



CSURMA AORMA OFFICERS RETREAT “This is an Open Public Meeting”

In accordance with the requirements of the Bagley-Keene Open Meeting Act, notice of this meeting must be posted in a publicly accessible place, including the internet, at least ten days in advance of the meeting. This meeting agenda shall also be posted at the address of the teleconference location with access for the public via phone/speaker phone.

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location may require routine provision of identification to building security. However, CSURMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

Tuesday, July 19, 2016
 11:00 AM – 4:00 PM (Est.)

Wednesday, July 20, 2016
 8:00 AM – 12:00 PM (Est.)

Alliant Insurance Services, Inc.
 Lombard Street Conference Room
 100 Pine Street, 11th Floor
 San Francisco, CA 94111

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13. AORMA Participation Agreement

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Please contact Mimi Long mlong@alliant.com or Tevea Him thim@alliant.com with questions.

LONG RANGE ACTION PLANS

ISSUE: The Committee will be asked to review the AORMA Committee and CSURMA Executive Committee Long Range Action Plans providing direction to Staff as appropriate.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. AORMA Committee Long Range Action Plan for FY 15/16
- b. CSURMA Executive Committee Long Range Action Plan for FY 16/17

FY 2015/16 CSURMA AORMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1 Risk Reduction Innovation Matching Grant Incentive Program					
Promote the Matching Grant Program	1	Create a bulletin that describes the types of projects that may be approved as an innovation grant	PA	Oct., 2015	Completed
	2	Review grant applications	PA, AORMA	Dec., 2015	Completed
	3	Evaluate Policy & Policy A-6 and recommend changes as appropriate	PA, AORMA	May, 2016	Completed
LRP-2 Monthly AORMA Update Newsletter					
Create a AORMA Newsletter to be sent out monthly	1	Create template for the newsletter	PA	May, 2016	In Process
	2	Finalize topics for the October newsletter	PA	Jun., 2016	
	3	Send out newsletter and post on CSURMA website	PA	Jun., 2016	
LRP-3 Workers' Compensation Claims Closure Initiative					
Development of a plan for closure of very old claims	1	Identify AORMA claims for action, adopt strategy	PA, SRM, Sedgwick, Consultant	TBD	
	2	Status report to AORMA Committee	PA, SRM	Dec., 2015	Completed
LRP-4 Campus Visit Member Presentation					
Update Campus Visit Member Presentation	1	Update Campus Visit Presentation	PA	Oct., 2015	Completed
	2	Present to Auxiliary Organizations throughout the year		Continuous	
LRP-5 CSURMA Website					
Complete upgrades to the CSURMA website	1	Update Website - make nomenclature consistent and add definitions	PA	Oct., 2015	In Process
	2	Resolve password issue by allowing members to change their passwords	PA	Jun., 2016	In Process
LRP-6 Cyber Risk Control Services					
Raise awareness of CSURMA's Cyber Risk Control Services	1	Create a Cyber Liability informational bulletin explaining the services currently available	PA	Dec., 2015	Completed
	2	Include Cyber Liability tip in each of the monthly AORMA updates	PA	Continuous	In Process
LRP -7 Benchmarking Initiative					
Develop a workers' compensation statistical industry benchmarking operation	1	Initial report to AORMA Committee	PA, SRM	Oct., 2015	Completed
	2	Report to AORMA Membership at AOA Conference	PA, SRM	Jan., 2016	Completed
	3	Presentation of sustainable long term benchmarking program	PA, SRM	Sep., 2016	
	4	Approval of long term benchmarking project scope and costs	AORMA, EC	Sep., 2016	

FY 2015/16 CSURMA AORMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-8 Evaluation of Campus Threat Assessment					
Integration of Auxiliary Organizations into the Campus Continuity of Operations (COOP) and Emergency Operations Plan (EOP)	1	Review Campus EOP and COOP for integration of the Auxiliary Organizations	Witt O'Briens	Oct. - Dec., 2015	Completed
	2	Develop a list of Auxiliary Organization resource contacts to collaborate on threat assessment	PA	Jan., 2016	Completed
	3	Begin outlining how best to integrate or address Auxiliary Organizations within in the Campus EOP and COOP	PA, SRM, Witt O'Briens	Jan., 2016	Completed
	4	Develop and provide Campuses and Auxiliaries Organizations with good practices in addressing the issue at hand while providing a plan addendum template	PA, SRM, Witt O'Briens	June, 2016	Completed
	5	Develop some training sessions/webinars etc.	PA, SRM, Witt O'Briens	June, 2016	N/A
LRP-9 Watercraft Program / Insurance Tracking Program					
Create schedule of all owned watercraft as well as stand-alone watercraft policies purchased	1	Survey Campus Risk Managers for list of owned watercraft as well as separate watercraft policies purchased	PA	Oct., 2015	Completed
	2	Survey Auxiliary Organization for list of watercraft owned or used in navigatable water and/or over 50 feet	PA	Oct., 2015	Completed
	3	Create list of watercraft owned or used by campuses and auxiliaries, as well as separate insurance purchased	PA	Dec., 2015	Completed
LRP-10 Creation of Executive Overview CSURMA AORMA Presentation					
Create an Executive Overview of the CSURMA AORMA Programs	1	Create presentation for the AORMA Big Picture AOA Conference	PA	Jan., 2016	Completed
	2	Post on CSURMA website	PA	Jan., 2016	Completed
	3	Disseminate information to the AORMA members	PA	Jan., 2016	Completed
LRP-11 Smart Phone Application for CSURMA AORMA Contact Information					
Purchase a smart phone application for all CSURMA and AORMA Contacts	1	Review options available	PA	Oct., 2015	Completed
	2	Present options and costs to the AORMA Committee	PA	Jun., 2016	In Progress
	3	Report to AORMA Membership at AOA Conference	PA	Jan., 2016	Completed
BOD: CSURMA Board of Directors		EC: CSURMA Executive Committee			

FY 2015/16 CSURMA AORMA LONG RANGE ACTION PLAN

GOAL		ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
PC: AORMA Programs Committee			OGC: CSU Office of General Counsel		
CABO: CSU Chief Administrators and Business Officers			PA: CSURMA Program Administrator		
CO: Chancellor's Office			SRM: CSU Systemwide Risk Management		
AORMA: AORMA Committee					

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1 MASTER OUT-OF-STATE ON-LINE EDUCATION SURETY					
Search for a blanket surety bond to cover all campuses and auxiliary organizations who provide on-line instruction outside California.	1	Research scope of on-line programs and jurisdictions. Determine if placement of a blanket bond or alternative systemwide placement approach is feasible.	SRM, OGC, PA	August 2016	
	2	Present information to EC for direction.	SRM, OGC, PA	September 2016	
	3	Report on project to BOD.	SRM, OGC, PA	November 2016	
	4	Approval of blanket or alternative surety program as appropriate.	EC	March 2017	
	5	Implement program. Communicate to campus stakeholders.	PA	July 2017	
LRP-2 SPECIAL EVENTS RESOURCE GUIDE					
Create a Special Events Resource Guide. Implement risk management training for special events.	1	Identify and engage consultant to create Special Events Risk Management Manual and training modules.	SRM	August 2015	Completed
	2	Develop subject content for special events risk management manual.	SRM	October 2015	Completed
	3	Oversee design and development of special events risk management manual.	SRM	June 2016	
	4	Roll out manual to all campus and auxiliary organization staff.	SRM	July 2016	
	5	Post manual on the CSURMA website.	PA	August 2016	
	6	Present the Special Events Risk Management Training at Fitting the Pieces Together Conference.	SRM	November 2016	
	7	Roll out special events training on the CSU learning management system.	SRM	July 2017	
LRP-3 BENCHMARKING AND TREND ANALYSIS					
Develop a Workers' Compensation statistical database for comparative analysis and industry benchmarking.	1	Research benchmarking resources available.	PA	April 2015	Completed
	2	Develop conceptual proposal for short and long term benchmarking.	SRM, PA	May 2015	Completed
	3	Approval of initial benchmarking project scope and costs.	EC	May 2015	Completed
	4	Implement initial project.	SRM, PA	September 2015	On-going
	5	Initial report to EC, BOD and CABO.	SRM, PA	October 2015	Completed
	6	Report to AORMA membership at AOA Conference.	SRM, PA	February 2016	Completed
	7	Presentation of sustainable long term benchmarking program.	SRM, PA	September 2016	
	8	Approval of long term benchmarking project scope and costs.	EC	September 2016	
LRP-4 INSURANCE POLICY DATABASE					
Implement an insurance database for	1	Research and identify viable software products.	SRM, PA	January 2016	Completed
	2	Review presentation by Ventif.	EC, BOD	September 2016	
	3	Approve selection of software product.	EC	September 2016	

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
coverage history and to provide a reference for litigation matters.	4	Populate database with Phase 1 data.	PA	October 2016	
	5	Present Phase 1 project results and recommendations for Phase 2.	SRM, PA	March 2017	
	6	Approve Phase 2 and ongoing database maintenance plan.	EC	May 2017	
LRP-5 CAPTIVE INSURER					
Complete cost / benefits analysis for a captive insurance company to operate within CSURMA.	1	Identify and engage consultant to evaluate CSURMA's captive utilization options.	EC, SRM, PA	January 2016	Completed
	2	Review the Pinnacle Actuarial Resources initial evaluation of CSURMA's captive utilization options.	EC	May 2016	Completed
	3	Present further evaluation to EC for direction.	EC	September 2016	
	4	Report on project to BOD.	BOD	November 2016	
	5	Oversee formation of captive.	SRM, PA	July 2017	
LRP-6 LOAN POLICY AND INVESTMENT OPTIONS					
Review member loan policy. Explore and evaluate alternate investment strategies.	1	Research viable investment options within the CSU community to invest in certain capital projects.	CO, SRM, PA	August 2016	
	2	Present investment options to EC for direction.	CO, EC	September 2016	
	3	Report on project to BOD.	CO, BOD	November 2016	
	4	Approval of alternate investment options.	EC	December 2016	
		<i>Note: this item may be impacted by potential development of a captive insurer.</i>			
LRP-7 ON-CAMPUS VISITS WITH VICE PRESIDENTS					
Visit Campus VPs to provide updates on rating plans, cost of risk analysis and benchmarking.	1	Schedule meetings with all Campus VPs.	PA	August 2016	
	2	RPTG will meet to review risk pool rating plans.	SRM, RPTG, PA	September 2016	
	3	Cost of Risk Analysis received from Actuary.	PA	October 2016	
	4	Completion of Campus VP presentation.	PA	November 2016	
	5	Completion Campus visits.	SRM , PA	March 2017	
LRP-8 CSURMA COMMUNICATIONS AND OUTREACH PLAN					
Develop and implement communications plan to keep all members apprised	1	Identify strategies for effective communication.	PA	August 2016	
	2	Present communication strategies to CSURMA EC for direction.	EC	September 2016	
	3	Report on project to BOD.	BOD	November 2016	
	4	Implement communication strategies.	PA	December 2016	
	5	Report to EC on long term communication strategies.	EC, PA	March 2017	

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL		ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
of CSURMA resources.						
LRP-9 MASTER ENABLING AGREEMENT FOR TRANSPORTATION						
Review current transportation management.	1	Identify available transportation carriers and obtain contract proposals.	SRM, PA	May 2016	Completed	
	2	Present options to EC for direction.	SRM, PA, EC	May 2016	Completed	
	3	Report on project to BOD.	BOD	May 2016	Completed	
	Develop a master enabling agreement for charter bus companies.	4	Negotiate final contract for EC approval.	EC	January 2017	
		5	Roll out transportation program.	SRM, PA	January 2017	

BOD: CSURMA Board of Directors
CABO: CSU Chief Administrators and Business Officers
CO: Chancellor's Office
CPDC: CO Capital Planning Design & Construction

EC: CSURMA Executive Committee
OGC: CSU Office of General Counsel
PA: CSURMA Program Administrator
SRM: CSU Systemwide Risk Management

ESTIMATED FUND BALANCE EXHIBITS

ISSUE: The Committee will review the estimated fund balance exhibits for both the Liability and Workers’ Compensation Programs. These reports show a comparison of the program assets, outstanding liabilities and estimated fund balances at March 31, 2016, as well as historical estimated fund balances and dividend information.

RECOMMENDATION: None; this item is for information only.

FISCAL IMPACT: None.

BACKGROUND: None.

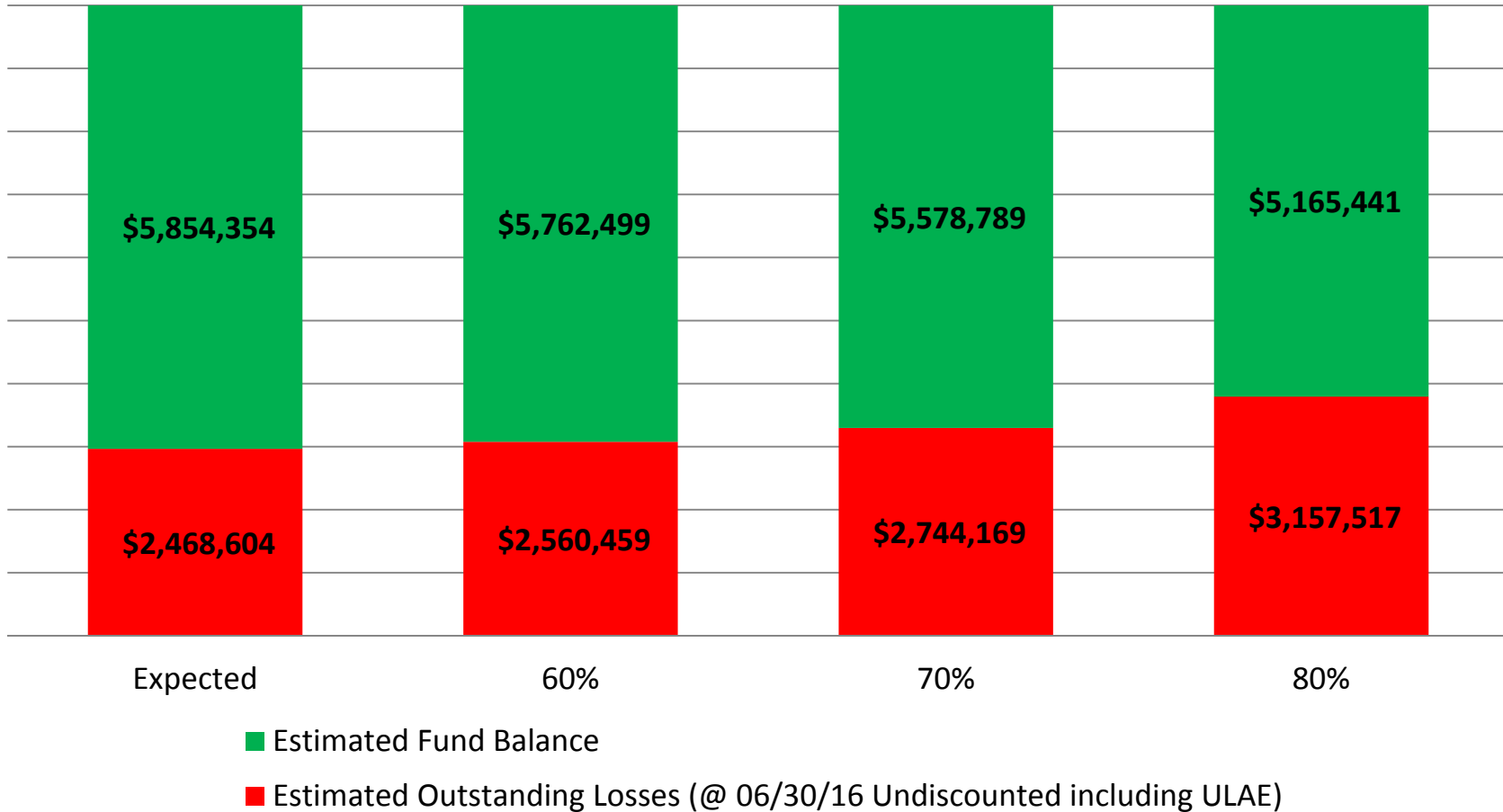
PUBLICATION: These reports will be updated with financial information at June 30, 2016 and will be presented to the AORMA Committee during its meeting in September.

ATTACHMENT(S):

- a. Estimated Fund Balance @ March 31, 2016 (Liability and Workers’ Compensation Programs)
- b. Historical Estimated Fund Balance @ June 30
- c. Historical Maximum Dividend Available vs. Dividend Declared

Liability Estimated Fund Balance @ 3/31/16

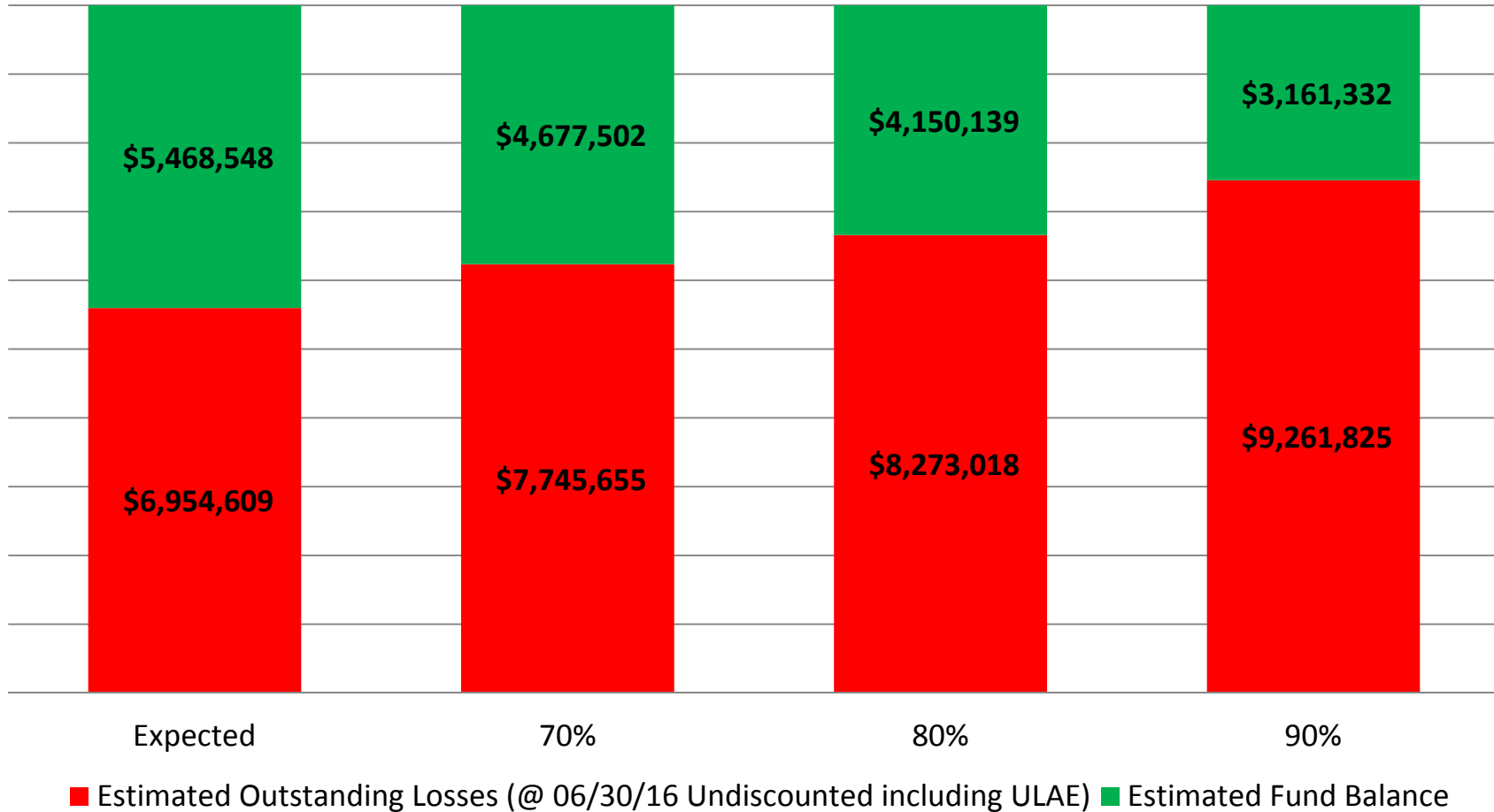
Program Assets @ 3/31/16 - \$8,322,958



The Program Assets have been reduced by the dividend of \$871,524 payable in July 2016, and accounts payable of \$108,286.

Workers' Compensation Estimated Fund Balance @ 3/31/16

Program Assets @ 3/31/16 - \$12,423,157

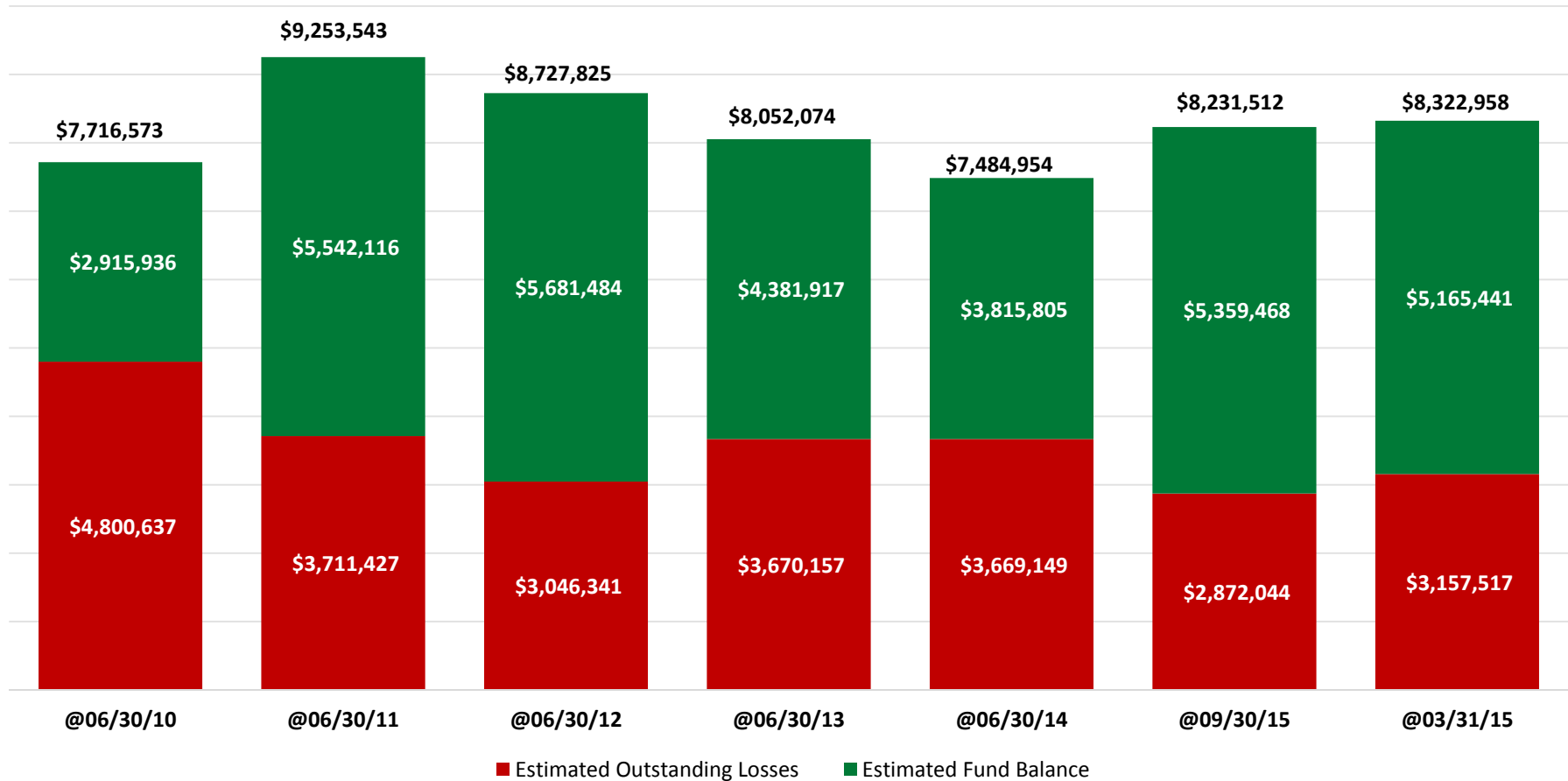


The Program Assets have been reduced by the dividend of \$300,000 payable in July 2016, and accounts payable of \$168,915.

Liability Historical Estimated Fund Balance @ June 30



80% Confidence Level



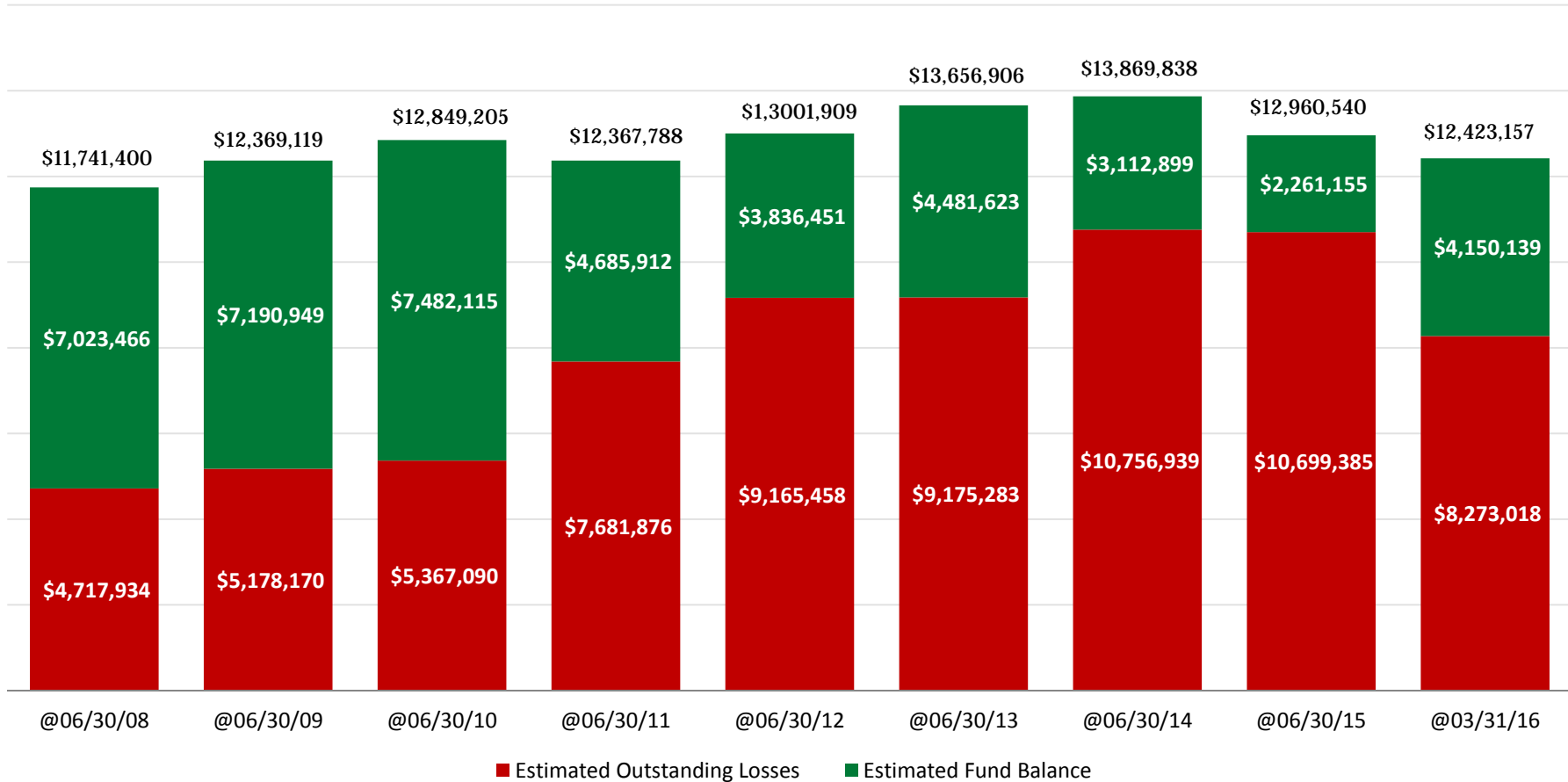
Note 1: Assets are reduced by the declared dividend and miscellaneous accounts payable

Note 2: The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense

Workers' Compensation Historical Estimated Fund Balance @ June 30



80% Confidence Level



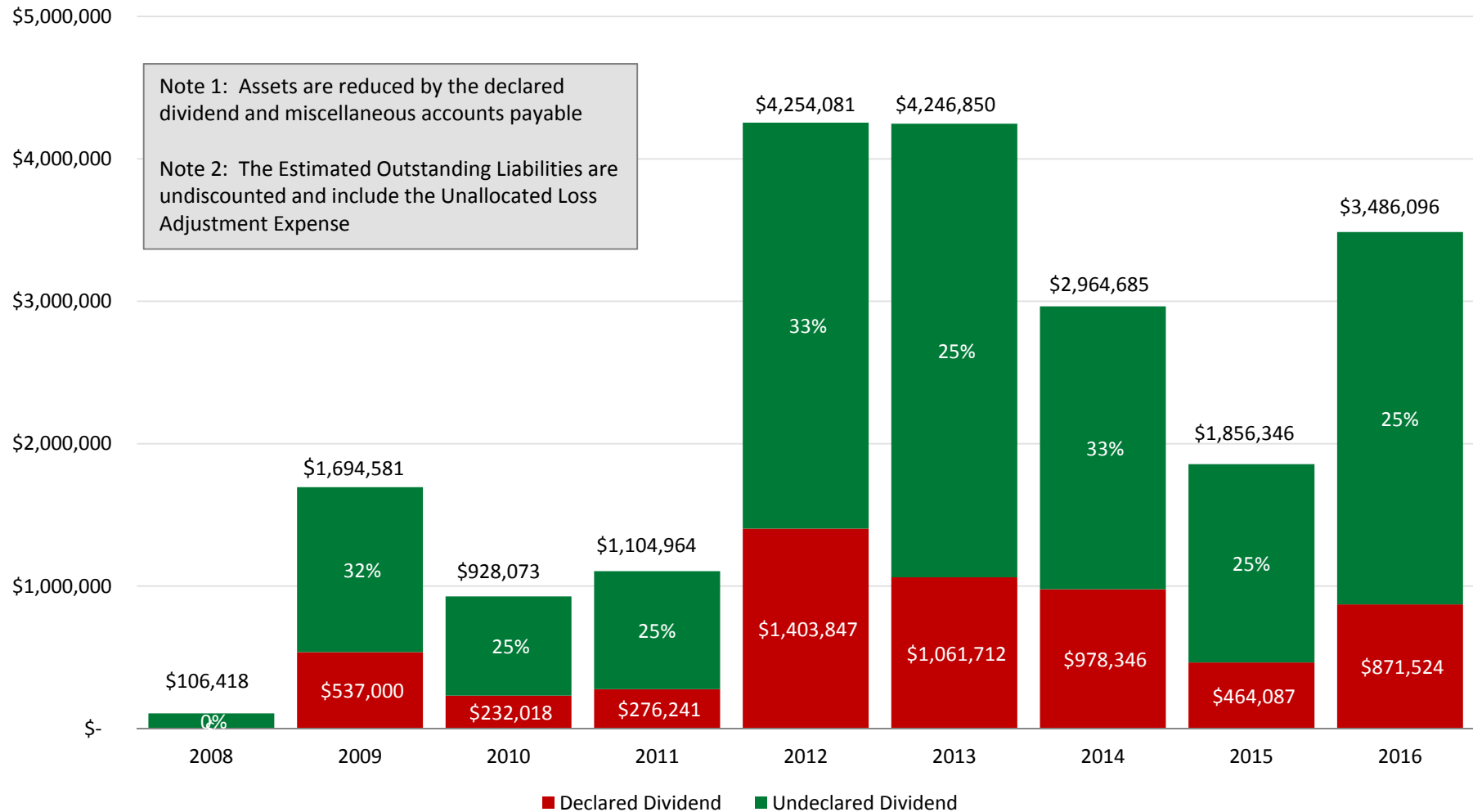
Note 1: Assets are reduced by the declared dividend and miscellaneous accounts payable

Note 2: The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense

Liability Historical Dividends Paid in July



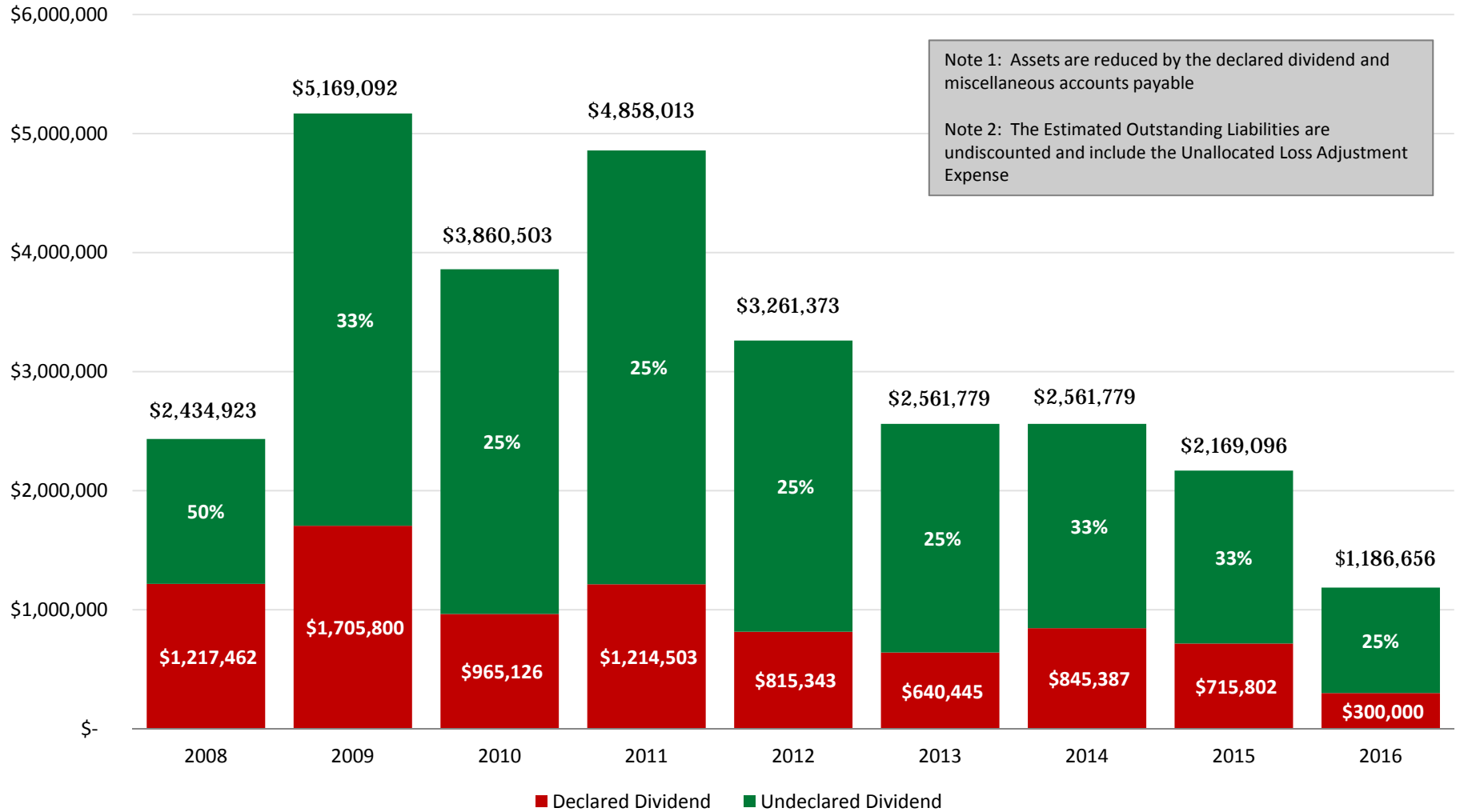
Maximum Dividend Available vs. Dividend Declared



Workers' Compensation Historical Dividends Paid in July



Maximum Dividend Available vs. Dividend Declared



PREVAILING WAGES FOR AUXILIARY PROJECTS

ISSUE: The Committee will discuss and consider coverage (or risk financing) to pay prevailing wages should the DIR determine that prevailing wages should have been paid on an auxiliary project.

RECOMMENDATION: This is a discussion item only. No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

FY 16/17 LIABILITY PROGRAM
REINSURANCE AND EXCESS INSURANCE

ISSUE: Due to loss activity, Genesis did not provide a renewal quote for the \$4,650,000 excess of \$350,000 reinsurance layer. After an intensive marketing effort, CSURMA AORMA was able to secure replacement coverage through Evanston Insurance Company and Great American Insurance Company. As a condition of coverage, the AORMA Liability Program pooled layer had to be increased from \$350,000 to \$500,000. This requirement does not come as a surprise as AORMA has been anticipating this change for a few years and has funded the program accordingly. The two replacement insurers will share the layer 50% / 50%.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: The total premium for the reinsurance layer (\$4,500,000 xs of \$500,000) increased from \$888,930 to \$1,108,442. This is a 25% increase. The total premium for the entire AORMA Liability Program (\$200,000,000) increased from \$1,211,382 for FY 15/16 to \$1,431,826 for FY 16/17. This is an 18% increase.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

FINE ARTS, ARCHIVES AND ARTIFACTS PROGRAM
EFFECTIVE JULY 1, 2016

ISSUE: Staff will provide an overview of the coverages available effective July 1, 2016, through the Fine Arts, Archives, and Artifacts Program (FAAAP). The program includes;

- “All risk” including earthquake and flood coverage;
- No deductible; except 10% for earthquake (per item damaged);
- Worldwide coverage;
- Appraisals are not required;
- “Wall to wall”, “nail to nail” coverage – while on your property, in transit, out on loan and during return transit.
- \$25MM limit; \$2.5MM sub-limit for each unscheduled item; \$5MM sub-limit for transit (per conveyance);
- No reporting required for incoming and outgoing exhibits.

RECOMMENDATION: No action is recommended; this item is for information only.

FISCAL IMPACT: None. The cost for this program is included within the property rates for FY 16/17 which have already been published.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Announcement of the CSURMA Fine Arts, Artifacts and Archives Program (FAAAP) AORMA Bulletin (sent to all Members on June 6, 2016)



May 27, 2016

Announcement of the CSURMA Fine Arts, Artifacts and Archives Program (FAAAP)

We are pleased to announce the launch of the ***Fine Arts, Archives, and Artifacts Program (FAAAP)*** effective July 1, 2016. FAAAP includes the following features and benefits:

- “All risk” including earthquake and flood coverage;
- No deductible; except 10% for earthquake (per item damaged);
- Worldwide coverage;
- Appraisals are not required;
- “Wall to wall”, “nail to nail” coverage – while on your property, in transit, out on loan and during return transit.
- \$25MM limit; \$2.5MM sub-limit for each unscheduled item; \$5MM sub-limit for transit (per conveyance);
- No reporting required for incoming and outgoing exhibits.

This coverage is automatic, effective July 1, 2016, and there is nothing you need to do to effect this coverage.

The following pages provide a brief overview of the coverage provided in the FAAAP.

Thank you,

Daniel Howell
Senior Executive Vice President
Alliant Insurance Services, Inc.

P.J. Skarlanic
Assistant Vice President
Alliant Insurance Services, Inc.

Fine Art, Artifacts and Archives Coverage - Coverage Overview

Insurance Company:	Lloyd's of London
A.M. Best Rating:	A (excellent), XV (\$2 Billion or greater)
State Covered Status:	Non-Admitted
Policy/Coverage Term:	July 1, 2016 to June 30, 2017
Premises Insured:	CSU Campuses and Auxiliary Organizations
Perils:	"All Risks" of Physical Damage including Flood, Earthquake Shock, Boiler Explosion and Machinery Breakdown
Interest:	Fine Arts, Artifacts and Archives of whatsoever nature comprising inward and outward loans, but excluding general contents, fixtures and fittings, textbooks and academic materials and the like.
Territorial Scope:	Worldwide
Limit:	\$25,000,000 any one occurrence and in the annual aggregate
Sub-Limits:	\$2,500,000 – single article limit (for unscheduled items) \$5,000,000 – worldwide transit (per conveyance) \$5,000,000 – unnamed locations
Deductible:	Nil, Except 10% for earthquake
Reporting Requirements:	<p>For exhibits owned by you, you must:</p> <p>Keep and maintain an inventory in which individual details of all exhibits are kept.</p> <p>For exhibits lent by or to you, you must:</p> <p>Issue a written loan agreement in respect of each item lent to you or by you and keep a record of all loan agreements issued. The loan agreement shall include the value of the exhibit(s) agreed between you and the lender.</p> <p>Exhibits not recorded in the above manner are not covered under this insurance.</p>

Fine Art, Artifacts and Archives Coverage - Frequently Asked Questions

<p>What is needed to obtain coverage, and do I need to provide CSURMA staff and/or the insurance carrier with a Schedule of Values?</p>	<p>Nothing is required from you to obtain coverage.</p> <p>The CSU Systemwide Office of Risk Management has already approved the binding of this program. CSURMA Staff will transition any Fine Art, Artifacts & Archive related items that you are currently insuring on the Property or Inland Marine policies to the FAAAP.</p> <p>A complete Schedule of Values is not required to obtain coverage through the FAAAP. One of the biggest benefits of moving to a true Fine Arts policy form is the administrative ease of obtaining, and renewing coverage. Unlike Property or Inland Marine underwriters, Fine Art underwriters can work off of a general understanding of the makeup of your collection; types of objects, where they are housed, protections in place, etc. The only exception to this is the Per Item sublimit of \$5MM. This requires that all artworks valued over \$2.5M must be reported in order to have coverage.</p>
<p>Do I need to report incoming/outgoing loans and exhibitions?</p>	<p>No.</p> <p>Unlike the Property and Inland Marine policies, the FAAAP provides automatic coverage for both your owned artworks out on loan and artworks of others on loan to you where there is a lending agreement in place. You need to keep in mind the limits and sub-limits of the policy to assure there is adequate coverage. Contact CSURMA staff if you think a loan may approach or even exceed the policy limits and additional limits can be purchased on an as needed basis.</p>
<p>Describe the elements of coverage provided through the FAAAP.</p>	<p>Coverage is provided on what's referred to as "Wall to Wall, Nail to Nail". This means coverage is provided during all components typical of Fine Arts, Artifacts & Archives; items while on your property, in transit, out on loan at other location and during return transit.</p>
<p>Are appraisals required?</p>	<p>No.</p> <p>Appraisals are not required to have coverage through the FAAAP. If you have appraisal information on hand that information would be helpful for CSURMA staff to have, but appraisals will not be required.</p>
<p>What will my premium be?</p>	<p>All costs associated with the FAAAP are included within your AORMA Property Program rate for FY 16/17.</p>



California State University Risk Management Authority

<p>In case of a loss or damage to the items insured through the FAAAP, what valuation method will be used?</p>	<p>Market Value.</p> <p>At the time of loss or damage to an insured item, a claims adjuster will be assigned to your claim. The claims adjuster will work with you to determine an appropriate Market Valuation of the item. Amongst many things, the adjuster will consider any recent appraisals, recent comparable sales at auction or otherwise, other unrelated claims to similar artworks, etc. The adjuster will be a specialist in Fine Arts, Artifacts & Archives, rather than one who only has experience adjusting real property and related infrastructure.</p>
<p>Who do I contact to report a claim, and what is the process?</p>	<p>Report all claims to CSURMA claims staff, Martin Fox-Foster or Elaine Kim. Martin or Elaine will report the claim to the insurance carrier and an adjuster will be assigned. As with all other lines of coverage provided by CSURMA, claims staff will be your advocate and stay involved in the matter throughout the life of the claim.</p> <p>Martin Fox-Foster martin.fox-foster@alliant.com 415-403-1417</p> <p>Elaine Kim ekim@alliant.com 415-403-1458</p>
<p>Who do I contact with additional questions on the FAAAP?</p>	<p>CSURMA staff, Mimi Long or Van Rin.</p> <p>Mimi Long mlong@alliant.com 415-403-1423</p> <p>Van Rin vrin@alliant.com 415-403-1408</p>

**ON-LINE TRAINING – TERMINATION OF TARGET SOLUTIONS
CONTRACT EFFECTIVE JUNE 30, 2017**

ISSUE: At its May 5, 2016 meeting, the AORMA Committee approved a one-year extension of the TargetSolutions contract and directed Staff to inform the membership (quarterly) that the TargetSolutions contract will not be renewed after June 30, 2017.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: This item is for information only and therefore has no fiscal impact. The AORMA Committee already approved the one-year Target Solutions extension with an annual cost of \$80,750 for FY 16/17 and a separate agreement with the Chancellor’s Office, Systemwide Professional Development (SPD). The pricing for the services received through SPD is;

FY 16/17 - \$50,000
FY 17/18 - \$60,000
FY 18/19 - \$70,000
FY 19/20 - \$75,000

BACKGROUND: Fourteen campuses have completed the integration process; however, only four campuses out of the fourteen are actively using the skillsoft platform. SPD continues to work with the remaining campuses and provided the following update:

1. **Monterey Bay** – IT is having some technical challenges connecting to SPD’s database, Campus IT and SPD have been working to resolve the issue.
2. **Easy Bay** – A tentative implementation date of July 21, 2016 has been scheduled.
3. **Bakersfield** – Campus IT initially had the implementation scheduled, but lost support staffing. SPD has not received any updates from Campus IT in a few months.
4. **Maritime Academy** – The Campus was initially interested in completing the implementation, however, SPD has not received any updated from Campus IT on an implementation date. Campus IT is short on resources.
5. **San Francisco** – The Campus is working on the solution now and hopes to have an implementation date once Campus IT puts their process in place.
6. **Dominguez Hills** – The Campus was initially interested in completing the implementation, however, SPD has not received any updates from Campus IT on an implementation date.

7. **Sonoma** – Campus IT is actively working on an implementation solution and hopes to finalize the implementation date very soon.
8. **Long Beach** – SPD is working on a specialized solution for this Campus. Once it is in place, Campus IT will begin working on the implementation.
9. **San Diego** – Campus IT just recently hit a milestone implementing a new Identity Management System. They are eager to start working on this project once their IDM is up and running.

SPD also notes that on the smaller campuses like Bakersfield, Maritime and Dominguez Hills, where resources might be the issue, the auxiliary organizations might be able to offer support to Campus IT in order to move the project forward.

PUBLICATION: The Announcement of the Termination of the TargetSolutions Contract will be sent to the AORMA members on a quarterly basis.

ATTACHMENT(S):

- a. Announcement of the Termination of the TargetSolutions Contract (June, 2016)



June 29, 2016

To: CSURMA AORMA Members

From: Frank Mumford, AORMA Committee Chair

Re: **Online Training Platform**
Transition from TargetSolution to SkillSoft / LawRoom

At its last meeting in May, the AORMA Committee approved a one-year extension of the TargetSolutions contract (July 1, 2016 to June 30, 2017). At this meeting, the Committee also approved a four-year service agreement with Systemwide Professional Development (SPD). This agreement requires AORMA to pay for the services provided through SPD for access to the LawRoom compliance training and SkillSoft content, as well as the services provided by SPD to support the auxiliary organizations. The pricing for these services through SPD is \$50,000 for FY 16/17, \$60,000 for FY 17/18, \$70,000 for FY 18/19 and \$75,000 for FY 19/20.

After June 30, 2017, AORMA will not renew the contract with TargetSolutions. Members may decide to contract directly with TargetSolutions or another online training content provider, or to utilize the online training available through the SkillSoft / LawRoom Platform.

SPD informs us that the following Campuses have completed the necessary IT upgrades in order to allow the auxiliary organization to begin using the SkillSoft platform: Chancellor's Office, Fullerton, Humboldt, Northridge, San Jose, San Luis Obispo, Sonoma, Stanislaus, Sacramento, Chico, Fresno, San Bernardino, San Marcos. SPD and Campus IT at the remaining Campuses are working together on a solution for completion of the implementation process.

Transition strategies from TargetSolution to SkillSoft / LawRoom may differ for each Campus and SPD is committed to working with Campus IT and the AORMA members on the best conversion solution available. Your contacts at SPD are David Kervella and Chris Fondacaro. Please do not hesitate to contact them with questions or assistance with the transition.

David Kervella
Senior Director
dkervella@calstate.edu
562-951-4454

Chris Fondacaro
Training Coordinator
cfondacaro@calstate.edu
562-951-4403

Systemwide Professional Development
California State University
Office of the Chancellor
401 Golden Shore, 4th Floor
Long Beach, CA 90802-4210

A Public Entity Joint Powers Authority

**MASTER ENABLING AGREEMENT FOR TRANSPORTATION WITH
GO GROUND**

ISSUE: At its meeting on May 6, 2016, the CSURMA Executive Committee approved a master enabling agreement (MEA) with GoGround. The MEA will be available to all CSU Campuses as well as CSU Auxiliary Organizations. All GoGround transportation carriers are TSX safety certified and carry insurance limits of between \$5MM and \$20MM. GoGround carries \$11MM in excess insurance. Because of the standardization of service, GoGround is able to provide cost savings.

RECOMMENDATION: No action is recommended; this item is for information only.

FISCAL IMPACT: None. All costs associated with this agreement will be billed directly to the user.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Announcement of the master enabling agreement with GoGround.



TRANSPORTATION SAFETY EXCHANGE

Powered by CSS, Inc.

— Expect a Higher Standard —



GOGROUND

OFFICIAL TRANSPORTATION MANAGEMENT PARTNER
WORLD MEETING OF FAMILIES 2015

CalState

March 1, 2016

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Introduces



to

CalState

GOGROUND is a leading group and event ground transportation management firm serving large scale festivals, collegiate & professional athletics and special events.

GOGROUND is the most experienced ground transportation management specialist of its kind in North America. It is an expert at charter bus services and has the largest standing network of bus operators in the industry.

GOGROUND is the exclusive ground transportation partner of the NCAA championships and was also the “Official Transportation Partner of the World Meeting of Families”.

Expect a Higher Standard



GOGROUND Clientele




— Expect a Higher Standard — 3



Focus



GOGROUND's sole focus is ground transportation and it's mission and passion is to make every aspect of the group transportation experience for event organizers and guests the best it can be.

Both **GOGROUND** and  share the same focus and passion for safety as transporting your passengers safely is our highest priority.




Expect a Higher Standard



GOGROUND and *and*



GOGROUND and  have worked closely together over the years to bring the importance of safety to the forefront with regard to passenger ground transportation.

GOGROUND uses  carriers for charter work.

— *Expect a Higher Standard* — 5

The / **GOGROUND** / **CSU** **Transportation Safety Program**

GOGROUND will use TSX Approved operators for charter work for CSU members. If a non-approved carrier has been requested to join TSX by one of our CSU subscribers, **GOGROUND** will contact TSX to see if there are any major safety issues with this operator. If the carrier appears to be a good candidate to work with TSX, **GOGROUND** will use the carrier for charter work provided that they become TSX approved within 6 months or they no longer will be used.

Every CSU Member Institution subscriber should strive to support the **TSX / GOGROUND / CSU Transportation Safety Program** by informing their carriers this 6 month window to become TSX approved is a requirement by their university. If they don't make TSX approval by an operator mandatory, the program loses its purpose and puts these CSU member universities at much greater risk.

— *Expect a Higher Standard* — 6



Reducing CSU Liability



Once again, if CSU member institutions do not make it university policy that they will not use a carrier unless they are TSX approved, their liability substantially increases.

Carrier comment on why they will not become



“We continue to do business with the CSU’s and only one of them has asked us about TSX participation, **and did not make that a requirement.** Unless that changes, we cannot justify the additional expenditure.”

— *Expect a Higher Standard* — 7



GOGROUND

CalState



It takes between 1 and 12 hours for CSU member staff personnel to find and charter reliable passenger ground transportation. This translates to many dollars spent for this personnel to locate, negotiate price, determine risk and charter with ground transportation passenger carriers.

GOGROUND helps reduce this cost as CSU member institutions can simply contact **GOGROUND** for all their charter needs.

— *Expect a Higher Standard* — 8



Cost of Doing Business with **GOGROUND**



The cost of doing business with **GOGROUND** is approximately 5%. **GOGROUND** can either work under a blanket contract or they can set up a management fee for each individual CSU member institution.

GOGROUND can also set up a Transportation Management Portal for each individual CSU member institution.



CSU Member Institutions

Who Would Benefit from Using the *TSX / GOGROUD / CSU Transportation Program*



— Expect a Higher Standard — 10



CalState



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— *Expect a Higher Standard* —

**PRAESIDIUM CONTRACT FOR PREVENTION OF ABUSE OF MINORS
CONTRACT CHANGES EFFECTIVE JULY 1, 2016**

ISSUE: At its meeting on May 6, 2016, the CSURMA Executive Committee approved an extension of the contract with Praesidium for prevention of abuse of minors for the term July 1, 2016 to June 30, 2017. The Praesidium products and services are now offered on an “ala carte” basis. Each campus will receive a \$2,000 stipend to be used on any product or service. All Praesidium billings will run through Systemwide Risk Management (SRM) for initial payment. SRM will then seek reimbursement from the Campus or Auxiliary Organization as appropriate.

In addition to the \$2,000 per campus stipend, Praesidium will perform four regional workshops within FY 16/17.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: This item is for discussion only and no fiscal impact is expected. The CSURMA Executive Committee did approve the contract costs of \$12,000 for the four Regional Workshops as well as \$2,000 per campus (\$48,000) and these costs have been included in the FY 16/17 CSURMA budget.

BACKGROUND: None.

PUBLICATION: Information explaining the products and services available through Praesidium will be sent to all members separately.

ATTACHMENT(S):

- a. Announcement of the revised Praesidium products and services
- b. List and pricing on the Praesidium products and services available on an ala carte basis

Praesidium CSURMA Partnership

JULY 1, 2016 - JUNE 30, 2017



CONTACT

CANDACE COLLINS, JD

DIRECTOR OF HIGHER EDUCATION

COLLINS@PRAESIDIUMINC.COM

PRAESIDIUMINC.COM

Protecting Minors on Campus Together

As part of the systematic approach to managing risk exposures, CSURMA is providing free and discounted resources across the CSU campuses and auxiliary organizations to help manage the risk of minors. By expanding our partnership with Praesidium, CSURMA will provide a unique jump-start opportunity to customize your campus efforts.

BUILDING ON YOUR CONTINUING EFFORTS

To fully integrate minors on campus initiatives and commit to cultural changes, senior campus and auxiliary leadership should understand this risk, the potential impact on campus, and best-practice standards designed to reduce the likelihood of an incident and mitigate harm. CSURMA is sponsoring four regional workshops with Praesidium to facilitate this leadership commitment.

CSURMA is also making it easier to access abuse prevention services through a system-wide contract, establishing a \$2,000 credit for each campus to boost your existing efforts. Instead of providing one service across the system, beginning July 1, 2016 you will have the flexibility to choose what works best for you.

Our Products and Services

CLICK ON THE ITEM BELOW FOR MORE INFO



Praesidium Guardian Certification™

You or a selected employee committed to protecting those in your care will receive the information and skills they need to become your “boots on the ground” expert on organizational abuse prevention. Praesidium Guardians join a national community of certified Praesidium Guardians for support, guidance, and cutting edge information.



Register now for the next Praesidium Guardian Certification Class!

November 8-10, 2016
Dallas, TX

Limited Seats Available

WHAT MAKES A GOOD CANDIDATE?

Good candidates may come from any number of positions in your organization: risk management compliance, human resources, training, legal, program, and so on. What's more important is that the selected individual cares deeply about the safety of those in care; be respected by colleagues; be well-organized; and have the time and flexibility to spend up to a few hours a week executing Praesidium Guardian™ responsibilities.

WHAT ARE THE BENEFITS?

Your expertise as a Certified Praesidium Guardian™ demonstrates to consumers and your campus community how seriously your organization takes the care of their loved ones. In fact, many carriers financially recognize the value of Praesidium's services. And of course, your credential is a valuable career enhancement.

THE GUARDIAN EXPERIENCE

The Praesidium Guardian™ Experience has three main components: online preparation activities; a three-day instructor-led workshop; and a Work and Learn Assignment, an individually designed skills application exercise. The online preparation activities include completing approximately 8-10 hours of online courses focusing on Praesidium's proprietary risk management model, the Praesidium Safety Equation™. This content prepares you for the workshop that is highly interactive experience, packed full of engaging activities, group discussions, and actual field work. You will learn best practices in organizational abuse prevention and organizational change strategies to implement and maintain the best practices.

Work and Learn Assignment involves you completing structured activities in your own organization with guidance from Praesidium—actually applying on the job what you've learned from the training. Throughout all components of the certification process—and beyond—you benefit from access to Praesidium experts and to the online Praesidium Community where you connect with other Certified Praesidium Guardian™ colleagues from across the nation.

Enroll now to become an expert in organizational abuse prevention and join a rapidly growing national association of similarly committed individuals. Become a Certified Praesidium Guardian™. You'll earn a valuable credential you can carry throughout your career.

Training Solutions

ARMATUS® LEARN TO PROTECT SYSTEM

Adults directly involved in providing services to minors, those who supervise others directly involved with minors, and those who manage or oversee programs serving minors should know how offenders operate, how to recognize warning signs, when and how to intervene to interrupt interactions that may foretell of abuse, mandated reporting requirements, and how to manage high risk situations in their own programs. This training can be provided online where participants must demonstrate mastery and completion can be documented.

