



CSURMA AORMA OFFICERS RETREAT
“This is an Open Public Meeting”

In accordance with the requirements of the Bagley-Keene Open Meeting Act, notice of this meeting must be posted in a publicly accessible place, including the internet, at least ten days in advance of the meeting. This meeting agenda shall also be posted at the address of the teleconference location with access for the public via phone/speaker phone.

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location may require routine provision of identification to building security. However, CSURMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

Virtual Meetings

Monday, July 13, 2020
 1:00 PM – 4:00 PM (Est.)

Tuesday, July 14, 2020
 8:00 AM – 11:00 (Est.)

Video Conference:
1615333734@alliant.webex.com
 Teleconference: [877-309-3457](tel:877-309-3457)
 Meeting Number: 161 533 3734

Video Conference:
1615581574@alliant.webex.com
 Teleconference: [877-309-3457](tel:877-309-3457)
 Meeting Number: 161 558 1574

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CALL TO ORDER **A**

PUBLIC COMMENTS **I**

TOPICS FOR DISCUSSION

A. 1. Long Range Action Plans **I p. 5**
AORMA Committee – FY 19/20
CSURMA Executive Committee – FY 20/21
The Committee will hear a report on the tasks within the AORMA and Executive Committee long range action plans.

2. AORMA Coverage Programs – Coverage and Pricing Changes **I p. 11**
The Officers will hear an update regarding the changes to the FY 20/21 reinsurance and excess insurance.

3. AORMA Coverage Programs – Financials **I p. 15**
The Officers will review and discuss the following financial exhibits for the AORMA coverage programs:

- a. CSURMA financial statement*
- b. Total funding exhibits*
- c. Target retained funds exhibits*
- d. Estimated retained funds balance and dividends exhibits*

<p>4. AORMA Coverage Programs - Loss Reports</p> <p><i>The Committee will review loss reports for each AORMA pooled program.</i></p> <p style="margin-left: 20px;">a. <i>Review of loss leaders</i></p> <p style="margin-left: 20px;">b. <i>Discussion of loss control / risk management techniques</i></p>	<p>I p. 39</p>
<p>5. Rating Plan Task Group</p> <p><i>The Officers will hear an overview of the recommendations by the RPTG for changes to the FY 21/22 AORMA Coverage Programs' allocation formulas.</i></p>	<p>I p. 44</p>
<p>6. Loss Control Vendor Utilization Reports</p> <p><i>The Officers will discuss the current services provided by the various loss control vendors as well as reviewing the utilization reports:</i></p> <p style="margin-left: 20px;">a. <i>Alliant Risk Control Consulting (Term: 7/01/19 to 6/20/22)</i></p> <p style="margin-left: 20px;">b. <i>Presidium (Term: 7/01/20 to 6/30/23)</i></p> <p style="margin-left: 20px;">c. <i>Employer Group (Term: 7/01/20 to 6/30/23)</i></p>	<p>I p. 80</p>
<p>7. Historical information on AORMA's Funding Philosophy</p> <p><i>The Committee will discuss AORMA's historical funding philosophy for all of AORMA's pooled programs.</i></p>	<p>I p. 93</p>
<p>8. 2021 AOA Conference</p> <p><i>The Committee will discuss the session topics as well as sponsorship for the 2021 AOA Conference.</i></p>	<p>I p. 95</p>
<p>B. AORMA COMMITTEE AND STAFFING</p>	
<p>1. CSURMA AORMA Communication</p> <p><i>The Committee will discuss CSURMA's current communication strategies.</i></p> <p style="margin-left: 20px;">a. <i>Virtual member presentations</i></p>	<p>I p. 96</p>
<p>2. AORMA Committee Succession Planning</p> <p><i>The Committee will review the current CSURMA AORMA Committee roster and discuss future open seats.</i></p>	<p>I p. 97</p>
<p>3. CSURMA AORMA Program Staff</p> <p><i>The Committee will review the current JPA Administration staffing roster.</i></p>	<p>I p. 108</p>
<p>C. NEW PROGRAMS / SERVICES</p> <p><i>The Officers will discuss new program and/or services that may benefit the AORMA members.</i></p>	
<p>1. Recap of Ideas for Creation or Modification of CSURMA AORMA Programs and/or Services</p> <p><i>The Committee will discuss ideas for creation or modification of CSURMA AORMA programs and/or services.</i></p>	<p>I p. 112</p>

2. **Recap of Projects to be Included on the FY 20/21 AORMA Long Range Action Plan** I p. 113
The Committee will finalize its recommendations of projects to be included on the FY 20/21 AORMA long range action plan.

D. APPENDICES

- | | | |
|----|--|---|
| 1. | Liability Program | I |
| | a. List of member EPL deductibles | |
| | b. Total funding report for FY 20/21 | |
| | c. Policy & Procedure L-1 – Claims Reporting | |
| | d. Policy & Procedure L-2 – Liability Claims Administration and Litigation Management | |
| | e. Policy & Procedure L-3 – Legal Counsel Selection | |
| | f. Policy & Procedure L-4 – Employee Driving Standards | |
| | g. Policy & Procedure L-5 – Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations | |
| | h. Policy & Procedure L-6 – Requirement to Purchase PAI for all Activities Involving Minors | |
| | i. Policy & Procedure L-7 – Employment Practices Deductible | |
| | j. Policy & Procedure L-8 – Liability Program Member Allocation Formula | |
| 2. | Workers’ Compensation Program | I |
| | a. Total funding report for FY 20/21 | |
| | b. W-1 - Workers' Compensation Member Allocation Formula | |
| | c. W-2 - Requirement of Members to Maintain Experience Modification Factor of 1.25 or Less | |
| | d. W-3 - Claims Handling Procedures and Guidelines | |
| | e. W-4 - Workers' Compensation Coverage Claims Settlement Authority | |
| | f. W-5 - Volunteer Coverage | |
| 3. | Property Program | I |
| | a. Total funding report for FY 20/21 | |
| | b. P-1 – Property Program Member Allocation Formula | |
| 4. | Crime Program | I |
| | a. Total funding report for FY 20/21 | |
| | b. C-1 – Crime Program Member Allocation Formula | |
| 5. | Unemployment Insurance Program | I |
| | a. UI-1 - Formula for Determining Unemployment Insurance Program Annual Contributions | |
| 6. | Target Retained Funds Policy / Dividends | I |
| | a. Policy & Procedure A-3 – Target Surplus Funding Policy | |
| | b. Target surplus funding report | |
| | c. History of dividends declared | |
| | d. Policy & Procedure A-4 – Dividends and Assessments | |

- 7. AORMA Policies and Procedures I
 - a. Schedule for review of AORMA’s policies and procedures
- 8. CSURMA Financial Statement @ March 31, 2020 I
- 9. CSURMA Financial Audit @ June 30, 2019 I
- 10. CSURMA AORMA Policies and Procedures I
 - a. Policy & Procedure A-5 – Annual Calendar of Reports, Audits and Filings
 - b. Policy & Procedure A-6 – Risk Reduction Matching Grant Program
 - c. Policy & Procedure A-7 – Travel Reimbursement Policy
 - d. Policy & Procedure A-8 – CSURMA AORMA Closed Session Policy
- 11. CSURMA Joint Powers Authority Agreement I
- 12. CSURMA Bylaws I
- 13. AORMA Participation Agreement I

Please contact Mimi Long mlong@alliant.com or Tevea Him thim@alliant.com with questions.

LONG RANGE ACTION PLANS

ISSUE: The Committee will be asked to review the AORMA Committee and CSURMA Executive Committee Long Range Action Plans providing direction to Staff as appropriate.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. AORMA Committee Long Range Action Plan for FY 19/20
- b. CSURMA Executive Committee Long Range Action Plan for FY 20/21

FY 2019/20 CSURMA AORMA LONG RANGE ACTION PLAN

Goal	#	Action / Task	Responsible Entity	Deadline	Status
LRP-1	Execute a Retainer with an Attorney to Provide Legal Advice for Members with Complex Contract Questions				
	1	Receive proposal from attorney	PA	Oct-19	Completed
	2	Present proposal to the AORMA Committee for approval	AORMA	Dec-19	Completed
	3	Disseminate information to the AORMA Members	PA	Ongoing	Completed
LRP-2	Audit and/or Review the Members' Current Additional Insureds				
	1	Compile a listing of all current additional insureds (AI) included on the AORMA liability program MOC as well as the corresponding contracts or agreements.	PA	Mar-20	Completed
	2	Forward the AI listings to the Members and request confirmation that the AI endorsement is still valid as the contract or agreement is still current.	PA	Apr-20	Completed
	3	Update and issue the renewal AI endorsements as appropriate.	PA	Jun-20	Completed
LRP-3	Create a Whitepaper to Aid Members in Developing Contracts Involving Minors				
	1	Work with Praesidium to final the whitepaper	PA	Oct-19	Completed
	2	Review the whitepaper with the AORMA Committee	PA, AORMA	Nov-19	Completed
	3	Upload contract best practices to the CSURMA website	PA	Nov-19	Completed
	4	Notify members	PA	Nov-19	Completed
LRP-4	Create a Whitepaper to Aid Members in Developing Contracts with Performing Artists				
	1	Create draft whitepaper	PA	Jan-20	Completed
	2	Review the whitepaper with the AORMA Committee	PA, AORMA	May-20	Completed
	3	Upload the best practices to the CSURMA website	PA	May-20	Completed
	4	Notify members	PA	May-20	Completed
LRP-5	Update the IRIC Manual to Include an Exhibit for Chartering Watercraft				
	1	Create new IRIC manual exhibit	PA	Feb-19	Completed
	2	Upload the best practices to the CSURMA website	PA	Mar-20	Completed
	3	Notify members	PA	Mar-20	Completed
	4	Review the whitepaper with the AORMA Committee	PA, AORMA	May-20	In Process
LRP-6	Create a Watercraft Matrix which clearly outlines the difference between coverage available through the CSURMA Watercraft Program vs. coverage through the liability, property and workers' compensation programs				
	1	Create the watercraft matrix	PA	Feb-20	Completed
	2	Upload on the CSURMA website	PA	Mar-20	Completed
	3	Send report directly to the Members	PA	Mar-20	Completed
	4	Update to AORMA Committee on completion of the project	PA, AORMA	May-20	Completed

FY 2019/20 CSURMA AORMA LONG RANGE ACTION PLAN

Goal	#	Action / Task	Responsible Entity	Deadline	Status
LRP-7 Develop the Executive Oversight Policies and Procedures for the CSURMA AORMA Benefits Program					
	1	Finalize formation of the CSURMA AORMA Benefits Committee	AORMA	Aug-19	Completed
	2	Appointment of the Chair to the CSURMA AORMA Benefits Committee	AORMA Chair	Aug-19	Completed
	3	Appointment of members to serve on the CSURMA AORMA Benefits Committee	PA, Chair	Jan-20	Completed
	4	Review draft roles and responsibilities	AORMA	May-20	Completed
	5	Approval revisions to AORMA's policies and procedures as applicable	AORMA	May-20	Completed
	6	Upload on the CSURMA website	PA	May-20	Completed
LRP-8 Explore the Club Liability Insurance Program (CLIP) to Include all of the CSU Alumni Associations					
	1	Gather exposure information for all CSU Alumni Associations	PA	Feb-20	Completed
	2	Submit exposure information and work with insurers to expand the CLIP to include coverage for all of the CSU Alumni Associations on a blanket basis	PA	Mar-20	Completed
	3	Review quote to expand coverage	PA	Apr-20	Completed
	4	Receive approval to bind the coverage expansion	PA, CO	May-20	Completed
	5	Notify all Alumni Associations	PA	May-20	Completed
	6	Update to AORMA Committee on completion of the project	PA	May-20	Completed
LRP-9 Creation of a Theatre Inspection Common Findings Report					
	1	Receive copies of all theatre inspection reports completed	PA	Aug-19	Completed
	2	Create a matrix to document the common findings within the theatre inspection reports	PA	Jan-20	Completed
	3	Review the theatre inspection reports and complete the matrix with specific information as shown on the member's report	PA	Jan-20	Completed
	4	Alliant Risk Control Consulting will review the reports and matrix for issuance of the final common findings report	PA, ARCC	Feb-20	Completed
	5	Upload on the CSURMA website	PA	Mar-20	Completed
	6	Send report directly to the Members	PA	Mar-20	Completed
	7	Update to AORMA Committee on completion of the project	PA, AORMA	May-20	Completed
LRP-10 Update the AORMA Recommended Waiver Handbook to Include Additional Information Regarding Electronic Signatures					
	1	Receive proposal from attorney	PA	Oct-19	Completed
	2	Present proposal to the AORMA Committee for approval	AORMA	Dec-19	Completed
	3	Receive outside legal counsel's review and recommendations report	PA	Jan-20	Completed
	4	Review the recommendations with CSURMA Legal Counsel	PA	Feb-20	In Process
	5	Publish the amended AORMA recommended Waiver and Handbook	PA	Mar-20	

FY 2019/20 CSURMA AORMA LONG RANGE ACTION PLAN

Goal	#	Action / Task	Responsible Entity	Deadline	Status
	6	Upload on the CSURMA website	PA	Mar-20	
	7	Send notification directly to the Members	PA	Mar-20	
	8	Update to AORMA Committee on completion of the project	AORMA, PA	May-20	

BOD: CSURMA Board of Directors

PC: AORMA Programs Committee

CABO: CSU Chief Administrators and Business Officers

CO: Chancellor's Office

AORMA: AORMA Committee

EC: CSURMA Executive Committee

OGC: CSU Office of General Counsel

PA: CSURMA Program Administrator

SRM: CSU Systemwide Risk Management

FY 2020/21 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	STAFF	DEADLINE	STATUS
LRP-1				
Revamp Mid-Term Budget Analysis	1. Review the budget variance report at December 31, 2019 against FY 19/20 mid-term CSURMA budget amendments	PA	Mar-21	
	2. Provide direction to Staff with regard to continuance of the practice of providing mid-term budget amendments	EC	Mar-21	
	3. Review EC recommendation with CSU Accounting	PA	Mar-21	
LRP-2				
Affinity Group Mini Conference Support Policy	1. Draft the policy and procedure for the Affinity Groups to follow in order to obtain funding for their biennial mini conferences, workshops or training	PA	Apr-20	Completed
	2. Approval of the policy and procedure	EC	May-20	Completed
	3. Announcement of the change to the timing of the FTPT Conference as well as CSURMA's support of the biennial affinity groups mini conferences, workshops or training	PA	May-20	Completed
	4. Distribution of the approved policy and procedure to obtain funding	PA	May-20	Completed
LRP-3				
Systemwide Roof Assessment and Fall Protection/Prevention	1. Identify expert(s) to perform assessment visits at all campuses, develop assessment goals, plan schedule of visits over 2-3 year span	PA, SRM	Jul-20	
	2. Implement schedule of roof assessment visits with timeline for report of improvement plans; identify support resources for fall protection systems, training, tools, installations	PA, SRM	Aug-20	
	3. Systemwide training (competent persons), PPE provisions/training, MEAs with fall protection equipment installers, improvement/correction implementation support	PA, SRM	Sep-20	
LRP-4				
Enhancement of Youth Protection Policies	1. Creation of the Managing Risk in Youth Programs Resource Guide	PA, SRM	Jan-20	Completed
	2. Final review of the Resource Guide by OGC, Campus Risk Managers and Youth Programs Work Group	PA, SRM	May-20	In Process
	3. Finalize Resource Guide	PA, SRM	Sep-20	
	4. Review the Resource Guide with the EC and BOD	EC, BOD	Oct-20	
	5. Distribute the Resource Guide to all CSURMA members	PA	Oct-20	
LRP-5				
Annual Review of Digital ADA Compliance	1. Review CSURMA website for digital ADA compliance	PA	Oct-19	Completed
	2. Report to CSURMA EC	PA	Nov-19	Completed
	3. Obtain proposal from website consultant to review CSURMA website for digital ADA compliance	PA	Mar-20	In Process
	4. Approve outside consulting services	EC	May-20	
	5. Implement website changes as appropriate	PA	Aug-20	
	6. Report to CSURMA EC	SRM, PA	Sep-20	
LRP-6				
CSURMA AORMA	1. Update CSURMA AORMA Information Presentation	PA, SRM	May-20	In Process

FY 2020/21 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	STAFF	DEADLINE	STATUS
Campus Outreach and Presentation Update	2. Schedule group visits with all auxiliary organizations, and the campus risk managers at each campus	PA, SRM	Jun-20	
LRP-7				
Implementation and Education of the Foreign Travel Insurance Program Enhancements	1. SRM Initiated review supported by PA	SRM, PA	Aug-19	Completed
	2. Initial report to Executive and AORMA Committees	SRM, PA	Sep-19	Completed
	3. Discussion of proposed changes with CSU IP, at Fitting the Pieces Conference and with other interest groups	SRM, PA	Nov-19	Completed
	4. Approval of contract with Terra Dotta for travel registry	EC	May-20	In Process
	5. Approval of travel services, beginning July 1st, through AXA	EC	May-20	In Process
	6. Communication of changes and initiation of implementation plan	SRM, PA	Jul-20	
	7. Launch of FTIP 2.0	SRM, PA	Jul-20	

BOD: CSURMA Board of Directors
CABO: CSU Chief Administrators and Business Officers
CO: Chancellor's Office
CPDC: CO Capital Planning Design & Construction

EC: CSURMA Executive Committee
OGC: CSU Office of General Counsel
PA: CSURMA Program Administrator
SRM: CSU Systemwide Risk Management

AORMA COVERAGE PROGRAM – COVERAGE AND PRICING CHANGES

ISSUE: The majority of the CSURMA coverage programs have a renewal date of July 1st. The Officers will hear an overview of the pricing changes as well as the coverage limitations to be effective July 1, 2020.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: See below a year over year comparison of the reinsurance / excess insurance program costs.

Table 1

Summary of Year over Year Insurance Costs at July 1, 2020				
AORMA Program Costs				
Coverage	FY 19/20	FY 20/21	Cost Difference	Percent Change
Excess Liability To \$50 Million	\$1,571,917	\$2,666,580	\$1,094,663	70%
Property	1,860,989	2,445,205	\$584,216	31%
Workers' Compensation	5,075,384	3,232,512	(\$1,842,872)	-36%
Cyber	39,505	68,098	\$28,593	72%
Fine Arts	261,096	287,345	\$26,249	10%
Trustees E&O, Fiduciary Liability	42,168	42,188	\$20	0%
Drone Insurance Program	52,800	52,800	\$0	0%
Deadly Weapon Response Program	12,742	12,982	\$240	2%
Fidelity	197,413	237,846	\$40,433	20%
Systemwide EQ w/ Parametric Trigger	127,968	128,030	\$62	0%
Total Cost:	\$9,241,981	\$9,173,585	(\$68,396)	-1%

BACKGROUND: Staff will be on hand to discuss the coverage and pricing changes.

PUBLICATION: Staff will provide a similar report to all AORMA members.

ATTACHMENT(S):

- a. FY 20/21 Insurance Renewal Summary Memo



California State University Risk Management Authority

Lisa Chavez
Chair – 323-343-3500

Kevin Saunders
Vice Chair – 831-582-3000

Robert Eaton
Treasurer – 562-951-4572

Zachary Gifford
Secretary-Auditor – 562-951-4568

MEMORANDUM

Date: June 29, 2020
To: Robert Eaton, CSURMA Treasurer
Zachary Gifford, CSURMA Secretary/Auditor
From: Daniel Howell, CSURMA Program Director
Re: FY 20/21 Insurance Renewal Summary

CSURMA renews the insured, self-insured and reinsured coverage programs effective July 1. This year has seen especially significant changes year over year due to hardening of the insurance market, particularly in the excess liability market. The Covid-19 pandemic has accelerated the market change, adding uncertainty and over \$100 billion to industry loss projections. This hardening follows a ten year soft market, the longest soft market in four decades. Table 1 shows a year over year summary.

Table 1
Summary of CSU Year over Year Insurance Cost at July 1, 2020

Coverage	FY 19/20	FY 20/21	\$ Change	% Change
Excess Liability to \$50 Million	\$3,494,062	\$11,466,776	\$7,972,714	228%
Property	7,854,803	9,979,067	2,124,263	27%
Workers' Compensation	33,307,361	29,729,201	-3,578,160	-11%
Cyber	403,428	435,182	31,755	8%
Fine Arts	261,096	287,345	26,249	10%
SLIP, SAFECLIP, CLIP	826,610	649,029	-177,581	-21%
Aviation	221,183	221,183	0	0%
Medical Malpractice	77,400	136,290	58,890	76%
Fidelity	213,864	217,601	3,736	2%
Total Cost:	\$46,659,808	\$53,121,674	\$6,461,866	14%

Following are comments on the status of main coverage programs.

Excess Liability – CSURMA’s excess liability program has seen loss development in the first excess layers for both the AORMA and Campus programs. Ironshore withdrew as lead underwriter and has been replaced with Argonaut. The entire tower has been rebuilt due to underwriters withdrawing, and reducing limits and coverage offered. Broad form public entity liability including general, auto, professional, law enforcement and public officials’ liability now tops out at \$50 million, down from \$100 million. Sexual abuse and molestation coverage, and concussive injury to athletic participants coverage are maintained to \$50 million. Annual aggregate limits now apply excess of \$15 million. The excess liability insurance market is expected to remain firm for California public entities and higher education as the effects of



California State University Risk Management Authority

catastrophic jury verdicts, settlements, police misconduct, and sexual abuse claims is absorbed by insurers. Excess liability coverage above \$50 Million is still under negotiation but expected to increase in cost.

Property – Property losses to both the AORMA and Campus programs have increased the past three years. CSU’s ten year rate history shows a low of \$0.025 per \$100 of insured value when a 40% reduction was negotiated for FY 14/15. The rate for FY 20/21 is \$0.044, which is just below the highest rate of \$0.048 in FY 12/13.

Workers’ Compensation – Workers’ compensation is the bright spot in the major lines of coverage. CSU has had excellent results and negotiated a new two year rate agreement with reduced rates from the expiring terms. Not shown in the table above are reduced deposit and minimum premiums negotiated in anticipation of reduced payrolls in the coming year.

Cyber – Claims involving hacking, ransomware and loss of personal information continue to rise worldwide. Due to CSU’s own good experience, CSU’s rates remain stable with a 5% increase in the excess layers. Limits were increased from \$17 million to \$20 million this year to reflect the growing exposure.

Fine Arts – This program renewed with a 10% rate increase due to loss experience and market conditions.

SPLIP, SAFECLIP & CLIP – These programs continue perform exceptionally well with no losses. We negotiated reduced minimum premiums due to expected lower student participation rates in Service Learning and club activities. The underwriters have agreed to include alumnae associations in the Club Liability Insurance Program at no additional premium.

Aviation – Despite a firming market due to large losses in the commercial airline and rotorcraft sectors, a flat renewal was negotiated due to CSU’s excellent loss history.

Medical Malpractice – This market has hardened entirely, particularly for higher education risks due to catastrophic losses at multiple university systems. It was decided to reduce limits from \$10 million excess of a \$5 million retention to \$5 million excess of a \$5 million retention.

Fidelity – Multiple large claims have been reported in the past year by auxiliary organizations. The program was restructured with incumbent underwriters to a two layer approach with a higher deductible for auxiliary organizations. Coverage remains at \$20 million for the University.

AORMA COVERAGE PROGRAMS - FINANCIALS

ISSUE: The Committee will review and discuss the following exhibits:

- a. CSURMA Financial Statement @ March 31, 2020
- b. Total Funding
- c. Target Retained Funds
- d. Estimated Retained Funds and Dividends

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Financial Statement @ March 31, 2020
- b. Total Funding
- c. Target Retained Funds
- d. Estimated Retained Funds and Dividends

**CSURMA Accounting
Financial Statement Internal Review
March 2020**

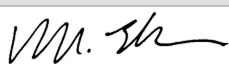
Financial Highlights/Recent Developments:

- Cash and Investments (SWIFT): In December, \$9 million was transferred from CSURMA’s long-term investments (MSSB) to cover CSURMA’s projected operating costs, and ensure compliance with the CSURMA Master Investment Policy target ranges.

The short-term investments (SWIFT) balance of \$27,004,089 comprises 21% of the total investment balance, which is within the EC’s approved target range of 15% to 40%.
- In the first three quarters, OCIP II and OCIP IIB projects were billed \$4,558,099 and \$6,566,312, respectively, and corresponding insurance premiums of \$1,931,622 and \$1,536,839, respectively, were paid.

OCIP accounts receivable of \$6,118,067, prepaids of \$8,514,695, and accounts payable of \$651,449 are primarily made up of balances accrued as of prior year-end. These accounts will be trued-up at year-end. OCIP revenues and expenses will not be accrued quarterly unless invoiced.

OCIP accounts receivable, prepaids, and accounts payable as of prior year-end were \$5,433,646, \$8,514,695, and \$651,449 respectively.
- Campus dividend distributions: Campus dividends of \$7,219,915 from the Workers’ Compensation program were distributed to campuses in October 2019.
- AORMA dividend distributions: In the September 2019 AORMA meeting, the AORMA committee declared and approved dividends of \$782,985 and \$544,190 for their Liability and Workers’ Compensation programs, respectively. The dividends have been accrued and will be distributed in July 2020.
- Investment earnings and realized gains amounted to \$5,515,473 including change in unrealized gains of \$1,296,134 and loan interest income of \$49,524. The majority of investment income is from the MSSB investment portfolio.
- Miscellaneous Purchased Insurance Program – CSU International Programs: On September 6, 2019, the EC approved a transfer of \$76,425 from the FTIP program fund reserve in the Liability Program, to cover the anticipated deficit for the IP program. In February, CSURMA billed the CO for \$202,100, which is less than the \$214,800 in contributions anticipated in September. After the transfer, the IP deficit for FY 2019/20 will stand at \$(12,700).
- Cash basis financial statements: CSURMA quarterly financial statements are recorded primarily on a cash basis. Third quarter deductible recovery collection and IDL/NDI/UI claims expenses have not been accrued.
- Mid-term budget adjustments: During the March 5-6, 2020 EC meeting, it was decided that budget adjustments would not be done going forward. Beginning March 2021, variance analyses will be performed in order to better project future budgets.

	Date
	
Mary Ek, Assistant VC/Controller, Financial Services – Accounting	

California State University Risk Management Authority
Member Aged Accounts Receivable
As of 4/20/2020

Client Name	Current	31-60	61-90	Over 121	Balance
Associated Students Inc, CSU Long Beach	\$44,653.00	\$0.00	\$0.00	\$0.00	\$44,653.00
a Associated Students Inc, CSU Sacramento	\$379.00	\$0.00	\$1,860.00	\$0.00	\$2,239.00
Cal Poly Corporation	\$0.00	\$1,995.00	\$0.00	\$0.00	\$1,995.00
Cal Poly Pomona Foundation, Inc.	\$0.00	\$308.00	\$0.00	\$0.00	\$308.00
Cal State LA University Auxiliary Services Inc	\$29,626.00	\$0.00	\$0.00	\$0.00	\$29,626.00
Chico State Enterprises	\$0.00	\$1,270.00	\$0.00	\$0.00	\$1,270.00
CSU Bakersfield Foundation	\$1,367.00	\$0.00	\$0.00	\$0.00	\$1,367.00
CSU Channel Islands Site Authority	\$40,908.00	\$0.00	\$0.00	\$0.00	\$40,908.00
CSU Fullerton Univ Auxiliary Services Corporation	\$0.00	\$1,115.00	\$0.00	\$0.00	\$1,115.00
CSU Long Beach Research Foundation	\$0.00	\$2,990.00	\$0.00	\$0.00	\$2,990.00
CSU Stanislaus Stockton Center Site Authority	\$41,447.00	\$0.00	\$0.00	\$0.00	\$41,447.00
Humboldt State Univ Sponsored Programs Foundation	\$0.00	\$1,165.00	\$0.00	\$0.00	\$1,165.00
a Santos Manuel Student Union, CSU San Bernardino	\$0.00	\$0.00	\$8,133.00	\$0.00	\$8,133.00
a Sonoma State University Enterprises, Inc	\$0.00	\$0.00	\$0.00	\$151.00	\$151.00
Student Union of CSU Bakersfield	\$13,560.00	\$0.00	\$0.00	\$0.00	\$13,560.00
a The University Foundation of Sacramento State	\$0.00	\$0.00	\$0.00	\$6,591.00	\$6,591.00
Totals:	\$171,940.00	\$8,843.00	\$9,993.00	\$6,742.00	\$197,518.00

Notes pertaining to invoices over 60 days old:

- a Member has indicated that payment will be processed.

**California State University Risk Management Authority
Outstanding Member Loan Status
As of March 31, 2020**

Loan Pool: 15% of the overall average cash and investment for the preceding 12 months (Apr 2019 - Mar 2020) **\$ 19,348,492**

Member	Maturity Date	Original Issue Date	Original Issue Amount	Outstanding Loan Balance 3/31/2020	Outstanding Loan Balance PYE 6/30/2019
Humboldt State University	Oct 2022	Jun 2017	\$ 1,800,000	\$ 1,497,091	\$ 1,637,923
Total Loans			\$ 1,800,000	\$ 1,497,091	\$ 1,637,923

Remaining Amount Available for Member Loans **\$ 17,851,401**

Per CSURMA P&P No. 10:

Loans to a single Member Campus (and its associated Member Auxiliary Organizations) shall not exceed 5% of the overall average cash and investments for the preceding 12 months. **\$ 6,449,497**

**California State University Risk Management Authority
Travel Expenses Report
Processed between July 1, 2019 and March 31, 2020**

Travel Dates	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
11/20/2019	Scott Bourdon	Santa Ana	American Red Cross, November Technical meeting	\$ -	\$ -	\$ 20.00	\$ 20.00
12/19/2019	Scott Bourdon	Sacramento	Cal/OSHA Standard Board meeting	\$ -	\$ -	\$ 416.51	\$ 416.51
1/12 - 1/14/2020	Zachary Gifford	San Diego	AOA Conference at Loews Coronado Bay Resort	\$ 559.94	\$ -	\$ 171.46	\$ 731.40
1/12 - 1/15/2020	Jody Van Leuven	San Diego	CSURMA EC meeting & AOA 2020 Conference at Loews Coronado Bay Resort	\$ 671.91	\$ 21.00	\$ 198.86	\$ 891.77
1/22/2020	Jody Van Leuven	San Francisco	FTIP review meeting with Alliant and Chubb at Alliant office	\$ -	\$ -	\$ 190.41	\$ 190.41
1/28/2020	Zachary Gifford	Los Angeles	Freeman mediation at Judicate West	\$ -	\$ 7.00	\$ -	\$ 7.00
1/28/2020	Scott Bourdon	Dominguez Hills	Meet-n-Greet with new EHS Director and Chemical Hygiene Officer	\$ -	\$ -	\$ 13.23	\$ 13.23
1/28/2020	Scott Bourdon	San Diego	Meet-n-Greet with new EHS Director and WC Coordinator	\$ -	\$ -	\$ 82.80	\$ 82.80
1/28 - 1/29/2020	Jody Van Leuven	Cal Maritime	Campus visit for Risk & Insurance review of Glen Cover Fire impact to campus	\$ 108.56	\$ 63.24	\$ 357.98	\$ 529.78
2/5/2020	Zachary Gifford	Folsom	CSAC EIA Underwriting Committee Meeting at CSAC office	\$ -	\$ 216.87	\$ 3.92	\$ 220.79
2/17 - 2/21/2020	Zachary Gifford	Northridge / Channel Islands / San Luis Obsipo / Monterey Bay	Campus visits with Alliant	\$ 888.20	\$ 46.00	\$ 119.88	\$ 1,054.08
2/25 - 2/28/2020	Zachary Gifford	Monterey	PARMA conference presenter at the Monterey Conference Center	\$ 910.66	\$ 75.03	\$ 485.09	\$ 1,470.78
3/1 - 3/6/2020	Zachary Gifford	Sacramento / San Diego	Director, Emergency Management & Continuity Zoom Interviews with recruitment committee; CSAC Underwriting Committee at the Hilton Arden West; CSURMA EC & LRP meeting at Alliant office	\$ 870.39	\$ 173.88	\$ 535.84	\$ 1,580.11
			01/01/2020 to 03/31/2020	\$ 4,009.66	\$ 603.02	\$ 2,595.98	\$ 7,208.66
9/14 - 9/19/2019	Jody Van Leuven	Boston	URMIA Conference	\$ 1,282.84	\$ 90.12	\$ 436.05	\$ 1,809.01
9/17 - 9/19/2019	Scott Bourdon	San Jose	Presented at the Executive Facilities Officers - Directors of Facilities Operations meeting and participated in the seismic safety discussion at CSU San Jose	\$ 525.04	\$ 39.69	\$ 524.31	\$ 1,089.04
10/1 - 10/3/2019	Zachary Gifford	Los Angeles	Presenter at the 2019 CHEC (California Higher Education Collaborative) Conference	\$ 450.00	\$ 14.00	\$ 93.12	\$ 557.12
10/6 - 10/8/2019	Zachary Gifford	Humboldt / Sonoma	HSU New Campus President Event and Sonoma Campus meeting with Daniel Howell from Alliant	\$ 317.92	\$ 34.35	\$ 415.07	\$ 767.34
10/14/2019	Zachary Gifford	San Francisco	SFSU meeting with Phil to discuss mediation at Pillbury	\$ -	\$ -	\$ 278.75	\$ 278.75
10/15 - 10/16/2019	Zachary Gifford	San Marcos / San Diego	CSU San Marcos, San Diego State University, and ASI SDSU Campus Development meetings with Daniel Howell and Amy Lightner from Alliant	\$ 152.10	\$ 24.65	\$ -	\$ 176.75
10/21 - 10/22/2019	Zachary Gifford	Oakland	Lexington Mediation on SFSU Science Building	\$ 248.21	\$ 35.00	\$ 330.24	\$ 613.45
10/21 - 10/23/2019	Zachary Gifford	San Bernardino	CABO Presentation at CSU San Bernardino campus	\$ -	\$ -	\$ 81.20	\$ 81.20
11/14/2019	Scott Bourdon	Pomona	Discussion of System-Wide EH&S	\$ -	\$ -	\$ 6.66	\$ 6.66
11/4 - 11/8/2019	Jody Van Leuven	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 865.09	\$ 126.26	\$ 491.71	\$ 1,483.06
11/5 - 11/8/2019	Scott Bourdon	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 672.03	\$ 96.34	\$ 313.59	\$ 1,081.96
11/5 - 11/8/2019	Zachary Gifford	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 638.41	\$ 103.00	\$ 273.76	\$ 1,015.17
11/5 - 11/8/2019	Leona Ching	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 638.41	\$ 72.71	\$ 207.32	\$ 918.44
11/5 - 11/8/2019	Martha Guiditta	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 672.03	\$ 9.00	\$ 197.28	\$ 878.31

11/20/2019	Scott Bourdon	Fullerton	Pillars of Safety Presentation: Professional Development and Continuing Education points toward certification	\$ -	\$ -	\$ 20.00	\$ 20.00
11/23 - 11/27/2019	Robert Eaton	London	CSURMA Underwriting meeting with Chancellor White, Steve Relyea, Andy Jones, Karen Nakai, Daniel Howell, Amy Lightner, Susan Leung, and P.J. Skarlanic	\$ 908.59	\$ 59.39	\$ 1,944.06	\$ 2,912.04
12/19/2019	Scott Bourdon	Rancho Cordova	Cal/OSHA Standards Board meeting and vote on the Wildfire Smoke Emergency Regulations	\$ -	\$ -	\$ 416.51	\$ 416.51
12/5, 12/10 - 12/11/2019	Zachary Gifford	Oakland / San Francisco / Folsom	AORMA Committee meeting, meeting with Dave Georage at SELF, EIA Underwriting Committee meeting	\$ 106.59	\$ 44.71	\$ 359.04	\$ 510.34
10/01/2019 to 12/31/2019				\$ 7,477.26	\$ 749.22	\$ 6,388.67	\$ 14,615.15
6/5/2019	Scott Bourdon	Los Angeles	LAUSD EHS Director - Lead in Drinking Water discussion	\$ -	\$ -	\$ 29.00	\$ 29.00
6/6/2019	Scott Bourdon	Northridge	Campus visit	\$ -	\$ -	\$ 52.20	\$ 52.20
7/7 - 7/9/2019	Scott Bourdon	Sacramento	California DOH meeting; UCD EHS office; RSS Academy meeting	\$ 285.00	\$ 29.97	\$ 426.22	\$ 741.19
7/15 - 7/18/2019	Zachary Gifford	Sacramento	Praesidium Guardian Workshop	\$ 458.85	\$ 103.28	\$ 442.28	\$ 1,004.41
7/12 - 7/22/2019	Scott Bourdon	Indianapolis	CSHEMA Conference	\$ 684.45	\$ 52.23	\$ 652.02	\$ 1,388.70
7/16 - 7/19/2019	Jody Van Leuven	Sonoma	CSU Emergency Managers Conference	\$ 541.74	\$ 21.00	\$ 362.89	\$ 925.63
7/27 - 8/3/2019	Scott Bourdon	Humboldt	EHS/RM Team meetings, Safety Drive Officer meeting	\$ 186.24	\$ 8.72	\$ 155.09	\$ 350.05
7/31 - 8/2/2019	Zachary Gifford	Paso Robles	AORMA Officers' Retreat	\$ 277.98	\$ 65.62	\$ 277.48	\$ 621.08
8/8/2019	Zachary Gifford	Sacramento	Sedgwick WC meeting and Thank You Luncheon at Sedgwick	\$ -	\$ -	\$ 192.67	\$ 192.67
8/11 - 8/13/2019	Scott Bourdon	San Luis Obispo	EHS Affinity Group meetings	\$ 414.50	\$ 43.27	\$ 212.09	\$ 669.86
8/13 - 8/16/2019	Zachary Gifford	Folsom / Oakland	CSAC EIA Underwriting Committee and Strategic Planning at CSAC; CSU Stewardship with Sedgwick and Genex & Optum, Sedgwick WC Doubleplay meeting at Sedgwick	\$ 509.15	\$ 94.57	\$ 438.37	\$ 1,042.09
8/29 - 9/2/2019	Jody Van Leuven	San Francisco	Foreign Travel Insurance Program review with Alliant	\$ -	\$ -	\$ 142.30	\$ 142.30
9/4 - 9/6/2019	Zachary Gifford	San Diego	CSURMA AORMA & EC meeting at Alliant	\$ 525.64	\$ 14.00	\$ 244.31	\$ 783.95
9/5 - 9/6/2019	Jody Van Leuven	San Diego	CSURMA EC meeting at Alliant	\$ 213.13	\$ 7.00	\$ 113.60	\$ 333.73
9/11 - 9/13/2019	Zachary Gifford	South Lake Tahoe	CAJPA Conference	\$ 446.92	\$ 58.21	\$ 423.75	\$ 928.88
9/15 - 9/19/2019	Zachary Gifford	Boston	URMIA Conference	\$ 1,181.06	\$ 61.71	\$ 296.67	\$ 1,539.44
9/15 - 9/19/2019	Jody Van Leuven	Boston	URMIA Conference	\$ 1,282.84	\$ 90.12	\$ 436.05	\$ 1,809.01
9/17 - 9/19/2019	Scott Bourdon	San Jose	Executive Facilities Officers - Directors of Facilities Operations meeting	\$ 525.04	\$ 39.69	\$ 524.31	\$ 1,089.04
07/01/2019 to 09/30/2019				\$ 7,532.54	\$ 689.39	\$ 5,421.30	\$ 13,643.23
GRAND TOTAL				\$ 19,019.46	\$ 2,041.63	\$ 14,405.95	\$ 35,467.04

California State University Risk Management Authority

Balance Sheets - Campus Programs as of 3/31/2020

(Unaudited)

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>IDL/NDI/UI</u>	<u>Property</u>	<u>AIME</u>	<u>Auto Liability</u>	<u>Total Campus Programs As of 3/31/2020</u>
Assets:							
Cash and Investments	13,806,366	7,283,158	3,140,641	838,411	973,676	(365,163)	25,677,089
Other long-term investments	24,757,723	47,709,568	5,792,310	2,417,231	4,554,580	0	85,231,413
Accounts receivable	1,870	0	0	125,016	0	0	126,886
Loans receivable	0	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0	0
Prepaid insurance	0	0	0	0	0	0	0
Prepaid expense	0	999,015	0	0	936,080	0	1,935,095
Total assets:	<u>38,565,959</u>	<u>55,991,741</u>	<u>8,932,952</u>	<u>3,380,658</u>	<u>6,464,335</u>	<u>(365,163)</u>	<u>112,970,482</u>
Liabilities:							
Accounts payable	98,167	698,000	0	0	0	0	796,167
Unearned revenue	0	0	0	0	0	0	0
SELF assessment liability	0	4,091,079	0	0	0	0	4,091,079
Reported claims	9,137,924	17,804,358	0	0	122,455	0	27,064,737
Claims incurred but not reported	15,032,516	7,388,940	0	0	2,449,105	0	24,870,561
Total liabilities:	<u>24,268,607</u>	<u>29,982,377</u>	<u>0</u>	<u>0</u>	<u>2,571,560</u>	<u>0</u>	<u>56,822,544</u>
Fund balance	14,297,352	26,009,364	8,932,952	3,380,658	3,892,775	(365,163)	56,147,938
Total liabilities and fund balance	<u>38,565,959</u>	<u>55,991,741</u>	<u>8,932,952</u>	<u>3,380,658</u>	<u>6,464,335</u>	<u>(365,163)</u>	<u>112,970,482</u>

California State University Risk Management Authority

Balance Sheets - AORMA Programs as of 3/31/2020

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs As of 3/31/2020
Assets:						
Cash and Investments	2,889,123	2,275,823	473,156	155,269	1,281,309	7,074,680
Other long-term investments	6,852,703	4,321,202	1,574,873	362,411	4,258,465	17,369,653
Accounts receivable	16,351	8,133	1,283	1,744	1,860	29,371
Loans receivable	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0
Prepaid insurance	0	0	0	0	0	0
Prepaid expense	150,000	155,000	0	0	0	305,000
Total assets:	9,908,177	6,760,158	2,049,312	519,424	5,541,634	24,778,705
Liabilities:						
Accounts payable	782,981	544,193	0	0	0	1,327,174
Unearned revenue	0	0	0	0	0	0
SELF assessment liability	0	0	0	0	0	0
Reported claims	1,531,069	1,111,364	0	0	0	2,642,433
Claims incurred but not reported	1,009,149	786,996	0	0	0	1,796,145
Total liabilities:	3,323,199	2,442,553	0	0	0	5,765,752
Fund balance	6,584,978	4,317,605	2,049,312	519,424	5,541,634	19,012,953
Total liabilities and fund balance	9,908,177	6,760,158	2,049,312	519,424	5,541,634	24,778,705

California State University Risk Management Authority

Balance Sheets - Miscellaneous Programs as of 3/31/2020

(Unaudited)

	Misc Purchased	OCIP	OCIP IIb	Club Sports	Loans	Total Misc Programs As of 3/31/2020	Grand Total All Programs As of 3/31/2020
Assets:							
Cash and Investments	(217,441)	(8,299,316)	3,750,719	515,451	(1,497,091)	(5,747,679)	27,004,089
Other long-term investments	0	0	0	141,766	0	141,766	102,742,832
Accounts receivable	2,670	5,149,564	968,503	44,653	0	6,165,390	6,321,647
Loans receivable	0	0	0	0	1,497,091	1,497,091	1,497,091
Reinsurance receivable	0	0	0	0	0	0	0
Prepaid insurance	0	7,688,686	0	0	0	7,688,686	7,688,686
Prepaid expense	0	826,009	0	62,266	0	888,274	3,128,369
Total assets:	(214,771)	5,364,943	4,719,222	764,135	0	10,633,528	148,382,715
Liabilities:							
Accounts payable	0	373,715	277,734	0	0	651,449	2,774,790
Unearned revenue	0	0	0	0	0	0	0
SELF assessment liability	0	0	0	0	0	0	4,091,079
Reported claims	0	0	0	0	0	0	29,707,170
Claims incurred but not reported	0	0	0	0	0	0	26,666,706
Total liabilities:	0	373,715	277,734	0	0	651,449	63,239,745
Fund balance	(214,771)	4,991,228	4,441,488	764,135	0	9,982,079	85,142,971
Total liabilities and fund balance	(214,771)	5,364,943	4,719,222	764,135	0	10,633,528	148,382,715

California State University Risk Management Authority
Income Statements - Campus Programs as of 3/31/2020
(Unaudited)

	Liability	Workers' Compensation	IDL/NDI/UI	Property	AIME	Auto Liability	Total Campus Programs
OPERATING REVENUES:							
Contributions	19,282,645	40,781,992	16,800,000	12,452,431	4,760,949	1,408,547	95,486,564
Reinsurance premiums	(2,490,076)	0	0	(7,620,173)	0	0	(10,110,249)
Total operating revenues:	16,792,568	40,781,992	16,800,000	4,832,258	4,760,949	1,408,547	85,376,314
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	6,946,224	12,079,989	8,461,281	1,602,893	2,801,876	0	31,892,262
Deductible recoveries	(1,910,974)	0	0	0	0	0	(1,910,974)
Claims administrators	0	2,886,875	39,111	0	200,000	0	3,125,986
Claims management information system	67,426	101,936	11,949	6,514	3,593	0	191,418
Program administrator	228,004	613,710	146,566	128,229	8,971	0	1,125,480
Brokerage commissions	385,882	1,376	568	695,321	2,708	0	1,085,854
Insurance premiums	3,295,916	33,307,361	0	3,255,959	18,723	1,053,632	40,931,591
Taxes, assessments & fees	0	0	0	0	0	0	0
Actuarial services	4,750	5,250	0	0	2,750	0	12,750
Claims audit	5,000	0	0	0	0	0	5,000
Coverage counsel	0	0	0	0	0	0	0
Program legal	0	0	0	0	0	0	0
Miscellaneous program services	17,742	0	0	0	0	0	17,742
Workshops/training	32,391	72,507	29,646	19,169	0	0	153,713
Loss control	1,191,251	68,644	0	48,659	0	0	1,308,554
Reinsurance/excess recovery	0	(10,328,967)	0	0	0	0	(10,328,967)
Program committee	0	0	0	0	472	0	472
Dividend distributions	0	7,219,915	0	0	0	0	7,219,915
Change in claims losses and loss adjustment	0	0	0	0	0	0	0
Total direct program expenses:	10,263,611	46,028,596	8,689,121	5,756,743	3,039,092	1,053,632	74,830,794
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	6,417	14,066	5,794	3,926	1,642	0	31,845
Executive committee & board expenses	498	1,169	470	272	139	0	2,549
JPA insurance	5,145	11,024	4,551	2,709	1,367	0	24,796
Memberships, associations & dues	2,530	29,605	1,933	1,176	570	0	35,813
Chancellor's office accounting services	68,186	149,432	56,114	38,069	17,428	0	329,229
Risk management expenses	119,481	260,449	107,277	72,649	30,412	0	590,268
Miscellaneous indirect services	10,340	10,261	4,167	2,704	1,197	0	28,669
Total general & administrative expenses:	212,597	476,007	180,306	121,505	52,755	0	1,043,170
Total operating expenses:	10,476,208	46,504,603	8,869,427	5,878,248	3,091,847	1,053,632	75,873,964
NON-OPERATING REVENUES:							
Investment income	1,341,777	2,526,033	345,958	129,726	247,919	0	4,591,414
Total non-operating revenues:	1,341,777	2,526,033	345,958	129,726	247,919	0	4,591,414
BEGINNING RETAINED EARNINGS	6,639,214	29,205,942	656,421	4,296,922	1,975,754	(720,078)	42,054,174
NET SURPLUS/(DEFICIT)	7,658,138	(3,196,578)	8,276,531	(916,264)	1,917,022	354,915	14,093,764
ENDING RETAINED EARNINGS	14,297,352	26,009,364	8,932,952	3,380,658	3,892,775	(365,163)	56,147,938

**California State University Risk Management Authority
Income Statements - AORMA Programs as of 3/31/2020**

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs
OPERATING REVENUES:						
Contributions	4,518,410	3,987,225	2,541,636	230,559	621,428	11,899,258
Reinsurance premiums	(1,461,936)	0	(1,840,540)	0	0	(3,302,476)
Total operating revenues:	3,056,474	3,987,225	701,096	230,559	621,428	8,596,782
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	915,638	933,224	15,090	0	645,108	2,509,060
Deductible recoveries	0	0	0	0	0	0
Claims administrators	12,000	176,526	0	0	11,969	200,495
Claims management information system	3,210	3,812	1,887	179	535	9,623
Program administrator	458,639	395,615	261,030	25,591	46,064	1,186,939
Brokerage commissions	73,739	189	210,800	16,088	73	300,889
Insurance premiums	255,680	3,702,699	246,173	178,284	0	4,382,836
Taxes, assessments & fees	0	34,327	0	0	0	34,327
Actuarial services	5,000	5,500	0	0	0	10,500
Claims audit	6,500	0	0	0	0	6,500
Coverage counsel	0	0	0	0	0	0
Program legal	0	0	0	0	0	0
Miscellaneous program services	0	0	0	0	0	0
Workshops/training	41,075	44,041	23,211	2,117	7,215	117,658
Loss control	62,401	70,239	19,549	813	2,434	155,437
Reinsurance/excess recovery	0	(695,752)	0	0	0	(695,752)
Program committee	3,710	3,992	2,099	192	651	10,643
Dividend distributions	782,985	544,190	0	0	0	1,327,175
Change in claims losses and loss adjustment	0	0	0	0	0	0
Total direct program expenses:	2,620,577	5,218,603	779,839	223,264	714,049	9,556,332
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	1,545	1,648	872	79	272	4,416
Executive committee & board expenses	121	132	68	19	20	361
JPA insurance	1,261	1,517	630	84	584	4,076
Memberships, associations & dues	50	2,808	28	3	9	2,897
Chancellor's office accounting services	16,439	17,510	9,229	865	2,884	46,927
Risk management expenses	28,615	30,560	16,137	1,457	5,081	81,850
Miscellaneous indirect services	1,135	1,221	615	58	256	3,285
Total general & administrative expenses:	49,166	55,396	27,579	2,565	9,106	143,812
Total operating expenses:	2,669,743	5,273,999	807,417	225,830	723,155	9,700,144
NON-OPERATING REVENUES:						
Investment income	365,572	223,226	82,997	19,140	225,070	916,005
Total non-operating revenues:	365,572	223,226	82,997	19,140	225,070	916,005
BEGINNING RETAINED EARNINGS	5,832,675	5,381,153	2,072,636	495,555	5,418,291	19,200,310
NET SURPLUS/(DEFICIT)	752,303	(1,063,548)	(23,324)	23,869	123,343	(187,357)
ENDING RETAINED EARNINGS	6,584,978	4,317,605	2,049,312	519,424	5,541,634	19,012,953

California State University Risk Management Authority
Income Statements - Miscellaneous Programs as of 3/31/2020
(Unaudited)

	Misc Purchased	OCIP	OCIP IIB	Club Sports	Total Misc Programs	Grand Total All Programs
OPERATING REVENUES:						
Contributions	465,228	4,558,099	6,566,312	488,442	12,078,081	119,463,902
Reinsurance premiums	0	0	0	0	0	(13,412,725)
Total operating revenues:	465,228	4,558,099	6,566,312	488,442	12,078,081	106,051,177
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	0	0	0	60,190	60,190	34,461,512
Deductible recoveries	0	0	0	0	0	(1,910,974)
Claims administrators	0	0	0	8,000	8,000	3,334,481
Claims management information system	0	0	0	287	287	201,328
Program administrator	0	931,182	562,435	0	1,493,617	3,806,036
Brokerage commissions	79,208	36,333	25,550	25,506	166,597	1,553,340
Insurance premiums	458,907	1,931,622	1,536,839	239,110	4,166,477	49,480,904
Taxes, assessments & fees	0	0	0	0	0	34,327
Actuarial services	0	0	0	0	0	23,250
Claims audit	0	0	0	0	0	11,500
Coverage counsel	0	0	0	0	0	0
Program legal	0	0	0	0	0	0
Miscellaneous program services	0	0	0	0	0	17,742
Workshops/training	0	0	0	0	0	271,371
Loss control	0	0	0	0	0	1,463,991
Reinsurance/excess recovery	0	0	0	0	0	(11,024,719)
Program committee	0	0	0	0	0	11,115
Dividend distributions	0	0	0	0	0	8,547,090
Change in claims losses and loss adjustment	0	0	0	0	0	0
Total direct program expenses:	538,116	2,899,136	2,124,824	333,092	5,895,169	90,282,294
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	0	3,601	0	138	3,739	40,000
Executive committee & board expenses	0	175	0	25	200	3,110
JPA insurance	0	2,334	0	113	2,447	31,319
Memberships, associations & dues	0	104	0	5	109	38,819
Chancellor's office accounting services	0	34,361	0	1,483	35,844	412,000
Risk management expenses	0	66,643	0	2,543	69,185	741,304
Miscellaneous indirect services	0	2,021	0	100	2,121	34,075
Total general & administrative expenses:	0	109,239	0	4,406	113,645	1,300,627
Total operating expenses:	538,116	3,008,376	2,124,824	337,498	6,008,814	91,582,921
NON-OPERATING REVENUES:						
Investment income	0	0	0	8,054	8,054	5,515,473
Total non-operating revenues:	0	0	0	8,054	8,054	5,515,473
BEGINNING RETAINED EARNINGS	(141,884)	3,441,504	0	605,137	3,904,758	65,159,242
NET SURPLUS/(DEFICIT)	(72,888)	1,549,723	4,441,488	158,998	6,077,321	19,983,728
ENDING RETAINED EARNINGS	(214,771)	4,991,228	4,441,488	764,135	9,982,079	85,142,971

California State University Risk Management Authority

Income Statement as of 3/31/2020

(Unaudited)

	Budget vs. Actual			
	FY 2019/20 Budget	Fiscal Year-to-Date	Variance	Percent of Budget
OPERATING REVENUES:				
Contributions	118,034,699	119,463,902	(1,429,203)	101.21 %
Reinsurance premiums	(13,126,744)	(13,412,725)	285,981	102.18 %
Total operating revenues:	104,907,955	106,051,177	(1,143,222)	101.09 %
OPERATING EXPENSES:				
DIRECT PROGRAM EXPENSES:				
Claims payment & legal expenses	61,079,362	34,461,512	26,617,850	56.42 %
Deductible recoveries	(3,803,763)	(1,910,974)	(1,892,789)	50.24 %
Claims administrators	4,517,260	3,334,481	1,182,779	73.82 %
Claims management information system	125,541	201,328	(75,786)	160.37 %
Program administrator	2,821,119	3,806,036	(984,918)	134.91 %
Brokerage commissions	1,428,437	1,553,340	(124,903)	108.74 %
Insurance premiums	57,828,501	49,480,904	8,347,597	85.56 %
Taxes, assessments & fees	310,494	34,327	276,166	11.06 %
Actuarial services	34,913	23,250	11,663	66.59 %
Claims audit	11,500	11,500	0	100.00 %
Coverage counsel	15,000	0	15,000	0.00 %
Program legal	24,500	0	24,500	0.00 %
Miscellaneous program services	10,300	17,742	(7,442)	172.25 %
Workshops/training	222,100	271,371	(49,271)	122.18 %
Loss control	1,070,252	1,463,991	(393,739)	136.79 %
Reinsurance/excess recovery	(19,757,706)	(11,024,719)	(8,732,987)	55.80 %
Program committee	8,446	11,115	(2,669)	131.60 %
Dividend distributions	6,135,297	8,547,090	(2,411,793)	139.31 %
Total direct program expenses:	112,081,553	90,282,294	21,799,258	80.55 %
GENERAL & ADMINISTRATIVE EXPENSES:				
Financial audit	40,000	40,000	0	100.00 %
Executive committee & board expenses	36,458	3,110	33,348	8.53 %
JPA insurance	17,139	31,319	(14,180)	182.74 %
Memberships, associations & dues	46,115	38,819	7,296	84.18 %
Chancellor's office accounting services	412,000	412,000	0	100.00 %
Risk management expenses	1,159,500	741,304	418,196	63.93 %
JPA legal	114,736	0	114,736	0.00 %
Miscellaneous indirect services	29,451	34,075	(4,624)	115.70 %
Total general & administrative expenses:	1,855,399	1,300,627	554,772	70.10 %
Total operating expenses:	113,936,952	91,582,921	22,354,030	80.38 %
NON-OPERATING REVENUES:				
Investment income	2,500,000	5,515,473	(3,015,473)	220.62 %
Total non-operating revenues:	2,500,000	5,515,473	(3,015,473)	220.62 %
NET SURPLUS/(DEFICIT)	(6,528,997)	19,983,728	(26,512,725)	(306.08)%

Table 1
AORMA Liability Program - Estimated Total Funding
July 1, 2021 to July 1, 2022

70% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 80% CL	FY 20/21 Actual Costs 80% CL	FY 21/22 Proposed Costs 70% CL	% Change
Pool Layer Funding	1,957,120	1,911,426	1,946,000	1,598,500	-17.86%
Claims Administration	16,000	16,000	16,000	16,000	0.00%
Program Administration	830,145	830,484	830,145	830,484	0.04%
Reinsurance / Excess Insurance	1,786,424	1,964,108	2,741,675	3,015,843	10.00%
Total Costs	4,589,689	4,722,018	5,533,820	5,460,827	-1.32%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					15.65%
75% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 80% CL	FY 20/21 Actual Costs 80% CL	FY 21/22 Proposed Costs 75% CL	% Change
Pool Layer Funding	1,957,120	1,911,426	1,946,000	1,779,200	-8.57%
Claims Administration	16,000	16,000	16,000	16,000	0.00%
Program Administration	830,145	830,484	830,145	830,484	0.04%
Reinsurance / Excess Insurance	1,786,424	1,964,108	2,741,675	3,015,843	10.00%
Total Costs	4,589,689	4,722,018	5,533,820	5,641,527	1.95%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					19.47%
80% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 80% CL	FY 20/21 Actual Costs 80% CL	FY 21/22 Proposed Costs 80% CL	% Change
Pool Layer Funding	1,957,120	1,911,426	1,946,000	1,946,000	0.00%
Claims Administration	16,000	16,000	16,000	16,000	0.00%
Program Administration	830,145	830,484	830,145	830,484	0.04%
Reinsurance / Excess Insurance	1,786,424	1,964,108	2,741,675	3,015,843	10.00%
Total Costs	4,589,689	4,722,018	5,533,820	5,808,327	4.96%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					23.01%

The current program is funded at a 80% confidence level and is discounted for investment value. The discount rate is calculated based on a 2% yield on investment.

Table 1
AORMA Workers' Compensation Program - Estimated Total Funding
July 1, 2021 to July 1, 2022

70% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 75% CL	FY 20/21 Actual Costs 75% CL	FY 21/22 Proposed Costs 70% CL	% Change
Pool Layer Funding	3,680,988	1,836,512	0	2,960,000	100%
Claims Administration	242,429	243,000	243,000	243,000	0%
Program Administration	601,503	602,000	602,000	602,000	0%
Reinsurance / Excess Insurance	550,464	551,000	2,373,711	0	-100%
Total Costs	5,075,384	3,232,512	3,218,711	3,805,000	18%
Estimated Payroll	395,805,137	293,404,915	293,404,915	400,000,000	36%
Actuary's Rate	0.93	0.78	0.78	0.74	-5%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					18%
75% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 75% CL	FY 20/21 Actual Costs 75% CL	FY 21/22 Proposed Costs 75% CL	% Change
Pool Layer Funding	3,680,988	1,836,512	0	3,120,000	100%
Claims Administration	242,429	243,000	243,000	243,000	0%
Program Administration	601,503	602,000	602,000	602,000	0%
Reinsurance / Excess Insurance	550,464	551,000	2,373,711	0	-100%
Total Costs	5,075,384	3,232,512	3,218,711	3,965,000	23%
Estimated Payroll	395,805,137	293,404,915	293,404,915	400,000,000	36%
Actuary's Rate	0.93	0.78	0.78	0.78	0%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					23%
80% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 75% CL	FY 20/21 Actual Costs 75% CL	FY 21/22 Proposed Costs 80% CL	% Change
Pool Layer Funding	3,680,988	1,836,512	0	3,320,000	100%
Claims Administration	242,429	243,000	243,000	243,000	0%
Program Administration	601,503	602,000	602,000	602,000	0%
Reinsurance / Excess Insurance	550,464	551,000	2,373,711	0	-100%
Total Costs	5,075,384	3,232,512	3,218,711	4,165,000	29%
Estimated Payroll	395,805,137	293,404,915	293,404,915	400,000,000	36%
Actuary's Rate	0.93	0.78	0.83	0.83	-11%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					29%

The current program is funded at a 75% confidence level and is discounted for investment value. The discount rate is calculated based on a 2% yield on investments.

