



THIRD 2012 BOARD OF DIRECTORS MEETING
AT
THE WESTIN
BONAVENTURE
HOTEL & SUITES
LOS ANGELES
August 30, 2012

TIMES CERTAIN

Thursday – August 30, 2012 -

Location: Westin Bonaventure Hotel & Suites
404 S Figueroa St
Los Angeles, CA 90071
Santa Anita Conference Room (Lobby Level)

7:30 a.m.

Continental Breakfast for Board Workshop Attendees

8:00 a.m. – 10:00 a.m.

Board Executive Session/Workshop (closed session)

10:45 a.m. – 11:00 a.m.

Board Agenda Committee

11:00 a.m. – 1:00 p.m.

Board of Directors Meeting

BOARD MEETING AGENDA

Call to order on August 30, 2012 at 11:00 a.m. by President Dave Hart

Roll Call - Secretary-Treasurer David Okumura

Pledge of Allegiance - Vice President Donna Snodgrass

Communications - Secretary-Treasurer David Okumura

Report of Closed Session - Secretary-Treasurer David Okumura

Reading and Approval of Second 2012 Board of Directors Minutes - Secretary-Treasurer David Okumura

Report of Agenda Committee - Secretary-Treasurer David Okumura

Report of President

Report of Vice President

Report of Secretary-Treasurer

Report of General Manager/Director of Organizational Development

Affiliate Reports

Staff Reports

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Third 2012

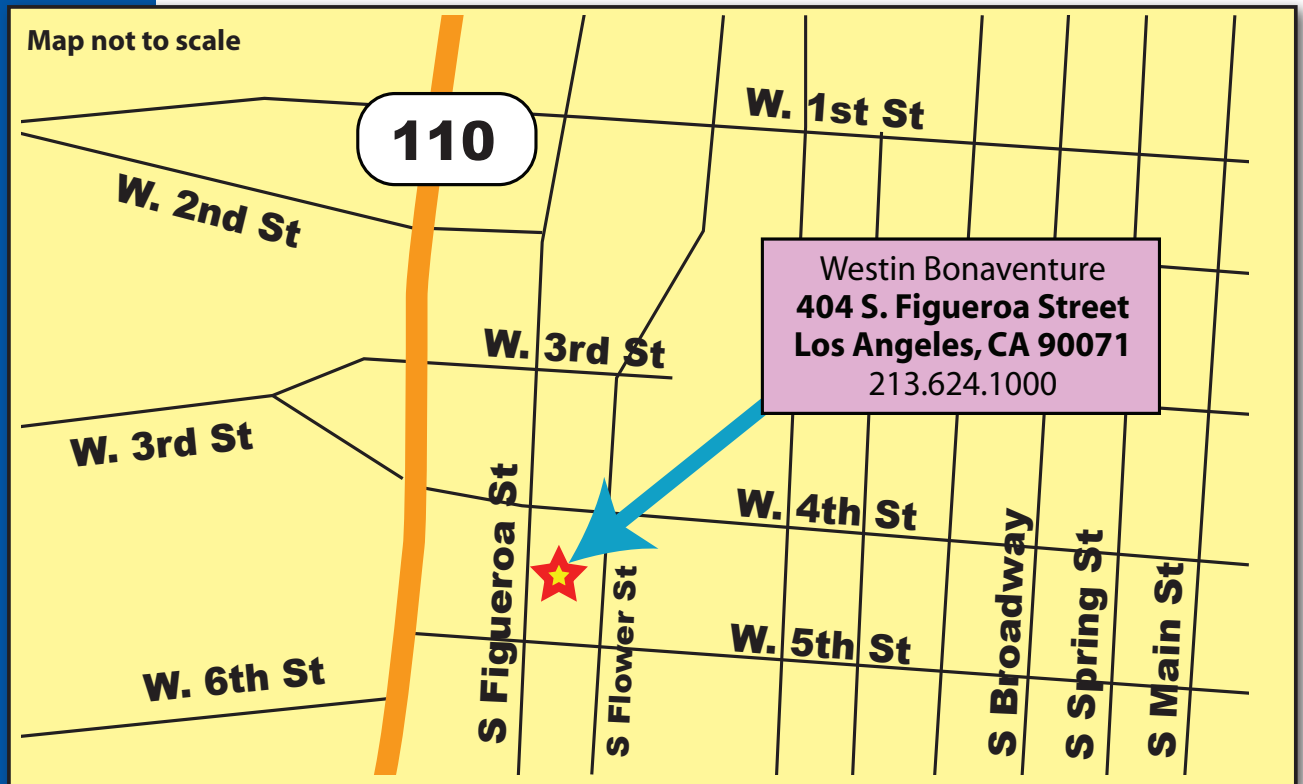
CSEA BOARD OF DIRECTORS MEETING

THE WESTIN

BONAVENTURE
HOTEL & SUITES
LOS ANGELES

Location: Westin Bonaventure Hotel & Suites
404 S. Figueroa St, Los Angeles, CA 90071
Santa Anita Conference Room (Lobby Level)

August 30
11:00 a.m. - 1:00 p.m.



ROLL CALL
THIRD 2012 CSEA Board of Directors Meeting
August 30, 2012

TITLE:	NAME:	√
President	Dave Hart Sitting in:	
Vice President	Donna Snodgrass Sitting in:	
Secretary-Treasurer	David Okumura Sitting in:	
CSUEU President	Patrick N. Gantt Sitting in:	
SEIU Local 1000 President	Yvonne Walker Sitting in:	
CSR President	Susan Sears Sitting in:	
ACSS, Inc. President	Arlene Espinoza Sitting in:	
CSUEU VP for Finance	Loretta Seva'aetasi Sitting in:	
CSUEU VP for Representation	Alisandra Brewer Sitting in:	
SEIU Local 1000 VP/Secretary-Treasurer	Cora Okumura Sitting in:	
SEIU Local 1000 VP for Bargaining	Margarita Maldonado Sitting in:	
CSR Executive VP	Jerry Evans Sitting in:	
CSR Vice President	Tim Behrens Sitting in:	
ACSS, Inc. VP Governmental Affairs	Frank P. Ruffino Sitting in:	
ACSS, Inc. Executive VP	Elnora Hunter-Fretwell Sitting in:	

Board Alternates:

Todd D'Braunstein – ACSS, Inc./VP Membership Development

Harold Rose – CSR/CFO, Secretary

Michael Geck – CSUEU/VP for Member Engagement

Tamekia Robinson – SEIU Local 1000, VP for Organizing/Representation

BOARD AGENDA ITEM

BEN 3/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Group Term Life Insurance Plan -
Anthem Life Insurance Company -
Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is substantial surplus in the contingency reserve.
2. Continue working with the carrier to increase member participation.
3. Monitor the impact of the new plan designs on the contingency reserve.

BACKGROUND:

This plan, which became effective more than seventy years ago, offers coverage under a schedule which increases with salary and decreases at ages 65 and 70. Monthly premium rates per \$1,000 coverage vary from .05¢ under age 25 to \$1.90 at age 70 and older. The plan provides maximum basic coverage of \$100,000 for those under age 65 whose salary is at least \$2,500 per month. Supplemental coverage is available to bring total coverage up to as much as \$300,000 for members in that age and salary group. Accidental death and premium waiver benefits are included under the plan, and dependent life insurance coverage is also available. In July, 2002 a temporary premium rate discount of 20 percent was implemented to release excess margin in the contingency reserve. In December, 2005 this goal was met and premium rates were restored to the contractual levels.

During 2011 a new 10-year level term life plan was introduced, and the term life program was extended to include associate members of CSEA. There is not yet enough data to review for either of these CSEA plans.

Attached is the 2011 Annual Actuarial Report. This data was review by the committee and used as a resource in evaluating the plan.

Board Agenda Item BEN 3/12/3 (Snodgrass)
8/30/12
Page 2

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost.)

FUNDING SOURCE:

BOARD ACTION:

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

15677-G Avenida Alcachofa
San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

GROUP TERM LIFE

This letter constitutes our annual report concerning the Group Term Plus life insurance plan underwritten by Anthem Life. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective more than seventy years ago, offers coverage under a schedule which increases with salary and decreases at ages 65 and 70. Monthly premium rates per \$1000 coverage vary from 5¢ under age 25 to \$1.90 at age 70 and older. The plan provides maximum basic coverage of \$100,000 for those under age 65 whose salary is at least \$2500 per month. Supplemental coverage is available to bring total coverage up to as much as \$300,000 for members in that age and salary group. Accidental death and premium waiver benefits are included under the plan, and dependent life insurance coverage is also available. In July, 2002 a temporary premium rate discount of 20% was implemented to release excess margin in the contingency reserve. In December, 2005 this goal was met and premium rates were restored to the contractual levels.

During 2011 a new 10-year level term life plan was introduced, and the term life program was extended to include associate members of CSEA. There is not yet enough data to review for either of these programs.

Enrollment

The membership count provided by Anthem for 2011 indicates a continuing decrease in enrollment. The reported numbers of covered members for the last five years were:

<u>YEAR</u>	<u>ACTIVE</u>	<u>RETIRED</u>	<u>MEMBERS</u>
2007	5,341	5,322	10,663
2008	5,403	5,010	10,413
2009	4,895	5,030	9,925
2010	4,522	4,821	9,343
2011	4,368	4,649	9,017

Coverage

While overall plan participation dropped over 3% during 2011, plan coverage decreased less than 1% as a result of a nearly 3% increase in the average coverage amount. Aggregate amounts below are in millions of dollars, while the average amounts are in dollars:

<u>YEAR</u>	<u>AGGREGATE</u>	<u>AVERAGE</u>
2007	671	62,900
2008	716	68,700
2009	723	72,900
2010	694	74,300
2011	689	76,400

Experience

A history of plan loss ratios for the last five years, based on claims incurred and premiums earned, is shown below (ratios are shown as percentages):

<u>YEAR</u>	<u>RATIO</u>
2007	94
2008	86
2009	83
2010	76
2011	87

Expenses

Plan expenses include administrative service fees, state premium taxes and guaranty association assessments, and carrier retention. Carrier retention dropped from 5.15 to 3.15 in August, 2009. Fees as a percent of earned premium, increased in 2009 due primarily to the transition of administration to AGIA. Expense ratios for the last five years have been (as percentages of earned premium):

<u>YEAR</u>	<u>FEES</u>	<u>TAXES</u>	<u>RETEN</u>	<u>TOTAL</u>
2007	13.9	2.7	5.2	21.8
2008	13.0	2.7	5.2	20.9
2009	21.5	2.4	4.3	28.2
2010	20.2	2.4	3.2	25.8
2011	23.3	2.4	3.2	28.9

Interest Credits

Interest is credited on all plan reserves (extended disability, claim, statutory, and contingency) at 90% of the rate earned by the carrier during the year (%):

<u>YEAR</u>	<u>RATE</u>
2007	4.81
2008	4.67
2009	4.68
2010	4.44
2011	3.18

Contingency Reserve

The contingency reserve is the excess (from plan inception) of premiums earned and investment income over expenses paid and claims incurred, including provision, through the policy and claim reserves, for future claim payments (premiums and reserves are in dollars, ratios are in percentages):

<u>YEAR</u>	<u>PREMIUM</u>	<u>RESERVE</u>	<u>RATIO</u>
2007	3,994,184	3,791,707	95
2008	4,159,294	4,782,517	115
2009	4,217,667	5,613,208	133
2010	4,173,994	6,753,235	162
2011	3,944,904	6,902,154	175

Other Reserves

Policy (statutory) and claim (extended disability and other) reserves decreased slightly last year:

<u>YEAR</u>	<u>POLICY RESERVES</u>	<u>CLAIM RESERVES</u>	<u>COMBINED RESERVES</u>	<u>RATIO TO PREMIUM</u>
2007	15,626,561	8,593,657	24,220,218	606
2008	15,322,344	8,171,563	23,493,907	565
2009	14,640,403	7,862,341	22,502,744	534
2010	14,486,298	7,302,546	21,788,844	522
2011	14,612,386	7,134,095	21,746,481	551

Recommendations:

1. Conclude that there is substantial surplus in the contingency reserve.
2. Continue working with the carrier to increase member participation.
3. Monitor the impact of the new plan designs on the contingency reserve.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

cc: Kathleen A. Blum

BOARD AGENDA ITEM

BEN 4/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Group Ordinary Life Insurance Plan -
Anthem Life Insurance Company -
Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is a small surplus in the contingency reserve.
2. Continue working with the carrier to increase member participation.

