



APPROVED

**MINUTES OF THE CSURMA AORMA
COMMITTEE MEETING**

SEPTEMBER 10, 2015

ALLIANT INSURANCE SERVICES

2180 HARVARD STREET, SUITE 460 • SACRAMENTO, CA

9:00 AM

MEMBERS PRESENT

Cheree Aguilar, San Jose State University Research Foundation
Guy Dalpe, Associated Students, Inc., San Francisco State University
Leslie Davis, University Union Operation of CSUS, Inc.
Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach (*via Teleconference*)
Keith Kompsi, Fresno Association, Inc., CSU Fresno
Frank Mumford, CSU Fullerton Auxiliary Services Corporation
Dave Nakamura, Humboldt State University Center (*left at 10:23am*)
Brian Nowlin, CSU, Long Beach Research Foundation (*via Teleconference*)
Jim Reinhart, University Enterprises, Inc. (UEI)

MEMBERS ABSENT

Dwayne Brummett, Associated Students, Inc., Cal Poly San Luis Obispo
Melinda Coil, San Diego State University Research Foundation
Gigi Kiama, The University Corporation at Monterey Bay

STAFF, GUESTS AND CONSULTANTS

Zachary Gifford, CSU Office of the Chancellor – Systemwide Risk Management
Tevea Him, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services, Inc.
William Hsu, General Counsel
Mimi Long, Alliant Insurance Services, Inc.
Mauri McGuire, Carl Warren and Company

A. CALL TO ORDER

The meeting was called to order by the Chair, Frank Mumford at 9:00 AM.

A1. Approval of the Agenda

A motion was made to approve the agenda

MOTION: Keith Kompsi

SECOND: Leslie Davis

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | X | | | |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from the public.

C. STANDING COMMITTEE REPORTS

C1. Programs Committee Report

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

- FY 15/16 AORMA Crime Program Member Allocation
- CSU Dominguez Hills Philanthropic Foundation – New Liability Program Member
- Capital Public Radio – New Workers’ Compensation Member
- Discussion and Recommendation for New Programs Committee Chair – Gigi Kiama

C2. Member Services, Loss Control and Training Committee Report

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

- Risk Reduction Innovation Matching Grant Incentive Program – Grant Criteria
 - Sending out bulletin
- Keeping Minors Safe while on Campus Manual
 - 2 topics (Camping and Overnight traveling)
- Real Property Acquisitions Checklist
 - Approved and posted on CSURMA website.

C3. AOA Executive Committee Report

Frank Mumford provided a report of the recent activities of the AOA Executive Committee. The meeting was held in San Diego at the proposed sight of the 2017 AOA Conference.

- 2017 proposed sight (San Diego paradise point)
- AOA Session in Sacramento, CA
- Open meeting session for auxiliaries (Chico)
- Report from various committee
- AOA website on open meeting guideline

D. CONSENT CALENDAR

Leslie Davis requested that 2016 Meeting Calendar be pulled from the Consent Calendar so that the Committee could discuss alternative locations. Davis suggested that the September meetings in 2016 be held in Sacramento. Staff agreed to discuss this suggestion with the Executive Committee and formalize the location.

- D1. Approval of Minutes – May 7, 2015**
- D2. Review of FY 16/17 AORMA Liability and Workers’ Compensation Program Actuarial Studies**
- D3. Approval of Policy and Procedure Review Schedule**
- D4. Adoption of CSURMA AORMA 2016 Meeting Calendar**

A motion was made to approve or accept the items on the Consent Calendar.

MOTION: Keith Kompsi
SECOND: Leslie Davis

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | X | | | |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

E. CLOSED SESSION

A motion was made to enter closed session at 9:15 am

MOTION: Guy Dalpe

SECOND: Keith Kompsi

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | X | | | |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

1. Klein Settlement Committee
2. Caroline Calderon v SFSU Student Center, Inc.
3. Cahuilla Band of Indians v SDSU Research Foundation
4. Arce v CSUN ASI
5. Lyons (lead claimant) v CSU Chico Research Foundation
6. Albert Torres v CSUN USU, Inc.
7. Trapper v CSULB ASI
8. Robert Brown v San Diego State University Research Foundation
9. Grant Hubbard v CSU San Marcos Auxiliary and Research Services Corporations

The Committee left closed session at 9:51 AM and the chair reported that action was taken during closed session.

