

**MINUTES OF THE CSURMA AORMA
PROGRAMS COMMITTEE MEETING
JANUARY 7, 2015
TELECONFERENCE MEETING
10:00 AM**

MEMBERS PRESENT

Guy Dalpe, Cesar Chavez Student Center (San Francisco State University)
Mark Day, Santos Manuel Student Union (CSU San Bernardino) – *Participated as a non-voting member until 11:14 AM when he joined the meeting from his meeting location*
Gigi Kiama, University Corporation (CSU Monterey Bay)
Jun Reina, Capital Public Radio, Inc. (CSU Sacramento)

ABSENT MEMBERS

Haleh Minakary, The Cal Poly Pomona Foundation, Inc. (Cal Poly Pomona)

STAFF, GUESTS AND CONSULTANTS

Tevea Him, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.
Melinda Coil, SDSU Research Foundation

A. CALL TO ORDER

The meeting was called to order by Guy Dalpe at 10:02 AM.

B. PUBLIC COMMENTS

There were no public comments.

C. GENERAL ADMINISTRATION

C1. Approval of the Agenda Order

A motion was made to approve the order of the agenda as presented.

First: Jun Reina
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day				X
Jun Reina	X			

Motion carried.

C2. Approval of Minutes – November 4, 2014

A motion was made to approve the minutes of the November 4, 2014 meeting.

First: Gigi Kiama
Second: Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day				X
Jun Reina	X			

Motion carried.

C3. Approval of the FY 15/16 Revised Liability Program Member Allocation Formula

The Programs Committee reviewed the FY 15/16 Liability Program Member Allocation. Mimi noted that the AORMA Committee approved the basic allocation formula at its last meeting; therefore, Staff is recommending that the Programs Committee approve the FY 15/16 liability program member allocation as presented along with the allocation factors.

A motion was made to approve the FY 15/16 Liability Program Member Allocation as well as Items 1 through 9 shown below.

1. Four basic rates
 - a. Basic - \$488 per \$1,000,000 in expenditures
 - b. EPL - \$1,065 per \$1,000,000 in payroll
 - c. Premises - \$50 per 1,000 in square footage
 - d. Auto - \$150 per auto
2. Maximum premium for calculating the size credit - \$65,000
3. Maximum size credit rate percentage – 30%
4. Maximum collared rate percentage increase – 30%

5. Maximum collared rate percentage decrease – 13%
6. Capped excess premium - \$85,000
7. Minimum administrative costs - \$600
8. Maximum administrative costs - \$60,000
9. Minimum premium - \$2,000

First: Jun Reina
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day				X
Jun Reina	X			

Motion carried.

C4. Approval of the FY 15/16 Workers’ Compensation Program Member Allocation

The Programs Committee reviewed the FY 15/16 Workers’ Compensation Program Member Allocation and rates.

The exhibit below shows a comparison between the WCIRB and AORMA FY 15/16 rates and the AORMA FY 14/15 and FY 15/16 rates.

1	2	3	4	5	6	7	8
WCIRB	AORMA	WCIRB Pure Premium Rate	FY 15/16 Rates	% Diff	FY 14/15 Rates	FY 15/16 Rates	% Diff
8810	1001	.53	.39	-26%	0.56	.39	-30%
8868	1002	1.42	1.05	-26%	1.43	1.05	-27%
8071	1004	2.13	1.58	-26%	2.36	1.58	-33%
9053	1005	3.84	2.84	-26%	3.27	2.84	-13%
9079	1006	5.42	4.01	-26%	5.15	4.01	-22%
9101	1007	8.06	5.00	-38%	3.89	5.00	29%

Mimi noted that the collars have been removed from the member allocation formula because the rates have been collared.

Mimi also noted that the WCIRB issues two different sets of rates – Pure Premium Rates and Insurer Rates. The Pure Premium Rates do not include administrative and other overhead costs

that an insurer would incur. Something very important to note is that AORMA’s FY 15/16 rates are 26% and 38% lower than the WCIRB’s Pure Premium Rates.

