

**MINUTES OF THE CSURMA AORMA  
COMMITTEE LRP MEETING**

**SEPTEMBER 4-5, 2019**

**ALLIANT INSURANCE SERVICES**

**701 B STREET, 6<sup>TH</sup> FLOOR • SAN DIEGO, CA**

**10:00 AM**

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**MEMBERS PRESENT (WEDNESDAY, SEPTEMBER 4, 2019)**

Dwayne Brummett, Associated Students, Inc. at San Luis Obispo  
Chuck Kissel, CSU Fullerton Auxiliary Services Corporation  
Trina Knight, University Enterprises, Inc., CSU Sacramento  
Starr Lee, The University Corporation at Monterey Bay  
Leslie Levinson, San Diego State Research Foundation  
Dave Nakamura, Humboldt State University Center (*arrived at 11:23am*)  
Bella Newberg, California State University San Marcos Corporation (*Day 1*)  
Bill Olmsted, University Union Operation of CSU Sacramento  
Cecilia Ortiz, Loker Student Union, CSU Dominguez Hills  
Russ Wittmeier, The CSU, Chico Research Foundation

**MEMBERS ABSENT**

None

**STAFF, GUESTS AND CONSULTANTS**

Yumi Augustus, Carl Warren & Company (*Day 2*)  
Katie Brant, Sedgwick CMS (*Day 2 via Teleconference*)  
Patricia Daniels, Sedgwick CMS (*Day 2 via Teleconference*)  
Amy Lightner, Alliant Insurance Services, Inc. (*Day 2*)  
Zachary Gifford, CSU Office of the Chancellor – Systemwide Risk Management  
Tevea Him, Alliant Insurance Services, Inc.  
Daniel Howell, Alliant Insurance Services, Inc.  
Susan Leung, Alliant Insurance Services, Inc.  
Mimi Long, Alliant Insurance Services, Inc.  
Brian Montagnese, Sedgwick CMS (*Day 2 via Teleconference*)  
Tom Quirk, Alliant Insurance Services, Inc. (*Day 1*)  
Michael Simmons, Alliant Insurance Services, Inc. (*Day 1*)  
Robin Webb, CSU Office of the Chancellor, Office of General Counsel

**A. CALL TO ORDER**

The meeting was called to order by the Chair, Dwayne Brummett at 10:00 AM.

**A1. Approval of the Agenda**

Staff recommended moving Items E6 and F6 to D3 and D4 so that Mike Simmons and Tom Quirk could present their items at the beginning of the meeting.

A motion was made to approve the revised agenda order as noted above.

Motion: Bill Olmsted  
Second: Leslie Levinson

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura				X
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**B. PUBLIC COMMENTS**

There were no comments from members of the public.

**C. CONSENT CALENDAR**

**C1. Approval of Minutes – March 2, 2019**

A motion was made to approve the meeting minutes.

Motion: Chuck Kissel  
Second: Trina Knight

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura				X

Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**E. LONG RANGE ACTION PLANNING**

**D. STANDING COMMITTEE REPORTS**

**D1. AORMA Benefit Program Report**

**E6. CSURMA AORMA Benefits Program**

D1 and E6 were discussed together.

Tom Quirk and Michael Menerey from the Alliant Insurance Services, Inc. Benefits Team provided a presentation regarding the CSURMA AORMA Benefits Program. (The presentation has been uploaded to [www.CSURMA.org](http://www.CSURMA.org).)

A motion was made to approve the formation of an AORMA Benefits Committee.

Motion: Cecilia Ortiz  
Second: Starr Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura				X
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

The AORMA Committee Chair will appoint the Benefits Committee Chair and the Members to serve on the Benefits Committee.

**F6. Target Retained Funds Analysis Report and Dividend Calculation**

Dave Nakamura entered the meeting at 11:22 am.

