongful Termination** or retaliation as a result of strike activity or union involvement, or (ii) a law enforcement officer responding within the scope of his or her duties to any lockout, strike, picket line, replacement or other similar actions in connection with labor disputes or labor negotiations.

- B. For injunctions, equitable relief, or any other form of relief other than the payment of money **Damages**.
- C. Liability arising out of an alleged willful commission of a crime by **Member** or other dishonest fraudulent, or malicious act. At CSURMA AORMA's discretion, however, CSURMA AORMA will pay for **Loss Adjustment Expense** until final adjudication, judgment, or settlement to which CSURMA AORMA have agreed. If the judgment or final adjudication is adverse to the **Member**, **Member** will reimburse CSURMA AORMA for all costs associated with the defense.
- D. Liability arising out of a **Member's Wrongful Act** for gain, profit, or advantage to which **Member** is not legally entitled. At CSURMA AORMA's discretion, however, CSURMA AORMA will pay **Loss Adjustment Expense** for any **Claim** or Suit arising from an alleged willful commission of a crime by a **Member** or other dishonor, fraudulent or malicious act, for any **Claim** or Suit arising out of the Members **Wrongful Act** for gain, profit, or advantage to which **Member** is not legally entitled until final adjudication, judgment, settlement to which CSURMA AORMA have agreed. If the judgment or final adjudication is adverse to the **Member**, **Member** will reimburse CSURMA AORMA for all costs associated with the defense.

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

30. Under Errors and Omissions Liability:

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

31. Under Media Wrongful Acts:

- A. Based upon, arising out of, directly or indirectly resulting from, in consequence of or in any way involving any actual or alleged infringement, contributing to the infringement, or inducing the infringement of any patent.
- B. Actual or alleged violation of any federal, state or local statute, law or regulation regarding the dissemination of unsolicited communications, including but not limited to unsolicited telephone calls, facsimiles and electronic mail; or
- C. Liability of any **Member** arising in whole or in part, out of any **Covered Party** obtaining remuneration or financial gain to which the **Covered Party** was not legally entitled;
- D. Liability arising out of the willful violation of a penal statute, code or ordinance committed by or with the knowledge or consent of any **Member**; except that any act for which a **Covered Party** is responsible shall not be imputed to any other **Covered Party** for purposes of this subpart 3.

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

32. Uninsured/Underinsured Motorists

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

SECTION VII - COVERAGE EXTENSIONS

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

1. On premises the **Member** owns or rents,
2. On ways next to premises the **Member** owns or rents, or
3. Because of the **Member's** operations;
4. Provided that:
 - A. The accident takes place in the covered **territory** and during the **Coverage Period**;
 - B. The expenses are incurred and reported to CSURMA AORMA within one (1) year or the date of the accident; and
 - C. The injured person submits to examination, at CSURMA AORMA's expense, by physicians of the CSURMA AORMA's choice as often as CSURMA AORMA reasonably require.
 - 1) CSURMA AORMA will make these payments regardless of fault. These payments will not exceed the applicable limit of coverage. CSURMA AORMA will pay reasonable expenses for:
 - a) First aid administered at the time of an accident;
 - b) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - c) Necessary ambulance, hospital, professional nursing and funeral services.
 - 2) The Program will not pay expenses for **Bodily Injury**:
 - a) To any **Member**;
 - b) To a person hired to do work for or on behalf of any **Member** or a tenant of any **Member**;
 - c) To a person injured on that part of premises the **Member** owns or rents that the person normally occupies;
 - d) To a person, whether or not an **Employee** of any **Member**, if benefits for **Bodily Injury** are payable or must be provided under workers' compensation or disability benefits law or a similar law;

- e) To a person injured while taking part in athletics;
- f) To a person who is a student of the California State University or a participant enrolled in a CSU sponsored program;
- g) Included with the products- **Completed Operations Hazard**; and
- h) Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

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

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

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

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

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

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

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

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

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

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

- E. CSURMA AORMA will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provisions of this Endorsement.
- F. Loss arising out of any violation of the rental car agreement. This exclusion does not apply to operation of a **Hired Automobile** on non-paved roads when the off-road operation is authorized by a **Covered Party** for an appropriate business operation and the **Hired Automobile** is appropriate for the conditions of the non-paved road.
- G. Damage to **Hired Automobile's** that are hired, rented or borrowed for more than thirty (30) consecutive days.
- H. Loss or theft of personal belongings.
- I. **Damages** resulting from any **Covered Party's** personal liability.
- J. Loss due to intentional acts, or due to the driver(s) being under the influence of alcohol, intoxicants, or drugs, or due to contraband or illegal activities.
- K. CSURMA AORMA will not pay for confiscation by authorities.
- L. CSURMA AORMA will not pay for losses reported more than forty-five (45) days from the date of loss.

SECTION VIII – CONDITIONS

1. Action Against CSURMA AORMA - No action shall lie against CSURMA AORMA unless, as a condition precedent thereto, the **Covered Party** shall have fully complied with all the terms of this Memorandum nor until the amount of the **Covered Party's** obligation to pay shall have been finally determined whether by judgment against the **Covered Party** after actual trial or by written agreement of the **Covered Party**, the claimant and CSURMA AORMA. Said judgment shall not be deemed final, if an appeal be prosecuted therefrom, until the suit shall have been finally determined on appeal. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this document to the extent of the coverage afforded by this document. Nothing contained in this document shall give any person or organization any right to join CSURMA AORMA as a co-defendant in any action against the **Covered Party** to determine such **Covered Party's** liability.
2. Arbitration:
 - A. In the event that a question or dispute arises between CSURMA AORMA and a **Covered Party** concerning the applicability of the coverage provided by this document to an **Occurrence** or **Wrongful Act** or **Claim** against the **Covered Party**, either the **Covered Party** or CSURMA AORMA may make a written request for arbitration. Where such a request is made, arbitration shall be a condition precedent to the filing of any civil action concerning, or in any way arising out of, such question or dispute.
 - B. If a **Covered Party** and CSURMA AORMA fail to agree upon an arbitrator, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request selection by a judge of a court having jurisdiction. Each party will bear the expense it incurs, and the two parties will bear the expense of the third arbitrator equally. Local rules of law as to procedure and evidence will apply. A decision

agreed to by two of the arbitrators will constitute a determination of the matter in question or dispute.

- C. Except as otherwise provided above, arbitration hereunder shall be conducted as provided in Title 9 of the California Code of Civil Procedure (Code of Civil Procedure Section 1280, *et seq.*).
3. Assignment: No assignment of interest under this Memorandum shall bind CSURMA AORMA without its written consent to endorse hereon.
 4. Bankruptcy or Insolvency: Bankruptcy or insolvency of the **Member** or any **Covered Party** shall not relieve CSURMA AORMA of any of its obligations hereunder nor shall such bankruptcy or insolvency increase CSURMA AORMA'S obligations hereunder.
 5. Cancellation and Termination:
Coverage provided under this Memorandum may be terminated at any time in accordance with the terms set forth in the CSURMA Joint Powers Agreement and Bylaws and the Policies and Procedures.
 6. Changes to the Memorandum: This Memorandum may not be amended or changed in any respect, nor shall any provision of this Memorandum be deemed to have been waived by CSURMA AORMA, unless and until a written endorsement which expressly amends this Memorandum or waives a provision thereof has been duly issued by CSURMA AORMA and made a part of this Memorandum, unless the CSURMA AORMA policies and procedures regarding claims reporting and claims administration and litigation management have been amended by CSURMA AORMA.
 7. Claims Settlement: As stated in the CSURMA AORMA Policy and Procedures regarding Claims Reporting and Claims Administration and Litigation Management:
 8. Contribution Payment: The annual contribution payment shall be due and payable upon inception of coverage and each renewal thereafter. The amount of the annual contribution will be computed in accordance with CSURMA AORMA's rules and rates. CSURMA AORMA shall not be required to perform any obligations under this Memorandum if contributions are not paid.
 9. Duties in the Event of Occurrence, Wrongful Act, Claim or Suit: The following provisions and the provisions of the CSURMA AORMA Memorandum and Policy and Procedure on claims reporting and Claims Administration and Litigation Management are conditions precedent to coverage under this Memorandum. The **Covered Party's** failure to comply with any of these provisions will be cause for a reduction in or denial of coverage by CSURMA AORMA.
 1. In the event of any **occurrence** or an offense which may result in a claim, suit or proceeding against a **Covered Party**, written notice (includes e-mail correspondence, fax transmissions and original hard copy notifications) shall be given by the **Member** to the Third Party Claims Administrator (TPA) as soon as practicable.
 2. When the **Member** submits the first claim report, the following information shall be included, if available and applicable:
 - a. How, when and where the **occurrence** or offense took place;
 - b. The names and addresses of any injured persons and witnesses;
 - c. The nature and location of any injury or damage arising out of the **occurrence** or offense;

- d. Incident reports;
 - e. Investigation reports;
 - f. Police reports;
 - g. Claim notices and **Member** and any other involved **Covered Party** response(s);
 - h. Medical reports; and
 - i. Other information helpful to CSURMA AORMA.
3. The **Member** and any other involved **Covered Party** shall provide immediate notice of any Pleadings, Summons, Complaints and any other legal papers received by the **Member** or other involved **Covered Party** to the TPA and authorize CSURMA AORMA to obtain records and other information;
- a. Late Reporting Penalties
 - i. If an **occurrence**, offense, claim, suit or proceeding is not reported by the **Member** to the TPA within the timeframes set below; the following late reporting schedule shall apply;
 - ii. If an **occurrence**, offense, claim or suit is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
 - iii. If an **occurrence**, offense, claim or suit is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply; or
 - iv. If an **occurrence**, offense, claim or suit is reported more than 12 months late as determined by the TPA, no recovery will be available to the **Member** or other involved **Covered Party**.
4. The **Member** and any other involved **Covered Party** will cooperate with CSURMA AORMA in the investigation or settlement of the claim, suit or proceeding or defense against and assist CSURMA AORMA, in the enforcement of any right against any person or organization which may be liable to the **Member** because of injury or damage to which this coverage may also apply.
10. Inspection and Audit: CSURMA AORMA shall have the right, but not the obligation, to inspect the **Member's** property and operations at any time. Neither our right to make inspections, nor the making thereof, nor any report thereon shall constitute an undertaking, on behalf or benefit of the **Member** or others, to determine or warrant that such property or operations are safe or healthy.
- The **Member** shall maintain records of such information as is necessary for premium computation, and shall send copies of such record to CSURMA AORMA at the end of the **Coverage Period** and at such times during the **Coverage Period** as we may direct. CSURMA AORMA may examine and audit **Member's** books and records as they related to this Policy at any time during the **Coverage Period** and extensions thereof and within three (3) years after the final termination of this Policy.

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

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

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

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

1. Primary Coverage

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

2. Excess Coverage:

- a. With respect to liability for **damages** of the **Covered Party** arising from the conduct or activities of a third party, as between the **Member** and the CSURMA AORMA, the amount of the **Member's deductible** as set forth in the Declarations of this Memorandum shall be satisfied in whole or in part (as applicable, depending on how much other coverage is available) by any insurance coverage of said third party/parties which is available and applicable to the liability for **damages** of the **Covered Party**. If such third-party insurance coverage exceeds the **Member's deductible**, all of such third-party insurance coverage (whether written on a primary or an excess basis, or written as reinsurance) shall apply to the loss before the CSURMA AORMA's limits hereunder shall attach.
- b. When this coverage is excess, CSURMA AORMA will have no duty to defend the **Covered Party** against any suit if any other coverage provider has a duty to defend the **Covered Party** against that suit. If no other coverage provider defends, CSURMA AORMA will undertake to do so, but CSURMA AORMA will be entitled to the **Covered Party's** rights against all those other coverage providers.
- c. CSURMA AORMA will share the remaining **ultimate net loss**, if any, with any other coverage that is not described in this provision and was not bought specifically to apply in excess of the limits of liability shown in the Declarations.

3. Method of Sharing:

- b. If all of the other coverage permits contribution by equal shares, CSURMA AORMA will also permit contribution by equal shares. Under this approach, each coverage

provider contributes equal amounts until the applicable limit of liability has been paid or none of the **ultimate net loss** remains, whichever comes first; or

- c. If any of the other coverage providers does not permit contribution by equal shares, CSURMA AORMA will contribute by limits. Under this method, each coverage provider's share is based on the ratio of its applicable limit of liability to the total applicable limits of liability of all coverage providers.

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

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

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

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

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

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

Any interest, including yours, having paid an amount in excess of **Member's Deductible** plus the Limit of Liability hereunder shall be reimbursed first to the extent of actual payment. CSURMA AORMA shall be reimbursed next, to the extent of actual payment hereunder. If any balance then remains unpaid, it shall be applied to reimburse the Member. The expense of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries. If there is no recovery in proceedings conducted solely by **Member**, then **Member** shall bear the expenses thereof.

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

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

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

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

Bodily Injury to which this additional coverage applies.

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

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

A. Coverage

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

B. Exclusions

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

1. Punitive or exemplary **Damages**.

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

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

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

C. Limit of Liability

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

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

D. Changes in Conditions

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

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

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

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

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

4. Other Insurance is replaced by the following:

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

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

E. Additional Definitions

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

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

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

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

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

All other terms and conditions in the Memorandum remain unchanged.

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

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

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

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

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

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

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

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

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

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

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

**FIDUCIARY LIABILITY
AMENDATORY ENDORSEMENT - #3**

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

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

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

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

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

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

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

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

C. EXCLUSIONS

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

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

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

D. DEFINITIONS

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

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

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

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

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

5. Employee Benefit Plan means a program providing some or all of the following benefits to **Employees**:
 - a. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts, provided that no one other than an

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

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

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

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

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

All other terms and conditions in the Memorandum remain unchanged.

CAMPUS RISK POOLS RATING PLANS TASK GROUP

ISSUE: The Executive Committee established the Rating Plans Task Groups (RPTG) to review and recommend modifications, if any, to the cost allocation formulae for the Campus Risk Pools. The RPTG met on July 14, 2016 and August 9, 2016. RPTG members and staff will provide a report on the task group's findings and recommendations at today's meeting. Final adoption of any proposed amendments to the rating plans are to be referred to the Board of Directors for approval.

RECOMMENDATION: The Executive Committee is asked to review the Rating Plans Task Group's recommendations and take action as it deems appropriate.

FISCAL IMPACT: None. The rating plans serve to distribute budgeted costs to members using calculation formulae approved by the Board of Directors.

BACKGROUND: The members of the rating plans task groups are:

- Kevin Saunders, CSU Monterey Bay (*RPTG Chair*)
- Lisa Chavez, CSU Los Angeles
- Robert Eaton, CSU Chancellor's Office
- Mike Lee, CSU Sacramento
- Zachary Gifford, CSU Chancellor's Office
- Daniel Howell, CSURMA Program Director
- Robert Leong, CSURMA Program Administrator

PUBLICATIONS: None

ATTACHMENT(S):

- a. Campus Programs Rating Plans Task Group Report (draft)

Campus Programs Rating Plans Task Group Report

Draft Report

September 23, 2016

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I. EXECUTIVE SUMMARY

A. Introduction

The Executive Committee established the Rating Plans Task Group (RPTG) to review and evaluate CSURMA's current rating plans and funding policies for the campus coverage programs, and to present its findings and recommendations to the Executive Committee at its meeting on September 23, 2016.

The RPTG's recommendations for amendments to the rating plans and funding policies are to be used for calculating the annual contributions for each campus for FY 2017/18, FY 2018/19 and FY 2019/20. As a matter of information, the RPTG's findings and recommendations may be presented to the CSU Chief Administrators & Business Officers (CABO) in Fall 2016, and will be presented to the CSURMA Board of Directors for adoption at its meeting on November 2, 2016.

The RPTG was directed to evaluate the rating plans for the following coverage programs:

1. Workers' Compensation
2. General Liability, Errors & Omissions Liability, Employment Practices Liability
3. Property, Boiler & Machinery
4. Industrial Disability Leave, Non-Industrial Disability Insurance, Unemployment Insurance (IDL/NDI/UI)
5. Automobile Liability
6. Athletic Injury Medical Expense (AIME)
7. Foreign Travel Insurance Program (FTIP)

The RPTG did not review the rating plans of the Auxiliary Organizations Risk Management Alliance (AORMA) because responsibility for AORMA's programs have been delegated to the AORMA Committee, who develop rating plans for AORMA coverage programs.

B. Campus Programs Rating Plans Task Group Members (RPTG)

1. The 2016 RPTG consisted of:

- Kevin Saunders, *Vice President Administration & Finance (RPTG Chair)*
CSU, Monterey Bay; CSURMA Executive Committee Member
- Lisa Chavez, *Vice President Administration / CFO*
CSU, Los Angeles; CSURMA Executive Committee Member
- Robert Eaton, *Asst Vice Chancellor, Financing, Treasury & Risk Mgmt*
CSU, Office of the Chancellor; CSURMA Treasurer
- Mike Lee, *Interim Provost and Vice President*
CSU, Sacramento; CSURMA Executive Committee Member

2. The 2016 RPTG was supported by:

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

3. The 2016 RPTG was staffed by:

- Daniel J. Howell, *Senior Executive Vice President*
CSURMA Program Director
Alliant Insurance Services
- Robert Leong, *First Vice President*
CSURMA Program Administrator
Alliant Insurance Services
- Mimi Long, *Vice President*
CSURMA Program Administrator
Alliant Insurance Services

II. BACKGROUND

A. Purpose

The RPTG was tasked with a thorough review of the rating plans and funding policies for the following campus coverage programs:

1. Workers' Compensation
2. General Liability, Errors & Omissions Liability, Employment Practices Liability
3. Property, Boiler & Machinery
4. Industrial Disability Leave, Non-Industrial Disability Insurance, Unemployment Insurance (IDL/NDI/UI)
5. Automobile Liability
6. Athletic Injury Medical Expense (AIME)
7. Foreign Travel Insurance Program (FTIP)

The current rating plans used by CSURMA were developed and adopted in 1994, and reviewed and modified in 1998, 2001, 2004, 2007, 2010, and 2013.

It had been agreed following the last rating plan review that the rating plans would be reviewed again in 2016. A review is appropriate at this time because campuses are eligible to change their Liability program deductibles every three years. The next deductible selection opportunity will be effective July 1, 2017.

B. Meetings

The RPTG held two meetings. The initial meeting was held on July 14, 2016 at the CSU Office of the Chancellor. This meeting focused on reviewing the current rating plans and developing alternatives for further consideration by the task group. A second meeting was held on August 9, 2016 via a webinar. The second meeting followed up with a review of the impact of the suggested changes to the rating plans, and finalized the RPTG's recommendations.

C. Rating Plans Philosophy

At its meeting on July 14, 2016, the RPTG reaffirmed the goal of the CSURMA rating plans to balance campus accountability for performance with the need for rate stability. Accountability is needed to encourage campus loss control efforts. Rate Stability is a goal so that campuses can project annual costs for budget

preparation and management purposes. Overall, the rating plans should fairly allocate the costs of the programs to the campuses.

D. Fiscal Impact

The RPTG's findings and recommendations *will not affect aggregate funding* of the campus coverage programs. Aggregate funding is based on an independent actuarial analysis, which develops cost projections for the General/Errors & Omissions Liability, Workers' Compensation and Athletic Injury Medical Expense programs. Aggregate funding for the other coverage programs are based on actual expenditures for retained layers, insurance and claims.

These projections, along with the funding policy adopted by the Board of Directors, are then reviewed annually by the Executive Committee, presented to the Chief Administrative & Business Officers (CABO), and referred to the Board of Directors with a recommendation for the Board to adopt the proposed changes.

The RPTG's recommendations, however, *will affect how that aggregate funding is shared among the campuses*. The rating plans define how the costs for each coverage program are allocated to each campus.

III. FINDINGS

A. Pooled Programs Funding Status

At its March 11, 2016 Long Range Planning meeting, the Executive Committee reviewed the funding status for the Workers' Compensation and Liability risk pools. The review was based on the interim financial statements as of December 31, 2015 prepared by CSURMA Accounting, and projected to fiscal year ending June 30, 2016 by the Program Administrator.

The Executive Committee found the fund balance projected to June 30, 2016 exceeded the amount necessary for funding at the 70% actuarial confidence. CSURMA's funding policy is to fund the programs at the actuary's expected loss level, which ranges between 50%-55% confidence, depending on the specific coverage program.

The Executive Committee determined a final review of the risk pools' funding status shall be made upon the audited financial statements at June 30, 2016 and updated actuarial projections, at which time a dividend may be declared. The final review is to include the independent actuarial studies completed for valuation of the estimated outstanding claim liabilities at June 30, 2016, and expected recoveries from reinsurance and member deductibles.

B. Overall Review

The RPTG found that the current rating plans are fair and achieve program objectives. The RPTG proposed certain refinements to the Workers' Compensation, Liability, and Property programs as detailed below.

It should be noted that the rating plans were developed in 1994 and reviewed in 1998, 2001, 2004, 2007, 2010, and 2013. The RPTG recommended modifications in 1998, 2001, 2004, and 2013, which were approved by the Executive Committee and adopted by the Board of Directors. No modifications to the rating plans were recommended in the 2007 nor 2010 reviews.

As the CSURMA coverage programs gain additional experience, it is expected that the rating plans will be reviewed again in the future so that they will continue to achieve the goals of the California State University.

IV. RECOMMENDATIONS

A. FUNDING POLICY

- FP-1.** The RPTG finds the goals of the CSURMA Policy & Procedure No. 7 “Self-Insured Program Funding” have been achieved. Upon review of the funding policy, no changes are recommended at this time.
- FP-2.** The RPTG recommends the funding for future program years be continued in accordance with Policy & Procedure No. 7.

B. RATING PLANS

1. WORKERS’ COMPENSATION

- WC-1** The RPTG recommends combining Projected Paid Losses and Projected Outstanding Claims Liabilities to become Projected Incurred Losses for claims occurring during the upcoming fiscal year.
- WC-2** The RPTG recommends deleting from the calculation worksheets currently unused rating elements and relabeling certain column headers to provide clarity of the rating methodology.

