



APPROVED

**MINUTES OF THE
CSURMA AORMA COMMITTEE MEETING
MARCH 9, 2017
ALLIANT INSURANCE SERVICES, INC.
701 B STREET, SAN DIEGO, CA
10:00 AM**

MEMBERS PRESENT

Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach
Gigi Kiama, The University Corporation at Monterey Bay
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation
Dave Nakamura, Humboldt State University Center (*via Teleconference*)
Bella Newberg University Auxiliary and Research Services Corporation, San Marcos
Jim Reinhart, University Enterprises, Inc., CSU Sacramento (*via Teleconference, left at 11:45am*)

MEMBERS ABSENT

Dwayne Brummett, Associated Students, Inc. at San Luis Obispo
Starr Lee, Cal Poly Corporation at San Luis Obispo (*via Teleconference, non-voting*)
Dave Nirenberg, University Glen Corporation, CSU Channel Islands
Brian Nowlin, CSU Long Beach Research Foundation

STAFF, GUESTS AND CONSULTANTS

Katie Brandt, Sedgwick (*via Teleconference*)
Patricia Daniels, Sedgwick (*via Teleconference*)
Zachary Gifford, CSU Office of the Chancellor – Systemwide Risk Management
Tevea Him, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services, Inc.
William Hsu, General Counsel (*via Teleconference*)
Mimi Long, Alliant Insurance Services, Inc.
Mauri McGuire, Carl Warren and Company
Brian Montagnese, Sedgwick (*via Teleconference*)

A. CALL TO ORDER

The meeting was called to order by the Chair, Frank Mumford at 10:05 AM.

A1. Approval of the Agenda

A motion was made to approve the agenda.

Motion: Gigi Kiama

Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart	X			
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from members of the public.

C. CONSENT CALENDAR

C1. Approval of Minutes – December 1, 2016

C2. FY 2016/2017 CSURMA Midterm Budget Amendments

A motion was made to approve the items on the consent calendar.

Motion: Robert de Wit

Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg		X		
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart	X			
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

D. CLOSED SESSION

1. CalPERS Appeal
2. CNA Insurance v. California State University Fullerton Auxiliary Services
3. Chrisanne Lazar v. Cal Poly Corp, San Luis Obispo
4. Arce v. CSUN ASI
5. Tu Nghiem v. CSU Associated Students, Inc. (Aquatic Center)
6. Diane Adams v. Sacramento State Associated Students, Inc (Aquatic Center)
7. Grajeda v. Cal Poly Pomona Foundation
8. Baker v. San Diego State University Research Foundation
9. Ming Xu v. CSU Dominguez Hills Foundation
10. Schwemley v. CSUS Union

A motion was made to enter closed session at 10:14 A.M.

Motion: Bella Newberg
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart	X			
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

The Committee left closed session at 10:50 AM. The Chair reported that action was taken on the Chrisanne Lazar v. Cal Poly Corporation, San Luis Obispo and Ming Xu v. CSU Dominguez Hills during closed session.

Motion: Gigi Kiama
Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X

Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart	X			
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

E. STANDING COMMITTEE REPORTS

E1. Programs Committee Report

Gigi Kiama the Chair of the Programs Committee provided a brief report of the committee’s recent activities. In accordance with Policy and Procedure A-5, the Programs Committee met on February 23, 2017, and reviewed in detail the allocation formulas for all of the AORMA programs with a pooled layer in order to verify that the formulas are still fair and equitable. The proposed changes will be presented for approval at the AORMA Committee meeting in May, 2017. The Programs Committee will propose the following changes:

Workers’ Compensation Program: Add a \$1,000 annual minimum premium, and review a percentage increase at each renewal. Increase the maximum change to the experience modification factor from +15% to +20% and eliminate the maximum decrease of -15%. **Liability Program:** Use a rolling five-year total expenditures (as the rating basis for “all other”) in order to smooth out significant fluctuations. Decrease the minimum Experience Modification Factor from .75 to .50. Add a \$1,000 minimum to the Excess Premium. Increase the maximum Excess Premium by 5% each year for three years. Increase the minimum Administrative Costs by 10% each year for three years. Increase the program Minimum Premium by 15% each year for three years. **Property Program:** Increase the loss ratio surcharges. **Crime Program:** Use a rolling five-year total expenditures in order to smooth out significant fluctuations when determining the minimum premium. Increase the loss ratio surcharges. **Unemployment Insurance Program:** Increase the minimum administrative costs by 20% each year for three years.

