



**APPROVED**

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

**FEBRUARY 23, 2017**

**ALLIANT INSURANCE SERVICES  
100 Pine Street, 11<sup>th</sup> Floor • San Francisco, CA**

**9:00 AM**

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**MEMBERS PRESENT**

Gigi Kiama, University Corporation, CSU Monterey Bay  
Bill Olmsted, University Union Operation of CSUS, Inc.  
Jun Reina, Capital Public Radio, Inc., CSU Sacramento  
Raven Tyson, Associated Students of San Diego State University

**ABSENT MEMBERS**

Jason Porth, The University Corporation, San Francisco State University

**STAFF, GUESTS AND CONSULTANTS**

Tevea Him, Alliant Insurance Services, Inc.  
Mimi Long, Alliant Insurance Services, Inc.  
Michael Simmons, Alliant Insurance Services, Inc.

**A. CALL TO ORDER**

The meeting was called to order by Gigi Kiama at 9:00 AM.

**A1. Approval of the Agenda Order**

A motion was made to approve the order of the agenda as presented.

**First:** Raven Tyson  
**Second:** Bill Olmsted

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Gigi Kiama	<b>X</b>			
Bill Olmsted	<b>X</b>			
Jason Porth				<b>X</b>
Jun Reina	<b>X</b>			
Raven Tyson	<b>X</b>			

**Motion carried.**

**B. PUBLIC COMMENTS**

There were no public comments.

**C. GENERAL ADMINISTRATION**

**C1. Approval of Minutes – December 8, 2016**

A motion was made to approve the minutes of the December 8, 2016 meeting.

**First:** Bill Olmsted  
**Second:** Raven Tyson

NAME	AYE	ABSTAIN	NAY	ABSENT
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth				X
Jun Reina		X		
Raven Tyson	X			

**Motion carried.**

**C2. Workers’ Compensation Program Member Allocation Formula**

The Committee reviewed the Workers’ Compensation Program Member Allocation Formula.

A motion was made for the FY 18/19 workers’ compensation program member allocation formula to add a \$1,000 annual minimum premium, and review a percentage increase at each renewal and to increase the maximum change to the experience modification factor from +15% to +20% and eliminate the maximum decrease of -15%.

**First:** Bill Olmsted  
**Second:** Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth				X
Jun Reina	X			
Raven Tyson	X			

**Motion carried.**

**C3. Liability Program Member Allocation Formula**

The Committee reviewed the Liability Program Member Allocation formula and discussed Staff's recommendation below:

1. Expenditures: Use a rolling five-year total for expenditures in order to smooth out significant fluctuations. Total expenditures is used because it is a verifiable dollar amount that is not subjective. The member's total expenditures vary more than anticipated. Staff discussed removing certain expenditures from the calculation, such as, capital expenditures, but using a rolling five-year total makes the fluctuations insignificant within the calculation.
2. Experience Modification Factors (EMF): EMF's are currently capped at a minimum of .75 and a maximum of 2.00. Two members are capped at 2.00; twelve members are capped at .75. Because so many members are capped at the minimum EMF, Staff recommends decreasing the minimum EMF to .50.
3. Excess Premium: Currently there is no minimum cost for the excess premium. Add a \$1,000 minimum excess premium.
4. Excess Premium: Increase the maximum excess premium cost by 5% each year for the next three years and then review again.

Current Premium:.....	\$85,000
FY 18/19: .....	\$89,250
FY 19/20: .....	\$93,713
FY 20/21: .....	\$98,398

The excess premium cost are approximately 46% of the total program costs (minus administrative costs.) The current maximum excess premium of \$85,000 is approximately 26% of the largest member's uncapped premium.

5. Administrative Costs: Increase the minimum administrative costs by 10% each year for the next three years and then review again.

Current Admin .....	\$600
FY 18/19: .....	\$660
FY 19/20: .....	\$726
FY 20/21: .....	\$799

6. Minimum Premium: Increase the total program minimum premium by 15% each year for the next three years and then review again.

Current Admin .....	\$2,152
FY 18/19: .....	\$2,474
FY 19/20: .....	\$2,845
FY 20/21: .....	\$3,272

A motion was made for the FY 18/19 liability program member allocation formula to (1) use a rolling five-year total expenditures (as the rating basis for “all other”), (2) decrease the minimum Experience Modification Factor from .75 to .50., (3) add a \$1,000 minimum to the Excess Premium, (4) increase the maximum Excess Premium by 5% each year for three years, (5) increase the minimum Administrative Costs by 10% each year for three years, and (6) increase the program Minimum Premium by 15% each year for three years.

