

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

**DECEMBER 3, 2015**

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

**8:00 AM**

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**MEMBERS PRESENT**

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

**ABSENT MEMBERS**

Guy Dalpe, Associated Students, Inc., San Francisco State University

**STAFF, GUESTS AND CONSULTANTS**

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

**A. CALL TO ORDER**

The meeting was called to order by Gigi Kiama at 8:08 AM.

**A1. Approval of the Agenda Order**

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

**First:** Jason Porth

**Second:** Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe				<b>X</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 – June 25, 2015**

A motion was made to approve the minutes of the June 25, 2015 meeting.

**First:** Jason Porth  
**Second:** Raven Tyson

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe				<b>X</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.**

**C2. Merger of Member Services, Loss Control and Training Committee Projects into the Programs Committee**

Mimi Long explained that at its meeting on October 22, 2015, the AORMA Committee made the decision to conclude the work of the Member Services, Loss Control and Training Committee (MSLCTC). The MSLCTC was instrumental in establishing loss control programs, formalizing methods of communication, and overseeing the development of “value-added” services. Currently, AORMA Committee oversees and approves the programs that were put into place by the MSLCTC. The ongoing projects that the MSLCTC is currently overseeing will be merged into the AORMA Programs Committee or the AORMA Committee Chair may appoint an ad hoc committee to work on a loss control / risk management project that requires additional time and/or expertise.

**C3. Employment Practices Liability Member Deductibles for FY 2016/2017**

Mimi Long noted that in accordance with Policy and Procedure L-7 – Employment Practices Liability Deductible (EPL) Options, the Programs Committee is responsible for approving each member’s minimum EPL deductible for FY 16 17. The AORMA Liability Program includes coverage for several different types of third party liability, i.e., liquor liability, auto liability, premises liability, etc. All coverages have a \$0 deductible except Employment Practices Liability which has a minimum deductible of \$25,000. Policy and Procedure L-7 was established effective

July 1, 2011, which mandates a higher deductible for those auxiliaries with a frequency and/or severity of employment related claims. The Committee reviewed the schedule for assigning an EPL deductible in excess of \$25,000.

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

Long noted that in accordance with Policy and Procedure L-7, the following members will be mandated an EPL deductible in excess of the standard \$25,000 deductible:

Auxiliary Organization	FY 16/17	FY 15/16
California State University, Fresno Foundation	\$ 75,000	\$ 75,000
California State University, Long Beach Research Foundation	\$ 75,000	\$ 75,000
The Cal Poly Pomona Foundation, Inc.	\$ 100,000	\$ 100,000
University Enterprises, Inc., CSU Sacramento	\$ 50,000	\$ 50,000
San Diego State University Research Foundation	\$ 100,000	\$ 100,000
San Jose State University Research Foundation	\$ 100,000	\$ 75,000

The committee reviewed the deductible calculation. Long pointed out that some of the smaller claims were not included within the calculation because they were considered “report of incident only” claims or in one case multiple claims arose from the same occurrence, and therefore, all claims were considered one occurrence.

A motion was made to approve the employment practices liability deductible calculation for FY 16 17.

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

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe				<b>X</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.**

**C4. Workers’ Compensation Supplemental Actuarial Report (Experience Modification Factors) and the AORMA Class Code Rates**

As explained by Mimi Long, CSURMA’s retains the services of an independent actuary to provide several different reports. The actuary calculates the projected losses for FY 16/17 as well as the outstanding liabilities which are included in CSURMA’s financial statements. These reports have already been received and accepted by the AORMA Committee. The actuary also calculates each member’s experience modification factor (EMF) for use in the member allocation. Long explained that in order to achieve rate stability, the AORMA Committee approved changes to Policy and Procedure WC-1 – Workers’ Compensation Program Member Allocation Formula which requires the EMF’s to be “normalized” to 1.00 and capped at +/- 15%. The actuary incorporated these changes into the EMF calculation as shown in the supplemental reports. Each member will receive their own EMF calculation so they can review how their EMF was estimated.

A motion was made to accept the Workers’ Compensation 2016/17 Experience Modification Factors supplemental report dated September 14, 2015.

