



## 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.*

**Thursday, August 1, 2019**  
 11:30 AM – 4:00 PM (Est.)

**Friday, August 2, 2019**  
 8:00 AM – 11:00 (Est.)

**Allegretto Vineyard Resort**  
 2700 Buena Vista Drive  
 Paso Robles, CA 93446

### TOPICS FOR DISCUSSION

		<i>Page No.</i>
A.	<b>1. Long Range Action Plans</b> <b>AORMA Committee – FY 18/19</b> <b>CSURMA Executive Committee – FY 19/20</b> <i>The Committee will hear a report on the tasks within the AORMA and Executive Committee long range action plans</i>	I pg. 5
	<b>2. On-Line Training</b> <i>The Officers will be asked to discuss the online training platforms available to AORMA members via SumTotal (CO) and TargetSolutions (CSAC EIA)</i>	I pg. 12
	<b>3. Running Camps on Campus Checklist</b> <i>The Officers will be asked to review and discuss the attached checklist for Camps on Campus</i>	I pg. 13
	<b>4. Insurance Requirements in Contracts (IRIC)</b> <i>The Officers will be asked to discuss new topics to be added to the IRIC</i> <ul style="list-style-type: none"> <li>▪ <i>Activities involving minors</i></li> <li>▪ <i>Concerts on and off campus</i></li> </ul>	I pg. 23
	<b>5. Special Events Resource Guide (SERG)</b> <i>The Officers will be asked to discuss new topics to be added to the SERG</i> <ul style="list-style-type: none"> <li>▪ <i>Activities involving minors</i></li> <li>▪ <i>Concerts on and off campus</i></li> <li>▪ <i>Food safety</i></li> <li>▪ <i>Activities involving watercraft</i></li> </ul>	I pg. 24

6. **RFP Requirements for CSURMA Vendors** I pg. 25  
*The Officers will be asked to review the list of CSURMA vendors and to discuss their current contract terms as well as the needs to send out an RFP*
7. **Loss Control Vendor Utilization Reports** I pg. 27  
*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: 7/01/17 to 6/30/20)*
  - *Employer Group (Term: 7/01/17 to 6/30/20)*
8. **AORMA Workers' Compensation Program** I pg. 34  
*Workers' compensation coverage for AORMA members with no employees*
9. **Pooled Programs Loss Reports** I pg. 39  
*The Committee will review loss reports for each AORMA pooled program*
- *Review of loss leaders*
  - *Discussion of loss control / risk management techniques*
10. **Rating Plans for the AORMA Pooled Programs** I pg. 44  
*The Committee will be asked to review the member allocation formulas for the pooled programs*
11. **Estimated Fund Balance Exhibits** I pg. 68  
*The Committee will review the AORMA Estimated Fund Balance Exhibits*
12. **Historical information on AORMA's Funding Philosophy** I pg. 73  
*The Committee will be asked to discuss AORMA's historical funding philosophy for all of AORMA's pooled programs*
13. **AOA Conference – Session Topics** I pg. 75  
*The Committee will review the session topic which have been proposed for the 2020 AOA Conference*
- B. AORMA COMMITTEE AND STAFFING**
1. **CSURMA AORMA Communication** I pg. 78  
*The Committee will discuss CSURMA's current communication strategies*
2. **AORMA Committee Succession Planning** I pg. 84  
*The Committee will review the current CSURMA AORMA Committee roster and discuss future open seats*
3. **CSURMA AORMA Program Staff** I pg. 94  
*The Committee will review the current JPA Administration staffing roster*
- C. NEW PROGRAMS / SERVICES**  
*The Officers will be asked to discuss new program and/or services that may benefit the AORMA members*

1.	<b>Recap of Ideas for Creation or Modification of CSURMA AORMA Programs and/or Services</b>	I	pg. 100
	<i>The Committee will be asked to discuss ideas for creation or modification of CSURMA AORMA programs and/or services</i>		
2.	<b>Recap of Projects to be Included on the FY 19/20 AORMA Long Range Action Plan</b>	I	pg. 102
	<i>The Committee will be asked to finalize the recommendation of projects to be included on the FY 19/20 AORMA long range action plan</i>		
<b>D.</b>	<b>APPENDICES</b>		pg. 103
1.	Liability Program	I	
	a. List of member EPL deductibles		
	b. Total funding report for FY 19/20		
	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 19/20		
	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 19/20		
	b. P-1 – Property Program Member Allocation Formula		
4.	Crime Program	I	
	a. Total funding report for FY 18/19		
	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 Surplus Funding 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, 2019 I
- 9. CSURMA Financial Audit @ June 30, 2018 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](mailto:mlong@alliant.com) or Tevea Him [thim@alliant.com](mailto: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 18/19
- b. CSURMA Executive Committee Long Range Action Plan for FY 19/20

**FY 2018/19 CSURMA AORMA LONG RANGE ACTION PLAN**

<b>Goal</b>	<b>#</b>	<b>Action / Task</b>	<b>Responsible Entity</b>	<b>Deadline</b>	<b>Status</b>
<b>LRP-1 Workers' Compensation Program Growth</b>					
	1	Obtain underwriting information to finalize coverage and/or funding options for Members	PA	Jan-19	N/A
	2	Present Member funding options to AORMA Committee for approval	PA, AORMA	Feb-19	N/A
	3	Present final quotes to Members	PA	Mar-19	N/A
	4	Provide underwriting information to CSAC EIA for approval	PA	Apr-19	N/A
	5	Bind coverage within the AORMA Workers' Compensation Program	PA	Jun-19	N/A
<b>LRP-2 Creation of Fully Insured Primary Liability Program</b>					
	1	Discuss concept with AORMA Committee	PA, AORMA	Sep-18	Completed
	2	Compile information for those auxiliary organizations that are paper entities only or have no or very few employees	PA	Nov-18	Completed
	3	Identify potential insurers for this coverage program and request coverage forms	PA	Nov-18	
	4	Provide update to AORMA Committee, as appropriate	PA	Dec-18	
	5	Prepare marketing specifications	PA	Jan-19	
	6	Submit marketing specifications to the commercial insurers	PA	Feb-18	
	7	Provide coverage comparison for the AORMA Committee's review	PA, AORMA	Mar-18	
	8	Send out quotes to interested auxiliary organizations	PA	May-19	
	9	Bind coverage	PA	Jun-19	
<b>LRP-3 Evaluation of Participation in the CSU Captive Vehicle</b>					
	1	Oversee formation of captive	PA, SRM	Continuous	In Process
	2	Determine which insurance products can be marketed by the auxiliary organizations	PA, SRM, EC, AORMA	Sep-19	
	3	Design marketing plan	PA, SRM, AORMA	Dec-19	
<b>LRP-4 Development of Recreation Center Good Practices</b>					
	1	Survey Campus and Auxiliary members to see what is currently in place	PA	Nov-17	Completed
	2	Research standards and guidelines published by industry experts	PA	Nov-17	Completed
	3	Identify Recreation Center Good Practices	PA, PC	Jun-18	Completed
	4	Send out another request to all AORMA members to obtain copies of rec center practices currently in place - Staff will provide a detailed explanation as to why the information is being requested	PA	Nov-18	Completed
	5	Inventory all information obtained	PA	Feb-19	Completed
	6	Obtain the Rec Center Directors affinity group directory	PA	Aug-19	In Process

**FY 2018/19 CSURMA AORMA LONG RANGE ACTION PLAN**

Goal	#	Action / Task	Responsible Entity	Deadline	Status
	7	Compile a complete directory of auxiliary and campus staff which shows who is overseeing the different Rec Center functions	PA	Mar-19	
	8	Provide additional information regarding the Rec Center risk assessments available through SportRisk (Ian McGregory's Company)	PA	Mar-19	
	9	Chair to appoint ad hoc committee to review good practices providing input for updates as appropriate	PA, AORMA	May-19	
	10	Approval of final Recreation Center Good Practices	AORMA	Sep-19	
	11	Disseminate information to all Campus and Auxiliary Members	PA	Oct-19	
	12	Upload information onto the CSURMA website	PA	Oct-19	
<b>LRP-5 Formation of the CSURMA AORMA Benefits Program</b>					
	1	Authorize formation of AORMA Benefits Program	AORMA, EC	Sep-17	Completed
	2	Authorize formation of AORMA Benefits Program	BOD	Oct-17	Completed
	3	Secure underwriting information and prepare renewal specifications	PA	Jun-18	Completed
	4	Submit underwriting information for a quote through the CSAC EIA benefits program	PA	Jun-18	Completed
	5	Approve CSURMA AORMA Benefits Program Participation Agreement	PA, AORMA	Sep-18	Completed
	6	Approve accounting procedures with CSU Accounting	PA, AORMA, CSU Accounting	Jan-19	
	7	Approve amendments to brokerage agreement with Alliant	PA, AORMA, EC	Sep-18	Completed
	8	Forward benefits pricing to the existing members as well as those members not participating in the AOA Benefits Program	PA	Nov-18	Completed
<b>LRP-6 Theatre Inspection Common Findings Report</b>					
	1	Receive copies of all theatre inspection reports completed	PA	Aug-19	Completed
	2	Review reports for common findings and distribute to members and post on CSURMA website	PA	Jan-19	
<b>LRP-7 Verify and/or Place Coverage for CSU Alumni Associations</b>					
	1	Gather information for all CSU Alumni Associations to confirm that they are all insured appropriately	PA	Oct-18	
	2	Provide applications for coverage under the Special Liability Insurance Program (SLIP)	PA	Dec-18	
	3	Obtain quotes and forward to Alumni Associations	PA	Feb-19	
<b>LRP-8 Formation of a Medical Expense Coverage Program to Cover Human Subjects Participating in Sponsored Programs</b>					
	1	Obtain information regarding the different federal program classifications	PA	Sep-18	Completed

## FY 2018/19 CSURMA AORMA LONG RANGE ACTION PLAN

Goal	#	Action / Task	Responsible Entity	Deadline	Status
	2	Request for the AOA Research Administration Committee (RAC) additional information regarding the number of AO's involved in research projects with human subjects	PA	Oct-18	Completed
	3	Confirm if excess insurers can schedule the primary PAI policy as an underlying policy within the liability program	PA	Oct-18	Completed
	4	Confirm if excess insurers can schedule the primary PAI policy as an underlying policy within the liability program	PA	Nov-18	Completed
<b>LRP-9 Review and Adopt Updated Target Surplus Analysis Ratios</b>					
	1	Review all target surplus analysis ratio as recommended by CAJPA	PA	Jan-19	Completed
	2	Present recommendations for change to the AORMA Committee	PA, AORMA	May-19	Completed
	3	Revise and approve changes to Policy and Procedure A-2 Target Surplus Funding Policy accordingly	PA, AORMA	Sep-19	Completed
	4	Receive the revised Target Surplus Funding presentation and review the new ratios.	PA, AORMA	Sep-19	
<b>LRP-10 Address the Issue of Workers' Compensation Coverage for the Members' Volunteers</b>					
	1	Confirm with all members within the AORMA workers' compensation program their current decision on file regarding workers' compensation coverage for volunteers	PA	Nov-18	Completed
	2	Provide to members the reasoning to cover and/or not to cover volunteers for workers' compensation	PA	Nov-18	Completed
	3	Discuss with the AORMA Committee coverage options for those members with no employees and therefore no workers' compensation coverage	PA, AORMA	Dec-18	Completed
	4	Provide coverage options for those members with no employees and therefore no workers' compensation coverage	PA	Jan-19	Completed
<b>LRP-11 Explore the Option of Expanding the AORMA Liability Program to include non-CSU higher education entities</b>					
	1	Review CSURMA JPA Agreement and Bylaws to see if the expansion of the program to non-CSU entities is allowed	PA	Oct-18	Completed
	2	Obtain an inventory of other entities who may be candidates to join the program	PA	Nov-18	In Process
	3	Provide update to the AORMA Committee	PA, AORMA	Dec-18	In Process
	4	<i>If AORMA Committee approval to move forward is received, the following steps will be completed:</i>	AORMA	Dec-18	In Process
	5	Discuss change with excess reinsurers/insurers	PA	Jan-19	

## FY 2018/19 CSURMA AORMA LONG RANGE ACTION PLAN

Goal	#	Action / Task	Responsible Entity	Deadline	Status
	6	Modify the CSURMA JPA Agreement and Bylaws, the AORMA Participation Agreement, and the AORMA Liability Program Participation Agreement	PA, AORMA, EC, BOD	May-19	
	7	Update AORMA Liability Memorandum of Coverage as appropriate	PA	May-19	
	8	Send out program information to the identified candidates and request underwriting information	PA	May-19	
	9	Complete rating process and send out quotes	PA	Jun-19	

**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 2019/20 CSURMA LONG RANGE ACTION PLAN**

<b>GOAL</b>	<b>ACTION / TASK</b>	<b>RESPONSIBLE ENTITY</b>	<b>DEADLINE</b>	<b>STATUS</b>
<b>LRP-1 Creation of a Formal Process to Regulate and Approve Financing of Risk Programs through CSURMA</b>				
<b>Develop a policy and procedure for development and implementation of risk programs that includes an evaluation of long term financial viability</b>	1	Evaluation of steps necessary for developing and launching risk financing programs	PA	Jul-19
	2	Prepare draft of proposed policy and procedure	PA, SRM	Jul-19
	3	Review by CSURMA Treasurer	SRM	Aug-19
	4	Review by Executive Committee of proposed policy and procedure	EC	Sep-19
	5	Adoption by CSURMA Board of Directors	BOD	Nov-19
<b>LRP-2 Further Development of Youth Protection Programs</b>				
<b>CSURMA will promote the concepts of higher level adoption of youth protection programs at the campuses, including auxiliary organizations</b>	1	Creation of custom tool which could be used to provide safety guidelines, track minors on campus, and record completions of mandated training	PA	Jan-20
	2	Provide systemwide safety guidance for minors on campus including mandated training	PA, SRM	Mar-20
	3	Review whether registration of all minors coming onto campus for sponsored events is feasible	PA, SRM	Mar-20
	4	Tie in faculty and student interactions	PA, SRM	Mar-20
<b>LRP-3 CSURMA Review of its Digital Compliance</b>				
<b>CSURMA will evaluate its website, data systems and service provider systems for digital compliance and security</b>	1	Review CSURMA website for digital ADA compliance	PA	Aug-19
	2	Report to CSURMA EC	PA	Sep-19
	3	Implement Website Changes as appropriate	PA	Dec-19
	4	Compile list of data systems and vendors	SRM, PA	Aug-19
	5	Survey for security compliance	SRM, PA	Nov-19
	6	Report to CSURMA EC	SRM, PA	Jan-20
<b>LRP-4 Development of a CSURMA Critical Events Toolkit</b>				
<b>Program Administrator Staff will develop a master CSURMA critical events toolkit to be housed on the CSURMA website</b>	1	Review all appropriate services currently available to members	PA	Aug-19
	2	Create and/or update coverage summaries of the programs in place	PA	Aug-19
	3	Work with IT to update the CSURMA website to create a location for the toolkit	PA	Aug-19
	4	Post all toolkit items	PA	Aug-19
	5	Review the new toolkit with the Executive Committee	EC	Sep-19
	6	Provide notification to Members	PA	Oct-19
<b>LRP-5 Liability Program Memorandum of Coverage Review with Coverage Counsel</b>				
<b>Review both the Campus Risk Pool and AORMA Liability Program Memoranda of Coverage</b>	1	Staff review of MOC's with insurance industry forms and other JPA MOC's	PA	Oct-19
	2	Review of initial findings with CSU OGC and SRM	PA, SRM, OGC	Dec-19
	3	Initial report to Executive and AORMA Committees	PA, SRM, OGC	Jan-20
	4	Engage Coverage Counsel for review as necessary	PA	Jan-20
	5	Present recommended changes to Executive and AORMA Committees	PA, SRM, OGC	Mar-20
	6	Communicate MOC changes to the members	PA, SRM	Apr-20
	7	Implement new MOC's	PA	Jul-20

**FY 2019/20 CSURMA LONG RANGE ACTION PLAN**

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
<b>LRP-6 Foreign Travel Program Review</b>				
<b>Review of Foreign Travel insurance program coverages, cost and services</b>	1	SRM Initiated review supported by PA	SRM, PA	Aug-19
	2	Initial report to Executive and AORMA Committees	SRM, PA	Sep-19
	3	Discussion of proposed changes with CSU IP, at Fitting the Pieces Conference and with other interest groups	SRM, PA	Nov-19
	4	Approval of proposed changes by EC	EC	Jan-20
	5	Communication of changes and initiation of implementation plan	SRM, PA	Feb-20
	6	Launch of FTIP 2.0	SRM, PA	Jul-20
<b>LRP-7 CSURMA Master Calendar for Upcoming Trainings, Conferences and Events</b>				
<b>Program Administrator Staff will develop a master calendar and identify appropriate audiences and communication methods</b>	1	Create Master CSURMA Events Calendar	PA	Aug-19
	2	Research / collect all notifications of upcoming events to be added to the calendar	PA	Aug-19
	3	Work with IT to update the CSURMA website to create a location for the new events calendar	PA	Aug-19
	4	Post the new events calendar	PA	Aug-19
	5	Review the new events calendar with the Executive Committee	EC	Sep-19
	6	Provide notification of the Members	PA	Sep-19
<b>LRP-8 Master Enabling Agreement for Environmental Sampling Services</b>				
<b>Many campuses are regularly engaging environmental sampling service providers using separate procurement processes that could be avoided under a MEA</b>	1	Identify and engage with systemwide task group to identify the scope of services for the MEA	SRM	Aug-19
	2	Prepare RFP for MEA and conduct process	SRM	Oct-19
	3	Select service provider(s), negotiate and execute MEA(s)	SRM	Jan-20
	4	Communicate results and participation process to campuses	SRM	Apr-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

## **ON-LINE TRAINING**

**ISSUE:** The Officers will be asked to discuss the online training available to the AORMA members through Systemwide Professional Development (SumTotal) and CSAC EIA (Target Solutions).

**RECOMMENDATION:** This item is for discussion only, but the Officers may want to provide direction as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None at this time.

**ATTACHMENT(S):** None.

## **RUNNING CAMPS ON CAMPUS CHECKLIST**

**ISSUE:** The Officers will be asked to review the attached Camps on Campus safety checklist and direct Staff as appropriate.

**RECOMMENDATION:** This item is for discussion only, but the Officers may want to provide direction as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None at this time.

**ATTACHMENT(S):**

- a. United Educators’ Camps on Campus safety checklist



## Checklist Camps on Campus



A recent review of underwriting data shows that over 80 percent of UE members host camps and recreational or academic programs for minors. With so many minors attending camps on campus, colleges and universities are advised to review and assess effectiveness of their risk management practices.

Camp directors, youth programs specialists, conference and event managers, and administrators are encouraged to use this checklist for guidance on topics such as facilities and equipment, staffing, protecting minors, emergency planning, and contracts and insurance. Use these guidelines to increase the likelihood of a safe experience for campers and protect the institution from camp-related legal liability or adverse publicity.

For each question, check the appropriate "Yes" or "No" box. Review any box checked "No" to determine whether the suggested practice or an alternate measure is possible to reduce risk. Use the "Actions Needed" box to identify any follow-up actions your institution may wish to take.



## Facilities and Equipment

### ■ Before the camp begins:

- Identify all anticipated camp facilities and notify the department or person that oversees their use, such as:

◦ Classrooms  Yes  No

◦ Theaters  Yes  No

◦ Laboratories  Yes  No

◦ Athletic facilities  Yes  No

◦ Parking  Yes  No

◦ Housing  Yes  No

◦ Food service  Yes  No

◦ Health facilities  Yes  No

◦ Off-campus spaces  Yes  No

◦ Other  Yes  No

- Receive permission from the relevant person or department to use all anticipated facilities  Yes  No

- Consult with relevant departments or groups with substantial experience running their own camps on campus, such as:

◦ Facilities  Yes  No

◦ Security  Yes  No

◦ Risk management  Yes  No

◦ Environmental health and safety  Yes  No

◦ Athletics  Yes  No

◦ Theater  Yes  No

- Inspect all camp facilities for:

◦ Tripping hazards (for example, uneven ground surface or debris)  Yes  No

◦ Construction or maintenance work occurring at the same time as the camp  Yes  No

◦ Overgrown trees or shrubs  Yes  No

◦ Unsafe height risks, such as climbing walls, high ropes courses, zip lines, or jungle gyms that are not regularly inspected or maintained  Yes  No

- Take measures to prevent trespassers from gaining access to a building or space, unlocked doors, faulty windows, or key control  Yes  No

- Correct or mitigate all hazards identified during the inspection  Yes  No

- Identify all camp-related equipment  Yes  No

- Inspect all camp-related equipment for defects  Yes  No

- Correct equipment defects or find alternate equipment  Yes  No

◦ Contact local building inspectors to review and inspect any temporary structures, such as tents, if necessary  Yes  No

### ■ While the camp is in operation:

- Regularly inspect facilities and equipment for hazards or defects  Yes  No

- Correct the hazards or defects or remove the equipment from use  Yes  No

## Actions Needed

## Staffing

### Hiring

- Conduct background checks in compliance with your institutional policies and state and local laws or regulations  Yes  No

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- Prior to the camp's commencement, train all staff and volunteers on:
  - Supervising campers during structured and unstructured time, including:
    - Meal times  Yes  No
    - Bathroom trips  Yes  No
    - Locker room visits  Yes  No
    - Nighttime (if an overnight camp)  Yes  No
    - Free-time activities  Yes  No
  - Interacting with campers to promote their physical and emotional safety  Yes  No
  - Appropriate electronic interaction outside of camp, including text messaging and social media  Yes  No
  - Managing camper behavior without using corporal punishment or verbal abuse  Yes  No
  - Taking camper attendance and reporting missing campers  Yes  No
  - Releasing campers early  Yes  No
  - Providing campers with adequate breaks  Yes  No
  - Following emergency procedures for likely camp emergencies  Yes  No
  - Following camper health care procedures and policies  Yes  No
  - Completing incident or accident reports  Yes  No
  - Identifying and reporting suspected child abuse and neglect to camp authorities and the state  Yes  No
  - Identifying and reporting incidents of discrimination and harassment that may not rise to the level of child abuse and neglect  Yes  No

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- Ensure training for those staff or volunteers who are:
  - Hired or recruited later than the norm  Yes  No
  - Rehired from previous years  Yes  No
  - Hired mid-camp to replace another staff member or volunteer  Yes  No

### Supervising

- To ensure campers are properly supervised:
  - Provide enough staff to meet or exceed the minimum staff-to-camper ratios established by the host institution or state regulations  Yes  No
  - Screen additional staff or volunteers to have on call in case a staff member does not show or is asked to leave  Yes  No
  - Follow a policy for investigating alleged wrongdoing by a staff member or volunteer such as the physical or sexual abuse of a camper  Yes  No
  - Prevent unsupervised access to campers by any staff member or volunteer who is the subject of an investigation for wrongdoing until the investigation is complete  Yes  No
  - Observe staff behavior regularly  Yes  No
  - Address promptly any observed inappropriate staff behavior  Yes  No
  - Ensure the camp complies with all applicable state regulations, including licensing requirements and background checks  Yes  No

*For an overview of camp regulations in your state, go to the [American Camp Association](#) website.*

## Actions Needed

## Protecting Minors

Protecting minors from harassment, discrimination, and abuse is the responsibility of colleges and universities that host camps. Follow state youth protection statutes and institutional policies closely to guard children and promote compliance.

- Ensure your institution has a written policy that explains its commitment to protecting minors who participate in institution-sponsored programs on campus, and addresses:
  - Registration requirements for programs involving minors  Yes  No
  - Age, experience, or employment requirements for individuals who oversee programs involving minors  Yes  No
  - Whether direct contact and one-on-one contact between an adult and a child are permitted  Yes  No
  - Obligations for reporting suspected child abuse, harassment, or discrimination  Yes  No
  - A procedure for notifying the child's parent or guardian in case of incident or emergency  Yes  No
- All campus constituencies involved in the camp process meet to discuss:
  - Policies and laws that address protection of minors  Yes  No
  - The institution's reporting obligations  Yes  No
  - Crisis response protocols in the event of child abuse, harassment, or discrimination  Yes  No
- When camps on campus are operated by third parties, are these parties:
  - Required to meet the same child protection standards as camps operated by the institution  Yes  No
  - Obligated to report incidents of child abuse, harassment, or discrimination to the institution  Yes  No
- When hiring employees or enlisting volunteers who work with minors in camps or similar programs:
  - Background checks are used as an initial screening mechanism  Yes  No
  - Protecting minors resources are included in staff training, specifically resources age-appropriate for the given camper population  Yes  No
  - Employees and volunteers are advised how to report suspected child abuse, harassment, and discrimination  Yes  No
- Prior incidents of child abuse are included in the institution's annual Clery Report  Yes  No

## Title IX

Sexual misconduct against minors, whether perpetrated by college employees, volunteers, contractors, or students, is also a form of discrimination covered by Title IX, the federal statute prohibiting discrimination on the basis of sex at any educational institution receiving federal funds. Title IX requires that institutions implement a nondiscrimination policy and select a Title IX coordinator and investigator.

- Your institution should have a written policy that:
  - Establishes that sexual assault includes sexual misconduct involving minors and that each is a type of sex discrimination under Title IX  Yes  No
  - Includes examples of conduct prohibited by the policy  Yes  No
  - Applies to sexual assault or sexual misconduct involving minors that occurs outside a school program, if the conduct negatively affects a victim's school experience or the overall school environment  Yes  No

## Actions Needed

- Those individuals with camp oversight meet with the Title IX coordinator to discuss:
  - How camps are operated on campus and how these operations intersect with Title IX  Yes  No
  - How incidents of sexual misconduct are reported  Yes  No

For more information about protecting minors, see [“Checklist for Protecting Minors on Campus: Sexual Misconduct Policies and Investigations”](#) and the [Protecting Children Learning Program](#).

## Instructional Program

### Policies and Procedures

- To reduce the risk of camper injuries and liability for those injuries:
  - Ensure that the camp’s instructional program is appropriate for the skill level of the campers  Yes  No
  - Explain accurately in the camp’s promotional materials the nature of the camp activities, the potential for injuries, and the physical requirements of campers  Yes  No
  - Arrange for legal review of camper promotional materials  Yes  No
  - Require campers and their parents, if the campers are minors, to sign a release or an assumption of risk form specifying the nature of camp activities and the potential risks  Yes  No

For more information on drafting waivers and releases, see [“Checklist for Drafting Effective Releases.”](#)

### Athletics

Camps that include contact sports create additional liability risks. For these camps, it is important to include procedures targeted to limiting the potential for catastrophic injury caused by concussions and heat illness.

- Athletic camp participants are required to complete a pre-participation evaluation  Yes  No
- There is an emergency action plan for each athletic venue  Yes  No
- To reduce the risk of concussion:
  - Require campers and staff to complete annual concussions training  Yes  No
  - Add concussion specific language to your release or assumption of risk form  Yes  No
  - Require coaches to sign a form annually agreeing to follow the concussion management plan  Yes  No
  - Require institution health care providers to sign a form annually agreeing to follow the concussion management plan  Yes  No
  - Immediately remove from play (e.g. competition, practice, and conditioning) any athlete showing signs of a concussion  Yes  No
  - Keep potentially concussed athletes out of play until evaluated by a medical professional with experience in the evaluation and management of concussions  Yes  No
- To reduce the risk of heat illness injuries:
  - Require campers and staff to complete annual heat illness training  Yes  No
  - Include training modules on:
    - Heat illness symptoms  Yes  No
    - The importance of acclimatizing athletes to weather conditions, workouts, and new equipment  Yes  No
    - Signs of dehydration and actions for keeping hydrated  Yes  No

- Add heat illness language to your release or assumption of risk form  Yes  No
- Ensure easy access during practice and play to the appropriate equipment, including:
  - A heat stress monitor  Yes  No
  - A rectal thermometer with flexible arms  Yes  No
  - Cold water immersion tubs  Yes  No
- Immediately remove from play (e.g. competition, practice, and conditioning) any athlete showing signs of heat illness and provide on-site treatment  Yes  No
- Keep athletes showing signs of exertional heat stroke out of play until cleared by a physician  Yes  No

For more information on concussions prevention and response, see [“Checklist for Creating an Athletics Concussion Management Plan.”](#) For more information on heat illness prevention and response, see [“Reducing Heat Illness in College and High School Sports.”](#)

## Health and Medical Care

### Policies and Procedures

- Camp administrators should provide a written health policy that articulates the scope of health care services provided. In addition:
  - Ensure that the camp’s written health care policy is reviewed periodically by legal counsel and a physician or registered nurse  Yes  No
  - Document all incidents requiring professional medical treatment  Yes  No
  - Require campers or their parents, if the campers are minors, to sign a permission form allowing the camp to provide routine medical care and seek emergency medical treatment  Yes  No
  - Accommodate campers or minors who arrive on campus with Individualized Educational Plans (IEPs) or Section 504 plans  Yes  No

### Medication Management

- With respect to prescription and nonprescription medications dispensed at the camp:
  - Medications are stored under lock and key  Yes  No
  - Medications are kept refrigerated if necessary  Yes  No
  - Nonprescription drugs are dispensed pursuant to the signed instruction of a parent or the camp’s written health care procedures  Yes  No
  - Prescription drugs are dispensed pursuant to a physician’s directions and with a parent’s signed authorization  Yes  No

### Contact and Health Information

- Gather the following information about each camper:
  - Current contact information, such as:
    - Name  Yes  No
    - Date of birth  Yes  No
    - Age  Yes  No
    - Name and phone number of emergency contact  Yes  No
    - Name and phone number of physician  Yes  No
    - Name, phone number, and address of the adult responsible for minor campers  Yes  No

## Actions Needed

## Actions Needed

- Health information, such as:
  - Physical evaluation completed within the past two years  Yes  No
  - Past medical treatment  Yes  No
  - Immunizations  Yes  No
- Chronic conditions, such as:
  - Allergies  Yes  No
  - Seizures  Yes  No
  - Diabetes  Yes  No
- Prior to the camp's commencement:
  - Have a trained staff member review each camper's health information to ensure it is complete and that campers with special medical needs are identified  Yes  No
  - Alert staff members about campers with special medical needs  Yes  No
  - Provide training for staff members who administer medication or assist students with chronic conditions  Yes  No

### Emergency Planning

- Prior to the camp's commencement, notify representatives from the following organizations about the camp's operation:
    - Campus security  Yes  No
    - Fire officials  Yes  No
    - Local law enforcement  Yes  No
  - Have established procedures for handling emergencies, including:
    - Alleged physical or sexual abuse of a camper  Yes  No
    - Fire  Yes  No
    - Weather  Yes  No
    - Crime (for example, an assault or homicide)  Yes  No
    - Lost or missing camper or staff member  Yes  No
    - Death, illness, or injury of a camper or staff member  Yes  No
    - Natural disasters endemic to the camp's geographic location  Yes  No
  - Your procedures for handling emergencies include considerations for campers with:
    - Physical mobility limitations, such as wheelchairs  Yes  No
    - Visual impairments  Yes  No
    - Hearing impairments  Yes  No
  - Have a staff member trained in first aid and CPR on duty at all times during the camp and on field trips  Yes  No
  - Have plans in place to provide emergency transportation of campers and staff at all times during the camp  Yes  No
- Please refer to the next section "Transportation" for important additional considerations.*
- Assess the need for an automated external defibrillator (AED) at the camp  Yes  No
  - Have a crisis communications plan that addresses how to communicate factual and up-to-date information with campers, staff, parents, the media, and others in a crisis situation  Yes  No

*For more information on establishing a crisis communications plan, see Risk Research Bulletin, "A Guide to Developing a Campus Crisis Communications Plan."*

## Transportation

### Camp Arrivals, Departures, and Emergencies

- Prior to the camp:
  - Inform parents and staff about designated drop-off and pick-up locations for campers  Yes  No
  - Inform parents and staff about alternate drop-off and pick-up locations for campers in the event of inclement weather or other potential emergencies  Yes  No
  - Arrange sufficient parking and traffic control for the camp  Yes  No

### Driver Qualifications

- Require that all potential drivers of vehicles transporting campers:
  - Demonstrate a driving record free of unreasonable violations or offenses  Yes  No
  - Provide a license that is appropriate for the vehicle to be driven  Yes  No
  - Be above a minimum age  Yes  No
  - Pass a safe-driving exam  Yes  No
  - Receive training on passenger safety issues—for children and adults—such as:
    - Loading and unloading passengers, including those with disabilities  Yes  No
    - Handling a vehicle breakdown  Yes  No
    - Evacuating the vehicle  Yes  No
    - Controlling camper behavior while driving  Yes  No
    - Lowering the student-to-staff ratio when extra supervision is required  Yes  No
    - Conducting vehicle safety checks  Yes  No
    - Following accident procedures  Yes  No
  - Orient passengers on safety procedures  Yes  No

### Vehicle Safety

- Require that all vehicles transporting campers:
  - Contain first aid kits  Yes  No
  - Are evaluated for mechanical soundness  Yes  No
  - Be equipped to accommodate campers with special needs, such as:
    - IEPs  Yes  No
    - 504 plans  Yes  No
    - Physical, visual, and hearing limitations  Yes  No

### Leasing, Renting, and Chartering Vehicles

- When leasing, renting, or chartering a vehicle with a driver, can you demonstrate that the selected provider:
  - Maintains its vehicles  Yes  No
  - Conducts safety checks of its vehicles  Yes  No
  - Verifies its drivers' driving records and experience  Yes  No
  - Trains its drivers on passenger safety issues  Yes  No

*For more information on transportation safety, see “[Checklist for Safety in Student and Employee Transportation](#).”*

## Actions Needed

## Contracts and Insurance with Third-party Providers

Camp directors often contract with third parties to provide services to the camp. For your protection, contracts with third parties must be reviewed, and the third party must be adequately insured. If you are an employee of the host institution or a co-sponsor of the camp, you should consult with the host institution's contract and insurance experts, such as the general counsel, risk manager, or business officer. If not, use legal counsel and talk with your insurance agent.