BACKGROUND:

This plan, which became effective in 1960, provides whole life insurance with increasing cash values. Coverage varies with salary from a low of \$12,000 to a maximum of \$30,000 basic coverage, but up to an additional \$50,000 of supplemental group ordinary life insurance may be purchased. Accidental death and premium waiver benefits are included under the plan, and dependent life coverage is also available. Separate sub-plans are maintained for policies issued prior to November of 1971 (old policies) and those issued subsequently (new policies). From 1984 to 2002, mortality dividends (varying from 25 percent to 75 percent on old policies) were utilized to help reduce excess margin in the plan's contingency reserve. In addition, premium rates have been discounted 50 percent for supplemental coverage, and as shown below for basic coverage (%):

YEAR	OLD	NEW
1973-1974	46	10
1975-1976	60	10
1977	60	25
1978	70	25
1979	80	40
1980-1985	90	50
1986-2011	95	50

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
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15677-G Avenida Alcachofa
San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

GROUP ORDINARY LIFE

This letter constitutes our annual report concerning the Group Ordinary life insurance plan underwritten by Anthem Life. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective in 1960, provides whole life insurance with increasing cash values. Coverage varies with salary from a low of \$12,000 to a maximum of \$30,000 basic coverage, but up to an additional \$50,000 of supplemental group ordinary life insurance may be purchased. Accidental death and premium waiver benefits are included under the plan, and dependent life coverage is also available. Separate subplans are maintained for policies issued prior to November of 1971 (old policies) and those issued subsequently (new policies). From 1984 to 2002, mortality dividends (varying from 25% to 75% on old policies) were utilized to help reduce excess margin in the plan's contingency reserve. In addition, premium rates have been discounted 50% for supplemental coverage, and as much as 95% for basic coverage.

A new group ordinary life plan, with increased coverage and reduced rates is now being offered. Experience for this new product will be reflected in future reports.

Enrollment

The group ordinary life plan enrollment has declined in recent years, particularly among active members. Total enrollment dropped 5% last year:

<u>YEAR</u>	<u>ACTIVE</u>	<u>RETIRED</u>	<u>TOTAL</u>
2007	805	1,187	1,992
2008	764	1,137	1,901
2009	716	1,117	1,833
2010	633	1,100	1,733
2011	582	1,083	1,665

Coverage

Total coverage under the plan has declined due to the reduction in plan participation. Aggregate coverage below is in millions of dollars, while active and retired average coverage amounts are in dollars:

<u>YEAR</u>	<u>AGG COV</u>	<u>ACT AVG</u>	<u>RET AVG</u>
2007	40	31,300	12,700
2008	38	31,500	12,700
2009	37	32,200	12,700
2010	35	32,100	13,000
2011	33	32,000	13,100

Experience

Ordinary life loss ratios are of limited significance, since much of the premium is used to develop cash values rather than for current claims. The application of various discounts to basic premium rates further complicates the development of loss ratios. Loss ratios for the past five years are shown below as percentages of discounted premiums:

<u>YEAR</u>	<u>RATIO</u>
2007	151
2008	173
2009	172
2010	170
2011	151

Expenses

Plan expenses include administrative service fees, state premium taxes and guaranty association assessments, and carrier retention. Expense ratios, based on expenses paid and contract (i.e. undiscounted) premiums earned, are shown below for the last five years (%):

<u>YEAR</u>	<u>FEES</u>	<u>TAXES</u>	<u>RETEN</u>	<u>TOTAL</u>
2007	10.5	1.3	5.2	17.0
2008	10.7	1.3	5.2	17.2
2009	17.6	1.1	4.3	23.0
2010	16.8	1.0	3.2	21.0
2011	19.9	1.0	3.2	24.1

Interest Credits

Interest is credited on all plan reserves (policy reserves, extended disability, claim, premium waiver, and contingency) at the same rate as that for the group term plan (%):

<u>YEAR</u>	<u>RATE</u>
2007	4.81
2008	4.67
2009	4.68
2010	4.44
2011	3.18

Contingency Reserve

The contingency reserve is the excess (from plan inception) of premiums earned and investment income over expenses paid and claims incurred, including provision, through the other reserves, for future payments. Although the plan has a shrinking and aging group of participants, and premiums have been heavily discounted, experience over the last few years, combined with investment income, has generated a significant increase in the contingency reserve:

<u>YEAR</u>	<u>EARNED PREMIUM</u>	<u>CONTRACT PREMIUM</u>	<u>CONTINGENCY RESERVE</u>	<u>RESERVE RATIO (%)</u>
2007	445,786	935,534	55,840	6
2008	425,616	892,854	237,938	27
2009	424,563	910,656	282,442	31
2010	383,211	887,873	461,584	52
2011	350,718	814,075	396,403	49

Other Reserves

Claim reserves decreased about one million dollars in 2001 due to the reduction in the premium waiver reserves as a result of the actuarial audit. Overall, combined reserves (apart from the contingency reserve) remain very substantial, reflecting the aging of participants, and are now about fifteen times as large as annual contract premiums:

<u>YEAR</u>	<u>POLICY RESERVES</u>	<u>CLAIM RESERVES</u>	<u>COMBINED RESERVES</u>	<u>RATIO TO PREMIUM</u>
2007	13,161,033	1,048,541	14,209,574	1519
2008	12,821,533	976,430	13,797,963	1545
2009	12,641,716	1,092,692	13,734,408	1508
2010	12,333,911	959,504	13,293,415	1497
2011	12,209,076	810,443	13,019,519	1599

Recommendations:

1. Conclude that there is a small surplus in the contingency reserve.
2. Continue working with the carrier to increase member participation.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

cc: Kathleen A. Blum

BOARD AGENDA ITEM

BEN 5/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Accidental Death and Dismemberment
Insurance Plan – New York Life
Insurance Company – Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDATION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is a surplus in the contingency reserve.
2. Continue the plan with New York Life at current rates.
3. Continue efforts to increase plan participation, particularly among active members.

BACKGROUND:

This New York Life plan, which replaced the Mutual of Omaha plan in 2003, provides accidental and dismemberment benefits for employed members and their dependents, with continuing coverage for retired members and their families. Coverage is in units of \$50,000, with a maximum of \$500,000 for active participants and \$200,000 for retirees. Coverage terminates at age 80. Several supplementary benefits are provided, such as an inflation hedge and a 12-month waiver of dependent coverage premiums following the death of the insured. Dependent coverage is directly related to member coverage, being 40 percent for spouses (50 percent without children) and 10 percent for each child. The monthly premium is \$2.50 per unit plus \$1.00 per unit for dependents.

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
 Member, American Society of Pension Actuaries
 Fellow, Canadian Institute of Actuaries
 Fellow, Casualty Actuarial Society
 Fellow, Conference of Consulting Actuaries
 Fellow, Society of Actuaries

15677-G Avenida Alcachofa
 San Diego, California 92128
 Telephone: 858-793-1300
 Telefax: 858-793-1307
 fred@thekilbournecompany.com
 TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
 California State Employees Association
 1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

ACCIDENTAL DEATH AND DISMEMBERMENT

This letter constitutes our annual report concerning the Accidental Death and Dismemberment insurance plan, underwritten by New York Life. Our report includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This New York Life plan, which replaced the Mutual of Omaha plan in 2003, provides accidental death and dismemberment benefits for employed members and their dependents, with continuing coverage for retired members and their families. Coverage is in units of \$50,000 with a maximum of \$500,000 for active participants and \$200,000 for retirees. Coverage terminates at age 80. Several supplementary benefits are provided, such as an inflation hedge and a 12-month waiver of dependent coverage premiums following the death of the insured. Dependent coverage is directly related to member coverage, being 40% for spouses (50% without children) and 10% for each child. The monthly premium is \$2.50 per unit plus \$1.00 per unit for dependents.

Enrollment

Plan enrollment decreased about 7% last year. The numbers of total covered members at the end of each of the indicated years were:

<u>YEAR</u>	<u>MEMBERS</u>
2007	17,879
2008	18,150
2009	15,929
2010	14,836
2011	14,149

Experience

Data shown below is policy year (beginning on June 1 of the indicated year). Premiums and claims are in thousands of dollars, and loss ratios are percentages:

<u>YEAR</u>	<u>EARNED PREMIUMS</u>	<u>INCURRED CLAIMS</u>	<u>LOSS RATIO</u>
through 2006	36,422	23,770	65
2007	2,482	341	14
2008	2,518	991	39
2009	2,555	1,309	51
2010	2,514	1,284	51
2011	<u>2,512</u>	<u>597</u>	<u>24</u>
Totals	49,003	28,292	58

Expenses

Total expenses for policy year 2011 were about \$1,000,000. The ratios of expenses to earned premium, for the last five years, have been as follows:

<u>YEAR</u>	<u>EXPENSES</u>	<u>RATIO</u>
2007	906	37
2008	972	39
2009	1,061	42
2010	1,001	40
2011	1,003	40

Interest Credits

Recent experience has maintained the positive balance in the contingency reserve. Over the past year interest was credited in the amount of \$43,438 on this reserve.

Contingency Reserve

Based on the retention agreement with New York Life, the contingency reserve for this plan consists of a Cost Stabilization Reserve (CSR) plus amounts in excess of the required CSR goal (the greater of \$400,000 or 25% of annual earned premium). 100% of the net gain for each year is credited first to the CSR with any excess to be credited to insured members. Experience over the past year has reduced the CSR slightly to \$630,500 (25.1% of earned premium) as of May 31, 2012.

Recommendations:

1. Conclude that there is surplus in the contingency reserve.
2. Continue the plan with New York Life at current rates.
3. Continue efforts to increase plan participation, particularly among active members.

Sincerely,



Frederick W. Kilbourne

cc: Kathleen A. Blum

BOARD AGENDA ITEM

BEN 6/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Disability Income Insurance Plans
(Short Term and Long Term) -
New York Life Insurance Company -
Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is a surplus in the contingency reserve.
2. Continue the plans with New York Life at current rates.
3. Continue to market both plans to rebuild plan membership.

BACKGROUND:

This plan has been underwritten by New York Life since May 1, 2002, and is the continuation of a plan first implemented in 1977. Coverage varies with salary, being designed to replace most of net after-tax earned income lost due to disability. The long-term version of the plan provides up to two years or five years of monthly income (based on plan selection) after a six-month elimination period (i.e., non-retroactive waiting period). The short-term version of the plan provides benefits up to six months after a one-month elimination period for sickness only (there is no elimination period for injury). Monthly premiums vary with salary and age. When New York Life took over the plan, existing rates were continued, benefit maximums were increased, and a five-year plan was added. The plan developed nearly a million-dollar deficit during the first three years of operation. After negotiations with AGIA on CSEA's behalf, New York Life agreed to continue the plan unchanged, but with a 38 percent rate increase effective December 1, 2005. In 2006, plan enrollment began to drop as a consequence of SEIU Local 1000 members becoming eligible for the state-sponsored SDI program. In response, New York Life developed an alternative plan for these members, which is offered at an average rate deduction of over 30% and is designed to augment SDI coverage. This plan was added in 2007.

Board Agenda Item BEN 6/12/3 (Snodgrass)
8/30/12
Page 2

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

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San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

DISABILITY INCOME

This letter constitutes our annual report concerning the Disability Income insurance plan previously underwritten by Fortis Benefits Insurance Company, and currently by New York Life Insurance Company. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan has been underwritten by New York Life since May 1, 2002, and is the continuation of a plan first implemented in 1977. Coverage varies with salary, being designed to replace most of net after-tax earned income lost due to disability. The long-term version of the plan provides up to two years or five years of monthly income (based on plan selection) after a six-month elimination period (i.e. nonretroactive waiting period). The short-term version of the plan provides benefits up to six months after a one-month elimination period for sickness only (there is no elimination period for injury). Monthly premiums vary with salary and age. When New York Life took over the plan, existing rates were continued, benefit maximums were increased, and a five-year plan was added. The plan developed nearly a million-dollar deficit during the first three years of operation. After negotiations with AGIA on CSEA's behalf, New York Life agreed to continue the plan unchanged, but with a 38% rate increase effective December 1, 2005. In 2006 plan enrollment began to drop as a consequence of SEIU Local 1000 members becoming eligible for the state-sponsored SDI program. In response, New York Life developed an alternative plan for these members, which is offered at an average rate reduction of over 30%, and is designed to augment SDI coverage. This plan was added in 2007.

