

**MINUTES OF THE CSURMA AORMA  
PROGRAMS COMMITTEE MEETING  
NOVEMBER 4, 2014  
TELECONFERENCE MEETING  
1:00 PM**

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**MEMBERS PRESENT**

Guy Dalpe, Cesar Chavez Student Center (San Francisco State University)  
Mark Day, Santos Manuel Student Union (CSU San Bernardino)  
Gigi Kiama, University Corporation (CSU Monterey Bay)

**ABSENT MEMBERS**

Haleh Minakary, The Cal Poly Pomona Foundation, Inc. (Cal Poly Pomona)  
Jun Reina, Capital Public Radio, Inc. (CSU Sacramento)

**STAFF, GUESTS AND CONSULTANTS**

Tevea Him, Alliant Insurance Services, Inc.  
Mimi Long, Alliant Insurance Services, Inc.  
Frank Mumford, CSU Fullerton Auxiliary Services Corporation (CSU Fullerton)

**A. CALL TO ORDER**

The meeting was called to order by Guy Dalpe at 1:05 PM.

**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:** Gigi Kiama

**Second:** Mark Day

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	<b>X</b>			
Gigi Kiama	<b>X</b>			
Haleh Minakary				<b>X</b>

Mark Day	<b>X</b>			
Jun Reina				<b>X</b>

**Motion carried.**

**C2. Approval of Minutes – September 25, 2014**

A motion was made to approve the minutes of the September 25, 2014 meeting.

**First:** Gigi Kiama

**Second:** Mark Day

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

**Motion carried.**

**C3. Liability Program Member Allocation Formula**

Mimi explained that since inception of the liability program, AORMA has used an ISO based rating allocation formula in order to allocate the total program costs to each member. Within the current AORMA ISO rating formula, most members are rated using the Schools and Colleges classification with the addition of maybe one to three supplementary classifications codes. Many ISO rates use square footage as the rating exposure basis. Therefore, the formula is heavily weighted on premises liability types of losses, i.e., slip, trip and fall, deck collapse, unsafe condition. Based on this formula, the members with the largest amount of square footage within their control or maintenance incur the highest premium costs. The current ISO rating formula caps all member increases to 10% even if the member has a major exposure change, i.e., construction of a new recreation center, or assuming responsibility for a day care center. The ISO formula allows for credits or debits for loss experience or changes in operations but only up to 10%, subject to the underwriter’s discretion.

This formula was adequate for many years. Now, however, after collecting several years of loss information, it is clear that AORMA’s losses do not track with the ISO rating statistical information. The CSURMA actuary has reviewed AORMA’s loss history for ten years and has provided recommended rates for AORMA’s four major loss categories – Auto Liability, Premises Liability, Employment Practices Liability and All Other. Based on the actuary’s report, it is abundantly clear that AORMA needs to increase its rate for employment practices liability and lower its rate for premises liability.

The Programs Committee reviewed the draft FY 15/16 Liability Program Member Allocation Formula. The allocation presented to the Committee collared the premium to a maximum 30% increase and a maximum decrease of 15%. The Committee reviewed the rate comparison exhibit shown below.

Exposure		FY 15/16 Actuary's Recommended Rating		FY 14/15 ISO Rating		FY 15/16 Collared Rating	
		Rate	Premium	Rate	Premium	Rate	Premium
Auto Liability	173	150	25,950	346	59,858	333	57,609
Premises Liability	10,431,924	37	385,981	139	1,450,037	50	521,596
Other Liability	1,403,301,129	132	185,236			564	791,462
EPL	403,618,333	2,566	1,035,685	661	266,792	1,015	409,673
<b>Total</b>			<b>1,632,852</b>		<b>1,776,687</b>		<b>1,780,340</b>

Mimi noted that ideally the premium collars would be phased out within five years. This way if a Member has a major change in exposure, its premium would increase or decrease accordingly. The rates recommended by the actuary will be reviewed annually and slowly incorporated into the allocation with rate collars as required.

The Committee requested the following changes to the draft FY 15/16 Liability Program Member Allocation spreadsheet:

1. FY 15/16 Collared Rating / Auto Liability Rate – Change rate from \$333 to \$150 per auto. \$150 per auto is the actuary’s recommended rate.
2. FY 15/16 Collared Rating / EPL – Change rate from \$1,015 to \$1,065 per \$1,000,000 in payroll. This change brings the rate closer to the actuary’s recommended rate.
3. Change the Collared Minimum Premium rate to .87 (or a 13% maximum reduction).
4. Change the Comparison Exhibits to include Column AM rather than AK or AJ).

A motion was made to recommend approval to the AORMA Committee of the FY 15/16 Liability Program Member Allocation Formula with the revisions noted above.

**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.**

**D. INFORMATION ITEMS**

**D1. CSURMA AORMA 2014 Meeting Calendar**

The Committee reviewed the information item.

**E. ADJOURNMENT**

A motion was made to adjourn the meeting at 1:58 PM

**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.**