At the core of the system is a range of online courses, 25-45 minutes in length, designed to ignite the learning process and provide learners with the tools they need to implement best practices in abuse prevention. Armatus® online courses include actionable learning objectives, research-validated content, engaging graphics, frequent interactivity and a content mastery quiz. In addition to the online courses, learners are supported with a variety of tools.

Armatus® comes with a robust database that allows organizations to confirm in real time who has completed training.

A limited number of courses remain available on the CSU Learning Management System.



ON-SITE ABUSE PREVENTION

To continue the blended learning environment and facilitate a campus-specific application of the key learning points, Praesidium recommends at least one on-site abuse prevention training for all campuses. Target audiences include all individuals who work with minors, including campus and auxiliary employees, staff, faculty, students, interns, volunteers, and chaperones.

Praesidium offers an array of on-site workshops and seminars for front-line employees and volunteers, supervisors, administrators, and board members covering screening and selection, best practices in abuse risk management, how to prevent peer-to-peer sexual abuse, legal issues in abuse risk management, and many others. Workshops can be tailored to meet the needs of each audience.

YOUR BOUNDARIES. YOUR CALL!™

This three-part video series teaches children between fifth and twelfth grades how to protect themselves if someone tries to violate their emotional, physical, or behavioral boundaries.

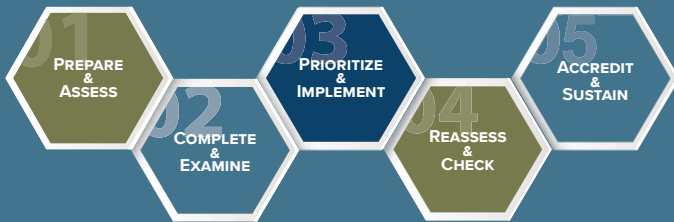
EDUCATIONAL WEBINARS AND ABUSE PREVENTION TIPS/UPDATES

Praesidium can conduct regular abuse risk management seminars on a wide range of topics including sexual harassment, social networking, bullying, internal incident investigations, how offenders operate, reputational risk management, creating a culture of safety, quality assurance methods, employee and volunteer screening and selection for abuse risk, and others.

Risk Assessments and the Path to Accreditation

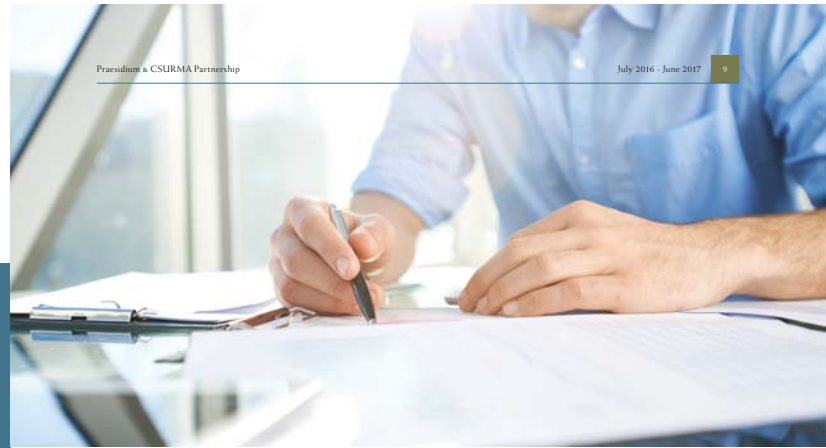
KNOW YOUR SCORE™ ONLINE SELF ASSESSMENT

Individuals complete an online self-assessment, or in-depth questionnaire about existing policies and procedures in their program or organization. The self-assessment allows organizations to quickly learn the strength of their policies and practices designed to keep those in their care safe from abuse. The completed self-assessment provides organizations with a blueprint and sample resources to address any potential abuse prevention gaps.



COMPREHENSIVE ON-SITE RISK ASSESSMENT WITH PRAESIDIUM ACCREDITATION

Praesidium's Safety Analysts conduct a comprehensive on-site risk assessment of your campus or auxiliary programs. This review may include all youth programs, a select subset of programs within a department, or simply one program. The assessment includes a review by our team of your policies, on-site architectural inspections, interviews with employees and volunteers at various levels, interviews with administrators, analysis of claims and incident data, and direct observations of programs in operation. At the conclusion of the assessment, the organization can request The Praesidium Report,™ which may include detailed findings and custom-tailored risk management recommendations. Upon implementation of the recommendations, the organization is eligible to attain Praesidium Accreditation status for three years. During the accreditation period, Praesidium will conduct several follow up visits (additional travel costs and expenses will apply).



More Assessment Solutions

ON-SITE MANAGEMENT SYSTEMS REVIEW

Praesidium's Management Systems Review identifies potential high-level gaps in an organization's risk management practices related to preventing the sexual abuse of children or vulnerable adults by an employee, a volunteer, or by another program participant. Praesidium analyzes the organization's existing policies; interviews key representatives from program, human resources, risk management, legal, and training; and reviews past incidents, allegations or litigation related to abuse. At the conclusion of this on-site review, Praesidium shares the findings with key leaders and outlines high level recommendations to address potential exposures.

MINORS ON CAMPUS SURVEY

Praesidium's heat map process utilizes a minors on campus survey to identify all programs serving minors on campus at a higher education institution and in the community. This brief survey asks some basic questions to identify any program serving minors that an individual or department operates, sponsors, or hosts and is customizable in many respects. Among other things, this survey also identifies the number of minors served and various program characteristics, including risk level and ownership. Praesidium provides a comprehensive analysis of the data, along with recommendations in areas including policy development, training, monitoring and supervision, and relationships with third parties. The survey can also be tailored to accommodate other industries and risks.

Screening Solutions

CRIMINAL BACKGROUND CHECKS

Praesidium offers several standard and customizable criminal background check packages plus other a la carte background check services. Adopting a solid screening and selection process is your first line of defense in preventing offenders from entering your program. Consistent and efficient screening processes discourage would-be offenders from targeting your organization. Failure to discover a known offender endangers those in your care and your organization. The organization's reputation, financial stability and trust within the community can be severely affected.

CRIMINAL BACKGROUND CHECKS SYSTEM FEATURES

Flexibility

- Web-based, use it anywhere
- Limitless package options suit all hiring needs and levels of access
- Mix and match order input method
- Choose the right billing process, from monthly invoices or applicant pay

Control

- Get email updates every step of the process
- Customized messaging and deadlines for applicants
- User based permissions support a multi-level organization so user only have access to the sensitive information they need

Management

- Configure up to 10 billing codes to easily sort applicants into departments and programs
- Set system reminders for re-screening based on your policy
- Use with Armatus LTP training for effortless, centralized compliance management

CRIMINAL BACKGROUND CHECK PROCESS

Input: Paperless, electronic consent and data entry

Collect paper forms and key in orders

Bulk upload functionality available for both data entry methods

Research: Praesidium's online platform is open 24/7 so you always know what is happening

Most reports are complete and returned in 1 to 3 business days

Review: Reports are returned with visual flags and notations when there are potential issues

Adverse action functionality is built into the Praesidium system to help you stay compliant

SCREENING AND SELECTION TOOLKIT

Less than five percent of offenders have a criminal history. Because criminal background checks can't be relied on to screen out offenders, organizations must use other methods to prevent potentially harmful adults from gaining access to their clients. Praesidium's Screening and Selection Toolkit provides organizations with everything necessary to effectively screen and select employees and volunteers. The Toolkit includes policies, forms (applications, interviewing questions, and reference forms), and guidelines for identifying high-risk and low-risk responses during interviews, reference checks, and on applications. It also identifies six applicant characteristics that are critical for adults working with children and vulnerable adults and a scoring system to evaluate applicants on each characteristic. The complete package includes one-day intensive on-site training that teaches hiring managers how to use the screening and selection toolkit.

Consultation, Reporting Mechanisms and Crisis Management

MODEL POLICIES AND POLICY ANALYSIS

Clear policies set the stage for safe environments by defining acceptable and unacceptable employee and volunteer conduct. Policies also facilitate effective monitoring and supervision by helping others to recognize and take action when they see policy violations. Praesidium can provide model policies, review and revise existing policies, or help your organization draft policies that address the protection of minors at the campus or program level.

ONLINE COMMUNITY

Praesidium's online community allows individuals from across organizations and programs to connect and share their abuse prevention experiences, challenges, and successes. Praesidium's team of experts facilitates and monitors discussions to provide quick tips and initial consultation.

GENERAL CONSULTATION

Does one of your campuses have concerns about a summer applicant? Does a Risk Manager need advice on how to manage a particular youth program's interactions with minors? Want to discuss their screening and selection practices? Not sure how to respond to a report of suspicious interactions between an employee and a program participant? Praesidium can be available over the phone to discuss anything that may forewarn of an incident or lead to an abuse claim. Our experts include psychologists, social workers, attorneys, private investigators, policy analysts, doctoral level educators, and human resource professionals, all with extensive experience in organizational abuse risk management.



TOLL-FREE CONFIDENTIAL HELPLINE

In most cases of abuse in organizations, individuals often report having seen or heard something suspicious, inappropriate, or of concern, yet failed to take action. Praesidium's consultation services allow your campuses a way to report concerns as well as an open line of communication in the event of an incident or crisis.

CRISIS MANAGEMENT AND ON-SITE VICTIM'S ASSISTANCE

In the event that a campus has an allegation or incident of suspicious or inappropriate interactions or suspected abuse, a member of Praesidium's team can be available to provide a range services, including on-site consultation, response coordination, investigation, and victim's assistance.

Praesidium Pricing Listing¹

CSURMA is making it easier to access abuse prevention services through this system-wide contract, establishing a \$2,000 credit for each campus to boost your existing efforts. Instead of providing one service across the system, beginning July 1, 2016 you will have the flexibility to choose what works best for you.

Contact Praesidium today to access these products and services.

CONTACT
CANDACE COLLINS, JD
 DIRECTOR OF HIGHER EDUCATION
 COLLINS@PRAESIDIUMINC.COM
 PRAESIDIUMINC.COM



Praesidium Guardian Certification

Individual attendee, Arlington, TX class	\$4,950
Additional attendee, Arlington, TX class	\$4,000
CSU-Specific program in California	\$39,000

Armatus® Learn to Protect System²

Per Course	\$8
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On-site Training

Campus Leadership Presentation, per day	\$2,000
Abuse Prevention Training, per day	\$2,000

Educational Webinars and Abuse Prevention Tips/Updates

Regular email tips on abuse prevention	Complimentary
Two educational webinars on abuse prevention	Complimentary
Additional educational webinar	\$500
Content for CSU publications	Available upon request

Praesidium Pricing Listing¹

Know Your Score!TM Online Self Assessment

- Per campus \$2,000
10 Assessments initiated in the KYS! system regardless of whether an assessment is completed or archived
KYS! demonstrative and marketing webinars
Existing written sample resources
- Each additional assessments regardless of whether an assessment is completed or archived \$500

Comprehensive On-Site Risk Assessment with Praesidium Accreditation

- Pricing depends on number of programs and locations \$5,000+

On-Site Management Systems Review

- Pricing depends on number of programs and locations \$4,000 - \$10,000
Includes one training for leadership during on-site session

Minors on Campus Survey

- Pricing depends on level of customization \$6,000+

Screening and Selection Toolkit

- Toolkit and one day of on-site training related to training and selection \$6,000

Criminal Background Checks À la Carte Pricing ^{2,3,4,5}

- Employment Credit \$7
- Multi State Criminal Database with Name and Address Locator \$10
- 7 Year County Criminal Records Search: 1 County \$7
- 7 Year County Criminal Records Search: All Counties Provided/Developed \$25
- County Civil Record Search (upper): 1 County \$12
- Statewide Criminal Search: 1 State \$9
- Federal Criminal records Search: 1 State, All Districts \$9
- Federal Civil Records Search: 1 State, All Districts \$12
- DOJ National Sex Offender Registry Search \$4
- Motor Vehicle Records Search \$4
- Employment Verification \$11
- Education Verification \$10
- Personal Reference: 1 Reference \$13
- Professional Reference: 1 Reference \$14
- Professional License Verification: 1 License \$9
- International Criminal Search: 1 Jurisdiction \$25 + In Country Acquisition Fee

Packaged Criminal Background Checks ^{2,3,4,5}

- Packaged Pricing Available Upon Further Consultation

Policy Analysis and Sample Policies

- Depends on the nature and extent of analysis and samples (i.e., individual program procedure versus campus-wide policy) \$1,000 - \$25,000

Access to Praesidium's Online Community

- * Pricing requires additional consultation with CSURMA to further define TBD

General Consultation

- Full day, on-site \$2,000
- Per hour, off-site \$250

Toll-Free Confidential Helpline

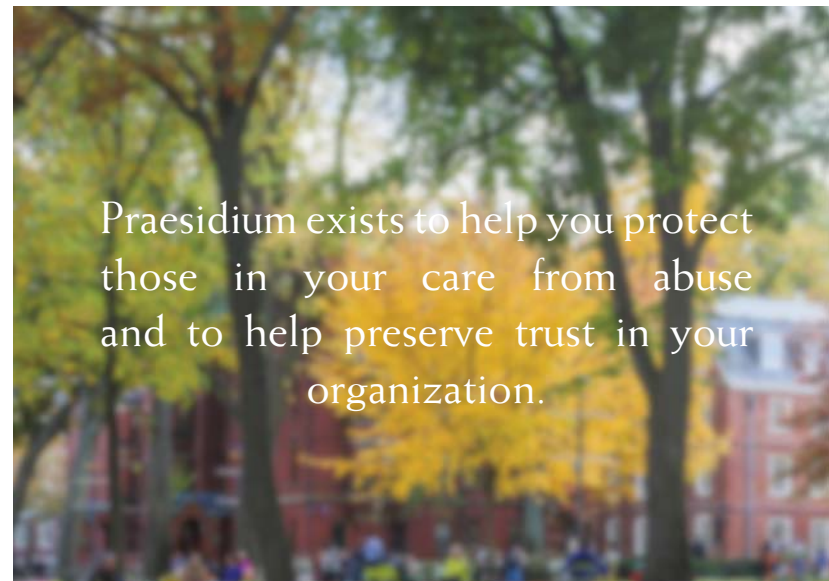
- One-time initial set-up fee \$1,000
- Annual maintenance fee \$500
- Per call \$250

Crisis Management and On-Site Victim's Assistance

- * On-site, per day \$2,000
- * Off-site consultation, per hour \$250

Additional Pricing Notes

1. Pricing does not include reasonable travel costs and expenses. Reasonable travel costs and expenses will be separately billed.
2. Third-party record keeper fees may apply and will be passed on at cost when incurred.
3. Criminal records found in the Multi State Database check are subject to verification at the source and additional costs may apply.
4. International in-country acquisition fees will be passed on at cost.
5. Criminal background check services require a separate contract with the campus or auxiliary.



Protecting Minors on Campus Together

ABOUT PRAESIDIUM

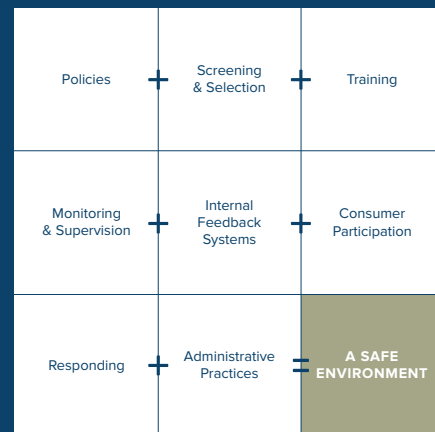
Since 1991, Praesidium's mission is "to help you protect those in your care from abuse and to help preserve trust in your organization." Praesidium works with organizations across the world to prevent the sexual abuse of children and vulnerable adults, to prevent false allegations of abuse against innocent employees and volunteers, and to prevent the loss of reputation and revenue for organizations serving vulnerable populations. The founders of Praesidium have over 30 years of experience working in abuse risk management. For the past two decades Praesidium has served more than 4,000 clients and offers a full range of risk management and loss control services. Praesidium's clients include higher education institutions, public and private schools, churches, camps, youth development organizations, water parks, long-term care facilities, hospitals, luxury resorts, social service programs, sports programs, fitness clubs, and child care centers.



Praesidium's Scientific Methodology

Using current research and root cause analysis, Praesidium developed its own abuse risk management model, The Praesidium Safety Equation®. Root cause analyses of several thousand incidents of abuse across industries demonstrated that risks fell into eight organizational operations: Policies,

Selection and Screening, Training, Monitoring and Supervision, Consumer Participation, Feedback Systems, Responding, and Administrative Systems. By implementing best practices in each of these operations, Praesidium determined that risks could be reduced or eliminated





Ready to discuss
your abuse prevention efforts?

Let's get started.

WWW.PRAESIDIUMINC.COM

CONTACT

CANDACE COLLINS, JD

DIRECTOR OF HIGHER EDUCATION

COLLINS@PRAESIDIUMINC.COM

PRAESIDIUMINC.COM

EXHIBIT "A"

WORKPLAN

Confirmed Services

To be implemented in consultation with CSURMA.

Regional Workshops. Praesidium will be available on-site for four regional presentations for campus and auxiliary leadership. These presentations will include a combination of general consultation, leadership strategies, and best practices in managing the risk of minors on campus. Praesidium and CSURMA will cooperate to determine the time and location of these four regional workshops.

Optional Services

Available to CSU campuses and auxiliaries upon request.

Praesidium Guardian Certification. Select an employee committed to protecting those in your care and give them the information and skills they need to become your “boots on the ground” expert on organizational abuse prevention. Your Praesidium Guardian joins a national community of certified Praesidium Guardians for support, guidance, and cutting edge information.

TRAINING SOLUTIONS

Armatus® Learn to Protect System. Adults directly involved in providing services to minors, those who supervise others directly involved with minors, and those who manage or oversee programs serving minors must know how offenders operate, how to recognize warning signs, when and how to intervene to interrupt interactions that may foretell of abuse, mandated reporting requirements, and how to manage high risk situations in their own programs. This training can be provided online where participants must demonstrate mastery and completion can be documented.

At the core of the system is a range of online courses, 25-45 minutes in length, designed to ignite the learning process and provide learners with the tools they need to implement best practices in abuse prevention. Armatus® online courses include actionable learning objectives, research-validated content, engaging graphics, frequent interactivity and a content mastery quiz. In addition to the online courses, learners are supported with a variety of tools including:

- *Action Plans* that are printed and used with the online course. Action Plans summarize the key learning points and prompt learners to take notes throughout the course. They provide a great reference after the course.
- *Coaching Guides* provide supervisors a high-level summary of the course, including learning objectives and key learning points. The coaching guide gives supervisors practical

steps they can take to reinforce the learning, with specific things they can say, do, and reinforce.

- *Discussion Guides* are developed for small group and classroom discussions. A facilitator is able reinforce important content and remind learners of what they learned in the online course. The group is able to discuss practical application of the learning for their work group and organization.
- *Mini Minders* (coming soon!) are 30 second to 3 minute learning segments that reinforce or remind learners of content from an Armatus course. These can range from a short interactive segment, to a standalone video clip, a scenario(s) to apply skills, a PDF (Ready Reference or Pocket Card) or an offline worksheet. The goal is to remind learners of and review with them key content that they have previously learned.
- *Guide Posts* (coming soon!) are signs that you can post around your facility to remind learners of key policies, practices, and principles. Guide Posts have QR codes that can be scanned with a smart phone to pop-up a Mini Minder interaction.

Armatus[®] comes with a robust database that allows organizations to confirm in real time who has completed training, as well as other useful user information such as criminal background check completions. Praesidium also has the internal capability to design, program, and produce online courses to meet the specific needs of high volume usage and maintains a national network of content experts in a wide array of subjects.

On-Site Leadership Presentations. To fully integrate Minors on Campus initiatives and create cultural changes at the campus level, senior leadership on each campus should have a fundamental understanding of the scope of the risk, how abuse of minors happens in youth serving programs, and best practice standards designed to reduce the likelihood of an incident and effectively mitigate harm. Leadership should also understand and embrace their responsibilities and contributions to these initiatives. Because this information is best delivered in face-to-face meetings with leadership teams (i.e., Campus Presidents / Provosts, Cabinet Members, Vice Presidents, Department Leaders, etc.), Praesidium recommends a one-hour initial leadership meeting on each campus.

On-Site Abuse Prevention Training. To continue the blended learning environment and facilitate a campus-specific application of the key learning points, Praesidium recommends at least one on-site abuse prevention training for all campuses. Target audiences include all individuals who work with minors, including campus and auxiliary employees, staff, faculty, students, interns, volunteers, and chaperones.

Praesidium offers an array of on-site workshops and seminars for front-line employees and volunteers, supervisors, administrators, and board members covering screening and selection, best practices in abuse risk management, how to prevent peer-to-peer sexual abuse, legal issues in abuse risk management, and many others. Workshops can be tailored to meet the needs of each audience.

Your Boundaries. Your Call![™] This three-part video series teaches children between fifth and twelfth grades how to protect themselves if someone tries to violate their emotional, physical, or behavioral boundaries.

Educational Webinars and Abuse Prevention Tips/Updates. Praesidium can conduct regular abuse risk management seminars on a wide range of topics including sexual harassment, social networking, bullying, internal incident investigations, how offenders operate, reputational risk management, creating a culture of safety, quality assurance methods, employee and volunteer screening and selection for abuse risk, and others.

RISK ASSESSMENTS

AND THE PATH TO ACCREDITATION

Know Your Score! Online Self Assessment. Individuals complete an online self-assessment, or in-depth questionnaire about existing policies and procedures in their program or organization. The self-assessment (available in generic or customizable versions) allows organizations to quickly and confidentially learn the strength of their policies and practices designed to keep those in their care safe from abuse. The completed self-assessment provides organizations with a blueprint and sample resources to address any potential abuse prevention gaps.

Comprehensive On-Site Risk Assessment with Praesidium Accreditation. Praesidium's Safety Analysts conduct a comprehensive risk assessment of all programs offered by the organization including a review of policies, on-site architectural inspections, interviews with employees and volunteers at all levels, interviews with administrators, analysis of claims and incident data, and direct observations of programs in operation. At the conclusion of the assessment, the organization can request The Praesidium Report,[™] which includes detailed findings and custom-tailored risk management recommendations. Upon implementation of the recommendations, the organization is eligible to attain Praesidium Accreditation status for three years and receives three random follow-up mini-audits at no additional costs (although travel may apply); a press release; a statement for parents and consumers; and, an etched-glass Praesidium award.

On-Site Management Systems Review. Praesidium's Management Systems Review identifies potential gaps in an organization's risk management practices related to preventing the sexual abuse of children or vulnerable adults by an employee, a volunteer, or by another program participant. Praesidium analyzes the organization's existing policies; interviews representatives from program, human resources, risk management, legal, and training; and reviews past incidents, allegations or litigation related to abuse. At the conclusion of this on-site review, Praesidium shares the findings with key leaders and outlines high level recommendations to address potential exposures.

Minors on Campus Survey. Praesidium's heat map process utilizes a minors on campus survey to identify all programs serving minors on campus at a higher education institution and in the community. This brief survey asks some basic questions to identify any program serving minors that an individual or department operates, sponsors, or hosts and is customizable in many respects. Among other things, this survey also identifies the number of minors served and various program characteristics, including risk level and ownership. Praesidium provides a comprehensive analysis

of the data, along with recommendations in areas including policy development, training, monitoring and supervision, and relationships with third parties. The survey can also be tailored to accommodate other industries and risks.

SCREENING SOLUTIONS

Criminal Background Checks. Praesidium offers several standard and customizable criminal background check packages plus other a la carte background check services. One of our most popular packages includes comprehensive searches in the industry and includes over 305 million criminal records from county, state, national, and international sources. It includes a Social Security Number Trace and Alias Search, Multi-State Criminal Records Search, National Sex Offender Registry Search, and national and international security searches. And, at no additional charge, Praesidium is also available to discuss additional screening issues with organizations upon receipt of their results.

Screening and Selection Toolkit. Less than five percent of offenders have a criminal history. Because criminal background checks can't be relied on to screen out offenders, organizations must use other methods to prevent potentially harmful adults from gaining access to their clients. Praesidium's Screening and Selection Toolkit provides organizations with everything necessary to effectively screen and select employees and volunteers. The Toolkit includes policies, forms (applications, interviewing questions, and reference forms), and guidelines for identifying high-risk and low-risk responses during interviews, reference checks, and on applications. It also identifies six applicant characteristics that are critical for adults working with children and vulnerable adults and a scoring system to evaluate applicants on each characteristic. The complete package includes one-day intensive on-site training that teaches hiring managers how to use the screening and selection toolkit.

CONSULTATION, REPORTING MECHANISMS, AND CRISIS MANAGEMENT

Model Policies and Policy Analysis. Sound policies provide the foundation for a safe environment. They tell an organization's employees and volunteers what is and is not acceptable; they set tolerance levels; and they can protect an organization if it faces litigation. But are your policies doing their job? Do they address such ever-changing issues as whether employees can communicate with clients via email, social networking sites, or after work? Do they set limits on when and how employees or volunteers can demonstrate affection towards clients? Send the organization's policies to us, and we'll advise what works and what needs re-visiting, and why!

Online Community. Praesidium's online community allows individuals from across organizations and programs to connect and share their abuse prevention experiences, challenges, and successes. Praesidium's team of experts facilitates and monitors discussions to provide quick tips and initial consultation.

General Consultation. Does one of your campuses have concerns about a summer applicant? Does a Risk Manager need advice on how to manage a particular youth program's interactions with minors? Want to discuss their screening and selection practices? Not sure how to respond to

a report of suspicious interactions between an employee and a program participant? Praesidium can be available over the phone to discuss anything that may forewarn of an incident or lead to an abuse claim. Our experts include psychologists, social workers, attorneys, private investigators, policy analysts, doctoral level educators, and human resource professionals, all with extensive experience in organizational abuse risk management.

Toll-Free Confidential Helpline. In most cases of abuse in organizations, individuals often report having seen or heard something suspicious, inappropriate, or of concern, yet failed to take action. Praesidium's consultation services allow your campuses a way to report concerns as well as an open line of communication in the event of an incident or crisis.

Crisis Management and On-Site Victim's Assistance. In the event that a campus has an allegation or incident of suspicious or inappropriate interactions or suspected abuse, a member of Praesidium's team can be available to provide a range services, including on-site consultation, response coordination, investigation, and victim's assistance.

Armatus[®] Learn to Protect Course Listing

Armatus[®] Online Training Course Descriptions

Core Course	
<i>Meet Sam</i>	<i>It Happened to Me</i>
<p>Sam molests children. Hear him tell how he gets away with it. Participants will learn:</p> <ul style="list-style-type: none"> • The three types of molesters • The three things molesters need in order to offend • The types of boundaries offenders often violate <p style="text-align: right;">* ^</p>	<p>Anger. Failing grades. Depression. These are just some of the effects of sexual abuse. Participants will learn:</p> <ul style="list-style-type: none"> • The long-term effects of abuse • Which children are most vulnerable to abuse • Why children don't report abuse • What to do if a child tells you about abuse <p style="text-align: right;">* ^</p>
<i>Duty to Report: Mandated Reporter</i>	<i>Abuse Risk Management for Volunteers</i>
<p>Adults have a moral responsibility and in many cases a legal responsibility to report suspected child abuse or neglect. In this course you will learn:</p> <ul style="list-style-type: none"> • Why reporting is critical • What your legal obligation is to report • What types of conduct must be reported • How to report • How to respond if a child discloses abuse or neglect to you <p style="text-align: right;">* ^</p>	<p>Volunteers give their precious time to your organization to serve others. Teach them how to protect those they serve from abuse. Participants will learn:</p> <ul style="list-style-type: none"> • The facts about sexual abuse • Steps you can take to keep kids safe • How to protect yourself from false allegations of abuse

* Denotes course available in Spanish
 ^ Denotes course available in Canadian-French

Armatus® Online Training Course Descriptions

Core Course	
<p><i>Preventing Sexual Activity Between Young Children</i></p>	<p><i>Prevention Sexual Activity Between Adolescents</i></p>
<p>Recent statistics show that incidents of sexual acting out between children have increased significantly in the past three years. Participants will learn:</p> <ul style="list-style-type: none"> • How – and where – sexual activity between children typically occurs • Steps to prevent sexual activity between children • How to respond if sexual activity between children occurs <p style="text-align: right;">*</p>	<p>When adolescents in your programs bully or act out sexually with one another, these behaviors not only violate policy, they can become abusive. Part of your job is to prevent these behaviors from happening. In this course, you will learn techniques and best practices to prevent and respond to sexual activity, including:</p> <ul style="list-style-type: none"> • What peer pressure and bullying can do to influence sexual behavior in adolescents • Where sexual behavior between adolescents is likely to occur • Steps you can take to prevent sexual activity between adolescents • How to respond if sexual activity between adolescents occurs
<p><i>Preventing Bullying</i></p>	<p><i>Social Media and Sexual Abuse: Establishing Healthy Boundaries</i></p>
<p>Bullying, in some way, is a part of everybody’s childhood memories. However, the severity of recent bullying incidents has shown that bullying can no longer be a “normal” part of growing up. Participants will learn:</p> <ul style="list-style-type: none"> • What bullying is • How bullying happens • The impact of bullying • What you can do to stop bullying • What to do if you are a supervisor <p style="text-align: right;">*</p>	<p>Social media increases opportunities for sexual abusers to communicate with their intended victims. Participants will learn:</p> <ul style="list-style-type: none"> • The different types of abuse risks that organizations face • How to educate parents and youth on healthy social media use • How to protect yourself from false allegations of abuse • How to respond to warning signs and incidents of abuse
<p><i>Abuse Prevention Refresher</i></p>	
<p>Once employees and volunteers know the basics about preventing abuse in your organization, it’s time for real life application. Participants will learn:</p> <ul style="list-style-type: none"> • The importance of acting on warning signs, and how to do so • How to keep yourself and co-workers safe from false allegations • How to apply your knowledge to real-life scenarios <p style="text-align: right;">* ^</p>	<p style="text-align: right;">* Denotes course available in Spanish ^ Denotes course available in Canadian-French</p>

Armatus® Online Training Course Descriptions

INDUSTRY SPECIFIC COURSES	
<i>Establishing and Maintaining Healthy Relationships with Athletes</i>	<i>Preventing Abuse against Adults with Disabilities</i>
<p>This course is designed to keep your athletes safe from abuse and to protect you from false allegations. Through establishing appropriate boundaries, you can facilitate a healthy coach- athlete relationship. Participants will learn:</p> <ul style="list-style-type: none"> • The scope and effects of abuse in sports • Characteristics of the coach-athlete relationship • How to recognize and report boundary violations and allegations of abuse 	<p>Providing care to people with disabilities is rewarding and challenging work. However, some caregivers psychologically abuse, physically abuse, steal from those they care for, and some even sexually abuse people in their care. You can do your part to make sure this doesn't happen! Participants will learn:</p> <ul style="list-style-type: none"> • Facts about abuse of people with disabilities • Characteristics of potential victims • Awareness of potential abusers and high-risk environments • Steps to keep clients safe • How to prevent false allegations
<i>Preventing Elder Abuse and Neglect</i>	
<p>It's hard to believe that anyone would hurt the elderly. Fortunately, federal and state laws and regulations help protect vulnerable adults from abuse. Participants will learn:</p> <ul style="list-style-type: none"> • Facts about abuse and neglect • How to recognize risk factors, warning signs, and red-flag behaviors • Steps to take to keep residents safe • Steps to protect care givers from false allegations • Steps administrators can take to prevent abuse and neglect 	

INTERPERSONAL COURSES

Navigating the Murky Waters of Sexual Harassment

Nobody wants to work in a polluted environment. Participants will learn:

- How to recognize different types of harassment
- How to determine if a situation is or is not sexual harassment
- How to prevent and respond to sexual harassment

Now You're a Supervisor: Preventing Discrimination, Harassment, and Retaliation

Being a supervisor comes with lots of benefits – and tons of responsibilities. It's up to you to make sure discrimination, harassment, or retaliation does not happen on your watch! Participants will learn:

- Laws and statutes pertaining to discrimination, harassment, and retaliation
- How to prevent, stop, and respond to discrimination, harassment, and retaliation
- What to do if someone reports an incident of discrimination, harassment, or retaliation

PERSONAL SAFETY COURSE

Bloodborne Pathogens

Bloodborne pathogens cause diseases that are difficult to treat and cannot be cured. That's why it is so important to know how to reduce your risk of contracting a bloodborne disease. Participants will learn:

- What bloodborne pathogens are
- Standards businesses must follow
- How bloodborne pathogens might enter your body
- Common exposures that could occur at your organization
- The three most common diseases caused by bloodborne pathogens
- How to protect yourself from bloodborne pathogens
- What to do if you are exposed to bloodborne pathogens

EXHIBIT "B"

CONSUMER CREDIT ACCESS REPORT

N/A

EXHIBIT “C”
PAYMENT FOR SERVICES^{1,6}

Confirmed Services

Praesidium Product or Service	Pricing
Four (4) Regional Workshops	\$6,000
Campus Credit: CSURMA will provide a \$2,000 credit for each of the 23 CSU campuses to be made available for the Praesidium Products and Services described below.	\$48,000
Total	\$52,000

Optional Services²

Praesidium Product or Service	Pricing
Praesidium Guardian Certification	\$4,950 per individual (if attending TX classes) and \$4,000 per individual for every participant after the first. \$39,000 for CSU-specific program in CA
General Consultation	\$2,000 per day on-site \$250 per hour off-site
Access to Praesidium’s Online Community	<i>Pricing requires additional consultation with CSURMA to further define implementation and rollout.</i>
Policy Analysis and Sample Policies	Ranges from \$1,000-\$25,000 <i>Depends on the nature and extent of analysis and samples (i.e., individual program procedure versus campus-wide policy)</i>
Armatus® Learn to Protect System ³	\$8 per course per person

Praesidium Product or Service	Pricing
On-Site Campus Leadership Presentation	\$2,000 per day
On-Site Abuse Prevention Training	\$2,000 per day
Educational Webinars and Abuse Prevention Tips/Updates <i>Includes regular email tips. Other topic updates, webinars, and additional content for CSU publications may also be available upon further request and discussion.</i>	<i>Praesidium can provide 2 webinars and access to Praesidium's tips/updates at no cost.</i> \$500 for each additional webinar
<i>Know Your Score!</i> Online Self Assessment	\$2,000 per campus, per year Includes: 10 assessments initiated in the <i>KYS!</i> system (regardless of whether an assessment is completed or archived) <i>KYS!</i> demonstrative and marketing webinars Existing written sample resources Additional assessments: \$500 per assessment initiated in the <i>KYS!</i> system (regardless of whether an assessment is completed or archived)
Comprehensive On-Site Risk Assessment with Praesidium Accreditation	\$5,000+ <i>Depends on number of programs and locations</i>
On-Site Management Systems Review	Ranges from \$4,000 to \$10,000 <i>Depends on number of programs and locations. Note that in addition to discussions with leadership, pricing also includes one training for leadership during the on-site portion of the review.</i>
Minors on Campus Survey	Ranges from \$6,000+ <i>Depends on level of customization</i>
Toll-Free Confidential Helpline	\$1,000 one-time initial set up fee \$500 annual maintenance fee \$250 per call
Crisis Management and On-Site Victim's Assistance	\$2,000 per day on-site \$250 per hour for off-site consultation

Praesidium Product or Service	Pricing
Criminal Background Checks ^{4,5}	
<i>À la Carte Pricing</i>	
Employment Credit	\$7.00
Multi State Criminal Database w/Name and Address Locator	\$10.00
7 Year County Criminal Records Search: 1 County	\$7.00
7 Year County Criminal Records Search: All Counties Provided/Developed	\$25.00
County Civil Records Search (upper): 1 County	\$12.00
Statewide Criminal Search: 1 State	\$9.00
Federal Criminal Records Search: 1 State, All Districts	\$9.00
Federal Civil Records Search: 1 State, All Districts	\$12.00
DOJ National Sex Offender Registry Search	\$4.00
Motor Vehicle Records Search	\$4.00
Employment Verification: 1 Position	\$11.00
Education Verification: 1 Degree	\$10.00
Personal Reference: 1 Reference	\$13.00
Professional Reference: 1 Reference	\$14.00
Professional License Verification: 1 License	\$9.00
International Criminal Search: 1 Jurisdiction	\$25 + In country Acquisition Fee
<i>Packaged Pricing</i>	<i>Available upon further consultation</i>
Screening and Selection Toolkit	\$6,000 <i>Price includes one day of on-site training related to screening and selection.</i>

ADDITIONAL PRICING NOTES:

1. Pricing does not include reasonable travel costs and expenses. Reasonable travel costs and expenses will be separately billed to CSURMA.
2. All Optional Services, including any reasonable travel costs and expenses, will billed directly to CSURMA.
3. Pricing for Armatus® usage may be billed on a monthly or quarterly basis.
4. Third-party record keeper fees may apply and will be passed on at cost when incurred.
5. Criminal records found in the Multi State Database check are subject to verification at the source and additional costs may apply.
6. Praesidium reserves the right to further discount the above Optional Services for packages and bulk purchases.

**AORMA RISK REDUCTION INNOVATION MATCHING GRANT
INCENTIVE PROGRAM**

ISSUE: The Committee will be asked to discuss the continuation of the matching grant program.

RECOMMENDATION: Staff recommends that the Committee discuss the matching grant program and provide a recommendation to the AORMA Committee at its meeting in September with regard to termination, continuation or modification of the matching grant program.

FISCAL IMPACT: None.

BACKGROUND: On June 23, 2016, the AORMA Programs Committee awarded two grants to Cal State L.A. University Auxiliary Services which operates the Children’s Center department. The grant funds will be used for turf mats and fencing within the Children’s Center to separate the toddlers from the preschool classrooms.

The grant program started on a “pilot” basis. The Member Services, Loss Control and Training Committee (MSLCTC) selected three recipients, with a high frequency of losses, to receive a \$10,000 safety grant each. The money was to be used for any safety or risk reduction item. Of those three recipients – Cal Poly Pomona Foundation, Inc., The University Corporation, CSU Northridge, and Cal Poly Corporation (SLO) - only Cal Poly Pomona Foundation took advantage of the grant funds. Cal Poly Pomona Foundation replaced the flooring in one area of their dining operations.

The grant program changed the second year, to include a matching grant component as well as an annual program focus. The idea was that the focus would change annually, so that all Members had an opportunity to apply for the grant. The focus for the second year of the matching grant program was “prevention of workers’ compensation losses within Class Code 1007 – Manual Labor, with an emphasis on lifting, carrying and slip, trip and falls.” Applications were received from ten different Members. Very few grants were awarded. (Less than \$200 was reimbursed by AORMA for approved projects that were completed.) Grants were declined for the following reasons:

The MSLCT Committee felt that;

1. The grant projects were not consistent with the grant’s focus,

2. Standard staff training is a necessary function and those costs should be assumed by the auxiliary organizations as a part of their standard operating costs.
3. All facilities required a certain amount of upkeep and maintenance and the focus of the grant is not to provide monetary relief to an auxiliary organization for standard operating expenses.

For the third year of the program, the MSLCTC asked the Alliant Risk Control Consultant, Brent Escoubas, to recommend projects. This seemed to make sense as Escoubas was performing loss control inspections for the auxiliary organizations and would be in the best position to make recommendations. The number of recommendation that Escoubas could make proved to be overwhelming as every structure visited needed some sort of upgrade.

The MSLCTC changed the matching grant program parameters. It was changed to place the emphasis on innovation. A few grant applications were submitted after this change, but the MSLCTC did not feel the projects were innovative enough and no grants were awarded.

In late 2015, the Programs Committee took over the matching grant program and directed Staff to create a scoring matrix which would provide better grant guidelines to the AORMA Members as well as parameters for grant approval. Two grant applications have been scored using the new matrix. Grants were not awarded for either submission.

PUBLICATION: None at this time; however, as directed, this issue will be discuss at the next AORMA Committee in September.

ATTACHMENT(S):

- a. Grant Application
- b. Scoring Matrix



The AORMA Programs Committee (PC) invites you to apply for the **\$10,000 AORMA Risk Reduction Innovation Matching Grant Incentive Program**

The ***AORMA Risk Reduction Innovation Matching Grant Incentive Program*** makes funds available to AORMA Members to fund (1) original and inventive training, (2) the purchase of cutting edge safety equipment, (3) innovative modernization of the Member's premises or (4) any other unique or creative safety related project that may lead to a documentable reduction in claims costs. The purpose of this program is to encourage Members to enhance their existing risk reduction efforts and to inspire ingenious safety ideas that other Members may employ.

To access funds under Program, please complete the grant application which is located on the CSURMA website.

The PC will review all of the grant applications and if your project is found to be appropriate and consistent with the focus of the program, it may be approved. You will be notified by the PC immediately after your application has been approved. (Note, the PC meets quarterly, so a final decision may take a few months.)

The PC may reevaluate the grant award if your project has not been started, or completed, within the timeframe proposed.

Fifty percent (50%) of your project costs, up to \$10,000, will be reimbursed. When your project is completed, you may submit to the PC the final paid receipt which will be used to calculate the reimbursement amount.

After completing your project, the PC may request a brief report to assist in monitoring the program's effectiveness and the merits of future program funds.

Please email your completed application to:

Mimi Long
mlong@alliant.com

**CSURMA AORMA
RISK REDUCTION INNOVATION MATCHING GRANT INCENTIVE
PROGRAM APPLICATION**

Per Member Grant Amount: **\$10,000**

Name of Auxiliary Organization:

Total anticipated costs for the risk reduction project: \$ _____

Description of your proposed risk reduction project:

Anticipated start date and completion date of your risk reduction project:

Informational attachments (optional):

Please email your completed application to Mimi Long

m.long@alliant.com

**CSURMA Auxiliary Organization Risk Management Alliance
Risk Reduction Innovation Matching Grant Incentive Program
Scoring Matrix**

Category	Description	Points
Prevents loss frequency	Describe how implementation of this product, service or training may prevent an injury from a known loss exposure. <i>Describe here ...</i>	20
Prevents loss severity	Describe how implementation of this product, service or training could potentially prevent an extremely costly claim. <i>Describe here ...</i>	25
Inspires original, inventive, innovative, cutting edge or ingenious safety ideas	Describe how this product, service or training may inspire loss reduction creativity within the auxiliary organization, campus or systemwide. <i>Describe here ...</i>	20
Promotes culture of safety within the auxiliary organization	Describe how this product, service or training may encourage your employees to support or promote additional safe practices within your auxiliary organization. <i>Describe here ...</i>	10
Has a broader application	Describe how this product, service or training could be used at other auxiliary organizations with similar operations. <i>Describe here ...</i>	15

**CSURMA Auxiliary Organization Risk Management Alliance
Risk Reduction Innovation Matching Grant Incentive Program
Scoring Matrix**

Category	Description	Points
Is above and beyond normal operations	Describe how this product, service or training goes above and beyond an auxiliary organization's (1) standard facilities maintenance and upkeep, or (2) generally expected safety equipment or training, but is instead a new approach to risk mitigation. <i>Describe here ...</i>	10

A score of 75 is required for grant award.

REVIEW OF MEMBER ALLOCATION FORMULAS

ISSUE: The Committee will be asked to review and discuss the member allocation formulas for the AORMA coverage programs.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: Attached are the Policies and Procedures which explain in detail the allocation formula for each program. In compliance with Policy and Procedure A-5, the member allocation formulas will be reviewed by the Programs Committee at least every three years in order to verify that they are still fair and equitable. The Programs Committee will schedule a review in 2017.

PUBLICATION: None; the policies and procedures documenting the member allocation formulas are posted on the CSURMA website.

ATTACHMENT(S):

- a. Policy and Procedure L-8 – Liability Program Member Allocation Formula (Draft)
- b. Policy and Procedure W-1 – Workers’ Compensation Program Member Allocation Formula
- c. Policy and Procedure P-1 – Property Program Member Allocation Formula
- d. Policy and Procedure C-1 – Crime Program Member Allocation Formula
- e. Policy and Procedure UI-1 – Formula for Determining Unemployment Insurance Program Annual Contributions

AORMA - Liability Insurance Program



Member Allocation Formula

- **Four basic rates determined by the CSURMA Actuary based on AORMA's loss experience**
 1. Employment Practices Liability
 2. Premises Liability
 3. Auto Liability
 4. All Other Liability
- **Size credit up to 30%**
- **Experience modification factors determined by the CSURMA Actuary (Collared at .75 and 2.00)**
- **Collared rates and premiums for first year**
- **EPL deductible credits**
- **Excess premium and administrative costs capped for larger members**



CSURMA AORMA

POLICY & PROCEDURE NO. L-8

SUBJECT:	LIABILITY PROGRAM MEMBER ALLOCATION FORMULA
ADOPTED:	SEPTEMBER 8, 2016
EFFECTIVE:	SEPTEMBER 8, 2016
AMENDED:	N/A

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total liability program costs as outlined in the Liability Program Member Allocation Formula shown below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the Total Liability Program Costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will accept the following four supplemental actuarial reports to be used as general guidelines within the Liability Program Member Allocation Formula:

1. Liability Rates
2. Liability Experience Modification Factors
3. Employment Practices Liability Indicated Deductible Credits

Annually, in December, the Programs Committee will approve the following allocation criteria within the Liability Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates for;
 - a. Automobile liability
 - b. Premises liability
 - c. Other liability
 - d. Employment practices liability
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum and/or maximum excess premium and administrative costs
5. Maximum and minimum premium collar percentages
6. Minimum premium

LIABILITY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

Four basic rates are included in the allocation formula for the following loss exposures:

Loss Exposure	Exposure Basis
Automobile Liability (AL)	Number of owned autos
Premises Liability (PL)	Total square footage owned, occupied, operated or maintained
Other Liability (OL)	Total expenditures
Employment Practices Liability (EPL)	Total payroll

1. The exposure basis for each loss exposure is multiplied separately by the corresponding approved basic rate and then added together. *Result – basic premium for pooled layer w/o size credit or loss rating.*

**** Example ****

1.	5	*	\$150	=	\$750
	Number of owned autos		Per Auto		AL Basic premium
	150,000	*	\$50	=	\$7,500
	Square Footage		Per 1,000 of square footage		PL Basic premium
	\$20,000,000	*	\$400	=	\$8,000
	Expenditures		Per 1,000,000 of expenditures		OL Basic premium
	\$5,000,000	*	\$1,200	=	\$6,000
	Payroll		Per 1,000,000 of payroll		EPL Basic premium
			Total		\$22,250
					Basic premium for pooled layer w/o size credit or loss rating

Size Credit:

1. Basic premium for pooled layer w/o size credit or loss rating is divided by the maximum premium for calculating size credit. *Result – percentage of basic premium for pooled layer compared to the maximum premium for calculating size credit.*
2. Percentage of total basic premium compared to maximum premium for calculating size credit is multiplied by maximum size credit percentage. *Result – size credit percentage.*
3. Basic premium for pooled layer w/o size credit or loss rating is multiplied by the size credit percentage. *Result – basic premium for pooled layer w/ size credit.*

**** Example ****

1.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	/	\$65,000 Maximum premium for calculating size credit	=	34% % of basic premium for pooled layer compared to maximum premium for calculating size credit
2.	34% % of basic premium for pooled layer compared to maximum premium for calculating size credit	*	20% Maximum size percentage credit	=	7% Size credit percentage
3.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	-	7% Size credit percentage	=	\$20,693 Basic premium for pooled layer w/ size credit

Loss Rating:

1. Loss rating discount or surcharge (as calculated by actuary) is multiplied by the basic premium for pooled layer w/ size credit. *Result – Basic premium for pooled layer w/ size credit and loss rating.*

**** Example ****

1.	\$20,693 Basic premium for pooled layer w/ size credit	*	.945 Loss rating discount or surcharge	=	\$19,555 Basic premium for pooled layer w/ size credit and loss rating
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Excess Premium:

1. Each Member’s percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total excess premium. *Result – excess premium.*
2. The excess premium is capped if it exceeds the maximum excess premium. *Result – capped excess premium.*

**** Example ****

1.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	/	\$1,718,405 Total program basic premium for pooled layer	=	1.29% Percentage of total program basic premium for pooled layer
	1.29% Percentage of total program basic premium for pooled layer	*	\$1,230,000 Total program excess premium	=	\$15,867 Excess premium
2.	\$15,867 Excess premium	=/<	\$85,000 Minimum excess premium	=	\$15,867 Capped excess premium

Administrative Costs:

1. Each Member’s percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total program administrative costs. *Result – administrative costs.*
2. The administrative costs are capped at either the minimum or maximum administrative costs. *Result - Capped administrative costs.*

1.	\$22,250	/	\$1,718,405	=	1.29%
	Basic premium for pooled layer w/o size credit or loss rating		Total program basic premium for pooled layer		Percentage of total program basic premium for pooled layer
	1.29%	*	\$730,000	=	\$9,417
	Percentage of total program basic premium for pooled layer		Total program excess premium		Administrative costs
2.	\$9,417	<	\$60,000	=	\$9,417
	Excess premium		Maximum administrative costs		Capped administrative costs
	\$9,417	>	\$600	=	\$9,417
	Excess premium		Minimum administrative costs		Capped administrative costs

Final Premium w/o Collars:

1.	\$19,555	+
	Basic premium for pooled layer w/ size credit and loss rating	
	\$15,867	+
	Capped excess premium	
	\$9,417	+
	Capped administrative costs	
	\$44,874	=
	Final premium w/o collars or deductible credits	

Collared Premium:

1. Prior year’s final premium w/o deductible credit is multiplied by the maximum collared percentage increase. *Result – maximum collared premium.*
2. Prior year’s final premium w/o deductible credit is multiplied by the maximum collared rate decrease. *Result – minimum collared premium.*
3. If the final premium w/o collars or deductible credits is less than the minimum collared premium, then the minimum collared premium will apply; if the final premium w/o collars or deductible credits is more than the maximum collared premium, then the maximum collared premium will apply.

**** Example ****

1.	\$35,000	+	10%	=	\$38,500
	Prior year’s final premium w/o deductible credit		Maximum collared percentage increase		Maximum collared premium
2.	\$35,000	-	10%	=	\$31,500
	Prior year’s final premium w/o deductible credit		Maximum collared percentage decrease		Minimum collared premium

3.	\$44,874	>	\$38,500	=	\$38,500
	The maximum collared premium is used because final premium w/o collars or deductible credits is greater than the maximum collared premium				Final premium w/o deductible credits

Minimum Premium:

1. The final premium w/o deductible credits is compared to the approved minimum premium. The minimum premium is applied as appropriate.

Employment Practices Liability Deductible:

1. The EPL basic premium is reduced by the EPL deductible credits. The total savings is applied to the final premium w/o deductible credits.

AORMA – Workers' Compensation Insurance Program



Member Allocation Formula

- **AORMA Classification Codes**
 - 1001 – Primarily Clerical, Administrative and Non-Manual, Non-Instructional
 - 1002 – Primarily Professional Student Activity Functions, Consulting, Certain Aspects of performing Arts, Off-Site Work Not Physical in Nature
 - 1004 – Retail
 - 1005 – Sport Activity, Day Care Centers
 - 1006 – Food Service
 - 1007 – Primarily Manual Labor

- **Members' estimated and actual payroll within each classification code**

- **Experience modification factors determined by the CSURMA Actuary**
(Maximum change of +/- 15% from prior year; adjusted for the normalization factor)

- **This coverage program is auditable**



CSURMA AORMA

POLICY AND PROCEDURE NO. W - 1

SUBJECT: **WORKERS' COMPENSATION MEMBER
ALLOCATION FORMULA**

ADOPTED: **MAY 15, 2008**

EFFECTIVE: **MAY 15, 2008**

AMENDED: **DECEMBER 8, 2009
SEPTEMBER 10, 2015
MAY 5, 2016**

PURPOSE:

It shall be the policy of the CSURMA Auxiliary Organizations Risk Management Alliance (AORMA) to determine each MEMBER's allocation of the workers' compensation TOTAL PROGRAM FUNDING as outlined in the Workers' Compensation Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA COMMITTEE will approve the TOTAL PROGRAM FUNDING for the workers' compensation program for the upcoming fiscal year.

Annually, in December, the PROGRAMS COMMITTEE will approve or accept the following allocation criteria with the Workers' Compensation Member Allocation Formula:

1. AORMA BASIC RATES for each class code
2. EXPERIENCE MODIFICATION FACTOR (EMF) as determined by the actuary.

ALLOCATION FORMULA:

1. The MEMBER's EXPERIENCE MODIFICATION FACTOR is applied separately to each of the AORMA BASIC RATES. Result – Member's modified rates.
2. MEMBER's modified rates are applied separately to the MEMBER's estimated payroll, separated by class code, for the upcoming fiscal year. Result – Member's final modified deposit premium.

**** Example ****

1001	.50	*	.95	=	.48
1002	1.00	*	.95	=	.95
1004	1.50	*	.95	=	1.43
1005	3.00	*	.95	=	2.85
1006	4.00	*	.95	=	3.80
1007	5.00	*	.95	=	4.75
AORMA basic rates			Experience modification factor		Modified rates
1001	.48	*	\$1,000,000	=	\$4,800
1002	.95	*	\$800,000	=	\$7,600
1004	1.43	*	\$0	=	\$0
1005	2.85	*	\$0	=	\$0
1006	3.80	*	\$0	=	\$0
1007	4.75	*	\$0	=	\$0
					\$12,400
Modified rates			Estimated payroll		Final modified deposit premium

ANNUAL PAYROLL AUDIT:

The MEMBER's final payroll separated by AORMA class code will be requested at the end of each program year. The MEMBER's final workers' compensation premium will be calculated by multiplying the MEMBER's actual payroll per class code by the MEMBER's modified rates. The MEMBER will receive either a refund or additional deposit billing based on how their audited contribution compares with their initial deposit. MEMBERS will allocate their payroll to each of the AORMA class codes as outlined in the (1) AORMA Workers' Compensation Explanation of Classification Codes and (2) AORMA Workers' Compensation Payroll Rules to Follow publications.

If the final audit or the renewal application is not received by the deadline, then the Program Administrator may increase that MEMBERS payrolls by the average payroll increase for all MEMBERS for the prior two years.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Workers' Compensation Program Member Allocation Formula Policy and Procedure, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the MEMBER's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the MEMBER of the final decision within 5 business days of the final decision.



If a MEMBER wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five (5) business days of receipt of the AORMA COMMITTEE's decision. The CSURMA EXECUTIVE COMMITTEE will then review the appeal at its next meeting or sooner. The CSURMA EXECUTIVE COMMITTEE's decision will be the final determination.



DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

AORMA BASIC RATES – The AORMA Basic Rates will be approved annually by the PROGRAMS COMMITTEE. The WCIRB class code rates shown below will be utilized when determining the AORMA BASIC RATES. A normalization factor will be added to the WCIRB class code rates in order to achieve the TOTAL PROGRAM FUNDING required as approved by the AORMA COMMITTEE.

Class Code Description	AORMA	WCIRB
Clerical	1001	8810
Off-site activities / professional / student activities	1002	8868
Retail	1004	8071
Sports / day care	1005	9053
Food service	1006	9079
Manual labor	1007	9101

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

CSURMA EXECUTIVE COMMITTEE – The California State University Risk Management Authority Executive Committee.

EXPERIENCE MODIFICATION FACTOR (EMF) – The experience rating system is a merit rating system intended to provide MEMBERS a direct financial incentive to reduce work-related accidents. The experience rating system objectively distributes the cost of the workers’ compensation program more equitably among the MEMBERS. An EMF less than 100% reflects better than average experience. The actuary will determine each MEMBER’s EMF based on the current published WCIRB method. The EMF will be adjusted for the normalization factor and capped at a maximum change of +/- 15% from the prior (normalized) EMF.

MEMBER – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers’ Compensation Program Participation Agreement.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The



MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

PROGRAMS COMMITTEE - The Programs Committee oversees the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers' Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee.

TOTAL PROGRAM FUNDING - The Total Program Funding costs will include (1) the pooled layer funding requirement, as recommended by the actuary, (2) administrative costs and (3) excess insurance or reinsurance costs.

AORMA – Property Insurance Program



Member Allocation Formula

- **Basic rates for;**
 - ✓ Real property
 - ✓ Business personal property and business income / rental value (this rate will be 20% higher than real property rate)

- **Members' total insurable values**

- **Size credit – currently 30%**

- **Loss ratio surcharge – currently between 5% and 25%**

- **Minimum premium – currently \$600**

SUBJECT: PROPERTY PROGRAM MEMBER ALLOCATION FORMULA

**ADOPTED: NOVEMBER 6, 2013
SEPTEMBER 10, 2015**

EFFECTIVE: JULY 1, 2014

AMENDED: N/A

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member's allocation of the total property program costs as outlined in the Property Program Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the Total Property Program Costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will approve the following allocation criteria within the Property Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium
5. Loss ratio surcharge schedule

PROPERTY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

- *TIV = Total Insurable Values*
- *RP/BI = Real Property / Business Income and Rental Value*
- *BPP = Business Personal Property*

Two basic rates are included in the allocation formula; one for RP/BI and one for business BPP. The BPP rate is 20% higher than the RP/BI rate.