2. GENERAL LIABILITY, ERRORS & OMISSIONS LIABILITY, EMPLOYMENT PRACTICES LIABILITY (LIABILITY)

- L-1** The RPTG recommends combining Projected Paid Losses and Projected Outstanding Claims Liabilities to become Projected Incurred Losses for claims occurring during the upcoming fiscal year.
- L-2** The RPTG recommends adjusting Liability Deductible Credit Factors per the actuary’s recommendation dated August 25, 2016. The RPTG reaffirms self-supporting funds continue to have a \$35,000 deductible regardless of the deductible selected by the campuses. The effect of the new deductible credit factors would increase FY 2017/18 Liability program funding by \$1,122,013 (+7.75%) at present campus deductible selections.
- L-3** The RPTG recommends adjusting Liability Experience Modification Creditability Factors per the actuary’s recommendation dated September 6, 2016. The recommendation replaces the Credibility

Factors Table with an algorithm that assigns 90% credibility to the largest campus (defined by total annual payroll), then scaling all other campuses down relative to this maximum. The effect of the credibility algorithm reduces loss funding by \$30,390 (-0.21%). The creditability factors serve to adjust for statistical deviations resulting from variations in campus size, which is defined by total campus payroll for rating purposes.

- L-4** The RPTG recommends deleting from the calculation worksheets currently unused rating elements and relabeling certain column headers to provide clarity of the rating methodology.
- L-5** The central fund used by the Chancellor's Office to pay SPWB-funded facility expenses has been dissolved. Thus, premium deposits for bond-funded facilities are no longer payable by the central fund, but are chargeable to the respective campuses. Staff was instructed to eliminate "Systemwide" from the calculations, thereby reallocating premium deposits to the campuses beginning with FY 2017/18. A memo from the EVC/CFO, Steve Relyea, announcing the change and the need for campuses to plan accordingly will be drafted for the Chief Administrators and Business Officers (CABO) for its next meeting on September 9, 2016.

3. PROPERTY, BOILER & MACHINERY

- P-1** The RPTG discussed the addition of an Experience Modification factor to the Property program cost allocation formula, and recommends against implementation at this time. The relative loss rate of campuses should be monitored by the Systemwide Risk Management and acted upon in the future as the Executive Committee deems appropriate.
- P-3** Other than implementation of P-1 above, the RPTG recommends maintaining the current rating plan with no modification.
- P-3** As in Recommendation L-5 above, the central fund used by the Chancellor's Office to pay SPWB-funded facility expenses has been dissolved. Thus, premium deposits for bond-funded facilities are no longer payable by the central fund, but are chargeable to the respective campuses. Staff was instructed to eliminate "Systemwide" from the calculations, thereby reallocating premium deposits to the campuses beginning with FY 2017/18. A memo from the EVC/CFO, Steve

Relyea, announcing the change and the need for campuses to plan accordingly will be drafted for the Chief Administrators and Business Officers (CABO) for its next meeting on September 9, 2016.

4. INDUSTRIAL DISABILITY LEAVE, NONINDUSTRIAL DISABILITY INSURANCE, UNEMPLOYMENT INSURANCE (IDL/NDI/UI)

IDL-1 IDL/NDI/UI funding is a “banking plan” wherein campuses pay a proportionate share of total costs based on a five year rolling average of actual expenditures per campus as a percentage of total expenditures for the group. The RPTG recommends maintaining the current rating plan with no modification.

5. AUTOMOBILE LIABILITY

AL-1 The State Motor Vehicle Insurance Account (SMVIA) annual allocation to the State University is included in CSURMA’s program costs, and is based on vehicle count reports tabulated by the Department of General Services (DGS) and rates established by the Office of Risk & Insurance Management (ORIM). Since the MVIA allocation is issued after CSURMA has completed deposit calculations for the upcoming year, the Automobile Liability deposit calculation is based on MVIA’s prior year’s allocation; i.e., CSURMA rates are one year in arrears.

AL-2. The RPTG discussed the practicality of inserting a loss modifier to the rates, however this was deemed unnecessary since the result would not have a material impact on individual campus cost.

AL-3 The RPTG recommends maintaining the current rating plan with no modification.

6. ATHLETIC INJURY MEDICAL EXPENSE (AIME)

AI-1 The RPTG recommends to continue the delegation of authority for the AIME Committee to develop and manage the AIME risk pool rating plan.

7. FOREIGN TRAVEL INSURANCE PROGRAM (FTIP) – International Programs

IP-1 CSU International Programs (CSU IP) is managed by International Programs in the Chancellor's Office offering students a full year to Study Abroad. CSU IP tuition fees remain the same as CSU tuition fees and campus-based fees. CSURMA has been subsidizing the Foreign Travel Insurance Program (FTIP) for CSU IP under a plan for CSU IP to increase insurance rates over time to be self-supporting. CSU IP, however, has not been able to increase rates sufficiently due to unexpected claims experience and volume of usage of the travel assist benefit. RPTG recommends a review of CSU IP funding resources and continue communications with the IP Director to develop and implement a strategy for CSU IP to be self-supporting as respects FTIP.

C. AUDITED FINANCIAL STATEMENTS

FS-1 The RPTG believes it appropriate and useful for CSURMA's Board of Directors and other interested parties to include Management's Discussion and Analysis (MD&A) in the audited financial statements and will make a recommendation to the CSURMA Executive Committee to include an MD&A beginning with the audited annual financial statements for FY 2015/16.

V. GENERAL RECOMMENDATION

G-1 The RPTG recommends that a comprehensive review of the rating plans be initiated in 2019 so that appropriate changes can be considered before adoption of the rates for FY 2020/21.

VI. CONCLUSIONS

The RPTG's evaluation of the rating plans has reaffirmed the plans' core appropriateness and effectiveness in determining each campus' fair share of the CSU's cost of risk. The recommended changes refine the existing rating plans to the benefit of the campuses in the long run. To the extent aggregate funding levels remain stable, it is expected that campuses will not see significant cost fluctuations except to the extent their own loss experience impacts their cost.

Appendix A

CAMPUS RISK POOLS RATING PLANS TASK GROUP Project Timetable

DATE	GROUP	ACTIVITY
July 2016	Independent Actuary	Calculate outstanding claims liabilities and develop risk pool funding recommendations for FY 2017/18.
July 14, 2016	Rating Plans Task Group	Review current rating plans. Develop alternatives for further review.
July-August 2016	Program Administrator	Perform calculations based on RPTG findings and recommendations.
August 9, 2016	Rating Plans Task Group	Review staff calculations with suggested rating plan modifications. Finalize recommendations.
August 2016	Program Administrator	Draft preliminary RPTG Report.
September 23, 2016	Executive Committee	Review RPTG Report. Take action as needed to recommend rating plan modifications to the Board of Directors for adoption.
September 23, 2016	Executive Committee	Review actuarial reports and staff calculations of proposed FY 2017/18 rates and deposit contributions.
Oct 12 or Nov 17, 2016	CABO	Presentation to CABO as necessary of proposed changes to rating plans and FY 2017/18 funding.
November 2, 2016	Board of Directors	Review RPTG Report and Executive Committee recommendation. Take action as needed to adopt changes to rating plans.
November 2, 2016	Board of Directors	Adopt campus risk pools funding and rates for FY 2017/18.
November 2016	Program Administrator	Develop campus costs for Liability Deductible options.
November 2016	Program Administrator	Calculate preliminary 2017/18 campus contributions, deductible options, cost analysis.



DATE	GROUP	ACTIVITY
December 2016	Program Administrator	Notices to campuses of FY 2017/18 costs, including Liability Deductible options.
July 1, 2017	CSURMA Accounting	Adopted rating plans become effective, campuses invoiced by CSURMA.

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Appendix B

CSURMA POLICY & PROCEDURE No. 7

EFFECTIVE: JANUARY 1, 2000

SUBJECT: SELF-INSURED PROGRAM FUNDING

ISSUE:

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

POLICY STATEMENT:

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

PROCEDURE:

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

It is the policy of the CSURMA to fund fully the self-insured programs. 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.

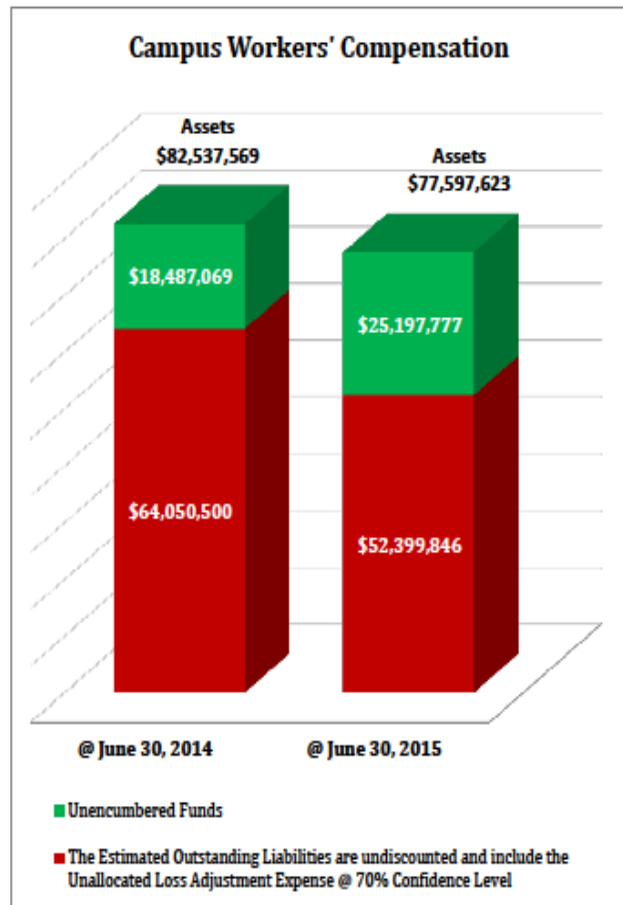
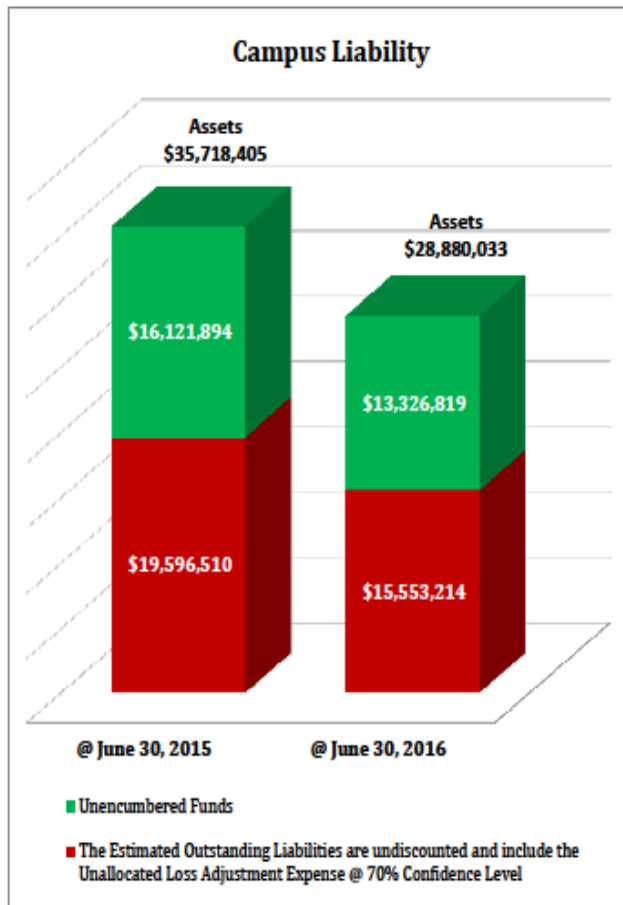
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Appendix C

Pooled Programs Funding Status, Projected to June 30, 2016

Campus Risk Pools

Estimated Funding Projected to FYE 2016 (undiscounted)



Appendix D

Target Equity, Projected to June 30, 2016

- **Campus Liability Coverage Fund**
- **Campus Workers' Compensation Coverage Fund**

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Campus Liability Coverage Fund

Target Surplus Funding Analysis at \$5,000,000 SIR

As of 12/31/15 Projected to 6/30/16

Gross Premium (FY 15/16):	\$13,514,960
Maximum Retention:	\$5,000,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$12,917,952 <i>Expected, Undiscounted, Net of Deductibles</i>
Est. Outstanding Liabilities @ 6/30/16	\$14,468,106 <i>at 70% Confidence</i>
Est. Fund Balance @ 6/30/16	\$28,880,033
Est. Funded Loss & ULAE @ 6/30/16	\$15,553,214 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$13,326,819

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$4,504,987	0.47
Surplus to Retention	> 1:1	\$5,000,000	5.78
O/S Reserve to Surplus	≤ 5:1	\$2,583,590	0.45

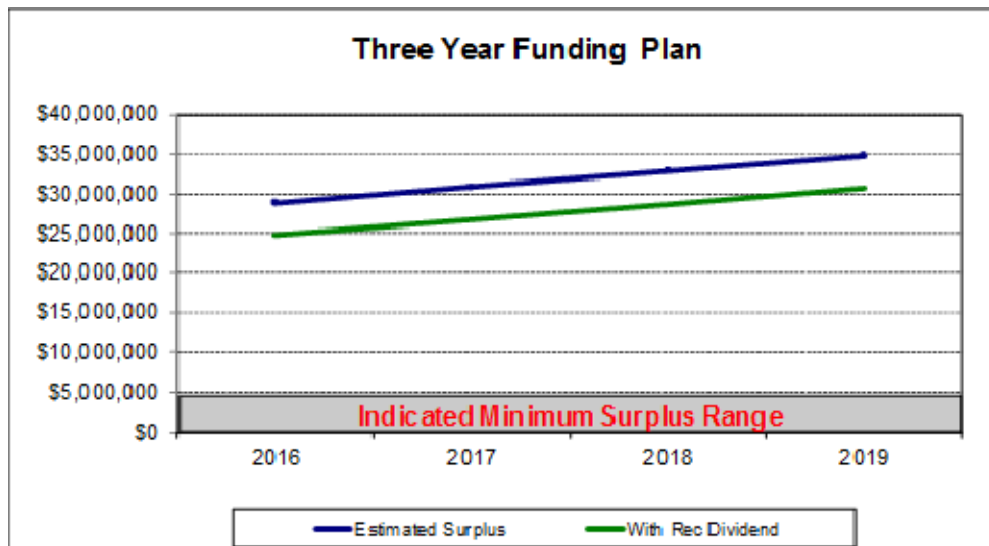
Maximum Dividend Available:	\$8,326,819
Recommended Dividend 50% :	\$4,163,410

2015/16 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 6/30/16	N/A	\$28,880,033	\$24,716,624
2016/17 - Collection @ 70% CL	\$1,979,505	\$30,859,538	\$26,696,129
2017/18 - Collection @ 70% CL	\$1,979,505	\$32,839,043	\$28,675,634
2018/19 - Collection @ 70% CL	\$1,979,505	\$34,818,548	\$30,655,139



Campus Workers' Compensation Coverage Fund

Target Surplus Funding Analysis at \$2,500,000 SIR

As of 12/31/15 Projected to 6/30/16

Gross Premium (FY 15/16):	\$37,744,986
Maximum Retention:	\$2,500,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$47,302,952 <i>Expected, Undiscounted</i>
Est. Outstanding Liabilities @ 6/30/16	\$49,668,100 <i>at 70% Confidence</i>
Est. Fund Balance @ 6/30/16	\$77,597,623
Est. Funded Loss & ULAE @ 6/30/16	\$52,399,846 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$25,197,777

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$12,581,662	0.49
Surplus to Retention	> 2:1	\$5,000,000	31.04
O/S Reserve to Surplus	≤ 5:1	\$9,460,590	0.61

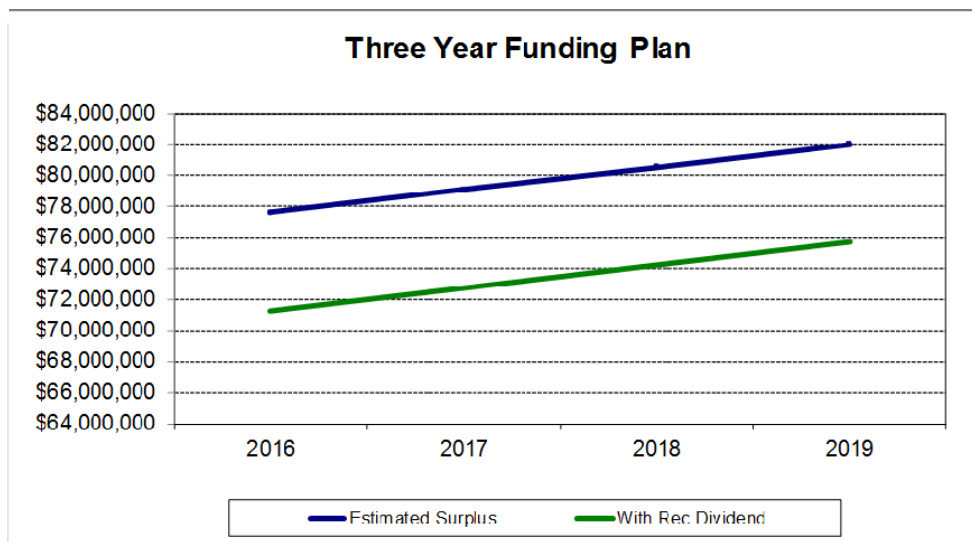
Maximum Dividend Available:	\$12,616,115
Recommended Dividend 50%:	\$6,308,058

2015/16 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 6/30/16	N/A	\$77,597,623	\$71,289,565
2016/17 - Collection @ 70% CL	\$1,475,276	\$79,072,899	\$72,764,841
2017/18 - Collection @ 70% CL	\$1,475,276	\$80,548,175	\$74,240,118
2018/19 - Collection @ 70% CL	\$1,475,276	\$82,023,452	\$75,715,394





Appendix E

RPTG Meeting Agenda – July 14, 2016

RPTG Meeting Agenda – August 9, 2016

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Appendix F

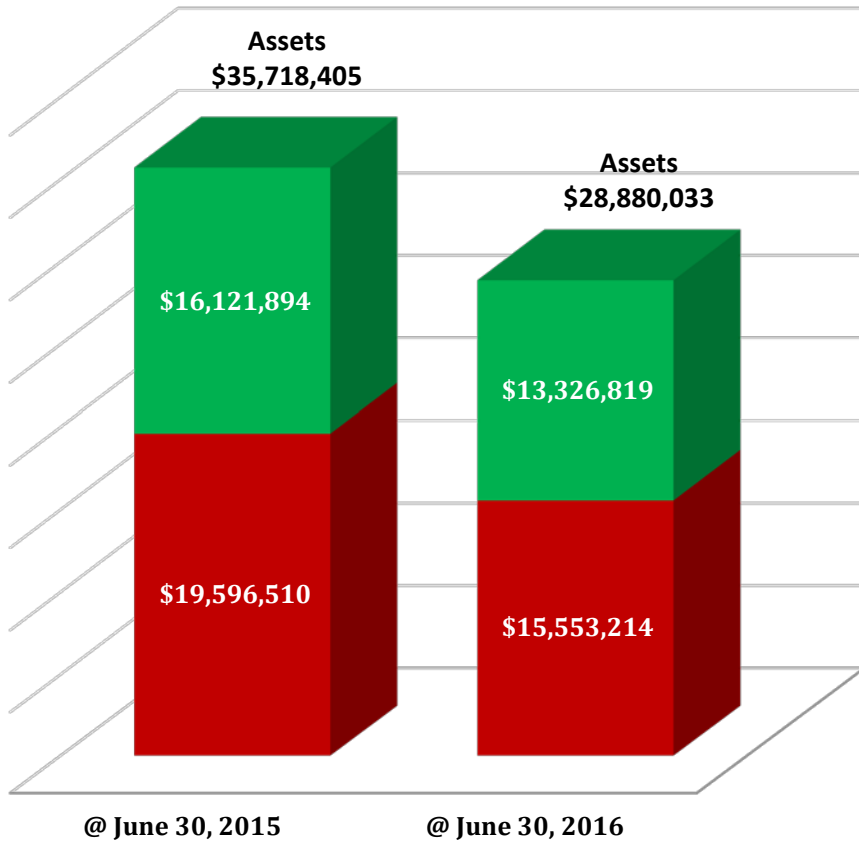
Cost Impact of Recommended Modifications to the Rating Plans (Liability)

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Campus Risk Pools

Estimated Funding Projected to FYE 2016 (undiscounted)

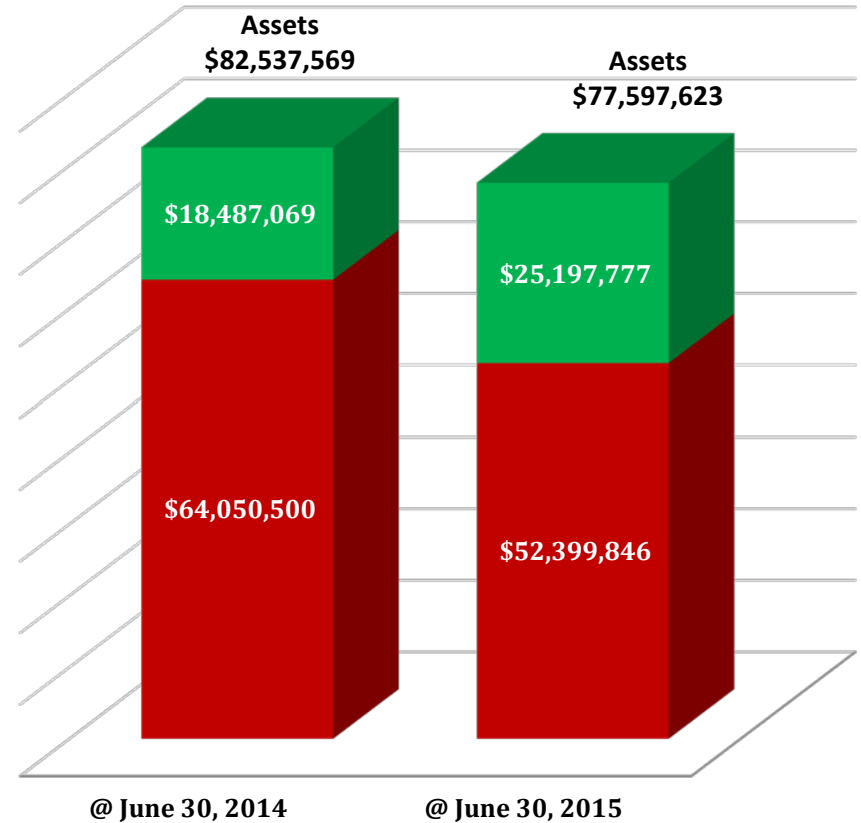
Campus Liability



■ Unencumbered Funds

■ The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense @ 70% Confidence Level