All of the class code rates received a rate reduction, except class code 1007 which increased 29%. Because of this, the member’s combined rate within the allocation was not capped. Some members received premium increases in excess of 30% due to the following:

- a. Increase in estimated payroll
- b. Increase in experience modification factor
- c. A greater percentage of payroll in class code 1007

The committee reviewed the recommended Workers’ Compensation rates for the FY 15/16 term.

AORMA Class Code	FY 15/16 Rates
1001	.39
1002	1.05
1004	1.58
1005	2.84
1006	4.01
1007	5.00

A motion was made to approve the recommended basic rates shown above.

First: Jun Reina
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day				X
Jun Reina	X			

Motion carried.

Mimi explained that effective March 20, 2014, Policy and Procedure W-3 was revised to remove the termination clause for those members with an experience modification factor in excess of 1.25 for three consecutive years. The Policy and Procedure now states that the Program Administrator will assist members in creating a plan to reduce their experience modification factors and that the plan will be presented to the Programs Committee for review and approval. Staff is now suggesting that the Programs Committee remove the 25% surcharge penalty for those members with an experience modification factor in excess of 1.25. A 25% penalty is excessive and is not common practice within the commercial workers’ compensation market.

Workers' compensation insurers do not include penalties in their pricing but instead rely on the insured's experience modification factor as the only surcharge to the insured's premium.

The Programs Committee considered the following recommendations:

1. Remove from the calculation the 25% surcharge for those members with an experience modification factor in excess of 1.25
2. Remove from the calculation the minimum and maximum collars

A motion was made to remove the 25% surcharge from the FY 15/16 Workers' Compensation Member Allocation and to remove the minimum and maximum collars.

First: Gigi Kiama

Second: Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day				X
Jun Reina	X			

Motion carried.

Mimi was directed to complete the revisions to Policy and Procedure W-1 based on the decisions at today's meeting.

C5. Approval of the FY 15/16 Property Program Member Allocation

The Programs Committee reviewed the final member allocation and the allocation factors for FY 15/16 Property Program Member Allocation. The AORMA Committee approved the total property program costs for FY 15/16 of \$2,357,000. The total property program costs have been allocated to the members based on the approved allocation formula documented in Policy and Procedure P-1. The Programs Committee reviewed the allocation factors that are included within the allocation formula.

1. Basic rates – reduced 18% as compared to FY 14/15 rates
 - a. .1424 - real property and business interruption / rents
 - b. .1709 - business personal property
 - c. The based rates for FY 14/15 were .1730 and .2076
2. Maximum premium for calculating the size credit - \$600,000 – no change from FY 14/15 calculation

3. Maximum size credit rate percentage – 30% (one member received the entire 30% size credit) - no change from the FY 14/15 calculation.
4. Maximum collared rate percentage – No members are collared.
5. Minimum collared rate percentage – No members are collared.
6. Minimum premium – \$600 - no change from FY 14/15 calculation.
7. Loss ratio surcharge schedule – no change from FY 14/15 calculation.
 - a. Less than 20% - 0%
 - b. Between 20% and 40% - 5%
 - c. Between 40% and 60% - 10%
 - d. Between 60% and 80% - 15%
 - e. Between 80% and 100% - 20%
 - f. Excess of 100% - 25%

Mimi explained that due to the rate reduction, most members received a premium reduction of between 12% and 18%. An explanation of the premium change was noted for those members outside of the average reduction.

1. CSU, Bakersfield Auxiliary for Sponsored Programs and Administration – For FY 15/16, only real property is scheduled which results in a lower rate
2. The CSU, Chico Research Foundation – The FY 14/15 rate was collared at the maximum reduction
3. The Agricultural Foundation of CSU Fresno - \$22MM in values were added to the FY 15/16 schedule
4. The University Corporation at Monterey Bay – The FY 14/15 rate was collared at the maximum reduction
5. University Enterprises, Inc. – The FY 14/15 rate was collared at the maximum reduction
6. Associated Students, Inc., CSU San Marcos – The member is subject to the minimum premium for FY 15/16
7. University Student Union of CSU Stanislaus – The FY 14/15 rate was collared at the maximum increase
8. San Diego State University Research Foundation – The FY 14/15 rate was collared at the maximum increase
9. Associated Students, Inc., San Francisco State University – The FY 14/15 rate was collared at the maximum reduction

A motion was made to approve the FY 15/16 Property Program Member Allocation as presented.

