



APPROVED

**MINUTES OF THE CSURMA AORMA
COMMITTEE MEETING**

SEPTEMBER 07, 2017

ALLIANT INSURANCE SERVICES

2180 HARVARD STREET, SUITE 460 • SACRAMENTO, CA

9:00 AM

MEMBERS PRESENT

Dwayne Brummett, Associated Students, Inc. at San Luis Obispo
Gigi Kiama, The University Corporation at Monterey Bay
Trina Knight, University Enterprises, Inc., CSU Sacramento
Starr Lee, Cal Poly Corporation at San Luis Obispo
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation
Dave Nakamura, Humboldt State University Center (*left the meeting at 10:30 AM*)
Bella Newberg University Auxiliary and Research Services Corporation, San Marcos
Bill Olmsted, University Union Operation of CSU Sacramento
Todd Summer, Aztec Shops, Inc. San Diego

MEMBERS ABSENT

None

STAFF, GUESTS AND CONSULTANTS

Andrew Gaspari, Alliant Insurance Services, Inc.
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 (*via Teleconference*)
Mimi Long, Alliant Insurance Services, Inc.
Brandon Schlenker, Carl Warren and Company
Yumi Augustus, Carl Warren and Company

A. CALL TO ORDER

The meeting was called to order by the Chair, Frank Mumford at 9:13 AM.

A1. Approval of the Agenda

A motion was made to approve the agenda.

Motion: Dwayne Brummett

Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

A2. INTRODUCTION OF NEW STAFF AND CONSULTANTS

The Committee was introduced to Yumi Augustus from Carl Warren & Company who is the new Senior Claims Examiner assigned to the AORMA Liability Program.

B. PUBLIC COMMENTS

There were no comments from the public.

C. STANDING COMMITTEE REPORTS

C1. Programs Committee Report

Gigi Kiama provided a brief report of the Program Committee’s recent activities.

C2. AOA Executive Committee Report

Frank Mumford provided a brief report of the Committee’s recent activities.

D. CONSENT CALENDAR

D1. Approval of Minutes – May 4, 2017

D2. AORMA Liability and Workers’ Compensation Program Actuarial Reports Valued at June 30, 2017

D3. Adoption of CSURMA AORMA 2018 Meeting Calendar

A motion was made to approve or accept all items on the Consent Calendar.

Motion: Dave Nakamura

Second: Dwayne Brummett

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

E. CLOSED SESSION

A motion was made to enter closed session at 9:18 am

Motion: Starr Lee
Second: Bella Newberg

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

1. Arce v CSUN ASI
2. Diane Adams v Sacramento State Associated Students, Inc (Aquatic Center)
3. Grajeda v Cal Poly Pomona Foundation
4. Ming Xu v CSU Dominguez Hills Foundation
5. Schwemley v CSUS Union
6. Laurie Donnelly v CSU San Marcos Research Services Corp
7. Lynda Ratchford v CSU San Diego Research Foundation
8. Sargent v Sonoma State University
9. HSU Appeal re: CalPERS

10. Apodaca v CSU (San Marcos), ASI

The Committee left closed session at 10:28 AM and the chair reported that action was taken on Diane Adams v. Sacramento State Associated Students, Inc. (Aquatic Center), Grajeda v. Cal Poly Pomona Foundation, and Laurie Donnelly v. CSU San Marcos Research Services Corporation during closed session.

F. GENERAL ADMINISTRATION

F1. Insurance Renewals Report

Daniel Howell provided a brief overview of the major renewals.

F2. Target Surplus Funding Report and Dividend Calculation

The Committee discussed the Target Surplus Funding Analysis which was presented and discussed at yesterday’s meeting. Daniel Howell recommended a dividend of 25% of the maximum dividend available.

A motion was made to approve a dividend, for distribution in July, 2018, in the amount of \$1,118,476 from the Liability Program which is 25% of the maximum dividend available.