Mike Simmons presented the Target Retained Funds Policy Presentation. The presentation provided the Committee with an analysis of the financial position of the Liability and Workers' Compensation programs and examined six financial benchmarking ratios.

- Gross Premium to Retained Funds Ratio
- Retained Funds to Pool Retention Ratio
- Outstanding Losses to Retained Funds Ratio
- Reserves to Retained Funds Ratio
- Change in Retained Funds
- Change in Outstanding Liabilities

The Committee discussed its historical funding philosophy and the factors involved in its decision making process, as well as the need to maintain adequate retained funds in the workers' compensation so that it can transition back to a self-insured program.

No action was taken at today's meeting. The Committee will examine the Retained Funds Analysis Report at tomorrow's meeting in order to decide if dividends should be declared.

## **D2. AOA Executive Committee Report**

No report was given.

## **E. LONG RANGE ACTION PLANNING**

### **E1. FY 18/19 AORMA Long Range Action Plan**

The Committee heard a brief overview of the items on the current 18/19 AORMA Long Range Action Plan.

### **E2. AORMA Officers' Retreat Recap**

Dwayne Brummett provided a brief overview of the AORMA Officers Retreat which occurred in August, 2019.

### **E3. FY 19/20 AORMA Long Range Action Plan**

During the AORMA Officers Retreat in August, 2019 the following items were discussed and suggested to be added to the FY 19/20 AORMA Long Range Action Plan. The committee reviewed the suggested items and proposed the following changes in red.

1. Establish a retainer with an attorney for complicated contract questions
2. Audit/review the Members' current additional insureds
3. Create a whitepaper to aid Members in developing contracts involving minors

4. Create a whitepaper to aid Members in developing ~~performance contracts~~ performing artists contracts
5. Update the IRIC manual to include an exhibit for chartering watercraft
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
7. Develop the executive oversight policies and procedures for the CSURMA AORMA Benefits Program
8. Expand the Club Liability Insurance Program (CLIP) to include all of the CSU Alumni Associations
9. Create a Theatre Inspection Common Findings Report
10. Update the AORMA Recommended Waiver Handbook to Include Additional Information Regarding Electronic Signatures

#### **E4. Contracts with Third Parties Involving Activities with Minors**

One of the items proposed to be included on the FY 19/20 Long Range Action plan is to create a whitepaper to aid Members in developing contracts involving minors. As a start, Staff put together the following items which Members can add to their contract template when the activity includes minors:

1. **Insurance:** Require the entity to maintain Abuse and Molestation Coverage in the amount of \$2MM per occurrence.
2. **Screening:** Require the entity to confirm that all individuals responsible for minors have undergone screening such as a national criminal background check and/or national sex offender registry check.
3. **Training:** Require the entity to confirm that it requires individuals to immediately notify their supervisor or program administrator if they are arrested or convicted of a crime while they are employed by or volunteering with the entity.
4. **Supervision:** Require the entity to confirm that it has defined supervision procedures in place for monitoring its minor to adult ratio, and managing high-risk times and high-risk activities.
5. **Reporting:** Require the entity to report immediately, to you, any incidents or allegations of sexual misconduct involving adults or minors.

The Committee discussed the above recommendations.

#### **E5. Establish a Retainer with an Attorney for Complicated Contract Questions**

One of the items proposed to be included on the Long Range Action plan is to establish a retainer with an attorney for complicated contract questions. Staff is able to answer the majority of the members' contract questions. This resource is for those questions that go beyond Staff's area of expertise.

The Committee agreed that having this type of attorney available for questions would be beneficial but didn't think the legal fees should be paid by AORMA but instead should be paid by the individual auxiliary organization.

The Committee directed Staff to move forward with retaining a qualified attorney and to disseminate information to the members as appropriate.

