



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

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. 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.
3. \$50,001 to Pool Layer Limit – The AORMA COMMITTEE has authority to authorize claims settlement up to the pool layer limit per occurrence. The excess carrier will be involved in accordance with the carrier policy reporting and settlement requirements.



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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 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.



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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.