



**CSURMA AORMA OFFICERS RETREAT**  
**“This is an Open Public Meeting”**

*In accordance with the requirements of the Bagley-Keene Open Meeting Act, notice of this meeting must be posted in a publicly accessible place, including the internet, at least ten days in advance of the meeting. This meeting agenda shall also be posted at the address of the teleconference location with access for the public via phone/speaker phone.*

*Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location may require routine provision of identification to building security. However, CSURMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*

**Monday, July 17, 2017**  
 11:30 AM – 4:00 PM (Est.)

**Tuesday, July 18, 2017**  
 8:00 AM – 11:00 (Est.)

**Alliant Insurance Services, Inc.**  
 Torrey Pines Conference Room  
 701 B Street, 6<sup>th</sup> Floor  
 San Diego, CA 92101

<b>A.</b>	<b>TOPICS FOR DISCUSSION</b>	<b>Page</b>
1.	Long Range Action Plans	I p. 4
	a. AORMA Committee – FY 16/17	
	b. CSURMA Executive Committee – FY 17/18	
2.	Estimated Fund Balance Exhibits	I p. 11
3.	CSAC-EIA Workers’ Compensation Program Costs	I p. 18
4.	CSAC-EIA Member Services and Resources	I p. 19
5.	Historical information on AORMA’s Funding Philosophy	A p. 22
6.	Creation of New AORMA Benefits Program	A p. 23
7.	AORMA Workers’ Compensation Program Members	I p. 43
8.	On-Line Training - Termination of TargetSolutions Contract effective June 30, 2017	I p. 44
9.	Reporting Tool for Employees to Mitigate Risks	I p. 45
10.	Alliant Risk Control Consulting - Webinars	I p. 48

11.	Review of Member Allocation Formulas	I	<i>p. 51</i>
	a. Liability Rating Plan		
	b. Workers' Compensation Rating Plan		
	c. Property Rating Plan		
	d. Crime Rating Plan		
	e. Unemployment Insurance Program		
12.	CSURMA AORMA Communication	I	<i>p. 77</i>
13.	Succession Planning	A	<i>p. 78</i>
	a. AORMA Committee and Standing Committee Roster and Org Chart @ July 1, 2017		
	b. Policy & Procedure A-1 – AORMA Committee Composition, Elections and Term Limits		
	c. Policy & Procedure A-2 – AORMA Committee and Standing Committee Roles and Responsibilities		
14.	CSURMA AORMA Program Staff	I	<i>p. 89</i>
15.	AOA Conference – Session Topics	I	<i>p. 94</i>
	a. Major Property Losses Pre and Post		
	b. Cyber Risks		
	c. Wellness Center: Insurance Requirements, Waives, Maintenances, Etc.		
	d. Programs for Minors: Insurance Requirements, Waivers, Etc.		
16.	Ideas for Creation or Modification of CSURMA AORMA Programs and/or Services	A	<i>p. 95</i>
17.	Recap of Projects to be Included on the FY 17/18 AORMA Long Range Action Plan	I	<i>p. 96</i>
<b>B.</b>	<b>APPENDICES</b>		<i>p. 97</i>
1.	Liability Program	I	<i>p. 98</i>
	a. List of member EPL deductibles		
	b. Total funding report for FY 17/18		
	c. Policy & Procedure L-1 – Claims Reporting		
	d. Policy & Procedure L-2 – Liability Claims Administration and Litigation Management		
	e. Policy & Procedure L-3 – Legal Counsel Selection		
	f. Policy & Procedure L-4 – Employee Driving Standards		
	g. Policy & Procedure L-5 – Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations		
	h. Policy & Procedure L-6 – Requirement to Purchase PAI for all Activities Involving Minors		
	i. Policy & Procedure L-7 – Employment Practices Deductible		
	j. Policy & Procedure L-8 – Liability Program Member Allocation Formula		

2.	Workers' Compensation Program	I	p. 139
	a. Total funding report for FY 17/18		
	b. W-1 - Workers' Compensation Member Allocation Formula		
	c. W-2 - Requirement of Members to Maintain Experience Modification Factor of 1.25 or Less		
	d. W-3 - Claims Handling Procedures and Guidelines		
	e. W-4 - Workers' Compensation Coverage Claims Settlement Authority		
	f. W-5 - Volunteer Coverage		
3.	Property Program	I	p. 166
	a. Total funding report for FY 17/18		
	b. P-1 – Property Program Member Allocation Formula		
4.	Crime Program	I	p. 171
	a. Total funding report for FY 17/18		
	b. C-1 – Crime Program Member Allocation Formula		
5.	Unemployment Insurance Program	I	p. 175
	a. UI-1 - Formula for Determining Unemployment Insurance Program Annual Contributions		
6.	Target Surplus Funding Policy / Dividends	I	p. 178
	a. Policy & Procedure A-3 – Target Surplus Funding Policy		
	b. Target surplus funding report		
	c. History of dividends declared		
	d. Policy & Procedure A-4 – Dividends and Assessments		
7.	AORMA Policies and Procedures	I	p. 190
	a. Schedule for review of AORMA's policies and procedures		
8.	CSURMA Financial Statement @ March 31, 2017	I	p. 191
9.	CSURMA Financial Audit @ June 30, 2016	I	p. 203
10.	CSURMA AORMA Policies and Procedures (remaining)	I	p. 249
	a. Policy & Procedure A-5 – Annual Calendar of Reports, Audits and Filings		
	b. Policy & Procedure A-6 – Risk Reduction Matching Grant Program		
	c. Policy & Procedure A-7 – Travel Reimbursement Policy		
	d. Policy & Procedure A-8 – CSURMA AORMA Closed Session Policy		
11.	CSURMA Joint Powers Authority Agreement	I	p. 257
12.	CSURMA Bylaws	I	p. 275
13.	AORMA Participation Agreement	I	p. 289

Please contact Mimi Long [mlong@alliant.com](mailto:mlong@alliant.com) or Tevea Him [thim@alliant.com](mailto:thim@alliant.com) with questions.

## **LONG RANGE ACTION PLANS**

**ISSUE:** The Committee will be asked to review the AORMA Committee and CSURMA Executive Committee Long Range Action Plans providing direction to Staff as appropriate.

