



APPROVED

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

SEPTEMBER 5-6, 2018

ALLIANT INSURANCE SERVICES

2180 HARVARD STREET, SUITE 460 • SACRAMENTO, CA

10:00 AM

MEMBERS PRESENT (WEDNESDAY, SEPTEMBER 5, 2018)

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

MEMBERS ABSENT

None

STAFF, GUESTS AND CONSULTANTS

Yumi Augustus, Carl Warren & Company (Day 2)
Amy Lightner, Alliant Insurance Services, Inc.
Zachary Gifford, CSU Office of the Chancellor – Systemwide Risk Management
Tevea Him, Alliant Insurance Services, Inc.
Daniel Howell, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.
Tom Quirk, Alliant Insurance Services, Inc. (Day 2)
John Owen, Alliant Risk Control Consulting. (Day 1)
Michael Simmons, Alliant Insurance Services, Inc. (Day 2)

A. CALL TO ORDER

The meeting was called to order by the Chair, Dwayne Brummett at 10:07 AM.

A1. Approval of the Agenda

A motion was made to approve the agenda.

Motion: Chuck Kissel

Second: Dave Nakamura

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

MOTION CARRIED

A2. Introduction of New Committee Members

The Committee members and Staff introduced themselves.

B. PUBLIC COMMENTS

There were no comments from members of the public.

C. LONG RANGE ACTION ITEMS

C1. FY 17/18 AORMA Long Range Action Plan

Mimi Long provided a brief overview of the items on the current AORMA Long Range Action Plan.

The Committee directed Staff to send out additional information regarding the Club Liability Insurance Program.

C2. AORMA Officers’ Retreat Recap

Mimi Long provided a brief overview of the AORMA Officers Retreat which occurred in July, 2018.

C3. Draft FY 18/19 AORMA Long Range Action Plan

Based on the items discussed during the AORMA Officers’ Retreat, the Committee reviewed the draft FY 18/19 AORMA Long Range Action Plan. All new items within the FY 18/19 LRP will be discussed in detail during the meeting and the Committee will be asked to consider additional items to be added as well.

C4. Creation of a Fully Insured Primary Liability Program and Discussion of Opening the Program to Non-CSU CA Higher Education Auxiliary Organizations

As discussed by Daniel Howell, during the AORMA Officers Retreat, the officers discussed the possibility of creating a fully insured primary liability program for the smaller CSU auxiliary organizations, in particular, the philanthropic foundations. The current CSURMA AORMA liability program was created 20 years ago and at this point it may be prudent to see if the current program design is still relevant. Howell recommends exploring the option of creating a separate group purchase program. The benefit for the members joining the group purchase program is the elimination of the potential for an assessment; however, the disadvantages would be the loss of claims control, potential dividends and the mandatory use of a coverage form without the enhancements built into the AORMA liability memorandum of coverage. The benefit to the AORMA liability pool, is the removal of a potentially large claim from a member who is paying a minimum premium of approximately \$2,500.

Howell noted that Staff would have to check the market availability of such a produce that meets the needs of the auxiliary organizations.

The Committee directed staff to move forward with a feasibility study, including the following steps:

- 1. Identify potential insurers for this coverage program*
- 2. Review the insurer(s) coverage forms and provide a coverage comparison for the AORMA Committee's review in March, 2019*

The Committee members also discussed the workers' compensation coverage for volunteers of those auxiliary organizations with no employees and therefore do not purchase workers' compensation insurance.

The Committee directed Staff to add to the FY 18/19 LRP an item to address the issue of workers' compensation for volunteers. Staff will;

- 1. Confirm with all members within the AORMA workers' compensation program their current decision on file regarding workers' compensation coverage for volunteers,*
- 2. Discuss the reasoning to cover and/or not to cover volunteers for workers' compensation,*
- 3. Provide options to those members who have no employees and therefore do not purchase workers' compensation coverage to address the exposure to loss for their volunteers.*

The Committee also discussed the possibility of opening up the CSURMA AORMA liability program to non-CSU higher education entities. As an example, UC's Hastings College does not procure its insurance through the UC program and is purchasing insurance as a single entity. The UC also has separate non-profit philanthropic entities which may benefit from joining a pool. If AORMA decides to allow non-CSU entities to join the program, the benefit to CSURMA AORMA

would be the ability to spread administrative and excess insurance costs as well as diversifying its risks. There would be no risk sharing.

