



APPROVED

**MINUTES OF THE CSURMA AORMA
PROGRAMS COMMITTEE MEETING
JUNE 5, 2014
TELECONFERENCE MEETING
1:00 PM**

MEMBERS PRESENT

Kurt Borsting, Associated Students, Inc. (CSU Fullerton)
Guy Dalpe, Cesar Chavez Student Center (San Francisco State University)
Gigi Kiama, University Corporation (CSU Monterey Bay)
Haleh Minakary, The Cal Poly Pomona Foundation, Inc. (Cal Poly Pomona) - *left at 2:24 pm*

MEMBER ABSENT

Mark Day, Santos Manuel Student Union (CSU San Bernardino)

STAFF, GUESTS AND CONSULTANTS

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

A. CALL TO ORDER

The meeting was called to order by Guy Dalpe at 1:03 PM.

B. PUBLIC COMMENTS

There were no public comments.

C. GENERAL ADMINISTRATION

C1. Approval of the Agenda Order

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

First: Gigi Kiama
Second: Kurt Borsting

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary	X			

Mark Day				X
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MOTION CARRIED

C2. Approval of Minutes – May 1, 2014

A motion was made to approve the minutes of the May 1, 2014 meeting.

First: Kurt Borsting

Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary	X			
Mark Day				X

MOTION CARRIED

C3. Actuarial Proposal for Additional Scope of Services for FY 15/16 Liability Program

Mimi explained that the proposed FY 15/16 Liability Program member allocation formula will require that two extra actuarial services be completed by Aon, the CSURMA actuary. The additional work will involve providing (1) four separate cost allocations for AORMA’s auto, EPL, premises liability, and “all other” exposures, and (2) experience modification factors for each member. The current cost for the AORMA Liability Program actuarial study is \$3,500. For the FY 15/16 report, Aon’s fee would increase to \$9,500, or an additional \$6,000. For all additional years, Aon’s fee would be \$5,000, or an additional \$1,500.

A motion was made to recommend approval to the AORMA Committee of Aon’s FY 15/16 liability actuarial agreement and proposal.

First: Kurt Borsting

Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary	X			
Mark Day				X

MOTION CARRIED

C4. FY 15/16 Liability Program Member Allocation Formula – ISO Rating Comparison

The committee reviewed the rating comparison. The AORMA Liability Underwriter re-rated five members in the liability program using the member's current exposures and the current ISO rates. This was compared against the FY 14/15 liability allocation and the proposed FY 15/16 liability allocation.

The committee expressed concern with the potential premium difference between FY 14/15 and FY 15/16, but ultimately felt that each member should pay into the program premium consistent with its loss exposures even if it means incurring a significant increase for the first year.

No action was taken. Mimi recommended that the next steps would be to revise the current liability program application and to send it out early in order to obtain accurate exposure information for FY 15/16. Mimi stated that the total expenditures in the allocation should be modified to include only "operational expenditures" but not expenses such as taxes, interest, bank charges. Staff will finalize the guidelines for each member to use when calculating its expenditures. The premises liability exposure information must also be updated to include the total square footage for all property owned, leased or occupied or where the member is responsible for its maintenance and upkeep.

Once the FY 15/16 actuarial reports are completed in August, and the updated exposure information is received, the committee can then begin to fine tune the allocation. Mimi stated that the committee should review the proposed allocation formula again in late August or early September.

C5. AORMA Liability Program Memorandum of Coverage Revisions

Mimi explained the recommended changes the liability program memorandum of coverage.

The following was added to the **Limitations upon CSURMA AORMA's Liability** section within the MOC:

"Bodily injury or personal injury damages resulting from non-employment harassment will be deemed to have occurred at the time of the initial non-employment harassment and all such bodily injury or personal injury will be deemed to be a single occurrence whether committed by the same perpetrator or two or more perpetrators acting in concert and without regard to the number of (1) incidents of non-employment harassment taking place thereafter, (2) victims of non-employment harassment, or (3) locations where the non-employment harassment took place. Only the Memorandum of Coverage in effect during which such non-employment harassment last occurred will apply to such single occurrence of non-employment harassment. Coverage does not apply to any covered party who is found by a court of law to have committed a criminal act of non-employment harassment."