**RECOMMENDATION:** No action is recommended; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. AORMA Committee Long Range Action Plan for FY 16/17
- b. CSURMA Executive Committee Long Range Action Plan for FY 17/18

## FY 2016/17 CSURMA AORMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
<b>LRP-1 Benchmarking Initiative</b>					
<b>Develop benchmarking operations beyond Workers' Compensation</b>	<b>1</b>	Research benchmarking resources available	PA, SRM	Oct-16	Completed
	<b>2</b>	Develop a conceptual proposal for short and long term benchmarking	PA, SRM	Jan-17	Completed
	<b>3</b>	Presentation of sustainable long term benchmarking program	PA, SRM	Sep-17	
	<b>4</b>	Approval of long term benchmarking project scope	AORMA, EC	Sep-17	
<b>LRP-2 Marine Program</b>					
<b>Creation of a marine program</b>	<b>1</b>	Review and update watercraft schedule, as appropriate	PA	Nov-16	Completed
	<b>2</b>	Create marine program coverage specifications	PA	Nov-16	Completed
	<b>3</b>	Obtain coverage options, and pricing, for program and present to the Programs Committee	PA	Feb-17	Completed
	<b>4</b>	Present final program design to AORMA Committee	PA	May-17	Completed
	<b>5</b>	Disseminate the Marine Program information to the AORMA members	PA	Jul-17	
<b>LRP-3 Captive Insurer</b>					
<b>Evaluation of participation in possible CSU captive vehicle</b>	<b>1</b>	Oversee formation of captive	PA, SRM	Jun-17	In Process
	<b>2</b>	Determine which insurance products can be marketed by the auxiliary organizations	PA, SRM, EC, AORMA	Jul-17	
	<b>3</b>	Design marketing plan	PA, SRM, AORMA	Aug-17	
<b>LRP-4 Fine Arts, Artifacts and Archives Program (FAAAP)</b>					
<b>Fine Arts, Artifacts and Archives Program rollout and schedule of development</b>	<b>1</b>	Develop Fine Arts, Artifacts and Archives Program	PA	May-16	Completed
	<b>2</b>	Announcement of FAAAP	PA	Jun-16	Completed
	<b>3</b>	Introduce the FAAAP during the AOA Conference AORMA Update	AORMA Chair	Jan-17	Completed
	<b>4</b>	Provide updated information via the CSURMA Newsletter "What's the Risk"	PA	Mar-17	
<b>LRP-5 GoGround (Master Enable Agreement for Transportation)</b>					
<b>GoGround communication and rollout plan</b>	<b>1</b>	Finalize agreement between CSURMA and GoGround	SRM	Jul-17	
	<b>2</b>	Introduce the GoGround MEA for Transportation during the AOA Conference AORMA Update	AORMA Chair	Jan-17	N/A
	<b>4</b>	Provide information via the CSURMA Newsletter "What's the Risk"	PA	Jul-17	

**FY 2016/17 CSURMA AORMA LONG RANGE ACTION PLAN**

<b>GOAL</b>	<b>ACTION / TASK</b>	<b>RESPONSIBLE ENTITY</b>	<b>DEADLINE</b>	<b>STATUS</b>	
<b>LRP-4 CSURMA Website</b>					
<b>Drive traffic to the CSURMA website</b>	<b>1</b>	Send out first CSURMA Newsletter "What's the Risk"	PA	Dec-16	In Process
	<b>2</b>	Link all "What's the Risk" articles to the CSURMA Website	PA	Dec-16	In Process
	<b>3</b>	Include a link in all announcements that take the recipient directly to the CSURMA Website	PA	Dec-16	In Process
	<b>4</b>	Include a Policy and Procedure information item in every newsletter	PA	Mar-17	
<b>LRP-5 Special Funding Task Group</b>					
<b>Compile historical information on AORMA's funding philosophy</b>	<b>1</b>	Research historical funding decisions	PA	Jun-17	
	<b>2</b>	Discuss with Special Funding Task Group (AORMA Officers)	PA, AORMA Officers	Jul-17	
	<b>3</b>	Discuss with the AORMA Committee	PA, AORMA	Sep-17	
	<b>4</b>	Memorialize AORMA's Funding Philosophy and distribute as appropriate	PA	Oct-17	
<b>BOD: CSURMA Board of Directors</b>		<b>EC: CSURMA Executive Committee</b>			
<b>PC: AORMA Programs Committee</b>		<b>OGC: CSU Office of General Counsel</b>			
<b>CABO: CSU Chief Administrators and Business Officers</b>		<b>PA: CSURMA Program Administrator</b>			
<b>CO: Chancellor's Office</b>		<b>SRM: CSU Systemwide Risk Management</b>			
<b>AORMA: AORMA Committee</b>					

## FY 2017/18 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
<b>LRP-1</b>	<b>SPECIAL EVENTS RESOURCE GUIDE</b>			
<b>Create a Special Events Resource Guide. Implement risk management training for special events.</b>	1 Identify and engage consultant to create Special Events Risk Management Manual and training modules.	SRM	Aug-15	Completed
	2 Consultant presents Special Event Management Project at Fitting the Pieces Together Conference	SRM	Nov-16	Completed
	3 Develop subject content for special events risk management manual.	SRM	Apr-17	Completed
	4 Oversee design and development of special events risk management manual.	SRM	Apr-17	In Process
	5 Consultant develops training module(s) for CSU LMS	SRM	Jan-18	
	6 Roll out manual to all campus and auxiliary organization staff	SRM	Jan-18	
	7 Post manual on the CSURMA website.	PA	Jan-18	
	8 Roll out special events training on the CSU LMS.	SRM	May-18	
<b>LRP-2</b>	<b>RMIS REPORTING</b>			
<b>Implement a Risk Management Information System and Provide Regular Reporting</b>	1 Populate Ventiv database with Phase 1 data.	PA	Jun-17	In Process
	2 Present Phase 1 project results and recommendations for Phase 2.	SRM, PA	Sep-17	
	3 Approve Phase 2 and ongoing database maintenance plan.	EC	Sep-17	
	4 Approval of initial benchmarking project scope and costs.	EC	Sep-17	
	5 Implement initial project.	SRM, PA	Oct-17	
	6 Initial report to EC and BOD.	SRM, PA	Oct-17	
	7 Presentation of sustainable long term benchmarking program.	SRM, PA	Mar-18	
	8 Approval of long term benchmarking project scope and costs.	EC	Mar-18	
<b>LRP-3</b>	<b>CAPTIVE INSURER</b>			
<b>Complete cost / benefits analysis for a captive insurance company to operate within CSURMA.</b>	1 Identify and engage consultant to evaluate CSURMA's captive utilization options.	EC, SRM, PA	Jan-16	Completed
	2 Review the Pinnacle Actuarial Resources initial evaluation of CSURMA's captive utilization options.	EC	May-16	Completed
	3 Present further evaluation to EC for direction.	EC	Sep-16	Completed
	4 Report on project to EC and BOD.	BOD	Nov-16	Completed
	5 Approval of the use of a captive for the legacy workers' compensation claims.	EC	Mar-17	Completed
	6 Report on project to the BOD	PA	May-17	In Process
	7 Oversee development of a captive cell.	SRM, PA	Jan-18	
<b>LRP-4</b>	<b>CAMPUS VISITS</b>			
<b>Visit Campus VPs to provide updates on CSURMA</b>	1 Schedule meetings with all Campus VPs.	PA	Aug-16	In discussion
	2 RPTG will meet to review risk pool rating plans.	SRM, RPTG, PA	Oct-16	Completed
	3 Cost of Risk Analysis received from Actuary.	PA	Oct-16	Pending