**E7. Volunteer Coverage**

At its meetings on May 2, 2019, the AORMA Committee agreed to expand the workers' compensation program to those CSU Auxiliary Organization members with no employees but who wished to cover their board members and volunteers as employees for workers' compensation. CSAC EIA will charge AORMA \$1,000 for each new member joining the program. AORMA decided to charge each new member, for the first year, \$1,000, or \$500 if they have no volunteers other than board members. To date, three new members have joined the workers' compensation program for board members only - \$500 additional premium each.

During the AORMA Officers Retreat, Staff proposed an option to the workers' compensation program - Accident Medical Expense, and Accident Death and Dismemberment. This program is not a substitute for workers' compensation as it does provide all of the same benefits. As example, it caps the total medical expense coverage and is excess of the coverage maintained by the volunteer. Also, it does not provide accident indemnity coverage for loss of wages.

The Committee directed Staff to send out information to the members regarding this optional coverage for volunteers.

**E8. AORMA Historical Premium Payments, Dividends and Loss Ratios Report**

The Committee reviewed the AORMA Historical Premium Payments, Dividends and Loss Ratio report.

Staff was directed to work with Systemwide Risk Management regarding the allocation of the liability claim costs allocated to Associated Students, Inc. of California State University San Marcos.

**E9. Discussion of AORMA's Continuity Plan**

All AORMA Committee members are on their first or second term; therefore, no members will term out on June 30, 2020.

Member	Position	Type of Auxiliary	Term	1st, 2nd or Final Term
Dwayne Brummett	Associate Executive Director	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	7/1/18 - 6/30/20	First
Dave Nakamura	Executive Director	Humboldt State University Center	7/1/18 - 6/30/20	First

Starr Lee	Director of Administration & Legal /Associate Executive Director	The University Corporation at Monterey Bay	7/1/18 - 6/30/20	First
Chuck Kissel	Executive Director	CSU Fullerton Auxiliary Services Corporation	7/1/18 - 6/30/20	First
Russell Wittmeier	Human Resources Director	The CSU, Chico Research Foundation	7/1/18 - 6/30/20	First
Leslie Levinson	Chief Financial Officer	San Diego State University Research Foundation	7/1/18 - 6/30/20	First

The AORMA Committee Chair appointed Bella Newberg and Cecilia Ortiz to be on the nominating committee. All committee members whose terms will end on June 20, 2020 confirmed that they will run for reelection in April 2020 and the three officers at the December 2019 meeting.

Staff was directed to revise the Policy and Procedure A-1 to note that the election for the three officers will occur during the December meeting.

**E10. Adoption of CSURMA AORMA 2020 Meeting Calendar**

Below are the proposed 2020 AORMA Committee meeting dates.

- May 7, 2020 - 1:30 PM to 4:30 PM .....AORMA Committee
- September 9, 2020 - 10:00 AM to 11:00 AM ....AORMA Committee new member orientation
- September 9, 2020 - 11:00 AM to 3:00 PM.....AORMA Committee LRP
- September 10, 2020 - 9:00 AM to 12:00 PM.....AORMA Committee
- December 3, 2020 - 10:00 AM to 1:00 PM.....AORMA Committee

The March and October meetings have been cancelled. If action by the AORMA Committee cannot wait until a scheduled in-person meeting, a separate teleconference meeting can be arranged.

The next AORMA meeting is scheduled for Thursday, December 5 in the San Francisco office, time was changed from 10:00 am to 11:00 am.

The Committee directed Staff to update the meeting calendar to include dates through June 30, 2021.

A motion was made to approve the proposed 2020 AORMA Committee meeting dates at shown above.

Motion: Starr Lee  
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			

Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg	X			
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**E11. ID Fraud Coverage**

Effective July 1, 2009 ID Fraud coverage has been purchased through Travelers to cover the employees of the CSU Auxiliary Organizations. To date, five claims have been file; however, no claim payments have been made by Travelers.