Motion: Starr Lee
Second: Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

Daniel Howell noted that due to losses piercing the excess workers’ compensation layer, the pooled layer was increased from \$500,000 to \$750,000. Staff is concerned that the excess commercial market may demand a \$1,000,000 pooled layer in the very near future. Based on this information, Howell recommended using \$5,000,000 (five times the \$1,000,000 potential pooled layer) as the “indicated minimum surplus” rather than \$3,750,000 which is based on the current pooled layer of \$750,000. The “target surplus goal” is \$6,356,127. By returning 20% of

the maximum dividend available, or \$531,921, the Program still maintains an surplus in excess of the “target surplus goal” while using \$5,000,000 as the “indicated minimum surplus”.

A motion was made to approve a dividend, for distribution in July, 2018, in the amount of \$531,921 from the Workers’ Compensation Program which is 20% of the maximum dividend available.

Motion: Todd Summer
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F3a. Review and Approval of the FY 18/19 – Total Funding - Liability Program

The Committee reviewed the three Liability Program funding options for FY 18/19 below in Table 1, which show the pooled layer funding options at a 70%, 75% and 80% confidence level along with the costs for the claims administration, program administration and excess insurance.

Prior to FY 14/15, the liability program was funded at an 80% confidence level. Beginning FY 14/15, the AORMA Committee decided to begin funding the program at a 70% confidence level. This decision was made because the program was sufficiently funded and a significant increase in surplus was not required.

Dave Nakamura left the meeting at this point.

Table 1

Liability Program			
70% Confidence Level (Discounted)			
Expense Item	Current Program Costs 70% CL	Proposed Program Costs 70% CL	% Change
Pool Layer Funding	1,770,878	1,585,685	-10.46%
Claims Administration	15,000	15,000	0.00%
Program Administration	815,000	815,000	0.00%
Reinsurance / Excess Insurance	1,589,271	1,748,198	10.00%
Total Costs	4,190,149	4,163,883	-0.63%
75% Confidence Level (Discounted)			
Expense Item	Current Program Costs 70% CL	Proposed Program Costs 75% CL	% Change
Pool Layer Funding	1,770,878	1,764,006	-0.39%
Claims Administration	15,000	15,000	0.00%
Program Administration	815,000	815,000	0.00%
Reinsurance / Excess Insurance	1,589,271	1,748,198	10.00%
Total Costs	4,190,149	4,342,204	3.63%
80% Confidence Level (Discounted)			
Expense Item	Current Program Costs 70% CL	Proposed Program Costs 80% CL	% Change
Pool Layer Funding	1,770,878	1,939,584	9.53%
Claims Administration	15,000	15,000	0.00%
Program Administration	815,000	815,000	0.00%
Reinsurance / Excess Insurance	1,589,271	1,748,198	10.00%
Total Costs	4,190,149	4,517,782	7.82%

The current program is funded at a 70% confidence level and is discounted for investment value. The discount rate is calculated based on a 2% yield on investments.

A motion was made to approve the FY 18/19 Liability Program total funding of \$4,342,204 which includes the pooled layer funding at a 75% confidence level.

Motion: Dwayne Brummett
Second: Bella Newberg

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura				X
Dwayne Brummett	X			
Frank Mumford	X			

Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F3b. Review and Approval of the FY 18/19 – Total Funding - Workers’ Compensation Program

The Committee reviewed the Workers’ Compensation Program funding option for FY 18/19 shown below, which shows the pooled layer funding requirement at a 70% confidence level along with the costs for the claims administration, program administration and excess insurance. The pooled layer funding requirement has been increased from \$500,000 to \$750,000 due to the excess market requirement. AORMA’s loss experience has increased to a level that necessitates a \$750,000 retention.