## FY 2017/18 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
	4 Completion of Campus VP presentation.	PA	Nov-16	Completed
	5 Completion Campus visits.	SRM , PA	Mar-17	In process
<b>LRP-5 ACCESSING AND COMMUNICATING EIA RESOURCES</b>				
<b>Provide information to the membership regarding the risk management and loss control services available through CSAC-EIA</b>	1 Report on CSAC-EIA resources to the BOD	PA	May-17	Completed
	2 Prepare informational bulletin to be distributed to the members	PA, SRM	Sep-17	In process
	3 Forward informational bulletins to the members on a quarterly basis	PA	Sep-17	
<b>LRP-6 MEMBER LOAN POLICY</b>				
<b>Revise member loan policy to apply to risk management projects</b>	1 Report of Project to the BOD	PA, CO	May-17	Pending
	2 Review parameters of current loan policy	PA	Aug-17	
	3 Revise Policy and Procedure No. 10 to provide a clear description of the types of risk management projects that may be approved	PA, CO	Sep-17	
	4 Approve revisions to Policy and Procedure No. 10	EC	Sep-17	
	5 Report on the changes to the member loan policy and the changes to Policy and Procedure No. 10 to the BOD	PA	Oct-17	
<b>LRP-7 ALLOCATION OF INVESTMENTS</b>				
<b>Explore and evaluate alternate investment strategies.</b>	1 Discuss alternate investment strategies.	EC	Mar-17	Completed
	2 Review CSU's new investment flexibility with legal counsel as it pertains to CSURMA.	SRM	Sep-17	
	3 Report on project to EC and BOD.	CO	Oct-17	
	4 Approval of alternate investment options.	EC	Oct-17	
	5 Report on final project to BOD	PA	May-18	
<b>LRP-8 EARTHQUAKE COVERAGE</b>				
<b>Review and consider the purchase of Systemwide earthquake coverage with a parametric trigger</b>	1 Report on project to the BOD	PA	May-17	
	2 Prepare marketing specifications for earthquake coverage with a parametric trigger	Pa	Jul-17	
	3 Set-up and organize a presentation by the insurer(s) at the CO	PA	Aug-17	
	4 Solicit quotations	PA	Aug-17	
	5 Present coverage and premium quotation to the EC for approval (if moving forward)	PA	Sep-17	

## FY 2017/18 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
<b>LRP-9 RISK MANAGEMENT GRANT PROGRAM</b>					
<b>Revise the Risk Management Innovation Grant Program to apply only to projects proposed by the affinity groups</b>	1	Update the Risk Management Innovation Grant Program application and Policy and Procedure No. 21 to apply only to projects proposed by the affinity groups	PA, SRM	Apr-17	Completed
	2	Present changes to the EC for approval	PA, SRM	May-17	Pending
	3	Report on project to BOD	PA, SRM	May-17	Pending
	4	Send out a bulletin to the membership explaining the change to the risk management grant program	PA, SRM	May-17	Pending
<b>LRP-10 WORKERS' COMPENSATION PROJECTS BASED ON CWCI DATA</b>					
<b>Create risk management / loss control workers' compensation projects based on the CWCI data</b>	1	Report on project to BOD	PA, SRM	May-17	
	2	Review CWCI benchmarking results and reports for the CSURMA dashboard	PA, SRM	Jul-17	
	3	Identify campus / auxiliary organization outliers and suggest action to be taken	PA, SRM	Sep-17	
<b>LRP-11 MARINE PROGRAM</b>					
<b>Create a marine program to cover watercraft owned by campus and auxiliary organization members</b>	1	Review and update watercraft schedule, as appropriate	PA	Nov-16	Completed
	2	Create marine program coverage specifications	PA	Nov-16	Completed
	3	Report on project to the BOD	PA	May-17	Pending
	4	Obtain coverage options, and pricing, for program and present to the EC	PA	Jun-17	
	5	Present final program design	PA	Jul-17	
	6	Disseminate the Marine Program information to CSURMA members	PA	Jul-17	
<b>LRP-12 AUXILIARY ORGANIZATION EMPLOYEE BENEFITS</b>					
<b>Provide assistance and oversight to the AOA</b>	1	Report on project to the BOD Pending Completion of the AOA Benefits User Group RFP	PA	May-17	Pending
<b>LRP-13 STUDENT HEALTH AND UC SHIP</b>					
<b>Formation of a student health program</b>	1	Report on project to the BOD	PA	May-17	Pending
<b>LRP-14 WORKERS' COMPENSATION EXPERIENCE MODIFICATION FACTOR</b>					
<b>Review and modification if</b>	1	Appoint a task group to review the current workers' compensation experience modification	EC	Mar-17	Completed

## FY 2017/18 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
<b>appropriate the Workers' Compensation Experience Modification calculation</b>	2	Review current calculation to address the disincentive for members to negotiate claim	SRM, PA	Mar-17	Completed
	3	Report on project to BOD.	BOD	May-17	Pending
	4	Meet with the task group to finalize recommendations for change.	Task Group	Jun-17	
	5	Report and recommendation for change to EC	EC	Sep-17	
	6	Final report on project to BOD	BOD	Oct-17	

**BOD:** CSURMA Board of Directors

**CABO:** CSU Chief Administrators and Business Officers

**CO:** Chancellor's Office

**CPDC:** CO Capital Planning Design & Construction

**EC:** CSURMA Executive Committee

**OGC:** CSU Office of General Counsel

**PA:** CSURMA Program Administrator

**SRM:** CSU Systemwide Risk Management

## **ESTIMATED FUND BALANCE EXHIBITS**

**ISSUE:** The Committee will review the estimated fund balance exhibits for both the Liability and Workers’ Compensation Programs. These reports show a comparison of the program assets, outstanding liabilities and estimated fund balances at March 31, 2017, as well as historical estimated fund balances and dividend information.

**RECOMMENDATION:** None; this item is for information only.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** These reports will be updated with financial information at June 30, 2017 and will be presented to the AORMA Committee during its meeting in September.