**First:** Raven Tyson  
**Second:** Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth				X
Jun Reina	X			
Raven Tyson	X			

**Motion carried.**

**C4. Liability Program - Minimum Employment Practices Liability Deductible Calculation**

The Committee reviewed the Minimum Employment Practiced Liability Deductible Calculation. Members have expressed concerns with the calculation. A member is penalized with a higher deductible even though the claim is without merit and the formula doesn’t reward the member for exemplary HR practices when finalizing the claim. Staff has reviewed the EPL insurance market for public entities. \$50,000 appears to be the minimum EPL deductible available; \$100,000 is becoming the new normal.

The Committee did not recommend any changes to the EPL deductible calculation.

**C5. Property Program Member Allocation Formula**

The Committee reviewed the Property Program Member Allocation Formula

Staff recommended changing the loss ratio surcharges in order to the pool to recoup some funds should one member have a significant loss. The Committee reviewed the current loss ratio surcharges shown below as well as the recommended loss ratio surcharges.

<b>Current</b>	
<b>Loss Ratio</b>	<b>Surcharge</b>
Less than 50%	None
Between 50% and 100%	10%
Excess of 100%	20%

<b>Proposed</b>	
<b>Loss Ratio</b>	<b>Surcharge</b>
Less than 40%	None
Between 40% and 60%	5%
Between 60% and 100%	10%
Between 100% and 150%	20%
Between 150% and 300%	30%
Excess of 300%	40%

A motion was made to adopt the proposed loss ratio surcharges to be used within the FY 18/19 property program member allocation formula.

**First:** Jun Reina  
**Second:** Raven Tyson

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Gigi Kiama	<b>X</b>			
Bill Olmsted	<b>X</b>			
Jason Porth				<b>X</b>
Jun Reina	<b>X</b>			
Raven Tyson	<b>X</b>			

**Motion carried.**

**C6. Crime Program Member Allocation Formula**

The Committee reviewed the Crime Program Member Allocation Formula, as well as Staff’s recommendations.

1. Expenditures: Use a rolling five-year total for expenditures in order to smooth out significant fluctuations. Total expenditures is used because it is a verifiable dollar amount that is not subjective. The members’ total expenditures vary more than anticipated. Staff discussed removing certain expenditures from the calculation, such as, capital expenditures, but using a rolling five-year total proves to make the fluctuations insignificant within the calculation.
2. Loss Rating: The loss ratio surcharge appears to be too low. Increase the loss ratios surcharge schedule as shown below:

Loss Ratio	Surcharge
Loss ratio above 100%	20%
Loss ratio above 200%	40%
Loss ratio above 300%	50%

A typical crime claim will be in the \$50,000 range. The median crime premium is \$2,750 (for five years \$13,750). Based on the maximum loss ratio percentage of 100%, every member who has an average size loss, would hit the maximum 20% surcharge. Because the crime premiums are so low, receiving an additional 20% for five years, (based on the median premium of \$2,750) is \$2,750 or \$550 annually. This amount doesn't provide significant reimbursement to the program.

3. Minimum Premium: Apply the minimum premium before the loss rating.

A motion was made to for the FY 18/19 crime program member allocation formula to (1) use a rolling five-year total expenditures when determining the minimum premium, (2) increase the loss ratio surcharges as shown above, and (3) apply the minimum premium before the loss rating.

**First:** Jun Reina  
**Second:** Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth				X
Jun Reina	X			
Raven Tyson	X			

**Motion carried.**

**C7. Formula for Determining the Unemployment Insurance Program Annual Contributions**

The Committee reviewed the Formula for Determining the Unemployment Insurance Program Annual Contribution and Staff's recommendation to include the minimum administrative costs by 20% each year for the next three years.

Current Cost: .....\$250  
 FY 18/19: .....\$300  
 FY 19/20: .....\$360  
 FY 20/21: .....\$432

A motion was made for the FY 18/19 formula for determining the unemployment insurance program annual contributions a 20% per year increase to the minimum administrative costs as shown above.

**First:** Bill Olmsted

**Second:** Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth				X
Jun Reina	X			
Raven Tyson	X			

**Motion carried.**

**D. INFORMATION ITEMS**

The Committee Members reviewed the information items.

- D1. 2017 CSURMA AORMA Meeting Calendar**
- D2. FY 16 17 AORMA Long Range Action Plan**
- D3. AORMA Committee and Standing Committee Roster**
- D4. AORMA Programs Committee – Ad Hoc Committee for UIP Claims Administration RFP**

**E. ADJOURNMENT**

A motion was made to adjourn the meeting at 11:48 AM