- Take the following steps when dealing with third-party service providers:
  - Define the third party's relationship to the camp's sponsor (the camp's sponsor is most likely the host institution or your employer) in a written contract  Yes  No
  - Specify in a written contract how the third party will share responsibility with the camp's sponsor for any claims, losses, or injuries that arise out of camp activities (this contract language is often called an "indemnity," "hold harmless," or "risk allocation" provision)  Yes  No
  - Determine what lines of insurance the third party must carry to cover the claims, losses, or injuries that might arise out of camp activities  Yes  No
  - Require the third party to provide a certificate of insurance showing that it carries the necessary lines of insurance  Yes  No
  - Request the third party name the camp's sponsor as an additional insured party on its general liability policy  Yes  No
  - Impose the same child protection standards as camps operated by the institution  Yes  No
  - Mandate reporting of child abuse, harassment, or discrimination to the institution  Yes  No

*For more information on reviewing contracts and determining insurance requirements, see Risk Research Bulletins, "Guide for Reviewing Contracts," "Improving Contracting on Campus: A Layperson's Guide to Understanding Contract Basics," and "Improving Contracting on Campus: Allocating Risks Between Parties."*

## Post-camp Evaluation

- After the camp:
  - Collect feedback from campers and parents about their experience with the camp  Yes  No
  - Meet with staff to review camper feedback and any incident reports to identify what went well and areas for improvement  Yes  No
  - Consult with campus departments involved in the camp to identify areas for improvement  Yes  No
  - Save all documents used in planning and carrying out the camp, including any recommendations for improvement, to help plan future camps  Yes  No

## Acknowledgments

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## Actions Needed

## **INSURANCE REQUIREMENTS IN CONTRACTS (IRIC)**

**ISSUE:** The Officers will be asked to discuss additional and/or expansion of topics in the CSURMA IRIC manual.

- Activities involving minors
- Concerts on and off campus
- Vehicles chartered with a driver
- Contracts with private parties (expansion – birthday parties, weddings, etc.)

**RECOMMENDATION:** This item is for discussion only, but the Officers may want to provide direction as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None at this time.

**ATTACHMENT(S):** The IRIC manual will be available for review during the meeting.

**SPECIAL EVENT RESOURCE GUIDE (SERG)**

**ISSUE:** The Officers will be asked to discuss additional and/or expansion of topics in the CSURMA SERG manual.

- Activities involving minors
- Concerts on and off campus
- Activities involving watercraft
- Catering Services

**RECOMMENDATION:** This item is for discussion only, but the Officers may want to provide direction as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None at this time.

**ATTACHMENT(S):** The SERG manual will be available for review during the meeting.

## **RFP REQUIREMENTS FOR CSURMA VENDORS**

**ISSUE:** The Officers will be asked to discuss the RFP Requirements for CSURMA Vendors.

**RECOMMENDATION:** This item is for discussion only, but the Officers may want to provide direction as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None at this time.

**ATTACHMENT(S):**

- a. RFP Requirements for CSURMA Vendors

**CSURMA RFP Vendors Pre-Screen Matrix  
as of 7/31/2019**

Row	Vendor	Service	CSURMA Lead Contact	Written Service agreement? Y/N	Term	Est. Annual cost	Maximum extension Date	RFP Manager	Next RFP process Start Date	Notes
1	Agility Recovery Solutions, Inc. (Agility)	Master Recovery Services Agreement	Rhonda Williams, <i>Member Account Administrator</i>	Yes	07/01/19 - 06/30/20	\$ 79,068	N/A		N/A	
2	Alliant Insurance Services	Broker/Consultant Services Agreement	Daniel Howell	Yes	01/01/16 - 12/31/19	\$ 1,090,310	12/31/2023	SRM	March LRP 2023	We need to make sure we have this diaried for late 22' or early 23'
3	Alliant Insurance Services	Program Administration Agreement	Daniel Howell	Yes	01/01/16 - 12/31/19	\$ 2,786,237	12/31/2023	SRM	March LRP 2023	" "
4	Alliant Insurance Services	OCIP Brokerage & Administration Agreement	Daniel Howell	Yes	01/01/16 - 12/31/19	Variable Based on Project Volume	12/31/2023	SRM	March LRP 2023	" "
5	Alliant Risk Control Services	AORMA Loss Control Servicing	Tim Leech	Yes	07/01/19 - 06/30/22	\$ 125,000		SRM	Jan-22	
6	Alliant Insurance Services (via AOA)	AORMA Benefits	Michael Menerey	Yes - with AOA	01/01/17 - 6/30/20	\$ 300,000	Evergreen	SRM	TBD	Okay with Evergreen for at least 5 y
7	AON (ARM Tech)	Actuarial Study Service	Rob Leong/Susan Leung	Annual Engagement Letter	Continuous			PA	TBD	The \$ amount is low, I don't think we need to consider an RFP unless and until we lose Mujataba.
8	Belfor	Property Loss Mitigation & Restoration	Dave Wartens	JOC with CO Procurement	Annual	Variable based on Loss Volume		CO	Need from CO	
9	Blackbaud	Accounting package for CSURMA	Alice Kim	Need Contract from CO/ Alice K			Evergreen			
10	Carl Warren & Company	AORMA Liability Claim Administrator	Richard McAbee	Yes	07/01/16 - 06/30/21	\$ 150,000	?	PA	Sept. LRP 2020	
11	CO Enterprise Accounting / Financial Services	CSURMA Accounting Services	Mary Ek	Yes	07/01/19 - 06/30/20	\$ 400,000	N/A		N/A	
12	CO OGC / Legal	CSURMA OGC / Legal Services	William Hsu	Yes	07/01/19 - 06/30/20	\$ 487,955	N/A		N/A	
13	CO Professional Development	On-line training offerings	David K	Contract at CO office / David K.			N/A		N/A	
14	CO Risk Management	CSURMA Risk Mgt Services	Zachary Gifford	Yes	07/01/19 - 06/30/20	\$ 1,134,500	N/A		N/A	
15	Employers Group Inc (EG)	AORMA UI Memberships Services	Mark Wilbur	Yes	07/01/17 - 06/30/20	\$ 26,500		PA	TBD	
16	Equifax (AORMA)	Universal Service Agreement	Javad Ra'Ed	Yes	07/01/18 - Continuous	\$ 14,000		PA	TBD	2020
17	Equifax Workforce Solutions (formally TALX-UCeXpress) - Campus	CSU Unemployment Claims Administrator	Zachary Gifford	Contract at CO Office / Zach G.	Annual	\$ 50,000		PA	TBD	2020
18	GoGround	Master Enabling Agreement for Transportation	Need contact	Yes	8/1/2016				?	DEAD
19	Grey Wall Software, LLC (Veoci)		Naiara Azpiri	Yes	07/01/18 - 06/30/19	\$ 46,800		CO	?	
20	Health Special Risk, Inc. (HSR) - AIME	AIME Third Party Administrator Agreement	Thomas J. Lenihan	Yes	7/1/2015 - 06/30/18	\$ 195,000		PA	TBD	
21	KMPG		Alice Kim	Contract at CO office / Alice K.	Need term inc estensions	\$ 50,000	?	CO	?	
22	Praesidium	Contract for Services - Amendment #1 CSU Training, Risk Mgmt Assessment Services	Aaron Lundberg	Yes	07/01/17 - 06/30/20	\$ 140,000			N/A	
23	Sedgwick CMS	CSU & AORMA WC Claims Administrator	Cindy Parker	Yes	07/01/18 - 6/30/21	\$ 4,084,534	June 30,2023	PA	Oct-22	Same as with Alliant, we want to afford for 6-9 months from soup to award.
24	SouthTech System	Disclosure/E-Disclosure Software Subscription Agreement		Yes	Annual				N/A	
25	UC, Risk and Safety Solutions (RSS)	Master Agreement	Need contact	Yes	07/01/18 - 06/30/21	\$ 110,000			N/A	
26	Ventiv Technology Risk Console	Insurance Policy Database	Need contact	Contract at CO office / Jody V.		\$ 174,000			TBD	Martha has this info and manages the account.
27	Witt O'Brien's, LLC (formally Witt Group Holdings, LLC)	Professional Services Agreement	Greg Fenton	Yes	07/01/18 - 07/01/20	\$ 300,000			TBD	Spring 2020 for RFP
28	Workplace Answers	CSU Web based training	Need contact	Check with Zach G.		?			TBD	Kervalla/HR likely contact.

## **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: 7/01/17 to 6/30/20)
- Employer Group (Term: 7/01/17 to 6/30/20)

**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

# AORMA July – Sept. ARCC Summary



<b>Key Deliverables</b>	<ul style="list-style-type: none"><li>• AORMA Webinar 18–19’ Kickoff Series (5 sessions)</li><li>• HMB Center Training (3 days)</li><li>• Loss Review and Planning sessions:<ul style="list-style-type: none"><li>• CSU Sacramento ASI</li><li>• CSU Sacramento UEI</li><li>• CSU Stanislaus ASI/UU</li><li>• CSU San Jose Research Foundation</li></ul></li><li>• 4 Days of First Aid / CPR training sessions</li><li>• 2 Program review requests</li><li>• 3 Onsite surveys (2 ergonomic evaluations, 1 food service)</li></ul>	
<b>Next Quarter Focus</b>	<ul style="list-style-type: none"><li>• Rec Center communication and inventory of RM practices</li><li>• Service Plan work with SJSU RF, CSUS ASI, East Bay ASI, Stanislaus ASI/UU</li><li>• 6 Loss Review &amp; Planning sessions</li><li>• 2–3 days of CPR training</li><li>• Ag Safety Project next steps</li></ul>	
<b>ARCC Hours</b>	<b>Used: 158      28</b>	<b>Remaining: 513</b>

# AORMA Oct. – Dec. ARCC Summary



## Key Deliverables

- Loss Review and Planning sessions:
  - CSU East Bay ASI
  - CSU Sonoma ASI
  - Capital Public Radio
  - CSU San Bernardino Santos Manual Union
  - CSU San Bernardino ASI
- 3 Days of First Aid / CPR training sessions
- 2 Program review requests
- 3 Onsite surveys (2 ergonomic evaluations, 1 Campus Auxiliary survey (Northridge))
- 3 Research Requests
- 1 On-site Training session
- Additional Rec Center inventory collection

## Next Quarter Focus

- Rec Center final inventory & proposal for next steps
- 2 New Service Plans
- 2-3 Loss Review & Planning Meetings
- 4-5 days of CPR training
- 3-4 Days of Training
- 2-3 Ergonomic Requests

ARCC Hours

Used To Date: 302<sup>29</sup>

Remaining in FY: 378

# AORMA Jan – Mar ARCC Summary



## Key Deliverables

- Loss Review and Planning sessions:
  - CSU San Jose Spartan Shops
  - CSU Monterey Corporation
  - Cal Poly Pomona Foundation
- 4 Days of First Aid / CPR training sessions
- 2 Program review requests
- 4 Onsite surveys (ergonomic evaluations, department surveys)
- 2 Research Requests
- 2 Trainings: On-site Training and webinar
- Finalize and deliver Rec Center inventory

## Next Quarter Focus

- Rec Center next step proposal
- 1–2 Loss Review & Planning Meetings
- 3–4 days of CPR training
- 3–4 Days of Onsite Training
- 2–3 Ergonomic Requests
- 1–2 Surveys

## ARCC Hours

Used in Quarter: 113  
Used FY To Date: 304

Remaining in FY: 262

# AORMA April – Jun ARCC Summary

## Key Deliverables

- 1 Days of First Aid / CPR training sessions
- 2 Program review requests
- 3 Onsite surveys
- 4 Research Requests
- 3 Onsite Training Days
  - ergonomics, hazard assessment, accident investigation, event risk management
- 14 Office Workstation evaluations
- Floor testing (slip resistance)
- Final Rec Center recommendations
- 2 Loss Review sessions

## Next Quarter Focus

- Rec Center next step proposal
- 4–5 Loss Review & Planning Meetings
- 4–5 days of CPR training
- 5–7 Days of Onsite Training
- 4–5 Ergonomic Requests
- 2–3 Surveys

## ARCC Hours

Used in Quarter: 95  
Used in FY: 501 **31**

**Praesidium Utilization Report for CSURMA  
2017-2020 Contract Period**

Campus/Auxiliary	Praesidium Service for 2017-2020 Contract	Online Training Usage 07/01/2017 to 03/31/2019	Certified Praesidium Guardian Workshop Attendees	Exhausted Campus Credit for the 2017-2020 Contract Period
CSURMA/Chancellor's Office	23 Credits at \$3,000 per campus 2 Certified Praesidium Guardian Workshops (classes limited to 20 individuals each): (1) June 26-28, 2018 at Chancellor's Office (2) July 16-18, 2019 at Sacramento State		1 - Chancellor's Office	
	6 Regional Workshops: (1) November 7, 2018 at SFSU (2) November 8, 2018 at CSULA 2019 TBD 2020 TBD			
Bakersfield		0		No
Channel Islands		0		No
Chico	Policies - Campus Development	0	1 - Campus	Yes
Dominguez Hills	Online Training On-Site Training (March 11-12, 2019)	65	1 - Campus	Yes
East Bay	Online Training On-Site Training (May 21, 2019)	4	1 - Campus	No
Fresno	Online Training	180	1 - Campus	No
Fullerton		8	2 - Campus + Auxiliary	No
Humboldt	Policies - Campus Development	0	1 - Campus	Yes
Long Beach (includes Long Beach ASI)	Online Training	2208	1 - Auxiliary	Yes
Los Angeles	On-Site Training (November 2, 2017) On-Site Training (February 20-21, 2019)	0		Yes
Maritime Academy		0		No
Monterey Bay	On-Site Risk Assessment (2018)	0	2 - Campus	Yes
Northridge	Online Training On-Site Training (October 11, 2017) On-Site Training (November 9, 2018)	31		No
Pomona includes Pomona ASI	Online Training On-Site Risk Assessment - CPP ASI (Dates TBD)	482	2 - Auxiliary	Yes
Sacramento	On-Site Risk Assessment - Campus (2018-2019)	1	4 - Campus + Auxiliary	Yes
San Bernardino	Online Training	357	1 - Campus	No
San Diego State University	On-Site Training (January 16, 2018) On-Site Training (May 23 and 30, 2018)	1	2 - Campus + Auxiliary	Yes
San Francisco State University	On-Site Training (September 14, 2017)	0	4 - Campus + Auxiliary	No
San Jose State University	On-Site Training (April 9-10, 2018)	0	3 - Campus + Auxiliary	Yes
San Luis Obispo	On-Site Risk Assessment - Student Health (May 2019) On-Site Training - Student Health (May 2019)	0		Yes
San Marcos	Policies - Campus Development	0	3 - Campus + Auxiliary	Yes
Sonoma State University	Online Training On-Site Risk Assessment - Campus (2019-2020)	6	1 - Campus	Yes
Stanislaus State	Online Training	4600	1 - Campus	Yes
		<b>7943</b>	<b>33</b>	

**AORMA - HR Consulting  
Employers Group  
Utilization Report - As of 7/26/2019**

Type of Activity	Activity - As of 6/17/2015	Activity - As of 2/10/2016	Activity - As of 9/13/2016	Activity - As of 2/24/2017	Activity - As of 6/7/2018	Activity - as of 4/15/2019	Activity - as of 7/26/2019	Notes
Helpline Calls	621	702	765	814	940	1,032	1,071	4/15/19 - 48 Auxiliaries have called.
Resource Library	260	267	291	316	366	446	455	
Comp/Benefits Survey Participation/Purchase	8	10	10	13	15	24	25	
Roundtable/Webinar Attendance	145	158	180	202	221	234	240	Note that free webinars are sometimes not recorded in our system. Actual number may be higher.
Public Workshop Trainings*	22	25	26	38	42	43	44	
Registration - Workplace/Employment Law Update	50	61	65	73	89	103	105	2019 WELU Registration now open
Inquiry/Proposed – On-Site Training*	41	42	44	45	46	63	65	2019 Promotion for Harassment Prevention Training
Contracted - On-Site Training	33	36	38	42	45	56	57	Includes CPR on-going program and 2 ETP programs
Inquiry/Proposed - On-Line training	7	8	8	8	9	10	11	
Contracted - On-Line Training	4	4	5	5	6	6	7	
Inquiry/Proposed Affirmative Action Planning	20	22	24	26	30	32	33	
Contracted - Affirmative Action Planning	13	14	16	18	22	24	25	
Contracted - Affirmative Action Plan Audit Support	1	1	1	1	1	1	1	
Inquiry/Proposed – Employee Handbook*	6	6	6	6	6	6	7	3 Contracted
Inquiry/Proposed – E.O.S.*	7	8	10	11	16	17	17	
Contracted - EOS	1	3	4	5	12	13	13	8 done as member service. 5 for fee (extra support)
Inquiry/Proposed – Consulting*	17	18	19	19	20	21	22	
Contracted - Consulting	11	11	12	12	14	15	15	12 comp evals,
Inquiry/Proposal - Unemployment Insurance Managem	3	3	3	3	3	3	3	
Contracted - Unemployment Insurance Management	1	1	1	1	1	1	1	
Inquiry/Proposal - Comp.Benefits Planning	13	14	15	18	23	31	33	Also includes 6 comp evals (not included above)
Contracted - Research, Comp/Benefits Planning	8	8	9	10	14	22	23	
Predictive Index Behavioral Assessment						1	1	Introduced in January 2019
Other (Books, CD ROMs, Posters, etc.	5	6	6	7	7	7	7	

## **AORMA WORKERS’ COMPENSATION PROGRAM**

**ISSUE:** 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.

**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. Email to members explaining expansion of the workers’ compensation program
- b. 19/20 workers’ compensation program member listing

## Mimi Long

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**From:** Tevea Him  
**Sent:** Thursday, June 13, 2019 11:06 AM  
**Cc:** Mimi Long  
**Subject:** CSURMA AORMA Action Item - Workers' Compensation Coverage for Volunteers  
**Attachments:** WC Explanation of Forms - Volunteer Coverage.pdf; 1. WC Resolution to Join.docx; 2. WC Participation Agreement.doc; 3. WC State of CA Application.pdf; 4. WC Resolution to Cover Volunteers.doc

Hello AORMA Members:

The AORMA workers' compensation program has been expanded to make any auxiliary organization without employees eligible to join, in order to cover its volunteers, including board members, as employees for workers' compensation. The annual cost per auxiliary organization is \$1,000; however, if you have no volunteers other than board members, the cost is \$500.

As part of the enrollment process, we would like to gather the following exposure information:

1. Number of board members?
2. Number of volunteers other than board members?
3. How many board members do not currently work within the CSU system?
4. What is the percentage breakdown between volunteer duties that are physical and non-physical in nature? (A rough estimate is fine.)
5. Do you require all volunteers to sign a volunteer form?
6. Please provide a basic overview of your volunteer activities.

The AORMA workers' compensation program is self-insured up to \$750,000 per loss. In order to join the program we will need you to complete the following four different documents:

1. WC Resolution to Join
2. WC Participation Agreement
3. WC State of California Application (consent to self-insure)
4. WC Resolution to Cover Volunteers

These forms are attached to this email along with an explanation of each document.

Please let us know if you are interested in joining the AORMA workers' compensation program and feel free to contact Mimi Long at [mlong@alliant.com](mailto:mlong@alliant.com)/415-403-1423 with questions.

### Tevea Him

*Account Manager / JPA Administrator*  
Public Entity Group  
Alliant Insurance Services, Inc.

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11<sup>th</sup> Floor  
San Francisco, CA 94111

D 415 403 1416  
C 415 317 7269

[www.alliant.com](http://www.alliant.com)

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**AORMA Workers' Compensation Program  
Member Listing**

X'ed members are p/o the WC Program

Campus	Member	Has EE's	No EE's Board Only	No EE's Board & Volunteers Only	Effective Date	Volunteer Resolution Passed	Cov Purchased Outside Program
Bakersfield	Associated Students, California State University, Bakersfield, Inc.						
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration	x				Yes	
Bakersfield	California State University, Bakersfield Foundation						
Bakersfield	California State University, Bakersfield Student Union						
Chancellor's Office	California State University Foundation		x		07/24/19		
Chancellor's Office	California State University Institute						
Channel Islands	Associated Students of California State University, Channel Islands						
Channel Islands	California State University, Channel Islands Foundation						
Channel Islands	CI University Auxiliary Services, Inc.,	x				No	
Chico	Associated Students of California State University, Chico	x				Yes	
Chico	The CSU, Chico Research Foundation	x				No	
Chico	The University Foundation, California State University, Chico						
Dominguez Hills	Associated Students, California State University, Dominguez Hills	x				Yes	
Dominguez Hills	California State University, Dominguez Hills Foundation	x				Yes	
Dominguez Hills	The Donald P. and Katherine B. Loker University Student Union, Inc.	x				Yes	
Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation						
East Bay	Associated Students, California State University, East Bay	x				Yes	
East Bay	Cal State East Bay, Educational Foundation, Inc.						
East Bay	California State University, East Bay Foundation, Inc.						
Fresno	Associated Students, Inc. of California State University, Fresno						x
Fresno	California State University, Fresno Association, Inc.	x				No	
Fresno	California State University, Fresno Foundation						x
Fresno	Fresno State Programs for Children, Inc.						x
Fresno	The Agricultural Foundation of California State University, Fresno						x
Fresno	The California State University, Fresno Athletic Corporation	x				No	
Fullerton	Associated Students, California State University, Fullerton, Inc.	x				Yes	
Fullerton	Cal State Fullerton Philanthropic Foundation						
Fullerton	CSU Fullerton Auxiliary Services Corporation	x				Yes	
Humboldt	Associated Students, Humboldt State University	x				Yes	
Humboldt	Humboldt State University Foundation						
Humboldt	Humboldt State University Center	x				Yes	
Humboldt	Humboldt State University Sponsored Programs Foundation	x				Yes	
Long Beach	Associated Students, California State University, Long Beach	x				Yes	
Long Beach	California State University, Long Beach Research Foundation	x				Yes	
Long Beach	CSULB 49er Foundation						
Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	x				No	

**AORMA Workers' Compensation Program  
Member Listing**

X'ed members are p/o the WC Program

Campus	Member	Has EE's	No EE's Board Only	No EE's Board & Volunteers Only	Effective Date	Volunteer Resolution Passed	Cov Purchased Outside Program
Los Angeles	Associated Students, California State University, Los Angeles, Inc.						
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	x				No	
Los Angeles	California State University, Los Angeles Foundation		x		09/26/19		
Los Angeles	University-Student Union Board, California State University, Los Angeles	x				Yes	
Maritime Academy	California Maritime Academy Foundation, Inc.						
Maritime Academy	The Associated Students of the California Maritime Academy						
Monterey Bay	Foundation of California State University, Monterey Bay						
Monterey Bay	The University Corporation at Monterey Bay	x				Yes	
Monterey Bay	Otter Student Union at CSU Monterey Bay						
Northridge	Associated Students, California State University, Northridge, Inc.	x				Yes	
Northridge	California State University, Northridge Foundation						
Northridge	North Campus University Park Development Corporation						
Northridge	The University Corporation, CSU Northridge	x				Yes	
Northridge	University Student Union of California State University, Northridge	x				Yes	
Pomona	Associated Students Inc., California State Polytechnic University, Pomona	x				Yes	
Pomona	The Cal Poly Pomona Foundation, Inc.	x				Yes	
Pomona	The Cal Poly Pomona Philanthropic Foundation						
Sacramento	Associated Students of California State University, Sacramento	x				Yes	
Sacramento	Capital Public Radio, Inc., CSU Sacramento	x				Yes	
Sacramento	The University Foundation at Sacramento State						
Sacramento	University Enterprises, Inc., CSU Sacramento	x				Yes	
Sacramento	University Union Operation of CSUS, Inc.						
San Bernardino	Associated Students Inc., California State University, San Bernardino	x				Yes	
San Bernardino	CSUSB Philanthropic Foundation						
San Bernardino	Santos Manual Student Union of California State University, San Bernardino	x				Yes	
San Bernardino	University Enterprises Corporation at CSUSB	x				Yes	
San Diego	Associated Students, San Diego State University	x				Yes	
San Diego	Aztec Shops, Ltd., San Diego State University	x				Yes	
San Diego	San Diego State University Research Foundation						x
San Diego	The Campanile Foundation						
San Francisco	Associated Students, Inc., San Francisco State University	x				Yes	
San Francisco	San Francisco State University Foundation						
San Francisco	The University Corporation, San Francisco State	x				Yes	
San Jose	Associated Student, San Jose State University	x				Yes	
San Jose	San Jose State University Research Foundation	x				No	

**AORMA Workers' Compensation Program  
Member Listing**

X'ed members are p/o the WC Program

Campus	Member	Has EE's	No EE's Board Only	No EE's Board & Volunteers Only	Effective Date	Volunteer Resolution Passed	Cov Purchased Outside Program
San Jose	Spartan Shops, Inc., San Jose State University	x				No	
San Jose	The Student Union of San Jose State University	x				Yes	
San Jose	The Tower Foundation, San Jose State University	x				Yes	
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	x				Yes	
San Luis Obispo	Cal Poly Corporation	x				Yes	
San Luis Obispo	California Polytechnic State University Foundation						
San Marcos	The California State University San Marcos Foundation						
San Marcos	Associated Students of California State University, San Marcos						
San Marcos	California State University San Marcos Corporation	x				Yes	
Sonoma	Associated Students of Sonoma State University	x				No	
Sonoma	Sonoma State Enterprises, Inc.		x		06/20/19	Yes	
Sonoma	Sonoma State University Foundation		x		07/03/19		
Stanislaus	Associated Students, Inc., California State University, Stanislaus	x				No	
Stanislaus	California State University, Stanislaus Auxiliary and Business Services						
Stanislaus	California State University, Stanislaus Foundation						
Stanislaus	University Student Union of California State University, Stanislaus	x				No	
N/A	Auxiliary Organization Associations c/o CSU Chico Research Foundation						
N/A	Auxiliaries Multiple Employer VEBA						
N/A	Humboldt State University Real Estate Holdings						

Current Members

47

4

0

48

5

Waiting for board to pass resolutions

Waiting for board approval to join program

Members with no employees who have joined the workers' compensation program

## **POOLED PROGRAMS LOSS REPORTS**

**ISSUE:** The Committee will review the loss reports and charts for the AORMA programs with a pooled layer.

**RECOMMENDATION:** None; this item is for information only. However, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

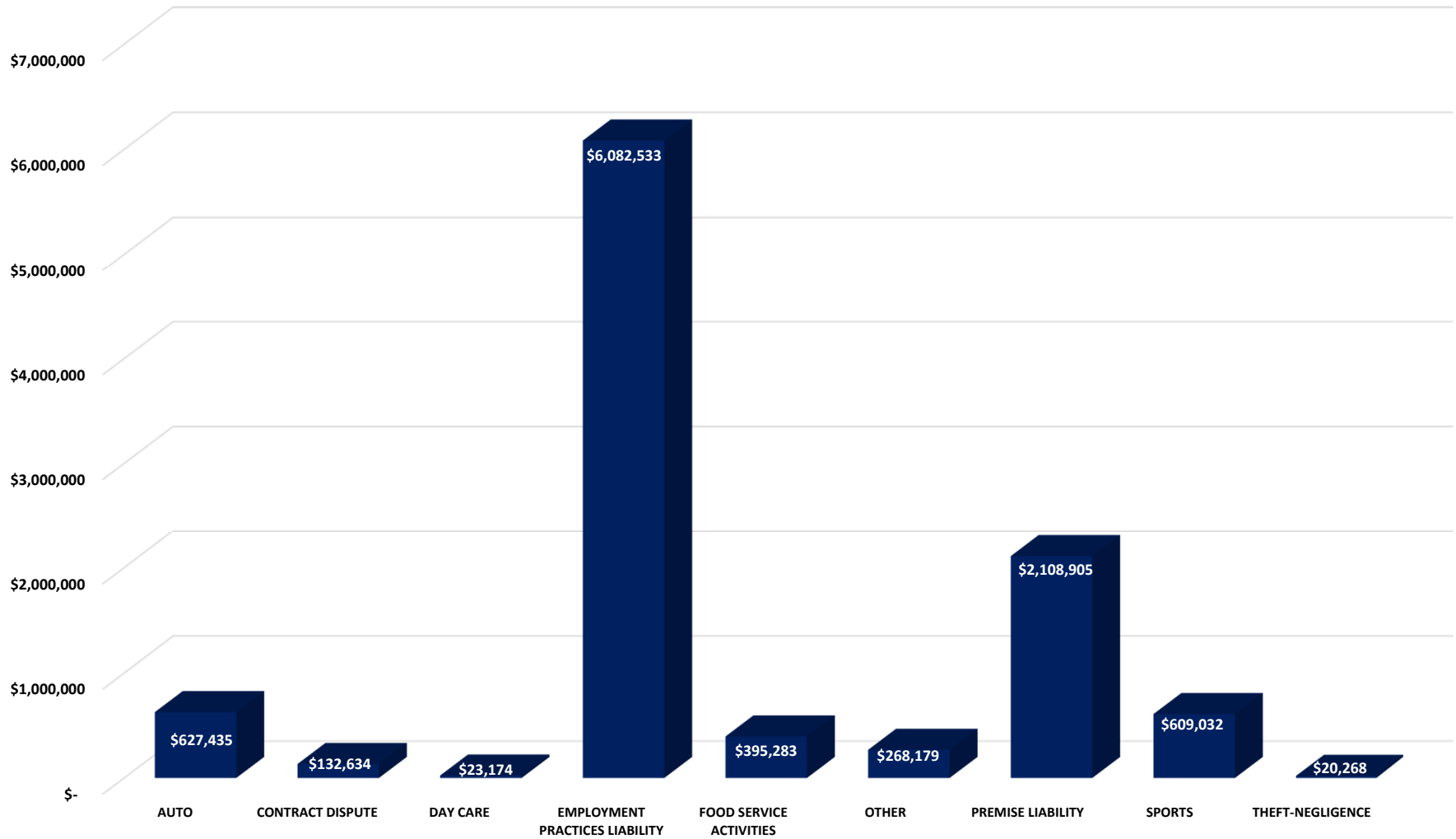
**BACKGROUND:** None.