The Committee directed Staff to;

- 1. Obtain an inventory of other entities who may be candidates to join the program,*
- 2. Review CSURMA JPA Agreement and Bylaws to see if the expansion of the program to non-CSU entities is allowed.*

The Committee directed Staff to add both of these items to the FY 18/19 LRP and to split them into separate items.

C5. Recreation Center Good Practices

The current FY 17/18 AORMA Long Range Action Plan includes the creation of a Recreation Center good practices manual. John Owen, from Alliant Risk Control Consulting, provided an overview of the project.

The Committee directed Staff to;

- 1. 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.*
- 2. Inventory all information obtained.*
- 3. Obtain the Rec Center Directors affinity group directory.*
- 4. Compile a complete directory of auxiliary and campus staff which shows who is overseeing the different Rec Center functions.*
- 5. At a future meeting, provide additional information regarding the Rec Center risk assessments available through SportRisk (Ian McGregor's Company).*

C6. Alliant Risk Control Consulting

John Owen from Alliant Risk Control Consulting provide a short presentation regarding its past, present and future activities for the AORMA members.

C7. CSURMA AORMA Benefits Program

This item was discussed out of order on day two.

C8. AORMA Committee, Standing Committees and 2019 Meeting Dates

The Committee discussed the recommendation to terminate the AORMA Programs Committee. The AORMA Committee has made several decisions which have helped streamline the administrative process and therefore Staff does not feel that the AORMA Committee needs to have a separate Programs Committee.

The Committee also discussed the 2019 and 2018 AORMA Committee dates and agreed to change the October meeting to a placeholder teleconference meeting to be held only if the Committee’s approval is required on items prior to December. The December meeting will be held in San Francisco as a fly-in / fly-out same day meeting. Staff will change the start time to 11:00 AM to accommodate travel schedules.

Policies and Procedures A-1 and A-2 were revised to remove the Programs Committee. Policy and Procedure A-7 Travel Reimbursement Policy was revised to allow reimbursement for travel expenses when an AORMA member attends the CSURMA Board meeting.

A motion was made to;

1. Terminate the AORMA Programs Committee and inform the current members,
2. Approve changes to Policy and Procedure A-1 (Composition, Election and Term Limits), A-2 (AORMA Committee and Standing Committee Roles and Responsibilities) and A-7 (Travel Reimbursement Policy),
3. Adopt the CSURMA AORMA 2019 Meeting Calendar with changes as discussed above,
4. Revise the CSURMA AORMA 2018 Meeting Calendar as discussed above.

Motion: Bill Olmsted
Second: Bella Newberg

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

MOTION CARRIED

C9. Workers’ Compensation Payroll – Automatic 6% Increase

Annually in July, members report their actual payroll for the fiscal year ending on June 30. In August/September, members report their estimated payroll for the upcoming fiscal year. In order to eliminate one of the two payroll requests, Staff is suggesting that the final payroll for the ending fiscal year can be trended up by 6% and used for the estimated payroll for the upcoming fiscal year. As an example, in July, 2019, members will report their actual payroll for FY 18/19. The actual payroll for FY 18/19 will be trended up by 6% and used as the estimated payroll for FY

20/21. Members will be given the opportunity to provide an estimate other than the trended payroll if they submit it prior to a cut-off date.

A motion was made to accept the new practice of trending up the audit payroll by 6% as explained above and using the revised Self-Report of Actual Payroll form.