E2. AOA Executive Committee Report

Frank Mumford reported there was no AOA Executive Committee meeting since the last AORMA meeting.

F. GENERAL ADMINISTRATION

F1. Workers’ Compensation Renewal Options

As discussed by Daniel Howell the AORMA Workers’ Compensation Program began participation in the CSAC Excess Insurance Authority’s (EIA) Primary Workers’ Compensation (PWC)

Program beginning January 1, 2015. CSURMA committed that both the campus and AORMA programs would renew for FY 17/18 in return for a guaranteed rate on the primary layer. The excess layer is insured via EIA with Safety National Insurance Company. Safety National had committed to maintain the excess rates for the upcoming year if loss development was as projected. AORMA's loss development has been higher than expected. As a result, Safety National is asking for a 20% rate increase if the \$500,000 retention is maintained. Renewal terms were offered with a \$750,000 SIR and a \$2,500,000 SIR. Moving to a \$2,500,000 SIR does not make sense since the savings of \$267,454 are more than offset by the increase in the EIA pooled layer deposit. However, at the \$750,000 SIR the savings of \$189,820 makes it a viable option. Howell noted that if AORMA decides to increase its SIR to \$750,000, the chances of it ever going back down to \$500,000 is unlikely.

The Committee reviewed the pricing table shown below:

Table 1						
CSURMA AORMA Workers' Compensation Program						
FY 17/18 Excess Workers' Compensation Renewal Options						
Cost Item	Expiring at \$500K SIR	Renewal at \$500K SIR	Difference	Percent Change	Renewal at \$750K SIR	Renewal at \$2.5 million SIR
Payroll	\$303,772,288	\$345,167,168	\$41,394,880	13.6%	\$345,167,168	\$345,167,168
Rate per \$100	\$0.1605	\$0.1950	\$0.0345	21.5%	\$0.1400	\$0.0625
Excess Premium	\$487,555	\$672,998	\$185,443	38.0%	\$483,178	\$215,704
Diff to next SIR	N/A	N/A			\$189,820	\$267,474

In an effort to provide rate stability EIA is offering the option to commit to participate for both FY 17/18 and FY 18/19 at a guaranteed rate that will hold if claims trend as the updated actuarial projects.

A motion was made to delegate authority to the Executive Committee to make a decision on the new two-year option with CSAC EIA and to the CSURMA Secretary-Auditor to decide on the final AORMA workers' compensation program self-insured retention.

Motion: Bella Newberg
Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			

Jim Reinhart	X			
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

F2. Underwriter Meetings Report

Daniel Howell provided an overview of the recent meetings with underwriters. CSURMA representatives meet with CSURMA’s program underwriters in New York and Bermuda on February 20-24, 2017. Over the five day period there were 11 meetings with over 20 market participants. The meetings focused on CSURMA’s BRIP, Excess Liability, SAFECLIP, SPLIP, and Medical Malpractice coverage programs. Important discussions for AORMA included:

- Meeting with CSURMA’s lead excess liability underwriters for the AORMA first layer reinsurance program (Markel);
- Meeting with the lead underwriter for the first joint excess layer, Ironshore; and,
- Meeting with AWAC who set the first layer following form pricing that carries up the coverage tower.

F3. FY 2017/2018 CSURMA Operating Budget

Daniel Howell noted that CSURMA’s next fiscal year begins on July 1, 2017. The FY 2017/18 operating budget is to be approved by the Board of Directors at its May 5, 2017 meeting. The Chancellor’s Office Enterprise Accounting Services and the Program Administrators worked together to develop a draft FY 2017/18 budget for the Executive Committee to review at today’s meeting.