The ID Fraud coverage is intended to reimburse identity theft victims up to a total cost of \$10,000 for the following:

- Lost wages as a result of time taken off from work to deal with the fraud, including wrongful incarceration – up to \$500 per week for four weeks
- Notary and certified mail charges for completing and delivering fraud affidavits
- Fees to re-apply for loans that were denied as a result of erroneous credit information due to the identity theft
- Long distance telephone charges for calling merchants, law enforcement agencies or credit grantors to discuss an actual identity theft
- Attorney fees incurred.

Staff recommended non-renewing this coverage when the policy expires.

A motion was made to non-renewed this coverage when the policy expires on July 1, 2020.

Motion: Chuck Kissel  
Second: Dave Nakamura

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg	X			
Bill Olmsted	X			

Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**F. GENERAL ADMINISTRATION**

**F1 Amendments to the AORMA Liability Program Memorandum of Coverage**

In July, 2019, CSURMA contracted with Byrne Conley from Gibbons & Conley to review all of CSURMA’s liability MOC’s and to provide recommends for amendments based on his experience working with numerous JPA’s and public entities in California. The Committee reviewed to suggested amendments to the AORMA Liability Program memorandum of coverage (MOC). During the meeting Robin Webb from OGC suggested some additional revisions.

This item was tabled to the December meeting so that Staff would review additional amendments to the MOC.

Leslie Levinson left the meeting at 1:53pm.

The AORMA Committee meeting was adjourned at for the day at 2:13 PM. The meeting reconvened at 9:00 AM on September 5, 2019.

The meeting was called to order by the Chair, Dwayne Brummett at 9:00 AM on Thursday, September 5, 2019.

**G. CLOSED SESSION**

A motion was made to enter closed session at 9:03 am

Motion: Cecilia Ortiz  
Second: Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

1. Martin Ramirez v. Forty-Niner Shops, Inc., CSU Long Beach
2. Bennett v. San Diego Associated Students
3. Katagiri v. San Diego State Research Foundation
4. DeBellis v. Sacramento Associated Students
5. Littles v. Chico Research Foundation
6. Fleischman v. San Diego Research Foundation
7. Richardson v. Los Angeles Univ. Auxiliary Services
8. Saucedo v. Long Beach Associated Students, Inc.
9. Davis v. Long Beach Associated Students, Inc
10. Espinoza v. SLO Associated Students
11. Stickney v. Forty-Niner Shops, Inc., CSU Long Beach

A motion was made to exit closed session at 9:46 am

Motion: Starr Lee  
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

The Chair confirmed that action had been taken during closed session on Martin Ramirez v. Forty-Niner Shops, Inc., CSU Long Beach and Stickney v. Forty-Niner Shops, Inc., CSU Long Beach.

**F2. Employment Practices Liability Member Deductibles for FY 20/21**

The Committee reviewed the Employment Practices Liability Member Deductible calculation for FY 20/21. Six auxiliary organizations are subject to an EPL deductible higher than the minimum of \$25,000.

A motion was made to approve the EPL deductible calculation.

Motion: Dave Nakamura  
Second: Leslie Levinson

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**F3 Excess Insurance Renewals Report**

Daniel Howell provided a brief overview of the CSURMA major renewals. Most of CSURMA’s coverage programs renewed on July 1. This year was even more challenging than expected as the property and casualty market became extremely firm during the second quarter. We say “firm” rather than “hard” because we still did receive quotes for coverage terms similar to the expiring programs, but pricing increased substantially. In a hard market, there may be no options available that are comparable to the expiring program. Table below shows the renewal cost change rather than the rate change. Additional increases in exposure, such as payroll increase or new buildings add further to the increase in cost.

**Renewal Cost Change Estimates**

Program	AORMA % Change	Campus % Change
Excess Liability	3%	+19%
Property	+16%	+26%
Worker’s Compensation	-8.6%	+5.1%
Builder’s Risk	N/A	Flat Rate
Fine Arts	N/A	0%
SPLIP & SAFECLIP	N/A	-5%
FTIP	N/A	+30%
Aviation	N/A	+10%
Medical Malpractice	N/A	0%
Fidelity	0%	0%

CSURMA representatives met with CSURMA's program underwriters in London, New York, Bermuda, San Francisco and Los Angeles. It became clear that the property insurance and Excess Liability Insurance would be the most challenging of the renewals.