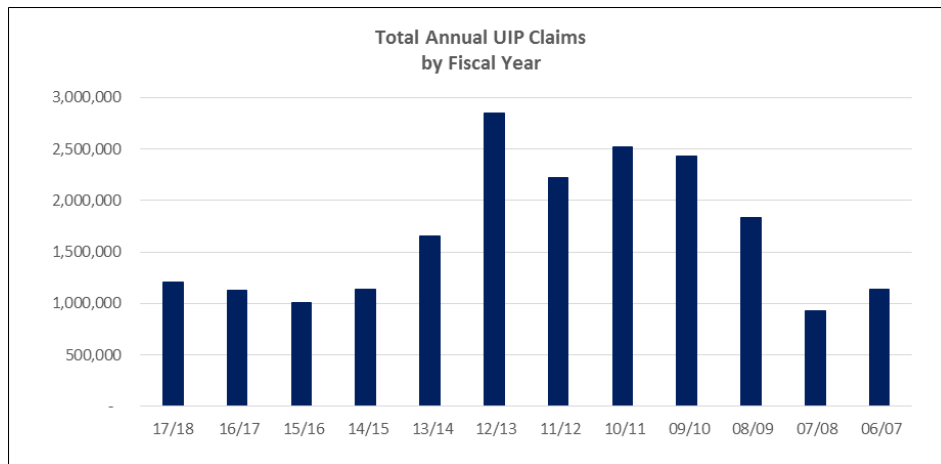
Motion: Cecilia Ortiz
Second: Starr Lee

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

MOTION CARRIED

C10. Unemployment Insurance Program Member Excess Funds

The Committee reviewed the formula for determining the Unemployment Insurance Program (UIP) annual deposit, as well as the necessity for each member to maintain a fund balance of two times its average annual claims. The below chart shows how the UIP claims are trending up slightly.



Policy and Procedure UI-1 – Formula for Determining UIP Annual Deposit, states the following:

*“Minimum Fund Balance - Each MEMBER must maintain in the AORMA UIP a minimum fund balance of **two times its average annual losses**.*

This requirement was put into place to prevent the UIP fund from going into a negative position should multiple auxiliaries have significant workforce layoffs during the same fiscal year. The Policy and Procedure also states;

“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) then the MEMBER can request that the excess funds be returned or retained on account with CSURMA to be used to lower contributions for the upcoming fiscal year.”

Out of the 37 UIP members, 26 have a fund balance in excess of the required two times average annual losses. Only one member has a negative fund balance. The Policy and Procedure also stipulates how excess funds can be treated for those Members with federal sponsored programs.

For those MEMBERS involved in federal sponsored programs, the funds in excess of the minimum required fund balance can be retained on account with CSURMA to be used to lower contributions for the upcoming fiscal year. If the MEMBER chooses to receive a refund of the funds in excess of the minimum required fund balance, 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 refund will need to be returned to the federal government.”

The Committee directed Staff to:

- 1. Maintain the same Minimum Fund Balance requirement of two times the member’s average annual claims.*
- 2. For all members, use excess funds to reduce the members’ deposit premium for the upcoming term,*
- 3. Allow those members engaged in federal sponsored programs to make a one-time transfer of funds from the UI program to the workers’ compensation program (if their excess funds exceed the UI deposit premium for the upcoming year.)*
- 4. Allow those members not engaged in sponsored programs to make a one-time transfer of funds from the UI program to any other CSURMA AORMA program (if their excess funds exceed the UI deposit premium for the upcoming year.)*
- 5. Allow members to keep excess funds on account if they don’t want to transfer them to a different program.*

A motion was made to revise Policy and Procedure UI-1 based on the discussion above.

Motion: Leslie Levinson
Second: Chuck Kissel

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

MOTION CARRIED

C11. Human Subject Research Injury Claims Program

The Committee discussed the idea of creating a medical expense program to provide an injured human subject medical treatment for injury or illness suffers as a direct result of participation in an authorized CSU research project.