**First:** Jason Porth  
**Second:** Jun Reina

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe				<b>X</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.**

**C5. Workers’ Compensation Program Member Allocation for FY 2016/2017**

Mimi Long explained that at its September 10, 2015 meeting, the AORMA Committee approved the FY 16/17 Workers’ Compensation Program funding of \$4,523,000. The Programs Committee is now responsible for approving the FY 16/17 workers’ compensation rates as well as the allocation of the total program costs to the members. Costs are allocated to the members based on their estimated payroll for FY 16/17 and their experience modification factor as determined by the CSURMA actuary. Long noted that the AORMA workers’ compensation program rates are established by starting with the corresponding WCIRB rate approved for use as the AORMA class code rate and then applying a normalization factor to develop the total amount of funding required. Staff applied a normalization factor of .65 to each WCIRB rate in order to establish the proposed AORMA FY 16/17 rates. By applying .65 normalization factor to each of the WCIRB rates, staff was able to reduce all of the AORMA rates by 1% and 22% (compared to the FY 15/16 AORMA rates) while at the same time achieving the required funding for the program. The Committee review the proposed AORMA workers’ compensation program rates as shown below.

<b>AORMA Class Code</b>	<b>1001</b>	<b>1002</b>	<b>1004</b>	<b>1005</b>	<b>1006</b>	<b>1007</b>
<b>FY 16/17 Rates</b>	.30	.76	1.07	2.50	3.32	4.90

A motion was made to the approved the FY 16/17 rates shown above, as well as the FY 16/17 workers' compensation program member allocation as presented.

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

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Guy Dalpe				<b>X</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. Liability Supplemental Actuarial Reports**

As explained by Mimi Long, CSURMA's retains the services of an independent actuary to provide several different reports. The actuary calculates the projected losses for FY 16/17 as well as the outstanding liabilities which are included in CSURMA's financial statements. These reports have already been received and accepted by the AORMA Committee. The actuary also provides three supplemental reports for the liability program – (1) Experience Modification Factor (EMF) for each member, (2) Employment Practices Liability (EPL) deductible credits and (3) program rates for EPL, Auto Liability, Premises Liability and All Other.

Long noted that the actuary recommends rates for the four loss categories; however, these are recommendations and the Programs Committee may decide to use different rates. Staff's rate recommendations will be reviewed within the next agenda item. Long notes that the Auto and Other rates as recommended by the actuary stayed about the same. The Premises rate increased 7% and the EPL rate decreased 14%.

Long explained that in order to calculate each member's EMF, the actuary reviews five years of exposure data and loss data. To stabilize the EMF's, all losses are capped at \$100,000. The actuary first calculates each member's portion of the total losses compared to its portion of the total risk exposures. The actuary then adds a credibility weight based on each member's size. This assumes that the historical loss information of larger members is more predictive of future claim experience compared to that of small members. The two largest members were assigned a weight of 75%, and the remaining members were given proportionally lower weights. To provide greater stability, the minimum and maximum EMFs are limited to between .75 and 2.00.

A motion was made to accept the Liability Program 2016/17 Rates and Experience Modification Factors report dated September 18, 2015 and the Employment Practices Liability Indicated Deductible Credits report dated September 18, 2015.

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

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe				<b>X</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.**

**C7. Liability Program Member Allocation for FY 2016/2017**

Mimi Long noted that the Liability Program Member Allocation formula was revised effective July 1, 2015 and when an allocation formula is change premium fluctuations are common. Because of this, Staff has added rate and premiums collars to the allocation formula in order to minimize premium fluctuations. The Programs Committee is responsible for approving the final member allocation and the allocation factors with the FY 16/17 Liability Program Member Allocation. The AORMA Committee approved the total liability program costs for FY 16/17 of \$3,880,956 which is a 1.28% increase over the approved FY 15/16 costs.

Long review the allocation factors.

- Four basic rates.** In order to stabilize premiums, Staff is proposing a maximum rate increase of 10%. The Committee reviewed TABLE 1 which includes the proposed rates for Auto, Premises, Other and Employment Practices Liability (EPL).