Enrollment

Plan membership continued to decline, dropping almost 12% last year. Approximately 20% of the members select the short term coverage:

<u>YEAR</u>	<u>MEMBERS</u>
2007	2899
2008	2574
2009	2345
2010	2070
2011	1830

Experience

Data shown below is policy year (beginning on May 1 of the indicated year). Because of the switch from calendar-year to policy-year record keeping, the first four months of 2002 are not included in the totals. Premiums and claims below are in thousands of dollars, and loss ratios are percentages:

<u>POLICY YEAR</u>	<u>EARNED PREMIUMS</u>	<u>INCURRED CLAIMS</u>	<u>LOSS RATIO</u>
through 2007	25,315	14,426	57
2008	1,470	367	25
2009	1,401	559	40
2010	1,267	592	47
2011	1,110	72	6

Expenses

Expenses were reported by Fortis through 2001, and have been reported by New York Life beginning May 1, 2002. New York Life expenses incurred below are net of interest credits. For 2010, expenses include a contribution of 5% toward building the contingency reserve. Expenses below are in thousands of dollars, while ratios are percentages:

<u>YEAR</u>	<u>EXPENSES INCURRED</u>	<u>EXPENSE RATIO</u>	<u>COMBINED RATIO</u>
through 2007	10,447	41	98
2008	669	46	71
2009	550	39	79
2010	530	42	89
2011	509	46	52

Interest Credits

Interest of \$13,582 was credited by New York Life on the claim reserve for 2011, and was used to offset expenses.

Contingency Reserve

Based on the retention agreement with New York Life, the contingency reserve for this plan consists of a Cost Stabilization Reserve (CSR) plus amounts in excess of the required CSR goal (the greater of \$400,000 or 25% of annual earned premium). 100% of the net gain for each year is credited first to the CSR with any excess to be credited to insured members. Experience over the past year has increased the CSR significantly to \$1,044,509 (94.1% of earned premium) as of May 31, 2012.

Recommendations

1. Conclude that there is surplus in the contingency reserve.
2. Continue the plans with New York Life at current rates.
3. Continue to market both plans to rebuild plan membership.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

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BOARD AGENDA ITEM

BEN 7/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Cancer Insurance Plans -
Monumental Life Insurance Company –
Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that the plans have begun to generate surplus in the contingency reserve.
2. Continue the plans with Monumental Life at current premium rates.

BACKGROUND:

The original plan became effective in 1996, replacing the Cancer and Other Specified Disease program which had previously been underwritten by National Foundation Life. The plan provides lump sum benefits payable directly to the insured member, as well as specified medical care coverage. It offers heart attack and stroke coverage as an optional benefit, in addition to the basic cancer coverage. The maximum lifetime amount for all benefits is \$250,000. Dependent coverage is also available under this plan. The plan was put out to bid in 2001, with Monumental Life retained as the carrier. During 2006 a second plan was put out to bid, and Cancer CarePlus was added. Beginning in 2006 a retention agreement was implemented for both plans, which provides for a 50 percent share of plan surplus to be returned to plan participants. Experience for the two plans is combined in this report.

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

15677-G Avenida Alcachofa
San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

CANCER INSURANCE PLANS

This letter constitutes our annual report concerning the Cancer insurance plans underwritten by Monumental Life Insurance Company. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

The original plan became effective in 1996, replacing the Cancer and Other Specified Disease program which had previously been underwritten by National Foundation Life. The plan provides lump sum benefits payable directly to the insured member, as well as specified medical care coverage. It offers heart attack and stroke coverage as an optional benefit, in addition to the basic cancer coverage. The maximum lifetime amount for all benefits is \$250,000. Dependent coverage is also available under this plan. The plan was put out to bid in 2001, with Monumental Life retained as the carrier. During 2006 a second plan was put out to bid, and CancerCare Plus was added. Beginning in 2006 a retention agreement was implemented for both plans, which provides for a 50% share of plan surplus to be returned to plan participants. Experience for the two plans is combined in this report.

Enrollment

Participation in the plans increased about 6% last year:

<u>YEAR</u>	<u>MEMBERS</u>
2007	4487
2008	4521
2009	4591
2010	5075
2011	5384

Experience

Earned premium increased by 8% last year. The incurred loss ratio remained low. Premiums and claims below are in thousands of dollars, and loss ratios are percentages:

<u>YEAR</u>	<u>EARNED PREMIUM</u>	<u>INCURRED CLAIMS</u>	<u>LOSS RATIO</u>
through 2006	14,116	5,799	41
2008	1,592	199	13
2009	1,619	437	27
2010	1,690	334	20
2011	1,817	414	23
Totals	19,215	6,746	35

Expenses

In 2010 expenses amounted to about 61% of earned premium. About 8% of the marketing expense (.9% of premium) reflects amortization of the plan's initial marketing costs, as called for by the retention agreement. Total expenses below are net of interest credited on the contingency reserve during 2011. This offset is reflected in the fees category. Expenses for 2011 have not yet been reported.

<u>YEAR</u>	<u>FEES</u>	<u>TAXES</u>	<u>RETEN</u>	<u>MKTG</u>	<u>TOTAL</u>
2007	29.4	2.5	12.5	19.3	63.7
2008	34.5	2.5	12.5	13.4	62.9
2009	34.8	2.5	12.5	13.0	62.8
2010	34.9	2.5	12.5	10.8	60.7

Contingency Reserve

The carrier agreed to enter into a retention agreement effective January 1, 2006, under which 50% of the excess of earned premium over claims incurred and expenses paid is credited to the participants, after any contribution that is needed to maintain the stabilization reserve at a level equal to 15% of earned premium. At the end of 2010 the Surplus Account was \$416,191. This has not yet been updated to include 2011 experience.

Recommendations:

1. Conclude that the plans have begun to generate surplus in the contingency reserve.
2. Continue the plans with Monumental Life at current premium rates.

Sincerely,

A handwritten signature in cursive script that reads "Fred Kilbourne".

Frederick W. Kilbourne

cc: Kathleen A. Blum

BOARD AGENDA ITEM

BEN 8/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Family Life Insurance Plan -
American United Life Insurance Company -
Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with American United at current rates.

BACKGROUND:

This plan, which became effective over thirty years ago, provides dependent term life insurance on an individual policy basis. Coverage has been provided by the same carrier throughout that period.

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

15677-G Avenida Alcachofa
San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

FAMILY LIFE

This letter constitutes our annual report concerning the Family Life plan, underwritten by American United Life. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective over thirty years ago, provides dependent term life insurance on an individual policy basis. Coverage has been provided by the same carrier throughout that period.

Enrollment

Initial enrollment was about 700 members. This remained stable for a number of years, but has subsequently declined. At the end of 2011 there were 40 members covered under the plan.

Experience

Paid premiums were \$1,858 in 2011, and no paid claims have yet been reported..

Expenses

Paid expenses in 2011 have not yet been reported.

Contingency Reserve

There is no provision in the plan for a contingency reserve.

Recommendations

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with American United at current rates.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

cc: Kathleen A. Blum

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BOARD AGENDA ITEM

BEN 9/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Legal Plan - Legal Club of America -
Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with Legal Club of America at current rates.

BACKGROUND:

This plan, which became effective in 2000, provides specified legal services through a network of attorneys, plus other legal services for \$75 per hour. It has been provided since inception by the same provider.

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

15677-G Avenida Alcachofa
San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

LEGAL PLAN

This letter constitutes our annual report concerning the legal service plan provided by Legal Club of America. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective in 2000, provides specified legal services through a network of attorneys throughout the State. Other legal services are available at a relatively low rate. The plan has been provided since inception by the same provider.

Enrollment

Plan membership increased slightly during the past year. There were 1362 covered members at the end of 2011, with access to 1202 California attorneys.

Experience

A total of about \$766,000 of premium has been paid over the life of the plan, of which about \$105,000 was paid in 2011. Since this is a service plan, and not insurance, the provider makes no claim payments. Approximately half of the plan participants (662 members) used plan services during 2011.

Expenses

Reimbursement of service costs totaled about \$24,000 in 2011. Other provider costs have not been provided.

Contingency Reserve

There is no provision in the plan for a contingency reserve.

Recommendations

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with Legal Club of America at current rates.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

cc: Kathleen A. Blum

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BOARD AGENDA ITEM

BEN 10/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Auto and Homeowners Insurance Plan -
Unitrin Direct *preferred insurance* -
Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude there is no contingency reserve surplus
2. Continue the plan with Unitrin Direct *preferred insurance* at current rates, pending the outcome of RFP discussions.
3. Continue marketing to increase plan participation.
4. Negotiate a retention agreement or improved premium rates.

BACKGROUND:

This plan became effective in 2001. It provides auto and homeowners insurance along with umbrella and boat coverage. Coverage is offered on an individual, rather than a group, basis. Records of problems and complaints, maintained by the Member Benefits staff, have shown favorable results. In January of 2003 Merastar replaced Rewards Plus as plan administrator, creating a direct relationship between CSEA and the carrier. In June 2007 Merastar was purchased by Unitrin, Inc. Unitrin is a \$3 billion financial services company and maintains an "A" (Excellent) rating from A.M. Best.

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
 Member, American Society of Pension Actuaries
 Fellow, Canadian Institute of Actuaries
 Fellow, Casualty Actuarial Society
 Fellow, Conference of Consulting Actuaries
 Fellow, Society of Actuaries

15677-G Avenida Alcachofa
 San Diego, California 92128
 Telephone: 858-793-1300
 Telefax: 858-793-1307
 fred@thekilbournecompany.com
 TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
 California State Employees Association
 1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

AUTO AND HOMEOWNERS

This letter is our annual report concerning the Auto and Homeowners insurance plan provided by UNITRIN Direct *preferred insurance*. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan became effective in 2001. It provides auto and homeowners insurance along with umbrella and boat coverage. Coverage is offered on an individual, rather than a group, basis. Records of problems and complaints, maintained by Member Benefits staff, have shown favorable results. In January of 2003 Merastar replaced Rewards Plus as plan administrator, creating a direct relationship between CSEA and the carrier. In June 2007, Merastar was purchased by Unitrin, Inc. Unitrin is a \$3 billion financial services company and maintains an "A" (excellent) rating from A.M. Best.

Enrollment

Total policy counts as of December 31, 2011 decreased 4% relative to last year. The history below shows total policy counts (auto, homeowners, boat, and umbrella) over the last five years:

<u>YEAR</u>	<u>POLICIES</u>
2007	2394
2008	2196
2009	2166
2010	1975
2011	1905

Experience

Insured members paid about \$2.6 million in premium in 2011. Premiums and claims below are in thousands of dollars, and loss ratios are percentages:

<u>POLICY YEAR</u>	<u>EARNED PREMIUMS</u>	<u>INCURRED CLAIMS</u>	<u>LOSS RATIO</u>
2007	3509	1571	45
2008	3433	1927	56
2009	3192	1605	50
2010	2818	1529	54
2011	2621	1190	45

Expenses

The carrier reports paid commission and marketing costs only. Those expenses are shown below in thousands of dollars, while ratios are percentages:

<u>YEAR</u>	<u>EXP PAID</u>	<u>EXP RATIO</u>
2007	227	6
2008	276	8
2009	245	9
2010	244	9
2011	269	10

Contingency Reserve

There is no provision for a contingency reserve under the agreement with Unitrin. The plan is stable, however, and appears to be profitable for the carrier.

Recommendations:

1. Conclude there is no contingency reserve surplus.
2. Continue the plan with Unitrin Direct *preferred insurance* at current rates, pending the outcome of RFP discussions.
3. Continue marketing to increase plan participation.
4. Negotiate a retention agreement or improved premium rates.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

cc: Kathleen A. Blum

BOARD AGENDA ITEM

BEN 11/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Emergency Assistance Plan (EA+) -
OnCall International - Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with OnCall International at current rates.

BACKGROUND:

This plan, which became effective in 2004, provides medical and associated assistance in the event of sickness or injury when traveling. Coverage is available on a family or member-only basis.

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

15677-G Avenida Alcachofa
San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

EMERGENCY ASSISTANCE PLAN

This letter constitutes our annual report concerning the Emergency Assistance Plan provided by On Call International. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective in 2004, provides medical and associated assistance in the event of sickness or injury when traveling. Coverage is available on a family or member-only basis.