F. GENERAL ADMINISTRATION

F1. Insurance and Reinsurance Renewal Report

Daniel Howell provided a recap of CSURMA's insurance and reinsurance programs that renewed on July 1st. At its May 19, 2015 meeting the CSURMA Executive Committee delegated authority to renew the insurance and reinsurance programs as appropriate and within the budgeted amounts of the FY 15/16 Budget adopted by the CSURMA Board of Directors in at their April 27, 2015 meeting.

The liability renewal faced two significant complications, the withdrawal of CV Starr from the California marketplace which removed \$20 million of capacity from CSURMA's program and the requirement of some underwriters for an exclusion of concussive injuries. In the end, CV Starr's capacity was replaced on favorable terms on the \$10 million xs \$35 million layer by Alteris. For the \$50 million xs \$50 million layer, CSU leadership chose Lexington (AIG) who did not include a concussive injury exclusion but included an aggregate limit of \$100 million for all claims in this catastrophic layer. The medical malpractice coverage for student health centers (\$5 million xs \$5 million layer) was renewed as expiring.

CSU and the auxiliary organizations have had excellent property loss results in recent years, but a recent major loss will impact future renewals. The property market remains soft. Despite pending losses, the renewal was achieved at rates close to expiring.

For workers' compensation, The Executive Committee took action in December to bind an 18 month reinsurance program via the CSAC Excess Insurance Authority that will guarantee most of the program costs at the July 1st renewal. EIA obtained terms as expiring terms from Safety National Casualty Corp., our incumbent excess insurer, which solidifies the 18 month program for the term.

Beazley continues as the Cyber Liability lead provider. We negotiated an increase in sublimits to \$2.5 million for legal and forensic costs and also removed the exclusion of claims where a mobile device (phone, tablet or laptop) was not encrypted. CSU leadership selected a renewal option that increases total limits to \$10 million by adding a \$5 million xs \$5 million layer, and also adds an additional \$2.5 million xs of \$2.5 million limit for coverage of legal and forensic costs. CSU and the auxiliary organizations continue to share a notification limit of 2 million affected individuals.

Both the campus and auxiliary programs have had fidelity losses reported, but we obtained a flat rate renewal overall for the programs.

F2. Target Surplus Funding Report and Dividend Calculation

The Committee discussed the Target Surplus Funding Analysis in great detail during yesterday's meeting. The Committee decided to table the Liability Program dividend discuss until the next meeting in October so that the financials could be revised to show the accounts receivables from

Genesis. Staff will present an updated Target Surplus Funding Analysis for the Liability Program.

A motion was made to approve a dividend in the amount of \$300,000 from the Workers' Compensation Program.

MOTION: Guy Dalpe

SECOND: Keith Kompsi

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | X | | | |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

A motion was made to table the Liability Program dividend discuss until the October 22nd meeting.

MOTION: Guy Dalpe

SECOND: Jim Reinhart

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|----------------|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | X | | | |
| Brian Nowlin | | X | | |

| | | | | |
|---|---|---|--|---|
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

F3a. Review and Approval of the FY 16/17 – Total Funding - Liability Program

The Committee members reviewed the funding options noted below:

| Expense Item | Recommended | | |
|--|---|---|---|
| | FY 15/16 70% Confidence Level Discounted \$350,000 SIR | FY 16/17 80% Confidence Level Discounted \$500,000 SIR | FY 16/17 70% Confidence Level Discounted \$500,000 SIR |
| Actuarial Recommended Estimated Pooled Layer Funding | 1,774,778 | 2,080,362 | 1,700,777 |
| Claims Administration | 15,000 | 15,000 | 15,000 |
| General Administration | 812,179 | 812,179 | 812,179 |
| Excess Insurance | 1,230,000 | 1,353,000 | 1,353,000 |
| Total Costs: | 3,831,957 | 4,260,541 | 3,880,956 |

Daniel Howell noted that Staff is recommending funding for the FY 16/17 Liability Program at an 80% confidence level in order to increase surplus within the program. The surplus has been shrinking due to claims paid within the pooled layer, release of dividends in prior years, and funding at a 70% confidence level for the past two years. Because the Liability Program losses have historically been unpredictable and surplus has substantially decreased, Staff recommends funding at an 80% confidence level and returning the surplus to the members through a dividend. Keith Kompsi noted that most members would rather pay a lower rate prospectively and not receive a dividend retrospectively.