Table 1
AORMA Property Coverage Program - Estimated Total Funding
July 1, 2021 to July 1, 2022

Expense Item	FY 19/20 Actual Costs	FY 20/21 Paid by Members	FY 20/21 Actual Costs	FY 21/22 Proposed Costs	Actual vs. Proposed
A	B	C	D	E	F
Pooled Layer Funding	250,000	250,000	250,000	250,000	0.00%
Excess Insurance	2,029,299	2,265,678	2,641,333	2,892,663	9.52%
Program Administration	331,477	332,000	332,000	332,000	0.00%
Total Costs	2,610,776	2,847,678	3,223,333	3,474,663	7.80%
			Paid by Members vs. Proposed:		22.02%

Table 1
AORMA Crime Coverage Program - Estimated Total Funding
July 1, 2021 to July 1, 2022

Crime Program					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs	FY 20/21 Paid by Members	FY 20/21 Actual Costs	FY 21/22 Proposed Costs	Actual vs. Proposed
Pooled Layer Funding	-	-	-	-	0.00%
Excess Insurance	197,413	207,287	237,847	261,631	10.00%
Program Administration	30,781	31,000	31,000	31,000	0.00%
Total Costs	228,194	238,287	268,847	292,631	8.85%
Paid by Members vs. Proposed:					22.81%

AORMA Liability Fund Program
Target Retained Funds Analysis - Pooled Layer Funding @ \$500,000
@ June 30, 2020

Analysis Factors	Current Analysis	Change	Prior Analysis
Contributions for FY 20/21 #1	1,793,028	Down From	2,652,665
Assets at 6/30/20 #2	9,125,196	Up From	8,346,212
Maximum Retention Per Occurrence	500,000	No Change	500,000
Outstanding Liabilities at 6/30/20 #3	2,408,936	Down From	2,540,217
Limited Reserves @ 6/30/20	1,121,766	Down From	1,589,086
Retained Funds above Expected Confidence Level #4	6,716,260	Up From	5,805,995
Retained Funds above 70% Confidence Level #5	6,555,824	Up From	5,631,938

#1 - Includes pool layer funding and admin costs, but not contributions for excess liability.

#2 - Assets are reduced by miscellaneous accounts payable and dividend to be paid in July.

#3 - Outstanding Liabilities (at an expected confidence level, capped at the pooled layer limit, including IBNR, undiscounted for investment income and including ULAE).

#4 - Plan Assets minus the Outstanding Liabilities (undiscounted for investment income, including ULAE).

#5 - Plan Assets minus the Outstanding Liabilities (discounted for investment income, including ULAE).

Ratio	Target	Indicated Minimum Equity	Projected Ratio
1. Contribution to Retained Funds	≤1.5:1	1,195,352	27%
2. Retained Funds to Retention	>5:1	2,500,000	13
3. Outstanding Liabilities to Retained Funds	≤1.5:1	1,605,957	36%
4. Reserves to Retained Funds	≤1:1	1,121,766	17%
5. Change in Reserves	20%	1,906,903	-29%
6. Change in Retained Funds	-20%	4,505,550	16%

Dividend	Current Ratios
Target Retained Funds Goal (70% Confidence Level / Discounted)	6,555,824
Indicated Minimum Retained Funds (largest ratio amount)	2,500,000
Maximum Dividend Available	4,055,824
Dividend 50%	2,027,912
Dividend 33%	1,338,422
Dividend 25%	1,013,956

Confidence levels	Risk Factor	Pooled Layer Funding #6	Surplus
Expected	1.000	2,234,236	-
70%	1.100	2,457,660	223,424
80%	1.300	2,904,507	670,271

AORMA Workers' Compensation Fund Program
Target Retained Funds Analysis - Pooled Layer Funding @ \$750,000
@ June 30, 2020

Analysis Factors	Current Analysis	Change	Prior Analysis
Contributions for FY 20/21 #1	3,222,345	Down From	4,535,310
Assets at 6/30/20 #2	6,215,965	Down From	7,279,513
Maximum Retention Per Occurrence	750,000	No Change	750,000
Outstanding Liabilities at 6/30/20 #3	1,500,730	Down From	1,898,361
Limited Reserves @ 6/30/20	2,324,983	Down From	2,482,250
Retained Funds above Expected Confidence Level #4	4,715,235	Up From	5,381,152
Retained Funds above 70% Confidence Level #5	4,729,788	Up From	5,399,062

#1 - Includes pool layer funding and admin costs, but not contributions for excess liability.

#2 - Assets are reduced by miscellaneous accounts payable and dividend.

#3 - Outstanding Liabilities (at an expected confidence level, capped at the pooled layer limit, including IBNR, undiscounted for investment income and including ULAE).

#4 - Plan Assets minus the Outstanding Liabilities (undiscounted for investment income, including ULAE).

#5 - Plan Assets minus the Outstanding Liabilities (discounted for investment income, including ULAE).

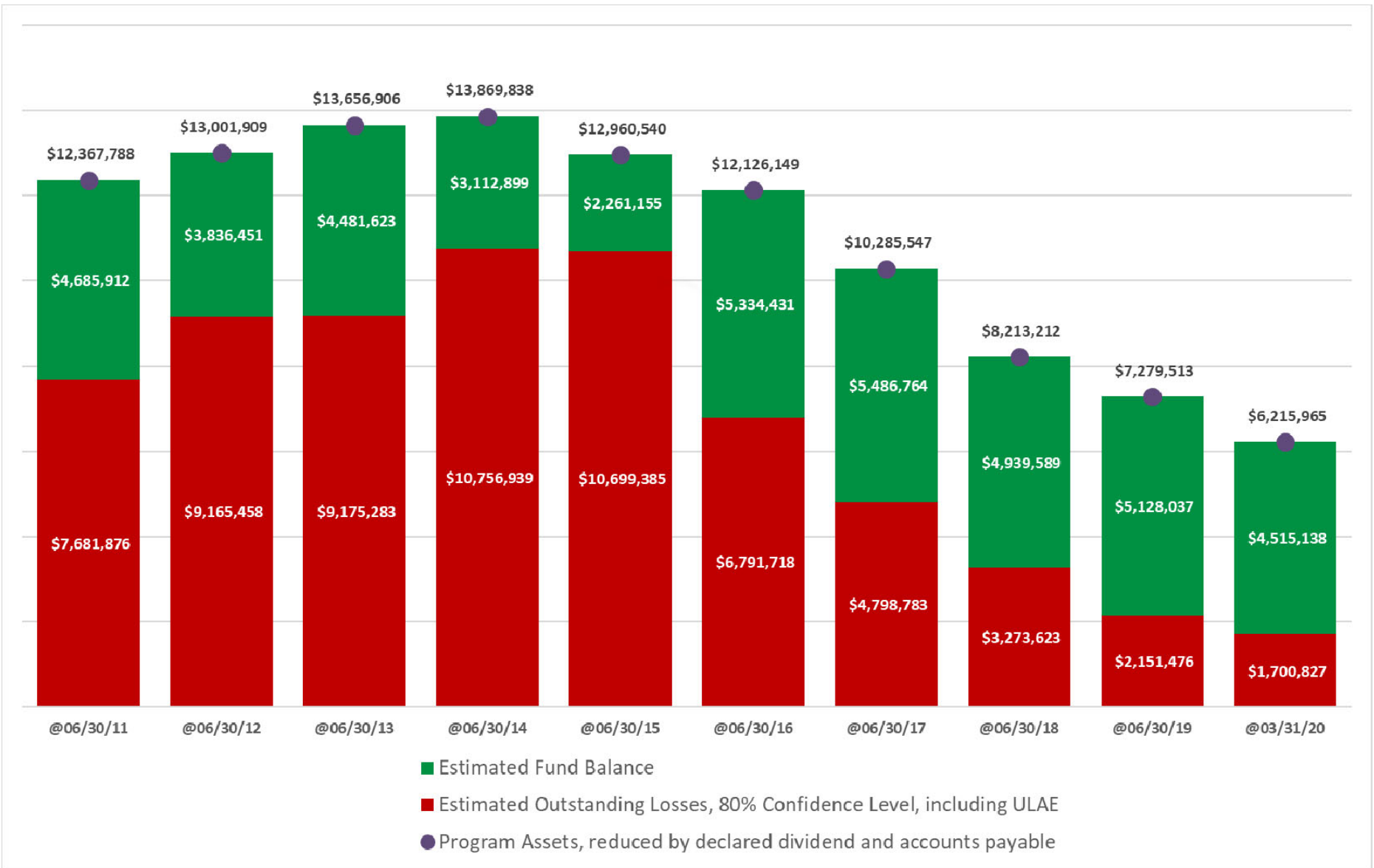
Ratio	Target	Indicated Minimum Equity	Projected Ratio
1. Contribution to Retained Funds	≤1.5:1	2,148,230	68%
2. Retained Funds to Retention	>5:1	3,750,000	6
3. Outstanding Liabilities to Retained Funds	≤1.5:1	1,000,487	32%
4. Reserves to Retained Funds	≤1:1	2,324,983	49%
5. Change in Reserves	20%	2,978,700	-6%
6. Change in Retained Funds	-20%	4,319,250	-12%

Dividend	Ratios
Target Retained Funds Goal (70% Confidence Level / Discounted)	4,729,788
Indicated Minimum Retained Funds (largest ratio amount)	3,750,000
Maximum Dividend Available	979,788
Dividend 50%	489,894
Dividend 33%	323,330
Dividend 25%	244,947

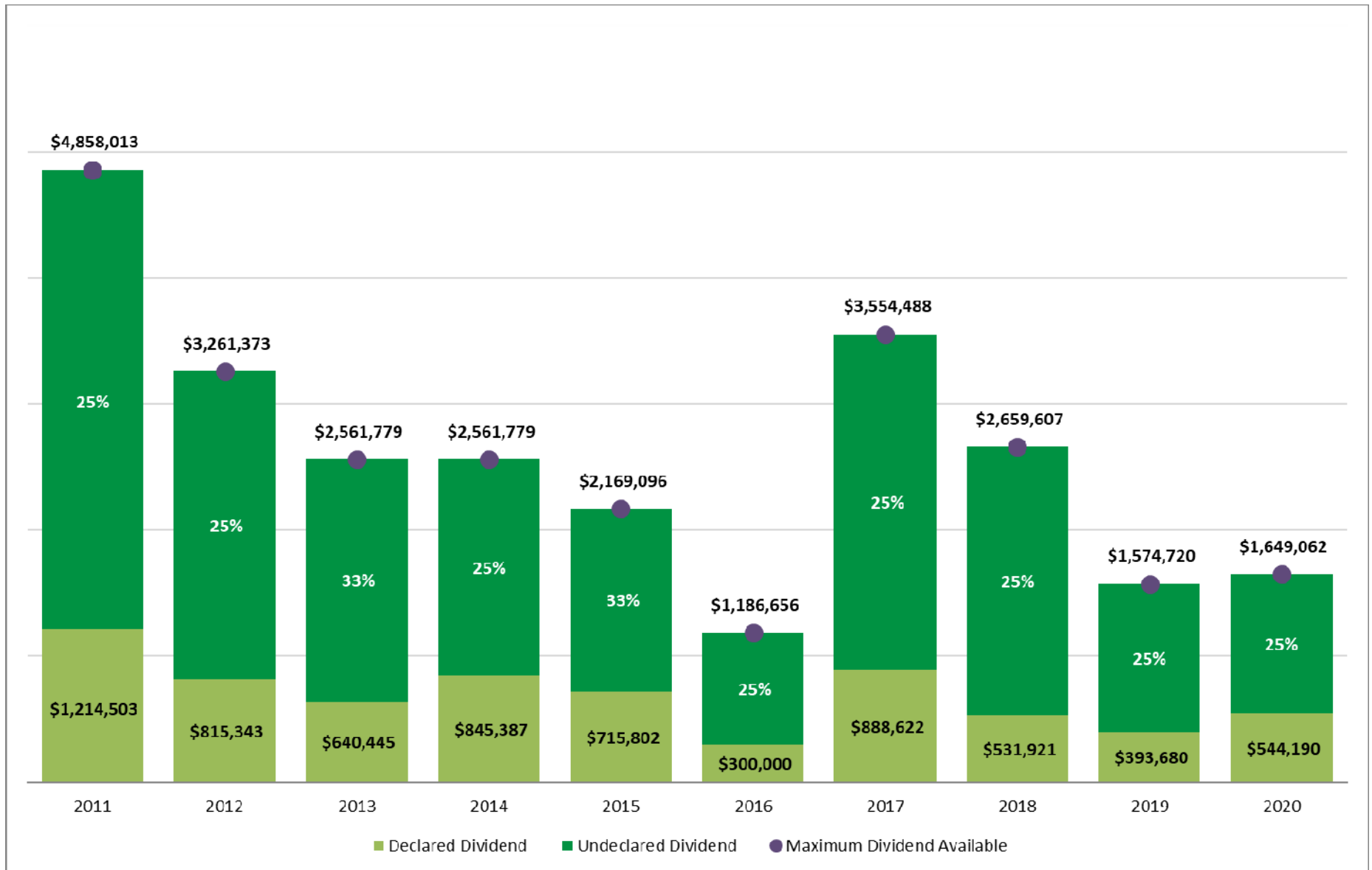
Confidence levels	Risk Factor	Pooled Layer Funding #6	Surplus
Expected	1.000	1,315,201	-
70%	1.080	1,420,417	105,216
80%	1.140	1,499,329	184,128

#6 - The Pooled Layer Funding is discounted for investment income and does not include ULAE.

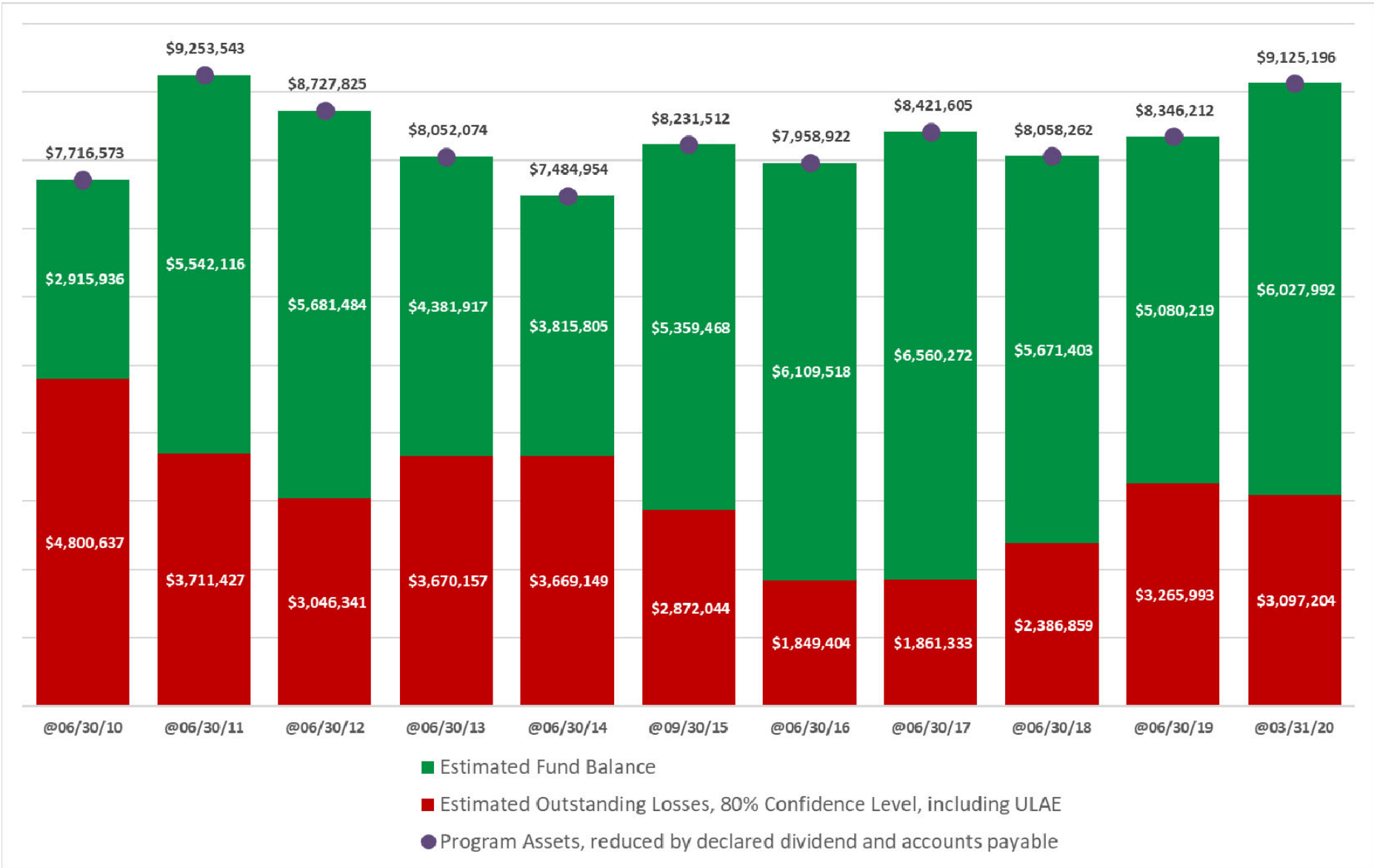
Workers' Compensation Historical Estimated Fund Balance @ June 30



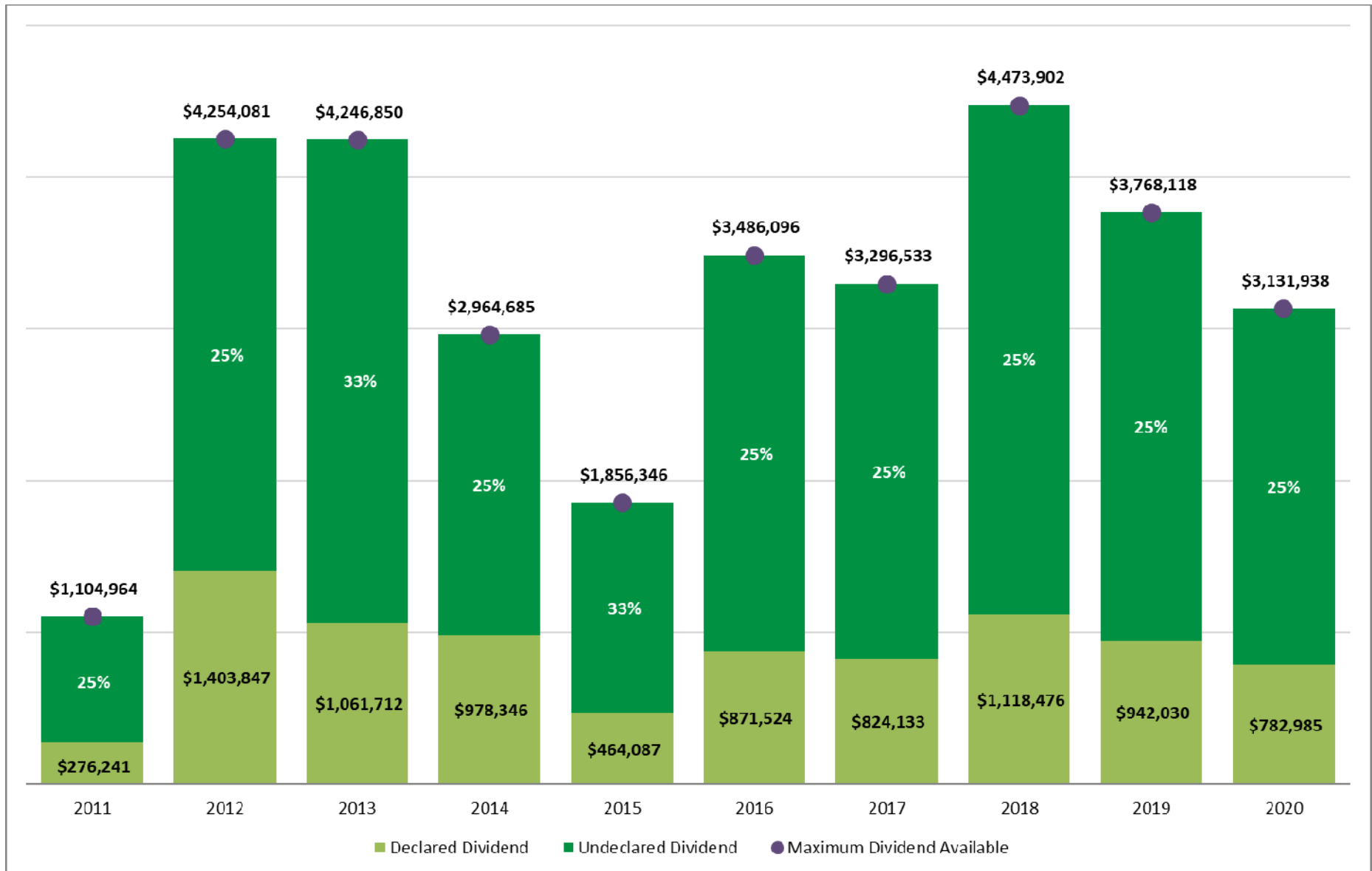
Workers' Compensation Historical Dividends Paid in July



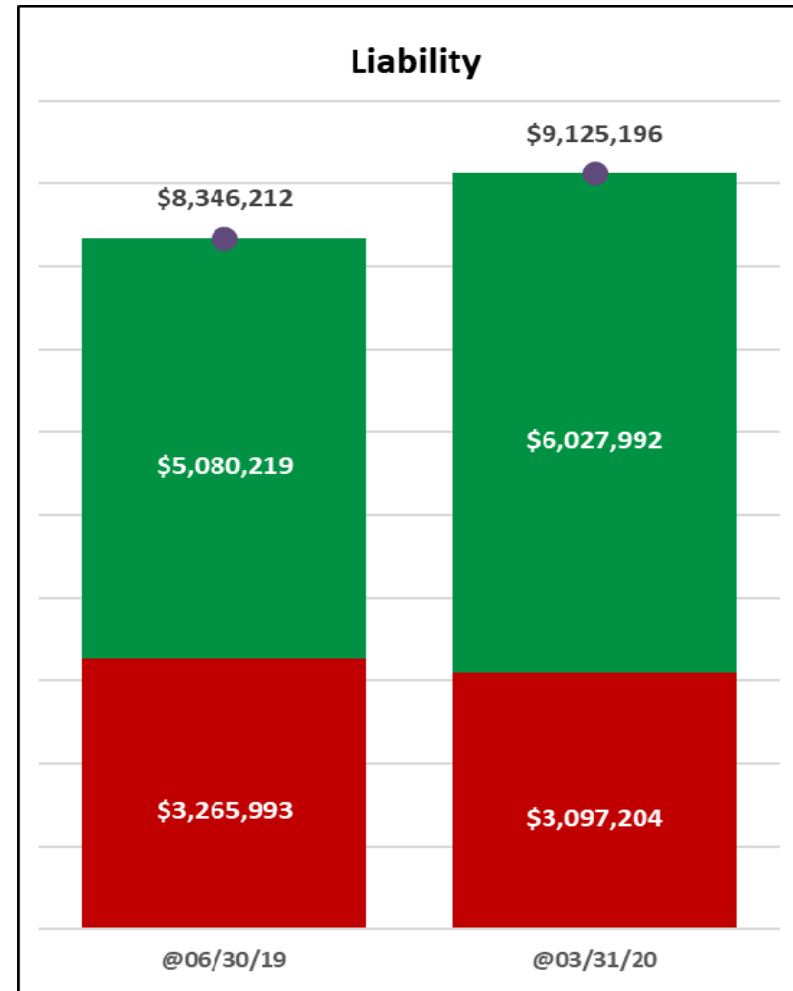
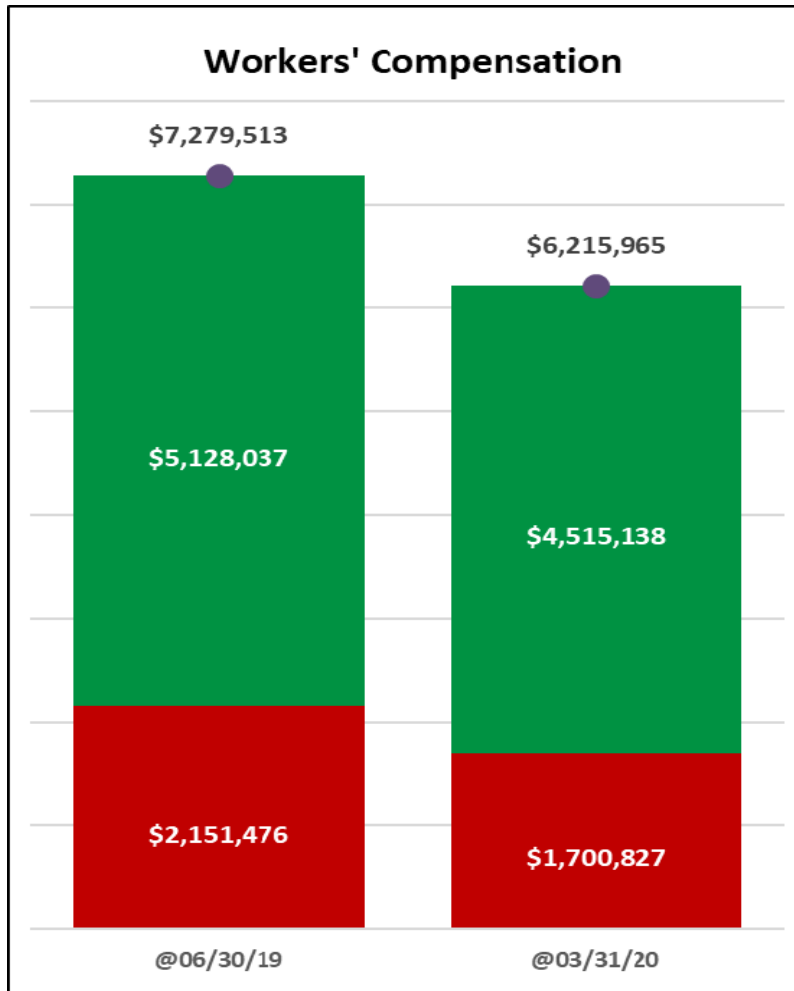
Liability Historical Estimated Fund Balance @ June 30



Liability Historical Dividends Paid in July



Estimated Fund Balance @ June 30



- Estimated Fund Balance
- Estimated Outstanding Losses, 80% Confidence Level, including ULAE
- Program Assets, reduced by declared dividend and accounts payable

AORMA COVERAGE PROGRAMS – LOSS REPORTS

ISSUE: The Committee will review and discuss the following exhibits:

- a. Liability
- b. Workers’ Compensation
- c. Property

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

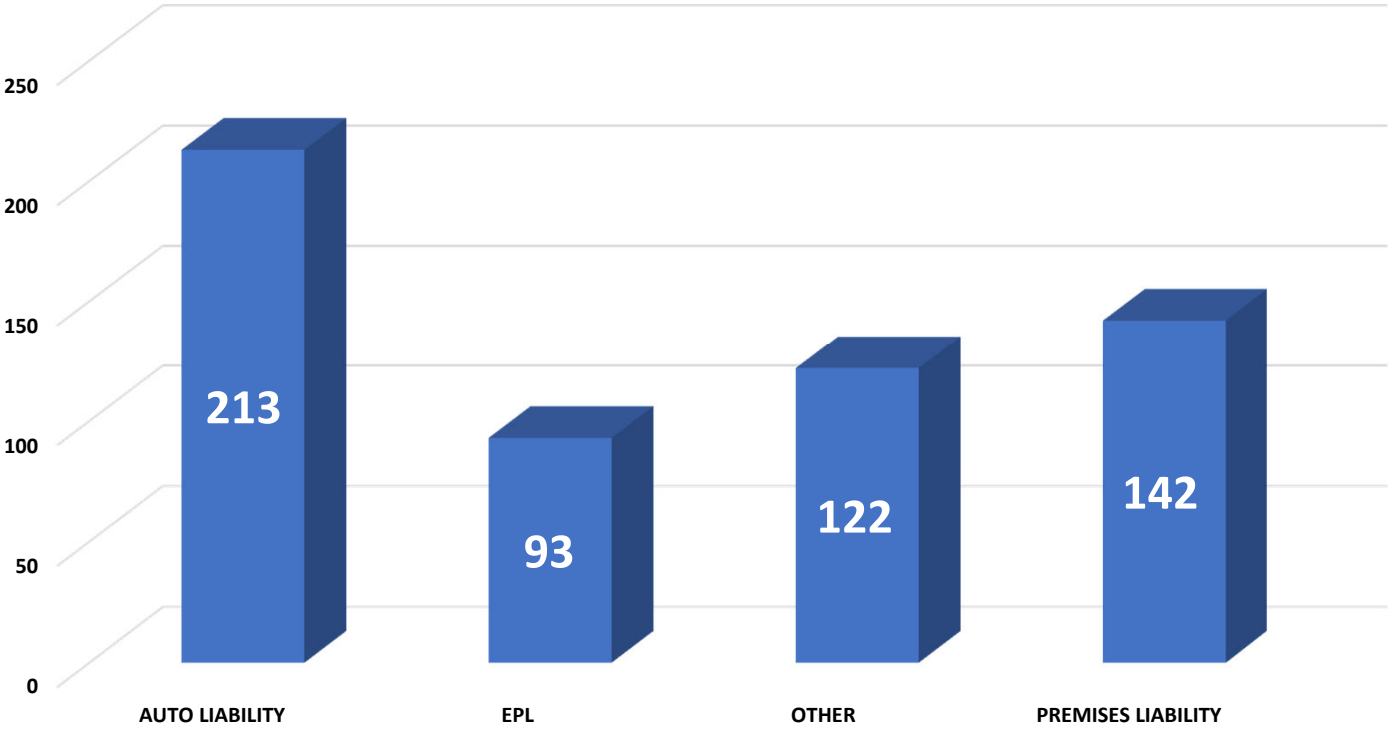
BACKGROUND: None.

PUBLICATION: None.

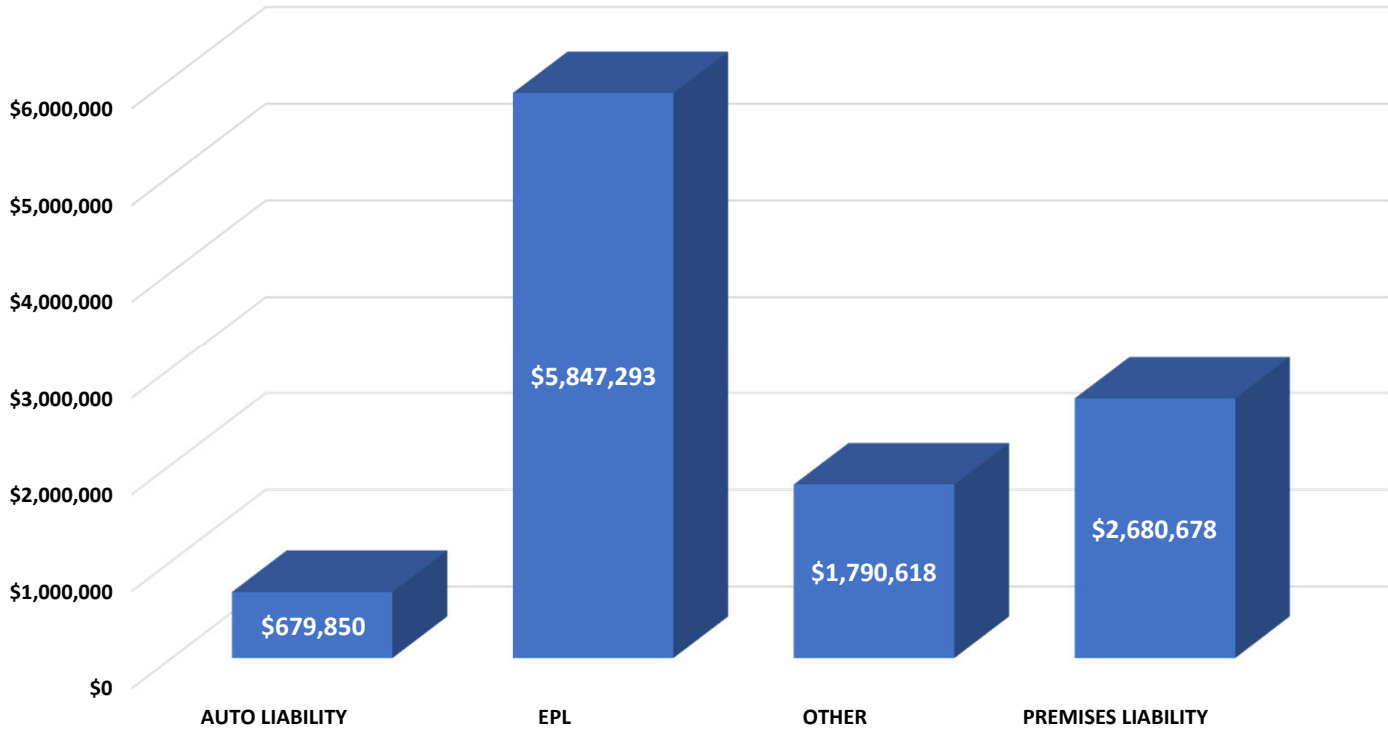
ATTACHMENT(S):

- a. Loss Exhibits

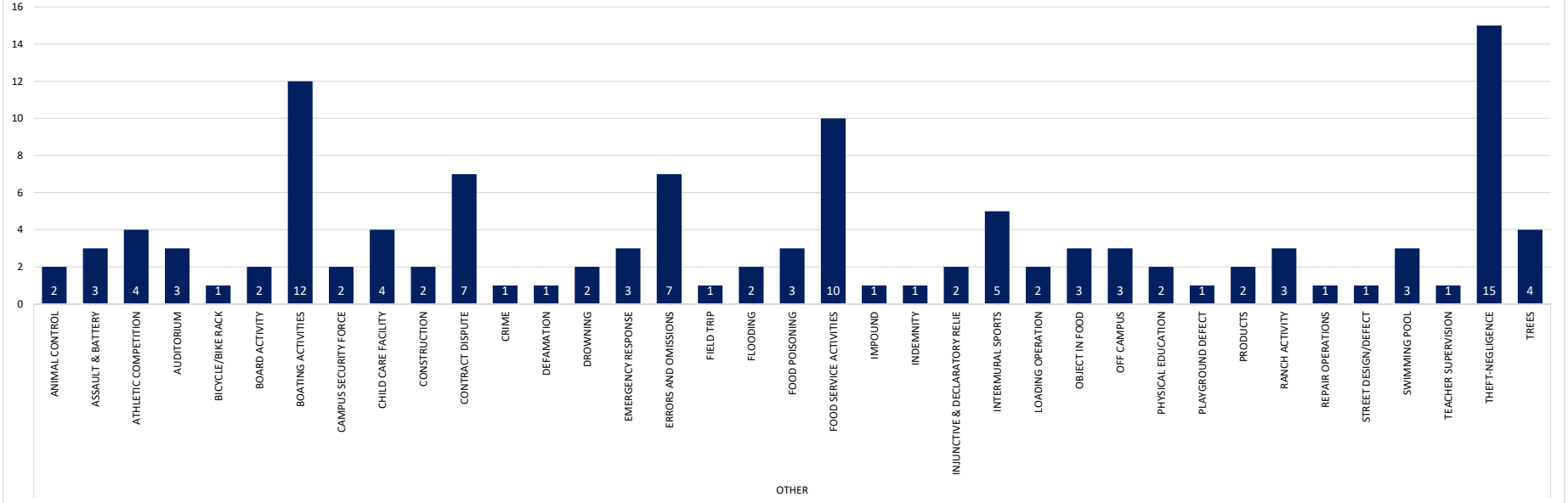
AORMA Liability Loss Charts



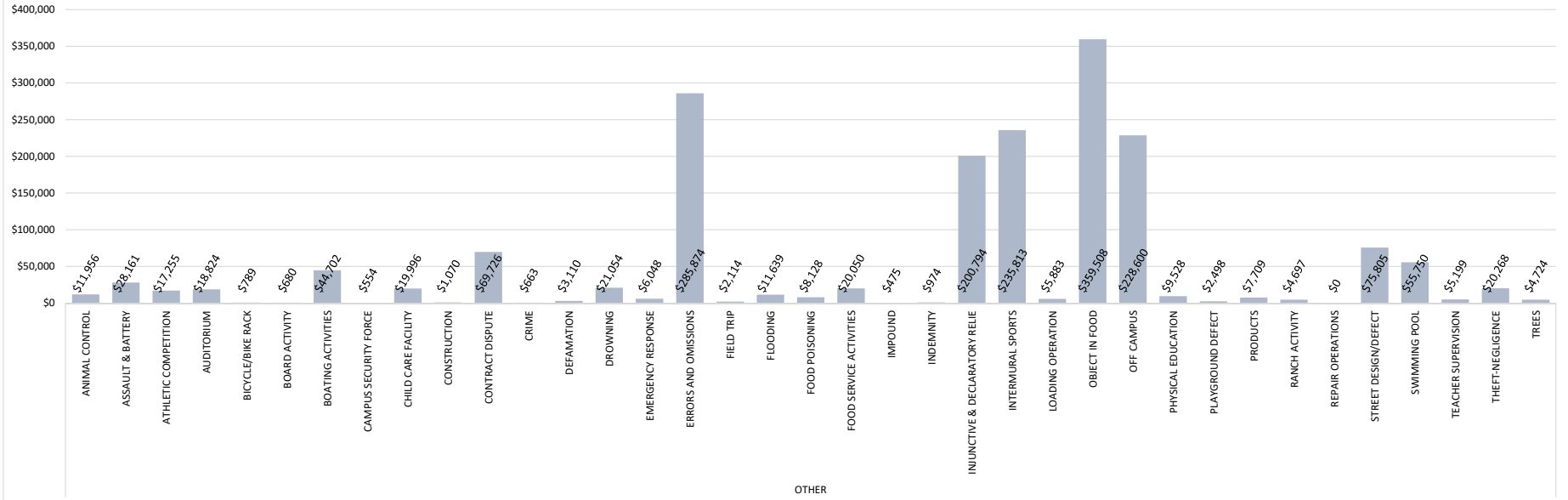
AORMA Liability Loss Charts



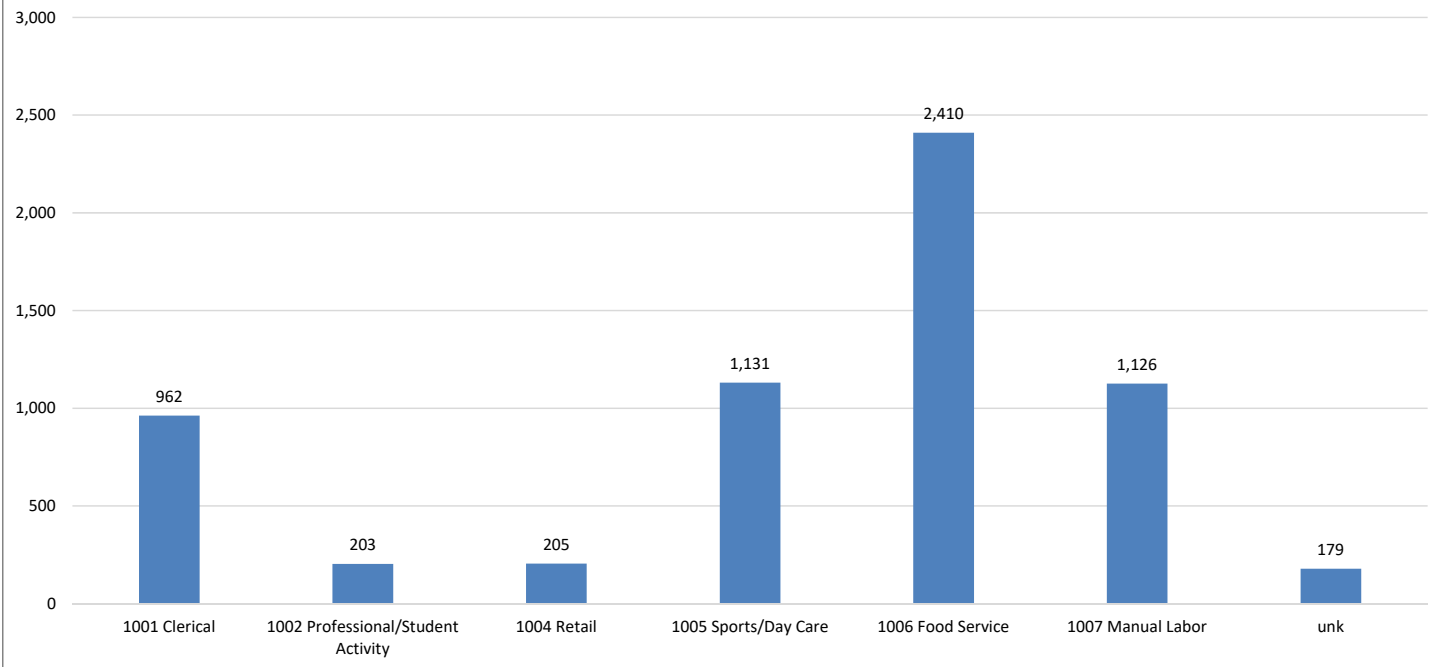
AORMA Liability Loss Charts



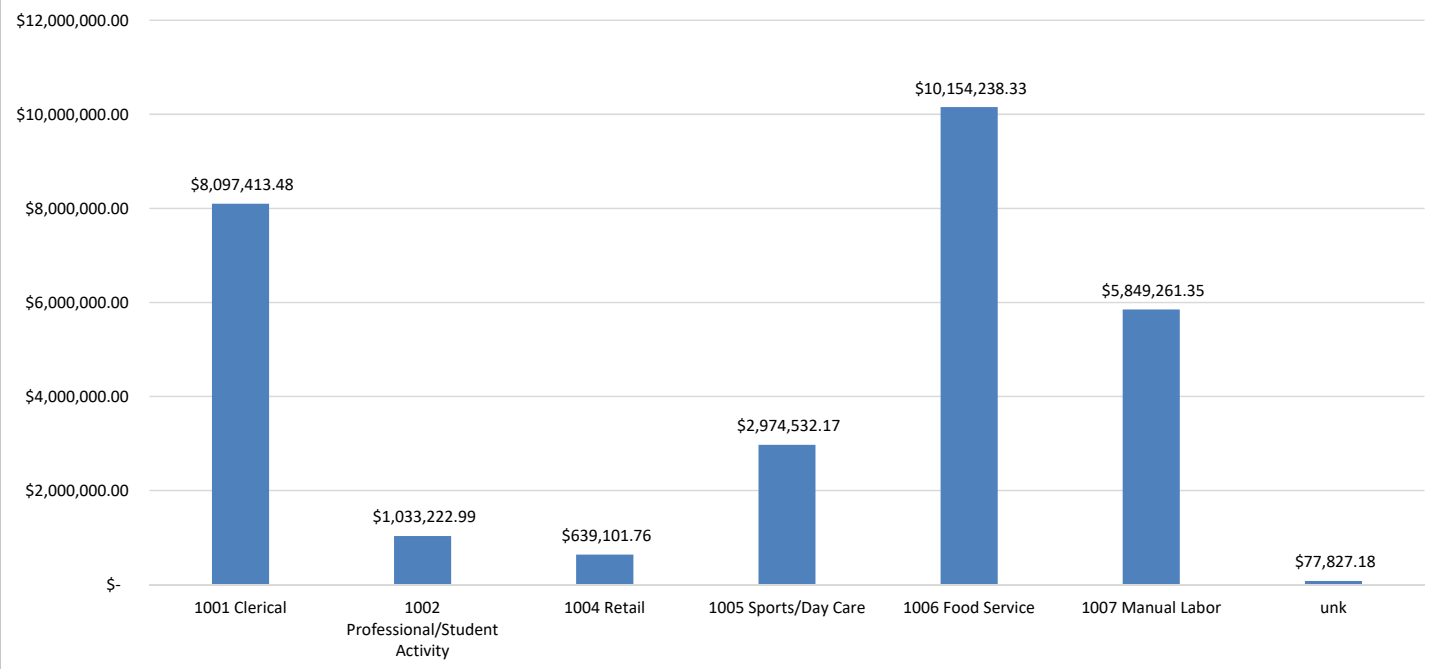
AORMA Liability Loss Charts

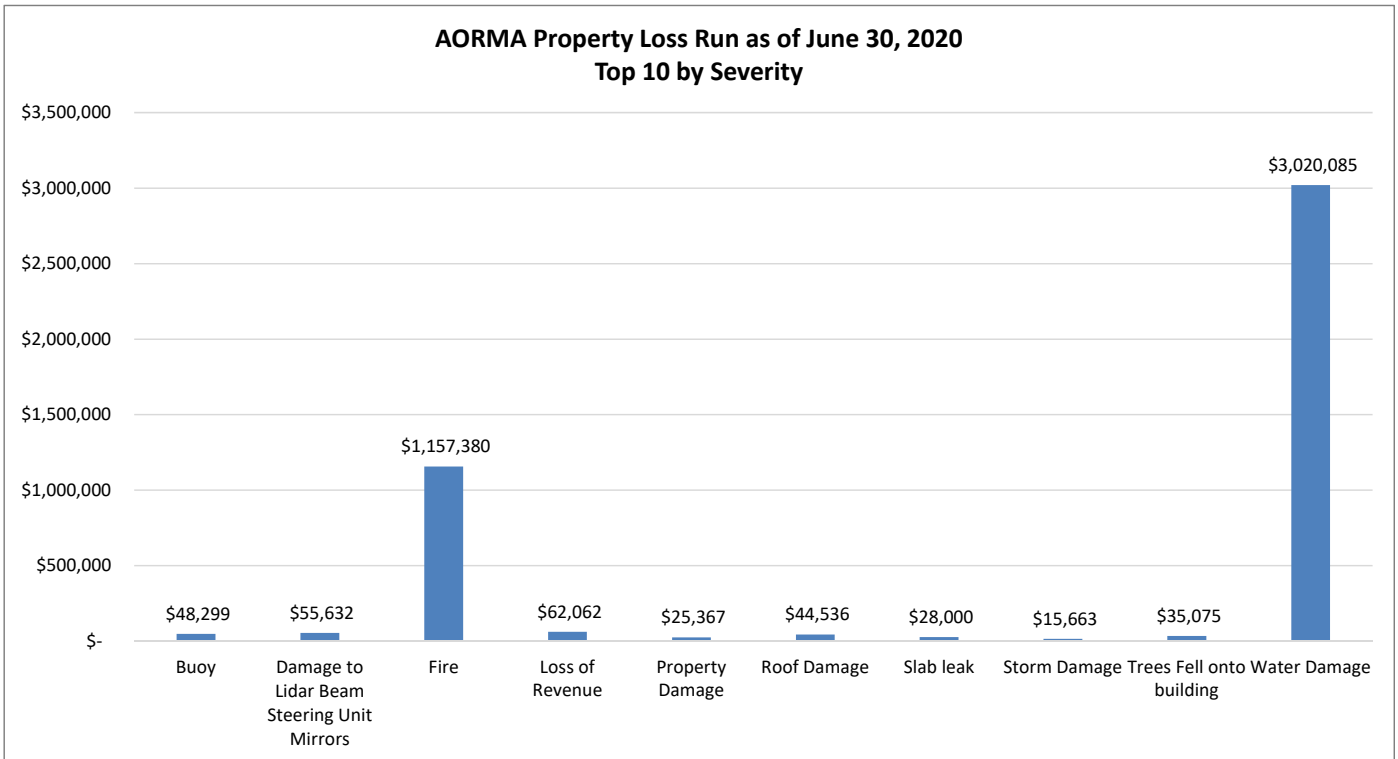
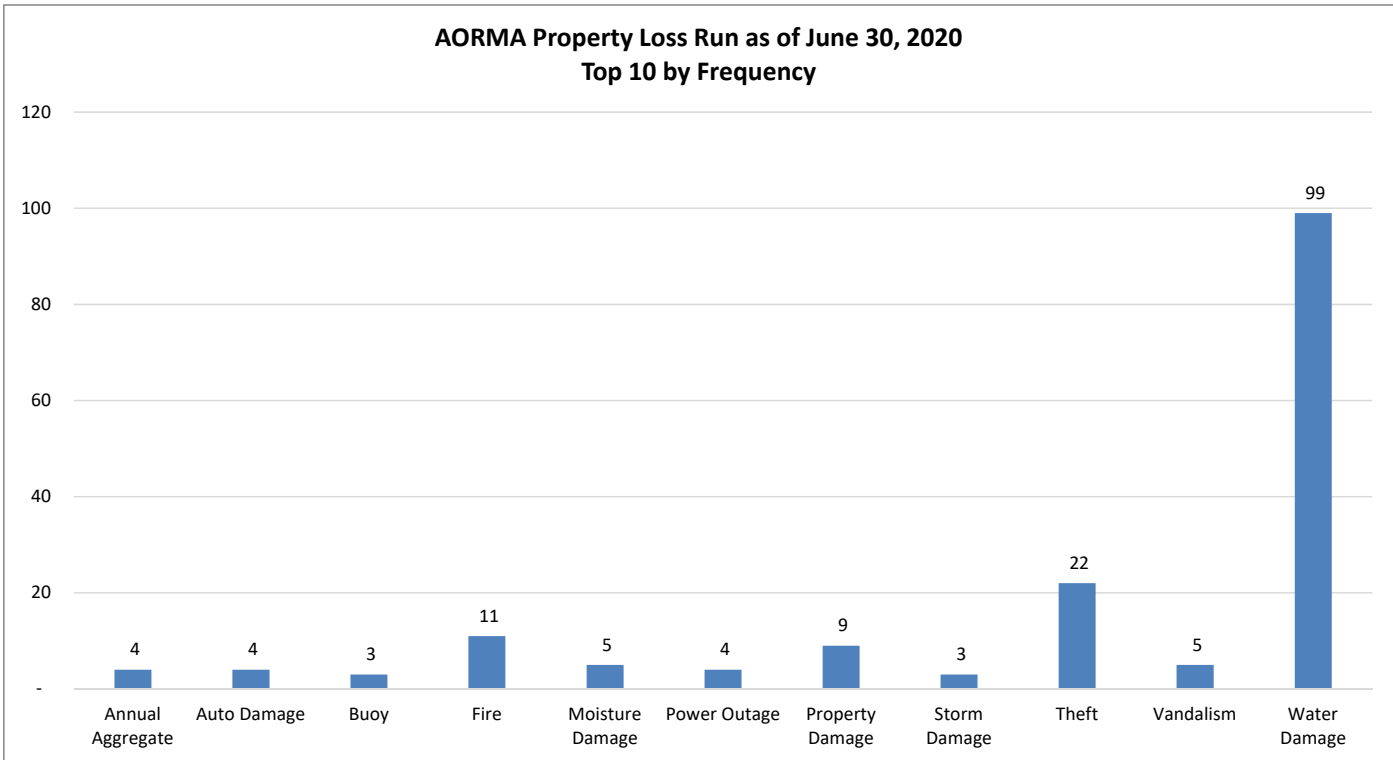


**AORMA Workers' Compensation Loss Run as of June 30, 2020
Classcode by Frequency**



**AORMA Workers' Compensation Loss Run as of June 30, 2020
Classcode by Severity**





RATING PLANS TASK GROUP

ISSUE: The AORMA Committee Chair appointed the committee members to service on the Rating Plans Task Group (RPTG) on December 5, 2019 to review AORMA’s member allocation formulas for the AORMA coverage programs and to explore possible refinements for the good of the membership.

The RPTG’s recommendations for amendments to member allocation formulas, if any, are used for calculating the annual contributions for each AORMA member for the next three fiscal periods beginning July 1, 2021. The RPTG’s findings and recommendations will be presented to the AORMA Committee for final approval at its meeting on September 10, 2020.

The RPTG evaluated the member allocation formulas for the following AORMA coverage programs:

1. Liability Program (include the Employment Practices Liability Deductible Calculation)
2. Workers’ Compensation Program
3. Property Program
4. Crime Program
5. Unemployment Insurance Program

The RPTG consisted of Leslie Levinson, Dave Nakamura, Bella Newberg and Bill Olmsted.

RECOMMENDATION: No action is recommended; however, the Officers may provide direction to Staff as appropriate.

FISCAL IMPACT: None; this is an information item only.

BACKGROUND: Attached are the overviews of the RPTG’s recommended changes to the member allocation formulas as well as the corresponding Policies and Procedures which explain in detail the allocation formula for each program.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. Liability Program Overview
- b. Policy and Procedure L-8 – Liability Program Member Allocation Formula
- c. Employment Practices Liability Deductible Calculation Overview
- d. Policy and Procedure L-7 – Employment Practices Liability Deductible Calculation
- e. Workers’ Compensation Program Overview
- f. Policy and Procedure W-1 – Workers’ Compensation Program Member Allocation Formula
- g. Property Program Overview
- h. Policy and Procedure P-1 – Property Program Member Allocation Formula
- i. Crime Program Overview
- j. Policy and Procedure C-1 – Crime Program Member Allocation Formula
- k. Unemployment Insurance Program Overview
- l. Policy and Procedure UI-1 – Formula for Determining Unemployment Insurance Program Annual Contributions

Liability Program Member Allocation

Basic Rating Formula

1. **Exposure Rates / Size Credit:** Four basic rates are calculated by the CSURMA actuary based on the total losses incurred within the following categories:
 - Auto liability
 - Employment practices
 - Premises liability (slip, trip and fall)
 - All other
2. **Size Credit:** Currently, a 20% size credit is included in the allocation based on the member's basic premium compared to the "Maximum Premium for Calculating the Size Credit" (Maximum Premium). Example: If the member's basic premium is \$50,000 and the Maximum Premium is \$100,000. Then the basic member's premium is 50% of the Maximum Premium; therefore, the member would receive 50% of the 20% size credit (or 10%).
3. **Experience Modification Factors (EMF):** EMF's are currently capped at a minimum of .50 and a maximum of 2.00. Seven members are capped at 2.00 and seven members are capped at .50.
4. **Excess insurance:** The excess insurance costs are allocated to each member based on its percentage of the total pooled layer premium. Minimum and maximum costs are included in the current FY 20/21 allocation of \$1,000 and \$98,398, respectively. Five members are capped at the maximum and sixteen are capped at the minimum.
5. **Administrative Costs:** The program administrative costs are allocated to each member based on its percentage of the total pooled layer premium. Minimum and maximum costs are included in the amount of \$799 and \$60,000, respectively. Five members are capped at the maximum and twenty-seven are capped at the minimum.
6. **Minimum Premium:** The current FY 20/21 allocation include a minimum premium of \$3,272.
7. **Premium Collars:** The liability program member allocation formula was significantly modified effective July 1, 2016. Premium collars were added to minimize major premium fluctuations. When adding a premium collar, the goal is to have them completely removed within five-years. For FY 20/21, premium collars of maximum reduction of -21% and maximum increase of 20% were included.

Details / Recommendations

8. **Exposure Categories / Rates:** Every year the actuary recommends rates based on the historical losses within four categories as shown below:
- Auto liability
 - Employment practices
 - Premises liability (slip, trip and fall)
 - All other

As shown on Loss Charts attached, all losses were reviewed to see if it would be prudent to add any additional rating categories to the liability allocation.

After completing the review, Staff does not recommend adding any new rating categories, as there is not a severity or frequency issue with any of the loss types within the "Other" category. Staff specifically reviewed food service losses as a potential category; however, the loss costs within that category are driven primarily by one e-coli claim. The remaining claims are relatively small.

9. **Rates / Size Credit:** Beginning July 1, 2020, AORMA will use the actuary's recommended rates for the four difference exposure categories. (In order to reduce pricing fluctuations, the rates were adopted slowly over a five-year period.) In the FY 20/21 allocation, in order to collect the required premium for the pooled layer, the rates are re-balanced up by 36% (20% for the size credit and 16% for the experience modification factors.) The size credit doesn't have a meaningful impact on the members' premium since the rates are also re-balanced up by 20%. Also, the experience modification factors do contemplate the member's size as part of the calculation. Therefore, Staff recommends removing the current 20% size credit and adding collars to the rates of around 15% to 20%. Staff will request input from the actuary.
10. **Experience Modification Factors (EMF):** Staff recommends no change to the EMF collars as increasing them may create major premium fluctuations.
11. **Excess insurance:** Because excess premium costs are steadily increasing, Staff recommends increasing the minimum by 5% each year for the next three years and increasing the maximum by 10% for FY 21/22 and reviewing the maximum every year for adequacy. The total excess program costs are about 50% of the total program costs (minus the admin costs). The current maximum excess premium of \$98,398 is approximately 38% of the largest member's uncapped premium.

Table 1

Reinsurance / Excess Insurance Costs		
Coverage Term	Minimum	Maximum
FY 21/22	\$1,000	\$108,237
FY 22/23	\$1,050	\$108,237
FY 23/24	\$1,103	\$108,237
FY 24/25	\$1,158	\$108,237

12. **Administrative Costs:** Staff is not recommending changes to the current administrative costs as they appear to be fair and equitable.
13. **Minimum Premium:** Staff expects the excess insurance costs to increase over the next few years, it is recommended that the minimum premium be increased by 5% each year for the next three years and then reviewed again.

Table 2

Coverage Term	Minimum Premium
FY 21/22	\$3,436
FY 22/23	\$3,607
FY 23/24	\$3,788
FY 24/25	\$3,977

14. **Premium Collars:** This program is entering year five. Staff believes that a maximum premium collar may be needed for one more additional year (FY 21/22). This will be reviewed in December, 2020, once the updated pool layer funding and excess premium amounts are established.



CSURMA AORMA

POLICY & PROCEDURE NO. L-8

SUBJECT: **LIABILITY PROGRAM MEMBER ALLOCATION FORMULA**

ADOPTED: **SEPTEMBER 8, 2016**

EFFECTIVE: **SEPTEMBER 8, 2016**

AMENDED: **MAY 4, 2017**
MAY 2, 2019
SEPTEMBER 10, 2020 (Change effective July 1, 2021)

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total liability program costs as outlined in the Liability Program Member Allocation Formula shown below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the Total Liability Program Costs for the upcoming fiscal year. In December, the AORMA Committee will accept the supplemental actuarial reports ~~to be~~ used as general guidelines within the Liability Program Member Allocation Formula:

1. Liability Rates
2. Liability Experience Modification Factors
3. Employment Practices Liability Indicated Deductible Credits

In December, the AORMA Committee will review and approve the final following allocation criteria within the Liability Program Member Allocation, including all allocation criteria. Formula and will approve the final member allocation for the upcoming fiscal year:

- ~~1. Basic rates~~
- ~~2. Maximum premium for calculating the size credit~~
- ~~3. Maximum size credit percentage~~
- ~~4. Minimum and/or maximum excess premium and administrative costs~~
- ~~5. Maximum and minimum premium collar percentages~~
- ~~6. Minimum premium~~

LIABILITY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

Four basic rates are included in the allocation formula for the following loss exposures:

Loss Exposure	Exposure Basis
Automobile Liability (AL)	Number of owned autos
Premises Liability (PL)	Total square footage owned, occupied, operated or maintained
Other Liability (OL)	Total expenditures for five years
Employment Practices Liability (EPL)	Total payroll

- The exposure basis for each loss exposure is multiplied separately by the corresponding ~~approved~~ basic rate and then added together. *Result – basic premium for pooled layer w/o ~~size credit or~~ loss rating.*

**** Example ****

1.	5	*	\$150	=	\$750
	Number of owned autos		Per Auto		AL Basic premium
	150,000	*	\$50	=	\$7,500
	Square Footage		Per 1,000 of square footage		PL Basic premium
	\$20,000,000	*	\$400	=	\$8,000
	Expenditures		Per 1,000,000 of expenditures		OL Basic premium
	\$5,000,000	*	\$1,200	=	\$6,000
	Payroll		Per 1,000,000 of payroll		EPL Basic premium
			Total		\$22,250
					Basic premium for pooled layer w/o size credit or loss rating

Size Credit:

- ~~Basic premium for pooled layer w/o size credit or loss rating is divided by the maximum premium for calculating size credit. Result – percentage of basic premium for pooled layer compared to the maximum premium for calculating size credit.~~
- ~~Percentage of total basic premium compared to maximum premium for calculating size credit is multiplied by maximum size credit percentage. Result – size credit percentage.~~
- ~~Basic premium for pooled layer w/o size credit or loss rating is multiplied by the size credit percentage. Result – basic premium for pooled layer w/ size credit.~~

**** Example ****

1.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	/	\$65,000 Maximum premium for calculating size credit	=	34% % of basic premium for pooled layer compared to maximum premium for calculating size credit
2.	34% % of basic premium for pooled layer compared to maximum premium for calculating size credit	×	20% Maximum size percentage credit	=	7% Size credit percentage
3.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	-	7% Size credit percentage	=	\$20,693 Basic premium for pooled layer w/ size credit

Loss Rating:

1. Loss rating discount or surcharge (as calculated by actuary) is multiplied by the basic premium for pooled layer ~~w/ size credit~~. *Result – Basic premium for pooled layer w/ ~~size credit and~~ loss rating.*

**** Example ****

1.	\$20,693 Basic premium for pooled layer w/ size credit	*	.945 Loss rating discount or surcharge	=	\$19,552 Basic premium for pooled layer w/ size credit and loss rating
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Excess Premium:

1. Each Member's percentage of the total basic premium for pooled layer w/o ~~size credit or~~ loss rating is multiplied by the total excess premium. *Result – excess premium.*
2. The excess premium is capped if it exceeds the maximum excess premium. *Result – capped excess premium.*

**** Example ****

1.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	/	\$1,718,405 Total program basic premium for pooled layer	=	1.29% Percentage of total program basic premium for pooled layer
	1.29% Percentage of total program basic premium for pooled layer	*	\$1,230,000 Total program excess premium	=	\$15,867 Excess premium
2.	\$15,867 Excess premium	=/<	\$85,000 Minimum excess premium	=	\$15,867 Capped excess premium

Administrative Costs:

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1. Each Member’s percentage of the total basic premium for pooled layer w/o ~~size credit or~~ loss rating is multiplied by the total program administrative costs. *Result – administrative costs.*
2. The administrative costs are capped at either the minimum or maximum administrative costs. *Result - Capped administrative costs.*

1.	\$22,250	/	\$1,718,405	=	1.29%
	Basic premium for pooled layer w/o size credit or loss rating		Total program basic premium for pooled layer		Percentage of total program basic premium for pooled layer
	1.29%	*	\$730,000	=	\$9,417
	Percentage of total program basic premium for pooled layer		Total program excess premium		Administrative costs
2.	\$9,417	<	\$60,000	=	\$9,417
	Excess premium		Maximum administrative costs		Capped administrative costs
	\$9,417	>	\$600	=	\$9,417
	Excess premium		Minimum administrative costs		Capped administrative costs

Final Premium ~~w/o Collars:~~

1.	\$19,555	+
	Basic premium for pooled layer w/ size credit and loss rating	
	\$15,867	+
	Capped excess premium	
	\$9,417	+
	Capped administrative costs	
	\$44,874	=
	Final premium w/o collars or deductible credits	

Collared Premium:

1. Premium collars may be added to the final premium w/o deductible credit in order to limit individual Member premium increases or decreases year over year.
2. ~~Prior year’s final premium w/o deductible credit is multiplied by the maximum collared percentage increase. *Result – maximum collared premium.*~~
3. ~~Prior year’s final premium w/o deductible credit is multiplied by the maximum collared rate decrease. *Result – minimum collared premium.*~~
4. ~~If the final premium w/o collars or deductible credits is less than the minimum collared premium, then the minimum collared premium will apply; if the final premium w/o collars or deductible credits is more than the maximum collared premium, then the maximum collared premium will apply.~~

**** Example ****

1.	\$35,000	+	10%	=	\$38,500
	Prior year’s final premium w/o deductible credit		Maximum collared percentage increase		Maximum collared premium

2.	\$35,000	-	10%	=	\$31,500
	Prior year's final premium w/o deductible credit		Maximum-collared percentage decrease		Minimum-collared premium
3.	\$44,874	>	\$38,500	=	\$38,500
	The maximum-collared premium is used because final premium w/o collars or deductible credits is greater than the maximum-collared premium				Final premium w/o deductible credits

Minimum Premium:

1. The final premium w/o deductible credits is compared to the approved minimum premium. The minimum premium is applied as appropriate.

