



APPROVED

**MINUTES OF THE CSURMA AORMA
COMMITTEE MEETING**

MARCH 21, 2013

**ALLIANT INSURANCE SERVICES
1301 Dove Street, 2nd Floor • Newport Beach, CA**

9:00 AM

MEMBERS PRESENT

Kurt Borsting, Associated Students, Inc., CSU Fullerton
Dwayne Brummett, Associated Students, Cal Poly San Luis Obispo (*arrived at 9:20am*)
Patricia Worley, Associated Students Inc., Sacramento State University
David Prenovost, Cal Poly Pomona Foundation, Cal Poly Pomona Foundation, Inc.
Frank Mumford, CSU Fullerton Auxiliary Services Corporation, CSU Fullerton
Gigi Kiama, University Corporation, CSU Monterey Bay (*arrived at 9:20am*)
Guy Dalpe, Cesar Chaves Student Center, San Francisco State University (*arrived at 9:20am*)
Leslie Davis, University Union Operation of CSUS, Inc., Sacramento State University
Keith Kompasi, Fresno Association, Inc., CSU Fresno
Peter Neville, Sonoma Student Union Corporation, Sonoma State University (*arrived at 9:10am*)
Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach
Brian Nowlin, CSULB Foundation, CSU Long Beach

STAFF, GUESTS AND CONSULTANTS

Daniel Howell, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.
Tevea Him, Alliant Insurance Services, Inc.
Brent Escoubas, Alliant Insurance Services, Inc.
Charlene Minnick, CSU Office of the Chancellor
Zachary Gifford, CSU Office of the Chancellor
William Hsu, CSU Office of General Counsel
Jill Sibler, Carl Warren & Company
Melinda Coil, San Diego State University Research Foundation
Dennis Miller, Cal Poly Pomona Foundation, Inc.

A. CALL TO ORDER

The meeting was called to order by the Chair, Kurt Borsting at 9:05 AM.

B. PUBLIC COMMENTS

There were no public comments.

C. CONSENT CALENDAR

C1. Approval of the Agenda

A motion was made to change the order of the agenda so that Item F.8 would be discussed immediately after Item F.1.

MOTION: Keith Kompsi

SECOND: Brian Nowlin

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama				X
Guy Dalpe				X
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville				X
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Pat Worley - Alternate	X			
David Prenovost - Alternate	X			

C2. Approval of Minutes – December 6, 2012

The minutes will be amended as follows:

Page 7 – changes Brian de Wit to Brian Nowlin

Page 12 – note that Guy Dalpe was absent, not Gigi Kiama

Page 13 – on the vote, Frank Mumford should be Aye only rather than Aye and Abstain

A motion was made to approve the minutes with the amendments above.

MOTION: Robert de Wit

SECOND: Leslie Davis

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
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Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama				X
Guy Dalpe				X
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville				X
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Pat Worley - Alternate	X			
David Prenovost - Alternate	X			

D. CLOSED SESSION

A motion was made to enter closed session.

MOTION: Frank Mumford

SECOND: Robert de Wit

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett				X
Frank Mumford	X			
Gigi Kiama				X
Guy Dalpe				X
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville				X
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Pat Worley - Alternate	X			
David Prenovost - Alternate	X			

A motion was made to end closed session.

MOTION: Frank Mumford

SECOND: Brian Nowlin

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Pat Worley - Alternate				
David Prenovost - Alternate				

The AORMA Chair reported that action had been taken in the closed session.

E. STANDING COMMITTEE REPORTS

E1. Programs Committee Report

Guy Dalpe provided a brief review of the last Programs Committee meeting.

E2. Member Services, Loss Control and Training Committee Report

Dwayne Brummett provided a brief review of the last Member Services, Loss Control and Training meeting.

F. GENERAL ADMINISTRATION

F1. Alliant Loss Control Services Contract

Mimi Long explained that AORMA has a contract with Alliant Loss Control Services (ALCS) for the term July 1, 2012 to June 30, 2013. The current contract includes 50 safety days at \$1,450 per day or \$72,500 annually. The demand for the services provided by ALCS has greatly exceeded the contract amount of 50 safety days. Brent Escoubas (from ALCS) anticipates that he will use all 50 safety days by March 1, 2013. Therefore, ALCS is requesting that the contract be amended to include an additional 12.5 safety days or an additional \$18,125 annually.

Brent noted that he is getting more requests for services now than in the past and he doesn't want to turn away any AORMA Member. He also noted that he and his family will be relocating to Northern California. He is hoping that this move will help reduce his travel time when visiting Members.