A motion was made to fund the FY 16/17 Liability Program at a 70% confidence level – total funding of \$3,880,956.

MOTION: Keith Kompsi
SECOND: Cheree Aguilar

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|----------------|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |

| | | | | |
|---|---|---|--|---|
| Guy Dalpe | | X | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | X | | | |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

F3b. Review and Approval of the FY 16/17 – Total Funding - Workers’ Compensation Program

The Committee members reviewed the funding options noted below:

| Expense Item | Recommended | | | |
|--|---|---|---|---|
| | FY 15/16 80% CL Discounted \$500,000 SIR | FY 16/17 70% CL Discounted \$500,000 SIR | FY 16/17 80% CL Discounted \$500,000 SIR | FY 16/17 70% CL Undiscounted \$500,000 SIR |
| Actuarial Recommended Estimated Pooled Layer - Funding | 3,208,750 | 3,236,000 | 3,658,000 | 3,498,000 |
| Claims Administration | 205,000 | 205,000 | 205,000 | 205,000 |
| JPA Program Administration Fee | 597,135 | 597,000 | 597,000 | 597,000 |
| Excess Insurance | 485,365 | 485,000 | 485,000 | 485,000 |
| Total Expenses: | 4,496,250 | 4,523,000 | 4,945,000 | 4,785,000 |

As explained by Daniel Howell, the unencumbered funds within the Campus Workers’ Compensation Risk Pool are expected to increase due to the reinsurance program with CSAC EIA which essentially locked in losses below AORMA’s deposit premium. Therefore, Staff is recommending funding at a 70% confidence level.

A motion was made to approve the recommends FY 16/17 workers’ compensation program total costs at a 70% confidence level, discounted – total funding of \$4,523,000.

MOTION: Keith Kompsi

SECOND: Guy Dalpe

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|------|-----|---------|-----|--------|
|------|-----|---------|-----|--------|

| | | | | |
|---|---|---|--|---|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | X | | | |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

F3c. Review and Approval of the FY 16/17 – Total Funding - Property Program

Mimi Long discussed the attached exhibit which shows the proposed costs for the FY 16/17 Property Program. The total Property Program funding of \$2,368,714 includes the following items:

Pooled Layer Funding:.....\$250,000
 Administrative Costs:.....\$306,000
 Excess Insurance Premium:\$1,812,714

 Total Proposed Costs:\$2,368,714

A motion was made to approve the FY 16/17 Total Property Program costs of \$2,368,714.

MOTION: Guy Dalpe
SECOND: Leslie Davis

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|----------------|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | X | | | |

| | | | | |
|---|---|---|--|---|
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

F3d. Review and Approval of the FY 16/17 – Total Funding - Crime Program

Mimi Long discussed the attached exhibit which shows the proposed costs for the FY 16/17 Crime Program. The total Crime Program funding of \$310,552 includes the following items:

Pooled Layer Funding:.....\$50,000
 Administrative Costs:.....\$31,000
 Excess Insurance Premium:\$229,552

Total Crime Program Expenses:\$310,552

A motion was made to approve the FY 16/17 Crime Program costs of \$310,552.

MOTION: Guy Dalpe
SECOND: Keith Kompsi

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | X | | | |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

F4. Policy and Procedure C-1 – Crime Program Member Allocation Formula

Mimi Long explained that the Crime Program Member Allocation Formula was revised effective July 1, 2014. Rate collars were included in the FY 14/15 rating allocation to minimize the premium variation for any one member. Within the FY 15/16 rating allocation, six members were collared at the maximum 30% rate increase. If the maximum rate increase remains at 30%, no members will be subject to a rate collar for FY 16/17. Within the FY 15/16 rating allocation, no members were collared at the maximum rate decrease.