Enrollment

The plan has had a significant decrease in participants (26%) since its peak in 2009. Membership for the last five years of the program has been as follows:

<u>YEAR</u>	<u>MEMBERS</u>
2007	3790
2008	3984
2009	3759
2010	2726
2011	2953

Experience

Paid premiums plus fees totaled about \$282,000 in 2011. This is primarily a service plan, but the provider does make some direct payments to insured members under certain circumstances.

Expenses

No information about the costs of operating the plan has been provided.

Contingency Reserve

There is no provision in the plan for a contingency reserve.

Recommendations

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with On Call International at current rates.

Sincerely,

A handwritten signature in cursive script that reads "Fred Kilbourne".

Frederick W. Kilbourne

cc: Kathleen A. Blum

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BOARD AGENDA ITEM

BEN 12/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

24PetWatch Pet Insurance Plan –
Pethealth Incorporated - Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with Pethealth at current rates, pending approval of the move to Hartville.

BACKGROUND:

This plan provides medical coverage for dogs and cats. The basic monthly premium varies from \$10.95 to \$46.95 for dogs and from \$9.95 to \$26.95 for cats. The maximum benefit is \$2,500 for cats and \$3,000 for dogs.

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
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Fellow, Society of Actuaries

15677-G Avenida Alcachofa
San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

24PETWATCH PET INSURANCE PLAN

This letter constitutes our annual report concerning the 24PetWatch Pet Insurance Plan provided by Pethealth Incorporated. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

The Member Benefits Committee at its March 3 meeting recommended to the CSEA Board that A&H Intermediaries (Hartville) take over the plan. Pending approval of this recommendation, the following pertains to the existing plan.

Background

This plan provides medical coverage for cats and dogs. The basic monthly premium varies from \$10.95 to \$46.95 for dogs and from \$9.95 to \$26.95 for cats. The maximum benefit is \$2,500 for cats and \$3,000 for dogs.

Enrollment

Enrollment remained at about two dozen participants last year, which is very low in the seventh year of the plan's availability.

Experience

Premiums of about \$7,000 were collected during 2011. The carrier does not report claim experience.

Expenses

No information about the costs of operating the plan has been provided.

Contingency Reserve

There is no provision in the plan for a contingency reserve.

Recommendations

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with Pethealth at current rates, pending approval of the move to Hartville.

Sincerely,

A handwritten signature in cursive script that reads "Fred Kilbourne".

Frederick W. Kilbourne

cc: Kathleen A. Blum

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BOARD AGENDA ITEM

BEN 13/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Comprehensive Accident Plan (CAP) -
Hartford Life and Accident Insurance Company –
Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude there is no contingency reserve surplus.
2. Continue the plan with Hartford Life and Accident Insurance Company at current rates.
3. Continue marketing to increase plan participation.
4. Discuss potential for a retention agreement with the carrier as the plan grows.

BACKGROUND:

This plan was implemented in 2007 to provide additional coverage for accident-related loss not included in the AD&D plan underwritten by New York Life. Two levels of coverage are offered, providing benefits for death, disability and hospitalization.

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

15677-G Avenida Alcachofa
San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

COMPREHENSIVE ACCIDENT PLAN

This letter is our annual report concerning the Comprehensive Accident insurance plan underwritten by Hartford Life and Accident Insurance Company. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan was implemented in 2007 to provide additional coverage for accident-related loss not included in the AD&D plan underwritten by New York Life. Two levels of coverage are offered, providing benefits for death, disability and hospitalization.

Enrollment

Policies decreased slightly during 2011:

<u>YEAR</u>	<u>POLICIES</u>
2007	416
2008	561
2009	587
2010	595
2011	571

Experience

After five years, claim experience is now emerging. Premiums and claims below are in thousands of dollars, and loss ratios are as percentages:

<u>POLICY YEAR</u>	<u>EARNED PREMIUMS</u>	<u>INCURRED CLAIMS</u>	<u>LOSS RATIO</u>
2007	83	0	0
2008	154	14	9
2009	164	0	0
2010	194	68	35
2011	186	77	41

Expense

Expenses remain high as a percent of premium, and increased last year after three years of relative decline. Expense ratios have been as follows, based on premiums earned and expenses paid:

<u>YEAR</u>	<u>FEES</u>	<u>MKTG</u>	<u>RETEN</u>	<u>TOTAL</u>
2007	44.8	89.2	9.6	143.6
2008	31.5	38.3	9.6	79.3
2009	25.0	25.5	9.6	60.1
2010	25.0	17.7	9.6	52.3
2011	25.0	28.9	11.1	65.0

Contingency Reserve

There is no provision for a contingency reserve with this plan. Claim experience for the first four years was good, but last year the plan produced a small loss.

Recommendations:

1. Conclude there is no contingency reserve surplus.
2. Continue the plan with Hartford Life and Accident Insurance Company at current rates.
3. Continue marketing to increase plan participation.
4. Discuss potential for a retention agreement with the carrier as the plan grows.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

cc: Kathleen A. Blum

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BOARD AGENDA ITEM

BEN 14/12/3 (Snodgrass)

ACTION ITEM

Date: 8/30/12

SUBJECT:

Travel Accident Insurance Plan –
New York Life Insurance Company –
Annual Review

SOURCE AND/OR PROPONENT:

Member Benefits Committee

OFFICER ASSIGNED:

Donna Snodgrass, Vice President

ASSIGNED TO:

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude there is no contingency reserve surplus.
2. Continue the plan with New York Life at current rates.
3. Work with the carrier to collect data necessary to evaluate plan experience.

BACKGROUND:

This plan was implemented in 2010 to provide specified benefits for travel-related loss. Benefits are paid in addition to all other insurance, and include life insurance up to \$200,000 and cash benefits up to \$140,000 during hospitalization.

Attached is the 2011 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

15677-G Avenida Alcachofa
San Diego, California 92128
Telephone: 858-793-1300
Telefax: 858-793-1307
fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

June 12, 2012

Dear Ms. Thomas:

TRAVEL ACCIDENT PLAN

This letter constitutes our annual report concerning the travel accident plan underwritten by New York Life Insurance Company. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan was implemented in 2010 to provide specified benefits for travel-related loss. Benefits are paid in addition to all other insurance, and include life insurance up to \$200,000 and cash benefits up to \$140,000 during hospitalization.

Enrollment

There were 1898 covered members at the end of 2011.

Experience

A total of about \$180,000 of premium was been paid in the first year of the plan. Claim experience on the plan is not yet available.

Expenses

Expense information is not yet available for this plan.

Contingency Reserve

There is no provision in the plan for a contingency reserve.

Recommendations

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with New York Life at current rates.
3. Work with the carrier to collect data necessary to evaluate plan experience.

Sincerely,

A handwritten signature in cursive script that reads "Fred Kilbourne".

Frederick W. Kilbourne

cc: Kathleen A. Blum

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BOARD AGENDA ITEM BEN 15/12/3 (Snodgrass)

ACTION ITEM Date: 8/30/12

SUBJECT: Final Expense Life Insurance Plan

SOURCE AND/OR PROPONENT: Member Benefits Committee

OFFICER ASSIGNED: Donna Snodgrass, Vice President

ASSIGNED TO: Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the Anthem Life Final Expense Life Insurance Plan as a new Member Benefit program.

BACKGROUND:

Committee member, Peggy O'Neil-Rosales, requested that burial insurance be placed on the August 13, 2011 agenda. The following motion was made:

MB 30/11/3 MOTION: McGee, second by O'Neil-Rosales – that the Member Benefits Committee request Anthem Life Insurance Company to explore a stand alone funeral plan to offer two plans for \$10,000 or \$20,000. CARRIED.

At the March 3, 2012 Member Benefits Committee Meeting, the following motion was made:

MB 5/12/1 MOTION: McGee, second by O'Neil-Rosales – that the Member Benefits Committee table this item and requests that Anthem life include premiums on dependent coverage for pre and post retired members that are not funded by the premium stabilization reserves. CARRIED.

Attached is The CSEA Final Expense Life Insurance Plan for the Board's consideration with the enhancements based on feedback from the March 3, 2012 meeting.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

CSEA Final Expense Life Insurance Plan Request

Request: Review the impact of providing a low amount (\$20,000 or less) of Life Insurance to CSEA Members that would cover their final (burial) expenses.

Proposed Options:

No	Request	Available Options
1.	Benefits of \$20,000 or less	\$10,000 or \$20,000
2.	Minimal or no Medical underwriting	Guaranteed issue during first 7 months of employment; accept/reject underwriting with simplified EOI form thereafter
3.	Available to Active Members	Active Members may apply (CSEA membership required)
4.	Available to Active Members	Retired Members may apply (CSEA membership required, no work requirement)
5.	Available to Dependent Spouses	Dependent spouses of active and retired Members may apply, underwriting required after first 7 months of Member's employment
6.	Accessible beyond age 65	Available to age 80
7.	Stabilization Account Neutral	Proposed premium rates discounted by 25%, expect little to no stabilization account impact due to medical underwriting requirement
8.	Return of Premium Clause	None, full benefits available on effective date of coverage

Propose Rates (must be approved by DOI)

Issue	Monthly Rate	Monthly Cost	Monthly Cost	Issue	Monthly Rate	Monthly Cost	Monthly Cost
Age	PER \$1000	\$10,000.00	\$20,000.00	Age	PER \$1000	\$10,000.00	\$20,000.00
0	0.3	\$3.00	\$6.00	41	1.3	\$13.00	\$26.00
1	0.3	\$3.00	\$6.00	42	1.37	\$13.70	\$27.40
2	0.31	\$3.10	\$6.20	43	1.44	\$14.40	\$28.80
3	0.31	\$3.10	\$6.20	44	1.51	\$15.10	\$30.20
4	0.32	\$3.20	\$6.40	45	1.59	\$15.90	\$31.80
5	0.32	\$3.20	\$6.40	46	1.67	\$16.70	\$33.40
6	0.33	\$3.30	\$6.60	47	1.76	\$17.60	\$35.20
7	0.34	\$3.40	\$6.80	48	1.85	\$18.50	\$37.00
8	0.35	\$3.50	\$7.00	49	1.94	\$19.40	\$38.80
9	0.36	\$3.60	\$7.20	50	2.05	\$20.50	\$41.00
10	0.37	\$3.70	\$7.40	51	2.16	\$21.60	\$43.20
11	0.38	\$3.80	\$7.60	52	2.27	\$22.70	\$45.40
12	0.4	\$4.00	\$8.00	53	2.39	\$23.90	\$47.80
13	0.41	\$4.10	\$8.20	54	2.52	\$25.20	\$50.40
14	0.42	\$4.20	\$8.40	55	2.66	\$26.60	\$53.20
15	0.44	\$4.40	\$8.80	56	2.8	\$28.00	\$56.00
16	0.45	\$4.50	\$9.00	57	2.95	\$29.50	\$59.00
17	0.47	\$4.70	\$9.40	58	3.11	\$31.10	\$62.20
18	0.48	\$4.80	\$9.60	59	3.28	\$32.80	\$65.60
19	0.5	\$5.00	\$10.00	60	3.46	\$34.60	\$69.20
20	0.52	\$5.20	\$10.40	61	3.65	\$36.50	\$73.00
21	0.54	\$5.40	\$10.80	62	3.85	\$38.50	\$77.00
22	0.56	\$5.60	\$11.20	63	4.06	\$40.60	\$81.20
23	0.58	\$5.80	\$11.60	64	4.29	\$42.90	\$85.80
24	0.6	\$6.00	\$12.00	65	4.52	\$45.20	\$90.40
25	0.63	\$6.30	\$12.60	66	4.78	\$47.80	\$95.60
26	0.66	\$6.60	\$13.20	67	5.05	\$50.50	\$101.00
27	0.68	\$6.80	\$13.60	68	5.33	\$53.30	\$106.60
28	0.71	\$7.10	\$14.20	69	5.63	\$56.30	\$112.60
29	0.74	\$7.40	\$14.80	70	5.95	\$59.50	\$119.00
30	0.77	\$7.70	\$15.40	71	6.26	\$62.60	\$125.20
31	0.81	\$8.10	\$16.20	72	6.64	\$66.40	\$132.80
32	0.85	\$8.50	\$17.00	73	7.04	\$70.40	\$140.80
33	0.89	\$8.90	\$17.80	74	7.47	\$74.70	\$149.40
34	0.93	\$9.30	\$18.60	75	7.93	\$79.30	\$158.60
35	0.97	\$9.70	\$19.40	76	8.42	\$84.20	\$168.40
36	1.02	\$10.20	\$20.40	77	8.96	\$89.60	\$179.20
37	1.07	\$10.70	\$21.40	78	9.54	\$95.40	\$190.80
38	1.12	\$11.20	\$22.40	79	10.16	\$101.60	\$203.20
39	1.18	\$11.80	\$23.60	80	10.83	\$108.30	\$216.60
40	1.24	\$12.40	\$24.80				

Describe Plan Design for Whole Life Product Filing:

- \$10,000 and \$20,000 benefit amounts
- Offered through the Group Ordinary Life Insurance Program
- Premium rates are standard whole life rates but full benefit is available from 1st day of coverage
- The Plan would be included in the overall retention of the CSEA Life Insurance Program
 - Program will be monitored annually
- Coverage is available to CSEA Members and Spouses
 - Member must be enrolled for spouse to enroll and the spouse's coverage amount cannot exceed the Member's benefit amount
- Coverage would be issued on a Guarantee Issue (GI) basis during the first 7 months of employment and underwritten thereafter

Can this option be continued into retirement? Yes. Coverage purchased prior to retirement can be continued into retirement as long as premiums are paid and CSEA membership is maintained.