1. RP/BI TIV is multiplied by the RP/BI rate. *Result – RP/BI basic premium.*

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2. BPP TIV is multiplied by the BPP rate. *Result – BPP basic premium.*
3. RP/BI basic premium and BPP basic premium are added together. *Result – basic premium.*
4. Basic premium is divided by the total TIV. *Result – basic rate.*

**** Example ****

1.	\$50,000,000 RP/BI TIV	*	.2000 RP/BI Rate (per \$100 in TIV)	=	\$100,000 RP/BI Basic Premium
2.	\$25,000,000 BPP TIV	*	.2400 BPP Rate (per \$100 in TIV)	=	\$60,000 BPP Basic Premium
3.	\$100,000 RP/BI Basic Premium	+	\$60,000 BPP Basic Premium	=	\$160,000 Basic Premium
4.	\$160,000 Basic Premium	/	\$75,000,000 Total TIV	=	.2133 Basic Rate (per \$100 in TIV)

Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*

**** Example ****

1.	\$160,000 Basic Premium	/	\$600,000 Maximum Premium for Calculating Size Credit	=	27% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	27% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	30% Maximum Size Percentage Credit	=	8% Size Credit Percentage
3.	.2133 Basic Rate	-	8% Size Credit Percentage	=	.1960 Basic Rate w/ Size Credit

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*

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2. Member's five-year loss ratio is reviewed against loss ratio surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total TIV. *Result – Final premium.*

**** Example ****

1.	\$125,000 Five Years Paid Claims	/	\$500,000 Total Premium for Five Prior Years	=	25% Loss Ratio
2.	25% 25% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is Assigned.			=	5% Loss Ratio Surcharge
3.	5% Loss Ratio Surcharge	+	.1960 Basic Rate w/ Size Credit	=	.2058 Final Rate
4.	.2058 Final Rate (per \$100 in TIV)	*	\$75,000,000 Total TIV	=	\$154,350 Final Premium

Loss Ratio Surcharge Schedule

Loss ratio less than 20%	=	No surcharge
Loss ratio between 20% and 40%	=	5% surcharge
Loss ratio between 40% and 60%	=	10% surcharge
Loss ratio between 60% and 80%	=	15% surcharge
Loss ratio between 80% and 100%	=	20% surcharge
Loss ratio in excess of 100%	=	25% surcharge

Minimum Premium:

1. If the final premium is greater than the Minimum Premium, use the final premium. *Result – final premium w/ minimum premium if applicable.*

**** Example ****

1.	\$154,500 If the Final Premium is greater than the minimum premium, use the Final Premium	>	\$600 Premium	=	\$154,500 Final Premium
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DEFINITIONS:

1. **RP/BI - Real Property, Business Interruption and Rental Value Basic Rate** – This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year.

2. **BPP – Business Personal Property Basic Rate** - This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year. This rate will be 20% higher than the Real Property, Business Interruption and Rental Value Basic Rate.

3. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Calculating the Size Credit dollar amount will be approved annually by the Programs Committee. The Maximum Premium for Calculating Size Credit is used to calculate each member’s size credit. The member’s basic premium is divided by the Maximum Premium for Calculating Size Credit, as an example - $\$300,000$ (*member’s basic premium*) / $\$600,000$ (*Maximum Premium for Calculating Size Credit*) = 50% (*member’s percentage of size credit*). This member would be subject to 50% of the total **Size Credit Percentage**.

4. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the Programs Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (*member’s percentage of size credit*) * 30% (*Size Credit Percentage*) = 15% *member’s size credit*.

Member Allocation Formula

- **Basic rate**
- **Members' total payroll**
- **Size credit** – currently 30%
- **Loss ratio surcharge** – currently between 10% and 20%
- **Minimum premium** – calculated based on expenditures if the Member has no payroll or minimal payroll



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POLICY & PROCEDURE NO. C-1

SUBJECT: **CRIME PROGRAM MEMBER ALLOCATION FORMULA**

ADOPTED: **NOVEMBER 6, 2013
SEPTEMBER 10, 2015**

EFFECTIVE: **JULY 1, 2014**

AMENDED: **N/A**

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total crime program costs as outlined in the Crime Program Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the total crime program costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will approve the following allocation criteria within the Crime Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rate
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium schedule
5. Loss ratio surcharge schedule

Basic Rates:

The payroll used within this allocation is the estimated payroll for the upcoming fiscal year.

1. Payroll is multiplied by the **Basic Rate**. *Result – basic premium*

** Example **					
1.	\$10,000,000 Payroll	*	.0400 Basic Rate (per \$100 in payroll)	=	\$4,000 Basic Premium

Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*

**** Example ****

1.	\$4,000 Basic Premium	/	\$10,000 Maximum Premium for Calculating Size Credit	=	40% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	40% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	30% Maximum Size Percentage Credit	=	12% Size Credit Percentage
3.	.0400 Basic Rate	-	12% Size Credit Percentage	=	.0352 Basic Rate w/ Size Credit

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*
2. Member's five-year loss ratio is reviewed against loss rating surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total payroll. *Result – Final premium.*

**** Example ****

1.	\$20,000 Five Years Paid Claims	/	\$17,500 Total Premium for Five Prior Years	=	114% Loss Ratio
2.	114% 114% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is assigned.			=	20% Loss Ratio Surcharge
3.	20%	+	.0352	=	.0422

Loss Ratio Surcharge		Basic Rate w/ Size Credit		Final Rate
4.	.0422	*	\$10,000,000	= \$4,220
	Final Rate		Total Payroll	Basic Premium w/ Size Credit and Loss Rating
<u>Loss Ratio Surcharge Schedule</u>				
	Loss ratio less than 50%			= No surcharge
	Loss ratio between 50% and 100%			= 10% surcharge
	Loss ratio in excess of 100%			= 20% surcharge

Minimum Premium:

The expenditures used within this allocation are the expenditures documented in the member's most recent financial audit.

- Using the Minimum Premium Schedule, each member is assigned a minimum premium based on their total expenditures. *Result – member's scheduled minimum premium.*
- Member's final premium is compared to the member's scheduled minimum premium. *Result – the minimum premium will be applied if the member's final premium is less than the minimum premium.*

**** Example ****

1.	\$40,000,000		=	\$3,250
	Expenditures are reviewed against the Minimum Premium Schedule and a Minimum Premium is assigned.			Loss Ratio
2.	\$4,220 > \$3,250		=	\$4,220
	If Basic Premium is greater than Minimum Premium, use Basic Premium. If Basic Premium is less than Minimum Premium, use Minimum Premium			Basic Premium w/ Size Credit, Loss Rating and Minimum Premium
<u>Minimum Premium Schedule</u>				
	Expenditures less than \$2,000,000		=	\$250
	Expenditures between \$2,000,001 and \$6,000,000		=	\$1,250
	Expenditures between \$6,000,001 and \$10,000,000		=	\$2,250
	Expenditures between \$10,000,001 and \$20,000,000		=	\$2,750
	Expenditures greater than \$20,000,001		=	\$3,250

Administrative Costs:

1. The crime program administrative costs will be divided evenly between all of the crime program members. *Result – member’s crime program administrative costs.*
2. Member’s crime program administrative costs are added to the member’s final premium or minimum premium, whichever applies. *Result – total crime program premium.*

**** Example ****

1.	\$25,000	/	87	=	\$287
	Total crime program administrative costs		Number of crime members		Per member total crime program administrative costs
2.	\$4,220	+	\$287	=	\$4,507
	Basic Premium w/ Size Credit, Loss Rating and Minimum Premium		Per member total crime admin costs		Total Crime Premium

DEFINITIONS:

1. **Basic Rate** – This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total crime program funding required for the upcoming fiscal year.
2. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Size Credit dollar amount will be approved annually by the Programs Committee. The Maximum Premium for Size Credit is used to calculate each member’s size credit. The member’s basic premium is divided by the Maximum Premium for Size Credit, as an example - $\$5,000$ (*member’s basic premium*) / $\$10,000$ (*Maximum Premium for Size Credit*) = 50% (*member’s percentage of size credit*). This member would be subject to 50% of the total Size Credit Percentage.
3. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the Programs Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (*member’s percentage of size credit*) * 30% (*Size Credit Percentage*) = 15% *member’s size credit*.



SUBJECT: **FORMULA FOR DETERMINING THE UNEMPLOYMENT INSURANCE PROGRAM ANNUAL CONTRIBUTIONS**

ADOPTED: **MAY 12, 2010**

EFFECTIVE: **JULY 1, 2011**

REVISED: **DECEMBER 6, 2012**
MAY 8, 2014
MAY 5, 2016

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

The AORMA Unemployment Insurance Program (UIP) annual contribution for each Auxiliary Organization participating in the AORMA UIP (MEMBER) shall be calculated using two factors – paid claims and administrative costs.

PROCEDURE:

1. **Deposit Formula** - Paid claims (the MEMBER's average annual paid claims for five years ending 6/30), plus an administrative cost. The administrative costs are allocated to each MEMBER based on its percentage of the total average annual paid claims.
2. **Minimum Fund Balance** - Each MEMBER must maintain in the AORMA UIP a minimum fund balance of two times its average annual losses. If a MEMBER's fund balance is below the minimum, annually, the additional funding required will be calculated and the MEMBER will be assessed at the program anniversary date an amount not to exceed 20% of the additional funding required to achieve the minimum fund balance. The MEMBER will be assessed annually until the MEMBER's fund balance is at the minimum fund balance.

At the end of each fiscal year, the AORMA UIP Fund Balance Report will be distributed to each MEMBER. The Fund Balance Report will include actual paid claims for the fiscal year rather than estimates. If the MEMBER's fund balance exceeds the minimum fund balance required (two times annual average losses) then the MEMBER can request that the excess funds be returned. *Any obligation to a third party will be the responsibility of the MEMBER.*



3. **Minimum Contribution** - There is no minimum contribution based on paid claims. However, there is a \$250 minimum annual contribution for administrative costs.
4. **Investment Income / Loss** - The total Investment Income or Loss is allocated to each MEMBER based on its percentage of the total AORMA UIP average fund balance for the preceding fiscal year. For the purpose of calculating the MEMBER's average fund balance, the following formula shall be used:

Beginning fund balance *plus* additional contributions *less* MEMBER's paid claims *less* MEMBER's allocated administrative costs = MEMBER's average balance.

MEMBER APPEAL PROCESS:

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

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



DEFINITIONS:

AORMA COMMITTEE - The governing body of AORMA.

AORMA - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

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

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority. Within this Policy and Procedure, MEMBER also means the Auxiliary Organization participating in the AORMA Unemployment Insurance Program.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

UIP – AORMA Unemployment Insurance Program.

CSURMA AORMA COMMUNICATION

ISSUE: AORMA has implemented the following communication strategies to keep the Members apprised of important information.

1. CSURMA website
2. Campus visits
3. CSURMA informational presentations (via webinar at least twice per year)
4. AORMA 101 presentation (during the AOA annual conference)
5. AORMA update for the AOA Executive Committee meetings (which is distributed to all AOA members by Richard Jackson)
6. AORMA Bulletins (CSURMA newsletter – still under construction)

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

SUCCESSION PLANNING

ISSUE: On June 30, 2017, two at-large members will term out of the AORMA Committee – Robert de Wit and Brian Nowlin. Leslie Davis is expected to term out on June 30, 2018, however, she anticipates retiring before that date. Therefore, two and possibly three seats will be up for election in April, 2017. The following individuals have been suggested as possible Committee members:

1. Jun Reina – Capital Public Radio, CSU Sacramento (Programs Committee Member)
2. Cathy Busalacchi, Executive Director – The Student Union of SJSU
3. Starr Lee, Associate Executive Director – Cal Poly Corporation (SLO)
4. Rick Evans – The University Corporation, CSU Northridge
5. David Crandall, Executive Director – ASI, CSU Northridge
6. Bella Newberg, Executive Director – UARSC, CSU San Marcos
7. Raven Tyson, Human Resources & Risk Manager – ASI SDSU (Programs Committee Member)
8. Jason Porth, Executive Director – University Corporation SFSU (Programs Committee Member)
9. Bill Olmsted, Associate Executive Director – University Union Operations of CSUS, Inc. (Programs Committee Member)

RECOMMENDATION: Staff recommends that the AORMA Officers discuss these Committee candidates and provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. AORMA Committee Roster
- b. Policy and Procedure A-1
- c. Policy and Procedure A-2

AORMA Committee
Ten voting members - two alternates - twelve members total
Effective at July 1, 2016

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number	Location	Size of Campus	Type of Campus	Term
AORMA	Chair	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101	South	Large	Urban	7/1/16 - 6/30/18
AORMA	First Vice Chair	Guy Dalpe	Managing Director	San Francisco	Associated Students, Inc., San Francisco State University	gdalpe@sfsu.edu	415-338-1044	North	Large	Urban	7/1/15 - 6/30/17
AORMA	Second Vice Chair	Gigi Kiama	Human Resources Director	Monterey Bay	The University Corporation at Monterey Bay	gkiama@csUMB.edu	831-582-4301	North	Small	Rural	7/1/16 - 6/30/18
AORMA	Past Chair	Robert de Wit	Chief Financial Officer	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	rdewit@csulb.edu	562-985-5549	South	Large	Urban	7/1/15 - 6/30/17
AORMA	At Large	Brian Nowlin	Chief Operating Officer	Long Beach	California State University, Long Beach Research Foundation	Brian.Nowlin@csulb.edu	562-985-4690	South	Large	Urban	7/1/15 - 6/30/17
AORMA	At Large	Cheree Aguilar	Senior Director, Human Resources	San Jose	San Jose State University Research Foundation	cheree.aguilar@sjsu.edu	408-924-1505	South	Large	Urban	7/1/15 - 6/30/17
AORMA	At Large	Dave Nakamura	Executive Director	Humboldt	Humboldt State University Center	dave.nakamura@humboldt.edu	707-826-4878	North	Large	Rural	7/1/16 - 6/30/18
AORMA	At Large	Dave Nirenberg	Senior Director	Channel Islands	University Glen Corporation	dave.nirenberg@csuci.edu	805-437-2668	South	Small	Rural	7/1/15 - 6/30/17
AORMA	At Large	Jim Reinhart	Executive Director	Sacramento	University Enterprises, Inc. (UEI)	Jim.Reinhart@csus.edu	916-278-7001	South	Large	Urban	7/1/15 - 6/30/17
AORMA	At Large	Leslie Davis	Executive Director	Sacramento	University Union Operation of CSUS, Inc.	leslied@saclink.csus.edu	916-278-2904	North	Large	Urban	7/1/16 - 6/30/18

Programs Committee
Minimum of five members - at least two of whom are AORMA Committee members

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number	Location	Size of Campus	Type of Campus	Term
PC	Chair	Gigi Kiama	Human Resources Director	Monterey Bay	University Corporation, CSU Monterey Bay	gkiama@csUMB.edu	831-582-4301	North	Small	Rural	7/1/13 - 6/30/15
PC	At Large	Bill Olmsted	Associate Executive Director	Sacramento	University Union Operation of CSUS, Inc.	olmsted@csus.edu	916-278-6744	North	Large	Urban	7/1/15 - 6/30/17
PC	At Large	Guy Dalpe	Managing Director	San Francisco	Associated Students, Inc., San Francisco State University	gdalpe@sfsu.edu	415-338-1044	North	Large	Urban	7/1/14 - 6/30/16
PC	At Large	Jason Porth	Executive Director	San Francisco	The University Corporation, San Francisco State	jporth@sfsu.edu	415-338-6880	North	Large	Urban	7/1/15 - 6/30/17
PC	At Large	Jun Reina	Chief Operating Officer/ Chief Financial Officer	Sacramento	Capital Public Radio, Inc., CSU Sacramento	jreina@csus.edu	916-278-8925	North	Large	Urban	7/1/15 - 6/30/17
PC	At Large	Raven Tyson	Human Resources & Risk Manager	San Diego	Associated Students of San Diego State University	raven.tyson@sdsu.edu	619-594-3760	South	Large	Urban	7/1/13 - 6/30/15

AORMA Committee Chair serves for a period of four years - Vice Chair, to Chair, to Past President, to Ex-Officio.
Standing Committee Chair serves a one-year term, is appointed by the AORMA Committee Chair, and must be an AORMA Committee member.
AORMA Committee and Standing Committee members may serve a maximum of three consecutive two-year terms (total six years).

Size of Campus: small - less than 10,000 FTE; medium - between 10,000 and 20,000 FTE; large - more than 20,000 FTE



SUBJECT: AORMA COMMITTEE COMPOSITION,
ELECTIONS & TERM LIMITS

ADOPTED: APRIL 18, 2003

EFFECTIVE: JULY 1, 2003

AMENDED: JANUARY 15, 2005
OCTOBER 27, 2005
JANUARY 16, 2008
OCTOBER 29, 2009
JANUARY 11, 2010
SEPTEMBER 16, 2010
DECEMBER 8, 2011
SEPTEMBER 13, 2012
MARCH 20, 2014
DECEMBER 10, 2015

PURPOSE:

This policy and procedure outlines the process by which members of the Auxiliary Organizations Risk Management Alliance (AORMA) Committee are nominated and elected to serve. This policy and procedure addresses the desire of the CSURMA to ensure broad organizational representation among AORMA Committee members, acknowledging the AORMA Committee's need for stability of leadership while encouraging participation from qualified candidates.

POLICY:

It is the policy of the CSURMA that, in accordance with the Bylaws, the AORMA Committee shall adopt the procedure outlined in this document for purposes of generating continuity of leadership, encouraging opportunity for diverse committee representation and participation and continuing effective administration of established insurance programs and services.

PROCEDURE:

The following steps will be taken to affect the policy:

1. The AORMA Committee will be elected from representatives of the auxiliary organization members of the CSURMA, effective July 1 of every year. No auxiliary organization will have multiple representatives serving simultaneously on either the AORMA Committee or on the same Standing Committee. At-large members may serve a maximum of three consecutive complete two-year terms. Upon reaching the end of the third complete two-year term, At-large members will either be "termed out" (they may be again nominated after one year off the Committee) or advance to the role of Chair, First Vice Chair or

- Second Vice Chair. Terms are staggered to create a rotation of the at-large Committee members each year.
2. The AORMA Committee will be comprised of seven at-large members and three Officers (Chair, First Vice Chair and Second Vice Chair.) Each Officer may serve two two-year terms per position.
 3. The AORMA Committee will review its membership annually to strive for diversity on the Committee based on the following criteria:
 - Type of Auxiliary Organization (Foundation, ASI/Student Union or Commercial)
 - Mix of personnel (Executive Director, CFO, HR, etc.)
 - Campus size (small – less than 10,000 FTE, medium – between 10,000 and 20,000 FTE, or large – more than 20,000 FTE)

The First Vice Chair and Chair shall serve as AORMA Committee representatives to the CSURMA Executive Committee.

AORMA Committee Chair/Vice Chair Qualifications

- Served on AORMA Committee for at least two years
 - Demonstrated leadership abilities in group settings
 - Ability to serve as primary advocate and spokesperson for AORMA Committee
 - Ability to lead the AORMA Committee
4. Annually, the Chair shall appoint a Nominations Committee, consisting of at least two AORMA Committee members to seek nominations for available positions on the AORMA Committee. The AORMA Committee Nominating Committee shall consider the following as minimum qualification criteria for individuals seeking nomination to the AORMA Committee:

AORMA Committee Representative

- Participating professional member of CSURMA AORMA for at least two years
- Served in a CSURMA auxiliary organization management position for at least two years
- Demonstrated leadership abilities
- Ability to attend meetings regularly and contribute to the AORMA Committee's work agenda, as described in Policy & Procedure A-2.

Previous service on one of AORMA's Standing Committees is preferred, but not required.

5. Timeline for nominations:

October/November

The Nominations Committee shall poll the AORMA Committee members, including the Chair, First Vice Chair and Second Vice Chair to identify which of the incumbents whose terms expire the following June 30 are interested in seeking re-election.

At the October AORMA Committee meeting, the Nominations Committee will announce their nominations for Chair, First Vice Chair and Second Vice Chair. The Chair, First Vice Chair and Second Vice Chair shall be elected by the AORMA Committee from its members. All ballots will be tallied by the CSURMA Secretary.

January

The Nominations Committee will announce to the membership changes to the Chair, First Vice Chair and Second Vice Chair as well as the opening of the nominations period for open committee positions (for July 1 appointments). The Nominations Committee will indicate which types of auxiliary representations are needed on the AORMA Committee (to ensure broad representation). Nominations will remain open through the end of February, and self-nominations will be accepted as well as nominations by others.

February

The Nominations Committee will continue to solicit nominations, especially if specific types of auxiliary organizations are not being represented.

March

A nominations slate will be forwarded to the AOA Executive Committee for review and comment. The slate, with comments, will be returned to the AORMA Committee no later than March 31.

April

All CSURMA member auxiliary organizations will be sent a ballot with the names of the nominated individuals. Each member auxiliary can vote for the representatives. Completed ballots will be due to the CSURMA by April 30.

May

Announcement at the CSURMA Board of Directors meeting of the outcomes of the election process to be effective July 1.

The AORMA Committee shall establish a statement of roles and responsibilities that provide guidance on operations of the Committee and may be amended from time to time by the AORMA Committee.



SUBJECT: **AORMA COMMITTEE AND STANDING
COMMITTEE ROLES AND RESPONSIBILITIES**

ADOPTED: **AUGUST 19, 2003**

EFFECTIVE: **JULY 1, 2003**

AMENDED: **DECEMBER 7, 2005
MAY 14, 2009
OCTOBER 29, 2009
JANUARY 11, 2010
SEPTEMBER 16, 2010
SEPTEMBER 13, 2012
MAY 8, 2014
DECEMBER 10, 2015**

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

PURPOSE:

The purpose of this policy is to describe the roles and responsibilities of participants in the CSURMA AORMA COMMITTEE and its STANDING COMMITTEE.

POLICY:

It is the policy of the CSURMA to encourage AORMA members' participation in the AORMA COMMITTEE and STANDING COMMITTEE that oversee operation of AORMA insurance programs. To that end, CSURMA AORMA has adopted Policy and Procedure A-1 that describes the process of AORMA COMMITTEE elections and representation. This policy further describes the roles and responsibilities of Committee members and officers. It is expected that AORMA COMMITTEE members will commit to meeting attendance and participation needed to conduct CSURMA business.

PROCEDURE:

The AORMA COMMITTEE will conduct elections and appointments in accordance with the CSURMA Joint Powers Agreement, Bylaws and AORMA Policy and Procedure A-1. A copy of Policy and Procedure A-1 describing roles and responsibilities of Committee members will be provided to Committee nominees and participants.

AORMA COMMITTEE Participation in General - The AORMA COMMITTEE holds regularly scheduled meetings in person approximately four times per year with additional teleconference meetings as necessary. Following are considerations as respects AORMA COMMITTEE participation:

1. In person attendance at regularly scheduled AORMA COMMITTEE meetings is preferred. While teleconference attendance can be arranged, the Committee business is best conducted at in-person meetings. Any Committee member or Officer who is not present, either in person or via teleconference, at two or more AORMA COMMITTEE meetings in any one fiscal year, may be removed from the AORMA COMMITTEE upon a majority vote of the AORMA Officers unless that AORMA Officer is the subject of the vote and then that AORMA Officer will be recused.
2. AORMA COMMITTEE at-large member terms are for two years, with a maximum of three terms served before a member is either elected as the Chair, First Vice Chair or Second Vice Chair or termed out and must wait one year before again serving on the Committee. It is expected that members be prepared to serve for at least one complete term because the learning curve on CSURMA's coverage programs is steep.
3. Reasonable travel expenses associated with participation on the AORMA COMMITTEE are reimbursable as provided under CSU's travel reimbursement policy.
4. Representatives elected to the AORMA COMMITTEE are individually elected, not as direct representatives of their respective auxiliary organizations. It is expected that AORMA COMMITTEE members will approach their responsibilities from the perspective of the good of the CSURMA Auxiliary Organizations programs as a whole, rather than just their individual organization's benefit.
5. AORMA COMMITTEE members are expected to attend two (2) CSURMA Board of Directors meetings annually (one in the fall; one in the spring). State law requires timely completion of appropriate paperwork, such as Fair Political Practices Commission Form 700.
6. Develop recommendations for the AORMA COMMITTEE and take action within delegated authority.

AORMA Committee Chair - In addition to the roles and responsibilities of AORMA COMMITTEE participation, in general, the AORMA Committee Chair has the following roles and responsibilities:

1. Representative of the AORMA Committee to the AOA Executive Committee and attendance at AOA Executive Committee meetings.
2. Attendance and participation in CSURMA Executive Committee meetings (approximately four times per year).
3. Availability for regular communication with, and direction of CSURMA Program Administrator staff.

4. Availability to respond to CSURMA Auxiliary Organizations member questions and concerns.
5. A commitment toward professional development in the area of risk management and representation of CSURMA at conferences and meetings, such as the AOA Annual Conference, the CSURMA Fitting the Pieces Together Conference and other conferences as appropriate.
6. Authority to appoint an at-large AORMA Committee member or the First Vice Chair or Second Vice Chair if that seat on the AORMA Committee is vacated mid-term.
7. Authority to establish task groups as necessary.
8. Authority to appoint the Standing Committee Chair, members of the AORMA Standing Committee and task groups (in consultation with the AORMA Standing Committee Chair).
9. Service on Standing Committee, task groups and ad hoc committees as appropriate.
10. Attend and present at CSURMA Board of Directors meetings.

AORMA Committee First Vice Chair - In addition to items 1 thru 5 and item 9 of the roles and responsibilities of the AORMA Committee Chair, it is expected that the AORMA Committee First Vice Chair will also;

1. Be prepared to serve in the Chair position should the Chair vacate its seat mid-term.
2. Attend and participate in the CSURMA Executive Committee meetings.

AORMA Committee Second Vice Chair - In addition to items 1 thru 5 and item 9 of the roles and responsibilities of the AORMA Committee Chair, it is expected that the AORMA Committee Second Vice Chair will also;

1. Be prepared to serve in the First Vice Chair position should the First Vice Chair vacate its seat mid-term.

AORMA Standing Committees

1. The AORMA Committee reserves the right to create and dissolve any or all Standing Committees at any time. The AORMA Committee shall appoint Standing Committees to provide support to the AORMA Committee. These Standing Committees are as follows:
 - a. Programs Committee
 - b. Executive Officers
2. Standing Committee membership will be as follows:
 - a. Programs Committee – A minimum of five members, at least two of whom shall be AORMA Committee members.

- b. Executive Officers – The AORMA Committee Chair, First Vice Chair and Second Vice Chair.
3. Every spring, the membership of each Standing Committee will recommend to the AORMA Committee Chair a nominee from the AORMA Committee for the Chair position of their respective Standing Committee.
4. The AORMA Committee Chair shall appoint Standing Chairs annually for a one-year term effective on July 1. The Chair of any Standing Committee must simultaneously be a member of the AORMA Committee.
5. AORMA Standing Committee appointments are at the discretion of the AORMA Committee Chair. It is expected that appointed members be prepared to serve for at least one complete two-year term. Standing Committee members may serve a maximum of three consecutive two-year terms, with an effective date of July 1 of the year in which they are appointed. Upon being termed out of a Standing Committee, a person may serve again on the same Standing Committee after sitting out a period of one year.
6. No auxiliary organization will have multiple representatives serving simultaneously on any AORMA Standing Committee.
7. Reasonable travel expenses associated with participation on AORMA Standing Committees are reimbursable as provided in CSURMA’s travel reimbursement policy.
8. Representatives are individually appointed, not direct representatives of their respective auxiliary organizations. It is expected that representatives will approach their responsibilities from the perspective of the good of the CSURMA Auxiliary Organizations programs as a whole, rather than just their individual organization’s benefit.
9. Standing Committees shall develop recommendations for the AORMA Committee and take action within delegated authority.
10. Standing Committees shall be responsible for overseeing the completion of special projects as determined by the AORMA Committee. Standing Committees will be asked to present recommendations for discussion and approval by the full AORMA Committee.

ADDENDUM

AORMA STANDING COMMITTEE DESCRIPTIONS

This addendum to CSURMA AORMA Policy and Procedure A-2 will summarize the primary roles and responsibilities of the Committees appointed by the AORMA Committee Chair. The Committees will from time to time provide reports on their activities to the AORMA Committee, making recommendations on their areas of expertise.

This addendum may be updated from time to time as the need for changes to the Committee structure are desired by the AORMA Committee.

Executive Officers Committee

The AORMA Executive Officers Committee will provide executive management oversight of AORMA operations and AORMA staff. Comprised of the AORMA Chair, First Vice Chair and Second Vice Chair, the Executive Officers Committee will develop relationships between the CSURMA AORMA and the AOA, manage Committee appointments, leadership and succession planning, and work with staff to develop and update miscellaneous financial, legal, governing and coverage documents. The Executive Committee shall also have claims settlement authority as outlined in AORMA Policies and Procedures L-2 and W-5.

Programs Committee

The Programs Committee will oversee the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers' Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee. The Committee will assist in the development of relationships between the AORMA and the AOA, as well as continue to strengthen the relationships between the CSURMA and its Auxiliary Organization membership. The Committee will utilize newsletters, member surveys, annual reports and other methods of communicating the benefits of AORMA membership to the members. The Committee will direct staff in the development of "value-added" services such as the Certificate Tracking Program, OAYSYS-Net Property database, claims reports, service provider evaluations and the professional development through risk management training of the AORMA membership.

The Committee will assist in the development, implementation and evaluation of various training programs aimed at developing safety and loss control awareness among the AORMA membership. The Committee will also lead professional development of the AORMA membership in the field of risk management and be responsible for the allocation of the risk management budget among the various safety and risk control service providers.



CSURMA AORMA

POLICY AND PROCEDURE NO. A-2

CSURMA AORMA PROGRAM STAFF

ISSUE: Staff will provide a basic overview of the current staffing on the CSURMA AORMA Programs as well as anticipated changes.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Program Administration Contact List (including general assignments)
- b. CSURMA Program Administration Org Chart

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Hsan Htein Van Rin	hhhtein@alliant.com vrin@alliant.com	415-403-1452 415-403-1408	415-874-4810 415-874-4810
General CSURMA Coverage Questions	Robert Leong Amy Souissi Van Rin Hsan Htein Daniel Howell	rleong@alliant.com amy.souissi@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1457 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810 415-874-4810
General AORMA Coverage Questions	Mimi Long Amy Souissi Van Rin Hsan Htein Daniel Howell	mlong@alliant.com amy.souissi@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1457 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810 415-874-4810
Inland Marine	Van Rin Hsan Htein Mimi Long	vrin@alliant.com hhhtein@alliant.com mlong@alliant.com	415-403-1408 415-403-1452 415-403-1423	415-874-4810 415-874-4810 415-874-4810
Participant Accident Insurance (PAI)	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Foreign Travel Program	Stacey Weeks Van Rin	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
General Risk Management Questions	Mimi Long Van Rin Hsan Htein Daniel Howell Amy Souissi	mlong@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com amy.souissi@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426 415-403-1457	415-874-4810 415-874-4810 415-874-4810 415-874-4810 415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Alliant Claims Consulting	Robert Frey Diana Walizada Michelle Maffei Martin Fox-Foster Elaine Kim	rfrey@alliant.com dwalizada@alliant.com mmaffei@alliant.com martin.fox-foster@alliant.com ekim@alliant.com	415-403-1445 415-403-1453 415-403-1418 415-403-1417 415-403-1458	415-403-1466 415-403-1466 415-403-1466 415-403-1466 415-403-1466
Form 700	Tevea Him	thim@alliant.com	415-403-1416	415-402-0773
Website and Technology Questions	Tevea Him Myron Leavell	thim@alliant.com mleavell@alliant.com	415-403-1416 415-403-1404	415-874-4810 415-874-4810

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
CSU Chancellor's Office				
CSU Chancellor's Office	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Rebecca Skidmore	rskidmore@calstate.edu	562-951-4574	562-951-4859
	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Alice Kim	akim@calstate.edu	562-951-4627	562-951-4865
	Kelly Cox	kcox@calstate.edu	562-951-4611	562-951-4865
	Robert Eaton	reaton@calstate.edu	562-951-4572	562-951-4971
	Audra Reed	areed@calstate.edu	562-951-4564	562-951-4971
	William Hsu	whsu@calstate.edu	562-951-4500	562-951-4956
	Steve Relyea	srelyea@calstate.edu	562-951-4600	562-951-4971
	Martha Guiditta	mguiditta@calstate.edu	562-951-4557	562-951-4859
	Michael Clements	mclements@calstate.edu	562-951-4091	
	Jessica Liu	jliu@calstate.edu	562-951-4621	
	Cindi Le	cle@calstate.edu	562-951-4651	
Daisy Thompson	dthompson@calstate.edu	562-951-4567		

Coverage	Contact	E-Mail Address	Office	Fax
Loss Control Consultants – Alliant Risk Control				
Alliant Risk Control Consulting	Brent Escoubas	bescoubas@alliant.com	949-260-5013	

Coverage	Contact	E-Mail Address	Office	Fax
Online Training - TargetSolutions				
Business Manager	Jennifer Jones	jennifer.jones@targetsolutions.com	858-376-1632	858-487-8762
Account Manager	Stacy L. Schaefer	stacy.schaefer@targetsolutions.com	858-376-1610	





CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
Unemployment Insurance Claims Administrator – Employers Edge				
Client Services	Angie Hansen	ahansen@employersedge.com	720-891-4900 x116	720-420-7356
Unemployment Claims Operations, Claim Specialist	Reina Gonzales	rgonzales@employersedge.com	720-891-4900 x139	720-420-7390
Tax Analyst	Larry Blankenship	lblankenship@employersedge.com	720-891-4900 x108	720-420-7430
Appellate Level	Jen Venable Jamie Clark	jvenable@employersedge.com jclark@employersedge.com	720-891-4900 x114 720-891-4900 x122	720-420-7354 720-420-7396
Account Management	Steve Bell	sbell@employersedge.com	720-891-4900 x101	720-420-7431

Coverage	Contact	E-Mail Address	Office	Fax
Human Resources Consulting – Employers Group				
Helpline	Mark Nelson	mnelson@employersgroup.com	213-765-3952 or 800-748-8484	
Client Service	Bill Stephens	bstephens@employersgroup.com	805-807-9922	213-226-0216
Reference Library	Robert Campbell	rcampbell@employersgroup.com	800-748-8484 Ext. 3430	
Unemployment Questions	Mark Nelson	mnelson@employersgroup.com	213-765-3952	
Affirmative Action Plans	Suzanne Oliva	soliva@employersgroup.com	213-765-3918	
Leave Management	Helpline	helpline@employersgroup.com	800-748-8484	
Research and Surveys	Juan Garcia	jgarcia@employersgroup.com	213-765-3969	
Employee Opinion Survey	Megan Vallone	mvallone@employersgroup.com	213-765-3920	
Training Services	Somaly Heng	sheng@employersgroup.com	213-765-3962	
Employer Advocacy	Ken Tiratira	ktiratira@employersgroup.com	213-765-3915	

CSURMA CORE SERVICE TEAM – ORGANIZATIONAL CHART – AS OF APRIL 18, 2016



	CSURMA Core Service Team
	Claims Consulting
	Workers' Comp / Risk Analysis
	Special Projects / Peer review

AOA CONFERENCE – SESSION TOPICS

ISSUE: At its meeting on May 5, 2016, the AORMA Committee decided that the following sessions would be beneficial for the AOA membership. These sessions have been proposed to the AOA conference planning committee. Staff is awaiting confirmation of session slots.

1. Insurance Requirements in Contracts
2. Foreign Travel Good Practices
3. Cyber Liability
4. CSURMA AORMA 101

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

**IDEAS FOR CREATION OR MODIFICATION OF CSURMA AORMA
PROGRAMS AND/OR SERVICES**

ISSUE: The Officers will be asked to discuss ideas for new AORMA coverage programs and/or services to be offered to the Members in FY 16/17 and beyond.

RECOMMENDATION: Staff recommends that the Officers discuss ideas for new AORMA coverage programs and/or services.

FISCAL IMPACT: None at this time.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

**RECAP OF PROJECTS TO BE INCLUDED ON THE FY 16/17 AORMA
LONG RANGE ACTION PLAN**

ISSUE: During the AORMA Officer’s Retreat, the Officers will suggest items to be included and/or discussed during the AORMA Committee’s Long Range Action Planning meeting in September, 2016. These ideas will be recapped by Staff at today’s meeting.

RECOMMENDATION: This is a discussion item only but the Officers may provide direction to Staff.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

AORMA Liability Program - EPL Deductible Schedule

#	Campus	Auxiliary Organization	FY 16/17	FY 15/16	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
1	Bakersfield	Associated Students, California State University, Bakersfield, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
2	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
3	Bakersfield	California State University, Bakersfield Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
4	Bakersfield	California State University, Bakersfield Student Union, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
5	Chancellor's Office	California State University Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
6	Chancellor's Office	California State University Institute	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
7	Channel Islands	Associated Students of California State University, Channel Islands, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
8	Channel Islands	California State University Channel Islands Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
9	Channel Islands	University Glen Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
10	Chico	Associated Students of California State University, Chico	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
11	Chico	Auxiliary Organization Associations	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
12	Chico	The CSU, Chico Research Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
13	Chico	The University Foundation, California State University, Chico	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
14	Dominguez Hills	Associated Students, California State University, Dominguez Hills	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
15	Dominguez Hills	California State University, Dominguez Hills Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
16	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation	\$ 25,000	\$ 25,000					
17	East Bay	Associated Students, California State University, East Bay	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
18	East Bay	Cal State East Bay Educational Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
19	East Bay	California State University, East Bay Foundation, Inc.	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
20	Fresno	Associated Students, Inc. of California State University, Fresno	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
21	Fresno	California State University, Fresno Association, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
22	Fresno	California State University, Fresno Foundation	\$ 75,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
23	Fresno	Fresno State Programs for Children, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
24	Fresno	The Agricultural Foundation of California State University, Fresno	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
25	Fresno	The California State University, Fresno Athletic Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
26	Fullerton	Associated Students, California State University, Fullerton, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
27	Fullerton	Cal State Fullerton Philanthropic Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
28	Fullerton	CSU Fullerton Auxiliary Services Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
29	Humboldt	Associated Students, Humboldt State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
30	Humboldt	Humboldt State University Advancement Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
31	Humboldt	Humboldt State University Center Board of Directors	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
32	Humboldt	Humboldt State University Sponsored Programs Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
33	Long Beach	Associated Students, California State University, Long Beach	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
34	Long Beach	California State University, Long Beach Research Foundation	\$ 75,000	\$ 75,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
35	Long Beach	CSULB 49er Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
36	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
37	Los Angeles	Associated Students, California State University, Los Angeles, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
38	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
39	Los Angeles	California State University, Los Angeles Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

AORMA Liability Program - EPL Deductible Schedule

#	Campus	Auxiliary Organization	FY 16/17	FY 15/16	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
40	Los Angeles	University-Student Union Board, California State University, Los Angeles	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
41	Maritime Academy	California Maritime Academy Foundation, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
42	Maritime Academy	The Associated Students of the California Maritime Academy	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
43	Monterey Bay	Foundation of California State University, Monterey Bay	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
44	Monterey Bay	The University Corporation at Monterey Bay	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
45	Northridge	Associated Students, California State University, Northridge, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
46	Northridge	California State University, Northridge Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
47	Northridge	North Campus University Park Development Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
48	Northridge	The University Corporation, CSU Northridge	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
49	Northridge	University Student Union of California State University, Northridge	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
50	Pomona	Associated Students Inc., California State Polytechnic University, Pomona	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
51	Pomona	The Cal Poly Pomona Foundation, Inc.	\$ 100,000	\$ 100,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 25,000
52	Sacramento	Associated Students of California State University, Sacramento	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
53	Sacramento	Capital Public Radio, Inc., CSU Sacramento	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
54	Sacramento	The University Foundation at Sacramento State	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
55	Sacramento	University Enterprises, Inc., CSU Sacramento	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
56	Sacramento	University Union Operation of CSUS, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
57	San Bernardino	Associated Students Inc., California State University, San Bernardino	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
58	San Bernardino	CSUSB Philanthropic Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
59	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
60	San Bernardino	University Enterprises Corporation at CSUSB	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
61	San Diego	Associated Students, San Diego State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
62	San Diego	Aztec Shops, Ltd., San Diego State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
63	San Diego	San Diego State University Research Foundation	\$ 100,000	\$ 100,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
64	San Diego	The Campanile Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
65	San Francisco	Associated Students, Inc., San Francisco State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
66	San Francisco	San Francisco State University Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
67	San Francisco	The University Corporation, San Francisco State	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
68	San Jose	Associated Student, San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
69	San Jose	San Jose State University Research Foundation	\$ 100,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
70	San Jose	Spartan Shops, Inc., San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
71	San Jose	The Student Union of San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
72	San Jose	The Tower Foundation, San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
73	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
74	San Luis Obispo	Cal Poly Corporation	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
75	San Luis Obispo	California Polytechnic State University Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
76	San Marcos	California State University San Marcos Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

AORMA Liability Program - EPL Deductible Schedule

#	Campus	Auxiliary Organization	FY 16/17	FY 15/16	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
77	San Marcos	San Marcos University Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
78	San Marcos	The Associated Students of California State University, San Marcos	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
79	San Marcos	University Auxiliary and Research Services Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
80	Sonoma	Associated Students of Sonoma State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
81	Sonoma	Sonoma State Enterprises, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
82	Sonoma	Sonoma State University Academic Foundation, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
83	Stanislaus	Associated Students, Inc., California State University, Stanislaus	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
84	Stanislaus	California State University, Stanislaus Auxiliary and Business Services	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
85	Stanislaus	California State University, Stanislaus Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
86	Stanislaus	University Student Union of California State University, Stanislaus	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

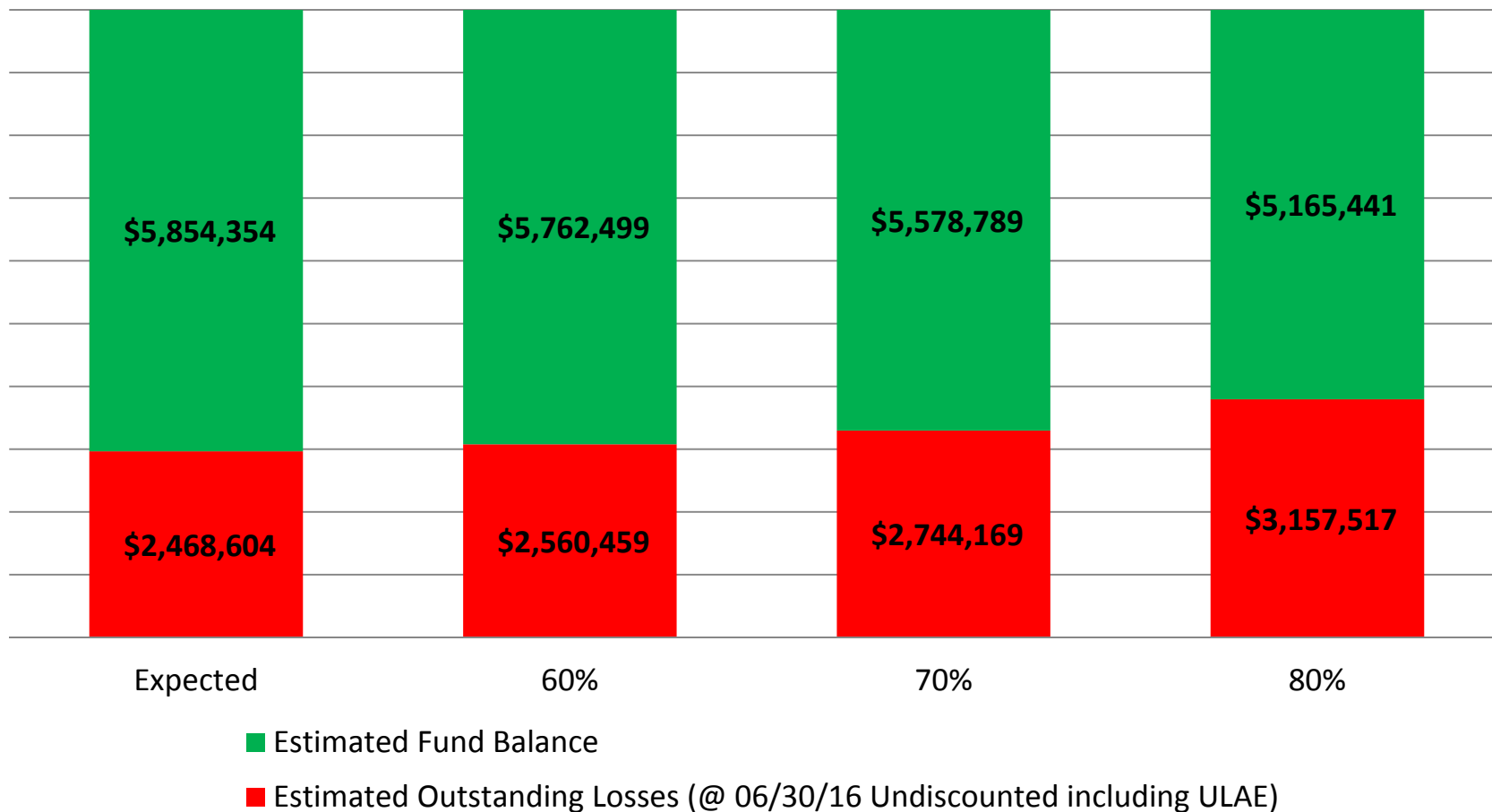
Black Bold - represents that the EPL deductible is now back down to the minimum of \$25,000

Blue - represents the mandated minimum EPL deductible per Policy & Procedure L-7

Red - represents the year the member chose to increase its EPL deductible above the minimum. The member must maintain the higher deductible for three years.

Liability Estimated Fund Balance @ 3/31/16

Program Assets @ 3/31/16 - \$8,322,958



The Program Assets have been reduced by the dividend of \$871,524 payable in July 2016, and accounts payable of \$108,286.

70% Confidence Level (Discounted)

CSURMA AORMA FY 2016/2017 Liability Program Total Estimated Funding					
	Actual Program Costs FY 12/13 \$350,000 SIR	Actual Program Costs FY 13/14 \$350,000 SIR	Actual Program Costs FY 14/15 \$350,000 SIR	Program Costs FY 15/16 \$350,000 SIR	Proposed FY 16/17 \$500,000 SIR
Expense Item					
Actuarial Recommended Estimated Pooled Layer - Funding	1,618,750	1,565,000	1,675,550	#1 1,774,778	1,700,777
Claims Administration	12,600	12,600	13,300	15,000	15,000
Program Administration Fees	742,383	727,678	751,572	812,179	812,179
Reinsurance / Excess Liability Insurance	1,207,471	1,193,751	1,227,876	1,230,000	1,353,000
Total Costs:	3,581,204	3,499,029	3,668,298	3,831,957	3,880,956
Difference from prior year:	-12.40%	-2.29%	4.84%	4.46%	1.28%

Actuarial Recommended Estimated Pooled Layer Funding (based on the actuarial report dated August 3, 2015)

Claims Administration (an increase or decrease is not contemplated)

JPA Program Administration Fee (an increase or decrease is not contemplated)

Reinsurance / Excess Liability (a 10% increase is included)

#1 - The FY 15/16 program includes a \$350,000 pooled layer; however, the pooled layer funding was approved for a \$500,000 pooled layer

CSURMA AORMA
Liability Insurance Program
Member Loss Ratios
Loss Valuation Date - June 30, 2016

Campus	Auxiliary Organization	FY 11/12 - FY 15/16				
		Premium	Dividends	# of Claims	Claims	Loss Ratio
Bakersfield	Associated Students, California State University, Bakersfield, Inc.	\$ 32,514	\$ 6,892			0%
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and	\$ 16,752	\$ 2,241			0%
Bakersfield	California State University, Bakersfield Foundation	\$ 101,025	\$ 15,007			0%
Bakersfield	California State University, Bakersfield Student Union, Inc.	\$ 16,128	\$ 9,736			0%
Chancellor's Office	California State University Foundation	\$ 8,118	\$ 1,584			0%
Chancellor's Office	California State University Institute	\$ 11,072	\$ 2,163			0%
Channel Islands	Associated Students of California State University, Channel Islands, Inc.	\$ 8,773	\$ 1,697			0%
Channel Islands	California State University Channel Islands Foundation	\$ 11,063	\$ 2,291			0%
Channel Islands	University Glen Corporation	\$ 116,891	\$ 23,937	1	\$ 2,971	3%
Chico	Associated Students of California State University, Chico	\$ 657,115	\$ 139,246	4	\$ 13,425	2%
Chico	Auxiliary Organization Associations	\$ 8,071	\$ 1,584			0%
Chico	The CSU, Chico Research Foundation	\$ 560,184	\$ 114,443	22	\$ 1,444,107	258%
Chico	The University Foundation, California State University, Chico	\$ 48,173	\$ 9,232			0%
Dominguez Hills	Associated Students, California State University, Dominguez Hills	\$ 29,460	\$ 6,188			0%
Dominguez Hills	California State University, Dominguez Hills Foundation	\$ 140,667	\$ 29,595	3	\$ 16,952	12%
Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	\$ 87,355	\$ 18,162	2	\$ 3,051	3%
East Bay	Associated Students, California State University, East Bay	\$ 130,723	\$ 30,571	1	\$ 1,218	1%
East Bay	Cal State East Bay Educational Foundation	\$ 43,912	\$ 60			0%
East Bay	California State University, East Bay Foundation, Inc.	\$ 151,618	\$ 59,630	1	\$ -	0%
Fresno	Associated Students, Inc. of California State University, Fresno	\$ 21,144	\$ 4,181			0%
Fresno	California State University, Fresno Association, Inc.	\$ 843,437	\$ 197,919	6	\$ 18,807	2%
Fresno	California State University, Fresno Foundation	\$ 234,352	\$ 43,709	2	\$ 143,656	61%
Fresno	Fresno State Programs for Children, Inc.	\$ 43,802	\$ 9,371			0%
Fresno	The Agricultural Foundation of California State University, Fresno	\$ 107,089	\$ 22,896			0%
Fresno	The California State University, Fresno Athletic Corporation	\$ 987,039	\$ 195,858	12	\$ 38,132	4%
Fullerton	Associated Students, California State University, Fullerton, Inc.	\$ 179,336	\$ 35,129	3	\$ 4,219	2%
Fullerton	Cal State Fullerton Philanthropic Foundation	\$ 36,634	\$ 7,227			0%
Fullerton	CSU Fullerton Auxiliary Services Corporation	\$ 295,259	\$ 52,582	5	\$ 155,786	53%
Fullerton	CSU Fullerton Housing Authority	\$ 79,480	\$ 21,759			0%
Humboldt	Associated Students, Humboldt State University	\$ 31,917	\$ 6,701			0%
Humboldt	Humboldt State University Advancement Foundation	\$ 8,417	\$ 1,691			0%
Humboldt	Humboldt State University Center Board of Directors	\$ 273,736	\$ 63,117	2	\$ 4,156	2%
Humboldt	Humboldt State University Sponsored Programs Foundation	\$ 153,920	\$ 30,207	3	\$ 5,344	3%
Long Beach	Associated Students, California State University, Long Beach	\$ 391,456	\$ 79,888	4	\$ 382,078	98%
Long Beach	California State University, Long Beach Research Foundation	\$ 772,317	\$ 152,646	3	\$ 357,576	46%
Long Beach	CSULB 49er Foundation	\$ 13,677	\$ 1,148	3	\$ 1,104	8%
Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	\$ 223,427	\$ 42,845	9	\$ 26,100	12%
Los Angeles	Associated Students, California State University, Los Angeles, Inc.	\$ 33,655	\$ 6,745			0%
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	\$ 162,865	\$ 29,987			0%
Los Angeles	California State University, Los Angeles Foundation	\$ 18,830	\$ 4,029			0%

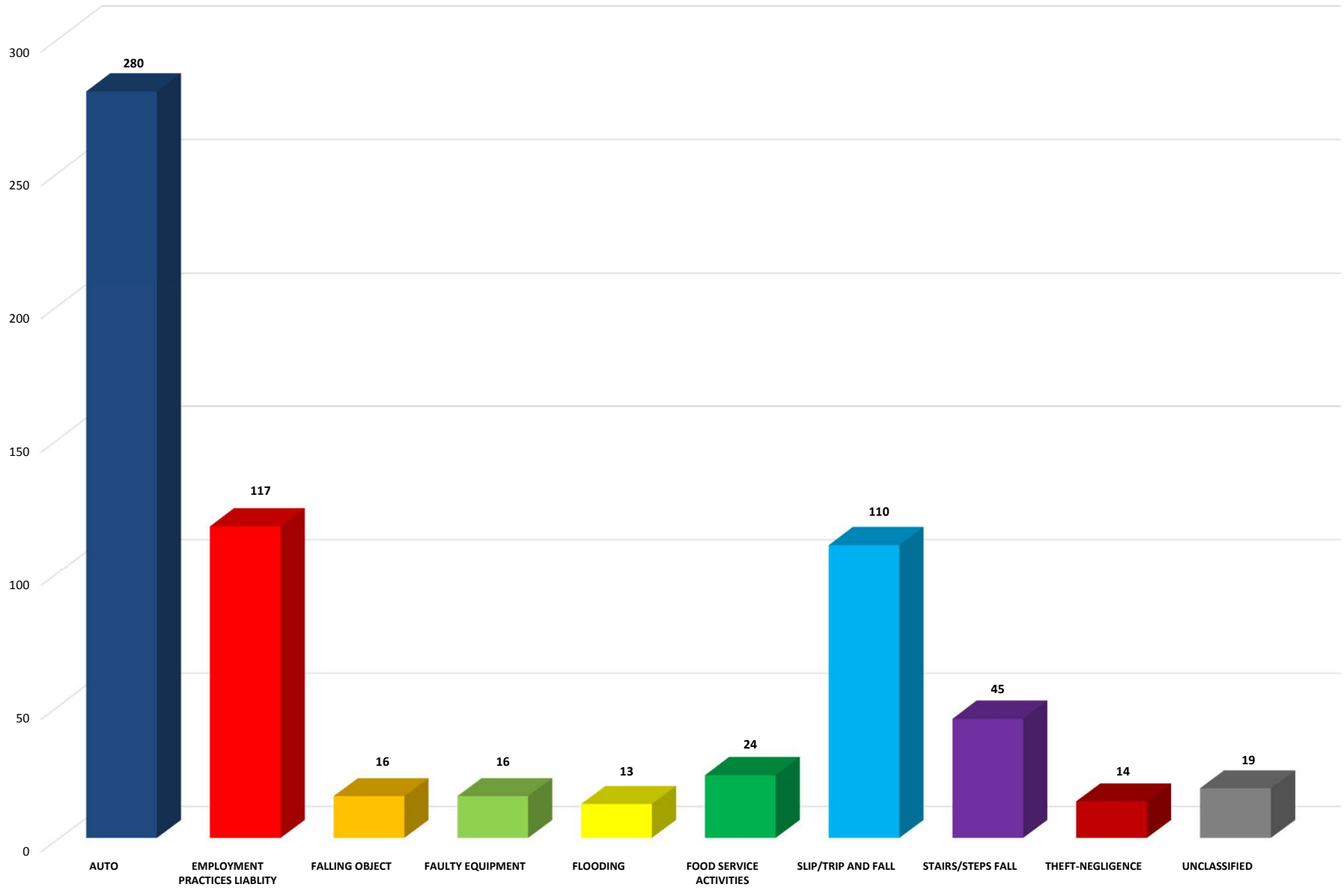
CSURMA AORMA
Liability Insurance Program
Member Loss Ratios
Loss Valuation Date - June 30, 2016

Campus	Auxiliary Organization	FY 11/12 - FY 15/16				
		Premium	Dividends	# of Claims	Claims	Loss Ratio
Los Angeles	University-Student Union Board, California State University, Los Angeles	\$ 137,300	\$ 28,235			0%
Maritime Academy	California Maritime Academy Foundation, Inc.	\$ 17,658	\$ 3,721			0%
Maritime Academy	The Associated Students of the California Maritime Academy	\$ 16,882	\$ 3,535			0%
Monterey Bay	Foundation of California State University, Monterey Bay	\$ 19,163	\$ 2,732			0%
Monterey Bay	The University Corporation at Monterey Bay	\$ 324,201	\$ 68,350	2	\$ 93,175	29%
Northridge	Associated Students, California State University, Northridge, Inc.	\$ 84,106	\$ 14,980	9	\$ 33,619	40%
Northridge	California State University, Northridge Foundation	\$ 56,469	\$ 11,748			0%
Northridge	North Campus University Park Development Corporation	\$ 26,867	\$ 5,640			0%
Northridge	The University Corporation, CSU Northridge	\$ 425,600	\$ 75,781	7	\$ 27,876	7%
Northridge	University Student Union of California State University, Northridge	\$ 426,982	\$ 82,096	5	\$ 301,128	71%
Pomona	Associated Students Inc., California State Polytechnic University, Pomona	\$ 364,482	\$ 74,729	2	\$ 75,270	21%
Pomona	The Cal Poly Pomona Foundation, Inc.	\$ 753,691	\$ 155,518	20	\$ 414,014	55%
Sacramento	Associated Students of California State University, Sacramento	\$ 493,536	\$ 103,002	12	\$ 31,633	6%
Sacramento	Capital Public Radio, Inc., CSU Sacramento	\$ 42,032	\$ 7,623	1	\$ 12,153	29%
Sacramento	The University Foundation at Sacramento State	\$ 28,063	\$ 6,004			0%
Sacramento	University Enterprises, Inc., CSU Sacramento	\$ 780,155	\$ 153,704	6	\$ 166,575	21%
Sacramento	University Union Operation of CSUS, Inc.	\$ 133,172	\$ 24,885	2	\$ 11,266	8%
San Bernardino	Associated Students Inc., California State University, San Bernardino	\$ 48,549	\$ 10,380			0%
San Bernardino	CSUSB Philanthropic Foundation	\$ 14,163	\$ 1,148			0%
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	\$ 76,366	\$ 14,529	2	\$ 190,151	249%
San Bernardino	University Enterprises Corporation at CSUSB	\$ 266,101	\$ 55,187			0%
San Diego	Associated Students, San Diego State University	\$ 872,365	\$ 170,981	9	\$ 156,343	18%
San Diego	Aztec Shops, Ltd., San Diego State University	\$ 650,116	\$ 132,884	12	\$ 66,781	10%
San Diego	San Diego State University Research Foundation	\$ 907,235	\$ 184,282	30	\$ 996,199	110%
San Diego	The Campanile Foundation	\$ -	\$ -			0%
San Francisco	Associated Students, Inc., San Francisco State University	\$ 84,536	\$ 14,196	1	\$ 643	1%
San Francisco	San Francisco State University Foundation	\$ 17,809	\$ 3,253			0%
San Francisco	The University Corporation, San Francisco State	\$ 146,330	\$ 42,252	6	\$ 16,547	11%
San Jose	Associated Student, San Jose State University	\$ 59,603	\$ 11,557	2	\$ 15,664	26%
San Jose	San Jose State University Research Foundation	\$ 158,205	\$ 29,999	3	\$ 47,532	30%
San Jose	Spartan Shops, Inc., San Jose State University	\$ 420,914	\$ 87,592	5	\$ 23,251	6%
San Jose	The Student Union of San Jose State University	\$ 608,143	\$ 127,106	3	\$ 176,856	29%
San Jose	The Tower Foundation, San Jose State University	\$ 12,263	\$ 2,327			0%
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis	\$ 461,822	\$ 92,317	1	\$ 587	0%
San Luis Obispo	Cal Poly Corporation	\$ 675,909	\$ 181,856	8	\$ 42,438	6%
San Luis Obispo	California Polytechnic State University Foundation	\$ 8,081	\$ 1,535	1	\$ 1,600	20%
San Marcos	California State University San Marcos Foundation	\$ 26,683	\$ 5,256			0%
San Marcos	San Marcos University Corporation	\$ 98,083	\$ 36,248	1	\$ 9,003	9%
San Marcos	The Associated Students of California State University, San Marcos	\$ 48,286	\$ 8,738			0%
San Marcos	University Auxillary and Research Services Corporation	\$ 154,884	\$ 15,752	1	\$ 66,462	43%

