



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
MARCH 8, 2018
MAY 2, 2019

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 work with the Program Administrator to review its workers' compensation losses, and if appropriate, 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. By January 31st, the Program Administrator will notify each MEMBER of their updated EMF.



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1. For MEMBERS with EMFs ranging from 1.10 to 1.25, if appropriate, the Program Administrator will offer to assist the MEMBER in evaluating how best to avoid having their EMF exceed 1.25.
2. For MEMBERS with EMFs exceeding 1.25, if appropriate, 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 Committee for review and approval.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of this 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 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.

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 +20% from the prior (normalized) EMF. The EMF will not include a maximum decrease cap. **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.