Can coverage be purchased after retirement? Yes. Coverage can be purchased after retirement as long as CSEA membership is maintained.

Why did you select the Group Ordinary Life Insurance Plan? Group Ordinary Life insurance offers a level premium, level benefit, builds cash value, pays a death benefit to the beneficiary or pays the death benefit amount to the Insured at the policy's maturity. Term insurance does not offer all of these features.

Why require medical underwriting?

1. **Equity** - Existing members participating in the insurance program must enroll within the first 7 months of employment to receive coverage on a guarantee issue basis. There would be a noted difference in how we treat members if we allow members purchasing final expense coverage to obtain coverage on a guarantee issue basis without any time limits.
2. **Drain on Premium Stabilization Reserve** – The Premium Stabilization Reserve was developed from life insurance plans purchased by active employees or employees who were active and carried benefits into retirement. Creating plans with no guarantee issue and age limits could place a significant drain on these reserves.

BEN 16/12/3 (Snodgrass)

Date: 8/30/12

Auto Insurance Plan – Request for Proposal (RFP)

Member Benefits Committee

Donna Snodgrass, Vice President

Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors retain Kemper Select as the carrier of CSEA's Auto Insurance Plan.

BACKGROUND:

In August 2010, AGIA sent out a Request for Proposal for the CSEA Automobile/Homeowners Plan to six (6) insurance carriers – GMAC, Liberty Mutual, Met Life, Nationwide, 21st Century and Unitrin *direct* preferred insurance. AGIA received responses back from four (4) of the insurance carriers – GMAC, Met Life, Nationwide and Unitrin *direct* preferred insurance.

Since sending out the initial RFP, the environment for financial competition had changed and some of the carriers became more aggressive with responding after the cut-off date and an updated RFP was sent out to the initial four companies that responded. Of the four (4), only three (3) companies responded – Met Life, Unitrin *direct* preferred insurance and GMAC. The new compensation scenarios are included in the next to last column labeled “additional compensation”.

Kevin Adamson, AGIA, provided the updated summary of responses which reflected the motion made at its March 19, 2011 Member Benefits Committee meeting. After discussion by the committee, the following motion was made by the Member Benefits Committee on August 13, 2011:

MB 27/11/3 MOTION: McGee, second by Harder – that the Member Benefits Committee table this item for discussion until additional information can be provided on an “apples to apples” comparison for the next committee meeting:

- AGIA to provide specific comparison details that were provided to each respondent for a quote.

CARRIED.

The following motion was made at the March 19, 2011 Member Benefits Committee meeting:

MB 3/11/1 MOTION: Robison, second by O'Neil-Rosales – that the Member Benefits Committee table this item for discussion until additional information can be provided on an “apples to apples” comparison for the next committee meeting:

- More information on “10,000 quote” to scale down to CA in order to figure out how realistic the 10,000 quote is for CSEA;
- Scale down comparison to California only;
- Scale down scenario to larger California cities – Sacramento, San Francisco and Los Angeles;
- Blended scenarios to include young driver, home and renter coverages;
- Turn-around resolution/response time to complaints?

CARRIED.

The Auto/Home RFP has been open for more than two years, and the Committee had yet to choose a carrier. Since sending out the quotes, the current carrier has merged with a larger corporation, Kemper Select. The existing quotes may no longer be valid and the initial RFP was not a true “apples to apples” comparison.

In June 2012, the Committee performed its due diligence for the membership by directing AGIA to revise the original RFP to include the items the Committee addressed with the responders, and send it back out again to all of the original responders and potential RFP candidates that were not included in the original RFP.

After discussion by the committee at its Third 2012 Member Benefits Committee conference call on August 1, 2012, the following motion was made:

MB 27/12/3 MOTION: Robison, second by Cole – that the Member Benefits Committee recommends to the Board of Directors to retain Kemper Select as the carrier of CSEA's Auto Insurance Plan. **CARRIED.**

Board Agenda Item BEN 16/12/3 (Snodgrass)
8/30/12
Page 3

Attached is the updated Auto Insurance Plan Request for Proposal (RFP) that was sent to potential insurance carriers for response back by July 16, 2012.

Also attached is the comparison between the respondents – MetLife and Kemper Select.

ESTIMATED COST/SAVINGS: None. (Staff estimate: None.)

FUNDING SOURCE:

BOARD ACTION:

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Xxx Xxxx
Xxxx
Xxxxx
Xxxxx, XX xxxx

Re: California State Employees Association Personal Lines Request for Proposal

Dear XXX:

As the Administrator and Marketer of various insurance products for the California State Employees Association (CSEA), we have been asked to submit this Personal Lines Program Request for Proposal (RFP) on their behalf. Please note that this submission requires a response by Monday, July 16th in order to be included for consideration.

CSEA desires to offer a full line of personal lines including auto, home, boat, umbrella, condominium and renters insurance coverage to be marketed to their members.

CSEA is an association that represents more than 130,000 labor union members in the State of California. They have represented employees of the state of California for more than 75 years. The members fall into two categories – Active and Retiree members. Within the Active category, members fall into several affiliates including SEIU, ACSS and CSUEU. The large majority of members live in California but some live in other states, so the products should be available in states other than California.

Please include the following in your proposal:

Carrier Requirements

Please provide responses to the following:

1. How long have you been in business?
2. How long have you been doing business in the state of California?
3. How long have you been offering these types of products?
4. What is your A.M. Best rating and other insurance industry ratings?
5. What is the name, address and telephone number for the person responsible for this proposal?
6. CSEA and AGIA require the carrier provide a Hold Harmless Agreement for any liability arising out of the endorsement, promotion, operation, administration, and contract language of this plan. The CSEA agreement should also cover acts or omissions made by AGIA in the administration and marketing of the program where an individual seeks a judgment from CSEA. Please state your agreement.

7. It is required of the carrier to provide monthly reporting on CSEA's specific plan which would include, by product line, number of leads, quotes, sales, closure rates, policies in force and premium in force.
8. What is the location of the office that will serve CSEA?
9. What is the name and title of the person that would be responsible for the CSEA account? Where is this person located? Please provide a brief biography or resume that captures this person's experience.
10. Will you be partnering with any other organization to provide the required communication, enrollment or administrative services? If so, please describe the partnership arrangement, the allocation of responsibilities and corporate and financial information relative to the other organization(s). CSEA requires that the agent responding to the bid be fully responsible for all contracted services to CSEA and its members that outside parties be designated as sub-contractors.
11. How many years has your organization provided voluntary services and enrollment for the requested products?
12. How many group affinity clients does your company have for the requested products? Total premium by product?
13. What percentage of your affinity business comes from the requested products?
14. Please provide the names, addresses, telephone numbers and e-mail addresses of five (5) clients with over 5,000 participants for whom you offer communication, enrollment and administrative services in conjunction with products requested in this proposal.
15. Please provide the names, addresses, telephone numbers and e-mail addresses of two (2) former clients with over 5,000 participants for which you offer communication, enrollment and administrative services in conjunction with the products requested in this proposal.

Marketing

As the marketer for the CSEA Insurance Programs, AGIA is responsible for the overall planning, management and execution of the plans. For the programs requested in this proposal, the carrier is expected to develop and execute marketing activity in coordination with AGIA's marketing activity for the other CSEA Insurance Programs. Additionally, the carrier will be responsible for 100% of the marketing costs for the programs requested in this proposal.

16. Please provide a comprehensive work plan, including whether you would utilize a single carrier or choice model, that provides the recommended carriers, products, rates, communication and enrollment strategy, payroll deduction process (ability to work with the California State Controller and

CalPERS) and ongoing administrative support. Your ability to clearly articulate your plan and the depth of professional and technological resource you offer will be critical in the evaluation process. Please include, at a minimum, the following components within your work plan:

- a. Your carrier selection process and your recommended carrier(s) for each voluntary program.
 - b. How you intend to communicate the programs to members of the CSEA including active employees and retirees in California and around the country.
 - c. Your enrollment process for each product? Group meetings? One-on-one? Call center? Web enrolled? Open enrollment only or year around?
 - d. Will you utilize local agents for on site enrollment or meetings as often as requested by CSEA at locations throughout California?
 - e. Do you have local sales/service offices in California available to CSEA members for walk-in sales/service? Please list all locations.
 - f. How many employee agents does your company have in California?
 - g. How many employee service agents does your company have in California?
 - h. Your quality assurance processes to guarantee 100% accuracy from enrollment to payroll deduction, to premium accounting, to policy and certificate issuance.
 - i. Your approach in handling on-going premium & enrollment administration and reporting to CSEA.
 - j. Your member service capabilities during and outside of the open enrollment periods.
 - k. Your ability and approach regarding conducting employee/retiree satisfaction surveys?
 - l. How would you establish, manage and measure benchmark delivery and service standards in a choice model? What are your minimum criteria for a carrier participating in a choice model? What is your process for removing and replacing a carrier if they do not meet benchmark requirements?
17. Is there a minimum amount of dollars guaranteed to be spent on marketing for each year of the Agreement?
18. Have any carrier partners terminated their relationship with your company? If yes, why?
19. Have you terminated your relationship with any carrier partners? If yes, why?
20. If you are proposing a choice model, what insurance companies are part of the model?
- a. Please provide their appropriate insurance ratings
 - b. Number of years the company has been a part of the choice model
 - c. Number of years offering the products requested in this proposal
 - d. States in which the products are available

- e. Total premium for these products
 - f. Total covered lives for these products
21. If you are proposing a single carrier model, please provide the carrier's:
- a. Appropriate insurance ratings
 - b. Number of years offering the products requested in this proposal
 - c. States in which the products are available
 - d. Total premium for these products
 - e. Total covered lives for these products
22. What information will you require from CSEA and AGIA to effectively market your plans?
23. Please provide your historic experience in marketing your plans to similar organizations and provide marketing results for those programs.
24. Are you agreeable to sharing in, as a percentage of the total number of products marketed, (with carriers from other CSEA insurance products) the marketing costs for collateral pieces, such as All-Product Brochures, development and maintenance of web-site, promotional items, etc. that reference all of the CSEA insurance products?
25. Please describe your recommended communication strategy
- a. What materials are distributed? Are the materials customized? How will they be distributed? Who is responsible for print and distribution of materials?
 - b. How often each year do you expect to communicate with CSEA members?
 - c. Please describe the different communication channels your organization can support?
26. Please provide samples of marketing material, website screen shots, email marketing campaigns, etc. that would be utilized in marketing the CSEA program.
27. As part of the work plan you are providing, please include a five year financial marketing plan including expected premium generated and marketing expense commitments.
28. In the event that either party would terminate the program, could all of the data necessary for a smooth transition be provided to a new carrier? Would there be a cost associated with this transition?

Product Information

29. Of the products requested, are there any that you do not offer?
30. Are your products Group or Individual policies?

31. What unique features and benefits do you offer compared to other national programs?
32. Please describe your eligibility requirements.
33. Please describe the Group discounts and policy credits that are available through your program to CSEA and their members.
34. What are reasons a member would be declined for coverage or their coverage non-renewed?
35. Is there a minimum participation requirement?
36. Please provide a detailed description of the recommended products. Include sample rates and any limitations and exclusions. Please explain if any deviations occur by state. Also, please provide any sample communication material.
37. Are renewals experience rated, book of business rated or pooled?
38. What are the current expense ratios on the products requested?
39. What are the reserves for the requested products? How are they established?