The policy section does three things:

1. It establishes the “occurrence” date for the non-employment harassment as the date of the last contact. It is important that the MOC establishes an occurrence date as the offenses can often occur over more than one policy period. The occurrence date was changed to the last contact so that it is consistent with the coverage wording within the excess liability program.
2. It establishes that all actions by the same perpetrator or multiple perpetrators working together will be deemed to be one occurrence; therefore, only one \$350,000 self-insured retention applies. This benefits AORMA as only one \$350,000 self-insured retention will apply to the occurrence as opposed to each action by the perpetrator(s) being considered separate occurrences and therefore resulting in multiple SIR’s being paid from the AORMA pooled layer.
3. It establishes that all actions by the same perpetrator or multiple perpetrators working together will be deemed to be one occurrence. This limits the coverage available for the actions of the perpetrator(s) to one limit. Because CSURMA AORMA has a liability program with total limits of \$200MM, this is not a concern.

The following definition of Non-Employment Harassment has been added to the Definitions section of the MOC:

***Non-employment harassment** means actual or alleged unwelcome or offensive;*

- a. Physical conduct, including sexual molestation; or*
- b. Verbal or written conduct or conduct using visual images, including such conduct by electronic means,*

*against anyone other than a present or former employee of, or an applicant for employment with, the **Member** and shall include any actual or alleged breach of duty by a **covered party** causing, contributing or leading to such **non-employment harassment**.*

The definition does not include offenses against present, former or prospective employees because they are specifically listed under the definition of unfair employment practices.

Coverage for Unmanned Aerial Vehicles (UAV)

The following amendment was made to the Aircraft Exclusion within the MOC in order to add back coverage for unmanned aerial vehicles:

*To any liability for **damages** arising out of the ownership, maintenance, loading or unloading, use or operation of any aircraft capable of flight, airfields, runways, hangers, buildings or other property in connection with aviation activities. This exclusion does not apply to static aircraft, or to an **unmanned aerial vehicle**. ~~property damage to (1) property owned by the **Member**, or (2)~~*

~~*aircraft in the care, custody, or control of the Member, including aircraft over which the Member is exercising physical control.*~~

The term UAV was deleted from the definition of aircraft. Aircraft liability is excluded within the MOC; therefore, by deleting UAV from the definition of aircraft, coverage is not automatically excluded for UAVs.

The following was added to the definitions section of the MOC:

Unmanned Aerial Vehicle means any vehicle without a human pilot aboard capable of flight principally in the air that is designed for the transport of equipment and weighing no more than 100 lbs. maximum take-off weight for the purpose of aerial surveillance.

100 lbs. was used in the definition because this is the FAA's standard weight for non-commercial use.

Exclusion of Cyber Liability

The following exclusion was added to the MOC:

Cyber Liability

"Damages, or loss, costs or expenses because of bodily injury, personal injury, property damage or errors and omissions arising directly or indirectly out of:

- 1. Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or*
- 2. The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.*

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, costs or expenses incurred by any covered party or others arising out of that which is described in Paragraphs 1 and 2 above."

This exclusion is for clarification only. The CSURMA AORMA Liability Program does not provide cyber liability coverage. CSURMA AORMA has a \$5,000,000 cyber liability coverage program. The first \$2,000,000 in coverage is provided within the property program and the excess \$3,000,000 is purchased through London.

Medical Malpractice

The medical malpractice exclusion was modified as follows:

*“Liability arising out of the operation of any hospital, clinic, or health care facility, owned or operated by any **Member** including individuals providing professional medical services (Professional Medical Services include anyone engaged in the practice of medicine and whose operations are not exempted elsewhere in this exclusion). This includes, but is not limited to:*

1. *The rendering or failure to render:
 - a. *Medical, surgical, dental, x-ray or nursing services or treatment, or the furnishing of food or beverages in connection therewith;*
 - b. *Any service or treatment related to physical or mental health or of a professional nature; or*
 - c. *Any cosmetic or tonsorial service or treatment.**
2. *The furnishing of or dispensing of drugs or medical, dental or surgical supplies or appliances.*
3. ~~*Experiments performed on human beings, clinical trials and/or medical trials.*~~

This exclusion does not apply to any liability arising out of:

1. *Ambulance operations, occupational physical examinations, student nursing programs, other student medical training programs, infirmaries, non-clinic nursing services or services of the **Member’s employees** who are nurses, paramedics, emergency medical technicians, speech therapists, speech pathologists, nutritionists, psychologists, audiologists, or physical therapists;*
2. ***Unfair employment practices** liability;*
3. *First Aid to any person;*
4. *Any medical services clinic that does not perform invasive surgery of any kind; or*
5. *Operations performed by coroners.”*

Genesis added the exclusion for “experiments performed on human beings, clinical trials and/or medical trials”. Staff was able to add back the exclusion exceptions 1 through 5 above; however,

effective July 1, 2014, Staff is requesting that Genesis remove the “experiments performed on human beings, clinical trials and/or medical trials” wording completely.