AORMA separately develops a budget for its coverage programs. The AORMA Committee will be asked to finalize its proposed budget for FY 2017/18 and will make a recommendation to the Executive Committee to include its budget in the CSURMA operating budget for adoption by the Board of Directors.

The Committee reviewed the draft budget and noted that the dividends for FY 17/18 need to be updated.

A motion was made to recommend approval to the Executive Committee with the addition of the FY 17/18 dividends.

Motion: Gigi Kiama
Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			

Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart	X			
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

F4. AORMA Committee Nominations and Election

Frank Mumford introduced Bella Newberg who was appointed to complete the term vacated by Cheree Aguilar. Also, due to the retirement of Guy Dalpe and Leslie Davis, Mumford appointed Dwayne Brummett and Starr Lee to complete their respective terms.

Effective June 30, 2017, Brian Nowlin and Robert de Wit will term out, and Jim Reinhart will not seek reelection. Therefore, three additional seats will become available. The Nominations Committee met to discuss these open seats and nominated Bill Olmstead, Shannon Stratton and Trina Knight. All three have accepted the nomination and will participate in the election in April, 2017.

A motion was made to elect Dwayne Brummett as First Vice Chair for the term July 1, 2017 to June 30, 2019.

Motion: Gigi Kiama
Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart	X			
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

F5. Workers’ Compensation and Unemployment Insurance Program Refund to Sponsored Programs

Mimi Long noted that many Members are involved in federally sponsored programs. When a Member receives money back from either the AORMA workers’ compensation or unemployment insurance programs, the federal government is entitled to receive a portion of that return. Within the workers’ compensation program the refunds include dividends and premiums returned after the payroll audits, and within the unemployment insurance program, this would be funds in excess of the minimum required fund balance.

There are two ways a Member can address this issue:

1. Retain the refunds on account with CSURMA AORMA to be used to offset the contributions for the next year, or current year.
2. Receive the return from CSURMA AORMA and then calculate what percentage of the Member’s payroll / salaries are attributable to federally sponsored programs to determine what percentage of the refund will need to be returned to the Feds.

Staff has drafted revisions to the following Policies and Procedures to address this situation:

1. Policy and Procedure UI-1 (Formula for Determining UIP Annual Deposit)
2. Policy and Procedure A-4 (Dividends and Assessments)
3. Policy and Procedure W-1 Workers’ Compensation Program Member Allocation Formula

A motion was made to approve the revisions to Policy and Procedures Nos. UI-1, A-4 and W-1 as proposed.

Motion: Robert de Wit
 Second: Bella Newberg

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart				X
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

F6. Policy and Procedures Review

Mimi Long noted that Policy and Procedure A-5 requires that the AORMA Committee review its policies and procedures at least every two years. The following policies and procedures are due to be reviewed in 2017:

- A-1 AORMA Committee Composition, Elections and Terms Limits
- A-7 Travel Reimbursement Policy
- C-1 Crime Program Member Allocation Formula
- L-5 Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations
- L-7 Employment Practices Deductible Options
- P-1 Property Program Member Allocation Formula

Because the Programs Committee is completing its review of the member allocation formulas and may suggest revisions, C-1, L-5 and P-1 will be reviewed at the May, 2017 meeting.

The Committee reviewed the proposed revisions to Policy and Procedures A-1, A-7 and L-5 and noted that within A-1, Item 4, “First Chair” should be changed to “First Vice Chair”.

A motion was made to approve the proposed revisions to Policy and Procedures A-1, A-7 and L-5 with the one additional change as noted above.

Motion: Gigi Kiama
Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart				X
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

F7. Employers Group Renewal Contract July 1, 2017 – June 30, 2020

The current contract with the Employers Group for HR Consulting Services is due to expire on June 30, 2017. The Employers Group has proposed a three-year renewal contract.

The Programs Committee discussed the services provided by Employers Group at their meeting on September 29, 2016. Staff also surveyed the AOA HR Committee members at their meeting on July 29, 2016. Both committees found the services provided by Employers Group to be very valuable and both recommended continuing the services.