Campus Workers' Compensation



■ Unencumbered Funds

■ The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense @ 70% Confidence Level

Campus Liability Coverage Fund

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Surplus to Retention	> 1:1	\$5,000,000	5.78
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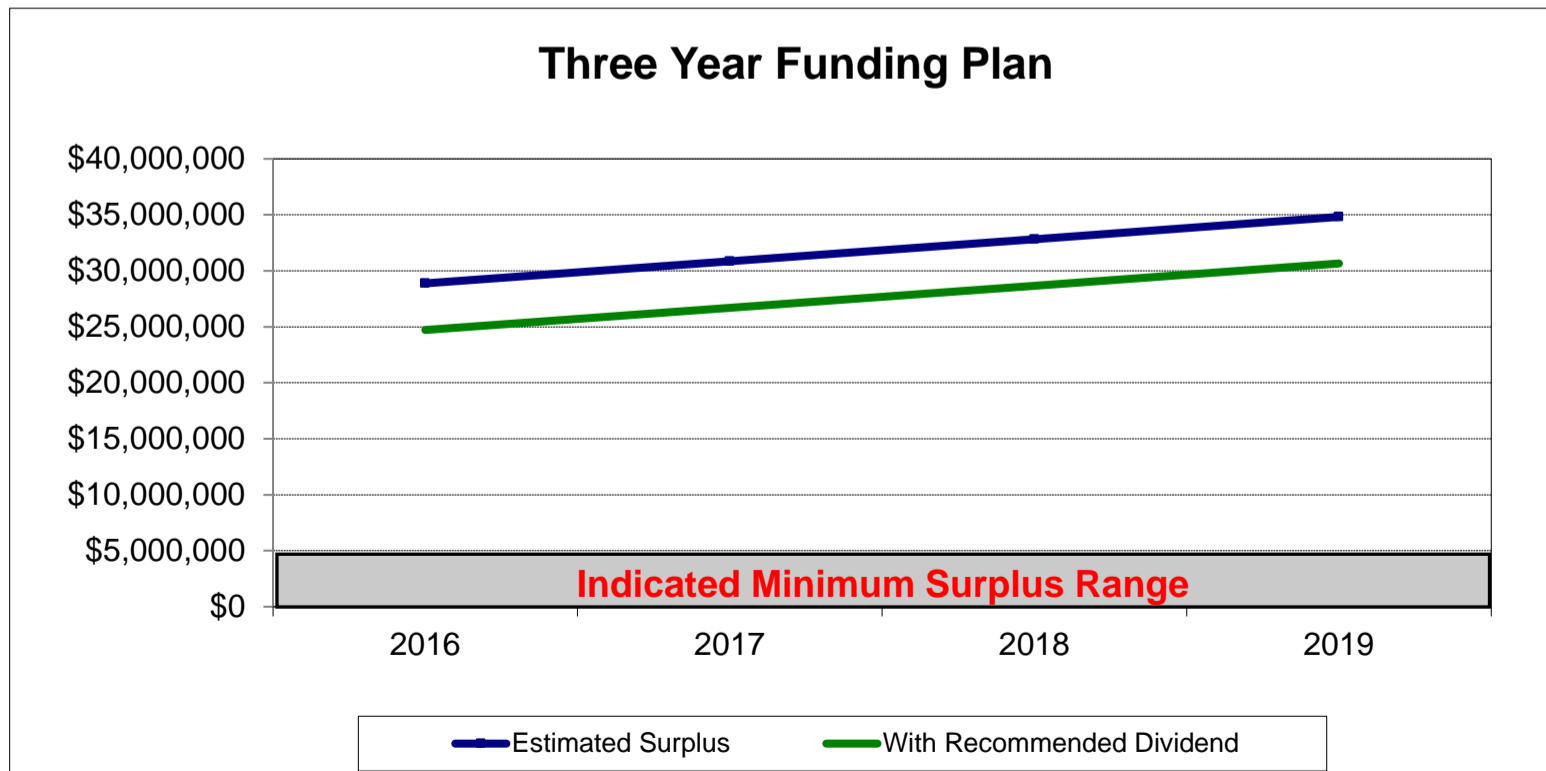
Maximum Dividend Available:	\$8,326,819
Recommended Dividend 50%:	\$4,163,410

2015/16 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

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2018/19 - Collection @ 70% CL	\$1,979,505	\$34,818,548	\$30,655,139



Campus Workers' Compensation Coverage Fund

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Est. Fund Balance @ 6/30/16	\$77,597,623
Est. Funded Loss & ULAE @ 6/30/16	\$52,399,846 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$25,197,777

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Premium to Surplus	< 3:1	\$12,581,662	0.49
Surplus to Retention	> 2:1	\$5,000,000	31.04
O/S Reserve to Surplus	≤ 5:1	\$9,460,590	0.61

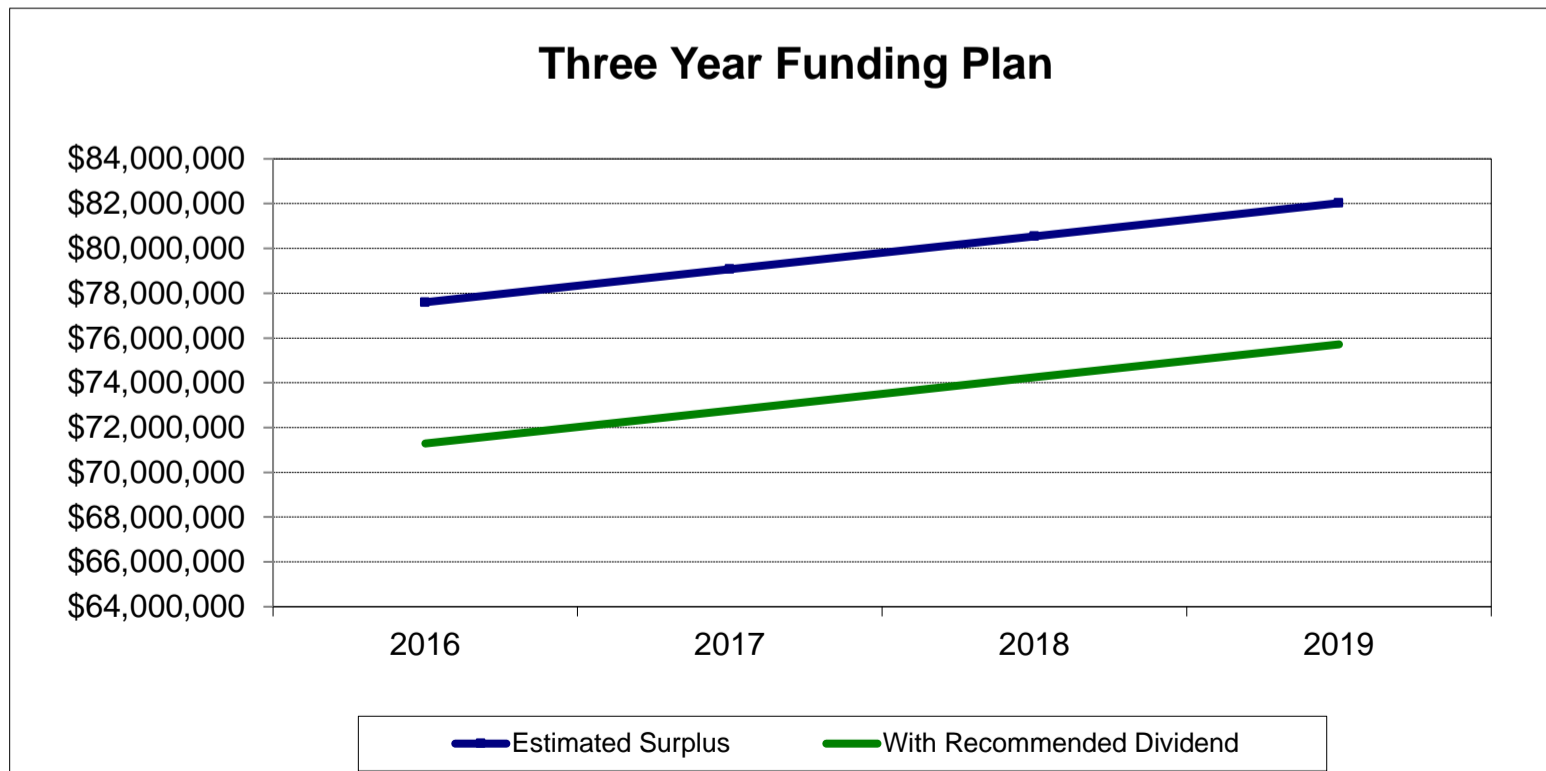
Maximum Dividend Available:	\$12,616,115
Recommended Dividend 50%:	\$6,308,058

2015/16 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 6/30/16	N/A	\$77,597,623	\$71,289,565
2016/17 - Collection @ 70% CL	\$1,475,276	\$79,072,899	\$72,764,841
2017/18 - Collection @ 70% CL	\$1,475,276	\$80,548,175	\$74,240,118
2018/19 - Collection @ 70% CL	\$1,475,276	\$82,023,452	\$75,715,394



Athletic Injury Medical Expense Coverage Fund

Target Surplus Funding Analysis at \$90,000 SIR

As of 12/31/15 Projected to 6/30/16

Gross Premium (FY 15/16):	\$3,897,503
Maximum Retention:	\$90,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$1,950,599 <i>Expected, Undiscounted</i>
Est. Outstanding Liabilities @ 6/30/16	\$2,145,659 <i>at 70% Confidence</i>
Est. Fund Balance @ 6/30/16	\$3,530,372
Est. Funded Loss & ULAE @ 6/30/16	\$2,306,583 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$1,223,789

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 6:1	\$649,584	1.10
Surplus to Retention	> 5:1	\$450,000	39.23
O/S Reserve to Surplus	≤ 5:1	\$390,120	0.55

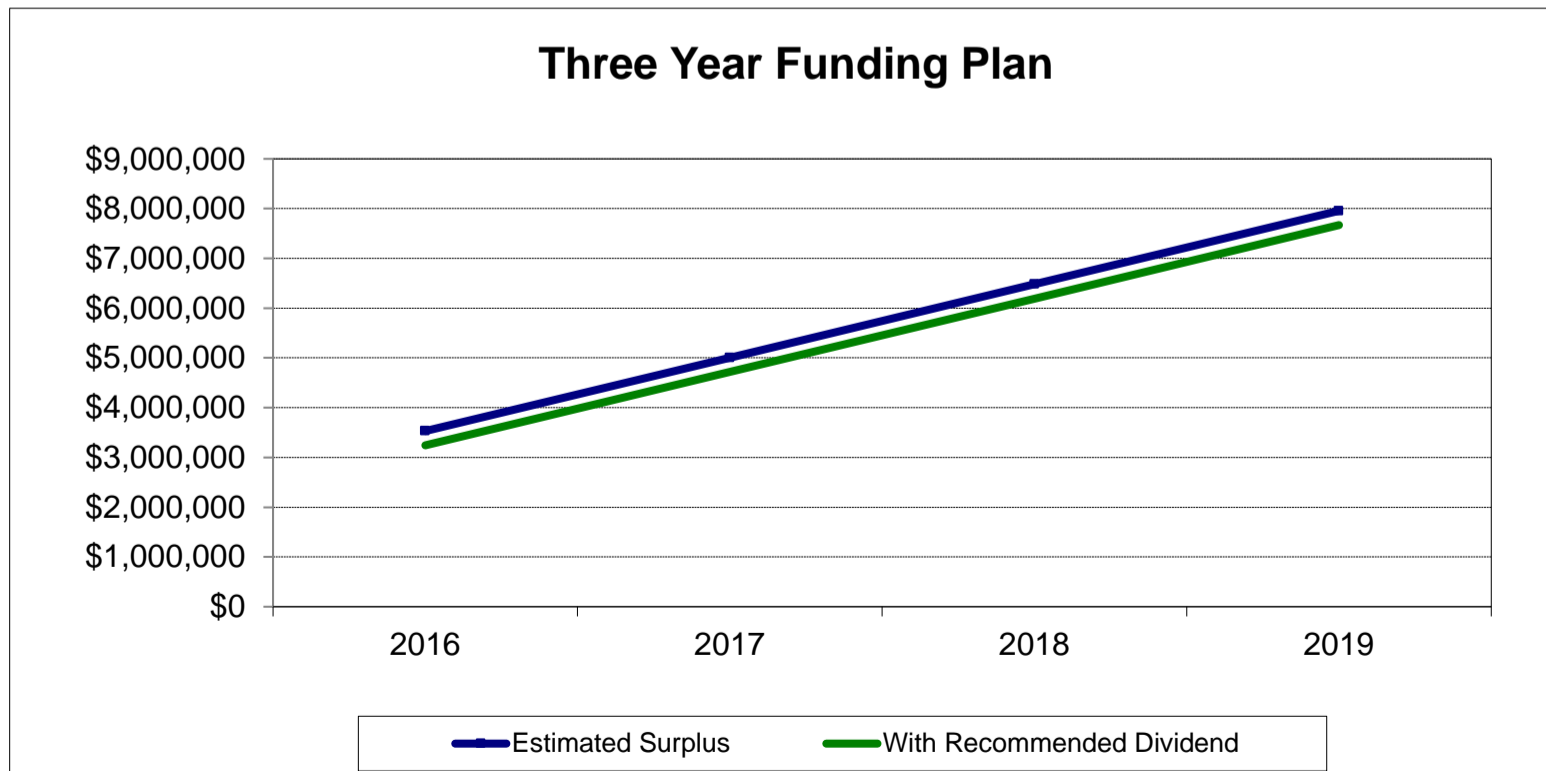
Maximum Dividend Available:	\$574,205
Recommended Dividend 50%:	\$287,102

2015/16 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 6/30/16	N/A	\$3,530,372	\$3,243,270
2016/17 - Collection @ 70% CL	\$1,475,276	\$5,005,648	\$4,718,546
2017/18 - Collection @ 70% CL	\$1,475,276	\$6,480,925	\$6,193,822
2018/19 - Collection @ 70% CL	\$1,475,276	\$7,956,201	\$7,669,098





**CSURMA EXECUTIVE COMMITTEE
RATING PLAN TASK GROUP
MEETING AGENDA
“This is an Open Public Meeting”**

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

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

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

Meeting Date: July 14, 2016
Time: 11:00 AM to 2:00 PM

Primary Location: CSU Chancellor’s Office
401 Golden Shore, Room 511
Long Beach, CA 90802

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

A. CALL TO ORDER

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

B. PUBLIC COMMENTS

C. GENERAL ADMINISTRATION

- 1. **2013 Rating Plan Task Group Final Report** **A**

The Task Group will be asked to review the 2013 RPTG final report, providing direction as appropriate

- 2. **2016 Rating Plan Task Group Goals** **A**

The Task Group will be asked to discuss the goals of the 2016 RPTG meeting

- 3. **Risk Pools Funding Policy** **A**

The Task Group will be asked to review the current funding policies of the Campus pooled programs, providing direction as appropriate

- 4. **Rating Plans** **A**

The Task Group will be asked to review the current rating plan for the following programs, providing direction as appropriate

- a. Workers’ Compensation
- b. Liability
- c. IDL / NDI / UI
- d. Property
 - I. State Public Works Board Facilities

The Task Group will review strategies to fund the insurance costs on State Public Works Board facilities



California State University Risk Management Authority

e. Auto Liability

- 5. **Foreign Travel Insurance Program** A
The Task Group will be asked to review the FTIP and FTIP IP rating plans, providing direction as appropriate
- 6. **Athletic Injury Medical Expense Program** A
The Task Group will be asked to review the AIME rating plan, providing direction as appropriate
- 7. **Rating Plan Task Group Follow-Up Meeting Date** A
The Task Group will be asked to set the date for the next RPTG meeting

D. ADJOURNMENT A

*If you have questions regarding the agenda package, please contact
Mimi Long at mlong@alliant.com / (415) 403-1423 or Tevea Him at thim@alliant.com / (415) 403-1416*



**CSURMA EXECUTIVE COMMITTEE
RATING PLAN TASK GROUP
MEETING AGENDA
“This is an Open Public Meeting”**

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1. Webinar Location - CSU Chancellor’s Office, 401 Golden Shore, Long Beach, CA
2. Lisa Chavez, California State University Los Angeles, Admin 607, 5151 State University Drive, Los Angeles, CA
3. Kevin Saunders, California State University Monterey Bay, 5108 Fourth Avenue, Marina, CA
4. Ming Tung (Mike) Lee, California State University Sacramento, 6000 J. Street, Sacramento, CA

Meeting Date: August 9, 2016
Time: 2:00 PM to 4:00 PM

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

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

A. CALL TO ORDER

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

B. PUBLIC COMMENTS

C. GENERAL ADMINISTRATION

1. **2016 Rating Plan Task Group Draft Report** **A**
The Task Group will be asked to review the 2016 RPTG draft report, providing direction as appropriate
2. **Rating Plans Recommendations** **A**
The Task Group will be asked to review the rating plans recommendations for the following programs, providing direction as appropriate
 - a. Workers’ Compensation
 - b. Liability
 - c. Property
3. **State Public Works Board Facilities** **A**
The Task Group will review strategies to fund the insurance costs on State Public Works Board facilities
4. **Foreign Travel Insurance Program** **A**
The Task Group will be asked to review the FTIP IP rating plans, providing direction as appropriate



California State University Risk Management Authority

- 5. Management Discussion and Analysis** **A**
The Task Group will be asked to review the MD&A draft, providing direction as appropriate

D. ADJOURNMENT **A**

*If you have questions regarding the agenda package, please contact
Mimi Long at mlong@alliant.com / (415) 403-1423 or Tevea Him at thim@alliant.com / (415) 403-1416*

CSURMA GENERAL/E&O LIABILITY PROGRAM
FY 17/18 Program Deposits

Campus	As-Is				Credibility Factor						
	2015/16 Payroll	Payroll Basis	2016/17 Deductible	2017/18 Premium	Old Credibility	New Credibility	Old X-Mod	New X-Mod	New Premium	Premium Diff	% Chg
		C x 5	Campus		Table	Calculated				K - E	L / E
Bakersfield	62,323,886	311,619,430	35,000	277,832	60.00%	70.62%	49.86%	40.98%	247,520	(30,312)	-10.91%
Channel Islands	61,209,837	306,049,185	35,000	485,476	60.00%	70.25%	116.74%	119.60%	493,919	8,443	1.74%
Chico	115,374,663	576,873,315	250,000	625,443	75.00%	81.65%	124.22%	126.37%	631,482	6,039	0.97%
Dominguez Hills	88,725,971	443,629,854	100,000	565,278	60.00%	77.39%	99.92%	99.90%	564,172	(1,106)	-0.20%
East Bay	116,790,750	583,953,749	500,000	601,594	75.00%	81.84%	163.53%	169.32%	614,277	12,683	2.11%
Fresno	142,431,460	712,157,300	250,000	379,237	90.00%	84.60%	26.36%	30.77%	397,001	17,764	4.68%
Fullerton	229,746,286	1,148,731,431	250,000	1,015,143	90.00%	89.86%	87.90%	87.92%	1,013,755	(1,388)	-0.14%
Humboldt	74,470,899	372,354,495	50,000	531,820	60.00%	74.18%	107.58%	109.37%	537,512	5,692	1.07%
Long Beach	233,309,123	1,166,545,615	250,000	810,159	90.00%	90.00%	55.90%	55.90%	809,182	(977)	-0.12%
Los Angeles	150,541,484	752,707,421	250,000	795,794	90.00%	85.31%	118.18%	117.23%	790,372	(5,422)	-0.68%
Maritime Academy	22,719,808	113,599,038	35,000	227,454	50.00%	46.71%	156.29%	152.58%	222,407	(5,047)	-2.22%
Monterey Bay	62,246,125	311,230,624	35,000	234,210	60.00%	70.60%	40.00%	29.40%	198,240	(35,970)	-15.36%
Northridge	233,104,990	1,165,524,951	750,000	945,071	90.00%	89.99%	155.32%	155.31%	943,781	(1,290)	-0.14%
Pomona	147,593,045	737,965,226	250,000	622,232	90.00%	85.06%	87.43%	88.12%	624,187	1,955	0.31%
Sacramento	177,750,378	888,751,892	900,000	560,303	90.00%	87.27%	115.36%	114.89%	558,832	(1,471)	-0.26%
San Bernardino	120,137,845	600,689,224	50,000	921,652	75.00%	82.25%	114.95%	116.40%	928,621	6,969	0.76%
San Diego	225,002,455	1,125,012,273	900,000	562,576	90.00%	89.67%	62.20%	62.34%	562,519	(57)	-0.01%
San Francisco	208,060,117	1,040,300,585	500,000	684,978	90.00%	88.92%	74.97%	75.27%	685,418	440	0.06%
San Jose	200,156,601	1,000,783,005	750,000	792,162	90.00%	88.53%	160.16%	159.18%	788,384	(3,778)	-0.48%
San Luis Obispo	196,650,678	983,253,388	250,000	762,924	90.00%	88.35%	77.64%	78.05%	764,089	1,165	0.15%
San Marcos	94,192,145	470,960,723	50,000	460,818	60.00%	78.42%	61.77%	50.03%	404,090	(56,728)	-12.31%
Sonoma	85,713,949	428,569,745	100,000	663,729	60.00%	76.78%	137.75%	148.31%	702,073	38,344	5.78%
Stanislaus	65,757,774	328,788,871	35,000	384,385	60.00%	71.72%	75.16%	70.30%	366,453	(17,932)	-4.67%
Chancellor's Office	58,241,627	291,208,135	100,000	559,046	60.00%	69.20%	183.78%	196.62%	590,640	31,594	5.65%
TOTALS	3,172,251,895	15,861,259,474		14,469,316					14,438,926	(30,390)	-0.21%