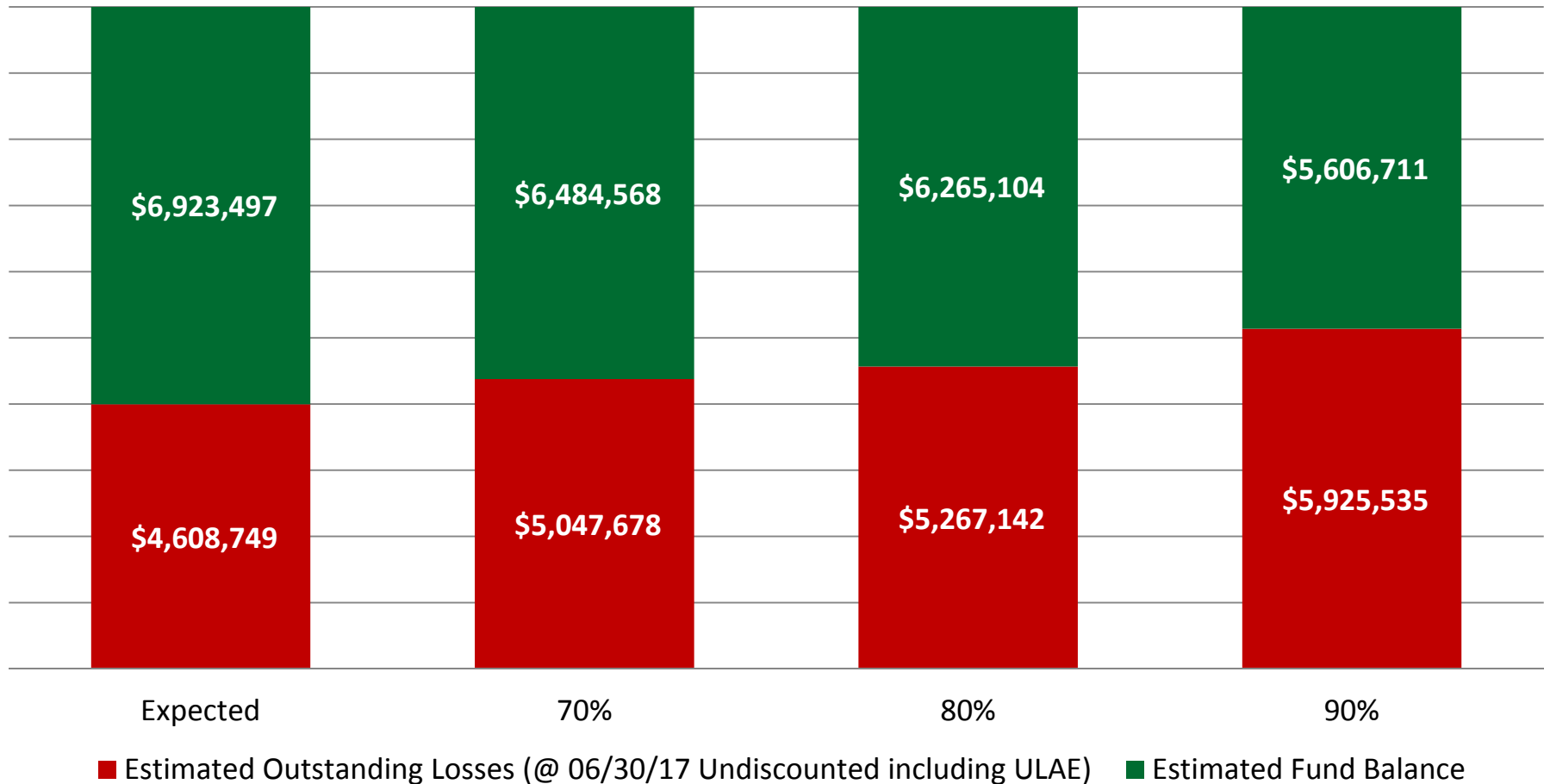
**ATTACHMENT(S):**

- a. Estimated Fund Balance @ March 31, 2017 (Liability and Workers’ Compensation Programs)
- b. Historical Estimated Fund Balance @ June 30
- c. Historical Maximum Dividend Available vs. Dividend Declared

# Workers' Compensation Estimated Fund Balance @ 3/31/17



Program Assets @ 3/31/17 - \$11,532,246

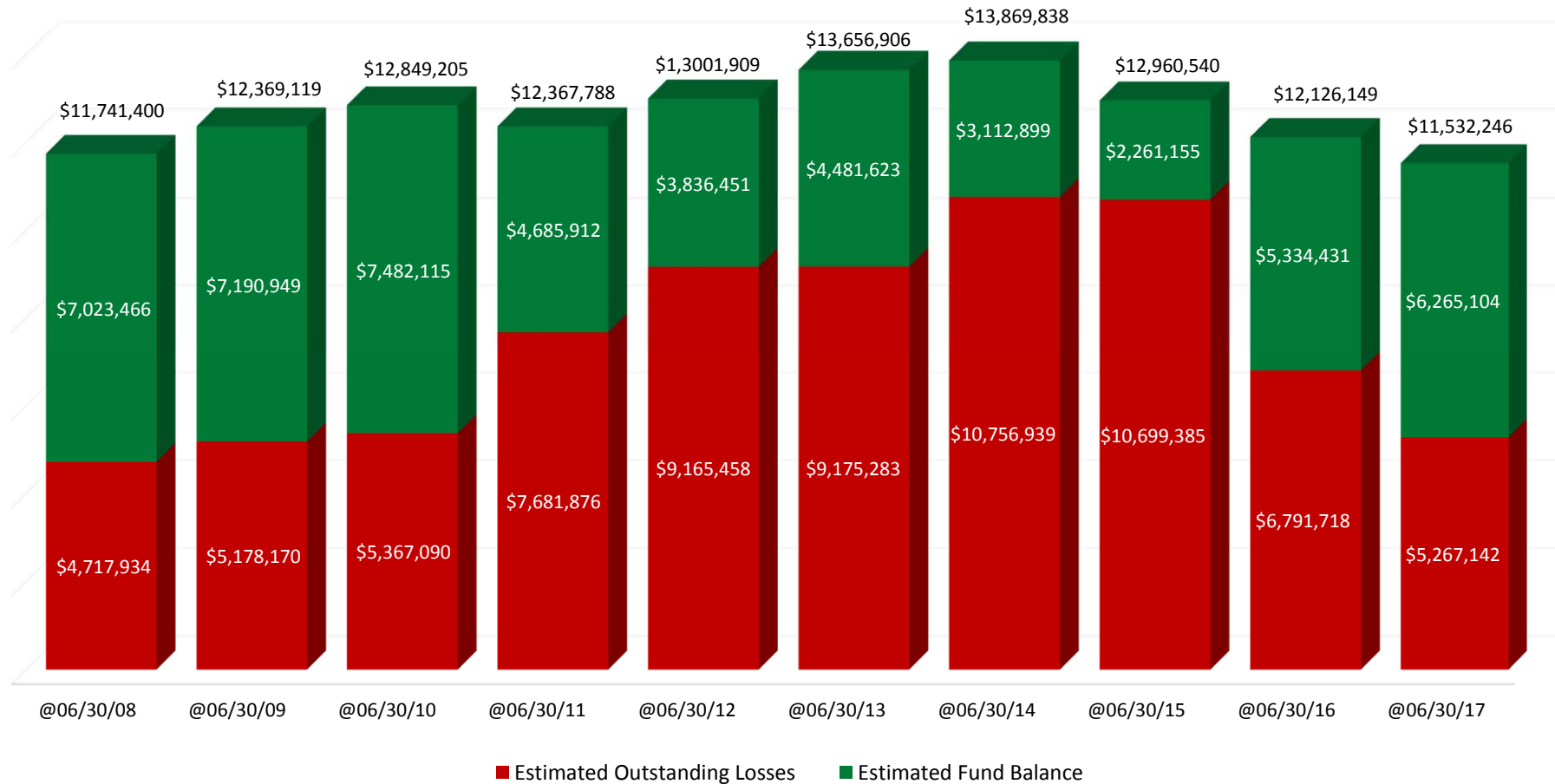


The Program Assets have been reduced by the dividend of \$888,622 payable in July 2017, and accounts payable of \$85,483.

