



**APPROVED**

**MINUTES OF THE CSURMA AORMA  
COMMITTEE MEETING**

**OCTOBER 23, 2014**

**CSU CHANCELLOR'S OFFICE, MUNITZ ROOM  
401 Golden Shore • Long Beach, CA**

**10:00 AM**

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**MEMBERS PRESENT**

Kurt Borsting - Associated Students, Inc., CSU Fullerton  
Melinda Coil - San Diego State University Research Foundation  
Guy Dalpe - Cesar Chaves Student Center, San Francisco State University  
Leslie Davis - University Union Operation of CSUS, Inc., Sacramento State University  
Mark Day - Santos Manuel Student Union of CSU San Bernardino  
Robert de Wit - Forty-Niner Shops, Inc., CSU Long Beach  
Gigi Kiama - University Corporation, CSU Monterey Bay  
Keith Kompasi - Fresno Association, Inc., CSU Fresno  
Frank Mumford - CSU Fullerton Auxiliary Services Corporation, CSU Fullerton  
Brian Nowlin - CSULB Foundation, CSU Long Beach

**MEMBERS ABSENT**

Dwayne Brummett - Associated Students, Cal Poly San Luis Obispo (*attended via teleconference, non-voting member*)  
Haleh Minakary - The Cal Poly Pomona Foundation, Inc., Cal Poly Pomona

**STAFF, GUESTS AND CONSULTANTS**

Gordon DesCombes - Alliant Insurance Services, Inc.  
Melissa Diaz - Alliant Insurance Services, Inc.  
Mike Fleming - CSAC EIA  
Zachary Gifford - CSU Office of the Chancellor, Systemwide Risk Management  
Daniel Howell - Alliant Insurance Services, Inc.  
Willy Hsu - CSU Office of the Chancellor, Office of General Counsel  
David Kervella - CSU Office of the Chancellor, Systemwide Professional Development  
Mimi Long - Alliant Insurance Services, Inc.  
Mauri McGuire - Carl Warren & Company  
Liliana Vanvieldt - Alliant Insurance Services, Inc.

**A. CALL TO ORDER**

The meeting was called to order by the Chair, Robert de Wit at 10:02 AM.

**A1. Approval of the Agenda**

A motion was made to approve the agenda.

**Motion: Keith Kompsi**  
**Second: Brian Nowlin**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**B. PUBLIC COMMENTS**

There were no comments from the public.

**C. CONSENT CALENDAR**

**C1. Approval of Minutes – September 10 and 11, 2014**

A motion was made to approve the minutes from the September 10, 2014 and September 11, 2014 AORMA Committee meetings.

**Motion: Guy Dalpe**  
**Second: Leslie Davis**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			

Gigi Kiama	<b>X</b>			
Keith Kompsi	<b>X</b>			
Haleh Minakary				<b>X</b>
Frank Mumford	<b>X</b>			
Brian Nowlin	<b>X</b>			
<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	<b>X</b>			
Dwayne Brummett - Alternate				

**The motion carried.**

**D1. CLOSED SESSION**

1. Cahuilla Band of Indians v SDSU Research Foundation
2. Arce v CSUN ASI
3. DFEH/EEOC Claim LaShonna Goodman against CSUN University Corporation
4. Lujan v CSU Long Beach Research Foundation
5. Mendocino College Fund and The Charles & Margaret Dexter Charitable Remainder Unitrust claims against CSU Sonoma Academic Foundation
6. Lyons (lead claimant) v CSU Chico Research Foundation
7. Caroline Calderon v SFSU Student Center, Inc.
8. Albert Torres v CSUN USU, Inc.
9. Finley v CSU Chico Research Foundation, Inc.
10. Trapper v CSULB ASI
11. Robert Brown v San Diego State University Research Foundation
12. Unknown Child v CSU Fullerton ASI
13. Bhatka v CSU Sacramento Union, Inc.
14. Goodman v CSU Stanislaus University Student Union, Inc.
15. Grant Hubbard v CSU San Marcos Auxiliary and Research Services Corporations

A motion was made to enter closed session.