Exposure	16/17 Actuary's Recommended Rates	15/16 Collared Rates	16/17 Collared Rates	Difference Actuary vs 16/17 Collared Rates	Difference 15/16 vs 16/17 Collared Rates
Auto Liability	151	150	151	0%	1%
Premises Liability	40	50	45	12%	-10%
Other Liability	134	488	439	69%	-10%
EPL	2,219	1,065	1,172	-89%	10%

2. **Maximum premium for calculating the size credit.** The premium has remained at \$65,000 which allows about 10% of the members to receive the maximum size credit.
3. **Maximum size credit rate percentage.** The size credit was reduced from 30% to 20% in order to achieve the required funding level and at the same time allowing those members who are collared at the maximum decrease to receive a 5% discount.
4. **Maximum collared rate percentage increase.** The maximum increase was changed from 30% to 35%.
5. **Maximum collared rate percentage decrease.** The maximum decrease was changed from 13% to 5%.
6. **Capped excess premium.** This remains at \$85,000.
7. **Minimum administrative costs.** This remains at \$600.
8. **Maximum administrative costs.** This remains at \$60,000.
9. **Minimum premium.** This remains at \$2,000.

Long noted that this allocation results in a premium deficit of \$53,405.

A motion was made to approve the FY 16/17 Liability Program Allocation Factors as well the member allocation as presented and recommend to the AORMA Committee that \$53,405 be paid from the program’s surplus.

**First:** Raven Tyson  
**Second:** Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe				<b>X</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.**

**C8. Property Program Member Allocation for FY 2016/2017**

Mimi Long stated that the Programs Committee is responsible for approving the final member allocation and the allocation factors for FY 16/17 Property Program. The AORMA Committee approved the total property program costs for FY 16/17 of \$2,368,714. The total Property Program costs have been allocated to the members based on the approved allocation formula documented in Policy and Procedure P-1. The following factors have been included in the allocation and require approval by the Programs Committee:

1. **Basic rates:** .1402 for real property and business interruption/rents and .1682 for business personal property. The Committee reviewed TABLE 1 below which shows the program’s historical rates as well as the proposed rates

<b>TABLE 1</b>				
<b>Property Program Historical Rates</b>				
<b>Coverage</b>	<b>FY 14/15</b>	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>% Diff</b>
<b>Real Property, Business Interruption and Rents</b>	0.1730	0.1424	0.1402	-2%
<b>Business Personal Property</b>	0.2076	0.1709	0.1682	-2%

2. **Maximum premium for calculating the size credit:** \$600,000 - *no change from FY 15/16 calculation.*
3. **Maximum size credit rate percentage:** 30% (one member received the entire 30% size credit) - *no change from the FY 15/16 calculation.*
4. **Minimum premium:** \$600 - *no change from FY 15/16 calculation.*
5. **Loss ratio surcharge schedule:** – *no change from FY 15/16 calculation.*
  - a. Less than 20% - 0%
  - b. Between 20% and 40% - 5%
  - c. Between 40% and 60% - 10%
  - d. Between 60% and 80% - 15%
  - e. Between 80% and 100% - 20%
  - f. Excess of 100% - 25%

A motion was made to approve the FY 16/17 Property Program allocation factors as well as the member allocation as presented.

**First:** Jason Porth  
**Second:** Jun Reina

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Guy Dalpe				<b>X</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.**

**C9. Crime Program Member Allocation for FY 2016/2017**

Mimi Long state that the Programs Committee is responsible for approving the final member allocation and the allocation factors for FY 16/17 Crime Program. The AORMA Committee approved the total crime program costs for FY 16/17 of \$310,552. The total Crime Program costs have been allocated to the members based on the approved allocation formula documented in

Policy and Procedure C-1. The following factors have been included in the allocation and require approval by the Programs Committee:

1. **Basic rate:** .000654 – The basic rate for FY 15/16 was .000745. The rate was higher in FY 15/16 because the allocation still included collars. Those collars are not included in the FY 16/17 allocation.
2. **Maximum premium for calculating the size credit:** \$10,000 – This was changed from \$15,000. The goal is for approximately 10% of the members to receive the maximum size credit.
3. **Maximum size credit rate percentage:** 30% - No Change.
4. **Minimum premium:** The minimum premium table was changed so that a change in expenditures would not result in a significant minimum premium adjustment for any one member. See TABLE 1 below for a comparison.