Depending on the activity, some Federal sponsored programs require the purchase of workers’ compensation or similar coverage to cover the human subjects. The SJSU Research Foundation has a program with NASA and hires all of the participants as employees in order comply with the requirement.

The UC created a separate self-insured program for their human subjects – Professional Medical Liability and General Liability Self-Insurance Program for Human Subject Research Injury Claim.

Staff was directed to;

1. *Gather more exposure information from the Members, and*
2. *Investigate whether the CSU auxiliary organization could participate in the UC’s medical expense program.*

C12. AORMA Historical Premium Payments, Dividends and Loss Ratios Report

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

D. STANDING COMMITTEE REPORTS

D1. Programs Committee Report

Mimi Long provided a brief report of the Program Committee’s recent activities.

D2. AOA Executive Committee Report

No report was given.

G. GENERAL ADMINISTRATION

Items G6, G7, and G8 were discussed out of order.

G7. Employment Practices Liability Member Deductibles for FY 19/20

The Committee reviewed the minimum EPL deductible calculation for FY 19/20. Seven auxiliary organizations are subject to an EPL deductible higher than the minimum of \$25,000. According to Policy & Procedure L-7, the Programs Committee is responsible for approving the EPL deductible calculation; therefore, the Policy and Procedure was amended in response to the Committee’s approval to terminate the Programs Committee.

Below are the proposed FY 19/20 EPL deductibles.

Campus	Auxiliary Organization	FY 19/20	FY 18/19	FY 17/18	FY 16/17	FY 15/16
Dominguez Hills	California State University, Dominguez Hills Foundation	50,000	25,000	25,000	25,000	25,000
Long Beach	Associated Students, California State University, Long Beach	50,000	25,000	25,000	25,000	25,000
Pomona	The Cal Poly Pomona Foundation, Inc.	50,000	100,000	100,000	100,000	100,000
San Diego	Associated Students, San Diego State University	50,000	50,000	50,000	25,000	25,000
San Diego	San Diego State University Research Foundation	100,000	100,000	100,000	100,000	100,000
San Jose	San Jose State University Research Foundation	100,000	100,000	100,000	100,000	75,000
San Marcos	California State University, San Marcos Corporation	50,000	25,000	25,000	25,000	25,000

A motion was made to approve the EPL deductible calculation as well as revisions to Policy & Policy L-7.

Motion: Dave Nakamura
Second: Bella Newberg

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

MOTION CARRIED

G6. AORMA Workers’ Compensation Program Claims Administration Audit Report

Zachary Gifford provided a summary of the claims administration audit report. CSURMA engages Sedgwick Claims Management Services (Sedgwick CMS) to serve as third-party administrator (TPA) for Campus and AORMA Workers’ Compensation Risk Pool claims. Pursuant to CSURMA Policy and Procedure No. 5, a regular performance audit is performed to review services delivered by Sedgwick, particularly in regards to the standards of performance for the industry and the specific requirements outlined in the Service Agreement between CSURMA and Sedgwick CMS. A service performance audit was completed in May/June, 2018 by Jacki Graf, CSURMA’s Workers’ Compensation Claims Consultant. This is the 5th audit of the AORMA workers’ compensation program. A brief summary of the audit findings follows:

1. A 17.5% sample of the open indemnity/future medical inventory was reviewed.
2. Overall score 86%. This is a 2% decrease compared to the 2016 result.
3. Category results - Initial Contact/Documentation: 84%, Claims Management: 86%, Process Control 87%.

A motion was made to accept the audit report.

Motion: Cecilia Ortiz
Second: Starr Lee

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

MOTION CARRIED

G8. Discussion of AORMA’s Continuity Plan

As shown on the attached AORMA Committee roster, all members on the AORMA Committee are on their first term; therefore, no members will term out on June 30, 2019. In April, 2019, three incumbent members will be up for reelection for a second term July 1, 2019 to June 30, 2021 and one member, Ortiz who is completing an odd term, will be up for election for her first term July 1,

2019 to June 30, 2021. These three members affirmed their intention to run for reelection; therefore, the Chair did not appoint a Nominations Committee.