Following are comments on the status of programs:

- **Excess Liability** – This program has seen loss development in the first excess layers for both the AORMA and Campus programs. AORMA was spared an increase in the primary layer; however, the general market for public entities has seen substantial increases mainly driven by employment practices and police professional exposures. Catastrophic verdicts have underwriters concerned about California public entity risks. We are going to be in the market early for the July 2020 renewal as we expect further fallout due to general loss development and underwriters may pull back, increase rates or reduce coverages – or all three.
- **Property** – Property losses to both the AORMA and Campus programs has increased the past three years. While CSU performed well in the wet winter and recent wildfires, related losses and other losses continue to mount. Significant rate decreases in recent years were again partially eroded by increases at this renewal. The outlook for next year will not be known until the end of the calendar year.
- **Workers' Compensation** – CSURMA agreed to a two year rate agreement with EIA on favorable terms. Workers' Compensation has been a bright spot in the California market as a whole and especially for CSU due to improved loss experience.
- **Fine Arts** – This program was launched in 2016 and the Program Administrator is pleased to report that underwriters did not increase rates this renewal as losses have stabilized.
- **Aviation** – This program has no losses but the market has firmed and we settled with a 10% rate increase.
- **Fidelity** – Claims have remained low but a claim in the fourth quarter resulted in a flat renewal rather than an expected reduction.

#### **F4. AORMA Liability and Workers' Compensation Program Actuarial Reports Valued at June 30, 2019**

The Committee reviewed the actuarial reports and some of the key findings and exhibits. The information provided by the actuary is used to establish fiscal year-end financial reports, and as the starting point in consideration of rates and funding for FY 20/21 as well as evaluating potential dividends. The Actuary's findings and recommendations are shown below:

Table 1 below, provides a comparison of the Estimated Outstanding Losses at an "expected" confidence level, undiscounted for investment income, including unallocated loss adjustment expenses.

**Table 1**

<b>Estimated Outstanding Losses at an "expected" confidence level, undiscounted for investment income, including unallocated loss adjustment expenses</b>			
<b>Liability</b>		<b>Workers' Compensation</b>	
At June 30, 2018	\$1,790,144	At June 30, 2018	\$2,888,491
At June 30, 2019	\$2,540,217	At June 30, 2019	\$1,898,361
<b>Change</b>	<b>42%</b>	<b>Change</b>	<b>-34%</b>

As shown in Table 1, the estimated outstanding losses at June 30, 2019 (within the liability program) increased 42%. This is mainly due to an increase in reported case reserves of \$569,383 from July 1, 2018 to June 30, 2019. The estimated outstanding losses at June 30, 2019 within the workers' compensation program decreased by 34% primarily due to the first dollar reinsurance agreement with CSAC EIA. Effective January 1, 2015, the AORMA workers' compensation program is fully reinsured; therefore, all outstanding liabilities between January 1, 2015 and June 30, 2019 are retained by CSAC EIA. The *estimated outstanding losses* are the sum of case reserves and incurred but not report (IBNR) claims. They include allocated and unallocated loss adjustment (ALAE and ULAE) costs. *IBRN* is comprised of two distinct items (1) development of known case reserves, and (2) claims that have occurred but have not yet been reported.

Tables 2 and 3 below compare the actuary's Projected Ultimate Net Limited Losses, Discounted between FY 19/20 and FY 20/21 at three different confidence levels. The actuary uses estimated payroll as the rating basis when projecting the funding requirements. Because the payroll estimate within each program increased, the funding percentage change and the rate percentage change do not track exactly.