Five Year Payroll Range	Assigned Credibility Factor
0 - 100MM	25%
100MM - 250MM	50%
250MM - 500MM	60%
500MM - 700MM	75%
\$700MM+	90%

CSURMA GENERAL/E&O LIABILITY PROGRAM
FY 17/18 Program Deposits

Campus	Deductible Credit					at New Credibility Factors & New Deductible Credits		
	Old Ded Cr	New Ded Cr	New Premium	Premium Diff	% Chg	New Premium	Premium Diff	% Chg
	<i>Actuary</i>	<i>Actuary</i>		Q - E	R / E		U - E	V / E
Bakersfield	20.0%	15.0%	288,346	10,514	3.78%	256,139	(21,693)	-7.81%
Channel Islands	20.0%	15.0%	509,652	24,176	4.98%	518,623	33,147	6.83%
Chico	57.5%	52.0%	678,784	53,341	8.53%	685,604	60,161	9.62%
Dominguez Hills	35.0%	30.0%	595,273	29,995	5.31%	594,082	28,804	5.10%
East Bay	70.0%	65.0%	666,212	64,618	10.74%	681,010	79,416	13.20%
Fresno	57.5%	52.0%	393,209	13,972	3.68%	413,272	34,035	8.97%
Fullerton	57.5%	52.0%	1,090,299	75,156	7.40%	1,088,731	73,588	7.25%
Humboldt	25.0%	20.0%	558,925	27,105	5.10%	564,998	33,178	6.24%
Long Beach	57.5%	52.0%	858,699	48,540	5.99%	857,596	47,437	5.86%
Los Angeles	57.5%	52.0%	862,006	66,212	8.32%	855,882	60,088	7.55%
Maritime Academy	20.0%	15.0%	239,468	12,014	5.28%	234,105	6,651	2.92%
Monterey Bay	20.0%	15.0%	242,634	8,424	3.60%	204,416	(29,794)	-12.72%
Northridge	80.0%	75.0%	1,067,567	122,496	12.96%	1,065,954	120,883	12.79%
Pomona	57.5%	52.0%	670,258	48,026	7.72%	672,465	50,233	8.07%
Sacramento	84.0%	78.0%	643,552	83,249	14.86%	641,530	81,227	14.50%
San Bernardino	25.0%	20.0%	968,378	46,726	5.07%	975,812	54,160	5.88%
San Diego	84.0%	78.0%	619,400	56,824	10.10%	619,322	56,746	10.09%
San Francisco	70.0%	65.0%	737,750	52,772	7.70%	738,264	53,286	7.78%
San Jose	80.0%	75.0%	900,623	108,461	13.69%	895,901	103,739	13.10%
San Luis Obispo	57.5%	52.0%	819,749	56,825	7.45%	821,065	58,141	7.62%
San Marcos	25.0%	20.0%	480,502	19,684	4.27%	419,992	(40,826)	-8.86%
Sonoma	35.0%	30.0%	703,677	39,948	6.02%	744,970	81,241	12.24%
Stanislaus	20.0%	15.0%	401,106	16,721	4.35%	382,054	(2,331)	-0.61%
Chancellor's Office	35.0%	30.0%	595,260	36,214	6.48%	629,284	70,238	12.56%
TOTALS			15,591,329	1,122,013	7.75%	15,561,071	1,091,755	7.55%

<i>Aon Risk Consultants: 8/25/16</i>			
Deductible	Credit	Prior	Diff
\$35,000	15.0%	20.0%	-5.0%
50,000	20.0%	25.0%	-5.0%
100,000	30.0%	35.0%	-5.0%
250,000	52.0%	57.5%	-5.5%
500,000	65.0%	70.0%	-5.0%
750,000	75.0%	80.0%	-5.0%
900,000	78.0%	84.0%	-6.0%
1,000,000	80.0%	86.0%	-6.0%

INSURANCE POLICY DATABASE
TIME CERTAIN PRESENTATION BY VENTIV TECHNOLOGIES

ISSUE: At the May 5, 2016 Executive Committee meeting, the Committee reviewed staff's recommendation that CSURMA expand its current liability claims management system software contract with Ventiv Technologies to add an insurance policy database module that could be further expanded to include benchmarking dashboards across our various insurance programs, such as property, AIME, general liability etc. The Executive Committee requested further review and a presentation to demonstrate the software features. Ventiv representatives will present the software at today's meeting

RECOMMENDATION: It is recommended that CSURMA Executive Committee evaluate the presentation and consider delegation of authority to the Secretary-Auditor to negotiate and execute agreements to obtain the necessary software licenses described above.

FISCAL IMPACT: The cost of the Ventiv policy management and reporting module will have an annual cost of approximately \$32,000 with implementation fees of \$32,000. The budget includes funding to establish the database.

Should the Executive Committee desire the more robust dashboard, "Risk Console", the implementation cost would not increase by more than \$142,000 and annual cost will not exceed \$75,000.

BACKGROUND: CSURMA purchases over 50 insurance policies per year and issues over 200 memoranda of coverage to the members. It is important that we are able to track and locate the coverage documents. Beyond document management, insurance industry vendors have developed products that can track insurer solvency, remaining limits and create graphical representations of insurance programs. Ventiv's software is considered among the industry leaders and staff expects it continue to be upgraded to remain a leading solution.

Industry trends and the CSU have stressed the benefits of data dash boarding/benchmarking in order to evaluate various programs over time, provide benchmarking opportunities and a "one-stop" database that over time may house representative data points over a wide variety of CSURMA programs. If approved, the initial endeavor would include dash boarding of property, general liability and the AIME programs.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA RiskConsole Proposal

Ventiv Technology

California State University Risk Management
RiskConsole Proposal

September 23, 2016

Executive Summary

Thank you for considering Ventiv Technology as a potential provider of a new Risk Management Information System (RMIS) for CSURM.

From our discussions with you, we understand you are looking at:

- ❖ Policy Management
- ❖ Exposure Summary
- ❖ Enhanced Reporting

Ventiv Technology and our market leading RMIS platform, RiskConsole, are perfectly suited to providing the solution for you. With our experience, expertise and product capabilities, in partnership with your risk management team, we can bring the best value solution to your organization.

This document will provide you with an overview of Ventiv Technology, our experience and provide further details on the following RiskConsole modules. These we believe could help address many of your risk information, data and reporting challenges:

- Policy Management
- Exposure Management
- Claim Management
- Property Management
- Business Intelligence Reporting

We hope you find this overview document informative and useful for your decision making process.

Our dedicated and experienced team of risk technology professionals look forward to continue our work with CSURM.

Introduction

About Ventiv Technology

Ventiv Technology is a global company headquartered in London, with offices in San Ramon, Dallas, Chicago, Atlanta, Paris, Rotterdam, Hamburg, Hong Kong and Sydney. Formerly a division of Aon Plc (as Aon eSolutions), Ventiv Technology became an independent company in September 2014 following our acquisition by Symphony Technology Group.

Ventiv has more than 40 years of experience in the technology business, and we now serve more than 550 organizations and 270,000 people around the world.

Through RiskConsole we help businesses turn risk and insurance data into insights that help deliver a competitive advantage and generate tangible value. RiskConsole enables our users to capture, manage and analyze renewal data, incidents and claims, policies, ERM, premium allocation, risk financing and more from one integrated system.

Staff & Industry Experience

Ventiv Technology are proud to have the most experienced and knowledgeable team within the risk technology marketplace. We actively encourage all our staff – both client facing and technical – to undertake insurance specific qualifications.

Ventiv Technology works with over 500 of the world's largest companies and across all industry sectors.

Through this experience our Solutions Consultants, Project Managers and Business Analysts have become well versed in understanding your situation and providing simple, relevant and effective solutions.

Risk Console Overview

RiskConsole is Ventiv Technology’s market leading Risk Management Information System (RMIS).

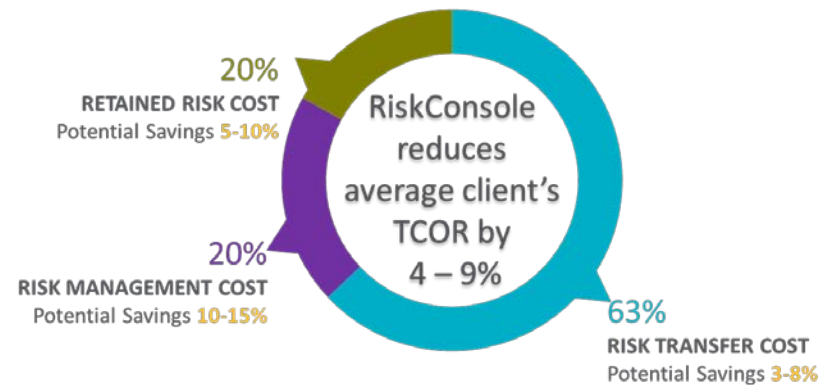
Typically we found Risk & Insurance Managers are facing the following challenges in managing their risk information:



Implementing RiskConsole helps you overcome these challenges and deliver clear benefits to your risk management and business. From our Global Risk Technology Survey, risk managers identified these top benefits:

1	Accuracy and reliability of data	6	Ease of access to data from one location
2	Automation of processes	7	Communication improvement
3	Data consolidation and management	8	Increased awareness
4	Management reporting improvements	9	Total cost of risk reduction/management
5	Risk management process improvement	10	Auditability

These combining to provide you with clear financial benefits in relation to your overall expenditure:



RiskConsole is a flexible solution designed on a series of interrelated, integrated modules focused on the risk activity of most importance for our clients. By building on the processes you currently have in place we will empower you with the following capabilities:

- ✓ **Improved efficiencies** – automating the collection, collation and distribution of information.
- ✓ **Industry-leading reporting and analytics** – enabling better informed business decision making.
- ✓ **Reduce TCOR** – by providing accurate, timely and auditable insurance and risk information.

Built specifically for the risk and insurance market, RiskConsole consolidates and processes your risk and insurance data into useful and actionable information. RiskConsole gives you the ability to identify patterns and trends in your data quickly, ultimately providing you with a deeper understanding of risks your organisation faces.

RiskConsole includes a range of integrated analytics tools, so users can compare specific business lines and identify correlations across the organization's entire operations. Built-in geographic mapping capabilities help decision making by allowing aggregated and proximity risk situations to be identified, assets to be related to their risk level for natural catastrophe hazards and proximity alerts to be generated.

With ready-to-go packages that address an organization's typical needs, it's easy to get the right solution. As a modular system, RiskConsole makes it easy to get started with your key priorities right out of the box. Self-service tools allow you to tailor the system to meet your specific needs. And, as your business requirements change, RiskConsole grows and adapts with you.

Accessing RiskConsole

RiskConsole is a 100% online platform - known as a 'software as a service' (SaaS). The system can be accessed from any internet connected device (including smartphones and tablets) enabling you to obtain your insurance information, documentation and reporting anywhere in the world and at any time.

RiskConsole is accessed using your web-browser and secure login details (email address and password).

No software or tools need to be installed on the client computer systems.

RiskConsole Security

Ensuring the security of your data is of critical importance to Ventiv Technology. We take information security exceptionally seriously and are pleased to offer our clients a world-class, market leading security infrastructure.

Ventiv Technology holds a number of key information security accreditations including **ISO 27001**, the highest global security standard available. This standard covers not only our systems, but also our processes and people. Additionally Ventiv holds **HIPPA** and **SSAE-16/SOC1** certifications too.

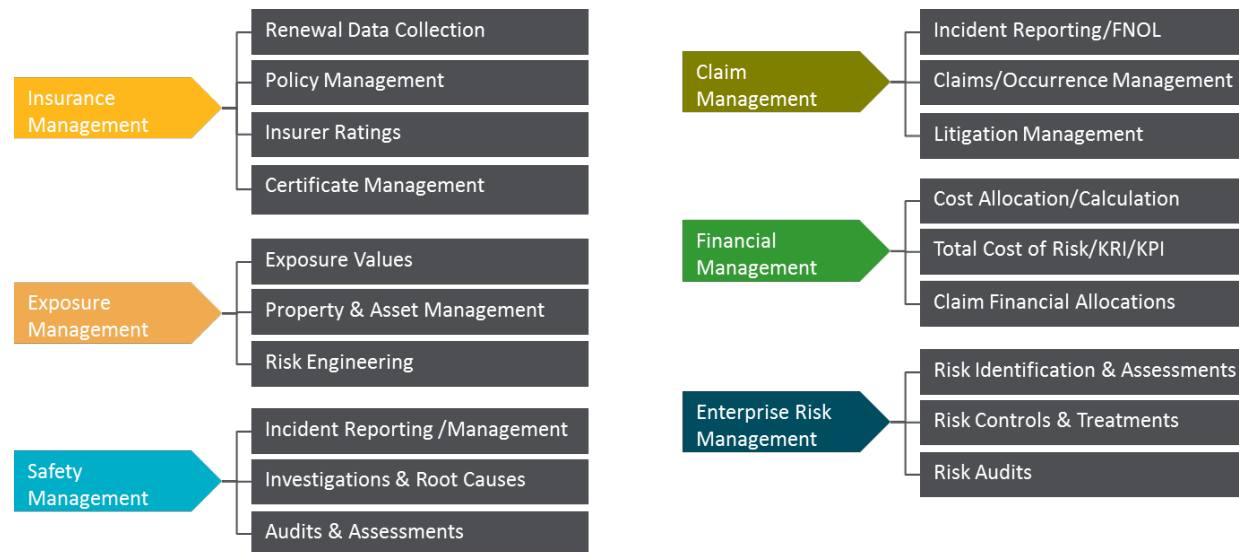
Clients have a choice of data centers with a US (based in Atlanta) and EU (based in Dublin) data centers and unlike some other providers within the risk technology marketplace, Ventiv's entire infrastructure is entirely owned by us. We do not use or rely on third-party providers for any of our system architecture or infrastructure.

Full security and accreditation details can be provided on request.

Modules & Capabilities

RiskConsole consists of a large number of ‘modules’ that cover the various work streams and activities undertaken by Risk & Insurance Managers. This modular flexibility allows clients to implement various capabilities in a phased approach aligned to their own business priorities.

All RiskConsole modules are completely integrated and work seamlessly with each other.

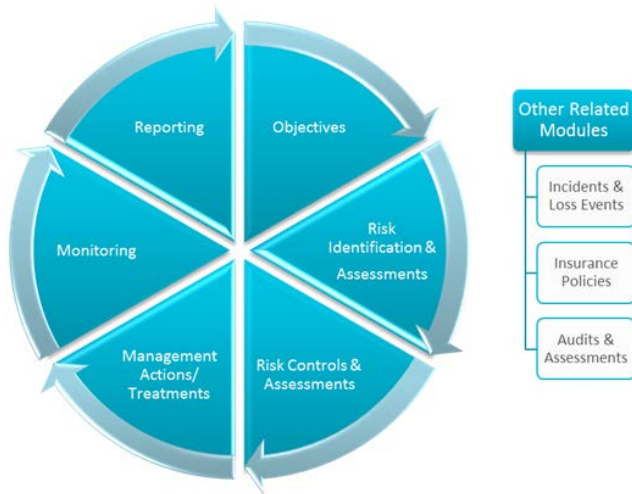


CSURM RiskConsole Administrator will have ultimate control over the system and how it is configured, including ability to add, update and remove users, legal entities, units, objects, data fields, workflow and reports. The administrator will also have the ability to delegate this work out to other individuals based on system security rules and privileges.

What follows is a more detailed look at the various RiskConsole modules we feel will be of immediate benefit to you.

Enterprise Risk Management

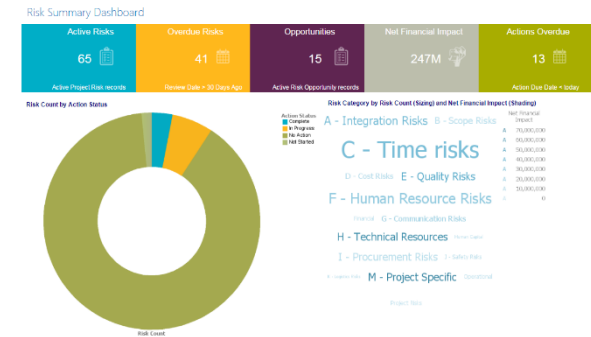
Empowering the managing of risk across your enterprise



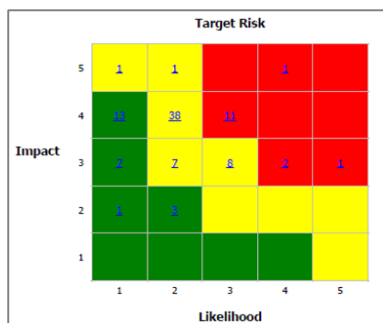
In today's world there is an even greater need to understand the risks facing an organization on an enterprise basis. Managing Risk Registers on a global scale via spreadsheets can be resource intensive and unreliable. By implementing a robust reliable online tool for recording and consolidating risks facilitates improved management of risks, strategic decision making, and monitoring preventative measures (controls) and actions.

RiskConsole's ERM module is simple, clear, scalable, easily accessible and flexible. Delivering a transparent and auditable process that can be included as part of a formal corporate governance and rating submission.

- ✓ Integrate ERM and insurance management activities.
- ✓ More efficient with better workflow, automatic reminders and chasers, and seamless consolidation, aggregation and reporting.



- ✓ Roll out ERM across your enterprise; embed risk management and drive best practice.
- ✓ Maximize the value of your ERM process with improved real-time reports and analytics to help make better risk based decisions.



Features include:

- Full hierarchy support covering business, objectives, categorizations and other contexts like projects.
- Full audit trail and tracking of assessments over time to easily track changes in risk landscape and identify developing risks.
- Supports escalation of risks up your organisation or establishing a risk linkage for aggregating risks.
- Linked with RiskConsole's powerful reporting and analytic capabilities for risk maps, risk registers, risk plots, per risk profiles, top risk reductions, and spider charts for landscape views.

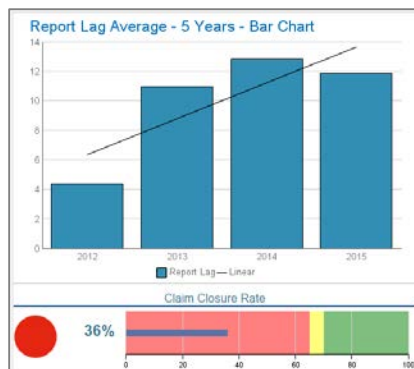
Claims Management

Capturing, managing and reporting claims information provides a deeper understanding of risks your organization faces

Working with more accurate, complete and reliable data helps identify claim trends, establish accurate reserves and adds the ability to perform root cause analysis. All these activities identify key drivers for optimizing loss investment control and gauging the best split between retention and transfer of risk.

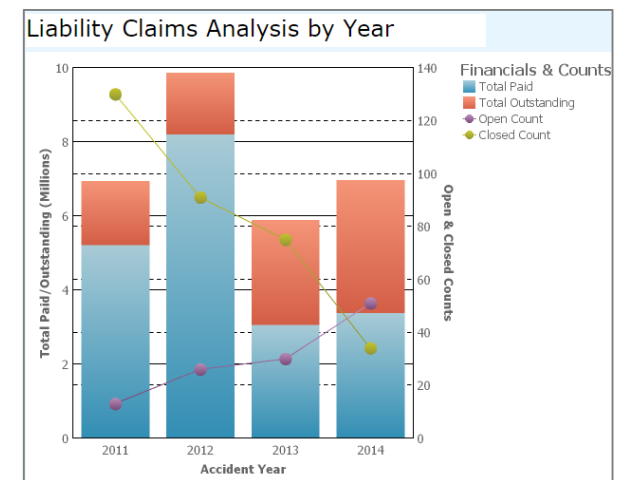
Whether you self-administer claims or rely on a third party claims administrator, RiskConsole’s Claims module allows you to be in control of your claim situation with one consolidated central repository. The Claims module is a comprehensive claims management system where records can be viewed, added, edited, and removed. In addition to the standard claims data fields there are an abundance of customizable data fields which can be used to support your claims management process.

- ✓ **Reduce reporting costs** Expedite incident/claim reporting to reduce claim reporting costs and effort for the whole organization, plus gather the quality data you've always dreamed of!
- ✓ **Improve your operational and financial performance:** Your claims financial performance is a critical component of total cost of risk. Optimize your claims handling process, and transform raw claims data into actionable business intelligence.
- ✓ **Proactive loss control:** Track trends and identify patterns to proactively avoid incidents and reduce claims.
- ✓ **Maximize the impact of your legal and service provider spend:** Proactively manage your legal and service providers against their service levels. Strategically manage legal matters with greater insight into performance, expenses and risk.



Features include:

- Very flexible ability to automatically consolidate and intake claims information from multiple sources into the system, including manual entry and from a wide variety of TPAs and insurers, or a combination of the two as appropriate.
- Supports a full range of Claim types with specific information and business rules.
- Track reserves and payment changes, with approval processes, full history and accounting integration options.
- Full claim lifecycle workflow support including diary (plus automatic), notes, and associated documentation (including form letters and e-mail in).



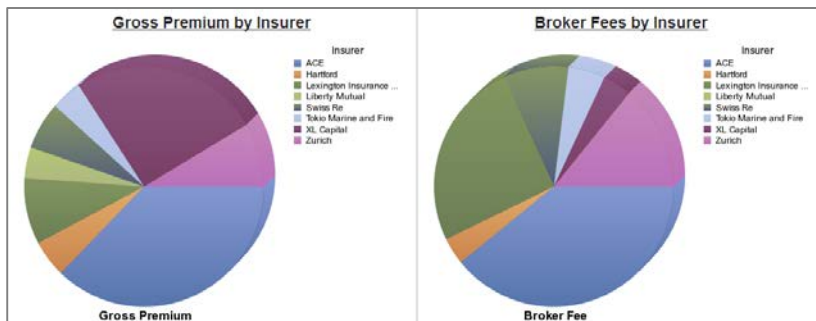
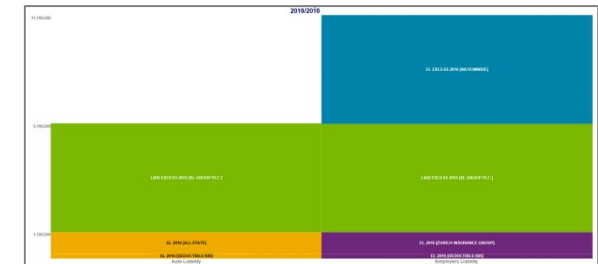
Policy Management

A Holistic approach to managing policies and insurance programs

With the increasing globalization of organizations, managing your insurance requirements has become more complicated. Ensuring adequate cover is in place globally whilst remaining compliant with local territory regulations is complex enough without also having to monitor erosion of policy limits.