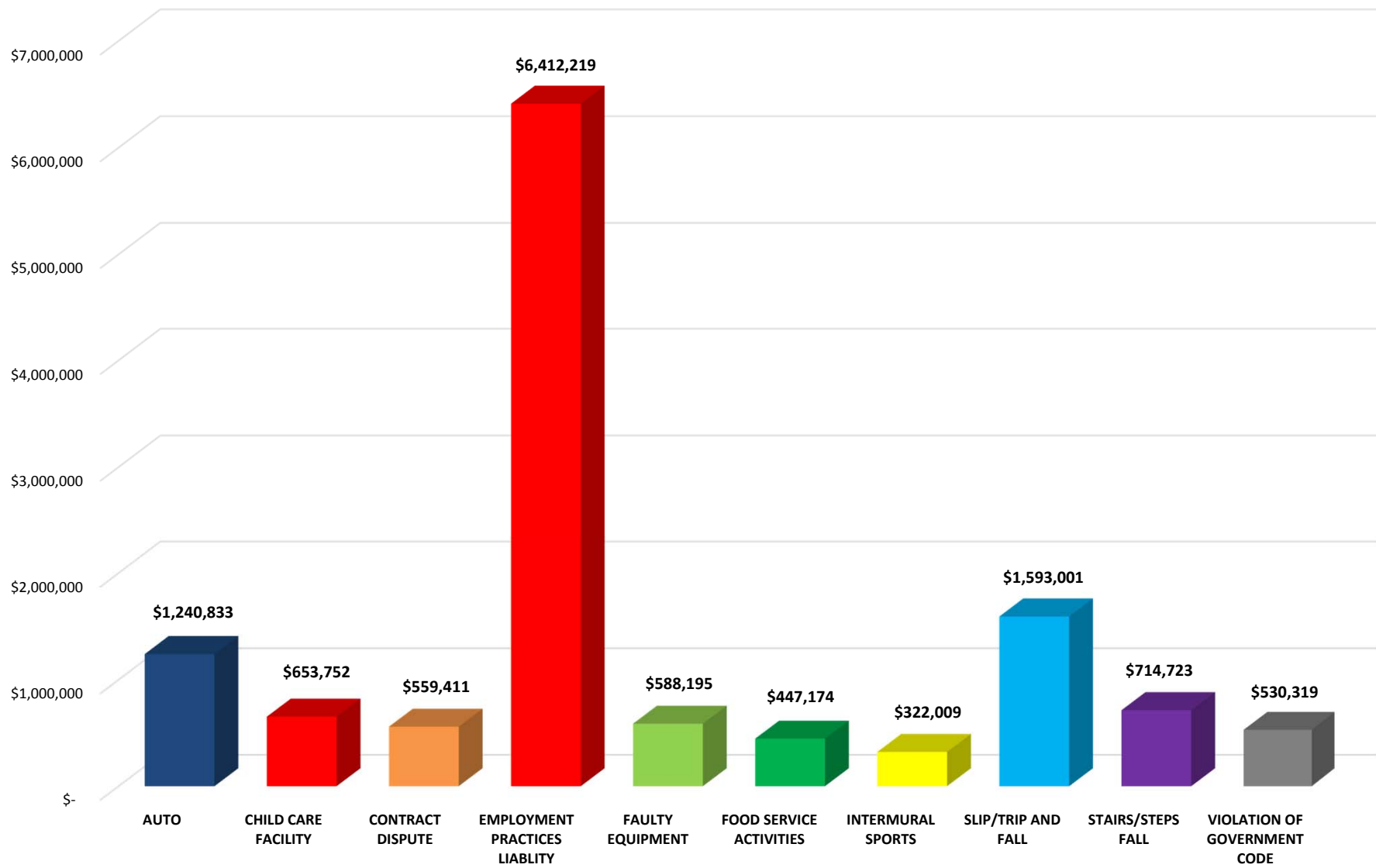
CSURMA AORMA
Liability Insurance Program
Member Loss Ratios
Loss Valuation Date - June 30, 2016

Campus	Auxiliary Organization	FY 11/12 - FY 15/16				
		Premium	Dividends	# of Claims	Claims	Loss Ratio
Sonoma	Associated Students of Sonoma State University	\$ 78,117	\$ 16,711			0%
Sonoma	Sonoma State Enterprises, Inc.	\$ 176,945	\$ 37,033	2	\$ 2,912	2%
Sonoma	Sonoma State University Academic Foundation, Inc.	\$ 74,359	\$ 15,706			0%
Stanislaus	Associated Students, Inc., California State University, Stanislaus	\$ 32,461	\$ 6,814			0%
Stanislaus	California State University, Stanislaus Auxiliary and Business Services	\$ 78,786	\$ 16,854			0%
Stanislaus	California State University, Stanislaus Foundation	\$ 118,001	\$ 25,211			0%
Stanislaus	University Student Union of California State University, Stanislaus	\$ 18,231	\$ 3,890			0%
Total:		\$ 17,615,106	\$ 3,657,774	239	\$ 5,598,359	32%

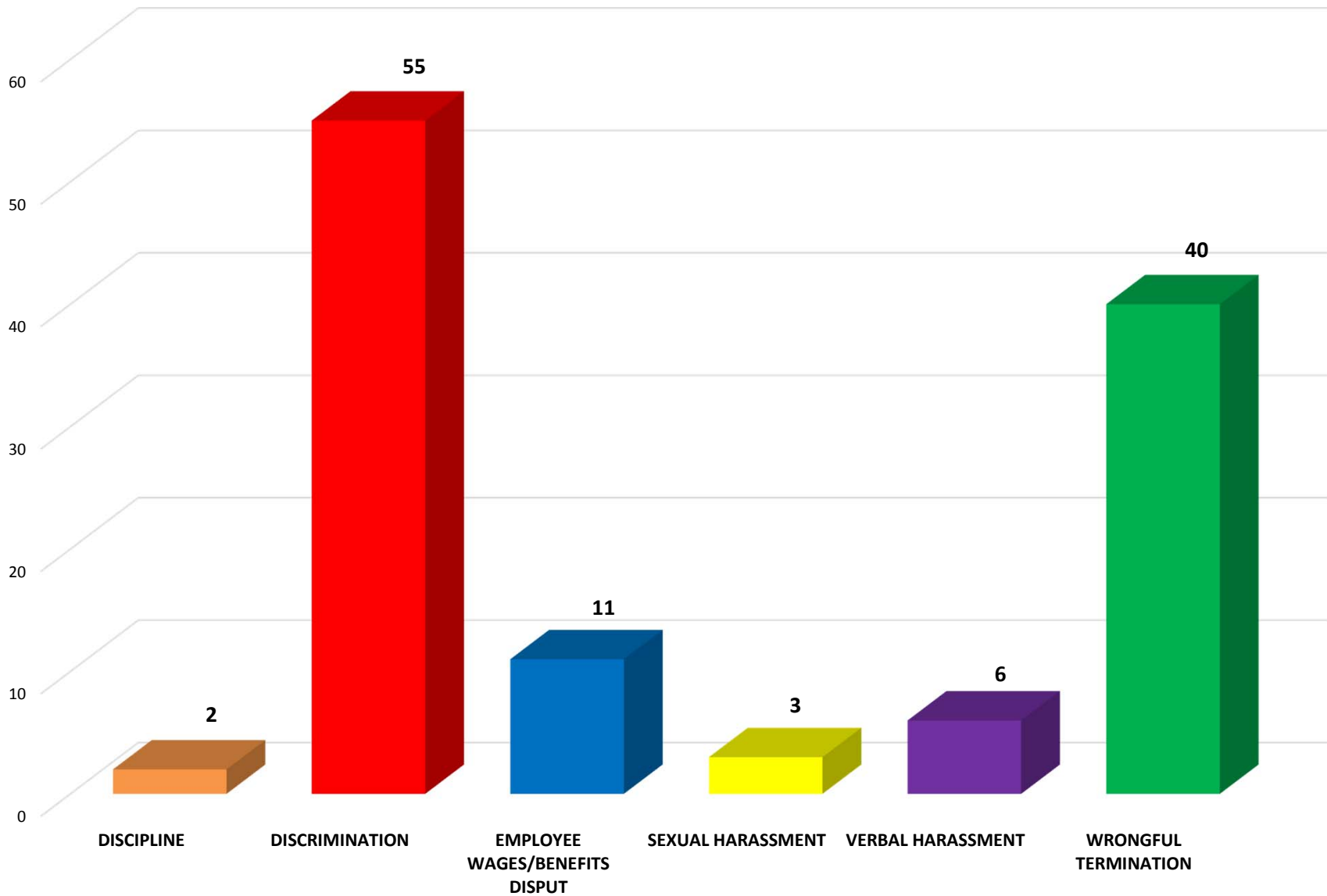
CSURMA AORMA - Liability Losses (Top 10)
Frequency of Cause of Loss by Total Incurred 2010 - 2016
as of June 30, 2016



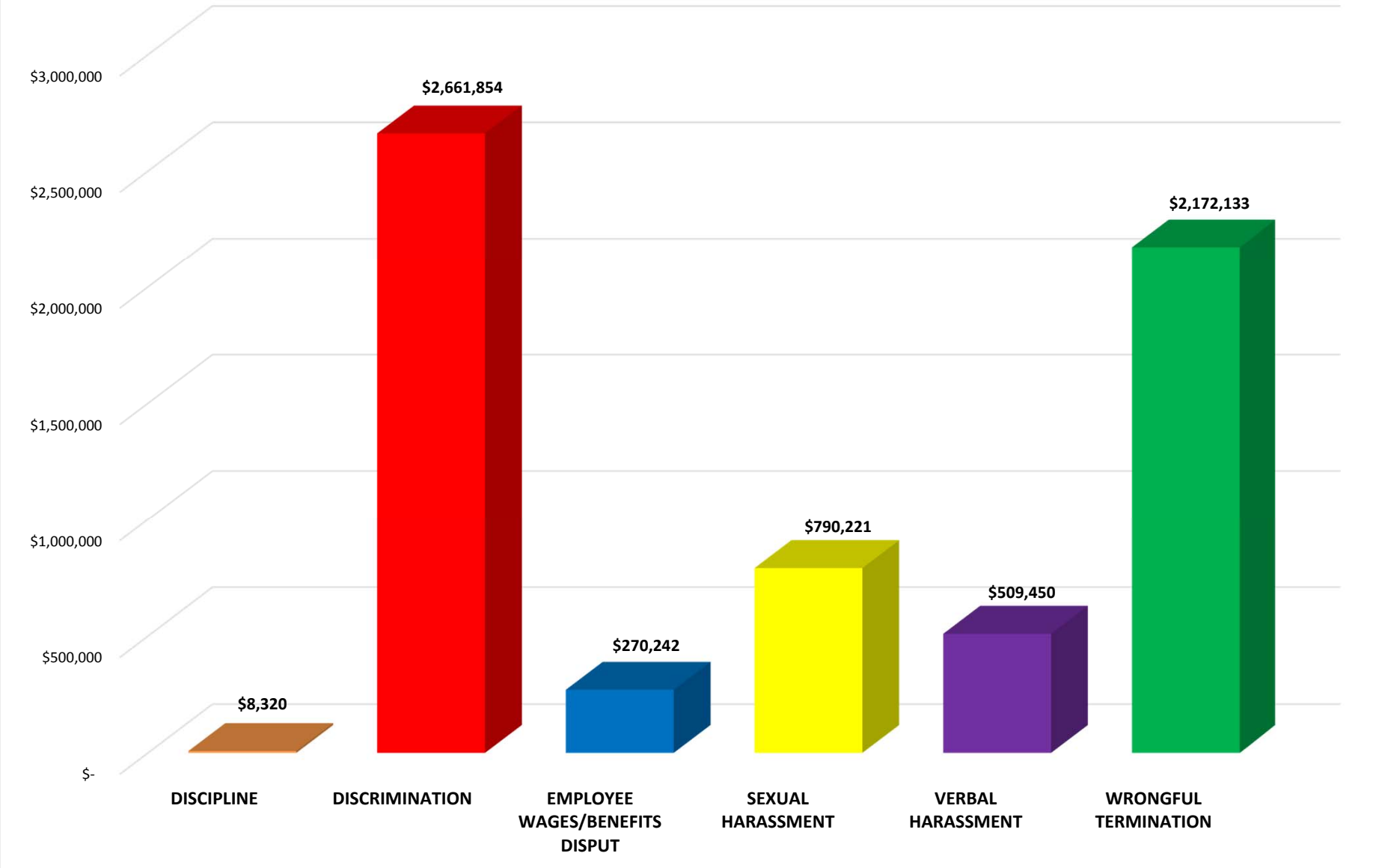
CSURMA AORMA - Liability Losses (Top 10)
Severity of Cause of Loss by Total Incurred 2010 - 2016
as of June 30, 2016



**CSURMA AORMA - Employment Practices Liability
Frequency of Cause of Loss by Total Incurred 2010 - 2016
as of June 30, 2016**



**CSURMA AORMA - Employment Practices Liability
Severity of Cause of Loss by Total Incurred 2010 - 2016
as of June 30, 2016**





CSURMA AORMA

POLICY AND PROCEDURE NO. L -1

SUBJECT: LIABILITY CLAIMS REPORTING

ADOPTED: DECEMBER 7, 2006

**AMENDED: OCTOBER 8, 2009
DECEMBER 4, 2014
MAY 5, 2016**

EFFECTIVE: JANUARY 1, 2007

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

It is the policy of CSURMA AORMA that all MEMBERS will comply with the following conditions of the AORMA Liability Program MEMORANDUM OF COVERAGE.

- A. Duties in the Event of an Accident, OCCURRENCE, Offense, Claim, Suit or Proceeding: The following provisions are precedent to coverage under the AORMA Liability Program MEMORANDUM OF COVERAGE. The COVERED PARTY's failure to comply with any of these provisions will be cause for a reduction in or denial of coverage by CSURMA AORMA.
1. In the event of any OCCURRENCE or offense which may result in a claim, suit or proceeding against a COVERED PARTY, written notice (includes e-mail correspondence, fax transmissions and original hard copy notifications) shall be given by the MEMBER to the TPA as soon as practicable.
 2. When the MEMBER submits the first claim report, the following information shall be included, if available and applicable:
 - a. How, when and where the OCCURRENCE or offense took place;
 - b. The names and addresses of any injured persons and witnesses;
 - c. The nature and location of any injury or damage arising out of the OCCURRENCE or offense;
 - d. Incident reports;
 - e. Investigation reports;
 - f. Police reports;
 - g. Claim notice(s) and response(s)
 - h. Medical reports



CSURMA AORMA

POLICY AND PROCEDURE NO. L -1

- i. Request for Assignment of “Non-Approved” Legal Counsel (See AORMA Legal Counsel Selection Policy & Procedure)
Other information helpful to the TPA. See contact information below:

Regular Mail

Carl Warren & Company
P.O. Box 7059
Ventura, CA 93006-7059
Attn: Mauri McGuire
Phone: 805.650.7020, ext. 1003
Fax: 805.658.9950
Email: mmcguire@carlwarren.com

Express Mail

Carl Warren & Company
1000 South Hill Rd., Suite 215
Ventura, CA 93003-4455
Attn: Mauri McGuire
Phone: 805.650.7020, ext. 1003
Fax: 805.658.9950
Email: mmcguire@carlwarren.com

- 3. The MEMBER and any other involved COVERED PARTY shall provide immediate notice of any Pleadings, Summons, Complaints and any other legal papers received by the MEMBER or other involved COVERED PARTY to the TPA and authorize CSURMA AORMA to obtain records and other information;

- a. **Late Reporting Penalties.** If an OCCURRENCE, offense, claim, suit or proceeding is not reported by the MEMBER to the TPA within the timeframes set below, the following late reporting schedule will apply:

- i. If an OCCURRENCE, offense, claim, suit or proceeding is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
- ii. If an OCCURRENCE, offense, claim, suit or proceeding is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply;
- iii. If an OCCURRENCE, offense, claim, suit or proceeding is reported more than 12 months late as determined by the TPA, no recovery will be available to the MEMBER or other involved COVERED PARTY.

- 4. The MEMBER and any other involved COVERED PARTY will cooperate with CSURMA AORMA in the investigation or settlement of the claim, suit or proceeding and defense against and assist CSURMA AORMA, in the enforcement of any right against any person or organization which may be liable to the MEMBER because of injury to which this coverage may also apply.

- B. No Voluntary Payments: Except as stated below, no MEMBER will, except at that MEMBER’s own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without consent of CSURMA AORMA.

With respect to UNFAIR EMPLOYMENT PRACTICES, in no event shall any payments be made by CSURMA AORMA for any costs incurred to defend a covered claim more than thirty



(30) days prior to written notification of any OCCURRENCE, offense, claim or suit to the TPA.

Moreover, no settlement of any claim shall be paid by CSURMA AORMA without prior written authorization of the TPA.

MEMBER APPEAL PROCESS:

First Level Appeal

If a MEMBER wishes to appeal a decision resulting from the enforcement of this Policy and Procedure, the MEMBER must present an appeal in writing to the AORMA Committee within thirty (30) days of the disputed decision. The AORMA Committee will review the appeal at its next regularly scheduled meeting and inform the MEMBER within five (5) business days of its final decision.

Second Level Appeal

If a MEMBER wishes to appeal the AORMA Committee's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five (5) business days of receipt of the AORMA Committee's decision. The CSURMA Executive Committee will then review the appeal at its next meeting or sooner. The CSURMA Executive Committee's decision will be the final determination.



DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is the group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

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

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERs of CSURMA AORMA.

OCCURRENCE – As defined within the AORMA Liability Program MEMORANDUM OF COVERAGE.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERs.

TPA - Third party liability claims administrator whose responsibilities include claim handling, litigation management and excess liability carrier reporting.

UNFAIR EMPLOYMENT PRACTICES – As defined within the AORMA Liability Program MEMORANDUM OF COVERAGE.

SUBJECT: **LIABILITY CLAIMS ADMINISTRATION &
LITIGATION MANAGEMENT**

ADOPTED: **DECEMBER 7, 2006**

AMENDED: **OCTOBER 8, 2009
SEPTEMBER 16, 2010
MAY 10, 2012
OCTOBER 23, 2014
MAY 7, 2015
MARCH 10, 2016**

EFFECTIVE: **JANUARY 1, 2007**

POLICY & PROCEDURE NO.: **(FORMERLY) 3B-LIAB**

Should there be any discrepancy between this document and either the LIABILITY MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA and the MEMBER, the LIABILITY MEMORANDUM OF COVERAGE and the PARTICIPATION AGREEMENT will govern.

POLICY:

- It is the policy of AORMA that liability claims be handled in the most efficient and cost-effective manner possible. To that end, the AORMA COMMITTEE has retained the services of a TPA who has been designated the primary contact and control point for all liability claims management.
- It is the policy of AORMA that there will be no coverage for any settlement negotiated or agreed to without involvement and prior approval of the TPA.
- It is the policy of AORMA that (1) LEGAL COUNSEL engaged to defend a MEMBER shall be selected pursuant to AORMA Policy & Procedure L-3 - Legal Counsel Selection and that (2) such LEGAL COUNSEL shall be responsive to TPA and that (3) failure of LEGAL COUNSEL to be responsive to TPA may result in replacement of LEGAL COUNSEL.
- It is the policy of AORMA that the TPA will analyze all CLAIMs for potential liability apportionment between the Campus and the MEMBER or two or more MEMBERS and will provide notification to the PROGRAM DIRECTOR.

PROCEDURE:

The purpose of this document is to outline the process of liability claims administration and litigation management by the TPA and the involvement of the AORMA COMMITTEE.

1. LIABILITY CLAIMS ADMINISTRATION

The TPA shall report its activities to the AORMA COMMITTEE pursuant to the Liability Claims Administration Service Agreement.

2. RESPONSIBILITIES OF THE MEMBER

The MEMBER shall assist the TPA in obtaining all necessary documentation to assist in efficient and comprehensive handling of a claim.

3. RESPONSIBILITIES OF THE AORMA COMMITTEE

A. The AORMA COMMITTEE shall meet as needed to review open claims.

B. The responsibilities of the AORMA COMMITTEE shall include, but are not limited to:

1. Review claims with the TPA as necessary.
2. Review the specific handling of reported losses.
3. Review adequacy of reserve levels in conjunction with the PROGRAM DIRECTOR and TPA.
4. Make decisions regarding rejection of coverage for claims, or the handling of claims under a reservation of rights, based on the MEMORANDUM OF COVERAGE.
5. Make recommendations to individual MEMBERS concerning the settlement or litigation of claims.
6. Report to the CSURMA EXECUTIVE COMMITTEE on claims related matters as appropriate.

4. RESPONSIBILITIES OF THE LIABILITY THIRD PARTY CLAIMS ADMINISTRATOR (TPA)

The TPA has general responsibility for performing or overseeing all necessary investigation of claims, as well as overseeing legal defense. The TPA is responsible for reporting claims to the excess liability insurers or reinsurers as appropriate. The TPA provides regular claims reports containing the status of claims and the projected reserves. The specific services to be provided and the responsibilities of the TPA are found in the Liability Claims Administration Service Agreement.

The TPA shall perform an analysis of all CLAIMS and lawsuits for potential liability apportionment between either the Campus and the MEMBER or between two or more MEMBERS.

- a. If the TPA believes there may be a basis for apportionment between the Campus and the MEMBER, the TPA will notify the PROGRAM DIRECTOR. The PROGRAM

DIRECTOR will submit the matter to the MEMBER Executive Director and the Campus Vice President of Administration and Finance, or their designees, to determine whether apportionment is appropriate and, if so, what apportionment percentages should apply. In the event they are unable to reach agreement regarding apportionment and/or apportionment percentages, the matter will be submitted for decision to the CSURMA Secretary-Auditor who will review the matter with the Executive Vice-Chancellor/Chief Financial Officer of the California State University. The decision of the CSURMA Secretary-Auditor shall be final, non-appealable and binding.

- b. If the TPA believes there may be a basis for apportionment between two or more MEMBERS, the TPA will notify the PROGRAM DIRECTOR. The PROGRAM DIRECTOR will submit the matter to the Executive Directors of the MEMBERS, or their designees, to determine whether apportionment is appropriate and, if so, what apportionment percentages should apply. In the event they are unable to reach agreement regarding apportionment and/or apportionment percentages, the matter will be submitted for decision to the CSURMA Secretary-Auditor who will review the matter with the Executive Vice-Chancellor/Chief Financial Officer of the California State University. The decision of the CSURMA Secretary-Auditor shall be final, non-appealable and binding.

The TPA shall perform a survey of the legal marketplace per Policy & Procedure No. L-3 to verify that approved LEGAL COUNSEL rates are in line with industry standards, and report their findings to the AORMA COMMITTEE.

The TPA shall forward a copy of its summary of reports to the MEMBER and the PROGRAM DIRECTOR. In the event that a lawsuit or a CLAIM involves the MEMBER Executive Director, the Campus Vice President of Administration & Finance or his/her designee shall manage the claim with the TPA.

Two claims listings will be provided at each meeting for which there is a closed session.

- A. A detailed listing of all claims requiring action by the AORMA Committee. The narrative will include at least the following information:
 - 1) Date of Loss
 - 2) Member
 - 3) Fiscal Year
 - 4) Simplified Description
 - 5) Line of Coverage
 - 6) Member retained limit
 - 7) Report to Excess Status
 - 8) Paid

- 9) Reserves
- 10) Total Incurred
- 11) Defense counsel name and firm
- 12) Plaintiff counsel name and firm
- 13) Legal counsel budget
- 14) Estimate of probable liability
- 15) Action requested

B. A Watch List for the following claims:

- 1) All claims with a total incurred value of \$25,000 or more.
- 2) Any claim that will be or has been reported to the excess carrier or reinsurer.
- 3) All employment practices liability claims.
- 4) Any other claim with a substantial potential exposure to AORMA.

The Liability Third Party Claims Administrator may attend the AORMA Committee meetings in order to request settlement authority, discuss coverage issues and provide updates on large open claims.

5. RESPONSIBILITIES OF LEGAL COUNSEL

Assigned LEGAL COUNSEL selected as provided in AORMA Policy & Procedure L-3 - Legal Counsel Selection will be notified in writing by the TPA of assignment. LEGAL COUNSEL will be required to acknowledge and sign an engagement letter prior to beginning the defense of any AORMA claim. Assigned LEGAL COUNSEL are required to report claim status to the TPA every 90 days, or upon any activity that would significantly affect the value reserved for the claim.

6. LIABILITY LITIGATION MANAGEMENT

A. Correspondence and Pleadings

Copies of all correspondence and pleadings shall be provided to the TPA and the Member.

After a case has been reported to an excess coverage provider, LEGAL COUNSEL shall ensure that additional copies of all correspondence and pleadings are forwarded to such excess coverage provider or reinsurer.

Notification of depositions, trials, arbitrations, and hearing shall be sent to all parties specified above who are to receive copies of correspondence.

LEGAL COUNSEL will promptly respond to all letter or phone calls from the TPA, and keep them advised as to the progress of each case. LEGAL COUNSEL will cooperate with the TPA in all other aspects of this Litigation Management including providing copies of all motions and pleadings, and completing expert witness and plaintiff counsel evaluations as requested by the TPA.

B. Case Analysis and Litigation Budget

Within 30 days of retention in each case, selected LEGAL COUNSEL shall complete and return a case analysis and litigation budget in accordance with the Legal Counsel Engagement Letter appendixes to AORMA Policy & Procedure L-3 Legal Counsel Selection.

Unanticipated litigation activity may give rise to an under reserved litigation budget. As soon as it is reasonably foreseeable that the file is under budgeted, an updated litigation budget should be completed along with recommendation for a budget increase or decrease, where appropriate. The TPA will closely monitor the basis for budget increases. If the litigation budget has been exceeded, no further payment of fees will be made until a revised litigation budget has been submitted and approved. Significant deviations from the budget will be taken into account when evaluating LEGAL COUNSEL's performance.

Mandatory Status Reports – Status reports are mandatory every 90 days or as soon as possible following any significant event in the case. LEGAL COUNSEL shall report only on new developments since the last report. The reporting diary can be extended if the TPA is notified of the Legal counsel's intention to put the file on an extended diary.

The attorney handling the case should prepare the status reports. Status reports should include the following:

1. The ongoing strategy for defense or resolution of the case, including a factual analysis of issues related to liability and damages;
2. A description of planned discovery with a time table for completion;
3. A brief synopsis of the discovery completed since the last report;
4. Court dates including, but not necessarily limited to, mandatory settlement conferences, trial setting conferences, arbitration and trial dates, hearings on discovery, etc.;
5. New settlement demands; and
6. Any anticipated changes in the litigation budget.

Furthermore, no later than 30 days prior to mediation, arbitration or trial or as requested by the TPA, the defense trial attorney will provide a trial/binding arbitration report, which shall include:

1. an assessment of the Member's liability;
2. an assessment of plaintiff's damages;
3. an assessment of legal defenses (and probability or prevailing);
4. an assessment of the chances of prevailing at trial;
5. the verdict value assuming full liability
6. as assessment of any other factors affecting the items above, including demeanor or credibility of important witnesses, evidentiary disputes, tendencies or local juries, the judge or opposing counsel, liability and solvency/coverage of co-defendants, or similar important issues;
7. an appraisal of settlement value, considering verdict value and chances of prevailing
8. the status of settlement discussions
9. estimated future fees and costs through trial (since last billing)

C. Further Evaluations and Reserves

Upon request by the excess coverage provider or reinsurer, LEGAL COUNSEL shall provide written or oral evaluations of the case. These evaluations shall disclose any weaknesses or strengths of the case that have been discovered, any increase or decrease in anticipated costs, any recommended change in reserves, and, if pertinent, settlement recommendations.

D. Settlement Conferences

Once the TPA receives notice that a MEMBER'S case has a settlement conference date scheduled, the following procedure will occur:

1. The TPA shall notify the MEMBER regarding the settlement conference and provide a comprehensive case review and/or documentation for review.
2. The TPA shall attend all settlement conferences as outlined in the Claims Administration Service Agreement and, if time permits, shall review the case with the AORMA COMMITTEE prior to the settlement conference or at the next regularly scheduled AORMA COMMITTEE meeting.
3. LEGAL COUNSEL shall not settle any litigation by way of any monetary offering without the prior approval of the TPA, in accordance with the Claims Settlement Authority noted in Item 7 below.

E. Motions/Court Appearances (Excluding Settlements and Trial)

Appearances shall be made by the selected LEGAL COUNSEL as outlined in the Claims Administration Services Agreement.

F. Trials

Appearances shall be made by LEGAL COUNSEL. Trials shall be attended by LEGAL COUNSEL (or designated representative of the MEMBER), and after notification to the PROGRAM DIRECTOR.

G. Special Situations and Circumstances

Should any MEMBER send or receive correspondence or documentation on a case in litigation, a copy of all such correspondence or documentation must be sent to the TPA. Expenses incurred by LEGAL COUNSEL (or approved alternate representative) for duties outlined in Paragraphs 1.B, 1.C and 1.D shall be reimbursed by AORMA and allocated directly to the case file. All travel expenses shall be in accordance with the CSURMA's travel policy.

H. Audit of Defense Firms

The TPA reserves the right to order an independent legal billing audit if in his or her discretion, the LEGAL COUNSEL billings do not comply with AORMA's Liability Litigation Management guidelines or are excessive and/or unwarranted. Payment of any LEGAL COUNSEL billings shall not constitute a waiver of AORMA's right to seek reimbursement of any excessive or unwarranted billings disclosed by an independent legal billing audit. If an independent legal billing audit is ordered, The AORMA Committee, with input from the TPA, shall determine who shall pay for the independent legal billing audit.

7. LIABILITY CLAIMS SETTLEMENT

A. Claim Settlement Authority

The following guidelines apply to settlement authority of the AORMA Self-Insured Retention Liability Fund policy:

1. \$0 to 25,000 – Claims Administrator (TPA)

The TPA has authority to settle each OCCURRENCE up to, and including, \$25,000 in indemnity payment or \$25,000 per claimant if more than one claimant is a party to the OCCURRENCE.

2. \$25,001 to POOLED LAYER LIMIT – AORMA COMMITTEE

The AORMA COMMITTEE has authority to authorize claims settlement up to the POOLED LAYER LIMIT per OCCURRENCE.

All of the foregoing notwithstanding, if time is of the essence in a specific matter, the AORMA Committee Chair, Vice Chair, Past Chair and Ex Officio, on the advice of the TPA, shall have authority to determine the terms of an emergency settlement up to the POOLED LAYER LIMIT upon the agreement of a majority consisting of at least two

participants, provided that no member involved in the specific matter may participate in the determination. Any determination reached under this paragraph shall be reported to the AORMA Committee at the next regularly scheduled meeting.

The CSURMA Secretary-Auditor may participate in any legal proceeding and represent the interests of the AORMA Programs.

B. Liability Claims Settlement Responsibility

AORMA COMMITTEE shall have the primary responsibility to control and direct settlement negotiations and to determine the terms of any settlement. However, before effecting any settlement, the AORMA COMMITTEE shall comply with the provisions of the MEMORANDUM OF COVERAGE, which pertain to settlement of claims, including provisions that require the AORMA COMMITTEE to give notice to the MEMBER of the terms of the proposed settlement and to request the MEMBER's consent. AORMA COMMITTEE's notice to the MEMBER shall refer specifically to any provisions by the MEMORANDUM OF COVERAGE which, in the absence of the MEMBER's consent to the proposed settlement, would require the MEMBER to assume all future responsibility for Defense of the claim and for any risk of loss which might ensue. The notice shall also inform the MEMBER that AORMA's obligation to pay for the Defense of the claim may terminate immediately if the MEMBER does not consent to the proposed settlement.

C. Member Appeal Process

First Level Appeal - If a MEMBER wishes to appeal a decision resulting from the enforcement of this policy & procedure, the MEMBER must present an appeal in writing to the AORMA COMMITTEE within 30 days of the disputed decision. The AORMA COMMITTEE will review the appeal at its next regularly scheduled meeting and inform the MEMBER within five business days of its final decision.

Second Level Appeal - If a Member wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five business days of receipt of the AORMA Committee's decision. The CSURMA EXECUTIVE COMMITTEE will then review the appeal at its next meeting or sooner. The CSURMA EXECUTIVE COMMITTEE's decision will be the final determination.

DEFINITIONS:

1. **AORMA** - The Auxiliary Organizations Risk Management Alliance, a member of the California State University Risk Management Authority, a California Joint Powers Authority An insurance purchasing program for use exclusively by auxiliary organization members of the CSURMA.
2. **AORMA COMMITTEE** - A Committee of the CSURMA providing management and oversight to the Auxiliary Organizations Risk Management Alliance. Comprised of the Chair, the Vice Chair, eight “At Large” members, and two non-voting members.
3. **CSURMA** - The California State University Risk Management Authority, a Joint Powers Authority comprised of the California State University and its Auxiliary Organizations.
4. **CSURMA EXECUTIVE COMMITTEE** - The California State University Risk Management Authority Executive Committee.
5. **LEGAL COUNSEL** - Any attorney selected to represent an AORMA member. Legal Counsel is selected from the approved legal counsel list maintained by the TPA.
6. **MEMBER** - Any Auxiliary Organization participating in AORMA.
7. **MEMORANDUM OF COVERAGE** – The **AORMA** Liability Program **MEMORANDUM OF COVERAGE** is a governing document which outlines the **AORMA** Liability Program’s definitions, coverages, exclusions and provisions. The **AORMA** Liability Program **MEMORANDUM OF COVERAGE** does not provide insurance, but instead provides for pooled-insurance. The **MEMORANDUM OF COVERAGE** is a negotiated agreement among the **MEMBERS** of **CSURMA AORMA**.
8. **OCCURRENCE** - As defined within the AORMA Liability Program **MEMORANDUM OF COVERAGE**.
9. **PARTICIPATION AGREEMENT** - A governing document of AORMA. Outlines the roles and responsibilities of AORMA and its membership.
10. **POOLED LAYER LIMIT** - The Self-Insured Retention Liability Fund’s maximum limit of liability. Currently, the pooled layer limit is \$350,000 per **OCCURRENCE**.
11. **PROGRAM DIRECTOR** – The Program Director is under the direction of the AORMA and is responsible for the day-to-day administration and management of AORMA programs.
12. **TPA** - A Third Party Claims (TPA) claims administrator whose responsibilities include claim handling, litigation management and excess liability carrier reporting.

SUBJECT: LEGAL COUNSEL SELECTION

ADOPTED: DECEMBER 7, 2006

**AMENDED: OCTOBER 8, 2009
SEPTEMBER 16, 2010
MAY 10, 2012
OCTOBER 23, 2014
MAY 5, 2016**

EFFECTIVE: JANUARY 1, 2007

POLICY & PROCEDURE NO.: (FORMERLY) 3C-LIAB

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY

1. The TPA shall appoint all LEGAL COUNSEL to represent AORMA and its MEMBERS in defense of a covered liability claim. All appointed LEGAL COUNSEL shall be selected from the AORMA APPROVED LEGAL COUNSEL LIST and subject to the MAXIMUM ALLOWABLE HOURLY RATE for LEGAL COUNSEL. The TPA will send to LEGAL COUNSEL an engagement letter which the LEGAL COUNSEL will be asked to acknowledge and accept.
2. The CSURMA Secretary-Auditor approves the selection of defense counsel to be added to the AORMA APPROVED LEGAL COUNSEL LIST.
3. To avoid any appearance of a conflict of interest, actual or potential, any attorney who has advised a MEMBER in any capacity (such as serving as general or labor counsel) shall not be engaged as LEGAL COUNSEL for a matter on which that attorney previously advised the MEMBER without prior approval of the CSURMA Secretary-Auditor.

PROCEDURE

1. The TPA shall maintain and update the AORMA APPROVED LEGAL COUNSEL LIST of attorneys (not firms) to which claims will be assigned.
2. The TPA shall at least every 36 months survey LEGAL COUNSEL compensation and recommend to the AORMA COMMITTEE a fair and equitable MAXIMUM ALLOWABLE HOURLY RATE for LEGAL COUNSEL which will address partner rates, associate rates

and blended rates. The AORMA COMMITTEE shall consider and take action at a regularly scheduled meeting to establish the MAXIMUM ALLOWABLE HOURLY RATE.

3. If LEGAL COUNSEL is handling the defense of any University case, then LEGAL COUNSEL will be retained at the University's hourly rate.
4. MEMBERS shall have the right to recommend LEGAL COUNSEL from the AORMA APPROVED LEGAL COUNSEL LIST; however, the CSURMA Secretary-Auditor shall make the final selection of LEGAL COUNSEL. If the MEMBER disapproves of the selection of LEGAL COUNSEL for a particular matter, the MEMBER may submit an appeal in writing to the AORMA COMMITTEE.
5. Any MEMBER wishing to recommend LEGAL COUNSEL for inclusion on the AORMA APPROVED LEGAL COUNSEL LIST may do so by submitting background information on the individual attorney to the TPA. The TPA will then review the information and, if appropriate, request that the CSURMA Secretary-Auditor approve inclusion of the attorney on the AORMA APPROVED LEGAL COUNSEL LIST.
6. Due to the potential conflict of interest, attorneys who serve regularly as general counsel, in-house counsel or labor counsel for that MEMBER may not defend that MEMBER unless prior written approval is granted by the CSURMA Secretary-Auditor.
7. Except as permitted by Paragraph Nos. 9, 10 and 11 below, the CSURMA Secretary-Auditor and the TPA shall have the sole responsibility to select and engage LEGAL COUNSEL to represent MEMBERS of AORMA as to any matters tendered by a MEMBER through AORMA for DEFENSE and INDEMNITY. A MEMBER may request selection of LEGAL COUNSEL from the AORMA APPROVED LEGAL COUNSEL LIST for a specific claim.
8. The TPA shall assign claims to LEGAL COUNSEL within five days after receipt of notice from the MEMBER that a Summons and Complaint has been received by the TPA.
9. If there is a conflict of interest between AORMA and a MEMBER (which would be a conflict of interest between an insured and its insurer within the meaning of California Civil Code Section 2860) then that MEMBER has the same rights to select and engage INDEPENDENT COUNSEL as would an insured under Civil Code Section 2860. AORMA also has all of the rights reserved to an insurer under Civil Code Section 2860, and all of the provisions of Civil Code Section 2860 shall apply as if AORMA was an insurer and the MEMBER was an insured.
10. A MEMBER may recommend LEGAL COUNSEL to defend an action if all of the following conditions apply:
 - a. Recommended LEGAL COUNSEL is selected from the AORMA APPROVED LEGAL COUNSEL LIST;
 - b. The CSURMA Secretary-Auditor approves the recommendation. (The recommendation will be approved by the CSURMA Secretary-Auditor unless the

- MEMBER's selection is found to be imprudent, i.e., LEGAL COUNSEL proposed by the MEMBER does not have sufficient experience, expertise or other qualifications required to competently undertake the defense assignment).
- c. One or more of the following circumstances exists:
- i. The MEMBER has significant exposure to a claim which the AORMA COMMITTEE has either denied coverage for, or has reserved its rights to deny coverage for, but which claims there may not be a conflict of interest between AORMA and MEMBER of the kind referred to in Paragraph No. 10 above. If the MEMBER chooses to avail itself of the privilege of selecting LEGAL COUNSEL under this No. 10 c(i), the MEMBER shall affirmatively waive its rights under No. 9 above.
 - ii. The case involves legal or factual issues which merit handling by LEGAL COUNSEL with specialized expertise.
 - iii. The case involves unusual ancillary factors, which justify retaining LEGAL COUNSEL having special sensitivity in dealing with those factors.
11. The MEMBER always may select and engage, *at its own expense*, MONITORING COUNSEL in addition to the LEGAL COUNSEL. However, the LEGAL COUNSEL selected by the CSURMA Secretary-Auditor or the TPA shall manage and control the litigation.
12. AORMA will pay for INDEPENDENT COUNSEL and LEGAL COUNSEL selected and engaged pursuant to Paragraph Nos. 9 and 10 above. AORMA *will not pay for* MONITORING COUNSEL engaged pursuant to Paragraph 11, above.
13. In conjunction with LEGAL COUNSEL, selected pursuant to No. 9, above, the AORMA COMMITTEE and the TPA shall have the right to manage and control the conduct of the litigation. INDEPENDENT COUNSEL selected pursuant to No. 9, above, may participate in the defense of the litigation but shall not interfere with AORMA's right of control.
14. If a MEMBER has concerns regarding the selected LEGAL COUNSEL, they must communicate with the CSURMA Secretary-Auditor prior to initiating the MEMBER Appeal Process as described below.

NOTIFICATION

The TPA shall notify the MEMBER of LEGAL COUNSEL assigned to a claim, and confirm by sending the MEMBER a copy of the TPA's engagement letter. Before AORMA will pay any costs for LEGAL COUNSEL fees, selected LEGAL COUNSEL must confirm IN WRITING to the TPA that the engagement is between LEGAL COUNSEL and AORMA, not LEGAL COUNSEL and MEMBER.

MEMBER APPEAL PROCESS

If a MEMBER wishes to appeal a decision resulting from the enforcement of this policy & procedure, the MEMBER must present an appeal in writing to the AORMA COMMITTEE within 30 days of the disputed decision. The AORMA COMMITTEE will review the appeal at its next regularly scheduled meeting and inform the MEMBER within five business days of its final decision.

If a Member wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five business days of receipt of the AORMA's decision. The CSURMA EXECUTIVE COMMITTEE will then review the appeal at its next meeting or sooner. The CSURMA EXECUTIVE COMMITTEE's decision will be the final determination.

DEFINITIONS:

APPROVED LEGAL COUNSEL LIST - A list of pre-approved attorneys approved by the CSURMA Secretary-Auditor and the TPA to handle defense and litigation of AORMA MEMBER claims.

AORMA – Auxiliary Organizations Risk Management Alliance is the group of programs under the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE - The governing body of AORMA.

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

DEFENSE - Legal costs incurred as the result of defending a covered claim. These may include claimant's and defense counsel's attorney fees.

EXECUTIVE COMMITTEE – The CSURMA Executive Committee.

INDEMNITY - Compensation for an incurred injury, loss or damage

INDEPENDENT COUNSEL – Legal Counsel selected if a potential conflict of interest exists between AORMA and a MEMBER. INDEPENDENT COUNSEL may participate in the defense of the litigation but shall not interfere with LEGAL COUNSEL'S right of control.

IN WRITING - The required manner for reporting a claim to the AORMA TPA. Notification in writing includes email correspondence, faxed transmissions, and original, hard copy notifications.

LEGAL COUNSEL - Any attorney selected to represent an AORMA member. Legal Counsel is selected from the approved legal counsel list maintained by the TPA.

MAXIMUM ALLOWABLE HOURLY RATE – The maximum hourly fee for which AORMA will pay for an attorney to defend a covered claim. The TPA will survey the legal counsel marketplace to determine the maximum allowable hourly rate for AORMA in accordance with this Policy and Procedure.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program's definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

MONITORING COUNSEL – Legal Counsel hired by the MEMBER to monitor.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-3

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its **MEMBERS**.

TPA - Third party liability claim administrator whose responsibilities include claim handling, litigation management, and excess liability carrier reporting.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-4

SUBJECT: EMPLOYEE DRIVING STANDARDS

ADOPTED: JULY 1, 2002

AMENDED: JANUARY 10, 2007
NOVEMBER 5, 2007
OCTOBER 8, 2009
JUNE 17, 2010
OCTOBER 23, 2014
MAY 5, 2016

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

Each MEMBER shall institute and enforce the employee and volunteer driving eligibility standards as set forth in this policy and procedure. Employees and volunteers failing to meet these driving eligibility standards will be excluded from automobile liability coverage within the pooled layer of the AORMA LIABILITY COVERAGE PROGRAM, but not the Reinsurance and/or Excess Liability Insurance.. In addition, if AORMA is required to make payments for any covered loss as a result of any MEMBER's failure to comply with these driving eligibility standards, AORMA will be entitled to recover the total amount of those payments from the MEMBER together with interest at the legal rate.

DRIVING ELIGIBILITY STANDARDS:

1. Employees and volunteers must possess a valid California driver's license or equivalent to legally operate the class of vehicle(s) they operate in their employment.
2. Employees or volunteers driving on auxiliary organization business will have no more than 3 (three) VIOLATION POINTS in a 12 (twelve) month period or no more than 5 (five) points in an 18 (eighteen) month period. Employees or volunteers accumulating 4 VIOLATION POINTS within a 12 (twelve) month period or six VIOLATION POINTS within an 18 (eighteen) month period will be excluded from the automobile liability coverage within the AORMA LIABILITY COVERAGE PROGRAM. These provisions apply regardless of whether or not the driving that resulted in acquiring the VIOLATION POINTS was or was not in the course of employment.

PROCEDURE: The following steps should be taken to enforce the policy:

1. MEMBERS will enroll all REGULAR DRIVERS in the Department of Motor Vehicles (DMV) Employer Pull Notice program. REGULAR DRIVERS is defined to be either an

employee or volunteer whose job requires that he or she drive more than once a week or an employee or volunteer whose primary duty is driving-related. The MEMBER shall annually confirm compliance with this requirement. OCCASIONAL DRIVERS are exempt from Item 2 of the DRIVING ELIGIBILITY STANDARDS. Some examples of an OCCASIONAL DRIVER are as follows:

- a. An employee or volunteer driving once a week or less to the store for office supplies
 - b. An employee or volunteer driving a golf cart on campus, regardless of how often;
 - c. An employee or volunteer driving a rented vehicle while out of town at a business-related conference
2. All REGULAR DRIVERS will be informed of the DRIVING ELIGIBILITY STANDARDS.
 3. Names of all REGULAR DRIVERS not meeting the DRIVING ELIGIBILITY STANDARDS will be provided to the Program Administrator within 15 calendar days upon the MEMBER's receipt of the DMV employers' notification of point assignment, resulting in a REGULAR DRIVER's failure to comply with the DRIVING ELIGIBILITY STANDARDS. The Program Administrator will acknowledge exclusion from coverage of such employee or volunteer by the issuance of an amendatory endorsement. The employee or volunteer shall be considered uninsured as of the date of such an endorsement from the Program Administrator. The Program Administrator should be notified when the MEMBER determines that the REGULAR DRIVER's driving record is in compliance with the DRIVING ELIGIBILITY STANDARDS.
 4. The Program Administrator will, upon receipt of such notice as described in #3 above, issue an endorsement reinstating coverage for such employee or volunteer.
 5. **Use of Personal Vehicles on Auxiliary Organization Business** - If an employee or volunteer uses a personal vehicle in the course and scope of AUXILIARY ORGANIZATION BUSINESS, the MEMBER shall verify that the employee or volunteer maintains personal automobile liability insurance and that the employee's or volunteer's personal vehicle is in safe mechanical condition as defined by State of California 2007 Vehicle Code, General Provisions, Division 12. A sample form is attached to this policy and procedure.

MEMBER APPEAL PROCESS:

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

If a Member wishes to appeal the AORMA COMMITTEE's decision, the Member will notify the CSURMA Secretary-Auditor in writing within 5 business days of receipt of the AORMA



CSURMA AORMA

POLICY AND PROCEDURE NO. L-4

COMMITTEE's decision. The CSURMA Executive Committee will then review the appeal at its next meeting or sooner. The CSURMA Executive Committee's decision will be the final determination.

DEFINITIONS:

AUXILIARY ORGANIZATION BUSINESS – Performance by an employee, with the permission of the employer of those duties required by the employer for employment. This does not include employee travel to or from the place of employment.

AORMA – Auxiliary Organizations Risk Management Alliance is the group of Programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

AORMA LIABILITY COVERAGE PROGRAM – The AORMA Liability Program which is detailed in the Liability Program Memorandum of Coverage.

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

EMPLOYER PULL NOTICE PROGRAM – A program administered by the DMV which alerts an employer anytime an employee registered in the Program has any negativity of his or her driving record.

EXECUTIVE COMMITTEE – The CSURMA Executive Committee.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

REGULAR DRIVER – An auxiliary organization employee or volunteer whose job requires that he or she drive more than once a week or whose primary duty is driving-related.

VIOLATION POINT – As defined by the Department of Motor Vehicles’ Vehicle Code Violations at <http://www.dmv.ca.gov/dl/vioptct.htm>.

OCCASIONAL DRIVER – An auxiliary organization employee or volunteer who drives (1) once a week or less, (2) a golf cart on campus, regardless of how often.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-4

AUTHORIZATION TO USE PRIVATELY-OWNED VEHICLES ON AUXILIARY BUSINESS

Approval is requested to use a privately owned vehicle to conduct official Auxiliary Organization business.

I hereby certify that, whenever I drive a privately owned vehicle on Auxiliary business;

- I will have a valid driver's license
- I will maintain auto liability insurance with the minimum limits prescribed by State Law (\$15,000 for personal injury to, or death of one person; \$30,000 for injury to, or death of, two or more persons in one accident; \$5,000 property damage.)
- I will have evidence of auto liability insurance in the privately owned vehicle at all times
- The privately owned vehicle will be adequate for the work to be performed
- The privately owned vehicle will be equipped with safety belts in operating condition
- The privately owned vehicle, to the best of my knowledge, will be in a safe mechanical condition as required by law
- I understand that the mileage rate I receive is full reimbursement for the cost of operating the privately owned vehicle, including fuel, maintenance, repairs and both auto liability and physical damage insurance
- All accidents will be reported within 48 hours
- Should I get into an accident, I understand that the insurance policy covering the privately owned vehicle will respond to the accident - the Auxiliary will NOT provide primary insurance coverage**
- I understand that permission to drive a privately owned vehicle on Auxiliary business is a privilege which may be suspended or revoked at any time.

DIVER'S LICENSE NUMBER	STATE	EXPIRATION DATE
EMPLOYEE'S SIGNATURE	PRINT NAME	DATE SIGNED

II. APPROVAL

Use of a privately owned vehicle Auxiliary Organization business approved.

APPROVING AUTHORITY SIGNATURE	TITLE	DATE APPROVED
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III. RENEWAL

I have reviewed the above certification and approval and certify that the information provided is correct and valid.

EMPLOYEE'S SIGNATURE	APPROVING AUTHORITY SIGNATURE	DATE APPROVED
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I have reviewed the above certification and approval and certify that the information provided is correct and valid.

EMPLOYEE'S SIGNATURE	APPROVING AUTHORITY SIGNATURE	DATE APPROVED
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CSURMA AORMA**POLICY AND PROCEDURE NO. L-5**

SUBJECT: **GUIDELINES FOR EXTENDING LIABILITY
COVERAGE TO NON-AUXILIARY
ORGANIZATIONS**

ADOPTED: **AUGUST 19, 2003**

EFFECTIVE: **JULY 1, 2003**

AMENDED: **NOVEMBER 20, 2003
OCTOBER 8, 2009
DECEMBER 6, 2012
MARCH 21, 2013
MARCH 19, 2015**

POLICY & PROCEDURE NO.: **(FORMERLY) 5-AORMA**

PURPOSE:

The purpose of this Policy and Procedure is to describe the conditions under which Auxiliary Organizations (Members) may extend Liability coverage to student groups, alumni organizations, booster clubs and other related entities.

Coverage provided under the CSURMA AORMA Liability Program is governed solely by the Liability Memorandum of Coverage and excess insurance policies providing coverage under that program. This Policy and Procedure shall not be construed to broaden or restrict coverage in any way. Rather, this Policy and Procedure is intended to guide Members as respects coverage.

POLICY:

It is the policy of the CSURMA AORMA Liability Program that Members will protect CSURMA program assets by fully implementing the guidelines found in the Insurance Requirements in Contracts Manual prepared by CSURMA's Program Administrator. It is understood that from time-to-time, Members may request to extend Liability coverage for certain student group activities, booster club activities, alumni organization activities or operations of other related entities that benefit the member Auxiliary Organization, and this extension of coverage may be acceptable provided that the member Auxiliary Organization exercises substantial control over the activities or organizations to which coverage is extended.

It is the intention of this Policy and Procedure that the Auxiliary Organizations Association (AOA) and the Auxiliaries Multiple Employer VEBA be considered Member organizations for purposes of insurance coverage through the CSURMA AORMA Liability Program.

PROCEDURE:

Members are expected to adhere to the following procedures:

Members shall fully implement the guidelines of the Insurance Requirements in Contracts Manual prepared by the CSURMA Program Administrator. This means that Members will require third party contractors and vendors to provide appropriate indemnification, insurance and documentation of coverage.

1. In order to extend liability coverage to student groups, alumni organizations, booster groups or other related entities, the following conditions must be met:
 - a. The Member must exercise substantial control over all events, activities and operations. By this, it is meant that the Member is directly involved in all planning of the activities and is in a position to exercise management control.
 - b. The Member will hold substantial financial control.
 - c. A risk analysis has been performed by the Member to determine that the extension of coverage does not generate unnecessarily high risks.
 - d. The Member will participate in the planning and oversight of activities or events so that risk is minimized. The requirements for drivers described in Policy and Procedure AORMA # L-4 will be applicable to those groups to whom coverage is extended. Special Events coverage shall be purchased when the coverage extension is deemed to generate significant additional risk.
 - e. The Member will provide to the CSURMA AORMA Program Administrator appropriate underwriting information.
 - f. The underwriting information will be reviewed by the CSURMA AORMA Program Administrator and may also be reviewed by the Systemwide Director of Risk Management and/or CSURMA's legal counsel who will provide the Programs Committee with a recommendation as to whether coverage should be extended.
 - g. The AORMA Programs Committee will make the final determination if the Member's coverage can be extended.
 - h. After approval of the coverage extension, the student group, alumni association, booster club or other related entity will be listed on the CSURMA AORMA Liability Program Memorandum of Coverage Declarations Page.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-6

SUBJECT: **REQUIREMENT THAT PARTICIPANT ACCIDENT INSURANCE BE PURCHASED FOR ALL CHILD CARE AND CAMP OPERATIONS INVOLVING MINORS**

ADOPTED: **JUNE 17, 2010**

AMENDED: **OCTOBER 23, 2014**
MAY 5, 2016

EFFECTIVE: **JUNE 17, 2010**

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

It is the policy of the AORMA that MEMBERS will protect the CSURMA program assets by purchasing a separate PARTICIPANT ACCIDENT INSURANCE policy for all child care and camp operations involving minors.

PROCEDURE:

MEMBERS will purchase PARTICIPANT ACCIDENT INSURANCE for all child care and camp operations involving minors. The each accident limit shall be no less than \$10,000; however, higher limits may be purchased. The coverage may be purchased on a primary or excess basis.