**Table 2**

<b>Workers' Compensation Projected Ultimate Limited Losses, Discounted</b>		
<b>Term</b>	<b>Funding</b>	<b>Rate</b>
<b>80% Confidence Level</b>		
FY 19/20	\$3,734,000	0.99
FY 20/21	\$3,384,000	0.83
<b>Change</b>	<b>-9%</b>	<b>-16%</b>
<b>75% Confidence Level</b>		
FY 19/20	\$3,525,000	0.93
FY 20/21	\$3,194,000	0.78
<b>Change</b>	<b>-9%</b>	<b>-16%</b>
<b>70% Confidence Level</b>		
FY 19/20	\$3,345,000	0.89
FY 20/21	\$3,032,000	0.74
<b>Change</b>	<b>-9%</b>	<b>-17%</b>

**Table 3**

<b>Liability</b>		
<b>Projected Ultimate Limited Losses, Discounted</b>		
<b>Term</b>	<b>Funding</b>	<b>Rate</b>
<b>80% Confidence Level</b>		
FY 19/20	\$2,140,600	0.44
FY 20/21	\$1,946,000	0.39
<b>Change</b>	<b>10%</b>	<b>13%</b>
<b>75% Confidence Level</b>		
FY 19/20	\$1,957,120	0.40
FY 20/21	\$1,779,200	0.35
<b>Change</b>	<b>10%</b>	<b>14%</b>
<b>70% Confidence Level</b>		
FY 19/20	\$1,758,350	0.36
FY 20/21	\$1,598,500	0.32
<b>Change</b>	<b>10%</b>	<b>13%</b>

The *projected ultimate limited 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. They include indemnification and allocated loss adjustment expenses (ALAE) but not unallocated loss adjustment expenses (ULAE). The total costs are limited to the pooled layer (\$750,000 per loss for Workers' Compensation and \$500,000 per occurrence for Liability.) The projected ultimate limited losses are discounted for investment incoming using an annual return of 2%.

A motion was made to accept the Liability and Workers' Compensation draft actuarial reports.

Motion: Starr Lee  
Second: Chuck Kissel

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**F5. Estimated Pool Layer Funding Exhibit**

The Committee reviewed the Estimated Fund Balance exhibits for both the Liability and Workers' Compensation Programs. These reports show a comparison of the program assets, outstanding liabilities and estimated fund balances at June 30, 2019, as well as historical estimated fund balance and dividend information.

**F6. Target Retained Funds Analysis Report and Dividend Calculation**

The Committee discussed and reviewed the Retained Funds Analysis Report based on yesterday's discussion.

A motion was made to approve a dividend, for distribution in July, 2020, in the amount of \$782,985 from the Liability Program which is 25% of the maximum dividend available.

Motion: Starr Lee  
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

A motion was made to approve a dividend, for distribution in July, 2020, in the amount of \$544,190 from the Workers' Compensation Program which is 33% of the maximum dividend available.

Motion: Chuck Kissel  
Second: Leslie Levinson

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			

Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

The Committee discussed the three additional proposed benchmarking ratios.

A motion was made to approve the revisions to Policy and Procedure A-3 to include the three new benchmarking ratios.

Motion: Chuck Kissel  
Second: Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**F7a. Total Program Funding for FY 20/21 for all Pooled Programs – Liability Program**

The Committee reviewed the three Liability Program funding options for FY 20/21 below in Table 1, which show the pooled layer funding options at a 70%, 75% and 80% confidence level along with the costs for the claims administration, program administration and excess insurance. Currently, the liability program is being funded at a 75% confidence level.