Workers' Compensation Program			
70% Confidence Level - \$750,000 Pooled Layer			
Expense Item	Current Program Costs 70% CL / Discounted	Proposed Program Costs 70% CL / Discounted	% Change
Pooled Layer Funding	3,486,735	3,714,050	6.52%
Claim Administration	224,160	230,885	3.00%
Program Administration	607,000	625,210	3.00%
Excess Insurance	508,482	565,181	11.15%
Estimated Audit Premium	232,415	TBD	
Total Costs	5,058,792	5,135,326	1.51%

The Committee reviewed the actuary’s rate of .92 compared to total AORMA workers’ compensation program rate of 1.27 and the CSAC EIA program rate of 1.39. Because the total estimated FY 18/19 payroll has not been finalized yet, Staff suggesting approving the costs for the Claims Administration, JPA Program Administration and Excess Insurance as presented and the rate of .92 for the Pooled Layer Funding. Therefore, Staff will apply the rate to the updated payroll to finalize the pooled layer funding for FY 18/19.

A motion was made to approve FY 18/19 workers’ compensation program costs for the Claims Administration, JPA Program Administration and Excess Insurance as presented above and the rate of .92 for the Pooled Layer Funding.

Motion: Starr Lee
Second: Dwayne Brummett

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura				X
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F3c. Review and Approval of the FY 18/19 – Total Funding - Property Program

The Committee reviewed the FY 18/19 Property Program costs of \$2,134,679 which is a 7% increase over the FY 17/18 program costs.

Property Program			
Expense Item	Current Program Costs	Proposed Program Costs	% Change
Pooled Layer Funding	250,000	250,000	0%
Excess Insurance	1,422,435	1,564,679	10%
Program Administration	320,000	320,000	0%
Total Costs	1,992,435	2,134,679	7%

A motion was made to approve the FY 18/19 Total Property Program costs of \$2,134,679.

Motion: Trina Knight
Second: Bill Olmstead

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura				X
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F3d. Review and Approval of the FY 18/19 – Total Funding - Crime Program

The Committee reviewed the FY 18/19 Crime Program costs of \$232,000 which is a 1% increase compared to the FY 17/18 program costs. The Crime Program has an annual aggregate of \$100,000. At June 30, 2017, the Crime Program fund balance was \$412,604; therefore, Staff recommended that the Committee waive the pooled layer funding for FY 18/19.

Crime Program			
Expense Item	Current Program Costs	Proposed Program Costs	% Change
Pooled Layer Funding	-	-	0%
Excess Insurance	197,413	200,000	1%
Program Administration	32,000	32,000	0%
Total Costs	229,413	232,000	1%

A motion was made to approve the FY 18/19 Crime Program costs of \$232,000.

Motion: Bella Newberg
Second: Dwayne Brummett

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura				X
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F4. AORMA Liability Program Memorandum of Coverage

Mimi Long noted that the AORMA Liability Program Memorandum of Coverage (MOC) has been revised as follows:

1. The Unmanned Aerial Vehicle coverage has been deleted. Separate stand-alone coverage for the CSU's (including Auxiliary Organizations) owned, leased and borrowed drones has been purchased. Coverage has a \$50,000,000 per occurrence limit and no deductible.

2. The definition of Media Wrongful Act was expanded to be as broad as what is currently available in the standard market.
3. A few definition were moved because they were not in alphabetical order.

Mimi Long stated that Marylin Kelley had completed an extremely thorough review of the broadcaster’s professional liability policies currently available in the commercial market as compared to AORMA’s coverage. Kelley recommended making a few enhancements to the AORMA Liability Program MOC in order to broaden the coverage slightly.

A motion was made to approve the revisions to the Memorandum of Coverage as noted above.

Motion: Bill Olmsted
Second: Bella Newberg

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura				X
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F5. AORMA Liability Program Claims Administration Audit Report

Brandon Schlenker, from Carl Warren and Company, summarized the results of the claims administration audit of Bickmore Risk Services, the third-party claims administrator for the AORMA Liability Program. Bickmore finds the overall performance of Carl Warren at 95%, indicating a Commendable performance level (down from 97% in 2015). Schlenker notes that Bickmore will continue to work on improving its Litigation/Recovery Management.

A motion was made to accept the Liability Claims audit report.