First: Jun Reina
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day				X
Jun Reina	X			

Motion carried.

A revised motion was made to approve the FY 15/16 Property Program Member Allocation along with the allocation factors 1 – 7 as noted below:

1. Basic rates
 - a. .1424 - real property and business interruption / rents;
 - b. .1709 - business personal property
2. Maximum premium for calculating the size credit - \$600,000
3. Maximum size credit rate percentage – 30%
4. Maximum collared rate percentage – No collar
5. Minimum collared rate percentage – No collar
6. Minimum premium – \$600
7. Loss ratio surcharge schedule
 - a. Less than 20% - 0%
 - b. Between 20% and 40% - 5%
 - c. Between 40% and 60% - 10%
 - d. Between 60% and 80% - 15%
 - e. Between 60% and 80% - 20%
 - f. Excess of 100% - 25%

First: Jun Reina
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day				X
Jun Reina	X			

Motion carried.

Mimi was directed to update Policy and Procedure P-1 based on the decisions at today's meeting.

C6. Approval of the FY 15/16 Crime Program Member Allocation

The Programs Committee reviewed the FY 15/16 Crime Program Member Allocation. Mimi explained that the minimum collared rate was removed as no members were subject to this collar. Only two members were subject to the maximum rate collar. For FY 16/17, it appears that the rate collars will not be necessary. The Programs Committee reviewed the allocation factors.

1. Basic rate - .000733 multiplied by payroll – the basic rate for FY 14/15 was .001025
2. Maximum premium for calculating the size credit - \$15,000 – no change from FY 14/15 calculation
3. Maximum size credit rate percentage – 30% (four members receive the maximum 30% size credit) - no change from the FY 14/15 calculation
4. Maximum collared rate percentage – 30% increase (two members are collared) – no change from FY 14/15 calculation
5. Minimum collared rate percentage – this has been removed from the calculation as no member hit the maximum 30% rate reduction maximum.
6. Minimum premium – no change from FY 14/15 calculation
 - a. Expenditures less than \$2,000,000 - \$250
 - b. Expenditures between \$2,000,001 and \$6,000,000 - \$1,250
 - c. Expenditures between \$6,000,001 and \$10,000,000 - \$2,250
 - d. Expenditures between \$10,000,001 and \$20,000,000 - \$2,750
 - e. Expenditures greater than \$20,000,001 - \$3,250
7. Loss ratio surcharge schedule – no change from FY 14/15 calculation
 - g. Less than 50% - 0%
 - h. Between 50% and 100% - 10%
 - i. Excess of 100% - 20%

The committee directed staff to update the program member names. It appears that UEI Sacramento appears in the place of UEC San Bernardino.

A motion was made to approve the FY 15/16 Crime Program Member Allocation along with the allocation factors 1 – 7 noted above.

First: Gigi Kiama

Second: Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day				X
Jun Reina	X			

Motion carried.

C7. Approval of the FY 15/16 Employment Practices Liability Deductibles

Mimi explained that in accordance with Policy and Procedure L-7 – Employment Practices Liability Deductible (EPL), the Programs Committee is responsible for approving each member’s minimum EPL deductible for FY 15/16. The committee reviewed the minimum EPL deductible formula and schedule.

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

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.