MEMBER APPEAL PROCESS:

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

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



CSURMA AORMA

POLICY AND PROCEDURE NO. L-6

DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is the group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

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

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPANT ACCIDENT INSURANCE – This coverage pays for medical and dental expenses incurred by a participant in a MEMBER sponsored activity as a result of bodily injury sustained without regard to negligence. The MEMBER has no requirement of legal liability in order for coverage to exist.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-7

**SUBJECT: EMPLOYMENT PRACTICES LIABILITY
DEDUCTIBLE (EPL) OPTIONS**

ADOPTED: MAY 12, 2011

**AMENDED: JULY 1, 2011
DECEMBER 6, 2012
DECEMBER 5, 2013
MARCH 19, 2015**

EFFECTIVE: JULY 1, 2011

POLICY:

1. It is the policy of CSURMA AORMA that annually a minimum EPL deductible will be determined for each Member. The formula for determining the minimum EPL deductible is based on number and cost of EPL claims paid, at June 30, for the last five fiscal years. If a Member has more than one EPL claim payment within the last five fiscal years, then the total amount paid within those five years for all claims exceeding \$25,000 will be applied to the following schedule:

Level 1	Paid losses of \$75,000 or less	\$25,000 deductible
Level 2	Paid losses of \$75,001 to \$175,000	\$50,000 deductible
Level 3	Paid losses of \$175,001 to \$275,000	\$75,000 deductible
Level 4	Paid losses in excess of \$275,001	\$100,000 deductible

EPL EXPENSE PAYMENTS made in a fiscal year subsequent to the fiscal year in which the final EPL LOSS PAYMENT was made will be considered to have been made in the same fiscal year as the final EPL LOSS PAYMENT.

Annually, based on the formula above, the JPA Program Administrator will determine the minimum EPL deductible for each Member.

To assist Members in budget forecasting, the minimum EPL deductible will be limited to one EPL deductible level increase per year, regardless of the minimum EPL deductible calculated based on the schedule above.

The Programs Committee will review and determine each Member’s minimum EPL deductible for the upcoming fiscal year.

2. Each Member will have the option of electing an EPL deductible in excess of the minimum deductible.

CSURMA AORMA

POLICY AND PROCEDURE NO. L-7

3. Should a Member elect an EPL deductible in excess of the minimum EPL deductible, then that Member will be required to maintain the same EPL deductible for three full program years (July 1st to June 30th) before selecting a new EPL deductible. EPL deductibles can only be changed at the beginning of the coverage term – July 1st of each year. If, however, the formula for determining the minimum EPL deductible results in a deductible level higher than the EPL deductible level elected by the Member, the Member's EPL deductible will increase to the deductible level determined by the formula. Because the election of higher EPL deductibles can only be changed once per every three full program years, CSURMA AORMA strongly recommends a review of prior years' claims and consultation with the JPA Program Administrator before making any decisions regarding these higher EPL deductibles.
4. As outlined in Policy and Procedure L-1, Claims Reporting, it is the policy of CSURMA AORMA that written notice of any claim within the AORMA Liability Coverage Program be given to the Third Party Claims Administrator as soon as practicable. Failure to report a claim is cause for a reduction in or denial of coverage by AORMA.

PROCEDURE:

1. Annually, based on the formula above, the JPA Program Administrator will determine the minimum EPL deductible for each Member.
2. The Programs Committee will approve each Member's minimum EPL deductible.
3. The JPA Program Administrator will provide the Members with the costs for each of the different EPL deductibles options.
4. If the Member chooses an EPL deductible higher than the minimum EPL deductible as approved by the Programs Committee for that Member, then the Member will be required to sign the attached Consent to Change Employment Practices Liability Deductible letter.
5. A Member may appeal its minimum EPL deductible to the AORMA Committee in writing prior to the commencement of the coverage year, and the AORMA Committee will make a final decision.

DEFINITIONS:

EPL EXPENSE PAYMENT: Allocated loss adjustment expenses that are assignable to the claim. This may include but is not limited to fees to attorneys, experts, investigators, court reporters as well as third-party claims administrators incurred in defense of an EPL claim.

EPL LOSS PAYMENT: Compensatory damages which the Member is legally obligated to pay as a result of a claim.

EPL: Employment Practices Liability.

Consent to Change Employment Practices Liability Deductible

I am authorizing CSURMA AORMA to increase the Employment Practices Liability deductible within the CSURMA AORMA Liability Coverage Program for this Auxiliary Organization effective _____.

I understand that I must maintain this same deductible for three full program years (July 1st to June 30th) before selecting a new deductible. I am also aware that the following coverage provisions apply to all Employment Practices Liability claims regardless of the probable size of the claim. The Auxiliary Organization's or the Covered Party's failure to comply with any of these provisions will cause a reduction in, or denial of, coverage by CSURMA AORMA.

CLAIMS REPORTING PROVISIONS

If a Auxiliary Organization or Covered Party becomes aware of an event, occurrence or offense, which **may** result in a claim, suit or proceeding, the event must be reported to the Third Party Claims Administrator (TPA) as soon as practicable. If the event is not reported to the TPA within the timeframe set below; the following late reporting penalties shall apply;

LATE REPORTING PENALTIES

1. If an **occurrence**, offense, claim or suit is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
2. If an **occurrence**, offense, claim or suit is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply; or
3. If an **occurrence**, offense, claim or suit is reported more than 12 months late as determined by the TPA, no recovery will be available to the **Member** or other involved **Covered Party**.

DEFENSE COVERAGE PROVISIONS

If an Auxiliary Organization or Covered Party becomes aware of an event, occurrence or offense, which **may** result in a claim, suit or proceeding, CSURMA AORMA will reimburse any costs incurred by the Auxiliary Organization or Covered Party to defend the covered claim **but only if** the event is reported to the TPA within thirty (30) days of becoming aware of the event. CSURMA AORMA will not, however, reimburse any costs incurred more than thirty (30) days prior to notification to the TPA.

CLAIMS SETTLEMENT PROVISIONS

An Auxiliary Organization or Covered Party will not be reimbursed by CSURMA AORMA if the Auxiliary Organization or Covered Party settles a claim without prior written authorization of the Liability Claims Administrator.

I have read the above coverage provisions and I have a thorough understanding of my claims reporting obligations within the CSURMA AORMA Liability Program and consent to a change in my Employment Practices Liability deductible to:

\$50,000 / \$75,000 / \$100,000

Auxiliary Organization

Signed

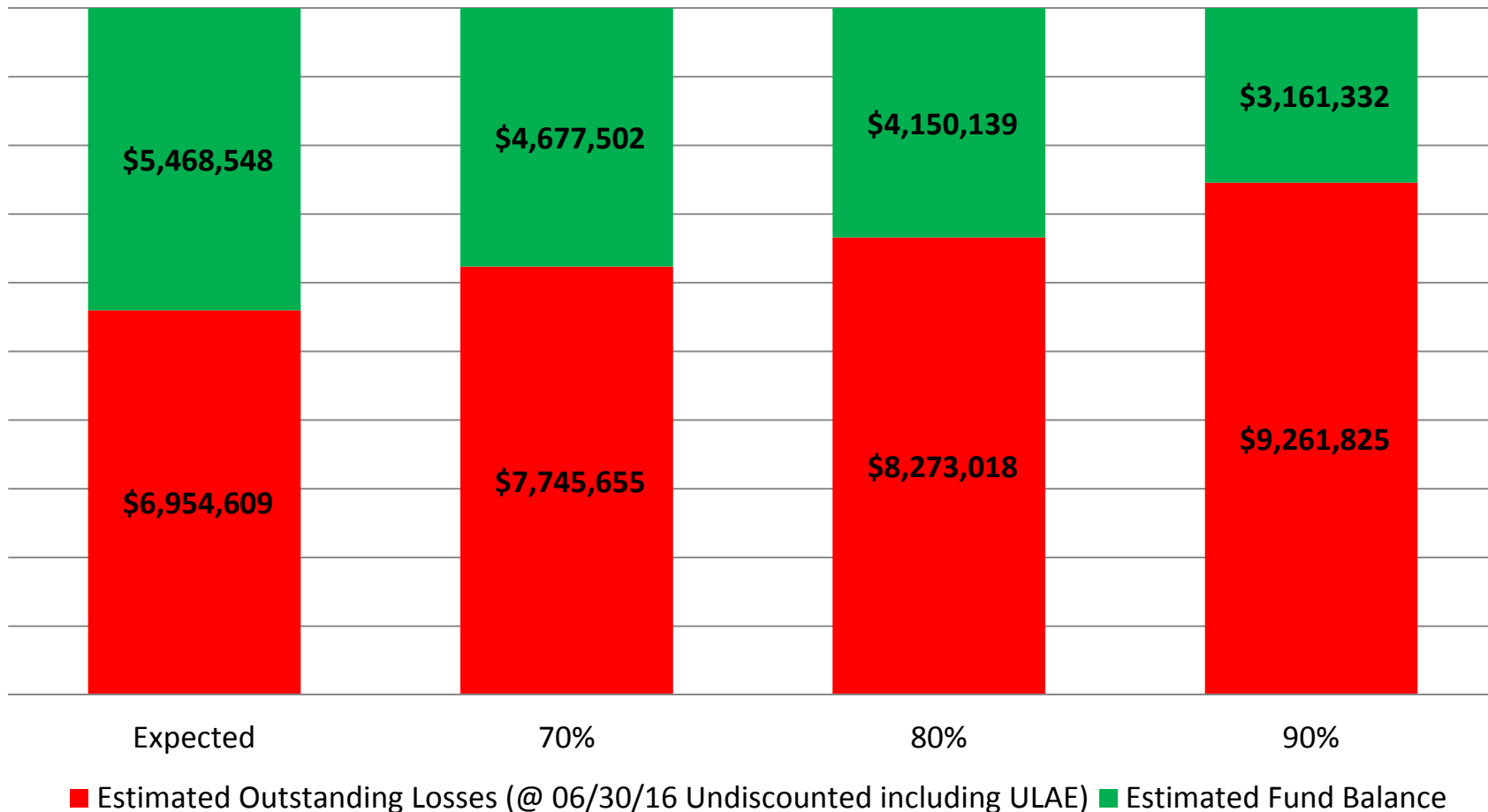
Name

Title

Date

Workers' Compensation Estimated Fund Balance @ 3/31/16

Program Assets @ 3/31/16 - \$12,423,157



The Program Assets have been reduced by the dividend of \$300,000 payable in July 2016, and accounts payable of \$168,915.

Approved on September 10, 2015 - Total Funding of \$4,523,000

70% Confidence Level (Discounted)

CSURMA AORMA FY 2016/2017 Workers' Compensation Program Total Estimated Funding						
Expense Item	Actual Program Costs FY 12/13 \$500,000 SIR	Actual Program Costs FY 13/14 \$500,000 SIR	Actual Program Costs FY 14/15 \$500,000 SIR	Program Costs FY 15/16 \$500,000 SIR	Proposed FY 16/17 \$500,000 SIR	
Actuarial Recommended Estimated Pooled Layer - Funding	\$2,928,900	\$3,149,900	#1 \$3,108,750	#2 \$3,208,750	#3 \$3,236,000	
Claims Administration	\$207,089	\$207,089	\$211,231	\$205,000	\$205,000	
JPA Program Administration Fee	\$538,104	\$539,787	\$529,743	\$597,135	\$597,000	
Excess Insurance	\$477,508	\$467,704	\$483,420	\$485,365	\$485,000	
Total Expenses:	\$4,151,601	\$4,364,480	\$4,333,144	\$4,496,250	\$4,523,000	
Difference from prior year:	12.40%	5.13%	-0.72%	3.76%	0.59%	
Actuarial Recommended Estimated Pooled Layer - Rate	\$0.95	\$1.03	\$1.04	\$1.08	\$1.08	

Actuarial Recommended Estimated Pooled Layer Funding (per the actuarial report dated August 3, 2015)
 Claims Administration (no increase or decrease is contemplated)
 JPA Program Administration Fee (no increase or decrease is contemplated)
 Excess Insurance (no increase or decrease is contemplated)

#1 - The CSAC EIA reinsurance premium of \$1,241,707 (for six months - 1/01/15 to 6/30/15) was paid from the Pooled Layer Funding

#2 - The CSAC EIA reinsurance premium of \$2,483,349 was paid from the Pooled Layer Funding

#3 - The Pooled Layer Funding is "discounted" at a 70% confidence level

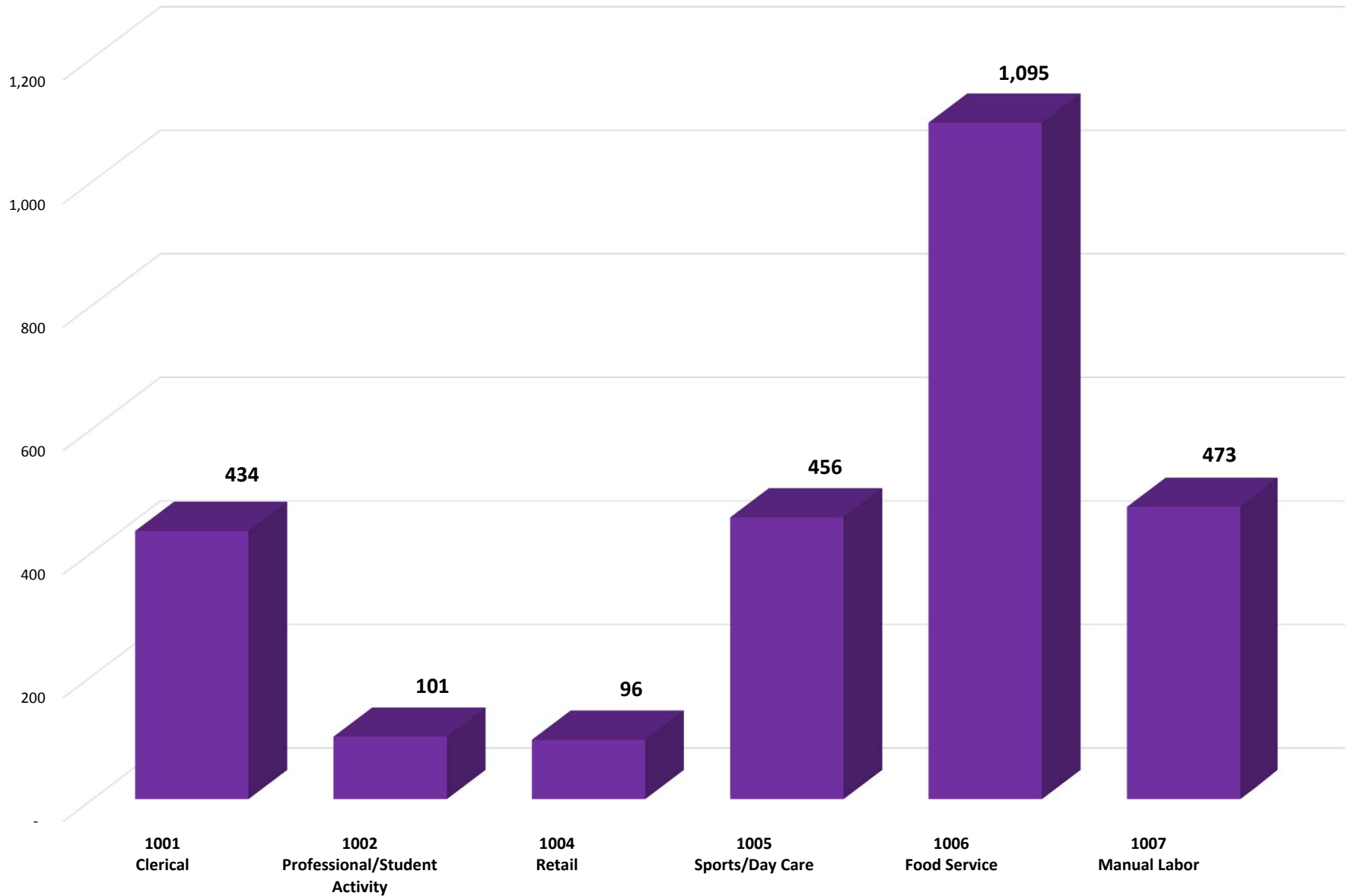
CSURMA AORMA
Workers' Compensation Insurance Program
Member Loss Ratios
Loss Valuation Date - June 30, 2016

Campus	Auxiliary Organization	FY 11/12 - FY 15/16				
		Premium	Dividends	# of Claims	Claims	Loss Ratio
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration	\$ 79,210	\$ 1,884	1	\$ 1,656	2%
Bakersfield	California State University, Bakersfield Foundation	\$ 80,571	\$ 33,223	4	\$ 60,123	75%
Channel Islands	University Glen Corporation	\$ 223,467	\$ 24,089	16	\$ 61,144	27%
Chico	Associated Students of California State University, Chico	\$ 797,401	\$ 211,879	237	\$ 173,769	22%
Chico	The CSU, Chico Research Foundation	\$ 675,785	\$ 131,030	31	\$ 147,736	22%
Dominguez Hills	Associated Students, California State University, Dominguez Hills	\$ 12,842	\$ 3,137	3	\$ 712	6%
Dominguez Hills	California State University, Dominguez Hills Foundation	\$ 346,489	\$ 82,338	17	\$ 23,209	7%
Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	\$ 43,866	\$ 6,657	3	\$ 5,176	12%
East Bay	Associated Students, California State University, East Bay (<i>University Union</i>)	\$ 47,817	\$ 36,311	13	\$ 25,629	54%
East Bay	California State University, East Bay Foundation, Inc.	\$ 113,272	\$ 34,480	2	\$ 1,223	1%
Fresno	California State University, Fresno Association, Inc.	\$ 537,304	\$ 152,938	47	\$ 25,555	5%
Fresno	The California State University, Fresno Athletic Corporation	\$ 411,795	\$ 74,931	12	\$ 33,615	8%
Fullerton	Associated Students, California State University, Fullerton, Inc.	\$ 421,323	\$ 73,917	28	\$ 71,944	17%
Fullerton	CSU Fullerton Auxiliary Services Corporation	\$ 822,697	\$ 210,636	48	\$ 912,287	111%
Humboldt	Associated Students, Humboldt State University	\$ 8,554	\$ 148	1	\$ -	0%
Humboldt	Humboldt State University Center Board of Directors	\$ 405,864	\$ 88,667	85	\$ 86,232	21%
Humboldt	Humboldt State University Sponsored Programs Foundation	\$ 671,718	\$ 89,874	27	\$ 52,533	8%
Long Beach	Associated Students, California State University, Long Beach	\$ 476,357	\$ 97,724	53	\$ 135,917	29%
Long Beach	California State University, Long Beach Research Foundation	\$ 515,925	\$ 138,060	30	\$ 219,815	43%
Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	\$ 792,037	\$ 140,579	136	\$ 553,094	70%
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	\$ 665,032	\$ 138,172	34	\$ 150,259	23%
Los Angeles	University-Student Union Board, California State University, Los Angeles	\$ 200,505	\$ 29,514	5	\$ 68,891	34%
Monterey Bay	The University Corporation at Monterey Bay	\$ 518,189	\$ 93,608	19	\$ 88,413	17%
Northridge	Associated Students, California State University, Northridge, Inc.	\$ 245,657	\$ 49,841	15	\$ 73,151	30%
Northridge	The University Corporation, CSU Northridge	\$ 1,427,126	\$ 285,334	108	\$ 454,281	32%
Northridge	University Student Union of California State University, Northridge	\$ 446,236	\$ 72,225	47	\$ 102,160	23%
Pomona	Associated Students Inc., California State Polytechnic University, Pomona	\$ 299,860	\$ 55,410	43	\$ 36,252	12%
Pomona	The Cal Poly Pomona Foundation, Inc.	\$ 1,295,806	\$ 253,221	173	\$ 743,431	57%
Sacramento	Associated Students of California State University, Sacramento	\$ 343,543	\$ 73,188	25	\$ 143,443	42%
Sacramento	Capital Public Radio, Inc., CSU Sacramento	\$ 9,749	\$ -	1	\$ 1,900	19%
Sacramento	University Enterprises, Inc., CSU Sacramento	\$ 1,181,693	\$ 118,144	139	\$ 140,870	12%
San Bernardino	Associated Students Inc., California State University, San Bernardino	\$ 10,676	\$ 2,399	1	\$ -	0%
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	\$ 171,689	\$ 24,378	19	\$ 70,772	41%
San Bernardino	University Enterprises Corporation at CSUSB / (<i>Foundation</i>)	\$ 380,145	\$ 78,431	125	\$ 105,749	28%
San Diego	Associated Students, San Diego State University	\$ 850,034	\$ 163,067	95	\$ 376,281	44%
San Francisco	Associated Students, Inc., San Francisco State University	\$ 200,094	\$ 18,896	25	\$ 14,366	7%
San Francisco	The University Corporation, San Francisco State	\$ 146,322	\$ 26,167	4	\$ 6,663	5%
San Jose	Associated Student, San Jose State University	\$ 221,631	\$ 43,518	24	\$ 35,526	16%
San Jose	San Jose State University Research Foundation	\$ 1,207,030	\$ 234,202	33	\$ 152,791	13%

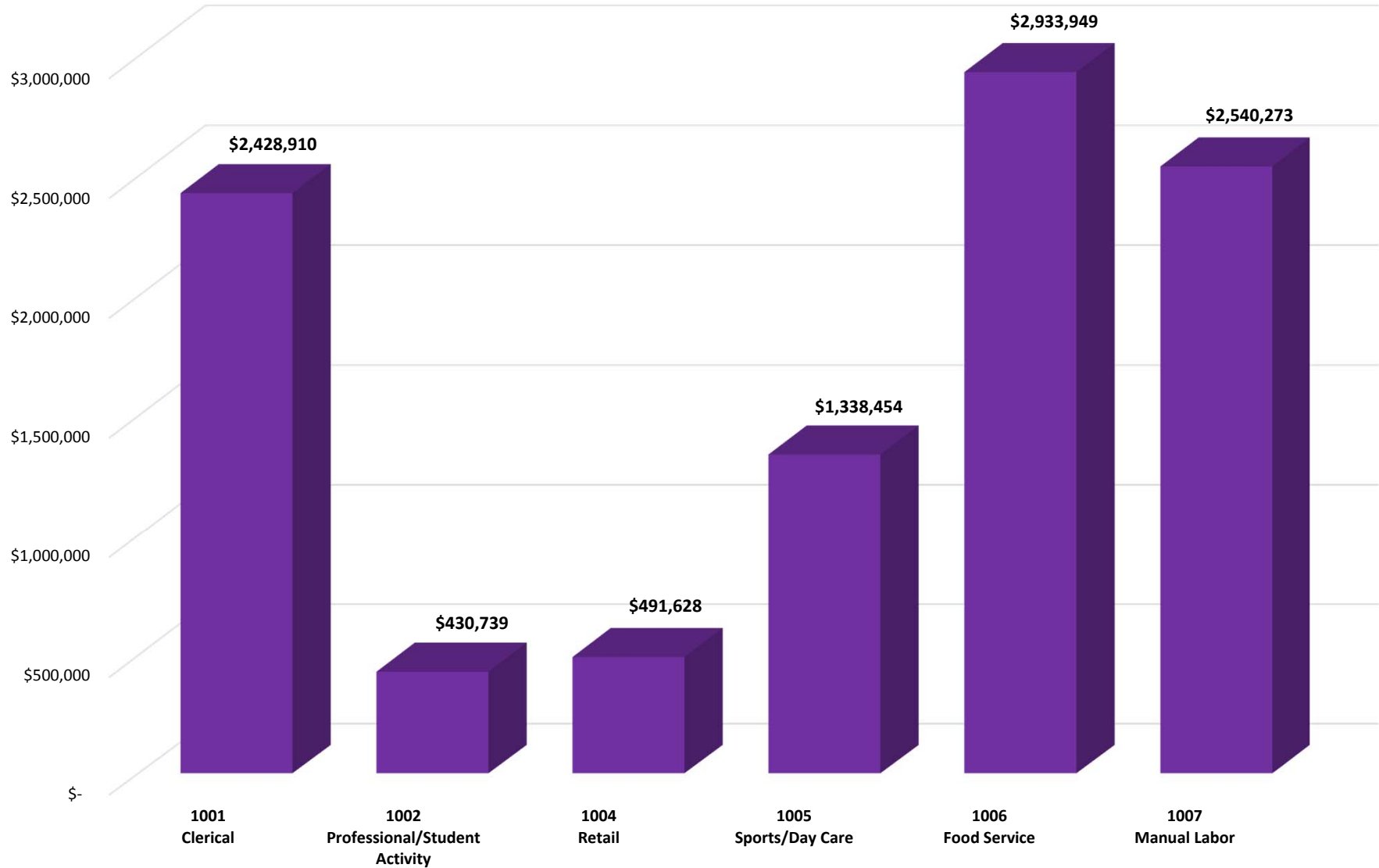
CSURMA AORMA
Workers' Compensation Insurance Program
Member Loss Ratios
Loss Valuation Date - June 30, 2016

Campus	Auxiliary Organization	FY 11/12 - FY 15/16				
		Premium	Dividends	# of Claims	Claims	Loss Ratio
San Jose	Spartan Shops, Inc., San Jose State University	\$ 717,773	\$ 139,200	200	\$ 209,702	29%
San Jose	The Student Union of San Jose State University	\$ 164,070	\$ 26,838	6	\$ 7,115	4%
San Jose	The Tower Foundation, San Jose State University	\$ 123,402	\$ 13,713	1	\$ -	0%
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	\$ 447,642	\$ 86,442	44	\$ 289,442	65%
San Luis Obispo	Cal Poly Corporation	\$ 1,879,172	\$ 476,793	226	\$ 1,079,430	57%
San Marcos	University Auxiliary and Research Services Corporation	\$ 264,730	\$ 60,350	18	\$ 37,864	14%
Sonoma	Associated Students of Sonoma State University	\$ 44,535	\$ 3,658	1	\$ 30,393	68%
Stanislaus	Associated Students, Inc., California State University, Stanislaus	\$ 17,861	\$ 2,858	0	\$ -	0%
Stanislaus	University Student Union of California State University, Stanislaus	\$ 25,933	\$ 2,273	8	\$ 1,861	7%
Total:		\$ 20,990,433	\$ 4,204,343	2,233	\$ 7,012,373	33%

**CSURMA AORMA Workers' Compensation
Frequency of Total Incurred by Class Code
July 1, 2010 - June 30, 2016**



**CSURMA AORMA Workers' Compensation
Severity of Total Incurred by Class Code
July 1, 2010 - June 30, 2016**





CSURMA AORMA

POLICY AND PROCEDURE NO. W - 1

SUBJECT: **WORKERS' COMPENSATION MEMBER
ALLOCATION FORMULA**

ADOPTED: **MAY 15, 2008**

EFFECTIVE: **MAY 15, 2008**

AMENDED: **DECEMBER 8, 2009
SEPTEMBER 10, 2015
MAY 5, 2016**

PURPOSE:

It shall be the policy of the CSURMA Auxiliary Organizations Risk Management Alliance (AORMA) to determine each MEMBER's allocation of the workers' compensation TOTAL PROGRAM FUNDING as outlined in the Workers' Compensation Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA COMMITTEE will approve the TOTAL PROGRAM FUNDING for the workers' compensation program for the upcoming fiscal year.

Annually, in December, the PROGRAMS COMMITTEE will approve or accept the following allocation criteria with the Workers' Compensation Member Allocation Formula:

1. AORMA BASIC RATES for each class code
2. EXPERIENCE MODIFICATION FACTOR (EMF) as determined by the actuary.

ALLOCATION FORMULA:

1. The MEMBER's EXPERIENCE MODIFICATION FACTOR is applied separately to each of the AORMA BASIC RATES. Result – Member's modified rates.
2. MEMBER's modified rates are applied separately to the MEMBER's estimated payroll, separated by class code, for the upcoming fiscal year. Result – Member's final modified deposit premium.

**** Example ****

1001	.50	*	.95	=	.48
1002	1.00	*	.95	=	.95
1004	1.50	*	.95	=	1.43
1005	3.00	*	.95	=	2.85
1006	4.00	*	.95	=	3.80
1007	5.00	*	.95	=	4.75
AORMA basic rates			Experience modification factor		Modified rates
1001	.48	*	\$1,000,000	=	\$4,800
1002	.95	*	\$800,000	=	\$7,600
1004	1.43	*	\$0	=	\$0
1005	2.85	*	\$0	=	\$0
1006	3.80	*	\$0	=	\$0
1007	4.75	*	\$0	=	\$0
					\$12,400
	Modified rates		Estimated payroll		Final modified deposit premium

ANNUAL PAYROLL AUDIT:

The MEMBER's final payroll separated by AORMA class code will be requested at the end of each program year. The MEMBER's final workers' compensation premium will be calculated by multiplying the MEMBER's actual payroll per class code by the MEMBER's modified rates. The MEMBER will receive either a refund or additional deposit billing based on how their audited contribution compares with their initial deposit. MEMBERS will allocate their payroll to each of the AORMA class codes as outlined in the (1) AORMA Workers' Compensation Explanation of Classification Codes and (2) AORMA Workers' Compensation Payroll Rules to Follow publications.

If the final audit or the renewal application is not received by the deadline, then the Program Administrator may increase that MEMBERS payrolls by the average payroll increase for all MEMBERS for the prior two years.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Workers' Compensation Program Member Allocation Formula Policy and Procedure, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the MEMBER's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the MEMBER of the final decision within 5 business days of the final decision.



If a MEMBER wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five (5) business days of receipt of the AORMA COMMITTEE's decision. The CSURMA EXECUTIVE COMMITTEE will then review the appeal at its next meeting or sooner. The CSURMA EXECUTIVE COMMITTEE's decision will be the final determination.

DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

AORMA BASIC RATES – The AORMA Basic Rates will be approved annually by the PROGRAMS COMMITTEE. The WCIRB class code rates shown below will be utilized when determining the AORMA BASIC RATES. A normalization factor will be added to the WCIRB class code rates in order to achieve the TOTAL PROGRAM FUNDING required as approved by the AORMA COMMITTEE.

Class Code Description	AORMA	WCIRB
Clerical	1001	8810
Off-site activities / professional / student activities	1002	8868
Retail	1004	8071
Sports / day care	1005	9053
Food service	1006	9079
Manual labor	1007	9101

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

CSURMA EXECUTIVE COMMITTEE – The California State University Risk Management Authority Executive Committee.

EXPERIENCE MODIFICATION FACTOR (EMF) – The experience rating system is a merit rating system intended to provide MEMBERS a direct financial incentive to reduce work-related accidents. The experience rating system objectively distributes the cost of the workers’ compensation program more equitably among the MEMBERS. An EMF less than 100% reflects better than average experience. The actuary will determine each MEMBER’s EMF based on the current published WCIRB method. The EMF will be adjusted for the normalization factor and capped at a maximum change of +/- 15% from the prior (normalized) EMF.

MEMBER – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers’ Compensation Program Participation Agreement.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The



MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

PROGRAMS COMMITTEE - The Programs Committee oversees the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers' Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee.

TOTAL PROGRAM FUNDING - The Total Program Funding costs will include (1) the pooled layer funding requirement, as recommended by the actuary, (2) administrative costs and (3) excess insurance or reinsurance costs.



CSURMA AORMA

**POLICY AND PROCEDURE NO. W-2
(FORMERLY W-3)**

SUBJECT: **REQUIREMENT OF MEMBERS TO MAINTAIN EXPERIENCE MODIFICATION FACTOR OF 1.25 OR LESS**

ADOPTED: **SEPTEMBER 9, 2003**

EFFECTIVE: **SEPTEMBER 9, 2003**

AMENDED: **DECEMBER 8, 2009
MARCH 20, 2014
MAY 5, 2016**

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

It is the policy of the AORMA COMMITTEE that MEMBERS of the AORMA Workers' Compensation Program shall work to maintain an EMF of 1.25 or less.

PURPOSE:

The AORMA Workers' Compensation Program is dedicated toward reducing MEMBER costs through a combination of effective loss prevention, claims mitigation, claims management and administrative efficiencies. The long-term viability of the AORMA Workers' Compensation Program requires that a MEMBER with an EXPERIENCE MODIFICATION FACTOR (EMF) in excess of 1.25 develop and implement a plan to reduce that MEMBER's EMF to 1.25 or less.

PROCEDURE:

Using loss data valued at June 30th, the Program Administrator shall by October 1st of each year, calculate the EMF of each MEMBER. The formula used to determine the EMF developed by the Actuarial consultant and agreed by the AORMA COMMITTEE. This EMF shall be applicable in developing each MEMBER's share of the actuarially required contribution for the upcoming plan year effective the following July 1st. By January 31st, the Program Administrator will notify each MEMBER of their updated EMF.

1. Members with an EMF less than 1.10 will be notified that their EMF is satisfactory.



CSURMA AORMA

POLICY AND PROCEDURE NO. W-2 (FORMERLY W-3)

2. For MEMBERS with EMFs ranging from 1.10 to 1.25, notice will be given that their EMF is near the maximum threshold of 1.25. The Program Administrator will offer to assist the MEMBER in evaluating how best to avoid having their EMF exceed 1.25.
3. For MEMBERS with EMFs exceeding 1.25, the Program Administrator will assist the MEMBER in creating a plan to reduce its EMF. The EMF reduction plan may be presented to the AORMA Programs Committee for review and approval.

MEMBER APPEAL PROCESS:

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

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



CSURMA AORMA

POLICY AND PROCEDURE NO. W-2 (FORMERLY W-3)

DEFINITIONS:

AORMA - The Auxiliary Organizations Risk Management Alliance is a group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE - The governing body of AORMA.

EXPERIENCE MODIFICATION FACTOR (EMF) - The experience rating system is a merit rating system intended to provide Members a direct financial incentive to reduce work-related accidents. The experience rating system objectively distributes the cost of the workers' compensation program more equitably among the Members. An experience modification factor less than 100% reflects better than average experience. The actuary will determine each MEMBER's experience modification factor based on the current published WCIRB method. The experience modification factors will be adjusted for the normalization factor and capped at a maximum change of +/- 15% from the prior (normalized) experience modification factor.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program's definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



CSURMA AORMA

POLICY AND PROCEDURE NO. W-3

(Formerly W-4)

SUBJECT:	CLAIMS HANDLING PROCEDURES AND GUIDELINES
ADOPTED:	DECEMBER 8, 2009
EFFECTIVE:	DECEMBER 8, 2009
AMENDED:	SEPTEMBER 16, 2010 MARCH 20, 2014

PURPOSE:

The purpose of this Policy & Procedure is to describe the roles and responsibilities of the Workers' Compensation Third Party Claims Administrator (**TPA**) and the participants in the CSURMA Auxiliary Organizations Risk Management Alliance (**AORMA**) in the reporting and handling of claims.

POLICY:

It shall be the policy of the **AORMA** to ensure that Workers' Compensation claims are administered by the following general guidelines.

PROCEDURE:

- In the event of a Workers' Compensation occurrence likely to involve **AORMA**, written or verbal notice regarding the occurrence shall be given by the Member to the **AORMA** Third Party Administrator no later than five calendar days from the date of the Member's knowledge. Such notice shall include the Employer's First Report of Occupational Injury or Illness (Form 5020). Be sure to include circumstances of the occurrence, and the names and addresses of any injured parties, and witnesses.
- As outlined in **AORMA** Policy & Procedure W-5, failure to report occurrences as required may be cause for denial of coverage if **AORMA** is prejudiced due to the lack of timely reporting. The following will serve as the **AORMA** Workers' Compensation Program procedures and guidelines and are based upon the current contract with **TPA**.

Claim Reporting Procedures

The auxiliaries report all claims to **TPA** via e-mail or fax within five calendar days of notice as required by California Statute by completion of a Form 5020. The Claims Supervisor assigns new losses to appropriate handler for contact and investigation. After an initial investigation, the Claims Examiner makes a determination -as to the appropriate claim type.



Indemnity claims will be managed by the Claims Examiner. Medical First Aid Only claims will be managed by the Claims Support Associate. Medical First Aid Only claims are defined as claims estimated at less than \$2,500 in medical costs, no anticipated permanent disability and with no loss of work.

Record Only claims will be closed by the Claims Examiner as soon as all the appropriate claim information is completed.

All new indemnity claims will be reviewed by the Claims Supervisor within 5 (five) working days of receipt by **TPA** or within 5 (five) days of conversion to indemnity claim.

Initial Investigation

The Claims Examiner will conduct a thorough investigation to determine compensability immediately upon receipt of the claim. The Claims Examiner makes all the initial contacts necessary to make this determination and will follow the question format provided by **TPA** management which outlines the information to be requested for each of the contacts. The Claims Examiner **TPA** will contact the Auxiliary Organization Workers' Compensation Claim Coordinator (**Coordinator**), the injured employee, and the injured employee's supervisor and physician. Physician contact is not necessary if (1) a Doctor's First Report of Occupation Injury or Illness (Form 5021) is in the file, (2) there is no lost time, and (3) there are no disputes.

3-Point Contact – Employee, Employer and Physician

The Claims Examiner will make 3-Point Contact on all "pending" claims within one business day after receiving notice of the claim. Communication with the injured employee will be available in the employee's primary language or with translation upon request.

Notice of claim is defined as:

- Notice of a pending claim in iVOS
- Phone call, fax or e-mail from the **Coordinator** (Form 5020)
- Doctor's First Report of Occupational Injury or Illness (Form 5021)
- Notice of Representation (no contact with injured employee)
- Application of Adjudication of Claim (no contact with injured employee)
- DWC-1 Claim Form

If the **TPA** receives the first notice of claim, **TPA** will notify the **Coordinator** of the details of the claim, request additional information from the **Coordinator** as needed and set up the claim in iVOS. The **Coordinator** will complete the Form 5020.

If it is determined after initial contact that a claim is a Record Only or a First Aid, the claim will be closed. If later a bill is received, the file will be reopened for payment of the bill and closed.

If the Claims Examiner/Claims Support Assistant is unable to complete all the initial contacts, the Claims Examiner will continue contact attempts for three days. Should the contact attempts

be unsuccessful a “Call Me Card” or e-mail will be sent to contact the respective party. All attempts at communication will be documented in Notepad. Documentation of a “Call Me Card” will be stored in Correspondence. Assistance from the **Coordinator** must be requested if contact with the injured employee cannot be made after three unsuccessful attempts. The work and home telephone number of the injured employee is a required field for a “pending” claim and therefore needs to be made available to the Claims Examiner. Alternative contact numbers, email addresses or a mailing address can be requested if the Claims Examiner is unable to make contact.

No claim will be accepted without completion of the 3-point contact unless there is concurrence from the Coordinator.

3-Point Contact will be documented in iVOS on the day the contact occurs.

The **Claims Supervisor** review of all new claims at five days will ensure that contact is completed and documented. If contact is complete, the **Claims Supervisor** will so note in Notepad. If contact is not complete, the **Claims Supervisor** will document in Notepad the contacts that need completion and require that the Claims Examiner continue contacts until all have been completed. The **Claims Supervisor** will keep the file on close diary until all contacts are made.

Acceptance/Denial Issues

If the Claims Examiner determines that a claim should be denied, the Claims Examiner will notify the **Coordinator** of the investigation results and recommendation to deny benefits prior to notifying the injured employee. All recommendations for denials must be approved by the **Claims Supervisor** and documented in Notepad. All denied claims will have a reason for the denial entered in the claim system.

If the injured worker does not pursue a claim, **TPA** will not delete the claim. The Claims Examiner/Claims Support Assistant will notify the employee in writing of Sedgwick’s confirmation and understanding that the employee does not wish to pursue the claim. The claim will be coded with an appropriate claim type (e.g., Record Only, Medical Only, Indemnity, etc.)

The Claims Examiner has fourteen (14) days to determine if a claim will be delayed. Medical treatment will continue to be provided during the ninety (90) day discovery period up to a limit of \$10,000, per labor code statute, or until the case is denied.

The Claims Examiner has up to ninety (90) days to make a compensability decision. The ninety (90) days starts with the employer’s knowledge of injury.

Initial Documents

The DWC-1, 5020 and 5021 forms are required documents in the claim file. If the DWC-1 is not in the file, evidence of attempts to solicit the DWC-1 form must be in the file. All are required in every claim file prior to closure.

If the **Claims Examiner/Claims Support Assistant** does not have the DWC-1 form when completing set-up of the claim, a claim form will be forwarded to the employee's home address immediately upon receipt of the notice of injury unless it is noted that a DWC-1 claim form was not provided by the **Coordinator**.

If the DWC-1 is not received within sixty days, the **Claims Examiner/Claims Support Assistant** will notify the **Coordinator** via email. This process applies to accepted claims only.

A copy of the 5020 DWC-1, and the 5021 will be clearly documented in SIR (Scanned Information Retrieval system).. If a 5021 has not been submitted, the file must contain a copy of a request for the 5021. The 5021 request will be saved to the claim in iVOS Correspondence.

A claim must not be closed without these documents, or proof that the DWC-1 was provided to the employee, in the claim file.

Medical Releases

TPA will request Medical Releases within five (5) working days of file make-up on all files. If the signed release is not returned within fourteen (14) days, and the injury has not resolved (such as in a Medical Only claim), the **Claims Examiner/Claims Support Assistant** will contact the **Coordinator** and request assistance. The process applies to Indemnity files as well as Medical Only files where treatment is continuing beyond the fourteen days.

Upon receipt of the medical release, **TPA** will order appropriate medical records as needed.

Medical Direction and Control

The **Claims Examiner/Claims Support Assistant** is responsible for coordinating the provision of prompt, appropriate and effective medical treatment for auxiliary employees. The **Claims Examiner/Claims Support Assistant** will exercise all reasonable efforts to obtain current physician reports in accordance with CCR 9785 (California Code of Regulations concerning treating physicians) on all claims where medical treatment is active.

Within fourteen calendar days of notification of change of treating physician, the **Claims Examiner/Claims Support Assistant** will send the complete medical file with CCR 9785 notification to the treating physician.

If the injured employee is absent from work, notification of the auxiliary organization's return to work policy, and the injured worker's job description, if necessary, will be sent to the treating physician. Notification will be by letter and available in Correspondence.

A copy of CCR 9785 will be sent to the treating physician within five working days upon any request made by the workers' compensation auxiliary **Coordinator**.



The Claims Examiner will request updated medical reports on Future Medical (FM) claims where treatment is being sought. On non-active FM claims, the Claims Examiner will document a strategy for administrative closure.

The Claims Examiner will document requests for authorization of treatment procedures in the iVOS Notepad. The **Claims Examiner/Claims Support Assistant** will respond to requests for authorization of treatment and surgery on accepted cases in accordance with Utilization Review guidelines and requirements.

The treatment plan will be documented in iVOS Notepad including the next treatment date. The **Claims Examiner/Claims Support Assistant** will document any medication, by name, which has been authorized by the physician for the employee in iVOS Notepad. Updates will be requested as medication changes.

No agreement to utilize an AME will be made without the approval of the Claims Examiner. In litigated cases, the Claims Examiner will notify the defense attorney of this requirement.

All bills will be paid or objected to within thirty (30) calendar days from date-stamp receipt.

Documentation

TPA will caption all iVOS Notepad entries using appropriate iVOS system-defined headings. All entries will contain documentation with appropriate detail, identify the issues of the claim, and describe the plan of action being taken to resolve these issues. An Action Plan will be documented in iVOS Notepad every ninety (90) days on Indemnity files and every one hundred eighty (180) days on Future Medical files.

Medically authorized restrictions will be documented in the iVOS Notepad and updated every time the restrictions are modified by the physician.

Medical records that are received via medical release or subpoena must be summarized in iVOS Notepad.

Diary

CLAIMS EXAMINER DIARY

Every active indemnity file will be reviewed at least once every thirty (30) days. Diary activity will include contact with unrepresented injured employees, at minimum, every sixty (60) days.

Claims with ongoing temporary disability benefits will be reviewed every fourteen (14) calendar days. Review includes a phone call to the treating physician to determine return to work capability. Documentation of the review and verification of disability will appear in Notepad.

Future medical diary is no less than one hundred eighty (180) days as warranted by activity on the claim. Future Medical cases are defined as claims where the only benefit obligations are the payment of awarded permanent disability and undisputed future medical care.

Follow-up telephone contact will be made with unrepresented injured employees who are losing time from work every fourteen (14) calendar days. Follow-up telephone contact with all other unrepresented injured employees must occur at a minimum every sixty (60) days (Future Medical file excluded).

CLAIMS SUPPORT ASSISTANT DIARY

Medical Only claims will be reviewed at minimum at sixty days. At ninety (90) days, the Claims Support Assistant will review for conversion to Indemnity or closure.

SUPERVISOR DIARY

Claims Supervisor will review all new indemnity claims five (5) days after receipt. The Claims Supervisor will re-set a diary on each new claim as appropriate depending on the severity of the issues or medical treatment but no less than one hundred eighty (180) days. Delayed claims will be reviewed at forty-five (45) and eighty (80) days within the first ninety (90) days. Acceptance after delay and denials will be reviewed and approved by the manager. These reviews will be documented under the Management Review heading in the claim Notepad.

Supervisors will effectively manage assignments of **Claims Examiner/Claims Support Assistant** personnel to ensure caseloads are meeting the claims handling standards. An inventory count by claim type will be kept for each Claims Examiner's caseload on a monthly basis.

Temporary Disability

Temporary disability is paid every two weeks.

Verification of the employee's disability is the responsibility of the Claims Examiner. The Claims Examiner must verify with the treating physician that the employee is unable to work his/her customary job duties, or able to return to work either in a modified position, or at his/her regular job duties.

The Claims Examiner should contact the physician, if necessary, and/or confirm through medical reporting medical verification of disability every two weeks to coincide with the temporary disability check issuance. Potential for return to work must be discussed and documented. Restrictions will be clarified and discussed with the **Coordinator** for return to work possibilities.

Litigation

TPA is to utilize approved auxiliary organization defense counsel in every case. The Claims Examiner will make the selection of counsel on each claim in coordination with the **Coordinator**. **TPA** recommends use of defense counsel as required by its defense counsel referral criteria. However, referrals will be made at the request of the **Coordinator** as well. **TPA** requires that defense counsel adhere to **AORMA's** Defense Counsel Guidelines. These guidelines will be included with each litigation referral.

TPA will notify the **Coordinator** upon receipt of an Application for Adjudication of Claim within five (5) working days. **TPA** will assign claims to Counsel within five days after receipt of notice of approval from the **Coordinator**. **TPA** will notify the **Coordinator** by telephone or email of assignment to Counsel on a claim, and confirm by sending the **Coordinator** a copy of the letter to the selected Counsel confirming engagement.

Case analysis is to be provided by counsel within thirty days of referral. A copy of the initial case analysis will be sent to the **Coordinator** and documented in the iVOS Notepad. The Claims Examiner will follow up with the defense attorney if a case analysis is not received within thirty (30) calendar days from date of referral. Subsequent reports will be sent to **TPA** and the **Coordinator** depending on the activity of the claim, but no less frequently than ninety (90) days.

The Claims Examiner will continue to manage the file, including performing administrative tasks, such as setting medical appointments, appointment letters and medical record requests. These tasks are to be completed by **TPA** staff with few exceptions.

The Claims Examiner will audit all attorney bills for appropriateness of payment.

The Claims Examiner and the **Coordinator** will determine who should attend hearings.

Mandatory Settlement Conference at WCAB

Upon notification of the Mandatory Settlement Conference (MSC) date, the following procedure will occur:

In litigated cases, a request for authority will be sent to **AORMA** thirty (30) days prior to defense counsel filing a Declaration of Readiness to proceed, or five (5) days after receipt of the Declaration of Readiness to proceed from applicant's counsel. Thirty (30) days prior to defense counsel filing a Declaration of Readiness to Proceed, **TPA** will provide **AORMA** and Member with a comprehensive case review and/or SAR (settlement authorization request).

TPA will attend an MSC as deemed necessary.

Subrogation will be pursued when appropriate unless otherwise indicated by the **Coordinator**. If any legal action must be filed in any court other than the Workers' Compensation Appeals Board on behalf of the auxiliary organization, **TPA** must have approval from the CSURMA **AORMA** Committee.

Communications

TPA Supervisor and Claims Examiner for **TPA** will utilize professional, courteous and effective communication skills at all times and will respond to telephone and email inquiries within one (1) working day. All e-mail communications that are pertinent to a particular claim should be placed in the iVOS Notepad.

Index System

TPA will index all disputed or lost time injury claims at claim setup and annually thereafter relying on Sedgwick's account number with the Index System.

Reserving

The initial reserve will be set up within five (5) working days of the receipt of the claim. Claims are to be reserved on a "most probable ultimate cost" basis from the date the claim is set up. Reserve amounts will be evaluated and adjusted on a regular basis, but at a minimum, within thirty (30) days of any event or change in medical prognosis that will affect the ultimate outcome of the claim. Reserves should also be reviewed concurrent with Diary and Action Plan review. "Stair-stepping" is to be avoided. All reserve calculations will be clearly reflected in the claim file.

Sedgwick Claims Supervisors will review all reserve changes above the authority of each Claims Examiner.

Reserves will be reviewed with each action plan.

Investigations

TPA recommends use of outside investigators as required by their claim investigation criteria and best practices. In addition to manager approval, assignment of an outside investigator requires prior contact, approval and coordination with the **Coordinator**.

OSHA Reporting –The members bear the responsibility to complete a manual OSHA log as required by California law.

Resolution

Upon receipt of any permanent and stationary report, the Claims Examiner will determine if the disability described in the report is appropriate for the circumstances of the injury. The Claims Examiner may self-rate if the disability is clear. However, **AORMA** prefers that the Claims Examiner solicit an independent rating prior to issuing advances. Based on what is learned from the rating, additional clarification may be needed from the physician. The Claims Examiner will seek clarification from the physician or object as appropriate.

Upon receipt of the supplemental report with the clarifying information, the Claims Examiner may need to solicit an additional independent rating in order to ensure that the Claims Examiner is confident of the total value of permanent disability. If the dollar amount of the rating and/or the dollar value of the total amount of permanent disability advance to be made exceed(s) \$25,000, the Permanent Disability Benefit letter requires approval from a supervisor.

Within five (5) calendar days after the Claims Examiner has determined that the report is appropriate, the Claims Examiner will submit the report to the Disability Evaluation Unit (DEU) for a Summary Rating.



A Settlement Authority Request (SAR) must be submitted to the Operations Manager at **TPA**, the **CSURMA AORMA** Workers' Compensation Committee or the **CSURMA AORMA** Committee depending on the level of the settlement value requested in accordance with the Claims Settlement Policy and Procedure. This requires timeliness in getting the independent rating in order to avoid penalties for not issuing a timely permanent disability advance.

Upon receipt of the Summary Rating from the Disability Evaluation Unit (DEU), the Claims Examiner verify the rating used in the SAR and amend the SAR, if necessary.

If the claim is litigated, the Claims Examiner must notify the defense attorney that negotiations cannot begin without authority. The Claims Examiner is responsible for getting that authority to the attorney within two (2) working days of receipt of authority. If applicant's attorney files the Declaration of Readiness to Proceed (DOR) for settlement purposes, the SAR must be submitted within five (5) days of receipt of the notification.

Settlement Authority

Various levels of settlement authority have been established as respects this **AORMA** coverage under **AORMA** Policy & Procedure W-5. The Member has no authority to settle claims.

All settlement authority requests must be presented using the Settlement Authorization Request (SAR) form.

The **SAR** must be complete and thorough. It must include a brief history of the injury, a description of the permanent disability and its dollar value, the medical prognosis and its dollar value, and any other costs that are included in the proposed settlement. It must include a complete outline of all issues and defenses. All ratings, both applicant and defense must be stated. It must state the Claims Examiner opinion regarding settlement versus taking the case to trial.

Managers must approve all requests for authority.

If a response from the authorizing body is not received in thirty (30) days, the Claims Examiner will notify the Claims Consultant via email. If timing is **urgent**, this will be indicated in the email along with a deadline date, as well as notifying the Claims Consultant by voicemail.

Return to Work Issues

The Claims Examiner will provide all information to the **Coordinator** regarding return to work restrictions and permanent modifications immediately upon knowledge.

Excess Carrier Reporting and Settlement Requirements

Any claim with a date of injury after May 1, 2004 must be reported by **TPA** to the respective excess carrier immediately, but in no event later than ten (10) calendar days from the date the **Coordinator** is notified or becomes reasonably aware of such accident or disease which may involve the excess carrier or includes any of the following:

- a. Injuries to spinal cord (including Cauda Equina), paraplegia, or quadriplegia;
- b. Fatality;
- c. Amputation of a major extremity;
- d. Blindness;
- e. Second degree burns on 25% or more of the body or third degree burns on 10% or more of the body
- f. Serious head or brain injuries (including skull fracture);
- g. Multiple fractures – involving more than one member or any non union of any part of the body;
- h. Nerve damage causing paralysis and loss of sensation in arm and hand (brachial plexus nerve damage);
- i. Massive internal injuries affecting body organs;
- j. Any occurrence which causes serious injury or death to two or more employees
- k. Any occurrence, which results in disability exceeding one (1) year.
- l. Any occurrence that results in permanent and total disability 100% - (including but not limited to 100% by statute: loss of both eyes/sight, loss of both hands (or the use thereof), “practically total paralysis,” brain injury resulting in incurable imbecility or insanity.
- m. Any occurrence that involves unusual exposure to the coverage—examples include sexual molestation, HIV, AIDS, rape, class actions and bad faith allegations, or other serious violation, which may involve excess;
- n. Total incurred in excess of 50% of the Self Insured Retention (Currently \$250,000)

Attachments to the first report will include:

- Face sheet to include summary of case, pertinent claimant information such as claim number, date of injury, date of birth, date of hire, average weekly wages, TTD, PD rate. The Claims Examiner must list all the issues and the plan of action recommended in order resolving these issues. Any subrogation aspects must be described and discussed.
- Reserve breakdown
- Printout of all payments, sorted by category
- AME, QME, P&S and/or current medical reports advising status of claim (AME = Agreed Medical Evaluator; QME = Qualified Medical Evaluator; P&S= Permanent and Stationary)
- Copies of all Applications filed, Workers’ Compensation Appeals Board (WCAB) Awards & Findings & Awards (F&As)
- Defense attorney evaluation
- Copies of investigation reports
- All notices and legal papers relating to the claim or suit
- Any other pertinent data

Subsequent reports will be made on a quarterly basis (unless excess carrier advises otherwise).

Attachments to the subsequent reports will include:

- Face sheet to include summary of case, pertinent claimant information such as claim number, Date of Injury, Date of Birth, Date of Hire, Average Weekly Wage, Total Temporary Disability and Permanent Disability Rate. The report must provide the status of the case and the steps proposed to resolve all the remaining issues.



- Reserve breakdown
- Printout of all payments, sorted by category
- Current medical report(s)
- Any of the prior reporting requirements that occur subsequent to the initial excess report.

The Claims Manager will review and authorize all excess reports. The reports will be submitted to the Excess carrier with a hard copy of all attachments. The hard copy attachments are to be submitted only to Excess carrier.

The process is the same for interim status reports and final reporting.

Once confirmation is received from Excess carrier, the Claims Examiner will make a copy of the confirmation for the claim file and update the system that confirmation was received from the Excess Carrier.

If the employee files a Serious and Willful claim, defense costs are not reimbursable by the Excess Carrier. Requests for reimbursement must exclude these costs.

Fraud Claims

Suspected fraudulent activity (material misrepresentation by the employee) must be reviewed with the Claims Supervisor, the **Coordinator** and the **AORMA** Claims Consultant to determine the merits of the case. The case will be prepared for submission to the District Attorney and Department of Insurance once a decision to refer the case to the authorities has been made. Fraud referral activity will be documented on the claim in iVOS Management Review Notepad.

Balance Sheet

TPA will complete a Balance Sheet on all open files at one year from date of injury, annually at the anniversary of claim set up and annually thereafter on each file at SAR evaluation and at closing of the claim. The Balance Sheet will be kept in Correspondence or a hard copy in the claims file.

Escrow Fund

The Oakland Corporate office of **TPA** administers a trustee account on behalf of **AORMA** from which benefit payments and expenses will be made. The Claims Accounting Department at Sedgwick will issue all checks. The Claims Accounting Department will also prepare monthly bank reconciliations.

Checks issued over \$10,000.00 require funding verification. Such requests should be forwarded to the **AORMA** Accountant at the CSU Chancellor's Office, along with supporting documentation.

TPA will submit replenishment requests **monthly or as needed**.



Check Issuance

All checks are issued by Sedgwick. Bob Blankenship, **TPA** Treasury Director's facsimile signature will be used for all checks. **AORMA** staff and consultants are not authorized to sign checks. There will be no manual checks under any circumstances.

Reports

The Claims Manager will provide a monthly report of **TPA** and **AORMA** penalties no later than the 10th of each month.

TPA will also provide reports to the **Coordinator** for each Member as follows:

Quarterly claim summary report - inception to date

- Claim summary report of all claims created in the last quarter
- Ad hoc reports by client request



CSURMA AORMA

**POLICY AND PROCEDURE NO. W-4
(FORMERLY W-5)**

**SUBJECT: WORKERS COMPENSATION COVERAGE
CLAIMS SETTLEMENT AUTHORITY**

ADOPTED: OCTOBER 27, 2005

EFFECTIVE: JULY 1, 2005

**AMENDED: JANUARY 8, 2006
DECEMBER 8, 2009
SEPTEMBER 16, 2010
MARCH 20, 2014
MAY 5, 2016**

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

It is the policy of CSURMA Auxiliary Organizations Risk Management Alliance (**AORMA**) that **MEMBERS** of the Workers' Compensation Program shall have the opportunity to participate in the final claim settlement process (i.e. Stipulations with Findings and Award or a Compromise & Release with Findings and Award) as provided for by this policy and procedure. Though Workers' Compensation benefits are mandated and established by State law, the amount and actual settlement of a claim is the responsibility of the **THIRD PARTY CLAIMS ADMINISTRATOR (TPA)** and/or an attorney selected to negotiate such settlement. It shall be **CSURMA AORMA** policy that a **MEMBER** shall have input and be a part of the claim settlement process. Various levels of settlement authority have been established as **CSURMA AORMA** policy. These levels are as follows:

WORKERS COMPENSATION CLAIMS SETTLEMENT AUTHORITY:

1. \$0 to \$25,000 - The TPA shall have authority to settle claims up to, and including \$25,000 per occurrence. Only the Director for the Claims Administrator will hold this authority.
2. \$25,001 to \$50,000 – The CSURMA Secretary-Auditor has authority to authorize claims settlement up to and including \$50,000 per occurrence.
3. \$50,001 to Pool Layer Limit – The AORMA COMMITTEE has authority to authorize claims settlement up to the pool layer limit per occurrence. The excess carrier will be involved in accordance with the carrier policy reporting and settlement requirements.