Motion: Todd Summer
Second: Dwayne Brummett

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			

Bill Olmsted	X			
Dave Nakamura				X
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F6. Maximum Allowable Hourly Rate for Legal Counsel

Policy and Procedure L-3 – Legal Counsel Selection, stipulates that Carl Warren and Company (AORMA’s liability third party claims administrator) will survey legal counsel compensation, at least every 36 months, and recommend to the AORMA Committee a fair and equitable maximum allowable hourly rate. Carl Warren and Company believes that they have an acceptable list of employment attorneys at who are willing to work at a rate of \$225 per hour. Currently, most non-employment attorneys are billing \$185 per hour.

Recently, Members have been involved in litigation that required attorneys with legal specialties. These attorneys often will not work at a rate of \$225 per hour. The AORMA Committee was ask to discuss the option of allowing a higher maximum hourly rate for attorneys hired for specialty litigation. What is considered “specialty litigation” would be at the discretion of the CSURMA Secretary-Auditor and CSURMA Legal Counsel. If the Committee approves a higher maximum hourly rate, it would apply only to current open litigation and future litigation. The Committee reviewed the proposed changes to Policy and Procedure L-3 – Legal Counsel Selection.

A motion was made to approve a maximum hourly rate of \$275 for specialty legal counsel and to approve the revisions to Policy and Procedure L-3.

Motion: Starr Lee
Second: Bella Newberg

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura				X
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F7. Policy and Procedure A-3 - Target Surplus Funding Policy

The Committee reviewed the suggested changes to Policy and Procedure A-3.

A motion was made to approve the suggested revisions to Policy and Procedure A-3, as well as to add additional language noting that the historical funding discussion will be documented.

Motion: Dwayne Brummett
Second: Trina Knight

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura				X
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F8. Policy and Procedure A-2 – AORMA Committee and Standing Committee Roles and Responsibilities

The Committee reviewed the suggested changes to Policy and Procedure A-2. The three two-year term limits from the Standing Committees has been removed, and the following wording was added to address Standing Committee members who do not regularly attend meetings:

Any Standing Committee member who is not present, either in person or via teleconference, at two or more Standing Committee meetings in any one fiscal year, may be removed from the Standing 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.

A motion was made to approve the revisions to Policy and Procedure A-2.

Motion: Dwayne Brummett
Second: Trina Knight

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura		X		
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED

F9. Auxiliary Organization Employee Benefits Program

The Auxiliary Organizations Association (AOA) has a joint marketing employee benefits program, under the supervision of the “AOA Benefits User Group” (AOA BUG) consisting of representatives from participating organizations. The AOA BUG conducted an insurance brokerage services RFP in Spring 2017 and selected Alliant Insurance Services as the program’s insurance broker. One of the strategies the program may take is to join the CSAC Excess Insurance Authority’s benefits program via CSURMA. As a group of auxiliary organizations, the AOA BUG would not be able to access CSAC EIA; however, as a member of CSURMA, AORMA is able to access CSAC EIA; therefore, Staff recommends forming an AORMA benefits program.

A motion was made recommend approval to the Executive Committee to form a new AORMA Benefits Program.

Motion: Todd Summer
Second: Bella Newberg

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Bill Olmsted	X			
Dave Nakamura		X		
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Starr Lee	X			
Todd Summer	X			
Trina Knight	X			

MOTION CARRIED



APPROVED

The final approval will be sought from the CSURMA Board of Directors at their October 27, 2017 meeting.

G. INFORMATION ITEMS

The Committee reviewed the following information items. Frank Mumford noted that Gigi Kiama has stepped down from the AORMA Committee but will remain on the Programs Committee.

- G1. Praesidium Contract**
- G2. CSURMA AORMA 2017 Meeting Calendar**
- G3. CSURMA AORMA Program Administrator's Contact Lists**
- G4. AORMA's Travel Reimbursement Policy**
- G5. AORMA Committee Members - Effective 7/01/17**
- G6. CSURMA Administrative Service Calendar**

H. ADJOURNMENT

The meeting was adjourned at 11:32 AM.