**Motion: Keith Kompsi**  
**Second: Frank Mumford**

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Melinda Coil	<b>X</b>			
Guy Dalpe	<b>X</b>			
Leslie Davis	<b>X</b>			
Mark Day	<b>X</b>			
Robert de Wit	<b>X</b>			
Gigi Kiama	<b>X</b>			
Keith Kompsi	<b>X</b>			

Haleh Minakary				<b>X</b>
Frank Mumford	<b>X</b>			
Brian Nowlin	<b>X</b>			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	<b>X</b>			
Dwayne Brummett - Alternate				

**The motion carried.**

The chair reported that action was taken during closed session.

**E. STANDING COMMITTEE REPORTS**

**E1. Programs Committee Report**

Guy Dalpe the Programs Committee Chair provided a brief report of the committee's recent activities. The committee continues to review the FY 15/16 Liability Program member allocation formula. Jun Reina, from Capitol Public Radio, joined the Programs Committee and attended his first meeting on September 25, 2014.

**E2. Member Services, Loss Control and Training Committee Report**

Melinda Coil the Member Services, Loss Control and Training Committee Chair provided a brief report of the committee's recent activities. David Kervella updated the committee on the progress regarding uploading auxiliary staff into the hub so that they can use the campus' online training platform.

**E3. AOA Executive Committee Report**

Robert de Wit let the committee know that the AOA EC has not meet since the last AORMA Committee meeting; therefore an update is not available.

**F. GENERAL ADMINISTRATION**

**F1. AORMA's Long Range Action Plan for FY 14/15**

The committee reviewed the Long Range Action Plan for FY 14/15. The following items were added based on the discussions at the September 10, 2014, AORMA Committee meeting:

AORMA Committee: (1) Create a closed session policy and procedure (2) create a member allocation formula rating plan review policy and procedure.



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Programs Committee: (1) Finalize the liability program member allocation formula for FY 15/16, (2) evaluation an earthquake product for condominium owners when the HOA does not purchase earthquake coverage.

Member Services, Loss Control and Training Committee: (1) Finalize the new innovative criteria for the risk reduction matching grant program, (2) complete the AORMA insurance handbook – is this covered, (3) complete the real property acquisitions checklist and (4) finalize the keeping minors safe while on campus – handbook.

The committee also discussed the contract with Praesidium for Prevention of Sexual Misconduct and Abuse of Minors. Staff was directed to contact those Auxiliary Organizations that purchase participant accident insurance for a program serving minors. Daniel Howell suggested that the Programs Committee evaluation a requirement that all programs serving minors will be required to complete the online self-assessment offered by Praesidium.

A motion was made to approve the Long Range Action Plan for FY 14/15.

**Motion: Keith Kompsi**  
**Second: Kurt Borsting**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**F2. AORMA Committee Vice-Chair Election**

Robert de Wit let the committee know that the Nominations Committee met and nominated Guy Dalpe to for the position of AORMA Committee Vice-Chair for the term July 1, 2015 to June 30, 2016.

The Committee Members voted and unanimously elected Guy Dalpe as the AORMA Vice-Chair effective July 1, 2015.

**Motion:** Brian Nowlin  
**Second:** Frank Mumford

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe		X		
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

### **F3. Review of Policy and Procedure A-3 – Target Surplus Funding Policy**

The committee reviewed the revised version of Policy and Procedure A-3 – Target Surplus Funding Policy which includes the following changes:

1. The committee responsible for the initial and final determination regarding AORMA’s surplus and dividend distribution has been changed from the Programs Committee to the AORMA Committee. In practice, the Programs Committee does review the Target Surplus Funding report after the AORMA Committee reviews it in September. The timing for the completion of this report is always extremely tight as the financials at 6/30 and actuarial reports are needed. Therefore, the AORMA Committee has been responsible for determining whether it’s desirable to increase, decrease or stabilize surplus as well as approving dividends.
2. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
3. Additional revisions were made only to make the wording consistent, but do not change the intent of the policy and procedure.

A motion was made to approve the revisions to Policy and Procedure A-3 as presented by staff.

**Motion: Keith Kompsi**  
**Second: Gigi Kiama**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates</b> <b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**F4. Review of Policy and Procedure A-4 – Dividends and Assessments**

The committee reviewed the revised version of Policy and Procedure A-4 – Dividends and Assessments which includes the following changes:

1. The Programs Committee has been removed from the initial approval process for the dividends and assessments. The Programs Committee is responsible for approving the final member allocation of the dividend or assessment, but not the conduct the initial review. The dividend or assessment approval is made based on the information in the Target Surplus Funding Report. The timing for the completion of this report is always extremely tight as the financials at 6/30 and actuarial reports are necessary. Therefore, the AORMA Committee has been responsible for approving the dividends and assessments.
2. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
3. The Member Appeal Process has been revised, by adding the wording below, so that the appeal process is consistent in all of AORMA’s policies and procedures.