Based on the formula, the following members will be mandated an EPL deductible in excess of the standard \$25,000 deductible:

Auxiliary Organization	FY 15/16	FY 14/15	FY 13/14
California State University, East Bay Foundation, Inc.	\$50,000	\$50,000	\$50,000
California State University, Fresno Foundation	\$75,000	\$50,000	\$25,000
California State University, Long Beach Research Foundation	\$75,000	\$75,000	\$50,000

Cal State L.A. University Auxiliary Services, Inc.	\$50,000	\$50,000	\$50,000
The Cal Poly Pomona Foundation, Inc.	\$100,000	\$75,000	\$100,000
University Enterprises, Inc., CSU Sacramento	\$75,000	\$50,000	\$25,000
San Diego State University Research Foundation	\$100,000	\$75,000	\$50,000
San Jose State University Research Foundation	\$75,000	\$50,000	\$25,000
Cal Poly Corporation	\$50,000	\$50,000	\$50,000

The committee reviewed the minimum ELP deductible calculation.

A motion was made to approve the FY 15/16 Employment Practices Liability deductibles as noted above.

First: Gigi Kiama
Second: Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama				X
Haleh Minakary				X
Mark Day	X			
Jun Reina	X			

Motion carried.

C8. Approval of the Dividend Distribution for the Liability and Workers' Compensation Programs

Mimi explained that the AORMA Committee approved the following dividends at its meeting in September, 2014:

- a. Liability – 25% of maximum dividend available - \$464,087
- b. Workers' Compensation – 33% of maximum dividend available - \$715,802

Based on the approved calculation in Policy and Procedure A-4 – Dividends and Assessments, the total dividend has been allocated to the program members.

A motion was made to approve the AORMA Liability Program July, 2015 dividend distribution.

First: Jun Reina
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama				X
Haleh Minakary				X
Mark Day	X			
Jun Reina	X			

Motion carried.

A motion was made to approve the AORMA Workers' Compensation Program July, 2015 dividend distribution.

First: Jun Reina
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama				X
Haleh Minakary				X
Mark Day	X			
Jun Reina	X			

Motion carried.

Guy Dalpe directed staff to review how the dividend for Cesar Chavez Student Center was distributed between ASI and UCorp.

C9. Approval of the FY 14/15 Long Range Action Plan for the Programs Committee

The Programs Committee reviewed the LRP items that were assigned to the committee:

1. Liability Program Member Allocation Formula
2. Earthquake Coverage for Condominium Owners (when the HOA does not purchase earthquake coverage)

A motion was made to approve the FY 14/15 Long Range Action Plan for the Programs Committee.

First: Mark Day
Second: Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			

Haleh Minakary				X
Mark Day	X			
Jun Reina	X			

Motion carried.

C10. Approval of the 2015 Meeting Dates for the Programs Committee

The Programs Committee reviewed the proposed meeting dates for 2015. Mimi noted that AORMA’s policy and procedure requires that all of the member allocation formula be reviewed every three years. The committee decided to meet in-person when conducting the allocation formula review.

Description	Date	Day	Time	Location
Programs Committee	February 26	Thursday	1:00 pm	Teleconference
Programs Committee	June 25	Thursday	1:00 pm	Teleconference
Programs Committee	October 1	Thursday	1:00 pm	Teleconference
Programs Committee	December 10	Thursday	1:00 pm	Teleconference

A motion was made to approve the Programs Committee meeting dates noted above.

First: Gigi Kiama
Second: Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day	X			
Jun Reina	X			

Motion carried.

D. INFORMATION ITEMS

The information items were reviewed, but there was no discussion.

- D1. 2015 CSURMA AORMA Meeting Calendar**
- D2. FY 14/15 Long Range Action Plan**
- D3. CSURMA AORMA Committee and Standing Committee Roster**

Guy Dalpe noted that Jason Porth, the new Executive Director for the University Corporation at San Francisco State, would be a great addition to the Programs Committee. The committee members agreed and directed Mimi to ask Robert de Wit to appoint Jason to the Programs Committee.

E. ADJOURNMENT

A motion was made to adjourn the meeting at 11:24 AM

First: Mark Day
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day	X			
Jun Reina	X			

Motion carried.