The AORMA Committee meeting was adjourned at for the day at 2:21 PM. The meeting reconvened at 9:30 AM on September 6, 2018.

The meeting was called to order by the Chair, Dwayne Brummett at 9:30 AM on Thursday, September 6, 2018. Chuck Kissel, attending the meeting via teleconference, expressed his desire to abstain from voting on all action items.

E. CONSENT CALENDAR

E1. Approval of Minutes – March 8, 2018

A motion was made to approve the meeting minutes.

Motion: Cecilia Ortiz
Second: Bill Olmsted

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

MOTION CARRIED

This item was discussed out of order.

C7. CSURMA AORMA Benefits Program

Tom Quirk from the Alliant Insurance Services, Inc. Benefits Team provided a presentation of the coverage programs available through the AORMA Benefits Program via CSAC EIA.

All program costs will paid directly by the members. However, CSURMA may be asked to front partial payment should a member pay its benefits invoice late. Therefore, each AORMA member will be required to execute the CSURMA AORMA Benefits Program Participation Agreement prior to joining the program. The Committee reviewed the draft agreement.

Alliant Insurance Services, Inc. as the AORMA Benefits Program Broker/Administrator will receive compensation as the Broker/Administrator of the AORMA Benefits Program and therefore an addendum to the Broker/Consultant Services Agreement dated January 1, 2016 between Alliant Insurance Service, Inc. and the California State University Risk Management Authority was reviewed by the Committee.

A motion was made to approve the CSURMA AORMA Benefits Program participation agreement and to recommend approval to the Executive Committee of the addendum to the Alliant Broker/Consultant Services Agreement.

Motion: Bill Olmsted
Second: Starr Lee

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

G4. Target Surplus Funding Report and Dividend Calculation

Mike Simmons presented the findings from his target surplus funding analysis. Staff prepared this analysis to provide guidance to the Committee for development of annual funding, dividends and assessment decisions. The Committee has adopted three benchmark ratios which measure the program’s financial stability.

Gross Premium to Surplus Ratio. The gross premium to surplus ratio is a measure of how the programs surplus is leveraged against possible pricing inaccuracies. A favorable goal is anything below 150%. The ratio on the liability program is 41% and on the workers’ compensation program 49%. Simmons noted that a typical insurance industry ratio would be great at 3 to 1; however, self-insured pools need to be more conservative. Therefore, AORMA selected half of the insurance industry standard – 1.5 to 1. AORMA is in a very positive position, which is significantly lower than the 1.5 to 1 threshold. Both programs have excellent ratios but it’s important to watch the trend line. Eroding surplus could become a problem.

Surplus to Pool Retention Ratio. The surplus to pool retention ratio is a measure of the maximum amount that surplus could decline due to a single loss. A favorable goal is 5 to 10 time the maximum program retention. The ratio on the liability program is 13 times the maximum retention and on the workers’ compensation programs, it’s 7 times. Simmons reminded the members that

three bad unexpected losses in the same year within the liability or workers' compensation programs could erode the surplus by \$1.5MM or \$2.25MM, respectively. Because of the pooled layer change within the workers' compensation program from \$500,000 to \$750,000, this ratio is creeping closer to the maximum threshold of 5:1. Two big losses and the program immediately drops to within the ratio threshold. A pool wants to plan for volatility in the future and should always maintain a strong surplus to retention ratio.

Outstanding Reserves to Surplus Ratio. The outstanding reserves to surplus ratio is a measure of how the surplus is leveraged against possible reserve inaccuracies. A favorable goal is anything below 150%. The ratio on the liability program is 29% and on the workers' compensation program, it's 54%. Everything is positive. Until the surplus is erode, this ratio isn't that important, but we watch it to assure no cataclysmic losses change the condition of the program.

Simmons recommended adopting other ratios for future Target Surplus Funding analysis.

