



APPROVED

**MINUTES OF THE
CSURMA AORMA COMMITTEE MEETING**

MARCH 8, 2018

**CSU CHANCELLOR'S OFFICE, MUNITZ ROOM
401 GOLDEN SHORE • LONG BEACH, CA**

10:00 AM

MEMBERS PRESENT

Dwayne Brummett, Associated Students, Inc., Cal Poly State University at San Luis Obispo
Chuck Kissel, CSU Fullerton Auxiliary Services Corporation
Trina Knight, University Enterprises, Inc., CSU Sacramento (*via Teleconference*)
Starr Lee, The University Corporation at Monterey Bay
Dave Nakamura, Humboldt State University Center Board of Directors (*via Teleconference*)
Bella Newberg California State University San Marcos Corporation
Bill Olmsted, University Union Operation of CSU Sacramento
Cecilia Ortiz, Loker Student Union at CSU Dominguez Hills

MEMBERS ABSENT

None

STAFF, GUESTS AND CONSULTANTS

Yumi Augustus, Carl Warren and Company
Katie Brandt, Sedgwick (*via Teleconference*)
Patricia Daniels, Sedgwick (*via Teleconference*)
Zachary Gifford, CSU Office of the Chancellor – Systemwide Risk Management
Tevea Him, Alliant Insurance Services, Inc.
Daniel Howell, Alliant Insurance Services, Inc.
William Hsu, General Counsel
Robert Leong, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.
Nada Moeiny, General Counsel
Brian Montagnese, Sedgwick (*via Teleconference*)
John Owen, Alliant Risk Control Services (*via Teleconference*)

A. CALL TO ORDER

The meeting was called to order by the Chair, Dwayne Brummett at 10:01 AM. Both Trina Knight and Dave Nakamura expressed their desire to abstain from voting on all action items.

Dwayne Brummett introduced Chuck Kissel of CSU Fullerton Auxiliary Services Corporation and Cecilia Ortiz of Loker Student Union at CSU Dominguez Hills who have both been

appointed as new AORMA Committee members. All Committee members and guests introduced themselves.

A1. Approval of the Agenda

A motion was made to approve the agenda.

Motion: Bill Olmsted
Second: Starr Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight		X		
Starr Lee	X			
Dave Nakamura		X		
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from members of the public.

C. CONSENT CALENDAR

C1. Approval of Minutes - December 7, 2017

C2. FY 2017/2018 CSURMA Midterm Budget Amendments

C3. AORMA Policies and Procedures Review

- L-1 – Liability Claims Reporting
- L-2 – Liability Claims Administration and Litigation Management
- W-2 – Requirement of Members to Maintain Experience Modification Factor of 1.25 or Less
- A-5 – Calendar of Reports, Audits, Filings and Reviews
- W-5 – Volunteer Coverage

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

Motion: Bella Newberg
Second: Starr Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
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Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight		X		
Starr Lee	X			
Dave Nakamura		X		
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			

MOTION CARRIED

D. CLOSED SESSION

1. ADA accessibility claim against Cal Poly Pomona and Foundation
2. Jenna Bailey v. Cal Poly Corporation
3. Eric Schofield v. CSULB Research Foundation
4. Yvonne Choyce v. University Enterprises, CSU Sacramento
5. Lorraine Ramos v. SDSU ASI
6. Robert Uribe v. University Enterprises, CSU Sacramento
7. Patricia Motooka v. CSU Chico ASI
8. Judi Soderstrom v. Cal Poly Corporation
9. Chrisanne Lazar v. Cal Poly Corporation
10. CNA v. California State University Fullerton Auxiliary Services
11. CalPERS adv. HSU Auxiliary
12. Apodaca v. CSU and ASI
13. Arce v CSUN ASI
14. Adams v Sacramento State Associated Students, Inc (Aquatic Center)
15. Ratchford v CSU San Diego Research Foundation
16. Richardson v. CSU Fullerton ASI
17. Damberger v – Capital Public Radio, Inc., CSU Sacramento
18. Heard v. CSU Long Beach ASI
19. Casillas (website) v. Cal Poly Pomona Foundation
20. O’Shea v. San Diego Research Foundation
21. Wattenburg v. Chico Research Foundation

A motion was made to enter closed session at 10:07 A.M.