# Workers' Compensation Historical Estimated Fund Balance @ June 30



## 80% Confidence Level



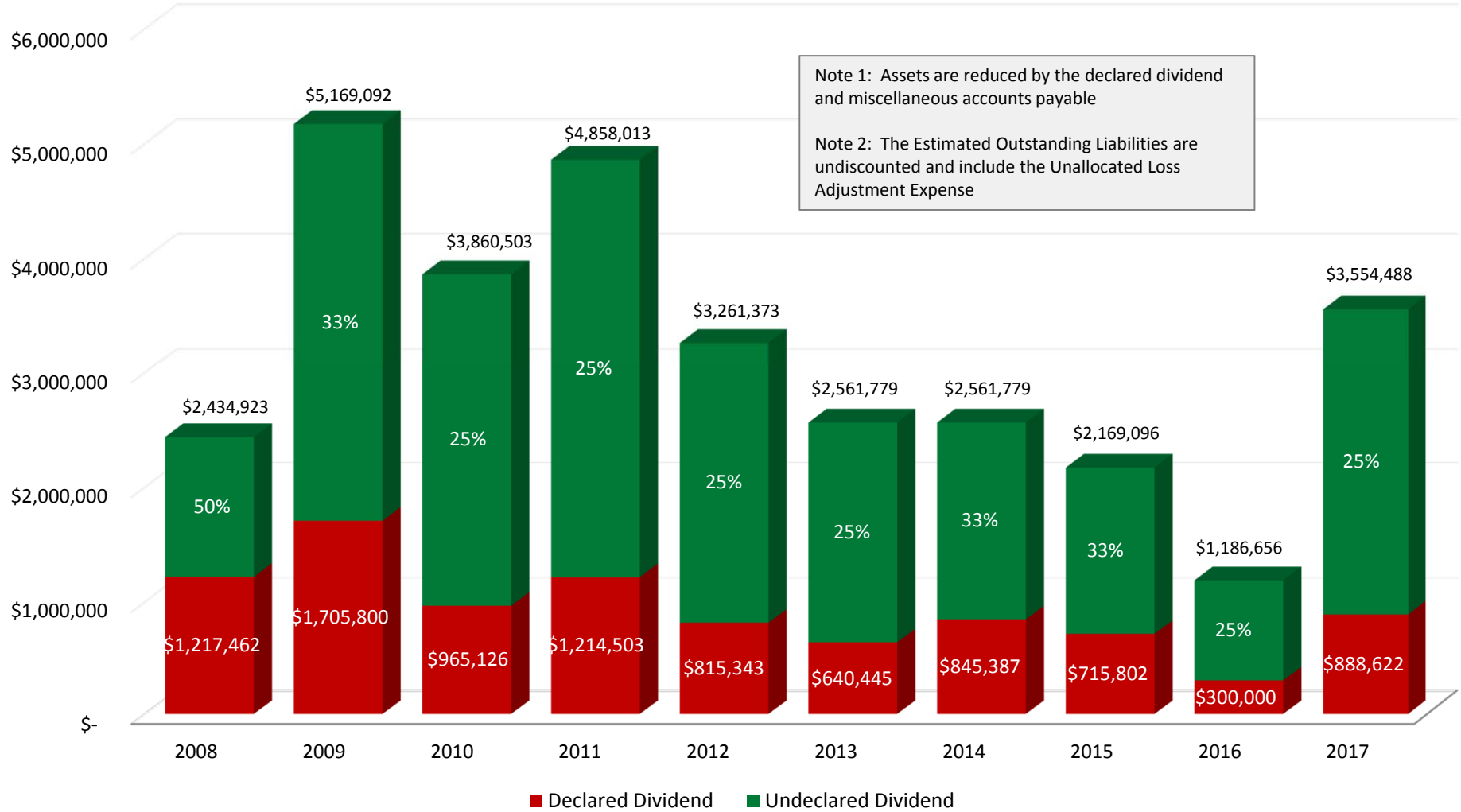
Note 1: Assets are reduced by the declared dividend and miscellaneous accounts payable

Note 2: The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense

# Workers' Compensation Historical Dividends Paid in July



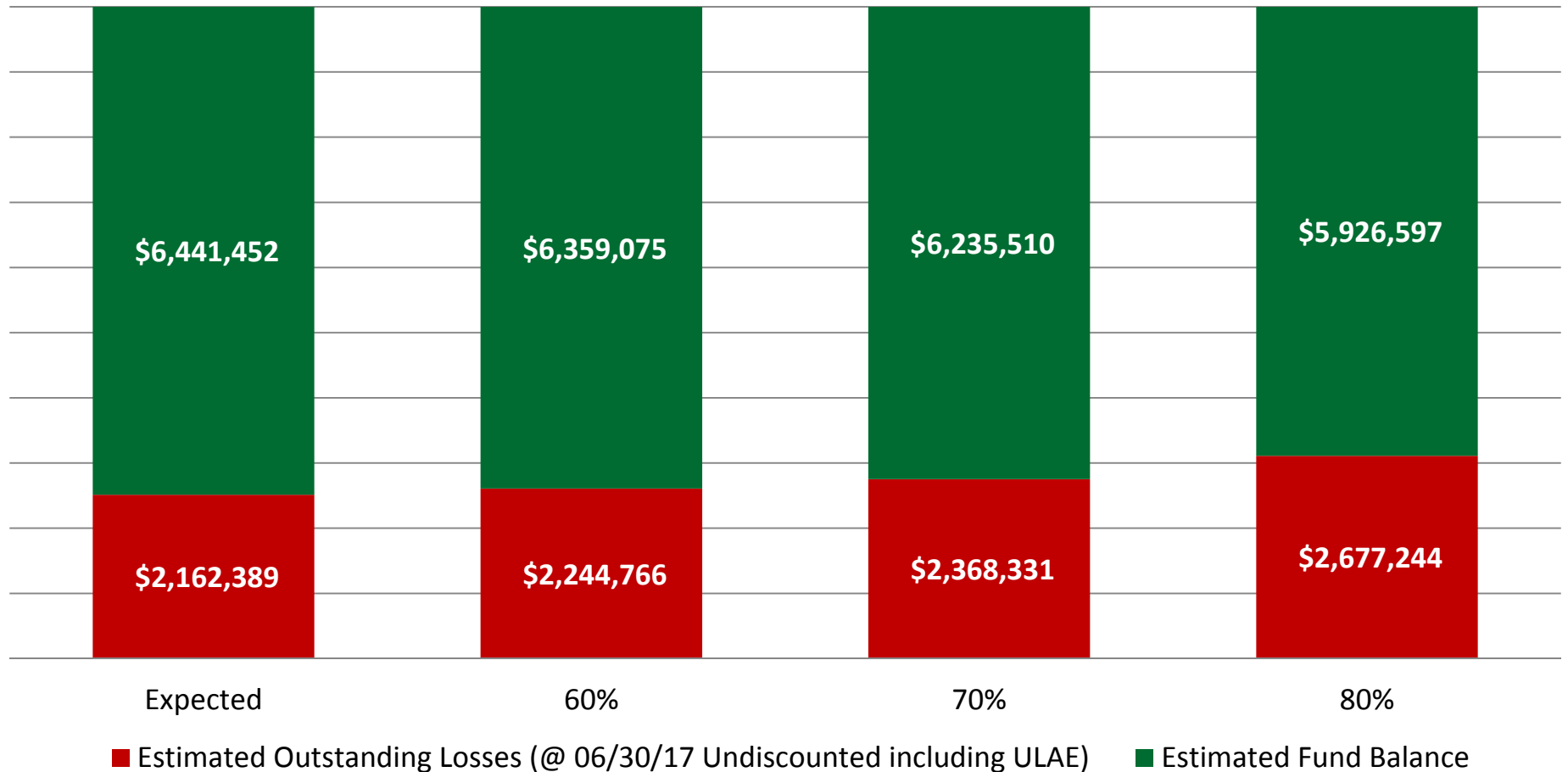
## Maximum Dividend Available vs. Dividend Declared