Employment Practices Liability Deductible:

1. The EPL basic premium is reduced by the EPL deductible credits. The total savings is applied to the final premium w/o deductible credits.

Liability Program Employment Practices Deductible (EPL) Calculation

Formula for Determining Minimum EPL Deductible

If a Member has more than one EPL claim payment within the last five fiscal years, then the total amount paid (including defense costs) within those five years for all claims exceeding \$25,000 will be applied to the following schedule:

\$75,000 or less	\$25,000 deductible
\$75,001 to \$175,000	\$50,000 deductible
\$175,001 to \$275,000	\$75,000 deductible
Excess of \$275,001	\$100,000 deductible

Details / Recommendations

While Staff recognizes that the AORMA EPL deductible calculation practice is a bit unusual, it still appears to accomplish the goal of setting an appropriate EPL deductible for each member based on its own loss experience.

In the liability commercial market, an EPL deductible would be established by examining an insured's loss history. Once the EPL deductible size is set, it would generally remain the same until a significant enough change occurs to warrant an updated analysis. The AORMA EPL deductible calculation removes all subjectivity and simply assigns an amount based on actual paid claims.

Staff has reviewed the EPL insurance market for public entities and a \$100,000 EPL deductible is becoming the new normal.

Staff does not recommend changing the formula.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-7

**SUBJECT: EMPLOYMENT PRACTICES LIABILITY
DEDUCTIBLE (EPL) OPTIONS**

ADOPTED: MAY 12, 2011

**AMENDED: JULY 1, 2011
DECEMBER 6, 2012
DECEMBER 5, 2013
MARCH 19, 2015
SEPTEMBER 6, 2018**

EFFECTIVE: JULY 1, 2011

POLICY:

1. 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

EPL EXPENSE PAYMENTs made in a fiscal year subsequent to the fiscal year in which the final EPL LOSS PAYMENT was made will be considered to have been made in the same fiscal year as the final EPL LOSS PAYMENT.

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.

- 2. Each Member will have the option of electing an EPL deductible in excess of the minimum deductible.
- 3. Should a Member elect an EPL deductible in excess of the minimum EPL deductible, then that Member will be required to maintain the same EPL deductible for three full program years



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(July 1st to June 30th) before selecting a new EPL deductible. EPL deductibles can only be changed at the beginning of the coverage term – July 1st of each year. If, however, the formula for determining the minimum EPL deductible results in a deductible level higher than the EPL deductible level elected by the Member, the Member's EPL deductible will increase to the deductible level determined by the formula. Because the election of higher EPL deductibles can only be changed once per every three full program years, CSURMA AORMA strongly recommends a review of prior years' claims and consultation with the JPA Program Administrator before making any decisions regarding these higher EPL deductibles.

4. As outlined in Policy and Procedure L-1, Claims Reporting, it is the policy of CSURMA AORMA that written notice of any claim within the AORMA Liability Coverage Program be given to the Third Party Claims Administrator as soon as practicable. Failure to report a claim is cause for a reduction in or denial of coverage by AORMA.

PROCEDURE:

1. Annually, based on the formula above, the JPA Program Administrator will determine the minimum EPL deductible for each Member.
2. The JPA Program Administrator will provide the Members with the costs for each of the different EPL deductibles options.
3. If the Member chooses an EPL deductible higher than the minimum EPL deductible as approved by the AORMA Committee for that Member, then the Member will be required to sign the attached Consent to Change Employment Practices Liability Deductible letter.
4. A Member may appeal its minimum EPL deductible to the AORMA Committee in writing prior to the commencement of the coverage year, and the AORMA Committee will make a final decision.

DEFINITIONS:

EPL EXPENSE PAYMENT: Allocated loss adjustment expenses that are assignable to the claim. This may include but is not limited to fees to attorneys, experts, investigators, court reporters as well as third-party claims administrators incurred in defense of an EPL claim.

EPL LOSS PAYMENT: Compensatory damages which the Member is legally obligated to pay as a result of a claim.

EPL: Employment Practices Liability.

Consent to Change Employment Practices Liability Deductible

I am authorizing CSURMA AORMA to increase the Employment Practices Liability deductible within the CSURMA AORMA Liability Coverage Program for this Auxiliary Organization effective _____.

I understand that I must maintain this same deductible for three full program years (July 1st to June 30th) before selecting a new deductible. I am also aware that the following coverage provisions apply to all Employment Practices Liability claims regardless of the probable size of the claim. The Auxiliary Organization's or the Covered Party's failure to comply with any of these provisions will cause a reduction in, or denial of, coverage by CSURMA AORMA.

CLAIMS REPORTING PROVISIONS

If a Auxiliary Organization or Covered Party becomes aware of an event, occurrence or offense, which **may** result in a claim, suit or proceeding, the event must be reported to the Third Party Claims Administrator (TPA) as soon as practicable. If the event is not reported to the TPA within the timeframe set below; the following late reporting penalties shall apply;

LATE REPORTING PENALTIES

1. If an **occurrence**, offense, claim or suit is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
2. If an **occurrence**, offense, claim or suit is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply; or
3. If an **occurrence**, offense, claim or suit is reported more than 12 months late as determined by the TPA, no recovery will be available to the **Member** or other involved **Covered Party**.

DEFENSE COVERAGE PROVISIONS

If an Auxiliary Organization or Covered Party becomes aware of an event, occurrence or offense, which **may** result in a claim, suit or proceeding, CSURMA AORMA will reimburse any costs incurred by the Auxiliary Organization or Covered Party to defend the covered claim **but only if** the event is reported to the TPA within thirty (30) days of becoming aware of the event. CSURMA AORMA will not, however, reimburse any costs incurred more than thirty (30) days prior to notification to the TPA.

CLAIMS SETTLEMENT PROVISIONS

An Auxiliary Organization or Covered Party will not be reimbursed by CSURMA AORMA if the Auxiliary Organization or Covered Party settles a claim without prior written authorization of the Liability Claims Administrator.

I have read the above coverage provisions and I have a thorough understanding of my claims reporting obligations within the CSURMA AORMA Liability Program and consent to a change in my Employment Practices Liability deductible to:

\$50,000 / \$75,000 / \$100,000

Auxiliary Organization

Signed

Name

Title

Date

Workers' Compensation Program Member Allocation

Basic Rating Formula

1. **Rates:** The allocation uses an assigned WCIRB rate for each AORMA class code. A re-balancing factor is added to the WCIRB class code rates in order to achieve the total required program funding.

Table 1

Class Code Description	AORMA	WCIRB
Clerical	1001	8810
Off-site activities / professional / student activities	1002	8868
Retail	1004	8071
Sports / day care	1005	9053
Food service	1006	9079
Manual labor	1007	9101

2. **Experience Modification Factor:** The actuary uses the current published WCIRB method in order to calculate each member's EMF. EMF's are re-balanced to 1.00 and include a maximum change cap of +20% year over year.

Details / Recommendations

3. **Rates:** Using the WCIRB rates in conjunction with AORMA class codes has helped provide rate stability, so Staff recommends continuing the current practice.
4. **Experience Modification Factor (EMF):** The EMF's include a maximum change cap of +20% year over year. The AORMA workers' compensation program is performing exceptionally well and has a combined EMF of .72. Because the EMF's are re-balanced to 1.00, all EMF's are increased by 28%. This re-balancing results in members appearing to have a higher EMF than is actually warranted by their losses.

To achieve adequate funding, either the EMFs or the rates need to be re-balanced. Staff recommends removing the re-balancing from the EMF's so that members can accurately tracked in their EMFs in conjunction with their loss control / risk management efforts. Staff also recommends keeping the +20% EMF cap year over year.



CSURMA AORMA

POLICY AND PROCEDURE NO. W - 1

SUBJECT: WORKERS' COMPENSATION MEMBER ALLOCATION FORMULA

ADOPTED: MAY 15, 2008

EFFECTIVE: MAY 15, 2008

AMENDED: DECEMBER 8, 2009
SEPTEMBER 10, 2015
MAY 5, 2016
MARCH 9, 2017
MAY 4, 2017
MAY 2, 2019
SEPTEMBER 10, 2020 (Change effective July 1, 2021)

PURPOSE:

It shall be the policy of the CSURMA Auxiliary Organizations Risk Management Alliance (AORMA) to determine each MEMBER's allocation of the workers' compensation TOTAL PROGRAM FUNDING as outlined in the Workers' Compensation Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA COMMITTEE will approve the TOTAL PROGRAM FUNDING for the workers' compensation program for the upcoming fiscal year.

Annually, in December, the AORMA COMMITTEE will approve or accept the following allocation distribution criteria with the Workers' Compensation Member Allocation Formula:

1. AORMA BASIC RATES for each class code.
2. EXPERIENCE MODIFICATION FACTOR (EMF) as determined by the actuary.
3. Minimum Premium.

ALLOCATION FORMULA:

1. The MEMBER's EXPERIENCE MODIFICATION FACTOR is applied separately to each of the AORMA BASIC RATES. Result – Member's modified rates.
2. MEMBER's modified rates are applied separately to the MEMBER's estimated payroll, separated by class code, for the upcoming fiscal year. Result – Member's final modified deposit premium.

3. The minimum premium is applied if the Member’s final modified deposit premium is less than the approved minimum premium.

**** Example ****

1001	.50	*	.95	=	.48
1002	1.00	*	.95	=	.95
1004	1.50	*	.95	=	1.43
1005	3.00	*	.95	=	2.85
1006	4.00	*	.95	=	3.80
1007	5.00	*	.95	=	4.75
AORMA basic rates			Experience modification factor		Modified rates
1001	.48	*	\$1,000,000	=	\$4,800
1002	.95	*	\$800,000	=	\$7,600
1004	1.43	*	\$0	=	\$0
1005	2.85	*	\$0	=	\$0
1006	3.80	*	\$0	=	\$0
1007	4.75	*	\$0	=	\$0
					\$12,400
	Modified rates		Estimated payroll		Final modified deposit premium

ANNUAL PAYROLL AUDIT:

The MEMBER’s final payroll separated by AORMA class code will be requested at the end of each program year. The MEMBER’s final workers’ compensation premium will be calculated by multiplying the MEMBER’s actual payroll per class code by the MEMBER’s modified rates. The MEMBER will receive either a refund or additional deposit billing based on how their audited contribution compares with their initial deposit. MEMBERS will allocate their payroll to each of the AORMA class codes as outlined in the (1) AORMA Workers’ Compensation Explanation of Classification Codes and (2) AORMA Workers’ Compensation Payroll Rules to Follow publications. For those MEMBERS involved in federal sponsored programs, the refund can be retained on account with CSURMA to be used to lower contributions for the upcoming fiscal year. If the MEMBER chooses to receive the refund, then the MEMBER will be required to calculate the percentage of its payroll and salary that is attributable to federal sponsored programs to determine what percentage of the dividend will need to be returned to the federal government.

If the final audit is not received by the deadline, then the Program Administrator may increase that MEMBERS payrolls by the average payroll increase for all MEMBERS for the prior two years.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Workers' Compensation Program Member Allocation Formula 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 five (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 – 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.

AORMA BASIC RATES – The AORMA Basic Rates will be approved annually by the AORMA COMMITTEE. The WCIRB class code rates shown below will be utilized when determining the AORMA BASIC RATES. A normalization factor will be added to the WCIRB class code rates in order to achieve the TOTAL PROGRAM FUNDING required as approved by the AORMA COMMITTEE.

Class Code Description	AORMA	WCIRB
Clerical	1001	8810
Off-site activities / professional / student activities	1002	8868
Retail	1004	8071
Sports / day care	1005	9053
Food service	1006	9079
Manual labor	1007	9101

CSURMA – The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

CSURMA EXECUTIVE COMMITTEE – The California State University Risk Management Authority Executive Committee.

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.

MEMBER – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers’ Compensation Program Participation Agreement.

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.

TOTAL PROGRAM FUNDING - The Total Program Funding costs will include (1) the pooled layer funding requirement, as recommended by the actuary, (2) administrative costs and (3) excess insurance or reinsurance costs.

Property Program Member Allocation

Basic Rating Formula

1. **Basic Rate:** Two basic rates are applied to the following total insurable values (TIV):
 - Real property, business interruption and loss of rents (Real Property)
 - Business personal property (BPP)

The BPP rate is 20% higher than the Real Property rate.

2. **Size Credit:** The current allocation includes a maximum size credit of 30% and uses a “Maximum Premium for Calculating the Size Credit” (Maximum Premium) of \$600,000. A size credit is assigned based on the member’s basic premium compared to the Maximum Premium. Example: If the member’s premium is \$400,000 and the Maximum Premium is \$800,000. The member’s premium is 50% of the Maximum Premium; therefore, the member would receive 50% of the size credit (or 15%).
3. **Loss Rating:** A loss rating surcharge is applied to the member’s total losses, excess of its deductible, for a five-year period.

TABLE 1

Loss Ratio Surcharge	Credit
Less than 40%	None
Between 40% and 60%	5%
Between 60% and 100%	10%
Between 100% and 150%	20%
Between 150% and 300%	30%
Excess of 300%	40%

4. **Minimum Premium:** A minimum premium of \$600 is applied.

Details / Recommendations

5. **Basic Rate:** The current allocation uses two separate rates for real property, business interruption and loss of rents (Real Property) and business personal property (BPP). The Real Property rate is “re-balanced” to achieve the necessary program funding. The decision to include two separate rates was to account for the difference between the larger members with the “state of the art” buildings vs. the smaller members with very little BPP. Staff finds that this approach doesn’t achieve its original goal, as most smaller members are capped at the minimum premium and the size credit helps to provide discounts to the larger members. Also, in examining the claims history, the BPP losses do not warrant a higher rate. Therefore, Staff recommends using one single rate that applies to all TIV’s.

6. **Size Credit:** The current allocation includes a 30% size credit; however, by increasing the size credit to 40%, in with conjunction with a single rate for all TIV, the premium allocation remains fairly stable. Staff recommends increasing the size credit to 40%.
7. **Loss Rate:** Staff recommends no change to the loss rating as in our examination it appears to remain fair and equitable.
8. **Minimum Premium:** Staff recommends no change to the minimum premium. The comparison of TIV to premium seems reasonable.



CSURMA AORMA

POLICY & PROCEDURE NO. P-1

SUBJECT: PROPERTY PROGRAM MEMBER ALLOCATION FORMULA

ADOPTED: NOVEMBER 6, 2013

EFFECTIVE: JULY 1, 2014

AMENDED: SEPTEMBER 10, 2015
MAY 4, 2017
MAY 2, 2019
SEPTEMBER 10, 2020 (Change effective July 1, 2021)

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total property program costs as outlined in the Property Program Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the Total Property Program Costs for the upcoming fiscal year.

In December, the AORMA Committee will review and approve the final following allocation criteria within the Property Program Member Allocation, including all allocation criteria. Formula and will approve the final member allocation for the upcoming fiscal year:

- ~~1. Basic rates~~
- ~~2. Maximum premium for calculating the size credit~~
- ~~3. Maximum size credit percentage~~
- ~~4. Minimum premium~~
- ~~5. Loss ratio surcharge schedule~~

PROPERTY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

- *TIV = Total Insurable Values (including Real Property, Business Personal Property, and Business Income and Rental Value)*
- ~~*RP/BI = Real Property / Business Income and Rental Value*~~
- ~~*BPP = Business Personal Property*~~

~~Two basic rates are included in the allocation formula; one for RP/BI and one for business BPP. The BPP rate is 20% higher than the RP/BI rate.~~

- ~~1. RP/BI TIV is multiplied by the RP/BI basic rate. Result – RP/BI basic premium.~~
- ~~2. BPP TIV is multiplied by the BPP rate. Result – BPP basic premium.~~
- ~~3. RP/BI basic premium and BPP basic premium are added together. Result – basic premium.~~
- ~~4. Basic premium is divided by the total TIV. Result – basic rate.~~

**** Example ****

1.	\$50,000,000 RP/BI TIV	*	.2000 RP/BI Rate (per \$100 in TIV)	=	\$100,000 RP/BI Basic Premium
2.	\$25,000,000 BPP TIV	*	.2400 BPP Rate (per \$100 in TIV)	=	\$60,000 BPP Basic Premium
3.	\$100,000 RP/BI Basic Premium	+	\$60,000 BPP Basic Premium	=	\$160,000 Basic Premium
4.	\$160,000 Basic Premium	/	\$75,000,000 Total TIV	=	.2133 Basic Rate (per \$100 in TIV)

Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. Result – *percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit*.
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. Result – *size credit percentage*.
3. Basic rate is multiplied by the size credit percentage. Result – *Basic rate with size credit*.

**** Example ****

1.	\$160,000 100,000 Basic Premium	/	\$600,000 800,000 Maximum Premium for Calculating Size Credit	=	2713% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	2713% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	3040% Maximum Size Percentage Credit	=	85% Size Credit Percentage
3.	.2133 .2000 Basic Rate Premium	-	85% Size Credit Percentage	=	.1960 .1896 Basic Rate w/ Size Credit

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*
2. Member’s five-year loss ratio is reviewed against loss ratio surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total TIV. *Result – Final premium.*

**** Example ****

1.	<u>\$125,000</u> Five Years Paid Claims	/	<u>\$500,000</u> Total Premium for Five Prior Years	=	<u>25%</u> Loss Ratio
2.	<u>25%</u> 25% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is Assigned.			=	<u>5%</u> Loss Ratio Surcharge
3.	<u>5%</u> Loss Ratio Surcharge	+	<u>.1961896</u> Basic Rate w/ Size Credit	=	<u>.20581991</u> Final Rate
4.	<u>.20581991</u> Final Rate (per \$100 in TIV)	*	<u>\$750,000,000</u> Total TIV	=	<u>\$154,35099,550</u> Final Premium

Minimum Premium:

1. If the final premium is greater than the Minimum Premium, use the final premium. *Result – final premium w/ minimum premium if applicable.*

**** Example ****

1.	<u>\$154,50099,550</u> If the Final Premium is greater than the minimum premium, use the Final Premium	>	<u>\$600</u>	=	<u>\$154,50099,550</u> Final Premium
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DEFINITIONS:

1. ~~RP/BI – Real Property, Business Interruption and Rental Value~~ **Basic Rate** – This rate ~~will be~~ approved annually by the AORMA Committee as part of the final Property Program Member Allocation and it. ~~It~~ may increase or decrease depending the total property program funding required for the upcoming fiscal year.
2. ~~BPP – Business Personal Property~~ **Basic Rate** ~~This rate will be approved annually by the AORMA Committee. It may increase or decrease depending the total property program~~

~~funding required for the upcoming fiscal year. This rate will be 20% higher than the Real Property, Business Interruption and Rental Value Basic Rate.~~

3.2. Maximum Premium for Calculating Size Credit – The Maximum Premium for Calculating the Size Credit dollar amount will be approved ~~annually~~ by the AORMA Committee as part of the Property Program Member Allocation. The Maximum Premium for Calculating Size Credit is used to calculate each member's size credit. The member's basic premium is divided by the Maximum Premium for Calculating Size Credit, as an example - $\$300,000$ (member's basic premium) / $\$600,000$ (Maximum Premium for Calculating Size Credit) = 50% (member's percentage of size credit). This member would be subject to 50% of the total **Size Credit Percentage**.

4.3. Size Credit Percentage – The Size Credit Percentage will be approved annually by the AORMA Committee as part of the Property Program Member Allocation. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (member's percentage of size credit) * 30% (Size Credit Percentage) = 15% member's size credit.

Crime Program Member Allocation

Basic Rating Formula

1. **Basic Rate:** The basic rate is applied to payroll. If the member has no, or very little payroll, a minimum premium is applied.

2. **Size Credit:** Currently, a 30% size credit is included in the allocation based on the member's basic premium compared to the "Maximum Premium for Calculating the Size Credit" (Maximum Premium). Example: If the member's basic premium is \$5,000 and the Maximum Premium is \$10,000. Then the member's premium is 50% of the Maximum Premium; therefore, the member would receive 50% of the 30% size credit (or 15%).

3. **Loss Rating:** The loss rating is based on paid losses compared to program premium. Loss costs in excess of the member's \$5,000 deductible within the past five years are included in the loss ratio.

TABLE 1

Loss Rating Surcharge Schedule	
Surcharge Ratio	Surcharge
Less than 50%	0%
Over 50%	10%
Over 100%	20%
Over 200%	40%
Over 300%	50%

4. **Minimum Premium:** If the member has little or no payroll, a minimum premium is applied using expenditures as the measure. This is the current minimum premium chart.

TABLE 2

Expenditures	Minimum Prem
1,000,000	200
1,250,000	250
1,500,000	300
2,000,000	400
3,000,000	600
4,000,000	800
5,000,000	1,000
6,000,000	1,200
7,000,000	1,400
8,000,000	1,520
9,000,000	1,620
10,000,000	1,700
12,500,000	2,188
15,000,000	2,550
17,500,000	2,888
Over 17,500,000	3,200

5. **Administrative Costs**: The administrative costs are shared equally between all members rather than allocated based on premium size. The reason behind this decision is that the program does not require significant administrative effort due to the small number of claims filed each year.

Details / Recommendations

6. **Basic Rate**: Rather than applying the rate to payroll and then adding a minimum premium, Staff recommends applying one single rate against expenditures for all members to provide a more equitable distribution of the program costs.
7. **Size Credit**: Staff recommends increasing the size credit from 30% to 40% because it seems to achieve better equity between large and small members.
8. **Loss Rating**: Staff recommends no change to the current loss rating schedule as in our examination it appears to remain fair and equitable.
9. **Minimum Premium**: Because the program rate will be applied to expenditures for all members, the table of minimum premiums is no longer required. Staff recommends adding a minimum premium of \$300.
10. **Administrative Costs**: Staff recommends no change to the allocation of administrative costs.



CSURMA AORMA

POLICY & PROCEDURE NO. C-1

SUBJECT: CRIME PROGRAM MEMBER ALLOCATION FORMULA

ADOPTED: NOVEMBER 6, 2013

EFFECTIVE: JULY 1, 2014

AMENDED: SEPTEMBER 10, 2015
MAY 4, 2017
MAY 2, 2019
SEPTEMBER 10, 2020 (Change effective July 1, 2020)

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total crime program costs as outlined in the Crime Program Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the total crime program costs for the upcoming fiscal year.

In December, the AORMA Committee will review and approve the final following allocation criteria within the Crime Program Member Allocation Formula, including all allocation criteria. ~~and will approve the final member allocation for the upcoming fiscal year:~~

- ~~1. Basic rate~~
- ~~2. Maximum premium for calculating the size credit~~
- ~~3. Maximum size credit percentage~~
- ~~4. Minimum premium schedule~~
- ~~5. Loss ratio surcharge schedule~~
- ~~6. Minimum premium schedule~~

Basic Rates:

~~The payroll used within this allocation is the estimated payroll for the upcoming fiscal year.~~

- 1. Payroll Expenditures ~~are~~ multiplied by the **Basic Rate**. *Result – basic premium*

**** Example ****

1.	<u>\$10,000,000</u> Payroll	*	<u>.0200</u> Basic Rate (per \$100 in payroll)	=	<u>\$4,005,000</u> Basic Premium
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Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*
4. Basic rate with size credit is multiplied by the payroll expenditures. *Result – Basic premium with size credit.*

**** Example ****

1.	<u>\$4,005,000</u> Basic Premium	/	<u>\$10,000</u> Maximum Premium for Calculating Size Credit	=	<u>4050%</u> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	<u>4050%</u> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	<u>3040%</u> Maximum Size Percentage Credit	=	<u>1220%</u> Size Credit Percentage
3.	<u>.0400</u> Basic Rate	-	<u>1220%</u> Size Credit Percentage	=	<u>.0352</u> Basic Rate w/ Size Credit
4.	<u>.0352</u> Basic Rate w/ Size Credit	*	<u>\$10,000,000</u> <u>25,000,000</u> <u>Payroll Expenditures</u>	=	<u>\$3,520,000</u> Basic Premium w/ Size Credit

Minimum Premium:

~~The expenditures used within this allocation are the expenditures documented in the member's financial audits.~~

1. If the basic premium w/ size credit is greater than the Minimum Premium, use the basic premium w/ size credit. Result – basic premium w/ size credit w/o loss rating.

- ~~1. Using the Minimum Premium Schedule, each member is assigned a minimum premium based on their average expenditures for five years. Result – member’s scheduled minimum premium.~~
- ~~2. Member’s basic premium with size credit is compared to the member’s scheduled minimum premium. Result – the minimum premium will be applied if the member’s basic premium with size credit is less than the minimum premium.~~

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*
2. Member’s five-year loss ratio is reviewed against loss rating surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic premium with w/ size credit, or minimum premium, is increased by loss ratio surcharge. *Result – final premium.*

Administrative Costs:

1. The crime program administrative costs ~~will be~~ are divided evenly between all of the crime program members. *Result – member’s crime program administrative costs.*
2. Member’s crime program administrative costs are added to the member’s final premium or minimum premium, whichever applies. *Result – total crime program premium.*

DEFINITIONS:

1. **Basic Rate** – This rate ~~will be~~ is approved annually by the AORMA Committee as part of the final Crime Program Member Allocation and it. ~~It~~ may increase or decrease depending the total crime program funding required for the upcoming fiscal year.
2. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Size Credit dollar amount will be approved ~~annually~~ by the AORMA Committee as part of the Crime Program Member Allocation. The Maximum Premium for Size Credit is used to calculate each member’s size credit. The member’s basic premium is divided by the Maximum Premium for Size Credit, as an example - $\$5,000$ (member’s basic premium) / $\$10,000$ (Maximum Premium for Size Credit) = 50% (member’s percentage of size credit). This member would be subject to 50% of the total Size Credit Percentage.
3. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the AORMA Committee as part of the Property Program Member Allocation. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (member’s percentage of size credit) * 30% (Size Credit Percentage) = 15% member’s size credit.

Unemployment Insurance Program Member Allocation

Basic Rating Formula

The AORMA Unemployment Insurance Program does not include any loss sharing between its members. All members pay for their own claims. Members may borrow funds if their UI claims exceed their fund balance within the program. Members pay back borrowed funds over a five-year period. The UI program costs are allocated to each member as shown below:

1. **Average Annual Claims**: Annually, each member pays into the program its five-year average annual UI claims.
2. **Administrative Costs**: An administrative cost is allocated to each member based on its percentage of the total average annual claims. There is a minimum administrative cost of \$432.
3. **Minimum Fund Balance Required**: Each member is required to maintain a fund balance of two times its average annual claims. If the member's fund balance is deficient, 20% of the deficit is added to the member's premium until the fund balance is at the required level.

Details / Recommendations

Staff is not recommending changes to the basic rating formula; however, the AORMA Committee, at its September, 2020 meeting may want to consider bumping up the overall UI program funding for FY 21/22 to take into account the increase in UI claims. The overall FY 21/22 UI program funding will be based on the members' average annual losses for the term July 1, 2015 to June 30, 2020. As UI claims may continue to increase past the quarter ending June 30, 2020, the AORMA Committee could increase program funding to take into account the increase.

4. **Average Annual Claims**: The program was set-up to provide cost stability to its members. As UI claims are increasing, each member's deposit premium for FY 21/22 will increase as their average annual claims for the prior five-year period (15/16 through FY 19/20) increases. Staff is not recommending changes to the use of the average annual claims as the rating basis.
5. **Administrative Costs**: As Staff expects UI claims to increase, so will the claim administration fee charged by Equifax; however, the minimum administrative fee will only apply to those members with very few UI claims. Therefore, Staff is not recommending a change to the minimum administrative costs.
6. **Minimum Fund Balance Required**: As UI claims are expected to increase, the current UI deposit formula allows members to pay back a fund balance deficit over a five-year period. This is reasonable, and if the entire UI program fund balance becomes negative, the UI program can borrow funds from another CSURMA AORMA Program. No change is recommended.



CSURMA AORMA

POLICY & PROCEDURE UI-1

SUBJECT:	FORMULA FOR DETERMINING THE UNEMPLOYMENT INSURANCE PROGRAM ANNUAL CONTRIBUTIONS
ADOPTED:	MAY 12, 2010
EFFECTIVE:	JULY 1, 2018
REVISED:	DECEMBER 6, 2012 MAY 8, 2014 MAY 5, 2016 MARCH 9, 2017 MAY 4, 2017 DECEMBER 7, 2017 DECEMBER 6, 2018

Should there be any discrepancy between this document and the PARTICIPATION AGREEMENT between the AORMA COMMITTEE and the MEMBER, the PARTICIPATION AGREEMENT will govern.

POLICY:

The AORMA Unemployment Insurance Program (UIP) annual contribution for each Auxiliary Organization participating in the AORMA UIP (MEMBER) shall be calculated using two factors – paid claims and administrative costs.

PROCEDURE:

1. **Deposit Formula** - Paid claims (the MEMBER's average annual paid claims for five years ending 6/30), plus an administrative cost. The administrative costs are allocated to each MEMBER based on its percentage of the total average annual paid claims.
2. **Minimum Fund Balance** - Each MEMBER must maintain in the AORMA UIP a minimum fund balance of two times its average annual losses. If a MEMBER's fund balance is below the minimum, annually, the additional funding required will be calculated and the MEMBER will be assessed at the program anniversary date an amount not to exceed 20% of the additional funding required to achieve the minimum fund balance. The MEMBER will be assessed annually until the MEMBER's fund balance is at the minimum fund balance.

At the end of each fiscal year, the AORMA UIP Fund Balance Report will be distributed to each MEMBER. The Fund Balance Report will include actual paid claims for the fiscal year



rather than estimates. If the MEMBER's fund balance exceeds the minimum fund balance required (two times annual average losses), the following procedures will be followed:

Excess funds will be used to lower contributions for the upcoming fiscal year. Any excess funds remaining after lowering contributions for the upcoming fiscal year can be used as follows;

- 1) The MEMBER can request a one-time transfer of funds to another AORMA Program (AORMA Liability, Workers' Compensation, Property or Crime) to be used to lower contributions for the upcoming fiscal year. For MEMBERS with federal sponsored programs, the MEMBER can request a one-time transfer of funds to the AORMA Workers' Compensation Program; or,
 - 2) The MEMBER can request to receive a refund of the funds in excess of the minimum required fund balance. For MEMBERS with federal sponsored programs, the MEMBER will be required to calculate the percentage of its payroll and salary that is attributable to federal sponsored programs to determine what percentage of the refund will need to be returned to the federal government; or,
 - 3) The excess funds can remain on account.
3. **Minimum Contribution** - There is no minimum contribution based on paid claims. However, a minimum contribution for administrative costs will be applied according to the Minimum Administrative Costs Schedule approved by the AORMA Committee.
4. **Investment Income / Loss** - The total Investment Income or Loss is allocated to each MEMBER based on its percentage of the total AORMA UIP average fund balance for the preceding fiscal year. The AORMA Committee may decide to defer assessments resulting from unrealized investment losses. For the purpose of calculating the MEMBER's average fund balance, the following formula shall be used:

Beginning fund balance *plus* additional contributions *less* MEMBER's paid claims *less* MEMBER's allocated administrative costs = MEMBER's average balance.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the Formula for Determining Unemployment Insurance Program Annual Deposits Policy, 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



CSURMA AORMA

POLICY & PROCEDURE UI-1

its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the MEMBER of the final decision within five (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 five (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 COMMITTEE - The governing body of AORMA.

AORMA - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority. Within this Policy and Procedure, MEMBER also means the Auxiliary Organization participating in the AORMA Unemployment Insurance Program.

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.

UIP – AORMA Unemployment Insurance Program.

LOSS CONTROL VENDOR UTILIZATION REPORTS

ISSUE: The Officers will be asked to review the Utilization Reports from the Loss Control Vendors.

- Alliant Risk Control Consulting (Term: 7/01/19 to 6/20/22)
- Presidium (Term: 7/01/20 to 6/30/23)
- Employer Group (Term: 7/01/20 to 6/30/23)

RECOMMENDATION: No action is recommended. This item is for information only.

FISCAL IMPACT: None.

BACKGROUND: See the attached report for detailed information.

PUBLICATION: Periodically, Staff will send out reminders, to all of the Members, outlining the program services.

ATTACHMENT(S):

- a. Alliant Risk Control Consulting
- b. Presidium
- c. Employers Group

AUXILIARY ORGANIZATION RISK MANAGEMENT ASSOCIATION 2019-20

\$125,000
CONTRACT AMT.

6/27/2020

DATE	ACCOUNT NO.	PROJECT DETAILS	CONSULTANT/ COMPANY	NO. OF HOURS	HOURLY RATE	TOTAL INVOICE AMT	INVOICE NUMBER
07/01/19		CARRY OVER (2018-19)				\$301.57	(Not Invoiced)
07/01/19		Available Funds 2019-20				\$125,000.00	(Not Invoiced)
09/30/19		Invoiced Amount				\$50,384.75	#1186377
12/31/19		Invoiced Amount				\$15,281.50	#1255096
03/30/20		Invoiced Amount				\$25,189.13	#1320714
06/30/20		Invoiced Amount				\$9,191.25	
12/28/19		TOTAL AVAILABLE FUNDS				\$25,254.95	
03/31/20	AORMA	Webinar - Deliver Working from Home: Ergonomic Tips + 2 follow-up emails	J. Owen	1.00	\$193.50	\$193.50	
03/30-03/31/20	AORMA	Research/Development - Development of Theater Safety Fact Sheet	J. Owen	3.00	\$193.50	\$580.50	
03/31/20	AORMA	Webinar - Working From Home Webinar	R. Machado	1.00	\$193.50	\$193.50	
04/02/20	Forty-Niner Shops, Inc., CSU Long Beach	Research/Development - Dust mask resources	R. Machado	0.50	\$193.50	\$96.75	
04/06/20	AORMA	Correspondence - Update and provide Q3 service summary report	J. Owen	1.00	\$193.50	\$193.50	
04/06-04/07/20	AORMA	Research/Development - Development of Theater Safety Targeted Communication document	J. Owen	5.00	\$193.50	\$967.50	
04/13/20	AORMA	Research/Development - Development of Theater Safety Targeted Communication document	J. Owen	1.50	\$193.50	\$290.25	
04/15/20	Forty-Niner Shops, Inc., CSU Long Beach	Research/Development - WC COVID-19 resources	R. Machado	1.00	\$193.50	\$193.50	
April Totals			-----	14.00	-----	\$2,709.00	
05/15/20	CSU Sacramento University Enterprises Inc	Conference Call - Call with Dena Roberts to review available COVID return to work materials, discuss employee training plan	J. Owen	1.00	\$193.50	\$193.50	
05/11/20	CSU Monterey Corporation	Conference Call - Call with Maddison Burton to discuss resources and also plan for ergonomics training for employees	J. Owen	0.50	\$193.50	\$96.75	
05/11-05/13/20	CSU San Marcos, Corporation	Other - Prep/review preliminary responses for tele-ergonomic evaluation, report	K. Loiselle	2.00	\$193.50	\$387.00	
05/11-05/14/20	49er Shops CSULB	Research/Development - Electrical Safety Program Review and Call, COVID19 template, baler sample, lockout/tagout template	R. Machado	10.00	\$193.50	\$1,935.00	
05/12/20	CSUSM Corporation	Peer Review - 1 ergo eval peer review (05/11/2020 assessment)	R. Machado	0.50	\$193.50	\$96.75	
05/21/20	CSU Monterey Corporation	Conference Call - Call with Maddison Burton to discuss resources and also plan for ergonomics training for employees	J. Owen	0.50	\$193.50	\$96.75	
05/19/20	CSULB ASI	Correspondence - COVID19 Resources	R. Machado	1.00	\$193.50	\$193.50	
05/22/20	CSULB 49er Shops	Other - Succeed Management	R. Machado	1.00	\$193.50	\$193.50	
05/29/20	CSU Sonoma ASI	Correspondence - Developed and provided attendee spreadsheet to Culinary team who attended webinar	J. Owen	1.00	\$193.50	\$193.50	

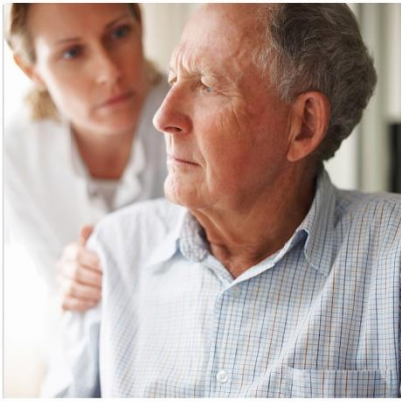
AUXILIARY ORGANIZATION RISK MANAGEMENT ASSOCIATION 2019-20

\$125,000
CONTRACT AMT.

6/27/2020

DATE	ACCOUNT NO.	PROJECT DETAILS	CONSULTANT/ COMPANY	NO. OF HOURS	HOURLY RATE	TOTAL INVOICE AMT	INVOICE NUMBER
05/26/20	Sonoma State	Correspondence - Certificates of Attendance to clients	K. Loiselle	1.00	\$193.50	\$193.50	
06/01/20	CSULB ASI	Other - Training Materials	R. Machado	1.00	\$193.50	\$193.50	
06/01/20	CSULB 49er Shops	Other - Succeed Management	R. Machado	1.00	\$193.50	\$193.50	
06/03/20	CSULB 49er Shops	Product Development - Baler Training	R. Machado	2.00	\$193.50	\$387.00	
May Totals				-----	22.50	-----	\$4,353.75
06/15-06/18/20	CSU San Jose Research Foundation	Research/Development - Review of the updated IIPP and feedback.	J. Owen	3.00	\$193.50	\$580.50	
06/23-06/24/20	CSU San Jose Research Foundation	Conference Call - Review of IIPP updates and call to discuss status and next steps	J. Owen	2.00	\$193.50	\$387.00	
06/24/20	AORMA	Fact Sheet - Prep Q1 Theater Safety Fact Sheet	J. Owen	2.00	\$193.50	\$387.00	
06/23/20	AORMA	Loss Run/Analysis - Loss review in prep of July Top 3 Aux targets (in support of 20/21 plan	J. Owen	1.00	\$193.50	\$193.50	
06/24/20	SJSU Research Foundation	Conference Call - IIPP call	R. Machado	1.00	\$193.50	\$193.50	
06/22/20	49er Shops	Product Development - Baler Tool Box Talk document	R. Machado	2.00	\$193.50	\$387.00	
					\$193.50	\$0.00	
					\$193.50	\$0.00	
					\$193.50	\$0.00	
June Totals				-----	11.00	-----	\$2,128.50
TOTAL FUNDS USED TO DATE: 6/27/2020				-----	515.07	-----	\$100,046.63

6/27/2020	REMAINING BALANCE for FY19-20	\$25,254.95
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Praesidium Utilization Report

California State University Risk Management Authority

April 24, 2020



PRAESIDIUM

800.743.6354 • 817.261.7864 fax
www.PraesidiumInc.com

3P.

Information contained in this proposal is confidential and proprietary to Praesidium, Inc. and should not be disclosed to anyone not a designated recipient or reviewer.

Utilization of 2017-2020 Praesidium Services

Within the current contract period (July 1, 2017 to June 30, 2020), the CSU campuses and auxiliaries have thus far taken advantage of a core set of abuse prevention resources that include:

- **Tools to help build internal support by engaging campus and auxiliary leadership.**

These efforts include professional development presentations at CSU conferences and regional leadership workshops across the state.

- **Tools to strengthen foundational abuse prevention resources.**

These efforts include training for front-line teams that work with youth and vulnerable adults (either online or in-person), development of campus-level policies, and a wide range of consultation (on and off-site).

- **Tools to assess risk and ensure best practice standards at the campus, program, and/or auxiliary level.**

Some campuses took advantage of Praesidium's in-depth on-site risk assessment process (that includes document reviews, interviews, observations, and incident debriefs). This process is designed to help campuses and auxiliary programs understand their abuse risk exposures, provide recommendations to close these potential gaps, and resources to support next steps.

- **Tools to maintain the momentum and create organizational torchbearers.**

These tools include the Certified Praesidium Guardian program,¹ a robust certification process in which participants learn best practices in organizational abuse prevention, including specific steps to take to prevent incidents of abuse by employees, volunteers, or program participants, and how to respond effectively if an allegation or incident occurs. Participants also learn how to ensure that their organization stays current and consistent in the implementation of abuse prevention best practices.

The following chart provides a high-level overview of the utilization of these resources by campus.

¹ For a full description and video of the Certified Praesidium Guardian program, visit [Praesidium's website](#).

Overview of Praesidium Service Utilization by Campus (2017-2020)

	Certified Praesidium Guardian Workshop	Leadership Workshop	Training - Online	Training - In Person	Risk Assessment (On-Site)	Policy Development
CSURMA/Chancellor's Office	✓	✓				
Bakersfield						
Channel Islands						
Chico	✓	✓				✓
Dominguez Hills	✓	✓	✓	✓		
East Bay	✓	✓	✓	✓		
Fresno	✓	✓	✓			
Fullerton	✓	✓				
Humboldt	✓	✓				✓
Long Beach (includes Long Beach ASI)	✓	✓	✓			
Los Angeles		✓		✓		
Maritime Academy		✓				
Monterey Bay	✓	✓			✓	
Northridge	✓	✓	✓	✓		
Pomona includes Pomona ASI	✓	✓	✓		✓	
Sacramento	✓	✓			✓	
San Bernardino	✓	✓	✓		✓	
San Diego State University	✓	✓	✓	✓		
San Francisco State University	✓	✓		✓		
San Jose State University	✓	✓		✓		
San Luis Obispo		✓		✓	✓	
San Marcos	✓	✓				✓
Sonoma State University	✓	✓	✓		✓	
Stanislaus State	✓	✓	✓			

**Praesidium Service Utilization by Campus:
Comparative Details (2016-2017 versus 2017-2020)**

To further understand the importance of the campus and system-wide abuse prevention efforts and recommended next steps, the following chart provides additional details on how each campus utilized its monetary credit from the 2017-2020 contract period. These abuse prevention efforts have continued to grow over time, with deeper campus and auxiliary engagement of the available resources. To further illustrate this engagement, the utilization details below provide a comparative look between the current and most recent contract period.²

Campus/Auxiliary	Praesidium Service 2016-2017	Praesidium Service 2017-2020 <i>Current Contract Period</i>	ONLINE TRAINING		
			7/1/2017 to 6/30/2018 Online Training Usage Total	7/1/2018 to 6/30/2019 Online Training Usage Total	7/1/2019 to 3/30/2020 Online Training Usage Total
CSURMA/Chancellor's Office <i>Resources Provided</i>	23 Campus credits @ \$2,000 per Campus for year ----- 4 Leadership Workshops: San Marcos, Stanislaus, Pomona, East Bay	23 Credits at \$3,000 per campus ----- 2 Certified Praesidium Guardian Workshops: (1) June 26-28, 2018 at Chancellor's Office (2) July 16-18, 2019 at Sacramento State ----- 6 Regional Workshops: November 7, 2018 at SFSU November 8, 2018 at CSULA Spring 2020 TBD Fall 2020 TBD	0	0	0
CSURMA/Chancellor's Office <i>Resources Used</i>		CPG Attendee - 1	0	0	0

² Praesidium can gather pre-2016 service utilization data upon request.

Campus/Auxiliary	Praesidium Service 2016-2017	Praesidium Service 2017-2020 <i>Current Contract Period</i>	ONLINE TRAINING		
			7/1/2017 to 6/30/2018 Online Training Usage Total	7/1/2018 to 6/30/2019 Online Training Usage Total	7/1/2019 to 3/30/2020 Online Training Usage Total
Bakersfield	Know Your Score! Online Assessment (4)		0	0	0
Channel Islands			0	0	0
Chico	Know Your Score! Online Assessment (2)	Policies CPG - 1 (Risk Management)	0	0	0
Dominguez Hills	Online Training	Online Training On-Site Training (March 11-12, 2019) CPG - 1 (Risk Management)	54	1	148
East Bay	Online Training	Online Training On-Site Training (May 21, 2019) CPG - 1 (Risk Management)	1	3	
Fresno		Online Training CPG - 1 (Risk Management)	82	97	
Fullerton	Online Training	CPG - 2 (Risk Management + Auxiliary)	0	0	
Humboldt	Know Your Score! Online Assessment (2)	CPG - 1 (Risk Management)	0	0	
Long Beach (includes Long Beach ASI)	Online Training	Online Training CPG - 1 (Auxiliary)	919	621	1220
Los Angeles		On-Site Training (November 2, 2017) On-Site Training (February 20-21, 2019)	0	0	0
Maritime Academy			0	0	0
Monterey Bay		On-Site Risk Assessment (2018) CPG - 2 (Risk Management)	0	0	0

Campus/Auxiliary	Praesidium Service 2016-2017	Praesidium Service 2017-2020 <i>Current Contract Period</i>	ONLINE TRAINING		
			7/1/2017 to 6/30/2018 Online Training Usage Total	7/1/2018 to 6/30/2019 Online Training Usage Total	7/1/2019 to 3/30/2020 Online Training Usage Total
Northridge	On-Site Training (October 11, 2017)	Online Training On-Site Training (November 9, 2018) CPG - 1 (Auxiliary)	32	0	0
Pomona includes Pomona ASI	Online Training	Online Training On-Site Risk Assessment - CPP ASI (2021) CPG - 2 (Auxiliary)	153	91	6
Sacramento	Online Training	CPG - 4 (Risk Management + Auxiliary) On-Site Risk Assessment - Campus (2018)	0	0	0
San Bernardino	Online Training	Online Training CPG - 1 (Risk Management) On-Site Risk Assessment – Campus (2020+)	188	144	48
San Diego	On-Site Training (January 16, 2018)	On-Site Training (May 23 and 30, 2018) CPG - 2 (Risk Management + Auxiliary)	0	1	0
San Francisco	Know Your Score! Online Assessment (2)	On-Site Training (September 14, 2017) CPG - 4 (Risk Management + Auxiliary)	1	0	0
San Jose		On-Site Training (April 9-10, 2018) CPG - 3 (Risk Management + Auxiliary)	0	0	0
San Luis Obispo		On-Site Risk Assessment - Student Health (May 2019) On-Site Training - Student Health (May 2019)	0	0	0

Campus/Auxiliary	Praesidium Service 2016-2017	Praesidium Service 2017-2020 <i>Current Contract Period</i>	ONLINE TRAINING		
			7/1/2017 to 6/30/2018 Online Training Usage Total	7/1/2018 to 6/30/2019 Online Training Usage Total	7/1/2019 to 3/30/2020 Online Training Usage Total
San Marcos	CPG - 1 (Risk Management, Dallas)	Policies CPG - 2 (Risk Management + Auxiliary)	0	0	0
Sonoma		Online Training On-Site Risk Assessment - Campus (2019- 2020) CPG Attendee - 1 (Risk Management)	6	0	0
Stanislaus	Online Training	Online Training CPG Attendee - 1 (Risk Management)	1620	1229	1028
Online Training Usage Totals			3,056	2,187	2,450

About Praesidium

Since 1991, Praesidium’s mission is “to help you protect those in your care from abuse and to help preserve trust in your organization.” Praesidium works with organizations across the world to prevent the sexual abuse of children and vulnerable adults, to prevent false allegations of abuse against innocent employees and volunteers, and to prevent the loss of reputation and revenue for organizations serving vulnerable populations. The founders of Praesidium have over 30 years of experience working in abuse risk management. For the past two decades Praesidium has served more than 4,000 clients and offers a full range of risk management and loss control services. Praesidium’s clients include higher education institutions, public and private schools, churches, camps, youth development organizations, water parks, long-term care facilities, hospitals, luxury resorts, social service programs, sports programs, fitness clubs, and child care centers.

PRÆSIDIUM’S SCIENTIFIC METHODOLOGY

Using root cause analysis, Praesidium developed its own abuse risk management model, The Praesidium Safety Equation.® Root cause analyses of several thousand incidents of abuse across industries demonstrated that risks fell into eight organizational operations: Policies, Selection and Screening, Training, Monitoring and Supervision, Internal Feedback Systems, Responding, Consumer Participation, and Administrative Systems. By implementing best practices in each of these operations, Praesidium determined that risks could be reduced or eliminated.



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**AORMA - HR Consulting
Employers Group
Utilization Report - As of 7/8/2020**

Type of Activity	Activity - As of 6/7/2018	Activity - as of 4/15/2019	Activity - as of 7/26/2019	Activity - as of 7/8/2020	Notes
Helpline Calls	940	1,032	1,071	1,215	7/8/20 - 49 Auxiliaries have called.
Resource Library	366	446	455	513	
Comp/Benefits Survey Participation/Purchase	15	24	25	25	
Roundtable/Webinar Attendance	221	234	240	308	Includes March - June COVID webinars
Public Workshop Trainings*	42	43	44	45	Publics paused in 2020. Back on as virtual
Registration - Workplace/Employment Law Update	89	103	105	120	
Inquiry/Proposed – On-Site Training*	46	63	65	66	
Contracted - On-Site Training	45	56	57	59	
Inquiry/Proposed - On-Line training	9	10	11	13	
Contracted - On-Line Training	6	6	7	8	
Inquiry/Proposed Affirmative Action Planning	30	32	33	34	
Contracted - Affirmative Action Planning	22	24	25	26	
Contracted - Affirmative Action Plan Audit Support	1	1	1	1	
Inquiry/Proposed – Employee Handbook*	6	6	7	7	
Inquiry/Proposed – E.O.S.*	16	17	17	18	
Contracted - EOS	12	13	13	14	8 done as member service. 6 for fee (extra support)
Inquiry/Proposed – Consulting*	20	21	22	24	
Contracted - Consulting	14	15	15	15	
Inquiry/Proposal - Unemployment Insurance Management	3	3	3	3	
Contracted - Unemployment Insurance Management	1	1	1	1	
Inquiry/Proposal - Comp.Benefits Planning	23	31	33	36	
Contracted - Research, Comp/Benefits Planning	14	22	23	24	
Predictive Index Behavioral Assessment		1	1	1	Introduced in January 2019
Other (Books, CD ROMs, Posters, etc.	7	7	7	7	

HISTORICAL INFORMATION ON AORMA’S FUNDING PHILOSOPHY

ISSUE: At its September, 2017 long range planning meeting, the AORMA Committee discussed the importance of an annual discussion of AORMA’s historical funding philosophy. As members term-off of the AORMA Committee, and executive staff retire from the Auxiliary Organizations, institutional knowledge is lost. Committee members don’t remember the difficult days before the creation of CSURMA. Policy and Procedure A-3 – Target Surplus Funding Policy was revised to include the following annual requirement:

Discussion and Documentation of Historical Funding – As part of the Target Surplus Funding review process, annually, the AORMA COMMITTEE will discuss and document its historical funding philosophy and the factors involved in its decision making process. It will also consider whether the factors remain relevant, taking action to amend, if necessary.

RECOMMENDATION: The Committee will be asked to discuss this item and provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: The AORMA liability and workers’ compensation programs have historically been conservatively funded at an 80% confidence level. The goal of the conservative funding, and conservative return of dividends, has been to preserve surplus in the funds in order reduce the possibility of assessments. Because of the nature of a self-insured pooled, a few consecutive bad years, could reduce surplus by several million dollars. The workers’ compensation program now has a \$750,000 pooled layer. Three catastrophic claims could reduce surplus by \$2,250,000. Similarly, the liability program has a \$500,000 pooled layer. Three bad claims could reduce surplus by \$1,500,000.

PUBLICATION: None.

ATTACHMENT(S):

- a. Historical funding exhibit

AORMA Historical Funding – Confidence Level

AORMA Liability Program			
Fiscal Year	Pooled Layer Funding Confidence Level	Pooled Layer	** Estimated Fund Balance at June 30
FY 10/11 (@6/30/09)	80%	\$250,000 / \$500,000	\$3,029,148
FY 11/12 (@6/30/10)	80%	\$350,000	\$2,915,936
FY 12/13 (@6/30/11)	80%	\$350,000	\$5,542,116
FY 13/14 (@6/30/12)	80%	\$350,000	\$5,681,484
FY 14/15 (@6/30/13)	70%	\$350,000	\$4,381,917
FY 15/16 (@6/30/14)	70%	\$350,000	\$3,815,805
FY 16/17 (@6/30/15)	70%	\$500,000	\$5,359,468
FY 17/18 (@6/30/16)	70%	\$500,000	\$6,109,518
FY 18/19 (@6/30/17)	75%	\$500,000	\$6,560,272
FY 19/20 (@6/30/18)	75%	\$500,000	\$5,671,403
FY 20/21 (@6/30/19)	80%	\$500,000	\$5,080,219
FY 21/22 (@6/30/20)	TBD	TBD	TBD

AORMA Workers' Compensation Program			
Fiscal Year	Pooled Layer Funding Confidence Level	Pooled Layer	** Estimated Fund Balance at June 30
FY 10/11 (@6/30/09)	80%	\$500,000	\$7,190,949
FY 11/12 (@6/30/10)	80%	\$500,000	\$7,482,115
FY 12/13 (@6/30/11)	80%	\$500,000	\$4,685,912
FY 13/14 (@6/30/12)	80%	\$500,000	\$3,836,451
FY 14/15 (@6/30/13)	80%	\$500,000	\$4,481,623
FY 15/16 (@6/30/14)	80%	\$500,000	\$3,112,899
FY 16/17 (@6/30/15)	70%	\$500,000	\$2,261,155
FY 17/18 (@6/30/16)	70%	\$500,000	\$5,334,431
FY 18/19 (@6/30/17)	70%	\$750,000	\$5,486,764
FY 19/20 (@6/30/18)	75%	\$750,000	\$4,939,588
FY 20/21 (@6/30/19)	75%	\$750,000	\$5,128,037
FY 21/22 (@6/30/20)	TBD	TBD	TBD

** The Estimated Fund Balance at June 30 is based on an 80% confidence level, undiscounted for investment income.

2021 AOA CONFERENCE

ISSUE: It appears that the 2021 AOA Conference will be virtual. The AORMA Committee Officers are asked to discuss Risk Management Session topics to propose to the conference planning committee as well as the current CSURMA AORMA sponsorship of \$30,000.

RECOMMENDATION: No action is recommended; however, the Officers may provide direction to Staff as appropriate.

FISCAL IMPACT: Shown below are the historical AOA Conference sponsorship amounts for Alliant and CSURMA AORMA.

Year	Alliant	AORMA
2020	\$30,000	\$30,000
2019	\$25,500	\$20,000
2018	\$25,000	\$20,000
2017	\$20,000	\$20,000
2016	\$20,000	\$20,000
2015	\$20,000	\$20,000
2014	\$20,000	\$20,000
2013	\$18,000	\$18,000
2012	\$15,000	\$15,000

BACKGROUND: The 2013 sponsorship increased from \$15,000 to \$18,000 to backfill the sponsorship lost due to the termination of the AOUIT trust. The 2018, 2019 and 2020 sponsorships increased because;

1. The AOA Benefits User Group (BUG) chose Alliant to be its broker of record and the AORMA Benefits Program was formed,
2. Wells Fargo, the prior BUG broker of record greatly reduced its AOA Conference sponsorship, and,
3. The commercial insurers providing benefits to the BUG terminated their sponsorship as the commercial insurers were replaced by CSAC-EIA (now called PRISM) as the AORMA Benefits Program insurer.

PUBLICATION: None.

ATTACHMENT(S): None.

CSURMA AORMA COMMUNICATION

ISSUE: AORMA has implemented the following communication strategies to keep the Members apprised of important information.

1. Quarterly AORMA Updates to all AOA Members (via AOA distribution list)
2. AOA Executive Committee AORMA Updates
3. January Budgeting Letter
4. September Pre-Budgeting Letter
5. Annual Invoices including Coverage Summary (for major programs)
6. CSURMA Website
7. AOA Annual Conference Presentations
8. AOA Annual Conference Booth
9. Campus Visits

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

Agenda Item B2
CSURMA AORMA Committee – Officer’s Retreat
Meeting Date: July 13-14, 2020

AORMA COMMITTEE SUCCESSION PLANNING

ISSUE: As shown on the attached AORMA Committee roster, all members on the AORMA Committee are on either their first or second term; therefore, no at-large members will term out on June 30, 2021; however, on June 30, 2022, all three officers will term out of their current seats.