Motion: Bill Olmsted
Second: Starr Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight		X		

Starr Lee	X			
Dave Nakamura		X		
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			

MOTION CARRIED

The Committee left closed session at 12:56 AM. The Chair reported that action was taken on the following matters during closed session:

- Jenna Bailey v. Cal Poly Corporation
- Eric Schofield v. CSULB Research Foundation
- Yvonne Choyce v. University Enterprises, CSU Sacramento
- Lorraine Ramos v. SDSU ASI
- Robert Uribe v. University Enterprises, CSU Sacramento
- Ratchford v CSU San Diego Research Foundation
- Damberger v – Capital Public Radio, Inc., CSU Sacramento

The Chair also reported that Patricia Motooka v. CSU Chico ASI, Judi Soderstrom v. Cal Poly Corporation and Chrisanne Lazar v. Cal Poly Corporation were removed from Closed Session.

Motion: Bill Olmsted
Second: Starr Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight		X		
Starr Lee	X			
Dave Nakamura		X		
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			

MOTION CARRIED

E. STANDING COMMITTEE REPORTS

E1. Programs Committee Report

Bill Olmsted the Chair of the Programs Committee provided a brief report of the Committee’s recent activities. The Committee members discussed and approved the Workers’ Compensation, Liability, Property, Crime, and Unemployment Insurance Program Members Allocation for FY

18-19. Members also review and accepted the Workers' Compensation & Liability Program Supplemental Actuarial Reports.

E2. AOA Executive Committee Report

Dwayne Brummett reported there was no AOA Executive Committee meeting since the last AORMA meeting.

F. GENERAL ADMINISTRATION

F1. Excess Liability Program Insurance Renewals and Underwriter Meetings Report

Daniel Howell provided an overview of the recent meetings with Excess Liability's underwriters. CSURMA's Excess Liability Program coverage programs renew on July 1. Chancellor's Office and Program Administrator staff are actively marketing the programs and negotiating renewal terms. The main goals of underwriter meetings are:

- Demonstration of CSU leadership's commitment to risk management;
- Update on CSU's financial and operational outlook;
- Evaluation of the state of the insurance market and how changes may impact CSURMA's placements;
- Discussion of pending claims matters; and,
- Discussion on technical points of insurance placements and renewal expectations.

The meetings at San Jose State University included a focused presentation on CSURMA's liability program loss history and concussion management. At this time the Program Administrators have identified the following points for consideration:

- Price Firming – The excess liability insurance market for California Public Entities is beginning to firm as recent market entrants have seen their book of claims mature. Staff is anticipating an average increase of 5% on the renewal policies.
- Brain Injury Exclusion – More markets are indicating that their home offices have mandated an exclusion of traumatic brain injury claims from athletic participants. Staff believes we can maintain some level of coverage but it may be difficult (or expensive) to maintain the full \$100 million limit on renewal.
- Fill out Catastrophic Excess Layer – Last year CSURMA added a catastrophic layer of \$100 million xs of \$200 million. We were only able to obtain underwriter support for \$75 million part of \$100 million at our very low pricing target, so CSURMA retained the remaining \$25 million. We will look to fill out that retained portion at renewal.

Chancellor's Office and Alliant personnel have fostered working partnerships with our key underwriters. To maintain communications, meetings are held regularly in California, New York, London and Bermuda. On February 13, 2018, staff took advantage of an industry conference in Monterey to attract 10 of our underwriters for an extended forum at San Jose State University.

Zachary Gifford led the discussions with a focus on recent claims resolutions. Dr. Justus Ortega from the HSU North Coast Concussion Program reported in detail on CSU’s systemwide success in implementing concussion management protocols. SJSU provided an excellent venue and support for the event.

Further underwriter meetings are planned in London on March 26-27, 2018 and in New York and Bermuda (dates TBD).

F2. FY 2018/2019 CSURMA Operating Budget

Daniel Howell noted that CSURMA’s next fiscal year begins on July 1, 2018. The FY 2018/19 operating budget is to be approved by the Board of Directors at its April 25, 2018 meeting. The Chancellor’s Office Enterprise Accounting Services and the Program Administrators worked together to develop a draft FY 2018/19 budget for the AORMA Committee to review at today’s meeting.

Major features of the proposed budget include:

- Increase in Total Operating Revenues from \$13,436,380 to \$13,628,849.
- Decrease in Total Operating Expenses from \$12,789,319 to 11,995,097.
- Decrease in Investment Income from \$410,040 to \$402,719.
- Increase in Net Surplus from \$1,779,173 (*deficit*) to \$1,276,406 (*deficit*).
- Retained Earnings is estimated to decrease from \$22,084,701 to \$20,305,528 at June 30, 2018.

The proposed budget is estimated to produce a Net Surplus (*deficit*) of \$1,276,406. Retained Earnings is estimated to increase from \$20,305,528 to \$19,029,122 at June 30, 2019.

AORMA separately develops a budget for its coverage programs. The AORMA Committee will be asked to finalize its proposed budget for FY 2018/19 and will make a recommendation to the Executive Committee to include its budget in the CSURMA operating budget for adoption by the Board of Directors.