# Liability Estimated Fund Balance @ 3/31/17



Program Assets @ 3/31/17 - \$8,603,841

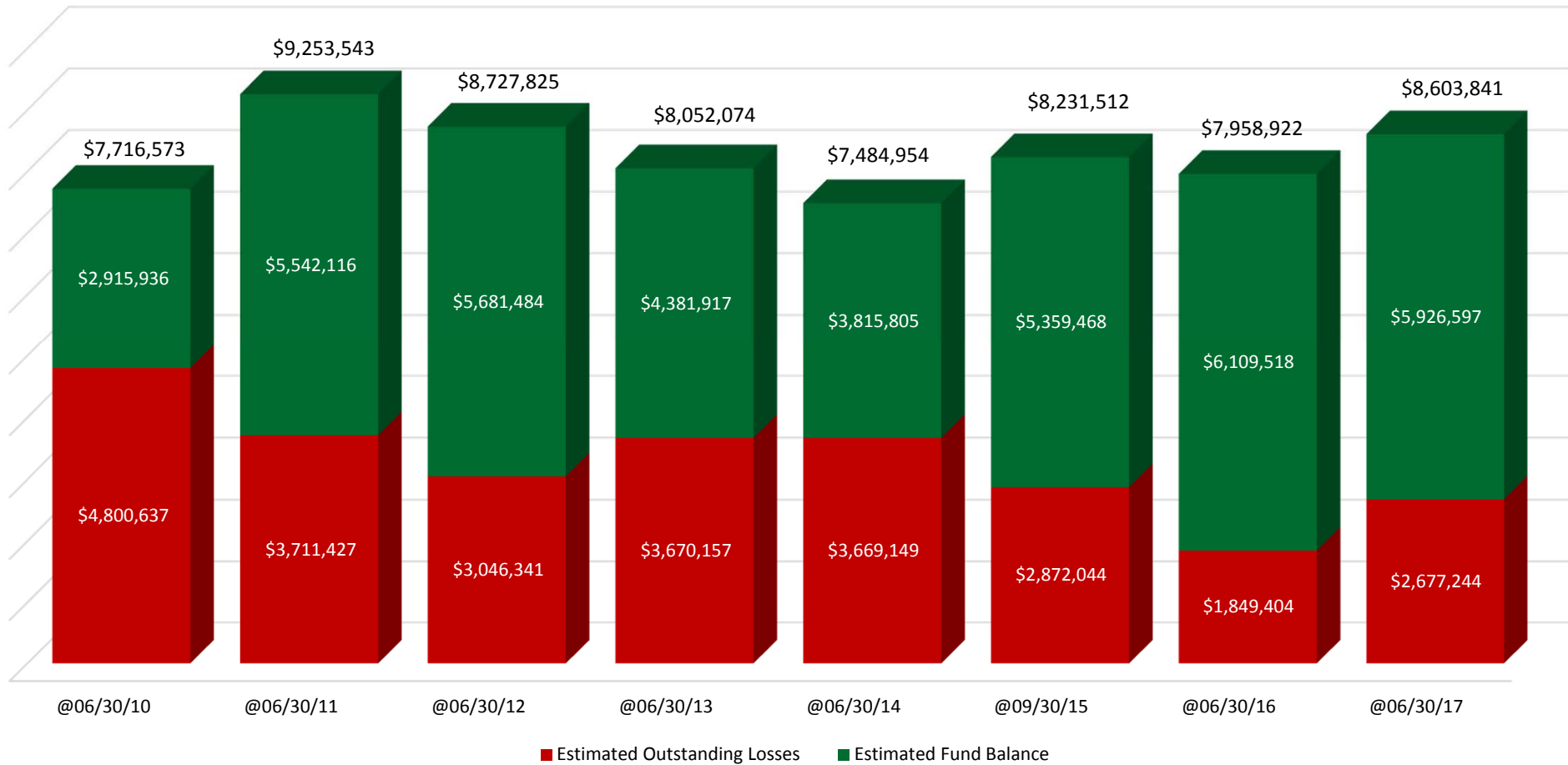


The Program Assets have been reduced by the dividend of \$824,133 payable in July 2017, and accounts payable of \$9,128.