Quote Process/Policy Fulfillment:

40. Please describe the quote process from the initial contact with the CSEA member to the provision of the quote. Does the system include fax, mailed, emailed, or internet/intranet quotes?
41. Please describe the policy fulfillment process from the initial point of binding coverage to the issuance of the insurance policy.
42. Please provide typical premium quotes for the following scenarios:
 - a. Blended household (3 drivers, 1 younger) Auto & Home
 - b. Blended household (3 drivers, 1 younger) Auto, Home & Renters
 - c. \$100,000/\$300,000 bodily injury, \$100,000 property damage, \$100,000/\$300,000 uninsured motorist and physical damage – collision and comprehensive deductible amounts (\$500 each).
 - d. Female age 55, Male age 50, younger drive age 16. 2011 Honda Accord and 2011 Ford 150 pick-up truck.
 - e. Quote all of the above for zip codes 95823 (Sacramento), 94102 (San Francisco), 90017 (Los Angeles), 92129 (San Diego).

Premium Billing

43. CSEA members today have the ability to have their premiums payroll deducted through the California State Controller and CalPERS. Would you be able receive payment through this vehicle? What other premium paying options do you offer?
44. What is the payment grace period on the products and what types of lapse notifications are provided to the member prior to lapse?

Customer Service/Claims Services

45. Please describe your customer service capabilities including general customer inquiries, customer complaints, etc.
46. Is there a toll free number for members to call?
47. Will there be a dedicated call center? What are the hours of service?
48. Is there a specialized unit for the products requested?
49. Describe typical Customer Service response times for return calls and complaints (until resolution).
50. Please describe your claim process from initial notification of claim by the member to the payment of benefit.
- a. How many claims offices does your company have in California? Please list all locations.
 - b. Are your claim adjusters your employees? Employees of participating carriers? Are your claims services handled by third party administrators?
 - c. What is the turnaround time for claims payment?
51. What are the incurred loss ratios for the products requested for the last three years? Have any experience rating or benefit changes been made during that time?
52. What education tools can be provided on an ongoing basis for employee self-help, awareness, etc? Please provide samples.
53. Are customer satisfaction surveys conducted on a regular basis? If so, please provide the most recent results.

Cost Quotation

54. Provide the commission schedule to be paid for this program to the agent/broker.

55. Please describe the parameters required in which you would establish an experience rated (profit sharing) program whereby CSEA has the opportunity to participate in the surplus generated from the program. Please provide an accounting model of how this would work.
56. Is a Signing Bonus available to CSEA upon launch of the auto/home program?
57. Is there minimum amount of compensation guaranteed to CSEA for each year of the Agreement?
58. Is there a bonus payment available for a minimum number of automobile premium quotes (6,000/8,000/10,000) per year?

Role of CSEA

CSEA performs a number of duties beyond those typically performed by similar associations. As a result, CSEA employs a Benefits Staff in their headquarters located in Sacramento, California. This staff is solely dedicated to servicing CSEA members in areas concerning their member benefits. Their duties include, among other things; receipt of applications to verify membership, membership list management, general inquiry fulfillment, Employee Benefit Representatives (EBRs) training and management, and some customer service and complaint resolution. CSEA also employs insurance licensed EBRs who market all CSEA sponsored benefits through authorized worksite contacts.

Role of AGIA

As CSEA's Administrator and Marketer for various insurance products, AGIA is responsible for the development and coordination of the overall CSEA insurance program marketing strategy and execution. This includes the development and coordination of all product communications, list segmentation, results reporting, carrier and client "package" review/approval and web site management.

AGIA also provides full service administration for many of the CSEA life and health insurance programs. AGIA's service center would coordinate efforts with your organization to provide seamless service to CSEA members.

Role of Carrier

- ☐ Marketing Programs Requested in This Proposal
- ☐ Development and Issuance of Policies
- ☐ Reimburse Fees Related to State Controller and CalPERS Payroll Deduction
- ☐ Provide Customer Service
- ☐ Premium Billing and Processing
- ☐ Underwriting
- ☐ Claims

Confidentiality

By receiving and accepting the enclosed information, and potentially future information needed in the RFP process, you are agreeing to keep the information confidential. All information received in this RFP should be provided only to those employees within your company that will play a direct role in the bidding process. I would request that if you

cannot agree to the confidentiality provision or decline to quote that you return the RFP and enclosures.

Miscellaneous

We would like a response to this request for proposal by July 16, 2012. Responses and questions to the RFP should be sent to:

Kevin L. Adamson
Vice President, Account Management
AGIA Insurance Services
734 15th St., NW, # 700
Washington, DC 20005

Responses will be presented to the CSEA staff and Member Benefits Committee.

The Committee's recommendation, if any, will be made to the CSEA Board of Director's at their following meeting. A decision is expected no later than the end of 2012.

Please feel free to give me a call to discuss any questions you may have. I look forward to your proposal. Thank you!

Sincerely,

Kevin L. Adamson
Vice President, Account Management
202-393-1184
kadamson@agia.com

Cc: Kay Thomas, CSEA

CSEA Automobile/Homeowner Proposals (7/27/12)						
ITEM	GMAC	MetLife	Liberty Mutual	Kemper/Unitrin		
A.M. Best Rating	DECLINED TO QUOTE	A	DECLINED TO QUOTE	A-		
Years in Business		35 years (1977)		36 years (1974)		
Years in Business in California		35 years		Since 1999 – Affinity Division		
Total Covered Lives		2,931 employer and association groups, covering 20 million lives		339 Affinity clients, 32,068 Policies in force		
Total Written Premium		\$1.2 Billion		\$30.5 Million Premium (Auto) \$23.4M/Home \$6.2M)		
Insurance Carrier Options		Single carrier (Met Life) & Choice Platform (Progressive, SAFECO, Hartford & Kemper)		Single Carrier model.		
Types of Policies		Individual		Individual with group discounts		
Marketing		Direct Mail, E-mail, Ads, Newsletters, New Member Kits, In-Site Enrollment. Pays 100% of marketing expenses.		Direct Mail, E-Mail, Ads, Newsletters, New Member Kits, On-Site Enrollment. Pays 100% of marketing expenses.		
Direct Mail Frequency		3 to 4 times per year as well as e-mail, newsletters and website links.		Minimum of 2 mailings per year. Up to 4 other marketing efforts throughout the year.		
				\$125,000 budget per year.		

	MetLife	Kemper/Unitrin
Marketing 5 year plan	\$30,00 in marketing fees per year, \$25,000 additional if 8,000 inquiries received, \$12,500 if 5,000 inquiries received	2,295 new sales, \$1,866,294 in new annual premium.
Enrollment	Open Enrollment.	Open Enrollment.
CA claims offices	2,300 Guaranteed Repair Shops countrywide, 83 in California.	Regional claim offices (Carlsbad and Folsom, CA).
Sales/Service	400 Enrollment/Service Consultants. 12 agents located in CA.	36 sales counselors licensed in CA.
Customer Service	76% calls answered w/in 30 seconds, 3% calls abandoned. Elevated calls answered w/in 24 hours. Complaint resolution 2.4 days/Auto, 6.3/homeowner.	58 Customer Service Agents. Elevated calls resolved in less than 24 hours. In 2011 only 4 "issues", approx. 0.2% of all insureds, have been elevated.
Minimum Participation	No minimum requirement.	No minimum required.
Plans Availability	All 50 states.	45 states. Not available in AK, HI, MA, NH and NJ (home).
Termination of Endorsement	Policies are portable so they continue at no cost to CSEA.	90 day notice. Insureds converted to direct bill with no interruption of service.
Discounts	Discounts could include: Employment/Association Tenure, Vehicle Garaging, Multi-Car, Passenger Restraint, Anti Theft Device, Superior Driver, Safety Device, Mature Homeowners, Good Student	Group Discount, Multi-Policy, Happily Married, Safe & Sound, Multi-Car, Mature Driver
% of insureds quoted	Up to 98% of auto.	Up to 97%
Payment by Payroll Deduction	Yes.	Yes.

Loss Ratio	MetLife		Kemper/Unitrin	
	2009 57.8%	2010 61.9%	2011 68.8%	CSEA SPECIFIC 2009 50.26% 2010 54.24% 2011 45.37%.
Insured retention rate			91.5% for payroll deduction	90%+
Premium Quote. Auto & Home. 2 scenarios. * 2 adults/1 young driver **2 adults only See page 5 for Scenarios.			AUTO Scenario 1: Los Angeles \$3,148*/\$1,502** Sacramento \$2,518*/\$1,204** San Diego \$2,122*/\$1,008** San Francisco \$3,116*/\$1,494** Scenario 2: Los Angeles \$2,440 Sacramento \$2,008 San Diego \$1,648 San Francisco \$2,476 HOME Scenario 1: Los Angeles \$620 Sacramento \$304 San Diego \$332 San Francisco \$701 Scenario 2: Los Angeles \$760 Sacramento \$373 San Diego \$414 San Francisco \$861	AUTO Scenario 1: Los Angeles \$3,978*/\$2,680** Sacramento \$3,449*/\$2,349** San Diego \$3,047*/\$2,076** San Francisco \$3,646*/\$2,464** Scenario 2: Los Angeles \$2,056 Sacramento \$1,853 San Diego \$1,636 San Francisco \$1,950 HOME Scenario 1: Los Angeles \$603 Sacramento \$570 San Diego \$500 San Francisco \$610 Scenario 2: Los Angeles \$1,091 Sacramento \$1,017 San Diego \$ 849 San Francisco \$1,074

MetLife		Kemper/Unitrin	
Compensation			\$75,000 yearly admin fee. \$14 per inquiry fee. Avg. inquiry fee for 2010/2011 \$35,883. (\$110,000+ Total)
Additional Compensation			\$75,000 Retention Bonus. Profit Sharing potential based upon loss ratio of 55% or less and 75% or higher retention rate (\$26,000+ in Year 1).
Total Compensation Projected 5 Years			\$837,900 (including Profit Sharing)
Implementation Schedule			Current Insurance Provider.

Automobile/Homeowners Request for Proposal Premium Scenarios

- a. Scenario 1: Blended household (3 drivers, 1 younger) Auto & Home
- b. Scenario 2: Blended household (3 drivers, 1 younger) Auto, Home & Renters

Quoting parameters:

\$100,000/\$300,000 bodily injury, \$100,000 property damage, \$100,000/\$300,000 uninsured motorist and physical damage – collision and comprehensive deductible amounts (\$500 each).

Female age 55, Male age 50, younger drive age 16. 2011 Honda Accord and 2011 Ford 150 pick-up truck.

Quote all of the above for zip codes 95823 (Sacramento), 94102 (San Francisco), 90017 (Los Angeles), 92129 (San Diego).

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BOARD AGENDA ITEM**FIS 4/12/3 (Hart)****ACTION ITEM**

Date: 8/30/12

SUBJECT:

CSEA History Project Non-Profit Status

SOURCE AND/OR PROPONENT:

Dave Hart, President

PRESENTATION BY:

Janis Mickel Szichak

ASSIGNED TO:

Janis Mickel Szichak

RECOMMENDED ACTION:

That the board of Directors supports and encourages the application of the CSEA History Project for non-profit tax-exempt status, as the California State Employees Historical Foundation, to be filed with the office of Internal Revenue Service, the California Secretary of State, and the California Franchise Tax Board and approve in-kind support from CSEA of approximately \$52,000 in 2013, \$50,000 in 2014 and \$48,000 in 2015. This in-kind support covers Central Support staff time and benefits in the areas of IT, web support, accounting and secretarial, as well as incorporation costs, office and storage space, supplies and use of office equipment.

BACKGROUND:

The Board considered this matter at its June 16 meeting, and requested staff to produce a Business Plan for the California State Employees Historical Foundation. Please see attached Business Plan.

ESTIMATED COST/SAVINGS:

No marginal increase in costs as it is expected that existing fixed resources will be used.

FUNDING SOURCE: NA**BOARD ACTION:**

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BUSINESS PLAN

CALIFORNIA STATE EMPLOYEES' HISTORICAL FOUNDATION

AUGUST 2012



Business Plan
California State Employees Historical Foundation
August 1, 2012

1. Mission Statement

The mission of the California State Employees Historical Foundation (CSEHF) is to gather, preserve and provide access to the historic photos, documents and oral histories of members and leaders of the organizations representing California state employees—as well as the legislators and other state officials who worked with them—in order to educate the public on the historic role of the public sector and the contributions of state employees and the organizations that represent them.