The Committee reviewed the AORMA Historical Funding exhibit and discussed its historical funding philosophy and the factors involved in its decision making process.

The Committee reviewed Policy and Procedure A-2 Target Surplus Funding Policy which was revised to include a statement that the Committee will make sure the pooled programs maintain enough surplus to transition to or from a fully insured/reinsured program without caused financial hardship to the program members.

The Committee reviewed the recommended dividends for the July, 2019 distribution.

A motion was made to approve a dividend, for distribution in July, 2019, in the amount of \$942,030 from the Liability Program, \$393,680 from the Workers' Compensation Program which is 25% of the maximum dividend available as well as the recommended revisions to Policy and Procedure A-3.

Motion: Starr Lee
Second: Cecilia Ortiz

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

MOTION CARRIED

Dave Nakamura left the meeting at 10:55.

G2. AORMA Liability and Workers' Compensation Program Actuarial Reports Valued at June 30, 2018

The Committee reviewed the actuarial reports and some of the key findings and exhibits. The information provided by the actuary is used to establish fiscal year-end financial reports, and as the starting point in consideration of rates and funding for FY 19/20 as well as evaluating potential dividends. The Actuary's findings and recommendations are shown below:

Table 1

Estimated Outstanding Losses at an "expected" confidence level, undiscounted for investment income, including unallocated loss adjustment expenses			
Liability		Workers' Compensation	
At June 30, 2017	\$1,447,703	At June 30, 2017	\$3,875,940
At June 30, 2018	\$1,790,144	At June 30, 2018	\$2,888,491
Change	24%	Change	-25%

As shown in Table 1, the estimated outstanding losses at June 30, 2018 (within the liability program) increased 24%. This is mainly due to an increase in case reserves of about \$347,000 from July 1, 2017 to June 30, 2018. The estimated outstanding losses at June 30, 2018 within the workers' compensation program decreased by 25% primarily due to the first dollar reinsurance agreement with CSAC EIA. Effective January 1, 2015, the AORMA workers' compensation program is fully reinsured; therefore, all outstanding liabilities between January 1, 2015 and June 30, 2018 are retained by CSAC EIA.

Table 2

Workers' Compensation		
Projected Ultimate Net Limited Losses, Discounted		
Term	Funding	Rate
80% Confidence Level		
FY 18/19	\$3,428,000	1.02
FY 19/20	\$3,734,000	0.99
Change	9%	-3%
75% Confidence Level		
FY 18/19	\$3,263,000	0.97
FY 19/20	\$3,525,000	0.93
Change	8%	-4%

70% Confidence Level		
FY 18/19	\$3,098,000	0.92
FY 19/20	\$3,345,000	0.89
Change	8%	-3%

As shown in Table 2, even though the workers' compensation rate decreased, the overall projected funding increased due to an increase in the estimated payroll for FY 19/20.

Table 3

Liability		
Projected Ultimate Net Limited Losses, Discounted		
Term	Funding	Rate
80% Confidence Level		
FY 18/19	\$1,939,584	0.43
FY 19/20	\$2,140,600	0.44
Change	10%	2%
75% Confidence Level		
FY 18/19	\$1,764,006	0.39
FY 19/20	\$1,957,120	0.40
Change	11%	3%
70% Confidence Level		
FY 18/19	\$1,585,685	0.35
FY 19/20	\$1,758,350	0.36
Change	11%	3%

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

Motion: Trina Knight
Second: Starr Lee

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

MOTION CARRIED

G3. Estimated Pool Layer Funding Exhibit

Daniel Howell provided a brief overview of the estimated fund balance exhibits for both the Liability and Workers’ Compensation Programs. These reports show a comparison of the program assets, outstanding liabilities and estimated fund balances at June 30, 2018, as well as historical estimated fund balance and dividend information.