CSURMA AORMA

POLICY AND PROCEDURE NO. W-4 (FORMERLY W-5)

All of the foregoing notwithstanding, if time is of the essence in a specific matter, the AORMA COMMITTEE Chair, First Vice Chair and Second Vice Chair., on the advice of the TPA, shall have authority to determine the terms of an emergency settlement up to the Pooled Layer Limit upon the agreement of a majority consisting of at least two participants, provided that no MEMBER involved in the specific matter may participate in the determination. Any determination reached under this paragraph shall be reported to the AORMA COMMITTEE at the next regularly scheduled meeting.

The CSURMA Secretary-Auditor may participate in any legal proceeding and represent the interests of the AORMA Programs.

MEMBER APPEAL PROCESS:

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

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



CSURMA AORMA

POLICY AND PROCEDURE NO. W-4 (FORMERLY W-5)

DEFINITIONS:

AORMA: The Auxiliary Organizations Risk Management Alliance is a group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE: The governing body of AORMA.

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

MEMBER – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers' Compensation Program Participation Agreement.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program's definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

TPA - Third party claims administrator whose responsibilities include claim handling, litigation management and excess liability carrier reporting.



CSURMA AORMA

**POLICY AND PROCEDURE NO. W-5
(FORMERLY W-6)**

SUBJECT: VOLUNTEER COVERAGE

ADOPTED: JANUARY 12, 2005

EFFECTIVE: JANUARY 1, 2005

**AMENDED: DECEMBER 8, 2009
MARCH 20, 2014
MAY 5, 2016**

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

It is the policy of AORMA to adopt the procedures outlined in this document for purposes of determining AORMA’s exposure to Workers’ Compensation claims of volunteers from each MEMBER wishing to provide Worker’s Compensation coverage to its volunteers.

PURPOSE:

The CSURMA AORMA COMMITTEE agreed that coverage would be extended to volunteers per California Labor Code Section 3363.6. This Policy and Procedure describes the process by which an evaluation may take place to determine possible CSURMA AORMA exposures to those MEMBERS wishing to insure Worker’s Compensation claims involving volunteers.

BACKGROUND:

California Labor Code Section 3363.6 provides that a person who performs voluntary service without pay for a private, nonprofit organization, as designated and authorized by the board of directors of the organization, shall, when the board of directors of the organization, in its sole discretion, so declares in writing and prior to the injury, be deemed an employee of the organization for the purposes of Workers’ Compensation while performing such service.

Labor Code Section 3363.6 incorporates the following definition: “voluntary service without pay” shall include:

1. The performance of service by a parent, without remuneration in cash, when rendered to a cooperative parent participation nursery school if such service is required as a condition of participation in the organization.



CSURMA AORMA

POLICY AND PROCEDURE NO. W-5 (FORMERLY W-6)

2. The performance of services by a person who receives no remuneration other than meals, transportation, lodging or reimbursement for incidental expenses.

PROCEDURES:

The following steps will be taken by AORMA MEMBERS to affect the policy:

1. Each MEMBER electing to cover volunteers for Workers' Compensation claims shall provide the Program Administrator a copy of the MEMBER's board resolution declaring that its volunteers shall be deemed employees for the purposes of Workers' Compensation.
2. MEMBERS choosing not to cover volunteers shall file a written statement with AORMA stating that Workers' Compensation coverage shall not be provided to volunteers. This written statement shall also acknowledge that AORMA will not cover the MEMBER's volunteers for Worker's Compensation claims.
3. Beginning in January 2010, the Program Administrator may evaluate the actual losses from volunteers for each MEMBER for the prior Program Year and provide a report of AORMA's volunteer exposure to the AORMA PROGRAMS COMMITTEE at its next scheduled meeting for further information and direction as may be needed to ensure the rating integrity of the plan.

MEMBER APPEAL PROCESS:

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

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



DEFINITIONS:

AORMA: The Auxiliary Organizations Risk Management Alliance is a group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE: The governing body of AORMA.

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

MEMBER – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers’ Compensation Program Participation Agreement.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

PROGRAMS COMMITTEE - The Programs Committee oversees the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers’ Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee.

Approved on September 10, 2015

CSURMA AORMA FY 2016/2017 Property Program Total Estimated Funding \$100,000 SIR / \$250,000 Aggregate SIR					
Expense Item	Actual Program Costs FY 12/13	Actual Program Costs FY 13/14	Actual Program Costs FY 14/15	Program Costs FY 15/16	Proposed FY 16/17
Estimated Pooled Layer Funding	\$240,000	\$250,000	\$250,000	\$250,000	\$250,000
Excess Insurance Premium	\$2,717,248	\$2,849,135	\$1,717,748	\$1,647,922	\$1,812,714
Program Administrative Costs	\$303,307	\$306,692	\$296,388	\$306,309	\$306,000
Total Expenses:	\$3,260,555	\$3,405,827	\$2,264,136	\$2,204,231	\$2,368,714
Difference from prior year:	6.33%	4.46%	-33.52%	-2.65%	7.46%

Estimated Pooled Layer Funding (no change is contemplated)
 Excess Insurance Premium (includes a 5% increase)
 Administrative costs (no increase or decrease is contemplated)

SUBJECT: PROPERTY PROGRAM MEMBER ALLOCATION FORMULA

**ADOPTED: NOVEMBER 6, 2013
SEPTEMBER 10, 2015**

EFFECTIVE: JULY 1, 2014

AMENDED: N/A

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member's allocation of the total property program costs as outlined in the Property Program Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the Total Property Program Costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will approve the following allocation criteria within the Property Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium
5. Loss ratio surcharge schedule

PROPERTY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

- *TIV = Total Insurable Values*
- *RP/BI = Real Property / Business Income and Rental Value*
- *BPP = Business Personal Property*

Two basic rates are included in the allocation formula; one for RP/BI and one for business BPP. The BPP rate is 20% higher than the RP/BI rate.

1. RP/BI TIV is multiplied by the RP/BI rate. *Result – RP/BI basic premium.*

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2. BPP TIV is multiplied by the BPP rate. *Result – BPP basic premium.*
3. RP/BI basic premium and BPP basic premium are added together. *Result – basic premium.*
4. Basic premium is divided by the total TIV. *Result – basic rate.*

**** Example ****

1.	\$50,000,000 RP/BI TIV	*	.2000 RP/BI Rate (per \$100 in TIV)	=	\$100,000 RP/BI Basic Premium
2.	\$25,000,000 BPP TIV	*	.2400 BPP Rate (per \$100 in TIV)	=	\$60,000 BPP Basic Premium
3.	\$100,000 RP/BI Basic Premium	+	\$60,000 BPP Basic Premium	=	\$160,000 Basic Premium
4.	\$160,000 Basic Premium	/	\$75,000,000 Total TIV	=	.2133 Basic Rate (per \$100 in TIV)

Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*

**** Example ****

1.	\$160,000 Basic Premium	/	\$600,000 Maximum Premium for Calculating Size Credit	=	27% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	27% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	30% Maximum Size Percentage Credit	=	8% Size Credit Percentage
3.	.2133 Basic Rate	-	8% Size Credit Percentage	=	.1960 Basic Rate w/ Size Credit

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*

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2. Member's five-year loss ratio is reviewed against loss ratio surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total TIV. *Result – Final premium.*

**** Example ****

1.	\$125,000 Five Years Paid Claims	/	\$500,000 Total Premium for Five Prior Years	=	25% Loss Ratio
2.	25% 25% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is Assigned.			=	5% Loss Ratio Surcharge
3.	5% Loss Ratio Surcharge	+	.1960 Basic Rate w/ Size Credit	=	.2058 Final Rate
4.	.2058 Final Rate (per \$100 in TIV)	*	\$75,000,000 Total TIV	=	\$154,350 Final Premium

Loss Ratio Surcharge Schedule

Loss ratio less than 20%	=	No surcharge
Loss ratio between 20% and 40%	=	5% surcharge
Loss ratio between 40% and 60%	=	10% surcharge
Loss ratio between 60% and 80%	=	15% surcharge
Loss ratio between 80% and 100%	=	20% surcharge
Loss ratio in excess of 100%	=	25% surcharge

Minimum Premium:

1. If the final premium is greater than the Minimum Premium, use the final premium. *Result – final premium w/ minimum premium if applicable.*

**** Example ****

1.	\$154,500 If the Final Premium is greater than the minimum premium, use the Final Premium	>	\$600 Premium	=	\$154,500 Final Premium
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DEFINITIONS:

1. **RP/BI - Real Property, Business Interruption and Rental Value Basic Rate** – This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year.

2. **BPP – Business Personal Property Basic Rate** - This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year. This rate will be 20% higher than the Real Property, Business Interruption and Rental Value Basic Rate.

3. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Calculating the Size Credit dollar amount will be approved annually by the Programs Committee. The Maximum Premium for Calculating Size Credit is used to calculate each member’s size credit. The member’s basic premium is divided by the Maximum Premium for Calculating Size Credit, as an example - $\$300,000$ (*member’s basic premium*) / $\$600,000$ (*Maximum Premium for Calculating Size Credit*) = 50% (*member’s percentage of size credit*). This member would be subject to 50% of the total **Size Credit Percentage**.

4. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the Programs Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (*member’s percentage of size credit*) * 30% (*Size Credit Percentage*) = 15% *member’s size credit*.

Approved on September 10, 2015

CSURMA AORMA FY 2016/2017 Crime Program Total Estimated Funding \$25,000 SIR / \$100,000 Aggregate SIR					
Expense Item	Actual Program Costs FY 12/13	Actual Program Costs FY 13/14	Actual Program Costs FY 14/15	Program Costs FY 15/16	Proposed FY 16/17
Estimated Pooled Layer Funding	\$75,000	\$75,000	\$50,000	\$50,000	\$50,000
Excess Insurance Premium	\$183,702	\$202,258	\$212,443	\$218,621	\$229,552
Program Administrative Costs	\$29,067	\$29,640	\$28,901	\$30,847	\$31,000
Total Expenses:	\$287,769	\$306,898	\$291,344	\$299,468	\$310,552
Difference from prior year:	8.50%	6.65%	-5.07%	2.79%	3.70%

Estimated Pooled Layer Funding - At June 30, 2015, the crime program has a fund balance of \$329,070.
 Excess Insurance Premium (a 5% increase is contemplated)
 Administrative Costs (no increase or decrease is contemplated)

AORMA Crime Loss Run Summary

Cal Poly Pomona Foundation, Inc.

Claim Number Claim Type	Claimant Name Claimant Status	DOI Closed Date	Litigated Examiner	Denied Reported Date		Paid this Period	Paid	Outstanding	Incurred	Recovery
2014227707	Cal Poly Pomona Foundation	5/15/2014			Total Reserve	0	0	0	0	0
Bond-Crime	Closed	8/22/2014	Fox Foster, Martin			0	0	0	0	0
						0	0	0	0	0
	Suspected Theft - we have incurred a loss from a crime at our Bookstore regarding textbooks that we discovered after our physical inventory this month when comparing to our perpetual inventory.					0	0	0	0	0
	California State University Risk Management Authority (Csurma)					0	0	0	0	0
						0	0	0	0	0
					Total:	0	0	0	0	0

The California State University, Fresno Athletic Corporation

Claim Number Claim Type	Claimant Name Claimant Status	DOI Closed Date	Litigated Examiner	Denied Reported Date		Paid this Period	Paid	Outstanding	Incurred	Recovery
		5/16/2015			Total Reserve	0	0	0	0	0
Crime	Open		Elaine Kim	6/1/2015		0	0	0	0	0
						0	0	0	0	0
	J-M Equipmentment Golf Cart Stolen					0	0	0	0	0
	The Athletic Corporation CSU Fresno					0	0	0	0	0
						0	0	0	0	0
					Total:	0	0	0	0	0

AORMA Crime Loss Run Summary

CSU Fullerton Auxiliary Services Corporation

Claim Number Claim Type	Claimant Name Claimant Status	DOI Closed Date	Litigated Examiner	Denied Reported Date		Paid this Period	Paid	Outstanding	Incurred	Recovery
2011162806 Bond-Crime	CSU Fullerton Auxiliary Services Corporation Closed	10/26/2011 3/26/2012	Elaine Kim		Total Reserve	0	0	0	0	0
	Bookstore theft of textbooks CSU Fullerton Auxiliary Services					0	0	0	0	0
					Total:	0	0	0	0	0
102043 Bond-Crime	CSU Fullerton Auxiliary Services Corporation Closed	2/24/2010 8/27/2010	Elaine Kim		Total Reserve	0	0	0	0	0
	Fraudulent check for \$94,000 on the ASC Wells Fargo Bank account was cashed and cleared the bank. CSU Fullerton Auxiliary Services					0	0	0	0	0
					Total:	0	0	0	0	0
P82379 Crime	Open	7/1/2015	Martin Fox-Foster		Total Reserve	0	0	0	0	0
	CSU Fullerton Auxiliary Services Corporation became aware in December 2015 that an inventory of one of their book stores resulted in the discovery of the theft of a large number of text books. The inventory took place in October 2015. Cal State Fullerton Auxiliary Services Corporation					0	0	0	0	0
					Total:	0	0	0	0	0

Associated Students Inc., San Diego State University

Claim Number Claim Type	Claimant Name Claimant Status	DOI Closed Date	Litigated Examiner	Denied Reported Date		Paid this Period	Paid	Outstanding	Incurred	Recovery
102044 Bond-Crime	Associated Students, San Diego State University Closed	1/15/2010 6/24/2011	Elaine Kim		Total Reserve	0	0	0	0	0
	employee theft CSU San Diego Associated Students					0	0	0	0	0
					Total:	0	0	0	0	0

AORMA Crime Loss Run Summary

Aztec Shops Ltd., San Diego State University

Claim Number Claim Type	Claimant Name Claimant Status	DOI Closed Date	Litigated Examiner	Denied Reported Date		Paid this Period	Paid	Outstanding	Incurred	Recovery
2010121784 Bond-Crime	Aztec Shops, Ltd., San Diego State University Closed	2/17/2010 5/15/2012			Total Reserve	0	20,000.00	0	20,000.00	0
			David Sutton			0	0	0	0	0
	Employee Dishonesty. Money Stolen					0	0	0	0	0
	CSU San Diego Aztec Shops					0	0	0	0	0
					Total:	0	20,000.00	0	20,000.00	0
P058133 Bond-Crime	San Diego State University, Aztec Shops Closed	7/9/2014 4/14/2015			Total Reserve	0	0	0	0	0
			Kim, Elaine			0	0	0	0	0
	Garda picked up two deposit bags from Aztec Shops Ltd., Bookstore #1, (\$83,125.48 and \$8971.95) and was to deliver the deposit to Wells Fargo Bank Cash Vault for processing. Aztec Shops has not been able to resolve the issue of the missing deposits with G					0	0	0	0	0
	California State University Risk Management Authority (Csurma)					0	0	0	0	0
					Total:	0	0	0	0	0

San Diego State University Research Foundation

Claim Number Claim Type	Claimant Name Claimant Status	DOI Closed Date	Litigated Examiner	Denied Reported Date		Paid this Period	Paid	Outstanding	Incurred	Recovery
LDUSA1003999001 Bond-Crime	San Diego State University Research Foundation Closed	11/18/2010 1/13/2014			Total Reserve	0	500,000.00	0	500,000.00	0
			Robert Frey			0	0	0	0	0
	Indictments and Press Release					0	0	0	0	0
	San Diego State University Research Foundatiion					0	0	0	0	0
					Total:	0	500,000.00	0	500,000.00	0

Associated Students Inc., San Jose State University

Claim Number Claim Type	Claimant Name Claimant Status	DOI Closed Date	Litigated Examiner	Denied Reported Date		Paid this Period	Paid	Outstanding	Incurred	Recovery
Crime	Open	7/1/2014			Total Reserve	0	0	0	0	0
			Fox-Foster, Martin	3/13/2015		0	0	0	0	0
	Vargas, Cheryl - Employee Dishonesty/Theft					0	0	0	0	0
	Associated Students Inc. San Jose State University					0	0	0	0	0
					Total:	0	0	0	0	0

AORMA Crime Loss Run Summary

Spartan Shops Inc., San Jose State University

Claim Number Claim Type	Claimant Name Claimant Status	DOI Closed Date	Litigated Examiner	Denied Reported Date		Paid this Period	Paid	Outstanding	Incurred	Recovery
5677	Spartan Shops, Inc., San Jose State University	3/10/2008			Total Reserve	0	13,800.83	0	13,800.83	0
Bond-Crime	Closed	11/5/2009	Elaine Kim	3/24/2008		0	0	0	0	0
	Employee Theft					0	0	0	0	0
	CSU San Jose Spartan Shops					0	0	0	0	0
						0	0	0	0	0
					Total:	0	13,800.83	0	13,800.83	0



CSURMA AORMA

POLICY & PROCEDURE NO. C-1

SUBJECT: CRIME PROGRAM MEMBER ALLOCATION FORMULA

**ADOPTED: NOVEMBER 6, 2013
SEPTEMBER 10, 2015**

EFFECTIVE: JULY 1, 2014

AMENDED: N/A

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total crime program costs as outlined in the Crime Program Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the total crime program costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will approve the following allocation criteria within the Crime Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rate
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium schedule
5. Loss ratio surcharge schedule

Basic Rates:

The payroll used within this allocation is the estimated payroll for the upcoming fiscal year.

1. Payroll is multiplied by the **Basic Rate**. *Result – basic premium*

** Example **					
1.	\$10,000,000 Payroll	*	.0400 Basic Rate (per \$100 in payroll)	=	\$4,000 Basic Premium

Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*

**** Example ****

1.	\$4,000 Basic Premium	/	\$10,000 Maximum Premium for Calculating Size Credit	=	40% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	40% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	30% Maximum Size Percentage Credit	=	12% Size Credit Percentage
3.	.0400 Basic Rate	-	12% Size Credit Percentage	=	.0352 Basic Rate w/ Size Credit

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*
2. Member's five-year loss ratio is reviewed against loss rating surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total payroll. *Result – Final premium.*

**** Example ****

1.	\$20,000 Five Years Paid Claims	/	\$17,500 Total Premium for Five Prior Years	=	114% Loss Ratio
2.	114% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is assigned.			=	20% Loss Ratio Surcharge
3.	20%	+	.0352	=	.0422

Loss Ratio Surcharge		Basic Rate w/ Size Credit		Final Rate
4.	.0422	*	\$10,000,000	= \$4,220
	Final Rate		Total Payroll	Basic Premium w/ Size Credit and Loss Rating
<u>Loss Ratio Surcharge Schedule</u>				
	Loss ratio less than 50%			= No surcharge
	Loss ratio between 50% and 100%			= 10% surcharge
	Loss ratio in excess of 100%			= 20% surcharge

Minimum Premium:

The expenditures used within this allocation are the expenditures documented in the member's most recent financial audit.

- Using the Minimum Premium Schedule, each member is assigned a minimum premium based on their total expenditures. *Result – member's scheduled minimum premium.*
- Member's final premium is compared to the member's scheduled minimum premium. *Result – the minimum premium will be applied if the member's final premium is less than the minimum premium.*

**** Example ****

1.	\$40,000,000		=	\$3,250
	Expenditures are reviewed against the Minimum Premium Schedule and a Minimum Premium is assigned.			Loss Ratio
2.	\$4,220 > \$3,250		=	\$4,220
	If Basic Premium is greater than Minimum Premium, use Basic Premium. If Basic Premium is less than Minimum Premium, use Minimum Premium			Basic Premium w/ Size Credit, Loss Rating and Minimum Premium
<u>Minimum Premium Schedule</u>				
	Expenditures less than \$2,000,000		=	\$250
	Expenditures between \$2,000,001 and \$6,000,000		=	\$1,250
	Expenditures between \$6,000,001 and \$10,000,000		=	\$2,250
	Expenditures between \$10,000,001 and \$20,000,000		=	\$2,750
	Expenditures greater than \$20,000,001		=	\$3,250

Administrative Costs:

1. The crime program administrative costs will be divided evenly between all of the crime program members. *Result – member’s crime program administrative costs.*
2. Member’s crime program administrative costs are added to the member’s final premium or minimum premium, whichever applies. *Result – total crime program premium.*

**** Example ****

1.	\$25,000	/	87	=	\$287
	Total crime program administrative costs		Number of crime members		Per member total crime program administrative costs
2.	\$4,220	+	\$287	=	\$4,507
	Basic Premium w/ Size Credit, Loss Rating and Minimum Premium		Per member total crime admin costs		Total Crime Premium

DEFINITIONS:

1. **Basic Rate** – This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total crime program funding required for the upcoming fiscal year.
2. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Size Credit dollar amount will be approved annually by the Programs Committee. The Maximum Premium for Size Credit is used to calculate each member’s size credit. The member’s basic premium is divided by the Maximum Premium for Size Credit, as an example - $\$5,000$ (*member’s basic premium*) / $\$10,000$ (*Maximum Premium for Size Credit*) = 50% (*member’s percentage of size credit*). This member would be subject to 50% of the total Size Credit Percentage.
3. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the Programs Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (*member’s percentage of size credit*) * 30% (*Size Credit Percentage*) = 15% *member’s size credit*.



CSURMA AORMA

POLICY & PROCEDURE UI-1

SUBJECT: FORMULA FOR DETERMINING THE UNEMPLOYMENT INSURANCE PROGRAM ANNUAL CONTRIBUTIONS

ADOPTED: MAY 12, 2010

EFFECTIVE: JULY 1, 2011

REVISED: DECEMBER 6, 2012
MAY 8, 2014
MAY 5, 2016

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

The AORMA Unemployment Insurance Program (UIP) annual contribution for each Auxiliary Organization participating in the AORMA UIP (MEMBER) shall be calculated using two factors – paid claims and administrative costs.

PROCEDURE:

1. **Deposit Formula** - Paid claims (the MEMBER's average annual paid claims for five years ending 6/30), plus an administrative cost. The administrative costs are allocated to each MEMBER based on its percentage of the total average annual paid claims.
2. **Minimum Fund Balance** - Each MEMBER must maintain in the AORMA UIP a minimum fund balance of two times its average annual losses. If a MEMBER's fund balance is below the minimum, annually, the additional funding required will be calculated and the MEMBER will be assessed at the program anniversary date an amount not to exceed 20% of the additional funding required to achieve the minimum fund balance. The MEMBER will be assessed annually until the MEMBER's fund balance is at the minimum fund balance.

At the end of each fiscal year, the AORMA UIP Fund Balance Report will be distributed to each MEMBER. The Fund Balance Report will include actual paid claims for the fiscal year rather than estimates. If the MEMBER's fund balance exceeds the minimum fund balance required (two times annual average losses) then the MEMBER can request that the excess funds be returned. *Any obligation to a third party will be the responsibility of the MEMBER.*



3. **Minimum Contribution** - There is no minimum contribution based on paid claims. However, there is a \$250 minimum annual contribution for administrative costs.
4. **Investment Income / Loss** - The total Investment Income or Loss is allocated to each MEMBER based on its percentage of the total AORMA UIP average fund balance for the preceding fiscal year. For the purpose of calculating the MEMBER's average fund balance, the following formula shall be used:

Beginning fund balance *plus* additional contributions *less* MEMBER's paid claims *less* MEMBER's allocated administrative costs = MEMBER's average balance.

MEMBER APPEAL PROCESS:

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

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



DEFINITIONS:

AORMA COMMITTEE - The governing body of AORMA.

AORMA - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

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

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority. Within this Policy and Procedure, MEMBER also means the Auxiliary Organization participating in the AORMA Unemployment Insurance Program.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

UIP – AORMA Unemployment Insurance Program.



CSURMA AORMA

**POLICY AND PROCEDURE NO. A-3
(FORMERLY 7-AORMA)**

SUBJECT: TARGET SURPLUS FUNDING POLICY

ADOPTED: JANUARY 10, 2007

EFFECTIVE: JANUARY 1, 2007

**AMENDED: OCTOBER 29, 2009
SEPTEMBER 16, 2010
OCTOBER 23, 2014
MAY 5, 2016**

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

In an effort to assure the long term financial strength of the Workers’ Compensation, Liability, Property and Crime Programs (Programs), the AORMA Committee desires to fund the Programs in a responsible manner. Furthermore, in recognition that there is a high degree of uncertainty in actuarial estimates due to the possibility of occasional catastrophic claims and inconsistent or inaccurate case reserving, the AORMA Committee desires to establish a TARGET SURPLUS GOAL that will guide them in making annual funding decisions for the Programs.

The TARGET SURPLUS GOAL is hereby established to be, at a minimum, the actuarially determined 70% CONFIDENCE LEVEL, discounted for investment. In evaluating the Programs’ funding position relative to the TARGET SURPLUS GOAL as a part of each year’s ratemaking process, the AORMA COMMITTEE shall take into consideration the following ratios: Gross Premium to SURPLUS Ratio, SURPLUS to Pool Retention Ratio and Outstanding Reserves to SURPLUS Ratio.

The AORMA COMMITTEE may take action to set a higher or lower CONFIDENCE LEVEL based on AORMA’s goal to retain more or less risk.

PROCEDURE:

- 1. Annual Actuarial Study** - Each year the Program Director will engage CSURMA’s accredited independent actuary to perform an actuarial analysis of the Workers’ Compensation and Liability Programs. This analysis shall include ESTIMATED OUTSTANDING LOSSES (including IBNR) at various CONFIDENCE LEVELs as well as PROJECTED ULTIMATE LOSSES for the upcoming year(s). The analysis shall also compare the current program funding against the OUTSTANDING LOSSES and determine the CONFIDENCE LEVEL to which the program is currently funded. Because the Property

and Crime Programs have an annual aggregate retention, an actuarial analysis is not performed.

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

Gross Premium to Surplus Ratio: Target <1.5:1

This ratio is a measure of how SURPLUS is leveraged against possible pricing inaccuracies. A low ratio is desirable.

Surplus to Pool Retention Ratio: Target >5-10:1

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

Outstanding Reserves to Surplus Ratio: Target $\leq 1.5:1$

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

- 3. Application of Target Surplus Criteria** – After an annual review of the Target Surplus Ratios, the AORMA COMMITTEE will determine whether it is desirable to increase, decrease, or stabilize SURPLUS. If the AORMA COMMITTEE desires to decrease SURPLUS, it may approve a funding level below the 70% CONFIDENCE LEVEL. Conversely, a funding decision above the 70% CONFIDENCE LEVEL will indicate a bias toward increasing SURPLUS. A determination to fund at the 70% CONFIDENCE LEVEL will reflect the AORMA COMMITTEE's desire to keep SURPLUS at the current level.

Because the Property and Crime Programs have annual aggregate retentions, and therefore no actuarial study is performed, the surplus shall be the amount of funds that exceed the maximum liability retained by the program for all program years. The AORMA COMMITTEE will approve the annual funding for each program.

The Target Surplus Funding Analysis will be prepared for each self-funded program and presented to the AORMA COMMITTEE after the end of each fiscal year.

- 4. Dividends** – Dividends may be available from the amount of SURPLUS exceeding the TARGET SURPLUS GOAL amount established by the AORMA COMMITTEE. The allocation of any dividend shall be pursuant to the Dividends and Assessments Policy and Procedure detailed in Policy and Procedure No. A-4.
- 5. Assessments** – Assessments may be required when the AORMA COMMITTEE determines that the amount of SURPLUS is not sufficient and can best be remedied by an extraordinary assessment. The allocation of any assessment shall be pursuant to the Dividends and Assessments Policy and Procedure detailed in Policy and Procedure No. A-4.



CSURMA AORMA

**POLICY AND PROCEDURE NO. A-3
(FORMERLY 7-AORMA)**

MEMBER APPEAL PROCESS:

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

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



DEFINITIONS:

AORMA COMMITTEE - The governing body of AORMA.

AORMA - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMS that operate within the California State University Risk Management Authority representing the auxiliary organizations.

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

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

ESTIMATED OUTSTANDING LOSSES – Estimated Outstanding Losses are the cost of claims that have occurred but have not yet been paid. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE). They are calculated as projected ultimate losses less paid losses. Alternative, they are the sum of case reserves and incurred but not reported (IBNR) claims. Estimated Outstanding Losses are usually the largest single item listed as a liability the balance sheet of a public entity's financial statement. GASB Statement No. 10 requires they be calculated by actuarial methods. Other common names for estimated outstanding losses are outstanding claim liability and unpaid claims.

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

IBNR – Incurred but Not Reported losses.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program's definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

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

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



CSURMA AORMA

**POLICY AND PROCEDURE NO. A-3
(FORMERLY 7-AORMA)**

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

PROJECTED ULTIMATE LOSSES – Projected Ultimate Losses are the accrual value of claims. They are the total amount that is expected to be paid in a particular claim period after all claims are closed. Projected Ultimate Losses are the total loss costs for a particular period. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE).

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

TARGET SURPLUS GOAL – The amount of cash equivalent available to pay claims in excess of actuarial 70% CONFIDENCE LEVEL discounted for investment income.

**AORMA Liability Fund Program
Target Surplus Funding Analysis - Pooled Layer Funding @ \$500,000
@ March 31, 2016**

Analysis Factors	Current Analysis	Change	Prior Analysis
Gross Premium for FY 16/17 (at 80% CL) #1	3,068,777	Down From	3,336,715
Maximum Retention Per Occurrence	500,000	Up From	350,000
Outstanding Reserves at 3/31/16 #2	1,546,200	Down From	1,745,718
Unencumbered Funds (Expected Confidence Level) #3	5,986,096	Up From	4,356,346
Unencumbered Funds (above a 70% Confidence Level) #4	5,801,409	Up From	4,101,214
Unencumbered Funds (above an 80% Confidence Level) #4	5,435,368	Up From	3,733,109

#1 - Includes Actuary's Recommended Estimated Pooled Layer Funding at a 70% confidence level, claims administration and reinsurance costs.

#2 - Reserves on open claims - three claims were capped at the current pooled layer of 500,000

#3 - Unencumbered Funds means the Plan Assets minus the Outstanding Losses. The plan assets have been increased by the reinsurance recoverables of \$3,586,043 and reduced by the accounts payable of \$18,637 and unearned revenue of \$2,066,470. Outstanding Losses are undiscounted for investment income and include unallocated loss adjustment expense.

#4 - Unencumbered Funds means the Plan Assets minus the Outstanding Losses. The plan assets have been increased by the reinsurance recoverables of \$3,586,043 and reduced by the accounts payable of \$18,637 and unearned revenue of \$2,066,470. Outstanding Losses are discounted for investment income and include unallocated loss adjustment expense.

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium : Surplus	<1.5:1	2,045,851	0.51
Surplus : Retention	>5:1	2,500,000	11.97
Outstanding Reserves : Surplus	≤1.5:1	1,030,800	0.26

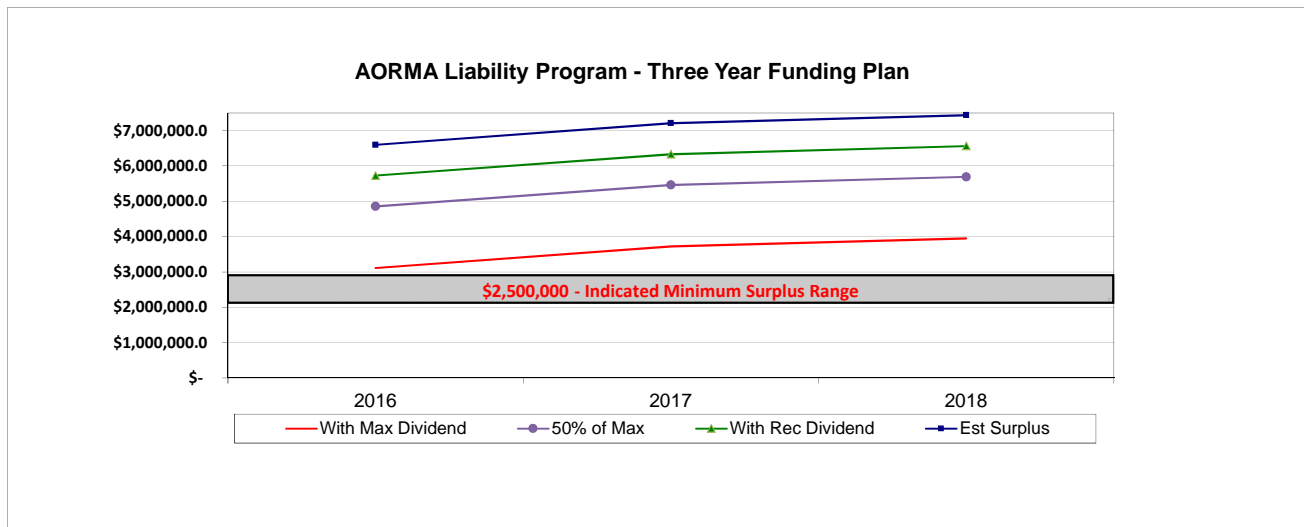
Dividend	
Unencumbered Funds (Expected Confidence Level) #3	5,986,096
Indicated Minimum Surplus (largest ratio amount)	2,500,000
Maximum Dividend Available	3,486,096
Dividend 50%	1,743,048
Dividend 33%	1,150,412
Dividend 25%	871,524

Approved on October 22, 2015

Confidence levels	Risk Factor	Pooled Layer Funding #5	Surplus
Expected	1.000	1,471,260	-
60%	1.045	1,537,467	66,207
70%	1.156	1,700,777	229,517
80%	1.414	2,080,362	609,102

#5 The Pooled Layer Funding is discounted for investment income and does not include the unallocated loss adjustment expense.

Three Year Funding Plan				
Fiscal Year	Added to Surplus	Estimated Surplus	Estimated Surplus w/ Maximum Dividend	Estimated Surplus w/ Recommended Dividend
Estimated Balance at 7/1/15	N/A	5,986,096	N/A	N/A
2016/17 - Collection @ 80% Confidence Level	609,102	6,595,198	3,109,102	5,723,674
2017/18 - Collection @ 80% Confidence Level	609,102	7,204,300	3,718,204	6,332,776
2018/19 - Collection @ 70% Confidence Level	229,517	7,433,817	3,947,721	6,562,293



AORMA Liability Fund Program
Target Surplus Funding Analysis - Pooled Layer Funding @ \$500,000

Analysis Factors	Current Analysis	Change	Prior Analysis
Gross Premium for FY 16/17 (at 80% CL)	3,926,000	Down From	3,946,750
Maximum Retention Per Loss	500,000	Flat	500,000
Outstanding Reserves at 6/30/15	4,169,368	Up From	3,803,264
Surplus at 6/30/15 #1	3,966,235	Down From	4,800,263
Funding Above 70% Confidence Level	3,633,140	Down From	4,489,379
Funding above 80% Confidence Level	2,998,083	Down From	3,861,899

*1 The plan assets have been reduced by the dividend of \$464,087 payable in July, 2015 and accounts payable of \$ 112,719

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium : Surplus	<1.5:1	2,617,333	0.99
Surplus : Retention	>5:1	2,500,000	7.93
Outstanding Reserves : Surplus	≤1.5:1	2,779,579	1.05

Dividend	
Surplus at 6/30/15	3,966,235
Indicated Minimum Surplus (largest ratio amount)	2,779,579
Maximum Dividend Available #2	1,186,656
Dividend 50%:	593,328
Dividend 33%	391,597
Dividend 25% #3	296,664

#2 Dividend not recommended

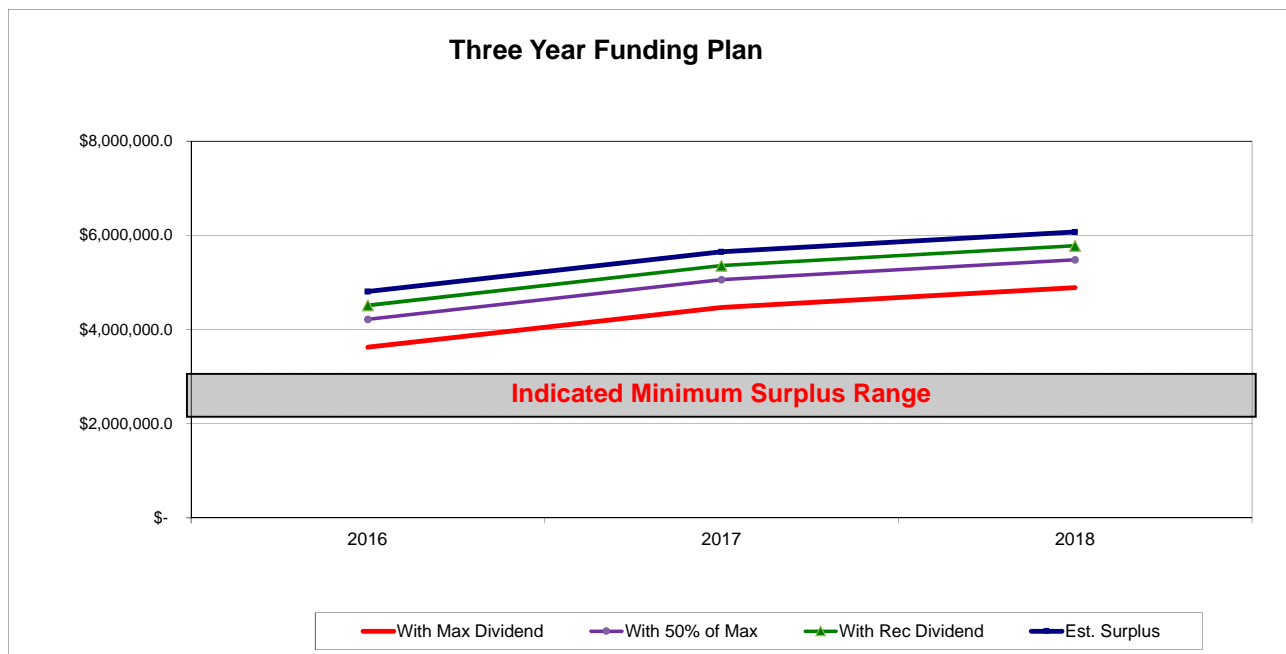
#3 The dividend paid in July, 2015 was 25% of the maximum dividend available

Confidence levels	Risk Factor #4	Pooled Layer Funding #5	Surplus
Expected	1.000	2,814,000	-
70%	1.150	3,236,000	422,000
80%	1.300	3,658,000	844,000
90%	1.500	4,221,000	1,407,000

#4 As indicated in the actuarial report

#5 The Pooled Layer Funding does not include the unallocated loss adjustment expense (ULAE)

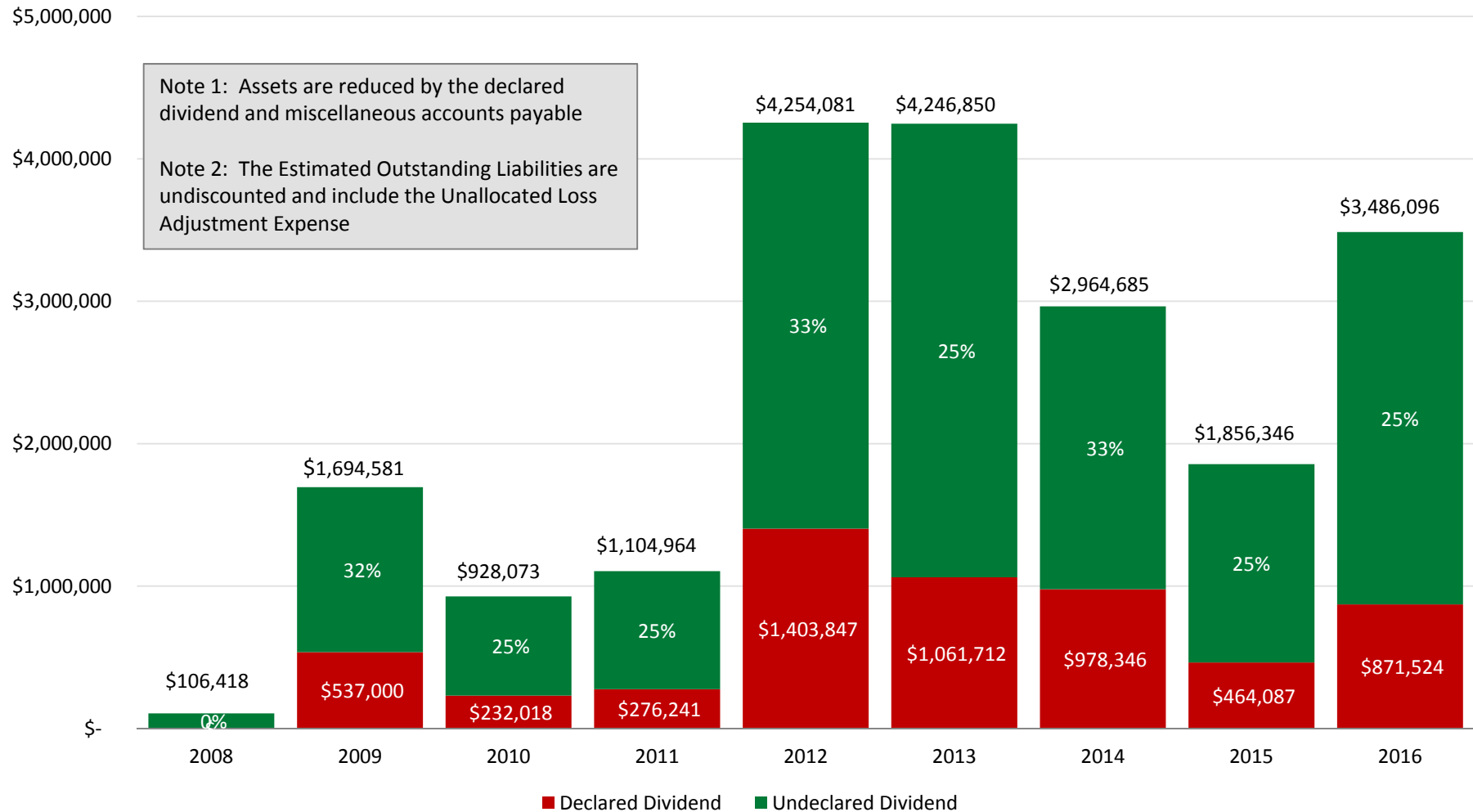
Three Year Funding Plan				
Fiscal Year	Added to Surplus	Estimated Surplus	Estimated Surplus w/ Maximum Dividend	Estimated Surplus w/ Recommended Dividend
Estimated Balance at 7/1/15	N/A	3,966,235	N/A	N/A
2016/17 - Collection @ 80% Confidence Level	844,000	4,810,235	3,623,579	4,513,571
2017/18 - Collection @ 80% Confidence Level	844,000	5,654,235	4,467,579	5,357,571
2018/19 - Collection @ 70% Confidence Level	422,000	6,076,235	4,889,579	5,779,571



Liability Historical Dividends Paid in July



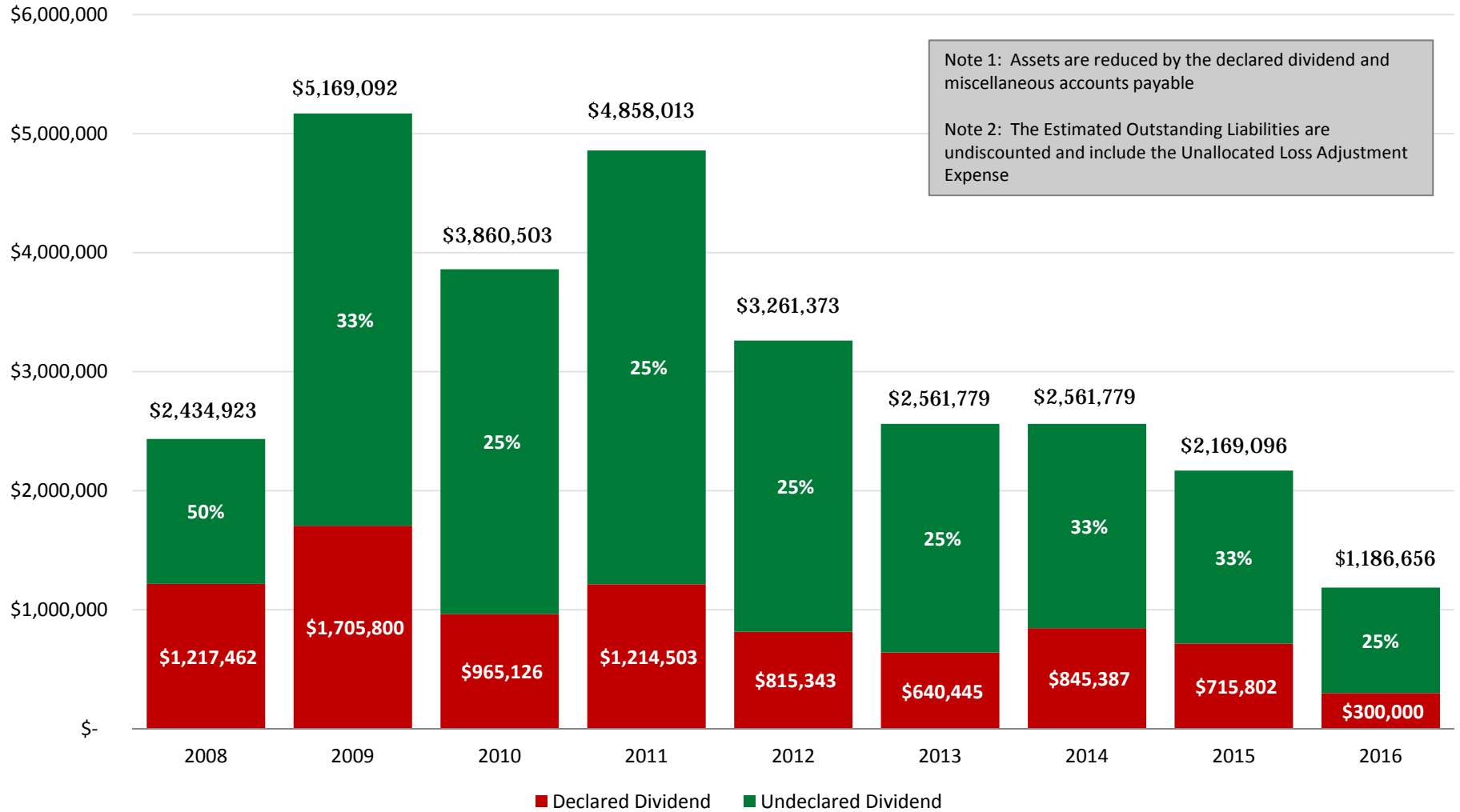
Maximum Dividend Available vs. Dividend Declared



Workers' Compensation Historical Dividends Paid in July



Maximum Dividend Available vs. Dividend Declared





CSURMA AORMA

POLICY AND PROCEDURE NO. A-4

SUBJECT: DIVIDENDS & ASSESSMENTS

ADOPTED: MARCH 8, 2007

**AMENDED: OCTOBER 29, 2009
SEPTEMBER 16, 2010
OCTOBER 23, 2014
MAY 5, 2016**

EFFECTIVE: JULY 1, 2007

POLICY & PROCEDURE NO.: (FORMERLY) 8-AORMA

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY

It is the policy of the AORMA COMMITTEE that:

1. Evaluation of the funding for each Self-Insured PROGRAM shall be made based on all coverage periods combined for that particular PROGRAM rather than on each coverage period on its own. The availability of any dividend or need for any assessment will be determined based on the PROGRAM’s overall funding relative to the Target Surplus Goal detailed in the separate Policy and Procedure No. A-3.
2. Assessments and Dividends shall be allocated to the MEMBERS based on participation in “open” policy periods only.
3. Unless the AORMA COMMITTEE takes specific action to the contrary, a coverage period shall be considered “closed” for dividend and assessment purposes five (5) years from the expiration of that period (i.e. 6/30/03 for FY 07/08).
4. Assessments are a responsibility of membership and shall be allocated to all MEMBERS who participated in the open policy periods which the assessment is based on, regardless of whether they are current MEMBERS at the time the assessment is declared.
5. Dividends are a privilege of membership and shall be allocated only to the current MEMBERS in the PROGRAM at the time the dividend is declared who participated in one or more of the open policy periods which the dividend is based on.

PROCEDURE

- 1. Annual Funding Analysis** – Each year the Program Director will analyze the current funding position of the PROGRAMs in accordance with the Target Surplus Goal detailed in Policy and Procedure No. A-3. This analysis will, in part, determine whether the PROGRAM’s overall funding is sufficient to consider a dividend or is depleted to the point of considering an assessment. The Program Director’s analysis will be reviewed by the AORMA COMMITTEE.
- 2. Closure of Policy Periods** - Upon reaching five (5) years of maturity after the end of a coverage period, that period shall be "closed" and there shall be no further dividends or assessments allocated with respect to those PROGRAM periods. Notwithstanding the above, the AORMA COMMITTEE may take action to leave a policy period "open" even though it may otherwise qualify for closure. In addition, the last five (5) policy periods shall always remain "open" unless the AORMA COMMITTEE takes specific action to declare any of the last five (5) policy periods closed.
- 3. Dividends and Assessments** - Dividends and assessments shall be allocated to the MEMBERS based upon the proportion of all premiums paid to the PROGRAM in all "open" periods only. For purposes of allocating dividends and assessments pursuant to this subparagraph, all "open" policy periods shall be considered collectively.
- 4. DECLARATION OF ASSESSMENTS** – Assessments will be declared as needed by the AORMA COMMITTEE, and will be collected from a MEMBER in accordance with its proportionate funding to the PROGRAM during all “open” policy periods, whether or not they currently participate in the PROGRAM at the time of the assessment.
- 5. DECLARATION OF DIVIDENDS** – The AORMA COMMITTEE may declare dividends if overall funding is sufficient to support such action. Upon such a declaration, the dividend shall be allocated to those MEMBERS currently participating in the PROGRAM at the time the dividend is declared, based on the proportionate funding of all “open” policy periods.

MEMBER APPEAL PROCESS

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

If a MEMBER wishes to appeal the AORMA COMMITTEE’s decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within 5 business days of receipt of the AORMA COMMITTEE’s decision. The CSURMA Executive Committee will then review the



CSURMA AORMA

POLICY AND PROCEDURE NO. A-4

appeal at its next meeting or sooner. The CSURMA Executive Committee's decision will be the final determination.

DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance, a group of PROGRAMs of the California State University Risk Management Authority representing auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

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

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

PROGRAM – For purposes of dividends and assessments, AORMA's PROGRAMs are the Liability, Workers' Compensation, Property and Crime.

AORMA Policies and Procedures

Review Schedule

Policy and Procedure		Adopted	Amended / Reviewed	Scheduled for Review
A-1	AORMA Committee Composition, Elections and Terms Limits	4/18/2003	12/10/2015	2017
A-2	AORMA Committee and Standing Committee Roles and Responsibilities	8/19/2003	12/10/2015	2017
A-3	Target Surplus Funding Policy	1/10/2007	5/5/2016	2018
A-4	Dividends and Assessments	3/8/2007	5/5/2016	2018
A-5	Annual Calendar of Reports, Audits and Filings	10/29/2009	5/5/2016	2018
A-6	Risk Reduction Matching Grant Program	5/9/2013	5/5/2016	2018
A-7	Travel Reimbursement Policy	5/21/2013	3/19/2015	2017
A-8	Closed Session	10/23/2014	5/5/2016	2018
C-1	Crime Program Member Allocation Formula	11/6/2013	9/10/2015	2017
L-1	Claims Reporting	12/7/2006	5/5/2016	2018
L-2	Liability Claims Administration and Litigation Management	12/7/2006	3/10/2016	2018
L-3	Legal Counsel Selection	12/7/2006	5/5/2016	2018
Attachment	Approved Legal Counsel List (Review at least every three years)	N/A	9/12/2013	2016
L-4	Employee Driving Standards	7/1/2002	5/5/2016	2018
L-5	Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations	8/19/2003	3/19/2015	2017
L-6	Requirement to Purchase PAI for all Activities Involving Minors	6/17/2010	5/5/2016	2018
L-7	Employment Practices Deductible Options	5/12/2011	3/19/2015	2017
L-8	Liability Program Member Allocation Formula - DRAFT	8/8/2016	N/A	N/A
P-1	Property Program Member Allocation Formula	11/6/2013	9/10/2015	2017
UI-1	Formula for Determining Unemployment Insurance Program Annual Contributions	5/12/2010	5/5/2016	2018
W-1	Workers' Compensation Member Allocation Formula	5/15/2008	5/5/2016	2017
W-2	Requirement of Members to Maintain Experience Modification Factor of 1.25 or Less	9/9/2003	5/5/2016	2018
W-3	Claims Handling Procedures and Guidelines	12/8/2009	3/20/2014	2016
W-4	Workers' Compensation Coverage Claims Settlement Authority	9/16/2010	5/5/2016	2018
W-5	Volunteer Coverage	1/12/2005	5/5/2016	2018

**California State University Risk Management Authority
Member Aged Accounts Receivable
As of 4/13/2016**

	Client Name	Current	31-60	Over 60	Balance
b	Associated Students Inc, CPSU San Luis Obispo	34,925.00	229.00	0.00	35,154.00
	Associated Students Inc, CSPU Pomona	29,382.00	0.00	0.00	29,382.00
	Associated Students Inc, CSU Dominguez Hills	2,159.00	0.00	0.00	2,159.00
	Associated Students Inc, CSU East Bay	7,088.00	0.00	0.00	7,088.00
	Associated Students Inc, CSU Long Beach	31,292.00	0.00	0.00	31,292.00
	Associated Students Inc, CSU Northridge	17,834.00	0.00	0.00	17,834.00
	Associated Students Inc, CSU Sacramento	27,351.00	0.00	0.00	27,351.00
	Associated Students Inc, CSU Stanislaus	509.00	0.00	0.00	509.00
	Associated Students Inc, San Francisco State University	16,454.00	0.00	0.00	16,454.00
	Associated Students of CSU, Chico	57,658.00	0.00	0.00	57,658.00
	Associated Students of Humboldt State University	491.00	0.00	0.00	491.00
	Associated Students of Sonoma State University	3,485.00	0.00	0.00	3,485.00
	Associated Students, CSU Fullerton	35,748.00	0.00	0.00	35,748.00
	Associated Students, San Diego State University	44,381.00	0.00	0.00	44,381.00
	Cal Poly Corporation	111,575.00	0.00	0.00	111,575.00
b	Cal Poly Pomona Foundation, Inc.	81,690.00	81,690.00	0.00	163,380.00
	Cal State LA University Auxiliary Services Inc	63,487.00	0.00	0.00	63,487.00
	Capital Public Radio, Inc.	9,490.00	0.00	0.00	9,490.00
	CSU Bakersfield Foundation	6,647.00	464.00	0.00	7,111.00
	CSU Bakersfield, Auxiliary for Sponsored Programs Admin	5,145.00	0.00	0.00	5,145.00
b	CSU Chico Research Foundation	62,844.00	141.00	0.00	62,985.00
	CSU Dominguez Hills Foundation	32,417.00	0.00	0.00	32,417.00
	CSU Fresno Association	53,096.00	0.00	0.00	53,096.00
	CSU Fresno Athletic Corporation	18,231.00	0.00	0.00	18,231.00
	CSU Fresno Foundation	50,527.00	0.00	0.00	50,527.00
	CSU Fullerton Univ Auxiliary Services Corporation	55,218.00	0.00	0.00	55,218.00
	CSU Long Beach Research Foundation	55,394.00	0.00	0.00	55,394.00
b	Donald P. & Katherine B. Loker University Student Union, Inc	5,682.00	5,041.00	0.00	10,723.00
b	Forty-Niner Shops Inc, CSU Long Beach	70,284.00	61,276.00	0.00	131,560.00
	Humboldt State Univ Sponsored Programs Foundation	32,036.00	0.00	0.00	32,036.00
	Humboldt State University Advancement Foundation	10,520.00	0.00	0.00	10,520.00
	Humboldt State University Center	25,999.00	0.00	0.00	25,999.00
	San Jose State University Research Foundation	94,877.00	0.00	0.00	94,877.00
	Santos Manuel Student Union, CSU San Bernardino	13,368.00	0.00	0.00	13,368.00
	Spartan Shops Inc., San Jose State University	67,262.00	0.00	0.00	67,262.00
	Student Union Inc, San Jose State University	11,256.00	0.00	0.00	11,256.00
	The Tower Foundation, San Jose State University	1,457.00	0.00	0.00	1,457.00
a	The University Corporation, CSU Northridge	107,249.00	253.00	0.00	107,502.00
	The University Corporation, San Francisco State	15,410.00	0.00	0.00	15,410.00
	Univ Auxiliary & Research Services Corp, San Marcos	33,445.00	0.00	0.00	33,445.00
	University Corporation at Monterey Bay	44,785.00	0.00	0.00	44,785.00
	University Enterprises Corporation at CSUSB	45,692.00	0.00	0.00	45,692.00
	University Enterprises Inc. CSU Sacramento	241,999.00	0.00	0.00	241,999.00
	University Glen Corporation, CSU Channel Islands	14,430.00	0.00	0.00	14,430.00
	University Student Union Board, CSU Los Angeles	18,519.00	0.00	0.00	18,519.00
	University Student Union, CSU Northridge	36,222.00	0.00	0.00	36,222.00
	University Student Union, CSU Stanislaus	1,765.00	0.00	0.00	1,765.00
	University Union, CSU Sacramento	354.00	0.00	0.00	354.00
	Totals:	\$1,807,129.00	\$149,094.00	\$0.00	\$1,956,223.00

a Member indicated that payment will be remitted in April 2016.

b CSURMA Accounting is working with Members to collect outstanding balances.