2. Background

The CSEA History Project, an ad hoc precursor to the proposed CSEFH, was created out of a recognition that the CSEA's vast archive of photos, documents, publications and memorabilia—in our Sacramento offices and at Iron Mountain—were of inestimable value, and would remain unorganized, inaccessible and in danger of decay unless some orderly preservation process was created. It was also recognized that many of the memories of those who built CSEA had already been lost and that we needed to create some orderly process of collecting the oral histories of more recent generations.

The Board of Directors therefore acted in September 2010 to create the CSEA History Project, with one year of funding. Since then the CSEA History Project has accomplished the following:

- Established a Project Advisory Committee; composed of representatives of each of the four CSEA affiliates, the project director, and the president of CSEA;
- Scanned 10 000 photos and 12 years of state employee newspapers and newsletters.
- Signed an agreement with the State Archives for permanent housing of CSEA-archived documents and began the transfer of scanned materials;
- Launched the CSEA Oral History Program, including two training sessions conducted by the faculty of the CSU-Sacramento Capitol Campus Oral History Program, with twelve volunteer interviewers;
- Conducted, indexed and posted excerpts of eight two-hour videotaped interviews.
- Launched the CSEA History Project website at <http://history.calcsea.org>;
- Publicized the website through e-mail blasts to CSEA local leaders and staff, state department Public Information Officers, and non-CSEA bargaining units. An e-mail blast in May 2012 to 1271 affiliate staff and GC delegates produced a 39% open rate, 9,149 page views, 5,083 unique page views, and 13 minutes average time on site;
- Won a “mini-grant” from the California Council for the Promotion of History to hire CSU-Sacramento students to assist with oral interviews; submitted \$10,000 grant proposal to the California Council for the Humanities.

The proposed 2013-2015 CSEA budget does not contain funding for the project. CSEA is a provider of basic business services. It no longer provides representation or other member services, with the exception of Member Benefits. CSEA does not and will not have the capacity to serve as a repository, or to conduct an oral history program. If the CSEA History Project is to survive and continue its work, therefore, it must develop alternative and independent sources of funding.

The formation of an independent, non-profit foundation as described below will serve two purposes: 1) it will broaden the constituent base of the History Project by making it possible and attractive for organizations representing statewide bargaining units other than CSEA affiliates to participate; and 2) it will broaden the financial base and make it possible for the project to receive grants and tax-deductible donations, reducing the burden on CSEA affiliates.

3. Objectives of the California State Employees Historical Foundation (CSEHF)

The short term objectives of the CSEHF involve the continuation and completion of the work of the California History Project, specifically:

- Complete scanning the photos and documents of the California State Employees Association;
- Continue the establishment of the CSEA Collection at the California State Archives which involves the transfer and processing of materials provided by CSEA to the Archives;
- Continue the CSEA Oral History Project, focusing on CSEA and affiliate members, activists and leaders, legislators, state officials and others.

Medium to long-term objectives will include:

- Establishment of tax-exempt non-profit status for CSEHF;
- Formation of an initial Board of Directors and completion of a Mission Statement for CSEHF;
- Submission of Articles of Incorporation and Bylaws to the California Secretary of State.
- Adoption of a budget for 2013;
- Recruitment of CSEA-affiliated and non-CSEA bargaining units to participate in CSEHF, as described in Sections 4 and 5 below;
- Fundraising activities, including submission of grant proposals, appeals to CSEA affiliates and other participating organizations, securing individual donations, and other means.

4. Market analysis:

The market for CSEHF consists of all organizations representing state, CSU and other statewide bargaining units. These include, but are not limited to:

- Organizations representing the 21 bargaining units who negotiate on behalf of state employees with the Department of Personnel Administration, of which nine are represented by a CSEA affiliate;
- Organizations representing 13 bargaining units comprised of employees of the California State University system, of which five are represented by a CSEA affiliate.

All of these organizations, some sharing a common early history with CSEA, have extensive historical records. There are no other organizations attempting to coordinate records preservation with these organizations, although some may have already started to develop their own collections. Among the first tasks of the CSEHF staff will be to contact each of these organizations, determine their willingness to collaborate and, assuming sufficient interest, convene a conference to create a plan for collaboration. It is unknown, but assumed that there is a potential for extensive use of the archives by historians, media, and state employee

organizations in the future as political and social questions around public services and public employees continue to evolve.

5. Operating Procedures

The CSEHF will be controlled by a Board of Directors made up initially of one member representing each participating CSEA affiliate, one member designated by the CSEA Board of Directors, and one member representing retired CSEA staff and an unknown number of additional members as yet to be determined. This board will have the authority to determine its own size and to appoint its officers and any new members. The founding incorporators will need to agree upon and file Articles of Incorporation and Bylaws with the California Secretary of State, and the appropriate applications to the Internal Revenue Service and the Franchise Tax Board.

The Board will meet quarterly or as needed, exercising general supervision over the staff. The Board will hire an Executive Director. The Executive Director will have the authority to hire additional staff as needed, subject to Board approval.

Because of the nature of this project, the use of paid staff is a critical component, certainly in the early stages. Staff responsibilities would include:

- Direct supervision over the work of sifting through documents and photos. This requires the development of criteria for determining the relative value of materials and distilling those criteria into written guidelines that volunteers could follow reliably;
- Providing continuity for the project over a long time span as it changes in scope or as more is learned about what the project should or should not attempt, the evolution of technology, the day-to-day problems of utilizing different kinds of technology, etc.;
- Providing a point of accountability to a governing Board and a resource for advisory committees or other external resources on a day to day basis;
- Professional representation of the Foundation's work to outside grantors, fund-raising and additional partners;
- Maintaining documented administrative procedures for legal and tax compliance.

6. Projected one-year budget

The CSEA History Project has been supported through December 31, 2012 by CSEA. The following budget for CSEHF is based on the experiences of the CSEA History Project for the first six-months of 2012. A financial report for 2012 is attached.

A formal budget, as noted above, will be adopted by the initial incorporators.

PRELIMINARY CSEHF BUDGET, 2013

Contractors			
Executive Director		\$4160/month	\$ 49,920
Project Manager		\$3000/month	\$ 36,000
Student interns	1 FTE	\$15 per hour	\$ 31,200
CSU-Sac, CSU-Fullerton	Train and mentor volunteer interviewers		\$ 8,000
Grant-writing and fund-raising support			\$ 1,000
Tax and audit			\$ 10,000
CONTRACTOR SUBTOTAL			\$136,120
CSEA in-kind			
Information Technology	1/5 time	\$17,250	\$17,250
IT Benefits	55%		\$ 9,479
Admin/secretarial	1/8 time	1/8 x \$4513 x 12	\$ 6,780
Admin/sec benefits	55 %		\$ 3,729
Office space	.87/ sq ft	100 sq feet/mo	\$ 1,044
Office equipment		\$100/month	\$ 1,200
Equipment and supplies		\$50/month	\$ 600
Incorporation costs			\$ 2,000
Accounting		Financial management	\$ 1,000
CSEA IN-KIND SUBTOTAL			\$ 43,082
GRAND TOTAL			\$179,202

7. Projected Income

The CSEA History Project has been supported through 2012 by action of the CSEA Board of Directors with grants totaling \$69,000. Another \$7,000 has been voted by SEIU Local 1000, for a total of \$76,000. In addition, the cost of CSEA staff time for 2012, including benefits, is calculated at \$177,000.

The CSEA History Project staff is committed to searching for a broad range of funding sources including:

- Funds from governmental and non-governmental grants.
- Funds from CSEA-affiliated and other bargaining units who may choose to become part of the California State Employees Historical Foundation.
- Donations from chapters/DLCs within each organization, fundraising events, and individual donations.

Grants: The market for government and non-government grants is extremely competitive in the current economic environment. Discussions with granting agencies and consultants have

persuaded the staff of the CSEA History Project that few agencies will provide funding to agencies which they perceive as engaged in an exercise in self-promotion. Formation of an independent non-profit corporation, not under the control of any one organization, will help resolve this issue.

It should also be understood that the process of applying for grants is extremely labor-intensive and time consuming, and that the lead time is significant, as much as six month from submission of a proposal to award decision and receipt of funds. CSEA History Project staff have taken a total of three days of training in grant search and grant writing techniques and will consider hiring assistance, if needed.

Grant sources we have identified and/or applied for to date include:

- 1) The Library of Congress: The CSEA History Project was turned down in its July 1 application. We anticipate being able to submit a stronger application in 2013.
- 2) The California Council for the Promotion of History. The Council gives “mini grants” every year to a maximum of \$1,000. The CSEA History Project applied for and received a grant from the CCPH for \$975 which will allow us to hire students at CSU-Sacramento to work on our oral history program. While the amount is quite small the award is significant because of the prestige of the CCPH and the confidence it gives us that our project is “grantable.”
- 3) The California Council for the Humanities: The CSEA History Project submitted a grant for a maximum of \$10,000 for its Oral History project on August 1. We feel that it’s a strong application and expect to hear from the Council in December 2012.
- 4) National Endowment for the Humanities: awards a number of large grants, upwards of \$100,000 for use of digital technology in the humanities. The deadline for this year is September 27, 2012.
- 5) The National Historical Publications and Records Commission: awards grants covering the preservation of records of national significance. Award amounts vary from \$20,000 to \$25000. Applications must be submitted by October 1, 2012.

We anticipate being able to raise a minimum of \$30,000 from these and other governmental sources and have begun investigating possibilities for private foundation support.

Affiliates and other bargaining units: The program has been successful to date because of the support of CSEA. With the current changes in the budget and the structure of CSEA we can no longer anticipate relying entirely on such support.

The project(s) will have to demonstrate value to the affiliates and to other bargaining units who may choose to participate. This will be accomplished in part by tracking the use of the CSEA History Project web site. Following General Council, the staff will seek permission to make presentations with appeals for support to affiliate decision-making bodies. The same appeal will be made to individual chapters and DLCs with the approval of affiliate leadership.

Individual donations: Once the project has submitted its application for 501 c.3 status individuals can make tax-deductible contributions, which can be credited retroactively once the IRS approves it. Appeals for donations will be posted on the CSEA History Project website. No direct appeal to members of CSEA affiliates will be made without the approval of affiliate leadership.

We estimate that roughly 49% of the Foundation’s income in 2013 will be generated from CSEA affiliate contributions, 40% in 2014 and 29% in 2015, as follows:

APPROXIMATE FUNDING FORECAST: 2013-2015

	2013	2014	2015
Affiliate contributions (1)	\$ 87,000 (49%)	\$ 75,000 (40%)	\$ 50,000 (25%)
Grants	\$ 30,000 (17%)	\$ 45,000 (24%)	\$ 70,000 (36%)
Donations	\$ 10,000 (6%)	\$ 18,000 (10%)	\$ 29,000 (15%)
In-kind (2)	\$ 52,000 (29%)	\$ 50,000 (27%)	\$ 48,000 (24%)
TOTAL (5% annual increase)	\$ 179,000	\$ 188,000	\$ 197,000

(1) The cash flow requirement will be for quarterly payments to be received by the middle of the month immediately prior to the start of a fiscal quarter.

(2) Assumes a share of in-kind contributions from non-CSEA affiliates.

