

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
400 Golden Shore
Long Beach, California 90802-4275

(310) 985-2800

Date: June 27, 1995

To: Presidents

From: Barry Munitz 
Chancellor

Subject: California State University Risk Pooling Policy — Executive Order No. 638

I am transmitting a copy of Executive Order No. 638, which authorizes the establishment of The California State University Risk Pool.

The CSU Risk Pool will be under the administrative direction of the Vice Chancellor, Business and Finance. Day-to-day administration of this program will be handled by the California State University Risk Manager - Systemwide.

In accordance with the policy of The California State University, the campus President has the responsibility for implementing Executive Orders where applicable and for maintaining the campus repository and index for all Executive Orders.

Should you have any questions, please contact Ms. Charlene Minnick, Risk Manager - Systemwide, (310) 985-2790, in the Office of Auxiliaries Planning and Bonds.

BM:rp

Attachment

Distribution: Vice Presidents, Administration and Finance
Division Heads
Campus Risk Managers
Vice Chancellors

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Executive Order No: 638
Title: California State University Risk Pooling Policy
Effective Date: July 1, 1995
Supersedes: No Prior Executive Order

Through adoption of the following statement of policy, the California State University recognizes risk pooling as a function throughout the California State University system. It supplements the Risk Management Policy established by Executive Order No. 533. This Executive Order is issued pursuant to authority of Sections 1 and 2 of Chapter II of the Standing Orders of the Board of Trustees of the California State University and Government Code Sections 11007.4, *et seq.*

Introduction

This Executive Order establishes risk pooling and a self-insurance program covering CSU Risk Pool members. By establishing a replacement to the "Pay-as-You-Go" system, the program has been designed to reduce losses, increase accountability, and prevent spikes in annual budgets from catastrophic losses.

Risk Pooling Policy Implementation

This Executive Order establishes a self-insurance program for Workers' Compensation, Employer's, General, Errors and Omissions Liabilities, along with other lines of coverage. The program shall include a self-insurance mechanism but also may include the purchase of excess insurance and the provision of necessary administrative services such as risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal defense services.

The program shall contain the following elements:

1. Advisory Board

An advisory board, composed of the Vice Chancellor, Business and Finance or his/her designee from the Chancellor's Office and one representative designated by each campus President, is hereby established to advise on the operation of the CSU Risk Pool. The board shall recommend a funding methodology and annually approve funds to be collected from the members for the funding of the CSU Risk Pool programs. Furthermore, the board shall consider the feasibility of establishing a Joint Powers Agreement to provide risk pooling for the CSU and CSU auxiliary organizations.

2. Administration

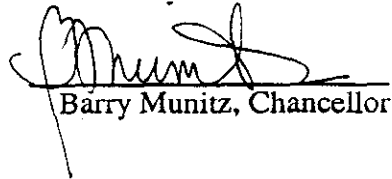
The CSU Risk Pool will be under the administrative direction of the Vice Chancellor, Business and Finance.

3. Budget

On or before March 31 of each year, the advisory board shall recommend to the Vice Chancellor, Business and Finance the program's budget for the next fiscal year.

4. Receipt and Disbursement of Funds

Funds necessary to operate the Self-Insurance Program shall be deposited to the Risk Trust Fund in the Risk Pool Account in the Chancellor's Office. Funds shall be disbursed under the supervision of the Vice Chancellor for Business and Finance.


Barry Munitz, Chancellor

Dated: June 27, 1995