POLICIES AND PROCEDURES

CORPORATE POLICY

Subject: Insurance Reserve	Policy No.: 174
	Orig. Date: 02/16/06
Last Revision Date: 2/16/2006	Revision:

A. Purpose

The purpose of the Insurance Reserve policy is to provide adequate insurance reserves to pay for the deductible amount greater than $10,000 versus the actual deductible on the Foundation's Policies. This Reserve policy excludes flood and earthquake insurance policies.

B. Background

The Foundation Administration continually reviews its insurance coverage, limits and deductibles to establish a framework within which the Foundation's services, programs and activities, can be effectively managed. On July 1, 2002, the Foundation joined California State University Risk Management Authority (CSURMA).

C. Procedure

The reserve will initially be funded from the general fund for $100,000 and every year thereafter any insurance dividends from CSURMA, and the premium saving as a result the higher deductibles will be added to replenish the reserve fund. In effect, the project will be self insured for any losses between $10,000 up to the deductible amount (for 05-06 the deductible is $25,000). This procedure excludes grants and contracts as those projects are not allowed to be charged a deductible. For example, if a project incurs a loss of $35,000, the project will be responsible for the first $10,000 and any remaining loss up to the deductible amount (currently $25,000) will be charged to the reserve: The first $10,000 loss = the Project is responsible to pay $10,000-$25,000 ($15,000) = the loss will be covered from the insurance reserve fund $25,000-$35,000 = $10,000 is covered by the insurance policy