See the AORMA Committee Terms of Office below:

<i>Election in;</i>	<i>April, 2019</i>	<i>April, 2020</i>	<i>April, 2021</i>	<i>April, 2022</i>	<i>April, 2023</i>
Position (election year)	July 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022	July 1, 2022 to June 30, 2023	July 1, 2023 to June 30, 2024
Chair - (even year)	Brummett	Brummett	Brummett	TBD	TBD
First Vice-Chair - (even year)	Nakamura	Nakamura	Nakamura	TBD	TBD
Second Vice-Chair (even year)	Lee	Lee	Lee	TBD	TBD
At Large Seat #1 - (odd year)	Newberg	Newberg	Newberg	Newberg	TBD
At Large Seat #2 - (even year)	Kissel	Kissel	Kissel	Kissel	Kissel
At Large Seat #3 - (odd year)	Ortiz	Ortiz	Ortiz	Ortiz	Ortiz
At Large Seat #4 - (even year)	Wittmeier	Tyson	Tyson	Tyson	Tyson
At Large Seat #5 - (odd year)	Knight	Knight	Knight	Knight	TBD
At Large Seat #6 - (even year)	Levinson	Levinson	Levinson	Levinson	Levinson
At Large Seat #7 - (odd year)	Olmsted	Olmsted	Olmsted	Olmsted	TBD

Up for reelection in April
Terminating Out of Current Seat
Open Seats

RECOMMENDATION: Staff recommends that the Committee discuss the succession planning to fill seats that may become vacant mid-term or become open because a member decides not to run for reelection.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. AORMA Committee Roster
- b. Policy and Procedure A-1
- c. Policy and Procedure A-2

AORMA Committee
Effective at July 1, 2020

Seat	Member	Position	Auxiliary Name	Location	Size of Campus	Type of Campus	Term	Seat Term	1st, 2nd or Final Term	Terms Out
Chair	Dwayne Brummett	Associate Executive Director	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	Central	Medium	Suburban	7/01/20 - 6/30/22	Even	Second	6/30/2022
First Vice Chair	Dave Nakamura	Executive Director	Humboldt State University Center	North	Large	Rural	7/01/20 - 6/30/22	Even	Second	6/30/2022
Second Vice Chair	Starr Lee	Associate Executive Director	The University Corporation at Monterey Bay	Central	Medium	Suburban	7/01/20 - 6/30/22	Even	Second	6/30/2022
Seat 1	Bella Newberg	Associate Vice President, Business Development & Executive Director	California State University San Marcos Corporation	South	Small	Suburban	7/1/19 - 6/30/21	Odd	Second	6/30/2023
Seat 2	Chuck Kissel	Executive Director	CSU Fullerton Auxiliary Services Corporation	South	Large	Urban	7/01/20 - 6/30/22	Even	Second	6/30/2024
Seat 3	Cecilia Ortiz	Director	Loker Student Union	South	Medium	Urban	7/1/19 - 6/30/21	Odd	First	6/30/2025
Seat 4	Raven Tyson	Human Resources Assistant Director	Associated Students, San Diego State University	South	Large	Urban	7/01/20 - 6/30/22	Even	First	6/20/2026
Seat 5	Trina Knight	Human Resources Director	University Enterprises, Inc., CSU Sacramento	North	Large	Urban	7/1/19 - 6/30/21	Odd	Second	6/30/2023
Seat 6	Leslie Levinson	Chief Financial Officer	San Diego State University Research Foundation	South	Large	Urban	7/01/20 - 6/30/22	Even	Second	6/30/2024
Seat 7	Bill Olmsted	Executive Director	University Union Operation of CSUS, Inc.	North	Large	Urban	7/1/19 - 6/30/21	Odd	Second	6/30/2023



SUBJECT: **AORMA COMMITTEE COMPOSITION,
ELECTIONS & TERM LIMITS**

ADOPTED: **APRIL 18, 2003**

EFFECTIVE: **JULY 1, 2003**

AMENDED: **JANUARY 15, 2005
OCTOBER 27, 2005
JANUARY 16, 2008
OCTOBER 29, 2009
JANUARY 11, 2010
SEPTEMBER 16, 2010
DECEMBER 8, 2011
SEPTEMBER 13, 2012
MARCH 20, 2014
DECEMBER 10, 2015
MARCH 9, 2017
SEPTEMBER 6, 2018
DECEMBER 5, 2019**

PURPOSE:

This policy and procedure outlines the process by which members of the Auxiliary Organizations Risk Management Alliance (AORMA) Committee are nominated and elected to serve. This policy and procedure addresses the desire of the CSURMA to ensure broad organizational representation among AORMA Committee members, acknowledging the AORMA Committee's need for stability of leadership while encouraging participation from qualified candidates.

POLICY:

It is the policy of the CSURMA that, in accordance with the Bylaws, the AORMA Committee shall adopt the procedure outlined in this document for purposes of generating continuity of leadership, encouraging opportunity for diverse committee representation and participation and continuing effective administration of established insurance programs and services.

PROCEDURE:

The following steps will be taken to affect the policy:

1. The AORMA Committee will be elected from representatives of the auxiliary organization members of the CSURMA, effective July 1 of every year. No auxiliary organization will have multiple representatives serving simultaneously on the AORMA Committee. At-large members may serve a maximum of three consecutive complete two-year terms. Upon reaching the end of the third complete two-year term, at-large members will either be "termed out" (they may be again nominated after one year off the Committee) or advance

to the role of Chair, First Vice Chair or Second Vice Chair. Terms are staggered to create a rotation of the at-large Committee members each year.

2. The AORMA Committee will be comprised of seven at-large members and three Officers (Chair, First Vice Chair and Second Vice Chair). Each Officer may serve two two-year terms per position.
3. The AORMA Committee will review its membership annually to strive for diversity on the Committee based on the following criteria:
 - Type of Auxiliary Organization (Foundation, ASI/Student Union or Commercial)
 - Mix of personnel (Executive Director, CFO, HR, etc.)
 - Campus size (small – less than 10,000 FTE, medium – between 10,000 and 20,000 FTE, or large – more than 20,000 FTE)
4. The First Vice Chair and Chair shall serve as AORMA Committee representatives to the CSURMA Executive Committee.

AORMA Committee Chair and / First Vice Chair Qualifications

- Served on AORMA Committee for at least two years
 - Demonstrated leadership abilities in group settings
 - Ability to serve as primary advocate and spokesperson for AORMA Committee
 - Ability to lead the AORMA Committee
5. Annually, the Chair shall appoint a Nominations Committee, consisting of at least two AORMA Committee members to seek nominations for available positions on the AORMA Committee. The Nominations Committee shall consider the following as minimum qualification criteria for individuals seeking nomination to the AORMA Committee:

AORMA Committee Representative

- Participating professional member of CSURMA AORMA for at least two years
 - Served in a CSURMA auxiliary organization management position for at least two years
 - Demonstrated leadership abilities
 - Ability to attend meetings regularly and contribute to the AORMA Committee's work agenda, as described in Policy & Procedure A-2.
6. Timeline for nominations:

September

The Chair shall appoint a Nominations Committee.

October/November

The Nominations Committee shall poll the AORMA Committee members, including the Chair, First Vice Chair and Second Vice Chair to identify which of the incumbents whose terms expire the following June 30 are interested in seeking re-election.

At the December AORMA Committee meeting, the Nominations Committee will announce their nominations for Chair, First Vice Chair and Second Vice Chair. The Chair, First Vice Chair and Second Vice Chair shall be elected by the AORMA Committee from its members. All ballots will be tallied by the CSURMA Secretary-Auditor.

January

The current AORMA Committee Chair will announce to the membership, changes to the Chair, First Vice Chair and Second Vice Chair as well as the opening of the nominations period for open committee positions (for July 1 appointments). The AORMA Committee Chair will indicate which types of auxiliary representations are needed on the AORMA Committee (to ensure broad representation). Nominations will remain open through the end of February, and self-nominations will be accepted as well as nominations by others.

February

The Nominations Committee will continue to solicit nominations, especially if specific types of auxiliary organizations are not being represented.

March

A nominations slate will be forwarded to the AOA Executive Committee for review and comment. The slate, with comments, will be returned to the AORMA Committee no later than March 31.

April

All CSURMA member auxiliary organizations will be sent a ballot with the names of the nominated individuals. Each member auxiliary can vote for the representatives. Completed ballots will be due to the CSURMA by April 30.

May

Announcement at the CSURMA Board of Directors meeting of the outcomes of the election process to be effective July 1.



CSURMA AORMA

POLICY AND PROCEDURE NO. A-2

SUBJECT: AORMA COMMITTEE AND STANDING COMMITTEE ROLES AND RESPONSIBILITIES

ADOPTED: AUGUST 19, 2003

EFFECTIVE: JULY 1, 2003

AMENDED: DECEMBER 7, 2005 MAY 14, 2009
OCTOBER 29, 2009 JANUARY 11, 2010
SEPTEMBER 16, 2010 SEPTEMBER 13, 2012
MAY 8, 2014 DECEMBER 10, 2015
SEPTEMBER 8, 2016 SEPTEMBER 7, 2017
SEPTEMBER 6, 2018 MAY 7, 2020

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.

PURPOSE:

The purpose of this policy is to describe the roles and responsibilities of participants in the CSURMA AORMA COMMITTEE and its Standing Committee.

POLICY:

It is the policy of the CSURMA to encourage AORMA members' participation in the AORMA COMMITTEE and Standing Committee(s) that oversee operation of AORMA insurance programs. To that end, CSURMA AORMA has adopted Policy and Procedure A-1 that describes the process of AORMA COMMITTEE elections and representation. This policy further describes the roles and responsibilities of Committee members and officers. It is expected that AORMA COMMITTEE members will commit to meeting attendance and participation needed to conduct CSURMA business.

PROCEDURE:

The AORMA COMMITTEE will conduct elections and appointments in accordance with the CSURMA Joint Powers Agreement, Bylaws and AORMA Policy and Procedure A-1. A copy of Policy and Procedure A-1 describing roles and responsibilities of Committee members will be provided to Committee nominees and participants.

AORMA COMMITTEE Participation in General - The AORMA COMMITTEE holds regularly scheduled meetings in person approximately four times per year with additional teleconference meetings as necessary. Following are considerations as respects AORMA COMMITTEE participation:

1. In person attendance at regularly scheduled AORMA COMMITTEE meetings is preferred. While teleconference attendance can be arranged, the Committee business is best conducted at in-person meetings. Any Committee member or Officer who is not present, either in person or via teleconference, at two or more AORMA COMMITTEE meetings in any one fiscal year, may be removed from the AORMA 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.
2. AORMA COMMITTEE at-large member terms are for two years, with a maximum of three terms served before a member is either elected as the Chair, First Vice Chair or Second Vice Chair or termed out and must wait one year before again serving on the Committee. It is expected that members be prepared to serve for at least one complete term because the learning curve on CSURMA's coverage programs is steep.
3. Reasonable travel expenses associated with participation on the AORMA COMMITTEE are reimbursable as provided under CSURMA AORMA's Policy and Procedure A-7 Travel Reimbursement Policy.
4. Representatives elected to the AORMA COMMITTEE are individually elected, not as direct representatives of their respective auxiliary organizations. It is expected that AORMA COMMITTEE members will approach their responsibilities from the perspective of the good of the CSURMA Auxiliary Organizations programs as a whole, rather than just their individual organization's benefit.
5. AORMA COMMITTEE members are expected to attend two (2) CSURMA Board of Directors meetings annually (one in the fall; one in the spring). State law requires timely completion of appropriate paperwork, such as Fair Political Practices Commission Form 700.
6. Develop recommendations for the AORMA COMMITTEE and take action within delegated authority.

AORMA Committee Chair - In addition to the roles and responsibilities of AORMA COMMITTEE participation, in general, the AORMA Committee Chair has the following roles and responsibilities:

1. Representative of the AORMA Committee to the AOA Executive Committee and attendance at AOA Executive Committee meetings.
2. Attendance and participation in CSURMA Executive Committee meetings (approximately five times per year).

3. Availability for regular communication with, and direction of CSURMA Program Administrator staff.
4. Availability to respond to CSURMA Auxiliary Organizations member questions and concerns.
5. A commitment toward professional development in the area of risk management and representation of CSURMA at conferences and meetings, such as the AOA Annual Conference, the CSURMA Fitting the Pieces Together Conference and other conferences as appropriate.
6. Authority to appoint an at-large AORMA Committee member or the First Vice Chair or Second Vice Chair if that seat on the AORMA Committee is vacated mid-term.
7. Authority to establish task groups / ad hoc committees as necessary.
8. Authority to appoint the Standing Committee Chair, members of the AORMA Standing Committee(s) and task groups (in consultation with the AORMA Standing Committee Chair(s)).
9. Service on Standing Committee(s), task groups and ad hoc committees as appropriate.
10. Attend and present at CSURMA Board of Directors meetings.
11. Authority to call meetings from time to time and in compliance with applicable open meeting regulations to conduct business and planning for the AORMA program including an AORMA Officer's Retreat.
12. Authority to invite additional attendees to meetings as the Chair deems appropriate and to authorize reimbursement of invitee travel expenses provided the expenses are within amounts budgeted for AORMA expenses and in compliance with AORMA travel expense reimbursement Policy and Procedure.
13. In accordance with Policy and Procedure L-2 and W-4, if time is of the essence in a specific matter, the AORMA COMMITTEE Chair, First Vice Chair and Second Vice Chair, on the advice of the liability or workers' compensation third party claims administrator, shall have authority to determine the terms of an emergency settlement up to the Pooled Layer Limit upon the agreement of a majority consisting of at least two officers, provided that no officers involved in the specific matter may participate in the determination.

AORMA Committee First Vice Chair - In addition to items 1 thru 5 and items 9 and 13 of the roles and responsibilities of the AORMA Committee Chair, it is expected that the AORMA Committee First Vice Chair will also;

1. Be prepared to serve in the Chair position should the Chair vacate its seat mid-term.
2. Attend and participate in the CSURMA Executive Committee meetings.

AORMA Committee Second Vice Chair - In addition to items 1 thru 5 and items 9 and 13 of the roles and responsibilities of the AORMA Committee Chair, it is expected that the AORMA Committee Second Vice Chair will also;

1. Be prepared to serve in the First Vice Chair position should the First Vice Chair vacate its seat mid-term.

AORMA Standing Committees

1. The AORMA Committee reserves the right to create and dissolve any or all Standing Committees at any time. The AORMA Committee shall appoint Standing Committees to provide support to the AORMA Committee. These Standing Committees are as follows:
 - a. Executive Officers
 - b. AORMA Benefits Committee
2. Standing Committee membership will be as follows:
 - a. Executive Officers – The AORMA Committee Chair, First Vice Chair and Second Vice Chair.
3. Reasonable travel expenses associated with participation on AORMA Standing Committees are reimbursable as provided in CSURMA’s travel reimbursement policy.
4. Representatives are individually appointed, not direct representatives of their respective auxiliary organizations. It is expected that representatives will approach their responsibilities from the perspective of the good of the CSURMA Auxiliary Organizations programs as a whole, rather than just their individual organization’s benefit.
5. Standing Committee(s) shall develop recommendations for the AORMA Committee and take action within delegated authority.
6. Standing Committee(s) shall be responsible for overseeing the completion of special projects as determined by the AORMA Committee. Standing Committees will be asked to present recommendations for discussion and approval by the full AORMA Committee.
7. 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.

ADDENDUM

AORMA STANDING COMMITTEE DESCRIPTIONS

This addendum to CSURMA AORMA Policy and Procedure A-2 will summarize the primary roles and responsibilities of the Committees appointed by the AORMA Committee Chair. The Committees will from time to time provide reports on their activities to the AORMA Committee, making recommendations on their areas of expertise.

This addendum may be updated from time to time as the need for changes to the Committee structure are desired by the AORMA Committee.

Executive Officers Committee

The AORMA Executive Officers Committee will provide executive management oversight of AORMA operations and AORMA staff. Comprised of the AORMA Chair, First Vice Chair and Second Vice Chair, the Executive Officers Committee will develop relationships between the CSURMA AORMA and the AOA, manage Committee appointments, leadership and succession planning, and work with staff to develop and update miscellaneous financial, legal, governing and coverage documents. The Executive Committee shall also have claims settlement authority as outlined in AORMA Policies and Procedures L-2 and W-5.

AORMA Benefits Committee

The Benefits Committee will oversee the management of all benefits programs not otherwise assigned to another committee. The Committee will assist in the evaluation of benefit administration, employee benefits initiatives, CSURMA AORMA program offerings, guidelines and related services. Members will review the annual CSURMA AORMA Benefit Plan renewals, associated financials and alternatives. RFP development and selection will also be handled by this Committee.

CSURMA AORMA PROGRAM STAFF

ISSUE: Staff will provide a basic overview of the current staffing on the CSURMA AORMA Programs.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Program Administration Contact List (including general assignments)
- b. CSURMA Program Administration Org Chart

CSURMA Service Matix and Contact List

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Roosh Rezaie	roosh.rezaie@alliant.com	415-855-8565	415-874-4810
General CSURMA Coverage Questions (CAMPUS only)	Amy Lightner	amy.lightner@alliant.com	415-403-1457	415-874-4810
	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Daniel Howell	dhowell@alliant.com	415-403-1426	415-874-4810
General CSURMA AORMA Coverage Questions (Auxiliary Organizations only)	Mimi Long	mlong@alliant.com	415-403-1423	415-874-4810
	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Daniel Howell	dhowell@alliant.com	415-403-1426	415-874-4810
AIME	Stacey Weeks	sweeks@alliant.com	415-403-1448	415-874-4810
	Amy Lightner	amy.lightner@alliant.com	415-403-1457	415-874-4810
Inland Marine	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Mimi Long	mlong@alliant.com	415-403-1423	415-874-4810
	Roosh Rezaie	roosh.rezaie@alliant.com	415-855-8565	415-874-4810
Participant Accident Insurance (PAI)	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Tevea Him	thim@alliant.com	415-403-1416	415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Tevea Him	thim@alliant.com	415-403-1416	415-874-4810
Foreign Travel Program	Amy Lightner	amy.lightner@alliant.com	415-403-1457	415-874-4810
	Roosh Rezaie	roosh.rezaie@alliant.com	415-855-8565	415-874-4810
General Risk Management Questions (AORMA)	Mimi Long	mlong@alliant.com	415-403-1423	415-874-4810
	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Daniel Howell	dhowell@alliant.com	415-403-1426	415-874-4810
General Risk Management Questions (Campus)	Amy Lightner	amy.lightner@alliant.com	415-403-1457	415-874-4810
	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Daniel Howell	dhowell@alliant.com	415-403-1426	415-874-4810
Risk Pool Rating Plans (Campus)	Susan Leung	susan.leung@alliant.com	415-403-1435	415-874-4810
Risk Pool Rating Plans (AORMA)	Mimi Long	mlong@alliant.com	415-403-1423	415-874-4810
CSURMA Budget	Susan Leung	susan.leung@alliant.com	415-403-1435	415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Alliant Claims Consulting	Robert Frey	rfrey@alliant.com	415-403-1445	415-403-1466
	Diana Walizada	dwalizada@alliant.com	415-403-1453	415-403-1466
	Elaine (Kim) Tizon	elaine.tizon@alliant.com	415-403-1458	415-403-1466
Form 700	Tevea Him	thim@alliant.com	415-403-1416	415-402-0773
Website and Technology Questions	La Shaunda Gaines	lashaunda.gaines@alliant.com	415-403-1489	415-874-4810
	Tevea Him	thim@alliant.com	415-403-1416	415-874-4810
	Myron Leavell	mleavell@alliant.com	415-403-1404	415-874-4810

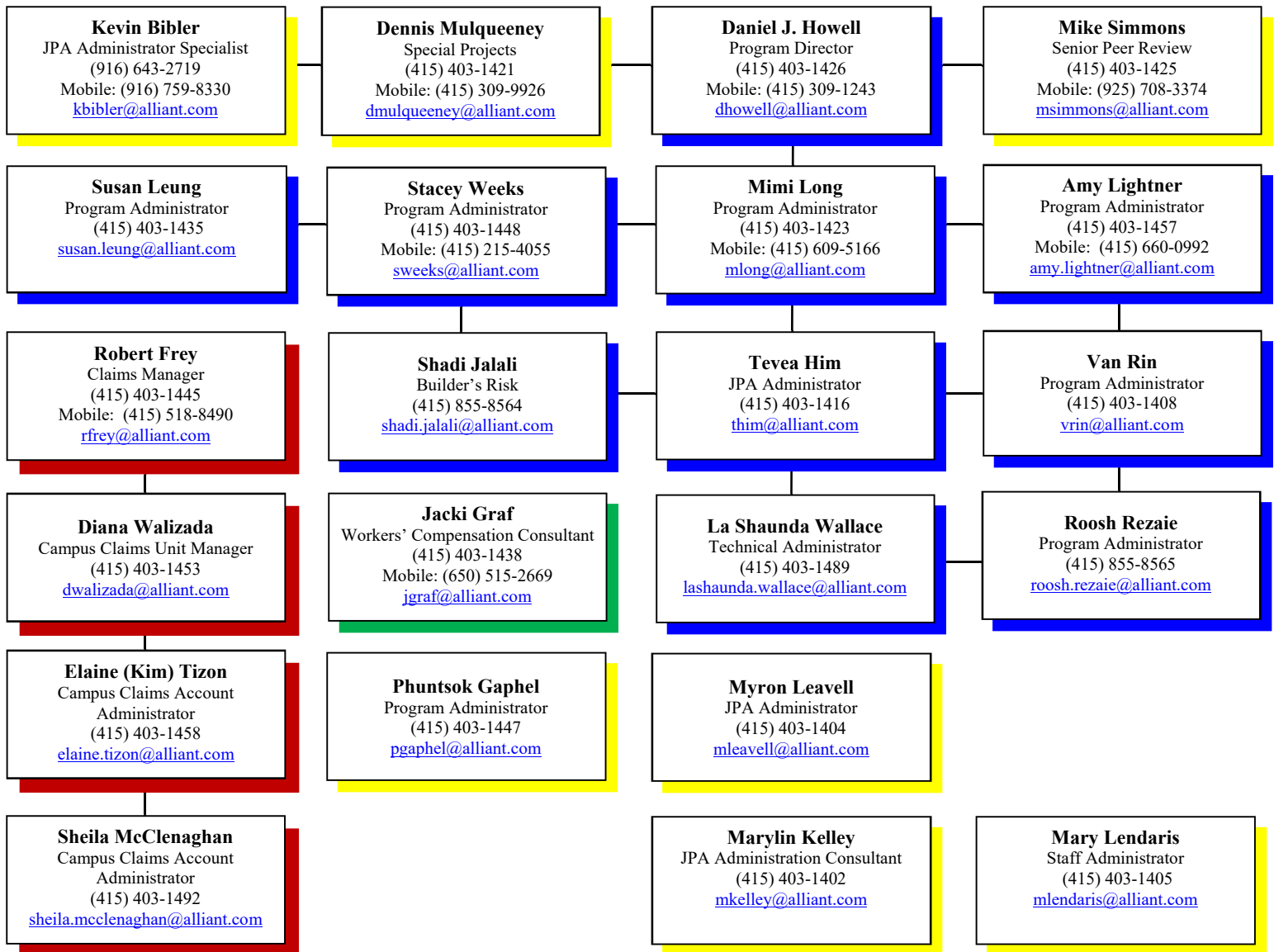
CSURMA Service Matix and Contact List





Coverage	Contact	E-Mail Address	Office	Fax
CSURMA AORMA Benefits Program				
General Inquiries	General Inquiries	aormabenefits@alliant.com		
Account Associate	Bridgette Rodriquez	Bridgette.Rodriguez@alliant.com	213-270-0146	
Account Executive	Ferencz David	Ferencz.David@alliant.com	213-270-0112	
Account Executive	Chloe Smith	chloe.smith@alliant.com	415-403-1437	
Benefits Consultant	Tom Quirk	tom.quirk@alliant.com	949-660-5952	
Benefits Consultant/Senior Vice President	Michael Menerey	mmenerey@alliant.com	213-270-0972	

Loss Control Consultants – Alliant Risk Control Consulting				
Northern California	John Owen	john.owen@alliant.com	916-643-2736	
<i>Chico, East Bay, Humboldt, Monterey, Sacramento, San Francisco, San Jose, San Luis Obispo, Sonoma, and Stanislaus</i>				
North LA and Central California	Tim Leech	tleech@alliant.com	949-260-5008	
North LA and Central California	Ray Machado	ray.machado@alliant.com	949-260-5081	
<i>Bakersfield, Channel Islands, Dominguez Hills, Fresno, Los Angeles, and Northridge</i>				
Southern California	Kristina Loiselle	kloiselle@alliant.com	949-260-5042	
<i>Fullerton, Long Beach, Pomona, San Bernardino, San Diego, and San Marcos</i>				

CSU Chancellor's Office				
CSU Chancellor's Office	Scott Bourdon	sbourdon@calstate.edu	562-951-4580	
	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Robert Eaton	reaton@calstate.edu	562-951-4572	562-951-4971
	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Martha Guiditta	mguiditta@calstate.edu	562-951-4557	562-951-4859
	Audra Reed	areed@calstate.edu	562-951-4564	562-951-4971
	Steve Relyea	srelyea@calstate.edu	562-951-4600	562-951-4971
	Jody VanLeuven	jvanleuven@calstate.edu	562-951-4574	
Office of General Counsel	William Hsu	whsu@calstate.edu	562-951-4500	562-951-4956
	Robin Webb	rwebb@calstate.edu	562-951-4500	562-951-4956
Financial Services Division Systemwide Accounting & Reporting	Alice Kim	akim@calstate.edu	562-951-4627	562-951-4865
	Cindi Le	cle@calstate.edu	562-951-4651	
	Jessica Liu Tanaka	jliu@calstate.edu	562-951-4621	
	Sheralin Klinthong	sklinthong@calstate.edu	562-951-4548	
	Mary Ek	mek@calstate.edu	562-951-4540	
Systemwide Professional Development	David Kervella	dkervella@calstate.edu	562-951-4403	
	Chris Fondacaro	cfondacaro@calstate.edu	562-951-4403	

CSURMA CORE SERVICE TEAM – ORGANIZATIONAL CHART – AS OF JUNE 2020



	CSURMA Core Service Team
	Claims Consulting
	Workers' Comp / Risk Analysis
	Special Projects / Peer review

**RECAP OF IDEAS FOR CREATION OR MODIFICATION OF CSURMA
AORMA PROGRAMS AND/OR SERVICES**

ISSUE: The Officers will be asked to discuss ideas for new AORMA coverage programs and/or services to be offered to the Members in FY 20/21 and beyond.

RECOMMENDATION: Staff recommends that the Officers discuss ideas for new AORMA coverage programs and/or services.

FISCAL IMPACT: None at this time.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

**RECAP OF PROJECTS TO BE INCLUDED ON THE FY 20/21 AORMA
LONG RANGE ACTION PLAN**

ISSUE: During the AORMA Officer’s Retreat, the Officers will suggest items to be included and/or discussed during the AORMA Committee’s Long Range Action Planning meeting in September, 2020. These ideas will be recapped by Staff at today’s meeting.

RECOMMENDATION: This is a discussion item only but the Officers may provide direction to Staff.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

D. Appendices

1. Liability Program
2. Workers' Compensation Program
3. Property Program
4. Crime Program
5. Unemployment Insurance Program
6. Target Retained Funds Policy / Dividends
7. AORMA Policies and Procedures
8. CSURMA Financial Statement @ March 31, 2020
9. CSURMA Financial Audit @ June 30, 2019
10. CSURMA AORMA Policies and Procedures
11. CSURMA Joint Powers Authority Agreement
12. CSURMA Bylaws
13. AORMA Participation Agreement

AORMA Liability Program - EPL Deductible Schedule

#	Campus	Auxiliary Organization	FY 20/21	FY 19/20	FY 18/19	FY 17/18	FY 16/17	FY 15/16	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
01-A	Bakersfield	Associated Students, California State University, Bakersfield, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
01-B	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
01-C	Bakersfield	California State University, Bakersfield Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
01-D	Bakersfield	California State University, Bakersfield Student Union, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
02-A	Chancellor's Office	California State University Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
02-B	Chancellor's Office	California State University Institute	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
03-A	Channel Islands	Associated Students of California State University, Channel Islands, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
03-B	Channel Islands	California State University Channel Islands Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
03-C	Channel Islands	CI University Auxiliary Services, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
04-A	Chico	Associated Students of California State University, Chico	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
04-B	Chico	Chico State Enterprises	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
04-C	Chico	The University Foundation, California State University, Chico	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
05-A	Dominguez Hills	Associated Students, California State University, Dominguez Hills	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
05-B	Dominguez Hills	California State University, Dominguez Hills Foundation	\$ 25,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
05-C	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
05-D	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000					
06-A	East Bay	Associated Students, California State University, East Bay	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
06-B	East Bay	Cal State East Bay Educational Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
06-C	East Bay	California State University, East Bay Foundation, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
07-A	Fresno	Associated Students, Inc. of California State University, Fresno	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
07-B	Fresno	California State University, Fresno Association, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
07-C	Fresno	California State University, Fresno Foundation	\$ 25,000	\$ 25,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
07-D	Fresno	Fresno State Programs for Children, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
07-E	Fresno	The Agricultural Foundation of California State University, Fresno	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
07-F	Fresno	The California State University, Fresno Athletic Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
08-A	Fullerton	Associated Students, California State University, Fullerton, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
08-B	Fullerton	Cal State Fullerton Philanthropic Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
08-C	Fullerton	CSU Fullerton Auxiliary Services Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
09-A	Humboldt	Associated Students, Humboldt State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
09-B	Humboldt	Humboldt State University Advancement Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
09-C	Humboldt	Humboldt State University Center Board of Directors	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
09-D	Humboldt	Humboldt State University Sponsored Programs Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
10-A	Long Beach	Associated Students, California State University, Long Beach	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
10-B	Long Beach	California State University, Long Beach Research Foundation	\$ 50,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
10-C	Long Beach	CSULB 49er Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
10-D	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
11-A	Los Angeles	Associated Students, California State University, Los Angeles, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
11-B	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
11-C	Los Angeles	California State University, Los Angeles Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
11-D	Los Angeles	University-Student Union Board, California State University, Los Angeles	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
12-A	Maritime Academy	California Maritime Academy Foundation, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
12-B	Maritime Academy	The Associated Students of the California Maritime Academy	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
13-A	Monterey Bay	Foundation of California State University, Monterey Bay	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
13-B	Monterey Bay	The University Corporation at Monterey Bay	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
13-C	Monterey Bay	Otter Student Union at CSU Monterey Bay	\$ 25,000	\$ 25,000	\$ 25,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14-A	Northridge	Associated Students, California State University, Northridge, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
14-B	Northridge	California State University, Northridge Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
14-C	Northridge	North Campus University Park Development Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
14-D	Northridge	The University Corporation, CSU Northridge	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
14-E	Northridge	University Student Union of California State University, Northridge	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
15-A	Pomona	Associated Students Inc., California State Polytechnic University, Pomona	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
15-B	Pomona	The Cal Poly Pomona Foundation, Inc.	\$ 50,000	\$ 50,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 25,000
15-C	Pomona	The Cal Poly Pomona Philanthropic Foundation	\$ 25,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

AORMA Liability Program - EPL Deductible Schedule

#	Campus	Auxiliary Organization	FY 20/21	FY 19/20	FY 18/19	FY 17/18	FY 16/17	FY 15/16	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
16-A	Sacramento	Associated Students of California State University, Sacramento	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
16-B	Sacramento	Capital Public Radio, Inc., CSU Sacramento	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
16-C	Sacramento	The University Foundation at Sacramento State	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
16-D	Sacramento	University Enterprises, Inc., CSU Sacramento	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
16-E	Sacramento	University Union Operation of CSUS, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
17-A	San Bernardino	Associated Students Inc., California State University, San Bernardino	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
17-B	San Bernardino	CSUSB Philanthropic Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
17-C	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
17-D	San Bernardino	University Enterprises Corporation at CSUSB	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
18-A	San Diego	Associated Students, San Diego State University	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
18-B	San Diego	Aztec Shops, Ltd., San Diego State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
18-C	San Diego	San Diego State University Research Foundation	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
19-A	San Francisco	Associated Students, Inc., San Francisco State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
19-B	San Francisco	San Francisco State University Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
19-C	San Francisco	The University Corporation, San Francisco State	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
20-A	San Jose	Associated Student, San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
20-B	San Jose	San Jose State University Research Foundation	\$ 25,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
20-C	San Jose	Spartan Shops, Inc., San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
20-D	San Jose	The Student Union of San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
20-E	San Jose	The Tower Foundation, San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
21-A	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
21-B	San Luis Obispo	Cal Poly Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000
21-C	San Luis Obispo	California Polytechnic State University Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
22-A	San Marcos	California State University San Marcos Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
22-B	San Marcos	The Associated Students of California State University, San Marcos	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
22-C	San Marcos	California State University San Marcos Corporation	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
23-A	Sonoma	Associated Students of Sonoma State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
23-B	Sonoma	Sonoma State Enterprises, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
23-C	Sonoma	Sonoma State University Academic Foundation, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
24-A	Stanislaus	Associated Students, Inc., California State University, Stanislaus	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
24-B	Stanislaus	California State University, Stanislaus Auxiliary and Business Services	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
24-C	Stanislaus	California State University, Stanislaus Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
24-D	Stanislaus	University Student Union of California State University, Stanislaus	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
25-A	N/A	Auxiliary Organization Associations	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

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Black Bold - represents that the EPL deductible is now back down to the minimum of \$25,000

Blue - represents the mandated minimum EPL deductible per Policy & Procedure L-7

Red - represents the year the member chose to increase its EPL deductible above the minimum. The member must maintain the higher deductible for three years.

Table 1
AORMA Liability Program - Estimated Total Funding
July 1, 2021 to July 1, 2022

70% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 80% CL	FY 20/21 Actual Costs 80% CL	FY 21/22 Proposed Costs 70% CL	% Change
Pool Layer Funding	1,957,120	1,911,426	1,946,000	1,598,500	-17.86%
Claims Administration	16,000	16,000	16,000	16,000	0.00%
Program Administration	830,145	830,484	830,145	830,484	0.04%
Reinsurance / Excess Insurance	1,786,424	1,964,108	2,741,675	3,015,843	10.00%
Total Costs	4,589,689	4,722,018	5,533,820	5,460,827	-1.32%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					15.65%
75% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 80% CL	FY 20/21 Actual Costs 80% CL	FY 21/22 Proposed Costs 75% CL	% Change
Pool Layer Funding	1,957,120	1,911,426	1,946,000	1,779,200	-8.57%
Claims Administration	16,000	16,000	16,000	16,000	0.00%
Program Administration	830,145	830,484	830,145	830,484	0.04%
Reinsurance / Excess Insurance	1,786,424	1,964,108	2,741,675	3,015,843	10.00%
Total Costs	4,589,689	4,722,018	5,533,820	5,641,527	1.95%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					19.47%
80% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 80% CL	FY 20/21 Actual Costs 80% CL	FY 21/22 Proposed Costs 80% CL	% Change
Pool Layer Funding	1,957,120	1,911,426	1,946,000	1,946,000	0.00%
Claims Administration	16,000	16,000	16,000	16,000	0.00%
Program Administration	830,145	830,484	830,145	830,484	0.04%
Reinsurance / Excess Insurance	1,786,424	1,964,108	2,741,675	3,015,843	10.00%
Total Costs	4,589,689	4,722,018	5,533,820	5,808,327	4.96%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					23.01%

The current program is funded at a 80% confidence level and is discounted for investment value. The discount rate is calculated based on a 2% yield on investment.



CSURMA AORMA

POLICY AND PROCEDURE NO. L -1

SUBJECT: **LIABILITY CLAIMS REPORTING**

ADOPTED: **DECEMBER 7, 2006**

AMENDED: **OCTOBER 8, 2009**
DECEMBER 4, 2014
MAY 5, 2016
MARCH 8, 2018

EFFECTIVE: **JANUARY 1, 2007**

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 CSURMA AORMA that all MEMBERS will comply with the following conditions of the AORMA Liability Program MEMORANDUM OF COVERAGE.

- A. Duties in the Event of an Accident, OCCURRENCE, Offense, Claim, Suit or Proceeding: The following provisions are precedent to coverage under the AORMA Liability Program MEMORANDUM OF COVERAGE. The COVERED PARTY’s failure to comply with any of these provisions will be cause for a reduction in or denial of coverage by CSURMA AORMA.
 - 1. In the event of any OCCURRENCE or offense which may result in a claim, suit or proceeding against a COVERED PARTY, written notice (includes e-mail correspondence, fax transmissions and original hard copy notifications) shall be given by the MEMBER to the TPA as soon as practicable.
 - 2. When the MEMBER submits the first claim report, the following information shall be included, if available and applicable:
 - a. How, when and where the OCCURRENCE or offense took place;
 - b. The names and addresses of any injured persons and witnesses;
 - c. The nature and location of any injury or damage arising out of the OCCURRENCE or offense;
 - d. Incident reports;
 - e. Investigation reports;
 - f. Police reports;
 - g. Claim notice(s) and response(s)
 - h. Medical reports



MEMBER APPEAL PROCESS:

First Level Appeal

If a MEMBER wishes to appeal a decision resulting from the enforcement of this Policy and Procedure, the MEMBER must present an appeal in writing to the AORMA Committee within thirty (30) days of the disputed decision. The AORMA Committee will review the appeal at its next regularly scheduled meeting and inform the MEMBER within five (5) business days of its final decision.

Second Level Appeal

If a MEMBER wishes to appeal the AORMA Committee's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five (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 – Auxiliary Organizations Risk Management Alliance is the group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

CSURMA – California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

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.

OCCURRENCE – As defined within the AORMA Liability Program MEMORANDUM OF COVERAGE.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

TPA - Third party liability claims administrator whose responsibilities include claim handling, litigation management and excess liability carrier reporting.

EMPLOYMENT PRACTICES LIABILITY – As defined within the AORMA Liability Program MEMORANDUM OF COVERAGE.

SUBJECT: **LIABILITY CLAIMS ADMINISTRATION &
LITIGATION MANAGEMENT**

ADOPTED: **DECEMBER 7, 2006**

AMENDED: **OCTOBER 8, 2009
SEPTEMBER 16, 2010
MAY 10, 2012
OCTOBER 23, 2014
MAY 7, 2015
MARCH 10, 2016
MARCH 8, 2018
MAY 7, 2020**

EFFECTIVE: **JANUARY 1, 2007**

POLICY & PROCEDURE NO.: **(FORMERLY) 3B-LIAB**

Should there be any discrepancy between this document and either the LIABILITY MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA and the MEMBER, the LIABILITY MEMORANDUM OF COVERAGE and the PARTICIPATION AGREEMENT will govern.

POLICY:

1. It is the policy of AORMA that liability claims be handled in the most efficient and cost-effective manner possible. To that end, the AORMA COMMITTEE has retained the services of a TPA who has been designated the primary contact and control point for all liability claims management.
2. It is the policy of AORMA that there will be no coverage for any settlement negotiated or agreed to without involvement and prior approval of the TPA.
3. It is the policy of AORMA that (1) LEGAL COUNSEL engaged to defend a MEMBER shall be selected pursuant to AORMA Policy & Procedure L-3 - Legal Counsel Selection and that (2) such LEGAL COUNSEL shall be responsive to TPA and that (3) failure of LEGAL COUNSEL to be responsive to TPA may result in replacement of LEGAL COUNSEL.
4. It is the policy of AORMA that the TPA will analyze all CLAIMS for potential liability apportionment between the Campus and the MEMBER or two or more MEMBERS and will provide notification to the PROGRAM DIRECTOR.

PROCEDURE:

The purpose of this document is to outline the process of liability claims administration and litigation management by the TPA and the involvement of the AORMA COMMITTEE.

1. LIABILITY CLAIMS ADMINISTRATION

The TPA shall report its activities to the AORMA COMMITTEE pursuant to the Liability Claims Administration Service Agreement.

2. RESPONSIBILITIES OF THE MEMBER

The MEMBER shall assist the TPA in obtaining all necessary documentation to assist in efficient and comprehensive handling of a claim.

3. RESPONSIBILITIES OF THE AORMA COMMITTEE

A. The AORMA COMMITTEE shall meet as needed to review open claims.

B. The responsibilities of the AORMA COMMITTEE shall include, but are not limited to:

- 1) Review claims with the TPA as necessary.
- 2) Review the specific handling of reported losses.
- 3) Review adequacy of reserve levels in conjunction with the PROGRAM DIRECTOR and TPA.
- 4) Make decisions regarding rejection of coverage for claims, or the handling of claims under a reservation of rights, based on the MEMORANDUM OF COVERAGE.
- 5) Make recommendations to individual MEMBERS concerning the settlement or litigation of claims.
- 6) Report to the CSURMA EXECUTIVE COMMITTEE on claims related matters as appropriate.

4. RESPONSIBILITIES OF THE LIABILITY THIRD PARTY CLAIMS ADMINISTRATOR (TPA)

A. The TPA has general responsibility for performing or overseeing all necessary investigation of claims, as well as overseeing legal defense. The TPA is responsible for reporting claims to the excess liability insurers or reinsurers as appropriate. The TPA provides regular claims reports containing the status of claims and the projected reserves. The specific services to be provided and the responsibilities of the TPA are found in the Liability Claims Administration Service Agreement.

- B. The TPA shall perform an analysis of all CLAIMS and lawsuits for potential liability apportionment between either the Campus and the MEMBER or between two or more MEMBERS.
- 1) If the TPA believes there may be a basis for apportionment between the Campus and the MEMBER, the TPA will notify the PROGRAM DIRECTOR. The PROGRAM DIRECTOR will submit the matter to the MEMBER Executive Director and the Campus Vice President of Administration and Finance, or their designees, to determine whether apportionment is appropriate and, if so, what apportionment percentages should apply. In the event they are unable to reach agreement regarding apportionment and/or apportionment percentages, the matter will be submitted for decision to the CSURMA Secretary-Auditor who will review the matter with the Executive Vice-Chancellor/Chief Financial Officer of the California State University. The decision of the CSURMA Secretary-Auditor shall be final, non-appealable and binding.
 - 2) If the TPA believes there may be a basis for apportionment between two or more MEMBERS, the TPA will notify the PROGRAM DIRECTOR. The PROGRAM DIRECTOR will submit the matter to the Executive Directors of the MEMBERS, or their designees, to determine whether apportionment is appropriate and, if so, what apportionment percentages should apply. In the event they are unable to reach agreement regarding apportionment and/or apportionment percentages, the matter will be submitted for decision to the CSURMA Secretary-Auditor who will review the matter with the Executive Vice-Chancellor/Chief Financial Officer of the California State University. The decision of the CSURMA Secretary-Auditor shall be final, non-appealable and binding.
- C. The TPA shall perform a survey of the legal marketplace per Policy & Procedure No. L-3 to verify that approved LEGAL COUNSEL rates are in line with industry standards, and report their findings to the AORMA COMMITTEE.
- D. The TPA shall forward copies of its claim summary reports to the MEMBER and the PROGRAM DIRECTOR. In the event that a lawsuit or a CLAIM involves the MEMBER Executive Director, the Campus Vice President of Administration & Finance or his/her designee shall manage the claim with the TPA.
- E. At least ten days prior to every AORMA COMMITTEE meeting, the TPA will provide to the PROGRAM DIRECTOR a detailed listing of all claims requiring action by the AORMA COMMITTEE. The narrative will include at least the following information:

- 1) Date of Loss
- 2) Member
- 3) Fiscal Year
- 4) Simplified Description
- 5) Line of Coverage
- 6) Member retained limit
- 7) Report to Excess Status
- 8) Paid
- 9) Reserves
- 10) Total Incurred
- 11) Defense counsel name and firm
- 12) Plaintiff counsel name and firm
- 13) Legal counsel budget
- 14) Estimate of probable liability
- 15) Action requested

The TPA will also establish, and forward to the PROGRAM DIRECTOR, a Watch List for the following claims:

- 1) All claims with a total incurred value of \$25,000 or more.
 - 2) Any claim that will be or has been reported to the excess carrier or reinsurer.
 - 3) All employment practices liability claims.
 - 4) Any other claim with a substantial potential exposure to AORMA.
- F. The TPA may attend the AORMA COMMITTEE meetings in order to request settlement authority, discuss coverage issues and provide updates on those claims on the Watch List.
- G. Within fifteen (15) days after the end of each quarter, the TPA will review all claims which include a MEMBER deductible. For all closed claims or open claims with paid claims-related expenses and/or indemnity costs totaling \$25,000 or more, the TPA will prepare and forward to the PROGRAM DIRECTOR, the MEMBER deductible receivables invoice seeking reimbursement for all claims-related expenses and indemnity costs paid by the TPA within the MEMBER's deductible.
- H. Within fifteen (15) days after the end of each quarter, the TPA will review all open and closed claims for reinsurance receivables. For all receivables of \$50,000 or more, the TPA will prepare and forward to the PROGRAM DIRECTOR a copy of its reinsurance receivables invoice(s) showing the amount owed to CSURMA from the reinsurers for indemnity and claims-related expenses paid by the TPA with AORMA Liability Program funds.

5. RESPONSIBILITIES OF LEGAL COUNSEL

LEGAL COUNSEL selected as provided in AORMA Policy & Procedure L-3 - Legal Counsel Selection will be notified in writing by the TPA of assignment. LEGAL COUNSEL will be required to acknowledge and sign an engagement letter prior to beginning the defense of any AORMA claim. Assigned LEGAL COUNSEL are required to report claim status to the TPA every 90 days, or upon any activity that would significantly affect the value reserved for the claim.

6. LIABILITY LITIGATION MANAGEMENT

A. Correspondence and Pleadings

Copies of all correspondence and pleadings shall be provided to the TPA and the Member.

After a case has been reported to an excess coverage provider, LEGAL COUNSEL shall ensure that additional copies of all correspondence and pleadings are forwarded to such excess coverage provider or reinsurer.

Notification of depositions, trials, arbitrations, and hearing shall be sent to all parties specified above who are to receive copies of correspondence.

LEGAL COUNSEL will promptly respond to all letter or phone calls from the TPA, and keep them advised as to the progress of each case. LEGAL COUNSEL will cooperate with the TPA in all other aspects of this Litigation Management including providing copies of all motions and pleadings, and completing expert witness and plaintiff counsel evaluations as requested by the TPA.

B. Case Analysis and Litigation Budget

Within 30 days of retention in each case, selected LEGAL COUNSEL shall complete and return a case analysis and litigation budget in accordance with the Legal Counsel Engagement Letter appendixes to AORMA Policy & Procedure L-3 Legal Counsel Selection.

Unanticipated litigation activity may give rise to an under reserved litigation budget. As soon as it is reasonably foreseeable that the file is under budgeted, an updated litigation budget should be completed along with recommendation for a budget increase or decrease, where appropriate. The TPA will closely monitor the basis for budget increases. If the litigation budget has been exceeded, no further payment of fees will be made until a revised litigation budget has been submitted and approved. Significant deviations from the budget will be taken into account when evaluating LEGAL COUNSEL's performance.

Mandatory Status Reports – Status reports are mandatory every 90 days or as soon as possible following any significant event in the case. LEGAL COUNSEL shall

report only on new developments since the last report. The reporting diary can be extended if the TPA is notified of the Legal counsel's intention to put the file on an extended diary.

The attorney handling the case should prepare the status reports. Status reports should include the following:

- 1) The ongoing strategy for defense or resolution of the case, including a factual analysis of issues related to liability and damages;
- 2) A description of planned discovery with a time table for completion;
- 3) A brief synopsis of the discovery completed since the last report;
- 4) Court dates including, but not necessarily limited to, mandatory settlement conferences, trial setting conferences, arbitration and trial dates, hearings on discovery, etc.;
- 5) New settlement demands; and
- 6) Any anticipated changes in the litigation budget.

Furthermore, no later than 30 days prior to mediation, arbitration or trial or as requested by the TPA, the defense trial attorney will provide a trial/binding arbitration report, which shall include:

- 1) an assessment of the Member's liability;
- 2) an assessment of plaintiff's damages;
- 3) an assessment of legal defenses (and probability or prevailing);
- 4) an assessment of the chances of prevailing at trial;
- 5) the verdict value assuming full liability
- 6) as assessment of any other factors affecting the items above, including demeanor or credibility of important witnesses, evidentiary disputes, tendencies or local juries, the judge or opposing counsel, liability and solvency/coverage of co-defendants, or similar important issues;
- 7) an appraisal of settlement value, considering verdict value and chances of prevailing
- 8) the status of settlement discussions
- 9) estimated future fees and costs through trial (since last billing)

C. Further Evaluations and Reserves

Upon request by the excess coverage provider or reinsurer, LEGAL COUNSEL shall provide written or oral evaluations of the case. These evaluations shall disclose any weaknesses or strengths of the case that have been discovered, any increase or decrease in anticipated costs, any recommended change in reserves, and, if pertinent, settlement recommendations.

D. Settlement Conferences

Once the TPA receives notice that a MEMBER'S case has a settlement conference date scheduled, the following procedure will occur:

- 1) The TPA shall notify the MEMBER regarding the settlement conference and provide a comprehensive case review and/or documentation for review.
- 2) The TPA shall attend all settlement conferences as outlined in the Claims Administration Service Agreement and, if time permits, shall review the case with the AORMA COMMITTEE prior to the settlement conference or at the next regularly scheduled AORMA COMMITTEE meeting.
- 3) LEGAL COUNSEL shall not settle any litigation by way of any monetary offering without the prior approval of the TPA, in accordance with the Claims Settlement Authority noted in Item 7 below.

E. Motions/Court Appearances (Excluding Settlements and Trial)

Appearances shall be made by the selected LEGAL COUNSEL as outlined in the Claims Administration Services Agreement.

F. Trials

Appearances shall be made by LEGAL COUNSEL. Trials shall be attended by LEGAL COUNSEL (or designated representative of the MEMBER), and after notification to the PROGRAM DIRECTOR.

G. Special Situations and Circumstances

Should any MEMBER send or receive correspondence or documentation on a case in litigation, a copy of all such correspondence or documentation must be sent to the TPA.

Expenses incurred by LEGAL COUNSEL (or approved alternate representative) for duties outlined in Sections 5 and 6 shall be reimbursed by AORMA and allocated directly to the case file. All travel expenses shall be in accordance with the CSURMA's travel policy.

H. Audit of Defense Firms

The TPA reserves the right to order an independent legal billing audit if in his or her discretion, the LEGAL COUNSEL billings do not comply with AORMA's Liability Litigation Management guidelines or are excessive and/or unwarranted. Payment of any LEGAL COUNSEL billings shall not constitute a waiver of AORMA's right to seek reimbursement of any excessive or unwarranted billings disclosed by an independent legal billing audit. If an independent legal billing audit is ordered, The AORMA Committee, with input from the TPA, shall determine who shall pay for the independent legal billing audit.

7. LIABILITY CLAIMS SETTLEMENT

A. Claim Settlement Authority

The following guidelines apply to settlement authority of the AORMA Self-Insured Retention Liability Fund policy:

- 1) \$0 to 25,000 – Claims Administrator (TPA)

The TPA has authority to settle each OCCURRENCE up to, and including, \$25,000 in indemnity payment or \$25,000 per claimant if more than one claimant is a party to the OCCURRENCE.

- 2) \$25,001 to POOLED LAYER LIMIT – AORMA COMMITTEE

The AORMA COMMITTEE has authority to authorize claims settlement up to the POOLED LAYER LIMIT per OCCURRENCE.

All of the foregoing notwithstanding, if time is of the essence in a specific matter, the AORMA Committee Chair, First Vice Chair, and Second Vice Chair, on the advice of the TPA, shall have authority to determine the terms of an emergency settlement up to the POOLED LAYER LIMIT upon the agreement of a majority consisting of at least two participants, provided that no member involved in the specific matter may participate in the determination. Any determination reached under this paragraph shall be reported to the AORMA COMMITTEE at the next regularly scheduled meeting.

The CSURMA Secretary-Auditor may participate in any legal proceeding and represent the interests of the AORMA Programs.

B. Liability Claims Settlement Responsibility

AORMA COMMITTEE shall have the primary responsibility to control and direct settlement negotiations and to determine the terms of any settlement. However, before effecting any settlement, the AORMA COMMITTEE shall comply with the provisions of the MEMORANDUM OF COVERAGE, which pertain to settlement of claims, including provisions that require the AORMA COMMITTEE to give

notice to the MEMBER of the terms of the proposed settlement and to request the MEMBER's consent. AORMA COMMITTEE's notice to the MEMBER shall refer specifically to any provisions by the MEMORANDUM OF COVERAGE which, in the absence of the MEMBER's consent to the proposed settlement, would require the MEMBER to assume all future responsibility for Defense of the claim and for any risk of loss which might ensue. The notice shall also inform the MEMBER that AORMA's obligation to pay for the Defense of the claim may terminate immediately if the MEMBER does not consent to the proposed settlement.

C. Member Appeal Process

First Level Appeal - If a MEMBER wishes to appeal a decision resulting from the enforcement of this policy & procedure, the MEMBER must present an appeal in writing to the AORMA COMMITTEE within 30 days of the disputed decision. The AORMA COMMITTEE will review the appeal at its next regularly scheduled meeting and inform the MEMBER within five business days of its final decision.

Second Level Appeal - If a Member wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five 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:

1. **AORMA** - The Auxiliary Organizations Risk Management Alliance, is a group of programs under the California State University Risk Management Authority representing the California State University auxiliary organizations.
2. **AORMA COMMITTEE** - The governing body of AORMA.
3. **CSURMA** - The California State University Risk Management Authority, a Joint Powers Authority comprised of the California State University and its Auxiliary Organizations.
4. **CSURMA EXECUTIVE COMMITTEE** - The California State University Risk Management Authority Executive Committee.
5. **LEGAL COUNSEL** - Any attorney selected to represent an AORMA member. Legal Counsel is selected from the approved legal counsel list maintained by the TPA.
6. **MEMBER** - Any Auxiliary Organization participating in AORMA.
7. **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**.
8. **OCCURRENCE** - As defined within the AORMA Liability Program **MEMORANDUM OF COVERAGE**.
9. **PARTICIPATION AGREEMENT** - A governing document of AORMA. Outlines the roles and responsibilities of AORMA and its membership.
10. **POOLED LAYER LIMIT** - The Self-Insured Retention Liability Fund’s maximum limit of liability.
11. **PROGRAM DIRECTOR** – The Program Director is under the direction of the AORMA and is responsible for the day-to-day administration and management of AORMA programs.
12. **TPA** - A Third Party Claims (TPA) claims administrator whose responsibilities include claim handling, litigation management and excess liability carrier reporting.

SUBJECT: LEGAL COUNSEL SELECTION

ADOPTED: DECEMBER 7, 2006

**AMENDED: OCTOBER 8, 2009
SEPTEMBER 16, 2010
MAY 10, 2012
OCTOBER 23, 2014
MAY 5, 2016
SEPTEMBER 7, 2017
MAY 2, 2019**

EFFECTIVE: JANUARY 1, 2007

POLICY & PROCEDURE NO.: (FORMERLY) 3C-LIAB

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

1. The TPA shall appoint all LEGAL COUNSEL to represent AORMA and its MEMBERS in defense of a covered liability claim. All appointed LEGAL COUNSEL shall be selected from the AORMA APPROVED LEGAL COUNSEL LIST and subject to the MAXIMUM ALLOWABLE HOURLY RATE for LEGAL COUNSEL. The TPA will send to LEGAL COUNSEL an engagement letter which the LEGAL COUNSEL will be asked to acknowledge and accept.
2. The CSURMA Secretary-Auditor approves the selection of defense counsel to be added to the AORMA APPROVED LEGAL COUNSEL LIST.
3. To avoid any appearance of a conflict of interest, actual or potential, any attorney who has advised a MEMBER in any capacity (such as serving as general or labor counsel) shall not be engaged as LEGAL COUNSEL for a matter on which that attorney previously advised the MEMBER without prior approval of the CSURMA Secretary-Auditor.

PROCEDURE

1. The TPA shall maintain and update the AORMA APPROVED LEGAL COUNSEL LIST of attorneys (not firms) to which claims will be assigned.
2. The AORMA APPROVED LEGAL COUNSEL LIST will also include specialty LEGAL COUNSEL which are subject to a higher MAXIMUM ALLOWABLE HOURLY RATE.

The CSURMA Secretary-Auditor and CSURMA Legal Counsel will determine if specialty LEGAL COUNSEL is required.

3. The TPA shall at least every 36 months survey LEGAL COUNSEL compensation and recommend to the AORMA COMMITTEE a fair and equitable MAXIMUM ALLOWABLE HOURLY RATE for LEGAL COUNSEL which will address specialty LEGAL COUNSEL rates, partner rates, associate rates and blended rates. The AORMA COMMITTEE shall consider and take action at a regularly scheduled meeting to establish the MAXIMUM ALLOWABLE HOURLY RATE.
4. If LEGAL COUNSEL is handling the defense of any University case, then LEGAL COUNSEL will be retained at the University's hourly rate.
5. MEMBERS shall have the right to recommend LEGAL COUNSEL from the AORMA APPROVED LEGAL COUNSEL LIST; however, the CSURMA Secretary-Auditor shall make the final selection of LEGAL COUNSEL. If the MEMBER disapproves of the selection of LEGAL COUNSEL for a particular matter, the MEMBER may submit an appeal in writing to the AORMA COMMITTEE.
6. Any MEMBER wishing to recommend LEGAL COUNSEL for inclusion on the AORMA APPROVED LEGAL COUNSEL LIST may do so by submitting background information on the individual attorney to the TPA. The TPA will then review the information and, if appropriate, request that the CSURMA Secretary-Auditor approve inclusion of the attorney on the AORMA APPROVED LEGAL COUNSEL LIST.
7. Due to the potential conflict of interest, attorneys who serve regularly as general counsel, in-house counsel or labor counsel for that MEMBER may not defend that MEMBER unless prior written approval is granted by the CSURMA Secretary-Auditor.
8. Except as permitted by Paragraph Nos. 10, 11 and 12 below, the CSURMA Secretary-Auditor and the TPA shall have the sole responsibility to select and engage LEGAL COUNSEL to represent MEMBERS of AORMA as to any matters tendered by a MEMBER through AORMA for DEFENSE and INDEMNITY. A MEMBER may request selection of LEGAL COUNSEL from the AORMA APPROVED LEGAL COUNSEL LIST for a specific claim.
9. The TPA shall assign claims to LEGAL COUNSEL within five days after receipt of notice from the MEMBER that a Summons and Complaint has been received by the TPA.
10. If there is a conflict of interest between AORMA and a MEMBER (which would be a conflict of interest between an insured and its insurer within the meaning of California Civil Code Section 2860) then that MEMBER has the same rights to select and engage INDEPENDENT COUNSEL as would an insured under Civil Code Section 2860. AORMA also has all of the rights reserved to an insurer under Civil Code Section 2860, and all of the provisions of Civil Code Section 2860 shall apply as if AORMA was an insurer and the MEMBER was an insured.

11. A MEMBER may recommend LEGAL COUNSEL to defend an action if all of the following conditions apply:
 - a. Recommended LEGAL COUNSEL is selected from the AORMA APPROVED LEGAL COUNSEL LIST;
 - b. The CSURMA Secretary-Auditor approves the recommendation. (The recommendation will be approved by the CSURMA Secretary-Auditor unless the MEMBER's selection is found to be imprudent, i.e., LEGAL COUNSEL proposed by the MEMBER does not have sufficient experience, expertise or other qualifications required to competently undertake the defense assignment).
 - c. One or more of the following circumstances exists:
 - i. The MEMBER has significant exposure to a claim which the AORMA COMMITTEE has either denied coverage for, or has reserved its rights to deny coverage for, but which claims there may not be a conflict of interest between AORMA and MEMBER of the kind referred to in Paragraph No. 10 above. If the MEMBER chooses to avail itself of the privilege of selecting LEGAL COUNSEL under this No. 11 c(i), the MEMBER shall affirmatively waive its rights under No. 10 above.
 - ii. The case involves legal or factual issues which merit handling by LEGAL COUNSEL with specialized expertise.
 - iii. The case involves unusual ancillary factors, which justify retaining LEGAL COUNSEL having special sensitivity in dealing with those factors.
12. The MEMBER always may select and engage, *at its own expense*, MONITORING COUNSEL in addition to the LEGAL COUNSEL. However, the LEGAL COUNSEL selected by the CSURMA Secretary-Auditor or the TPA shall manage and control the litigation.
13. AORMA will pay for INDEPENDENT COUNSEL and LEGAL COUNSEL selected and engaged pursuant to Paragraph Nos. 10 and 11 above. AORMA *will not pay for* MONITORING COUNSEL engaged pursuant to Paragraph 12, above.
14. In conjunction with LEGAL COUNSEL, selected pursuant to No. 10, above, the AORMA COMMITTEE and the TPA shall have the right to manage and control the conduct of the litigation. INDEPENDENT COUNSEL selected pursuant to No. 10, above, may participate in the defense of the litigation but shall not interfere with AORMA's right of control.
15. If a MEMBER has concerns regarding the selected LEGAL COUNSEL, they must communicate with the CSURMA Secretary-Auditor prior to initiating the MEMBER Appeal Process as described below.

NOTIFICATION

The TPA shall notify the MEMBER of LEGAL COUNSEL assigned to a claim, and confirm by sending the MEMBER a copy of the TPA's engagement letter. Before AORMA will pay any costs for LEGAL COUNSEL fees, selected LEGAL COUNSEL must confirm IN WRITING to the TPA that the engagement is between LEGAL COUNSEL and AORMA, not LEGAL COUNSEL and MEMBER.

MEMBER APPEAL PROCESS

If a MEMBER wishes to appeal a decision resulting from the enforcement of this policy & procedure, the MEMBER must present an appeal in writing to the AORMA COMMITTEE within 30 days of the disputed decision. The AORMA COMMITTEE will review the appeal at its next regularly scheduled meeting and inform the MEMBER within five business days of its final decision.

If a Member wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five business days of receipt of the AORMA'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:

APPROVED LEGAL COUNSEL LIST - A list of pre-approved attorneys approved by the CSURMA Secretary-Auditor and the TPA to handle defense and litigation of AORMA MEMBER claims.

AORMA – Auxiliary Organizations Risk Management Alliance is the group of programs under the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE - The governing body of AORMA.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

DEFENSE - Legal costs incurred as the result of defending a covered claim. These may include claimant’s and defense counsel’s attorney fees.

EXECUTIVE COMMITTEE – The CSURMA Executive Committee.