**California State University Risk Management Authority
Outstanding Member Loan Status
As of 3/31/2016**

Loan Pool: 15% of the overall average cash and investment for the preceding 12 months (Apr 2015 - Mar 2016)				\$ 26,232,757.90	
Member Name	Maturity Date	Original Issue Date	Original Issue Amount	Outstanding Loan Balance 3/31/2016	Outstanding Loan Balance 06/30/2015
Humboldt State University Advancement Foundation	Oct 2017 (Extension)	Aug 2008	\$ 2,535,000.00	\$ 2,000,000.00	\$ 2,000,000.00
CSU Fresno	Sep 2018 (Extension)	Nov 2008	\$ 4,500,000.00	\$ 330,063.76	\$ 1,028,216.52
CSU Sacramento	Jun 2019	May 2014	\$ 4,000,000.00	\$ 2,549,468.00	\$ 2,339,839.00
Total Loans			\$ 11,035,000.00	\$ 4,879,531.76	\$ 5,368,055.52

Remaining Amount Available for Member Loans **\$ 19,902,694.14**
(The remaining amount reflects CSU Sacramento Line of credit balance of \$1,450,532)

***Per CSURMA P&P No. 10:**

A single Member loan and its associated Member's Auxiliary Organizations shall not exceed 5% of the overall average cash and investments for the preceding 12 months

\$ 8,744,252.63

**California State University Risk Management Authority
Travel Expenses Report**

Processed from July 1, 2015 to March 31, 2016

Dates of Travel	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
1/10-1/11/2016	Zachary Gifford	Sacramento	CSURMA EC Meeting at AOA Conference	\$ 195.85	\$ 24.36	\$ 408.02	\$ 628.23
1/25-1/28/2016	Zachary Gifford	Sonoma/San Francisco	Campus visit and Poudyal Mediation and Ventiv meeting at Alliant	\$ 264.21	\$ 113.04	\$ 426.29	\$ 803.54
1/27- 1/28/2016	Rebecca Skidmore	San Francisco/CSU Northridge	Ventiv meeting at Alliant and CSURMA Special Events Resource Guide Conference	\$ -	\$ 10.51	\$ 197.95	\$ 208.46
2/3/2016	Zachary Gifford	Sacramento	CSAC EIA UW Committee Meeting	\$ -	\$ -	\$ 349.20	\$ 349.20
2/10-2/12/2016	Zachary Gifford	San Diego	Workers' Compensation Fraud Seminar, CSUSM & SDSU Campus WCCs Meeting	\$ 198.28	\$ 40.26	\$ 118.59	\$ 357.13
2/16-2/18/2016	Rebecca Skidmore	Denver, CO	URMIA Western Regional Conference	\$ 387.86	\$ 101.66	\$ 528.81	\$ 1,018.33
2/23-2/26/2016	Zachary Gifford	Palm Desert	2016 PARMA Conference at Indian Wells, Palm Desert	\$ 319.77	\$ 33.81	\$ 142.02	\$ 495.60
3/10-3/11/2016	Rebecca Skidmore	San Francisco	CSURMA EC and LRP Meetings	\$ 314.88	\$ 44.05	\$ 240.22	\$ 599.15
3/9-3/11/2016	Zachary Gifford	San Francisco	CSURMA AORMA, EC & LRP Meetings at Alliant Office	\$ 629.76	\$ 46.76	\$ 330.54	\$ 1,007.06
3/14-3/15/2016	Zachary Gifford	Sonoma	AORMA Underwriter Meeting at Sonoma State University	\$ 189.97	\$ 7.00	\$ 385.06	\$ 582.03
3/17-3/18/2016	Zachary Gifford	Oakland	CWCI 52nd Annual Meeting & Sedgwick Double Play Meeting with Ingber & Weinberg	\$ 161.43	\$ 372.72	\$ 100.74	\$ 634.89
3/17-3/18/2016	Zachary Gifford	Oakland/San Francisco	UCOP, CSU Business Conference, and CSURMA Team Meeting	\$ 586.68	\$ 80.92	\$ 346.21	\$ 1,013.81
Travel Expenses Processed from 01/01/2016 to 03/31/2016				\$ 3,248.69	\$ 875.09	\$ 3,573.65	\$ 7,697.43
Previously Reported							
10/07/2015	Zachary Gifford	San Francisco	Various CSURMA Team Meetings at Alliant, and Ironshore Meeting	\$ -	\$ 9.25	\$ 254.83	\$ 264.08
10/11 - 10/14/2015	Zachary Gifford	Minneapolis, MN	URMIA Conference	\$ 642.96	\$ 84.54	\$ 526.65	\$ 1,254.15
10/20/2015	Zachary Gifford	Sacramento	WC Subrogation Training to Sedgwick Claims Examiners (Rancho Cordova)	\$ -	\$ 6.50	\$ 353.62	\$ 360.12
10/27 - 10/31/2015	Steve Relyea	London	CSU Underwriting Meetings for General Liability programs	\$ 1,106.73	\$ 185.71	\$ 2,072.61	\$ 3,365.05
10/27 - 10/28/2015	Rebecca Skidmore	Riverside	2-Day Lean Process Improvement Training Workshop (CSU-CCC-UC Conference)	\$ 168.66	\$ 50.20	\$ 70.56	\$ 289.42

**California State University Risk Management Authority
Travel Expenses Report**

Processed from July 1, 2015 to March 31, 2016

Dates of Travel	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
10/28 - 10/30/2015	Zachary Gifford	Riverside	2015 California Public Higher Education Collaborative Business Conference	\$ 215.28	\$ 46.00	\$ 77.06	\$ 338.34
11/04 - 11/05/2015	Zachary Gifford	Chico	Systemwide In-Person EH&S Directors Affinity Group Meeting	\$ 104.69	\$ 39.20	\$ 325.95	\$ 469.84
11/04 - 11/05/2015	Rebecca Skidmore	Chico	Systemwide In-Person EH&S Directors Affinity Group Meeting	\$ 152.90	\$ 40.04	\$ 240.88	\$ 433.82
11/29 - 12/05/2015	Steve Relyea	NYC / Bermuda	CSU Underwriting Meetings for General Liability programs	\$ 2,554.32	\$ 358.62	\$ 1,691.55	\$ 4,604.49
11/30 - 12/04/2015	Zachary Gifford	NYC / Bermuda	CSU Underwriting Meetings for General Liability programs	\$ 1,767.08	\$ 296.14	\$ 1,656.36	\$ 3,719.58
11/30 - 12/04/2015	Robert Eaton	NYC / Bermuda	CSU Underwriting Meetings for General Liability programs	\$ 1,830.78	\$ 381.90	\$ 910.50	\$ 3,123.18
Travel Expenses Processed from 10/01/2015 to 12/31/2015				\$ 8,543.40	\$ 1,498.10	\$ 8,180.57	\$ 18,222.07
Previously Reported							
07/07 - 07/09/2015	Zachary Gifford	San Francisco, Redwood City	AORMA Officer's Retreat & LRP, K-12 JPA meeting	\$ 425.36	\$ 14.00	\$ 565.49	\$ 1,004.85
07/15 - 07/17/2015	Zachary Gifford	Reno, NV	PRIMA ISO 31000 Workshop	\$ 96.06	\$ 49.06	\$ 281.30	\$ 426.42
08/11/2015	Rebecca Skidmore	Van Nuys	ACP (Association of Contingency Planners) Business Continuity Meeting	\$ -	\$ -	\$ 79.45	\$ 79.45
08/12 - 08/13/2015	Zachary Gifford	Oakland	Annual Workers' Compensation Stewardship Meetings at Alliant, WC Double Play year-in-review and planning meeting	\$ 240.97	\$ 13.93	\$ 359.54	\$ 614.44
08/18/2015	Zachary Gifford	Oakland	Calderon Mediation	\$ -	\$ -	\$ 234.73	\$ 234.73
08/27/2015	Zachary Gifford	Oakland	UC/CSU WC Claims Examiners Summit at UCOP	\$ -	\$ 6.85	\$ 231.15	\$ 238.00
08/31 - 09/02/2015	Rebecca Skidmore	Chicago, IL	Ventiv Tech Experience 2015 Conference - iVOS Training	\$ 440.00	\$ 74.45	\$ 1,586.72	\$ 2,101.17
09/08 - 09/11/2015	Zachary Gifford	Sacramento	AORMA LRP, AORMA Committee, and CSURMA EC Meetings at Alliant	\$ 292.14	\$ 63.77	\$ 362.60	\$ 718.51
09/28/2015	Zachary Gifford	San Jose	JAL v. SJSU Mediation	\$ -	\$ 5.45	\$ 193.50	\$ 198.95
Travel Expenses Processed from 07/01/2015 to 09/30/2015				\$ 1,494.53	\$ 227.51	\$ 3,894.48	\$ 5,616.52
GRAND TOTAL				\$ 13,286.62	\$ 2,600.70	\$ 12,950.14	\$ 31,536.02

California State University Risk Management Authority

Balance Sheet - Campus Programs as of 3/31/2016

(Unaudited)

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>IDL/NDI/UI</u>	<u>Property</u>	<u>AIME</u>	<u>Auto Liability</u>	<u>Total Campus Programs as of 3/31/2016</u>
Assets:							
Cash and Investments	8,733,822	20,260,872	1,613,063	2,197,684	800,875	(157,355) ¹	33,448,962
Other long-term investments	28,847,231	66,539,615	5,275,368	7,209,021	2,624,975	0	110,496,210
Accounts receivable	964,575	776,463	0	0	0	0	1,741,038
Loan receivable	0	0	0	0	0	0	0
Reinsurance receivable	0	263,324	0	0	0	0	263,324
Accrued interest receivable	2,286	5,282	419	572	208	0	8,768
Prepaid insurance	1,000,385	6,526,801	542	286,681	7,468	211,456	8,033,332
Prepaid expense	116,884	3,085,661	5,728	176,603	691,131	0	4,076,008
Total assets:	<u>39,665,184</u>	<u>97,458,018</u>	<u>6,895,120</u>	<u>9,870,562</u>	<u>4,124,658</u>	<u>54,101</u>	<u>158,067,641</u>
Liabilities:							
Accounts payable	49,369	714,656	2,716,585	3,936	266,910	0	3,751,456
Unearned revenue	3,352,198	9,436,247	3,375,000	1,083,587	974,376	172,117	18,393,524
SELF assessment liability	0	9,545,359	0	0	0	0	9,545,359
Reported claims	10,153,055	36,241,586	0	0	137,137	0	46,531,778
Claims incurred but not reported	8,276,122	24,758,890	0	0	1,828,498	0	34,863,510
Total liabilities:	<u>21,830,743</u>	<u>80,696,738</u>	<u>6,091,585</u>	<u>1,087,523</u>	<u>3,206,921</u>	<u>172,117</u>	<u>113,085,627</u>
Fund balance	17,834,440	16,761,280	803,535	8,783,039	917,737	(118,016)	44,982,014
Total liabilities and fund balance	<u>39,665,184</u>	<u>97,458,018</u>	<u>6,895,120</u>	<u>9,870,562</u>	<u>4,124,658</u>	<u>54,101</u>	<u>158,067,641</u>

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

California State University Risk Management Authority

Balance Sheet - AORMA Programs as of 3/31/2016

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs as of 3/31/2016
Assets:						
Cash and Investments	2,066,525	2,698,559	495,427	96,204	1,305,818	6,662,532
Other long-term investments	6,786,879	8,863,592	1,624,306	315,682	4,287,940	21,878,400
Accounts receivable	12,500	188,348	0	0	0	200,848
Loan receivable	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0
Accrued interest receivable	539	704	129	25	340	1,737
Prepaid insurance	81,896	742,258	21,290	49,372	120	894,936
Prepaid expense	354,430	398,611	47,512	3,929	1,272	805,753
Total assets:	9,302,768	12,892,072	2,188,664	465,211	5,595,490	30,444,206
Liabilities:						
Accounts payable	979,810	468,915	1,082	149	255,293	1,705,249
Unearned revenue	689,411	11,521	243,239	77,681	0	1,021,852
SELF assessment liability	0	0	0	0	0	0
Reported claims	1,283,240	4,399,377	0	0	0	5,682,617
Claims incurred but not reported	962,176	4,594,927	0	0	0	5,557,103
Total liabilities:	3,914,637	9,474,741	244,321	77,830	255,293	13,966,822
Fund balance	5,388,131	3,417,332	1,944,343	387,382	5,340,197	16,477,384
Total liabilities and fund balance	9,302,768	12,892,072	2,188,664	465,211	5,595,490	30,444,206

California State University Risk Management Authority

Balance Sheet - Miscellaneous Programs as of 3/31/2016

(Unaudited)

	Misc Purchased	OCIP	Club Sports	Loans	Total Misc Programs as of 3/31/2016	Grand Total All Programs as of 3/31/2016
Assets:						
Cash and Investments	15,250	963,339	59,163	(982,345)	55,407	40,166,901
Other long-term investments	61,808	3,888,869	194,093	(3,897,187)	247,583	132,622,192
Accounts receivable	1,795	0	0	0	1,795	1,943,681
Loan receivable	0	0	0	4,879,532	4,879,532	4,879,532
Reinsurance receivable	0	0	0	0	0	263,324
Accrued interest receivable	0	0	15	0	15	10,520
Prepaid insurance	0	2,447,540	55,140	0	2,502,680	11,430,948
Prepaid expense	0	244,532	50,690	0	295,222	5,176,983
Total assets:	78,852	7,544,279	359,102	0	7,982,234	196,494,081
Liabilities:						
Accounts payable	0	2,963	101	0	3,064	5,459,769
Unearned revenue	0	0	96,354	0	96,354	19,511,730
SELF assessment liability	0	0	0	0	0	9,545,359
Reported claims	0	0	0	0	0	52,214,395
Claims incurred but not reported	0	0	0	0	0	40,420,613
Total liabilities:	0	2,963	96,455	0	99,418	127,151,867
Fund balance	78,852	7,541,317	262,647	0	7,882,816	69,342,214
Total liabilities and fund balance	78,852	7,544,279	359,102	0	7,982,234	196,494,081

California State University Risk Management Authority
Income Statement - Campus Programs as of 3/31/2016
(Unaudited)

	Workers'						
Liability	Compensation	IDL/NDI/UI	Property	AIME	Auto Liability	Total Campus Programs	
OPERATING REVENUES:							
Contributions	10,578,617	28,308,740	10,125,000	6,595,133	2,923,127	516,351	59,046,967
Reinsurance premiums	(136,553)	0	0	(3,309,916)	0	0	(3,446,468)
Total operating revenues:	10,442,064	28,308,740	10,125,000	3,285,217	2,923,127	516,351	55,600,499
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	3,843,788	14,587,653	10,963,784	1,392,614	2,758,946	0	33,546,786
Deductible recoveries	(2,576,886)	0	0	0	0	0	(2,576,886)
Claims administrators	65,080	2,846,041	53,285	0	191,250	0	3,155,656
Claims management information system	26,744	0	0	0	0	0	26,744
Program administrator	154,405	314,628	132,435	156,132	7,656	0	765,256
Brokerage commissions	251,948	310,246	174	365,986	1,421	0	929,776
Insurance premiums	2,957,483	19,721,962	0	973,487	11,954	634,367	24,299,253
Taxes, assessments & fees	218,789	0	0	0	0	0	218,789
Actuarial services	4,750	5,250	0	0	2,750	0	12,750
Miscellaneous program services	3,066	4,931	0	0	0	0	7,997
Workshops/training	34,190	11,376	4,219	2,879	0	0	52,665
Loss control	117,516	19,261	0	42,589	0	0	179,366
Reinsurance/excess recovery	0	(7,187,911)	0	0	0	0	(7,187,911)
Program committee	0	0	0	0	2,486	0	2,486
Dividend distributions	5,038,862	3,461,497	0	0	0	0	8,500,359
Total direct program expenses:	10,139,736	34,094,934	11,153,897	2,933,688	2,976,464	634,367	61,933,085
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	4,200	11,727	4,194	2,487	1,113	0	23,721
Executive committee & board expenses	757	2,114	756	448	205	0	4,281
JPA insurance	1,627	4,543	1,625	963	431	0	9,189
Memberships, associations & dues	1,260	3,518	1,258	746	334	0	7,116
Chancellor's office accounting services	36,225	101,145	36,173	21,450	9,600	0	204,594
Risk management expenses	86,426	241,314	86,308	51,175	23,217	0	488,440
Miscellaneous indirect services	10,223	9,653	3,473	2,141	938	0	26,428
Total general & administrative expenses:	140,719	374,014	133,786	79,410	35,838	0	763,768
Total operating expenses:	10,280,454	34,468,948	11,287,683	3,013,098	3,012,302	634,367	62,696,853
NON-OPERATING REVENUES:							
Investment income	532,311	1,384,396	249,996	154,272	25,697	0	2,346,672
Miscellaneous fee revenue	(0)	0	0	0	0	0	(0)
Total non-operating revenues:	532,311	1,384,396	249,996	154,272	25,697	0	2,346,672
BEGINNING RETAINED EARNINGS	17,289,228	21,537,093	1,716,222	8,356,648	981,214	0	49,880,404
ADJUSTMENTS TO RETAINED EARNINGS	(148,708)	0	0	0	0	0	(148,708)
TOTAL ADJUSTED RETAINED EARNINGS	17,140,520	21,537,093	1,716,222	8,356,648	981,214	0	49,731,696
NET SURPLUS/(DEFICIT)	693,920	(4,775,813)	(912,687)	426,391	(63,478)	(118,016)	(4,749,682)
ENDING RETAINED EARNINGS	17,834,440	16,761,280	803,535	8,783,039	917,737	(118,016)	44,982,014

California State University Risk Management Authority
Income Statement - AORMA Programs as of 3/31/2016
(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs
OPERATING REVENUES:						
Contributions	2,758,908	3,571,570	1,781,110	233,042	1,588,347	9,932,977
Reinsurance premiums	(666,698)	0	(1,051,226)	0	0	(1,717,924)
Total operating revenues:	2,092,211	3,571,570	729,884	233,042	1,588,347	8,215,053
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	4,240,565	1,488,893	76,823	0	697,612	6,503,892
Deductible recoveries	(13,490)	0	0	0	0	(13,490)
Claims administrators	10,500	161,592	0	0	22,534	194,626
Claims management information system	0	0	0	0	0	0
Program administrator	447,173	265,925	192,714	18,477	35,752	960,041
Brokerage commissions	48,390	41,192	139,611	11,395	39	240,627
Insurance premiums	245,238	2,203,758	63,997	148,078	0	2,661,071
Taxes, assessments & fees	0	28,519	0	0	0	28,519
Actuarial services	5,000	5,500	0	0	0	10,500
Miscellaneous program services	0	0	0	0	0	0
Workshops/training	9,531	7,958	4,389	558	5,328	27,764
Loss control	69,964	81,465	11,321	0	0	162,751
Reinsurance/excess recovery	(6,608,331)	(304,116)	0	0	0	(6,912,448)
Program committee	2,889	3,459	1,817	239	2,309	10,713
Dividend distributions	871,524	300,000	0	0	0	1,171,524
Total direct program expenses:	(671,048)	4,284,146	490,672	178,746	763,573	5,046,089
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	1,164	1,395	732	96	930	4,317
Executive committee & board expenses	211	252	130	17	162	771
JPA insurance	451	540	284	37	360	1,672
Memberships, associations & dues	17	21	11	1	14	65
Chancellor's office accounting services	10,040	12,032	6,314	828	8,021	37,234
Risk management expenses	24,035	28,709	14,927	1,958	18,734	88,362
Miscellaneous indirect services	983	1,167	656	82	778	3,665
Total general & administrative expenses:	36,901	44,115	23,052	3,020	28,999	136,087
Total operating expenses:	(634,147)	4,328,261	513,724	181,765	792,572	5,182,176
NON-OPERATING REVENUES:						
Investment income	137,861	207,788	32,755	7,035	95,488	480,927
Miscellaneous fee revenue	0	0	0	0	0	0
Total non-operating revenues:	137,861	207,788	32,755	7,035	95,488	480,927
BEGINNING RETAINED EARNINGS	2,523,912	3,966,235	1,695,428	329,070	4,448,934	12,963,580
ADJUSTMENTS TO RETAINED EARNINGS	0	0	0	0	0	0
TOTAL ADJUSTED RETAINED EARNINGS	2,523,912	3,966,235	1,695,428	329,070	4,448,934	12,963,580
NET SURPLUS/(DEFICIT)	2,864,219	(548,904)	248,914	58,312	891,263	3,513,805
ENDING RETAINED EARNINGS	5,388,131	3,417,332	1,944,343	387,382	5,340,197	16,477,384

California State University Risk Management Authority
Income Statement - Miscellaneous Programs as of 3/31/2016
(Unaudited)

	Misc Purchased	OCIP	Club Sports	Total Misc Programs	Grand Total All Programs
OPERATING REVENUES:					
Contributions	338,460	5,743,470	217,200	6,299,130	75,279,074
Reinsurance premiums	0	0	0	0	(5,164,392)
Total operating revenues:	338,460	5,743,470	217,200	6,299,130	70,114,682
OPERATING EXPENSES:					
DIRECT PROGRAM EXPENSES:					
Claims payment & legal expenses	0	0	2,060	2,060	40,052,738
Deductible recoveries	0	0	0	0	(2,590,376)
Claims administrators	0	0	0	0	3,350,282
Claims management information system	0	0	0	0	26,744
Program administrator	0	204,375	0	204,375	1,929,672
Brokerage commissions	69,060	18,383	6,032	93,474	1,263,877
Insurance premiums	396,712	900,616	124,478	1,421,806	28,382,130
Taxes, assessments & fees	0	0	0	0	247,308
Actuarial services	0	0	0	0	23,250
Miscellaneous program services	0	0	0	0	7,997
Workshops/training	0	0	0	0	80,428
Loss control	0	0	0	0	342,117
Reinsurance/excess recovery	0	0	0	0	(14,100,358)
Program committee	0	0	0	0	13,199
Dividend distributions	0	0	0	0	9,671,883
Total direct program expenses:	465,772	1,123,374	132,569	1,721,715	68,700,889
GENERAL & ADMINISTRATIVE EXPENSES:					
Financial audit	0	1,902	60	1,962	30,000
Executive committee & board expenses	0	343	11	354	5,406
JPA insurance	0	737	23	760	11,621
Memberships, associations & dues	0	29	1	29	7,210
Chancellor's office accounting services	0	16,405	518	16,922	258,750
Risk management expenses	0	39,140	1,249	40,389	617,191
Miscellaneous indirect services	0	1,598	51	1,649	31,742
Total general & administrative expenses:	0	60,152	1,912	62,065	961,919
Total operating expenses:	465,772	1,183,526	134,481	1,783,780	69,662,808
NON-OPERATING REVENUES:					
Investment income	0	0	1,694	1,694	2,829,293
Miscellaneous fee revenue	0	0	0	0	(0)
Total non-operating revenues:	0	0	1,694	1,694	2,829,293
BEGINNING RETAINED EARNINGS	57,457	2,981,373	178,234	3,217,064	66,061,048
ADJUSTMENTS TO RETAINED EARNINGS	148,708	0	0	148,708	0
TOTAL ADJUSTED RETAINED EARNINGS	206,165	2,981,373	178,234	3,365,772	66,061,048
NET SURPLUS/(DEFICIT)	(127,312)	4,559,944	84,413	4,517,044	3,281,166
ENDING RETAINED EARNINGS	78,852	7,541,317	262,647	7,882,816	69,342,214

California State University Risk Management Authority

Income Statement as of 3/31/2016

(Unaudited)

	Budget vs. Actual			
	FY 2015/2016 Amended Budget	Year-to-Date Ended 03/31/2016	Variance	Percent of Budget
OPERATING REVENUES:				
Contributions	97,531,829	75,279,074	22,252,755	77.18 %
Reinsurance premiums	(7,114,006)	(5,164,392)	(1,949,614)	72.59 %
Total operating revenues:	90,417,823	70,114,682	20,303,141	77.55 %
OPERATING EXPENSES:				
DIRECT PROGRAM EXPENSES:				
Claims payment & legal expenses	62,792,191	40,052,738	22,739,453	63.79 %
Deductible recoveries	(5,381,360)	(2,590,376)	(2,790,984)	48.14 %
Claims administrators	4,783,683	3,350,282	1,433,401	70.04 %
Claims management information system	35,000	26,744	8,256	76.41 %
Program administrator	2,559,903	1,929,672	630,232	75.38 %
Brokerage commissions	1,290,820	1,263,877	26,943	97.91 %
Insurance premiums	38,192,443	28,382,130	9,810,312	74.31 %
Taxes, assessments & fees	265,500	247,308	18,192	93.15 %
Actuarial services	56,000	23,250	32,750	41.52 %
Claims audit	22,000	0	22,000	0.00 %
Coverage counsel	16,000	0	16,000	0.00 %
Program legal	2,500	0	2,500	0.00 %
Miscellaneous program services	171,755	7,997	163,758	4.66 %
Workshops/training	219,000	80,428	138,572	36.73 %
Loss control	1,002,399	342,117	660,283	34.13 %
Reinsurance/excess recovery	(18,353,854)	(14,100,358)	(4,253,496)	76.83 %
Program committee	30,688	13,199	17,490	43.01 %
Dividend distributions	9,671,883	9,671,883	0	100.00 %
Total direct program expenses:	97,376,551	68,700,889	28,675,663	70.55 %
GENERAL & ADMINISTRATIVE EXPENSES:				
Financial audit	43,000	30,000	13,001	69.77 %
Executive committee & board expenses	34,000	5,406	28,595	15.90 %
JPA insurance	27,500	11,621	15,878	42.26 %
Memberships, associations & dues	7,450	7,210	240	96.78 %
Chancellor's office accounting services	345,000	258,750	86,251	75.00 %
Risk management expenses	1,004,914	617,191	387,724	61.42 %
JPA legal	105,000	0	105,001	0.00 %
Miscellaneous indirect services	15,000	31,742	(16,741)	211.60 %
Total general & administrative expenses:	1,581,864	961,919	619,950	60.81 %
Total operating expenses:	98,958,415	69,662,808	29,295,613	70.40 %
NON-OPERATING REVENUES:				
Investment income	2,500,000	2,829,293	(329,294)	113.17 %
Miscellaneous fee revenue	0	0	0	0.00 %
Total non-operating revenues:	2,500,000	2,829,293	(329,294)	113.17 %
NET SURPLUS/(DEFICIT)	(6,040,592)	3,281,166	(9,321,765)	(54.32)%



**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of
the California State University

Financial Statements and Supplementary Schedules

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of
the California State University

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KPMG LLP
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Irvine, CA 92618-3391

Independent Auditors' Report

The Board of Directors
California State University Risk Management Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the California State University Risk Management Authority (the Authority), a component unit of the California State University, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California State University Risk Management Authority as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

U.S. generally accepted accounting principles require that the claims development information on Schedule 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the California State University Risk Management Authority's basic financial statements. The supplementary information included in schedules 1 through 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 through 12 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 12 are fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Irvine, California
September 25, 2015

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of California State University

Statements of Net Position

June 30, 2015 and 2014

	2015	2014
Assets:		
Current assets:		
Investments (note 3)	\$ 6,904,000	38,118,000
Accounts receivable	800,000	294,000
Loans receivable from affiliates, current portion (note 4)	1,136,000	1,778,000
Interest receivable	4,000	8,000
Prepaid expenses	30,704,000	4,197,000
Reinsurance recoverable – workers’ compensation	753,000	752,000
Total current assets	40,301,000	45,147,000
Noncurrent assets:		
Loans receivable from affiliates, net of current portion (note 4)	4,232,000	3,228,000
Other long-term investments (note 3)	130,108,000	128,713,000
Total assets	174,641,000	177,088,000
Liabilities:		
Current liabilities:		
Accounts payable	4,999,000	5,601,000
Unearned revenues	37,000	33,000
SELF assessment liability, current portion (note 8)	1,364,000	1,363,000
Claims liability for losses and loss adjustment expenses – current portion (note 5):		
Reported claims	15,058,000	19,214,000
Claims incurred but not reported	11,657,000	13,742,000
Total current liabilities	33,115,000	39,953,000
Noncurrent liabilities:		
SELF assessment liability, net of current portion (note 8)	9,545,000	10,906,000
Claims liability for losses and loss adjustment expenses – noncurrent portion (note 5)		
Reported claims	37,156,000	38,183,000
Claims incurred but not reported	28,764,000	27,310,000
Total liabilities	108,580,000	116,352,000
Net position:		
Unrestricted	66,061,000	60,736,000
Total net position	\$ 66,061,000	60,736,000

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of California State University

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2015 and 2014

	2015	2014
Operating revenues:		
Member contributions (note 6)	\$ 95,248,000	90,181,000
Reinsurance premiums (note 7)	(6,872,000)	(11,626,000)
Total operating revenues	88,376,000	78,555,000
Operating expenses:		
Claim losses and loss adjustment expenses (note 5)	39,922,000	53,198,000
Claims administration	9,000,000	8,004,000
Insurance premiums	23,877,000	10,949,000
Dividend distributions (note 6)	9,857,000	8,921,000
General and administrative	1,142,000	1,421,000
Miscellaneous services	1,002,000	821,000
Total operating expenses	84,800,000	83,314,000
Operating income (loss)	3,576,000	(4,759,000)
Nonoperating revenues:		
Investment income, net	1,664,000	3,663,000
Interest income from loans	85,000	91,000
Total nonoperating revenues	1,749,000	3,754,000
Change in net position	5,325,000	(1,005,000)
Net position, beginning of year	60,736,000	61,741,000
Net position, end of year	\$ 66,061,000	60,736,000

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts of member contributions	\$ 94,745,000	90,197,000
Payments to providers	(69,717,000)	(34,330,000)
Payments of claims	(45,737,000)	(40,533,000)
Dividend distribution to pool participants	(10,501,000)	(8,800,000)
Net cash (used in) provided by operating activities	(31,210,000)	6,534,000
Cash flows from noncapital and related financing activities:		
Loans disbursed to related entities	(2,339,000)	—
Payments received on loans to related entities	1,979,000	3,136,000
Loan interest income received	89,000	87,000
Net cash (used in) provided by noncapital and related financing activities	(271,000)	3,223,000
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	653,665,000	482,679,000
Purchases of investments	(624,206,000)	(495,149,000)
Investment income, net	1,664,000	3,663,000
Unrealized (gains) losses	358,000	(1,213,000)
Net cash provided by (used in) investing activities	31,481,000	(10,020,000)
Net change in cash and cash equivalents	—	(263,000)
Cash and cash equivalents at beginning of year	—	263,000
Cash and cash equivalents at end of year	\$ —	—
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 3,576,000	(4,759,000)
Adjustments to reconcile net operating income (loss) to net cash (used in) provided by operating activities:		
Depreciation	—	12,000
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses	(26,507,000)	462,000
Increase in accounts receivable	(506,000)	(4,000)
Increase in reinsurance recoverable – workers' compensation	(1,000)	(35,000)
Decrease in accounts payable	(602,000)	(498,000)
Increase in unearned revenues	4,000	19,000
Decrease in SELF assessment liability	(1,360,000)	(1,363,000)
(Decrease) increase in claims liability for losses and loss adjustment expenses	(5,814,000)	12,700,000
Net cash (used in) provided by operating activities	\$ (31,210,000)	6,534,000

See accompanying notes to financial statements.

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(1) Organization

On January 1, 1997, the California State University (the CSU or University) and certain Auxiliary Organizations of the University established the California State University Risk Management Authority (the Authority) pursuant to the provisions of Section 6500 et seq. of the California Government Code (the Code). The Code authorizes the CSU and Auxiliary Organizations to establish and operate pooled coverage programs and to provide related services. The Authority provides entity risk pooling programs for workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, property, construction, and other risk-related programs for its member organizations (the Members). Members participating in the Authority's coverage programs at June 30, 2015 and 2014 are as follows:

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

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

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Campus Location	Members
Sacramento	Capital Public Radio, Inc., CSU Sacramento
Sacramento	The University Foundation at Sacramento State
Sacramento	University Enterprises, Inc., CSU Sacramento
Sacramento	University Union Operation of CSUS, Inc.
San Bernardino	California State University, San Bernardino
San Bernardino	Associated Students Inc., California State University, San Bernardino
San Bernardino	CSUSB Philanthropic Foundation
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
San Bernardino	University Enterprises Corporation at CSUSB
San Diego	San Diego State University
San Diego	Associated Students, San Diego State University
San Diego	Aztec Shops, Ltd., San Diego State University
San Diego	San Diego State University Research Foundation
San Diego	The Campanile Foundation
San Francisco	San Francisco State University
San Francisco	Associated Students, Inc., San Francisco State University
San Francisco	San Francisco State University Foundation
San Francisco	The University Corporation, San Francisco State
San Jose	San Jose State University
San Jose	Associated Student, San Jose State University
San Jose	San Jose State University Research Foundation
San Jose	Spartan Shops, Inc., San Jose State University
San Jose	The Student Union of San Jose State University
San Jose	The Tower Foundation, San Jose State University
San Luis Obispo	California Polytechnic State University, San Luis Obispo
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
San Luis Obispo	Cal Poly Corporation
San Luis Obispo	California Polytechnic State University Foundation
San Marcos	California State University, San Marcos
San Marcos	California State University San Marcos Foundation
San Marcos	San Marcos University Corporation
San Marcos	The Associated Students of California State University, San Marcos
San Marcos	University Auxiliary and Research Services Corporation
Sonoma	Sonoma State University
Sonoma	Associated Students of Sonoma State University
Sonoma	Sonoma State Enterprises, Inc.
Sonoma	Sonoma State University Academic Foundation, Inc.
Stanislaus	California State University, Stanislaus

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<u>Campus Location</u>	<u>Members</u>
Stanislaus	Associated Students, Inc., California State University, Stanislaus
Stanislaus	California State University, Stanislaus Auxiliary and Business Services
Stanislaus	California State University, Stanislaus Foundation
Stanislaus	University Student Union of California State University, Stanislaus

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

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

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

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

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

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(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(d) Investments

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

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations, designated or restricted for

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the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt, or restricted as to the liquidity of the investments are classified as other long-term investments.

The Authority changed its interest rate risk measurement from weighted average maturity to duration as of fiscal year 2014–2015 for its consolidated investment pool as allowed by Statement No. 40 of Governmental Accounting Standards Board (GASB 40), *Deposit and Investment Risk Disclosures*. Duration is an accepted method of measuring interest rate risk for investment portfolios that contain bonds with embedded options such as calls, puts, or prepayments. This change more closely aligns to the CSU's approach to managing interest rate risk inherent in its investment pool, which contains bonds with embedded options. There was no effect on beginning net position.

(e) *Accounts Receivable*

Accounts receivable represents amounts due from the members as of June 30, 2015 and 2014.

(f) *Reinsurance Recoverable*

Reinsurance recoverable represents estimated amounts due from reinsurers, who reinsured the CSU's workers' compensation claims liability for claims incurred during the fiscal year. The reported amounts represent recoverable estimates related to paid claims and claim adjustment expenses as of June 30, 2015 and 2014. The estimated amounts recoverable from the reinsurers that are related to the liabilities for unpaid claims and claim adjustment expenses are deducted from those claims liabilities for losses and loss adjustment expenses; refer to footnote (2)(h).

(g) *Member Contributions*

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

(h) *Claims Liability for Losses and Loss Adjustment Expenses*

The claims liability for losses and loss adjustment expenses included in the accompanying financial statements reflects the estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2015 and 2014. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

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

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

(i) Dividend Distributions

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

(j) Net Position

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

(k) Classification of Revenues and Expenses

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

(l) Income Taxes

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

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts

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of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

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

The Authority's cash, cash equivalents, and investments as of June 30, 2015 and 2014 are classified in the accompanying Statements of Net Position as follows:

	2015	2014
Short-term investments	\$ 6,904,000	38,118,000
Other long-term investments	130,108,000	128,713,000
Total investments	\$ 137,012,000	166,831,000

(a) Cash and Cash Equivalents

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

At June 30, 2015 and 2014, the Authority's cash and cash equivalents consist of demand deposits and money market funds held at a financial institution. There were no cash or cash equivalents for the Authority. The carrying amount of the cash in demand deposit accounts were \$178,000 and \$193,000 at June 30, 2015 and 2014, respectively. The primary difference between the book and bank balance is due to outstanding checks and cash awaiting investment in the CSU Consolidated Investment Pool.

(b) Investments

At June 30, 2015 and 2014, the Authority's investment portfolio consists of investments held in the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program. Separate accounting is maintained as to the amounts allocable to the various funds and programs.

Investment Policy

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

The Authority's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Sections 16430 and 53601, and Education Code Section 89724, subject to certain limitations. In general, the Authority's investment policy permits investments in obligations of the Federal and

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California state governments, certificates of deposit, high-quality domestic corporate and fixed income securities, and certain other investment instruments.

Custodial Credit Risk

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

Interest Rate Risk

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

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

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

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Durations of the Authority's investment portfolio for each investment type as of June 30, 2014 are presented in the table below.

Investment type	Fair value	Duration (in years)
Asset-backed securities	\$ 6,722,000	0.43369
Certificates of deposit	2,500,000	0.18786
Commercial paper	51,000	0.02466
Corporate bonds	34,838,000	3.17638
Money market funds	4,095,000	—
Mortgage-backed securities	16,118,000	5.03513
Municipal bonds	5,696,000	4.31356
Repurchase agreements	31,000	0.00274
U.S. Agency securities	55,441,000	1.28548
U.S. Treasury securities	40,068,000	3.06200
International government	1,271,000	7.35935
Total investments	<u>\$ 166,831,000</u>	

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

Credit Risk

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

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

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

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

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2014 are presented in the table below.

Investment type	Fair value	Rating as of year-end					
		AAA	AA	A	BBB	BB	Not rated
Asset-backed securities	\$ 6,722,000	6,128,000	594,000	—	—	—	—
Certificates of deposit	2,500,000	—	251,000	2,249,000	—	—	—
Commercial paper	51,000	—	—	51,000	—	—	—
Corporate bonds	34,838,000	2,950,000	6,017,000	16,748,000	8,645,000	478,000	—
Money market funds	4,095,000	—	—	—	—	—	4,095,000
Mortgage backed securities	16,118,000	—	16,118,000	—	—	—	—
Municipal bonds	5,696,000	—	3,733,000	1,530,000	433,000	—	—
Repurchase agreements	31,000	—	—	28,000	—	—	3,000
U.S. Agency securities	55,441,000	—	22,598,000	32,843,000	—	—	—
U.S. Treasury securities	40,068,000	—	—	—	—	—	40,068,000
International government	1,271,000	—	1,271,000	—	—	—	—
Total investments	\$ 166,831,000	9,078,000	50,582,000	53,449,000	9,078,000	478,000	44,166,000

(c) Concentration Risk

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

As of June 30, 2015, the following investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Authority's total investment portfolio: Federal National Mortgage Association (Fannie Mae) totaling \$11,283,000, or 8%; and Federal Home

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Loan Banks totaling \$9,641,000, or 7%. As of June 30, 2014, the following investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Authority's total investment portfolio: Federal National Mortgage Association (Fannie Mae) totaling \$17,452,000, or 10%; Federal Home Loan Mortgage Corporation (Freddie Mac) totaling \$11,660,000, or 7%; and Federal Home Loan Banks Office of Finance totaling \$32,439,000, or 19%.

(d) Investment Income, Net

Investment income, net, included within the Statements of Revenues, Expenses, and Changes in Net Position is comprised of unrealized gains and losses of \$ (358,000) and \$1,213,000, realized gains of \$169,000 and \$428,000, and interest and dividend income of \$1,853,000 and \$2,022,000 for the years ended June 30, 2015 and 2014, respectively.

(4) Loans Receivable from Affiliates

In May 2010, the Authority entered into a loan agreement with California State University, Northridge in the amount of \$5,000,000. The nonamortizing loan term is for a 5-year period with interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.066% at June 30, 2015). The maturity date of the loan was June 1, 2015, and the remaining loan balances with interest were paid off in February 2015.

In November 2008, the Authority entered into a loan agreement with California State University, Fresno, in the amount of \$4,500,000. The loan term is for a 5-year period that amortizes based on a 20-year amortization schedule, with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.066% at June 30, 2015). The initial maturity date of the loan was October 31, 2013. On September 12, 2013, Executive Members approved California State University, Fresno's loan extension request in the amount of \$2,542,000 for an additional 5 years. The new extended maturity date of the loan is September 30, 2018.

In August 2008, the Authority entered into a loan agreement with Humboldt State University Advancement Foundation in the amount of \$2,535,000. The loan is nonamortizing, with interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.066% at June 30, 2015). The initial maturity date of the loan was October 31, 2013. On December 6, 2012, Executive Members approved Humboldt State University Advancement Foundation's loan extension request for an additional 5 years in the amount of \$2,000,000. The new extended maturity date of the loan is October 31, 2017.

In May 2014, the Authority entered into a line-of-credit agreement with California State University, Sacramento in the amount of \$4,000,000, and \$2,340,000 of which was drawn against the line as of June 30, 2015. The line of credit will be available for a 5-year period with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated

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CSU Consolidated Investment Pool rate of return earned by the Authority (0.066% at June 30, 2015). The maturity date of the line of credit is June 1, 2019.

The following table summarizes the Authority's loans receivable from affiliates as of June 30, 2015 and 2014:

	2015	2014
California State University, Northridge	\$ —	1,514,000
California State University, Fresno	1,028,000	1,492,000
Humboldt State University Advancement Foundation	2,000,000	2,000,000
California State University, Sacramento	2,340,000	—
Total loans receivable from affiliates	5,368,000	5,006,000
Less current portion	(1,136,000)	(1,778,000)
Loans receivable from affiliates, net of current portion	\$ 4,232,000	3,228,000

(5) Claims Liability for Losses and Loss Adjustment Expenses

The Authority establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related loss adjustment expenses. Although considerable variability is inherent in such estimates, Management believes that the liability is reasonable at June 30, 2015 and 2014.

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Changes in the Authority's claims liability for the years ended June 30, 2015 and 2014 are as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2013	\$ 85,749,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	59,313,000
Decrease in provision for insured events of prior fiscal years	<u>(6,115,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>53,198,000</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(20,672,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	7,653,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(27,479,000)</u>
Total payments	<u>(40,498,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2014	98,449,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	60,386,000
Decrease in provision for reinsured events of the current fiscal year	(14,527,000)
Decrease in provision for insured events of prior fiscal years	<u>(5,937,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>39,922,000</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(20,478,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	6,178,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(31,436,000)</u>
Total payments	<u>(45,736,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2015	92,635,000
Less current portion	<u>(26,715,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2015, net of current portion	<u>\$ 65,920,000</u>

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(6) Related-Party Transactions

The following represents a summary of the accounts receivable, contributions (premiums), dividends distribution, for the years ended June 30, 2015 and 2014, and general liability insurance deductibles for the policy period detailed by campus:

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

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June 30, 2014				
Members	Accounts receivable	Contributions for the fiscal year	Dividend distribution	General liability insurance deductibles per occurrence
Bakersfield	\$ —	1,384,000	(209,000)	35,000
California Maritime Academy	—	475,000	(59,000)	35,000
Channel Islands	—	1,440,000	(108,000)	35,000
Chico	—	2,489,000	(307,000)	100,000
Chancellor's Office	—	8,078,000	(123,000)	100,000
Dominguez Hills	—	2,426,000	(320,000)	100,000
East Bay	—	2,686,000	(153,000)	500,000
Fresno	—	4,231,000	(785,000)	250,000
Fullerton	—	3,679,000	(304,000)	250,000
Humboldt	—	2,087,000	(296,000)	35,000
Long Beach	—	5,030,000	(608,000)	250,000
Los Angeles	—	3,349,000	(299,000)	250,000
Monterey Bay	—	1,322,000	(216,000)	35,000
Northridge	—	4,330,000	(320,000)	500,000
Pomona	—	3,571,000	(281,000)	250,000
Sacramento	—	3,578,000	(281,000)	250,000
San Bernardino	—	2,550,000	(342,000)	50,000
San Diego	—	4,662,000	(299,000)	900,000
San Francisco	—	4,586,000	(533,000)	500,000
San Jose	—	4,590,000	(346,000)	500,000
San Luis Obispo	—	3,698,000	(233,000)	250,000
San Marcos	—	1,411,000	(319,000)	50,000
Sonoma	—	2,021,000	(230,000)	100,000
Stanislaus	—	1,658,000	(126,000)	35,000
Auxiliary Organizations	294,000	14,850,000	(1,824,000)	—
	\$ 294,000	90,181,000	(8,921,000)	

(7) Excess Insurance and Reinsurance

(a) Excess Insurance

For the years ended June 30, 2015 and 2014, the Authority purchased excess insurance to protect the members from catastrophic losses. The Authority maintained excess public entity liability insurance coverage provided by School Excess Liability Fund (SELF), a Joint Powers Authority, with coverage for individual claims above \$5,000,000 and up to \$45,000,000 per occurrence until December 2009.

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The Authority maintained excess general liability insurance coverage provided by Ironshore Specialty Insurance Company and various other insurers with coverage for individual claims above \$5,000,000 up to \$200,000,000 per occurrence. The Authority purchased excess workers' compensation insurance provided by the Safety National to statutory limits in excess of the \$2,500,000 self-insured retention for the years ended June 30, 2015 and 2014. For the AORMA workers' compensation program, the Authority purchased excess workers' compensation insurance provided by Safety National for the years ended June 30, 2015 and 2014 to statutory limits in excess of the \$500,000 self-insured retention. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

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

(b) Reinsurance

For the years ended June 30, 2015 and 2014, the Authority did not enter into the CSU's workers' compensation reinsurance contract. From the years ended June 30, 2008 through June 30 2012, the Authority entered into a reinsurance contract with the Insurance Company of the State of Pennsylvania (the Reinsurer). This transaction reinsured the CSU's workers' compensation claims liability for claims incurred within the \$2,500,000 self-insured retention up to aggregate limits. The estimated amounts that are recoverable from the reinsurer and that reduce the liabilities as of June 30, 2015 and 2014 were \$26,145,000 and \$32,466,000, respectively. While such losses are reinsured, the Authority will not be relieved of its primary obligations to the policyholder in this reinsurance transaction.

For the years ended June 30, 2015 and 2014, the Authority purchased reinsurance for the Campus and AORMA liability programs provided by the General Reinsurance Corporation. This transaction reinsured the AORMA claims liability for individual claims incurred in excess of \$350,000 and up to \$5,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2015 and 2014 were \$1,020,000 and \$990,000, respectively. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the years ended June 30, 2015 and 2014, the Authority purchased reinsurance for the campus and AORMA property programs provided by the Public Entity Property Insurance Program (the PEPPIP). This transaction reinsured the Campus and AORMA property programs for individual claims in excess of \$100,000 for the AORMA program and \$1,000,000 for the Campus program and up to \$1,000,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2015 and 2014 were \$5,852,000 and \$10,636,000, respectively. The coverage terms and conditions are the same as provided by the PEPPIP in prior years.

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(8) SELF Assessment Liability

Prior to July 1, 2004, the Authority maintained excess workers' compensation insurance coverage provided by SELF, a public entity risk pool. The Authority remains liable for assessments from SELF in settlement of claims incurred prior to July 1, 2004. The assessment liabilities as of June 30, 2015 and 2014 were \$10,909,000 and \$12,269,000, respectively.

(9) Subsequent Event

Subsequent events have been evaluated through September 25, 2015, which corresponds to the date when the financial statements were issued. There are no subsequent events that require disclosure.

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Supplementary Information

Reconciliation of Workers' Compensation Claims Liabilities

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

	<u>2015</u>	<u>2014</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 65,301,000	54,567,000
Incurring claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	28,840,000	27,757,000
Decrease in provision for reinsured events of current fiscal year	(13,185,000)	—
Decrease in provision for insured events of prior fiscal years	<u>(8,084,000)</u>	<u>(5,615,000)</u>
Total incurred claims and claim adjustment expenses	<u>7,571,000</u>	<u>22,142,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(2,120,000)	(3,187,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	6,084,000	7,653,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(15,836,000)</u>	<u>(15,874,000)</u>
Total payments	<u>(11,872,000)</u>	<u>(11,408,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 61,000,000</u>	<u>65,301,000</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of General Liability Claims Liabilities

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

	<u>2015</u>	<u>2014</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 19,038,000	18,044,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	7,496,000	8,197,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>71,000</u>	<u>(628,000)</u>
Total incurred claims and claim adjustment expenses	<u>7,567,000</u>	<u>7,569,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	—
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(8,176,000)</u>	<u>(6,575,000)</u>
Total payments	<u>(8,176,000)</u>	<u>(6,575,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 18,429,000</u>	<u>19,038,000</u>

See accompanying independent auditors' report.

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Supplementary Information

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

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

	<u>2015</u>	<u>2014</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Included claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>12,774,000</u>	<u>12,793,000</u>
Total incurred claims and claim adjustment expenses	<u>12,774,000</u>	<u>12,793,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(12,774,000)</u>	<u>(12,793,000)</u>
Total payments	<u>(12,774,000)</u>	<u>(12,793,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of Property Claims Liabilities

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

	<u>2015</u>	<u>2014</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>2,465,000</u>	<u>1,269,000</u>
Total incurred claims and claim adjustment expenses	<u>2,465,000</u>	<u>1,269,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(2,465,000)</u>	<u>(1,269,000)</u>
Total payments	<u>(2,465,000)</u>	<u>(1,269,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities

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

	<u>2015</u>	<u>2014</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 1,912,000	2,056,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	3,010,000	2,870,000
Decrease in provision for insured events of prior fiscal years	<u>(78,000)</u>	<u>—</u>
Total incurred claims and claim adjustment expenses	<u>2,932,000</u>	<u>2,870,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(1,416,000)	(1,348,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,462,000)</u>	<u>(1,666,000)</u>
Total payments	<u>(2,878,000)</u>	<u>(3,014,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 1,966,000</u>	<u>1,912,000</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA Workers' Compensation Claims Liabilities

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

	<u>2015</u>	<u>2014</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 9,070,000	8,219,000
Incurring claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	3,321,000	2,831,000
Decrease in provision for reinsured events of current fiscal year	(1,342,000)	—
Increase in provision for insured events of prior fiscal years	45,000	303,000
Total incurred claims and claim adjustment expenses	<u>2,024,000</u>	<u>3,134,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(238,000)	(259,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	94,000	—
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,955,000)</u>	<u>(2,024,000)</u>
Total payments	<u>(2,099,000)</u>	<u>(2,283,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 8,995,000</u>	<u>9,070,000</u>

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Supplementary Information

Reconciliation of AORMA General Liability Claims Liabilities

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

	<u>2015</u>	<u>2014</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 3,128,000	2,863,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	1,124,000	1,895,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>2,109,000</u>	<u>(175,000)</u>
Total incurred claims and claim adjustment expenses	<u>3,233,000</u>	<u>1,720,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(109,000)	(115,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(4,007,000)</u>	<u>(1,340,000)</u>
Total payments	<u>(4,116,000)</u>	<u>(1,455,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 2,245,000</u>	<u>3,128,000</u>

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Supplementary Information

Reconciliation of AORMA Property Claims Liabilities

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

	<u>2015</u>	<u>2014</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>252,000</u>	<u>210,000</u>
Total incurred claims and claim adjustment expenses	<u>252,000</u>	<u>210,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(252,000)</u>	<u>(210,000)</u>
Total payments	<u>(252,000)</u>	<u>(210,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u><u>\$ —</u></u>	<u><u>—</u></u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities

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

	<u>2015</u>	<u>2014</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>1,104,000</u>	<u>1,491,000</u>
Total incurred claims and claim adjustment expenses	<u>1,104,000</u>	<u>1,491,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(1,104,000)</u>	<u>(1,491,000)</u>
Total payments	<u>(1,104,000)</u>	<u>(1,491,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

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Schedule of Net Position

June 30, 2015

(for inclusion in the California State University)

Assets:	
Current assets:	
Short-term investments	\$ 6,903,934
Accounts receivable, net	1,557,059
Notes receivable, current portion	1,135,724
Prepaid expenses and other assets	<u>30,703,808</u>
Total current assets	<u>40,300,525</u>
Noncurrent assets:	
Notes receivable, net of current portion	4,232,332
Other long-term investments	<u>130,108,243</u>
Total noncurrent assets	<u>134,340,575</u>
Total assets	<u>174,641,100</u>
Liabilities:	
Current liabilities:	
Accounts payable	6,363,154
Unearned revenue	36,531
Claims liability for losses and LAE – current portion	<u>26,715,497</u>
Total current liabilities	<u>33,115,182</u>
Noncurrent liabilities:	
Claims liability for losses and LAE, net of current portion	65,919,511
Other liabilities	<u>9,545,359</u>
Total noncurrent liabilities	<u>75,464,870</u>
Total liabilities	<u>108,580,052</u>
Net position:	
Unrestricted	<u>66,061,048</u>
Total net position	<u>\$ 66,061,048</u>

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Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2015

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Other operating revenues	\$	88,375,632
Total operating revenues		<u>88,375,632</u>
Expenses:		
Operating expenses:		
Instruction		12,691,533
Research		152,203
Public service		185,831
Academic support		2,891,677
Student services		2,964,531
Institutional support		53,619,281
Operation and maintenance of plant		1,805,420
Auxiliary enterprise expenses		631,984
Total operating expenses		<u>74,942,460</u>
Operating income		<u>13,433,172</u>
Nonoperating revenues (expenses):		
Investment income, net		1,749,523
Other nonoperating expenses		<u>(9,857,407)</u>
Net nonoperating expenses		<u>(8,107,884)</u>
Increase in net position		<u>5,325,288</u>
Net position:		
Net position, beginning of year		<u>60,735,760</u>
Net position, end of year	\$	<u><u>66,061,048</u></u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Other Information

June 30, 2015

(for inclusion in the California State University)

	Current unrestricted	Total current	Noncurrent unrestricted	Total noncurrent	Total
Composition of investments:					
Asset-backed securities	\$ 465,071	465,071	9,787,104	9,787,104	10,252,175
Certificates of deposit	320,294	320,294	—	—	320,294
Corporate bonds	2,017,129	2,017,129	25,663,055	25,663,055	27,680,184
Money market funds	55,882	55,882	6,823,631	6,823,631	6,879,513
Mortgage-backed securities	3,442	3,442	15,904,269	15,904,269	15,907,711
Municipal bonds	48,087	48,087	2,062,144	2,062,144	2,110,231
Repurchase agreements	17,696	17,696	—	—	17,696
U.S. agency securities	2,422,844	2,422,844	22,064,054	22,064,054	24,486,898
U.S. Treasury securities	1,553,489	1,553,489	46,553,292	46,553,292	48,106,781
Other major investments:					
International government	—	—	1,250,694	1,250,694	1,250,694
Total investments	\$ 6,903,934	6,903,934	130,108,243	130,108,243	137,012,177

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
Claims Development Information

(In thousands)
(Unaudited)

	Policy year end June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net earned required Contribution and investment revenues:										
Earned	\$ 97,427	101,489	92,065	85,769	90,247	96,364	104,726	91,560	93,935	96,997
Ceded	—	—	—	18,469	19,024	18,879	16,149	3,005	11,626	6,872
Net earned	\$ 97,427	101,489	92,065	67,300	71,223	77,485	88,577	88,555	82,309	90,125
Unallocated expenses	\$ 42,950	31,358	49,872	43,306	52,578	39,257	48,776	41,755	30,116	44,878
Estimated incurred claims and expenses, end of policy year:										
Incurred	\$ 41,041	41,023	41,474	28,604	57,959	63,416	57,994	59,095	59,313	60,386
Ceded	—	—	—	17,996	17,118	19,834	19,575	—	—	14,527
Total	\$ 41,041	41,023	41,474	46,600	75,075	83,250	77,569	59,095	59,313	74,913
Paid (cumulative) as of:										
End of policy year	\$ 11,067	12,032	12,301	12,022	18,615	18,972	20,541	11,400	13,019	14,300
One year later	16,356	20,627	19,767	14,801	22,697	20,457	22,295	28,965	27,549	—
Two years later	21,878	28,585	25,324	20,511	23,082	23,664	23,833	35,942	—	—
Three years later	24,902	34,565	28,175	19,458	24,863	28,733	25,063	—	—	—
Four years later	26,092	36,060	28,667	20,063	25,943	29,004	—	—	—	—
Five years later	26,421	34,064	28,062	20,385	29,061	—	—	—	—	—
Six years later	22,807	35,201	29,240	20,624	—	—	—	—	—	—
Seven years later	23,579	35,983	30,032	—	—	—	—	—	—	—
Eight years later	25,813	36,373	—	—	—	—	—	—	—	—
Nine years later	26,300	—	—	—	—	—	—	—	—	—
Reestimated ceded claims and expenses	\$ —	—	—	18,767	17,996	22,643	21,685	—	—	14,527
Reestimated incurred claims and expenses:										
End of policy year	\$ 41,041	41,023	41,474	10,608	40,841	43,582	38,419	59,095	59,313	45,859
One year later	34,756	40,392	38,704	23,692	34,160	30,986	27,064	50,697	48,463	—
Two years later	33,116	41,336	38,858	24,655	29,484	28,962	27,864	50,636	—	—
Three years later	32,527	42,254	38,264	20,456	28,725	30,268	26,082	—	—	—
Four years later	31,727	42,727	33,533	20,742	28,024	30,168	—	—	—	—
Five years later	31,258	38,318	33,778	20,858	32,595	—	—	—	—	—
Six years later	26,657	38,458	34,125	21,110	—	—	—	—	—	—
Seven years later	28,205	38,643	—	—	—	—	—	—	—	—
Eight years later	28,494	38,873	—	—	—	—	—	—	—	—
Nine years later	28,892	—	—	—	—	—	—	—	—	—
Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ (12,149)	(2,150)	(6,147)	10,502	(8,246)	(13,414)	(12,337)	(8,459)	(10,850)	—

See accompanying independent auditors' report.