The Policy Management module helps you maximise the coverage for your premium spend. Managing your organization’s insurance policies, including premiums, limits & conditions, loss ratios, aggregate erosion, premium flows, and insurer exposure.

- ✓ **100% visibility:** understand globally the policies you have in place, the cover and premium expenditure, insurers used and make informed decisions.
- ✓ **Spot coverage gaps and overlaps:** with a transparent view on your policy and program structure, eliminate duplicate policies, eliminate coverage gaps and identify opportunities for new global cover.
- ✓ **Monitor Policy Performance:** understand your policy loss ratios and help target poor performing areas plus keep a tight track on any aggregate positions.
- ✓ **Streamline certificate management:** significantly cut the time and effort needed to manage certificates of insurance. Define custom insurance requirements. Track vendor compliance. And it’s all auditable and traceable.
- ✓ **Protect against credit exposures:** understand your organization’s insurer rating exposures. Be proactive in monitoring your insurers’ financial ratings; especially for historic programs and external vendors/contractors policies.



Features include:

- Manage program structures and visualise via automatically generated mud maps
- Track policy limits/sub-limits, deductible levels and retention limits including variances by organisation and exposure with associated erosion tracking.
- Cater for simple and complex covers, including multiple year and multiple coverages.
- Cover lifecycle of a policy, with renewal support and endorsement tracking for mid-term adjustments.
- Manage fronting, coinsurance and reinsurance and respective participation.

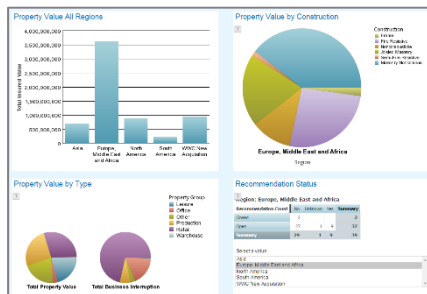
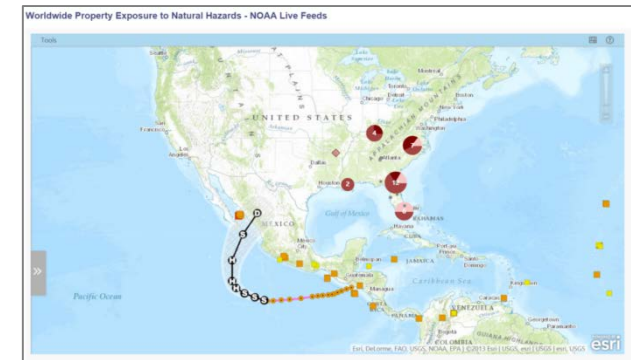
Exposure Management (Property)

A proactive exposure risk control system to enable a stronger negotiating position for risk transfer

Risk managers often face the challenge of effectively managing risks associated with a large and diverse property & asset portfolio. Providing complete risk profiles of each property supplies underwriters with the quality data they need strengthening your negotiating position for securing the best property premium rates.

The Property Module is a flexible comprehensive property management system capturing all Construction, Occupancy, Protection and Exposure (COPE) information and providing visibility of what you own, lease or operate. With location references as well as property/asset purposes, valuation method, and insurance policy details all recorded; helpful when understanding the impacts from major events.

- ✓ **Understand the global profile of your risks:** With exposures and assets stretched across nations, identifying all the detailed exposures and assets, with their relative exposure to hazards and perils allows the risk manager to make informed decisions about managing their risks.
- ✓ **Maximize the value of your risk improvement program:** With a fully transparent risk profile, you can get better insights on where to invest your loss control budget to get the most value.
- ✓ **Get the optimal coverage limits and terms:** With a comprehensive and timely landscape view of your exposure and asset portfolio, you can have the correct insights for discussions with your risk advisors.
- ✓ **Streamline your exposure-management processes:** RiskConsole helps risk managers administer and automate the exposure-management process by driving data collection responsibility to field users knowledgeable of their exposures with real-time tracking/reminders to ensure completion.



Features include:

- Track multiple loss estimates including; EML (estimated maximum loss), PML (probable maximum loss) and NLE (normal loss expectancy).
- Benchmark similar facilities and equipment against each other, as well as past performance. Measure key metrics while also identifying trends.
- Managing summarised exposure values like vehicle numbers, payroll, and hours worked with custom support and use in weighted reporting.
- Track other detailed exposures like fleet, drivers, contracts, projects, employees, energy assets, marine assets, aviation assets, etc.

The Exposure Management module can be used stand-alone. However, it's far more powerful when linked to other modules in RiskConsole; e.g. engineering surveys, loss control recommendations, claim, policy, safety and incident.

Pricing Proposal

Here is the proposed pricing by phases.

I. Phase 1: implement policy management.

- Modules:
 - Policy Management:
 - Implementation including config, reporting, testing, project management, and training: \$5,500
 - Annual Ongoing: \$3,250
- User Licenses:
 - 1 Administrator, 2 Full Users w/ reporting, 15 Lite Users:
 - Implementation including config, testing, project management, and training: \$11,000
 - Annual Ongoing: \$4,920
- Data Loads:

Description	Layout	Frequency
Hierarchy from iVOS	Standard	Quarterly

- Implementation including setup, testing, and project management: \$10,000
- Annual Ongoing: \$1,950
- Project Management Status/Planning: 30 hours \$5,850
- Managed Service Hours: 40 hours \$7,800
- Hosting: \$3,000
- Stewardship:
 - Onsite meeting once per year to discuss product and organization roadmap: \$1,560
 - Travel: \$3,000
- **Total Implementation: \$32,350**
- **Total Annual Ongoing (MSH, Hosting, Stewardship, Annual Ongoing): \$25,480**

II. Phase 2: implement claim management and data loads.

- Modules:
 - Claim Management:
 - Implementation including config, reporting, testing, project management, and training: \$12,000
 - Annual Ongoing: \$1,170

- Data Loads:

Description	Layout	Frequency
AORMA WC	Standard	Quarterly
Campus WC	Standard	Quarterly
Carl Warren AORMA Liability	Standard	Quarterly
iVOS Campus Liability	Standard	Monthly

- Implementation including setup, testing, and project management: \$52,000
- Annual Ongoing: \$18,525
- Project Management Status/Planning: 30 hours \$5,850
- Managed Service Hours: 26 hours \$5,070
- **Total Implementation: \$69,850**
- **Total Annual Ongoing (MSH, Annual Ongoing): \$24,765**

III. Phase 3: implement exposure summary, property management, and data loads.

- Modules:
 - Exposure Summary:
 - Implementation including config, reporting, testing, project management, and training: \$3,000
 - Annual Ongoing: \$1,500
 - Property Management:
 - Implementation including config, reporting, testing, project management, and training: \$5,500
 - Annual Ongoing: \$3,250

- User Licenses:
 - 5 Lite Users:
 - Implementation including config, testing, project management, and training: \$2,500
 - Annual Ongoing: \$350

- Data Loads:

Description	Layout	Frequency
Oasis AORMA Property	Standard	One-Time
Oasis Campus Property	Standard	One-Time
AIME Policy HSR/AG	Standard	Quarterly
ClubSports Policy HSR/AG	Standard	Quarterly
Alliant Property	Standard	Quarterly
CA State-ORIM Property	Standard	Quarterly

- Implementation including setup, testing, and project management: \$52,000
- Annual Ongoing: \$7,800
- Project Management Status/Planning: 30 hours \$5,850
- Managed Service Hours: 31 hours \$6,045
- Hosting: \$2,000
- **Total Implementation: \$68,850**
- **Total Annual Ongoing (MSH, Hosting, Annual Ongoing): \$20,945**

IV. Complete Project Summary:

- Modules:
 - Policy Management
 - Claim Management
 - Exposure Summary
 - Property Management

- User Licenses:
 - 1 Administrator
 - 2 Full w/ reporting
 - 20 Lite
- Data Loads:

Description	Layout	Frequency
Hierarchy from iVOS	Standard	Quarterly
AORMA WC	Standard	Quarterly
Campus WC	Standard	Quarterly
Carl Warren AORMA Liability	Standard	Quarterly
iVOS Campus Liability	Standard	Monthly
Oasis AORMA Property	Standard	One-Time
Oasis Campus Property	Standard	One-Time
AIME Policy HSR/AG	Standard	Quarterly
ClubSports Policy HSR/AG	Standard	Quarterly
Alliant Property	Standard	Quarterly
CA State-ORIM Property	Standard	Quarterly

- Project Management Status/Planning: 90 hours
- Managed Service Hours: 97 hours
- Hosting
- Stewardship
- **Total Implementation: \$171,050**
- **Total Annual Ongoing: \$71,190**

CAMPUS WORKERS' COMPENSATION PROGRAM
AGGREGATE STOP LOSS COVERAGE STATUS (PARCEL)

ISSUE: CSURMA purchased an Aggregate Stop Loss insurance policy known as the Pool Aggregate Retention Casualty Excess Loss (PARCEL) from Safety National Casualty Company. PARCEL caps the Campus Workers' Compensation risk pool's claims liabilities to a maximum of \$101,000,000 total for the six (6) year period beginning July 1, 2002 to June 30, 2008. Thereafter, PARCEL pays up to \$16,000,000 in additional claim liabilities. PARCEL is triggered once \$101,000,000 has been paid by the Campus WC risk pool on claims with dates of injury within the six year coverage period. PARCEL reduces the Campus WC risk pool's claim liabilities and solidifies CSURMA's financial position, thus assuring program stability and campus budget stability. The additional coverage limit boosts the risk pool's funding from 70% to 90% actuarial confidence. Staff will provide a status report on claims payments as of June 30, 2016 and the ongoing claims monitoring process as respects PARCEL.

RECOMMENDATION: No action requested. This item serves to inform the Executive Committee on the aggregate claim status as respects PARCEL.

FISCAL IMPACT: None. The cost for PARCEL was paid in FY 2009-10.

BACKGROUND: CSURMA has been providing coverage for the Campus Workers' Compensation program since 1997, including all prior Workers' Compensation claim liabilities from the campuses. CSURMA's liability is limited to a Self-Retention limit, which has increased from \$350,000 to \$2,500,000 over the years. Claims in excess of the Self-Retention limit are covered by commercial excess carriers.

PUBLICATIONS: None

ATTACHMENT(S):

- a. 2002-08 Campus WC Aggregate Loss Status at June 30, 2016

CSURMA - Campus WC Aggregate Stop Loss Coverage
Safety National (PARCEL)
Policy #: FCA-3E22-CA

Policy Year	SIR	LIMITED PAID LOSSES			
		at 6/30/2009	at 6/30/2014	at 6/30/2015	at 6/30/2016
2002-03	\$ 350,000	21,349,613	23,411,311	23,400,074	23,889,595
2003-04	\$ 1,000,000	15,129,950	16,928,544	17,077,476	17,896,911
2004-05	\$ 2,500,000	9,124,427	11,322,089	11,476,662	11,674,938
2005-06	\$ 2,500,000	8,235,764	12,696,286	13,101,908	13,453,073
2006-07	\$ 2,500,000	7,077,017	11,202,391	11,554,757	11,907,086
2007-08	\$ 2,500,000	5,856,990	13,238,256	13,782,629	14,369,269
TOTAL		\$ 66,773,761	\$ 88,798,877	\$ 90,393,506	\$ 93,190,872
Aggregate Attachment:		\$101,000,000			
Aggregate Balance:		\$34,226,239	\$12,201,123	\$10,606,494	\$7,809,128

Policy Year	SIR	LIMITED INCURRED LOSSES			
		at 6/30/2009	at 6/30/2014	at 6/30/2015	at 6/30/2016
2002-03	\$ 350,000	23,460,317	24,750,382	24,795,213	24,704,944
2003-04	\$ 1,000,000	16,968,688	18,822,334	18,799,146	18,648,550
2004-05	\$ 2,500,000	11,563,836	12,669,426	12,185,061	12,829,192
2005-06	\$ 2,500,000	11,148,853	14,684,172	14,769,790	15,542,352
2006-07	\$ 2,500,000	10,188,495	13,047,135	13,291,754	13,967,833
2007-08	\$ 2,500,000	10,514,520	15,432,610	16,153,052	16,513,475
TOTAL		\$ 83,844,709	\$ 99,406,059	\$ 99,994,016	\$ 102,206,347
Aggregate Attachment:		\$101,000,000			
Aggregate Balance:		\$17,155,291	\$1,593,941	\$1,005,984	(\$1,206,347)

Coverage Limit Excess of Stop Loss: \$16,000,000

PARCEL applies to Policy Years 7/1/02 to 6/30/08 (Liability Period)

Claims Reporting: Quarterly Loss Runs concurrent with the Liability Period

Source: CSU WC Claims Runs (Sedgwick CMS)

MASTER OUT-OF-STATE ONLINE EDUCATION SURETY BOND

ISSUE: As a long range planning goal, the Executive Committee directed staff to research the CSU's out-of-state online education activities, determine out-of-state surety requirements for online education, and develop a master out-of-state online education surety bond for all CSU campuses where possible. Staff will provide a report of its findings and present possible opportunities for a master bond.

RECOMMENDATION: The Executive Committee may wish to take action at today's meeting and/or provide direction to staff on next steps.

FISCAL IMPACT: TBD. The Executive Committee may decide that campuses pay their portion of the surety bond premium directly, or if the action taken today results in additional cost to CSURMA, a budget will be presented to the Executive Committee as a midterm budget amendment.

BACKGROUND: Some states require out-of-state institutions who provide educational services in their state to provide a surety bond for the benefit of that state. CSU campuses who provide online education to students residing outside the State of California have been securing the required bonds individually, and on a state-by-state basis.

PUBLICATION: None.

ATTACHMENT(S): None.

RISK PROGRAM BENCHMARKING AND TREND ANALYSIS PROJECT UPDATE

ISSUE: At its March 11, 2016 Long Range Planning meeting, the Executive Committee determined CSURMA should establish a regular practice of benchmarking the performance of CSURMA's coverage programs to internal and external standards, which should help identify claim trends and enable CSURMA to proactively manage loss exposures. Staff will provide a status report at today's meeting, including:

1. CSURMA membership in the California Workers' Compensation Institute (CWCI), a statewide database on claims costs. Membership allows enables CSRMA to evaluate claims experience of CSU campuses and auxiliary organizations against similar institutions.
2. Systemwide Risk Management development of performance measurement standards and balanced scorecards, which will include benchmarks for CSU's Liability, Property, Workers' Compensation, and AIME coverage programs.
3. Systemwide Risk Management development of data sharing protocols with other universities, including the University of California System.

RECOMMENDATION: The Executive Committee may wish to take action at today's meeting or provide direction to staff on next steps.

FISCAL IMPACT: No cost is anticipated from action at today's meeting. If action is expected to result in additional cost, a budget will be presented to the Executive Committee as a midterm budget amendment.

BACKGROUND: CWCI is a not-for-profit organization supported by member contributions. Insurers and self-insurers contribute data to the CWCI data warehouse and are granted access to prepare reports comparing their data to similar employment categories, with names of claimants and employers kept confidential. CWCI database is now populated with CSU data for comparative analysis and allows staff to identify performance measures. Using this data, CSU would be able to identify types of claims and specific geographic regions where improvement may be achieved. The University of California has agreed to join CWCI and contribute their claims data, which should provide even more valuable benchmarking opportunities for CSU.

PUBLICATION: None.

ATTACHMENT(S): None.

CSURMA COMMUNICATION AND OUTREACH PLAN

ISSUE: The Executive Committee identified CSURMA Communications and Outreach Plan as a long range goal for FY 16/17. Staff has identified the following strategies for an effective communication plan to keep all members apprised of CSURMA resources:

- ✓ Annual meeting offered to Campus VP's and Risk Managers
- ✓ At a minimum, quarterly updates through the CSURMA Newsletter
- ✓ CSURMA informational presentations (via webinar at least twice per year)
- ✓ 30 minute teleconference with all Campus VP's, Risk Managers and Auxiliary Staff regarding the Praesidium contract services

RECOMMENDATION: Staff recommends that the Committee discuss the CSURMA Communication and Outreach Plan and provide direction as appropriate.

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

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

RISK MANAGEMENT INNOVATION GRANT PROGRAM

ISSUE: The Risk Management Innovation Grant Program makes funds available for Campus members in the Liability and Workers' Compensation programs to supplement Campus costs for innovative safety-related items and/or training that lead to mitigation of risk exposures, and which may also reduce risk for other campuses systemwide. A maximum of \$10,000 per campus in matching grant funds was made available for FY 2016/17. Four campuses submitted a total of \$98,000 grant requests for Executive Committee's review and approval at today's meeting.

RECOMMENDATION: The Executive Committee is asked to review and approve the Campus' risk management grant requests as it deems appropriate.

FISCAL IMPACT: \$240,000 has been budgeted for FY 2016/17.

BACKGROUND: The Risk Management Innovation Grant Program was established by the Executive Committee on September 13, 2013. The program makes funds available to Campus members in the Liability and Workers' Compensation coverage programs for specialized training, safety equipment, physical improvements, or other safety related items that may lead to mitigation of risk exposures.

PUBLICATION: None.

ATTACHMENT(S):

- a. Summary of Applications
- b. Completed Applications Submitted by Campuses
- c. Risk Management Grant Program Description and Procedures

FY 2016-17 Campus Risk Management Innovation Grant Program

Campus	Date of Application	Provider	Description	Estimated Start Date	Estimated Completion	Estimated Cost	Requested Amount	Approved by EC	Approved Amount	Invoice Received	Grant Payment	Comments
Sep 23, 2016 EC												
Bakersfield	8/31/16	BullsEx	Fire Extinguisher Training			\$ 16,000	\$ 8,000	TBD				Tim Ridley
Long Beach	8/24/16	BPS Tactical, Inc.	UPD External Vest Carrier	10/1/16		\$ 10,000	\$ 5,000	TBD				Peer Gerber
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	TBD				Kevin Brady (EHS Director)
San Luis Obispo	8/31/16	Ergonomist TBD	Risk assessmernt and program development to reduce repetitive and strenuous work tasks of housekeeping and custodial staff	1/1/17		\$ 30,000	\$ 10,000	TBD				David Korpan

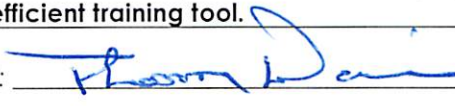


California State University Risk Management Authority

Campus Risk Pools Grant Application

Safety & Risk Control, Employee Health & Wellness

Please Complete All Fields

Campus/Working Group: California State University Bakersfield		Date: August 19, 2016
Contact: Tim Ridley	Phone: 661-654-6320	Email: Tridley1@csub.edu
Grant Requested for (please describe): Initial and annual fire safety extinguisher training		
Planned Date of Purchase (Please attach cost estimate):	Amount Requested (Up to \$10,000 per fiscal year - please see guidelines at the bottom): \$8000	
This is a (check all that apply):		
<input type="checkbox"/> Service	<input type="checkbox"/> Software	<input checked="" type="checkbox"/> Equipment
<input checked="" type="checkbox"/> Training	<input type="checkbox"/> Safety Program Development	<input checked="" type="checkbox"/> Safety Program Management
<input type="checkbox"/> Safety Consulting	<input type="checkbox"/> Other (please describe):	
Please describe how this will improve or enhance your risk control efforts:		
The Laser-Driven Fire Extinguisher Training System will improve and enhance our ability to provide safe, hazard free, hands-on training. It will increase our level of preparedness for those initial action that are needed in case of a fire. This training tool will allow training to occur indoors, provide record keeping and eliminates the need for time consuming cleanups. It's a safe and efficient training tool.		
Signature (VP- Business & Admin, or designee): 		
(Member submission only)		
Date: August 19, 2016		
Please submit your completed Grant Application to Rob Leong at: (email) rleong@alliant.com or (fax) 415-874-4810		
<ol style="list-style-type: none"> CSURMA grants are available to all CSU campuses to supplement member costs for Safety & Risk Control and/or Employee Health & Wellness projects. 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. 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. Applications may be submitted for pre-approval by CSURMA prior to member incurring costs for project described above. Applications must be signed by the Campus VP of Business & Finance or designee. Applications must be submitted during the same fiscal year that the project expense is incurred. Applications must include supporting documents such as: <ol style="list-style-type: none"> detailed description of the proposed project anticipated timeline for completion of project estimated total cost for the proposed project Members working collaboratively via the Risk Managers and/or Environmental Health & Safety working groups (CSUWERCS) may complete a Grant Application for unencumbered funds that would be applicable to systemwide risk mitigation endeavors. Other than item 5, the requirements remain the same. 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. This program is intended to encourage members to enhance existing risk control efforts. Please feel free to contact the Program Administrator to discuss whether an item or service is eligible for reimbursement prior to submitting a request form. It is the member's responsibility to obtain confirmation from CSURMA that all reimbursement requests submitted were received by CSURMA. Please contact Rob Leong at 415.403.1441 or rleong@alliant.com if you have any questions. 		

 **BullsEye**

THE NEXT LEVEL OF EXTINGUISHER TRAINING IS HERE

Conduct important OSHA required fire extinguisher training with your entire staff, anytime, anywhere with the innovative **BullsEye™** Laser-Driven Fire Extinguisher Training System.

BullsEye uses advanced laser technology to simulate the discharge of actual extinguishers for a completely clean, safe and cost effective training experience. BullsEye senses where the user aims and sweeps a laser training extinguisher and automatically varies the LED driven digital flames in response to teach trainees the proper P.A.S.S. technique. Integrated smoke generation and sound effects add even more realism to your training.