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.

4. Additional revisions were made only to make the wording consistent, but do not change the intent of the policy and procedure.
5. The definition for Programs Committee was removed as it is no longer included in the policy and procedure.

A motion was made to approve the changes to Policy and Procedure A-4 as presented by staff.

**Motion:** Brian Nowlin  
**Second:** Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates</b> <b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**F5. Review of Policy and Procedure L-1 – Liability Claims Reporting**

The committee reviewed the revised version of Policy and Procedure L-1 – Liability Claims Reporting which includes the following changes:

1. The policy wording section was amended to make the meaning easier to follow.

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.

- If the MEMBER becomes aware of a CLAIM but does not provide notification to the TPA within 30 days, all DAMAGES incurred by the MEMBER, within that 30 day period, will be the financial responsibility of the MEMBER and will not be a part of the total DAMAGES within the Late Reporting of Claims Schedule.
2. The words within the policy and procedure that are defined were changed to “all caps”.
  3. A notation was added that the late reporting penalty only applies to AORMA pooled layer; not the excess of reinsurance.
  4. The loss amounts within the late reporting examples were changed to show a maximum loss amount of \$350,000, which is AORMA’s current pooled layer limit.
  5. The Member Appeal Process was revised so that the appeal process is consistent in all of AORMA’s policies and procedures.
  6. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
  7. The definition of “Loss” was changed to “Damages” to be consistent with the current Liability Memorandum of Coverage.
  8. The definition of “AORMA Pooled Layer” was added.
  9. The definition of “in writing” was deleted.

The committee was not comfortable with the definition of “claim” and felt that the policy and procedure needed to add specific claims reporting requirements, i.e., when does an incident become a “claim”. Staff was directed to revise this policy and procedure and add it to the December meeting’s agenda.

#### **F6. Review of Policy and Procedure L-2 – Liability Claims Administration and Litigation Management**

The committee reviewed the revised version of Policy and Procedure L-2 – Liability Claims Administration Litigation Management which includes the following changes:

1. Throughout the policy and procedure, reinsurer was added to excess insurer.
2. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
3. The definition of “Loss” and “Claim” were deleted as the defined term is not necessary in the policy and procedure.

4. Within Section 7.B. the word Legal was replaced with Defense. “Legal” appears to be a typo.
5. The definition of “pooled layer limit” was updated with current limits.

A motion was made to approve the changes to Policy and Procedure L-2 as presented by staff.

**Motion:** Guy Dalpe  
**Second:** Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**F7. Review of Policy and Procedure L-3 – Legal Counsel Selection**

The committee reviewed the revised version of Policy and Procedure L-3 – Legal Counsel Selection which includes the following changes:

1. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
2. The second paragraph on Page 2 was restated to accurately state its intent.
3. Civil Code was added to Section 2860 so that reference is clearly stated.
4. The statement, “the TPA will involve the AORMA COMMITTEE Chair as appropriate to assist in resolving the claim or clarifying the issue” was removed as the AORMA Committee and AORMA Committee officers are available assist the TPA as necessary.
5. The definition of AORMA was updated to the current definition.

- The definition of Maximum Allowable Hourly Rate was revised to remove the statement that AORMA has two separate rates – one for EPL claims and one for all other.

A motion was made to approve the changes to Policy and Procedure L-3 as presented by staff.

**Motion:** Keith Kompsi  
**Second:** Leslie Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

#### **F8. Review of Policy and Procedure L-4 – Employee Driving Standards**

The committee reviewed the revised version of Policy and Procedure L-4 – Employee Driving Standards which includes the following changes:

- Throughout the policy and procedure “Self-Insured Retention (SIR) Liability Fund” was changed to “Liability Coverage Program” to be consistent with the program’s name as noted on the participation agreement and the memorandum of coverage.
- The Issue and Discussion sections were deleted as they do not discuss the policy but rather add background information.
- Throughout the policy and procedure “Driving Eligibility Standards” is used consistently, rather than “standards”, “minimum requirements” or “policy guidelines and standards”.
- The wording “any AORMA member who fails to adhere to these standards will be subject to having its participation in the SIR liability program terminated” has been

deleted. The CSURMA JPA Agreement already includes the requirements for terminating a member from a program.