INDEMNITY - Compensation for an incurred injury, loss or damage

INDEPENDENT COUNSEL – Legal Counsel selected if a potential conflict of interest exists between AORMA and a MEMBER. INDEPENDENT COUNSEL may participate in the defense of the litigation but shall not interfere with LEGAL COUNSEL’S right of control.

IN WRITING - The required manner for reporting a claim to the AORMA TPA. Notification in writing includes email correspondence, faxed transmissions, and original, hard copy notifications.

LEGAL COUNSEL - Any attorney selected to represent an AORMA member. Legal Counsel is selected from the approved legal counsel list maintained by the TPA.

MAXIMUM ALLOWABLE HOURLY RATE – The maximum hourly fee for which AORMA will pay for an attorney to defend a covered claim. The TPA will survey the legal counsel marketplace to determine the maximum allowable hourly rate for AORMA in accordance with this Policy and Procedure. If the maximum allowable hourly rate is increase, it will be applicable only to current litigation and open claims. The change to the maximum allowable hourly rate does not apply retroactively to closed claims.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

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.

MONITORING COUNSEL – Legal Counsel hired by the MEMBER to monitor.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-3

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its **MEMBERS**.

TPA - Third party liability claim administrator whose responsibilities include claim handling, litigation management, and excess liability carrier reporting.



CSURMA AORMA**POLICY AND PROCEDURE NO. L-4**

SUBJECT: EMPLOYEE DRIVING STANDARDS

ADOPTED: JULY 1, 2002

AMENDED: JANUARY 10, 2007
NOVEMBER 5, 2007
OCTOBER 8, 2009
JUNE 17, 2010
OCTOBER 23, 2014
MAY 5, 2016
MAY 7, 2020

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:

Each MEMBER shall institute and enforce the employee and volunteer driving eligibility standards as set forth in this policy and procedure. Employees and volunteers failing to meet these driving eligibility standards will be excluded from automobile liability coverage within the pooled layer of the AORMA LIABILITY COVERAGE PROGRAM, but not the Reinsurance and/or Excess Liability Insurance. In addition, if AORMA is required to make payments for any covered loss as a result of any MEMBER's failure to comply with these driving eligibility standards, AORMA will be entitled to recover the total amount of those payments from the MEMBER together with interest at the legal rate.

DRIVING ELIGIBILITY STANDARDS:

1. Employees and volunteers must possess a valid California driver's license or equivalent to legally operate the class of vehicle(s) they operate in their employment.
2. Employees or volunteers driving on auxiliary organization business will have no more than 3 (three) VIOLATION POINTS in a 12 (twelve) month period or no more than 5 (five) VIOLATION POINTS in an 18 (eighteen) month period. Employees or volunteers accumulating 4 VIOLATION POINTS within a 12 (twelve) month period or six VIOLATION POINTS within an 18 (eighteen) month period will be excluded from the automobile liability coverage within the AORMA LIABILITY COVERAGE PROGRAM. These provisions apply regardless of whether or not the driving that resulted in acquiring the VIOLATION POINTS was or was not in the course of employment.

PROCEDURE: The following steps should be taken to enforce the policy:

CSURMA AORMA

POLICY AND PROCEDURE NO. L-4

1. MEMBERS will enroll all REGULAR DRIVERS in the Department of Motor Vehicles (DMV) Employer Pull Notice program. REGULAR DRIVERS is defined to be either an employee or volunteer whose job requires that they drive more than once a week or an employee or volunteer whose primary duty is driving-related. The MEMBER shall annually confirm compliance with this requirement. OCCASIONAL DRIVERS are exempt from Item 2 of the DRIVING ELIGIBILITY STANDARDS. Some examples of an OCCASIONAL DRIVER are as follows:
 - a. An employee or volunteer driving once a week or less to the store for office supplies,
 - b. An employee or volunteer driving a golf cart on campus, regardless of how often,
 - c. An employee or volunteer driving a rented vehicle while out of town at a business-related conference.
2. All REGULAR DRIVERS will be informed of the DRIVING ELIGIBILITY STANDARDS.
3. **Use of Personal Vehicles on Auxiliary Organization Business** - If an employee or volunteer uses a personal vehicle in the course and scope of AUXILIARY ORGANIZATION BUSINESS, the MEMBER shall verify that the employee or volunteer maintains personal automobile liability insurance and that the employee's or volunteer's personal vehicle is in safe mechanical..

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of this Policy, 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:

AUXILIARY ORGANIZATION BUSINESS – Performance by an employee, with the permission of the employer of those duties required by the employer for employment. This does not include employee travel to or from the place of employment.

AORMA – Auxiliary Organizations Risk Management Alliance is the group of Programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

AORMA LIABILITY COVERAGE PROGRAM – The AORMA Liability Program which is detailed in the Liability Program Memorandum of Coverage.

CSURMA – The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its Auxiliary Organizations.

EMPLOYER PULL NOTICE PROGRAM – A program administered by the DMV which alerts an employer anytime an employee registered in the Program has any negativity of his or her driving record.

EXECUTIVE COMMITTEE – The CSURMA Executive Committee.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

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.

REGULAR DRIVER – An auxiliary organization employee or volunteer whose job requires that they drive more than once a week or whose primary duty is driving-related.

VIOLATION POINT – As defined by the Department of Motor Vehicles’ Vehicle Code Violations at <http://www.dmv.ca.gov/dl/vioptct.htm>.

OCCASIONAL DRIVER – An auxiliary organization employee or volunteer who drives (1) once a week or less, (2) a golf cart on campus, regardless of how often.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-4

AUTHORIZATION TO USE PRIVATELY-OWNED VEHICLES ON AUXILIARY BUSINESS

Approval is requested to use a privately owned vehicle to conduct official Auxiliary Organization business.

I hereby certify that, whenever I drive a privately owned vehicle on Auxiliary business;

- I will have a valid driver's license
- I will maintain auto liability insurance with the minimum limits prescribed by State Law (\$15,000 for personal injury to, or death of one person; \$30,000 for injury to, or death of, two or more persons in one accident; \$5,000 property damage.)
- I will have evidence of auto liability insurance in the privately owned vehicle at all times
- The privately owned vehicle will be adequate for the work to be performed
- The privately owned vehicle will be equipped with safety belts in operating condition
- The privately owned vehicle, to the best of my knowledge, will be in a safe mechanical condition as required by law
- I understand that the mileage rate I receive is full reimbursement for the cost of operating the privately owned vehicle, including fuel, maintenance, repairs and both auto liability and physical damage insurance
- All accidents will be reported within 48 hours
- Should I get into an accident, I understand that the insurance policy covering the privately owned vehicle will respond to the accident - the Auxiliary will NOT provide primary insurance coverage**
- I understand that permission to drive a privately owned vehicle on Auxiliary business is a privilege which may be suspended or revoked at any time.

DRIVER'S LICENSE NUMBER	STATE	EXPIRATION DATE
EMPLOYEE'S SIGNATURE	PRINT NAME	DATE SIGNED

II. APPROVAL

Use of a privately owned vehicle Auxiliary Organization business approved.

APPROVING AUTHORITY SIGNATURE	TITLE	DATE APPROVED
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III. RENEWAL

I have reviewed the above certification and approval and certify that the information provided is correct and valid.

EMPLOYEE'S SIGNATURE	APPROVING AUTHORITY SIGNATURE	DATE APPROVED
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I have reviewed the above certification and approval and certify that the information provided is correct and valid.

EMPLOYEE'S SIGNATURE	APPROVING AUTHORITY SIGNATURE	DATE APPROVED
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CSURMA AORMA

POLICY AND PROCEDURE NO. L-5

SUBJECT: **GUIDELINES FOR EXTENDING LIABILITY
COVERAGE TO NON-AUXILIARY
ORGANIZATIONS**

ADOPTED: **AUGUST 19, 2003**

EFFECTIVE: **JULY 1, 2003**

AMENDED: **NOVEMBER 20, 2003
OCTOBER 8, 2009
DECEMBER 6, 2012
MARCH 21, 2013
MARCH 19, 2015
MAY 2, 2019**

POLICY & PROCEDURE NO.: **(FORMERLY) 5-AORMA**

PURPOSE:

The purpose of this Policy and Procedure is to describe the conditions under which Auxiliary Organizations (Members) may extend Liability coverage to student groups, alumni organizations, booster clubs and other related entities.

Coverage provided under the CSURMA AORMA Liability Program is governed solely by the Liability Memorandum of Coverage and excess insurance policies providing coverage under that program. This Policy and Procedure shall not be construed to broaden or restrict coverage in any way. Rather, this Policy and Procedure is intended to guide Members as respects coverage.

POLICY:

It is the policy of the CSURMA AORMA Liability Program that Members will protect CSURMA program assets by fully implementing the guidelines found in the Insurance Requirements in Contracts Manual prepared by CSURMA's Program Administrator. It is understood that from time-to-time, Members may request to extend Liability coverage for certain student group activities, booster club activities, alumni organization activities or operations of other related entities that benefit the member Auxiliary Organization, and this extension of coverage may be acceptable provided that the member Auxiliary Organization exercises substantial control over the activities or organizations to which coverage is extended.

It is the intention of this Policy and Procedure that the Auxiliary Organizations Association (AOA) and the Auxiliaries Multiple Employer VEBA be considered Member organizations for purposes of insurance coverage through the CSURMA AORMA Liability Program.

PROCEDURE:

Members are expected to adhere to the following procedures:

Members shall fully implement the guidelines of the Insurance Requirements in Contracts Manual prepared by the CSURMA Program Administrator. This means that Members will require third party contractors and vendors to provide appropriate indemnification, insurance and documentation of coverage.

1. In order to extend liability coverage to student groups, alumni organizations, booster groups or other related entities, the following conditions must be met:
 - a. The Member must exercise substantial control over all events, activities and operations. By this, it is meant that the Member is directly involved in all planning of the activities and is in a position to exercise management control.
 - b. The Member will hold substantial financial control.
 - c. A risk analysis has been performed by the Member to determine that the extension of coverage does not generate unnecessarily high risks.
 - d. The Member will participate in the planning and oversight of activities or events so that risk is minimized. The requirements for drivers described in Policy and Procedure AORMA # L-4 will be applicable to those groups to whom coverage is extended. Special Events coverage shall be purchased when the coverage extension is deemed to generate significant additional risk.
 - e. The Member will provide to the CSURMA AORMA Program Administrator appropriate underwriting information.
 - f. The underwriting information will be reviewed by the CSURMA AORMA Program Administrator and may also be reviewed by the Systemwide Director of Risk Management and/or CSURMA's legal counsel who will provide the AORMA Committee with a recommendation as to whether coverage should be extended.
 - g. The AORMA Committee will make the final determination if the Member's coverage can be extended.
 - h. After approval of the coverage extension, the student group, alumni association, booster club or other related entity will be listed on the CSURMA AORMA Liability Program Memorandum of Coverage Declarations Page.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-6

SUBJECT: **REQUIREMENT THAT PARTICIPANT ACCIDENT INSURANCE BE PURCHASED FOR ALL CHILD CARE AND CAMP OPERATIONS INVOLVING MINORS**

ADOPTED: **JUNE 17, 2010**

AMENDED: **OCTOBER 23, 2014**
MAY 5, 2016

EFFECTIVE: **JUNE 17, 2010**

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 that MEMBERS will protect the CSURMA program assets by purchasing a separate PARTICIPANT ACCIDENT INSURANCE policy for all child care and camp operations involving minors.

PROCEDURE:

MEMBERS will purchase PARTICIPANT ACCIDENT INSURANCE for all child care and camp operations involving minors. The each accident limit shall be no less than \$10,000; however, higher limits may be purchased. The coverage may be purchased on a primary or excess basis.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Funding Policy, 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.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-6

DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is the group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

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.

PARTICIPANT ACCIDENT INSURANCE – This coverage pays for medical and dental expenses incurred by a participant in a MEMBER sponsored activity as a result of bodily injury sustained without regard to negligence. The MEMBER has no requirement of legal liability in order for coverage to exist.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-7

**SUBJECT: EMPLOYMENT PRACTICES LIABILITY
DEDUCTIBLE (EPL) OPTIONS**

ADOPTED: MAY 12, 2011

**AMENDED: JULY 1, 2011
DECEMBER 6, 2012
DECEMBER 5, 2013
MARCH 19, 2015
SEPTEMBER 6, 2018**

EFFECTIVE: JULY 1, 2011

POLICY:

1. 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

EPL EXPENSE PAYMENTs made in a fiscal year subsequent to the fiscal year in which the final EPL LOSS PAYMENT was made will be considered to have been made in the same fiscal year as the final EPL LOSS PAYMENT.

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.

- 2. Each Member will have the option of electing an EPL deductible in excess of the minimum deductible.
- 3. Should a Member elect an EPL deductible in excess of the minimum EPL deductible, then that Member will be required to maintain the same EPL deductible for three full program years



CSURMA AORMA

POLICY AND PROCEDURE NO. L-7

(July 1st to June 30th) before selecting a new EPL deductible. EPL deductibles can only be changed at the beginning of the coverage term – July 1st of each year. If, however, the formula for determining the minimum EPL deductible results in a deductible level higher than the EPL deductible level elected by the Member, the Member's EPL deductible will increase to the deductible level determined by the formula. Because the election of higher EPL deductibles can only be changed once per every three full program years, CSURMA AORMA strongly recommends a review of prior years' claims and consultation with the JPA Program Administrator before making any decisions regarding these higher EPL deductibles.

4. As outlined in Policy and Procedure L-1, Claims Reporting, it is the policy of CSURMA AORMA that written notice of any claim within the AORMA Liability Coverage Program be given to the Third Party Claims Administrator as soon as practicable. Failure to report a claim is cause for a reduction in or denial of coverage by AORMA.

PROCEDURE:

1. Annually, based on the formula above, the JPA Program Administrator will determine the minimum EPL deductible for each Member.
2. The JPA Program Administrator will provide the Members with the costs for each of the different EPL deductibles options.
3. If the Member chooses an EPL deductible higher than the minimum EPL deductible as approved by the AORMA Committee for that Member, then the Member will be required to sign the attached Consent to Change Employment Practices Liability Deductible letter.
4. A Member may appeal its minimum EPL deductible to the AORMA Committee in writing prior to the commencement of the coverage year, and the AORMA Committee will make a final decision.

DEFINITIONS:

EPL EXPENSE PAYMENT: Allocated loss adjustment expenses that are assignable to the claim. This may include but is not limited to fees to attorneys, experts, investigators, court reporters as well as third-party claims administrators incurred in defense of an EPL claim.

EPL LOSS PAYMENT: Compensatory damages which the Member is legally obligated to pay as a result of a claim.

EPL: Employment Practices Liability.

Consent to Change Employment Practices Liability Deductible

I am authorizing CSURMA AORMA to increase the Employment Practices Liability deductible within the CSURMA AORMA Liability Coverage Program for this Auxiliary Organization effective _____.

I understand that I must maintain this same deductible for three full program years (July 1st to June 30th) before selecting a new deductible. I am also aware that the following coverage provisions apply to all Employment Practices Liability claims regardless of the probable size of the claim. The Auxiliary Organization's or the Covered Party's failure to comply with any of these provisions will cause a reduction in, or denial of, coverage by CSURMA AORMA.

CLAIMS REPORTING PROVISIONS

If a Auxiliary Organization or Covered Party becomes aware of an event, occurrence or offense, which **may** result in a claim, suit or proceeding, the event must be reported to the Third Party Claims Administrator (TPA) as soon as practicable. If the event is not reported to the TPA within the timeframe set below; the following late reporting penalties shall apply;

LATE REPORTING PENALTIES

1. If an **occurrence**, offense, claim or suit is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
2. If an **occurrence**, offense, claim or suit is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply; or
3. If an **occurrence**, offense, claim or suit is reported more than 12 months late as determined by the TPA, no recovery will be available to the **Member** or other involved **Covered Party**.

DEFENSE COVERAGE PROVISIONS

If an Auxiliary Organization or Covered Party becomes aware of an event, occurrence or offense, which **may** result in a claim, suit or proceeding, CSURMA AORMA will reimburse any costs incurred by the Auxiliary Organization or Covered Party to defend the covered claim **but only if** the event is reported to the TPA within thirty (30) days of becoming aware of the event. CSURMA AORMA will not, however, reimburse any costs incurred more than thirty (30) days prior to notification to the TPA.

CLAIMS SETTLEMENT PROVISIONS

An Auxiliary Organization or Covered Party will not be reimbursed by CSURMA AORMA if the Auxiliary Organization or Covered Party settles a claim without prior written authorization of the Liability Claims Administrator.

I have read the above coverage provisions and I have a thorough understanding of my claims reporting obligations within the CSURMA AORMA Liability Program and consent to a change in my Employment Practices Liability deductible to:

\$50,000 / \$75,000 / \$100,000

Auxiliary Organization

Signed

Name

Title

Date



CSURMA AORMA

POLICY & PROCEDURE NO. L-8

SUBJECT: LIABILITY PROGRAM MEMBER ALLOCATION FORMULA

ADOPTED: SEPTEMBER 8, 2016

EFFECTIVE: SEPTEMBER 8, 2016

**AMENDED: MAY 4, 2017
MAY 2, 2019**

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total liability program costs as outlined in the Liability Program Member Allocation Formula shown below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the Total Liability Program Costs for the upcoming fiscal year. In December, the AORMA Committee will accept the supplemental actuarial reports to be used as general guidelines within the Liability Program Member Allocation Formula:

- 1. Liability Rates
- 2. Liability Experience Modification Factors
- 3. Employment Practices Liability Indicated Deductible Credits

In December, the AORMA Committee will approve the following allocation criteria within the Liability Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

- 1. Basic rates
- 2. Maximum premium for calculating the size credit
- 3. Maximum size credit percentage
- 4. Minimum and/or maximum excess premium and administrative costs
- 5. Maximum and minimum premium collar percentages
- 6. Minimum premium

LIABILITY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

Four basic rates are included in the allocation formula for the following loss exposures:

Loss Exposure	Exposure Basis
Automobile Liability (AL)	Number of owned autos
Premises Liability (PL)	Total square footage owned, occupied, operated or maintained
Other Liability (OL)	Total expenditures for five years
Employment Practices Liability (EPL)	Total payroll

1. The exposure basis for each loss exposure is multiplied separately by the corresponding approved basic rate and then added together. *Result – basic premium for pooled layer w/o size credit or loss rating.*

**** Example ****

1.	5	*	\$150	=	\$750
	Number of owned autos		Per Auto		AL Basic premium
	150,000	*	\$50	=	\$7,500
	Square Footage		Per 1,000 of square footage		PL Basic premium
	\$20,000,000	*	\$400	=	\$8,000
	Expenditures		Per 1,000,000 of expenditures		OL Basic premium
	\$5,000,000	*	\$1,200	=	\$6,000
	Payroll		Per 1,000,000 of payroll		EPL Basic premium
			Total		\$22,250
					Basic premium for pooled layer w/o size credit or loss rating

Size Credit:

1. Basic premium for pooled layer w/o size credit or loss rating is divided by the maximum premium for calculating size credit. *Result – percentage of basic premium for pooled layer compared to the maximum premium for calculating size credit.*
2. Percentage of total basic premium compared to maximum premium for calculating size credit is multiplied by maximum size credit percentage. *Result – size credit percentage.*
3. Basic premium for pooled layer w/o size credit or loss rating is multiplied by the size credit percentage. *Result – basic premium for pooled layer w/ size credit.*

**** Example ****

1.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	/	\$65,000 Maximum premium for calculating size credit	=	34% % of basic premium for pooled layer compared to maximum premium for calculating size credit
2.	34% % of basic premium for pooled layer compared to maximum premium for calculating size credit	*	20% Maximum size percentage credit	=	7% Size credit percentage
3.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	-	7% Size credit percentage	=	\$20,693 Basic premium for pooled layer w/ size credit

Loss Rating:

1. Loss rating discount or surcharge (as calculated by actuary) is multiplied by the basic premium for pooled layer w/ size credit. *Result – Basic premium for pooled layer w/ size credit and loss rating.*

**** Example ****

1.	\$20,693 Basic premium for pooled layer w/ size credit	*	.945 Loss rating discount or surcharge	=	\$19,555 Basic premium for pooled layer w/ size credit and loss rating
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Excess Premium:

1. Each Member’s percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total excess premium. *Result – excess premium.*
2. The excess premium is capped if it exceeds the maximum excess premium. *Result – capped excess premium.*

**** Example ****

1.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	/	\$1,718,405 Total program basic premium for pooled layer	=	1.29% Percentage of total program basic premium for pooled layer
	1.29% Percentage of total program basic premium for pooled layer	*	\$1,230,000 Total program excess premium	=	\$15,867 Excess premium
2.	\$15,867 Excess premium	=/<	\$85,000 Minimum excess premium	=	\$15,867 Capped excess premium

Administrative Costs:

1. Each Member’s percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total program administrative costs. *Result – administrative costs.*
2. The administrative costs are capped at either the minimum or maximum administrative costs. *Result - Capped administrative costs.*

1.	\$22,250	/	\$1,718,405	=	1.29%
	Basic premium for pooled layer w/o size credit or loss rating		Total program basic premium for pooled layer		Percentage of total program basic premium for pooled layer
	1.29%	*	\$730,000	=	\$9,417
	Percentage of total program basic premium for pooled layer		Total program excess premium		Administrative costs
2.	\$9,417	<	\$60,000	=	\$9,417
	Excess premium		Maximum administrative costs		Capped administrative costs
	\$9,417	>	\$600	=	\$9,417
	Excess premium		Minimum administrative costs		Capped administrative costs

Final Premium w/o Collars:

1.	\$19,555	+
	Basic premium for pooled layer w/ size credit and loss rating	
	\$15,867	+
	Capped excess premium	
	\$9,417	+
	Capped administrative costs	
	\$44,874	=
	Final premium w/o collars or deductible credits	

Collared Premium:

1. Prior year’s final premium w/o deductible credit is multiplied by the maximum collared percentage increase. *Result – maximum collared premium.*
2. Prior year’s final premium w/o deductible credit is multiplied by the maximum collared rate decrease. *Result – minimum collared premium.*
3. If the final premium w/o collars or deductible credits is less than the minimum collared premium, then the minimum collared premium will apply; if the final premium w/o collars or deductible credits is more than the maximum collared premium, then the maximum collared premium will apply.

**** Example ****

1.	\$35,000	+	10%	=	\$38,500
	Prior year’s final premium w/o deductible credit		Maximum collared percentage increase		Maximum collared premium
2.	\$35,000	-	10%	=	\$31,500
	Prior year’s final premium w/o deductible credit		Maximum collared percentage decrease		Minimum collared premium

3.	\$44,874	>	\$38,500	=	\$38,500
	The maximum collared premium is used because final premium w/o collars or deductible credits is greater than the maximum collared premium				Final premium w/o deductible credits

Minimum Premium:

1. The final premium w/o deductible credits is compared to the approved minimum premium. The minimum premium is applied as appropriate.

Employment Practices Liability Deductible:

1. The EPL basic premium is reduced by the EPL deductible credits. The total savings is applied to the final premium w/o deductible credits.

Table 1
AORMA Workers' Compensation Program - Estimated Total Funding
July 1, 2021 to July 1, 2022

70% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 75% CL	FY 20/21 Actual Costs 75% CL	FY 21/22 Proposed Costs 70% CL	% Change
Pool Layer Funding	3,680,988	1,836,512	0	2,960,000	100%
Claims Administration	242,429	243,000	243,000	243,000	0%
Program Administration	601,503	602,000	602,000	602,000	0%
Reinsurance / Excess Insurance	550,464	551,000	2,373,711	0	-100%
Total Costs	5,075,384	3,232,512	3,218,711	3,805,000	18%
Estimated Payroll	395,805,137	293,404,915	293,404,915	400,000,000	36%
Actuary's Rate	0.93	0.78	0.78	0.74	-5%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					18%
75% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 75% CL	FY 20/21 Actual Costs 75% CL	FY 21/22 Proposed Costs 75% CL	% Change
Pool Layer Funding	3,680,988	1,836,512	0	3,120,000	100%
Claims Administration	242,429	243,000	243,000	243,000	0%
Program Administration	601,503	602,000	602,000	602,000	0%
Reinsurance / Excess Insurance	550,464	551,000	2,373,711	0	-100%
Total Costs	5,075,384	3,232,512	3,218,711	3,965,000	23%
Estimated Payroll	395,805,137	293,404,915	293,404,915	400,000,000	36%
Actuary's Rate	0.93	0.78	0.78	0.78	0%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					23%
80% Confidence Level (Discounted)					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs 75% CL	FY 20/21 Paid by Members 75% CL	FY 20/21 Actual Costs 75% CL	FY 21/22 Proposed Costs 80% CL	% Change
Pool Layer Funding	3,680,988	1,836,512	0	3,320,000	100%
Claims Administration	242,429	243,000	243,000	243,000	0%
Program Administration	601,503	602,000	602,000	602,000	0%
Reinsurance / Excess Insurance	550,464	551,000	2,373,711	0	-100%
Total Costs	5,075,384	3,232,512	3,218,711	4,165,000	29%
Estimated Payroll	395,805,137	293,404,915	293,404,915	400,000,000	36%
Actuary's Rate	0.93	0.78	0.83	0.83	-11%
Fy 20/21 Paid by Members vs. FY 21/22 Proposed:					29%

The current program is funded at a 75% confidence level and is discounted for investment value. The discount rate is calculated based on a 2% yield on investments.



CSURMA AORMA

POLICY AND PROCEDURE NO. W - 1

SUBJECT:	WORKERS' COMPENSATION MEMBER ALLOCATION FORMULA
ADOPTED:	MAY 15, 2008
EFFECTIVE:	MAY 15, 2008
AMENDED:	DECEMBER 8, 2009 SEPTEMBER 10, 2015 MAY 5, 2016 MARCH 9, 2017 MAY 4, 2017 MAY 2, 2019

PURPOSE:

It shall be the policy of the CSURMA Auxiliary Organizations Risk Management Alliance (AORMA) to determine each MEMBER's allocation of the workers' compensation TOTAL PROGRAM FUNDING as outlined in the Workers' Compensation Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA COMMITTEE will approve the TOTAL PROGRAM FUNDING for the workers' compensation program for the upcoming fiscal year.

Annually, in December, the AORMA COMMITTEE will approve or accept the following allocation distribution criteria with the Workers' Compensation Member Allocation Formula:

1. AORMA BASIC RATES for each class code.
2. EXPERIENCE MODIFICATION FACTOR (EMF) as determined by the actuary.
3. Minimum Premium.

ALLOCATION FORMULA:

1. The MEMBER's EXPERIENCE MODIFICATION FACTOR is applied separately to each of the AORMA BASIC RATES. Result – Member's modified rates.
2. MEMBER's modified rates are applied separately to the MEMBER's estimated payroll, separated by class code, for the upcoming fiscal year. Result – Member's final modified deposit premium.

3. The minimum premium is applied if the Member’s final modified deposit premium is less than the approved minimum premium.

**** Example ****

1001	.50	*	.95	=	.48
1002	1.00	*	.95	=	.95
1004	1.50	*	.95	=	1.43
1005	3.00	*	.95	=	2.85
1006	4.00	*	.95	=	3.80
1007	5.00	*	.95	=	4.75
AORMA basic rates			Experience modification factor		Modified rates
1001	.48	*	\$1,000,000	=	\$4,800
1002	.95	*	\$800,000	=	\$7,600
1004	1.43	*	\$0	=	\$0
1005	2.85	*	\$0	=	\$0
1006	3.80	*	\$0	=	\$0
1007	4.75	*	\$0	=	\$0
					\$12,400
Modified rates			Estimated payroll		Final modified deposit premium

ANNUAL PAYROLL AUDIT:

The MEMBER’s final payroll separated by AORMA class code will be requested at the end of each program year. The MEMBER’s final workers’ compensation premium will be calculated by multiplying the MEMBER’s actual payroll per class code by the MEMBER’s modified rates. The MEMBER will receive either a refund or additional deposit billing based on how their audited contribution compares with their initial deposit. MEMBERS will allocate their payroll to each of the AORMA class codes as outlined in the (1) AORMA Workers’ Compensation Explanation of Classification Codes and (2) AORMA Workers’ Compensation Payroll Rules to Follow publications. For those MEMBERS involved in federal sponsored programs, the refund can be retained on account with CSURMA to be used to lower contributions for the upcoming fiscal year. If the MEMBER chooses to receive the refund, then the MEMBER will be required to calculate the percentage of its payroll and salary that is attributable to federal sponsored programs to determine what percentage of the dividend will need to be returned to the federal government.

If the final audit is not received by the deadline, then the Program Administrator may increase that MEMBERS payrolls by the average payroll increase for all MEMBERS for the prior two years.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Workers' Compensation Program Member Allocation Formula 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 five (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 – 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.

AORMA BASIC RATES – The AORMA Basic Rates will be approved annually by the AORMA COMMITTEE. The WCIRB class code rates shown below will be utilized when determining the AORMA BASIC RATES. A normalization factor will be added to the WCIRB class code rates in order to achieve the TOTAL PROGRAM FUNDING required as approved by the AORMA COMMITTEE.

Class Code Description	AORMA	WCIRB
Clerical	1001	8810
Off-site activities / professional / student activities	1002	8868
Retail	1004	8071
Sports / day care	1005	9053
Food service	1006	9079
Manual labor	1007	9101

CSURMA – The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

CSURMA EXECUTIVE COMMITTEE – The California State University Risk Management Authority Executive Committee.

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.

MEMBER – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers’ Compensation Program Participation Agreement.

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.

TOTAL PROGRAM FUNDING - The Total Program Funding costs will include (1) the pooled layer funding requirement, as recommended by the actuary, (2) administrative costs and (3) excess insurance or reinsurance costs.



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.



CSURMA AORMA

POLICY AND PROCEDURE NO. W-2 (FORMERLY W-3)

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.



CSURMA AORMA

POLICY AND PROCEDURE NO. W-3

(Formerly W-4)

SUBJECT:	WORKERS' COMPENSATION CLAIMS HANDLING PROCEDURES AND GUIDELINES
ADOPTED:	DECEMBER 8, 2009
EFFECTIVE:	DECEMBER 8, 2009
AMENDED:	SEPTEMBER 16, 2010 MARCH 20, 2014 SEPTEMBER 8, 2016 MARCH 8, 2018

PURPOSE:

The purpose of this Policy & Procedure is to describe the roles and responsibilities of the Workers' Compensation Third Party Claims Administrator (**TPA**) and the participants in the CSURMA Auxiliary Organizations Risk Management Alliance (**AORMA**) in the reporting and handling of claims.

POLICY:

It shall be the policy of the **AORMA** to ensure that Workers' Compensation claims are administered by the following general guidelines.

PROCEDURE:

- In the event of a Workers' Compensation occurrence likely to involve **AORMA**, written notice regarding the occurrence shall be given by the Member to the **TPA** no later than five (5) calendar days from the date of the Member's knowledge. Such notice shall include the Employer's First Report of Occupational Injury or Illness (Form 5020). The form should include the circumstances of the occurrence, and the names and addresses of any injured parties, and witnesses. The five (5) day requirement to report injuries is a Labor Code requirement.
- The following will serve as the **AORMA** Workers' Compensation Program procedures and guidelines and are based upon the current contract with **TPA**.

Claim Reporting Procedures

The auxiliaries report all claims to **TPA** via e-mail or fax within five calendar days of notice as required by California Statute by completion of a Form 5020. The Claims Supervisor assigns new losses to appropriate handler for contact and investigation. After an initial investigation, the Claims Examiner makes a determination -as to the appropriate claim type.

Indemnity claims will be managed by the Claims Examiner. Medical First Aid Only claims will be managed by the Claims Support Associate. Medical First Aid Only claims are defined as claims estimated at less than \$3,000 in medical costs, no anticipated permanent disability and with no loss of work.

Record Only claims in the Juris (Sedgwick claims system) are considered “Incident Only” claims. This claim type does not have a claims status attached to it. It is neither open nor closed. It serves as a reporting function only.

All new indemnity claims will be reviewed by the Claims Supervisor within 5 (five) working days of receipt by **TPA** or within 5 (five) days of conversion to indemnity claim.

Initial Investigation

The Claims Examiner will conduct a thorough investigation to determine compensability immediately upon receipt of the claim. The Claims Examiner makes all the initial contacts necessary to make this determination and will follow the question format provided by **TPA** management which outlines the information to be requested for each of the contacts. The Claims Examiner **TPA** will contact the Auxiliary Organization Workers’ Compensation Claim Coordinator (**Coordinator**), the injured employee, and the injured employee’s supervisor and physician. Physician contact is not necessary if (1) a Doctor’s First Report of Occupation Injury or Illness (Form 5021) is in the file, (2) there is no lost time, and (3) there are no disputes.

3-Point Contact – Employee, Employer and Physician

The Claims Examiner will make 3-Point Contact on all “pending” claims within one business day after receiving notice of the claim. Communication with the injured employee will be available in the employee’s primary language or with translation upon request.

Notice of claim is defined as:

- Notice of a pending claim in Juris.
- Phone call, fax or e-mail from the **Coordinator** (Form 5020)
- Doctor’s First Report of Occupational Injury or Illness (Form 5021)
- Notice of Representation (no contact with injured employee)
- Application of Adjudication of Claim (no contact with injured employee)
- DWC-1 Claim Form

If the **TPA** receives the first notice of claim, **TPA** will notify the **Coordinator** of the details of the claim, request additional information from the **Coordinator** as needed and set up the claim in Juris. The **Coordinator** will complete the Form 5020.

If it is determined after initial contact that a claim is a First Aid, the claim will be closed. If later a bill is received, the file will be reopened for payment of the bill and closed.

If the Claims Examiner/Claims Support Assistant is unable to complete all the initial contacts, the Claims Examiner will continue contact attempts for three days. Should the contact attempts be unsuccessful a “Call Me Card” or e-mail will be sent to contact the respective party. All attempts at communication will be documented in Notepad. Documentation of a “Call Me Card” will be stored in Correspondence. Assistance from the **Coordinator** must be requested if contact with the injured employee cannot be made after three unsuccessful attempts. The work and home telephone number of the injured employee is a required field for a “pending” claim and therefore needs to be made available to the Claims Examiner. Alternative contact numbers, email addresses or a mailing address can be requested if the Claims Examiner is unable to make contact.

No claim will be accepted without completion of the 3-point contact unless there is concurrence from the Coordinator.

3-Point Contact will be documented in Juris on the day the contact occurs.

The **Claims Supervisor** review of all new claims at five days will ensure that contact is completed and documented. If contact is complete, the **Claims Supervisor** will so note in Notepad. If contact is not complete, the **Claims Supervisor** will document in Notepad the contacts that need completion and require that the Claims Examiner continue contacts until all have been completed. The **Claims Supervisor** will keep the file on close diary until all contacts are made.

Acceptance/Denial Issues

If the Claims Examiner determines that a claim should be denied, the Claims Examiner will notify the **Coordinator** of the investigation results and recommendation to deny benefits prior to notifying the injured employee. All recommendations for denials must be approved by the **Claims Supervisor** and documented in Notepad. All denied claims will have a reason for the denial entered in the claim system.

If the injured worker does not pursue a claim, **TPA** will not delete the claim. The Claims Examiner/Claims Support Assistant will notify the employee in writing of Sedgwick’s confirmation and understanding that the employee does not wish to pursue the claim. The claim will be coded with an appropriate claim type (e.g., Record Only, Medical Only, Indemnity, etc.)

The Claims Examiner has fourteen (14) days to determine if a claim will be delayed. Medical treatment will continue to be provided during the ninety (90) day discovery period up to a limit of \$10,000, per labor code statute, or until the case is denied.

The Claims Examiner has up to ninety (90) days to make a compensability decision. The ninety (90) days starts with the employer’s knowledge of injury.

Initial Documents

The DWC-1, 5020 and 5021 forms are required documents in the claim file. If the DWC-1 is not in the file, evidence of attempts to solicit the DWC-1 form must be in the file. All are required in every claim file prior to closure.

If the **Claims Examiner/Claims Support Assistant** does not have the DWC-1 form when completing set-up of the claim, a claim form will be forwarded to the employee's home address immediately upon receipt of the notice of injury unless it is noted that a DWC-1 claim form was not provided by the **Coordinator**.

If the DWC-1 is not received within sixty days, the **Claims Examiner/Claims Support Assistant** will notify the **Coordinator** via email. This process applies to accepted claims only.

A copy of the 5020 DWC-1, and the 5021 will be clearly documented in SIR (Scanned Information Retrieval system). If a 5021 has not been submitted, the file must contain a copy of a request for the 5021. The 5021 request will be saved to the claim in Juris Correspondence.

A claim must not be closed without these documents, or proof that the DWC-1 was provided to the employee, in the claim file.

Medical Releases

TPA will request Medical Releases within five (5) working days of file make-up on all files. If the signed release is not returned within fourteen (14) days, and the injury has not resolved (such as in a Medical Only claim), the **Claims Examiner/Claims Support Assistant** will contact the **Coordinator** and request assistance. The process applies to Indemnity files as well as Medical Only files where treatment is continuing beyond the fourteen days.

Upon receipt of the medical release, **TPA** will order appropriate medical records as needed.

Medical Direction and Control

The **Claims Examiner/Claims Support Assistant** is responsible for coordinating the provision of prompt, appropriate and effective medical treatment for auxiliary employees. The **Claims Examiner/Claims Support Assistant** will exercise all reasonable efforts to obtain current physician reports in accordance with CCR 9785 (California Code of Regulations concerning treating physicians) on all claims where medical treatment is active.

Within fourteen (14) calendar days of notification of change of treating physician, the **Claims Examiner/Claims Support Assistant** will send the complete medical file with CCR 9785 notification to the treating physician.

If the injured employee is absent from work, notification of the auxiliary organization's return to work policy, and the injured worker's job description, if necessary, will be sent to the treating physician. Notification will be by letter and available in Correspondence.



A copy of CCR 9785 will be sent to the treating physician within five (5) working days upon any request made by the workers' compensation auxiliary **Coordinator**.

The Claims Examiner will request updated medical reports on Future Medical (FM) claims where treatment is being sought. On non-active FM claims, the Claims Examiner will document a strategy for administrative closure.

The Claims Examiner will document requests for authorization of treatment procedures in the Juris Notepad. The **Claims Examiner/Claims Support Assistant** will respond to requests for authorization of treatment and surgery on accepted cases in accordance with Utilization Review guidelines and requirements.

The treatment plan will be documented in Juris Notepad including the next treatment date. The **Claims Examiner/Claims Support Assistant** will document any medication, by name, which has been authorized by the physician for the employee in Juris Notepad. Updates will be requested as medication changes.

No agreement to utilize an AME will be made without the approval of the Claims Examiner. In litigated cases, the Claims Examiner will notify the defense attorney of this requirement.

All bills will be paid or objected to within thirty (30) calendar days from date-stamp receipt.

Documentation

TPA will caption all Juris Notepad entries using appropriate Juris system-defined headings. All entries will contain documentation with appropriate detail, identify the issues of the claim, and describe the plan of action being taken to resolve these issues. An Action Plan will be documented in Juris Notepad every ninety (90) days on Indemnity files and every one hundred eighty (180) days on Future Medical files.

Medically authorized restrictions will be documented in the Juris Notepad and updated every time the restrictions are modified by the physician.

Medical records that are received via medical release or subpoena must be summarized in Juris Notepad.

Diary

CLAIMS EXAMINER DIARY

Every active indemnity file will be reviewed at least once every thirty (30) days. Diary activity will include contact with unrepresented injured employees, at minimum, every sixty (60) days. Claims with ongoing temporary disability benefits will be reviewed every fourteen (14) calendar days. Review includes a phone call to the treating physician to determine return to work capability. Documentation of the review and verification of disability will appear in Notepad.

Future medical diary is no less than one hundred eighty (180) days as warranted by activity on the claim. Future Medical cases are defined as claims where the only benefit obligations are the payment of awarded permanent disability and undisputed future medical care.

Follow-up telephone contact will be made with unrepresented injured employees who are losing time from work every fourteen (14) calendar days. Follow-up telephone contact with all other unrepresented injured employees must occur at a minimum every sixty (60) days (Future Medical file excluded).

CLAIMS SUPPORT ASSISTANT DIARY

Medical Only claims will be reviewed at minimum at sixty days. At ninety (90) days, the Claims Support Assistant will review for conversion to Indemnity or closure.

SUPERVISOR DIARY

Claims Supervisor will review all new indemnity claims five (5) days after receipt. The Claims Supervisor will re-set a diary on each new claim as appropriate depending on the severity of the issues or medical treatment but no less than one hundred eighty (180) days. Delayed claims will be reviewed at forty-five (45) and eighty (80) days within the first ninety (90) days. Acceptance after delay and denials will be reviewed and approved by the manager. These reviews will be documented under the Management Review heading in the claim Notepad.

Supervisors will effectively manage assignments of **Claims Examiner/Claims Support Assistant** personnel to ensure caseloads are meeting the claims handling standards. An inventory count by claim type will be kept for each Claims Examiner's caseload on a monthly basis.

Temporary Disability

Temporary disability is paid every two weeks.

Verification of the employee's disability is the responsibility of the Claims Examiner. The Claims Examiner must verify with the treating physician that the employee is unable to work his/her customary job duties, or able to return to work either in a modified position, or at his/her regular job duties.

The Claims Examiner should contact the physician, if necessary, and/or confirm through medical reporting medical verification of disability every two weeks to coincide with the temporary disability check issuance. Potential for return to work must be discussed and documented. Restrictions will be clarified and discussed with the **Coordinator** for return to work possibilities.

Litigation

TPA is to utilize approved auxiliary organization defense counsel in every case. The Claims Examiner will make the selection of counsel on each claim in coordination with the **Coordinator**. **TPA** recommends use of defense counsel as required by its defense counsel referral criteria.

However, referrals will be made at the request of the **Coordinator** as well. **TPA** requires that defense counsel adhere to **AORMA's** Defense Counsel Guidelines. These guidelines will be included with each litigation referral.

TPA will notify the **Coordinator** upon receipt of an Application for Adjudication of Claim within five (5) working days. **TPA** will assign claims to Counsel within five days after receipt of notice of approval from the **Coordinator**. **TPA** will notify the **Coordinator** by telephone or email of assignment to Counsel on a claim, and confirm by sending the **Coordinator** a copy of the letter to the selected Counsel confirming engagement.

Case analysis is to be provided by counsel within thirty days of referral. A copy of the initial case analysis will be sent to the **Coordinator** and documented in the Juris Notepad. The Claims Examiner will follow up with the defense attorney if a case analysis is not received within thirty (30) calendar days from date of referral. Subsequent reports will be sent to **TPA** and the **Coordinator** depending on the activity of the claim, but no less frequently than ninety (90) days.

The Claims Examiner will continue to manage the file, including performing administrative tasks, such as setting medical appointments, appointment letters and medical record requests. These tasks are to be completed by **TPA** staff with few exceptions.

The Claims Examiner will audit all attorney bills for appropriateness of payment.

The Claims Examiner and the **Coordinator** will determine who should attend hearings.

Mandatory Settlement Conference at WCAB

Upon notification of the Mandatory Settlement Conference (MSC) date, the following procedure will occur:

In litigated cases, a request for authority will be sent to **AORMA** thirty (30) days prior to defense counsel filing a Declaration of Readiness to proceed, or five (5) days after receipt of the Declaration of Readiness to proceed from applicant's counsel. Thirty (30) days prior to defense counsel filing a Declaration of Readiness to Proceed, **TPA** will provide **AORMA** and Member with a comprehensive case review and/or SAR (settlement authorization request).

TPA will attend an MSC as deemed necessary.

Subrogation will be pursued when appropriate unless otherwise indicated by the **Coordinator**. If any legal action must be filed in any court other than the Workers' Compensation Appeals Board on behalf of the auxiliary organization, **TPA** must have approval from the CSURMA **AORMA** Committee.

Communications

TPA Supervisor and Claims Examiner for TPA will utilize professional, courteous and effective communication skills at all times and will respond to telephone and email inquiries within one (1) working day. All e-mail communications that are pertinent to a particular claim should be placed in the Juris Notepad.

Index System

TPA will index all disputed or lost time injury claims at claim setup and annually thereafter relying on Sedgwick's account number with the Index System.

Reserving

The initial reserve will be set up within five (5) working days of the receipt of the claim. Claims are to be reserved on a "most probable ultimate cost" basis from the date the claim is set up. Reserve amounts will be evaluated and adjusted on a regular basis, but at a minimum, within thirty (30) days of any event or change in medical prognosis that will affect the ultimate outcome of the claim. Reserves should also be reviewed concurrent with Diary and Action Plan review. "Stair-stepping" is to be avoided. All reserve calculations will be clearly reflected in the claim file.

Sedgwick Claims Supervisors will review all reserve changes above the authority of each Claims Examiner.

Reserves will be reviewed with each action plan.

Investigations

TPA recommends use of outside investigators as required by their claim investigation criteria and best practices. In addition to manager or supervisor approval, assignment of an outside investigator requires prior contact, approval and coordination with the **Coordinator**.

OSHA Reporting –The members bear the responsibility to complete a manual OSHA log as required by California law.

Resolution

Upon receipt of any permanent and stationary report, the Claims Examiner will determine if the disability described in the report is appropriate for the circumstances of the injury. The Claims Examiner may self-rate if the disability is clear. However, **AORMA** prefers that the Claims Examiner solicit an independent rating prior to issuing advances. Based on what is learned from the rating, additional clarification may be needed from the physician. The Claims Examiner will seek clarification from the physician or object as appropriate.

Upon receipt of the supplemental report with the clarifying information, the Claims Examiner may need to solicit an additional independent rating in order to ensure that the Claims Examiner is confident of the total value of permanent disability. If the dollar amount of the rating and/or the



dollar value of the total amount of permanent disability advance to be made exceed(s) \$25,000, the Permanent Disability Benefit letter requires approval from a supervisor.

Within five (5) calendar days after the Claims Examiner has determined that the report is appropriate, the Claims Examiner will submit the report to the Disability Evaluation Unit (DEU) for a Summary Rating.

A Settlement Authority Request (SAR) must be submitted to the Operations Manager at TPA, the CSURMA AORMA Workers' Compensation Committee or the CSURMA AORMA Committee depending on the level of the settlement value requested in accordance with the Claims Settlement Policy and Procedure. This requires timeliness in getting the independent rating in order to avoid penalties for not issuing a timely permanent disability advance.

Upon receipt of the Summary Rating from the Disability Evaluation Unit (DEU), the Claims Examiner verify the rating used in the SAR and amend the SAR, if necessary.

If the claim is litigated, the Claims Examiner must notify the defense attorney that negotiations cannot begin without authority. The Claims Examiner is responsible for getting that authority to the attorney within two (2) working days of receipt of authority. If applicant's attorney files the Declaration of Readiness to Proceed (DOR) for settlement purposes, the SAR must be submitted within five (5) days of receipt of the notification.

Settlement Authority

Various levels of settlement authority have been established as respects this AORMA coverage under AORMA Policy & Procedure W-5. The Member has no authority to settle claims.

All settlement authority requests must be presented using the Settlement Authorization Request (SAR) form.

The SAR must be complete and thorough. It must include a brief history of the injury, a description of the permanent disability and its dollar value, the medical prognosis and its dollar value, and any other costs that are included in the proposed settlement. It must include a complete outline of all issues and defenses. All ratings, both applicant and defense must be stated. It must state the Claims Examiner opinion regarding settlement versus taking the case to trial.

Managers must approve all requests for authority.

If a response from the authorizing body is not received in thirty (30) days, the Claims Examiner will notify the Claims Consultant via email. If timing is ***urgent***, this will be indicated in the email along with a deadline date, as well as notifying the Claims Consultant by voicemail.

Return to Work Issues

The Claims Examiner will provide all information to the **Coordinator** regarding return to work restrictions and permanent modifications immediately upon knowledge.

Excess Carrier Reporting and Settlement Requirements

Any claim with a date of injury after May 1, 2004 must be reported by **TPA** to the respective excess carrier immediately, but in no event later than ten (10) calendar days from the date the **Coordinator** is notified or becomes reasonably aware of such accident or disease which may involve the excess carrier or includes any of the following:

- a. Injuries to spinal cord (including Cauda Equina), paraplegia, or quadriplegia;
- b. Fatality;
- c. Amputation of a major extremity;
- d. Blindness;
- e. Second degree burns on 25% or more of the body or third degree burns on 10% or more of the body
- f. Serious head or brain injuries (including skull fracture);
- g. Multiple fractures – involving more than one member or any non union of any part of the body;
- h. Nerve damage causing paralysis and loss of sensation in arm and hand (brachial plexus nerve damage);
- i. Massive internal injuries affecting body organs;
- j. Any occurrence which causes serious injury or death to two or more employees
- k. Any occurrence, which results in disability exceeding one (1) year.
- l. Any occurrence that results in permanent and total disability 100% - (including but not limited to 100% by statute: loss of both eyes/sight, loss of both hands (or the use thereof), “practically total paralysis,” brain injury resulting in incurable imbecility or insanity.
- m. Any occurrence that involves unusual exposure to the coverage—examples include sexual molestation, HIV, AIDS, rape, class actions and bad faith allegations, or other serious violation, which may involve excess;

Total incurred in excess of 50% of the Self Insured Retention or per Excess reporting requirements. Attachments to the first report will include:

- Face sheet to include summary of case, pertinent claimant information such as claim number, date of injury, date of birth, date of hire, average weekly wages, TTD, PD rate. The Claims Examiner must list all the issues and the plan of action recommended in order resolving these issues. Any subrogation aspects must be described and discussed.
- Reserve breakdown
- Printout of all payments, sorted by category
- AME, QME, P&S and/or current medical reports advising status of claim (AME = Agreed Medical Evaluator; QME = Qualified Medical Evaluator; P&S= Permanent and Stationary)
- Copies of all Applications filed, Workers’ Compensation Appeals Board (WCAB) Awards & Findings & Awards (F&As)

- Defense attorney evaluation
- Copies of investigation reports
- All notices and legal papers relating to the claim or suit
- Any other pertinent data

Subsequent reports will be made on a quarterly basis (unless excess carrier advises otherwise). Attachments to the subsequent reports will include:

- Face sheet to include summary of case, pertinent claimant information such as claim number, Date of Injury, Date of Birth, Date of Hire, Average Weekly Wage, Total Temporary Disability and Permanent Disability Rate. The report must provide the status of the case and the steps proposed to resolve all the remaining issues.
- Reserve breakdown
- Printout of all payments, sorted by category
- Current medical report(s)
- Any of the prior reporting requirements that occur subsequent to the initial excess report.

The Claims Manager and/or Supervisor will review and authorize all excess reports. The reports will be submitted to the Excess carrier with a hard copy of all attachments. The hard copy attachments are to be submitted only to Excess carrier.

The process is the same for interim status reports and final reporting.

Once confirmation is received from Excess carrier, the Claims Examiner will make a copy of the confirmation for the claim file and update the system that confirmation was received from the Excess Carrier.

If the employee files a Serious and Willful claim, defense costs are not reimbursable by the Excess Carrier. Requests for reimbursement must exclude these costs.

Fraud Claims

Suspected fraudulent activity (material misrepresentation by the employee) must be reviewed with the Claims Supervisor, the **Coordinator** and the **AORMA** Claims Consultant to determine the merits of the case. The case will also be discussed with the CSURMA SIU manager, J.D Wesson, who serves as the Investigation and SIU oversight manager for AORMA and CSU. The case will be prepared for submission to the District Attorney and Department of Insurance once a decision to refer the case to the authorities has been made. Fraud referral activity will be documented on the claim in Juris Management Review Notepad.

Balance Sheet

TPA will complete a Balance Sheet on all open files at one year from date of injury, annually at the anniversary of claim set up and annually thereafter on each file at SAR evaluation and at closing of the claim. The Balance Sheet will be kept in Correspondence or a hard copy in the claims file.



Escrow Fund

Changes have been made to the Trustee Account as a result of the transition to Sedgwick's Juris claims system effective July 1, 2016. Sedgwick Claims Management administers benefit payments and expense payments on behalf of AORMA. The account utilized is an AORMA owned account through Wells Fargo. Sedgwick will issue all payments on claims linked to this account. The Client Banking department located in Memphis, TN will prepare monthly reconciliations.

Checks issued over \$50,000.00 require funding verification. Such requests should be forwarded to the **AORMA** Accountant at the CSU Chancellor's Office, along with supporting documentation.

TPA will submit replenishment requests **biweekly**.

Check Issuance

All checks for claims that are linked to this account are issued by Sedgwick. Joey House, Managing Director Accounting and Financial Service and Kevin Hawkins, Sr. Vice President Finance are the facsimile signatures that will be used for all checks. There will be no manual checks under any circumstances.

Reports

The Claims Manager will provide a monthly report of **TPA** and **AORMA** penalties no later than the 10th of each month.

TPA will also provide reports to the **Coordinator** for each Member as follows:

Quarterly claim summary report - inception to date

- Claim summary report of all claims created in the last quarter
- Ad hoc reports by client request



CSURMA AORMA

**POLICY AND PROCEDURE NO. W-4
(FORMERLY W-5)**

**SUBJECT: WORKERS COMPENSATION COVERAGE
CLAIMS SETTLEMENT AUTHORITY**

ADOPTED: OCTOBER 27, 2005

EFFECTIVE: JULY 1, 2005

**AMENDED: JANUARY 8, 2006
DECEMBER 8, 2009
SEPTEMBER 16, 2010
MARCH 20, 2014
MAY 5, 2016
MAY 7, 2020**

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 CSURMA Auxiliary Organizations Risk Management Alliance (AORMA) that MEMBERS of the Workers' Compensation Program shall have the opportunity to participate in the final claim settlement process (i.e. Stipulations with Findings and Award or a Compromise & Release with Findings and Award) as provided for by this policy and procedure. Though Workers' Compensation benefits are mandated and established by State law, the amount and actual settlement of a claim is the responsibility of the THIRD PARTY CLAIMS ADMINISTRATOR (TPA) and/or an attorney selected to negotiate such settlement. It shall be CSURMA AORMA policy that a MEMBER shall have input and be a part of the claim settlement process. Various levels of settlement authority have been established as CSURMA AORMA policy. These levels are as follows:

WORKERS COMPENSATION CLAIMS SETTLEMENT AUTHORITY:

1. \$0 to \$25,000 - The TPA shall have authority to settle claims up to, and including \$25,000 per occurrence claim and/or settlement, including liens. Only the Director for the Claims Administrator will hold this authority.
2. \$25,001 to \$50,000 – The CSURMA Secretary-Auditor has authority to authorize claims settlement up to and including \$50,000 per occurrence claim and/settlement, including liens.
3. \$50,001 to Pool Layer Limit – The AORMA COMMITTEE has authority to authorize claims settlement up to the pool layer limit per occurrence claim and/settlement, including liens. The



CSURMA AORMA

POLICY AND PROCEDURE NO. W-4 (FORMERLY W-5)

excess carrier will be involved in accordance with the carrier policy reporting and settlement requirements.

All of the foregoing notwithstanding, if time is of the essence in a specific matter, the AORMA COMMITTEE Chair, First Vice Chair and Second Vice Chair, on the advice of the TPA, shall have authority to determine the terms of an emergency settlement up to the Pooled Layer Limit upon the agreement of a majority consisting of at least two participants, provided that no MEMBER involved in the specific matter may participate in the determination. Any determination reached under this paragraph shall be reported to the AORMA COMMITTEE at the next regularly scheduled meeting.

The CSURMA Secretary-Auditor may participate in any legal proceeding and represent the interests of the AORMA Programs.

MEMBER APPEAL PROCESS:

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



CSURMA AORMA

POLICY AND PROCEDURE NO. W-4 (FORMERLY W-5)

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.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

MEMBER – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers’ Compensation Program Participation Agreement.

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.

TPA - Third party claims administrator whose responsibilities include claim handling, litigation management and excess liability carrier reporting.



CSURMA AORMA

**POLICY AND PROCEDURE NO. W-5
(FORMERLY W-6)**

SUBJECT: VOLUNTEER COVERAGE

ADOPTED: JANUARY 12, 2005

EFFECTIVE: JANUARY 1, 2005

**AMENDED: DECEMBER 8, 2009
MARCH 20, 2014
MAY 5, 2016
MARCH 8, 2018
MAY 7, 2020**

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 AORMA to adopt the procedures outlined in this document for purposes of determining AORMA’s exposure to Workers’ Compensation claims of volunteers from each MEMBER wishing to provide Workers’ Compensation coverage to its volunteers.

PURPOSE:

The CSURMA AORMA COMMITTEE agreed that coverage would be extended to volunteers per California Labor Code Section 3363.6. This Policy and Procedure describes the process by which an evaluation may take place to determine possible CSURMA AORMA exposures to those MEMBERS wishing to insure Worker’s Compensation claims involving volunteers.

BACKGROUND:

California Labor Code Section 3363.6 provides that a person who performs voluntary service without pay for a private, nonprofit organization, as designated and authorized by the board of directors of the organization, shall, when the board of directors of the organization, in its sole discretion, so declares in writing and prior to the injury, be deemed an employee of the organization for the purposes of Workers’ Compensation while performing such service.

Labor Code Section 3363.6 incorporates the following definition: “voluntary service without pay” shall include:

- 1. The performance of service by a parent, without remuneration in cash, when rendered to a cooperative parent participation nursery school if such service is required as a condition of participation in the organization.



CSURMA AORMA

POLICY AND PROCEDURE NO. W-5 (FORMERLY W-6)

2. The performance of services by a person who receives no remuneration other than meals, transportation, lodging or reimbursement for incidental expenses.

PROCEDURES:

The following steps will be taken by AORMA MEMBERS to affect the policy:

1. Each MEMBER electing to cover volunteers for Workers' Compensation claims shall provide the Program Administrator a copy of the MEMBER's board resolution declaring that its volunteers shall be deemed employees for the purposes of Workers' Compensation.
2. MEMBERS choosing not to cover volunteers shall file a written statement with AORMA stating that Workers' Compensation coverage shall not be provided to volunteers. This written statement shall also acknowledge that AORMA will not cover the MEMBER's volunteers for Worker's Compensation claims.
3. Beginning in January 2010, the Program Administrator may evaluate the actual losses from volunteers for each MEMBER for the prior Program Year and provide a report of AORMA's volunteer exposure to the AORMA COMMITTEE at its next scheduled meeting for further information and direction as may be needed to ensure the rating integrity of the plan.

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.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

MEMBER – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers' Compensation Program Participation Agreement.

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.

Table 1
AORMA Property Coverage Program - Estimated Total Funding
July 1, 2021 to July 1, 2022

Expense Item	FY 19/20 Actual Costs	FY 20/21 Paid by Members	FY 20/21 Actual Costs	FY 21/22 Proposed Costs	Actual vs. Proposed
A	B	C	D	E	F
Pooled Layer Funding	250,000	250,000	250,000	250,000	0.00%
Excess Insurance	2,029,299	2,265,678	2,641,333	2,892,663	9.52%
Program Administration	331,477	332,000	332,000	332,000	0.00%
Total Costs	2,610,776	2,847,678	3,223,333	3,474,663	7.80%
				Paid by Members vs. Proposed:	22.02%



CSURMA AORMA

POLICY & PROCEDURE NO. P-1

SUBJECT:	PROPERTY PROGRAM MEMBER ALLOCATION FORMULA
ADOPTED:	NOVEMBER 6, 2013
EFFECTIVE:	JULY 1, 2014
AMENDED:	SEPTEMBER 10, 2015 MAY 4, 2017 MAY 2, 2019

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total property program costs as outlined in the Property Program Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the Total Property Program Costs for the upcoming fiscal year. In December, the AORMA Committee will approve the following allocation criteria within the Property Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium
5. Loss ratio surcharge schedule

PROPERTY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

- *TIV = Total Insurable Values*
- *RP/BI = Real Property / Business Income and Rental Value*
- *BPP = Business Personal Property*

Two basic rates are included in the allocation formula; one for RP/BI and one for business BPP. The BPP rate is 20% higher than the RP/BI rate.