CSURMA AORMA

POLICY AND PROCEDURE NO. A-5

SUBJECT: CALENDAR OF REPORTS, AUDITS, FILINGS AND REVIEWS

ADOPTED: OCTOBER 29, 2009

EFFECTIVE: OCTOBER 29, 2009

AMENDED: SEPTEMBER 12, 2013
NOVEMBER 6, 2013
MARCH 20, 2014
OCTOBER 23, 2014
MAY 5, 2016

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

PURPOSE:

This policy and procedure outlines the various audits, reports and filings compiled by CSURMA AORMA on an annual basis.

POLICY:

It shall be the policy of the CSURMA AORMA to take the following action on an annual or semi-annual basis:

Reports and Audits:

1. Actuarial Study. Annually, the Program Director will engage CSURMA’s accredited independent actuary to perform an actuarial analysis of both the Workers' Compensation and Liability Programs. The analysis shall include (1) Projected Ultimate Losses for the upcoming fiscal year(s) and (2) the Estimated Outstanding Losses (including IBNR) at various confidence levels.
2. Third-Party Claims Administration Audits for both the Liability and Workers’ Compensation Program. These audits will be performed by an independent outside auditor in accordance with CSURMA Policy and Procedure #5. The AORMA Liability Program shall be audited in every odd numbered calendar year. The AORMA Workers’ Compensation Program shall be audited in every even number calendar year. Upon the recommendation of the Program Administrator, the AORMA COMMITTEE may adjust the audit schedule described above based on AORMA’s business needs such as a planned Request-for-Proposal process, or a need to monitor a vendor’s service performance more frequently.
3. Financial Audit. This audit will be performed annually by an independent outside auditor.

State of California Regulatory Required Filings: Form 700 - Statement of Economic Interests. All AORMA Committee members will annually file with the FPPC the Form 700 - Statement of Economic Interests by April 1. All AORMA Committee members will also file with the FPPC the Form 700 upon becoming or retiring as a Committee designated or alternate member.

Policy and Procedure Review Schedule: In the absence of other reasons to review a policy and procedure more frequently, all policies and procedures will be reviewed at least every two years.

Member Allocation Formula Review

1. The Member Allocation Formula for each AORMA program with a pooled layer will be reviewed by the AORMA Programs Committee at least every three (3) years in order to verify that the allocation formulas are still fair and equitable. The AORMA Programs Committee will provide to the AORMA Committee a thorough report of its review, findings and recommendations.
2. The AORMA Committee will approve any and all revisions to the member allocation formulas before being utilized.

Property Appraisals

1. Every five (5) years, the Program Administrator will engage a qualified property appraisal firm to appraise all buildings owned by MEMBERS and insured within the AORMA Property Program with total insurable values of \$1,000,000 or greater.
2. Every ten (10) years, the Program Administrator will engage a qualified property appraisal firm to appraise all buildings owned by MEMBERS and insured within the AORMA Property Program regardless of the value.

DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is the group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

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



CSURMA AORMA

POLICY AND PROCEDURE NO. A-6

SUBJECT:	RISK REDUCTION INNOVATION MATCHING GRANT INCENTIVE PROGRAM
ADOPTED:	MAY 9, 2013
EFFECTIVE:	JULY 1, 2013
AMENDED:	SEPTEMBER 12, 2013 MARCH 20, 2014 DECEMBER 4, 2014 MAY 5, 2016

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

PURPOSE:

The Risk Reduction Innovation Matching Grant Program (PROGRAM) makes funds available to AORMA Members (MEMBERs). It funds original and inventive training programs, the purchase of cutting edge safety equipment, innovative modernization of the MEMBER’s premises or any other unique or creative safety related project that may lead to a documentable reduction in claims costs. The purpose of this type of *matching grant program* is to encourage MEMBERs to enhance existing risk reduction efforts and to inspire ingenious safety ideas that the other MEMBERs may employ.

POLICY:

1. Annually, the following activities will be completed
 - a. The Programs Committee (PC) will propose to the AORMA Committee a budget amount for the PROGRAM.
 - b. The PC will approve the maximum grant amount.
 - c. The PC along with the Program Administrator will review the grant applications, and if found to be appropriate and consistent with the purpose of the PROGRAM may be approved by the PC.

2. To access funds under the PROGRAM, the MEMBER, must complete the grant application which is located on the CSURMA website and will include the following information;
 - a. A description of the proposed risk reduction project
 - b. The anticipated timeline for completion of the risk reduction project.
 - c. An estimate of the total costs for the proposed risk reduction project.

3. The MEMBER will be expected to complete the proposed risk reduction project within the timeline provided within the grant application. Upon review, the PC may rescind the grant if

the MEMBER has not started, or completed, the risk reduction project within the timeframe proposed.

4. Fifty percent (50%) of the MEMBER's risk reduction project costs (up to the maximum grant amount approved for that MEMBER) will be reimbursed under the PROGRAM. The MEMBER will submit to the PC the final paid receipt to be used to calculate the PROGRAM reimbursement amount.
5. After the grant funds are utilized, the MEMBER will provide a brief report providing information that will assist the PC in monitoring this PROGRAM's effectiveness and the merits of future PROGRAM funds.



CSURMA AORMA

POLICY AND PROCEDURE NO. A-7

SUBJECT: CSURMA AORMA TRAVEL REIMBURSEMENT
POLICY

ADOPTED: MARCH 21, 2013

AMENDED: MARCH 19, 2015

EFFECTIVE: MARCH 21, 2013

PURPOSE:

CSURMA AORMA members benefit from the work of their elected and appointed representatives who give their time to participate in the governance and development of CSURMA programs. Committee Member in person attendance at the AORMA Committee, standing committee meetings and task group meetings is preferred. This Policy and Procedure is intended to formalize the prior existing practices of CSURMA.

POLICY:

It is the policy of the CSURMA AORMA Committee that reasonable and actual expenses incurred by AUTHORIZED TRAVELERS for COVERED PURPOSES related to operation of CSURMA's programs shall be reimbursed. The method of approving travel, and reporting and calculating the reimbursable amount shall be in accordance with the travel reimbursement policy of the California State University or the AUTHORIZED TRAVELER's member auxiliary organization at the time of the travel.

PROCEDURE:

1. Reimbursement requests will be reported on the AUTHORIZED TRAVELER's completed State of California – Travel Expense Claim form or the form utilized by the AUTHORIZED TRAVELER's member auxiliary organization. The claim form should be forwarded to the AUTHORIZED TRAVELER's member auxiliary organization accounting department for reimbursement. The member auxiliary organization's accounting department should then seek reimbursement from CSURMA.
2. The AUTHORIZED TRAVELER's accounting department should send the following documents to CSURMA c/o the Systemwide Office of Risk Management:
 - a) Invoices for all reasonable expenses
 - b) Completed State of California (or AUTHORIZED TRAVELER's member auxiliary organization) – Travel Expense Claim form



- c) Documentation of the purpose of the travel such as a copy of the agenda, presentation, etc. for the COVERED PURPOSE that the AUTHORIZED TRAVELER attended.

DEFINITIONS:

AUTHORIZED TRAVELER – includes AORMA Committee members and officers, standing committee members and participants in duly established task groups. Other persons traveling on CSURMA AORMA related travel shall be reimbursed pursuant to this Policy and Procedure No. A-7 as agreed under separate agreement in advance of the travel. Independent consultants shall not be considered AUTHORIZED TRAVELERS under this Policy and Procedure No. A-7 and any travel expenses incurred by independent consultants may be reimbursed as provided under separate consulting agreements.

COVERED EXPENSES – includes reasonable expenses incurred by the AUTHORIZED TRAVELER as provided under the travel reimbursement policy of the California State University or the AUTHORIZED TRAVELER’s member auxiliary organization travel reimbursement policy requirements.

COVERED PURPOSES – covered purposes shall include attendance at meetings of the CSURMA AORMA Committee, standing committees, task group meetings, program presentations, member meetings, and approved professional development trainings. Any other COVERED PURPOSES must be approved for reimbursement by the AORMA Committee. The AORMA Committee Chair or designee is expected to attend the AOA Executive Committee meetings as the representative of the AORMA Committee and therefore reasonable expenses associated with travel to and from as well as participation in the AOA Executive Committee meetings are reimbursable by CSURMA. If there is travel to an event that would otherwise be a COVERED PURPOSE in conjunction with another event the AUTHORIZED TRAVELER would otherwise attend such as the AOA Annual Conference or the CSURMA Fitting the Pieces Together Conference, the AUTHORIZED TRAVELER is eligible for reimbursement of COVERED EXPENSES to attend the COVERED PURPOSE meeting only and there will be no CSURMA reimbursement of the expenses the AUTHORIZED TRAVELER would have normally incurred to attend the AOA Annual Conference or the CSURMA Fitting the Pieces Together Conference.



CSURMA AORMA

POLICY AND PROCEDURE NO. A-8

SUBJECT: CSURMA AORMA CLOSED SESSION POLICY

ADOPTED: OCTOBER 23, 2014

AMENDED: MAY 5, 2016

EFFECTIVE: OCTOBER 23, 2014

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

CSURMA AORMA conducts its meetings in compliance with the Bagley-Keene Open Meeting Act. The Act allows CSURMA AORMA to meet in closed session to confer with or receive advice from its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of CSURMA AORMA in the litigation.

From time to time, a MEMBER may be asked to recuse himself/herself from CLOSED SESSION discussions due to a potential conflict of interest.

PROCEDURE:

Prior to entering closed session, upon advice from the CSURMA Legal Counsel, Claims Administrator and/or Program Director, an AORMA COMMITTEE member may be asked to recuse himself/herself from the closed session discussion where a potential conflict of interest may exist.

DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is the group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

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

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

JOINT EXERCISE OF POWERS AGREEMENT

AS AMENDED AND RESTATED

EFFECTIVE April 27, 2015

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**JOINT EXERCISE OF POWERS AGREEMENT
FOR THE CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT
AUTHORITY**

THIS AGREEMENT is made and entered by and between the Trustees of the California State University (the “University”) and its auxiliary organizations (the “Auxiliary Organizations”) which become signatories to this instrument (the “Agreement”).

Recitals

- A. WHEREAS the Entity was formed by the Members effective January 1, 1997, and the Members have amended and restated this Agreement on April 24, 1997, May 18, 2000, May 18, 2001, May 15, 2003, October 27, 2005, May 18, 2007, October 28, 2011, and April 27, 2015;
- B. WHEREAS the University is an agency of the State of California;
- C. WHEREAS the Auxiliary Organizations are nonprofit public-benefit organizations formed pursuant to the California Nonprofit Corporation Law at § 5110 *et seq.* and described in California Education Code § 89901, *et seq.*;
- D. WHEREAS the University is permitted to self-insure or purchase Liability insurance pursuant to California Government Code § 11007.4 and purchase Workers’ Compensation insurance pursuant to Labor Code § 3700, *et seq.*, and whereas Auxiliary Organizations are permitted to self-insure, purchase Liability insurance or participate in a pooling arrangement under California Corporations Code § 5005.1, and to self-insure or purchase insurance for Workers’ Compensation liability pursuant to California Labor Code § 3700, *et seq.*;
- E. WHEREAS California Government Code § 6516.9 allows the University and the Auxiliary Organizations to form a Joint Powers Entity (“Entity”) to provide insurance programs and self-insurance programs and to provide related services; and
- F. WHEREAS the University and Auxiliary Organizations which become signatories find that they will benefit by forming such a Joint Powers Entity, and that it is in their best interest and the public interest that this agreement be executed.

NOW, THEREFORE, In consideration of the foregoing Recitals and the mutual promises of the parties as set forth in the following Terms and Conditions, it is mutually agreed by all of the parties to this Agreement as follows:

Terms and Conditions

SECTION 1: Definitions

The following definitions shall apply to the provisions of this Agreement:

- (a) “Agreement” shall mean this joint exercise of powers agreement.
- (b) “Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University Chancellor’s Office.
- (c) “Board of Directors” or “Board” shall mean the governing body of the Entity.
- (d) “Bylaws” shall mean the adopted Bylaws of the Entity as amended in their latest approved form.
- (e) “Coverage Program” shall mean the Entity’s programs as defined herein.
- (f) “Entity” shall mean the California State University Risk Management Authority created by and existing under this Agreement.
- (g) “Executive Committee” shall mean the Executive Committee of the Entity’s Board of Directors.
- (h) “Member” shall mean a party to this Agreement. For purposes of this Agreement, each University campus and the Chancellor’s Headquarters shall be considered separate Members, but such University campuses and the Chancellor’s Headquarters shall not be considered parties to this Agreement separate from the University.
- (i) “Pooled Coverage Programs” shall consist of Coverages Programs provided directly by the Entity under a Risk Pooling Program pursuant to a memorandum of coverage and/or provided by a purchased insurance program. These may include, but are not limited to, Property, Workers’ Compensation and Liability coverages as may be determined by the Board of Directors.
- (j) “Program Director” shall mean the individual or firm retained by the Board of Directors to administer the Entity.
- (k) “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.
- (l) “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.
- (m) “University” shall mean the Board of Trustees of the California State University.

SECTION 2: Legal Authority For Agreement

(a) This Agreement is entered into pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (beginning with § 6500) which authorizes the University and Auxiliary Organizations, such as the Members who are parties to this Agreement, to establish and operate pooled coverage programs and to provide related services.

SECTION 3: Purposes

The purposes of this Agreement are to:

- (a) Provide for the effective governance of the Entity;
- (b) Provide for the effective operation of cooperative programs of risk management and loss prevention so as to reduce or eliminate losses and loss exposures, decrease the expenses of claims and claims administration and improve procedures to manage risks commonly experienced by the parties to this Agreement;
- (c) Provide for effective operation of Coverage Programs in the areas of public liability, auto liability, errors and omissions, workers' compensation and property losses, and in such other coverage areas as the Board of Directors deems appropriate; and
- (d) Implement new Coverage Programs and other programs related to the foregoing purposes, which the Entity deems necessary, advisable and beneficial to the parties to this Agreement.

SECTION 4: Parties to the Agreement

Parties to this Agreement may only include:

- (a) The California State University; and
- (b) The Auxiliary Organizations as defined herein.

SECTION 5: Term of Agreement

Subject to the power to terminate any Member's membership in the Entity, as provided for in this Agreement, this Agreement shall continue indefinitely, and it shall not be terminated so long as the University and one or more Members agree that the Agreement, and the Entity, be continued. Withdrawal by the University will cause dissolution of the Entity.

SECTION 6: Existence of Entity As Separate Public Entity With Sole Responsibility For Its Obligations

Pursuant to California Government Code § 6500 *et seq.*, a public entity of the State of California known as the California State University Risk Management Authority has been created and does now exist. The Entity exists separately and apart from the Members. Pursuant to California Government Code § 6508.1 the debts, liabilities and obligations of the Entity shall be solely its own and they shall not constitute debts, liabilities or obligations of its officers, Directors, employees, agents, Board of Directors, Executive Committee, Program Director or of any Member.

SECTION 7: Powers of Entity

(a) The Entity shall have all of the powers common to the parties to this Agreement and all additional powers afforded under California law to public entities such as Entity, formed for the purpose of jointly exercising powers common to their members. The Entity is also authorized by this Agreement to do all acts necessary for the exercise of its powers. The Entity's powers include, but are not limited to, the following:

- i. To make and enter into contracts;
- ii. To incur debts, liabilities, and obligations;
- iii. To acquire, hold, lease or dispose of real or personal property, receive contributions and donations of property, funds, contract for services and other forms of assistance from persons, firms, corporations, and government entities;
- iv. To sue and be sued in its own name, and to settle any claim against it;
- v. To hire employees and to retain agents, advisors and consultants;
- vi. To receive and use contributions and advances from Members as provided in California Government Code § 6505.5, including contributions or advances of personnel, equipment or property;
- vii. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code § 6509.5; and
- viii. To carry out all provisions of this Agreement.

(b) Pursuant to California Government Code § 6500 *et seq.* the Entity's powers shall be exercised in the manner and according to Procedures provided in the laws applicable to a California State University, as set forth in Sections 66000 *et seq.* and Sections 89000 *et seq.* of the California Education Code.

SECTION 8: Board of Directors

There shall be a Board of Directors to manage the activities and affairs of the Entity. It shall be composed of up to thirty (30) Directors appointed by or as delegated by the University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) Directors elected by the Auxiliary Organizations which become members of the Entity. Directors appointed by the University serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer or his/her delegate, and may be replaced at any time. The Executive Vice Chancellor/Chief Financial Officer or his/her delegate may also appoint alternate representatives who shall serve in the absence of the primary representatives. Should the Executive Vice Chancellor/Chief Financial Officer appoint fewer than 30 Directors, the voting power for unfilled appointments shall be retained by the Executive Vice Chancellor/Chief Financial Officer and may be delegated by the Executive Vice Chancellor/Chief Financial Officer to a duly appointed Director(s). Directors elected by the Auxiliary Organizations shall serve subject to terms and conditions of a policy and procedure duly adopted by the Auxiliary Organizations Risk Management Alliance Committee for election and replacement of same. Each Director of the Entity must be an officer, director or employee of the University or officer, director or compensated management employee of an Auxiliary Organization.

SECTION 9: Powers of the Board of Directors

(a) The Board of Directors shall retain overall responsibility for governance of the Entity, including the right to exercise all powers of the Entity not reserved to other persons or bodies of the Entity.

(b) The Board of Directors shall have reserved to itself the following express powers, duties and responsibilities:

i. Election of certain Entity officers and the members of its Executive Committee.

ii. Approval of the annual budget of the Entity.

iii. Approval of amendments to this Agreement and the Bylaws.

iv. Approval of new Coverage Programs of the Entity.

v. Amendment or modification of any prior actions or resolution of the Board of Directors.

vi. The exercise of powers of the Entity, including promulgation of policies, procedures and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

SECTION 10: Meetings of the Board of Directors

(a) The Bylaws of the Entity shall make provision for calling and holding meetings of the Board of Directors, which shall include, in any event, at least one regular meeting annually.

(b) Meetings of the Board of Directors shall be conducted in accordance with this Section, the Bylaws and the Bagley-Keene Open Meeting Act (California Government Code § 11120 *et seq.*)

(c) The presence of a majority of the Directors of the Board shall constitute a quorum for the conduct of business of the Board except as otherwise provided by this Agreement, the Bylaws or other applicable provisions of law.

SECTION 11: Officers of the Entity

(a) The officers of the Entity shall be a Chair, Vice Chair, Secretary-Auditor and Treasurer whose duties shall be as set forth in this Agreement, the Bylaws, any duly adopted policy and procedure of the Entity, or as prescribed by applicable provisions of law.

(b) The Chair and Vice Chair shall be elected by the Board of Directors from the members of the Board and shall serve two year terms. Neither officer shall serve for more than three complete consecutive terms in his or her respective office. The terms of each office will ordinarily commence on July 1st of each even-numbered calendar year except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held. The terms of each office shall end on June 30th of the succeeding even-numbered calendar year, except that if the election of the officers to serve the next succeeding term has not been conducted, the incumbent officers shall continue to hold their offices until the election has been conducted.

(c) The Secretary-Auditor shall be the person who serves as the University's Systemwide Director of Risk Management at the Chancellor's Office or such other person as the Executive Committee appoints.

(d) The Treasurer shall be appointed by the University Executive Vice Chancellor/Chief Financial Officer and shall be a member of the Board. The Treasurer shall serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer.

(e) The Entity may have such other officers as provided in the Bylaws.

(f) The Chair or Vice Chair shall be removed from office by reason of no longer being a Director or upon removal from the Executive Committee as set forth in the Bylaws. If this occurs, the University Executive Vice Chancellor/Chief Financial Officer may appoint an interim Chair or Vice Chair and the Board may hold an election to fill the vacancy for the remainder of the unexpired term.

SECTION 12: Executive Committee

(a) The day-to-day business of the Entity will be conducted, directed and supervised by an Executive Committee consisting of nine members of the Board of Directors.

(b) The Executive Committee shall be composed of the Chair, Vice Chair, Treasurer, four members elected from among the University-appointed Directors and two members elected from among the Auxiliary Organization Directors. Executive Committee elections and terms of office shall follow the same procedure as set forth in Section 11 above, with University-appointed Directors electing their four representatives and Auxiliary Organization Directors electing their two representatives. Of the four members elected from University appointed Directors, two terms of office shall end on June 30 in odd-numbered years, and two terms of office shall end on June 30 in even-numbered years. At the end of their term limits, the Chair and Vice Chair may run for election to become non-officer members of the Executive Committee. Term limitations shall not apply to the Executive Committee members elected by the University (other than the Chair and Vice Chair). The terms of office for the Auxiliary Organization representatives to the Executive Committee shall be determined by the policies and procedures adopted by the Auxiliary Risk Management Alliance Organization Committee, which may include term limits.

(c) The Executive Committee shall have all powers of the Board of Directors except those powers reserved solely to the Board under Section 9 above, or such powers as the Board may subsequently reserve solely to itself.

SECTION 13: Committees

The Entity shall have standing and other committees as may be provided for in the Bylaws or which are created by the Board of Directors, the Executive Committee or the Chair. Committees of the Entity shall have powers, duties and responsibilities as provided in the Bylaws or as delegated and directed by the appointing authority.

SECTION 14: Program Director, Staff and Consultants

(a) The Board of Directors shall appoint a Program Director who shall be responsible for the general administration of the business and activities of the Entity as directed by the Executive Committee.

(b) The California State University Office of General Counsel shall serve as general legal counsel to the Entity.

(c) Subject to the direction of the Board of Directors, the Executive Committee shall provide for the appointment of such staff or consultants of the Entity as may be necessary for the administration of the Entity.

(d) As determined by the Executive Committee, staff functions including those of Program Director may be performed by employees of the Entity, by officers, Directors and employees of Members or by agents, advisors and consultants retained under contract by the Entity.

(e) The Program Director and other staff of the Entity shall have such powers, duties and obligations as are established by this Agreement, the Bylaws, the policies, procedures and rules promulgated by the Entity and any contractual arrangements which may exist between the Entity and the respective person.

(f) The Program Director and Legal Counsel shall serve at the will and pleasure of the Board of Directors and all other staff shall serve at the will and pleasure of the Executive Committee.

SECTION 15: Insurance Coverage

The Entity may maintain insurance coverage on its activities as determined by the Executive Committee to be necessary and adequate.

SECTION 16: Accounts and Records

(a) Annual Budget. The Entity shall adopt an annual budget, which shall include a separate budget for each separate Coverage Program under development or adopted and implemented by the Entity. The Executive Committee shall cause to be prepared, shall review and approve and shall recommend a proposed annual budget to the Board of Directors for its consideration.

(b) Funds and Accounts. As directed by the Executive Committee, the Treasurer of the Entity shall establish and maintain such funds and accounts as may be required by law and good accounting practices. Fund accounting shall be established and maintained for each insurance program under development or adopted and implemented by the Entity. Books and records of the Entity in the hands of the Treasurer shall be open to inspection at all reasonable times by authorized representatives of Members. A quarterly unaudited financial statement will be produced. The Entity shall adhere to the standard of strict accountability for funds set forth in Government Code § 6505.

(c) Treasurer's Report. The Treasurer, within ninety (90) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member.

(d) Annual Financial Audit. Pursuant to Government Code § 6505, the Entity shall contract with an independent certified public accountant to make an annual fiscal year audit of all accounts and financial statements of the Entity, or shall have the accounts and records audited by the State Controller's Office, and shall comply with all reporting and filing requirements relating to such audits.

SECTION 17: Responsibilities for Funds and Property

(a) The Treasurer shall have custody of and shall disburse the Entity's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Executive Committee to perform that function, subject to the requirements of (b) below.

(b) Pursuant to Government Code § 6505.5, the Treasurer shall:

i. Receive and acknowledge receipt of all funds of the Entity and place them in the treasury of the Treasurer to the credit of the Entity.

ii. Be responsible upon his or her official bond for the safekeeping and disbursement of all Entity funds so held by him or her.

iii. Pay any sums due from the Entity, as approved for payment by the Board or Executive Committee or by any body or person to whom the Board has delegated approval authority, making such payments from Entity funds upon warrants drawn by the Treasurer. All warrants of the Entity shall be signed by two persons as designated by the Board; provided, however, that the Board may, by resolution, authorize imprest accounts for expenditures of funds in limited amounts for which only one authorized signatory shall be required on the instrument.

iv. Verify and report in writing to the Entity and to Members, as of the first day of each quarter of the fiscal year, the amount of money then held for the Entity, the amount of receipts since the last report, and the amount paid out since the last report.

(c) Pursuant to Government Code § 6505.1, the Program Director, the Treasurer and such other persons as the Executive Committee may designate shall have charge of, handle and have access to the property of the Entity.

(d) The Entity shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in form specified by the Executive Committee, covering the Treasurer and all other officers and staff of the Entity who are authorized to hold or disburse funds of the Entity, and all other officers and staff who are authorized to have charge of, handle, and have access to property of the Entity.

SECTION 18: Responsibilities of the Entity

The Entity shall perform the following functions in discharging its responsibilities under this Agreement:

(a) Assist each Member's designated risk manager with the risk management function;

(b) Provide loss prevention and safety services to the Members;

- (c) Provide claims adjusting and claims management services as required;
- (d) Provide statistical reports to the Members;
- (e) Recommend standard contract clauses relating to indemnity, hold harmless, insurance and other similar matters affecting Members; and
- (f) Create Coverage Programs as the Board deems appropriate;
- (g) Provide other services consistent with purposes of the Entity as may be deemed necessary, advisable and beneficial to the Members.

SECTION 19: Responsibilities of the Members

(a) Each Member shall appoint one employee or other representative as the Member's designated Risk Manager to be responsible for the Member's risk management activities and to serve as liaison between Member Agency and the Entity as respects risk management.

(b) Each Member shall maintain an active safety program through a designated safety officer and/or safety committee.

(c) Each Member shall timely pay all premiums, fees, charges and assessments imposed or levied by the Entity.

(d) Each Member shall provide the Entity with requested information and assistance in order to fulfill the programs under this Agreement.

(e) Each Member shall in all ways cooperate with and assist the Entity in all matters relating to this Agreement and comply with the Bylaws and the policies, procedures and rules promulgated by the Entity.

(f) Each Member shall cooperate fully with the Entity in determining the causes of losses and in the settlement of losses; and shall cooperate with and assist the Entity, and any insurer, claims adjuster or legal counsel retained by the Entity in all matters relating to this agreement, including the defense of claims and/or adjustment of losses.

SECTION 20: Development, Implementation and Funding of Coverage Programs

(a) Program Coverage. The Entity may develop and implement Coverage Programs which the Entity deems necessary, advisable and beneficial to Members. Subject to any Coverage Program's applicable underwriting rules and other qualifying conditions, each Member shall be eligible to apply for membership and participation in any program conducted by the Entity. The Board may condition participation on approval by a majority vote of other participating Members.

(b) Program and Entity Funding. The Members developing or participating in a Coverage Program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the Entity, hereinafter called Entity general expenses, shall be equitably allocated among the various programs and shall be funded by the Members developing or participating in such programs in accordance with such allocations, as determined by the Board of Directors or Executive Committee.

i. Development Charge. Development costs of a Coverage Program shall be funded by a development charge as fixed by the Executive Committee. The development charge shall be paid by each Member which wishes to join in development of the program, after receipt of information as estimated on the cost and scope of the program, and thereby reserve the option to participate in the program following its adoption by the Board of Directors. Development costs are those costs incurred by the Entity in developing a program for review and adoption by the Board of Directors, including but not limited to: research, feasibility studies, information and liaison work among Members, preparation and review of documents, and actuarial and risk management consulting services. The development charge may also include an equitable share of Entity general expense incurred in the development function. Upon the conclusion of program development: any deficiency in development funds shall be billed to all Members which have paid the development charge, on a pro-rata or other equitable basis, as determined by the Executive Committee; and any surplus in such funds shall be refunded to contributing Members on a pro rata basis.

ii. Annual Premium. Except as provided in iii. below, all post-development costs of a Coverage Program shall be funded by annual premiums charged to the Members participating in the program each policy year, and by interest earnings on the fund so accumulated. Premiums shall be determined by the Executive Committee upon the basis of a cost allocation plan and rating formula developed by the Entity with the assistance of an actuary, risk management consultant or other qualified person. The premium for each participating Member shall include that Member's share of expected program losses, program reinsurance costs, and program administrative costs for the year plus that Member's share of Entity general expense allocated to the program. Annual premiums shall be billed by the Entity at the beginning of each policy year and shall be payable within thirty (30) days of the billing date. At the end of each policy year, program costs shall be audited by the Entity. Any deficiency or surplus in the premium paid by a participating Member, as shown by such audit, shall be adjusted by a corresponding increase or decrease in the premium charge to that Member for the next succeeding year, unless the Member withdraws or is canceled from the program.

iii. Assessment. If the Entity experiences unusually large losses under a Risk Pooling Program during a policy year, such that pooled funds for the program may be exhausted or depleted excessively before the next annual premiums are due, the Board of Directors may, upon consultation with an actuary, impose assessments on all Members participating in that program, which, in total amount, will assure adequate funds to the Entity for the payment of all incurred losses. The Board, Executive Committee or other authorized committee may adopt a plan of assessment when the assets of Entity, or of a Coverage Program of the Entity, are less than its liabilities.

SECTION 21: New Auxiliary Organization Members

An Auxiliary Organization which is not a Member may become a party to this Agreement only upon approval of the Executive Committee and by paying an appropriate entry fee or charge as established by the Executive Committee. The Executive Committee may condition its approval upon the proposed Auxiliary Organization Member's ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any Coverage Program in which the proposed Auxiliary Organization Member wishes to participate.

SECTION 22: Withdrawal of Members

(a) An Auxiliary Organization may withdraw as a party to this Agreement upon thirty (30) days' advance written notice to the Entity if it has never become a participant in any Coverage Program, or if it has withdrawn from all Coverage Programs in which it was a participant, pursuant to (b) below.

(b) After becoming a participant in a Coverage Program, an Auxiliary Organization may withdraw from that program only at the end of a policy year for the program, and, unless the Coverage Program's participation agreement, policies, procedures and rules otherwise provide, only if the Auxiliary Organization has given the Entity at least three (3) months' advance written notice of such action.

(c) The University may withdraw as a party to this Agreement and cause termination of the Agreement pursuant to Section 5 of this Agreement upon ninety (90) days' advance written notice to the Entity.

SECTION 23: Termination

(a) Notwithstanding the provisions of Section 22, the Board of Directors may:

i. Terminate any Member from this Agreement and membership in the Entity, on a vote of two-thirds of the Board members present and voting. Such action shall have the effect of terminating the Member's participation in all Coverage Programs of the Entity as of the date that membership is terminated, unless a later effective date is set by the Board.

ii. Terminate any Member's participation in a Coverage Program of the Entity, without terminating the Member's membership in the Entity or participation in other Coverage Programs, on a vote of two-thirds of the Board members present and voting.

(b) Upon the effective date, the Member shall be treated the same as if it had voluntarily withdrawn from this Agreement or from the Coverage Program, as the case may be. A termination procedure will be set forth in the Bylaws of the Entity.

(c) A Member which does not enter one or more of the Coverage Programs of the Entity within 36 months after the Member becomes a party to this Agreement shall be considered

to have withdrawn as a party to this Agreement at the expiration of the 36-month period, and its membership in the Entity shall be automatically canceled as of that time without action of the Board of Directors.

(d) A Member which withdraws from all Coverage Programs of the Entity in which it was a participant and does not enter any Coverage Program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to this Agreement at the end of that period, and its membership in the Entity shall be automatically canceled as of that time, without action of the Board of Directors.

(e) An Auxiliary Organization no longer on the list of recognized Auxiliary Organizations, as maintained by the University Executive Vice Chancellor/Chief Financial Officer may, upon recommendation by the University Executive Vice Chancellor/Chief Financial Officer to the Board, be terminated as provided in paragraphs (a) and (b) of this Section 23.

SECTION 24: Effect of Withdrawal or Termination

The withdrawal or termination of any Member from this Agreement shall not terminate the responsibility of the former Member to continue to contribute to its share of assessments or other financial obligations incurred by reason of its previous participation, and shall not terminate the duties to cooperate with and assist the Entity as set forth in Section 19(f) above. The withdrawal or termination of any Member from this Agreement shall not result in distribution of or entitle the former Member to any surplus, unencumbered funds, reserves or other assets of the Entity except as provided under the applicable policies and procedures of the Entity or its programs or as provided under Section 25 of this Agreement. The effects of this Section 24 shall apply as respects all assets of the Entity that may have been accrued from its inception.

SECTION 25: Disposition of Property and Funds

(a) In the event of the dissolution of the Entity or other final termination of the Agreement, the Board of Directors shall continue to manage the activities and affairs of the Entity as necessary to conclude the operations of the Entity. The Board may maintain in place the Executive Committee and any committees, agents or employees necessary to do so. The dissolution plan adopted by the Board of Directors shall provide for, but not be limited to, the following:

i. Claims outstanding against, and incurred but not reported to, the Entity shall be audited and calculated, by an independent auditor and actuary selected by the Board, for a determination of future liabilities for expenses and costs to bring these claims to a conclusion.

ii. The current fair market value of the Entity's assets shall be determined by an independent appraiser selected by the Board.

(b) If the Board of Directors determines a dividend or return of contributions is to be declared, such dividend or return of contribution shall be computed pursuant to policies and procedures adopted by the Board of Directors. Return of contributions shall be made pro rata based on total funding contributions made by each Member over the five (5) years immediately before the date of dissolution as defined in the dissolution plan.

(c) The Entity may be dissolved by vote of 2/3rds of the Board of Directors.

(d) In the event of the dissolution of the Entity or other final termination of the Agreement, any surplus money remaining in the pool shall be returned in proportion to the contributions made and the claims or losses paid.

SECTION 26: Provision for Bylaws

The Entity shall enact Bylaws and adopt other policies and practices to govern Entity operations. Each Member shall be provided copies of all such materials.

SECTION 27: Amendment of Agreement

This Agreement may be amended at any time by a two-thirds vote of the Board of Directors present and voting, provided, however, that:

(a) Any meeting at which an amendment is to be acted upon shall require thirty (30) days' prior notice of the proposal, with the subject matter and specific language of the proposed amendment to be set forth in the notice;

(b) No amendment which the Board of Directors determines will increase the liability or financial obligation of a Member Agency shall be approved without:

i. That Member's consent; or

ii. That Member being given the specific option to withdraw from the Entity; and

(c) The notice provision of this section shall not prohibit the Board from amending any proposed specific language during the noticed meeting, and no further notice shall be required.

SECTION 28: Assumption of Prior Agreements

The Entity may assume the rights and duties from prior agreements entered into by the University for the benefit of the University's former self-insurance programs by ratification of the Board of Directors.

SECTION 29: Agreement Complete

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in this instrument.

SECTION 30: Effective Date of Agreement

The effective date of this Agreement shall be the date that the Board of Directors of the Entity duly and regularly adopts a resolution approving the form of this Agreement in the manner provided by Section 26 of this Agreement.

SECTION 31: Contract with Each Signatory Each party to this Agreement shall be deemed and is a contracting party with each and all of the other parties to this Agreement without regard to the time that a party became a party to the Agreement. The deletion of one or more parties from this Agreement shall not affect the validity, term or continuing effectiveness of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto, by and through their respective duly authorized representatives, has executed this Agreement on the date so indicated.

Participant Name

Date: _____ By: _____

and By: _____

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

BYLAWS

AS AMENDED AND RESTATED

EFFECTIVE April 27, 2015

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**BYLAWS
of the
CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**

PREAMBLE

These Bylaws are adopted, amended and restated effective October 28, 2011 pursuant to the “Joint Exercise of Powers Agreement” of the California State University Risk Management Authority (the “Agreement”).

ARTICLE I - THE AUTHORITY

SECTION 1.1. Name of Entity. The name of the Entity created by the Agreement shall be the California State University Risk Management Authority (the “Entity”).

SECTION 1.2. Office of Entity. The principal office of the Entity shall be c/o CSU –Office of Risk Management, 401 Golden Shore Ave., Long Beach, CA, 90802, or at such other location as the Board of Directors may designate by resolution.

SECTION 1.3. Fiscal Year. The fiscal year for the Entity shall commence July 1 of each calendar year and end June 30 of the following calendar year.

ARTICLE II - DEFINITIONS

The following definitions shall apply to the provisions of these Bylaws:

(a) “Agreement” shall mean the joint exercise of powers agreement creating the Entity.

(b) “Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University’s Chancellor’s Office.

© “Auxiliary Organization Risk Management Alliance” or “AORMA” shall mean those Coverage Programs and associated services which are directed primarily at serving the Auxiliary Organization Members.

(d) “Board of Directors” or “Board” shall mean the principal governing body of the Entity.

(e) “Bylaws” shall mean the adopted Bylaws of the Entity as amended in their latest approved form.

(f) “Coverage Program” shall mean the Entity’s programs as defined herein.

(g) “Entity” shall mean the California State University Risk Management Authority created by and existing under the Agreement.

(h) “Executive Committee” shall mean the Executive Committee of the Entity’s Board of Directors.

(i) “Member” shall mean a party to the Agreement. For purposes of the Agreement, each University campus and the Chancellor’s Headquarters shall be considered separate Members, but such University campuses and the Chancellor’s Headquarters shall not be considered parties to the Agreement separate from the University.

(j) “Pooled Coverage Programs” shall consist of Coverages Programs provided directly by the Entity under a Risk Pooling Program pursuant to a Memorandum of Coverage and/or provided by a purchased Coverage Program. These may include, but are not limited to, Property, Workers’ Compensation, Liability, and Athletic Injury coverages as may be determined by the Board of Directors.

(k) “Program Director” shall mean the individual or firm retained by the Board of Directors to administer the Entity.

(l) “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.

(m) “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.

(n) “University” shall mean the Board of Trustees of the California State University.

ARTICLE III - BOARD OF DIRECTORS

SECTION 3.1. Membership. The Entity shall be governed by a Board of Directors as set forth in the Agreement. It shall be composed of up to thirty (30) Directors appointed by or as delegated by the University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) Directors elected by the Auxiliary Organizations which become members of the Entity. Directors appointed by the University serve at the pleasure of the University Executive Vice Chancellor/Chief Financial Officer or his/her delegate, and may be replaced at any time. Should the Executive Vice Chancellor/Chief Financial Officer appoint fewer than 30 Directors, the voting power for unfilled appointments shall be retained by the Executive Vice Chancellor/Chief Financial Officer and may be delegated by the Executive Vice Chancellor/Chief Financial Officer to a duly appointed Director(s). Directors elected by the Auxiliary Organizations shall serve subject to terms and conditions of a policy and procedure duly adopted by the Auxiliary Organizations Risk Management Alliance Committee for election and replacement of same. Each Director of the Entity must be an officer, director or employee of the University or of an Auxiliary Organization.

All Directors shall comply with the provisions of California law which require certain public officials to file a Statement of Economic Interests, and with any applicable conflict of interest laws.

SECTION 3.2. Powers. The powers of the Board shall be as set forth in Section 9 of the Agreement.

(a) The Board of Directors shall retain overall responsibility for governance of the Entity, including the right to exercise all powers of the Entity not reserved to other persons or bodies of the Entity.

(b) The Board of Directors shall have reserved to itself the following express powers, duties and responsibilities:

i. Election of certain Entity officers and the members of its Executive Committee.

ii. Approval of the annual budget of the Entity.

iii. Approval of amendments to the Agreement and the Bylaws.

iv. Approval of new Coverage Programs of the Entity.

v. Amendment or modification of any prior actions or resolution of the Board of Directors.

vi. The exercise of powers of the Entity, including promulgation of policies, procedures and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

SECTION 3.3. Meetings.

(a) Regular Meetings. A regular meeting of the Board shall be held at least once each year at a time and place to be set by the Board. Except as otherwise provided in Section 27 of the Agreement, the notice of the meeting and agenda for each regular meeting of the Board shall be posted in accordance with the applicable public meeting laws in effect at the time of the meeting.

(b) Special Meetings. Special meetings may be called relating to pending litigation with notice of the meeting and an agenda be provided to each Director at least forty-eight (48) hours in advance of the meeting.

(c) Public Meeting. All meetings of the Board shall be open to the public, except as provided by law, and may include closed sessions where permitted by law. Meetings will be held in compliance with the Bagley-Keene Open Meeting Act, California Government Code §11120, *et seq.*

(d) Quorum. The presence of a majority of the Directors of the Board shall constitute a quorum for the transaction of business. Except as otherwise provided in the Agreement, the Bylaws or by law, no action may be taken by the Board except by affirmative vote of not less than a majority of the votes held by those Directors of the Board present and voting. A smaller number may adjourn a meeting.

(e) Order of Business. At the regular meetings of the Board, the following shall be the order of business:

- i. Roll Call.
- ii. Approval of Minutes of the previous meeting.
- iii. Agenda Items.
- iv. Adjournment

(f) Manner of Voting. Voting shall be by acclamation; however a roll call may be requested by a majority of the Directors present, and the ayes and noes, abstentions, and members absent shall be entered in the minutes of the meeting.

(g) Action by the Board. All resolutions of the Board shall be in writing, signed by the Chair and attested to by the Secretary-Auditor. All other actions of the Board shall be by motion recorded in written minutes.

ARTICLE IV - EXECUTIVE COMMITTEE

SECTION 4.1. Membership.

(a) The membership of the Executive Committee shall be as set forth in Section 12 of the Agreement.

(b) The members of the Executive Committee shall be appointed or elected as individuals and not merely as representatives of a specific Member.

SECTION 4.2. Term. The Chair and Vice Chair of the Board, and the Treasurer of the Entity shall serve as Executive Committee members during their tenure as such officers. Terms of office are as set forth in Sections 11 and 12 of the Agreement.

SECTION 4.3. Powers, Duties and Responsibilities.

(a) The Executive Committee shall conduct, direct and supervise the day-to-day business of the Entity and in doing so shall exercise the powers expressly granted to it by the Agreement, these Bylaws and as otherwise delegated by the Board of Directors.

(b) The following duties and responsibilities shall be assumed and carried out by the Executive Committee, which shall have all powers necessary for those purposes:

i. Provide general supervision and direction to the Program Director.

ii. Authorize payment of claims against the Entity; provided, however, that with respect to claims arising under Coverage Programs operated by the Entity, claim settlement authority shall be in accordance with the policies and procedures governing the particular Coverage Program.

iii. Enter into contracts, within budget limits.

iv. Make payments pursuant to previously authorized contracts, within budget limits; this authority includes the power to authorize and reimburse expenses incurred for budgeted activities, within budget limits.

v. Review and recommend a budget to the Board

vi. Act as Program Director in the absence of the Program Director.

vii. Establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.

viii. Appoint a nominating committee for each election of officers and Members of the Executive Committee.

(c) Subject only to such limitations as are expressly stated in the Agreement, these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the Entity.

SECTION 4.4. Meetings.

(a) Regular Meetings. Regular meetings of the Executive Committee shall be held at least twice a year and at other times as the Executive Committee deems appropriate. The time and place of regular meetings shall be set by the Executive Committee, and the Board of Directors shall be notified of the meeting schedule. The notice of the meeting and agenda for each regular meeting of the Executive Committee shall be posted in accordance with the applicable public meeting laws in effect at the time of the meeting.

(b) Special Meetings. Special meetings may be called relating to pending litigation with notice of the meeting and an agenda to be provided to each Director at least forty-eight (48) hours in advance of the meeting.

(c) Public Meetings. All meetings of the Executive Committee shall be open to the public, except as provided by law, and may include closed sessions where permitted by law. Meetings will be held in compliance with the Bagley-Keene Open Meeting Act, California Government Code §11120, *et seq.*

(d) Quorum. Five (5) members of the Executive Committee shall constitute a quorum for the transaction of business. Except as otherwise provided, no action may be taken by the Executive Committee except by affirmative vote of not less than a majority of those Executive Committee members present and voting. A smaller number may adjourn a meeting.

(e) Manner of Voting. Voting shall be by acclamation; however a roll call may be requested by a majority of the Executive Committee members present, and the ayes and noes, abstentions, and members absent shall be entered in the minutes of the meeting.

(f) Action by the Executive Committee. All resolutions of the Executive Committee shall be in writing, signed by the Chair and attested to by the Secretary-Auditor. All other actions of the Executive Committee shall be by motion recorded in written minutes.

(g) Removal From Executive Committee. A member may be removed from the Executive Committee in the following ways:

i. Death of an Executive Committee member.

ii. Voluntary resignation; an Executive Committee member will be considered to have resigned if no longer qualified to be a Director under Section 3.1.

iii. Absence from three (3) consecutive meetings unless excused by the Chair or his or her designee.

iv. Removal of the Chair or Vice Chair from the Executive Committee shall also constitute removal from office.

(h) Replacements. Upon removal of an Executive Committee member, an interim Executive Committee member may be appointed by the Chair, and the Board of Directors may hold an election to fill the vacancy for the remainder of the unexpired term, following the procedures set forth in Section 11 and Section 12 of the Agreement.

ARTICLE V - OFFICERS

SECTION 5.1. Principal Officers.

The principal officers of the Entity are the Chair, Vice Chair, Secretary-Auditor and Treasurer, as provide in Section 11 of the Agreement.

SECTION 5.2. Other Officers.

The Executive Committee may create such other offices and appoint such other officers as it deems necessary and advisable. Officers so appointed shall serve at the pleasure of the Executive Committee and shall exercise such powers, perform such duties and assume such responsibilities as set forth in a resolution duly adopted by the Executive Committee for that purpose.

SECTION 5.3. Powers.

The Chair, and Vice Chair in the Chair's absence, shall execute and implement directives of the Board of Directors and Executive Committee. They shall have the following duties and responsibilities:

- (a) Direct employees, agents and consultants.
- (b) Negotiate contracts for services on behalf of the Executive Committee that are not specifically delegated to a committee.
- (c) Authorize work assignments under existing contracts that are within the amount budgeted.
- (d) Sign documents on behalf of the Executive Committee and/or the Entity.
- (e) Recommend agenda topics for meetings of the Board of Directors and Executive Committee.
- (f) Coordinate and review progress in attaining the Entity's annual goals and objectives.

ARTICLE VI - OTHER STANDING COMMITTEES

SECTION 6.1. Establishment of Committees.

Pursuant to Section 13 of the Agreement, the Entity shall have standing committees as may be appointed from time-to-time by the Board of Directors, Executive Committee or the Chair.

SECTION 6.2. AORMA Committee.

(a) The “Auxiliary Organizations Risk Management Alliance Committee” or “AORMA Committee” shall be a standing committee of the Entity. The committee shall consist of all Directors elected by Auxiliary Organizations. The term “Officers” shall be used to designate the following seats on the AORMA Committee: Vice-Chair and Chair. The Vice-Chair shall be elected from among the AORMA members and shall assume the seat of the Chair in the following year. Officers shall serve one, one-year term in each Officer seat. If the Chair is unable to complete his/her term, the Vice-Chair shall assume the role of the Chair and shall appoint an interim Vice-Chair from the remaining members of the committee until such time that the committee can meet to elect a new Vice-Chair. If the Vice-Chair is unable to complete his/her term, the Chair shall appoint an interim Vice-Chair from the remaining members of the committee until such time that the committee can meet to elect a new Vice-Chair. An officer completing a partial term shall be eligible to serve a subsequent full term. The AORMA Committee may also appoint alternates in accordance with the Policy & Procedure developed for the committee and adopted by the Board of Directors.

Effective July 1, 2003, the AORMA Committee members may serve a maximum of three consecutive two-year terms with half of the members’ terms expiring in the odd years and the other half expiring in the even years. After accruing AORMA Committee service of three two-year terms on the AORMA Committee or serving in Officer and alternate roles, an AORMA Committee member shall not be eligible to serve on the Committee for one year, after which time the member will be eligible for re-election.

(b) The purpose of the AORMA Committee shall be to advise the Executive Committee and the Board of Directors of all operational aspects of those Coverage Programs in which Auxiliary Organizations participate and to execute and implement the directions of the Executive Committee with regard to matters within the committee’s powers, duties and responsibilities, which shall be as follows:

(c) Underwriting

i. Advise and report to the Executive Committee on matters relating to prospective new Auxiliary Organization Members.

ii. Solicit information necessary to evaluate Auxiliary Organization membership applications.

iii. Determine adequacy of information provided by prospective Auxiliary Organization Members.

(d) Coverage

i. Make recommendations to the Executive Committee regarding those Coverage Programs in which Auxiliary Organizations participate.

ii. Review and advise on memorandum of coverage matters.

iii. Make recommendations to the Executive Committee concerning coverage issues.

SECTION 6.3. Meetings of Standing Committees. Standing committees shall meet on the call of their respective committee chairs. Minutes of committee meetings shall be recorded. Activities of committees shall be reported upon as directed by the Executive Committee. Meetings of committees shall be conducted in accordance with the applicable open meeting law, except that meetings of the AORMA Committee, shall be conducted in accordance with California Education Code § 89920 *et. seq.*

ARTICLE VII - PROGRAM DIRECTOR

SECTION 7.1. Appointment. The Board shall appoint a Program Director in accordance with Section 14 of the Agreement.

SECTION 7.2. Powers. In accordance with Section 14 of the Agreement, the Program Director shall administer the business and activities of the Entity. The Program Director shall have such powers, duties and responsibilities as set forth in the Agreement, these Bylaws and as may be provided by agreement between the Program Director and the Entity or as otherwise delegated to the Program Director by the Board of Directors or the Executive Committee.

ARTICLE VIII - REIMBURSEMENT FOR TRAVEL EXPENSES

Subject to the provisions of Article III, Section 3.2(b) ii. of these Bylaws, members of the Executive Committee, principal staff designated by the Executive Committee and duly appointed members of standing committees may be reimbursed for all reasonable and necessary travel expenses when required or incurred by those persons in attending meetings of the Executive Committee or a standing committee of the Entity. Reimbursable expenses may include charges for meals, lodging, air fare and costs of travel by automobile at the rate per mile allowed as a business expense by the Internal Revenue Service. If the Board determines that travel expenses shall be reimbursed, the Executive Committee shall adopt a policy and procedure in accordance with this Article VIII. The Treasurer, upon presentation by the Secretary-Auditor, shall be authorized to pay all such expenses deemed reasonable and necessary.

Article IX - TERMINATION OF MEMBERSHIP

A Member may be terminated from membership in the Entity or from participation in a program of the Entity, in accordance with Section 23 and Section 24 of the Agreement. The procedures for terminating a Member are as follows:

SECTION 9.1. Initiation. Proceedings for termination of a Member as a participant in a program of the Entity or as a Member of the Entity may be initiated by the Program Director, by

any Officer, Director or standing committee of the Entity or by any Member. The person initiating termination proceedings shall do so by a written report and recommendation to the Board of Directors, setting forth in detail the grounds upon which the recommendation is made.

SECTION 9.2. Notice and Hearing by Board. Upon receipt of the report and recommendation, the Board shall hold a hearing on the matter of the termination, at which hearing the affected Member shall have the right to offer written and oral testimony subject to reasonable time constraints. The Board shall give the Member at least thirty (30) days prior written notice of the hearing, and shall provide the Member with a copy of the report and recommendations required to initiate the termination proceedings.

SECTION 9.3. Action of Board. At the close of the hearing on the matter of termination, the Board shall determine whether or not the Member will be terminated. If the Board decides to terminate the Member's participation, it will set the effective date of termination as well.

ARTICLE X - AMENDMENT

These Bylaws may be amended from time to time by resolution of the Board of Directors duly adopted upon the majority vote of those members present and voting at a regular or special meeting of the Board; provided, however, that no such amendment shall be adopted unless noticed to the members of the Board of Directors under the open meeting law applicable at the time of the proposed meeting. Such notice shall identify the section or sections of the Bylaws proposed to be amended.

ARTICLE XI - COVERAGE DOCUMENTS

Each Member participating in a program of the Entity shall be provided with either a Memorandum of Coverage or an insurance policy, as the case may be, which shall describe in detail the nature of the applicable coverage, including dollar amounts, together with any deductibles, exclusions, limitations or other provisions of the coverage.

ARTICLE XII - RECORDS RETENTION

All records and documents of the Entity shall be retained in accordance with a records retention policy and procedure adopted by the Board of Directors.

ARTICLE XIII - LIABILITY AND INDEMNIFICATION

SECTION 13.1 - INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES - The Entity shall defend and indemnify its Directors, officers and employees to the same extent as any public agency of the State of California is obliged to defend and indemnify its public employees pursuant to California Government Code § 825 *et seq.* or other applicable provisions of law for actions taken for or on behalf of the Entity.

SECTION 13.2 - INSURANCE - The Entity may insure itself to the extent deemed necessary by the Board of Directors against loss, liability and claims arising out of or connected to the conduct of the Entity's activities.

SECTION 13.3 - INDEMNIFICATION BY MEMBERS- To the extent any Member's intentional or negligent acts or omissions are the cause of an injury for which other Members may be, or are sought to be, held liable pursuant to Government Code § 895 *et seq.*, the Member which is legally responsible for the injury shall, at its own expense, defend, indemnify and hold harmless such other Member or Members from any and all legal consequences of the intentional or negligent acts or omissions. Nothing in this Section shall be deemed to preclude a Member having the duty to defend, indemnify and hold harmless, from resorting to any insurance or other form of coverage for losses available to the Member, including insurance or coverage for losses procured through the Entity.

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
(CSURMA)**

**PARTICIPATION AGREEMENT
FOR THE
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE**

We, _____, signatory to the California State University Risk Management Authority ("CSURMA") Joint Exercise of Powers Agreement, have agreed by action of our Board of Directors on _____, to participate in the CSURMA Auxiliary Organizations Risk Management Alliance, hereinafter referred to as "AORMA." As evidenced by the authorized signatures on page 3 of this document, we agree to become a participant in the AORMA and be referred to as a "Program Participant."

It is understood that this Participation Agreement pertains only to AORMA and not to any other program operated by CSURMA.

We understand that provided the following requirements are met, insurance coverage through the AORMA shall begin on _____:

- 1) We have paid any applicable participation fees.
- 2) We have executed this AORMA Participation Agreement.
- 3) We are a member of the Joint Powers Authority. This means we:
 - a) have been approved for Joint Powers Authority membership by the Executive Committee;
 - b) have executed the Joint Exercise of Powers Agreement; and,
 - c) have executed a "Resolution to Join" in accordance with the Joint Exercise of Powers Agreement.
- 4) We have received underwriting approval by the Executive Committee.

MINIMUM TIME OF PARTICIPATION AND NOTICE OF WITHDRAWAL:

The Program anniversary date is July 1 of each year.

It is understood that CSURMA AORMA requires an initial full program year commitment. Withdrawal from AORMA cannot occur until a full year of participation has occurred, that is, from the coverage inception date until the Program anniversary date following the first full program year in which the Program Participant has participated, and only then if a two-month prior notice is provided.

Our initial commitment to AORMA will expire on _____, unless the program anniversary date is modified by CSURMA. After the initial participation commitment has been met withdrawal can occur on the Program anniversary date provided a notice of intent to withdraw is provided to CSURMA at least two months prior to the Program anniversary date.

It is understood that the minimum participation requirement will be waived if the Program Participant moves from AORMA to another of CSURMA's coverage programs.

RESPONSIBILITIES OF PROGRAM PARTICIPANTS:

It is understood that as a Program Participant we are obliged to do the following:

- Take such action, including providing AORMA staff with such statistical and loss experience data and other information as is necessary to carry out CSURMA AORMA's Joint Exercise of Powers Agreement, Bylaws and the policies established by the Executive Committee and/or the Board of Directors;
- Pay AORMA any and all premium taxes and fees when due. Withdrawal does not relieve a Program Participant from liability for monies owed; and
- Fully cooperate with AORMA staff and/or representatives in determining the cause of losses and in the investigation, adjudication and settlement of claims.

RESPONSIBILITY FOR PROGRAM EXPENSES:

It is also understood that AORMA Participants are responsible for their share of all AORMA expenses. A Program Participant's share of the program costs shall be reflected as accurately as possible within its Program Fee, which is based upon AORMA's budgetary needs and any other expenses deemed necessary by the Board of Directors.

The withdrawal or termination of Program Participant from AORMA shall not terminate the responsibility to continue to contribute to its share of financial obligations incurred by CSURMA by reason of the Program Participant's previous participation.

* * * * *

* * * * *

We acknowledge and agree that this Participation Agreement shall automatically conform to any amendments made to the CSURMA Joint Exercise of Powers Agreement or Bylaws which affect the conditions of participation in AORMA. Any other amendments to this Participation Agreement shall require a two-thirds vote of the members of the Board of Directors of CSURMA who are elected by the Auxiliary Organization members of CSURMA.

In recognition of the above, this Participation Agreement is executed on _____, 20_____

Program Participant

Signed

Name

Title

ATTEST:

Signed

Name

Title