<b>Expenditures</b>	<b>Current Minimum Premium</b>	<b>Prior Minimum Premium</b>
-	250	250
1,000,000	500	
1,250,000	750	
1,500,000	1,000	
2,000,000	1,250	1,250
3,000,000	1,500	
4,000,000	1,750	
5,000,000	2,000	
6,000,000	2,250	2,250
7,000,000	2,383	
8,000,000	2,516	
9,000,000	2,649	
10,000,000	2,750	2,750
12,500,000	2,875	
15,000,000	3,000	
17,500,000	3,125	
20,000,000	3,250	3,250

5. **Loss ratio surcharge schedule:** No change for FY 15/16 allocation.
  - a. Less than 50% - 0%
  - b. Between 50% and 100% - 10%
  - c. Excess of 100% - 20%

A motion was made to approve the FY 16/17 Crime Program allocation factors as well as the member allocation as presented.

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

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

**Motion carried.**

**C10. Risk Reduction Innovation Matching Grant Incentive Program – CSU Fullerton ASI**

Mimi Long reiterated that the goal of the Risk Reduction Innovation Matching Grant Program is to encourage Members to enhance existing risk reduction efforts and to inspire ingenious safety ideas that all Member may eventually adopt. Associated Students, CSUF, Inc. Titan Recreation has submitted a grant application for basketball courts padding to protect players who may overrun the court and make contact with the concrete wall. Long noted that the dissolved Member Services, Loss Control and Training Committee (MSLCTC) has had difficulty approving grants. Raven Tyson who was on the MSLCTC also confirmed this sentiment. Tyson suggested that the process should be changed so that the Committee can approve some grants. Long noted that she had just received an email from SFSU with a grant matrix that may prove helpful to the Programs Committee. The Committee decided to table this item until the next meeting. Long will present some ideas for a grant approval matrix, or scoring worksheet.

**C11. Approval of the Dividend Distribution for the Liability and Workers’ Compensation Program**

Mimi Long let the Committee know that at the September 10, 2015 and October 22, 2015 meetings, the AORMA Committee approved a dividend of \$871,525 from the liability program and \$300,000 from the workers’ compensation program. The Committee reviewed the dividend allocations. The dividends are distributed to the members based on their percentage of premium paid into the programs over a five year period.

A motion was made to approve the liability and workers’ compensation dividend allocations to be paid in July, 2016.

**First:** Jun Reina  
**Second:** Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe				<b>X</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.**

**C12. 2015 Workers’ Compensation Payroll Desk Audits**

The Committee reviewed the desk audit that was completed by Staff. Mimi Long noted that Staff reviewed the payroll, claims and exposure data of ten different members. Staff did not find any anomalies in the payroll reported by those members being audited.

**C13. Workers’ Compensation Program Volunteer Claims**

Mimi Long noted that Policy and Procedure W-6, confirms that a workers’ compensation program member may elect to extend its workers’ compensation coverage to its volunteers. It also outlines the procedures to be followed in order to extend coverage, and it notes that the volunteer losses may be reviewed annually to ensure the rating integrity of the workers’ compensation program. Currently, the workers’ compensation member allocation formula does not include a premium charge for volunteers. Since inception of the AORMA workers’ compensation program in 2005, the total incurred for volunteer losses is \$192,117.

A motion was made to accept the review of the volunteer claims.

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

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe				<b>X</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.**

**C14. 2016 Meeting Dates for the CSURMA AORMA Programs Committee**

Noted below are the proposed 2016 AORMA Programs Committee meeting dates:

Description	Date	Day	Time	Location
Programs Committee	February 25	Thursday	1:00 pm	Teleconference
Programs Committee	June 23	Thursday	1:00 pm	Teleconference
Programs Committee	September 29	Thursday	1:00 pm	Teleconference
Programs Committee	December 8	Thursday	8:00 am	San Francisco

A motion was made to approve the proposed 2016 meeting dates for the CSURMA AORMA Programs Committee.

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

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe				<b>X</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.**

**D. INFORMATION ITEMS**

The information items were reviewed, but there was no discussion.

- D1. 2016 CSURMA AORMA Meeting Calendar**
- D2. FY 15/16 Long Range Action Plan**
- D3. CSURMA AORMA Committee and Standing Committee Roster**

**E. ADJOURNMENT**

A motion was made to adjourn the meeting at 10:08 AM