1. RP/BI TIV is multiplied by the RP/BI rate. *Result – RP/BI basic premium.*
2. BPP TIV is multiplied by the BPP rate. *Result – BPP basic premium.*

3. RP/BI basic premium and BPP basic premium are added together. *Result – basic premium.*
4. Basic premium is divided by the total TIV. *Result – basic rate.*

**** Example ****

1.	\$50,000,000 RP/BI TIV	*	.2000 RP/BI Rate (per \$100 in TIV)	=	\$100,000 RP/BI Basic Premium
2.	\$25,000,000 BPP TIV	*	.2400 BPP Rate (per \$100 in TIV)	=	\$60,000 BPP Basic Premium
3.	\$100,000 RP/BI Basic Premium	+	\$60,000 BPP Basic Premium	=	\$160,000 Basic Premium
4.	\$160,000 Basic Premium	/	\$75,000,000 Total TIV	=	.2133 Basic Rate (per \$100 in TIV)

Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*

**** Example ****

1.	\$160,000 Basic Premium	/	\$600,000 Maximum Premium for Calculating Size Credit	=	27% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	27% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	30% Maximum Size Percentage Credit	=	8% Size Credit Percentage
3.	.2133 Basic Rate	-	8% Size Credit Percentage	=	.1960 Basic Rate w/ Size Credit

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*
2. Member's five-year loss ratio is reviewed against loss ratio surcharge schedule. *Result – loss ratio surcharge is assigned.*

3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total TIV. *Result – Final premium.*

**** Example ****

1.	\$125,000	/	\$500,000		25%
	Five Years Paid Claims		Total Premium for Five Prior Years		Loss Ratio
2.	25%			=	5%
	25% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is Assigned.				Loss Ratio Surcharge
3.	5%	+	.1960	=	.2058
	Loss Ratio Surcharge		Basic Rate w/ Size Credit		Final Rate
4.	.2058	*	\$75,000,000	=	\$154,350
	Final Rate (per \$100 in TIV)		Total TIV		Final Premium

Minimum Premium:

1. If the final premium is greater than the Minimum Premium, use the final premium. *Result – final premium w/ minimum premium if applicable.*

**** Example ****

1.	\$154,500	>	\$600	=	\$154,500
	If the Final Premium is greater than the minimum premium, use the Final Premium				Final Premium

DEFINITIONS:

1. **RP/BI - Real Property, Business Interruption and Rental Value Basic Rate** – This rate will be approved annually by the AORMA Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year.
2. **BPP – Business Personal Property Basic Rate** - This rate will be approved annually by the AORMA Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year. This rate will be 20% higher than the Real Property, Business Interruption and Rental Value Basic Rate.
3. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Calculating the Size Credit dollar amount will be approved annually by the AORMA Committee. The Maximum Premium for Calculating Size Credit is used to calculate each member’s size credit. The member’s basic premium is divided by the Maximum Premium for Calculating Size Credit, as an example - $\$300,000$ (member’s basic premium) / $\$600,000$ (Maximum Premium

for Calculating Size Credit) = 50% (*member's percentage of size credit*). This member would be subject to 50% of the total **Size Credit Percentage**.

4. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the AORMA Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (*member's percentage of size credit*) * 30% (*Size Credit Percentage*) = 15% *member's size credit*.

Table 1
AORMA Crime Coverage Program - Estimated Total Funding
July 1, 2021 to July 1, 2022

Crime Program					
A	B	C	D	E	F
Expense Item	FY 19/20 Actual Costs	FY 20/21 Paid by Members	FY 20/21 Actual Costs	FY 21/22 Proposed Costs	Actual vs. Proposed
Pooled Layer Funding	-	-	-	-	0.00%
Excess Insurance	197,413	207,287	237,847	261,631	10.00%
Program Administration	30,781	31,000	31,000	31,000	0.00%
Total Costs	228,194	238,287	268,847	292,631	8.85%
Paid by Members vs. Proposed:					22.81%

SUBJECT:	CRIME PROGRAM MEMBER ALLOCATION FORMULA
ADOPTED:	NOVEMBER 6, 2013
EFFECTIVE:	JULY 1, 2014
AMENDED:	SEPTEMBER 10, 2015 MAY 4, 2017 MAY 2, 2019

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member's allocation of the total crime program costs as outlined in the Crime Program Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the total crime program costs for the upcoming fiscal year. In December, the AORMA Committee will approve the following allocation criteria within the Crime Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rate
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium schedule
5. Loss ratio surcharge schedule
6. Minimum premium schedule

Basic Rates:

The payroll used within this allocation is the estimated payroll for the upcoming fiscal year.

1. Payroll is multiplied by the **Basic Rate**. *Result – basic premium*

**** Example ****

1.	\$10,000,000 Payroll	*	.0400 Basic Rate (per \$100 in payroll)	=	\$4,000 Basic Premium
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Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*
4. Basic rate with size credit is multiplied by the payroll. *Result – Basic premium with size credit.*

**** Example ****

1.	\$4,000 Basic Premium	/	\$10,000 Maximum Premium for Calculating Size Credit	=	40% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	40% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	30% Maximum Size Percentage Credit	=	12% Size Credit Percentage
3.	.0400 Basic Rate	-	12% Size Credit Percentage	=	.0352 Basic Rate w/ Size Credit
4.	.0352 Basic Rate w/ Size Credit	*	\$10,000,000 Payroll	=	\$3,520 Basic Premium w/ Size Credit

Minimum Premium:

The expenditures used within this allocation are the expenditures documented in the member's financial audits.

1. Using the Minimum Premium Schedule, each member is assigned a minimum premium based on their average expenditures for five years. *Result – member's scheduled minimum premium.*

2. Member's basic premium with size credit is compared to the member's scheduled minimum premium. *Result – the minimum premium will be applied if the member's basic premium with size credit is less than the minimum premium.*

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*
2. Member's five-year loss ratio is reviewed against loss rating surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic premium with w/ size credit, or minimum premium, is increased by loss ratio surcharge. *Result – final premium.*

Administrative Costs:

1. The crime program administrative costs will be divided evenly between all of the crime program members. *Result – member's crime program administrative costs.*
2. Member's crime program administrative costs are added to the member's final premium or minimum premium, whichever applies. *Result – total crime program premium.*

DEFINITIONS:

1. **Basic Rate** – This rate will be approved annually by the AORMA Committee. It may increase or decrease depending the total crime program funding required for the upcoming fiscal year.
2. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Size Credit dollar amount will be approved annually by the AORMA Committee. The Maximum Premium for Size Credit is used to calculate each member's size credit. The member's basic premium is divided by the Maximum Premium for Size Credit, as an example - $\$5,000$ (member's basic premium) / $\$10,000$ (Maximum Premium for Size Credit) = 50% (member's percentage of size credit). This member would be subject to 50% of the total Size Credit Percentage.
3. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the AORMA Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (member's percentage of size credit) * 30% (Size Credit Percentage) = 15% member's size credit.



SUBJECT: **FORMULA FOR DETERMINING THE UNEMPLOYMENT INSURANCE PROGRAM ANNUAL CONTRIBUTIONS**

ADOPTED: **MAY 12, 2010**

EFFECTIVE: **JULY 1, 2018**

REVISED: **DECEMBER 6, 2012**
MAY 8, 2014
MAY 5, 2016
MARCH 9, 2017
MAY 4, 2017
DECEMBER 7, 2017
DECEMBER 6, 2018

Should there be any discrepancy between this document and the PARTICIPATION AGREEMENT between the AORMA COMMITTEE and the MEMBER, the PARTICIPATION AGREEMENT will govern.

POLICY:

The AORMA Unemployment Insurance Program (UIP) annual contribution for each Auxiliary Organization participating in the AORMA UIP (MEMBER) shall be calculated using two factors – paid claims and administrative costs.

PROCEDURE:

1. **Deposit Formula** - Paid claims (the MEMBER's average annual paid claims for five years ending 6/30), plus an administrative cost. The administrative costs are allocated to each MEMBER based on its percentage of the total average annual paid claims.
2. **Minimum Fund Balance** - Each MEMBER must maintain in the AORMA UIP a minimum fund balance of two times its average annual losses. If a MEMBER's fund balance is below the minimum, annually, the additional funding required will be calculated and the MEMBER will be assessed at the program anniversary date an amount not to exceed 20% of the additional funding required to achieve the minimum fund balance. The MEMBER will be assessed annually until the MEMBER's fund balance is at the minimum fund balance.

At the end of each fiscal year, the AORMA UIP Fund Balance Report will be distributed to each MEMBER. The Fund Balance Report will include actual paid claims for the fiscal year



rather than estimates. If the MEMBER's fund balance exceeds the minimum fund balance required (two times annual average losses), the following procedures will be followed:

Excess funds will be used to lower contributions for the upcoming fiscal year. Any excess funds remaining after lowering contributions for the upcoming fiscal year can be used as follows;

- 1) The MEMBER can request a one-time transfer of funds to another AORMA Program (AORMA Liability, Workers' Compensation, Property or Crime) to be used to lower contributions for the upcoming fiscal year. For MEMBERS with federal sponsored programs, the MEMBER can request a one-time transfer of funds to the AORMA Workers' Compensation Program; or,
 - 2) The MEMBER can request to receive a refund of the funds in excess of the minimum required fund balance. For MEMBERS with federal sponsored programs, the MEMBER will be required to calculate the percentage of its payroll and salary that is attributable to federal sponsored programs to determine what percentage of the refund will need to be returned to the federal government; or,
 - 3) The excess funds can remain on account.
3. **Minimum Contribution** - There is no minimum contribution based on paid claims. However, a minimum contribution for administrative costs will be applied according to the Minimum Administrative Costs Schedule approved by the AORMA Committee.
4. **Investment Income / Loss** - The total Investment Income or Loss is allocated to each MEMBER based on its percentage of the total AORMA UIP average fund balance for the preceding fiscal year. The AORMA Committee may decide to defer assessments resulting from unrealized investment losses. For the purpose of calculating the MEMBER's average fund balance, the following formula shall be used:

Beginning fund balance *plus* additional contributions *less* MEMBER's paid claims *less* MEMBER's allocated administrative costs = MEMBER's average balance.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the Formula for Determining Unemployment Insurance Program Annual Deposits Policy, 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



CSURMA AORMA

POLICY & PROCEDURE UI-1

its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the MEMBER of the final decision within five (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 five (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 COMMITTEE - The governing body of AORMA.

AORMA - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority. Within this Policy and Procedure, MEMBER also means the Auxiliary Organization participating in the AORMA Unemployment Insurance Program.

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.

UIP – AORMA Unemployment Insurance Program.



CSURMA AORMA

**POLICY AND PROCEDURE NO. A-3
(FORMERLY 7-AORMA)**

SUBJECT: TARGET RETAINED FUNDS GOAL POLICY

ADOPTED: JANUARY 10, 2007

EFFECTIVE: JANUARY 1, 2007

**AMENDED: OCTOBER 29, 2009
SEPTEMBER 16, 2010
OCTOBER 23, 2014
MAY 5, 2016
SEPTEMBER 7, 2017
SEPTEMBER 6, 2018
SEPTEMBER 5, 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:

In an effort to assure the long term financial strength of the Workers' Compensation, Liability, Property and Crime Programs (Programs), the AORMA Committee desires to fund the Programs in a responsible manner. Furthermore, in recognition that there is a high degree of uncertainty in actuarial estimates due to the possibility of occasional catastrophic claims and inconsistent or inaccurate case reserving, the AORMA Committee desires to establish a **Target Retained Funds Goal** that will guide them in making annual funding decisions for the Programs.

The Target Retained Funds Goal is hereby established to be, at a minimum, the actuarially determined 70% CONFIDENCE LEVEL, discounted for investment. In evaluating the Programs' funding position relative to the Target Retained Funds Goal as a part of each year's ratemaking process, the AORMA COMMITTEE shall take into consideration the following ratios:

1. Gross Premium to Retained Funds Ratio
2. Retained Funds to Pool Retention Ratio
3. Outstanding Losses to Retained Funds Ratio
4. Outstanding Reserves to Retained Funds Ratio
5. Change in Retained Funds Ratio
6. Change in Reserves Ratio

The AORMA COMMITTEE may take action to set a higher or lower CONFIDENCE LEVEL based on AORMA's goal to retain more or less risk

PROCEDURE:

1. Annual Actuarial Study - Each year the Program Director will engage CSURMA's accredited independent actuary to perform an actuarial analysis of the Workers' Compensation and Liability Programs. This analysis shall include ESTIMATED OUTSTANDING LOSSES (including IBNR) at various CONFIDENCE LEVELs as well as PROJECTED ULTIMATE LOSSES for the upcoming year(s). The analysis shall also compare the current program funding against the ESTIMATED OUTSTANDING LOSSES and determine the CONFIDENCE LEVEL to which the program is currently funded. Because the Property and Crime Programs have an annual aggregate retention, an actuarial analysis is not performed.

2. Calculation of Target Retained Funds Ratios - The Program Director will also calculate certain insurance industry ratios to help determine the Program's current financial position as follows:

Gross Premium to Retained Funds Ratio: Target <1.5:1

This ratio is a measure of how Retained Funds is leveraged against possible pricing inaccuracies. A low ratio is desirable.

Retained Funds to Pool Retention Ratio: Target >5-10:1

This ratio is a measure of the maximum amount that Retained Funds could decline due to a single loss. A high ratio is desirable.

Outstanding Losses to Retained Funds Ratio: Target \leq 1.5:1

This ratio is a measure of how Retained Funds is leveraged against possible reserve and actuarial estimate inaccuracies. A low ratio is desirable.

Outstanding Reserves to Retained Funds Ratio: Target \leq 1:1

This ratio is a measure of how Retained Funds is leveraged against possible reserve inaccuracies. A low ratio is desirable.

Change in Equity Ratio: Target – Less than a 10% decrease

This ratio is a measure of the year-over-year change in the pool's financial condition. An increase in net position is desirable.

Change in Reserves Ratio: Target – Less than a 20% increase

This ratio is a measure of the year-over-year change in the pool's reserves on open claims. A decrease in reserves is desirable.

3. Discussion and Documentation of Historical Funding – As part of the Target Retained Funds review process, annually, the AORMA COMMITTEE will discuss and document its historical funding philosophy and the factors involved in its decision making process. It will also consider whether the factors remain relevant, taking action to amend, if necessary.

- 4. Application of Target Retained Funds Criteria** – After an annual review of the Target Retained Funds Ratios, the AORMA COMMITTEE will determine whether it is desirable to increase, decrease, or stabilize Retained Funds. If the AORMA COMMITTEE desires to decrease Retained Funds, it may approve a funding level below the 70% CONFIDENCE LEVEL. Conversely, a funding decision above the 70% CONFIDENCE LEVEL will indicate a bias toward increasing Retained Funds. A determination to fund at the 70% CONFIDENCE LEVEL will reflect the AORMA COMMITTEE’s desire to keep Retained Funds at the current level. The AORMA COMMITTEE will also consider the Retained Funds requirements for the Program(s) should it transition from, or to, a fully insured / reinsured Program. Enough Retained Funds will be maintained within the Program(s) to make the transition without causing fiscal hardship for the MEMBERS.

Because the Property and Crime Programs have annual aggregate retentions, and therefore no actuarial study is performed, the Retained Funds shall be the amount of funds that exceed the maximum liability retained by the program for all program years. The AORMA COMMITTEE will approve the annual funding for each program.

The Target Retained Funds Funding Analysis will be prepared for each self-funded program and presented to the AORMA COMMITTEE after the end of each fiscal year.

- 5. Dividends** – Dividends may be available from the amount of Retained Funds exceeding the Target Retained Funds Goal amount established by the AORMA COMMITTEE. The allocation of any dividend shall be pursuant to the Dividends and Assessments Policy and Procedure detailed in Policy and Procedure No. A-4.
- 6. Assessments** – Assessments may be required when the AORMA COMMITTEE determines that the amount of Retained Funds is not sufficient and can best be remedied by an extraordinary assessment. The allocation of any assessment shall be pursuant to the Dividends and Assessments Policy and Procedure detailed in Policy and Procedure No. A-4.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Target Retained Funds Funding Policy, 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 COMMITTEE - The governing body of AORMA.

AORMA - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMS that operate within the California State University Risk Management Authority representing the auxiliary organizations.

CONFIDENCE LEVEL: A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, an 80% confidence level means that the actuary believes funding will be sufficient in eight years out of ten.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

ESTIMATED OUTSTANDING LOSSES – Estimated Outstanding Losses are the cost of claims that have occurred but have not yet been paid. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE). They are calculated as projected ultimate losses less paid losses. Alternatively, they are the sum of case reserves and incurred but not reported (IBNR) claims. Estimated Outstanding Losses are usually the largest single item listed as a liability the balance sheet of a public entity's financial statement. GASB Statement No. 10 requires they be calculated by actuarial methods. Other common names for estimated outstanding losses are outstanding claim liability and unpaid claims.

GROSS PREMIUM - Includes pool premium and reinsurance/excess insurance premium but does not include administrative costs.

IBNR – Incurred Not Reported. IBNR is comprised of two distinct items. These are the development of known case reserves and incurred by not reported claims. The actuary's estimate of the inadequacy of case reserves. Most claims settle at amounts close to what is set by the claims administrator. Some claims close favorably and some emerge as more expense. On balance, case reserves tend to be too low. Therefore, the IBNR includes the actuary's estimate of the amount total case reserves will rise upon closure. The IBNR also refers to those claims that have occurred, but have not yet been reported.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

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.

OUTSTANDING RESERVES - The sum total of unpaid case reserves in the pool layer as determined by the various claims examiners.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



CSURMA AORMA

**POLICY AND PROCEDURE NO. A-3
(FORMERLY 7-AORMA)**

POOL RETENTION - The maximum amount of exposure to a single loss retained by the pool over the most recent five years.

PROJECTED ULTIMATE LOSSES – Projected Ultimate Losses are the accrual value of claims. They are the total amount that is expected to be paid in a particular claim period after all claims are closed. Projected Ultimate Losses are the total loss costs for a particular period. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE).

RETAINED FUNDS The amount of cash equivalent available to pay claims in excess of actuarial expected losses undiscounted for investment income.

TARGET RETAINED FUNDS GOAL – The amount of cash equivalent available to pay claims in excess of actuarial 70% CONFIDENCE LEVEL discounted for investment income.

AORMA Liability Fund Program
Target Retained Funds Analysis - Pooled Layer Funding @ \$500,000
@ June 30, 2020

Analysis Factors	Current Analysis	Change	Prior Analysis
Contributions for FY 20/21 #1	1,793,028	Down From	2,652,665
Assets at 6/30/20 #2	9,125,196	Up From	8,346,212
Maximum Retention Per Occurrence	500,000	No Change	500,000
Outstanding Liabilities at 6/30/20 #3	2,408,936	Down From	2,540,217
Limited Reserves @ 6/30/20	1,121,766	Down From	1,589,086
Retained Funds above Expected Confidence Level #4	6,716,260	Up From	5,805,995
Retained Funds above 70% Confidence Level #5	6,555,824	Up From	5,631,938

#1 - Includes pool layer funding and admin costs, but not contributions for excess liability.

#2 - Assets are reduced by miscellaneous accounts payable and dividend to be paid in July.

#3 - Outstanding Liabilities (at an expected confidence level, capped at the pooled layer limit, including IBNR, undiscounted for investment income and including ULAE).

#4 - Plan Assets minus the Outstanding Liabilities (undiscounted for investment income, including ULAE).

#5 - Plan Assets minus the Outstanding Liabilities (discounted for investment income, including ULAE).

Ratio	Target	Indicated Minimum Equity	Projected Ratio
1. Contribution to Retained Funds	≤1.5:1	1,195,352	27%
2. Retained Funds to Retention	>5:1	2,500,000	13
3. Outstanding Liabilities to Retained Funds	≤1.5:1	1,605,957	36%
4. Reserves to Retained Funds	≤1:1	1,121,766	17%
5. Change in Reserves	20%	1,906,903	-29%
6. Change in Retained Funds	-20%	4,505,550	16%

Dividend	Current Ratios
Target Retained Funds Goal (70% Confidence Level / Discounted)	6,555,824
Indicated Minimum Retained Funds (largest ratio amount)	2,500,000
Maximum Dividend Available	4,055,824
Dividend 50%	2,027,912
Dividend 33%	1,338,422
Dividend 25%	1,013,956

Confidence levels	Risk Factor	Pooled Layer Funding #6	Surplus
Expected	1.000	2,234,236	-
70%	1.100	2,457,660	223,424
80%	1.300	2,904,507	670,271

AORMA Workers' Compensation Fund Program
Target Retained Funds Analysis - Pooled Layer Funding @ \$750,000
@ June 30, 2020

Analysis Factors	Current Analysis	Change	Prior Analysis
Contributions for FY 20/21 #1	3,222,345	Down From	4,535,310
Assets at 6/30/20 #2	6,215,965	Down From	7,279,513
Maximum Retention Per Occurrence	750,000	No Change	750,000
Outstanding Liabilities at 6/30/20 #3	1,500,730	Down From	1,898,361
Limited Reserves @ 6/30/20	2,324,983	Down From	2,482,250
Retained Funds above Expected Confidence Level #4	4,715,235	Up From	5,381,152
Retained Funds above 70% Confidence Level #5	4,729,788	Up From	5,399,062

#1 - Includes pool layer funding and admin costs, but not contributions for excess liability.

#2 - Assets are reduced by miscellaneous accounts payable and dividend.

#3 - Outstanding Liabilities (at an expected confidence level, capped at the pooled layer limit, including IBNR, undiscounted for investment income and including ULAE).

#4 - Plan Assets minus the Outstanding Liabilities (undiscounted for investment income, including ULAE).

#5 - Plan Assets minus the Outstanding Liabilities (discounted for investment income, including ULAE).

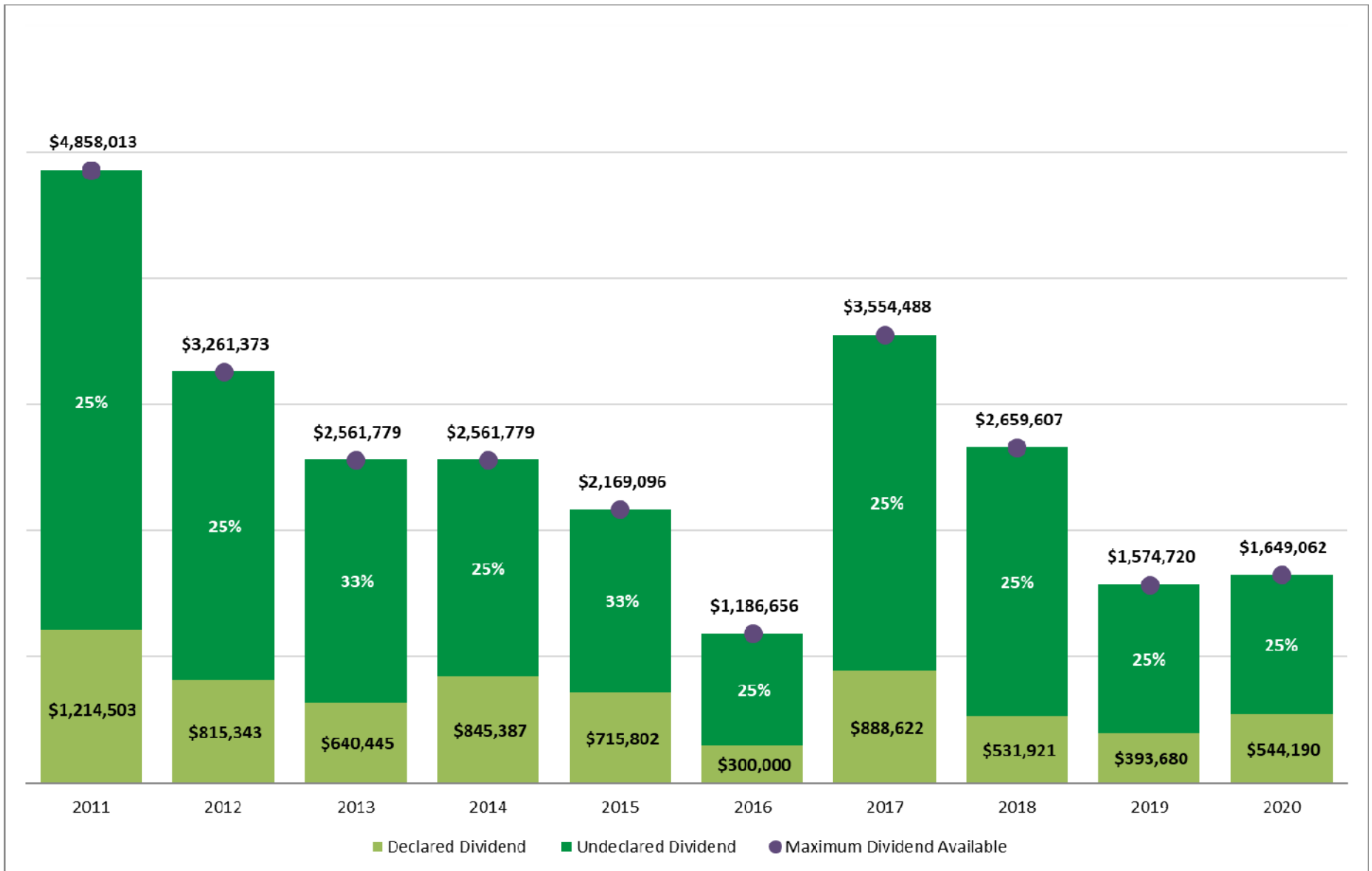
Ratio	Target	Indicated Minimum Equity	Projected Ratio
1. Contribution to Retained Funds	≤1.5:1	2,148,230	68%
2. Retained Funds to Retention	>5:1	3,750,000	6
3. Outstanding Liabilities to Retained Funds	≤1.5:1	1,000,487	32%
4. Reserves to Retained Funds	≤1:1	2,324,983	49%
5. Change in Reserves	20%	2,978,700	-6%
6. Change in Retained Funds	-20%	4,319,250	-12%

Dividend	Ratios
Target Retained Funds Goal (70% Confidence Level / Discounted)	4,729,788
Indicated Minimum Retained Funds (largest ratio amount)	3,750,000
Maximum Dividend Available	979,788
Dividend 50%	489,894
Dividend 33%	323,330
Dividend 25%	244,947

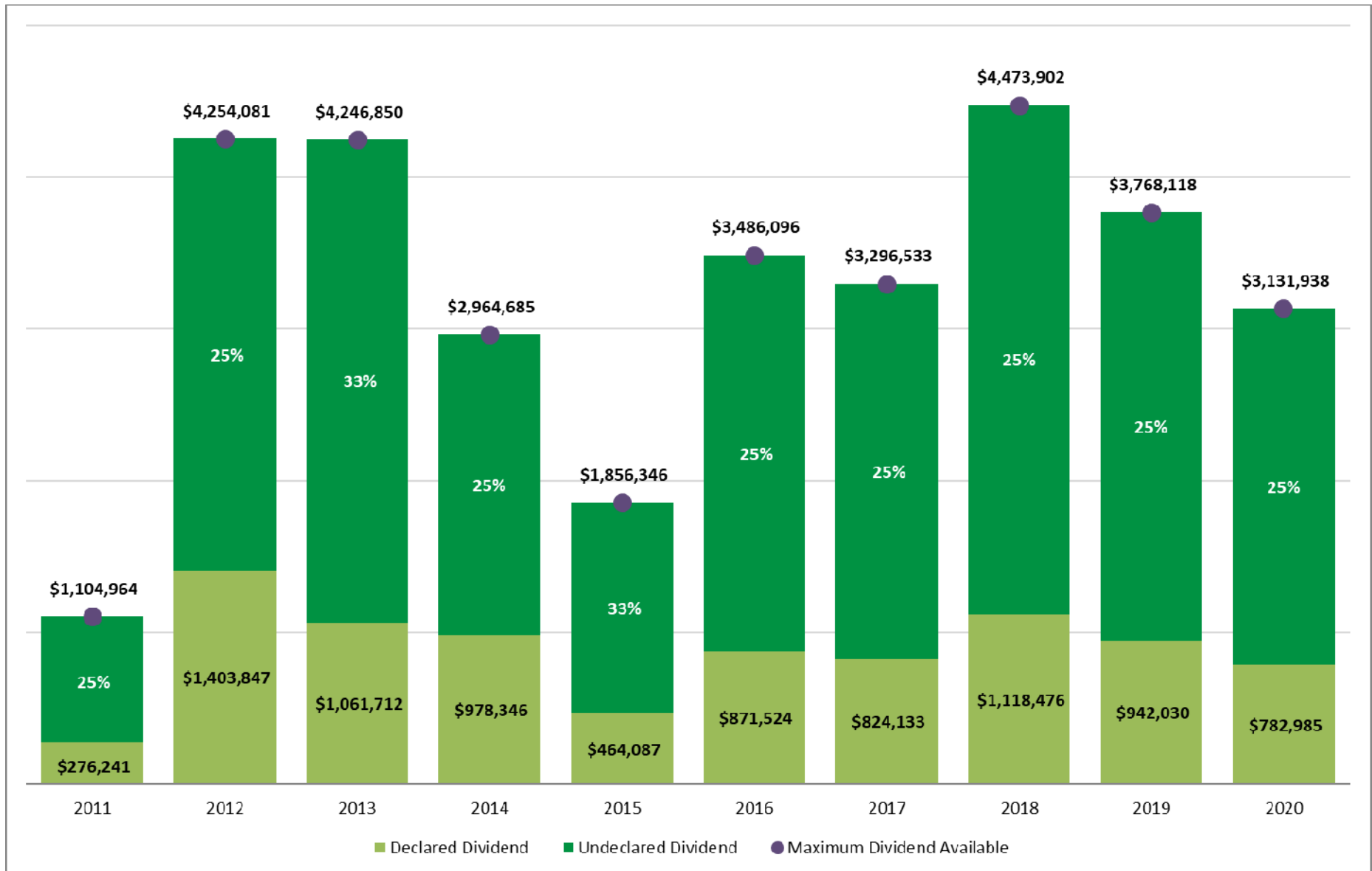
Confidence levels	Risk Factor	Pooled Layer Funding #6	Surplus
Expected	1.000	1,315,201	-
70%	1.080	1,420,417	105,216
80%	1.140	1,499,329	184,128

#6 - The Pooled Layer Funding is discounted for investment income and does not include ULAE.

Workers' Compensation Historical Dividends Paid in July



Liability Historical Dividends Paid in July





CSURMA AORMA

POLICY AND PROCEDURE NO. A-4

SUBJECT: DIVIDENDS & ASSESSMENTS

ADOPTED: MARCH 8, 2007

**AMENDED: OCTOBER 29, 2009
SEPTEMBER 16, 2010
OCTOBER 23, 2014
MAY 5, 2016
MARCH 9, 2017
MAY 2, 2019**

EFFECTIVE: JULY 1, 2007

POLICY & PROCEDURE NO.: (FORMERLY) 8-AORMA

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:

1. Evaluation of the funding for each Self-Insured PROGRAM shall be made based on all coverage periods combined for that particular PROGRAM rather than on each coverage period on its own. The availability of any dividend or need for any assessment will be determined based on the PROGRAM’s overall funding relative to the Target Surplus Goal detailed in the separate Policy and Procedure No. A-3.
2. Assessments and Dividends shall be allocated to the MEMBERS based on participation in “open” policy periods only.
3. Unless the AORMA COMMITTEE takes specific action to the contrary, a coverage period shall be considered “closed” for dividend and assessment purposes five (5) years from the expiration of that period (i.e. 6/30/03 for FY 07/08).
4. Assessments are a responsibility of membership and shall be allocated to all MEMBERS who participated in the open policy periods which the assessment is based on, regardless of whether they are current MEMBERS at the time the assessment is declared.
5. Dividends are a privilege of membership and shall be allocated only to the current MEMBERS in the PROGRAM at the time the dividend is declared who participated in one or more of the open policy periods which the dividend is based on.

PROCEDURE

- 1. Annual Funding Analysis** – Each year the Program Director will analyze the current funding position of the PROGRAMs in accordance with the Target Surplus Goal detailed in Policy and Procedure No. A-3. This analysis will, in part, determine whether the PROGRAM’s overall funding is sufficient to consider a dividend or is depleted to the point of considering an assessment. The Program Director’s analysis will be reviewed by the AORMA COMMITTEE.
- 2. Closure of Policy Periods** - Upon reaching five (5) years of maturity after the end of a coverage period, that period shall be "closed" and there shall be no further dividends or assessments allocated with respect to those PROGRAM periods. Notwithstanding the above, the AORMA COMMITTEE may take action to leave a policy period "open" even though it may otherwise qualify for closure. In addition, the last five (5) policy periods shall always remain "open" unless the AORMA COMMITTEE takes specific action to declare any of the last five (5) policy periods closed.
- 3. Dividends and Assessments** - Dividends and assessments shall be allocated to the MEMBERS based upon the proportion of all premiums paid to the PROGRAM in all "open" periods only. For purposes of allocating dividends and assessments pursuant to this subparagraph, all "open" policy periods shall be considered collectively.
- 4. DECLARATION OF ASSESSMENTS** – Assessments will be declared as needed by the AORMA COMMITTEE, and will be collected from a MEMBER in accordance with its proportionate funding to the PROGRAM during all “open” policy periods, whether or not they currently participate in the PROGRAM at the time of the assessment.
- 5. DECLARATION OF DIVIDENDS** – The AORMA COMMITTEE may declare dividends if overall funding is sufficient to support such action. Upon such a declaration, the dividend shall be allocated to those MEMBERS currently participating in the PROGRAM at the time the dividend is declared, based on the proportionate funding of all “open” policy periods. For those MEMBERS involved in federal sponsored programs, the dividend can be retained on account with CSURMA to be used to lower contributions for the upcoming 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 federal sponsored programs to determine what percentage of the dividend will need to be returned to the federal government.

MEMBER APPEAL PROCESS

If a MEMBER wishes to appeal any decision regarding the application of the Dividend/Assessment Policy, 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 appeal on the AORMA COMMITTEE agenda at its next regularly scheduled



CSURMA AORMA

POLICY AND PROCEDURE NO. A-4

meeting. The AORMA COMMITTEE will review the appeal at its next regularly scheduled meeting and inform the MEMBER of the final decision within 5 business days of its 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 – Auxiliary Organizations Risk Management Alliance, a group of PROGRAMs of the California State University Risk Management Authority representing auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

PROGRAM – For purposes of dividends and assessments, AORMA's PROGRAMs are the Liability, Workers' Compensation, Property and Crime.

AORMA Policies and Procedures Review Schedule

Policy and Procedure		Adopted	Amended / Reviewed	Scheduled for Review
A-1	AORMA Committee Composition, Elections and Term Limits	4/18/2003	12/5/2019	2021
A-2	AORMA Committee and Standing Committee Roles and Responsibilities	8/19/2003	5/7/2020	2020
A-3	Target Surplus Funding Policy	1/10/2007	9/5/2019	2021
A-4	Dividends and Assessments	3/8/2007	5/2/2019	2021
A-5	Annual Calendar of Reports, Audits and Filings	10/29/2009	12/5/2019	2021
A-6	Risk Reduction Matching Grant Program	5/9/2013	5/7/2020	2020
A-7	Travel Reimbursement Policy	5/21/2013	9/6/2018	2020
A-8	Closed Session	10/23/2014	3/8/2018	2020
C-1	Crime Program Member Allocation Formula	11/6/2013	5/2/2019	2021
L-1	Claims Reporting	12/7/2006	3/8/2018	2020
L-2	Liability Claims Administration and Litigation Management	12/7/2006	5/7/2020	2020
L-3	Legal Counsel Selection	12/7/2006	5/2/2019	2021
Attachment	Approved Legal Counsel List (Review at least every three years)	N/A	3/7/2019	2022
L-4	Employee Driving Standards	7/1/2002	5/7/2020	2020
L-5	Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations	8/19/2003	5/2/2019	2021
L-6	Requirement to Purchase PAI for all Activities Involving Minors	6/17/2010	3/8/2018	2020
L-7	Employment Practices Deductible Options	5/12/2011	9/6/2018	2020
L-8	Liability Program Member Allocation Formula	9/8/2016	5/2/2019	2021
P-1	Property Program Member Allocation Formula	11/6/2013	5/2/2019	2021
UI-1	Formula for Determining Unemployment Insurance Program Annual Contributions	5/12/2010	12/6/2018	2020
W-1	Workers' Compensation Member Allocation Formula	5/15/2008	5/2/2019	2021
W-2	Requirement of Members to Maintain Experience Modification Factor of 1.25 or Less	9/9/2003	5/2/2019	2021
W-3	Claims Handling Procedures and Guidelines	12/8/2009	3/8/2018	2020
W-4	Workers' Compensation Coverage Claims Settlement Authority	9/16/2010	3/8/2018	2020
W-5	Volunteer Coverage	1/12/2005	3/8/2018	2020
	RPTG's review of all Member Allocation Formulas	N/A	2/23/2017	2020

**CSURMA Accounting
Financial Statement Internal Review
March 2020**

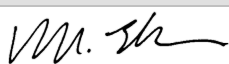
Financial Highlights/Recent Developments:

- Cash and Investments (SWIFT): In December, \$9 million was transferred from CSURMA’s long-term investments (MSSB) to cover CSURMA’s projected operating costs, and ensure compliance with the CSURMA Master Investment Policy target ranges.

The short-term investments (SWIFT) balance of \$27,004,089 comprises 21% of the total investment balance, which is within the EC’s approved target range of 15% to 40%.
- In the first three quarters, OCIP II and OCIP IIB projects were billed \$4,558,099 and \$6,566,312, respectively, and corresponding insurance premiums of \$1,931,622 and \$1,536,839, respectively, were paid.

OCIP accounts receivable of \$6,118,067, prepaids of \$8,514,695, and accounts payable of \$651,449 are primarily made up of balances accrued as of prior year-end. These accounts will be trued-up at year-end. OCIP revenues and expenses will not be accrued quarterly unless invoiced.

OCIP accounts receivable, prepaids, and accounts payable as of prior year-end were \$5,433,646, \$8,514,695, and \$651,449 respectively.
- Campus dividend distributions: Campus dividends of \$7,219,915 from the Workers’ Compensation program were distributed to campuses in October 2019.
- AORMA dividend distributions: In the September 2019 AORMA meeting, the AORMA committee declared and approved dividends of \$782,985 and \$544,190 for their Liability and Workers’ Compensation programs, respectively. The dividends have been accrued and will be distributed in July 2020.
- Investment earnings and realized gains amounted to \$5,515,473 including change in unrealized gains of \$1,296,134 and loan interest income of \$49,524. The majority of investment income is from the MSSB investment portfolio.
- Miscellaneous Purchased Insurance Program – CSU International Programs: On September 6, 2019, the EC approved a transfer of \$76,425 from the FTIP program fund reserve in the Liability Program, to cover the anticipated deficit for the IP program. In February, CSURMA billed the CO for \$202,100, which is less than the \$214,800 in contributions anticipated in September. After the transfer, the IP deficit for FY 2019/20 will stand at \$(12,700).
- Cash basis financial statements: CSURMA quarterly financial statements are recorded primarily on a cash basis. Third quarter deductible recovery collection and IDL/NDI/UI claims expenses have not been accrued.
- Mid-term budget adjustments: During the March 5-6, 2020 EC meeting, it was decided that budget adjustments would not be done going forward. Beginning March 2021, variance analyses will be performed in order to better project future budgets.

	Date
	
Mary Ek, Assistant VC/Controller, Financial Services – Accounting	

California State University Risk Management Authority
Member Aged Accounts Receivable
As of 4/20/2020

Client Name	Current	31-60	61-90	Over 121	Balance
Associated Students Inc, CSU Long Beach	\$44,653.00	\$0.00	\$0.00	\$0.00	\$44,653.00
a Associated Students Inc, CSU Sacramento	\$379.00	\$0.00	\$1,860.00	\$0.00	\$2,239.00
Cal Poly Corporation	\$0.00	\$1,995.00	\$0.00	\$0.00	\$1,995.00
Cal Poly Pomona Foundation, Inc.	\$0.00	\$308.00	\$0.00	\$0.00	\$308.00
Cal State LA University Auxiliary Services Inc	\$29,626.00	\$0.00	\$0.00	\$0.00	\$29,626.00
Chico State Enterprises	\$0.00	\$1,270.00	\$0.00	\$0.00	\$1,270.00
CSU Bakersfield Foundation	\$1,367.00	\$0.00	\$0.00	\$0.00	\$1,367.00
CSU Channel Islands Site Authority	\$40,908.00	\$0.00	\$0.00	\$0.00	\$40,908.00
CSU Fullerton Univ Auxiliary Services Corporation	\$0.00	\$1,115.00	\$0.00	\$0.00	\$1,115.00
CSU Long Beach Research Foundation	\$0.00	\$2,990.00	\$0.00	\$0.00	\$2,990.00
CSU Stanislaus Stockton Center Site Authority	\$41,447.00	\$0.00	\$0.00	\$0.00	\$41,447.00
Humboldt State Univ Sponsored Programs Foundation	\$0.00	\$1,165.00	\$0.00	\$0.00	\$1,165.00
a Santos Manuel Student Union, CSU San Bernardino	\$0.00	\$0.00	\$8,133.00	\$0.00	\$8,133.00
a Sonoma State University Enterprises, Inc	\$0.00	\$0.00	\$0.00	\$151.00	\$151.00
Student Union of CSU Bakersfield	\$13,560.00	\$0.00	\$0.00	\$0.00	\$13,560.00
a The University Foundation of Sacramento State	\$0.00	\$0.00	\$0.00	\$6,591.00	\$6,591.00
Totals:	\$171,940.00	\$8,843.00	\$9,993.00	\$6,742.00	\$197,518.00

Notes pertaining to invoices over 60 days old:

- a Member has indicated that payment will be processed.

**California State University Risk Management Authority
Outstanding Member Loan Status
As of March 31, 2020**

Loan Pool: 15% of the overall average cash and investment for the preceding 12 months (Apr 2019 - Mar 2020) **\$ 19,348,492**

Member	Maturity Date	Original Issue Date	Original Issue Amount	Outstanding Loan Balance 3/31/2020	Outstanding Loan Balance PYE 6/30/2019
Humboldt State University	Oct 2022	Jun 2017	\$ 1,800,000	\$ 1,497,091	\$ 1,637,923
Total Loans			\$ 1,800,000	\$ 1,497,091	\$ 1,637,923

Remaining Amount Available for Member Loans **\$ 17,851,401**

Per CSURMA P&P No. 10:

Loans to a single Member Campus (and its associated Member Auxiliary Organizations) shall not exceed 5% of the overall average cash and investments for the preceding 12 months. **\$ 6,449,497**

**California State University Risk Management Authority
Travel Expenses Report
Processed between July 1, 2019 and March 31, 2020**

Travel Dates	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
11/20/2019	Scott Bourdon	Santa Ana	American Red Cross, November Technical meeting	\$ -	\$ -	\$ 20.00	\$ 20.00
12/19/2019	Scott Bourdon	Sacramento	Cal/OSHA Standard Board meeting	\$ -	\$ -	\$ 416.51	\$ 416.51
1/12 - 1/14/2020	Zachary Gifford	San Diego	AOA Conference at Loews Coronado Bay Resort	\$ 559.94	\$ -	\$ 171.46	\$ 731.40
1/12 - 1/15/2020	Jody Van Leuven	San Diego	CSURMA EC meeting & AOA 2020 Conference at Loews Coronado Bay Resort	\$ 671.91	\$ 21.00	\$ 198.86	\$ 891.77
1/22/2020	Jody Van Leuven	San Francisco	FTIP review meeting with Alliant and Chubb at Alliant office	\$ -	\$ -	\$ 190.41	\$ 190.41
1/28/2020	Zachary Gifford	Los Angeles	Freeman mediation at Judicate West	\$ -	\$ 7.00	\$ -	\$ 7.00
1/28/2020	Scott Bourdon	Dominguez Hills	Meet-n-Greet with new EHS Director and Chemical Hygiene Officer	\$ -	\$ -	\$ 13.23	\$ 13.23
1/28/2020	Scott Bourdon	San Diego	Meet-n-Greet with new EHS Director and WC Coordinator	\$ -	\$ -	\$ 82.80	\$ 82.80
1/28 - 1/29/2020	Jody Van Leuven	Cal Maritime	Campus visit for Risk & Insurance review of Glen Cover Fire impact to campus	\$ 108.56	\$ 63.24	\$ 357.98	\$ 529.78
2/5/2020	Zachary Gifford	Folsom	CSAC EIA Underwriting Committee Meeting at CSAC office	\$ -	\$ 216.87	\$ 3.92	\$ 220.79
2/17 - 2/21/2020	Zachary Gifford	Northridge / Channel Islands / San Luis Obsipo / Monterey Bay	Campus visits with Alliant	\$ 888.20	\$ 46.00	\$ 119.88	\$ 1,054.08
2/25 - 2/28/2020	Zachary Gifford	Monterey	PARMA conference presenter at the Monterey Conference Center	\$ 910.66	\$ 75.03	\$ 485.09	\$ 1,470.78
3/1 - 3/6/2020	Zachary Gifford	Sacramento / San Diego	Director, Emergency Management & Continuity Zoom Interviews with recruitment committee; CSAC Underwriting Committee at the Hilton Arden West; CSURMA EC & LRP meeting at Alliant office	\$ 870.39	\$ 173.88	\$ 535.84	\$ 1,580.11
			01/01/2020 to 03/31/2020	\$ 4,009.66	\$ 603.02	\$ 2,595.98	\$ 7,208.66
9/14 - 9/19/2019	Jody Van Leuven	Boston	URMIA Conference	\$ 1,282.84	\$ 90.12	\$ 436.05	\$ 1,809.01
9/17 - 9/19/2019	Scott Bourdon	San Jose	Presented at the Executive Facilities Officers - Directors of Facilities Operations meeting and participated in the seismic safety discussion at CSU San Jose	\$ 525.04	\$ 39.69	\$ 524.31	\$ 1,089.04
10/1 - 10/3/2019	Zachary Gifford	Los Angeles	Presenter at the 2019 CHEC (California Higher Education Collaborative) Conference	\$ 450.00	\$ 14.00	\$ 93.12	\$ 557.12
10/6 - 10/8/2019	Zachary Gifford	Humboldt / Sonoma	HSU New Campus President Event and Sonoma Campus meeting with Daniel Howell from Alliant	\$ 317.92	\$ 34.35	\$ 415.07	\$ 767.34
10/14/2019	Zachary Gifford	San Francisco	SFSU meeting with Phil to discuss mediation at Pillbury	\$ -	\$ -	\$ 278.75	\$ 278.75
10/15 - 10/16/2019	Zachary Gifford	San Marcos / San Diego	CSU San Marcos, San Diego State University, and ASI SDSU Campus Development meetings with Daniel Howell and Amy Lightner from Alliant	\$ 152.10	\$ 24.65	\$ -	\$ 176.75
10/21 - 10/22/2019	Zachary Gifford	Oakland	Lexington Mediation on SFSU Science Building	\$ 248.21	\$ 35.00	\$ 330.24	\$ 613.45
10/21 - 10/23/2019	Zachary Gifford	San Bernardino	CABO Presentation at CSU San Bernardino campus	\$ -	\$ -	\$ 81.20	\$ 81.20
11/14/2019	Scott Bourdon	Pomona	Discussion of System-Wide EH&S	\$ -	\$ -	\$ 6.66	\$ 6.66
11/4 - 11/8/2019	Jody Van Leuven	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 865.09	\$ 126.26	\$ 491.71	\$ 1,483.06
11/5 - 11/8/2019	Scott Bourdon	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 672.03	\$ 96.34	\$ 313.59	\$ 1,081.96
11/5 - 11/8/2019	Zachary Gifford	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 638.41	\$ 103.00	\$ 273.76	\$ 1,015.17
11/5 - 11/8/2019	Leona Ching	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 638.41	\$ 72.71	\$ 207.32	\$ 918.44
11/5 - 11/8/2019	Martha Guiditta	San Francisco	Fitting the Pieces Together Conference at the Crowne Plaza	\$ 672.03	\$ 9.00	\$ 197.28	\$ 878.31

11/20/2019	Scott Bourdon	Fullerton	Pillars of Safety Presentation: Professional Development and Continuing Education points toward certification	\$ -	\$ -	\$ 20.00	\$ 20.00
11/23 - 11/27/2019	Robert Eaton	London	CSURMA Underwriting meeting with Chancellor White, Steve Relyea, Andy Jones, Karen Nakai, Daniel Howell, Amy Lightner, Susan Leung, and P.J. Skarlanic	\$ 908.59	\$ 59.39	\$ 1,944.06	\$ 2,912.04
12/19/2019	Scott Bourdon	Rancho Cordova	Cal/OSHA Standards Board meeting and vote on the Wildfire Smoke Emergency Regulations	\$ -	\$ -	\$ 416.51	\$ 416.51
12/5, 12/10 - 12/11/2019	Zachary Gifford	Oakland / San Francisco / Folsom	AORMA Committee meeting, meeting with Dave Georage at SELF, EIA Underwriting Committee meeting	\$ 106.59	\$ 44.71	\$ 359.04	\$ 510.34
10/01/2019 to 12/31/2019				\$ 7,477.26	\$ 749.22	\$ 6,388.67	\$ 14,615.15
6/5/2019	Scott Bourdon	Los Angeles	LAUSD EHS Director - Lead in Drinking Water discussion	\$ -	\$ -	\$ 29.00	\$ 29.00
6/6/2019	Scott Bourdon	Northridge	Campus visit	\$ -	\$ -	\$ 52.20	\$ 52.20
7/7 - 7/9/2019	Scott Bourdon	Sacramento	California DOH meeting; UCD EHS office; RSS Academy meeting	\$ 285.00	\$ 29.97	\$ 426.22	\$ 741.19
7/15 - 7/18/2019	Zachary Gifford	Sacramento	Praesidium Guardian Workshop	\$ 458.85	\$ 103.28	\$ 442.28	\$ 1,004.41
7/12 - 7/22/2019	Scott Bourdon	Indianapolis	CSHEMA Conference	\$ 684.45	\$ 52.23	\$ 652.02	\$ 1,388.70
7/16 - 7/19/2019	Jody Van Leuven	Sonoma	CSU Emergency Managers Conference	\$ 541.74	\$ 21.00	\$ 362.89	\$ 925.63
7/27 - 8/3/2019	Scott Bourdon	Humboldt	EHS/RM Team meetings, Safety Drive Officer meeting	\$ 186.24	\$ 8.72	\$ 155.09	\$ 350.05
7/31 - 8/2/2019	Zachary Gifford	Paso Robles	AORMA Officers' Retreat	\$ 277.98	\$ 65.62	\$ 277.48	\$ 621.08
8/8/2019	Zachary Gifford	Sacramento	Sedgwick WC meeting and Thank You Luncheon at Sedgwick	\$ -	\$ -	\$ 192.67	\$ 192.67
8/11 - 8/13/2019	Scott Bourdon	San Luis Obispo	EHS Affinity Group meetings	\$ 414.50	\$ 43.27	\$ 212.09	\$ 669.86
8/13 - 8/16/2019	Zachary Gifford	Folsom / Oakland	CSAC EIA Underwriting Committee and Strategic Planning at CSAC; CSU Stewardship with Sedgwick and Genex & Optum, Sedgwick WC Doubleplay meeting at Sedgwick	\$ 509.15	\$ 94.57	\$ 438.37	\$ 1,042.09
8/29 - 9/2/2019	Jody Van Leuven	San Francisco	Foreign Travel Insurance Program review with Alliant	\$ -	\$ -	\$ 142.30	\$ 142.30
9/4 - 9/6/2019	Zachary Gifford	San Diego	CSURMA AORMA & EC meeting at Alliant	\$ 525.64	\$ 14.00	\$ 244.31	\$ 783.95
9/5 - 9/6/2019	Jody Van Leuven	San Diego	CSURMA EC meeting at Alliant	\$ 213.13	\$ 7.00	\$ 113.60	\$ 333.73
9/11 - 9/13/2019	Zachary Gifford	South Lake Tahoe	CAJPA Conference	\$ 446.92	\$ 58.21	\$ 423.75	\$ 928.88
9/15 - 9/19/2019	Zachary Gifford	Boston	URMIA Conference	\$ 1,181.06	\$ 61.71	\$ 296.67	\$ 1,539.44
9/15 - 9/19/2019	Jody Van Leuven	Boston	URMIA Conference	\$ 1,282.84	\$ 90.12	\$ 436.05	\$ 1,809.01
9/17 - 9/19/2019	Scott Bourdon	San Jose	Executive Facilities Officers - Directors of Facilities Operations meeting	\$ 525.04	\$ 39.69	\$ 524.31	\$ 1,089.04
07/01/2019 to 09/30/2019				\$ 7,532.54	\$ 689.39	\$ 5,421.30	\$ 13,643.23
GRAND TOTAL				\$ 19,019.46	\$ 2,041.63	\$ 14,405.95	\$ 35,467.04

California State University Risk Management Authority

Balance Sheets - Campus Programs as of 3/31/2020

(Unaudited)

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>IDL/NDI/UI</u>	<u>Property</u>	<u>AIME</u>	<u>Auto Liability</u>	<u>Total Campus Programs As of 3/31/2020</u>
Assets:							
Cash and Investments	13,806,366	7,283,158	3,140,641	838,411	973,676	(365,163)	25,677,089
Other long-term investments	24,757,723	47,709,568	5,792,310	2,417,231	4,554,580	0	85,231,413
Accounts receivable	1,870	0	0	125,016	0	0	126,886
Loans receivable	0	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0	0
Prepaid insurance	0	0	0	0	0	0	0
Prepaid expense	0	999,015	0	0	936,080	0	1,935,095
Total assets:	<u>38,565,959</u>	<u>55,991,741</u>	<u>8,932,952</u>	<u>3,380,658</u>	<u>6,464,335</u>	<u>(365,163)</u>	<u>112,970,482</u>
Liabilities:							
Accounts payable	98,167	698,000	0	0	0	0	796,167
Unearned revenue	0	0	0	0	0	0	0
SELF assessment liability	0	4,091,079	0	0	0	0	4,091,079
Reported claims	9,137,924	17,804,358	0	0	122,455	0	27,064,737
Claims incurred but not reported	15,032,516	7,388,940	0	0	2,449,105	0	24,870,561
Total liabilities:	<u>24,268,607</u>	<u>29,982,377</u>	<u>0</u>	<u>0</u>	<u>2,571,560</u>	<u>0</u>	<u>56,822,544</u>
Fund balance	14,297,352	26,009,364	8,932,952	3,380,658	3,892,775	(365,163)	56,147,938
Total liabilities and fund balance	<u>38,565,959</u>	<u>55,991,741</u>	<u>8,932,952</u>	<u>3,380,658</u>	<u>6,464,335</u>	<u>(365,163)</u>	<u>112,970,482</u>

California State University Risk Management Authority

Balance Sheets - AORMA Programs as of 3/31/2020

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs As of 3/31/2020
Assets:						
Cash and Investments	2,889,123	2,275,823	473,156	155,269	1,281,309	7,074,680
Other long-term investments	6,852,703	4,321,202	1,574,873	362,411	4,258,465	17,369,653
Accounts receivable	16,351	8,133	1,283	1,744	1,860	29,371
Loans receivable	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0
Prepaid insurance	0	0	0	0	0	0
Prepaid expense	150,000	155,000	0	0	0	305,000
Total assets:	9,908,177	6,760,158	2,049,312	519,424	5,541,634	24,778,705
Liabilities:						
Accounts payable	782,981	544,193	0	0	0	1,327,174
Unearned revenue	0	0	0	0	0	0
SELF assessment liability	0	0	0	0	0	0
Reported claims	1,531,069	1,111,364	0	0	0	2,642,433
Claims incurred but not reported	1,009,149	786,996	0	0	0	1,796,145
Total liabilities:	3,323,199	2,442,553	0	0	0	5,765,752
Fund balance	6,584,978	4,317,605	2,049,312	519,424	5,541,634	19,012,953
Total liabilities and fund balance	9,908,177	6,760,158	2,049,312	519,424	5,541,634	24,778,705

California State University Risk Management Authority

Balance Sheets - Miscellaneous Programs as of 3/31/2020

(Unaudited)

	Misc Purchased	OCIP	OCIP IIb	Club Sports	Loans	Total Misc Programs As of 3/31/2020	Grand Total All Programs As of 3/31/2020
Assets:							
Cash and Investments	(217,441)	(8,299,316)	3,750,719	515,451	(1,497,091)	(5,747,679)	27,004,089
Other long-term investments	0	0	0	141,766	0	141,766	102,742,832
Accounts receivable	2,670	5,149,564	968,503	44,653	0	6,165,390	6,321,647
Loans receivable	0	0	0	0	1,497,091	1,497,091	1,497,091
Reinsurance receivable	0	0	0	0	0	0	0
Prepaid insurance	0	7,688,686	0	0	0	7,688,686	7,688,686
Prepaid expense	0	826,009	0	62,266	0	888,274	3,128,369
Total assets:	(214,771)	5,364,943	4,719,222	764,135	0	10,633,528	148,382,715
Liabilities:							
Accounts payable	0	373,715	277,734	0	0	651,449	2,774,790
Unearned revenue	0	0	0	0	0	0	0
SELF assessment liability	0	0	0	0	0	0	4,091,079
Reported claims	0	0	0	0	0	0	29,707,170
Claims incurred but not reported	0	0	0	0	0	0	26,666,706
Total liabilities:	0	373,715	277,734	0	0	651,449	63,239,745
Fund balance	(214,771)	4,991,228	4,441,488	764,135	0	9,982,079	85,142,971
Total liabilities and fund balance	(214,771)	5,364,943	4,719,222	764,135	0	10,633,528	148,382,715

California State University Risk Management Authority
Income Statements - Campus Programs as of 3/31/2020
(Unaudited)

	Liability	Workers' Compensation	IDL/NDI/UI	Property	AIME	Auto Liability	Total Campus Programs
OPERATING REVENUES:							
Contributions	19,282,645	40,781,992	16,800,000	12,452,431	4,760,949	1,408,547	95,486,564
Reinsurance premiums	(2,490,076)	0	0	(7,620,173)	0	0	(10,110,249)
Total operating revenues:	16,792,568	40,781,992	16,800,000	4,832,258	4,760,949	1,408,547	85,376,314
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	6,946,224	12,079,989	8,461,281	1,602,893	2,801,876	0	31,892,262
Deductible recoveries	(1,910,974)	0	0	0	0	0	(1,910,974)
Claims administrators	0	2,886,875	39,111	0	200,000	0	3,125,986
Claims management information system	67,426	101,936	11,949	6,514	3,593	0	191,418
Program administrator	228,004	613,710	146,566	128,229	8,971	0	1,125,480
Brokerage commissions	385,882	1,376	568	695,321	2,708	0	1,085,854
Insurance premiums	3,295,916	33,307,361	0	3,255,959	18,723	1,053,632	40,931,591
Taxes, assessments & fees	0	0	0	0	0	0	0
Actuarial services	4,750	5,250	0	0	2,750	0	12,750
Claims audit	5,000	0	0	0	0	0	5,000
Coverage counsel	0	0	0	0	0	0	0
Program legal	0	0	0	0	0	0	0
Miscellaneous program services	17,742	0	0	0	0	0	17,742
Workshops/training	32,391	72,507	29,646	19,169	0	0	153,713
Loss control	1,191,251	68,644	0	48,659	0	0	1,308,554
Reinsurance/excess recovery	0	(10,328,967)	0	0	0	0	(10,328,967)
Program committee	0	0	0	0	472	0	472
Dividend distributions	0	7,219,915	0	0	0	0	7,219,915
Change in claims losses and loss adjustment	0	0	0	0	0	0	0
Total direct program expenses:	10,263,611	46,028,596	8,689,121	5,756,743	3,039,092	1,053,632	74,830,794
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	6,417	14,066	5,794	3,926	1,642	0	31,845
Executive committee & board expenses	498	1,169	470	272	139	0	2,549
JPA insurance	5,145	11,024	4,551	2,709	1,367	0	24,796
Memberships, associations & dues	2,530	29,605	1,933	1,176	570	0	35,813
Chancellor's office accounting services	68,186	149,432	56,114	38,069	17,428	0	329,229
Risk management expenses	119,481	260,449	107,277	72,649	30,412	0	590,268
Miscellaneous indirect services	10,340	10,261	4,167	2,704	1,197	0	28,669
Total general & administrative expenses:	212,597	476,007	180,306	121,505	52,755	0	1,043,170
Total operating expenses:	10,476,208	46,504,603	8,869,427	5,878,248	3,091,847	1,053,632	75,873,964
NON-OPERATING REVENUES:							
Investment income	1,341,777	2,526,033	345,958	129,726	247,919	0	4,591,414
Total non-operating revenues:	1,341,777	2,526,033	345,958	129,726	247,919	0	4,591,414
BEGINNING RETAINED EARNINGS	6,639,214	29,205,942	656,421	4,296,922	1,975,754	(720,078)	42,054,174
NET SURPLUS/(DEFICIT)	7,658,138	(3,196,578)	8,276,531	(916,264)	1,917,022	354,915	14,093,764
ENDING RETAINED EARNINGS	14,297,352	26,009,364	8,932,952	3,380,658	3,892,775	(365,163)	56,147,938

**California State University Risk Management Authority
Income Statements - AORMA Programs as of 3/31/2020**

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs
OPERATING REVENUES:						
Contributions	4,518,410	3,987,225	2,541,636	230,559	621,428	11,899,258
Reinsurance premiums	(1,461,936)	0	(1,840,540)	0	0	(3,302,476)
Total operating revenues:	3,056,474	3,987,225	701,096	230,559	621,428	8,596,782
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	915,638	933,224	15,090	0	645,108	2,509,060
Deductible recoveries	0	0	0	0	0	0
Claims administrators	12,000	176,526	0	0	11,969	200,495
Claims management information system	3,210	3,812	1,887	179	535	9,623
Program administrator	458,639	395,615	261,030	25,591	46,064	1,186,939
Brokerage commissions	73,739	189	210,800	16,088	73	300,889
Insurance premiums	255,680	3,702,699	246,173	178,284	0	4,382,836
Taxes, assessments & fees	0	34,327	0	0	0	34,327
Actuarial services	5,000	5,500	0	0	0	10,500
Claims audit	6,500	0	0	0	0	6,500
Coverage counsel	0	0	0	0	0	0
Program legal	0	0	0	0	0	0
Miscellaneous program services	0	0	0	0	0	0
Workshops/training	41,075	44,041	23,211	2,117	7,215	117,658
Loss control	62,401	70,239	19,549	813	2,434	155,437
Reinsurance/excess recovery	0	(695,752)	0	0	0	(695,752)
Program committee	3,710	3,992	2,099	192	651	10,643
Dividend distributions	782,985	544,190	0	0	0	1,327,175
Change in claims losses and loss adjustment	0	0	0	0	0	0
Total direct program expenses:	2,620,577	5,218,603	779,839	223,264	714,049	9,556,332
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	1,545	1,648	872	79	272	4,416
Executive committee & board expenses	121	132	68	19	20	361
JPA insurance	1,261	1,517	630	84	584	4,076
Memberships, associations & dues	50	2,808	28	3	9	2,897
Chancellor's office accounting services	16,439	17,510	9,229	865	2,884	46,927
Risk management expenses	28,615	30,560	16,137	1,457	5,081	81,850
Miscellaneous indirect services	1,135	1,221	615	58	256	3,285
Total general & administrative expenses:	49,166	55,396	27,579	2,565	9,106	143,812
Total operating expenses:	2,669,743	5,273,999	807,417	225,830	723,155	9,700,144
NON-OPERATING REVENUES:						
Investment income	365,572	223,226	82,997	19,140	225,070	916,005
Total non-operating revenues:	365,572	223,226	82,997	19,140	225,070	916,005
BEGINNING RETAINED EARNINGS	5,832,675	5,381,153	2,072,636	495,555	5,418,291	19,200,310
NET SURPLUS/(DEFICIT)	752,303	(1,063,548)	(23,324)	23,869	123,343	(187,357)
ENDING RETAINED EARNINGS	6,584,978	4,317,605	2,049,312	519,424	5,541,634	19,012,953

California State University Risk Management Authority
Income Statements - Miscellaneous Programs as of 3/31/2020
(Unaudited)

	Misc Purchased	OCIP	OCIP IIB	Club Sports	Total Misc Programs	Grand Total All Programs
OPERATING REVENUES:						
Contributions	465,228	4,558,099	6,566,312	488,442	12,078,081	119,463,902
Reinsurance premiums	0	0	0	0	0	(13,412,725)
Total operating revenues:	465,228	4,558,099	6,566,312	488,442	12,078,081	106,051,177
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	0	0	0	60,190	60,190	34,461,512
Deductible recoveries	0	0	0	0	0	(1,910,974)
Claims administrators	0	0	0	8,000	8,000	3,334,481
Claims management information system	0	0	0	287	287	201,328
Program administrator	0	931,182	562,435	0	1,493,617	3,806,036
Brokerage commissions	79,208	36,333	25,550	25,506	166,597	1,553,340
Insurance premiums	458,907	1,931,622	1,536,839	239,110	4,166,477	49,480,904
Taxes, assessments & fees	0	0	0	0	0	34,327
Actuarial services	0	0	0	0	0	23,250
Claims audit	0	0	0	0	0	11,500
Coverage counsel	0	0	0	0	0	0
Program legal	0	0	0	0	0	0
Miscellaneous program services	0	0	0	0	0	17,742
Workshops/training	0	0	0	0	0	271,371
Loss control	0	0	0	0	0	1,463,991
Reinsurance/excess recovery	0	0	0	0	0	(11,024,719)
Program committee	0	0	0	0	0	11,115
Dividend distributions	0	0	0	0	0	8,547,090
Change in claims losses and loss adjustment	0	0	0	0	0	0
Total direct program expenses:	538,116	2,899,136	2,124,824	333,092	5,895,169	90,282,294
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	0	3,601	0	138	3,739	40,000
Executive committee & board expenses	0	175	0	25	200	3,110
JPA insurance	0	2,334	0	113	2,447	31,319
Memberships, associations & dues	0	104	0	5	109	38,819
Chancellor's office accounting services	0	34,361	0	1,483	35,844	412,000
Risk management expenses	0	66,643	0	2,543	69,185	741,304
Miscellaneous indirect services	0	2,021	0	100	2,121	34,075
Total general & administrative expenses:	0	109,239	0	4,406	113,645	1,300,627
Total operating expenses:	538,116	3,008,376	2,124,824	337,498	6,008,814	91,582,921
NON-OPERATING REVENUES:						
Investment income	0	0	0	8,054	8,054	5,515,473
Total non-operating revenues:	0	0	0	8,054	8,054	5,515,473
BEGINNING RETAINED EARNINGS	(141,884)	3,441,504	0	605,137	3,904,758	65,159,242
NET SURPLUS/(DEFICIT)	(72,888)	1,549,723	4,441,488	158,998	6,077,321	19,983,728
ENDING RETAINED EARNINGS	(214,771)	4,991,228	4,441,488	764,135	9,982,079	85,142,971

California State University Risk Management Authority

Income Statement as of 3/31/2020

(Unaudited)

	Budget vs. Actual			
	FY 2019/20 Budget	Fiscal Year-to-Date	Variance	Percent of Budget
OPERATING REVENUES:				
Contributions	118,034,699	119,463,902	(1,429,203)	101.21 %
Reinsurance premiums	(13,126,744)	(13,412,725)	285,981	102.18 %
Total operating revenues:	104,907,955	106,051,177	(1,143,222)	101.09 %
OPERATING EXPENSES:				
DIRECT PROGRAM EXPENSES:				
Claims payment & legal expenses	61,079,362	34,461,512	26,617,850	56.42 %
Deductible recoveries	(3,803,763)	(1,910,974)	(1,892,789)	50.24 %
Claims administrators	4,517,260	3,334,481	1,182,779	73.82 %
Claims management information system	125,541	201,328	(75,786)	160.37 %
Program administrator	2,821,119	3,806,036	(984,918)	134.91 %
Brokerage commissions	1,428,437	1,553,340	(124,903)	108.74 %
Insurance premiums	57,828,501	49,480,904	8,347,597	85.56 %
Taxes, assessments & fees	310,494	34,327	276,166	11.06 %
Actuarial services	34,913	23,250	11,663	66.59 %
Claims audit	11,500	11,500	0	100.00 %
Coverage counsel	15,000	0	15,000	0.00 %
Program legal	24,500	0	24,500	0.00 %
Miscellaneous program services	10,300	17,742	(7,442)	172.25 %
Workshops/training	222,100	271,371	(49,271)	122.18 %
Loss control	1,070,252	1,463,991	(393,739)	136.79 %
Reinsurance/excess recovery	(19,757,706)	(11,024,719)	(8,732,987)	55.80 %
Program committee	8,446	11,115	(2,669)	131.60 %
Dividend distributions	6,135,297	8,547,090	(2,411,793)	139.31 %
Total direct program expenses:	112,081,553	90,282,294	21,799,258	80.55 %
GENERAL & ADMINISTRATIVE EXPENSES:				
Financial audit	40,000	40,000	0	100.00 %
Executive committee & board expenses	36,458	3,110	33,348	8.53 %
JPA insurance	17,139	31,319	(14,180)	182.74 %
Memberships, associations & dues	46,115	38,819	7,296	84.18 %
Chancellor's office accounting services	412,000	412,000	0	100.00 %
Risk management expenses	1,159,500	741,304	418,196	63.93 %
JPA legal	114,736	0	114,736	0.00 %
Miscellaneous indirect services	29,451	34,075	(4,624)	115.70 %
Total general & administrative expenses:	1,855,399	1,300,627	554,772	70.10 %
Total operating expenses:	113,936,952	91,582,921	22,354,030	80.38 %
NON-OPERATING REVENUES:				
Investment income	2,500,000	5,515,473	(3,015,473)	220.62 %
Total non-operating revenues:	2,500,000	5,515,473	(3,015,473)	220.62 %
NET SURPLUS/(DEFICIT)	(6,528,997)	19,983,728	(26,512,725)	(306.08)%



**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Financial Statements and Supplementary Schedules

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University

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Independent Auditors' Report

The Board of Directors
California State University Risk Management Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the California State University Risk Management Authority (the Authority), a component unit of the California State University, which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California State University Risk Management Authority as of June 30, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3 through 7 and the claims development information on Schedule 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in Schedules 1 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 through 13 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 13 are fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Irvine, California
September 30, 2019

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2019 and 2018
(Unaudited)

The following discussion and analysis provides an overview of the financial position and performance of the California State University Risk Management Authority (the Authority) as of and for the years ended June 30, 2019 and 2018. It is designed to assist the readers in focusing on financial overview and analysis of the financial activities of the Authority. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

Overview of the Financial Statements

The financial statements of the Authority as of and for the years ended June 30, 2019 and 2018 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the Authority is considered a special-purpose government engaged in business-type activities.