Train with BullsEye using our laser driven extinguisher or the compressed air and water SmartExtinguisher®.

Because the BullsEye allows you to train in any setting, your employees can learn the proper operation of a fire extinguisher in their actual work environment — next to their desk, in a supply closet, or on the production floor — for a completely clean and safe training experience.

[BULLSEYE FEATURES

CLEAN

The BullsEye extinguisher uses a conical laser to replicate discharge rather than depending on an actual extinguisher. Our non-toxic smoke does not leave a residue.

CONTINUES >>

COST EFFECTIVE

In most cases, organizations can save more than the cost of a training system in the first year alone. Laser-driven training extinguishers eliminate the need for costly extinguisher recharging. Training officers spend less time setting up and cleaning up, and employees downtime is minimal, allowing you to train more people in less time.

SAFE

Utilize LED-driven digital flames and a laser training extinguisher to provide a dynamic and realistic simulation for trainees while eliminating the hazards associated with conventional fire extinguisher training.

REALISTIC

The BullsEye panel emits realistic fire sounds related to the class of fire selected in addition to the extinguisher's sound effects. BullsEye extinguishers are set to discharge for the same amount of time as a real extinguisher, and are weighted accordingly (5, 10, or 20 lb.) to closely simulate actual extinguishers. Smoke generation is tied to the size of the fire and time since ignition to further enhance the realism of the evolution.

TRAINING RECORD COLLECTION

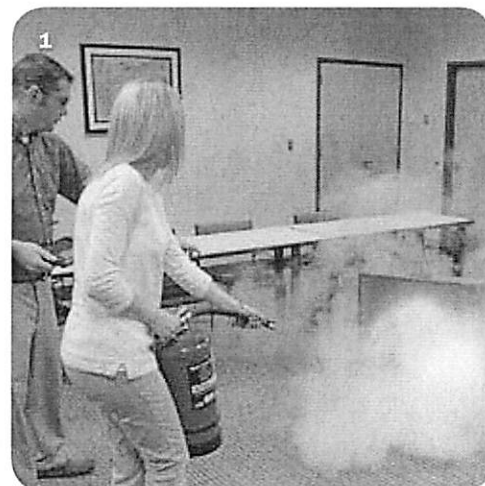
BullsEye makes it easy to record and monitor a trainee's progress. Keep track of trainee name, training date, class of fire and difficulty. Easily export records for sharing and printing certificates.

SCENARIO CUSTOMIZATION

Scenario Customization allows instructors full control over each evolution, including which extinguishers will be effective, the effective distance, and time the trainee has to put the fire out. Create scenarios and save them for future use.

BULLSEYE ADVANTAGES

- Allows training to take place entirely indoors, in any environment.
- Training record collection simplifies certificate completion for safety officers.
- Train an unlimited number of employees, and allow each trainee multiple turns with the extinguisher to build muscle memory
- Laser-driven extinguishers eliminate the need for time consuming cleanup
- Simulate class A, B and C fires at ten difficulty levels.



① Classroom training with BullsEye
② Healthcare training featuring BullsEye laser extinguisher



FIND OUT WHY

THOUSANDS OF CORPORATIONS, UNIVERSITIES, HOSPITALS, FIRE DEPARTMENTS AND GOVERNMENT AGENCIES ARE USING BULLEX SIMULATORS. FOR A DEMONSTRATION VIDEO AND MORE INFORMATION:

☎ CALL 1-888-4BULLEX / 518-689-2023

🌐 ONLINE at WWW.BULLEX.COM

BULLSEYE™
[BASE PACKAGE]

P/N: BE002 • PRICE: \$9,895



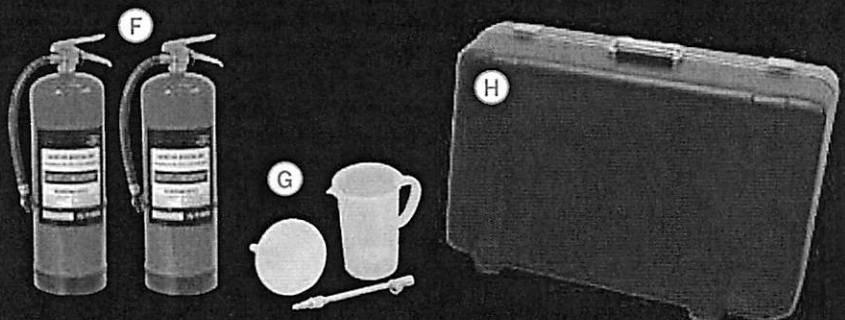
- (A) BULLSEYE BASE UNIT**
 The BullsEye training system senses where the user aims and sweeps the laser-driven extinguisher and automatically varies the LED driven digital flames in response. Rugged stainless steel construction makes the BullsEye system highly portable.
 - (B) BULLSEYE 5 LB. LASER EXTINGUISHER**
 The laser-driven extinguisher has the same weight, feel and discharge time as a typical 5 lb. extinguisher. Upgrade to a 10 or 20 lb. laser extinguisher — call for details.
 - (C) STANDARD REMOTE**
 Start and stop training evolutions, select class of fire and change fire difficulty settings.
 - (D) POWER SUPPLY**
 Continuously run the BullsEye system.
 100V/240V AC at 50/60 HZ — 2 Amps.
 - (E) BULLSEYE EXTINGUISHER CARRYING CASE**
 This industrial grade, high impact plastic case can be used to conveniently transport two BullsEye extinguishers. Locking latches provide safe and secure storage of the extinguishers when not in use.
- LIMITED TWO YEAR WARRANTY

[OPTIONAL ACCESSORIES — WATER PACKAGE]

PRICE: \$995 • P/N: BE002WP

Upgrades BullsEye panel with thermal sensors to detect water application. Package includes two SmartExtinguishers, Recharge Accessories and an Industrial Grade Extinguisher Carrying Case.

- (F) TWO 7X SMARTEXTINGUISHERS**
- (G) RECHARGE ACCESSORIES**
- (H) EXTINGUISHER CARRYING CASE**



BULLSEYE™ [TRAINER'S PACKAGE]

P/N: BE002TP • PRICE: \$14,995



A BULLSEYE BASE UNIT

The BullsEye training system senses where the user aims and sweeps the laser-driven extinguisher and automatically varies the LED driven digital flames in response. Rugged stainless steel construction makes the BullsEye system highly portable.

B CHOICE OF TWO BULLSEYE LASER EXTINGUISHERS

The BullsEye laser extinguisher uses a conical laser to replicate an actual extinguisher and operates with rechargeable on-board batteries.

C STANDARD REMOTE

Start and stop training evolutions, select class of fire and change fire difficulty settings.

D POWER SUPPLY

Continuously run the BullsEye system. 100V/240V AC at 50/60 HZ – 2 Amps.

E BULLSEYE EXTINGUISHER CARRYING CASE

This foam-lined industrial grade, high impact plastic case can be used to conveniently transport two BullsEye extinguishers of any combination. Locking latches provide safe and secure storage of the extinguishers when not in use.

F BULLSEYE TRANSPORT CASE

This industrial grade, high impact plastic transport case can be used to quickly and easily transport BullsEye to and from various training sites. Includes built in wheels, custom foam and cutouts for controller and cables.

G IPAD AND TABLET CONTROL

With the tablet control, instructors can specify fire class, choose difficulty, flare up, die down or add smoke to the evolution. The included iPad mini is equipped with a water and shock proof case.

H TRAINING RECORD MANAGEMENT

Roster management allows instructors to keep track of trainees and their performance over time. Track training details and export them to a USB memory device for sharing, record keeping, and printing certificates of completion.

I SCENARIO CUSTOMIZATION

Scenario customization allows instructors to create scenarios and save them for future use. Additionally, instructors can customize the effective distance of each extinguisher, which extinguisher(s) can be used to put the fire out, and how much time a trainee has to extinguish the flames.

J NFPA® FIRE EXTINGUISHERS AT WORK DVD/VHS

This presentation draws on the requirements in *NFPA 10: Portable Fire Extinguishers*, the Standard referenced by OSHA in developing its regulations. Covers everything from portable extinguisher basics to advanced strategies for workers in industrial environments. (17 min.)

- LIMITED FIVE YEAR WARRANTY

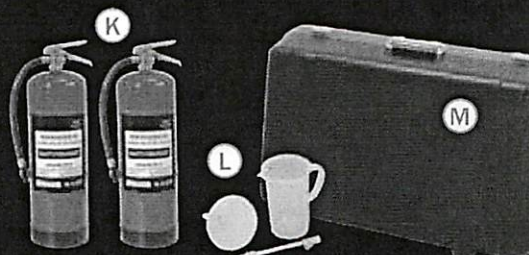
[OPTIONAL ACCESSORIES — WATER PACKAGE

PRICE: \$995 • P/N: BE002WP

K TWO 7X SMARTEXTINGUISHERS

L RECHARGE ACCESSORIES

M EXTINGUISHER CARRYING CASE



DIGITAL FIRE: [RECOMMENDED ACCESSORIES

A BULLSEYE™ DRY CHEM LASER EXTINGUISHERS

Laser-driven extinguishers which emit an intense laser pattern and sound effects to simulate an actual extinguisher.

5 LB. DRY CHEM BULLSEYE EXTINGUISHER — P/N: BEE05 RF • PRICE: \$900

Laser-driven extinguisher which simulates an actual 5 lb. extinguisher.

10 LB. DRY CHEM BULLSEYE EXTINGUISHER — P/N: BEE10 RF • PRICE: \$1,200

Laser-driven extinguisher which simulates an actual 10 lb. extinguisher.

20 LB. DRY CHEM BULLSEYE EXTINGUISHER — P/N: BEE20 RF • PRICE: \$1,200

Laser-driven extinguisher which simulates an actual 20 lb. extinguisher.

B BULLSEYE CO₂ LASER EXTINGUISHERS

Laser-driven extinguishers which emit an intense laser pattern and sound effects to simulate an actual CO₂ extinguisher.

10 LB. STANDARD CO₂ BULLSEYE EXT. — P/N: CO2BE10 RF • PRICE: \$1,450

Laser-driven extinguisher which simulates an actual 10 lb. extinguisher.

20 LB. STANDARD CO₂ BULLSEYE EXT. — P/N: CO2BE20 RF • PRICE: \$1,450

Laser-driven extinguisher which simulates an actual 20 lb. extinguisher.

C BULLSEYE 5 KG. FIXED HORN — P/N: BEECOF10 RF • PRICE: \$1,200

The laser-driven extinguisher simulates the behavior of an actual fixed horn ext.

D WATER MIST BULLSEYE LASER EXTINGUISHER —

P/N: BE002WME RF • PRICE: \$1,200

Laser-driven extinguisher which emit an intense laser pattern and sound effects to simulate an actual water mist extinguisher.

E SMARTEXTINGUISHERS®

Rechargeable training extinguishers with pressure gauge and Schrader recharge valve.

5X SMARTEXTINGUISHER — P/N: SE005XR • PRICE: \$199

Discharges five times before requiring a water refill. Custom colors available.

7X SMARTEXTINGUISHER — P/N: SE007XR • PRICE: \$248

Discharges seven times before requiring a water refill. Custom colors available.

F EXTINGUISHER TAMPER SEALS — P/N: TS001 • PRICE: \$49.95

Lock your extinguisher handles in place for a realistic training experience with these tamper seals (500 per package).

G AIR COMPRESSOR W/ ACCESSORIES — P/N: AC111 • PRICE: \$360

Six gallon air compressor with a maximum of 150 PSI which ships with a premium air hose and brass fitting kit.

H AIR REGULATOR KIT W/ ACCESSORIES — P/N: PR001 • PRICE: \$326.52

Recharge SmartExtinguishers from an SCBA tank (2,216 or 4,500 PSI) with this premium brass, high pressure regulator assembly. Includes brass fittings and a high quality coiled air hose.

I INDUSTRIAL GRADE EXTINGUISHER CARRYING CASE —

P/N: CC057 • PRICE: \$220.88

Foam-lined industrial grade carrying case for two extinguishers (any combination of 5X or 7X SmartExtinguishers and/or 10 lb. or 20 lb. BullsEye extinguishers). Locking latches provide safe and secure storage when not in use.*

J BULLSEYE INDUSTRIAL GRADE TRANSPORT CASE —

P/N: BTC02 • PRICE: \$910

This industrial grade, high impact plastic transport case can be used to quickly and easily transport BullsEye to and from various training sites. Includes custom foam and cutouts for controller and cables.*

K NFPA® FIRE EXTINGUISHERS AT WORK DVD/VHS

This presentation draws on the requirements in NFPA 10: Portable Fire Extinguishers, the Standard referenced by OSHA in developing its regulations. Covers everything from portable extinguisher basics to advanced strategies for workers in industrial environments. (17 min.)

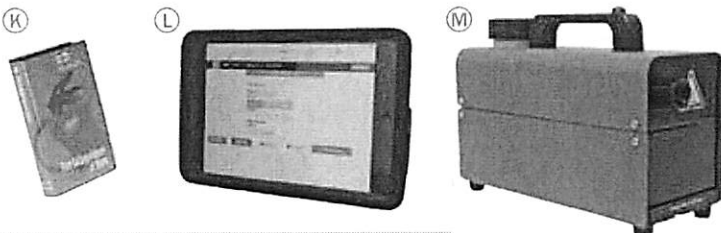
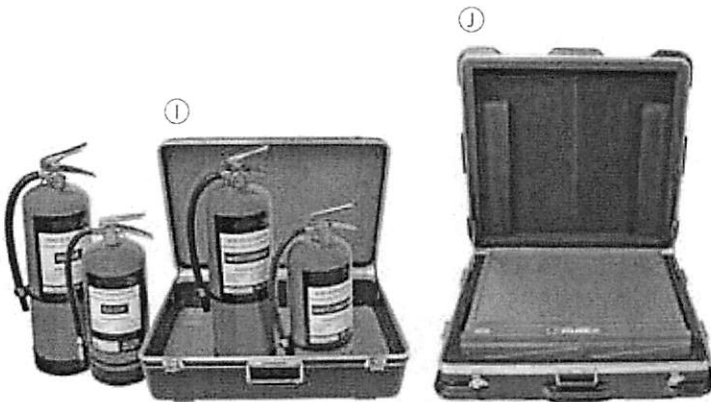
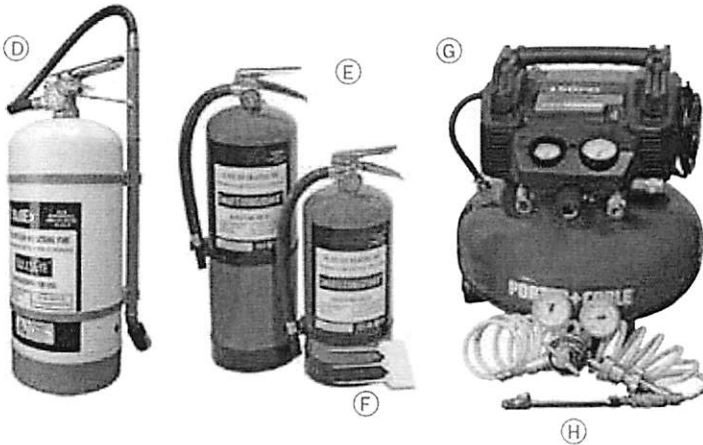
VHS P/N: NFPA01V • Price: \$429.50 • DVD P/N: NFPA02D • Price: \$469.50

L IPAD TABLET — P/N: BE002IMC • PRICE: \$549

With the table control, instructors can specify fire class, choose difficulty, flare up, die down or add smoke to the evolution. The included iPad mini is equipped with a water and shock proof case.

M SMOKE GENERATOR 1000 — P/N: SG1000 • PRICE: \$1,895

This portable, battery-operated smoke generator allows you to conduct training in places where power is not an option.



*ADDITIONAL ITEMS SHOWN NOT INCLUDED.

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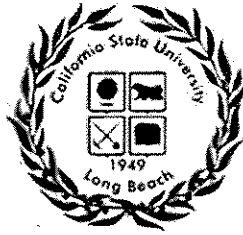
California State University Risk Management Authority

Campus Risk Pools Grant Application

Safety & Risk Control, Employee Health & Wellness

Please Complete All Fields

Campus/Working Group: CSULB		Date: 24 August 2016
Contact: Peer Gerber	Phone: 562-985-8893	Email: Peer.Gerber@csulb.edu
Grant Requested for (please describe): Mitigating ergonomic injury risk factors for University Police Officers who are performing their duties while carrying multiple tools around their waist.		
Planned Date of Purchase (Please attach cost estimate): 01 October 2016		Amount Requested (Up to \$10,000 per fiscal year - please see guidelines at the bottom): \$5,000
This is a (check all that apply):		
<input type="checkbox"/> Service	<input type="checkbox"/> Software	<input checked="" type="checkbox"/> Equipment
<input type="checkbox"/> Training	<input type="checkbox"/> Safety Program Development	<input type="checkbox"/> Safety Program Management
<input type="checkbox"/> Safety Consulting	<input type="checkbox"/> Other (please describe):	
Please describe how this will improve or enhance your risk control efforts:		
Please see attached justification.		
Signature (VP- Business & Admin, or designee):  (Member submission only)		
Date: 8/31/16		
Please submit your completed Grant Application to Rob Leong at: (email) rleong@alliant.com or (fax) 415-874-4810		
<ol style="list-style-type: none"> CSURMA grants are available to all CSU campuses to supplement member costs for Safety & Risk Control and/or Employee Health & Wellness projects. 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. 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. Applications may be submitted for pre-approval by CSURMA prior to member incurring costs for project described above. Applications must be signed by the Campus VP of Business & Finance or designee. Applications must be submitted during the same fiscal year that the project expense is incurred. Applications must include supporting documents such as: <ol style="list-style-type: none"> detailed description of the proposed project anticipated timeline for completion of project estimated total cost for the proposed project Members working collaboratively via the Risk Managers and/or Environmental Health & Safety working groups (CSUWERCs) may complete a Grant Application for unencumbered funds that would be applicable to systemwide risk mitigation endeavors. Other than item 5, the requirements remain the same. 		



California State University Long Beach

University Police Department

External Vest Carrier

Risk Control Proposal Justification

Current Situation:

CSU Long Beach Police Department, as many other California Police Departments, utilizes a “hip” dominate carry system (i.e. Sam Browne belt) that has evolved into what it is today through ad hoc methodology.

Current law enforcement needs are far different today than they were many years ago and the number of equipment that every police officer must carry while performing his/her duties has increased accordingly.

The total weight of all of this equipment, which is now approximately 35 lbs, is all centered around each police officer waist, placing undue stress on the lower back.

Ergonomic Solution

A proposed ergonomic solution is to spread this load around each police officer’s upper torso by providing them with an External Vest Carrier (EVC) that is worn over the uniform carry device. This vest would incorporate pockets designed to carry various tools (see photos below).

Benefits:

- Reduction of the weight carried on the hips. EVC distributes weight onto the shoulders in a more natural way.
- EVC is removable when at the station and easily made ready for use in case of emergency.
- Increased mobility with equipment spread over a larger surface area.
- Interchangeable vest that can be used for a variety of department needs (tactical, bicycle, special assignments, etc.).
- Increased continuity with weapon systems between varied assignments (i.e. muscle memory).

- Professional appearance over the traditional vest.
- Removal of vest when in low impact “safe” environments (i.e. secured station).
- Reduces future worker’s compensation claims related to wearing the Sam Browne belt.
- Increase comfort for officers, encouraging them to wear their vests, which leads to officers being safer in the field.
- Wearing the EVC will reduce heat exhaustion and fatigue by providing a barrier from the traditional vest under the uniform shirt. The EVC does not trap heat.
- Reduce in back complaints, wear and tear on the patrol vehicle seats, and officers will be able to utilize and carry more tools (i.e. handcuffs, taser cartridge, ASP baton, etc...)

QUOTATION

FROM: BPS TACTICAL, INC
P.O. BOX 868 / 2165 E. COLTON AVE.
MENTONE, CA. 92359-0868
(909) 794-2435 FAX (909) 794-4033
bpstactical@aol.com
TO: CSU LONG BEACH POLICE DEPARTMENT
ATTN: RICHARD KENNEDY
805-857-9667 cell
richard.kennedy@csulb.edu

YOUR INQUIRY phone	ESTIMATED SHIPPING DATE 7 to 9 weeks ARO	TERMS NET 30	F.O.B. MENTONE	DATE 8/5/2016
QUANTITY	DESCRIPTION		PRICE	AMOUNT
25	UNIVERSITY STYLE PATROL STYLE VEST COVER (NON-BALLISITIC), COLOR LAPD BLUE PER CAL STATE UNIVERSITY/ LONG BEACH POLICE SPECIFICATIONS. COVER TO FIT INDIVIDUAL OFFICER AND THEIR DUTY VEST. MANUFACTURED OF 1000 DENIER® CORDURA NYLON MATERIAL AND LINED W/420 NYLON PACK CLOTH COLOR, BLACK. WHERE NEEDED FOR STRENGTH AND DURABILITY POCKETS ARE LINED WITH 1050 DENIER BALLISTIC NYLON MATERIAL. VEST HAS 7 TO 11 POCKETS. PLACEMENT OF POCKET AND CHOICE OF POCKETS PER INDIVIDUAL OFFICERS PREFERENCE OR DEPARTMENT SPECS. VEST COVER RESEMBLES A UNIFORM SHIRT AND STYLE WITH 2 BREAST POCKETS, EPILETS ON SHOULDER, AND BUTTON PLAQUE DOWN FRONT OF COVER. VEST HAS FRONT CLOSING SIDE FLAPS WITH VELCRO® AND ELASTIC ADJUSTMENT. VEST COVER HAS THE FOLLOWING POCKETS; RADIO HOLDER, EXPANDABLE BATON HOLDER , PEPPER SPRAY (MK3) OR FLASHLIGHT HOLDER, DOUBLE MAGAZINE HOLDER, SIG 9MM, HANDCUFF HOLDERS ON BACK OF VEST COVER, VEST COVER HAS INTERNAL BUTTON HOLES FOR CHANNELING OF EAR MIC, PULL DOWN POLICE ID, VELCRO & EYELETTS FOR BADGE, EMBROIDERY NAME. 2 SIDE OPENING POCKETS BEHIND BREAST POCKET. ESTIMATED ACTUAL COST OF VEST IS DETERMINED ON QUANTITY AND STYLE OF POCKETS. VEST ARE CUSTOM MANUFACTURED PER DEPARTMENT OR INDIVIDUAL OFFICERS SPECIFICATION AND DRAWING WITH 7 TO 11 POKCKTS. VEST NORMALLY RANGES IN PRICE BETWEEN \$370 AND \$445 DEPENDING ON HOW MANY AND TYPE OF POCKETS. WE WILL COME TO YOUR DEPARTMENT ON A GIVEN DAY TO FIT YOUR OFFICERS. COST OF VEST IS PRICE OF VEST PLUS SALES TAX AND SHIPPING			
ABOVE PRICES ARE GOOD FOR <u>30</u> DAYS		OFFICIAL SIGNATURE <u>WM BLANKENSHIP</u>		





Cost Breakdown for Patrol Vest

Grant is for up to \$5,000

Cost per vest ---- \$445
of Vests ----- x 22
\$9,790

From the \$9,790 the grant will cover half of the cost which would be \$4,895.