A motion was made to approve the \$18,125 increase to the FY 12/13 contract.

MOTION: Robert de Wit

SECOND: Keith Kompsi

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Pat Worley - Alternate				
David Prenovost - Alternate				

F8. Approval of Policy and Procedure A-6 - Risk Reduction Matching Grant Program

Mimi Long explained that Policy & Procedure A-6 – Risk Reduction Matching Grant Program (Program) was created to outline the purpose of the Program and also the procedures to be followed by the MSLCTC and the Members when seeking grants under this Program. The MSLCTC approved a “work plan” to be followed for the first year of the Program, which was not a “matching” grant Program. Policy & Procedure A-6 incorporates much of the “work plan” into the Matching Grant Program. It also specifies how the Members will be reimbursed for their Program expenses.

The Committee Members reviewed the draft Policy and Procedure and recommended that it be amended to include a time-frame. When a grant is approved by the MSLCTC, the Member should be expected to complete the project within a specified time-frame. The Grant application will be amended as well so that the Member can provide the anticipated time-frame in which the project will be completed.

MOTION: Keith Kompsi

SECOND: Guy Dalpe

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Pat Worley - Alternate				
David Prenovost - Alternate				

F2. Review and Approval of FY 12/13 CSURMA Budget – Midterm Adjustments

Mimi Long explained that the CSURMA Board of Directors adopted the FY 12/13 budget at its meeting in April, 2012. Upon review of the Financial Statements at December 31, 2012 (unaudited), Staff recommends that the FY 12/13 budget be amended as follows:

1. Workshop / Training Expenses (Fitting the Pieces and AoA Conference sponsorship) – Reduced by \$8,042
2. Increase Loss Control Expenses by \$18,125 – Anticipated increase to the ALCS contract
3. The Loss Control Expenses have been allocated to just the Liability and Workers’ Compensation Programs; originally the costs were allocated to the Liability, WC, Crime and Property programs.
4. Investment Income – Increased by \$19,166
5. Reallocation of the Program Administration costs as follows:

Program	FY 12/13 Budget approved in May, 2012	FY 12/13 Budget with mid-term amendments
Liability	\$567,500	\$567,500
Workers’ Compensation	\$342,596	\$334,692
Property	\$236,816	\$242,548
Crime	\$21,084	\$23,256
Unemployment Insurance	\$45,000	\$45,000

Total	\$1,212,996	\$1,212,996
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6. Reduce Liability Claims Payments and Legal Expenses \$1,375,312 to \$1,167,620 (\$207,692) based on updated Actuarial Study @ 9/19/12
7. Increase Workers' Compensation Claims Payments and Legal Expenses from \$2,048,157 to \$2,204,128 (\$155,971) based on updated Actuarial Study @ 9/19/12
8. Increase Unemployment Insurance Program Legal by \$10,000 for the cost of the UIP legal opinion regarding student employees

A motion was made to recommend approval to the CSURMA Executive Committee of the mid-term adjustments to the AORMA Programs Budget for FY 12/13.

MOTION: Brian Nowlin

SECOND: Leslie Davis

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Pat Worley - Alternate				
David Prenovost - Alternate				

F3. Review and Approval of FY 13/14 CSURMA Budget

The Committee Members reviewed the CSURMA FY 13/14 draft Budget. Mimi Long explained the major changes.

- Projected increase in total contributions from \$12,962,681 to \$14,293,685.
- Projected increase in liability contributions from \$3,546,798 to \$3,665,132 due to actuarial projected claim trend and projected reinsurance premiums.
- Projected increase in Workers' Compensation contributions from \$4,179,283 to \$4,444,743 due to actuarial projected claim trend and projected excess insurance premium.

- Projected increase in Property contributions from \$3,028,727 to \$3,539,254 due to change in total insured values and expected insurance premiums. Premiums are subject to adjustment based on final reported total insured values (TIV) and final negotiated rates.
- Projected increase in Crime contributions from \$290,404 to \$351,104 due to claims experience.
- Projected increase in Unemployment Insurance contributions from \$1,917,469 to \$2,293,452 due to claims experience.

A motion was made to recommend approval to the CSURMA Executive Committee of the AORMA Programs Budget for FY 13/14.