Policy and Procedure C-1 – Crime Program Member Allocation Formula has been revised to remove the rate collars.

A motion was made to approve the revisions to Policy and Procedure C-1 removing the rate collars.

MOTION: Guy Dalpe
SECOND: Jim Reinhart

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | | | | X |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

F5. Policy and Procedure P-1 – Property Program Member Allocation Formula

Mimi Long explained that the Property Program Member Allocation Formula was revised effective July 1, 2014. Rate collars were included in the FY 14/15 rating allocation to minimize the premium variation for any one member. Because the premium for the AORMA Property Program decreased so dramatically effective July 1, 2015, all of the members received a premium discount and therefore premium / rate collars were not necessary.



APPROVED

Policy and Procedure P-1 – Property Program Member Allocation Formula has been revised to remove the rate collars.

A motion was made to approve the revisions to Policy and Procedure P-1 to remove the collars.

MOTION: Leslie Davis
SECOND: Jim Reinhart

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | | | | X |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

F6. Policy and Procedure W-1 – Workers’ Compensation Program Member Allocation Formula

Mimi Long noted that Policy and Procedure W-1 was essentially rewritten to accurately describe the allocation formula. The PURPOSE section was rephrased. The intent remains the same. A PROCEDURE and ALLOCATION FORMULA sections were added to provide a detailed description of the allocation formula, along with examples. The prior version explained the allocation formula but in very general terms. A definition for AORMA Basic Rates was included to show that the WCIRB rate will be used for each of the AORMA class codes and the rates will be normalized to achieve the Total Program Funding required. A definition for Experience Modification Factor (EMF) was added. The actuary uses the published WCIRB formula. A definition of EMF states that, “the actuary will determine each member’s experience modification factor based on the current published WCIRB method.” If in the future, AORMA decides to follow an experience rating formula that deviates from the WCIRB, then the Policy and Procedure can be updated to include those formula factors. To maintain pricing stability, the EMF’s are capped at +/- 15%. In prior calculations this cap was not necessary as the rates were collared. The actuary will also adjust the EMF’s to include a normalization factor and will balance the EMF’s to 100%. Because this is a pool, the Total Program Funding must be met

using the approved rates and EMF's. If the combined AORMA Pool EMF is more or less than 100%, the Member's modified rates will generate too much or not enough premium. Therefore, the pool received another layer of rate stability by balancing the EMF's to 100% while still maintaining the +/- 15% cap.

The Experience Modification was removed because the experience modification factors are calculated by the actuary and the basic WCIRB formula is used. The basic WCIRB formula is too complicated to include in the Policy and Procedure. A copy of the formula is attached to this item for review.

A motion was made to approve the revisions to Policy and Procedure W-1.

MOTION: Guy Dalpe

SECOND: Keith Kompsi

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompsi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | | | | X |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

F7. 2016 AOA Conference Sponsorship Amount and Attendees

A motion was made to approve the AOA sponsorship of \$20,000 and to give the six free registrations to the four AORMA officers and to Zach Gifford and Robert Eaton.

MOTION: Leslie Davis

SECOND: Guy Dalpe

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|----------------|-----|---------|-----|--------|
| Cheree Aguilar | X | | | |
| Melinda Coil | | | | X |

| | | | | |
|---|---|---|--|---|
| Guy Dalpe | X | | | |
| Leslie Davis | X | | | |
| Gigi Kiama | | | | X |
| Keith Kompasi | X | | | |
| Frank Mumford | X | | | |
| David Nakamura | | | | X |
| Brian Nowlin | | X | | |
| Jim Reinhart | X | | | |
| AORMA Committee Alternates Vote Only When Committee Members are Absent | | | | |
| Dwayne Brummett | | | | X |
| Robert de Wit | | X | | |

MOTION CARRIED

G. INFORMATION ITEMS

The committee reviewed the following information items.

- G1. CSURMA AORMA 2015 Meeting Calendar**
- G2. CSURMA AORMA Program Administrator's Contact Lists**
- G3. AORMA's Travel Reimbursement Policy**
- G4. AORMA Committee Members - Effective 7/01/15**

H. ADJOURNMENT

The meeting was adjourned at 11:18 AM.