Remaining balance to be paid by officers --- \$4,895

\$4,895 Balance
 22 Officers
\$222.50

Officers would cover the second half of the amount, meaning each officer would pay \$222.50 out of pocket.

Campus Risk Pools Grant Application
Safety & Risk Control, Employee Health & Wellness

Please Complete All Fields

Campus/Working Group: EHS Directors Affinity Group		Date: 08/19/2016
Contact: Kevin Brady, CSU Los Angeles	Phone: 323-343-3527	Email: kbrady@cslanet.calstatela.edu
Grant Requested for (please describe): System-wide train-the-trainer for the FIT Backsafe training module. To be conducted in a northern and southern California campus location, allowing each CSU campus to participate. This is requested against the FY 15/16 unencumbered grant funds.		
Planned Date of Purchase (Please attach cost estimate): 10/01/2016 (or as approved)		Amount Requested (Up to \$10,000 per fiscal year - please see guidelines at the bottom): \$75,000.00
This is a (check all that apply):		
<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Software	<input type="checkbox"/> Equipment
<input checked="" type="checkbox"/> Training	<input checked="" type="checkbox"/> Safety Program Development	<input type="checkbox"/> Safety Program Management
<input type="checkbox"/> Safety Consulting	<input type="checkbox"/> Other (please describe):	
Please describe how this will improve or enhance your risk control efforts:		
<p>Back-related injuries have been one of the more prominent injury causes facing the CSU campuses. Those injuries resulted from poor lifting techniques, poor work practices, and improper working techniques. The Backsafe training component has been effective at several campuses over the years to reduce work-related injury occurrences, and has heightened awareness and understanding on safe work practices. The CSU campuses have been initiating Backsafe training through Future Industrial technologies (FIT) with assistance from the CSURMA campus grant programs to date. The EHS Directors Affinity Group has approved a request to conduct a train-the-trainer series for campus representatives for this Backsafe product at a campus location both in northern and southern California. The requested funds are to pay the cost and expenses of the training provider (FIT) with the CSU campus locations providing the facilities for the sessions. It is anticipated at least one representative from each campus safety program will have the opportunity to be certified to train on this Backsafe Training product. The scheduling and coordination of the train-the-trainer series will be managed and implemented by Kevin Brady (CSU Los Angeles) of the EHS Directors Affinity Group. The expected benefits to the CSU are a lowered incidence of lifting and pushing/pulling related occupational occurrences to CSU employees. Data provided by Alliant Insurance shows over the past few years that back injuries from lifting or pushing/pulling causes account for 42% of claim costs. There is a substantial impact to be made here.</p>		
Signature (VP- Business & Admin, or designee): <u>Kevin Brady</u> 8/26/16 (Member submission only)		
Date: <u>8/26/16</u>		
Please submit your completed Grant Application to Rob Leong at: (email) rluong@alliant.com or (fax) 415-874-4810		
<ol style="list-style-type: none"> 1. CSURMA grants are available to all CSU campuses to supplement member costs for Safety & Risk Control and/or Employee Health & Wellness projects. 2. This is a "matching" grant program. CSURMA pays 50% of member's costs that have been approved by CSURMA. The maximum payable by CSURMA for all approved projects is \$10,000 total per member. 3. If member has more than one project, member may submit an application for each project under consideration. No more than \$10,000 total is payable per member for all projects during the fiscal year. 4. Applications may be submitted for pre-approval by CSURMA prior to member incurring costs for project 		

described above.

5. Applications must be signed by the Campus VP of Business & Finance or designee.
6. Applications must be submitted during the same fiscal year that the project expense is incurred.
7. Applications must include supporting documents such as:
 - a. detailed description of the proposed project
 - b. anticipated timeline for completion of project
 - c. estimated total cost for the proposed project
9. Members working collaboratively via the Risk Managers and/or Environmental Health & Safety working groups (CSUWERCS) may complete a Grant Application for unencumbered funds that would be applicable to systemwide risk mitigation endeavors. Other than item 5, the requirements remain the same.
10. *Equipment, trainings, personal protective equipment, etc. that employers are required by law or regulation to provide are not eligible for reimbursement.* **This program is intended to encourage members to enhance existing risk control efforts. Please feel free to contact the Program Administrator to discuss whether an item or service is eligible for reimbursement prior to submitting a request form.**
11. It is the member's responsibility to obtain confirmation from CSURMA that all reimbursement requests submitted were received by CSURMA.
12. Please contact **Rob Leong** at 415.403.1441 or rleong@alliant.com if you have any questions.

Train the Trainer for CSU

Backsafe®

Backsafe is an injury prevention methodology that is designed to initiate a change in employee physical behavior. It was observed that people in our society have never truly been taught how to do activities of daily living in a correct biomechanical manner. Therefore, while doing work and at-home activities the body experiences innocent and unnecessary micro-trauma on a continuous basis. Backsafe is a methodology on how to teach people and enable them to be more in control of their physical well-being. Backsafe is a combination of biomechanics, ergonomics, stretching and the practical application of those principles in real life environments. The results of the Backsafe trainings are employees that know how and are motivated to experience less physical stress and through vocationally based stretching can rid their bodies of accumulated stress.

The FIT Train the Trainer program allows designated and qualified employees to be certified to deliver the Backsafe workshops to the institution's employees (only). This comprehensive 5-day training covers all aspects of our program and makes first-rate trainers capable of reducing musculoskeletal disorders amongst the employee population. By creating "in-house" trainers, the organization can train existing employees, new hires, injured workers returning to work, provide reinforcement training and overall have a dramatic impact on employee sprain/strain injuries while making a long lasting cultural change.

PRICING

Backsafe 5-day Training Event-\$25, 000.00 for up to 12 trainees X 2 = \$50,000 for Northern and Southern CA Locations. (Price includes on-site pre-assessments, program customization/development and training)

Train the Trainer Manual.....\$195.00 per person x 24 = \$4,680

*30 Employee Workbooks and Stretching Cards for 2 Live Classes-\$10.00 per employee=\$300
25 Employee Workbooks and Stretching Cards per trainer to take back to their campuses for their first Backsafe 2-hour workshops-24 trainers x 25 sets at \$10 per set = \$6,000*

Total for 2-Backsafe 5-day Training Events.....\$60,980

NOTE: Tax and shipping charges for materials are not included. Expenses for 2 FIT Master Trainers are not included.

The Sittingsafe Office Ergonomic Train the Trainer program is available for \$15,000 and is a 3-day training event for the same certified Backsafe trainers. The 3-day training can be held up to 6 months after the Backsafe certification training.

Sincerely,

Dennis Downing



California State University Risk Management Authority

Campus Risk Pools Grant Application

Safety & Risk Control, Employee Health & Wellness

Please Complete All Fields

Campus/Working Group: Cal Poly San Luis Obispo/AFD		Date: 08/31/16
Contact: David Korpan	Phone: 805-756-6662	dkorpan@calpoly.edu
Grant Requested for (please describe): Reducing the risk of musculoskeletal injury caused by repetitive and strenuous work tasks associated with housekeeping/custodial employees.		
Planned Date of Purchase (Please attach cost estimate): January 1, 2017	Amount Requested (Up to \$10,000 per fiscal year - please see guidelines at the bottom): \$10,000 (Proposed total cost = \$30K)	
This is a (check all that apply):		
<input type="checkbox"/> Service	<input type="checkbox"/> Software	<input checked="" type="checkbox"/> Equipment
<input type="checkbox"/> Training	<input checked="" type="checkbox"/> Safety Program Development	<input type="checkbox"/> Safety Program Management
<input checked="" type="checkbox"/> Safety Consulting	<input type="checkbox"/> Other (please describe):	
Please describe how this will improve or enhance your risk control efforts:		
<ol style="list-style-type: none"> 1. Custodial and housekeeping employees are involved in the greatest number and highest total cost of work-related injuries and workers' compensation claims than any other individual job type at Cal Poly. The proposal is to work with a human factor design and ergonomic expert to analyze the biomechanical stressors and cognitive aspects of custodial and housekeeping work processes and provide a detailed risk assessment and corrective action report. This will enable us to identify employee behavior, beliefs, as well as existing equipment, processes and physical demands that contribute to and pose the greatest risk of ergonomic related injury (Timeline:11/16-12/16). 2. Based on the information derived from step 1 above, we would develop a detailed plan to reduce the greatest risk factors using the least amount of resources. The Plan would be developed by an internal task force led by the EH&S Department and include representatives from Facilities Management & Development, University Housing and Risk Management. The finalized plan would identify a targeted set of work processes and tools and develop a pilot program for a limited number of areas and employees to test and evaluate the modified work practices, procedures, cleaning equipment, and tools designed to reduce ergonomic hazards and related injuries (1/17-2/17). 3. Conduct detailed analysis of the new work processes including visual observation, measurement of ergonomic risk reduction, employee perception, and acceptance of the new procedures and equipment. Make modifications in to the revised work procedures and equipment changes tested in the pilot program and reintroduce them in a Phase II pilot program to evaluate improvements over the initial changes. Repeat this process until the analysis results indicate improvements in the levels of reduced risk and employee acceptance of the new processes and equipment are deemed sufficient by the task force (3/17-4/17). 4. Expand the deployment of the modified work procedures and equipment to a larger portion of the targeted workforce and collect additional data to further support expansion to the entire workforce. The plan will also include an effective communication plan for affected employees and their management to ensure a positive change management experience. This would include the necessary steps and setting of expectations in adopting the modified work practices aimed at minimizing the risk of ergonomic related injury. The task force would work with each member of the targeted management team to address issues and continue to take advantage of opportunities to make improvements (5/17-6/17). 		

Signature (VP- Business & Admin, or designee): _____
(Member submission only)

Willa 9/2/16

Date: 9-2-16

Please submit your completed Grant Application to Rob Leong at:
(email) rleong@alliant.com or (fax) **415-874-4810**

1. CSURMA grants are available to all CSU campuses to supplement member costs for Safety & Risk Control and/or Employee Health & Wellness projects.
2. This is a "matching" grant program. CSURMA pays 50% of member's costs that have been approved by CSURMA. The maximum payable by CSURMA for all approved projects is \$10,000 total per member.
3. If member has more than one project, member may submit an application for each project under consideration. No more than \$10,000 total is payable per member for all projects during the fiscal year.
4. Applications may be submitted for pre-approval by CSURMA prior to member incurring costs for project described above.
5. Applications must be signed by the Campus VP of Business & Finance or designee.
6. Applications must be submitted during the same fiscal year that the project expense is incurred.
7. Applications must include supporting documents such as:
 - a. detailed description of the proposed project
 - b. anticipated timeline for completion of project
 - c. estimated total cost for the proposed project
9. Members working collaboratively via the Risk Managers and/or Environmental Health & Safety working groups (CSUWERCS) may complete a Grant Application for unencumbered funds that would be applicable to systemwide risk mitigation endeavors. Other than item 5, the requirements remain the same.
10. *Equipment, trainings, personal protective equipment, etc. that employers are required by law or regulation to provide are not eligible for reimbursement. **This program is intended to encourage members to enhance existing risk control efforts. Please feel free to contact the Program Administrator to discuss whether an item or service is eligible for reimbursement prior to submitting a request form.***
11. It is the member's responsibility to obtain confirmation from CSURMA that all reimbursement requests submitted were received by CSURMA.
12. Please contact **Rob Leong** at 415.403.1441 or rleong@alliant.com if you have any questions.

RISK MANAGEMENT INNOVATION GRANT PROGRAM

Effective: July 1, 2015

Adopted: September 13, 2013

Amended: December 5, 2014

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 description of the proposed risk reduction project.
 - The anticipated timeline for completion of the risk reduction project.
 - An estimate of the total cost for the proposed risk reduction project.
 - 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.
 - Submissions completed under Section 3, approved projects will be 100% reimbursed by the program.
7. 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.
8. 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.

WORKERS' COMPENSATION PROGRAM CLAIMS CLOSURE INITIATIVE UPDATE

ISSUE: At the May, 2014 CSURMA Board of Directors meeting, the Workers' Compensation Claims Closure Initiative was approved. The project began on a pilot basis, focusing on Southern California files. This project known as Double Play is a collaborative effort that engages a team of Workers' Compensation professionals to evaluate and strategize old, costly or problematic Workers' Compensation claims for resolution and/or enhanced employee care. \$50,000 for legal fees for Corey Inger was approved for this endeavor. Mr. Inger is the legal consultant engaged to participate with the CSU WC team in the claim staffing discussions.

This program was expanded pursuant to a discussion at the May 8, 2015 CSURMA Board of Directors meeting. In this discussion, it was recommended and approved that subsequent legal fees from Corey Inger be allocated directly to the claim file for reimbursement for quarterly file reviews and that the file base for this project be expanded to include all file years throughout the CSU system. It was also decided that staff would report progress of the program periodically to the Executive Committee.

This will serve as an updated report.

RECOMMENDATION: Continue with the Double Play program for the next two fiscal years, at which point we will reevaluate and determine continued use of the program.

FISCAL IMPACT: De minimus. The costs are imbedded with the claims files and the costs have not acute effect on experience.

BACKGROUND: The Double Play team includes:

- Corey Inger – Workers' Compensation defense attorney who is acting as an external reviewer to direct action plans that will facilitate resolution
- Zachary Gifford – Director
- Jacki Graf – Workers' Compensation subject matter expert
- Sedgwick Team – Operations Manager, Supervisor, Examiner
- Defense Attorney – if assigned
- Campus WC Coordinator

The results/activities of the Double Play program can be summarized as follows:

- Claims involving 40 different claimants have been discussed
- 86 claim files represented in the 40 claimants
- 9 staffing sessions have been held since September 2014
- 19 repeat discussions
- 11 Compromise & Releases
- 1 Stipulation
- 1 C& R pending WCAB approval
- 7 SARs pending
- 3 cases in negotiation
- \$718,7012 reductions in MSA
- \$1,612,591 reduction in total incurred on resolved claims to date
- \$13,400 paid off the claim files to legal consultant
- 3 claimants placed into detox or weaning program for narcotics.

PUBLICATION: N/A

ATTACHMENT(S): None

MEMBER LOAN REQUESTS

ISSUE: CSURMA has reviewed member loan requests from CSU, Sacramento and CSU, Fresno. Under Policy and Procedure No. 10 and upon recommendation of the CSURMA Treasurer, the CSURMA Executive Committee is authorized to extend loans to CSURMA members. Sacramento has requested a loan related to an elevator replacement project. Fresno has requested funding for safety related improvements at their stadium. A formal request has been received from Sacramento. Fresno's request is at the inquiry stage. The CSURMA Treasurer will be present at today's meeting to discuss the requested loans.

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

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

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Member Loan Request from CSU, Sacramento
- b. CSURMA P&P No. 10, Member Loans




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

August 23, 2016

MEMORANDUM

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

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

SUBJECT: CSURMA Loan for Building Elevator Replacements

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

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

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

Robert Eaton
August 23, 2016
Page 2

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

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

Thank you.

Attachments: CSURMA Loan Agreement
Elevator Problems Log

c: Kelly Cox
Gina Curry

Risk Analysis

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

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

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

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

Maintenance

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

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

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

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

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

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

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

Risk and Safety

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

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

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

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

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

www.calstate.edu

California State University, Sacramento
Loan Agreement

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

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

California State University, Risk Management
Authority

By:

Robert Eaton, Treasurer

Date:

California State University, Sacramento

By:

Stacy Hayano
Stacy Hayano
Interim Vice President and Chief Financial
Officer

Date:

8/24/16

California State University, Risk Management
Authority

By:

Linda Hawk, Chair

Date:



CSURMA

POLICY AND PROCEDURE NO. 10

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

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

POLICY:

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

PROCEDURE:

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

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

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

AORMA PROGRAMS UPDATE

ISSUE: The Auxiliary Organizations Risk Management Alliance (AORMA) continues to address the insurance and risk management needs of its members. All Auxiliary Organizations in Good Standing purchase insurance coverage through the AORMA.

The AORMA Chair, will report on the activities of the AORMA Committee.

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

FISCAL IMPACT: None.

BACKGROUND: The AORMA was first marketed to CSU Auxiliary Organizations in 1998. Since that time, the program has grown from 12 members to 86 members, and represents 100% participation.

PUBLICATION: None.

ATTACHMENT(S): None.

AIME PROGRAMS UPDATE

ISSUE: The Athletic Injury Medical Expense (AIME) program continues to address the insurance and risk management needs of its members.

The Executive Committee Liaison for AIME, will report on the activities of the AIME Committee.

RECOMMENDATION: This item is for information only; no action is required on this item at today's meeting.

FISCAL IMPACT: None.

BACKGROUND: AIME is designed to cover medical expenses arising from injuries to student athletes while practicing or competing in inter-collegiate sports programs of the university.

PUBLICATION: None.

ATTACHMENT(S): None.

REVIEW OF FY 2016/2017 LONG RANGE PLANNING GOALS

ISSUE: Each year the Executive Committee conducts a Long Range Action Planning meeting to gauge progress and to re-evaluate where efforts should be focused.

RECOMMENDATION: This item is for information only; no action is requested.

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

BACKGROUND: The CSURMA Executive Committee adopts the FY 2016/2017 Long Range Planning goals to be accomplished. The Committee will receive a report from Staff on the assigned responsibilities and deadlines of the FY 2016/2017 Long Range Planning goals.

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 2016/2017 CSURMA Long Range Action Plan

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1 MASTER OUT-OF-STATE ON-LINE EDUCATION SURETY					
Search for a blanket surety bond to cover all campuses and auxiliary organizations who provide on-line instruction outside California.	1	Research scope of on-line programs and jurisdictions. Determine if placement of a blanket bond or alternative systemwide placement approach is feasible.	SRM, OGC, PA	August 2016	Completed
	2	Present information to EC for direction.	SRM, OGC, PA	September 2016	In process
	3	Report on project to BOD.	SRM, OGC, PA	November 2016	
	4	Approval of blanket or alternative surety program as appropriate.	EC	March 2017	
	5	Implement program. Communicate to campus stakeholders.	PA	July 2017	
LRP-2 SPECIAL EVENTS RESOURCE GUIDE					
Create a Special Events Resource Guide. Implement risk management training for special events.	1	Identify and engage consultant to create Special Events Risk Management Manual and training modules.	SRM	August 2015	Completed
	2	Develop subject content for special events risk management manual.	SRM	October 2015	Completed
	3	Oversee design and development of special events risk management manual.	SRM	June 2016	
	4	Roll out manual to all campus and auxiliary organization staff.	SRM	July 2016	
	5	Post manual on the CSURMA website.	PA	August 2016	
	6	Present the Special Events Risk Management Training at Fitting the Pieces Together Conference.	SRM	November 2016	
	7	Roll out special events training on the CSU learning management system.	SRM	July 2017	
LRP-3 BENCHMARKING AND TREND ANALYSIS					
Develop a Workers' Compensation statistical database for comparative analysis and industry benchmarking.	1	Research benchmarking resources available.	PA	April 2015	Completed
	2	Develop conceptual proposal for short and long term benchmarking.	SRM, PA	May 2015	Completed
	3	Approval of initial benchmarking project scope and costs.	EC	May 2015	Completed
	4	Implement initial project.	SRM, PA	September 2015	On-going
	5	Initial report to EC, BOD and CABO.	SRM, PA	October 2015	Completed
	6	Report to AORMA membership at AOA Conference.	SRM, PA	February 2016	Completed
	7	Presentation of sustainable long term benchmarking program.	SRM, PA	September 2016	In process
	8	Approval of long term benchmarking project scope and costs.	EC	September 2016	
LRP-4 INSURANCE POLICY DATABASE					
Implement an insurance database for	1	Research and identify viable software products.	SRM, PA	January 2016	Completed
	2	Review presentation by Ventif.	EC, BOD	September 2016	In process
	3	Approve selection of software product.	EC	September 2016	

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
coverage history and to provide a reference for litigation matters.	4	Populate database with Phase 1 data.	PA	October 2016	
	5	Present Phase 1 project results and recommendations for Phase 2.	SRM, PA	March 2017	
	6	Approve Phase 2 and ongoing database maintenance plan.	EC	May 2017	
LRP-5 CAPTIVE INSURER					
Complete cost / benefits analysis for a captive insurance company to operate within CSURMA.	1	Identify and engage consultant to evaluate CSURMA's captive utilization options.	EC, SRM, PA	January 2016	Completed
	2	Review the Pinnacle Actuarial Resources initial evaluation of CSURMA's captive utilization options.	EC	May 2016	Completed
	3	Present further evaluation to EC for direction.	EC	September 2016	In process
	4	Report on project to BOD.	BOD	November 2016	
	5	Oversee formation of captive.	SRM, PA	July 2017	
LRP-6 LOAN POLICY AND INVESTMENT OPTIONS					
Review member loan policy. Explore and evaluate alternate investment strategies.	1	Research viable investment options within the CSU community to invest in certain capital projects.	CO, SRM, PA	August 2016	Completed
	2	Present investment options to EC for direction.	CO, EC	September 2016	In process
	3	Report on project to BOD.	CO, BOD	November 2016	
	4	Approval of alternate investment options. <i>Note: this item may be impacted by potential development of a captive insurer.</i>	EC	December 2016	
LRP-7 ON-CAMPUS VISITS WITH VICE PRESIDENTS					
Visit Campus VPs to provide updates on rating plans, cost of risk analysis and benchmarking.	1	Schedule meetings with all Campus VPs.	PA	August 2016	In discussion
	2	RPTG will meet to review risk pool rating plans.	SRM, RPTG, PA	September 2016	Completed
	3	Cost of Risk Analysis received from Actuary.	PA	October 2016	
	4	Completion of Campus VP presentation.	PA	November 2016	
	5	Completion Campus visits.	SRM , PA	March 2017	
LRP-8 CSURMA COMMUNICATIONS AND OUTREACH PLAN					
Develop and implement communications plan to keep all members apprised of CSURMA resources.	1	Identify strategies for effective communication.	PA	August 2016	Completed
	2	Present communication strategies to CSURMA EC for direction.	EC	September 2016	In process
	3	Report on project to BOD.	BOD	November 2016	
	4	Implement communication strategies.	PA	December 2016	
	5	Report to EC on long term communication strategies.	EC, PA	March 2017	

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL		ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
LRP-9		MASTER ENABLING AGREEMENT FOR TRANSPORTATION			
Review current transportation management. Develop a master enabling agreement for charter bus companies.	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	January 2017	
	5	Roll out transportation program.	SRM, PA	January 2017	

BOD: CSURMA Board of Directors
CABO: CSU Chief Administrators and Business Officers
CO: Chancellor's Office
CPDC: CO Capital Planning Design & Construction

EC: CSURMA Executive Committee
OGC: CSU Office of General Counsel
PA: CSURMA Program Administrator
SRM: CSU Systemwide Risk Management

CSURMA ADMINISTRATIVE SERVICE CALENDAR

ISSUE: This item is provided as information to advise the Executive Committee of the various recurring administrative activities and when they take place over the course of the year. It includes items noting when they appear before the Executive Committee and Board of Directors. It is to be provided for information with each agenda packet.