MOTION: Peter Neville

SECOND: Pat Worley

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Pat Worley - Alternate				
David Prenovost - Alternate				

F4. Inter-Fund Transfer between the AORMA Property Program and the Campus Property Program

Mimi Long let the Committee Members know that for some time Staff knew that the AORMA Property fund balance was too high. There should have been very little money in the fund. However, the draft financial statements dated December 31, 2012, showed that the AORMA Property fund had a balance of \$2,024,479. The AORMA Property Program has a \$250,000 annual aggregate SIR. Annually, AORMA funds the \$250,000 SIR at \$240,000 rather than \$250,000 to account for investment income earned. The aggregate SIR may take 12 to 18 months to completely erode and therefore the AORMA Property Fund does earn some interest on the \$240,000 funding. Property losses have completely eroded the annual aggregate SIR every



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year except for the current year. Claims paid within the current year are \$406. Therefore, only \$249,594 should remain in the AORMA Property Fund. After investigating a few possible reasons for the excess funds, it was determined that the cause was Campus 99.

Property Coverage for all state-owned buildings is the responsibility of the University including state-owned buildings leased to an Auxiliary. The University can insure the building and bill back the Auxiliary for the premium and deductible. Because State-Owned buildings have a minimum deductible of \$100,000, Campus 99 was created so that an Auxiliary leasing a State-Owned building could request that the building be insured with a lower deductible (which is more affordable to the Auxiliary).

The premium for Campus 99 buildings was paid by the Auxiliaries and applied to the AORMA Property Fund; however, premium payable to the insurance carrier for the Campus 99 buildings was being paid from the CSURMA Property Fund. As a result, the Campus Property Fund is understated by \$1,774,885 whereas the AORMA Property Fund is overstated by \$1,774,885. This now requires a reconciliation of fund balances to correct and restore Property Fund assets at December 31, 2012.

Staff prepared Resolution No. 13-02 (EC) which authorizes the inter-fund transfer of \$1,774,885 from the AORMA Property Fund to the CSURMA Property Fund.

A motion was made to recommend approval of Resolution No. 13-02 (EC) to the Executive Committee and to approve the inter-fund transfer of \$1,774,885 from the AORMA Property Fund to the CSURMA Property Fund.

MOTION: Frank Mumford
SECOND: Dwayne Brummett

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				

Pat Worley - Alternate				
David Prenovost - Alternate				

F5. Insurance Program Renewal Report

Daniel Howell let the Committee Members know that he, Charlene and the new CSU Chancellor, Tim White, would be going to London to negotiate the renewal terms. Daniels expects to see the following renewal pricing increases:

- *Workers' Compensation* - The market continues to harden; expect to see increases
- *Liability* – The primary pricing may remain stable for one more year. The excess layer pricing will increase. The \$10 xs \$10 layer is looking for a 5% increase. This increased pricing effects all of program layers.
- *Property* – Pricing continues to increase. Expect a 10% increase.
- *Crime* – Currently the crime program has a 40% loss ratio. This is too high for the standard insurance market. Carriers generally want to see no more than a 30% loss ratio. If this was an individual crime policy, Daniel would expect the carrier to non-renew the policy, or increase premiums by 100% to 200%.
- *Foreign Travel* – Because of the Tanzania loss, costs will increase on this program as well.

F6. Legal Opinion Regarding Unemployment Insurance Benefits for Student Employees

The Committee Members were given a copy of the legal opinion regarding UI benefits for student employees. This item was tabled until the May 9th meeting.

F7. Policy & Procedure L-5 – Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations

Mimi Long explained that the Program Committee, at its January 3rd meeting, reviewed Policy & Procedure L-5 – Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations which allows AORMA’s liability coverage to be extended to cover student groups, alumni organizations and/or booster clubs if an AORMA Member maintains direct control over the events, activities and operations of the non-auxiliary organization. After reviewing the revised Policy & Procedure, the Programs Committee suggested that the following revisions be included as well:

1. The entity would be required to complete a Liability application rather than the AORMA Liability application as it may not fully capture the entities risk exposures.
2. The completed Liability application will be reviewed by legal counsel and the CSURMA Liability underwriter who will provide the Programs Committee with a recommendation as to whether coverage should be extended.

The attached Policy & Procedure included the Programs Committee’s suggested changes. The AORMA Committee is now being asked to approve the amended Policy & Procedure. Mimi reiterated that the Policy & Procedure still includes the controls below; the major change is that coverage can be extended to “other related entities”, however, the entity still needs to go through the underwriting and approval process. Coverage is not automatically extended.