A motion was made to recommend approval to the Executive Committee.

Motion: Bill Olmsted
Second: Chuck Kissel

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight		X		
Starr Lee	X			
Dave Nakamura		X		

Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			

MOTION CARRIED

F3. Alliant Risk Control Consulting – Request for Additional Funding for FY 2017/2018

Mimi Long stated the Alliant Risk Control Consulting (ARCC) team members are close to exhausting the maximum funds of \$93,000 available within the ARCC contract. ARCC is requesting additional funding of \$20,000 for FY 17/18. In late FY 16/17 Brent Escoubas left ARCC and was replaced by John Owen, Tim Leech, Kristi Loiselle and Archie Lazar as AORMA’s new team of risk control consultants. The new team’s goal was to visit all of the AORMA members within FY 17/18. The team also provided the five AORMA focused webinar as well as presenting during the 2018 AOA Conference.

ARCC is proposing an increase of \$20,000 which would result in a total annual cost of \$113,000 for FY 17/18. See the historical fee schedule for ARCC.

Alliant Risk Control Consulting Historical Fee Schedule			
Fiscal Year	Per Day Cost	Hourly Cost	Annual Cost
FY 09/10	\$1,500	Various	\$87,465
FY 10/11	\$1,545	Various	\$85,005
FY 11/12	\$1,450	\$181.25	\$58,000
FY 12/13	\$1,450	\$181.25	\$72,500
FY 13/14	\$1,450	\$181.25	\$102,000
FY 14/15	\$1,450	\$181.25	\$87,000
FY 15/16	\$1,450	\$181.25	\$87,000
FY 16/17	\$1,550	\$193.75	\$93,000
FY 17/18	\$1,500	\$193.75	\$93,000
FY 17/18	\$1,500	\$193.75	\$113,000

A motion was made to approve the additional funding in the amount of \$20,000.

Motion: Chuck Kissel
Second: Bella Newberg

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight		X		
Starr Lee	X			
Dave Nakamura		X		

Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			

MOTION CARRIED

F4. Review of Policy and Procedures W-3 – Workers’ Compensation Claims Handling Procedures and Guidelines

Mimi Long noted that Policy and Procedure A-5 states that 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. All of the policies and procedures that require a review in 2018 have been reviewed at a previous meeting, except Policy and Procedure W-3 which will be reviewed at today’s meeting.

Long suggests a few ministerial changes to Policy and Procedure W-3 as well as the deletion of the statement that late reporting may be cause for denial of coverage. Unlike the liability program, the workers’ compensation program does not include a late reporting penalty or consequential claim denial.

A motion was made to approve the revisions to Policy and Procedure W-3.

Motion: Cecilia Ortiz
Second: Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight		X		
Starr Lee	X			
Dave Nakamura		X		
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			

MOTION CARRIED

F5. Workers’ Compensation Dividend for a July, 2018 Distribution

Mimi Long noted that at its meeting on September 7, 2017, the AORMA Committee approve a total workers’ compensation dividend to be distributed in July, 2018 in the amount of \$531,920. The Programs Committee, at its meeting on September 28, 2017, approved the allocation of the dividend between the workers’ compensation members. Because the dividend for those member

with federal sponsored programs will remain on account and will be used to lower the FY 18/19 workers' compensation program deposits, the total dividend to be distributed will be \$238,110.

\$293,810 will remain within the workers' compensation program funds and will be used to lower the FY 18/19 workers' compensation program deposits for those members with federal sponsored programs.

Policy and Procedure A-4 was revised effective March 9, 2017. It states that for those members involved in federally sponsored programs, the dividend can be retained on account with CSURMA to be used to lower contributions for the upcoming or current fiscal year. If the member chooses to receive the dividend, then the member will be required to calculate the percentage of its payroll and salary that is attributable to federally sponsored programs to determine what percentage of the dividend will need to be returned to the federal government.

A motion was made to approve the total workers' compensation dividend to be distributed in July, 2018 of \$238,110.

Motion: Chuck Kissel
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight		X		
Starr Lee	X			
Dave Nakamura		X		
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			

MOTION CARRIED

F6. Sedgwick Claims Management Services, Inc. Agreement Three-Year Agreement Extension

The current contract with Sedgwick has a term of July 1, 2013 to June 30, 2018, and includes five one-year optional contract extensions. Systemwide Risk Management has exercised three one-year extensions. The claims administration costs are included in the CSURMA 18/19 budget. See below the historical costs for claims management services through Sedgwick for the AORMA workers' compensation program:

Term	Annual Fee
Year 1	\$207,089
Year 2	\$211,231
Year 3	\$215,456
Year 4	\$219,765
Year 5	\$224,160
Year 6	\$235,368
Year 7	\$235,368
Year 8	\$235,368

F7. CSAC EIA Workers’ Compensation Program Costs Adjustment

Daniel Howell noted that the total CSAC EIA costs for the CSURMA workers’ compensation program are allocated between the AORMA and Campus programs. The allocated portion for the AORMA program for FY 17/18 was slightly too high based on the recommended loss rates calculated by CSURMA’s actuary.