The Authority’s financial statements consist of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and the notes to the financial statements, supplementary information, and required supplementary information. The Authority’s basic financial statements are the Statements of Net Position, the Statements of Revenue, Expenses, and Changes in Net Position, and the Statements of Cash Flows.

Statement of Net Position – The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year and includes all assets and liabilities of the Authority. The difference between total assets and total liabilities, net position, is one indicator of the current financial condition of the Authority, while the change in net position is an indicator of how the overall financial condition has fluctuated from year to year.

A summary of the Authority’s assets, liabilities, and net position at June 30, 2019, 2018, and 2017 is as follows:

Condensed Schedules of Net Position

June 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Current assets	\$ 88,129,000	92,382,000	102,543,000
Noncurrent assets	<u>47,638,000</u>	<u>53,800,000</u>	<u>59,413,000</u>
Total assets	<u>135,767,000</u>	<u>146,182,000</u>	<u>161,956,000</u>
Liabilities:			
Current liabilities	25,099,000	29,559,000	31,314,000
Noncurrent liabilities	<u>45,509,000</u>	<u>52,370,000</u>	<u>57,262,000</u>
Total liabilities	<u>70,608,000</u>	<u>81,929,000</u>	<u>88,576,000</u>

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Condensed Schedules of Net Position (Continued)

June 30, 2019, 2018, and 2017

	2019	2018	2017
Net position:			
Unrestricted	\$ 65,159,000	64,253,000	73,380,000
Total net position	\$ 65,159,000	64,253,000	73,380,000

Assets

The Authority's assets totaled \$135,767,000 on June 30, 2019, a decrease of \$10,415,000 or 7%, as compared to the previous year. The decrease is mainly attributed to the decrease in investments (note 3) by \$20,117,000, due to the excess of payments over receipts from operating activities. Accounts receivable increased by \$6,697,000 due to the enrollment of new construction projects in the Owners Controlled Insurance Program (OCIP). Prepaid expenses increased by \$3,938,000 due to the increase of the premiums, and timing and coverage periods of various insurance premiums.

The Authority's assets totaled \$146,182,000 on June 30, 2018, a decrease of \$15,774,000 or 10%, as compared to the previous year. The decrease is mainly attributed to the decrease in investments (note 3) by \$13,706,000, due to the excess of payments over receipts from operating activities. Accounts receivable decreased by \$4,498,000 due to decreased construction projects enrolled in OCIP compared to prior year. Prepaid expenses increased by \$3,001,000 due to the timing and coverage periods of various insurance premiums. The Authority's investments represented 82% and 90% of total assets as of June 30, 2019 and 2018 and consist of the Authority's share of the California State University (CSU) Consolidated Investment Pool and investments held in Morgan Stanley Smith Barney.

Liabilities

The Authority's liabilities totaled \$70,608,000 on June 30, 2019, a decrease of \$11,321,000 or 14%, as compared to the previous year. The Authority's liabilities totaled \$81,929,000 on June 30, 2018, a decrease of \$6,647,000 or 8%, as compared to the previous year.

The decrease in both years was primarily due to the enrollment in the Excess Insurance Authority (EIA), effective January 1, 2016, resulting in a decrease in claims liability, current and noncurrent, in the amount of \$8,332,000 and \$6,112,000 as of June 30, 2019 and 2018, respectively. The EIA is responsible for all covered losses within the amount of the self-insurance layer for the campus and Auxiliary Organizations Risk Management Alliance (AORMA) workers' compensation program (note 7); thus, the Authority is not liable for the layers covered by the EIA. Claims liability, current and noncurrent, represents 80% and 79% of the total liabilities as of June 30, 2019 and 2018, respectively.

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Net Position

Net position may serve over time as a useful indicator of the Authority's financial position. Net position represents the residual measure of assets net of liabilities. Net position fluctuates annually due to the Authority's operating results for a given fiscal year as well as changes in investment income. The Authority's net position is classified as unrestricted and may be designated for use by the Authority.

The Authority's net position totaled \$65,159,000 on June 30, 2019, an increase of \$906,000 or 1%, as compared to the previous year. This is primarily due to investment income that offset the operating losses during the year. The Authority's net position totaled \$64,253,000 on June 30, 2018, a decrease of \$9,127,000 or 12%, as compared to the previous year. This is primarily due to the excess of operating expenses over operating revenues.

Statement of Revenue, Expenses, and Changes in Net Position – The Statement of Revenue, Expenses, and Changes in Net Position is the Authority's income statement. Revenues earned and expenses incurred during the year on an accrual basis are classified as either operating or nonoperating. It presents the results of the Authority's operations and changes in net position over the course of the fiscal year.

A summary of the Authority's statement of revenues, expenses, and changes in net position for the years ended June 30, 2019, 2018 and 2017 is as follows:

Condensed Schedules of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 94,329,000	92,291,000	94,006,000
Operating expenses	<u>101,141,000</u>	<u>101,067,000</u>	<u>106,980,000</u>
Operating loss	(6,812,000)	(8,776,000)	(12,974,000)
Nonoperating revenues (expenses), net	<u>7,718,000</u>	<u>(351,000)</u>	<u>(1,101,000)</u>
Change in net position	906,000	(9,127,000)	(14,075,000)
Net position, beginning of year	<u>64,253,000</u>	<u>73,380,000</u>	<u>87,455,000</u>
Net position, end of year	\$ <u>65,159,000</u>	<u>64,253,000</u>	<u>73,380,000</u>

Operating Revenues and Expenses

The Authority's operating revenues consist of member contributions, net of reinsurance premiums. Increases or decreases in member contributions are primarily attributable to recommended funding for campus-covered programs calculated by an independent actuarial firm employed by the Authority (note 2(g)). During fiscal year 2019, operating revenues totaled \$94,329,000, an increase of \$2,038,000 or 2%, which was primarily due to an increase in member contributions, offsetting the increase in reinsurance premiums (notes 6 and 7(b)). During

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fiscal year 2018, operating revenues totaled \$92,291,000, a decrease of \$1,715,000 or 2%, which was primarily due to a decrease in member contributions and increase in reinsurance premiums (notes 6 and 7(b)).

During fiscal year 2019, operating expenses totaled \$101,141,000, an increase of \$74,000 or less than 1%, as compared to the previous year. The operating expense remained consistent with prior year as the increases in claim losses and loss adjustment expenses and insurance premiums were offset by the decrease in dividends expenses and claims administration expenses. During fiscal year 2018, operating expenses totaled \$101,067,000, a decrease of \$5,913,000 or 6%, as compared to the previous year. The decrease is primarily due to a decrease in dividends expenses of \$6,723,000 and an increase in claims administration expenses of \$1,244,000. The increase in insurance premiums was primarily due to excess insurance premiums paid to the EIA and other insurance carriers.

Operating expenses consist of claim losses and loss adjustment expenses of \$31,384,000 and \$29,917,000, claims administration of \$9,456,000 and \$10,568,000, insurance premiums of \$50,863,000 and \$49,155,000, dividend distributions of \$6,111,000 and \$8,678,000, general and administrative of \$1,573,000 and \$1,372,000, and miscellaneous services of \$1,754,000 and \$1,377,000 for the years ended June 30, 2019 and 2018, respectively. Claim losses and loss adjustment expenses include actual claim payments made, as well as adjustments for reserves on claims. Claim case reserves are adjusted as claims develop and mature and additional information regarding potential loss amounts are known. Reserves for claims incurred but not reported, as determined by independent actuaries, are also included in this expense category. Claims administration includes expenses incurred by the Authority for claims administrator's fees and program administrator's fees, and brokerage commissions. Dividend distributions represent the return of contributions to CSU campuses and Auxiliary Organization members. In providing insurance coverage and risk management services to its members, the Authority incurs general and administrative and miscellaneous services expenses that are budgeted and approved by the Board of Directors annually.

Nonoperating Revenues (Expenses), Net

During fiscal year 2019, net nonoperating revenues totaled \$7,718,000, an increase of \$8,069,000, which is primarily due to investment gains, both realized and unrealized, and higher earnings from the investment portfolio where the Authority's investments are held (note 3). This is attributed mainly to favorable market conditions in fiscal year 2019 as compared to prior year. Further, the investment balance declined in the fourth quarter of the fiscal year, as such it did not affect earnings significantly. During fiscal year 2018, nonoperating expenses totaled \$351,000, a decrease of \$750,000 or 68%, which is primarily due to a decrease in investment loss from the investment portfolio where the Authority's investments are held (note 3).

Factors Impacting Future Periods

With respect to current facts, conditions, or decisions that may impact the financial position of the Authority, there are no known issues either internal to the Authority nor the external environment that are expected to materially impact the organization. However, there are trends that may influence the membership and developments in the commercial insurance market that warrant notice.

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The Authority has a limited pool of membership consisting of CSU and its not-for-profit Auxiliary Organizations. The CSU and Auxiliary Organizations are subject to economic trends which impact funding, operations, and grants and contracts. To the extent the CSU experiences a negative fiscal environment, this can impact the funding of certain Auxiliary Organizations. In addition, a negative fiscal environment does not necessarily reduce the cost of the Authority's programs and may actually result in higher claims, such as unemployment insurance claims. The Authority has adopted conservative funding practices to protect the organization from a negative fiscal environment.

The California workers' compensation operating environment has stabilized despite increases in the cost of medical care and prescription drugs, combined with an aging workforce. To combat increasing costs to settle workers' compensation claims, the Authority has implemented a Workers' Compensation Claims Management and Return to Work Program, as well as an ongoing claims closure initiative. Results have been positive, however, the environment may change.

Generally, the commercial insurance and reinsurance market is stable. However, weather extremes, catastrophic losses, and investment losses are areas of concern for commercial insurance carriers and the California market has experienced catastrophic claims due to wildfire and excessive rainfall. Institutional size risks, such as the CSU and its Auxiliary Organizations, with large valued property locations spread throughout the state are experiencing rate increases as commercial insurers raise concerns about recent natural disasters such as floods, hurricanes, and potential wildfires.

The market for excess liability for California public entities has firmed. This is largely due to a significant rise in the cost of claims, especially those involving employment practices, law enforcement, and injuries to minors. The Authority has managed this risk by developing long-term underwriting relationships and attracting other insurers to the program.

Funds are invested by the Authority to pay expected claims in the pooled programs. The valuation of claims liabilities is discounted based on assumed investment earning rates. A divergence in the rate assumed for discounting claims liabilities and investment earnings can affect the ultimate claims liability recorded in the financial statements. To guard against possible divergence, the dividend calculations utilized to return excess funds to the membership use a more conservative calculation of equity.

The rates charged by the Authority for member contributions for the future year increased due to claim and market trends for the liability, industrial disability/nonindustrial disability/unemployment insurance, and property programs. In the May 2019 Board of Director's meeting, the fiscal year 2020 budget was approved for operating revenues of \$104,908,000 and operating expenses of \$113,937,000.

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Statements of Net Position

June 30, 2019 and 2018

	2019	2018
Assets:		
Current assets:		
Cash and cash equivalents	\$ 14,000	62,000
Investments	65,954,000	80,071,000
Accounts receivable	9,308,000	2,611,000
Loans receivable from affiliates, current portion	—	489,000
Prepaid expenses	12,811,000	8,873,000
Reinsurance recoverable – workers' compensation	42,000	276,000
Total current assets	88,129,000	92,382,000
Noncurrent assets:		
Loans receivable from affiliates, net of current portion	1,638,000	1,800,000
Other long-term investments	46,000,000	52,000,000
Total noncurrent assets	47,638,000	53,800,000
Total assets	135,767,000	146,182,000
Liabilities:		
Current liabilities:		
Accounts payable	8,723,000	9,263,000
Unearned revenues	55,000	1,141,000
SELF assessment liability, current portion	1,364,000	1,364,000
Claims liability for losses and loss adjustment expenses – current portion:		
Reported claims	7,882,000	10,252,000
Claims incurred but not reported	7,075,000	7,539,000
Total current liabilities	25,099,000	29,559,000
Noncurrent liabilities:		
SELF assessment liability, net of current portion	4,091,000	5,454,000
Claims liability for losses and loss adjustment expenses – noncurrent portion:		
Reported claims	21,826,000	27,035,000
Claims incurred but not reported	19,592,000	19,881,000
Total noncurrent liabilities	45,509,000	52,370,000
Total liabilities	70,608,000	81,929,000
Net position:		
Unrestricted	65,159,000	64,253,000
Total net position	\$ 65,159,000	64,253,000

See accompanying notes to financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Member contributions	\$ 105,548,000	102,103,000
Reinsurance premiums	<u>(11,219,000)</u>	<u>(9,812,000)</u>
Total operating revenues	<u>94,329,000</u>	<u>92,291,000</u>
Operating expenses:		
Claim losses and loss adjustment expenses	31,384,000	29,917,000
Claims administration	9,456,000	10,568,000
Insurance premiums	50,863,000	49,155,000
Dividend distributions	6,111,000	8,678,000
General and administrative	1,573,000	1,372,000
Miscellaneous services	<u>1,754,000</u>	<u>1,377,000</u>
Total operating expenses	<u>101,141,000</u>	<u>101,067,000</u>
Operating loss	<u>(6,812,000)</u>	<u>(8,776,000)</u>
Nonoperating revenues (expenses):		
Investment income (loss), net	7,660,000	(400,000)
Interest income from loans	<u>58,000</u>	<u>49,000</u>
Total nonoperating revenues (expenses), net	<u>7,718,000</u>	<u>(351,000)</u>
Change in net position	906,000	(9,127,000)
Net position, beginning of year	<u>64,253,000</u>	<u>73,380,000</u>
Net position, end of year	<u>\$ 65,159,000</u>	<u>64,253,000</u>

See accompanying notes to financial statements.

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Statements of Cash Flows

Year ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts of member contributions	\$ 86,802,000	98,197,000
Payments to providers	(68,510,000)	(67,093,000)
Payments of claims	(40,401,000)	(36,394,000)
Dividend distributions to members	<u>(6,425,000)</u>	<u>(8,740,000)</u>
Net cash used in operating activities	<u>(28,534,000)</u>	<u>(14,030,000)</u>
Cash flows from noncapital and related financing activities:		
Payments received on loans to related entities	651,000	737,000
Loan interest income received	<u>58,000</u>	<u>49,000</u>
Net cash provided by noncapital and related financing activities	<u>709,000</u>	<u>786,000</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	672,802,000	1,010,198,000
Purchases of investments	(651,171,000)	(996,960,000)
Investment income, net	<u>6,146,000</u>	<u>68,000</u>
Net cash provided by investing activities	<u>27,777,000</u>	<u>13,306,000</u>
Net change in cash and cash equivalents	(48,000)	62,000
Cash and cash equivalents at beginning of year	<u>62,000</u>	<u>—</u>
Cash and cash equivalents at end of year	<u>\$ 14,000</u>	<u>62,000</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (6,812,000)	(8,776,000)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Increase in prepaid expenses	(3,938,000)	(3,001,000)
(Increase) decrease in accounts receivable	(6,697,000)	4,498,000
Decrease (increase) in reinsurance recoverable – workers’ compensation	234,000	(104,000)
Decrease in accounts payable	(540,000)	(269,000)
(Decrease) increase in unearned revenues	(1,086,000)	1,098,000
Decrease in SELF assessment liability	(1,363,000)	(1,364,000)
Decrease in claims liability for losses and loss adjustment expenses	<u>(8,332,000)</u>	<u>(6,112,000)</u>
Net cash used in operating activities	<u>\$ (28,534,000)</u>	<u>(14,030,000)</u>

See accompanying notes to financial statements.

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June 30, 2019 and 2018

(1) Organization

On January 1, 1997, California State University (CSU or the University) and certain auxiliary organizations of the University established the California State University Risk Management Authority (the Authority) pursuant to the provisions of Section 6500 et seq. of the California Government Code (the Code). The Code authorizes CSU and Auxiliary Organizations to establish and operate pooled coverage programs and to provide related services. The Authority provides entity risk pooling programs for workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, property, construction, and other risk-related programs for its member organizations (the Members). Members participating in the Authority's coverage programs at June 30, 2019 and 2018 are as follows:

<u>Location</u>	<u>Member organization</u>
Bakersfield	California State University, Bakersfield
Bakersfield	Associated Students, California State University, Bakersfield, Inc.
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs Administration
Bakersfield	California State University, Bakersfield Foundation
Bakersfield	California State University, Bakersfield Student Union, Inc.
Chancellor's Office	Office of the Chancellor
Chancellor's Office	California State University Foundation
Chancellor's Office	California State University Institute
Channel Islands	California State University, Channel Islands
Channel Islands	Associated Students of California State University, Channel Islands, Inc.
Channel Islands	California State University Channel Islands Foundation
Channel Islands	CI University Auxiliary Services, Inc.
Chico	California State University, Chico
Chico	Associated Students of California State University, Chico
Chico	Auxiliary Organization Associations
Chico	The CSU, Chico Research Foundation
Chico	The University Foundation, California State University, Chico
Dominguez Hills	California State University, Dominguez Hills
Dominguez Hills	Associated Students, California State University, Dominguez Hills
Dominguez Hills	California State University, Dominguez Hills Foundation
Dominguez Hills	CSU Dominguez Hills Philanthropic Foundation
Dominguez Hills	The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
East Bay	California State University, East Bay
East Bay	Associated Students Inc., California State University, East Bay
East Bay	Cal State East Bay Educational Foundation
East Bay	California State University, East Bay Foundation, Inc.
Fresno	California State University, Fresno

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Location	Member organization
Fresno	Associated Students of California State University, Fresno
Fresno	California State University, Fresno Association, Inc.
Fresno	California State University, Fresno Foundation
Fresno	Fresno State Programs for Children, Inc.
Fresno	The Agricultural Foundation of California State University, Fresno
Fresno	The California State University, Fresno Athletic Corporation
Fullerton	California State University, Fullerton
Fullerton	Associated Students, California State University, Fullerton, Inc.
Fullerton	Cal State Fullerton Philanthropic Foundation
Fullerton	CSU Fullerton Auxiliary Services Corporation
Humboldt	Humboldt State University
Humboldt	Associated Students, Humboldt State University
Humboldt	Humboldt State University Advancement Foundation
Humboldt	Humboldt State University Center Board of Directors
Humboldt	Humboldt State University Sponsored Programs Foundation
Long Beach	California State University, Long Beach
Long Beach	Associated Students, California State University, Long Beach
Long Beach	California State University, Long Beach Research Foundation
Long Beach	CSULB 49er Foundation
Long Beach	Forty-Niner Shops, Inc.
Los Angeles	California State University, Los Angeles
Los Angeles	Associated Students, California State University, Los Angeles, Inc.
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
Los Angeles	California State University, Los Angeles Foundation
Los Angeles	University-Student Union at California State University, Los Angeles
Maritime Academy	California Maritime Academy
Maritime Academy	California Maritime Academy Foundation, Inc.
Maritime Academy	The Associated Students of the California Maritime Academy
Monterey Bay	California State University, Monterey Bay
Monterey Bay	Foundation of California State University, Monterey Bay
Monterey Bay	The University Corporation at Monterey Bay
Monterey Bay	Otter Student Union at CSU Monterey Bay
Northridge	California State University, Northridge
Northridge	Associated Students, California State University, Northridge, Inc.
Northridge	California State University, Northridge Foundation
Northridge	North Campus University Park Development Corporation
Northridge	The University Corporation, CSU Northridge
Northridge	University Student Union of California State University, Northridge
Pomona	California State Polytechnic University, Pomona

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Location	Member organization
Pomona	Associated Students Inc., California State Polytechnic University, Pomona
Pomona	The Cal Poly Pomona Foundation, Inc.
Pomona	* Cal Poly Pomona Philanthropic Foundation
Sacramento	California State University, Sacramento
Sacramento	Associated Students of California State University, Sacramento
Sacramento	Capital Public Radio, Inc., CSU Sacramento
Sacramento	The University Foundation at Sacramento State
Sacramento	University Enterprises, Inc., CSU Sacramento
Sacramento	University Union Operation of CSUS, Inc.
San Bernardino	California State University, San Bernardino
San Bernardino	Associated Students Inc., California State University, San Bernardino
San Bernardino	CSUSB Philanthropic Foundation
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
San Bernardino	University Enterprises Corporation at CSUSB
San Diego	San Diego State University
San Diego	Associated Students, San Diego State University
San Diego	Aztec Shops, Ltd., San Diego State University
San Diego	San Diego State University Research Foundation
San Diego	The Campanile Foundation
San Francisco	San Francisco State University
San Francisco	Associated Students, Inc., San Francisco State University
San Francisco	San Francisco State University Foundation
San Francisco	The University Corporation, San Francisco State
San Jose	San Jose State University
San Jose	Associated Student, San Jose State University
San Jose	San Jose State University Research Foundation
San Jose	Spartan Shops, Inc., San Jose State University
San Jose	The Student Union of San Jose State University
San Jose	The Tower Foundation, San Jose State University
San Luis Obispo	California Polytechnic State University, San Luis Obispo
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
San Luis Obispo	Cal Poly Corporation
San Luis Obispo	California Polytechnic State University Foundation
San Marcos	California State University, San Marcos
San Marcos	California State University San Marcos Corporation
San Marcos	California State University San Marcos Foundation
San Marcos	The Associated Students of California State University, San Marcos
Sonoma	Sonoma State University
Sonoma	Associated Students of Sonoma State University

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<u>Location</u>	<u>Member organization</u>
Sonoma	Sonoma State Enterprises, Inc.
Sonoma	Sonoma State University Academic Foundation, Inc.
Stanislaus	California State University, Stanislaus
Stanislaus	Associated Students, Inc., California State University, Stanislaus
Stanislaus	California State University, Stanislaus Auxiliary and Business Services
Stanislaus	California State University, Stanislaus Foundation
Stanislaus	University Student Union of California State University, Stanislaus

* New member in 2019

The accompanying financial statements are also included in the CSU's financial statements as a discretely presented component unit.

The Authority is managed by a board of directors, which is composed of 30 directors appointed by the CSU Executive Vice Chancellor/Chief Financial Officer, Business and Finance, and 10 directors elected by the Auxiliary Organizations, which are members of the Authority. The Executive Vice Chancellor may also appoint alternate representatives who shall serve in the absence of the primary representatives. Directors elected by the Auxiliary Organizations serve subject to terms and conditions adopted by the Auxiliary Organizations for election and replacement of the same. Each director of the Authority must be an officer, director, or employee of the University or an Auxiliary Organization.

The Authority assumed the losses of the University's risk pool on January 1, 1997 (inception date) in exchange for a commitment from the University to fund incurred losses. In addition, the University has made the commitment to provide sufficient cash flows to the Authority to meet its operating needs.

All post-development costs of the Authority's programs are funded by annual premiums charged to members participating in the program each policy year and by interest earnings on the accumulated funds. Premiums are based on a cost allocation plan and rating formula developed by the Authority with the assistance of an actuary, risk management consultants, and other qualified persons. The premium for each member participating in the shared risk programs includes the member's share of expected program losses, program reinsurance costs, and program administrative costs for the year. If the Authority experiences unusually large losses in one of the aforementioned programs during a policy year, those pooled funds for the program may be exhausted before the next annual premiums are due. The Board of Directors may, upon consultation, impose assessments on all participating members in the respective program to provide adequate funds to the Authority for the payment of all incurred losses.

The Authority coordinates the claims process in conjunction with various organizations. These entities include the State of California Attorney General's Office; Sedgwick Claims Management Services, Inc. (Sedgwick); Carl Warren & Company (Carl Warren); Health Special Risk, Inc. (HSR); the CSU Office of General Counsel; Systemwide Risk Management; Alliant Insurance Services (Alliant); the CSU Office of the Chancellor; and the 23 CSU campuses. Sedgwick is the third-party administrator (TPA) for all workers' compensation claims involving campuses and Auxiliary Organizations. Carl Warren is the TPA for Auxiliary

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Organization liability claims. HSR is the TPA for Athletic Injury Medical Expense (AIME) and Club Sports Insurance Program (CSIP) claims. Alliant administers all entity risk pooling programs provided by the Authority.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements for the Authority have been prepared under the standards promulgated by the Governmental Accounting Standards Board (GASB) using the accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. The Authority is considered a special-purpose government. The Authority records revenues primarily from fees collected from the campuses and Auxiliary Organizations and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities.

(b) Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities

The Authority considers assets to be current when they can be reasonably expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statements of Net Position date. Liabilities that can be reasonably expected, as part of the Authority's normal business operations, to be liquidated within 12 months of the Statements of Net Position date are considered to be current. All other assets and liabilities are considered to be noncurrent. For classification of current and noncurrent investments, refer to note 2(d).

(c) Cash and Cash Equivalents and Statements of Cash Flows

The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The Authority considers amounts included in the Morgan Stanley Smith Barney and the CSU Consolidated Investment Pool to be investments. Certain transactions recorded as revenues or expenses in the accompanying Statements of Revenues, Expenses and Changes in Net Position include transactions between entities that are also participants in the Investment Pool. The Authority considers changes in the respective participants' equity in the CSU Consolidated Investment Pool resulting from these transactions to represent cash flows of the Authority in the accompanying Statements of Cash Flows.

(d) Investments

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statements of Revenues, Expenses, and Changes in Net Position as a component of investment income, net.

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Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations, designated or restricted for the liquidation of the noncurrent portion of long-term liabilities, or restricted as to the liquidity of the investments are classified as other long-term investments.

(e) *Accounts Receivable*

Accounts receivable represents amounts due from the Members and excess insurance carriers.

(f) *Reinsurance Recoverable*

Reinsurance recoverable represents estimated amounts due from reinsurers, who reinsured the CSU's workers' compensation claims liability for claims incurred during the fiscal year. The estimates are related to paid claims and claim adjustment expenses as of fiscal year-end. The estimated amounts recoverable from reinsurers that are related to the liabilities for unpaid claims and claim adjustment expenses are deducted from those claims liabilities for losses and loss adjustment expenses (LAE) (note 2(h)).

(g) *Member Contributions*

The Authority reports contributions received from the Members in the Statements of Revenues, Expenses, and Changes in Net Position. Contribution calculations for both campuses and Auxiliary Organizations are based on program funding policies and procedures, and various rating plans, including pro rata shares of the anticipated claims liabilities for losses and LAE based on actuary projections and loss rates. Contributions are recorded as revenue for the policy year in which coverage is provided.

(h) *Claims Liability for Losses and LAE*

The claims liability for losses and LAE included in the accompanying financial statements reflect the estimated cost of settling claims relating to events that have occurred as of fiscal year-end. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liability for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liability is recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In estimating unpaid losses and LAE, the Authority has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

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(i) Dividend Distributions

The Authority reports dividends in the Statements of Revenues, Expenses, and Changes in Net Position for the return of contributions to the Members. Dividends to CSU campuses are based on a review of the funding status report by the Executive Committee and are distributed to each member by their pro rata contributions over the past five completed fiscal years. Dividends to any participating Auxiliary Organization are calculated and distributed in accordance with the Dividends and Assessment Policy. Dividend distributions are accrued as dividend expense once they are approved and declared by the Executive Committee and the Auxiliary Organizations Risk Management Alliance (AORMA) Committee.

(j) Net Position

The Authority's net position is classified as unrestricted. Unrestricted net position may be designated for use by the Authority. The Authority has adopted a policy of utilizing restricted funds, when available, prior to unrestricted funds.

(k) Classification of Revenues and Expenses

The Authority considers operating revenues and expenses in the Statements of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Authority's primary functions. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB requirements. These nonoperating activities include the Authority's investment income, net, and interest income from loans.

(l) Income Taxes

The Authority was formed pursuant to the Code Section 6500 et seq. and, as a governmental entity, is not subject to federal or state income taxes under §115 of the Internal Revenue Code of 1986.

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

(n) Reclassification

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation.

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(3) Cash and Cash Equivalents, Investments, and Investment Income, Net

The Authority's cash, cash equivalents, and investments as of June 30, 2019 and 2018 are classified in the accompanying Statements of Net Position as follows:

	2019	2018
Cash and cash equivalents	\$ 14,000	62,000
Short-term investments	65,954,000	80,071,000
Other long-term investments	46,000,000	52,000,000
Total	\$ 111,968,000	132,133,000

(a) Cash and Cash Equivalents

The Authority maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

At June 30, 2019 and 2018, the Authority's cash and cash equivalents consist of demand deposits held at a financial institution. The carrying amount of the cash in demand deposit accounts were \$98,000 and \$173,000 at June 30, 2019 and 2018, respectively. The primary difference between the book and bank balance is due to outstanding checks and cash awaiting investment in the CSU Consolidated Investment Pool.

(b) Investments

At June 30, 2019 and 2018, the Authority's investment portfolio consists of investments held at Morgan Stanley Smith Barney and in the CSU Consolidated Investment Pool. Separate accounting is maintained as to the amounts allocable to the various funds and programs.

(i) Investment Policy

State law and regulations require that surplus monies of the Authority must be invested. The primary objective of the Authority's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Authority. The third objective is to return an acceptable yield.

The Authority's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Sections 16430 and 53601, and Education Code Section 89724, subject to certain limitations. In general, the Authority's investment policy permits investments in obligations of the federal and California state governments, certificates of deposit, high-quality domestic corporate and fixed-income securities, and certain other investment instruments.

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(ii) *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments or deposits may not be returned to the Authority. Substantially all of the Authority's securities are registered in the Authority's name by the custodial bank as an agent for the Authority. The Authority's deposits are maintained at financial institutions that are Federal Deposit Insurance Corporation insured. As a result, custodial credit risk for such investments and deposits is remote.

(iii) *Interest Rate Risk*

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to fluctuations in market interest rates. The Authority's investment guidelines measure interest rate risk by limiting an eligible investment to a maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options, such as a call, put, or reset date, and prepayment speed resulting in the maturity of a bond being less than its final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates.

Durations of the Authority's investment portfolio for each investment type as of June 30, 2019 are presented in the table below.

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 6,005,000	4.46933
Certificates of deposit	229,000	0.12452
Corporate bonds	26,715,000	2.68551
Money market funds	729,000	—
Mortgage-backed securities	9,058,000	1.71837
Municipal bonds	4,709,000	5.38498
Repurchase agreement	16,000	0.00268
U.S. agency securities	3,745,000	4.39240
U.S. Treasury securities	59,553,000	5.15195
International bonds	1,195,000	3.77047
Total investments	\$ <u>111,954,000</u>	

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Durations of the Authority's investment portfolio for each investment type as of June 30, 2018 are presented in the table below:

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 5,144,000	4.31367
Certificates of deposit	2,000	0.20921
Corporate bonds	21,303,000	3.27725
International bonds	1,175,000	4.52257
Money market funds	103,000	—
Mortgage-backed securities	9,348,000	3.98694
Municipal bonds	5,769,000	5.84835
Mutual funds	1,000	5.68226
U.S. agency securities	3,290,000	3.61168
U.S. Treasury securities	<u>85,936,000</u>	4.71088
Total investments	<u>\$ 132,071,000</u>	

Another way the Authority manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide cash flows and liquidity needed for operations.

(iv) *Credit Risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

By law, the Authority invests in low credit risk securities, such as U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptances, and negotiable certificates of deposit. Therefore, occurrence of credit risk is remote.

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Ratings of the Authority's investment portfolio for each investment type as of June 30, 2019 are presented in the table below:

Investment type	Fair value	Ratings as of year-end				
		AAA	AA	A	BBB	Not rated
Asset-backed securities	\$ 6,005,000	6,005,000	—	—	—	—
Certificates of deposit	229,000	89,000	5,000	135,000	—	—
Corporate bonds	26,715,000	2,605,000	7,066,000	16,145,000	899,000	—
Money market funds	729,000	690,000	—	—	—	39,000
Mortgage-backed securities	9,058,000	9,058,000	—	—	—	—
Municipal bonds	4,709,000	1,781,000	2,923,000	5,000	—	—
Repurchase agreement	16,000	16,000	—	—	—	—
U.S. agency securities	3,745,000	2,208,000	1,537,000	—	—	—
U.S. Treasury securities	59,553,000	57,739,000	1,814,000	—	—	—
International bonds	1,195,000	1,195,000	—	—	—	—
Total investments	\$ 111,954,000	81,386,000	13,345,000	16,285,000	899,000	39,000

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2018 are presented in the table below:

Investment type	Fair value	Ratings as of year-end				
		AAA	AA	A	BBB	Not rated
Asset-backed securities	\$ 5,144,000	4,348,000	179,000	617,000	—	—
Certificates of deposit	2,000	1,000	—	1,000	—	—
Corporate bonds	21,303,000	615,000	1,000	14,784,000	3,090,000	2,813,000
International bonds	1,175,000	—	1,175,000	—	—	—
Money market funds	103,000	—	—	—	—	103,000
Mortgage-backed securities	9,348,000	330,000	9,018,000	—	—	—
Municipal bonds	5,769,000	—	5,769,000	—	—	—
Mutual funds	1,000	—	—	—	—	1,000
U.S. agency securities	3,290,000	—	1,924,000	—	—	1,366,000
U.S. Treasury securities	85,936,000	—	85,936,000	—	—	—
Total investments	\$ 132,071,000	5,294,000	104,002,000	15,402,000	3,090,000	4,283,000

(v) *Concentration Risk*

Concentration risk rises as investments become concentrated relative to a portfolio characteristic, such as issuance, issuer, market sector, counter party, or sovereign nation, and is best mitigated by diversification. The Authority's investment policy has concentration limits that provide sufficient diversification. As a result, the occurrence of concentration risk is remote.

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As of June 30, 2019, there were no investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of the Authority's total investment portfolio. As of June 30, 2018, the following investment of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Authority's total investment portfolio: Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association, totaling \$17,935,000 or 14%.

(vi) *Fair Value Measurements*

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Authority's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Authority groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

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The following table presents investments that are measured at fair value on a recurring basis at June 30, 2019:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 2</u>	<u>Net asset value</u>
Asset-backed securities	\$ 6,005,000	6,005,000	—
Certificates of deposit	229,000	229,000	—
Corporate bonds	26,715,000	26,715,000	—
Money market funds	729,000	—	729,000
Mortgage-backed securities	9,058,000	9,058,000	—
Municipal bonds	4,709,000	4,709,000	—
Repurchase agreement	16,000	16,000	—
U.S. agency securities	3,745,000	3,745,000	—
U.S. Treasury securities	59,553,000	59,553,000	—
International bonds	1,195,000	1,195,000	—
Total investments	\$ <u>111,954,000</u>	<u>111,225,000</u>	<u>729,000</u>

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2018:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 2</u>	<u>Net asset value</u>
Asset-backed securities	\$ 5,144,000	5,144,000	—
Certificates of deposit	2,000	2,000	—
Corporate bonds	21,303,000	21,303,000	—
International bonds	1,175,000	1,175,000	—
Money market funds	103,000	—	103,000
Mortgage-backed securities	9,348,000	9,348,000	—
Municipal bonds	5,769,000	5,769,000	—
Mutual funds	1,000	1,000	—
U.S. agency securities	3,290,000	3,290,000	—
U.S. Treasury securities	85,936,000	85,936,000	—
Total investments	\$ <u>132,071,000</u>	<u>131,968,000</u>	<u>103,000</u>

The following discussion describes the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair value are affected by the assumptions used.

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Investments are classified in Level 1 as fair value are obtained at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing service, when available. Investments for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the Authority's external investment managers or their custodians.

Investments are classified in Level 2 as fair value are calculated using valuations that include observable market quoted prices for similar assets or liabilities. Observable inputs other than quoted prices such as price services or indices, estimates, appraisals, assumptions, and other methods that are reviewed by management. Changes in market conditions and economic environments may impact the net asset value (NAV) of the funds and consequently the fair value of the Authority's interests in the funds.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2019 or 2018.

Money market funds are not categorized under the fair value hierarchy and are shown at NAV. These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

(c) Investment Income, Net

Investment income, net, included within the Statements of Revenues, Expenses, and Changes in Net Position is comprised of unrealized gains (losses) of \$1,514,000 and \$(468,000), realized gains (losses) of \$2,634,000 and \$(2,916,000), and interest and dividend income of \$3,512,000 and \$2,984,000 for the years ended June 30, 2019 and 2018, respectively.

(4) Loans Receivable from Affiliates

In June 2017, the Authority entered into a loan agreement with Humboldt State University in the amount of \$1,800,000. The loan is nonamortizing, with interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.356% and 0.137% at June 30, 2019 and 2018, respectively). The maturity date of the loan is October 31, 2022. During fiscal year 2019, Humboldt State University paid \$162,000 of loan principal. The amount outstanding on the loan was \$1,638,000 and \$1,800,000 as of June 30, 2019 and 2018, respectively.

In May 2014, the Authority entered into a 5-year line-of-credit agreement with California State University, Sacramento in the amount of \$4,000,000, which was fully paid off as of June 30, 2019. The line-of-credit was available for a 5-year period with principal and interest due and payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.356% and 0.137% at June 30, 2019 and 2018, respectively). The amounts outstanding on the loan were \$0 and \$489,000 as of June 30, 2019 and 2018, respectively.

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The following table summarizes the Authority's loans receivable from affiliates as of June 30, 2019 and 2018:

	2019	2018
Humboldt State University	\$ 1,638,000	1,800,000
California State University, Sacramento	—	489,000
Total loans receivable from affiliates	1,638,000	2,289,000
Less current portion	—	(489,000)
Loans receivable from affiliates, net of current portion	\$ 1,638,000	1,800,000

(5) Claims Liability for Losses and Loss Adjustment Expenses

The Authority establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related loss adjustment expenses. Although considerable variability is inherent in such estimates, management believes that the liability is reasonable at June 30, 2019 and 2018.

Changes in the Authority's claims liability for the years ended June 30, 2019 and 2018 are as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2017	\$ 70,819,000
Less current portion	(20,375,000)
Claims liability for losses and loss adjustment expenses, June 30, 2017, net of current portion	50,444,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	63,078,000
Decrease in provision for reinsured events of the current fiscal year	(29,282,000)
Decrease in provision for insured events of prior fiscal years	(3,879,000)
Total incurred claims for losses and loss adjustment expenses	29,917,000
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(20,103,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	14,273,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(30,199,000)
Total payments	(36,029,000)

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Claims liability for losses and loss adjustment expenses, June 30, 2018	\$ 64,707,000
Less current portion	<u>(17,791,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2018, net of current portion	<u>46,916,000</u>
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	67,753,000
Decrease in provision for reinsured events of the current fiscal year	(30,120,000)
Decrease in provision for insured events of prior fiscal years	<u>(6,249,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>31,384,000</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(19,460,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	15,927,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(36,183,000)</u>
Total payments	<u>(39,716,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2019	56,375,000
Less current portion	<u>(14,957,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2019, net of current portion	<u>\$ 41,418,000</u>

(6) Related-Party Transactions

The following represents a summary of the accounts receivable, contributions, and dividends for the years ended June 30, 2019 and 2018, and general liability insurance deductibles for the policy period detailed by member:

	June 30, 2019			General liability insurance deductibles per occurrence
Member	Accounts receivable	Contributions	Dividends	
Campuses	\$ 7,500,000	92,867,000	(4,775,000)	35,000–900,000
Auxiliary Organizations	<u>188,000</u>	<u>12,681,000</u>	<u>(1,336,000)</u>	25,000–100,000
	<u>\$ 7,688,000</u>	<u>105,548,000</u>	<u>(6,111,000)</u>	

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<u>Member</u>	<u>June 30, 2018</u>			<u>General liability insurance deductibles per occurrence</u>
	<u>Accounts receivable</u>	<u>Contributions</u>	<u>Dividends</u>	
Campuses	\$ 566,000	95,311,000	(7,027,000)	35,000–900,000
Auxiliary Organizations	598,000	6,792,000	(1,651,000)	25,000–100,000
	<u>\$ 1,164,000</u>	<u>102,103,000</u>	<u>(8,678,000)</u>	

(7) Excess Insurance and Reinsurance

(a) Excess Insurance

For the years ended June 30, 2019 and 2018, the Authority purchased excess insurance to protect the Members from catastrophic losses.

The Authority maintained excess public entity liability insurance coverage provided by School Excess Liability Fund (SELF), a joint powers authority, with coverage for individual claims above \$5,000,000 and up to \$45,000,000 per occurrence until December 2009.

The Authority maintained excess general liability insurance coverage provided by Ironshore Specialty Insurance Company and various other insurers with coverage for individual claims above \$5,000,000 up to \$200,000,000 per occurrence. The Authority purchased from Safety National excess workers' compensation insurance to statutory limits in excess of the \$2,500,000 self-insured retention for the years ended June 30, 2019 and 2018. For the AORMA workers' compensation program, the Authority also purchased from Safety National excess workers' compensation insurance to statutory limits in excess of the \$750,000 self-insured retention for the years ended June 30, 2019 and 2018. There have been no settlements exceeding insurance limits in the past three fiscal years.

Effective January 1, 2015, the Authority joined the CSAC Excess Insurance Authority Excess Workers' Compensation Program, pursuant to the memorandum of coverage issued by the EIA. The EIA is responsible for all covered losses within the amount of the self-insured retention layer of \$2,500,000 for the campus workers' compensation program and \$500,000 for the AORMA workers' compensation program. The estimated amounts that are recoverable from the EIA as of June 30, 2019 and 2018 were \$65,957,000 and \$55,402,000 for the campus workers' compensation program and \$4,927,000 and \$5,461,000 for the AORMA workers' compensation program, respectively.

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(b) Reinsurance

For the years ended June 30, 2019 and 2018, the Authority did not enter into the CSU's workers' compensation reinsurance contract. From the years ended June 30, 2008 through June 30 2012, the Authority entered into a reinsurance contract with the Insurance Company of the State of Pennsylvania (the Reinsurer). This transaction reinsured the CSU's workers' compensation claims liability for claims incurred within the \$2,500,000 self-insured retention up to aggregate limits. The estimated amounts that are recoverable from the reinsurer and that reduce the liabilities as of June 30, 2019 and 2018 were \$8,790,000 and \$11,860,000, respectively. While such losses are reinsured, the Authority will not be relieved of its primary obligations to the policyholder in these reinsurance transactions.

For the years ended June 30, 2019 and 2018, the Authority purchased reinsurance for the campus and AORMA liability programs provided by Markel, Great American, Ironshore, Argonaut, Hiscox/ATL, AWAC, and the General Reinsurance Corporation. This transaction reinsured the AORMA claims liability for individual claims incurred in excess of \$500,000 and up to \$5,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2019 and 2018 were \$3,627,000 and \$3,188,000, respectively. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the years ended June 30, 2019 and 2018, the Authority purchased reinsurance for the campus and AORMA property programs provided by the Public Entity Property Insurance Program (the PEPIP). This transaction reinsured the campus and AORMA property programs for individual claims in excess of \$100,000 for the AORMA program and \$1,000,000 for the Campus program and up to \$1,000,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2019 and 2018 were \$7,592,000 and \$6,624,000, respectively. The coverage terms and conditions are the same as provided by the PEPIP in prior years.

(8) SELF Assessment Liability

Prior to July 1, 2004, the Authority maintained excess workers' compensation insurance coverage provided by SELF, a public entity risk pool. The Authority remains liable for assessments from SELF in settlement of claims incurred prior to July 1, 2004. The assessment liabilities as of June 30, 2019 and 2018 were \$5,455,000 and \$6,818,000, respectively.

(9) Subsequent Events

Subsequent events have been evaluated through September 30, 2019, which corresponds to the date when the financial statements were issued. There are no subsequent events that require disclosure.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Supplementary Information

Reconciliation of Workers' Compensation Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's workers' compensation contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 33,735,000	39,703,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	29,362,000	28,399,000
Decrease in provision for reinsured events of current fiscal year	(28,163,000)	(26,793,000)
Decrease in provision for insured events of prior fiscal years	<u>(7,325,000)</u>	<u>(5,212,000)</u>
Total incurred claims and claim adjustment expenses	<u>(6,126,000)</u>	<u>(3,606,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	14,722,000	12,862,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(17,138,000)</u>	<u>(15,224,000)</u>
Total payments	<u>(2,416,000)</u>	<u>(2,362,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>25,193,000</u>	<u>33,735,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Supplementary Information

Reconciliation of General Liability Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's general liability contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 23,906,000	23,463,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	13,768,000	9,045,000
Increase in provision for insured events of prior fiscal years	<u>792,000</u>	<u>1,614,000</u>
Total incurred claims and claim adjustment expenses	<u>14,560,000</u>	<u>10,659,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(5,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(14,294,000)</u>	<u>(10,211,000)</u>
Total payments	<u>(14,294,000)</u>	<u>(10,216,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>24,172,000</u>	<u>23,906,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Industrial Disability, Nonindustrial Disability, and Unemployment Insurance (IDL/NDL/UI)
Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's IDL/NDL/UI contracts for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>14,319,000</u>	<u>14,290,000</u>
Total incurred claims and claim adjustment expenses	<u>14,319,000</u>	<u>14,290,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,319,000)</u>	<u>(14,290,000)</u>
Total payments	<u>(14,319,000)</u>	<u>(14,290,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Supplementary Information
Reconciliation of Property Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's property contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>1,726,000</u>	<u>2,423,000</u>
Total incurred claims and claim adjustment expenses	<u>1,726,000</u>	<u>2,423,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(1,726,000)</u>	<u>(2,423,000)</u>
Total payments	<u>(1,726,000)</u>	<u>(2,423,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's AIME contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,387,000	2,328,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	4,035,000	3,735,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>177,000</u>	<u>(285,000)</u>
Total incurred claims and claim adjustment expenses	<u>4,212,000</u>	<u>3,450,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(1,928,000)	(1,745,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,098,000)</u>	<u>(1,646,000)</u>
Total payments	<u>(4,026,000)</u>	<u>(3,391,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 2,573,000</u>	<u>2,387,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Club Sports Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's club sports contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>78,000</u>	<u>44,000</u>
Total incurred claims and claim adjustment expenses	<u>78,000</u>	<u>44,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(78,000)</u>	<u>(44,000)</u>
Total payments	<u>(78,000)</u>	<u>(44,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA Workers' Compensation Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA workers' compensation contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,890,000	3,877,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	2,047,000	2,627,000
Decrease in provision for reinsured events of current fiscal year	(1,957,000)	(2,489,000)
Decrease in provision for insured events of prior fiscal years	<u>(409,000)</u>	<u>(345,000)</u>
Total incurred claims and claim adjustment expenses	<u>(319,000)</u>	<u>(207,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	1,189,000	1,411,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,861,000)</u>	<u>(2,191,000)</u>
Total payments	<u>(672,000)</u>	<u>(780,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 1,899,000</u>	<u>2,890,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of AORMA General Liability Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA general liability contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 1,789,000	1,448,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	1,128,000	985,000
Increase in provision for insured events of prior fiscal years	<u>516,000</u>	<u>349,000</u>
Total incurred claims and claim adjustment expenses	<u>1,644,000</u>	<u>1,334,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(119,000)	(66,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	16,000	—
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(792,000)</u>	<u>(927,000)</u>
Total payments	<u>(895,000)</u>	<u>(993,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 2,538,000</u>	<u>1,789,000</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA Property Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA property contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>396,000</u>	<u>221,000</u>
Total incurred claims and claim adjustment expenses	<u>396,000</u>	<u>221,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(396,000)</u>	<u>(221,000)</u>
Total payments	<u>(396,000)</u>	<u>(221,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA UIP contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>894,000</u>	<u>1,309,000</u>
Total incurred claims and claim adjustment expenses	<u>894,000</u>	<u>1,309,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(894,000)</u>	<u>(1,309,000)</u>
Total payments	<u>(894,000)</u>	<u>(1,309,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Schedule of Net Position

June 30, 2019

(For inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	13,910
Short-term investments		65,954,170
Accounts receivable, net		9,349,349
Prepaid expenses and other assets		12,810,636
		88,128,065
Total current assets		88,128,065

Noncurrent assets:

Notes receivable, net of current portion		1,637,923
Other long-term investments		45,999,543
		47,637,466
Total noncurrent assets		47,637,466
Total assets		135,765,531

Liabilities:

Current liabilities:

Accounts payable		10,086,297
Unearned revenues		55,038
Claims liability for losses and loss adjustment expenses, current portion		14,956,599
		25,097,934
Total current liabilities		25,097,934

Noncurrent liabilities:

Claims liability for losses and loss adjustment expenses, net of current portion		41,417,276
Other liabilities		4,091,079
		45,508,355
Total noncurrent liabilities		45,508,355
Total liabilities		70,606,289

Net position:

Unrestricted		65,159,242
		65,159,242
Total net position	\$	65,159,242

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2019

(For inclusion in the California State University)

Revenues:

Operating revenues:

Other operating revenues	\$ <u>94,329,112</u>
Total operating revenues	<u>94,329,112</u>

Expenses:

Operating expenses:

Instruction	7,951,939
Research	105,843
Public service	83,830
Academic support	1,746,148
Student services	1,776,757
Institutional support	81,973,738
Operation and maintenance of plant	1,104,655
Student grants and scholarships	—
Auxiliary enterprise expenses	287,453
Depreciation and amortization	—
Total operating expenses	<u>95,030,363</u>

Operating loss	<u>(701,251)</u>
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Nonoperating revenues (expenses):

Investment income, net	7,718,205
Other nonoperating expenses	<u>(6,110,597)</u>

Net nonoperating revenues	<u>1,607,608</u>
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Increase in net position	906,357
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Net position:

Net position, beginning of year	<u>64,252,885</u>
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Net position, end of year	\$ <u><u>65,159,242</u></u>
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See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Other Information

June 30, 2019

(For inclusion in the California State University)

Cash and cash equivalents:

Current cash and cash equivalents	\$ <u>13,910</u>
Total	\$ <u><u>13,910</u></u>

Composition of investments:

	<u>Current unrestricted</u>	<u>Total current</u>	<u>Noncurrent unrestricted</u>	<u>Total noncurrent</u>	<u>Total</u>
Asset-backed securities	\$ 230,669	230,669	5,774,327	5,774,327	6,004,996
Certificates of deposit	228,842	228,842	—	—	228,842
Corporate bonds	3,527,394	3,527,394	23,187,932	23,187,932	26,715,326
Money market funds	728,966	728,966	—	—	728,966
Mortgage-backed securities	305	305	9,058,128	9,058,128	9,058,433
Municipal bonds	75,558	75,558	4,633,009	4,633,009	4,708,567
Repurchase agreements	15,671	15,671	—	—	15,671
U.S. agency securities	1,594,246	1,594,246	2,150,882	2,150,882	3,745,128
U.S. Treasury securities	59,552,519	59,552,519	—	—	59,552,519
International bonds	—	—	1,195,265	1,195,265	1,195,265
Total investments	\$ <u>65,954,170</u>	<u>65,954,170</u>	<u>45,999,543</u>	<u>45,999,543</u>	<u>111,953,713</u>

Fair value hierarchy in investments:

	<u>Fair value measurements using</u>				<u>Net asset value (NAV)</u>
	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	
Asset-backed securities	\$ 6,004,996	—	6,004,996	—	—
Certificates of deposit	228,842	—	228,842	—	—
Corporate bonds	26,715,326	—	26,715,326	—	—
Money market funds	728,966	—	—	—	728,966
Mortgage-backed securities	9,058,433	—	9,058,433	—	—
Municipal bonds	4,708,567	—	4,708,567	—	—
Repurchase agreements	15,671	—	15,671	—	—
U.S. agency securities	3,745,128	—	3,745,128	—	—
U.S. Treasury securities	59,552,519	—	59,552,519	—	—
International bonds	1,195,265	—	1,195,265	—	—
Total investments	\$ <u>111,953,713</u>	<u>—</u>	<u>111,224,747</u>	<u>—</u>	<u>728,966</u>

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Other Information (Continued)
June 30, 2019
(For inclusion in the California State University)

Long-term liabilities:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Current portion	Noncurrent portion
Claims liability for losses and loss adjustment expenses	\$ 64,707,176	31,383,513	(39,716,813)	56,373,876	14,956,599	41,417,277
Total long-term liabilities	\$ 64,707,176	31,383,513	(39,716,813)	56,373,876	14,956,599	41,417,277

Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	1,700,131
Payments to University for other than salaries of University personnel	134,466
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University	—
Other amounts (payable to) University	—
Accounts receivable from University	98,678
Other amounts receivable from University	—

Natural classifications of operating expenses:

	Salaries	Benefits – Other	Benefits – Pension	Benefits – OPEB	Scholarships and fellowships	Supplies and other services	Total operating expenses
Instruction	\$ —	7,951,939	—	—	—	—	7,951,939
Research	—	105,843	—	—	—	—	105,843
Public service	—	83,830	—	—	—	—	83,830
Academic support	—	1,746,148	—	—	—	—	1,746,148
Student services	—	1,776,757	—	—	—	—	1,776,757
Institutional support	—	1,908,013	—	—	—	80,065,725	81,973,738
Operation and maintenance of plant	—	1,104,655	—	—	—	—	1,104,655
Student grants and scholarships	—	—	—	—	—	—	—
Auxiliary enterprise expenses	—	287,453	—	—	—	—	287,453
Total operating expenses	\$ —	14,964,638	—	—	—	80,065,725	95,030,363

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Claims Development Information
(In thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net earned required contribution and investment revenues:										
Earned	\$ 90,247	96,364	104,726	91,560	93,935	96,997	104,997	102,346	101,752	113,266
Ceded	19,024	18,879	16,149	3,005	11,626	6,872	6,886	9,441	9,812	11,219
Net earned	<u>\$ 71,223</u>	<u>77,485</u>	<u>88,577</u>	<u>88,555</u>	<u>82,309</u>	<u>90,125</u>	<u>98,111</u>	<u>92,905</u>	<u>91,940</u>	<u>102,047</u>
Unallocated expenses	\$ 52,578	39,257	48,776	41,755	30,116	44,878	60,194	80,309	71,150	69,756
Estimated incurred claims and expenses, end of policy year:										
Incurred	\$ 57,959	63,416	57,994	59,095	59,313	60,386	56,800	60,246	63,078	67,753
Ceded	17,118	19,834	19,575	—	—	14,527	24,959	26,653	29,282	30,120
Net incurred	<u>\$ 40,841</u>	<u>43,582</u>	<u>38,419</u>	<u>59,095</u>	<u>59,313</u>	<u>45,859</u>	<u>31,841</u>	<u>33,593</u>	<u>33,796</u>	<u>37,633</u>
Paid (cumulative) as of:										
End of policy year	\$ 19,615	18,972	20,541	11,400	13,019	14,300	9,658	7,058	5,830	3,533
One year later	22,697	20,457	22,295	28,965	27,549	24,260	21,005	23,554	23,227	—
Two years later	23,082	23,664	23,853	35,942	32,559	26,281	24,800	25,923	—	—
Three years later	24,863	28,733	25,063	38,432	41,718	27,674	32,329	—	—	—
Four years later	25,543	29,004	25,282	40,302	43,576	28,625	—	—	—	—
Five years later	29,061	29,461	25,330	45,884	45,763	—	—	—	—	—
Six years later	29,370	29,617	25,390	49,815	—	—	—	—	—	—
Seven years later	29,545	29,671	25,398	—	—	—	—	—	—	—
Eight years later	29,612	29,805	—	—	—	—	—	—	—	—
Nine years later	29,619	—	—	—	—	—	—	—	—	—
Re-estimated ceded claims and expenses	\$ 17,996	22,643	21,685	—	—	14,527	24,959	26,653	29,282	30,120

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Claims Development Information (Continued)
(In thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Re-estimated incurred claims and expenses:										
End of policy year	\$ 40,841	43,582	38,419	59,095	59,313	45,859	31,841	33,593	33,796	37,633
One year later	34,160	30,986	27,064	50,697	48,463	36,014	31,206	28,940	30,941	—
Two years later	29,484	28,962	27,864	50,636	49,235	33,781	29,356	28,377	—	—
Three years later	28,725	30,268	26,082	31,868	53,080	33,386	32,892	—	—	—
Four years later	28,024	30,168	25,906	37,005	53,946	32,341	—	—	—	—
Five years later	32,595	30,201	25,588	55,576	52,531	—	—	—	—	—
Six years later	32,360	30,079	25,666	54,124	—	—	—	—	—	—
Seven years later	32,491	30,157	25,642	—	—	—	—	—	—	—
Eight years later	29,733	29,973	—	—	—	—	—	—	—	—
Nine years later	29,619	—	—	—	—	—	—	—	—	—
Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ (11,222)	(13,609)	(12,777)	(4,971)	(6,782)	(13,518)	1,051	(5,216)	(2,855)	—

See accompanying independent auditors' report.