5. The reference to 15 passenger vans was removed, as the CSU prohibits the use of these types of vehicles.
6. Violation Points and Non-Occasional Drivers are shown in “all caps” throughout the document as definitions are included.
7. It is noted that occasional drivers still need to have a driver’s license but are not required to comply with the violation points standard.
8. Throughout the policy and procedure Member has replaced “AORMA Member” and “Auxiliary Organization”.
9. Item 6 – New Employees and Volunteers was removed as it is a recommendation not a policy.
10. AORMA’s standard Member Appeal Process was added.
11. Because the driving eligibility standards are not unduly restrictive, the waiver process was deleted.
12. Some definition were deleted that were not necessary within the policy and procedure.

The committee discussed removing the “use of personal vehicles on auxiliary organization business” section as it pertains to the individual auxiliary organization’s internal business practice and some members felt the requirement should not be included in AORMA’s policy and procedure. After much discussion, the committee ultimately decided to keep the section.

The committee did request that the wording within the “use of personal vehicles on auxiliary organization business” section be changed as follows:

“If an employee or volunteer ~~is permitted to use~~ **uses** a personal vehicle ....”

A motion was made to approve the changes to Policy and Procedure L-4 as presented by staff with the addition of the one revision noted above.

**Motion: Guy Dalpe**  
**Second: Brian Nowlin**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			

Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**F9. Review of Policy and Procedure L-6 – Requirement that Participant Accident Insurance is Purchased for all Child Care and Camp Operations Involving Minors**

The committee reviewed the revised version of Policy and Procedure L-6 - Requirement that Participant Accident Insurance is Purchased for all Child Care and Camp Operations Involving Minors which includes the following changes:

1. Policy and procedure has been updated to include definitions of AORMA, Member and Participant Accident Insurance.

Mimi Long noted that the required limit of \$10,000 is fairly low. The committee directed staff to review existing PAI policies to see how many are purchased with a limit in excess of \$10,000.

A motion was made to approve the changes to Policy and Procedure L-6 as presented by staff.

**Motion: Brian Nowlin**  
**Second: Gigi Kiama**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			

<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	<b>X</b>			
Dwayne Brummett - Alternate				

**The motion carried.**

**F10. Approval of Policy and Procedure No. 22 – Claims Handling Guidelines**

The committee reviewed the Policy and Procedure No. 22 – Claims Handling Guidelines which was created by staff. As explained by Daniel Howell, CSURMA has developed claims process policy and procedure documents for AORMA’s self-insured programs. These policies and procedures go beyond the coverage documents to describe such things as:

- Claim Reporting
- Roles and responsibilities
- Handling of disputes

For insured programs, staff has followed traditional insurance industry practices and resolved complex matters on a case by case basis. Procedure No. 22 – Claims Handling Guidelines has been drafted broadly and allows that more specific policies and procedures may be adopted for programs.

A motion was made to recommend approval to the Executive Committee.

**Motion: Gigi Kiama**  
**Second: Brian Nowlin**

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Melinda Coil	<b>X</b>			
Guy Dalpe	<b>X</b>			
Leslie Davis	<b>X</b>			
Mark Day	<b>X</b>			
Robert de Wit	<b>X</b>			
Gigi Kiama	<b>X</b>			
Keith Kompsi	<b>X</b>			
Haleh Minakary				<b>X</b>
Frank Mumford	<b>X</b>			
Brian Nowlin	<b>X</b>			
<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	<b>X</b>			
Dwayne Brummett - Alternate				

**The motion carried.**

**F11. Review of Policy and Procedure A-5 – Calendar of Reports, Audits, Filings and Reviews**

The committee reviewed the revised version of Policy and Procedure A-5 – Calendar of Reports, Audits, Filings and Reviews includes the following changes:

1. A requirement that AORMA review its Member Allocation Formulas every three years was added.
2. The requirement that the Programs Committee will conduct the initial review and that the AORMA committee will approve all revisions prior to the allocations being utilized was added.

A motion was made to approve the revised version of Policy and Procedure A-5.