**PUBLICATION:** None.

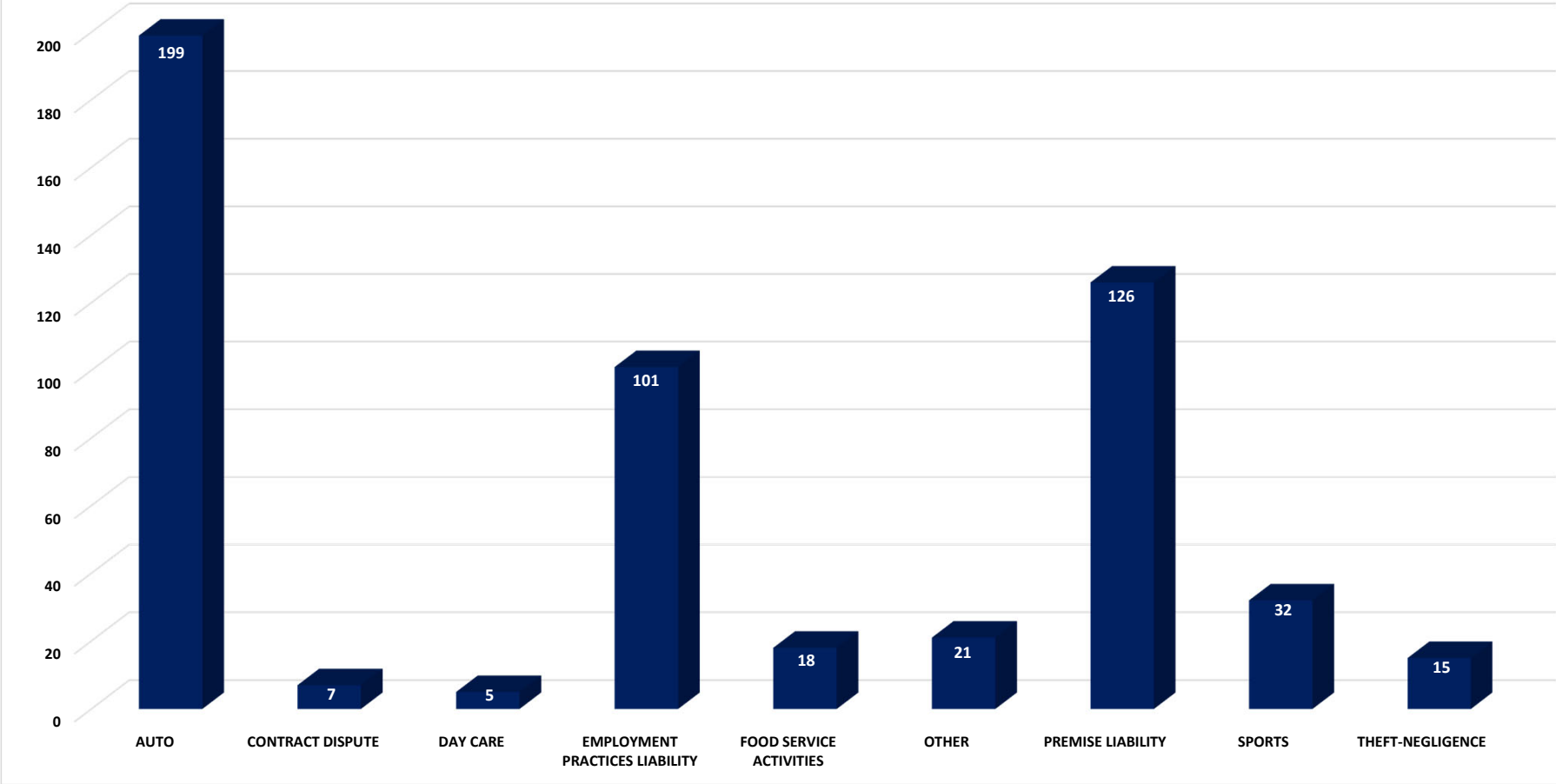
**ATTACHMENT(S):**

- a. Pooled Programs Loss Reports

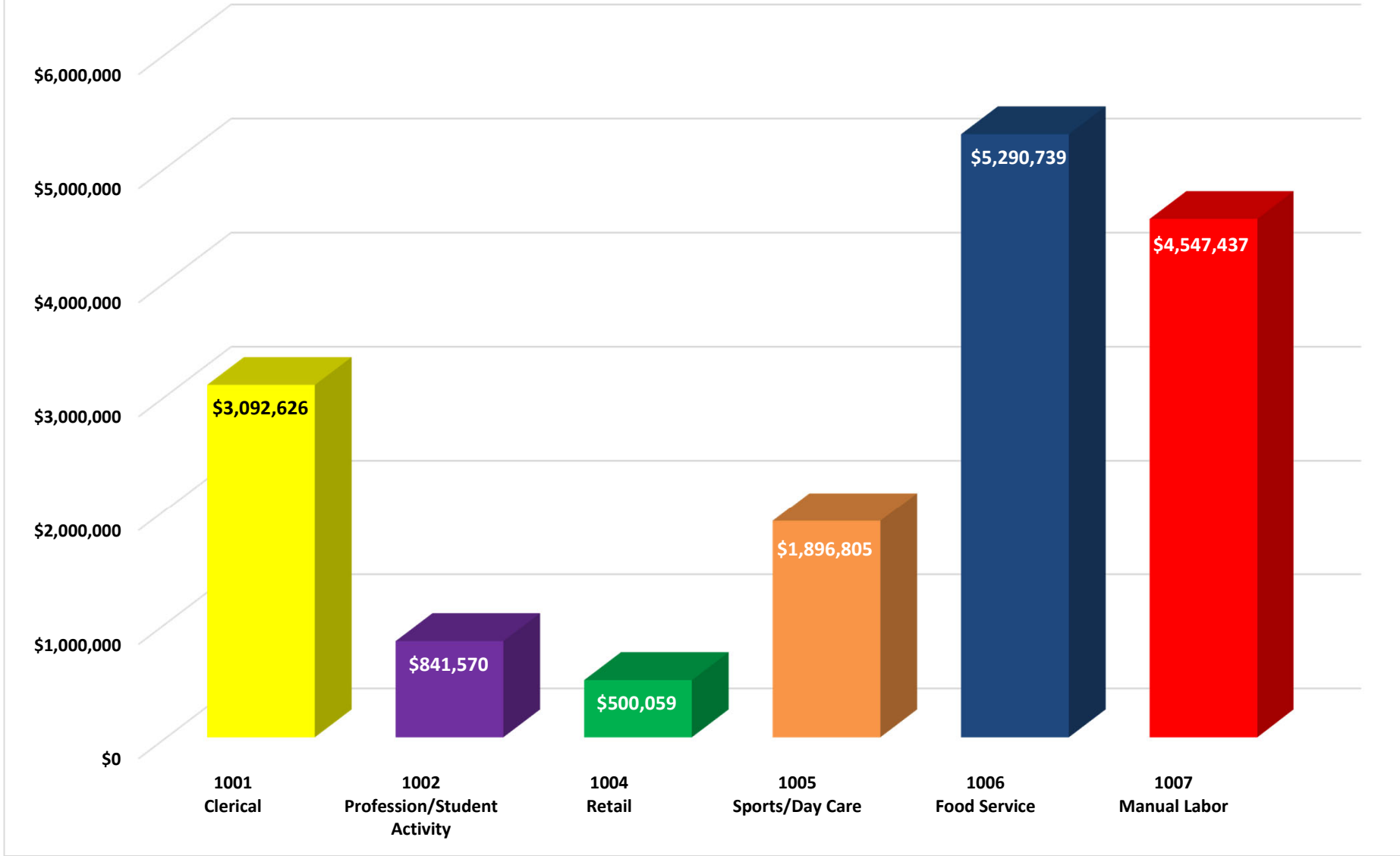
**AORMA Liability Losses**  
**Severity of Cause of Loss by Total Incurred**  
**July 1, 2009 - June 30, 2019**



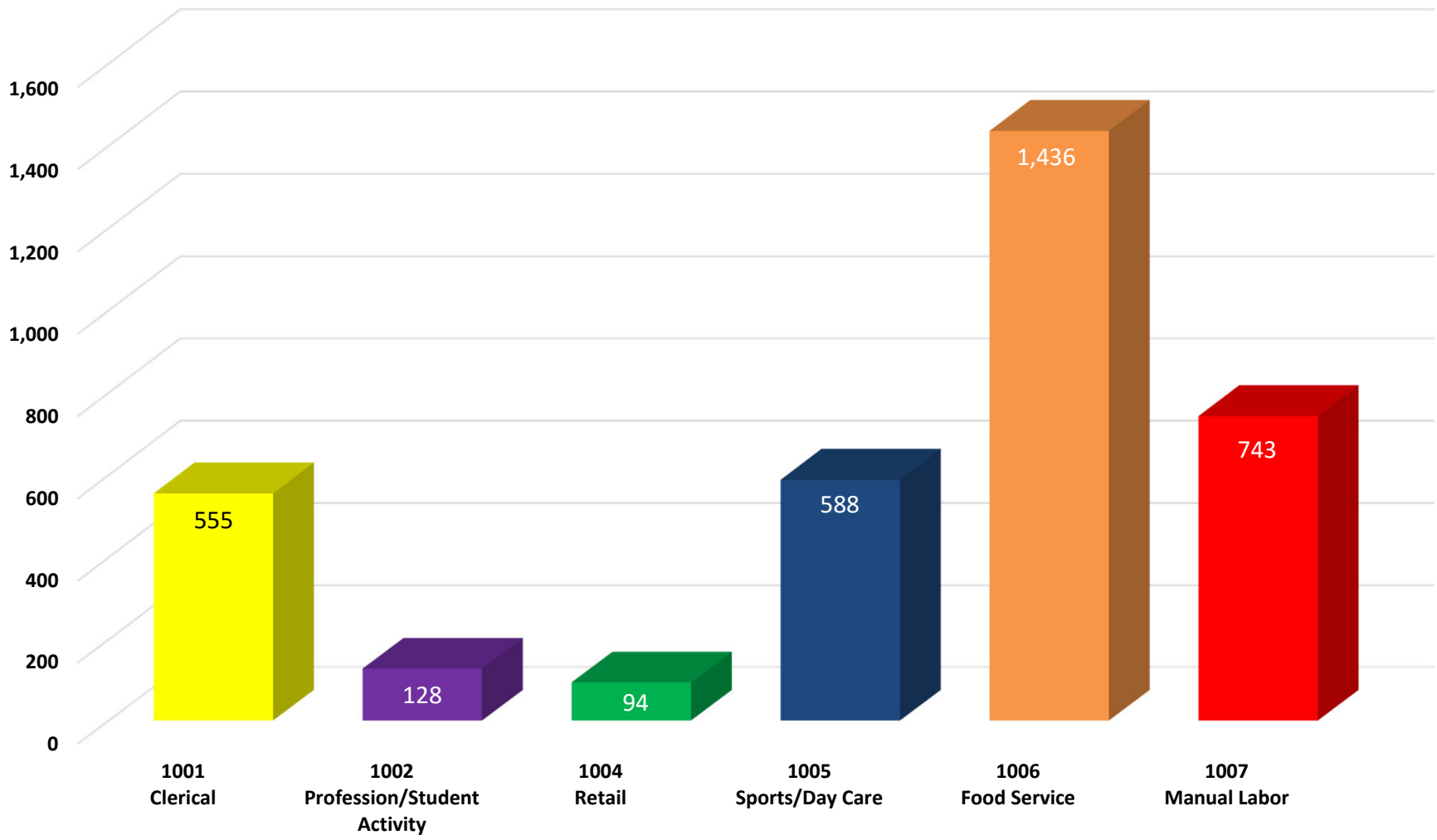
AORMA Liability Losses  
Frequency of Cause of Loss by Total Incurred  
July 1, 2009 - June 30, 2019



**AORMA Workers' Compensation Losses**  
**Total Severity by Class Code**  
**July 1, 2009 - June 30, 2019**



**AORMA Workers' Compensation Losses**  
**Total Frequency by Class Code**  
**July 1, 2009 - June 30, 2019**



## **RATING PLANS FOR THE AORMA POOLED PROGRAMS**

**ISSUE:** The Committee will be asked to review and discuss the member allocation formulas for the AORMA coverage programs with a pooled layer.

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

**FISCAL IMPACT:** None.

**BACKGROUND:** Attached are the Policies and Procedures which explain in detail the allocation formula for each program. In compliance with Policy and Procedure A-5, the member allocation formulas will be reviewed by the AORMA Committee (or Rating Plans Task Group) at least every three years in order to verify that they are still fair and equitable. The Programs Committee completed its last review in February, 2017; the next review will be in 2020.

Two changes to the workers’ compensation allocation formula have been proposed by AORMA members (1) remove the normalization factor from the experience modification factors (EMF), and (2) add back a surcharge for those members who maintain EMF’s above 1.25 for an extended period of time.

**PUBLICATION:** None; the policies and procedures documenting the member allocation formulas are posted on the CSURMA website.

**ATTACHMENT(S):**

- a. Historical Ex-Mod
- b. Policy and Procedure L-8 – Liability Program Member Allocation Formula
- c. Policy and Procedure W-1 – Workers’ Compensation Program Member Allocation Formula
- d. Policy and Procedure P-1 – Property Program Member Allocation Formula
- e. Policy and Procedure C-1 – Crime Program Member Allocation Formula
- f. Policy and Procedure UI-1 – Formula for Determining Unemployment Insurance Program Annual Contributions

**CSURMA - AORMA Workers' Compensation Program  
Historical Experience Modification Factors**

Campus	Auxiliary Organization	Cert #	<i>Loss Information Valuation Date</i>				
			6/30/18 FY 19/20	6/30/17 FY 18/19	6/30/16 FY 17/18	6/30/15 FY 16/17	6/30/14 FY 15/16
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration	5558-047	0.92	0.94	0.97	0.94	0.95
Bakersfield	California State University, Bakersfield Foundation	5558-012	1.01	1.07	1.01	1.19	1.40
Channel Islands	CI University Auxiliary Services, Inc.	5558-041	0.8	1.06	1.12	1.06	0.92
Chico	Associated Students of California State University, Chico	5558-004	0.8	0.92	0.83	0.93	0.94
Chico	The CSU, Chico Research Foundation	5558-013	0.94	0.96	0.86	0.90	0.78
Dominguez Hills	Associated Students, California State University, Dominguez Hills	5558-014	1.03	1.09	1.08	0.94	1.11
Dominguez Hills	California State University, Dominguez Hills Foundation	5558-015	1.09	1.08	0.94	0.81	0.96
Dominguez Hills	The Donald P. and Katherine B. Loker University Student Union, Inc.	5558-009	1.42	1.25	1.04	0.91	1.07
East Bay	Associated Students, California State University, East Bay	5558-030	1.07	1.11	1.13	1.03	1.21
Fresno	The California State University, Fresno Athletic Corporation	5558-040	0.95	0.89	0.75	0.65	0.67
Fresno	California State University, Fresno Association, Inc.	5558-016	0.78	0.65	0.73	0.69	0.74
Fullerton	Associated Students, California State University, Fullerton, Inc.	5558-005	0.69	0.75	0.84	0.98	1.03
Fullerton	CSU Fullerton Auxiliary Services Corporation	5558-036	0.86	1.00	0.99	0.86	0.91
Humboldt	Associated Students, Humboldt State University	5558-049	1.38	1.15	0.96	0.88	0.95
Humboldt	Humboldt State University Center	5558-001	1.5	1.42	1.18	1.13	1.09
Humboldt	Humboldt State University Sponsored Programs Foundation	5558-037	1.16	1.00	1.10	1.29	1.52
Long Beach	Associated Students, California State University, Long Beach	5558-017	0.74	0.87	1.03	0.97	0.91
Long Beach	California State University Long Beach Research Foundation	5558-011	0.87	0.72	0.98	1.15	1.00
Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	5558-018	1.32	1.10	1.04	1.22	1.44
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	5558-044	0.92	0.96	0.89	0.93	0.88
Los Angeles	University-Student Union Board, California State University, Los Angeles	5558-019	0.75	0.78	0.80	0.86	1.01
Monterey Bay	The University Corporation at Monterey Bay	5558-020	0.81	0.68	0.89	0.90	1.05
Northridge	Associated Students, California State University, Northridge, Inc.	5558-021	1.31	1.09	1.01	1.04	0.94
Northridge	The University Corporation, CSU Northridge	5558-022	1.2	1.04	1.28	1.14	0.99
Northridge	University Student Union of California State University, Northridge	5558-023	1.32	1.10	0.91	0.83	0.87
Pomona	Associated Students Inc., California State Polytechnic University, Pomona	5558-024	0.9	1.09	0.97	0.90	0.85
Pomona	The Cal Poly Pomona Foundation, Inc.	5558-025	1.46	1.31	1.20	1.19	1.37

		<i>Loss Information Valuation Date</i>					
			<i>6/30/18</i>	<i>6/30/17</i>	<i>6/30/16</i>	<i>6/30/15</i>	<i>6/30/14</i>
<b>Campus</b>	<b>Auxiliary Organization</b>	<b>Cert #</b>	<b>FY 19/20</b>	<b>FY 18/19</b>	<b>FY 17/18</b>	<b>FY 16/17</b>	<b>FY 15/16</b>
Sacramento	Associated Students of California State University, Sacramento	5558-026	1.41	1.33	1.11	1.03	1.01
Sacramento	Capital Public Radio	5558-051	1.5	1.25	1.04	0.91	0.79
Sacramento	University Enterprises, Inc., CSU Sacramento	5558-048	0.9	0.90	0.86	1.02	1.20
San Bernardino	Associated Students Inc., California State University, San Bernardino	5558-031	1.38	1.15	0.96	0.89	0.89
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	5558-027	0.84	1.29	1.23	1.45	1.49
San Bernardino	University Enterprises Corporation at CSUSB	5558-042	1.48	1.72	1.44	1.25	1.09
San Diego	Associated Students, San Diego State University	5558-002	1	1.10	1.07	1.09	1.08
San Diego	Aztec Shops, Ltd.	5558-053	0.96	0.89	0.63		
San Francisco	Associated Students, Inc., San Francisco State University	5558-029	0.71	0.78	0.91	1.07	1.26
San Francisco	The University Corporation, San Francisco State	5558-038	0.89	0.87	0.86	0.88	1.04
San Jose	Associated Student, San Jose State University	5558-032	0.79	0.90	0.92	1.03	1.22
San Jose	San Jose State University Research Foundation	5558-034	0.7	0.78	0.81	0.78	0.74
San Jose	Spartan Shops, Inc., San Jose State University	5558-007	0.91	0.86	0.95	1.02	0.95
San Jose	The Student Union of San Jose State University	5558-035	1.02	1.09	0.90	0.80	0.78
San Jose	The Tower Foundation, San Jose State University	5558-050	1.06	0.94	0.86	0.78	0.81
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	5558-006	0.8	0.89	1.19	1.40	1.22
San Luis Obispo	Cal Poly Corporation	5558-003	0.99	1.17	1.11	1.02	0.89
San Marcos	California State University San Marcos Corporation	5558-010	0.98	1.12	1.11	1.03	0.96
Sonoma	Associated Students of Sonoma State University	5558-039	1.36	1.41	1.86	2.19	2.57
Stanislaus	Associated Students, Inc., California State University, Stanislaus	5558-045	1.02	1.07	0.95	0.89	0.90
Stanislaus	University Student Union of California State University, Stanislaus	5558-046	1.39	1.46	1.21	1.13	1.07



**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

- 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 \*\***

<b>1.</b>	<b>5</b>	*	<b>\$150</b>	=	<b>\$750</b>
	Number of owned autos		Per Auto		AL Basic premium
	<b>150,000</b>	*	<b>\$50</b>	=	<b>\$7,500</b>
	Square Footage		Per 1,000 of square footage		PL Basic premium
	<b>\$20,000,000</b>	*	<b>\$400</b>	=	<b>\$8,000</b>
	Expenditures		Per 1,000,000 of expenditures		OL Basic premium
	<b>\$5,000,000</b>	*	<b>\$1,200</b>	=	<b>\$6,000</b>
	Payroll		Per 1,000,000 of payroll		EPL Basic premium
			<b>Total</b>		<b>\$22,250</b>
					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 \*\***

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

<b>1.</b>	<b>\$20,693</b> Basic premium for pooled layer w/ size credit	*	<b>.945</b> Loss rating discount or surcharge	=	<b>\$19,555</b> 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 \*\***

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

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

**Final Premium w/o Collars:**

<b>1.</b>	<b>\$19,555</b>	+
	Basic premium for pooled layer w/ size credit and loss rating	
	<b>\$15,867</b>	+
	Capped excess premium	
	<b>\$9,417</b>	+
	Capped administrative costs	
	<b>\$44,874</b>	=
	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 \*\***

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

3.	<b>\$44,874</b>	>	<b>\$38,500</b>	=	<b>\$38,500</b>
	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.



**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

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**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 \*\***

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

<b>Class Code Description</b>	<b>AORMA</b>	<b>WCIRB</b>
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 & PROCEDURE NO. P-1**

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

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**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.	<b>\$50,000,000</b> RP/BI TIV	*	<b>.2000</b> RP/BI Rate (per \$100 in TIV)	=	<b>\$100,000</b> RP/BI Basic Premium
2.	<b>\$25,000,000</b> BPP TIV	*	<b>.2400</b> BPP Rate (per \$100 in TIV)	=	<b>\$60,000</b> BPP Basic Premium
3.	<b>\$100,000</b> RP/BI Basic Premium	+	<b>\$60,000</b> BPP Basic Premium	=	<b>\$160,000</b> Basic Premium
4.	<b>\$160,000</b> Basic Premium	/	<b>\$75,000,000</b> Total TIV	=	<b>.2133</b> 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.	<b>\$160,000</b> Basic Premium	/	<b>\$600,000</b> Maximum Premium for Calculating Size Credit	=	<b>27%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	<b>27%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	<b>30%</b> Maximum Size Percentage Credit	=	<b>8%</b> Size Credit Percentage
3.	<b>.2133</b> Basic Rate	-	<b>8%</b> Size Credit Percentage	=	<b>.1960</b> 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 \*\***

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

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

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

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**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 \*\***

<b>1.</b>	<b>\$10,000,000</b> Payroll	*	<b>.0400</b> Basic Rate (per \$100 in payroll)	=	<b>\$4,000</b> 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 \*\***

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



## CSURMA AORMA

## POLICY & PROCEDURE UI-1

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

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*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**

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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.

## **ESTIMATED FUND BALANCE EXHIBITS**

**ISSUE:** The Committee will review 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 March 31, 2019, as well as historical estimated fund balances and dividend information.

**RECOMMENDATION:** None; this item is for information only.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** These reports will be updated with financial information at June 30, 2019 and will be presented to the AORMA Committee during its meeting in September.