The funds transfer is included in the FY 17/18 mid-term CSURMA budget amendments. The revised allocation of the total workers’ compensation costs for both programs are also included in the FY 18/19 proposed CSURMA budget.

The CSAC EIA rate for AORMA went up 13% between FY 16/17 and FY 17/18; however, the loss rate, as calculated by CSURMA’s actuary, only went up 9%. Therefore, the AORMA rate is being adjusted to reflect the 4% delta.

No action was taken from the AORMA Committee. At the Executive Committee meeting later today, Staff will recommend that funds in the amount of \$184,876 be transferred from the Campus workers’ compensation program into the AORMA workers’ compensation program.

F8. Alliant Risk Control Consulting Renewal Contract Proposal for FY 2018/2019

The current contract with Alliant Risk Control Consulting is due to expire on June 30, 2018. The Committee was asked to review a renewal proposal for the FY 18/19 term as presented by John Owen via teleconference.

➤ **Option #1 ARCC Service Hours Flat YoY**

ARCC will provide continuing services based upon.

- a. Total service delivery hours of 480 at an hourly rate of \$193.50 = \$93,000 total
- b. Service delivery rate includes travel costs
- c. Any credits from unused prior year’s contract will be applied to the current contract.

- d. In the event AORMA exhausts all existing funds (including previous years) during the policy period, rates will be billed monthly as described in item “a”above.

➤ **Option #2 ARCC Service Hours Increase by 20% YoY**

ARCC will provide continuing services based upon.

- a. Total service delivery hours of 578 at an hourly rate of \$193.50 = \$112,000 total
- b. Service delivery rate includes travel costs
- c. Any credits from unused prior year’s contract will be applied to the current contract.
- d. In the event AORMA exhausts all existing funds (including previous years) during the policy period, rates will be billed monthly as described in item “e”above.

➤ **Option #3 ARCC Service Hours Increase by 40% YoY**

ARCC will provide continuing services based upon.

- a. Total service delivery hours of 672 at an hourly rate of \$193.50 = \$130,000 total
- b. Service delivery rate includes travel costs
- c. Any credits from unused prior year’s contract will be applied to the current contract.
- d. In the event AORMA exhausts all existing funds (including previous years) during the policy period, rates will be billed monthly as described in item “i”above.

AORMA has had a contract with ARCC since 2006 and the scope of service has been similar over the years. Brent Escoubas has left ARCC. The contract is now serviced by John Owen, Tim Leech, Kristi Loiselle and Archie Lazar.

Noted below are the historical fees for ARCC’s services.

Alliant Risk Control Consulting Historical Fee Schedule			
Fiscal Year	Per Day Cost	Hourly Cost	Annual Cost
FY 09/10	\$1,500	Various	\$87,465
FY 10/11	\$1,545	Various	\$85,005
FY 11/12	\$1,450	\$181.25	\$58,000
FY 12/13	\$1,450	\$181.25	\$72,500
FY 13/14	\$1,450	\$181.25	\$102,000
FY 14/15	\$1,450	\$181.25	\$87,000
FY 15/16	\$1,450	\$181.25	\$87,000

FY 16/17	\$1,550	\$193.75	\$93,000
FY 17/18	\$1,500	\$193.75	\$93,000
FY 17/18	\$1,500	\$193.75	\$113,000

A motion was made to approve the proposed option #3 renewal services and delegate authority to the CSURMA Secretary-Auditor to finalize and execute the contract.

Motion: Bill Olmsted
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight		X		
Starr Lee	X			
Dave Nakamura		X		
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			

MOTION CARRIED

G. INFORMATION ITEMS

- G1. CSAC EIA Annual Report**
- G2. FY 2017/2018 AORMA Long Range Action Plan**
- G3. CSURMA AORMA 2018 Meeting Calendar**
- G4. CSURMA AORMA Program Administrator Contact Lists**
- G5. CSURMA AORMA Committee Contact List**
- G6. AORMA Travel Reimbursement Policy**

The Committee reviewed the information items but there was no discussion.

H. ADJOURNMENT

The meeting was adjourned at 1:13 PM.