**Motion: Leslie Davis**  
**Second: Guy Dalpe**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**F12. Approval of Policy and Procedure A-8 – CSURMA AORMA Closed Session Guidelines**

The committee reviewed the new Policy and Procedure which states that an AORMA Committee member may be asked to recuse himself/herself from closed session discussions in the event the

AORMA Committee determines potential conflicts of interest may exist. Whether recusal is necessary shall be determined on a case-by-case basis depending on the circumstances and facts.

A motion was made to approve Policy and Procedure A-8.

**Motion:** Leslie Davis  
**Second:** Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**F13. AOA and AORMA Relationship Resolution**

The committee reviewed Resolution No. 01-14 which confirms that;

1. Membership in the AOA shall be a qualifying condition for obtaining any CSURMA AORMA auxiliary organization pooled insurance coverage program.
2. AORMA is designated by the AOA as the Risk Management and Insurance Programs standing committee to the AOA Executive Committee to advise upon and coordinate risk management and insurance, including employee benefit programs, made available through CSURMA AORMA.
3. The AORMA Committee Chair shall serve as a voting member of the AOA Executive Committee.

This resolution is in response to the changes that were made by the AOA Executive Committee during its August 15, 2014 meeting where it revised its AOA CSURMA Relationship Policy and the AOA Risk Management and Insurance Programs Committee Operating Guidelines. The

policy/guideline includes statements which are not stated anywhere in AORMA’s policies or procedures. In response, Staff issued a resolution for the committee’s consideration.

A motion was made to approve Resolution No. 01-14 – AOA AORMA Relationship.

**Motion:** Brian Nowlin  
**Second:** Kurt Borsting

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates</b> <b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**F14. Revision to AORMA’s Liability Program Memorandum of Coverage**

Staff was approached by HSU, Sponsored Programs Foundation, because they occasionally need to rent off-road vehicles for sponsored programs. Similar to RV’s and limousines, the auto rental agency does not allow the renter to purchase the physical damage coverage when renting the vehicle. The Programs Committee has reviewed the Domestic Hired Automobile Physical Damage endorsement and is recommending the following revision to Exclusion N:

CSURMA AORMA will not cover loss due to off-road operation of the rented **auto**, **except when the off-road operation is authorized by a Covered Party and is used for an appropriate business operation.**

The following exclusion will remain on the memorandum of coverage, which would require that the vehicle be legally rented as an off-road vehicle. The vehicle could not be illegally driven off-road.

CSURMA AORMA will not pay for loss arising out of any violation of the rental car agreement.

A motion was made to approve the change to the liability memorandum of coverage.

**Motion: Mark Day**  
**Second: Brian Nowlin**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompasi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates</b> <b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

**The motion carried.**

**F15. Evaluation of Primary Coverage Program for Workers' Compensation Through CSAC EIA**

Daniel Howell mentioned that CSURMA has generally taken the approach of retaining risk when it could do so at a lower cost than risk transfer. From July 1, 2008 to June 30, 2011, the CSURMA Executive Committee authorized the purchase of a primary reinsurance program for the Campus Workers' Compensation Risk Pool since the risk transfer was less expensive than the cost projected by CSURMA's actuary. After June 30, 2011, the cost of risk transfer exceeded the CSURMA actuary's projection of the cost to retain the risk, so the reinsurance program was discontinued.

In March 2014, staff received interest from the CSAC Excess Insurance Authority (EIA) to offer a primary coverage program to both the Campus WC Risk Pool and the AORMA WC Program. Several meetings have taken place to determine the viability of CSURMA participation in the CSAC EIA program, and operational hurdles have been addressed so that participation would be transparent to the campuses and auxiliary organizations.

Daniel introduced Mike Fleming from CSAC EIA, Gordon DesCombes from Alliant Insurance Services, Inc. and Liliana Vanvieldt from Alliant Insurance Services, Inc. who provided an overview of the workers' compensation proposal. CSAC EIA was formed in 1979 and is one of the oldest JPAs in California. The excess workers' compensation program was the first CSAC

EIA program. Originally CSAC EIA was only available to counties; now all JPAs within California can join. CSAC EIA has been accredited with excellence by CAJPA since 1989. It has also been accredited by AGRIP since 2010. CSAC EIA currently has 55 county members and 254 public entity members (some of these members are JPAs.) There are 15 active committees which CSU would be able to join. The proposed premium is for an 18 month term beginning January 1, 2015. The financial terms of CSAC EIA’s proposal are summarized below. Mike Flemming mentioned that CSAC EIA has not approved the admin charge, so it’s possible that the premium could go up by \$3,000 to \$4,000. Also, the CSAC EIA underwriting committee would need to make the final approval; however, they have reviewed the original CSURMA submission and Mike does not anticipate any issues.