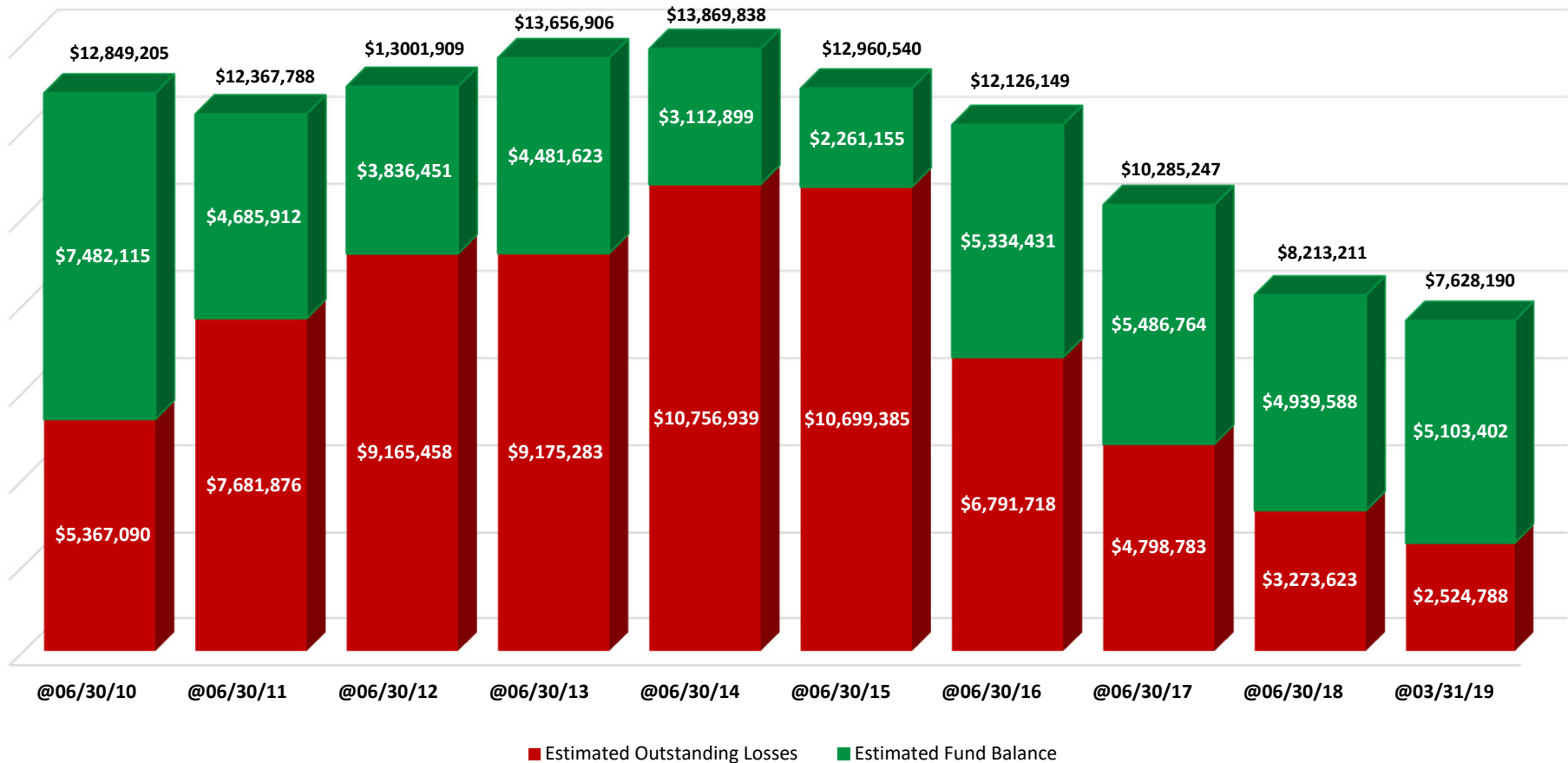
**ATTACHMENT(S):**

- a. Estimated Fund Balance @ March 31, 2019 (Liability and Workers’ Compensation Programs)
- b. Historical Estimated Fund Balance @ June 30
- c. Historical Maximum Dividend Available vs. Dividend Declared

# Workers' Compensation Historical Estimated Fund Balance @ June 30



## 80% Confidence Level

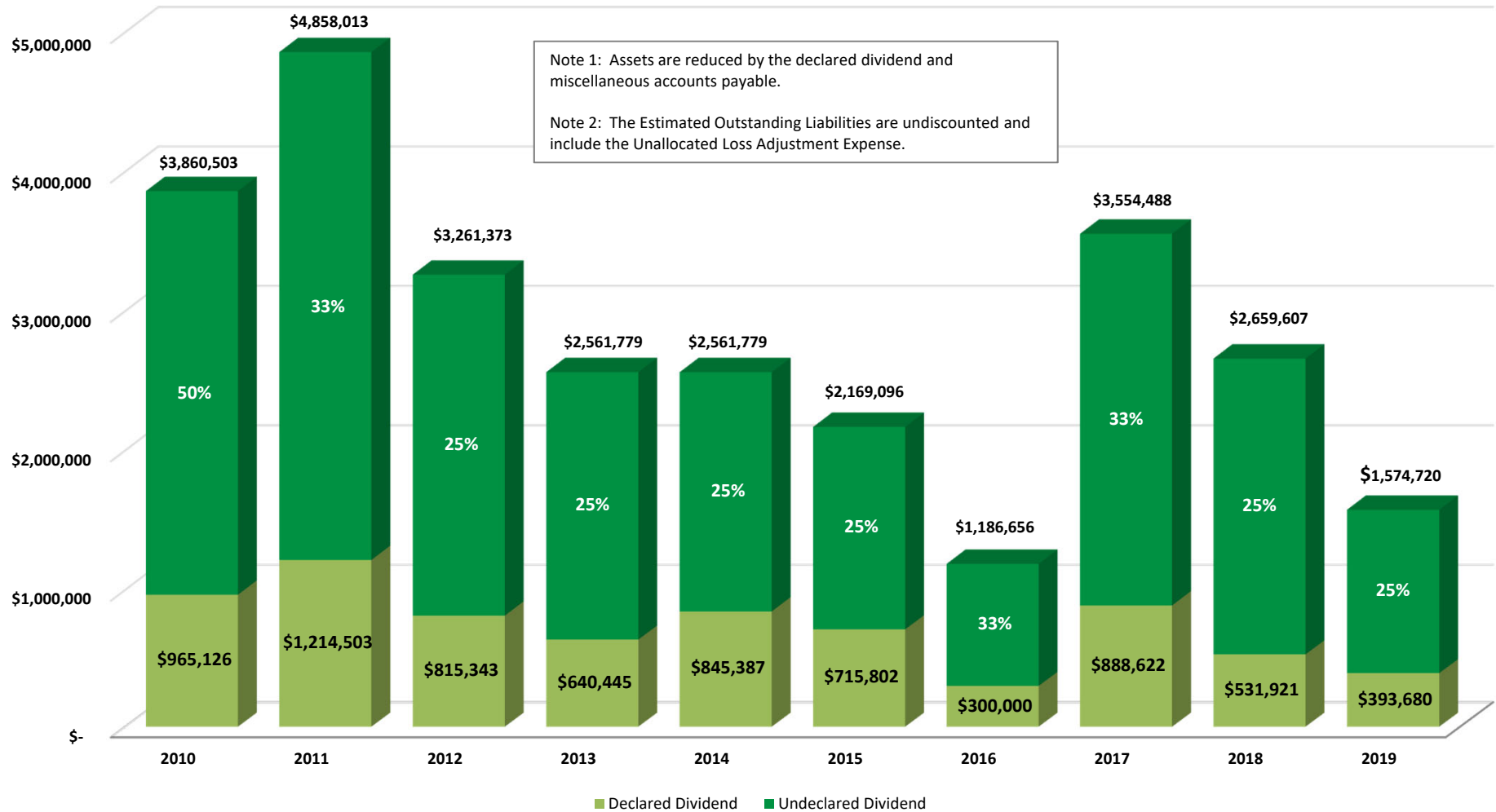


Note 1: Assets are reduced by the declared dividend and miscellaneous accounts payable

Note 2: The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense

# Workers' Compensation Historical Dividends Paid in July

### Maximum Dividend Available vs. Dividend Declared

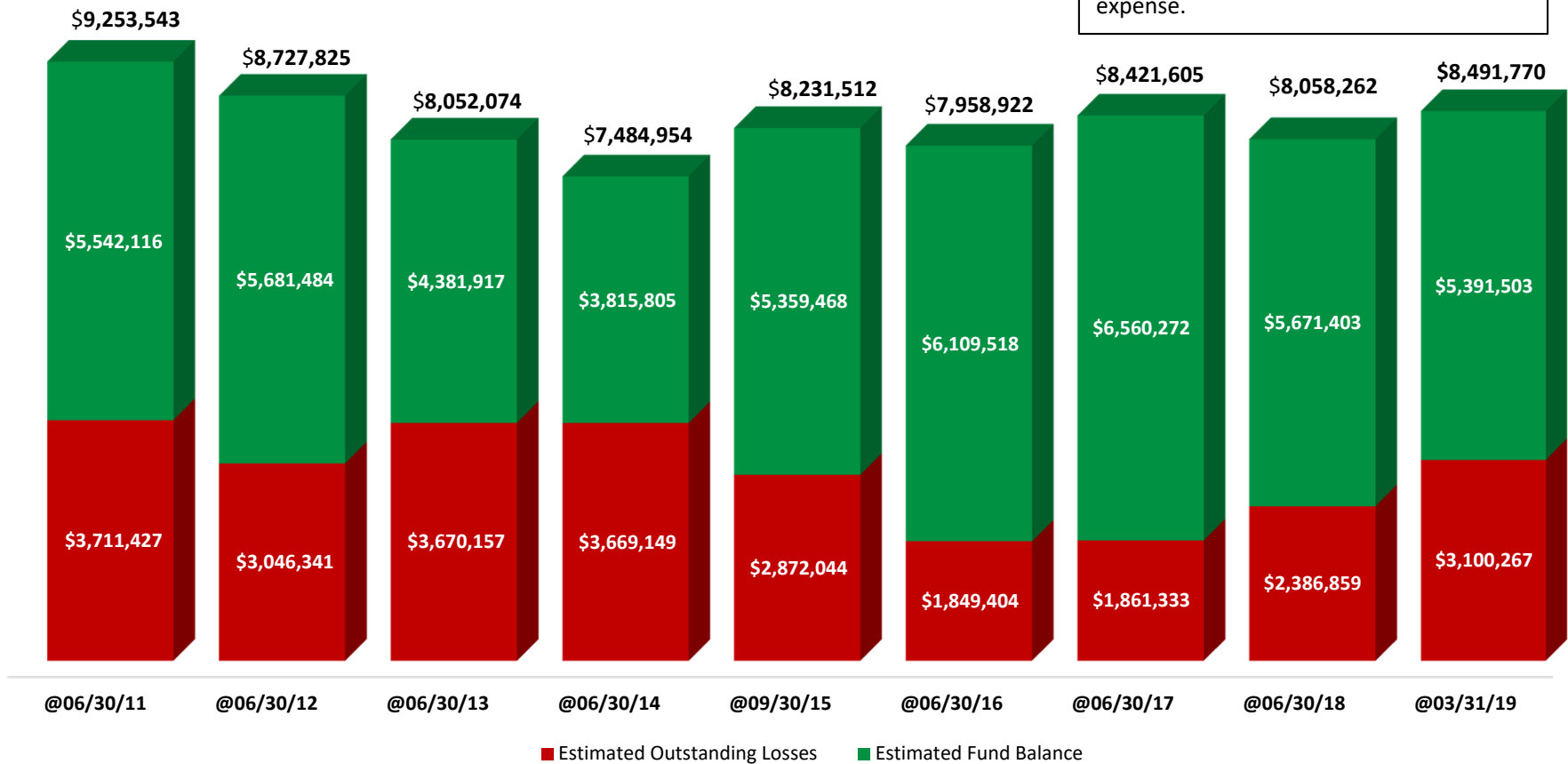


# Liability Historical Estimated Fund Balance @ June 30

Assets (on top of the bar) have been reduced by accounts payable and dividends.

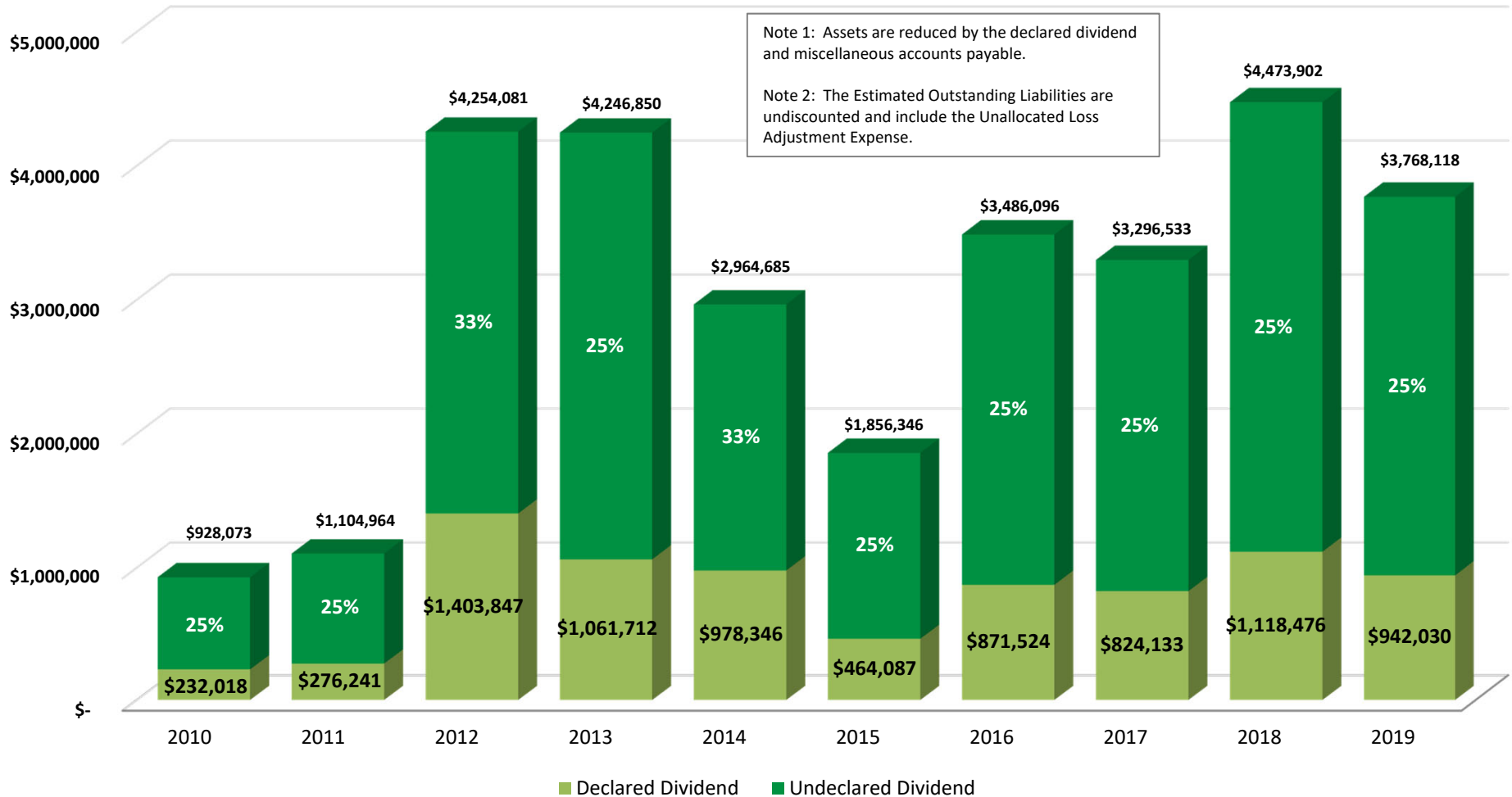
## Liability - Historical Estimated Fund Balance

The estimated outstanding losses are undiscounted, at an 80% confidence level, and include unallocated loss adjustment expense.



# Liability Historical Dividends Paid in July

## Maximum Dividend Available vs. Dividend Declared



## **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. Currently, because both programs are adequately funded, the Committee has begun approving funding at less than an 80% confidence level. This reflects the Committee’s desire to keep surplus at the current 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% - #1	\$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)	TBD	TBD	TBD

The Committee approved the FY 15/16 liability program costs at a 70% confidence level and funding for a \$500,000 retention.

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)	TBD	TBD	TBD

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

**AOA CONFERENCE – SESSION TOPICS**

**ISSUE:** CSURMA AORMA has been assigned two Risk Management Session topics:

1. AOA Services through AORMA (AORMA 101)
2. Cyber Incidents: Response and Prevention

**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. 2020 AOA Conference – Session Description

## **AOA Services Through AORMA**

**Date and Time: TBD**

**Session Description:** This session will provide an executive overview of the coverage and risk management / loss control programs available to all CSU Auxiliary Organizations. Attendees will learn about new services and coverage programs, as well as an overview of the long-standing favorites.

**1. Mimi Long - Alliant Insurance Services, Inc.**

Mimi joined the Alliant Insurance Services Public Entity Group in 2010 as the CSURMA AORMA JPA Program Administrator. She provides risk management consultation for the CSU Auxiliary Organizations within the AORMA risk pool. She works closely with the CSURMA AORMA Committee in evaluating loss control and loss mitigation strategies, and in evaluating coverage enhancements and risk pool policy amendments, as well as establishing and maintaining the member premium allocation formulas, dividend calculations and overall funding requirements. Mimi has over 20 years of experience working in the insurance industry and is experienced in all coverage lines of insurance and in JPA program administration.

Alliant Insurance Services, Inc.  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111

**2. Amy Lightner - Alliant Insurance Services, Inc.**

Amy has 20 years of insurance experience and a targeted expertise in the public section. Previously, Amy worked with several global insurance carriers focusing on excess workers' compensation and excess casualty. This is Amy's second tour with Alliant, previously working with the company from 1996-2004. Amy works closely with CSURMA as well as other public entities including municipalities, and schools.

Alliant Insurance Services, Inc.  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111

## **Cyber Incidents: Response and Prevention**

**Date and Time: TBD**

**Session Description: TBD**

**1. Susan Leung - Alliant Insurance Services, Inc.**

Susan Leung joined Alliant Insurance Services in 2018 and has been working with public entities since 2010. She has worked with many school and municipality pools across the country on liability, property and workers' compensation placements, and has specific expertise in cyber liability insurance. Susan has 13 years of insurance and reinsurance experience. Her career began in reinsurance at Guy Carpenter, LLC, soon after she moved into an insurance position at March, Inc. In 2010, she joined JLT Re, where she began working with the public entity section. She also spent a portion of her career in Asia establishing cyber liability insurance placements for commercial entities.

## **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):**

- a. CSURMA AORMA Matrix (Outline of all CSURMA AORMA annual activities)
- b. CSURMA AORMA Coverage Matrix (Outline of all Coverage Programs available)

### CSURMA AORMA Matrix

Est Start	Est Finish	Project	Assigned To	Notes
1-Jan	1-Feb	WC Deposit 3rd Qtr (Current Year)	JPA Admin	
1-Jan	1-Feb	UI Deposit 3rd Qtr (Current Year)	JPA Admin	
1-Jan	31-Jan	AORMA Budget Letter - Sent to Members	JPA Admin	These are the member's actual coverage program costs for the Future Year.
15-Jan		On-Time Reporting of Workers' Compensation Claims Report	Member - MH	No action is required.
1-Feb	15-Feb	WC Deposit 3rd Qtr (Current Year) approved and sent to AP	Member - MH	
1-Feb	15-Feb	UI Deposit 3rd Qtr (Current Year) approved and sent to AP	Member - MH	
1-Feb	15-Feb	Summary of Unemployment Charges	Member - MH	This Equifax documents shows the total UI charges for the previous quarter broken out by employee. No action is required.
1-Mar	15-Mar	UAV (Drone) and Rocketry Survey	JPA Admin	
1-Mar	1-Mar	Alumni Assoc. SLIP Policy - CORP/Member receives renewal policy.	Member -	No action required. Retain the policy permanently.
15-Mar	30-Mar	AORMA Committee Election Ballot	JPA Admin	
15-Mar	30-Mar	AORMA Committee Election Ballot - Completed by ED	Member - ED/BN	
15-Mar	1-Apr	UAV (Drone) and Rocketry Survey - Responded to by CORP/member	Member -	This should be vetted by OSP & Campus Programs
1-Apr	15-Apr	PAI Renewal Application (Future Year)	JPA Admin	
1-Apr	1-May	WC Deposit 4th Qtr (Current Year)	JPA Admin	
1-Apr	1-May	UI Deposit 4th Qtr (Current Year)	JPA Admin	
1-Apr	15-Apr	Property Schedule Updates (Future Year) - Responded to by CORP/member	Member - CF	

### CSURMA AORMA Matrix

Est Start	Est Finish	Project	Assigned To	Notes
1-Apr	15-Apr	Property Schedule Updates Campus 99 UVA (Future Year) - Confirmed / Responded to by CORP/member	Member - CF	
1-Apr	15-Apr	Auto Schedule Review (Future Year) - Confirmed / Respond by CORP/member	Member - CF/JC	
1-Apr	15-Apr	Expiring Certificates of Insurance - Review / Approve / Respond by CORP/Member	Member -	
15-Apr		On-Time Reporting of Workers' Compensation Claims Report	Member - MH	No action is required.
15-Apr	1-May	PAI Renewal Application (Future Year) - Responded to by CORP/Member	Member -	
1-May	15-May	WC Deposit 4th Qtr (Current Year) approved and sent to AP	Member - MH	
1-May	15-May	UI Deposit 4th Qtr (Current Year) approved and sent to AP	Member - MH	
1-May	15-May	Summary of Unemployment Charges	Member - MH	This Equifax documents shows the total UI charges for the previous quarter broken out by employee. No action is required.
15-Jun	25-Jun	Auto ID Cards Issued (Future Year)	JPA Admin	CORP recieves via email
15-Jun	1-Jul	San Marco Alumni Assoc., SLIP Pre-Renewal Application	JPA Admin	
25-Jun	1-Jul	Auto ID Cards sent to ARTES	Member - CF/JC	
1-Jul	1-Aug	San Marco Alumni Assoc., SLIP Pre-Renewal Application - Responded to by CORP/Member	Member -	This program renews on September 29th.
1-Jul	1-Aug	WC Deposit 1st Qtr (Current Year)	JPA Admin	
1-Jul	1-Aug	UI Deposit 1st Qtr (Current Year)	JPA Admin	
1-Jul	1-Aug	Property Premium - Campus 99 (Current Year)	JPA Admin	
1-Jul	1-Aug	Liability Dividend Issued	JPA Admin	Check sent via the mail.

### CSURMA AORMA Matrix

Est Start	Est Finish	Project	Assigned To	Notes
1-Jul	1-Aug	Workers' Compensation Dividend Issued	JPA Admin	Applied to current yr's WC program to reduce premium (due to Federal Sponsored Programs)
1-Jul	15-Jul	WC Audited Payroll (Completed Year) Request	JPA Admin	
1-Jul	1-Aug	Liability Dividend - Receipt by CORP	Member - MH/JP	GL Coding for dividends (CORP to populate this.)
15-Jul		On-Time Reporting of Workers' Compensation Claims Report	Member - MH	No action is required.
15-Jul	15-Aug	WC Actual Payroll (Completed Year) Report	Member - MH	
15-Jul	15-Sep	WC Estimated Payroll (Future Year) Report	Member - MH	Actual Payroll plus 6% is used for Future Year, unless estimated is sent by 9/15
1-Aug	15-Aug	Insurance Summary and Invoice (Current Year) approved and sent to AP	Member - MH	Annual invoice for Property, Cyber Liability, ID Fraud, Crime, Auto Physical Damage, PAI
1-Aug	15-Aug	WC Deposit 1st Qtr (Current Year) approved and sent to AP	Member - MH	
1-Aug	15-Aug	UI Deposit 1st Qtr (Current Year) approved and sent to AP	Member - MH	
1-Aug	15-Aug	Property Premium - Campus 99 (Current Year) approved and sent to AP	Member - CF/JT	Corp has this invoice paid directly to CSURMA by COCM
1-Aug	15-Aug	Summary of Unemployment Charges	Member - MH	This Equifax documents shows the total UI charges for the previous quarter broken out by employee. No action is required.
1-Sep	15-Sep	San Marco Alumni Assoc. SLIP Renewal Property	JPA Admin	
1-Sep	15-Sep	Alumni Assoc. SLIP Renewal Proposal - CORP/Member provide authority to bind	Member -	Coverage cannot be bounds until CORP signs and returns 1. req to bind, 2. terrorism notice, and 3. D1. (These will be part of the proposal.)
1-Sep	15-Sep	Alumni Assoc. SLIP Renewal Proposal and Invoice - CORP/Member Approve and send to AP	Member -	Coverage cannot be bounds until CORP pays the renewal premium.
1-Sep	15-Sep	UIP Fund Balance Statement Issued	JPA Admin	Deposit premium or credit for Future Year is included in January budget letter.
1-Oct	1-Oct	Alumni Assoc. SLIP Evidence of Coverage received by CORP/Member.	Member -	No action required. For evidence only.

### CSURMA AORMA Matrix

Est Start	Est Finish	Project	Assigned To	Notes
1-Oct	1-Nov	WC Deposit 2nd Qtr (Current Year)	JPA Admin	
1-Oct	1-Nov	UI Deposit 2nd Qtr (Current Year)	JPA Admin	
1-Oct	31-Oct	Overview of AORMA coverage program costs for Future Year (not broken out by member)	JPA Admin	This is for information only. The member budget letter is sent in January.
15-Oct		On-Time Reporting of Workers' Compensation Claims Report	Member - MH	No action is required.
1-Nov	15-Nov	WC Deposit 2nd Qtr (Current Year) approved and sent to AP	Member - MH	
1-Nov	15-Nov	UI Deposit 2nd Qtr (Current Year) approved and sent to AP	Member - MH	
1-Nov	15-Nov	Summary of Unemployment Charges	Member - MH	This Equifax documents shows the total UI charges for the previous quarter broken out by employee. No action is required.
1-Dec		Workers' Compensation Experience Modification Factor Calculation	Member - MH	This is the actuarial report showing the calculation of your WC Exp Mod for the future year. No action is required.
TBD	TBD	Property Appraisals	Member - CF	Alliant Appraisal Services will conduct appraisals of the real property included within the AORMA Property Program. All bldgs every 10 yrs and bldgs \$1M+ every five years.

**California State University Risk Management Authority (CSURMA)  
Auxiliary Organizations Risk Management Alliance (AORMA)  
Coverage Matrix**

**The Student Union of San Jose State University**

	<b>Coverage Program</b>	<b>Premium</b>	<b>Term</b>	<b>Limit</b>	<b>Deductible</b>
1.	Liability Program Fiduciary Liability Directors and Officers Liability Coverage	\$ 107,675 Included Included	7/01/19 - 20	\$20MM	0 +
2.	Workers' Compensation Program	\$ 141,635	7/01/19 - 20	Statutory	\$0
3.	Property Program (AORMA) Boiler and Machinery Cyber Liability Pollution Coverage Limited Earthquake Coverage	\$ 18,865 Included Included Included Included	7/01/19 - 20	Various Various \$17MM \$7MM Various	\$5,000 + See above \$25,000 \$50,000 Various
4.	Crime Program	\$ 2,560	7/01/19 - 20	\$5MM	\$5,000
5.	Cyber Liability	\$ 1,157	7/01/19 - 20	\$17MM	\$25,000
6.	AORMA Unemployment Insurance Program	\$ -	7/01/19 - 20	Various	\$0
7.	Participant Accident Insurance (Outdoor Adventures)	\$ 1,250	7/01/19 - 20	\$50,000 +	\$100 +
8.	Alliant Public Entity Physical Damage Insurance	\$ 786	7/01/19 - 20	Various	Various
9.	Identity Fraud Insurance	\$ 352	7/01/19 - 20	\$10,000	\$0
10.	Club Liability Insurance Program (for Student Clubs)	\$ -	7/01/19 - 20	\$1MM	\$0
11.	Non-Owned Aircraft	\$ -	7/01/19 - 20	\$50MM	\$0
12.	Rocketry Coverage	\$ -	7/01/19 - 20	\$5MM	\$0
13.	Drone Insurance Program	\$ -	7/01/19 - 20	\$50MM	\$0
14.	Deadly Weapon Response Program	\$ -	7/01/19 - 20	\$1MM +	\$10,000
15.	Student Travel Accident	\$ -	12/31/18 - 19	\$50,000 +	\$0
16.	CSU Club Sports Program (Club Sports only; not intramurals)	\$ 36,765	8/01/18 - 19	\$5MM	\$100 +

**Agenda Item B2**  
**CSURMA AORMA Committee – Officer’s Retreat**  
**Meeting Date: August 1-2, 2019**

**CSURMA COMMITTEE SUCCESSION PLANNING**

**ISSUE:** As shown on the attached AORMA Committee roster, all members on the AORMA Committee are on either on their first or second term; therefore, no members will term out on June 30, 2020. In April, 2020, the following six incumbent members will be up for reelection for the new term of July 1, 2020 to June 30, 2022:

<b>Member</b>	<b>Position</b>	<b>Type of Auxiliary</b>	<b>Term</b>	<b>1st, 2nd or Final Term</b>
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

**RECOMMENDATION:** Staff recommends that the Committee discuss the succession planning to fill seats that may become vacant mid-term or because members holding an even term seat decide 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, 2019**

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number	Location	Size of Campus	Type of Campus	Term	Seat Term	Ist, 2nd or Final Term	Date Appointed
AORMA	Chair	Dwayne Brummett	Associate Executive Director	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	dbrummet@calpoly.edu	805-756-5768	Central	Medium	Suburban	7/1/18 - 6/30/20	Even	First	3/1/2017
AORMA	First Vice Chair	Dave Nakamura	Executive Director	Humboldt	Humboldt State University Center	dave.nakamura@humboldt.edu	707-826-4878	North	Large	Rural	7/1/18 - 6/30/20	Even	First	7/1/2015
AORMA	Second Vice Chair	Starr Lee	Director of Administration & Legal /Associate Executive Director	Monterey Bay	The University Corporation at Monterey Bay	stlee@csumb.edu	831-582-3000	Central	Medium	Suburban	7/1/18 - 6/30/20	Even	First	3/1/2017
AORMA	Seat 1	Bella Newberg	Associate Vice President, Business Development & Executive Director	San Marcos	California State University San Marcos Corporation	newberg@csusm.edu	760-750-4700	South	Small	Suburban	7/1/19 - 6/30/21	Odd	Second	12/20/2016
AORMA	Seat 2	Chuck Kissel	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	ckissel@fullerton.edu	657-278-4990	South	Large	Urban	7/1/18 - 6/30/20	Even	First	2/22/2018
AORMA	Seat 3	Cecilia Ortiz	Director	Dominguez Hills	Loker Student Union	cortiz@csudh.edu	310-243-3854	South	Medium	Urban	7/1/19 - 6/30/21	Odd	First	3/5/2018
AORMA	Seat 4	Russell Wittmeier	Human Resources Director	Chico	The CSU, Chico Research Foundation	rwittmeier@csuchico.edu	530-898-5731	North	Small	Suburban	7/1/18 - 6/30/20	Even	First	3/12/2018
AORMA	Seat 5	Trina Knight	Human Resources Director	Sacramento	University Enterprises, Inc., CSU Sacramento	trinak@csus.edu	916-278-7003	North	Large	Urban	7/1/19 - 6/30/21	Odd	Second	7/1/2017
AORMA	Seat 6	Leslie Levinson	Chief Financial Officer	San Diego	San Diego State University Research Foundation	llevinson@mail.sdsu.edu	619-594-8941	South	Large	Urban	7/1/18 - 6/30/20	Even	First	3/12/2018
AORMA	Seat 7	Bill Olmsted	Interim Executive Director	Sacramento	University Union Operation of CSUS, Inc.	olmsted@csus.edu	916-278-6744	North	Large	Urban	7/1/19 - 6/30/21	Odd	Second	7/1/2017

<b>SUBJECT:</b>	<b>AORMA COMMITTEE COMPOSITION, ELECTIONS &amp; TERM LIMITS</b>
<b>ADOPTED:</b>	<b>APRIL 18, 2003</b>
<b>EFFECTIVE:</b>	<b>JULY 1, 2003</b>
<b>AMENDED:</b>	<b>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</b>

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**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 Nominating 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:

***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 October 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 Nominations Committee 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 Nominations Committee 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.

**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

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*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 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 four 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 and task groups (in consultation with the AORMA Standing Committee Chair).
9. Service on Standing Committee, 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
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.