F. CLOSED SESSION

A motion was made to enter closed session at 11:25 am

Motion: Bill Olmsted
Second: Starr Lee

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

MOTION CARRIED

1. Cadrena Heard v. Long Beach, ASI
2. Jose Casillas v. Pomona, Foundation
3. Mary O’Shea v. San Diego, Research Foundation
4. Willard Wattenburg v. Chico Research Foundation
5. Monique Bennett v. San Diego, ASI

A motion was made to exit closed session at 11:47 am

Motion: Starr Lee
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg	X			

Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel		X		
Dave Nakamura				X
Leslie Levinson	X			
Russell Wittmeier	X			
Starr Lee	X			
Trina Knight	X			

MOTION CARRIED

Chair reported that no action was taken during closed session.

G. GENERAL ADMINISTRATION

G1. Insurance Renewals Report

Daniel Howell provided a brief overview of the CSURMA major renewals.

Program	AORMA Percent Change	Campus Percent Change
Excess Liability	8%	13%
Property	19%	14%
Worker’s Compensation	-7%	3%
Builder’s Risk	N/A	Flat
Fine Arts	N/A	10%
SPLIP & SAFECLIP	N/A	Flat
FTIP	18%	18%
Aviation	Flat	Flat
Medical Malpractice	Flat	Flat
Fidelity	Flat	Flat
Trustees E&O / Fiduciary	6%	71%
Cyber	-32%	-32%

G5a. Review and Approval of the FY 19/20 – Total Funding - Liability Program

The Committee reviewed the three Liability Program funding options for FY 19/20 below in Table 1, which show the pooled layer funding options at a 70%, 75% and 80% confidence level along with the costs for the claims administration, program administration and excess insurance. Currently, the liability program is being funded at a 75% confidence level.

Table 1			
Liability Program			
70% Confidence Level (Discounted)			
Expense Item	FY 18/19 Program Costs 75% CL	FY 19/20 Program Costs 70% CL	% Change
Pool Layer Funding	1,764,006	1,758,350	0%
Claims Administration	15,000	16,000	7%
Program Administration	770,000	770,000	0%
Reinsurance / Excess Insurance	1,718,961	1,890,857	10%
Total Costs	4,267,967	4,435,207	4%
75% Confidence Level (Discounted)			
Expense Item	FY 18/19 Program Costs 75% CL	FY 19/20 Program Costs 75% CL	% Change
Pool Layer Funding	1,764,006	1,957,120	11%
Claims Administration	15,000	16,000	7%
Program Administration	770,000	770,000	0%
Reinsurance / Excess Insurance	1,718,961	1,890,857	10%
Total Costs	4,267,967	4,633,977	9%
80% Confidence Level (Discounted)			
Expense Item	FY 18/19 Program Costs 75% CL	FY 19/20 Program Costs 80% CL	% Change
Pool Layer Funding	1,764,006	2,140,600	21%
Claims Administration	15,000	16,000	7%
Program Administration	770,000	770,000	0%
Reinsurance / Excess Insurance	1,718,961	1,890,857	10%
Total Costs	4,267,967	4,817,457	13%
<i>The current program is funded at a 75% confidence level and is discounted for investment value. The discount rate is calculated based on a 2% yield on investments.</i>			

A motion was made to approve the FY 19/20 Liability Program total funding of \$4,633,977 which includes the pooled layer funding at a 75% confidence level.

Motion: Starr Lee
Second: Bella Newberg

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

Trina Knight	X		
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MOTION CARRIED

G5b. Review and Approval of the FY 19/20 – Total Funding - Workers’ Compensation Program

The Committee reviewed the Workers’ Compensation Program funding option for FY 19/20 shown below, which shows the pooled layer funding requirements at a 70%, 75% and 80% confidence level along with the costs for the claims administration, program administration and excess insurance. Table 1 below compares the three options to the current program.