CSEA HISTORY PROJECT EXPENSES 3/1/11-12/31/12				
INTERN SALARIES				
Student interns 2011	15,862.50			
Student interns 2012 through 6/29	11,737.50			
		27,600.00		
STAFF AND VOLUNTEER TRAINING				
Staff and volunteer training (oral history)	8,000.00			
Staff and volunteer training (grant writing)	100.00			
Staff and volunteer training (archival)	2,295.00			
Oral History supplies	114.00			
		10,509.00		
DUES AND SUBSCRIPTIONS				
Dues, subscriptions	159.00			
		159.00		
EQUIPMENT AND SUPPLIES				
Video equipment	1,181.37			
Computer incidentals and software	1,334.30			
Miscellaneous supplies	4.99			
Miscellaneous	461.01			
Hardware for scanning newsletters	1,000.00			
Supplies for scanning newsletters	383.00			
		4,364.67		
MARKETING				
Travel/expenses	1,600.00			
Marketing	5,406.93			
Mileage	16.55			
		7,023.48		
MISCELLANEOUS				
Media production expense	875.00			
Keywording software	3,900.00			
		4,775.00		
TOTAL	54,431.15	54,431.15		
CSEA HISTORY PROJECT ANTICIPATED				
Staff salaries	11,270.00			
Travel/expenses	200.00			
Supplies/office equip	100.00			
Computer incidentals and software	500.00			
Marketing	200.00			
Grant-writing support	500.00			
TOTAL	12,770.00			
Expenditures through 6/29/12	54,431.15			
ANTICIPATED GRAND TOTAL 2011-2012	67,201.15			

BOARD AGENDA ITEM**A**

[INCOMPLETE]

INFORMATION ITEM

Date: 8/30/12

SUBJECT:

Disposition of Board Assignments

SOURCE AND/OR PROPONENT:

Board of Directors Minutes

ASSIGNED TO:

Karen Jensen

Following is a status report on board motions referred on which action has not been completed:

Item:	Description:	Division/Program:
	BYLAWS, POLICIES, PROCEDURES & PROGRAMS ITEMS:	
B&P 6/12/2 (BD 11/12/2)	<p>CSEA History Project Non-Profit Status</p> <p>An amendment to the motion was made for the amended recommended action to read: That the Board of Directors approve the seeking of non-profit status for the California State Employees Historical Foundation. The Foundation <u>Central Support staff</u> shall supply additional information to the Board for the non-profit status prior to approval of the Board by <u>August 30, 2012.</u></p> <p>STATUS: Because the recommended action involves funding, this item has been referred to the Fiscal Committee. CSEA History Project Non-Profit Status shall be submitted to the Board as FIS 4/12/3 at the CSEA Board of Directors meeting on August 30, 2012.</p>	Fiscal Committee
	FISCAL ITEMS:	
FIS 2/12/2 (BD 15/12/2)	<p>2013 – 2015 CSEA Central Support Budget [Also referred to as CSEA Budget for 2013-2015]</p> <p>An amendment to the motion was made for the recommended action to read: That the Board of Directors approve the attached budget for the three years ending December 31, 2015, <u>and that a cover letter signed by the four affiliate presidents will accompany the budget document in the delegates folder. In the budget, on page 31, Program 01, decrease total travel from \$75,000 to \$25,000; move \$50,000 to line item 7420, Accounting and Audit fees for each year 2013 - 2015.</u></p> <p>STATUS: Will be submitted to the 2012 General Council as FIS 1/12.</p>	General Administration

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BOARD AGENDA ITEM**A-1****[COMPLETE]**

INFORMATION ITEM

Date: 8/30/12

SUBJECT:

Disposition of Board Assignments

SOURCE AND/OR PROPONENT:

Board of Directors Minutes

ASSIGNED TO:

Karen Jensen

Following is a status report on board motions referred on which action has been completed as of this meeting:

Item:	Description:	Action:
	BYLAWS, POLICIES, PROCEDURES & PROGRAMS ITEMS:	
B&P 7/12/2 (BD 12/12/2)	Interpretation of Automatic Delegates That the CSEA Board of Directors interprets the Bylaws to affirm that the automatic delegates to General Council (Article IX, Section 2 (b) and (c)) shall include the three Board members from each affiliate and their designated alternate.	Adopted as Presented
	BENEFITS ITEMS:	
BEN 1/12/2 (BD 13/12/2)	Emergency Auto Roadside Assistance Plan	Adopted as Printed
BEN 2/12/2 (BD 14/12/2)	Pet Insurance Plan	Adopted as Printed
	FISCAL ITEMS:	
FIS 3/12/2 (BD 16/12/2)	Adoption of 2011 CSEA Audit Report and Report to the Finance Committee	Adopted as Printed

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BOARD AGENDA ITEM:**B**

INFORMATION ITEM

DATE: 8/30/12

SUBJECT:

Status of 2009 General Council Resolutions

SUBMITTED BY:

Dave Hart, President

ASSIGNED TO:

Karen Jensen

STATUS OF 2009 GENERAL COUNCIL RESOLUTIONS

Updated 8/15/21



Resolutions highlighted in grey were either withdrawn, out of order, rejected or combined in another resolution at the 2009 General Council, or referred to an Affiliate.

ASSOCIATION BYLAWS, POLICIES, PROCEDURES AND PROGRAMS

B&P 1/09 Completed.	BYLAWS ARTICLES II, III, IV, V, IX, X, XI, XIII, XIV, XV and XIX Adopted and placed in the Bylaws
B&P 2/09 Rejected	BYLAWS ARTICLE II: Purposes and Objectives
B&P 3/09 Completed.	BYLAWS ARTICLE III, MEMBERSHIP Adopted and placed in the Bylaws
B&P 4/09 Completed.	BYLAWS ARTICLE IV, GOVERNANCE Adopted and placed in the Bylaws
B&P 5/09 Completed.	BYLAWS ARTICLE V, ELECTIONS AND TERMS OF OFFICE Adopted and placed in the Bylaws
B&P 6/09 Completed.	BYLAWS ARTICLE VI, THE CHAPTER/DLC Adopted and placed in the Bylaws
B&P 7/09 Completed.	BYLAWS ARTICLE VII, REGIONS Adopted and removed from the Bylaws Article Numbers changed accordingly
B&P 8/09 Completed.	BYLAWS ARTICLE VIII, DIVISIONS AND BARGAINING UNITS Adopted and placed in the Bylaws
B&P 9/09 Completed.	BYLAWS ARTICLE IX, AFFILIATED ORGANIZATIONS Adopted and placed in the Bylaws
B&P 10/09 Rejected	BYLAWS ARTICLE X: GENERAL COUNCIL
B&P 11/09 Rejected	BYLAWS ARTICLE XI: COMMITTEES
B&P 12/09 Completed.	BYLAWS ARTICLE XII, POLITICAL ACTION Adopted and placed in the Bylaws

B&P 13/09 Completed.	BYLAWS ARTICLE XIII, DUES AND FEES Adopted and placed in the Bylaws
B&P 14/09 Completed.	BLAWS ARTICLE XIV, FINANCIAL Adopted and placed in the Bylaws
B&P 15/09 Completed.	BYLAWS ARTICLE XV, HEADQUARTERS Adopted and placed in the Bylaws
B&P 16/09 Completed.	BYLAWS ARTICLE XVI, LIMITATIONS Adopted and placed in the Bylaws
B&P 17/09 Completed.	BYLAWS ARTICLE XVII, MEETINGS Adopted as Amended and placed in the Bylaws
B&P 18/09 Completed.	BYLAWS ARTICLE XVIII, AMENDMENTS Adopted and placed in the Bylaws
B&P 19/09 Completed.	BYLAWS ARTICLE XIX, SUPREMACY OF THE BYLAWS Adopted and placed in the Bylaws
B&P 20/09 Rejected	Affiliation With AFSCME
B&P 21/09 Referred to CSR (formerly CSEA Retirees, Inc.)	BYLAWS ARTICLE II, Section 1: Purpose of the Association
B&P 22/09 Referred to CSEA Board	[Formerly FIS 2/09] Maintenance of Health Benefits in Retirement Accepted Committee Recommendation to Refer to Board of Directors for Further Study and Appropriate Action. The Board of Directors has restated the CSEA health benefits plan.
B&P 23/09 Referred to CSR.	Request to Reinstate CalPERS Ombudsman Program <i>Accepted Committee Recommendation to Refer to Board of Directors for Further Action.</i> BP 23/09: CalPERS has eliminated its Ombudsman staff. A proposal to finance a staff position in Central Support was eliminated when the 2009-12 budget was constructed in early 2009. The concept of a CalPERS ombudsman was discussed by the CSEA Board of Directors informally and determined to be a low priority for direct funding for the active employee affiliates. CSR, as of July 1, 2012 is still discussing whether to fund a staff ombudsman position as part of the CSR's member program responsibilities.
B&P 24/09 Completed.	Women's Equality Through CSEA Accepted Committee Recommendation to Refer to Board of Directors for Further Study and Appropriate Action. BP 24/09: CSEA resolved this item through referral to the Women's Committee and the Women's Conference. The Report of the Women's Conference is attached.

FISCAL

FIS 1/09 Implemented.	2010-2012 CSEA BUDGET
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MEMBER BENEFITS

MB 1/09 Rejected	Employees Free Choice Act
MB 2/09 Completed 1/29/11.	<p>Recognition of Harold Rose and Sherrie Golden</p> <ul style="list-style-type: none"> • Referred to Board of Directors (Sherrie Golden: Plaque presented at BOD Meeting 1/29/11) • Harold Rose gracefully declined recognition
MB 3/09 Donations Completed 1/10.	<p>Moment of Silence in Honor of Fran Dillon</p> <p>Donation to CSEA Scholarship Fund and American Cancer Society in the name of Fran Dillon. [Referred to Board of Directors and completed: B&P 6/10/2; BD 25/10/2]</p>
MB 4/09 Item Withdrawn	Recognition of Noby Reidell
MB 5/09 Resolved.	<p>Dr. Keith Richman Pension Initiative</p> <p>Paul McCauley Public Pension Employees Pension Contracts</p> <p>Referred to Board of Directors. Resolved through CSEA's active endorsement and contribution to Californians for Health Care and Retirement Security (CHCRS)</p> <p>MB 5/09: Referred directly to the affiliates for attention by delegate action. On September 2, 2010 Dave Hart sent letters to the four affiliate presidents so informing them of the fact.</p>
MB 6/09 Referred to Affiliates.	Emphasizing Respect for Each State Worker
MB 7/09 Completed.	<p>CalPERS CANDIDATE NIGHTS</p> <p>President Dave Hart wrote a letter on 11/17/2009 to CalPERS Board President Rob Feckner with a copy to CalPERS CEO Ann Stausboll with a short description of the motion as passed by our delegates. In that letter, Jim McRitchie was identified as the point person to engage in discussion with CalPERS staff and Board to explore how to bring this about. Due to Mr. McRitchie's efforts, the first such open forum was conducted for the first CalPERS election following General Council 2009 on September 7, 2010. The open forum was sponsored by PERSWATCH and the Sacramento Central Labor Council and moderated by the Sacramento County League of Women Voters. Video coverage of the debate was made available on the CalPERS website after the debate through the election deadline. <i>Similar open forums planned for the election up to the May, 2011 election.</i></p>

MB 7/09 (Cont'd)	<p><u>REPORT SUBMITTED BY JAMES McRITCHIE:</u></p> <p>MB 7/09 requested that CalPERS hold at least one CalPERS Board candidate forum each election cycle so that members can compare candidate responses to questions they ask in person or over the Internet. We envisioned something like a "town-hall" meeting, facilitated by a non-partisan third party. The League of Women Voters of Sacramento County was been instrumental in facilitating a forum first at the CalSTRS auditorium in 2010 and two at the CalPERS auditorium in 2011. All candidates attended and CalPERS posted videos on their website. Ann Boynton, Deputy Executive Officer, assures us "we are supportive of continuing to conduct candidate forums."</p>
MB 8/09 Completed.	<p><u>INCREASE AVAILABILITY OF CalPERS PROXY VOTES</u></p> <p>Referred to Board of Directors. President Hart wrote a letter on 11/17/2009 to CalPERS Board President Rob Feckner with cc to CalPERS CEO and identified Jim McRitchie as the point person to engage in discussion with CalPERS staff and Board to explore how to bring this about. As president, I wrote a letter on 11/17/2009 to CalPERS Board President Rob Feckner with cc to CalPERS CEO and identified Jim McRitchie as the point person to engage in discussion with CalPERS staff and Board to explore how to bring this about. <i>Jim McRitchie will be contacted to update the status of this item.</i></p> <p><u>REPORT SUBMITTED BY JAMES McRITCHIE:</u></p> <p>MB 8/09 sought to expand upon the leadership that CalPERS has shown in the area of corporate governance by exploring how CalPERS can better influence the proxy voting of its own members who may be individual investors and in helping them to evaluate which mutual funds vote in alignment with their own values and those of CalPERS. Currently, CalPERS announces votes at only about 300 companies prior to annual meetings. Computer changes are needed to announce them all. Todd Mattley, Global Head of Proxy Voting at CalPERS assures us these changes will be made. However, other software enhancements have higher priority, so the changes we requested may not happen until 2013 or even 2014.</p>
MB 9/09 Considered.	<p>Healthcare Reform Before Congress Referred to Board of Directors.</p> <p>MB 9/09: Direct action in support or in opposition to what eventually became the Affordable Care Act (ACA) was never acted upon by the CSEA Board. None of the affiliates brought a motion to the CSEA Board for action in support or opposition due to the complexity of the legislation, the fast pace of negotiations in Congress and inability of any of the affiliates to gain internal agreement.</p>

GC 41(b)