**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 CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
<b>JPA Program Administrator – Alliant Insurance Services, Inc.</b>				
Certificate of Insurance Requests	Van Rin Andrew Gaspari	vrin@alliant.com andrew.gaspari@alliant.com	415-403-1408 415-403-1412	415-874-4810 415-874-4810
General CSURMA Coverage Questions	Robert Leong Van Rin Amy Lightner Daniel Howell Susan Leung	rleong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com susan.leung@alliant.com	415-403-1441 415-403-1408 415-403-1457 415-403-1426 415-403-1435	415-874-4810 415-874-4810 415-874-4810 415-874-4810 415-874-4810
General AORMA Coverage Questions	Mimi Long Van Rin Amy Lightner Daniel Howell	mlong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
AIME	Stacey Weeks Robert Leong	sweeks@alliant.com rleong@alliant.com	415-403-1448 415-403-1441	415-874-4810 415-874-4810
Inland Marine	Van Rin Mimi Long Andrew Gaspari	vrin@alliant.com mlong@alliant.com andrew.gaspari@alliant.com	415-403-1408 415-403-1423 415-403-1412	415-874-4810 415-874-4810 415-874-4810
Participant Accident Insurance (PAI)	Van Rin Tevea Him	vrin@alliant.com thim@alliant.com	415-403-1408 415-403-1416	415-874-4810 415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Foreign Travel Program	Stacey Weeks Van Rin	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
General Risk Management Questions	Mimi Long Van Rin Amy Lightner Daniel Howell	mlong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Alliant Claims Consulting	Robert Frey Diana Walizada Elaine (Kim) Tizon Sheila McClenaghan	rfrey@alliant.com dwalizada@alliant.com elaine.tizon@alliant.com sheila.mcclenaghan@alliant.com	415-403-1445 415-403-1453 415-403-1458 415-403-1492	415-403-1466 415-403-1466 415-403-1466 415-403-1466
Form 700	Tevea Him	thim@alliant.com	415-403-1416	415-402-0773
Website and Technology Questions	La Shaunda Gaines Tevea Him Myron Leavell	lashaunda.gaines@alliant.com thim@alliant.com mleavell@alliant.com	415-403-1489 415-403-1416 415-403-1404	415-874-4810 415-874-4810 415-874-4810

Coverage	Contact	E-Mail Address	Office	Fax
<b>AOA Bug Program - Alliant Benefits Group</b>				
General Inquiries	General Inquiries	aoabenefits@alliant.com		
Account Manager	Lesley Hellow	lesley.hellow@alliant.com	213-270-0152	
Account Manger	Emily Li	emily.li@alliant.com	415-403-1463	
Account Exective	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	

Coverage	Contact	E-Mail Address	Office	Fax
<b>Loss Control Consultants – Alliant Risk Control Consulting</b>				
Northern California	John Owen	jowen@alliant.com	916-643-2736	
Southern California	Kristina Loiselle	kloiselle@alliant.com	949-260-5042	
Central California	Tim Leech	tleech@alliant.com	949-260-5008	

**CONTACT LIST**

Coverage	Contact	E-Mail Address	Office	Fax
<b>CSU Chancellor's Office</b>				
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	
CSU Chancellor's Office Office of General Counsel	William Hsu Robin Webb	whsu@calstate.edu rwebb@calstate.edu	562-951-4500 562-951-4500	562-951-4956 562-951-4956
CSU Chancellor's Office Financial Services Division Systemwide Accounting & Reporting	Alice Kim Cindi Le Jessica Liu Tanaka	akim@calstate.edu cle@calstate.edu jliu@calstate.edu	562-951-4627 562-951-4651 562-951-4621	562-951-4865 562-951-4865 562-951-4865
Chancellor's Office Systemwide Professional Development	David Kervella Chris Fondacaro	dkervella@calstate.edu cfondacaro@calstate.edu	562-951-4403 562-951-4403	





### CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
<b>Unemployment Insurance Claims Administrator – Equifax</b>				
Account Manager	Kevin Sullivan	kevin.sullivan@equifax.com	714-421-8145	
UI Claims Administrator (Primary)	Irene Wang	irene.wang@equifax.com	317-684-2885	866-219-8844
UI Claims Administration Manager	Trisha Milton	trisha.milton@equifax.com	314-214-7883	
Equifax Charge Specialist DE2088 Requests	Laura Snyder	Laura.snyder@equifax.com		
Power of Attorney Issues	Brittany Yehlen Mitchell Bowe	Brittany.yehlen@equifax.com Mitchell.bowe@equifax.com	314-684-2880 314-684-2471	

Coverage	Contact	E-Mail Address	Office	Fax
<b>Human Resources Consulting – Employers Group</b>				
Helpline	Mark Nelson	mnelson@employersgroup.com	213-765-3952 or 800-748-8484	
Client Service	Bill Stephens	bstephens@employersgroup.com	805-807-9922	213-226-0216
Reference Library	Robert Campbell	rcampbell@employersgroup.com	800-748-8484 Ext. 3430	
Unemployment Questions	Mark Nelson	mnelson@employersgroup.com	213-765-3952	
Affirmative Action Plans	Suzanne Oliva	soliva@employersgroup.com	213-765-3918	
Leave Management	Helpline	helpline@employersgroup.com	800-748-8484	
Research and Surveys	Juan Garcia	jgarcia@employersgroup.com	213-765-3969	
Employee Opinion Survey	Rebecca Rogan	rrogan@employersgroup.com	213-765-3920	
Training Services	Somaly Heng	sheng@employersgroup.com	213-765-3962	
Employer Advocacy	Dustan Batton	dbatton@employersgroup.com	213-765-3915	

**CSURMA CORE SERVICE TEAM – ORGANIZATIONAL CHART – AS OF JULY 1, 2019**



	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 19/20 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.



**Endorsement No.:** Per Blanket Additional Covered Party attached to Memorandum of Coverage of Coverage listed below

**Effective:** 07/01/2019

**Forms a part of MOC No.:** AORMA-1920-01

**Issued to:** Per Attached Certificate of Coverage

**Issued by:** CSURMA Auxiliary Organizations Risk Management Authority

**Issued on behalf of Member:** AORMA Member On File With Company

**This endorsement modifies the Memorandum of Coverage of Coverage. Please read it carefully.  
ADDITIONAL COVERED PARTY**

**Additional Covered Party** means any person(s), entity(ies), or organization(s) to whom the **Member** is obligated by virtue of any written contract to provide coverage solely with respect to **bodily injury, property damage and personal injury** arising out of the **Member's** operations or premises owned by or rented to the **Member**; and

For which a certificate of coverage has been issued to such person(s), entity(ies) or organization(s) and is on file with CSURMA AORMA evidencing their status as an additional insured under this coverage.

The coverage provided does not apply to any **occurrence** taking place:

1. Prior to the **Members'** operations or occupation of the premises; or
2. After the **Members'** operations have been completed or occupation of the premises has ceased.

The limits of coverage will be limited to the limits required within the terms of the written contract of the limits of liability of this Memorandum of Coverage, whichever is less, and will apply in excess of the **Members' retained limit** shown in the Declarations. CSURMA AORMA will not be obligated for limits of coverage shown in the written contract that are greater than the limits of liability of this Memorandum of Coverage.

The inclusion of more than one **Covered Party** under this policy shall not operate to impair the rights of one **Covered Party** against another **Covered Party** and the coverages afforded by this Memorandum of Coverage shall apply as though separate Memorandum of Coverage had been issued to each **Covered Party**. The inclusion of more than one **Covered Party** shall not, however, operate to increase the limit of the Company's liability.

Any other insurance carried by a certificate holder which may be applicable shall be deemed excess and the **Covered Party's** coverage primary notwithstanding any conflicting provisions in the **Covered Party's** Memorandum of Coverage.

A certificate holder shall not, by reason of their inclusion under this Memorandum of Coverage, incur liability for payment of premium for this Memorandum of Coverage.

In the event of reduction in coverage or cancellation of this Memorandum of Coverage before the expiration date thereof, notice will be delivered in accordance with the Memorandum of Coverage provisions to each entity added as per certificates on file with CSURMA AORMA which specify that a written contract exists and requires that the entity be an additional covered party.

All other terms and conditions in the Memorandum of Coverage remain unchanged.

Signed: \_\_\_\_\_  


Date: 7/1/2019

**RECAP OF PROJECTS TO BE INCLUDED ON THE FY 19/20 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, 2019. 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.

# APPENDICES

**AORMA Liability Program - EPL Deductible Schedule**

#	Campus	Auxiliary Organization	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
1	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
2	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
3	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
4	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
5	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
6	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
7	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
8	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
9	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
10	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
11	Chico	Auxiliary Organization Associations	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
12	Chico	The CSU, Chico Research Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
13	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
14	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
15	Dominguez Hills	California State University, Dominguez Hills Foundation	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
16	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
	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000					
17	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
18	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
19	East Bay	California State University, East Bay Foundation, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000
20	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
21	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
22	Fresno	California State University, Fresno Foundation	\$ 25,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
23	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
24	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	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
26	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
27	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
28	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
29	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
30	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
31	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
32	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
33	Long Beach	Associated Students, California State University, Long Beach	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
34	Long Beach	California State University, Long Beach Research Foundation	\$ 25,000	\$ 50,000	\$ 50,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
35	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
36	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
37	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
38	Los Angeles	Cal State L.A. University Auxiliary Services, Inc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
39	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
40	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
41	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
42	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
43	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
44	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
45	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
46	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
47	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
48	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
49	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

**AORMA Liability Program - EPL Deductible Schedule**

#	Campus	Auxiliary Organization	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
50	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
51	Pomona	The Cal Poly Pomona Foundation, Inc.	\$ 50,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 25,000
52	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
53	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
54	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
55	Sacramento	University Enterprises, Inc., CSU Sacramento	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
56	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
57	San Bernardino	Associated Students Inc., California State University, San Bernardinc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
58	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
59	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
60	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
61	San Diego	Associated Students, San Diego State University	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
62	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
63	San Diego	San Diego State University Research Foundation	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
64	San Diego	The Campanile Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
65	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
66	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
67	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
68	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
69	San Jose	San Jose State University Research Foundation	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
70	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
71	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
72	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
73	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
74	San Luis Obispo	Cal Poly Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
75	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
76	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
77	San Marcos	San Marcos University Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
78	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
79	San Marcos	California State University, San Marcos Corporation	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
80	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
81	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
82	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
83	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
84	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
85	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
86	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

**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.

APPROVED 9/6/18

75% Confidence Level (Discounted)  
\$500,000 Pooled Layer

CSURMA AORMA FY 2019/2020 Liability Program Total Estimated Funding					
Expense Item	Actual Program Costs 70% CL FY 15/16	Actual Program Costs 70% CL FY 16/17	Actual Program Costs 70% CL FY 17/18	Program Costs 75% CL FY 18/19	Proposed 75% CL FY 19/20
Actuarial Recommended Estimated Pooled Layer - Funding	1,774,778	1,700,777	1,770,878	1,764,006	1,957,120
Claims Administration	14,000	14,000	15,000	15,000	16,000
Program Administration Fees	769,101	795,991	769,503	770,000	770,000
Reinsurance / Excess Liability Insurance	1,280,435	1,493,424	1,668,015	1,718,961	1,890,857
<b>Total Costs:</b>	<b>3,838,314</b>	<b>4,004,192</b>	<b>4,223,396</b>	<b>4,267,967</b>	<b>4,633,977</b>
<b>Difference from prior year:</b>	4.63%	4.32%	5.47%	1.06%	8.58%

Actuarial Recommended Estimated Pooled Layer Funding (based on the actuarial report dated August 8, 2018)

Claims Administration (per the Carl Warren & Company contract)

Program Administration Fee.

Reinsurance / Excess Liability, including Trustees E&O, Fiduciary Liability, Drone Insurance Program and Active Assailant Coverage (plus 10%)



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. L -1**

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**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**

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*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

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- i. Request for Assignment of “Non-Approved” Legal Counsel (See AORMA Legal Counsel Selection Policy & Procedure)
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3. The MEMBER and any other involved COVERED PARTY shall provide immediate notice of any Pleadings, Summons, Complaints and any other legal papers received by the MEMBER or other involved COVERED PARTY to the TPA and authorize CSURMA AORMA to obtain records and other information;
    - a. **Late Reporting Penalties.** If an OCCURRENCE, offense, claim, suit or proceeding is not reported by the MEMBER to the TPA within the timeframes set below, the following late reporting schedule will apply:
      - i. If an OCCURRENCE, offense, claim, suit or proceeding is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
      - ii. If an OCCURRENCE, offense, claim, suit or proceeding is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply;
      - iii. If an OCCURRENCE, offense, claim, suit or proceeding 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.
  4. The MEMBER and any other involved COVERED PARTY will cooperate with CSURMA AORMA in the investigation or settlement of the claim, suit or proceeding and defense against and assist CSURMA AORMA, in the enforcement of any right against any person or organization which may be liable to the MEMBER because of injury to which this coverage may also apply.
- B. No Voluntary Payments: Except as stated below, no MEMBER will, except at that MEMBER’s own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without consent of CSURMA AORMA.

With respect to EMPLOYMENT PRACTICES LIABILITY, in no event shall any payments be made by CSURMA AORMA for any costs incurred to defend a covered claim more than thirty (30) days prior to written notification of any OCCURRENCE, offense, claim or suit to the TPA.

Moreover, no settlement of any claim shall be paid by CSURMA AORMA without prior written authorization of the TPA.



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**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.



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**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**

**EFFECTIVE:** **JANUARY 1, 2007**

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

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*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 Liability Third Party Claims Administrator 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.

## **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. Currently, the pooled layer limit is \$350,000 per **OCCURRENCE**.
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**

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*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.

**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

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*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:

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

## CSURMA AORMA

## POLICY AND PROCEDURE NO. L-4

employee or volunteer whose job requires that he or she 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. Names of all REGULAR DRIVERS not meeting the DRIVING ELIGIBILITY STANDARDS will be provided to the Program Administrator within 15 calendar days upon the MEMBER's receipt of the DMV employers' notification of point assignment, resulting in a REGULAR DRIVER's failure to comply with the DRIVING ELIGIBILITY STANDARDS. The Program Administrator will acknowledge exclusion from coverage of such employee or volunteer by the issuance of an amendatory endorsement. The employee or volunteer shall be considered uninsured as of the date of such an endorsement from the Program Administrator. The Program Administrator should be notified when the MEMBER determines that the REGULAR DRIVER's driving record is in compliance with the DRIVING ELIGIBILITY STANDARDS.
  4. The Program Administrator will, upon receipt of such notice as described in #3 above, issue an endorsement reinstating coverage for such employee or volunteer.
  5. **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 condition as defined by State of California 2007 Vehicle Code, General Provisions, Division 12. A sample form is attached to this policy and procedure.

### MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus 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



**CSURMA AORMA**

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

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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 he or she 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

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**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**

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*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.



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**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 1<sup>st</sup> to June 30<sup>th</sup>) before selecting a new EPL deductible. EPL deductibles can only be changed at the beginning of the coverage term – July 1<sup>st</sup> 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 1<sup>st</sup> to June 30<sup>th</sup>) 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**

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<b>SUBJECT:</b>	<b>LIABILITY PROGRAM MEMBER ALLOCATION FORMULA</b>
<b>ADOPTED:</b>	<b>SEPTEMBER 8, 2016</b>
<b>EFFECTIVE:</b>	<b>SEPTEMBER 8, 2016</b>
<b>AMENDED:</b>	<b>MAY 4, 2017</b> <b>MAY 2, 2019</b>

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**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:

<b>Loss Exposure</b>	<b>Exposure Basis</b>
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 \*\***

<b>1.</b>	<b>5</b>	*	<b>\$150</b>	=	<b>\$750</b>
	Number of owned autos		Per Auto		AL Basic premium
	<b>150,000</b>	*	<b>\$50</b>	=	<b>\$7,500</b>
	Square Footage		Per 1,000 of square footage		PL Basic premium
	<b>\$20,000,000</b>	*	<b>\$400</b>	=	<b>\$8,000</b>
	Expenditures		Per 1,000,000 of expenditures		OL Basic premium
	<b>\$5,000,000</b>	*	<b>\$1,200</b>	=	<b>\$6,000</b>
	Payroll		Per 1,000,000 of payroll		EPL Basic premium
			<b>Total</b>		<b>\$22,250</b>
					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 \*\***

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

<b>1.</b>	<b>\$20,693</b> Basic premium for pooled layer w/ size credit	*	<b>.945</b> Loss rating discount or surcharge	=	<b>\$19,555</b> 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 \*\***

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

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

**Final Premium w/o Collars:**

<b>1.</b>	<b>\$19,555</b>	+
	Basic premium for pooled layer w/ size credit and loss rating	
	<b>\$15,867</b>	+
	Capped excess premium	
	<b>\$9,417</b>	+
	Capped administrative costs	
	<b>\$44,874</b>	=
	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 \*\***

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

3.	<b>\$44,874</b>	>	<b>\$38,500</b>	=	<b>\$38,500</b>
	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.

**CSURMA AORMA  
FY 2019/2020 Workers' Compensation Program  
75% Confidence Level  
\$750,000 Pooled Layer**

**APPROVED**

**Table 1**

Expense Item	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
<b>Total Estimated Funding - CSAC EIA Reinsurance Program Costs</b>					
Pooled Layer Funding	-	-	-	-	-
CSAC-EIA Reinsurance	2,900,599	3,153,341	4,302,129	3,998,043	4,117,653
Claims Administration	215,456	219,765	224,160	235,368	235,368
JPA Program Administration	552,131	590,100	564,065	565,000	565,000
Excess Insurance	Included	Included	Included	Included	Included
Mid-Term Changes	34,444				
Payroll Audit	196,058	465,697	64,287	59,966	61,765
<b>Total Program Costs:</b>	<b>3,898,688</b>	<b>4,428,903</b>	<b>5,154,641</b>	<b>4,858,377</b>	<b>4,979,786</b>
Difference from prior year:	-3.33%	13.60%	16.39%	-5.75%	2.50%
CSAC EIA Rate	0.97	1.04	1.18	1.00	1.00
CSAC EIA - Total Program Rate	1.29	1.46	1.42	1.22	1.21
Estimated Payroll (#3)	302,998,904	303,772,228	363,201,571	399,772,184	411,765,350
Actual Payroll (#2)	325,493,578	350,552,313	368,649,595	405,768,767	417,941,830
Difference (#4)	22,494,674	46,780,085	5,448,024	5,996,583	6,176,480

#2 - The actual payroll for FY 17/18 is an estimate.

#3 - The estimated payroll for FY 18/19 was provided by the members.

#4 - The actual payroll for FY 18/19 and FY 19/20 was trended up 1.5% from the estimated payroll for the same fiscal year.

**Table 2**

<b>Total Estimated Funding - AORMA Funding at a 75% Confidence Level</b>					
Expense Item	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Pooled Layer	\$500,000	\$500,000	\$750,000	\$750,000	\$750,000
Pooled Layer Funding	3,208,750	3,236,000	3,486,735	3,583,727	3,829,418
Claims Administration	215,456	219,765	224,160	235,368	235,368
JPA Program Administration	552,131	590,100	564,065	625,210	626,000
Excess Insurance	485,365	485,365	485,365	485,365	485,365
Audit and Mid-Year Payroll Changes (#2)	176,081	632,080	64,287	73,945	75,172
<b>Total Program Costs</b>	<b>4,637,783</b>	<b>4,736,572</b>	<b>4,824,612</b>	<b>5,003,615</b>	<b>5,251,323</b>
Difference from prior year:	3.24%	2.13%	1.86%	3.71%	4.95%
Actuary's Original Rate (used to establish funding)	1.08	1.08	0.96	0.92	0.93
AORMA - Total Program Rate	1.42	1.35	1.33	1.25	1.28
Estimated Payroll (#3)	302,998,904	324,612,400	363,201,571	399,772,184	411,765,350
Actual Payroll (#2 and #4)	325,493,578	350,552,313	368,649,595	405,768,767	417,941,830
Difference	22,494,674	46,780,085	5,448,024	5,996,583	6,176,480

#2 - The actual payroll for FY 17/18 is an estimate.

#3 - The estimated payroll for FY 18/19 was provided by the members.

#4 - The actual payroll for FY 18/19 and FY 19/20 was trended up 1.5% from the estimated payroll for the same fiscal year.

**Table 3**

<b>Cost Comparison CSAC EIA Reinsurance Program Costs vs. AORMA Funding at a 70% Confidence Level</b>					
Fiscal Period	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Total CSAC-EIA Costs	3,898,688	4,428,903	5,154,641	4,858,377	4,979,786
Total AORMA Funding	4,637,783	4,736,572	4,824,612	5,003,615	5,251,323
Savings between CSAC-EIA and AORMA Total Program Costs:	(739,095)	(307,669)	330,029	(145,238)	(271,536)



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. W - 1**

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**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

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**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 \*\***

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

<b>Class Code Description</b>	<b>AORMA</b>	<b>WCIRB</b>
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)**

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**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

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*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 30<sup>th</sup>, the Program Administrator shall by October 1<sup>st</sup> of each year, calculate the EMF of each MEMBER. By January 31<sup>st</sup>, 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)**

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

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**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 10<sup>th</sup> 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)**

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**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**

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*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.



## **CSURMA AORMA**

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

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.



## CSURMA AORMA

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

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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.



**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**

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*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 Worker's 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.



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 PROGRAMS 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.

**PROGRAMS COMMITTEE** - The Programs Committee oversees the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers' Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee.

<b>CSURMA AORMA  FY 2018/2019 Property Program  Total Estimated Funding  \$100,000 SIR / \$250,000 Aggregate SIR</b>					
<b>Expense Item</b>	<b>Actual Program Costs FY 15/16</b>	<b>Actual Program Costs FY 16/17</b>	<b>Program Costs FY 17/18</b>	<b>Proposed Program Costs FY 18/19</b>	<b>Proposed Program Costs FY 18/19</b>
Estimated Pooled Layer Funding	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Excess Insurance Premium	\$1,672,962	\$1,473,347	\$1,422,255	\$1,637,359	\$1,801,095
Program Administrative Costs	\$313,809	\$318,554	\$318,911	\$320,000	\$320,000
<b>Total Expenses:</b>	<b>\$2,236,771</b>	<b>\$2,041,901</b>	<b>\$1,991,166</b>	<b>\$2,207,359</b>	<b>\$2,371,095</b>
<b>Difference from prior year:</b>	-1.21%	-8.71%	-2.48%	10.86%	7.42%

*Excess Insurance Premium (including Cyber, Pollution and Earthquake coverages) was increase by 10%.*



**CSURMA AORMA**

**POLICY & PROCEDURE NO. P-1**

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

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**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.	<b>\$50,000,000</b> RP/BI TIV	*	<b>.2000</b> RP/BI Rate (per \$100 in TIV)	=	<b>\$100,000</b> RP/BI Basic Premium
2.	<b>\$25,000,000</b> BPP TIV	*	<b>.2400</b> BPP Rate (per \$100 in TIV)	=	<b>\$60,000</b> BPP Basic Premium
3.	<b>\$100,000</b> RP/BI Basic Premium	+	<b>\$60,000</b> BPP Basic Premium	=	<b>\$160,000</b> Basic Premium
4.	<b>\$160,000</b> Basic Premium	/	<b>\$75,000,000</b> Total TIV	=	<b>.2133</b> 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.	<b>\$160,000</b> Basic Premium	/	<b>\$600,000</b> Maximum Premium for Calculating Size Credit	=	<b>27%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	<b>27%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	<b>30%</b> Maximum Size Percentage Credit	=	<b>8%</b> Size Credit Percentage
3.	<b>.2133</b> Basic Rate	-	<b>8%</b> Size Credit Percentage	=	<b>.1960</b> 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 \*\***

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

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

CSURMA AORMA FY 2019/2020 Crime Program Total Estimated Funding \$25,000 SIR / \$100,000 Aggregate SIR					
Expense Item	Actual Program Costs FY 15/16	Actual Program Costs FY 16/17	Actual Program Costs FY 17/18	Program Costs FY 18/19	Proposed Program Costs FY 19/20
Estimated Pooled Layer Funding	\$50,000	\$50,000	\$0	\$0	\$0
Excess Insurance Premium	\$212,630	\$244,421	\$197,413	\$197,413	\$198,000
Program Administrative Costs	\$30,109	\$31,180	\$31,288	\$32,000	\$32,000
<b>Total Expenses:</b>	<b>\$292,739</b>	<b>\$325,601</b>	<b>\$228,701</b>	<b>\$229,413</b>	<b>\$230,000</b>
<b>Difference from prior year:</b>	0.48%	11.23%	-29.76%	0.31%	0.57%

*The retained earnings within the Crime Program exceed the annual aggregate pooled layer; therefore, no funding is requested for the pooled layer for FY 19/20.  
 Excess Insurance Premium - No change is anticipated.*



## CSURMA AORMA

## POLICY & PROCEDURE NO. C-1

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

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### **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 \*\***

<b>1.</b>	<b>\$10,000,000</b> Payroll	*	<b>.0400</b> Basic Rate (per \$100 in payroll)	=	<b>\$4,000</b> 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 \*\***

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



## CSURMA AORMA

## POLICY & PROCEDURE UI-1

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

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*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**

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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 SURPLUS FUNDING 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**

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*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 SURPLUS GOAL that will guide them in making annual funding decisions for the Programs.

The TARGET SURPLUS 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 SURPLUS GOAL as a part of each year’s ratemaking process, the AORMA COMMITTEE shall take into consideration the following ratios: Gross Premium to SURPLUS Ratio, SURPLUS to Pool Retention Ratio and Outstanding Reserves to SURPLUS 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 Surplus 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 Surplus Ratio: Target <1.5:1**

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

**Surplus to Pool Retention Ratio: Target >5-10:1**

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

**Outstanding Reserves to Surplus Ratio: Target  $\leq$  1.5:1**

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

- 3. 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.
- 4. Application of Target Surplus Criteria** – After an annual review of the Target Surplus Ratios, the AORMA COMMITTEE will determine whether it is desirable to increase, decrease, or stabilize SURPLUS. If the AORMA COMMITTEE desires to decrease SURPLUS, 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 SURPLUS. A determination to fund at the 70% CONFIDENCE LEVEL will reflect the AORMA COMMITTEE's desire to keep SURPLUS at the current level. The AORMA COMMITTEE will also consider the SURPLUS requirements for the Program(s) should it transition from, or to, a fully insured / reinsured Program. Enough SURPLUS 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 surplus 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.

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The Target Surplus 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 SURPLUS exceeding the TARGET SURPLUS 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 SURPLUS 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 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.

**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.



**CSURMA AORMA**

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

**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).

**SURPLUS** - The amount of cash equivalent available to pay claims in excess of actuarial expected losses discounted for investment income.

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



CSURMA AORMA

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

**SUBJECT:** TARGET ~~SURPLUS-RETAINED FUNDS~~ FUNDING 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  
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:**

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 SURPLUS GOAL~~Target Retained Funds Goal that will guide them in making annual funding decisions for the Programs.

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The ~~TARGET SURPLUS GOAL~~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 SURPLUS GOAL~~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 ~~SURPLUS-Retained Funds~~ Ratio
2. ~~SURPLUS-Retained Funds~~ to Pool Retention Ratio
3. ~~and-Outstanding Reserves-Losses~~ to ~~SURPLUS-Retained Funds~~ Ratio
4. Outstanding Reserves to Retained Funds Ratio
5. Change in Retained Funds Ratio
6. Change in Reserves Ratio



CSURMA AORMA

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

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 Surplus 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 Surplus Ratio: Target <1.5:1**

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

**Surplus to Pool Retention Ratio: Target >5-10:1**

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

**Outstanding Reserves-Losses to Surplus-Retained Funds Ratio: Target ≤ 1.5:1**

This ratio is a measure of how SURPLUS is leveraged against possible reserve-actuarial estimate inaccuracies. A low ratio is desirable.

**Outstanding Reserves to Retained Funds Ratio: Target ≤ 1:1**

This ratio is a measure of how SURPLUS 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.



CSURMA AORMA

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

3. **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.
4. **Application of Target Surplus Criteria** – After an annual review of the Target Surplus Ratios, the AORMA COMMITTEE will determine whether it is desirable to increase, decrease, or stabilize SURPLUS. If the AORMA COMMITTEE desires to decrease SURPLUS, 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 SURPLUS. A determination to fund at the 70% CONFIDENCE LEVEL will reflect the AORMA COMMITTEE's desire to keep SURPLUS at the current level. The AORMA COMMITTEE will also consider the SURPLUS requirements for the Program(s) should it transition from, or to, a fully insured / reinsured Program. Enough SURPLUS will be maintained within the Program(s) to make the transition without causing fiscal hardship for the MEMBERS.

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**CSURMA AORMA**

**POLICY AND PROCEDURE NO. A-3  
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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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**CSURMA AORMA**

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

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

**TARGET SURPLUS-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 Surplus Funding Analysis - Pooled Layer Funding @ \$500,000**  
**@ June 30, 2018**

Analysis Factors	Current Analysis	Change	Prior Analysis
Gross Premium for FY 18/19 (at 70% CL) #1	2,544,350	Down From	2,598,878
Assets at 6/30/18 #2	8,058,262	Down From	8,421,605
Maximum Retention Per Occurrence	500,000	No Change	500,000
Outstanding Reserves at 6/30/18 #3	1,790,144	Up From	1,378,765
Surplus (Expected Confidence Level) #4	6,268,118	Down From	6,973,902
Surplus (above a 70% Confidence Level) #5	6,148,574	Down From	6,879,928
Surplus (above an 80% Confidence Level) #5	5,733,425	Down From	6,611,810

#1 - Includes Actuary's Recommended Estimated Pooled Layer Funding at a 70% confidence level, claims administration and program administration costs.

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

#3 - Reserves on open claims (capped at the pooled layer limit) and IBNR, **are undiscounted** for investment income and include unallocated loss adjustment expense.

#4 - Plan Assets minus the Outstanding Losses. Outstanding Losses **are undiscounted** for investment income and include unallocated loss adjustment expense.

#5 - Plan Assets minus the Outstanding Losses. Outstanding Losses **are discounted** for investment income and include unallocated loss adjustment expense.

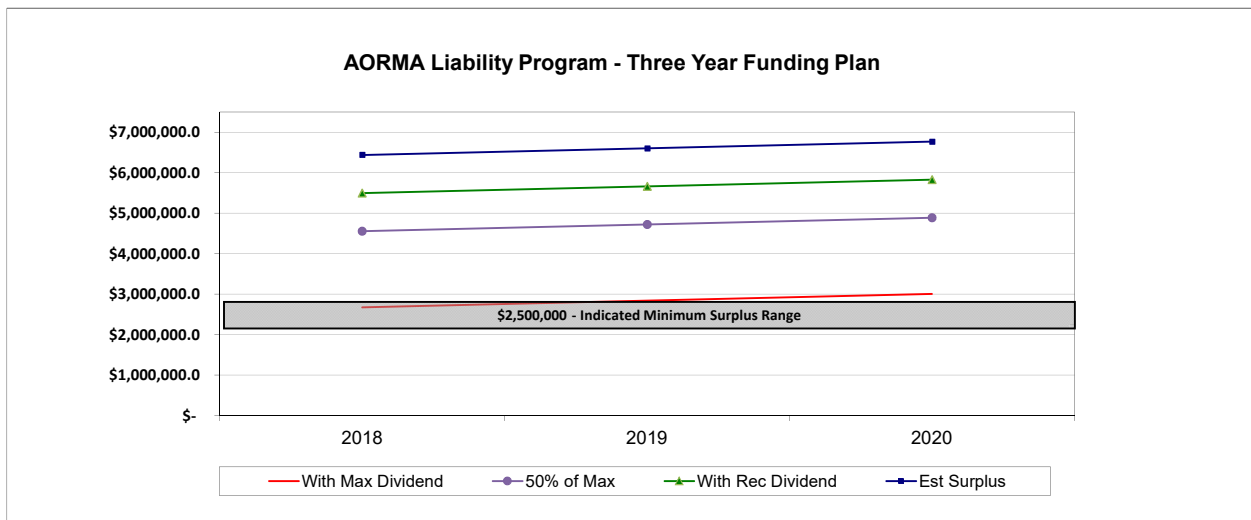
Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium : Surplus	<1.5:1	1,696,233	41%
Surplus : Retention	>5:1	<b>2,500,000</b>	<b>13</b>
Outstanding Reserves : Surplus	<1.5:1	1,193,429	29%

Dividend	
Target Surplus Goal (70% Confidence Level / Discounted)	6,148,574
Indicated Minimum Surplus (largest ratio amount)	2,500,000
Maximum Dividend Available	3,768,118
Dividend 50%	1,884,059
Dividend 33%	1,243,479
Dividend 25%	942,030

Confidence levels	Risk Factor	Pooled Layer Funding #6	Surplus
Expected	1.000	1,660,598	-
70%	1.100	1,826,658	166,060
80%	1.350	2,241,807	581,209

#6 - The Pooled Layer Funding is discounted for investment income and **does not** include the unallocated loss adjustment expense.