**EIA Proposed Coverage Program Compared to CSURMA Actuarial Cost\***

18 months	Campus	AORMA	Total
<b>CSURMA Agreed</b>			
<b>Actuarial Funding:</b>	<b>\$ 42,336,525</b>	<b>\$ 4,781,875</b>	<b>\$ 47,118,400</b>
CSAC EIA Primary:	\$ 22,237,435	\$ 2,287,055	\$ 24,524,490
CSAC EIA EWC:	\$ 13,981,931	\$ 1,438,001	\$ 15,419,932
<b>CSAC EIA Total:</b>	<b>\$ 36,219,366</b>	<b>\$ 3,725,056</b>	<b>\$ 39,944,422</b>

\*actuarial cost from Aon studies valued at June 30, 2014.

Daniel noted that due to financial considerations, the AORMA WC program can only participate in this risk transfer if the Campus WC Risk Pool also participates.

The CSAC EIA excess workers’ compensation program has a minimum attachment point of \$125,000. CSAC EIA created a primary workers’ compensation program for CSURMA which will have a \$125,000 per accident limit. The primary workers’ compensation program will be reinsured through AmTrust. CSAC EIA has an existing relationship with AmTrust. CSAC EIA will retain the premium paid by CSURMA for the primary layer which will earn interest.

The cost of a primary reinsurance program would be paid from AORMA and Campus WC Risk Pool deposits that would otherwise be used to self-insure the claims. If claims develop as projected by the CSURMA actuary, the proposed EIA program would result in a lower cost to CSURMA. If CSURMA’s claims are less than the actuary’s projection or if CSAC EIA has negative experience in their excess workers’ compensation program, the cost of the proposed EIA program may be higher than CSURMA’s actuarial projection.

As a projection, if CSU remains in the EWC program for three years, then CSU’s percentage in the pool would be 4%. For ten years, CSU will receive 4% of the dividends paid or will be assessed 4% of the assessments. If CSU remains in the program for ten years, CSU’s premium

would be 11% of the total pool. This is an estimate which assumes that CSU premium would not change. CSAC EIA levied an assessment in FY 04/05 of \$8,000,000 and has not declared a dividend in many years.

Mike Flemming commented that the interest rate assumption is a hard number to estimate. CSAC EIA has to rely on CSU's actuarial report.

The committee asked how CSAC EIA would be different from SELF. Daniel noted that CSAC EIA may assess each member as well; however, the problems with SELF resulted from a number of issues. The excess workers' compensation pool had an extremely low self-insured retention of \$250,000, and the rating did not include member experience modification factors. Because of this, the members with the low loss ratios left the program and the members with the high loss ratios stayed. This created adverse selection. Also, SELF did not audit the members' claims administrators and had only one claims consultant on staff to oversee the claims administration of all of the members. CSAC EIA does include an experience modification factor in each member's premium calculation. CSAC EIA audits each member's claims administrator to verify that the claims are being reserved appropriately and that claims are being administered effectively every other year. Also, SELF required a six month notice of cancellation which made leaving the program difficult. CSAC EIA requires only 60 days notice of cancellation and the notice of cancellation is rescindable. CSAC EIA also has seven staff members who are devoted to loss control.

A motion was made to delegated authority to the executive committee to make the final decision and to execute the participation documents if appropriate.

**Motion: Guy Dalpe**  
**Second: Brian Nowlin**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	X			
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				



**APPROVED**

**The motion carried.**

**G. INFORMATION ITEMS**

The committee reviewed the following information items.

- G1. CSURMA AORMA 2014 Meeting Calendar**
- G2. CSURMA AORMA Program Administrator's Contact Lists**
- G3. AORMA's Travel Reimbursement Policy**
- G4. AORMA Committee Members - Effective 7/01/14**

**H. ADJOURNMENT**

The meeting was adjourned at 2:56 PM.