Table 1			
Workers' Compensation Program			
70% Confidence Level (Discounted)			
Expense Item	FY 18/19 Program Costs 70% CL	FY 19/20 Program Costs 70% CL	% Change
Pool Layer Funding	3,583,727	3,664,712	2%
Claims Administration	235,368	235,368	0%
Program Administration	625,210	626,000	0%
Reinsurance / Excess Insurance	485,365	485,365	0%
Estimated Audit Premium	73,945	75,172	2%
Total Costs	5,003,615	5,086,617	2%
Actuary's Original Rate (used to establish funding)	92%	89%	-3%
75% Confidence Level (Discounted)			
Expense Item	FY 18/19 Program Costs 70% CL	FY 19/20 Program Costs 75% CL	% Change
Pool Layer Funding	3,583,727	3,829,418	7%
Claims Administration	235,368	235,368	0%
Program Administration	625,210	626,000	0%
Estimated Audit Premium	485,365	485,365	0%
Reinsurance / Excess Insurance	73,945	75,172	2%
Total Costs	5,003,615	5,251,323	5%
Actuary's Original Rate (used to establish funding)	92%	93%	1%
80% Confidence Level (Discounted)			
Expense Item	FY 18/19 Program Costs 70% CL	FY 19/20 Program Costs 80% CL	% Change
Pool Layer Funding	3,583,727	4,076,477	14%
Claims Administration	235,368	235,368	0%
Program Administration	625,210	626,000	0%
Estimated Audit Premium	485,365	485,365	0%
Reinsurance / Excess Insurance	73,945	75,172	2%
Total Costs	5,003,615	5,498,382	10%
Actuary's Original Rate (used to establish funding)	92%	99%	8%

The current program is funded at a 70% confidence level and is discounted for investment value. The discount rate is calculated based on a 2% yield on investments.

A motion was made to approve the FY 19/20 workers' compensation program costs for the Claims Administration, JPA Program Administration and Excess Insurance as presented above and the rate of .93 for the Pooled Layer Funding – 75% confidence level.

Motion: Bill Olmsted
Second: Trina Knight

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

MOTION CARRIED

G5c. Review and Approval of the FY 19/20 – Total Funding - Property Program

The Committee reviewed the FY 19/20 Property Program costs of \$2,371,095 which is a 7% increase over the FY 18/19 program costs.

A motion was made to approve the FY 19/20 Total Property Program costs of \$2,371,095.

Motion: Leslie Levinson
Second: Starr Lee

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

MOTION CARRIED

G5d. Review and Approval of the FY 19/20 – Total Funding - Crime Program

The Committee reviewed the FY 19/20 Crime Program costs of \$230,000 which is a .26% increase compared to the FY 18/19 program costs.

A motion was made to approve the FY 19/20 Crime Program costs of \$230,000.

Motion: Bill Olmsted
Second: Bella Newberg

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

MOTION CARRIED

G9. Development of the Long Range Action Plan Items for FY 18/19

The Committee Members discussed the suggested long range goals for FY 18/19 and directed Staff to add the following:

1. Target Surplus Analysis Ratio Review
2. Workers' Compensation Program Volunteer Coverage
3. Workers' Compensation Program Growth (continue from FY 17/18)
4. Creation of a Fully Insured Primary Liability Program
5. Expansion of the Liability Program to include non-CSU higher education entities
6. Evaluation of Participation in the CSU Captive Insurance Vehicle (continue from FY 17/18)
7. Development of Recreation Center Good Practices (continued from FY 17/18)
8. Formation of the AORMA Benefits Program (continued from FY 17/18)
9. Theatre Inspection Common Findings Report
10. Verify and/or Place Coverage for CSU Alumni Associations
11. Formation of a Medical Expense Coverage Program to Cover Human Subjects Participating in Sponsored Programs



APPROVED

H. INFORMATION ITEMS

- H1. CSURMA AORMA 2018 Meeting Calendar
- H2. CSURMA AORMA Program Administrator's Contact Lists
- H3. AORMA's Travel Reimbursement Policy
- H4. AORMA Committee Members - Effective 7/01/18
- H5. CSURMA Administrative Service Calendar

I. ADJOURNMENT

The meeting was adjourned at 12:25 PM.