Three Year Funding Plan				
Fiscal Year	Added to Surplus	Estimated Surplus	Estimated Surplus w/ Maximum Dividend	Estimated Surplus w/ Recommended Dividend
Estimated Balance at 7/1/18	N/A	6,268,118	N/A	N/A
2019/20 - Collection @ 70% Confidence Level	166,060	6,434,178	2,666,060	5,492,149
2020/21 - Collection @ 70% Confidence Level	166,060	6,600,238	2,832,120	5,658,209
2021/22 - Collection @ 70% Confidence Level	166,060	6,766,298	2,998,180	5,824,269



**AORMA Workers' Compensation Fund Program**  
**Target Surplus Funding Analysis - Pooled Layer Funding @ \$750,000**  
**@ June 30, 2018**

Analysis Factors	Current Analysis	Change	Prior Analysis
Gross Premium for FY 18/19 (at 70% CL) #1	2,594,006	Up From	2,600,878
Assets at 6/30/18 #2	8,213,211	Down From	10,285,547
Maximum Retention Per Occurrence	750,000	Up From	750,000
Outstanding Reserves at 6/30/18 #3	2,888,491	Down From	3,691,371
Surplus (Expected Confidence Level) #4	5,324,720	Up From	6,409,607
Surplus (above a 70% Confidence Level) #5	5,325,987	Up From	6,356,127
Surplus (above an 80% Confidence Level) #5	5,172,683	Up From	6,149,315

#1 - Includes Actuary's Recommended Estimated Pooled Layer Funding at a 70% confidence level, claims administration and program administration costs.

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

#3 - Reserves on open claims (capped at the pooled layer limit) and IBNR, are undiscounted for investment income and include unallocated loss adjustment expense.

#4 - Plan Assets minus the Outstanding Losses. Outstanding Losses are undiscounted for investment income and include unallocated loss adjustment expense.

#5 - Plan Assets minus the Outstanding Losses. Outstanding Losses are discounted for investment income and include unallocated loss adjustment expense.

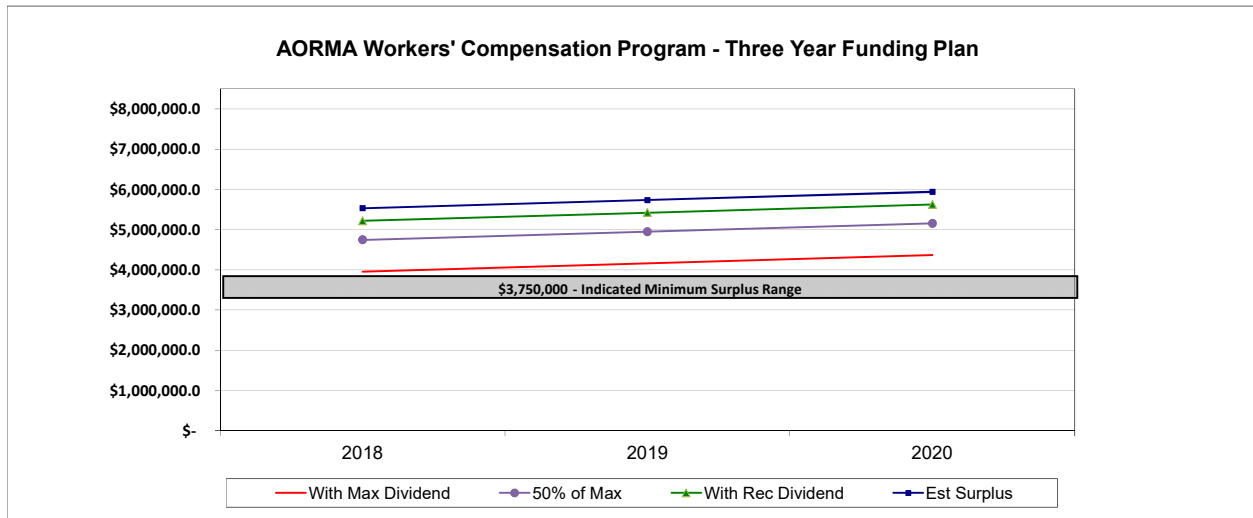
Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium : Surplus	<1.5:1	1,729,337	0.49
Surplus : Retention	>5:1	3,750,000	7
Outstanding Reserves : Surplus	≤1.5:1	1,925,661	0.54

Dividend	
Target Surplus Goal (70% Confidence Level / Discounted)	5,325,987
Indicated Minimum Surplus (largest ratio amount)	3,750,000
Maximum Dividend Available	1,574,720
Dividend 50%	787,360
Dividend 33%	519,658
Dividend 25%	393,680
Dividend 20%	314,944

Confidence Levels	Risk Factor	Pooled Layer Funding #6	Surplus
Expected	1.000	2,555,066	-
70%	1.080	2,759,471	204,405
80%	1.140	2,912,775	357,709

#6 The Pooled Layer Funding is discounted for investment income and **does not** include the unallocated loss adjustment expense.

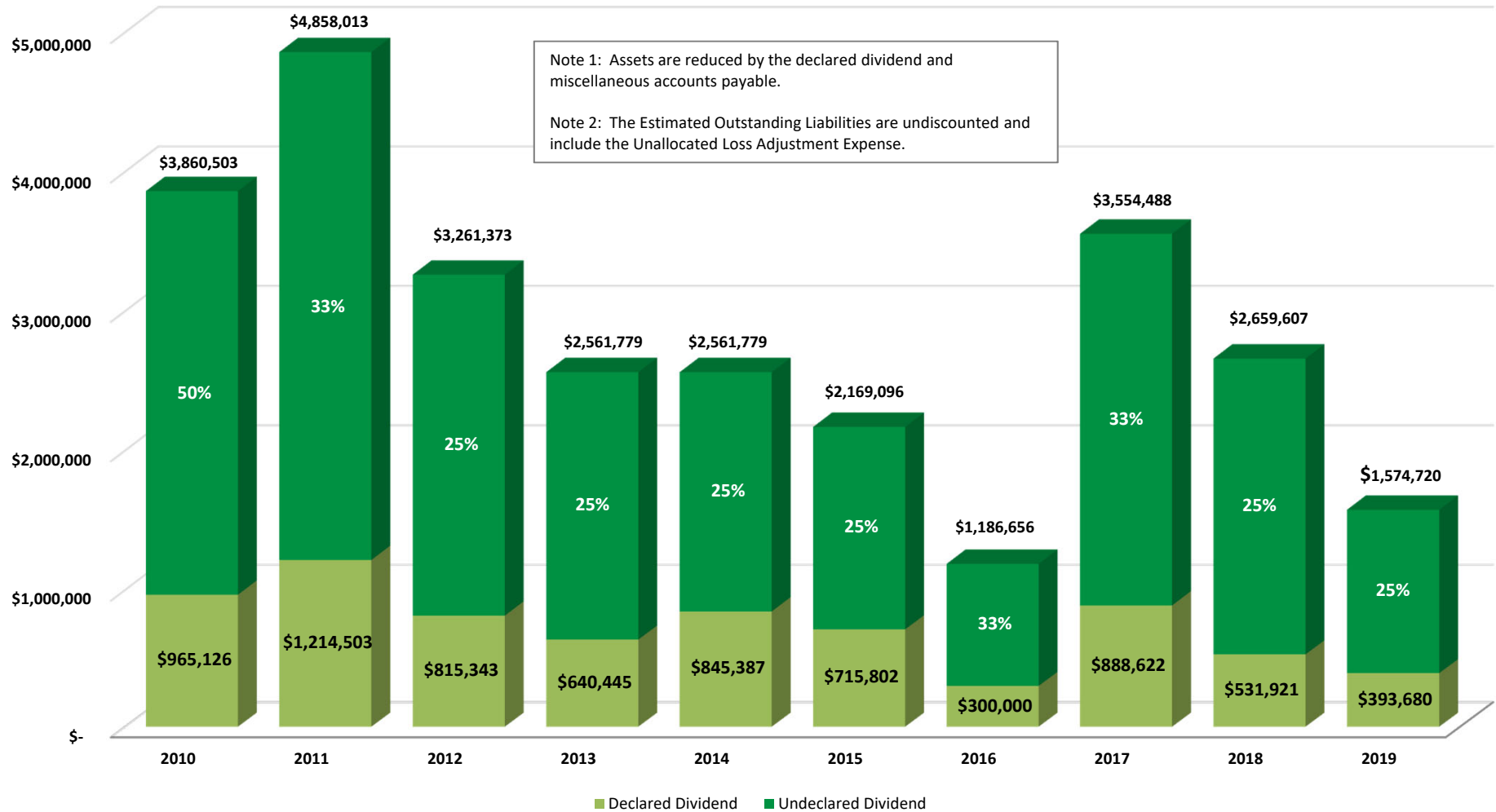
Three Year Funding Plan				
Fiscal Year	Added to Surplus	Estimated Surplus	Estimated Surplus w/ Maximum Dividend	Estimated Surplus w/ Recommended Dividend
Estimated Balance at 7/1/18	N/A	5,324,720	N/A	N/A
2019/20 - Collection @ 70% Confidence Level	204,405	5,529,125	3,954,405	5,214,181
2020/21 - Collection @ 70% Confidence Level	204,405	5,733,530	4,158,810	5,418,586
2021/22 - Collection @ 70% Confidence Level	204,405	5,937,935	4,363,215	5,622,991



# Workers' Compensation Historical Dividends Paid in July



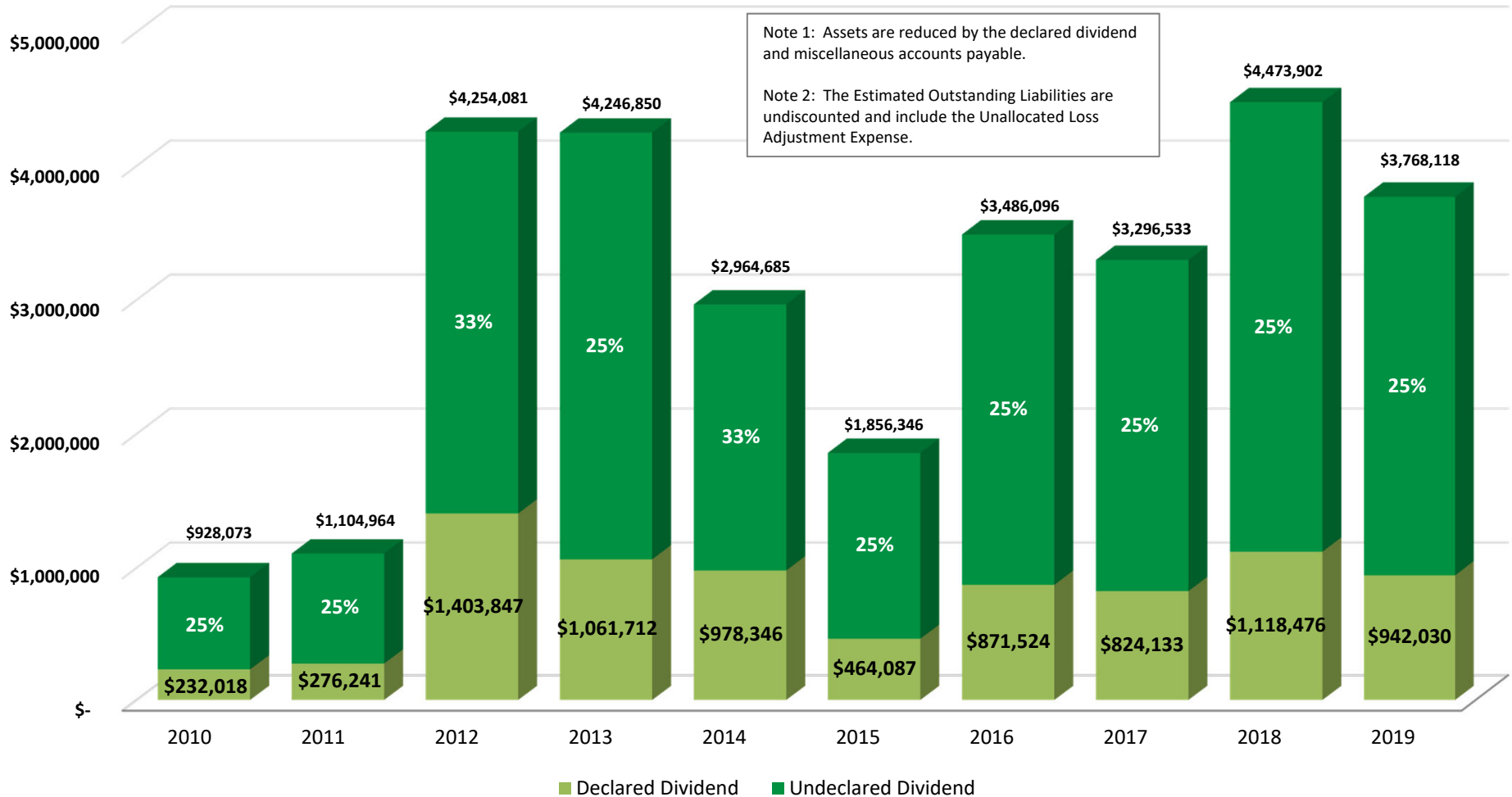
Maximum Dividend Available vs. Dividend Declared



# Liability Historical Dividends Paid in July



## Maximum Dividend Available vs. Dividend Declared





**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**

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**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	9/6/2018	2020
A-2	AORMA Committee and Standing Committee Roles and Responsibilities	8/19/2003	9/6/2018	2020
A-3	Target Surplus Funding Policy	1/10/2007	9/6/2018	2020
A-4	Dividends and Assessments	3/8/2007	5/2/2019	2021
A-5	Annual Calendar of Reports, Audits and Filings	10/29/2009	3/8/2018	2020
A-6	Risk Reduction Matching Grant Program	5/9/2013	3/8/2018	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	3/8/2018	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	3/8/2018	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

**California State University Risk Management Authority**  
**Member Aged Accounts Receivable**  
**As of 4/18/2019**

Client Name	Current	61-90	91-120	Over 121	Balance
Associated Students Inc, CPSU San Luis Obispo	\$26,705.00	\$0.00	\$0.00	\$0.00	\$26,705.00
Associated Students Inc, CSPU Pomona	\$39,040.00	\$0.00	\$0.00	\$0.00	\$39,040.00
Associated Students Inc, CSU Dominguez Hills	\$1,782.00	\$0.00	\$0.00	\$0.00	\$1,782.00
Associated Students Inc, CSU East Bay	\$3,253.00	\$0.00	\$0.00	\$0.00	\$3,253.00
Associated Students Inc, CSU Long Beach	\$29,413.00	\$0.00	\$0.00	\$0.00	\$29,413.00
Associated Students Inc, CSU Northridge	\$19,237.00	\$0.00	\$0.00	\$0.00	\$19,237.00
<b>b</b> Associated Students Inc, CSU Sacramento	\$28,772.00	\$0.00	\$0.00	\$19,751.00	\$48,523.00
<b>c</b> Associated Students Inc, CSU San Bernardino	\$0.00	\$0.00	\$456.00	\$0.00	\$456.00
Associated Students Inc, CSU Stanislaus	\$493.00	\$0.00	\$0.00	\$0.00	\$493.00
<b>a</b> Associated Students Inc, San Francisco State University	\$9,153.00	\$0.00	\$0.00	\$0.00	\$9,153.00
Associated Students of CSU, Chico	\$56,835.00	\$0.00	\$0.00	\$0.00	\$56,835.00
Associated Students of Humboldt State University	\$250.00	\$0.00	\$0.00	\$0.00	\$250.00
Associated Students of Sonoma State University	\$1,775.00	\$0.00	\$0.00	\$0.00	\$1,775.00
<b>a</b> Associated Students, CSU Fullerton	\$29,940.00	\$35,486.00	\$0.00	\$0.00	\$65,426.00
Associated Students, San Diego State University	\$54,890.00	\$0.00	\$0.00	\$0.00	\$54,890.00
<b>a</b> Associated Students, San Jose State University	\$0.00	\$0.00	\$5,205.00	\$0.00	\$5,205.00
Aztec Shops Ltd., San Diego State University	\$61,358.00	\$0.00	\$0.00	\$0.00	\$61,358.00
Cal Poly Corporation	\$128,556.00	\$0.00	\$0.00	\$0.00	\$128,556.00
Cal Poly Pomona Foundation, Inc.	\$79,967.00	\$0.00	\$0.00	\$0.00	\$79,967.00
Cal State LA University Auxiliary Services Inc	\$28,114.00	\$0.00	\$0.00	\$0.00	\$28,114.00
<b>a</b> California Maritime Academy Associated Students	\$0.00	\$5,556.00	\$0.00	\$0.00	\$5,556.00
California State University San Marcos Corporation	\$14,597.00	\$0.00	\$0.00	\$0.00	\$14,597.00
Capital Public Radio, Inc.	\$9,607.00	\$0.00	\$0.00	\$0.00	\$9,607.00
Channel Islands University Auxiliary Services, Inc.	\$17,576.00	\$0.00	\$0.00	\$0.00	\$17,576.00
CSU Bakersfield, Auxillary for Sponsored Programs Admi	\$852.00	\$0.00	\$0.00	\$0.00	\$852.00
CSU Chico Research Foundation	\$23,507.00	\$0.00	\$0.00	\$0.00	\$23,507.00
CSU Dominguez Hills Foundation	\$14,330.00	\$0.00	\$0.00	\$0.00	\$14,330.00
CSU Fresno Association	\$34,474.00	\$0.00	\$0.00	\$0.00	\$34,474.00
CSU Fresno Athletic Corporation	\$29,971.00	\$0.00	\$0.00	\$0.00	\$29,971.00
CSU Fullerton Univ Auxiliary Services Corporation	\$1,345.00	\$0.00	\$0.00	\$0.00	\$1,345.00
CSU Long Beach Research Foundation	\$24,171.00	\$0.00	\$0.00	\$0.00	\$24,171.00
Donald P. & Katherine B. Loker University Student Unior	\$8,496.00	\$0.00	\$0.00	\$0.00	\$8,496.00
Forty-Niner Shops Inc, CSU Long Beach	\$62,784.00	\$0.00	\$0.00	\$0.00	\$62,784.00
Humboldt State Univ Sponsored Programs Foundation	\$17,040.00	\$0.00	\$0.00	\$0.00	\$17,040.00
Humboldt State University Center	\$44,639.00	\$0.00	\$0.00	\$0.00	\$44,639.00
San Jose State University Research Foundation	\$19,189.00	\$0.00	\$0.00	\$0.00	\$19,189.00
<b>c</b> Santos Manuel Student Union, CSU San Bernardino	\$13,564.00	\$0.00	\$12,864.00	\$0.00	\$26,428.00
Spartan Shops Inc., San Jose State University	\$4,270.00	\$0.00	\$0.00	\$0.00	\$4,270.00
Student Union Inc, San Jose State University	\$23,378.00	\$0.00	\$0.00	\$0.00	\$23,378.00
The Tower Foundation, San Jose State University	\$3,085.00	\$0.00	\$0.00	\$0.00	\$3,085.00
The University Corporation, CSU Northridge	\$54,275.00	\$0.00	\$0.00	\$0.00	\$54,275.00
The University Corporation, San Francisco State	\$8,947.00	\$0.00	\$0.00	\$0.00	\$8,947.00
University Corporation at Monterey Bay	\$18,960.12	\$0.00	\$0.00	\$0.00	\$18,960.12
University Enterprises Corporation at CSUSB	\$25,963.00	\$0.00	\$0.00	\$0.00	\$25,963.00
University Enterprises Inc. CSU Sacramento	\$79,468.00	\$0.00	\$0.00	\$0.00	\$79,468.00
University Student Union Board, CSU Los Angeles	\$11,506.00	\$0.00	\$0.00	\$0.00	\$11,506.00
University Student Union, CSU Northridge	\$31,284.00	\$0.00	\$0.00	\$0.00	\$31,284.00
University Student Union, CSU Stanislaus	\$429.00	\$0.00	\$0.00	\$0.00	\$429.00
<b>Totals:</b>	<b>\$1,197,240.12</b>	<b>\$41,042.00</b>	<b>\$18,525.00</b>	<b>\$19,751.00</b>	<b>\$1,276,558.12</b>

- a** Member has indicated that payment will be processed in April.
- b** Payment was mailed but has not yet been received.
- c** Payment was lost in the mail and will be re-issued.

**California State University Risk Management Authority  
Outstanding Member Loan Status  
As of 3/31/2019**

**Loan Pool: 15% of the overall average cash and investments for the preceding 12 months (Apr 2018 - Mar 2019)** \$ 19,665,279

Member Name	Maturity Date	Original Issue Date	Original Issue Amount	Outstanding Loan Balance 3/31/2019	Outstanding Loan Balance 6/30/2018
CSU Sacramento	Jun 2019	May 2014	\$ 4,000,000	\$ 63,766	\$ 489,378
Humboldt State University	Oct 2022	Jun 2017	\$ 1,800,000	\$ 1,637,923	\$ 1,800,000
<b>Total Loans</b>			<b>\$ 5,800,000</b>	<b>\$ 1,701,689</b>	<b>\$ 2,289,378</b>

**Remaining Amount Available for Member Loans** \$ 14,027,356  
*(The remaining amount reflects the CSU Sacramento line of credit balance of \$3,936,234)*

**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. \$ 6,555,093

**California State University Risk Management Authority  
Travel Expenses Report**

Processed between July 1, 2018 and March 31, 2019

Travel Dates	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
12/7-12/8/2018	Jody Van Leuven	Los Angeles	Hudson mediation	\$ -	\$ -	\$ 83.68	\$ 83.68
1/10-1/11/2019	Zachary Gifford	Oakland	Sedgwick Double Play meeting at Ingber & Weinberg, LLP office	\$ 163.07	\$ 7.00	\$ 74.62	\$ 244.69
1/13/2019	Zachary Gifford	Indian Wells	CSURMA EC meeting at AOA Conference	\$ -	\$ -	\$ 145.00	\$ 145.00
1/13-1/16/2019	Jody Van Leuven	Indian Wells	CSURMA EC meeting and AOA Conference	\$ 689.76	\$ -	\$ 225.94	\$ 915.70
2/6/2019	Zachary Gifford	Folsom	CSAC EIA Underwriting Committee meeting at CSAC EIA office	\$ -	\$ -	\$ 255.69	\$ 255.69
2/11-2/15/2019	Scott Bourdon	Oakland, Monterey, Pacific Grove, Richmond, Santa Rosa, Cotati, Davis, Sacramento, Roseville	Campus visits to meet the EHS teams and key partners to understand campus EHS issues/programs	\$ 588.21	\$ 121.11	\$ 654.43	\$ 1,363.75
2/12/2019	Zachary Gifford	Anaheim	PARMA Underwriter meeting with Scion/Alliant/AmWINS/Great American/Liberty Mutual and Carl Warren Leadership	\$ -	\$ -	\$ 69.80	\$ 69.80
2/13/2019	Jody Van Leuven	Los Angeles	CABO Presentation on EO 1039 EHS Update at the Hyatt Regency LAX	\$ -	\$ -	\$ 40.52	\$ 40.52
2/17-2/22/2019	Scott Bourdon	Santa Ana, Valencia, Mohave, Bakersfield, SLO, Atascadero, Turlock, Chico, Sacramento,	Campus visits to meet the EHS teams and key partners to understand campus EHS issues/programs	\$ 555.41	\$ 148.20	\$ 471.85	\$ 1,175.46
2/24-2/26/2019	Scott Bourdon	San Diego	CSHEMA Symposium at UC San Diego	\$ 392.18	\$ 69.94	\$ 163.02	\$ 625.14
2/25-2/26/2019	Jody Van Leuven	La Jolla	CSHEMA Symposium at UC San Diego	\$ 196.09	\$ 30.34	\$ 222.48	\$ 448.91
3/7-3/8/2019	Jody Van Leuven	Newport Beach	CSURMA EC & LRP mtgs at Alliant Office in Newport Beach	\$ 306.61	\$ -	\$ 33.64	\$ 340.25
2/26/2019	Zachary Gifford	San Francisco	CSURMA WC & Praesidium meeting at Alliant office in San Francisco	\$ -	\$ -	\$ 179.44	\$ 179.44
2/27/2019	Zachary Gifford	Sacramento	CSAC EIA Underwriting Committee meeting at Hilton Arden West	\$ -	\$ -	\$ 258.94	\$ 258.94
3/7-3/8/2019	Zachary Gifford	Newport Beach	CSURMA EC & LRP mtgs at Alliant Office in Newport Beach	\$ 203.76	\$ -	\$ 33.54	\$ 237.30
3/12-3/13/2019	Zachary Gifford	Fresno, Stanislaus, Sacramento	CSURMA overview campus visits w/Daniel Howell	\$ 179.71	\$ 7.00	\$ 134.58	\$ 321.29
3/25/2019	Zachary Gifford	Riverside	Nunez mediation	\$ -	\$ -	\$ 71.28	\$ 71.28
<b>Travel Expenses Reported from 1/1/2019-3/31/2019</b>				<b>\$ 3,274.80</b>	<b>\$ 383.59</b>	<b>\$ 3,118.45</b>	<b>\$ 6,776.84</b>
9/29-10/3/2018	Jody Van Leuven	Salt Lake City, UT	URMIA Annual Conference	\$ -	\$ 7.00	\$ 163.34	\$ 170.34
10/9-10/10/2018	Zachary Gifford	CSUDH, CSULA, CSUN, CSUCI	CSURMA Financial and Operational Overview for CABO VPs at CSU Dominguez Hills, CSU Los Angeles, CSU Northridge, and CSU Channel Islands campuses	\$ 196.54	\$ 7.00	\$ 7.39	\$ 210.93
10/29-10/31/2018	Zachary Gifford	Monterey	Presenter at the 2018 CSU Facilities Management Conference	\$ 550.58	\$ 64.75	\$ 550.49	\$ 1,165.82
11/6/2018	Zachary Gifford	Northridge	Presentation at CSUN Risky Business Workshop and meeting with campus Risk Manager	\$ -	\$ -	\$ 47.96	\$ 47.96
11/8-9/2018	Jody Van Leuven	Santa Cruz	UC Lab Safety Working Group meeting at UC Santa Cruz	\$ -	\$ 7.00	\$ 163.34	\$ 170.34
11/14-11/15/2018	Zachary Gifford	San Francisco	CSURMA meeting and DVICA WC Educational Luncheon	\$ 255.83	\$ 38.24	\$ 291.64	\$ 585.71
11/17-11/21/2018	Robert Eaton	London	CSURMA UW meeting with Steven Relyea, Timothy White, Lars Walton, and Daniel Howell (Alliant)	\$ 1,051.37	\$ 76.33	\$ 2,603.76	\$ 3,731.46
12/5/2018	Zachary Gifford	Folsom	CSAC EIA Underwriter Committee meeting	\$ -	\$ -	\$ 182.02	\$ 182.02
<b>Travel Expenses Reported from 10/01/2018 to 12/31/2018</b>				<b>\$ 2,054.32</b>	<b>\$ 200.32</b>	<b>\$ 4,009.94</b>	<b>\$ 6,264.58</b>

**California State University Risk Management Authority  
Travel Expenses Report**

Processed between July 1, 2018 and March 31, 2019

Travel Dates	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
7/8-7/11/2018	Zachary Gifford	Baltimore, MD	CSHEMA Conference	\$ 763.80	\$ 133.48	\$ 735.99	\$ 1,633.27
7/10-7/13/2018	Jody Van Leuven	San Diego	CSU Emergency Management Conference	\$ 729.39	\$ 43.21	\$ 180.18	\$ 952.78
7/20/2018, 7/22-7/24/2018	Zachary Gifford	San Francisco / Monterey	Ventiv Risk Console Dashboard Roll-out and CSURMA Team meeting at Alliant; AORMA Officers Retreat at The Hotel Pacific	\$ 504.36	\$ 171.44	\$ 392.94	\$ 1,068.74
7/31/2018	Zachary Gifford	East Bay	EHS Audit Presentation at EFO/DFO (Executive Facilities Officers/Directors Facilities Officers) meeting at CSU East Bay	\$ -	\$ 261.98	\$ 17.00	\$ 278.98
8/8-8/9/2018	Zachary Gifford	Sonoma / San Francisco	CSURMA Financial and Operational Overview for SFSU, CABO, VP, Phyllis Carter; Sonoma, CABO, VP, Joyce Lopez at their respective campuses	\$ 248.69	\$ 35.46	\$ 463.20	\$ 747.35
8/9/2018	Leona Ching	San Francisco	Fitting the Piece Together Conference site visit at the Crowne Hotel	\$ -	\$ -	\$ 205.41	\$ 205.41
8/9/2018	Martha Guiditta	San Francisco	Fitting the Piece Together Conference site visit at the Crowne Hotel	\$ -	\$ -	\$ 197.41	\$ 197.41
8/13-8/15/2018	Zachary Gifford	San Francisco / San Jose / Folsom	SFSU Science Building meeting and informal settlement discussion with carrier (AIG); CSURMA Update & Early Bird Rates for FY 2019-2020 Presentation to CABO at SJSU campus; CSAC Underwriting Committee meeting at EIA's Office	\$ 345.15	\$ 58.63	\$ 352.28	\$ 756.06
9/4-9/7/2018	Zachary Gifford	Sacramento	CSURMA AORMA and EC meetings at Alliant	\$ 327.21	\$ 59.52	\$ 376.35	\$ 763.08
9/6/2018	Jody Van Leuven	Beverly Hills	Mock trial for Hudson v. CSU	\$ -	\$ -	\$ 21.80	\$ 21.80
9/19/2018	Zachary Gifford	Oakland	Annual WC SIU Stewardship meeting at Sedgwick's Oakland office	\$ -	\$ 179.44	\$ -	\$ 179.44
9/24-9/25/2018	Zachary Gifford	Woodland Hills	CSU/Sedgwick Double Play meeting at Ingber & Weinberg, LLP office	\$ 234.88	\$ 7.00	\$ 68.04	\$ 309.92
			<b>Travel Expenses Reported from 07/01/2018 to 09/30/2018</b>	<b>\$ 3,153.48</b>	<b>\$ 950.16</b>	<b>\$ 3,010.60</b>	<b>\$ 7,114.24</b>
			<b>GRAND TOTAL</b>	<b>\$ 8,482.60</b>	<b>\$ 1,534.07</b>	<b>\$ 10,138.99</b>	<b>\$ 20,155.66</b>