**Table 1**

<b>Liability Program</b>			
<b>70% Confidence Level (Discounted)</b>			
<b>Expense Item</b>	<b>FY 19/20 Program Costs 75% CL</b>	<b>FY 20/21 Program Costs 70% CL</b>	<b>% Change</b>
Pool Layer Funding	1,957,120	1,598,500	-18.32%
Claims Administration	16,000	16,000	0.00%
Program Administration	830,145	831,000	0.10%
Reinsurance / Excess Insurance	1,786,424	1,965,066	10.00%
<b>Total Costs</b>	<b>4,589,689</b>	<b>4,410,566</b>	<b>-3.90%</b>
<b>75% Confidence Level (Discounted)</b>			
<b>Expense Item</b>	<b>FY 19/20 Program Costs 75% CL</b>	<b>FY 20/21 Program Costs 75% CL</b>	<b>% Change</b>
Pool Layer Funding	1,957,120	1,779,200	-9.09%
Claims Administration	16,000	16,000	0.00%
Program Administration	830,145	831,000	0.10%
Reinsurance / Excess Insurance	1,786,424	1,965,066	10.00%
<b>Total Costs</b>	<b>4,589,689</b>	<b>4,591,266</b>	<b>0.03%</b>
<b>80% Confidence Level (Discounted)</b>			
<b>Expense Item</b>	<b>FY 19/20 Program Costs 75% CL</b>	<b>FY 20/21 Program Costs 80% CL</b>	<b>% Change</b>
Pool Layer Funding	1,957,120	1,946,000	-0.57%
Claims Administration	16,000	16,000	0.00%
Program Administration	830,145	831,000	0.10%
Reinsurance / Excess Insurance	1,786,424	1,965,066	10.00%
<b>Total Costs</b>	<b>4,589,689</b>	<b>4,758,066</b>	<b>3.67%</b>

*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.*

A motion was made to approve the FY 20/21 Liability Program total funding of \$4,758,066 which includes the pooled layer funding at an 80% confidence level.

Motion: Chuck Kissel

Second: Starr Lee

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			

Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**Fb. Total Program Funding for FY 20/21 for all Pooled Programs – Workers’ Compensation Program**

The Committee reviewed the Workers’ Compensation Program funding option for FY 20/21 shown below, which shows the pooled layer funding requirements at a 70%, 75% and 80% confidence level along with the costs for the claims administration, program administration and excess insurance. Table 1 below compares the three options to the current program.

**Table 1**

<b>Workers' Compensation Program</b>			
<b>70% Confidence Level (Discounted)</b>			
<b>Expense Item</b>	<b>FY 19/20 Program Costs 75% CL</b>	<b>FY 20/21 Program Costs 70% CL</b>	<b>% Change</b>
Pool Layer Funding	3,680,988	3,082,739	-16%
Claims Administration	242,429	243,000	0%
Program Administration	601,503	602,000	0%
Reinsurance / Excess Insurance	550,464	551,000	0%
<b>Total Costs</b>	<b>5,075,384</b>	<b>4,478,739</b>	<b>-12%</b>
Estimated Payroll	395,805,137	416,586,390	5%
Actuary's Original Rate (used to establish funding)	0.93	0.74	-20%
<b>75% Confidence Level (Discounted)</b>			
<b>Expense Item</b>	<b>FY 19/20 Program Costs 75% CL</b>	<b>FY 20/21 Program Costs 75% CL</b>	<b>% Change</b>
Pool Layer Funding	3,680,988	3,249,374	-12%
Claims Administration	242,429	243,000	0%
Program Administration	601,503	602,000	0%
Reinsurance / Excess Insurance	550,464	551,000	0%
<b>Total Costs</b>	<b>5,075,384</b>	<b>4,645,374</b>	<b>-8%</b>
Estimated Payroll	395,805,137	416,586,390	5%
Actuary's Original Rate (used to establish funding)	0.93	0.78	-16%
<b>80% Confidence Level (Discounted)</b>			
<b>Expense Item</b>	<b>FY 19/20 Program Costs 75% CL</b>	<b>FY 20/21 Program Costs 80% CL</b>	<b>% Change</b>
Pool Layer Funding	3,680,988	3,457,667	-6%
Claims Administration	242,429	243,000	0%
Program Administration	601,503	602,000	0%
Reinsurance / Excess Insurance	550,464	551,000	0%
<b>Total Costs</b>	<b>5,075,384</b>	<b>4,853,667</b>	<b>-4%</b>
Estimated Payroll	395,805,137	416,586,390	5%

Actuary's Original Rate (used to establish funding)	0.93	0.83	-11%
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*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.*

A motion was made to approve the FY 20/21 workers' compensation program costs for the Claims Administration, JPA Program Administration and Excess Insurance as presented above and the rate of .78 for the Pooled Layer Funding which represents a 75% confidence level.