CSURMA AORMA

POLICY AND PROCEDURE NO. A-5

SUBJECT: CALENDAR OF REPORTS, AUDITS, FILINGS AND REVIEWS

ADOPTED: OCTOBER 29, 2009

EFFECTIVE: OCTOBER 29, 2009

AMENDED: SEPTEMBER 12, 2013
NOVEMBER 6, 2013
MARCH 20, 2014
OCTOBER 23, 2014
MAY 5, 2016
MARCH 8, 2018
DECEMBER 5, 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.

PURPOSE:

This policy and procedure outlines the various audits, reports and filings compiled by CSURMA AORMA on an annual basis.

POLICY:

It shall be the policy of the CSURMA AORMA to take the following action on an annual or semi-annual basis:

Reports and Audits:

1. Actuarial Study. Annually, the Program Director will engage CSURMA’s accredited independent actuary to perform an actuarial analysis of both the Workers' Compensation and Liability Programs. The analysis shall include (1) Projected Ultimate Losses for the upcoming fiscal year(s) and (2) the Estimated Outstanding Losses (including IBNR) at various confidence levels.
2. Third-Party Claims Administration Audits for both the Liability and Workers’ Compensation Program. These audits will be performed by an independent outside auditor in accordance with CSURMA Policy and Procedure #5. The AORMA Liability Program shall be audited in every odd numbered calendar year. The AORMA Workers’ Compensation Program shall be audited in every even number calendar year. Upon the recommendation of the Program Administrator, the AORMA COMMITTEE may adjust the audit schedule described above based on AORMA’s business needs such as a planned Request-for-Proposal process, or a need to monitor a vendor’s service performance more frequently.
3. Financial Audit. This audit will be performed annually by an independent outside auditor.

State of California Regulatory Required Filings: Form 700 - Statement of Economic Interests. All AORMA Committee members will annually file with the FPPC the Form 700 - Statement of Economic Interests by April 1. All AORMA Committee members will also file with the FPPC the Form 700 upon becoming or retiring as a Committee member.

Policy and Procedure Review Schedule: 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.

Member Allocation Formula Review

1. The Member Allocation Formula for each AORMA program with a pooled layer will be reviewed at least every three (3) years in order to verify that the allocation formulas are still fair and equitable.
2. The AORMA Committee will approve any and all revisions to the member allocation formulas before being utilized.

Property Appraisals

1. Every five (5) years, the Program Administrator will engage a qualified property appraisal firm to appraise all buildings owned by MEMBERS and insured within the AORMA Property Program with total insurable values of \$1,000,000 or greater.
2. Every ten (10) years, the Program Administrator will engage a qualified property appraisal firm to appraise all buildings owned by MEMBERS and insured within the AORMA Property Program regardless of the value.

DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is the group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.



SUBJECT: RISK REDUCTION INNOVATION MATCHING GRANT INCENTIVE PROGRAM

ADOPTED: MAY 9, 2013

EFFECTIVE: JULY 1, 2013

AMENDED: SEPTEMBER 12, 2013
MARCH 20, 2014
DECEMBER 4, 2014
MAY 5, 2016
MAY 7, 2020

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.

PURPOSE:

The Risk Reduction Innovation Matching Grant Program (PROGRAM) makes funds available to AORMA Members (MEMBERS). It funds original and inventive training programs, the purchase of cutting edge safety equipment, innovative modernization of the MEMBER’s premises or any other unique or creative safety related project that may lead to a documentable reduction in claims costs. The purpose of this type of *matching grant program* is to encourage MEMBERS to enhance existing risk reduction efforts and to inspire ingenious safety ideas that the other MEMBERS may employ.

POLICY:

1. To access funds under the PROGRAM, the MEMBER, must complete the grant application which is located on the CSURMA website and will include the following information;
 - a. A description of the proposed risk reduction project
 - b. The anticipated timeline for completion of the risk reduction project.
 - c. An estimate of the total costs for the proposed risk reduction project.
2. The MEMBER will be expected to complete the proposed risk reduction project within the timeline provided within the grant application. Upon review, the AORMA Committee may rescind the grant if the MEMBER has not started, or completed, the risk reduction project within the timeframe proposed.
3. Fifty percent (50%) of the MEMBER’s risk reduction project costs (up to the maximum grant amount approved for that MEMBER) will be reimbursed under the PROGRAM. The MEMBER will submit to the AORMA Committee the final paid receipt to be used to calculate the PROGRAM reimbursement amount.

4. After the grant funds are utilized, the MEMBER will provide a brief report providing information that will assist the AORMA Committee in monitoring this PROGRAM's effectiveness and the merits of future PROGRAM funds.



CSURMA AORMA

POLICY AND PROCEDURE NO. A-7

SUBJECT: CSURMA AORMA TRAVEL REIMBURSEMENT
POLICY

ADOPTED: MARCH 21, 2013
AMENDED: MARCH 19, 2015
MARCH 9, 2017
SEPTEMBER 6, 2018

EFFECTIVE: MARCH 21, 2013

PURPOSE:

CSURMA AORMA members benefit from the work of their elected and appointed representatives who give their time to participate in the governance and development of CSURMA programs. Committee Member in person attendance at the AORMA Committee, standing committee meetings and task group meetings is preferred. This Policy and Procedure is intended to formalize the prior existing practices of CSURMA.

POLICY:

It is the policy of the CSURMA AORMA Committee that reasonable and actual expenses incurred by AUTHORIZED TRAVELERS for COVERED PURPOSES related to operation of CSURMA's programs shall be reimbursed. The method of approving travel, and reporting and calculating the reimbursable amount shall be in accordance with the travel reimbursement policy of the California State University or the AUTHORIZED TRAVELER's member auxiliary organization at the time of the travel.

PROCEDURE:

1. Reimbursement requests will be reported on the AUTHORIZED TRAVELER's completed State of California – Travel Expense Claim form or the form utilized by the AUTHORIZED TRAVELER's member auxiliary organization. The claim form should be forwarded to the AUTHORIZED TRAVELER's member auxiliary organization accounting department for reimbursement. The member auxiliary organization's accounting department should then seek reimbursement from CSURMA.
2. The AUTHORIZED TRAVELER's accounting department should send the following documents to CSURMA c/o the Systemwide Office of Risk Management:
 - a) Invoices for all reasonable expenses



- b) Completed State of California (or AUTHORIZED TRAVELER's member auxiliary organization) – Travel Expense Claim form
- c) Documentation of the purpose of the travel such as a copy of the agenda, presentation, etc. for the COVERED PURPOSE that the AUTHORIZED TRAVELER attended.

DEFINITIONS:

AUTHORIZED TRAVELER – includes AORMA Committee members and officers, standing committee members and participants in duly established task groups. Other persons traveling on CSURMA AORMA related travel shall be reimbursed pursuant to this Policy and Procedure No. A-7 as agreed under separate agreement in advance of the travel. Independent consultants shall not be considered AUTHORIZED TRAVELERS under this Policy and Procedure No. A-7 and any travel expenses incurred by independent consultants may be reimbursed as provided under separate consulting agreements.

COVERED EXPENSES – includes reasonable expenses incurred by the AUTHORIZED TRAVELER as provided under the travel reimbursement policy of the California State University or the AUTHORIZED TRAVELER's member auxiliary organization travel reimbursement policy requirements.

COVERED PURPOSES – covered purposes shall include attendance at meetings of the CSURMA AORMA Committee, standing committees, task group meetings, program presentations, member meetings, and approved professional development trainings. Any other COVERED PURPOSES must be approved for reimbursement by the AORMA Committee. The AORMA Committee Chair or designee is expected to attend the AOA Executive Committee meetings as the representative of the AORMA Committee and therefore reasonable expenses associated with travel to and from as well as participation in the AOA Executive Committee meetings are reimbursable by CSURMA. As directors on the CSURMA Board, AORMA Committee Members are expected to attend CSURMA Board of Directors meetings and therefore reasonable expenses associated with travel to and from as well as participation in the CSURMA Board of Directors meeting are reimbursable by CSURMA. If there is travel to an event that would otherwise be a COVERED PURPOSE in conjunction with another event the AUTHORIZED TRAVELER would otherwise attend such as the AOA Annual Conference or the CSURMA Fitting the Pieces Together Conference, the AUTHORIZED TRAVELER is eligible for reimbursement of COVERED EXPENSES to attend the COVERED PURPOSE meeting only and there will be no CSURMA reimbursement of the expenses the AUTHORIZED TRAVELER would have normally incurred to attend the AOA Annual Conference or the CSURMA Fitting the Pieces Together Conference.



CSURMA AORMA

POLICY AND PROCEDURE NO. A-8

SUBJECT: CSURMA AORMA CLOSED SESSION POLICY

ADOPTED: OCTOBER 23, 2014

AMENDED: MAY 5, 2016

EFFECTIVE: OCTOBER 23, 2014

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:

CSURMA AORMA conducts its meetings in compliance with the Bagley-Keene Open Meeting Act. The Act allows CSURMA AORMA to meet in closed session to confer with or receive advice from its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of CSURMA AORMA in the litigation.

From time to time, a MEMBER may be asked to recuse himself/herself from CLOSED SESSION discussions due to a potential conflict of interest.

PROCEDURE:

Prior to entering closed session, upon advice from the CSURMA Legal Counsel, Claims Administrator and/or Program Director, an AORMA COMMITTEE member may be asked to recuse himself/herself from the closed session discussion where a potential conflict of interest may exist.

DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is the group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

JOINT EXERCISE OF POWERS AGREEMENT

AS AMENDED AND RESTATED

EFFECTIVE April 27, 2015

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**JOINT EXERCISE OF POWERS AGREEMENT
FOR THE CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT
AUTHORITY**

THIS AGREEMENT is made and entered by and between the Trustees of the California State University (the “University”) and its auxiliary organizations (the “Auxiliary Organizations”) which become signatories to this instrument (the “Agreement”).

Recitals

A. WHEREAS the Entity was formed by the Members effective January 1, 1997, and the Members have amended and restated this Agreement on April 24, 1997, May 18, 2000, May 18, 2001, May 15, 2003, October 27, 2005, May 18, 2007, October 28, 2011, and April 27, 2015;

B. WHEREAS the University is an agency of the State of California;

C. WHEREAS the Auxiliary Organizations are nonprofit public-benefit organizations formed pursuant to the California Nonprofit Corporation Law at § 5110 *et seq.* and described in California Education Code § 89901, *et seq.*;

D. WHEREAS the University is permitted to self-insure or purchase Liability insurance pursuant to California Government Code § 11007.4 and purchase Workers’ Compensation insurance pursuant to Labor Code § 3700, *et seq.*, and whereas Auxiliary Organizations are permitted to self-insure, purchase Liability insurance or participate in a pooling arrangement under California Corporations Code § 5005.1, and to self-insure or purchase insurance for Workers’ Compensation liability pursuant to California Labor Code § 3700, *et seq.*;

E. WHEREAS California Government Code § 6516.9 allows the University and the Auxiliary Organizations to form a Joint Powers Entity (“Entity”) to provide insurance programs and self-insurance programs and to provide related services; and

F. WHEREAS the University and Auxiliary Organizations which become signatories find that they will benefit by forming such a Joint Powers Entity, and that it is in their best interest and the public interest that this agreement be executed.

NOW, THEREFORE, In consideration of the foregoing Recitals and the mutual promises of the parties as set forth in the following Terms and Conditions, it is mutually agreed by all of the parties to this Agreement as follows:

Terms and Conditions

SECTION 1: Definitions

The following definitions shall apply to the provisions of this Agreement:

- (a) “Agreement” shall mean this joint exercise of powers agreement.
- (b) “Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University Chancellor’s Office.
- (c) “Board of Directors” or “Board” shall mean the governing body of the Entity.
- (d) “Bylaws” shall mean the adopted Bylaws of the Entity as amended in their latest approved form.
- (e) “Coverage Program” shall mean the Entity’s programs as defined herein.
- (f) “Entity” shall mean the California State University Risk Management Authority created by and existing under this Agreement.
- (g) “Executive Committee” shall mean the Executive Committee of the Entity’s Board of Directors.
- (h) “Member” shall mean a party to this Agreement. For purposes of this Agreement, each University campus and the Chancellor’s Headquarters shall be considered separate Members, but such University campuses and the Chancellor’s Headquarters shall not be considered parties to this Agreement separate from the University.
- (i) “Pooled Coverage Programs” shall consist of Coverages Programs provided directly by the Entity under a Risk Pooling Program pursuant to a memorandum of coverage and/or provided by a purchased insurance program. These may include, but are not limited to, Property, Workers’ Compensation and Liability coverages as may be determined by the Board of Directors.
- (j) “Program Director” shall mean the individual or firm retained by the Board of Directors to administer the Entity.
- (k) “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.
- (l) “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.
- (m) “University” shall mean the Board of Trustees of the California State University.

SECTION 2: Legal Authority For Agreement

(a) This Agreement is entered into pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (beginning with § 6500) which authorizes the University and Auxiliary Organizations, such as the Members who are parties to this Agreement, to establish and operate pooled coverage programs and to provide related services.

SECTION 3: Purposes

The purposes of this Agreement are to:

- (a) Provide for the effective governance of the Entity;
- (b) Provide for the effective operation of cooperative programs of risk management and loss prevention so as to reduce or eliminate losses and loss exposures, decrease the expenses of claims and claims administration and improve procedures to manage risks commonly experienced by the parties to this Agreement;
- (c) Provide for effective operation of Coverage Programs in the areas of public liability, auto liability, errors and omissions, workers' compensation and property losses, and in such other coverage areas as the Board of Directors deems appropriate; and
- (d) Implement new Coverage Programs and other programs related to the foregoing purposes, which the Entity deems necessary, advisable and beneficial to the parties to this Agreement.

SECTION 4: Parties to the Agreement

Parties to this Agreement may only include:

- (a) The California State University; and
- (b) The Auxiliary Organizations as defined herein.

SECTION 5: Term of Agreement

Subject to the power to terminate any Member's membership in the Entity, as provided for in this Agreement, this Agreement shall continue indefinitely, and it shall not be terminated so long as the University and one or more Members agree that the Agreement, and the Entity, be continued. Withdrawal by the University will cause dissolution of the Entity.

SECTION 6: Existence of Entity As Separate Public Entity With Sole Responsibility For Its Obligations

Pursuant to California Government Code § 6500 *et seq.*, a public entity of the State of California known as the California State University Risk Management Authority has been created and does now exist. The Entity exists separately and apart from the Members. Pursuant to California Government Code § 6508.1 the debts, liabilities and obligations of the Entity shall be solely its own and they shall not constitute debts, liabilities or obligations of its officers, Directors, employees, agents, Board of Directors, Executive Committee, Program Director or of any Member.

SECTION 7: Powers of Entity

(a) The Entity shall have all of the powers common to the parties to this Agreement and all additional powers afforded under California law to public entities such as Entity, formed for the purpose of jointly exercising powers common to their members. The Entity is also authorized by this Agreement to do all acts necessary for the exercise of its powers. The Entity's powers include, but are not limited to, the following:

- i. To make and enter into contracts;
- ii. To incur debts, liabilities, and obligations;
- iii. To acquire, hold, lease or dispose of real or personal property, receive contributions and donations of property, funds, contract for services and other forms of assistance from persons, firms, corporations, and government entities;
- iv. To sue and be sued in its own name, and to settle any claim against it;
- v. To hire employees and to retain agents, advisors and consultants;
- vi. To receive and use contributions and advances from Members as provided in California Government Code § 6505.5, including contributions or advances of personnel, equipment or property;
- vii. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code § 6509.5; and
- viii. To carry out all provisions of this Agreement.

(b) Pursuant to California Government Code § 6500 *et seq.* the Entity's powers shall be exercised in the manner and according to Procedures provided in the laws applicable to a California State University, as set forth in Sections 66000 *et seq.* and Sections 89000 *et seq.* of the California Education Code.

SECTION 8: Board of Directors

There shall be a Board of Directors to manage the activities and affairs of the Entity. It shall be composed of up to thirty (30) Directors appointed by or as delegated by the University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) Directors elected by the Auxiliary Organizations which become members of the Entity. Directors appointed by the University serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer or his/her delegate, and may be replaced at any time. The Executive Vice Chancellor/Chief Financial Officer or his/her delegate may also appoint alternate representatives who shall serve in the absence of the primary representatives. Should the Executive Vice Chancellor/Chief Financial Officer appoint fewer than 30 Directors, the voting power for unfilled appointments shall be retained by the Executive Vice Chancellor/Chief Financial Officer and may be delegated by the Executive Vice Chancellor/Chief Financial Officer to a duly appointed Director(s). Directors elected by the Auxiliary Organizations shall serve subject to terms and conditions of a policy and procedure duly adopted by the Auxiliary Organizations Risk Management Alliance Committee for election and replacement of same. Each Director of the Entity must be an officer, director or employee of the University or officer, director or compensated management employee of an Auxiliary Organization.

SECTION 9: Powers of the Board of Directors

(a) The Board of Directors shall retain overall responsibility for governance of the Entity, including the right to exercise all powers of the Entity not reserved to other persons or bodies of the Entity.

(b) The Board of Directors shall have reserved to itself the following express powers, duties and responsibilities:

- i. Election of certain Entity officers and the members of its Executive Committee.
- ii. Approval of the annual budget of the Entity.
- iii. Approval of amendments to this Agreement and the Bylaws.
- iv. Approval of new Coverage Programs of the Entity.
- v. Amendment or modification of any prior actions or resolution of the Board of Directors.
- vi. The exercise of powers of the Entity, including promulgation of policies, procedures and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

SECTION 10: Meetings of the Board of Directors

(a) The Bylaws of the Entity shall make provision for calling and holding meetings of the Board of Directors, which shall include, in any event, at least one regular meeting annually.

(b) Meetings of the Board of Directors shall be conducted in accordance with this Section, the Bylaws and the Bagley-Keene Open Meeting Act (California Government Code § 11120 *et seq.*)

(c) The presence of a majority of the Directors of the Board shall constitute a quorum for the conduct of business of the Board except as otherwise provided by this Agreement, the Bylaws or other applicable provisions of law.

SECTION 11: Officers of the Entity

(a) The officers of the Entity shall be a Chair, Vice Chair, Secretary-Auditor and Treasurer whose duties shall be as set forth in this Agreement, the Bylaws, any duly adopted policy and procedure of the Entity, or as prescribed by applicable provisions of law.

(b) The Chair and Vice Chair shall be elected by the Board of Directors from the members of the Board and shall serve two year terms. Neither officer shall serve for more than three complete consecutive terms in his or her respective office. The terms of each office will ordinarily commence on July 1st of each even-numbered calendar year except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held. The terms of each office shall end on June 30th of the succeeding even-numbered calendar year, except that if the election of the officers to serve the next succeeding term has not been conducted, the incumbent officers shall continue to hold their offices until the election has been conducted.

(c) The Secretary-Auditor shall be the person who serves as the University's Systemwide Director of Risk Management at the Chancellor's Office or such other person as the Executive Committee appoints.

(d) The Treasurer shall be appointed by the University Executive Vice Chancellor/Chief Financial Officer and shall be a member of the Board. The Treasurer shall serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer.

(e) The Entity may have such other officers as provided in the Bylaws.

(f) The Chair or Vice Chair shall be removed from office by reason of no longer being a Director or upon removal from the Executive Committee as set forth in the Bylaws. If this occurs, the University Executive Vice Chancellor/Chief Financial Officer may appoint an interim Chair or Vice Chair and the Board may hold an election to fill the vacancy for the remainder of the unexpired term.

SECTION 12: Executive Committee

(a) The day-to-day business of the Entity will be conducted, directed and supervised by an Executive Committee consisting of nine members of the Board of Directors.

(b) The Executive Committee shall be composed of the Chair, Vice Chair, Treasurer, four members elected from among the University-appointed Directors and two members elected from among the Auxiliary Organization Directors. Executive Committee elections and terms of office shall follow the same procedure as set forth in Section 11 above, with University-appointed Directors electing their four representatives and Auxiliary Organization Directors electing their two representatives. Of the four members elected from University appointed Directors, two terms of office shall end on June 30 in odd-numbered years, and two terms of office shall end on June 30 in even-numbered years. At the end of their term limits, the Chair and Vice Chair may run for election to become non-officer members of the Executive Committee. Term limitations shall not apply to the Executive Committee members elected by the University (other than the Chair and Vice Chair). The terms of office for the Auxiliary Organization representatives to the Executive Committee shall be determined by the policies and procedures adopted by the Auxiliary Risk Management Alliance Organization Committee, which may include term limits.

(c) The Executive Committee shall have all powers of the Board of Directors except those powers reserved solely to the Board under Section 9 above, or such powers as the Board may subsequently reserve solely to itself.

SECTION 13: Committees

The Entity shall have standing and other committees as may be provided for in the Bylaws or which are created by the Board of Directors, the Executive Committee or the Chair. Committees of the Entity shall have powers, duties and responsibilities as provided in the Bylaws or as delegated and directed by the appointing authority.

SECTION 14: Program Director, Staff and Consultants

(a) The Board of Directors shall appoint a Program Director who shall be responsible for the general administration of the business and activities of the Entity as directed by the Executive Committee.

(b) The California State University Office of General Counsel shall serve as general legal counsel to the Entity.

(c) Subject to the direction of the Board of Directors, the Executive Committee shall provide for the appointment of such staff or consultants of the Entity as may be necessary for the administration of the Entity.

(d) As determined by the Executive Committee, staff functions including those of Program Director may be performed by employees of the Entity, by officers, Directors and employees of Members or by agents, advisors and consultants retained under contract by the Entity.

(e) The Program Director and other staff of the Entity shall have such powers, duties and obligations as are established by this Agreement, the Bylaws, the policies, procedures and rules promulgated by the Entity and any contractual arrangements which may exist between the Entity and the respective person.

(f) The Program Director and Legal Counsel shall serve at the will and pleasure of the Board of Directors and all other staff shall serve at the will and pleasure of the Executive Committee.

SECTION 15: Insurance Coverage

The Entity may maintain insurance coverage on its activities as determined by the Executive Committee to be necessary and adequate.

SECTION 16: Accounts and Records

(a) Annual Budget. The Entity shall adopt an annual budget, which shall include a separate budget for each separate Coverage Program under development or adopted and implemented by the Entity. The Executive Committee shall cause to be prepared, shall review and approve and shall recommend a proposed annual budget to the Board of Directors for its consideration.

(b) Funds and Accounts. As directed by the Executive Committee, the Treasurer of the Entity shall establish and maintain such funds and accounts as may be required by law and good accounting practices. Fund accounting shall be established and maintained for each insurance program under development or adopted and implemented by the Entity. Books and records of the Entity in the hands of the Treasurer shall be open to inspection at all reasonable times by authorized representatives of Members. A quarterly unaudited financial statement will be produced. The Entity shall adhere to the standard of strict accountability for funds set forth in Government Code § 6505.

(c) Treasurer's Report. The Treasurer, within ninety (90) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member.

(d) Annual Financial Audit. Pursuant to Government Code § 6505, the Entity shall contract with an independent certified public accountant to make an annual fiscal year audit of all accounts and financial statements of the Entity, or shall have the accounts and records audited by the State Controller's Office, and shall comply with all reporting and filing requirements relating to such audits.

SECTION 17: Responsibilities for Funds and Property

(a) The Treasurer shall have custody of and shall disburse the Entity's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Executive Committee to perform that function, subject to the requirements of (b) below.

(b) Pursuant to Government Code § 6505.5, the Treasurer shall:

i. Receive and acknowledge receipt of all funds of the Entity and place them in the treasury of the Treasurer to the credit of the Entity.

ii. Be responsible upon his or her official bond for the safekeeping and disbursement of all Entity funds so held by him or her.

iii. Pay any sums due from the Entity, as approved for payment by the Board or Executive Committee or by any body or person to whom the Board has delegated approval authority, making such payments from Entity funds upon warrants drawn by the Treasurer. All warrants of the Entity shall be signed by two persons as designated by the Board; provided, however, that the Board may, by resolution, authorize imprest accounts for expenditures of funds in limited amounts for which only one authorized signatory shall be required on the instrument.

iv. Verify and report in writing to the Entity and to Members, as of the first day of each quarter of the fiscal year, the amount of money then held for the Entity, the amount of receipts since the last report, and the amount paid out since the last report.

(c) Pursuant to Government Code § 6505.1, the Program Director, the Treasurer and such other persons as the Executive Committee may designate shall have charge of, handle and have access to the property of the Entity.

(d) The Entity shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in form specified by the Executive Committee, covering the Treasurer and all other officers and staff of the Entity who are authorized to hold or disburse funds of the Entity, and all other officers and staff who are authorized to have charge of, handle, and have access to property of the Entity.

SECTION 18: Responsibilities of the Entity

The Entity shall perform the following functions in discharging its responsibilities under this Agreement:

(a) Assist each Member's designated risk manager with the risk management function;

(b) Provide loss prevention and safety services to the Members;

- (c) Provide claims adjusting and claims management services as required;
- (d) Provide statistical reports to the Members;
- (e) Recommend standard contract clauses relating to indemnity, hold harmless, insurance and other similar matters affecting Members; and
- (f) Create Coverage Programs as the Board deems appropriate;
- (g) Provide other services consistent with purposes of the Entity as may be deemed necessary, advisable and beneficial to the Members.

SECTION 19: Responsibilities of the Members

- (a) Each Member shall appoint one employee or other representative as the Member's designated Risk Manager to be responsible for the Member's risk management activities and to serve as liaison between Member Agency and the Entity as respects risk management.
- (b) Each Member shall maintain an active safety program through a designated safety officer and/or safety committee.
- (c) Each Member shall timely pay all premiums, fees, charges and assessments imposed or levied by the Entity.
- (d) Each Member shall provide the Entity with requested information and assistance in order to fulfill the programs under this Agreement.
- (e) Each Member shall in all ways cooperate with and assist the Entity in all matters relating to this Agreement and comply with the Bylaws and the policies, procedures and rules promulgated by the Entity.
- (f) Each Member shall cooperate fully with the Entity in determining the causes of losses and in the settlement of losses; and shall cooperate with and assist the Entity, and any insurer, claims adjuster or legal counsel retained by the Entity in all matters relating to this agreement, including the defense of claims and/or adjustment of losses.

SECTION 20: Development, Implementation and Funding of Coverage Programs

- (a) Program Coverage. The Entity may develop and implement Coverage Programs which the Entity deems necessary, advisable and beneficial to Members. Subject to any Coverage Program's applicable underwriting rules and other qualifying conditions, each Member shall be eligible to apply for membership and participation in any program conducted by the Entity. The Board may condition participation on approval by a majority vote of other participating Members.

(b) Program and Entity Funding. The Members developing or participating in a Coverage Program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the Entity, hereinafter called Entity general expenses, shall be equitably allocated among the various programs and shall be funded by the Members developing or participating in such programs in accordance with such allocations, as determined by the Board of Directors or Executive Committee.

i. Development Charge. Development costs of a Coverage Program shall be funded by a development charge as fixed by the Executive Committee. The development charge shall be paid by each Member which wishes to join in development of the program, after receipt of information as estimated on the cost and scope of the program, and thereby reserve the option to participate in the program following its adoption by the Board of Directors. Development costs are those costs incurred by the Entity in developing a program for review and adoption by the Board of Directors, including but not limited to: research, feasibility studies, information and liaison work among Members, preparation and review of documents, and actuarial and risk management consulting services. The development charge may also include an equitable share of Entity general expense incurred in the development function. Upon the conclusion of program development: any deficiency in development funds shall be billed to all Members which have paid the development charge, on a pro-rata or other equitable basis, as determined by the Executive Committee; and any surplus in such funds shall be refunded to contributing Members on a pro rata basis.

ii. Annual Premium. Except as provided in iii. below, all post-development costs of a Coverage Program shall be funded by annual premiums charged to the Members participating in the program each policy year, and by interest earnings on the fund so accumulated. Premiums shall be determined by the Executive Committee upon the basis of a cost allocation plan and rating formula developed by the Entity with the assistance of an actuary, risk management consultant or other qualified person. The premium for each participating Member shall include that Member's share of expected program losses, program reinsurance costs, and program administrative costs for the year plus that Member's share of Entity general expense allocated to the program. Annual premiums shall be billed by the Entity at the beginning of each policy year and shall be payable within thirty (30) days of the billing date. At the end of each policy year, program costs shall be audited by the Entity. Any deficiency or surplus in the premium paid by a participating Member, as shown by such audit, shall be adjusted by a corresponding increase or decrease in the premium charge to that Member for the next succeeding year, unless the Member withdraws or is canceled from the program.

iii. Assessment. If the Entity experiences unusually large losses under a Risk Pooling Program during a policy year, such that pooled funds for the program may be exhausted or depleted excessively before the next annual premiums are due, the Board of Directors may, upon consultation with an actuary, impose assessments on all Members participating in that program, which, in total amount, will assure adequate funds to the Entity for the payment of all incurred losses. The Board, Executive Committee or other authorized committee may adopt a plan of assessment when the assets of Entity, or of a Coverage Program of the Entity, are less than its liabilities.

SECTION 21: New Auxiliary Organization Members

An Auxiliary Organization which is not a Member may become a party to this Agreement only upon approval of the Executive Committee and by paying an appropriate entry fee or charge as established by the Executive Committee. The Executive Committee may condition its approval upon the proposed Auxiliary Organization Member's ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any Coverage Program in which the proposed Auxiliary Organization Member wishes to participate.

SECTION 22: Withdrawal of Members

(a) An Auxiliary Organization may withdraw as a party to this Agreement upon thirty (30) days' advance written notice to the Entity if it has never become a participant in any Coverage Program, or if it has withdrawn from all Coverage Programs in which it was a participant, pursuant to (b) below.

(b) After becoming a participant in a Coverage Program, an Auxiliary Organization may withdraw from that program only at the end of a policy year for the program, and, unless the Coverage Program's participation agreement, policies, procedures and rules otherwise provide, only if the Auxiliary Organization has given the Entity at least three (3) months' advance written notice of such action.

(c) The University may withdraw as a party to this Agreement and cause termination of the Agreement pursuant to Section 5 of this Agreement upon ninety (90) days' advance written notice to the Entity.

SECTION 23: Termination

(a) Notwithstanding the provisions of Section 22, the Board of Directors may:

i. Terminate any Member from this Agreement and membership in the Entity, on a vote of two-thirds of the Board members present and voting. Such action shall have the effect of terminating the Member's participation in all Coverage Programs of the Entity as of the date that membership is terminated, unless a later effective date is set by the Board.

ii. Terminate any Member's participation in a Coverage Program of the Entity, without terminating the Member's membership in the Entity or participation in other Coverage Programs, on a vote of two-thirds of the Board members present and voting.

(b) Upon the effective date, the Member shall be treated the same as if it had voluntarily withdrawn from this Agreement or from the Coverage Program, as the case may be. A termination procedure will be set forth in the Bylaws of the Entity.

(c) A Member which does not enter one or more of the Coverage Programs of the Entity within 36 months after the Member becomes a party to this Agreement shall be considered to have withdrawn as a party to this Agreement at the expiration of the 36-month period, and its

membership in the Entity shall be automatically canceled as of that time without action of the Board of Directors.

(d) A Member which withdraws from all Coverage Programs of the Entity in which it was a participant and does not enter any Coverage Program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to this Agreement at the end of that period, and its membership in the Entity shall be automatically canceled as of that time, without action of the Board of Directors.

(e) An Auxiliary Organization no longer on the list of recognized Auxiliary Organizations, as maintained by the University Executive Vice Chancellor/Chief Financial Officer may, upon recommendation by the University Executive Vice Chancellor/Chief Financial Officer to the Board, be terminated as provided in paragraphs (a) and (b) of this Section 23.

SECTION 24: Effect of Withdrawal or Termination

The withdrawal or termination of any Member from this Agreement shall not terminate the responsibility of the former Member to continue to contribute to its share of assessments or other financial obligations incurred by reason of its previous participation, and shall not terminate the duties to cooperate with and assist the Entity as set forth in Section 19(f) above. The withdrawal or termination of any Member from this Agreement shall not result in distribution of or entitle the former Member to any surplus, unencumbered funds, reserves or other assets of the Entity except as provided under the applicable policies and procedures of the Entity or its programs or as provided under Section 25 of this Agreement. The effects of this Section 24 shall apply as respects all assets of the Entity that may have been accrued from its inception.

SECTION 25: Disposition of Property and Funds

(a) In the event of the dissolution of the Entity or other final termination of the Agreement, the Board of Directors shall continue to manage the activities and affairs of the Entity as necessary to conclude the operations of the Entity. The Board may maintain in place the Executive Committee and any committees, agents or employees necessary to do so. The dissolution plan adopted by the Board of Directors shall provide for, but not be limited to, the following:

i. Claims outstanding against, and incurred but not reported to, the Entity shall be audited and calculated, by an independent auditor and actuary selected by the Board, for a determination of future liabilities for expenses and costs to bring these claims to a conclusion.

ii. The current fair market value of the Entity's assets shall be determined by an independent appraiser selected by the Board.

(b) If the Board of Directors determines a dividend or return of contributions is to be declared, such dividend or return of contribution shall be computed pursuant to policies and procedures adopted by the Board of Directors. Return of contributions shall be made pro rata

based on total funding contributions made by each Member over the five (5) years immediately before the date of dissolution as defined in the dissolution plan.

(c) The Entity may be dissolved by vote of 2/3rds of the Board of Directors.

(d) In the event of the dissolution of the Entity or other final termination of the Agreement, any surplus money remaining in the pool shall be returned in proportion to the contributions made and the claims or losses paid.

SECTION 26: Provision for Bylaws

The Entity shall enact Bylaws and adopt other policies and practices to govern Entity operations. Each Member shall be provided copies of all such materials.

SECTION 27: Amendment of Agreement

This Agreement may be amended at any time by a two-thirds vote of the Board of Directors present and voting, provided, however, that:

(a) Any meeting at which an amendment is to be acted upon shall require thirty (30) days' prior notice of the proposal, with the subject matter and specific language of the proposed amendment to be set forth in the notice;

(b) No amendment which the Board of Directors determines will increase the liability or financial obligation of a Member Agency shall be approved without:

i. That Member's consent; or

ii. That Member being given the specific option to withdraw from the Entity; and

(c) The notice provision of this section shall not prohibit the Board from amending any proposed specific language during the noticed meeting, and no further notice shall be required.

SECTION 28: Assumption of Prior Agreements

The Entity may assume the rights and duties from prior agreements entered into by the University for the benefit of the University's former self-insurance programs by ratification of the Board of Directors.

SECTION 29: Agreement Complete

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in this instrument.

SECTION 30: Effective Date of Agreement

The effective date of this Agreement shall be the date that the Board of Directors of the Entity duly and regularly adopts a resolution approving the form of this Agreement in the manner provided by Section 26 of this Agreement.

SECTION 31: Contract with Each Signatory Each party to this Agreement shall be deemed and is a contracting party with each and all of the other parties to this Agreement without regard to the time that a party became a party to the Agreement. The deletion of one or more parties from this Agreement shall not affect the validity, term or continuing effectiveness of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto, by and through their respective duly authorized representatives, has executed this Agreement on the date so indicated.

Participant Name

Date: _____ By: _____

and By: _____

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

BYLAWS

AS AMENDED AND RESTATED

EFFECTIVE April 27, 2015

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**BYLAWS
of the
CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**

PREAMBLE

These Bylaws are adopted, amended and restated effective October 28, 2011 pursuant to the “Joint Exercise of Powers Agreement” of the California State University Risk Management Authority (the “Agreement”).

ARTICLE I - THE AUTHORITY

SECTION 1.1. Name of Entity. The name of the Entity created by the Agreement shall be the California State University Risk Management Authority (the “Entity”).

SECTION 1.2. Office of Entity. The principal office of the Entity shall be c/o CSU –Office of Risk Management, 401 Golden Shore Ave., Long Beach, CA, 90802, or at such other location as the Board of Directors may designate by resolution.

SECTION 1.3. Fiscal Year. The fiscal year for the Entity shall commence July 1 of each calendar year and end June 30 of the following calendar year.

ARTICLE II - DEFINITIONS

The following definitions shall apply to the provisions of these Bylaws:

(a) “Agreement” shall mean the joint exercise of powers agreement creating the Entity.

(b) “Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University’s Chancellor’s Office.

© “Auxiliary Organization Risk Management Alliance” or “AORMA” shall mean those Coverage Programs and associated services which are directed primarily at serving the Auxiliary Organization Members.

(d) “Board of Directors” or “Board” shall mean the principal governing body of the Entity.

(e) “Bylaws” shall mean the adopted Bylaws of the Entity as amended in their latest approved form.

(f) “Coverage Program” shall mean the Entity’s programs as defined herein.

(g) “Entity” shall mean the California State University Risk Management Authority created by and existing under the Agreement.

(h) “Executive Committee” shall mean the Executive Committee of the Entity’s Board of Directors.

(i) “Member” shall mean a party to the Agreement. For purposes of the Agreement, each University campus and the Chancellor’s Headquarters shall be considered separate Members, but such University campuses and the Chancellor’s Headquarters shall not be considered parties to the Agreement separate from the University.

(j) “Pooled Coverage Programs” shall consist of Coverages Programs provided directly by the Entity under a Risk Pooling Program pursuant to a Memorandum of Coverage and/or provided by a purchased Coverage Program. These may include, but are not limited to, Property, Workers’ Compensation, Liability, and Athletic Injury coverages as may be determined by the Board of Directors.

(k) “Program Director” shall mean the individual or firm retained by the Board of Directors to administer the Entity.

(l) “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.

(m) “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.

(n) “University” shall mean the Board of Trustees of the California State University.

ARTICLE III - BOARD OF DIRECTORS

SECTION 3.1. Membership. The Entity shall be governed by a Board of Directors as set forth in the Agreement. It shall be composed of up to thirty (30) Directors appointed by or as delegated by the University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) Directors elected by the Auxiliary Organizations which become members of the Entity. Directors appointed by the University serve at the pleasure of the University Executive Vice Chancellor/Chief Financial Officer or his/her delegate, and may be replaced at any time. Should the Executive Vice Chancellor/Chief Financial Officer appoint fewer than 30 Directors, the voting power for unfilled appointments shall be retained by the Executive Vice Chancellor/Chief Financial Officer and may be delegated by the Executive Vice Chancellor/Chief Financial Officer to a duly appointed Director(s). Directors elected by the Auxiliary Organizations shall serve subject to terms and conditions of a policy and procedure duly adopted by the Auxiliary Organizations Risk Management Alliance Committee for election and replacement of same. Each Director of the Entity must be an officer, director or employee of the University or of an Auxiliary Organization.

All Directors shall comply with the provisions of California law which require certain public officials to file a Statement of Economic Interests, and with any applicable conflict of interest laws.

SECTION 3.2. Powers. The powers of the Board shall be as set forth in Section 9 of the Agreement.

(a) The Board of Directors shall retain overall responsibility for governance of the Entity, including the right to exercise all powers of the Entity not reserved to other persons or bodies of the Entity.

(b) The Board of Directors shall have reserved to itself the following express powers, duties and responsibilities:

i. Election of certain Entity officers and the members of its Executive Committee.

ii. Approval of the annual budget of the Entity.

iii. Approval of amendments to the Agreement and the Bylaws.

iv. Approval of new Coverage Programs of the Entity.

v. Amendment or modification of any prior actions or resolution of the Board of Directors.

vi. The exercise of powers of the Entity, including promulgation of policies, procedures and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

SECTION 3.3. Meetings.

(a) Regular Meetings. A regular meeting of the Board shall be held at least once each year at a time and place to be set by the Board. Except as otherwise provided in Section 27 of the Agreement, the notice of the meeting and agenda for each regular meeting of the Board shall be posted in accordance with the applicable public meeting laws in effect at the time of the meeting.

(b) Special Meetings. Special meetings may be called relating to pending litigation with notice of the meeting and an agenda be provided to each Director at least forty-eight (48) hours in advance of the meeting.

(c) Public Meeting. All meetings of the Board shall be open to the public, except as provided by law, and may include closed sessions where permitted by law. Meetings will be held in compliance with the Bagley-Keene Open Meeting Act, California Government Code §11120, *et seq.*

(d) Quorum. The presence of a majority of the Directors of the Board shall constitute a quorum for the transaction of business. Except as otherwise provided in the Agreement, the Bylaws or by law, no action may be taken by the Board except by affirmative vote of not less than a majority of the votes held by those Directors of the Board present and voting. A smaller number may adjourn a meeting.

(e) Order of Business. At the regular meetings of the Board, the following shall be the order of business:

- i. Roll Call.
- ii. Approval of Minutes of the previous meeting.
- iii. Agenda Items.
- iv. Adjournment

(f) Manner of Voting. Voting shall be by acclamation; however a roll call may be requested by a majority of the Directors present, and the ayes and noes, abstentions, and members absent shall be entered in the minutes of the meeting.

(g) Action by the Board. All resolutions of the Board shall be in writing, signed by the Chair and attested to by the Secretary-Auditor. All other actions of the Board shall be by motion recorded in written minutes.

ARTICLE IV - EXECUTIVE COMMITTEE

SECTION 4.1. Membership.

(a) The membership of the Executive Committee shall be as set forth in Section 12 of the Agreement.

(b) The members of the Executive Committee shall be appointed or elected as individuals and not merely as representatives of a specific Member.

SECTION 4.2. Term. The Chair and Vice Chair of the Board, and the Treasurer of the Entity shall serve as Executive Committee members during their tenure as such officers. Terms of office are as set forth in Sections 11 and 12 of the Agreement.

SECTION 4.3. Powers, Duties and Responsibilities.

(a) The Executive Committee shall conduct, direct and supervise the day-to-day business of the Entity and in doing so shall exercise the powers expressly granted to it by the Agreement, these Bylaws and as otherwise delegated by the Board of Directors.

(b) The following duties and responsibilities shall be assumed and carried out by the Executive Committee, which shall have all powers necessary for those purposes:

i. Provide general supervision and direction to the Program Director.

ii. Authorize payment of claims against the Entity; provided, however, that with respect to claims arising under Coverage Programs operated by the Entity, claim settlement authority shall be in accordance with the policies and procedures governing the particular Coverage Program.

iii. Enter into contracts, within budget limits.

iv. Make payments pursuant to previously authorized contracts, within budget limits; this authority includes the power to authorize and reimburse expenses incurred for budgeted activities, within budget limits.

v. Review and recommend a budget to the Board

vi. Act as Program Director in the absence of the Program Director.

vii. Establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.

viii. Appoint a nominating committee for each election of officers and Members of the Executive Committee.

(c) Subject only to such limitations as are expressly stated in the Agreement, these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the Entity.

SECTION 4.4. Meetings.

(a) Regular Meetings. Regular meetings of the Executive Committee shall be held at least twice a year and at other times as the Executive Committee deems appropriate. The time and place of regular meetings shall be set by the Executive Committee, and the Board of Directors shall be notified of the meeting schedule. The notice of the meeting and agenda for each regular meeting of the Executive Committee shall be posted in accordance with the applicable public meeting laws in effect at the time of the meeting.

(b) Special Meetings. Special meetings may be called relating to pending litigation with notice of the meeting and an agenda to be provided to each Director at least forty-eight (48) hours in advance of the meeting.

(c) Public Meetings. All meetings of the Executive Committee shall be open to the public, except as provided by law, and may include closed sessions where permitted by law. Meetings will be held in compliance with the Bagley-Keene Open Meeting Act, California Government Code §11120, *et seq.*

(d) Quorum. Five (5) members of the Executive Committee shall constitute a quorum for the transaction of business. Except as otherwise provided, no action may be taken by the Executive Committee except by affirmative vote of not less than a majority of those Executive Committee members present and voting. A smaller number may adjourn a meeting.

(e) Manner of Voting. Voting shall be by acclamation; however a roll call may be requested by a majority of the Executive Committee members present, and the ayes and noes, abstentions, and members absent shall be entered in the minutes of the meeting.

(f) Action by the Executive Committee. All resolutions of the Executive Committee shall be in writing, signed by the Chair and attested to by the Secretary-Auditor. All other actions of the Executive Committee shall be by motion recorded in written minutes.

(g) Removal From Executive Committee. A member may be removed from the Executive Committee in the following ways:

i. Death of an Executive Committee member.

ii. Voluntary resignation; an Executive Committee member will be considered to have resigned if no longer qualified to be a Director under Section 3.1.

iii. Absence from three (3) consecutive meetings unless excused by the Chair or his or her designee.

iv. Removal of the Chair or Vice Chair from the Executive Committee shall also constitute removal from office.

(h) Replacements. Upon removal of an Executive Committee member, an interim Executive Committee member may be appointed by the Chair, and the Board of Directors may hold an election to fill the vacancy for the remainder of the unexpired term, following the procedures set forth in Section 11 and Section 12 of the Agreement.

ARTICLE V - OFFICERS

SECTION 5.1. Principal Officers.

The principal officers of the Entity are the Chair, Vice Chair, Secretary-Auditor and Treasurer, as provide in Section 11 of the Agreement.

SECTION 5.2. Other Officers.

The Executive Committee may create such other offices and appoint such other officers as it deems necessary and advisable. Officers so appointed shall serve at the pleasure of the Executive Committee and shall exercise such powers, perform such duties and assume such responsibilities as set forth in a resolution duly adopted by the Executive Committee for that purpose.

SECTION 5.3. Powers.

The Chair, and Vice Chair in the Chair's absence, shall execute and implement directives of the Board of Directors and Executive Committee. They shall have the following duties and responsibilities:

- (a) Direct employees, agents and consultants.
- (b) Negotiate contracts for services on behalf of the Executive Committee that are not specifically delegated to a committee.
- (c) Authorize work assignments under existing contracts that are within the amount budgeted.
- (d) Sign documents on behalf of the Executive Committee and/or the Entity.
- (e) Recommend agenda topics for meetings of the Board of Directors and Executive Committee.
- (f) Coordinate and review progress in attaining the Entity's annual goals and objectives.

ARTICLE VI - OTHER STANDING COMMITTEES

SECTION 6.1. Establishment of Committees.

Pursuant to Section 13 of the Agreement, the Entity shall have standing committees as may be appointed from time-to-time by the Board of Directors, Executive Committee or the Chair.

SECTION 6.2. AORMA Committee.

(a) The “Auxiliary Organizations Risk Management Alliance Committee” or “AORMA Committee” shall be a standing committee of the Entity. The committee shall consist of all Directors elected by Auxiliary Organizations. The term “Officers” shall be used to designate the following seats on the AORMA Committee: Vice-Chair and Chair. The Vice-Chair shall be elected from among the AORMA members and shall assume the seat of the Chair in the following year. Officers shall serve one, one-year term in each Officer seat. If the Chair is unable to complete his/her term, the Vice-Chair shall assume the role of the Chair and shall appoint an interim Vice-Chair from the remaining members of the committee until such time that the committee can meet to elect a new Vice-Chair. If the Vice-Chair is unable to complete his/her term, the Chair shall appoint an interim Vice-Chair from the remaining members of the committee until such time that the committee can meet to elect a new Vice-Chair. An officer completing a partial term shall be eligible to serve a subsequent full term. The AORMA Committee may also appoint alternates in accordance with the Policy & Procedure developed for the committee and adopted by the Board of Directors.

Effective July 1, 2003, the AORMA Committee members may serve a maximum of three consecutive two-year terms with half of the members’ terms expiring in the odd years and the other half expiring in the even years. After accruing AORMA Committee service of three two-year terms on the AORMA Committee or serving in Officer and alternate roles, an AORMA Committee member shall not be eligible to serve on the Committee for one year, after which time the member will be eligible for re-election.

(b) The purpose of the AORMA Committee shall be to advise the Executive Committee and the Board of Directors of all operational aspects of those Coverage Programs in which Auxiliary Organizations participate and to execute and implement the directions of the Executive Committee with regard to matters within the committee’s powers, duties and responsibilities, which shall be as follows:

(c) Underwriting

i. Advise and report to the Executive Committee on matters relating to prospective new Auxiliary Organization Members.

ii. Solicit information necessary to evaluate Auxiliary Organization membership applications.

iii. Determine adequacy of information provided by prospective Auxiliary Organization Members.

(d) Coverage

i. Make recommendations to the Executive Committee regarding those Coverage Programs in which Auxiliary Organizations participate.

ii. Review and advise on memorandum of coverage matters.

iii. Make recommendations to the Executive Committee concerning coverage issues.

SECTION 6.3. Meetings of Standing Committees. Standing committees shall meet on the call of their respective committee chairs. Minutes of committee meetings shall be recorded. Activities of committees shall be reported upon as directed by the Executive Committee. Meetings of committees shall be conducted in accordance with the applicable open meeting law, except that meetings of the AORMA Committee, shall be conducted in accordance with California Education Code § 89920 *et. seq.*

ARTICLE VII - PROGRAM DIRECTOR

SECTION 7.1. Appointment. The Board shall appoint a Program Director in accordance with Section 14 of the Agreement.

SECTION 7.2. Powers. In accordance with Section 14 of the Agreement, the Program Director shall administer the business and activities of the Entity. The Program Director shall have such powers, duties and responsibilities as set forth in the Agreement, these Bylaws and as may be provided by agreement between the Program Director and the Entity or as otherwise delegated to the Program Director by the Board of Directors or the Executive Committee.

ARTICLE VIII - REIMBURSEMENT FOR TRAVEL EXPENSES

Subject to the provisions of Article III, Section 3.2(b) ii. of these Bylaws, members of the Executive Committee, principal staff designated by the Executive Committee and duly appointed members of standing committees may be reimbursed for all reasonable and necessary travel expenses when required or incurred by those persons in attending meetings of the Executive Committee or a standing committee of the Entity. Reimbursable expenses may include charges for meals, lodging, air fare and costs of travel by automobile at the rate per mile allowed as a business expense by the Internal Revenue Service. If the Board determines that travel expenses shall be reimbursed, the Executive Committee shall adopt a policy and procedure in accordance with this Article VIII. The Treasurer, upon presentation by the Secretary-Auditor, shall be authorized to pay all such expenses deemed reasonable and necessary.

Article IX - TERMINATION OF MEMBERSHIP

A Member may be terminated from membership in the Entity or from participation in a program of the Entity, in accordance with Section 23 and Section 24 of the Agreement. The procedures for terminating a Member are as follows:

SECTION 9.1. Initiation. Proceedings for termination of a Member as a participant in a program of the Entity or as a Member of the Entity may be initiated by the Program Director, by

any Officer, Director or standing committee of the Entity or by any Member. The person initiating termination proceedings shall do so by a written report and recommendation to the Board of Directors, setting forth in detail the grounds upon which the recommendation is made.

SECTION 9.2. Notice and Hearing by Board. Upon receipt of the report and recommendation, the Board shall hold a hearing on the matter of the termination, at which hearing the affected Member shall have the right to offer written and oral testimony subject to reasonable time constraints. The Board shall give the Member at least thirty (30) days prior written notice of the hearing, and shall provide the Member with a copy of the report and recommendations required to initiate the termination proceedings.

SECTION 9.3. Action of Board. At the close of the hearing on the matter of termination, the Board shall determine whether or not the Member will be terminated. If the Board decides to terminate the Member's participation, it will set the effective date of termination as well.

ARTICLE X - AMENDMENT

These Bylaws may be amended from time to time by resolution of the Board of Directors duly adopted upon the majority vote of those members present and voting at a regular or special meeting of the Board; provided, however, that no such amendment shall be adopted unless noticed to the members of the Board of Directors under the open meeting law applicable at the time of the proposed meeting. Such notice shall identify the section or sections of the Bylaws proposed to be amended.

ARTICLE XI - COVERAGE DOCUMENTS

Each Member participating in a program of the Entity shall be provided with either a Memorandum of Coverage or an insurance policy, as the case may be, which shall describe in detail the nature of the applicable coverage, including dollar amounts, together with any deductibles, exclusions, limitations or other provisions of the coverage.

ARTICLE XII - RECORDS RETENTION

All records and documents of the Entity shall be retained in accordance with a records retention policy and procedure adopted by the Board of Directors.

ARTICLE XIII - LIABILITY AND INDEMNIFICATION

SECTION 13.1 - INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES - The Entity shall defend and indemnify its Directors, officers and employees to the same extent as any public agency of the State of California is obliged to defend and indemnify its public employees pursuant to California Government Code § 825 *et seq.* or other applicable provisions of law for actions taken for or on behalf of the Entity.

SECTION 13.2 - INSURANCE - The Entity may insure itself to the extent deemed necessary by the Board of Directors against loss, liability and claims arising out of or connected to the conduct of the Entity's activities.

SECTION 13.3 - INDEMNIFICATION BY MEMBERS- To the extent any Member's intentional or negligent acts or omissions are the cause of an injury for which other Members may be, or are sought to be, held liable pursuant to Government Code § 895 *et seq.*, the Member which is legally responsible for the injury shall, at its own expense, defend, indemnify and hold harmless such other Member or Members from any and all legal consequences of the intentional or negligent acts or omissions. Nothing in this Section shall be deemed to preclude a Member having the duty to defend, indemnify and hold harmless, from resorting to any insurance or other form of coverage for losses available to the Member, including insurance or coverage for losses procured through the Entity.

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
(CSURMA)**

**PARTICIPATION AGREEMENT
FOR THE
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE**

We, _____, signatory to the California State University Risk Management Authority ("CSURMA") Joint Exercise of Powers Agreement, have agreed by action of our Board of Directors on _____, to participate in the CSURMA Auxiliary Organizations Risk Management Alliance, hereinafter referred to as "AORMA." As evidenced by the authorized signatures on page 3 of this document, we agree to become a participant in the AORMA and be referred to as a "Program Participant."

It is understood that this Participation Agreement pertains only to AORMA and not to any other program operated by CSURMA.

We understand that provided the following requirements are met, insurance coverage through the AORMA shall begin on _____:

- 1) We have paid any applicable participation fees.
- 2) We have executed this AORMA Participation Agreement.
- 3) We are a member of the Joint Powers Authority. This means we:
 - a) have been approved for Joint Powers Authority membership by the Executive Committee;
 - b) have executed the Joint Exercise of Powers Agreement; and,
 - c) have executed a "Resolution to Join" in accordance with the Joint Exercise of Powers Agreement.
- 4) We have received underwriting approval by the Executive Committee.

MINIMUM TIME OF PARTICIPATION AND NOTICE OF WITHDRAWAL:

The Program anniversary date is July 1 of each year.

It is understood that CSURMA AORMA requires an initial full program year commitment. Withdrawal from AORMA cannot occur until a full year of participation has occurred, that is, from the coverage inception date until the Program anniversary date following the first full program year in which the Program Participant has participated, and only then if a two-month prior notice is provided.

Our initial commitment to AORMA will expire on _____, unless the program anniversary date is modified by CSURMA. After the initial participation commitment has been met withdrawal can occur on the Program anniversary date provided a notice of intent to withdraw is provided to CSURMA at least two months prior to the Program anniversary date.

It is understood that the minimum participation requirement will be waived if the Program Participant moves from AORMA to another of CSURMA's coverage programs.

RESPONSIBILITIES OF PROGRAM PARTICIPANTS:

It is understood that as a Program Participant we are obliged to do the following:

- Take such action, including providing AORMA staff with such statistical and loss experience data and other information as is necessary to carry out CSURMA AORMA's Joint Exercise of Powers Agreement, Bylaws and the policies established by the Executive Committee and/or the Board of Directors;
- Pay AORMA any and all premium taxes and fees when due. Withdrawal does not relieve a Program Participant from liability for monies owed; and
- Fully cooperate with AORMA staff and/or representatives in determining the cause of losses and in the investigation, adjudication and settlement of claims.

RESPONSIBILITY FOR PROGRAM EXPENSES:

It is also understood that AORMA Participants are responsible for their share of all AORMA expenses. A Program Participant's share of the program costs shall be reflected as accurately as possible within its Program Fee, which is based upon AORMA's budgetary needs and any other expenses deemed necessary by the Board of Directors.

The withdrawal or termination of Program Participant from AORMA shall not terminate the responsibility to continue to contribute to its share of financial obligations incurred by CSURMA by reason of the Program Participant's previous participation.

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We acknowledge and agree that this Participation Agreement shall automatically conform to any amendments made to the CSURMA Joint Exercise of Powers Agreement or Bylaws which affect the conditions of participation in AORMA. Any other amendments to this Participation Agreement shall require a two-thirds vote of the members of the Board of Directors of CSURMA who are elected by the Auxiliary Organization members of CSURMA.

In recognition of the above, this Participation Agreement is executed on _____, 20_____

Program Participant

Signed

Name

Title

ATTEST:

Signed

Name

Title