# California State University Risk Management Authority

## Balance Sheets - Campus Programs as of 3/31/2019

(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 3/31/2019</u>
<b>Assets:</b>							
Cash and Investments	586,663	(2,044,920)	(1,071,877)	428,210	(354,603)	(720,078)	(3,176,606)
Other long-term investments	32,312,093	62,267,277	7,559,729	3,154,806	5,944,327	0	111,238,232
Accounts receivable	1,100,842	1,207,907	0	0	0	0	2,308,749
Loans receivable	0	0	0	0	0	0	0
Reinsurance receivable	0	167,096	0	0	0	0	167,096
Prepaid insurance	730,148	7,789,988	1,255	1,672,397	7,801	352,137	10,553,726
Prepaid expense	153,131	1,039,562	4,291	243,870	145,982	0	1,586,836
<b>Total assets:</b>	<b><u>34,882,876</u></b>	<b><u>70,426,911</u></b>	<b><u>6,493,397</u></b>	<b><u>5,499,284</u></b>	<b><u>5,743,507</u></b>	<b><u>(367,941)</u></b>	<b><u>122,678,033</u></b>
<b>Liabilities:</b>							
Accounts payable	51,238	1,623,988	3,143,433	7,324	454,039	0	5,280,023
Unearned revenue	3,533,906	9,709,346	3,875,000	793,449	1,165,137	193,208	19,270,045
SELF assessment liability	0	5,454,649	0	0	0	0	5,454,649
Reported claims	10,781,627	23,700,413	0	0	113,688	0	34,595,728
Claims incurred but not reported	13,123,366	10,035,696	0	0	2,273,750	0	25,432,812
<b>Total liabilities:</b>	<b><u>27,490,137</u></b>	<b><u>50,524,093</u></b>	<b><u>7,018,433</u></b>	<b><u>800,772</u></b>	<b><u>4,006,614</u></b>	<b><u>193,208</u></b>	<b><u>90,033,257</u></b>
Fund balance	7,392,740	19,902,818	(525,036)	4,698,512	1,736,893	(561,150)	32,644,776
<b>Total liabilities and fund balance</b>	<b><u>34,882,876</u></b>	<b><u>70,426,911</u></b>	<b><u>6,493,397</u></b>	<b><u>5,499,284</u></b>	<b><u>5,743,507</u></b>	<b><u>(367,941)</u></b>	<b><u>122,678,033</u></b>

# California State University Risk Management Authority

## Balance Sheets - AORMA Programs as of 3/31/2019

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs As of 3/31/2019
<b>Assets:</b>						
Cash and Investments	281,325	835,969	37,468	22,391	113,844	1,290,997
Other long-term investments	8,943,681	5,639,738	2,055,417	472,994	5,557,858	22,669,688
Accounts receivable	28,750	507,545	0	0	13,163	549,458
Loans receivable	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0
Prepaid insurance	54,252	999,929	83,107	44,594	161	1,182,043
Prepaid expense	178,166	152,940	58,823	4,052	443	394,422
<b>Total assets:</b>	<b>9,486,174</b>	<b>8,136,121</b>	<b>2,234,815</b>	<b>544,030</b>	<b>5,685,469</b>	<b>26,086,609</b>
<b>Liabilities:</b>						
Accounts payable	994,404	507,931	2,121	201	256,602	1,761,259
Unearned revenue	662,826	97,370	220,735	57,969	32,065	1,070,965
SELF assessment liability	0	0	0	0	0	0
Reported claims	925,968	1,764,997	0	0	0	2,690,965
Claims incurred but not reported	864,177	1,123,494	0	0	0	1,987,671
<b>Total liabilities:</b>	<b>3,447,375</b>	<b>3,493,792</b>	<b>222,857</b>	<b>58,170</b>	<b>288,667</b>	<b>7,510,860</b>
Fund balance	6,038,799	4,642,329	2,011,958	485,861	5,396,802	18,575,748
<b>Total liabilities and fund balance</b>	<b>9,486,174</b>	<b>8,136,121</b>	<b>2,234,815</b>	<b>544,030</b>	<b>5,685,469</b>	<b>26,086,609</b>

# California State University Risk Management Authority

## Balance Sheets - Miscellaneous Programs as of 3/31/2019

(Unaudited)

	Misc Purchased	OCIP	Club Sports	Loans	Total Misc Programs As of 3/31/2019	Grand Total All Programs As of 3/31/2019
<b>Assets:</b>						
Cash and Investments	(143,984)	(10,635,923)	378,449	(1,701,689)	(12,103,146)	(13,988,754)
Other long-term investments	0	0	185,023	0	185,023	134,092,943
Accounts receivable	3,920	566,210	41,042	0	611,172	3,469,379
Loans receivable	0	0	0	1,701,689	1,701,689	1,701,689
Reinsurance receivable	0	0	0	0	0	167,096
Prepaid insurance	0	8,747,235	66,065	0	8,813,299	20,549,068
Prepaid expense	0	1,310,577	66,342	0	1,376,919	3,358,178
<b>Total assets:</b>	<b>(140,063)</b>	<b>(11,901)</b>	<b>736,921</b>	<b>0</b>	<b>584,956</b>	<b>149,349,599</b>
<b>Liabilities:</b>						
Accounts payable	3,023	0	324	0	3,347	7,044,628
Unearned revenue	0	0	166,009	0	166,009	20,507,019
SELF assessment liability	0	0	0	0	0	5,454,649
Reported claims	0	0	0	0	0	37,286,693
Claims incurred but not reported	0	0	0	0	0	27,420,483
<b>Total liabilities:</b>	<b>3,023</b>	<b>0</b>	<b>166,332</b>	<b>0</b>	<b>169,355</b>	<b>97,713,473</b>
Fund balance	(143,087)	(11,901)	570,589	0	415,601	51,636,126
<b>Total liabilities and fund balance</b>	<b>(140,063)</b>	<b>(11,901)</b>	<b>736,921</b>	<b>0</b>	<b>584,956</b>	<b>149,349,599</b>

**California State University Risk Management Authority**  
**Income Statements - Campus Programs as of 3/31/2019**  
(Unaudited)

	Liability	Workers' Compensation	IDL/NDI/UI	Property	AIME	Auto Liability	Total Campus Programs
<b>OPERATING REVENUES:</b>							
Contributions	12,796,405	29,128,038	11,625,000	6,927,635	3,495,410	579,625	64,552,112
Reinsurance premiums	(1,638,532)	0	0	(4,507,133)	0	0	(6,145,665)
<b>Total operating revenues:</b>	<b>11,157,873</b>	<b>29,128,038</b>	<b>11,625,000</b>	<b>2,420,501</b>	<b>3,495,410</b>	<b>579,625</b>	<b>58,406,447</b>
<b>OPERATING EXPENSES:</b>							
<b>DIRECT PROGRAM EXPENSES:</b>							
Claims payment & legal expenses	14,155,333	12,913,306	11,640,935	1,458,126	3,267,261	0	43,434,960
Deductible recoveries	(3,267,287)	0	0	0	0	0	(3,267,287)
Claims administrators	0	2,886,875	57,408	0	150,000	0	3,094,283
Claims management information system	37,445	76,850	8,892	5,293	2,671	0	131,151
Program administrator	204,276	546,194	131,116	219,755	7,506	0	1,108,847
Brokerage commissions	284,815	1,292	533	485,782	1,993	0	774,416
Insurance premiums	2,333,595	23,360,849	0	1,988,009	14,549	1,056,410	28,753,412
Actuarial services	7,628	12,029	2,720	1,506	3,568	0	27,451
Workshops/training	25,305	54,293	22,170	13,199	0	0	114,967
Loss control	306,741	63,143	0	47,515	0	0	417,398
Reinsurance/excess recovery	0	(10,633,623)	0	0	0	0	(10,633,623)
Program committee	0	0	0	0	448	0	448
Dividend distributions	1,127,520	3,647,367	0	0	0	0	4,774,887
<b>Total direct program expenses:</b>	<b>15,218,971</b>	<b>32,928,573</b>	<b>11,863,775</b>	<b>4,219,185</b>	<b>3,447,996</b>	<b>1,056,410</b>	<b>68,734,910</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES:</b>							
Financial audit	6,394	15,353	6,128	3,340	1,842	0	33,057
Executive committee & board expenses	838	2,013	804	438	242	0	4,335
JPA insurance	4,294	9,201	3,798	2,261	1,141	0	20,695
Memberships, associations & dues	1,234	21,123	1,037	594	312	0	24,301
Chancellor's office accounting services	48,386	111,945	45,160	25,347	13,575	0	244,413
Risk management expenses	104,558	247,806	99,183	54,494	29,820	0	535,861
Miscellaneous indirect services	14,180	7,901	3,137	1,713	943	0	27,874
<b>Total general &amp; administrative expenses:</b>	<b>179,884</b>	<b>415,343</b>	<b>159,246</b>	<b>88,189</b>	<b>47,875</b>	<b>0</b>	<b>890,536</b>
<b>Total operating expenses:</b>	<b>15,398,855</b>	<b>33,343,916</b>	<b>12,023,021</b>	<b>4,307,373</b>	<b>3,495,871</b>	<b>1,056,410</b>	<b>69,625,446</b>
<b>NON-OPERATING REVENUES:</b>							
Investment income	1,310,363	2,461,252	334,395	125,287	243,725	0	4,475,022
<b>Total non-operating revenues:</b>	<b>1,310,363</b>	<b>2,461,252</b>	<b>334,395</b>	<b>125,287</b>	<b>243,725</b>	<b>0</b>	<b>4,475,022</b>
<b>BEGINNING RETAINED EARNINGS</b>	<b>10,094,128</b>	<b>21,657,444</b>	<b>(461,410)</b>	<b>6,460,096</b>	<b>1,722,859</b>	<b>(84,364)</b>	<b>39,388,754</b>
<b>ADJUSTMENTS TO RETAINED EARNINGS</b>	<b>229,231</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(229,231)</b>	<b>0</b>	<b>0</b>
<b>TOTAL ADJUSTED RETAINED EARNINGS</b>	<b>10,323,359</b>	<b>21,657,444</b>	<b>(461,410)</b>	<b>6,460,096</b>	<b>1,493,628</b>	<b>(84,364)</b>	<b>39,388,754</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(2,930,620)</b>	<b>(1,754,626)</b>	<b>(63,626)</b>	<b>(1,761,585)</b>	<b>243,265</b>	<b>(476,786)</b>	<b>(6,743,978)</b>
<b>ENDING RETAINED EARNINGS</b>	<b>7,392,740</b>	<b>19,902,818</b>	<b>(525,036)</b>	<b>4,698,512</b>	<b>1,736,893</b>	<b>(561,150)</b>	<b>32,644,776</b>

**California State University Risk Management Authority**  
**Income Statements - AORMA Programs as of 3/31/2019**

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs
<b>OPERATING REVENUES:</b>						
Contributions	3,115,416	3,785,473	1,849,255	173,907	370,950	9,295,000
Reinsurance premiums	(1,081,699)	0	(1,187,049)	0	0	(2,268,747)
<b>Total operating revenues:</b>	<b>2,033,718</b>	<b>3,785,473</b>	<b>662,206</b>	<b>173,907</b>	<b>370,950</b>	<b>7,026,253</b>
<b>OPERATING EXPENSES:</b>						
<b>DIRECT PROGRAM EXPENSES:</b>						
Claims payment & legal expenses	723,681	1,197,630	358,748	0	665,921	2,945,979
Deductible recoveries	(25,000)	0	0	0	0	(25,000)
Claims administrators	11,250	176,526	0	0	10,500	198,276
Claims management information system	2,464	2,965	1,230	164	1,141	7,964
Program administrator	618,135	299,001	197,412	19,698	35,151	1,169,397
Brokerage commissions	53,866	178	154,111	11,979	68	220,202
Insurance premiums	161,856	3,220,933	215,838	133,713	0	3,732,340
Actuarial services	5,786	6,383	375	42	313	12,899
Workshops/training	12,882	14,856	6,218	752	5,412	40,120
Loss control	56,984	63,856	11,786	0	0	132,626
Reinsurance/excess recovery	0	(817,486)	0	0	0	(817,486)
Program committee	1,969	2,182	930	101	758	5,941
Dividend distributions	942,030	393,680	0	0	0	1,335,710
<b>Total direct program expenses:</b>	<b>2,565,904</b>	<b>4,624,170</b>	<b>946,648</b>	<b>166,450</b>	<b>719,264</b>	<b>9,022,436</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES:</b>						
Financial audit	1,786	1,978	844	92	688	5,387
Executive committee & board expenses	130	144	62	7	50	393
JPA insurance	1,053	1,266	525	70	487	3,402
Memberships, associations & dues	14	2,083	7	1	6	2,110
Chancellor's office accounting services	12,953	14,734	6,229	726	5,301	39,943
Risk management expenses	28,213	32,016	14,170	1,513	9,582	85,494
Miscellaneous indirect services	902	996	432	49	363	2,743
<b>Total general &amp; administrative expenses:</b>	<b>45,050</b>	<b>53,218</b>	<b>22,269</b>	<b>2,457</b>	<b>16,477</b>	<b>139,472</b>
<b>Total operating expenses:</b>	<b>2,610,954</b>	<b>4,677,388</b>	<b>968,918</b>	<b>168,907</b>	<b>735,741</b>	<b>9,161,908</b>
<b>NON-OPERATING REVENUES:</b>						
Investment income	347,918	209,524	81,628	18,247	216,878	874,195
<b>Total non-operating revenues:</b>	<b>347,918</b>	<b>209,524</b>	<b>81,628</b>	<b>18,247</b>	<b>216,878</b>	<b>874,195</b>
<b>BEGINNING RETAINED EARNINGS</b>	<b>6,268,117</b>	<b>5,324,721</b>	<b>2,237,041</b>	<b>462,615</b>	<b>5,544,715</b>	<b>19,837,208</b>
<b>ADJUSTMENTS TO RETAINED EARNINGS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ADJUSTED RETAINED EARNINGS</b>	<b>6,268,117</b>	<b>5,324,721</b>	<b>2,237,041</b>	<b>462,615</b>	<b>5,544,715</b>	<b>19,837,208</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(229,318)</b>	<b>(682,392)</b>	<b>(225,083)</b>	<b>23,246</b>	<b>(147,913)</b>	<b>(1,261,460)</b>
<b>ENDING RETAINED EARNINGS</b>	<b>6,038,799</b>	<b>4,642,329</b>	<b>2,011,958</b>	<b>485,861</b>	<b>5,396,802</b>	<b>18,575,748</b>

**California State University Risk Management Authority**  
**Income Statements - Miscellaneous Programs as of 3/31/2019**

(Unaudited)

	Misc Purchased	OCIP	Club Sports	Total Misc Programs	Grand Total All Programs
<b>OPERATING REVENUES:</b>					
Contributions	423,221	0	270,008	693,229	74,540,341
Reinsurance premiums	0	0	0	0	(8,414,412)
<b>Total operating revenues:</b>	<b>423,221</b>	<b>0</b>	<b>270,008</b>	<b>693,229</b>	<b>66,125,929</b>
<b>OPERATING EXPENSES:</b>					
<b>DIRECT PROGRAM EXPENSES:</b>					
Claims payment & legal expenses	0	0	41,532	41,532	46,422,472
Deductible recoveries	0	0	0	0	(3,292,287)
Claims administrators	0	10,539	8,000	18,539	3,311,097
Claims management information system	0	4,595	221	4,816	143,932
Program administrator	0	232,393	0	232,393	2,510,637
Brokerage commissions	87,516	24,424	16,605	128,545	1,123,163
Insurance premiums	502,049	4,185,372	145,894	4,833,315	37,319,067
Actuarial services	0	756	66	821	41,172
Workshops/training	0	0	0	0	155,088
Loss control	0	0	0	0	550,024
Reinsurance/excess recovery	0	0	0	0	(11,451,109)
Program committee	0	0	0	0	6,388
Dividend distributions	0	0	0	0	6,110,597
<b>Total direct program expenses:</b>	<b>589,565</b>	<b>4,458,078</b>	<b>212,319</b>	<b>5,259,961</b>	<b>83,017,308</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES:</b>					
Financial audit	0	1,408	148	1,556	40,000
Executive committee & board expenses	0	103	11	114	4,842
JPA insurance	0	1,963	94	2,057	26,154
Memberships, associations & dues	0	25	1	27	26,437
Chancellor's office accounting services	0	14,545	1,099	15,644	300,000
Risk management expenses	0	22,930	2,395	25,325	646,680
Miscellaneous indirect services	0	841	76	916	31,533
<b>Total general &amp; administrative expenses:</b>	<b>0</b>	<b>41,815</b>	<b>3,824</b>	<b>45,639</b>	<b>1,075,646</b>
<b>Total operating expenses:</b>	<b>589,565</b>	<b>4,499,893</b>	<b>216,142</b>	<b>5,305,600</b>	<b>84,092,954</b>
<b>NON-OPERATING REVENUES:</b>					
Investment income	0	0	1,049	1,049	5,350,266
<b>Total non-operating revenues:</b>	<b>0</b>	<b>0</b>	<b>1,049</b>	<b>1,049</b>	<b>5,350,266</b>
<b>BEGINNING RETAINED EARNINGS</b>	<b>23,257</b>	<b>4,487,992</b>	<b>515,675</b>	<b>5,026,923</b>	<b>64,252,885</b>
<b>ADJUSTMENTS TO RETAINED EARNINGS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ADJUSTED RETAINED EARNINGS</b>	<b>23,257</b>	<b>4,487,992</b>	<b>515,675</b>	<b>5,026,923</b>	<b>64,252,885</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(166,344)</b>	<b>(4,499,893)</b>	<b>54,914</b>	<b>(4,611,322)</b>	<b>(12,616,759)</b>
<b>ENDING RETAINED EARNINGS</b>	<b>(143,087)</b>	<b>(11,901)</b>	<b>570,589</b>	<b>415,601</b>	<b>51,636,126</b>

**California State University Risk Management Authority**  
**Income Statement as of 3/31/2019**  
(Unaudited)

	<u>Budget vs. Actual</u>			
	<u>FY 2018/19 Amended Budget</u>	<u>Year-to-Date as of 3/31/2019</u>	<u>Variance</u>	<u>Percent of Budget</u>
<b>OPERATING REVENUES:</b>				
Contributions	102,251,762	74,540,341	27,711,421	72.90%
Reinsurance premiums	(11,241,201)	(8,414,412)	(2,826,789)	74.85%
<b>Total operating revenues:</b>	<b>91,010,561</b>	<b>66,125,929</b>	<b>24,884,632</b>	<b>72.66%</b>
<b>OPERATING EXPENSES:</b>				
<b>DIRECT PROGRAM EXPENSES:</b>				
Claims payment & legal expenses	60,712,337	46,422,472	14,289,865	76.46%
Deductible recoveries	(3,555,499)	(3,292,287)	(263,212)	92.60%
Claims administrators	4,401,422	3,311,097	1,090,325	75.23%
Claims management information system	125,000	143,932	(18,932)	115.15%
Program administrator	3,238,950	2,510,637	728,313	77.51%
Brokerage commissions	1,439,858	1,123,163	316,695	78.01%
Insurance premiums	52,569,511	37,319,067	15,250,444	70.99%
Taxes, assessments & fees	301,450	63,467	237,983	21.05%
Actuarial services	74,500	41,172	33,328	55.26%
Claims audit	9,870	0	9,870	0.00%
Coverage counsel	16,000	0	16,000	0.00%
Program legal	24,500	0	24,500	0.00%
Miscellaneous program services	10,000	3,600	6,400	36.00%
Workshops/training	165,000	155,088	9,912	93.99%
Loss control	1,044,614	550,024	494,590	52.65%
Reinsurance/excess recovery	(17,416,942)	(11,451,109)	(5,965,833)	65.75%
Program committee	11,000	6,388	4,612	58.08%
Dividend distributions	6,176,475	6,110,597	65,878	98.93%
<b>Total direct program expenses:</b>	<b>109,348,046</b>	<b>83,017,308</b>	<b>26,330,738</b>	<b>75.92%</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES:</b>				
Financial audit	36,400	40,000	(3,600)	109.89%
Executive committee & board expenses	35,396	4,842	30,554	13.68%
JPA insurance	16,640	26,154	(9,514)	157.17%
Memberships, associations & dues	44,772	26,437	18,335	59.05%
Chancellor's office accounting services	400,000	300,000	100,000	75.00%
Risk management expenses	1,134,500	646,680	487,820	57.00%
JPA legal	111,395	0	111,395	0.00%
Miscellaneous indirect services	28,593	31,533	(2,940)	110.28%
<b>Total general &amp; administrative expenses:</b>	<b>1,807,696</b>	<b>1,075,646</b>	<b>732,050</b>	<b>59.50%</b>
<b>Total operating expenses:</b>	<b>111,155,742</b>	<b>84,092,954</b>	<b>27,062,788</b>	<b>75.65%</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	2,500,000	5,350,266	(2,850,266)	214.01%
Miscellaneous fee revenue	0	0	0	0.00%
<b>Total non-operating revenues:</b>	<b>2,500,000</b>	<b>5,350,266</b>	<b>(2,850,266)</b>	<b>214.01%</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(17,645,181)</b>	<b>(12,616,759)</b>	<b>(5,028,422)</b>	<b>71.50%</b>



**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Financial Statements and Supplementary Schedules

June 30, 2018 and 2017

(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, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### *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, 2018 and 2017, 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 8 and the claims development information on Schedule 15 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 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 through 14 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 14 are fairly stated in all material respects in relation to the basic financial statements as a whole.

**KPMG LLP**

Irvine, California  
September 21, 2018

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University  
**Management's Discussion and Analysis**  
June 30, 2018 and 2017  
(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, 2018 and 2017. 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, 2018 and 2017 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 independent auditors' report, the basic audited financial statements, 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.

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A summary of the Authority's assets, liabilities, and net position at June 30, 2018, 2017, and 2016 is as follows:

**Condensed Schedule of Net Position**

June 30, 2018, 2017, and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>			
Current assets	\$ 92,382,000	102,543,000	113,718,000
Noncurrent assets	<u>53,800,000</u>	<u>59,413,000</u>	<u>67,569,000</u>
Total assets	<u>\$ 146,182,000</u>	<u>161,956,000</u>	<u>181,287,000</u>
<b>Liabilities:</b>			
Current liabilities	\$ 29,559,000	31,314,000	29,769,000
Noncurrent liabilities	<u>52,370,000</u>	<u>57,262,000</u>	<u>64,063,000</u>
Total liabilities	<u>\$ 81,929,000</u>	<u>88,576,000</u>	<u>93,832,000</u>
<b>Net position:</b>			
Unrestricted	<u>\$ 64,253,000</u>	<u>73,380,000</u>	<u>87,455,000</u>
Total net position	<u>\$ 64,253,000</u>	<u>73,380,000</u>	<u>87,455,000</u>

**Assets**

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 the Owners Controlled Insurance Program 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 assets totaled \$161,956,000 on June 30, 2017, a decrease of \$19,331,000, or 11%, as compared to the previous year. The decrease was mainly attributed to the decrease in investments (note 3) of \$23,946,000 due to increased insurance payments, increased dividend distributions, and investment loss. Prepaid expenses increased by \$1,720,000 due to the timing and coverage periods of various insurance premiums. The Authority's investments represent 90% of total assets as of June 30, 2018 and 2017 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 \$81,929,000 on June 30, 2018, a decrease of \$6,647,000 or 8%, as compared to the previous year. The decrease is primarily attributed to the decrease in claims liability for losses and loss adjustment expenses. The Authority's liabilities totaled \$88,576,000 on June 30, 2017, a decrease of \$5,256,000, or 6%, as compared to the previous year. The decrease was primarily due to the enrollment in the

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Excess Insurance Authority (EIA), effective January 1, 2016, resulting in a decrease in claims liability, current and noncurrent, in the amount of \$6,112,000 and \$8,108,000 as of June 30, 2018 and 2017, 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 79% and 80% of the total liabilities as of June 30, 2018 and 2017, respectively.

**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 \$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. The Authority's net position totaled \$73,380,000 on June 30, 2017, a decrease of \$14,075,000 or 16%, as compared to the previous year. This was primarily due to increases in insurance premiums and dividends paid, and investment losses.

**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. Revenue 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, 2018, 2017 and 2016 is as follows:

**Condensed Schedule of Revenues, Expenses, and Changes in Net Position**

Years ended June 30, 2018, 2017, and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 92,291,000	94,006,000	93,477,000
Operating expenses	<u>101,067,000</u>	<u>106,980,000</u>	<u>76,716,000</u>
Operating (loss) income	(8,776,000)	(12,974,000)	16,761,000
Nonoperating (expenses) revenues, net	<u>(351,000)</u>	<u>(1,101,000)</u>	<u>4,633,000</u>
Change in net position	(9,127,000)	(14,075,000)	21,394,000
Net position, beginning of year	<u>73,380,000</u>	<u>87,455,000</u>	<u>66,061,000</u>
Net position, end of year	<u>\$ 64,253,000</u>	<u>73,380,000</u>	<u>87,455,000</u>

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**Management's Discussion and Analysis**

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**Operating Revenues and Expenses**

The Authority's operating revenues consist of member contributions and 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 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 2017, operating revenues totaled \$94,006,000, an increase of \$529,000 or 1%, which was primarily due to an increase in member contributions and a decrease in reinsurance premiums.

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. During fiscal year 2017, operating expenses totaled \$106,980,000, an increase of \$30,264,000 or 39%, as compared to the previous year. The increase was primarily due to increases in claim losses and loss adjustment expenses in the amount of \$9,496,000, insurance premiums of \$13,879,000, and dividends paid of \$5,729,000. 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 \$29,917,000 and \$26,671,000, claims administration of \$10,568,000 and \$9,324,000, insurance premiums of \$49,155,000 and \$52,555,000, dividend distributions of \$8,678,000 and \$15,401,000, general and administrative of \$1,372,000 and \$1,508,000, and miscellaneous services of \$1,377,000 and \$1,521,000 for the years ended June 30, 2018 and 2017, 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 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). During fiscal year 2017, nonoperating revenues (expenses) totaled \$(1,101,000), a decrease of \$5,734,000 or 124%, which was primarily due to the decrease in investment income from the investment portfolio where the Authority's investments are held (note 3).

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**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.

The Authority has a limited pool of membership consisting of CSU and its not-for-profit Auxiliary Organizations. The University 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.

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 are generally not expected to change significantly. In the April 2018 Board of Director's meeting, the fiscal year 2019 budget was approved for operating revenues of \$91,076,000 and operating expenses of \$98,380,000.

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The CSU has asked the Authority to evaluate utilization of a captive insurer in the near future. If a captive insurer is effected, CSURMA would likely transfer commensurate assets and liabilities to the captive. Use of a captive would likely reduce CSURMA's assets but have a positive overall impact on CSURMA's financial position as the captive would be implemented if it could create overall efficiencies and reduce the CSU's total cost of risk.