Exclusion of Fines and Penalties, et al.

The following wording has been added to the definition of Damages:

“Damages shall not include fines, penalties, sanctions, taxes or fees assessed against any covered party.”

The AORMA Liability Program agrees to pay on behalf of any Covered Party those sums for ultimate net loss which the Covered Party shall become obligated to pay as **damages**, by reason of liability imposed by law, because of bodily injury, property damage, errors and omissions, unfair employment practices liability, and personal injury, to which this Memorandum applies, caused by an occurrence.

The AORMA Liability Program is designed to cover tort liability caused by the insured, not civil or statutory fines and penalties. Fines and penalties are generally not considered to be **damages** because they arise (1) out of illegal or grossly negligent conduct, or (2) from the refusal to comply with a statutory directive. Covering fines and penalties would therefore be contrary to public policy. Also, the imposition of a statutory fine, rather than a claim for monetary compensation, does not seek compensation for damages to a third-party.

The MOC does not specifically exclude fines and penalty, but the MOC was never intended to cover fines and penalties. This additional MOC wording simply clarifies that fines and penalties are not considered damages and therefore are not covered.

Domestic Hired Automobile Physical Damage Endorsement

The AORMA Liability Program includes physical damage to hired autos, subject to a \$1,000 deductible and the terms of the endorsement. In most cases, the AORMA contract with Enterprise Rent-A-Car provides automatic physical damage coverage to hired vehicles; however, this endorsement was added to fill in those gaps in coverage when the collision damage waiver is not offered with the auto rental.

The exclusion section within the Domestic Hired Automobile Physical Damage endorsement has been modified as follows:

“CSURMA AORMA will not pay for loss to any expensive, exotic or ~~and~~ antique automobiles; 15- passenger vans; ~~vehicles that have an open cargo bed;~~ ~~semi-trailer~~ trucks; motorcycles, mopeds, or ~~and~~ motorbikes. ~~limousines; and recreational vehicles.~~ An Antique automobile is defined as any vehicle over twenty (20) years old or any vehicle that has not been manufactured for ten (10) years or more. ~~Excluded are:~~ Examples of excluded expensive or exotic automobiles include but are not limited to those manufactured by Aston Martin, Bentley, Bricklin, Daimler, DeLorean, Excalibur, Ferrari, Jensen, Lamborghini,

Lotus, Maaserati, Porsche and Rolls Royce. However, selected models of BMW, Mercedes-Benz, Cadillac and Lincoln are covered.”

Occasionally, an AORMA member will rent a limousine or recreational vehicle. Enterprise will not provide physical damage coverage for these vehicles. In response, these two types of vehicles have been removed for the excluded auto section.

A motion was made to approve a recommendation to the AORMA Committee to approval the changes.

First: Gigi Kiama
Second: Kurt Borsting

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting	X			
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary				X
Mark Day				X

MOTION CARRIED

C6. New Programs Committee Members

Because Kurt Borsting will term out on June 30th, the committee discussed potential replacements. The following staff members were mentioned:

1. David Crandall, General Manager – Associated Students, CSU, Northridge, Inc.
2. Lynn Cacha, Aztec Student Union Director – Associated Students, San Diego State University
3. Dave Nakamura, Executive Director –Humboldt State University Center
4. Joe Illuminate, Associate Director, Finance and Business Services - University Student Union of CSU Northridge
5. Jun Reina, Chief Financial Officers, Capital Public Radio, Inc.
6. Cheryl Vargas, Executive Director, Associated Students, SJSU

Guy agreed to contact David Crandall, Joe Illuminate and Cheryl Vargas. Kurt will contact Lynn Cacha and Dave Nakamura. Gigi will contact Jun Reina. Gigi let the committee know that she contacted Georg Jahn, the chair of the AOA RAC (Research Administration Committee) to see if a representative from sponsored programs would be interested in joining the programs committee.

D. INFORMATION ITEMS

D1. CSURMA AORMA 2014 Meeting Calendar



APPROVED

The committee agreed to move the June 26th programs committee meeting to Wednesday, July 2 at 1pm.

D2. 2014 CSURMA Service Calendar and Long Range Action Plan

The committee reviewed the information items.

E. ADJOURNMENT

The meeting was adjourned at 2:53 PM.