Motion: Chuck Kissel  
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**Fc. Total Program Funding for FY 20/21 for all Pooled Programs – Property Program**

The Committee reviewed the proposed costs for the FY 20/21 Property Program as shown below.

Property Program			
Expense Item	FY 19/20 Program Costs	FY 20/21 Proposed Program Costs	% Change
Pooled Layer Funding	250,000	250,000	0.00%
Excess Insurance	2,029,299	2,232,229	10.00%
Program Administration	331,477	332,000	0.16%
<b>Total Costs</b>	<b>2,610,776</b>	<b>2,814,229</b>	<b>7.79%</b>

A motion was made to approve the FY 20/21 Property Program costs of \$2,814,229 which is a 7.79% increase compared to the FY 19/20 program costs.

Motion: Leslie Levinson  
Second: Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**

**Fd. Total Program Funding for FY 20/21 for all Pooled Programs – Crime Program**

The Committee reviewed the proposed costs for FY 20/21 Crime Program as shown below. The recommended funding option will result in a 4.42% increase.

Crime Program			
Expense Item	FY 19/20 Program Costs	FY 20/21 Proposed Program Costs	% Change
Pooled Layer Funding	-	-	0.00%
Excess Insurance	197,413	207,284	5.00%
Program Administration	30,781	31,000	0.71%
<b>Total Costs</b>	<b>228,194</b>	<b>238,284</b>	<b>4.42%</b>

A motion was made to approve the FY 20/21 Crime Program costs of \$238,284 which is a 4.42% increase compared to the FY 19/20 program costs.

Motion: Cecilia Ortiz  
Second: Chuck Kissel

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			

Russell Wittmeier	X			
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**MOTION CARRIED**

**F8 Approval of the AORMA Long Range Action Plan Items for FY 2019/20**

The Committee Members discussed the suggested long range goals for FY 19/20 and directed Staff to add the following:

1. Execute a retainer with an attorney to provide legal advice regarding complex contracts
2. Audit/review the Members’ current additional insureds
3. Create a whitepaper to aid Members in developing contracts involving minors
4. Create a whitepaper to aid Members in developing contracts with performing artists
5. Update the IRIC Manual to include an exhibit for Chartering Watercraft
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
7. Develop the executive oversight policies and procedures for the CSURMA AORMA Benefits Program
8. Explore the Club Liability Insurance Program (CLIP) to include all of the CSU Alumni Associations
9. Create a Theatre Inspection Common Findings Report.
10. Update the AORMA Recommended Waiver Handbook to include additional information regarding electronic signatures

A motion was made to approve the FY 2019/20 AORMA Long Range Action Plan as listed above.

Motion: Starr Lee  
Second: Leslie Levinson

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Chuck Kissel	X			
Trina Knight	X			
Starr Lee	X			
Leslie Levinson	X			
Dave Nakamura	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Russell Wittmeier	X			

**MOTION CARRIED**



California State University Risk Management Authority  
Auxiliary Organizations Risk Management Alliance

**APPROVED**

## **H. INFORMATION ITEMS**

- H1. CSURMA AORMA 2019 Meeting Calendar
- H2. CSURMA AORMA Program Administrator's Contact Lists
- H3. AORMA's Travel Reimbursement Policy
- H4. AORMA Committee Members - Effective 7/01/19
- H5. CSURMA Administrative Service Calendar

## **I. ADJOURNMENT**

The meeting was adjourned at 11:07 AM.