RECOMMENDATION: It is recommended that the Executive Committee review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.

FISCAL IMPACT: No direct fiscal impact is expected.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Administrative Service Calendar

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
JANUARY 2016				
01/02/16	FORM 700 - JPA ADMIN finalizes current year member listing	Alliant Staff	Tevea Him	Completed
01/06/16	Statement of Facts – Roster of Public Agencies - file with Secretary of State	Alliant Staff	Tevea Him	Completed
01/07/16	Announce the new AORMA Committee Vice Chair as well as open seats on the AORMA Committee	Nominations Committee	Mimi Long	Completed
01/10/16	CSURMA AOA CONFERENCE	Alliant Staff	Mimi Long	Completed
01/10/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
01/11/16	AIME Committee Meeting	Alliant Staff	Stacey Weeks	Completed
01/15/16	FORM 700 - JPA ADMIN sends Form 700 to CSURMA FILERS, including EC, BOD, AORMA, Standing Committees, and designated consultants, including identified Alliant personnel	Alliant Staff	Tevea Him	Completed
01/31/16	Final premium / rate letter to all AORMA members	Alliant Staff	Mimi Long	Completed
01/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
FEBRUARY 2016				
02/01/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
02/01/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 12/31	Alliant Staff	Tevea Him	Completed
02/01/16	UIP - Send EDD Claims Information to Individual Members	Alliant Staff	Tevea Him	Completed
02/01/16	Campus Liability Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/01/16	Campus Workers' Compensation Risk Pool claims audit (every odd year)	Alliant Staff	Jacki Graf	---
02/01/16	AORMA Workers' Compensation program claims administration audit (every even year)	Alliant Staff	Jacki Graf	Completed
02/01/16	AIME Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/01/16	AORMA Liability Program claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/15/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
02/25/16	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	Completed
MARCH 2016				
03/01/16	Annual Review of (1) Data Security Policies and (2) the Integrated CSU Administration Manual	Alliant Staff	Mimi Long	Completed
03/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
03/01/16	Approval by EC Resolution allowing Treasurer to invest or reinvest funds (annual approval required - see Res 01-15 BOD)	BOD and Alliant Staff	Tevea Him	Completed
03/01/16	Approval of Conflict of Interest Code by BOD every even-number year - File with FPPC as required.	BOD and Alliant Staff	Tevea Him	Completed
03/01/16	Chancellor's Office Services Budget Proposals	Alliant Staff	Mimi Long	Completed
03/01/16	CSURMA Budget	Alliant Staff	Robert Leong	Completed
03/01/16	CSURMA Master Investment Policy and Investment Policy for the Fixed Income Portfolio	Alliant Staff	Mimi Long	Completed
03/01/16	CSURMA Mid-Term Budget Amendments	Alliant Staff	Robert Leong	Completed
03/01/16	FORM 700 - Follow up No. 3 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
03/01/16	Review the Auxiliary Service Provider Report	Alliant Staff	Mimi Long	Completed
03/01/16	Appointment of the Campus Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
03/01/16	Appointment of the Student Insurance Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
03/10/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
03/10/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
03/11/16	CSURMA EC LRP Meeting	Alliant Staff	Mimi Long	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
03/15/16	FORM 700 - Follow up - JPA ADMIN follows up with FILER, prepares status report for CSURMA EC review at Long Range Planning meeting	Alliant Staff	Tevea Him	Completed
03/15/16	Quarterly Risk Management Report	Alliant Staff	Mimi Long	Completed
03/19/16	CSURMA Policies and Procedures (odd in odd years / even in even years)	Alliant Staff	Robert Leong	Completed
03/20/16	Forward slate of nominees to fill the open seats on the AORMA Committee	Alliant Staff	Mimi Long	Completed
03/31/16	Approval by BOD Resolution allowing Treasurer to invest or reinvest funds (annual approval required - see Res 01-15 BOD)	BOD and Alliant Staff	Tevea Him	Completed
03/31/16	Completion of the Form 700 – Statement of Economic Interest	BOD and Alliant Staff	Tevea Him	Completed
03/31/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
APRIL 2016				
04/01/16	Campus Risk Pool Administrator verifies Campus Primary and Alternate representative remain in place by contacting campus representatives (i.e. ensure no leave of absence, retirement, change in duties, etc.)	Alliant Staff	Tevea Him	Completed
04/01/16	FORM 700 - JPA ADMIN sends all forms received to FPPC for processing	Alliant Staff	Tevea Him	Completed
04/01/16	Send out ballot for AORMA Committee term beginning on July 1, 2016	Alliant Staff	Tevea Him	Completed
04/30/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
MAY 2016				
<i>05/02/16</i>	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	<i>Completed</i>
05/06/16	Receive back all AORMA Committee ballots for the term beginning on July 1, 2016	Alliant Staff	Tevea Him	Completed
<i>05/05/16</i>	<i>AORMA Committee Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>05/05/16</i>	<i>CSURMA BOD NMO Meeting via Teleconference</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>05/06/16</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>05/06/16</i>	<i>CSURMA BOD Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
05/11/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
05/15/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly appointed AORMA Standing Committee Chairs for the term beginning on July 1, 2016	AORMA Chair/Alliant S	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2016	AORMA Chair/Alliant S	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly elected Executive Committee members for the term beginning on July 1, 2016	AORMA Chair/Alliant S	Tevea Him	Completed
05/30/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 3/31/16	Alliant Staff	Tevea Him	Completed
05/30/16	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2016	Alliant Staff	Tevea Him	Completed
05/30/16	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2016	Alliant Staff	Mimi Long	Completed
JUNE 2016				
06/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
06/01/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
06/15/16	Quarterly Risk Management Report	Alliant Staff	Mimi Long	Completed
<i>06/23/16</i>	<i>AORMA Program Committee Meeting (Teleconference)</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
06/30/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
06/30/16	Expiring Contract: Carl Warren & Company - July 1, 2011 to June 30, 2016	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: CO Enterprise Accounting / Financial Services - July 1, 2015 to June 30, 2016	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: UC Office of Risk Services Performing Arts Center of Excellence - November 1, 2013 to June 30, 2017	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: A-G Administrator (AIME) - July 1, 2009 to June 30, 2017	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: Alliant Loss Control Services - July 1, 2014 to June 30, 2015	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: CO OGC / Legal - July 1, 2014 to June 30, 2015	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: CO Risk Management - July 1, 2014 to June 30, 2015	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: Praesidium - July 1, 2014 to June 30, 2015	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: Target Safety dba Target Solutions - July 1, 2012 to June 30, 2015	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: Employers Group - July 1, 2014 to June 30, 2017	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: Employers Risk - July 1, 2013 to June 30, 2018	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: HSR - July 1, 2015 to June 30, 2019	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: Agility - July 1, 2015 to June 30, 2016	Alliant Staff	Mimi Long	Completed
06/30/16	Expiring Contract: Sedgwick - July 1, 2013 to June 30, 2018	Alliant Staff	Mimi Long	Completed
06/30/16	Government Compensation Report (request from CSU Accounting and post on CSURMA website)	Accounting	Tevea Him	
06/30/16	Request COI from all vendor's contract	Alliant Staff	Hsan Htein	in process
JULY 2016				
07/01/16	Expiring Contract: Witt O'Brien's, LLC (formally Witt Group Holdings, LLC) - July 1, 2014 to July 1, 2016	Alliant Staff	Mimi Long	Completed
07/01/16	Financial audit prep with KPMG	Alliant Staff / RM	Van Rin	
07/01/16	Send to CSU Accounting the approved dividends and allocation of program costs for invoicing	Alliant Staff	Van Rin	Completed
07/04/16	Send out AORMA binder, insurance summary and invoice to all members	Alliant Staff	Van Rin	Completed
07/05/16	Request a review of the claims activity within the UIP – claims activity variations of more than 10% above or below pricing levels used will resulting in a pricing adjustment	Alliant Staff	Mimi Long	Completed
07/05/16	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	Alliant Staff	Mimi Long	Completed
07/07/16	Request Liability (EPL check register) for minimum EPL deductible calculation for upcoming fiscal year	Alliant Staff	Tevea Him	Completed
07/14/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/15/16	Final FY Payroll - request from Chancellor's Office	Alliant Staff	Robert Leong	Completed
07/15/16	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	CSU Accounting	Van Rin	Completed
7/19-20/2016	AORMA Officers Retreat – San Francisco, CA	AORMA Officers	Mimi Long	Completed
07/21/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/21/16	Upon receipt of loss data begin semi-annual loss charts for RM meeting in October and to be sent to members	Alliant Staff	Robert Leong	
07/28/16	FORM 700 - FORMS DUE TO FPPC ON THIS DATE [ASSUMING/LEAVING]	Alliant Staff	Tevea Him	
07/31/16	Actuarial Study - receive draft and forward to RM	Alliant Staff	Robert Leong	Completed
07/31/16	Campus Workers' Compensation Program Safety National Aggregate Stop Loss Report - Present to EC in Sept	Alliant Staff	Robert Leong	
07/31/16	Distribute the Liability and Workers' Compensation dividend checks	Alliant Staff	Van Rin	Completed
07/31/16	Request final audited payroll from all Workers' Compensation program members for expired year	Alliant Staff	Hsan Htein	in process

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
07/31/16	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate (every three years)	Liability TPA	Mimi Long	
07/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	
07/31/16	Appointment of the Campus Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
07/31/16	Appointment of the Student Insurance Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	
AUGUST				
08/01/16	FORM 700 - JPA ADMIN sends entering and leaving office notices to AORMA FILERS who will be taking office on AORMA and Standing Committees	Alliant Staff	Tevea Him	
08/01/16	Send out letter regarding Campus Appointment of CSURMA Board of Directors Members and Alternate	Alliant Staff	Tevea Him	in process
08/01/16	Research the single bond approach & report back at the September meeting	Alliant Staff	Dan Howell	in process
08/01/16	Send out letter to regarding Claims Settlement Authority Annual Confirmation	Alliant Staff	Tevea Him	in process
08/01/16	Send out letter to regarding Foreign Travel Authority Confirmation	Alliant Staff	Tevea Him/Stage	in process
08/01/16	Completion of draft actuarial studies for Workers' Compensation and Liability programs	Actuary	Mimi Long	Completed
08/01/16	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi Long	Completed
08/11/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	
08/15/16	AOA EC Meeting - San Diego	Alliant Staff	Mimi Long	Completed
08/31/16	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll	Alliant Staff	Mimi Long	in process
08/31/16	Calculate each member's minimum EPL deductible for the upcoming program term	Alliant Staff	Mimi Long	Completed
08/31/16	Complete Target Surplus Funding Report	Alliant Staff	Mimi Long	Completed
08/31/16	Completion of Financial Audit	CSU Accounting	Mimi Long	in process
08/31/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 6/30	Alliant Staff	Tevea Him	Completed
Begin Task	Completion of the Public Self-Insurer's Annual Report for CSURMA (must be filed with the state by Oct 1st.)	Alliant Staff	Mimi Long	in process
Begin Task	AORMA Workers' Compensation Desk Audit	Alliant Staff	Mimi Long	
SEPTEMBER				
09/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	
09/01/16	Stewardship Report	Alliant Staff	Amy Souissi	in process
09/07/16	AORMA Long Range Plan meeting	Alliant Staff	Mimi Long	
09/07/16	AORMA New Committee Member Orientation meeting	Alliant Staff	Mimi Long	
09/08/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	
09/13/16	CAJPA Fall Conference and Training Seminar -South Lake Tahoe	Alliant Staff	Mimi Long	
09/14/16	CAJPA Standards review (2014 and every 3 years thereafter)	Alliant Staff	Mimi Long	in process
09/15/16	Prepare invoices or checks for the Workers' Compensation payroll audit	CSU Accounting	Van Rin	
09/15/16	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	
09/23/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	
09/23/16	CSURMA EC Orientation Meeting	Alliant Staff	Mimi Long	
09/29/16	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	
09/30/16	CSURMA Quarterly EPL Deductible Recoverys ending September 30 (Begin Task)	Alliant Staff	Van Rin	

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
09/30/16	Completion of the AORMA Committee (September Letter) updating all AORMA members on the funding and dividends approved for the upcoming fiscal year	Alliant Staff/AORMA C	Mimi Long	
OCTOBER				
10/01/16	Request completion of the Liability application	Alliant Staff	Mimi Long	
10/01/16	Request estimated Workers' Compensation payroll	Alliant Staff	Mimi Long	
10/15/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	
10/15/16	Poll eligible AORMA Committee members to determine which members are willing to be nominated for the Vice Chair position	Nominations Committee	Mimi Long	
<i>10/17/16</i>	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	
<i>10/20/16</i>	<i>AORMA Committee Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
10/31/16	Create Government Compensation Report page on CSURMA website for public viewing	Alliant Staff	Tevea Him	
<i>10/31/16</i>	<i>Expiring Contract: Praesidium - October 31, 2015 to October 1, 2016</i>	Alliant Staff	Mimi Long	
10/31/16	Government Compensation Report (request from CSU Accounting)	Accounting	Tevea Him	
10/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	
<i>10/TBD/2016</i>	<i>CSURMA BOD NMO Meeting via Teleconference</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
NOVEMBER				
11/01/16	FORM 700 - Campus Risk Pool Administrator sends request to campus president to confirm appointments of primary and alternate representative to BOD (Note: AORMA Representatives are maintained through their election process)	Alliant Staff	Tevea Him	
<i>11/02/16</i>	<i>CSURMA BOD Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
<i>11/02/16</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
11/28/16	Campus Risk Pool Deductible - Confirm (every 3 years - 2014, 2017, 2020)	Alliant Staff	Robert Leong	
11/28/16	Send campus risk pool renewal budget (Budget)	Alliant Staff	Robert Leong	
11/28/16	Send campus risk pool renewal budget (Early Bird Renewal Letter)	Alliant Staff	Robert Leong	
11/30/16	Review volunteer losses within the Workers' Compensation program	Alliant Staff	Mimi Long	
11/30/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30	Alliant Staff	Tevea Him	
DECEMBER				
12/01/16	2016 Vendor Survey - Review List of Vendors and Work on Recipients	Risk Management	Rebecca Skidmore	
<i>12/01/16</i>	<i>AORMA Committee Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
12/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	
12/01/16	P & P Outlining Underwriting Guidelines for Granting Additional Insured Status	Alliant Staff	Dan Howell	
<i>12/02/16</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
<i>12/08/16</i>	<i>AORMA Program Committee Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
12/15/16	FORM 700 - Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	Alliant Staff	Tevea Him	
12/15/16	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	
12/30/16	Financial Audit - mail to Secretary of State and County Auditor	Alliant Staff/Accounting	Tevea Him	
12/31/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	
<i>12/31/16</i>	<i>Expiring Contract: Alliant Insurance Services (Brokerage Agreement) - January 1, 2014 to December 31, 2015</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
12/31/16	<i>Expiring Contract: Alliant Insurance Services (Program Admin Agreement) - January 1, 2014 to December 31, 2015</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
12/31/16	<i>Expiring Contract: Enterprises Rent A Car - January 1, 2015 - December 31, 2015</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	

2016 CSURMA MEETING CALENDAR

ISSUE: The Program Administrator includes a current copy of the CSURMA meeting calendar in every agenda.

RECOMMENDATION: No action is requested on this item.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. 2016 CSURMA Meeting Calendar



California State University Risk Management Authority

2016 CSURMA MEETING CALENDAR

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

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

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

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

CSURMA EXECUTIVE COMMITTEE AND STAFF CONTACT LIST

ISSUE: Attached is a list of CSURMA Executive Committee members and the Program Administrators.

RECOMMENDATION: It is recommended that members review the list at each meeting for accuracy, making revisions as appropriate. If there are any changes, please contact Tevea Him at thim@alliant.com.

FISCAL IMPACT: None.

BACKGROUND: An accurate and current contact list facilitates better communication among Committee Members and Staff.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Executive Committee and Staff Contact List

CSURMA EXECUTIVE COMMITTEE MEMBERS
Effective at July 1, 2015

Seat	Member	Position	Campus	Organization	E-Mail	Telephone Number
Chair	Linda Hawk	Vice President, Finance & Administrative Services	San Marcos	California State University San Marcos	lhawk@csusm.edu	760-750-4950
Vice Chair	Ming Tung (Mike) Lee	Vice President, Administration and Chief Financial Officer	Sacramento	California State University Sacramento	mikelee@csus.edu	916-278-6312
CSU Seat #1	Lisa Chavez	Vice-President, Administration and Chief Financial Officer	Los Angeles	California State University Los Angeles	lisa.chavez@calstatela.edu	323-343-3500
CSU Seat #2	Jody Van Leuven	Executive Director	San Bernardino	California State University San Bernardino	jody.vanleuven@csusb.edu	909-537-3939
CSU Seat #3	Scott Apel	Associate Vice President	Long Beach	California State University Long Beach	scott.apel@csulb.edu	562-985-8716
CSU Seat #4	Kevin Saunders	VP Administration & Finance	Monterey Bay	California State University Monterey Bay	kesaunders@csumb.edu	831-582-3397
AORMA Seat #5 - Chair	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101
AORMA Seat #6 - V Chair	Guy Dalpe	Managing Director	San Francisco	Associated Students, Inc., San Francisco State University	gdalpe@sfsu.edu	415-338-1044
Treasurer	Robert Eaton	Assistant Vice Chancellor, Financing, Treasury, and Risk Management	Chancellor's Office	California State University, Office of the Chancellor	reaton@calstate.edu	562-951-4572
Secretary Auditor	Zachary Gifford	Director of Systemwide Risk Management and Public Safety	Chancellor's Office	California State University, Office of the Chancellor	zgifford@calstate.edu	562-951-4580

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Hsan Htein Van Rin	hhtein@alliant.com vrin@alliant.com	415-403-1452 415-403-1408	415-874-4810 415-874-4810
General CSURMA Coverage Questions	Robert Leong Van Rin Hsan Htein Daniel Howell	rleong@alliant.com vrin@alliant.com hhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
General AORMA Coverage Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Inland Marine	Van Rin Hsan Htein Mimi Long	vrin@alliant.com hhtein@alliant.com mlong@alliant.com	415-403-1408 415-403-1452 415-403-1423	415-874-4810 415-874-4810 415-874-4810
Participant Accident Insurance (PAI)	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Foreign Travel Program	Stacey Weeks Van Rin	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
General Risk Management Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Alliant Claims Consulting	Robert Frey Diana Walizada Michelle Maffei Elaine Kim	rfrey@alliant.com dwalizada@alliant.com mmaffei@alliant.com ekim@alliant.com	415-403-1445 415-403-1453 415-403-1418 415-403-1458	415-403-1466 415-403-1466 415-403-1466 415-403-1466
Form 700	Tevea Him	thim@alliant.com	415-403-1416	415-402-0773
Website and Technology Questions	Tevea Him Yung Lam	thim@alliant.com ylam@alliant.com	415-403-1416 415-403-1461	415-874-4810 415-874-4810

CONTACT LIST				
Coverage	Contact	E-Mail Address	Office	Fax
CSU Chancellor's Office				
CSU Chancellor's Office	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Rebecca Skidmore	rskidmore@calstate.edu	562-951-4574	562-951-4859
	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Alice Kim	akim@calstate.edu	562-951-4627	562-951-4865
	Kelly Cox	kcox@calstate.edu	562-951-4611	562-951-4865
	Robert Eaton	reaton@calstate.edu	562-951-4572	562-951-4971
	Audra Reed	areed@calstate.edu	562-951-4564	562-951-4971
	William Hsu	whsu@calstate.edu	562-951-4500	562-951-4956
	Steve Relyea	srelyea@calstate.edu	562-951-4600	562-951-4971
	Martha Guiditta	mguiditta@calstate.edu	562-951-4557	562-951-4859
	Michael Clements	mclements@calstate.edu	562-951-4091	
	Jessica Liu	jliu@calstate.edu	562-951-4621	
	Cindi Le	cle@calstate.edu	562-951-4651	
Daisy Thompson	dthompson@calstate.edu	562-951-4567		