# Liability Historical Estimated Fund Balance @ June 30



## 80% Confidence Level



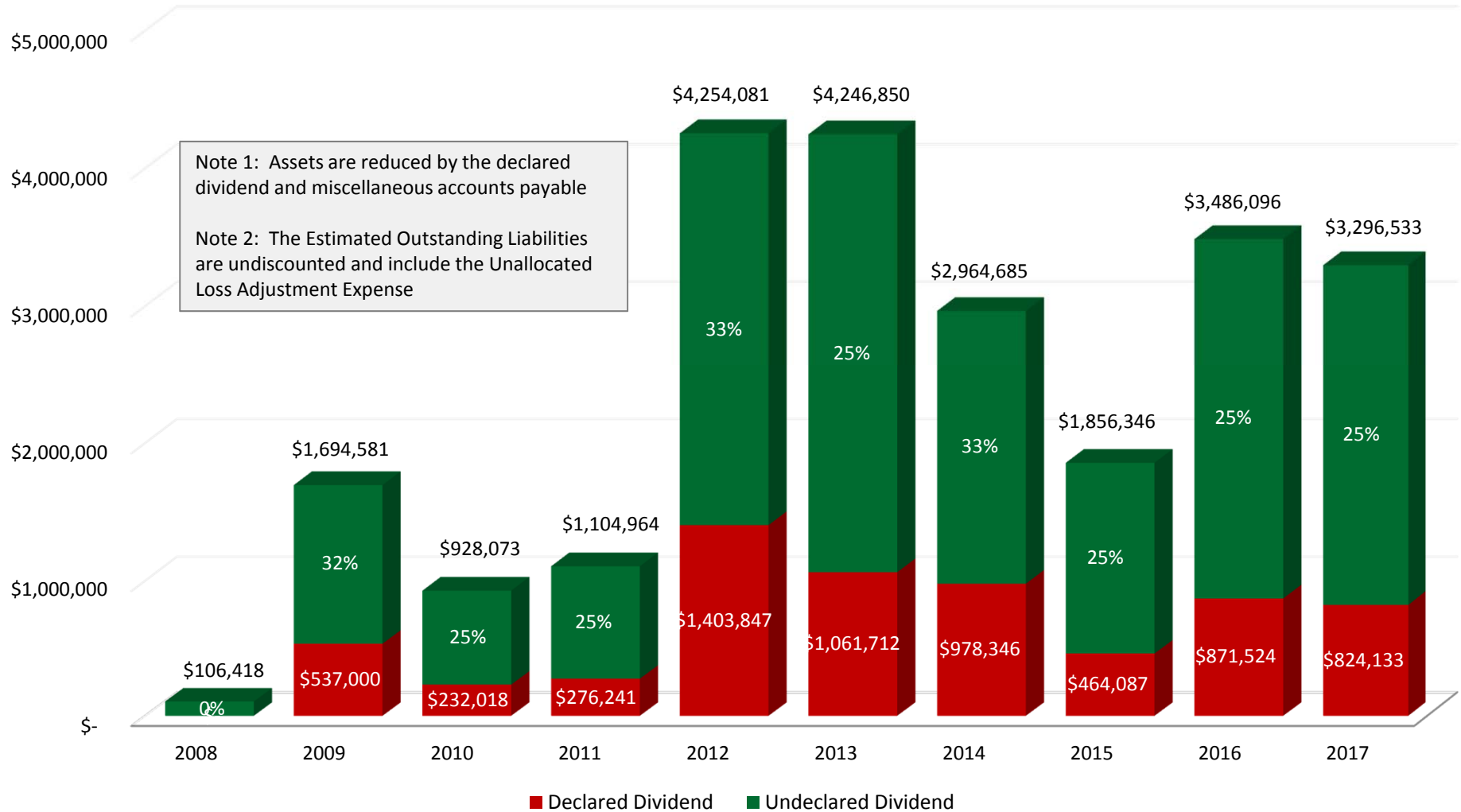
Note 1: Assets are reduced by the declared dividend and miscellaneous accounts payable

Note 2: The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense

# Liability Historical Dividends Paid in July



## Maximum Dividend Available vs. Dividend Declared



**CSAC-EIA WORKERS’ COMPENSATION PROGRAM COSTS**

**ISSUE:** The Committee will be asked to review and discuss the costs and benefits derived from inclusion in the CSAC EIA workers’ compensation program.

**RECOMMENDATION:** No action is recommended; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. CSAC EIA workers’ compensation program exhibit (as a handout)

## **CSAC-EIA MEMBER SERVICES AND RESOURCES**

**ISSUE:** As a member of CSAC EIA, the CSURMA, and its members, are eligible to participate in the many loss prevention, and claims and risk management services offered through CSAC EIA. The attached brochure lists the services provided; however, the best way to view the brochure is via the link shown below. You can hover over any program and then click the link which will give you additional information on the service and how to get started.

<https://www.csac-eia.org/services/eia-program-services-menu/>

**RECOMMENDATION:** This item is for information only; no action is requested.

**FISCAL IMPACT:** None.

**BACKGROUND:** CSURMA joined the CSAC EIA excess workers’ compensation program effective January 1, 2015.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. CSAC EIA Member Services and Resources Brochure

**LOSS PREVENTION SERVICES  
BY PROGRAM**

**CLAIMS & RISK MANAGEMENT SERVICES  
BY PROGRAM**

Program	Primary General Liability	General Liability 1	General Liability 2	EIA/Health/Dental	Medical Malpractice	Property	Primary Workers' Compensation	Excess Workers' Compensation	MIR OCIP
Background Check Services	◊	◊	◊	◊	◊	◊	◊	◊	◊
Direct Consultation	●	●	●	●	●	●	●	●	●
DMV Employer Pull Notice	●	●	●	●	●	●	●	●	●
Drug & Alcohol Consortium	◊	◊	◊	◊	◊	◊	◊	◊	◊
Incident Reporting System	◊	◊	◊	◊	◊	◊	◊	◊	◊
Learning Management System (LMS)	●	●	●	●	●	●	●	●	●
Safe School Ambassadors	◊	◊	◊	◊	◊	◊	◊	◊	◊
Soft Tissue Injury Prevention	◊	◊	◊	◊	◊	◊	◊	◊	◊
Training Resources	●	●	●	●	●	●	●	●	●

Program	Primary General Liability	General Liability 1	General Liability 2	EIA/Health/Dental	Medical Malpractice	Property	Primary Workers' Compensation	Excess Workers' Compensation	MIR OCIP
24/7 Nurse Triage							◊	◊	◊
Body Worn Cameras	◊	◊	◊				◊	◊	
Claims Audits	●	●	●				●	●	
Claims Index Reporting	●	●	●				●	●	
Claims System	◊	◊	◊				◊	◊	
Contracts Review/Legal Advice	●	●	●	●	●	●	●	●	●
Crisis Incident Management	□	□	□		□	□	□	□	□
Employment/Labor Law Legal Services	●	●	□	□	□	□	●	□	□
Medical Provider Network							◊	◊	
Return-to-Work							◊	◊	
Risk Assessment Tool	●	●	●	●	●	●	●	●	●
Subsidy Funds	●	●	●	●	●	●	●	●	

SYMBOL	DEFINITION
●	Included
□	Hybrid Pricing Options
◊	Negotiated Rates

The EIA offers a wide array of coverage programs. For a complete listing, please check out our website below.



*Menu of Services  
&  
Partner Programs*

*Leader in Member-Directed Risk Management*

## Claims

### **24/7 Nurse Triage**

Members receive round the clock access to a first call/first reporting system from Company Nurse that provides both a medical needs triage at the time of injury and a means of completing the first report documents. ◊

### **Claims Audits**

In accordance with EIA Claims Guidelines, contracted independent claims auditors review your book of claims to help increase TPA performance in accordance with EIA best practices and contracted administrative standards. ●

### **Claims Index Reporting**

For the major programs of which you are a member, the EIA contracts with the ISO to cover all index reporting and inquiries for your claims. ●

### **Data Analytics & System Conversion**

EIA staff are available to assist with claims system conversions and analyzing member data. ●

### **Medical Provider Network (MPN)**

Our proprietary MPN provides employer control over the injured worker's medical care throughout the life of the claim. ◊

### **Medicare Reporting**

Significant reporting requirements exist and penalties can be assessed for failing to comply with the Medicare Secondary Payer Act (MSP), so the EIA has contracted with ExamWorks to provide CMS (Center for Medicare/ Medicaid Services) query and reporting services. ◊

### **Return to Work Program**

Pre-identified temporary work assignments from Norman Peterson and Associates' OUR System help employers return employees to work, increasing employee satisfaction and decreasing the cost of the claim. ◊