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Statements of Net Position

June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 62,000	—
Investments	80,071,000	88,777,000
Accounts receivable	2,611,000	7,109,000
Loans receivable from affiliates, current portion	489,000	613,000
Prepaid expenses	8,873,000	5,872,000
Reinsurance recoverable – workers' compensation	276,000	172,000
<b>Total current assets</b>	<b>92,382,000</b>	<b>102,543,000</b>
<b>Noncurrent assets:</b>		
Loans receivable from affiliates, net of current portion	1,800,000	2,413,000
Other long-term investments	52,000,000	57,000,000
<b>Total noncurrent assets</b>	<b>53,800,000</b>	<b>59,413,000</b>
<b>Total assets</b>	<b>146,182,000</b>	<b>161,956,000</b>
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable	9,263,000	9,532,000
Unearned revenues	1,141,000	43,000
SELF assessment liability, current portion	1,364,000	1,364,000
Claims liability for losses and loss adjustment expenses – current portion:		
Reported claims	10,252,000	12,089,000
Claims incurred but not reported	7,539,000	8,286,000
<b>Total current liabilities</b>	<b>29,559,000</b>	<b>31,314,000</b>
<b>Noncurrent liabilities:</b>		
SELF assessment liability, net of current portion (note 8)	5,454,000	6,818,000
Claims liability for losses and loss adjustment expenses – noncurrent portion (note 5):		
Reported claims	27,035,000	29,930,000
Claims incurred but not reported	19,881,000	20,514,000
<b>Total noncurrent liabilities</b>	<b>52,370,000</b>	<b>57,262,000</b>
<b>Total liabilities</b>	<b>81,929,000</b>	<b>88,576,000</b>
<b>Net position:</b>		
Unrestricted	64,253,000	73,380,000
<b>Total net position</b>	<b>\$ 64,253,000</b>	<b>73,380,000</b>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY**  
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A Discretely Presented Component Unit of California State University  
Statements of Revenues, Expenses, and Changes in Net Position  
Years ended June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
Operating revenues:		
Member contributions	\$ 102,103,000	103,447,000
Reinsurance premiums	(9,812,000)	(9,441,000)
Total operating revenues	92,291,000	94,006,000
Operating expenses:		
Claim losses and loss adjustment expenses	29,917,000	26,671,000
Claims administration	10,568,000	9,324,000
Insurance premiums	49,155,000	52,555,000
Dividend distributions	8,678,000	15,401,000
General and administrative	1,372,000	1,508,000
Miscellaneous services	1,377,000	1,521,000
Total operating expenses	101,067,000	106,980,000
Operating loss	(8,776,000)	(12,974,000)
Nonoperating revenues (expenses):		
Investment loss, net	(400,000)	(1,149,000)
Interest income from loans	49,000	48,000
Total nonoperating expenses, net	(351,000)	(1,101,000)
Change in net position	(9,127,000)	(14,075,000)
Net position, beginning of year	73,380,000	87,455,000
Net position, end of year	\$ 64,253,000	73,380,000

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Receipts of member contributions	\$ 98,197,000	99,256,000
Payments to providers	(67,093,000)	(73,762,000)
Payments of claims	(36,394,000)	(35,163,000)
Dividend distributions to pool participants	(8,740,000)	(14,860,000)
Net cash used in operating activities	(14,030,000)	(24,529,000)
Cash flows from noncapital and related financing activities:		
Payments received on loans to related entities	737,000	1,591,000
Loan interest income received	49,000	53,000
Net cash provided by noncapital and related financing activities	786,000	1,644,000
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,025,078,000	789,229,000
Purchases of investments	(1,011,840,000)	(767,398,000)
Investment income, net	68,000	966,000
Net cash provided by investing activities	13,306,000	22,797,000
Net change in cash and cash equivalents	62,000	(88,000)
Cash and cash equivalents at beginning of year	—	88,000
Cash and cash equivalents at end of year	\$ 62,000	—
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (8,776,000)	(12,974,000)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Increase in prepaid expenses	(3,001,000)	(1,720,000)
Decrease (increase) in accounts receivable	4,498,000	(4,604,000)
(Increase) decrease in reinsurance recoverable – workers' compensation	(104,000)	25,000
(Decrease) increase in accounts payable	(269,000)	4,213,000
Increase in unearned revenues	1,098,000	3,000
Decrease in SELF assessment liability	(1,364,000)	(1,364,000)
Decrease in claims liability for losses and loss adjustment expenses	(6,112,000)	(8,108,000)
Net cash used in operating activities	\$ (14,030,000)	(24,529,000)

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2018 and 2017

**(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, 2018 and 2017 are as follows:

<b>Location</b>	<b>Member</b>
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. <i>(formerly University Glen Corporation)</i>
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	Loker University Student Union, Inc.
East Bay	California State University, East Bay
East Bay	Associated Students, 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
Fresno	Associated Students, Inc. of California State University, Fresno

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Location	Member
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
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., CSU Long Beach
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
Pomona	Associated Students Inc., California State Polytechnic University, Pomona
Pomona	The Cal Poly Pomona Foundation, Inc.

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<b>Location</b>	<b>Member</b>
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 ( <i>formerly University Auxiliary and Research Services Corporation</i> )
San Marcos	California State University San Marcos Foundation
San Marcos	** San Marcos University Corporation
San Marcos	The Associated Students of California State University, San Marcos
Sonoma	Sonoma State University

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June 30, 2018 and 2017

Location	Member
Sonoma	Associated Students of Sonoma State University
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 FY 2017/18

\*\* Dissolved in FY 2017/18

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, 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 actuaries, 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 agencies. These agencies 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); AG Administrator; the CSU Office of General Counsel; Systemwide Risk Management; Alliant Insurance Services (Alliant); the CSU Office of

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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 Organization liability claims. HSR and AG Administrator are the TPAs 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. This model allows all financial information for the Authority to be reported in a single column in each of the financial statements.

**(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 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 acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt, 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 as of June 30, 2018 and 2017.

**(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 June 30, 2018 and 2017. 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. The contribution calculation for the campuses is based on program funding policies and procedures, and a rating plan to meet their pro rata share of the anticipated claims liabilities for losses and LAE. The contribution calculation for Auxiliary Organizations is based on various rating plans, such as the actuary's 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 on or before June 30, 2018 and 2017. 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.

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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.

**(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 2017 financial statements to conform to the 2018 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, 2018 and 2017 are classified in the accompanying Statements of Net Position as follows:

	2018	2017
Cash and cash equivalents	\$ 62,000	—
Short-term investments	80,071,000	88,777,000
Other long-term investments	52,000,000	57,000,000
Total investments	\$ 132,133,000	145,777,000

**(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, 2018 and 2017, 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 \$173,000 and \$110,000 at June 30, 2018 and 2017, 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, 2018 and 2017, 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, 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	85,936,000	4.71088
Total investments	<u>\$ 132,071,000</u>	

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Durations of the Authority's investment portfolio for each investment type as of June 30, 2017 are presented in the table below:

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 4,662,000	3.45666
Certificates of deposit	552,000	0.28861
Corporate bonds	25,016,000	2.90613
International bonds	1,242,000	5.30739
Money market funds	1,252,000	—
Mortgage-backed securities	6,880,000	3.62214
Municipal bonds	5,418,000	6.29868
Repurchase agreements	37,000	0.00813
U.S. agency securities	8,772,000	2.70064
U.S. Treasury securities	91,946,000	3.66613
Total investments	<u>\$ 145,777,000</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, 2018 are presented in the table below:

Investment type	Fair value	Rating 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

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2017 are presented in the table below:

Investment type	Fair value	Rating as of year-end				
		AAA	AA	A	BBB	Not rated
Asset-backed securities	\$ 4,662,000	3,832,000	194,000	636,000	—	—
Certificates of deposit	552,000	233,000	69,000	250,000	—	—
Corporate bonds	25,016,000	677,000	1,674,000	12,611,000	6,309,000	3,745,000
International bonds	1,242,000	—	1,242,000	—	—	—
Money market funds	1,252,000	—	—	20,000	—	1,232,000
Mortgage-backed securities	6,880,000	—	5,587,000	—	—	1,293,000
Municipal bonds	5,418,000	—	5,418,000	—	—	—
Repurchase agreements	37,000	—	—	9,000	—	28,000
U.S. agency securities	8,772,000	72,000	6,656,000	—	—	2,044,000
U.S. Treasury securities	91,946,000	—	91,946,000	—	—	—
Total investments	\$ 145,777,000	4,814,000	112,786,000	13,526,000	6,309,000	8,342,000

(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, 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%. As of June 30, 2017, 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.

(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, 2018:

Investment type	Fair value	Level 1	Level 2	Net asset value
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>—</u>	<u>131,968,000</u>	<u>103,000</u>

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2017:

Investment type	Fair value	Level 1	Level 2	Net asset value
Asset-backed securities	\$ 4,662,000	1,113,000	3,549,000	—
Certificates of deposit	552,000	—	552,000	—
Corporate bonds	25,016,000	479,000	24,537,000	—
International bonds	1,242,000	—	1,242,000	—
Money market funds	1,252,000	—	—	1,252,000
Mortgage-backed securities	6,880,000	—	6,880,000	—
Municipal bonds	5,418,000	—	5,418,000	—
Repurchase agreement	37,000	—	37,000	—
U.S. agency securities	8,772,000	2,372,000	6,400,000	—
U.S. Treasury securities	91,946,000	—	91,946,000	—
Total investments	<u>\$ 145,777,000</u>	<u>3,964,000</u>	<u>140,561,000</u>	<u>1,252,000</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 2018 or 2017.

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 losses of \$(468,000) and \$(2,115,000), realized losses of \$(2,916,000) and \$(1,465,000), and interest and dividend income of \$2,984,000 and \$2,431,000 for the years ended June 30, 2018 and 2017, 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 (0.137% at June 30, 2018). The maturity date of the loan is October 31, 2022. The amount outstanding on the loan was \$1,800,000 as of June 30, 2018 and 2017.

In May 2014, the Authority entered into a line-of-credit agreement with California State University, Sacramento in the amount of \$4,000,000, of which \$489,000 was drawn against the line as of June 30, 2018. The line-of-credit will be 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 (0.137% at June 30, 2018). The maturity date of the line-of-credit is June 1, 2019. The amounts outstanding on the loan were \$489,000 and \$1,226,000 as of June 30, 2018 and 2017, respectively.

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The following table summarizes the Authority's loans receivable from affiliates as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Humboldt State University	\$ 1,800,000	1,800,000
California State University, Sacramento	489,000	1,226,000
Total loans receivable from affiliates	2,289,000	3,026,000
Less current portion	<u>(489,000)</u>	<u>(613,000)</u>
Loans receivable from affiliates, net of current portion	<u>\$ 1,800,000</u>	<u>2,413,000</u>

**(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, 2018 and 2017.

Changes in the Authority's claims liability for the years ended June 30, 2018 and 2017 are as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2016	\$ 78,927,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	60,246,000
Decrease in provision for reinsured events of the current fiscal year	(26,653,000)
Decrease in provision for insured events of prior fiscal years	<u>(6,922,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>26,671,000</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(20,858,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	13,800,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(27,721,000)</u>
Total payments	<u>(34,779,000)</u>

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Claims liability for losses and loss adjustment expenses, June 30, 2017	\$ 70,819,000
Less current portion	<u>(20,375,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2017, net of current portion	<u>50,444,000</u>
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	<u>(3,879,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>29,917,000</u>
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	<u>(30,199,000)</u>
Total payments	<u>(36,029,000)</u>
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>

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**(6) Related-Party Transactions**

The following represents a summary of the accounts receivable, contributions (premiums), and dividends for the years ended June 30, 2018 and 2017, and general liability insurance deductibles for the policy period detailed by campus:

<u>Members</u>	<u>June 30, 2018</u>			
	<u>Accounts receivable</u>	<u>Contributions</u>	<u>Dividends</u>	<u>General liability insurance deductibles per occurrence</u>
Bakersfield	\$ —	1,651,000	(151,000)	35,000
California Maritime Academy	—	637,000	(64,000)	50,000
Chancellor's Office	566,000	13,886,000	(146,000)	100,000
Channel Islands	—	1,821,000	(162,000)	35,000
Chico	—	2,890,000	(265,000)	250,000
Dominguez Hills	—	2,678,000	(299,000)	100,000
East Bay	—	3,355,000	(303,000)	750,000
Fresno	—	3,365,000	(421,000)	100,000
Fullerton	—	4,940,000	(355,000)	250,000
Humboldt	—	2,188,000	(226,000)	250,000
Long Beach	—	6,322,000	(563,000)	250,000
Los Angeles	—	4,570,000	(351,000)	250,000
Monterey Bay	—	1,666,000	(137,000)	35,000
Northridge	—	6,179,000	(448,000)	750,000
Pomona	—	4,367,000	(395,000)	250,000
Sacramento	—	3,989,000	(338,000)	500,000
San Bernardino	—	3,219,000	(300,000)	50,000
San Diego	—	5,718,000	(430,000)	900,000
San Francisco	—	5,327,000	(421,000)	250,000
San Jose	—	5,205,000	(399,000)	750,000
San Luis Obispo	—	5,054,000	(342,000)	250,000
San Marcos	—	1,974,000	(157,000)	50,000
Sonoma	—	2,623,000	(196,000)	50,000
Stanislaus	—	1,687,000	(158,000)	35,000
Auxiliary Organizations	598,000	6,792,000	(1,651,000)	Various
	<u>\$ 1,164,000</u>	<u>102,103,000</u>	<u>(8,678,000)</u>	

**CALIFORNIA STATE UNIVERSITY  
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A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2018 and 2017

June 30, 2017				
Members	Accounts receivable	Contributions	Dividends	General liability insurance deductibles per occurrence
Bakersfield	\$ —	1,642,000	(305,000)	35,000
California Maritime Academy	—	629,000	(105,000)	35,000
Chancellor's Office	5,492,000	12,501,000	(244,000)	100,000
Channel Islands	—	1,606,000	(279,000)	35,000
Chico	—	2,739,000	(525,000)	250,000
Dominguez Hills	—	2,531,000	(573,000)	100,000
East Bay	—	3,513,000	(531,000)	500,000
Fresno	—	3,279,000	(1,002,000)	250,000
Fullerton	—	4,337,000	(685,000)	250,000
Humboldt	—	2,227,000	(426,000)	50,000
Long Beach	—	6,283,000	(1,091,000)	250,000
Los Angeles	—	4,208,000	(697,000)	250,000
Monterey Bay	—	1,588,000	(290,000)	35,000
Northridge	—	5,678,000	(843,000)	750,000
Pomona	—	4,386,000	(753,000)	250,000
Sacramento	—	3,716,000	(625,000)	900,000
San Bernardino	—	3,090,000	(547,000)	50,000
San Diego	—	5,801,000	(843,000)	900,000
San Francisco	—	4,847,000	(939,000)	500,000
San Jose	—	5,013,000	(747,000)	750,000
San Luis Obispo	—	4,719,000	(651,000)	250,000
San Marcos	—	1,781,000	(320,000)	50,000
Sonoma	—	2,168,000	(397,000)	100,000
Stanislaus	—	1,694,000	(269,000)	35,000
Auxiliary Organizations	482,000	13,471,000	(1,714,000)	Various
	\$ 5,974,000	103,447,000	(15,401,000)	

**(7) Excess Insurance and Reinsurance**

**(a) Excess Insurance**

For the years ended June 30, 2018 and 2017, 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.

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June 30, 2018 and 2017

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, 2018 and 2017. 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 and \$500,000 self-insured retention for the years ended June 30, 2018 and 2017, respectively. 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, 2018 and 2017 were \$55,402,000 and \$42,125,000 for the campus workers' compensation program and \$5,461,000 and \$4,430,000 for the AORMA workers' compensation program, respectively.

**(b) Reinsurance**

For the years ended June 30, 2018 and 2017, 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, 2018 and 2017 were \$11,860,000 and \$15,210,000, 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, 2018 and 2017, the Authority purchased reinsurance for the campus and AORMA liability programs provided by Markel, Evanston, Great American, Ironshore, 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, 2018 and 2017 were \$3,188,000 and \$3,066,000, respectively. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the years ended June 30, 2018 and 2017, 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, 2018 and 2017 were \$6,624,000 and \$6,375,000, respectively. The coverage terms and conditions are the same as provided by the PEPIP in prior years.

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June 30, 2018 and 2017

**(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, 2018 and 2017 were \$6,818,000 and \$8,182,000, respectively.

**(9) Subsequent Events**

Subsequent events have been evaluated through September 21, 2018, which corresponds to the date when the financial statements were issued. There are no subsequent events that require disclosure.

**CALIFORNIA STATE UNIVERSITY  
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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>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 39,703,000	48,494,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	28,399,000	25,687,000
Decrease in provision for reinsured events of current fiscal year	(26,793,000)	(23,797,000)
Decrease in provision for insured events of prior fiscal years	<u>(5,212,000)</u>	<u>(4,526,000)</u>
Total incurred claims and claim adjustment expenses	<u>(3,606,000)</u>	<u>(2,636,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	—
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	12,862,000	12,779,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(15,224,000)</u>	<u>(18,934,000)</u>
Total payments	<u>(2,362,000)</u>	<u>(6,155,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u><u>33,735,000</u></u>	<u><u>39,703,000</u></u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
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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>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 23,463,000	20,782,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	9,045,000	7,699,000
Increase (Decrease) in provision for insured events of prior fiscal years	<u>1,614,000</u>	<u>(727,000)</u>
Total incurred claims and claim adjustment expenses	<u>10,659,000</u>	<u>6,972,000</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>(10,211,000)</u>	<u>(4,291,000)</u>
Total payments	<u>(10,216,000)</u>	<u>(4,291,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 23,906,000</u>	<u>23,463,000</u>

See accompanying independent auditors' report.

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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>2018</u>	<u>2017</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>14,290,000</u>	<u>14,366,000</u>
Total incurred claims and claim adjustment expenses	<u>14,290,000</u>	<u>14,366,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,290,000)</u>	<u>(14,366,000)</u>
Total payments	<u>(14,290,000)</u>	<u>(14,366,000)</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 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>2018</u>	<u>2017</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>2,423,000</u>	<u>3,131,000</u>
Total incurred claims and claim adjustment expenses	<u>2,423,000</u>	<u>3,131,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(2,423,000)</u>	<u>(3,131,000)</u>
Total payments	<u>(2,423,000)</u>	<u>(3,131,000)</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>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,328,000	2,214,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	3,735,000	3,792,000
Decrease in provision for insured events of prior fiscal years	<u>(285,000)</u>	<u>(6,000)</u>
Total incurred claims and claim adjustment expenses	<u>3,450,000</u>	<u>3,786,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(1,745,000)	(1,839,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,646,000)</u>	<u>(1,833,000)</u>
Total payments	<u>(3,391,000)</u>	<u>(3,672,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>2,387,000</u>	<u>2,328,000</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>2018</u>	<u>2017</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>44,000</u>	<u>42,000</u>
Total incurred claims and claim adjustment expenses	<u>44,000</u>	<u>42,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(44,000)</u>	<u>(42,000)</u>
Total payments	<u>(44,000)</u>	<u>(42,000)</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 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>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 3,877,000	5,944,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	2,627,000	3,041,000
Decrease in provision for reinsured events of current fiscal year	(2,489,000)	(2,856,000)
Decrease in provision for insured events of prior fiscal years	<u>(345,000)</u>	<u>(703,000)</u>
Total incurred claims and claim adjustment expenses	<u>(207,000)</u>	<u>(518,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	—
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	1,411,000	1,021,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,191,000)</u>	<u>(2,570,000)</u>
Total payments	<u>(780,000)</u>	<u>(1,549,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u><u>2,890,000</u></u>	<u><u>3,877,000</u></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>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 1,448,000	1,493,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	985,000	1,085,000
Increase (Decrease) in provision for insured events of prior fiscal years	<u>349,000</u>	<u>(960,000)</u>
Total incurred claims and claim adjustment expenses	<u>1,334,000</u>	<u>125,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(66,000)	(77,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(927,000)</u>	<u>(93,000)</u>
Total payments	<u>(993,000)</u>	<u>(170,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>1,789,000</u>	<u>1,448,000</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>2018</u>	<u>2017</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>221,000</u>	<u>248,000</u>
Total incurred claims and claim adjustment expenses	<u>221,000</u>	<u>248,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(221,000)</u>	<u>(248,000)</u>
Total payments	<u>(221,000)</u>	<u>(248,000)</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 Crime Claims Liabilities**

The schedule below presents the changes in claims liabilities for the AORMA crime contract for the years ended June 30:

	<u>2018</u>	<u>2017</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	—	24,000
Total incurred claims and claim adjustment expenses	<u>—</u>	<u>24,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(24,000)
Total payments	<u>—</u>	<u>(24,000)</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>2018</u>	<u>2017</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>1,309,000</u>	<u>1,131,000</u>
Total incurred claims and claim adjustment expenses	<u>1,309,000</u>	<u>1,131,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(1,309,000)</u>	<u>(1,131,000)</u>
Total payments	<u>(1,309,000)</u>	<u>(1,131,000)</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**

Schedule of Net Position

June 30, 2018

(For inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 62,244
Short-term investments	80,070,600
Accounts receivable, net	2,887,179
Notes receivable, current portion	489,378
Prepaid expenses and other assets	<u>8,873,212</u>
Total current assets	<u>92,382,613</u>
Noncurrent assets:	
Notes receivable, net of current portion	1,800,000
Other long-term investments	<u>51,999,615</u>
Total noncurrent assets	<u>53,799,615</u>
Total assets	<u>146,182,228</u>
Liabilities:	
Current liabilities:	
Accounts payable	10,626,977
Unearned revenue	1,140,541
Claims liability for losses and LAE, current portion	<u>17,790,713</u>
Total current liabilities	<u>29,558,231</u>
Noncurrent liabilities:	
Claims liability for losses and LAE, net of current portion	46,916,463
Other liabilities	<u>5,454,649</u>
Total noncurrent liabilities	<u>52,371,112</u>
Total liabilities	<u>81,929,343</u>
Net position:	
Unrestricted	<u>64,252,885</u>
Total net position	<u>\$ 64,252,885</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(For inclusion in the California State University)

Revenues:	
Operating revenues:	
Other operating revenues	\$ 92,290,859
Total operating revenues	<u>92,290,859</u>
Expenses:	
Operating expenses:	
Instruction	8,167,050
Research	111,230
Public service	85,605
Academic support	1,802,531
Student services	1,813,403
Institutional support	87,655,240
Operation and maintenance of plant	1,104,817
Auxiliary enterprise expenses	<u>327,036</u>
Total operating expenses	<u>101,066,912</u>
Operating income	<u>(8,776,053)</u>
Nonoperating revenues (expenses):	
Investment expenses, net	(400,213)
Other nonoperating revenue	<u>48,798</u>
Net nonoperating expenses	<u>(351,415)</u>
Decrease in net position	(9,127,468)
Net position:	
Net position, beginning of year	<u>73,380,353</u>
Net position, end of year	<u>\$ 64,252,885</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
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Other Information

June 30, 2018

(For inclusion in the California State University)

	<u>Current unrestricted</u>	<u>Total current</u>	<u>Noncurrent unrestricted</u>	<u>Total noncurrent</u>	<u>Total</u>
Asset-backed securities	\$ 2,155	2,155	5,141,150	5,141,150	5,143,305
Certificates of deposit	1,488	1,488	—	—	1,488
Corporate bonds	8,426	8,426	21,294,404	21,294,404	21,302,830
International bonds	—	—	1,175,226	1,175,226	1,175,226
Money market funds	72	72	102,977	102,977	103,049
Mortgage-backed securities	2	2	9,348,267	9,348,267	9,348,269
Municipal bonds	382	382	5,768,521	5,768,521	5,768,903
Mutual funds	942	942	—	—	942
Repurchase agreements	75	75	—	—	75
U.S. agency securities	8,699	8,699	3,281,014	3,281,014	3,289,713
U.S. Treasury securities	80,048,359	80,048,359	5,888,056	5,888,056	85,936,415
Total investments	\$ <u>80,070,600</u>	<u>80,070,600</u>	<u>51,999,615</u>	<u>51,999,615</u>	<u>132,070,215</u>

Fair value hierarchy in investments at June 30, 2018:

	<u>Fair value measurements using</u>				<u>Net asset value (NAV)</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>		
	<u>Total</u>				
Asset-backed securities	\$ 5,143,305	—	5,143,305	—	—
Certificates of deposit	1,488	—	1,488	—	—
Corporate bonds	21,302,830	—	21,302,830	—	—
International bonds	1,175,226	—	1,175,226	—	—
Money market funds	103,049	—	—	—	103,049
Mortgage-backed securities	9,348,269	—	9,348,269	—	—
Municipal bonds	5,768,903	—	5,768,903	—	—
Mutual funds	942	—	942	—	—
Repurchase agreements	75	—	75	—	—
U.S. agency securities	3,289,713	—	3,289,713	—	—
U.S. Treasury securities	85,936,415	—	85,936,415	—	—
Total investments	\$ <u>132,070,215</u>	<u>—</u>	<u>131,967,166</u>	<u>—</u>	<u>103,049</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY  
Claims Development Information  
(In thousands)  
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net earned required contribution and investment revenues:</b>										
Earned	\$ 85,769	\$ 90,247	\$ 96,364	\$ 104,726	\$ 91,560	\$ 93,935	\$ 96,997	\$ 104,997	\$ 102,346	\$ 101,752
Ceded	18,469	19,024	18,879	16,148	3,005	11,626	6,872	6,886	9,441	9,812
Net earned	\$ 67,300	\$ 71,223	\$ 77,485	\$ 88,577	\$ 88,555	\$ 82,309	\$ 90,125	\$ 98,111	\$ 92,905	\$ 91,940
Unallocated expenses	\$ 43,306	\$ 52,578	\$ 39,257	\$ 48,776	\$ 41,755	\$ 30,116	\$ 44,878	\$ 60,194	\$ 80,309	\$ 71,150
<b>Estimated incurred claims and expenses, end of policy year:</b>										
Incurred	\$ 28,604	\$ 57,959	\$ 63,416	\$ 57,964	\$ 59,095	\$ 59,313	\$ 60,386	\$ 56,800	\$ 60,246	\$ 63,078
Ceded	17,996	17,118	19,834	19,575	—	—	14,527	24,959	26,653	29,282
Net incurred	\$ 10,608	\$ 40,841	\$ 43,582	\$ 38,419	\$ 59,095	\$ 59,313	\$ 45,859	\$ 31,841	\$ 33,593	\$ 33,796
<b>Paid (cumulative) as of:</b>										
End of policy year	\$ 12,022	\$ 19,615	\$ 18,972	\$ 20,541	\$ 11,400	\$ 13,019	\$ 14,300	\$ 9,658	\$ 7,058	\$ 5,830
One year later	14,801	22,697	20,457	22,295	28,965	27,549	24,260	21,005	23,554	—
Two years later	20,511	23,092	23,664	23,853	35,942	32,559	26,281	24,800	—	—
Three years later	19,458	24,863	28,733	25,063	38,432	41,718	27,674	—	—	—
Four years later	20,063	25,543	29,004	25,282	40,302	43,576	—	—	—	—
Five years later	20,385	29,061	29,461	25,330	45,884	—	—	—	—	—
Six years later	20,824	29,370	29,617	25,390	—	—	—	—	—	—
Seven years later	20,762	29,545	29,671	—	—	—	—	—	—	—
Eight years later	20,804	29,612	—	—	—	—	—	—	—	—
Nine years later	20,738	—	—	—	—	—	—	—	—	—
Reestimated ceded claims and expenses	\$ 18,767	\$ 17,996	\$ 22,643	\$ 21,685	\$ —	\$ —	\$ 14,527	\$ 24,959	\$ 26,653	\$ 29,282
<b>Reestimated incurred claims and expenses:</b>										
End of policy year	\$ 10,608	\$ 40,841	\$ 43,582	\$ 38,419	\$ 59,095	\$ 59,313	\$ 45,859	\$ 31,841	\$ 33,593	\$ 33,796
One year later	23,692	34,160	30,996	27,064	50,697	48,463	36,014	31,206	28,940	—
Two years later	24,655	29,484	28,962	27,864	50,636	49,235	33,781	29,356	—	—
Three years later	20,456	28,725	30,268	26,092	31,868	53,080	33,386	—	—	—
Four years later	20,742	28,024	30,168	25,906	37,005	53,946	—	—	—	—
Five years later	20,658	32,595	30,201	25,588	55,576	—	—	—	—	—
Six years later	21,110	32,360	30,079	25,666	—	—	—	—	—	—
Seven years later	21,154	32,491	30,157	—	—	—	—	—	—	—
Eight years later	21,141	29,733	—	—	—	—	—	—	—	—
Nine years later	21,131	—	—	—	—	—	—	—	—	—
Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ 10,523	\$ (11,108)	\$ (13,425)	\$ (12,753)	\$ (3,519)	\$ (5,367)	\$ (12,473)	\$ (2,485)	\$ (4,653)	\$ —

See accompanying independent auditors' report.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. A-5**

<b>SUBJECT:</b>	<b>CALENDAR OF REPORTS, AUDITS, FILINGS AND REVIEWS</b>
<b>ADOPTED:</b>	<b>OCTOBER 29, 2009</b>
<b>EFFECTIVE:</b>	<b>OCTOBER 29, 2009</b>
<b>AMENDED:</b>	<b>SEPTEMBER 12, 2013 NOVEMBER 6, 2013 MARCH 20, 2014 OCTOBER 23, 2014 MAY 5, 2016 MARCH 8, 2018</b>

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 by the AORMA Programs Committee at least every three (3) years in order to verify that the allocation formulas are still fair and equitable. The AORMA Programs Committee will provide to the AORMA Committee a thorough report of its review, findings and recommendations.
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.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. A-6**

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<b>SUBJECT:</b>	<b>RISK REDUCTION INNOVATION MATCHING GRANT INCENTIVE PROGRAM</b>
<b>ADOPTED:</b>	<b>MAY 9, 2013</b>
<b>EFFECTIVE:</b>	<b>JULY 1, 2013</b>
<b>AMENDED:</b>	<b>SEPTEMBER 12, 2013 MARCH 20, 2014 DECEMBER 4, 2014 MAY 5, 2016</b>

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**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. Annually, the following activities will be completed
  - a. The Programs Committee (PC) will propose to the AORMA Committee a budget amount for the PROGRAM.
  - b. The PC will approve the maximum grant amount.
  - c. The PC along with the Program Administrator will review the grant applications, and if found to be appropriate and consistent with the purpose of the PROGRAM may be approved by the PC.
  
2. 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.
  
3. The MEMBER will be expected to complete the proposed risk reduction project within the timeline provided within the grant application. Upon review, the PC may rescind the grant if

the MEMBER has not started, or completed, the risk reduction project within the timeframe proposed.

4. 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 PC the final paid receipt to be used to calculate the PROGRAM reimbursement amount.
5. After the grant funds are utilized, the MEMBER will provide a brief report providing information that will assist the PC in monitoring this PROGRAM's effectiveness and the merits of future PROGRAM funds.



## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. A-7**

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**SUBJECT:** CSURMA AORMA TRAVEL REIMBURSEMENT POLICY

**ADOPTED:** MARCH 21, 2013  
**AMENDED:** MARCH 19, 2015  
MARCH 9, 2017  
SEPTEMBER 6, 2018

**EFFECTIVE:** MARCH 21, 2013

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### **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**

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**SUBJECT:** CSURMA AORMA CLOSED SESSION POLICY

**ADOPTED:** OCTOBER 23, 2014

**AMENDED:** MAY 5, 2016

**EFFECTIVE:** OCTOBER 23, 2014

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*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**

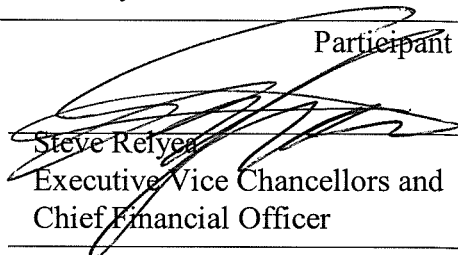
The effective date of this Agreement shall be the date that the Board of Directors of the Entity duly and regularly adopts a resolution approving the form of this Agreement in the manner provided by Section 26 of this Agreement.

**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.

California State University

Date: 4/27/15 By:  Participant Name  
Steve Relyea  
Executive Vice Chancellors and  
and By: Chief Financial Officer

# **CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**

## **BYLAWS**

**AS AMENDED AND RESTATED**

**EFFECTIVE April 27, 2015**

**Bylaws  
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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.

\* \* \* \* \*

\* \* \* \* \*

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