The Employers Group has agreed to a three-year contract – 7/01/17 to 6/30/20, with a per auxiliary price of \$530, or \$30,210 annually. This pricing represents a 4.5% increase over the expiring contract pricing of \$507 per auxiliary. Shown below is the historical pricing for this contract:

Historical Pricing:

- 3/01/11 to 2/29/12 - \$497 per auxiliary
- 3/01/12 to 6/30/13 - \$485 per auxiliary
- 7/01/13 to 6/30/14 - \$485 per auxiliary
- 7/01/14 to 6/30/17 - \$507 per auxiliary
- 7/01/17 to 6/30/20 - \$530 per auxiliary (proposed)

A motion was made to approve the proposed renewal services and delegate authority to the CSURMA Secretary-Auditor to finalize and execute the contract.

Motion: Robert de Wit
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart				X
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

F8. Alliant Risk Control Consulting Renewal Contract Proposal for FY 2017/2018

The current contract with Alliant Risk Control Consulting is due to expire on June 30, 2017. ARCC has proposed a one-year contract effective July 1, 2017 to June 30, 2018 with an annual fee of \$93,000. This will include approximately 60 annual safety days. The safety days may be used for any risk management or safety related topic.

Staff discussed this contract with the Program Committee during their meeting on September 29, 2016. The Committee found the scope of services to be valuable and recommended continuing the contract.

ARCC is proposing an hourly, daily and annual fee of \$193.73, \$1,550 and \$93,000, respectively. This represents a flat renewal.

Mimi Long noted that Brent Escoubas has left ARCC. The contract will be serviced by Tim Leech, Kristi Loiselle, Archie Lazar and a Northern California replacement has just been hired to replace Escoubas.

A motion was made to approve the proposed renewal services and delegate authority to the CSURMA Secretary-Auditor to finalize and execute the contract.

Motion: Bella Newberg
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Bella Newberg	X			
Brian Nowlin				X
Dave Nakamura	X			
Dave Nirenberg				X
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama	X			
Jim Reinhart				X
Robert de Wit	X			
Starr Lee				X

MOTION CARRIED

F9. Member Allocation Formula Review (Every Three Years)

In accordance with Policy and Procedure A-5, the Programs Committee met on February 23, 2017, and reviewed in detail the allocation formulas for all of the AORMA programs with a pooled layer in order to verify that the formulas are still fair and equitable. Gigi Kiama provided a summary of the proposed changes in her Programs Committee update. Mimi Long noted that the Committee will be asked to approve the proposed changes at its meeting in May, 2017.

F10. On-Line Training Platform Update

Mimi Long provided an update of the integration status of the auxiliary organization staff into the SkillPort training platform:



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CSU BakersfieldIn process
Maritime AcademyIn discussion
CSU Dominguez HillsIn process
Sonoma State University.....In process
CSU Long BeachIn process
San Diego State University.....In process

On January 25th, Systemwide Professional Development (SPD) reported that SDSU completed a soft rollout of the IDM which was the step necessary to get the AO solution up and running on campus.

CSAC EIA has a contract with TargetSolutions for online training. For those auxiliary organizations who have not completed the transition to SkillPort by June 30, 2017, Long will get them set up on EIA's SkillPort platform as a temporary solution.

F11. Watercraft Program Update

Mimi Long noted that Staff continues to work on the design of a watercraft program with the goal of getting consistent excellence coverage instead of stand-alone placements. Staff has approached marine markets to solicit a dedicated program and has successfully partnered with the premier marine market, Navigators to customize such program. The terms of the program are still being negotiated. Additional information will be provided at the May, 2017 meeting.

G. INFORMATIONAL ITEMS

- G1. Markel Paper Transition Letter**
- G2. CSURMA AORMA 2017 Meeting Calendar**
- G3. CSURMA AORMA Program Administrator Contact Lists**
- G4. AORMA Travel Reimbursement Policy**
- G5. AORMA Committee Members - Effective 7/01/16**
- G6. CSURMA Administrative Service Calendar**

The Committee reviewed the information items but there was no discussion.

H. ADJOURNMENT

The meeting was adjourned at 12:39 PM.