1. The AORMA Member must exercise substantial control over the other related entity
2. The AORMA Member must have substantial financial control of the other related entity
3. A risk analysis has been performed by the AORMA Member
4. The AORMA Member will participate in the planning and oversight of all events and activities of the other related entity
5. The other related entity will complete an AORMA Liability Program application which will be reviewed by the Programs Committee
6. Coverage will not be extended to the other related entity until the Programs Committee approves the extension

A motion was made to approve the revisions to Policy & Procedure L-5 – Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations

MOTION: Leslie Davis
SECOND: Peter Neville

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting			X	
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Pat Worley - Alternate				
David Prenovost - Alternate				

F9. Review and Approval of the AORMA Recommended Facilities Use Agreement

The attached Facilities Use Agreement and Handbook have now been finalized and are being presented to the AORMA Committee for final approval. The MSLCTC worked with legal

counsel (Steven Lightfoot) to design the agreement and handbook. Both documents have been reviewed by Willy Hsu and Staff.

A motion was made to approval the AORMA Recommended Facilities Use Agreement and Handbook.

MOTION: Frank Mumford

SECOND: Dwayne Brummett

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Pat Worley - Alternate				
David Prenovost - Alternate				

F10. Review of Auxiliary Service Provider Report

The Committee Members reviewed the Auxiliary Service Provider Report.

F11. Review of the Slate of Nominees for the AORMA Committee

Kurt Borsting stated that the following individuals will be included on the AORMA Ballot for election in April, 2013 to fill the two vacant seats:

1. Haleh Minakary – Cal Poly Pomona Foundation, Inc.
2. Melinda Coil – SDSU Research Foundation

F12. Workers' Compensation Payroll Rules to Follow

Mimi Long explained that at its last meeting on January 3, 2013, the Programs Committee reviewed AORMA's Workers' Compensation Payroll Rules to Follow. Based on their review,

the Programs Committee recommended that the AORMA Committee approve the revised Workers' Compensation Payroll Rules to Follow to one minor change.

- Rules 1 through 7 – No change
- Rules 8 and 9 – No change
- Rule 10 – This rule applies to non-hazardous activities only and it states that if an auxiliary does not have such a method to split an employee's hours, then **“wherever 75% or more time is spent”** should become the prevailing allocation. Change to **“wherever more time is spent.”**
- Rules 11 and 12 – No change. The Programs Committee feels that 20% of an employee's hours within a hazardous activity should still be considered “incidental.”

A motion was made to approve the revised Workers' Compensation Payroll Rules to Follow.

MOTION: Guy Dalpe

SECOND: Dwayne Brummett

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Pat Worley - Alternate				
David Prenovost - Alternate				

F13. Adoption of Policy & Procedure A-7 – Travel Reimbursement Policy

Daniel Howell explained that the AORMA Committee has always had a practice of reimbursing travel expenses of participants in committee meetings and other program related travel. The CSURMA Auditors suggested that the AORMA Committee approve a formal Policy & Procedure that documents the AORMA Committee's requirements for reimbursement of travel expenses. Staff prepared Policy & Procedure A-7 – Travel Reimbursement Policy. The Committee Members reviewed the Policy & Procedure and suggested two changes:



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Change the name of the Travel Reimbursement Policy to **CSURMA AORMA** Travel Reimbursement Policy

Revise Section 1 as follows:

1. The AORMA Committee Member’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 – Travel Expense Claim form, or the Travel Expense Claim form utilized by the **AUTHORIZED TRAVELER’S** member auxiliary organization.
 - c) Documentation of the purpose of the travel such as a copy of the agenda, presentation, etc. for the COVERED PURPOSE that the COVERED TRAVELER attended.

A motion was made to approve Policy & Procedure A-7 – Travel Reimbursement Policy with the revisions noted above.

MOTION: Frank Mumford

SECOND: Brian Nowlin

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Brian Nowlin	X			
Dwayne Brummett	X			
Frank Mumford	X			
Gigi Kiama	X			
Guy Dalpe	X			
Keith Kompsi	X			
Leslie Davis	X			
Peter Neville	X			
Robert de Wit	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Pat Worley - Alternate				
David Prenovost - Alternate				

G. INFORMATION ITEMS

The Committee Members reviewed the following information items:

G1. FY 12/13 Long Range Action Plan



California State University Risk Management Authority
Auxiliary Organizations Risk Management Alliance

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- G2. CSURMA AORMA 2013 Meeting Calendar**
- G3. CSURMA AORMA Program Administrator's Contact Lists**
- G4. AORMA Committee Member – Effective 7/01/12**
- G5. AORMA's Travel Reimbursement Policy**

F. ADJOURNMENT

The meeting was adjourned at 12:25 PM.