### **Subrogation Recovery**

Recover claims dollars from losses caused by the negligent act of a third-party with assistance from George Hills Company. ◊

### **Third Party Administrator (TPA) RFP Assistance**

Workers' Compensation and Liability staff are available to help with drafting a Request for Proposal (RFP), reviewing proposals, and interviewing assistance. ●

## Loss Prevention

### **Background Check Services**

Employers have a duty to ensure prospective employees will not pose a risk to the public, other agency employees, or the agency. Plexus Global provides members preferred pricing and value-added packages. ◊

### **Direct Consultation**

Experienced team of consultants are familiar with both the regulatory requirements put forth by Cal/OSHA and with cost efficient solutions that will help control your identified risks. ●

### **DMV Employer Pull Notice (EPN)**

Allows members to monitor employee driving records using a DMV approved EPN Agent, A-Check Global, all with a few clicks of your mouse. ●

### **Drug & Alcohol Testing Consortium**

In-network pricing for drug and alcohol tests through E-screen and Alere Toxicology for both DOT regulated and non-DOT drivers. Includes Medical Review Officer (MRO) and Substance Abuse Professional (SAP) access. ◊

### **Incident Reporting System**

A comprehensive incident reporting platform available at a discounted rate through our partnership with STOPIT. ◊

### **Safe School Ambassadors**

Empower natural student leaders with non-violent communication and intervention skills provided by Community Matters. ◊

### **Soft Tissue Injury Prevention**

Our partnership with Savvy Health Solutions can help reduce sprains, strains, tears and repetitive motion injuries, which is a crucial component of an integrated occupational health & safety strategy. ◊

## **TRAINING RESOURCES**

**Classroom/On-site** - Instructor led training programs in a variety of health and safety topics. ●

**EIAtv** - Members have exclusive, on-demand, 24/7 access to over 190 webinars and training programs. ●

**Learning Management System (LMS)** - An online LMS provided by TargetSolutions allows 24/7 access to an extensive catalog of web based training. ●

**Regional** - Seminars delivered across the state, which are open to all EIA members. ●

**Streaming Library** - An online repository of safety and training videos through Wumbus. ●

## Risk Management

### **Body-Worn Cameras**

Access to turn-key body-worn cameras, software, and secure cloud services, which includes everything to get your agency up and running provided by LensLock. ◊

### **Claims System**

A comprehensive claims system at a substantial discount through Systema. We can also assist members with implementation. ◊

### **Contracts Review/Risk Management Legal Advice**

Alliant Insurance Services offers contract review services in conjunction with the updated Insurance Requirements in Contracts (IRIC) Manual to assist members with questions related to professional service providers, tenants, contractors and vendor contracts. The EIA's General Counsel, Steve Underwood, Esq. is also available to members for assistance and/or consultation on a variety of legal matters, such as: Brown Act, Public Records Act, litigated matters, and other general governmental issues. ●

### **Crisis Incident Management**

Pre- and post-crisis incident services including webinars, situation assessment, media consulting, as well as communications and message management through Mainstream Unlimited. □

### **Employment/Labor Law Legal Services**

Members of the Primary Workers' Compensation and General Liability 1 programs receive access to EIA's contracted attorney, Patricia Eyres of the Eyres Law Group, while all members are able to benefit from the library of webinars recorded and housed on EIAtv. □

### **Property Schedule Maintenance**

Members can access property schedules, vendor certificate tracking, and request issuance of certificates of insurance via an online portal called Alliant-Connect. ●

### **Risk Assessment Tool**

EIA's Risk Assessment Tool allows EIA members to proactively identify gaps in their risk management related programs, created in partnership with in2vate. ◊

### **Subsidy Funds**

Members who participate in a major program can elect to participate in the voluntary Risk Management Subsidy program. Funds can be paid directly to a vendor or reimbursed to your entity for any risk management or loss prevention expense - other than payment of premiums. ●

Revision: 3/2017

**HISTORICAL INFORMATION ON AORMA’S FUNDING PHILOSOPHY**

**ISSUE:** The Committee will be asked to review historical information regarding funding as well as discuss AORMA’s historical, current and future funding philosophy.

**RECOMMENDATION:** The Committee will be asked to discuss this item and provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Funding philosophy historical information (as a handout)

**CREATION OF A NEW AORMA BENEFITS PROGRAM**

**ISSUE:** The AOA Human Resources BUG (Benefits User Group) has assigned Alliant Insurance Services, Inc., as their benefits broker of record. The Alliant team is reviewing the benefit plans that are currently in place and negotiating the January 1<sup>st</sup> renewals.

**RECOMMENDATION:** The Committee will be asked to discuss this item and provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Alliant’s AOA BUG Proposal
- b. Alliant’s AOA BUG Fee Proposal

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# Auxiliary Organization Association – BUG

## ALLIANT EMPLOYEE BENEFITS

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April 17, 2017





# Agenda

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- Meet the Team
- Helping the AOA BUG Achieve its Objectives
- Financial Offer & Service Guarantee
- Why Alliant

**Michael Menerey**  
*Senior Vice President*

**Tom Quirk**  
*Benefits Consultant*

**Katie Hook**  
*Account Manager*

**Stephanie Guerra**  
*Communications Specialist*

**Tracy Ninh**  
*Account Associate*

**Chloe Brisby**  
*Benefit Advocate*

**Taylor Landberg**  
*Benefits Analyst*

**Niti Dewan**  
*Director of Health & Productivity*

**Amy Feldberg**  
*Underwriting / Data Analytics*

**Karen Murray, JD**  
*Senior Compliance Analyst*



Michael



Tom



Katie



Stephanie



Tracy



Chloe



Taylor



Niti



Amy



Karen

# CSU AOA BUG Goals

## ***Key goals outlined in CSU AOA BUG Addendum 1 - Response to RFP Questions***

1. Grow Membership / Add Auxiliaries for Buying Power
2. Ensure Renewals Are Competitive
3. Improve Administration/Enrollment processes
4. Add Desirable Plan Options



# Grow Membership / Add Auxiliaries for Buying Power

**Step 1: You can access greater purchasing power TODAY without growing membership.**

**The AOA BUG can leverage it's status as members of the CSURMA JPA to access large purchasing pools which will yield volume based savings:**

- Savings Range: Anthem/Kaiser 3-8%, Delta 5-10%, VSP 5-10%, Life & Disability 10-15%

NJPA Prod.	Carrier	No. of Lives	Average Renewals
Life	Sun Life	14,000	2015/2016: <b>rate pass</b> 2014/2013: <b>rate pass</b> 2012: <b>rate pass</b>
Disability	Sun Life	14,000	2015/2016: LTD: <b>10%</b> , STD: <b>rate pass</b> 2014/2013: <b>rate pass</b> 2012: <b>rate pass</b>



EIA Product	Carrier	No. of Lives	Average Renewals
Medical	Anthem/Blue Shield/Kaiser	23,100	<b>+6.2%</b> (avg. over 12 yrs)
Dental	Delta Dental	77,200	2017: <b>-3.9%</b> 2016: <b>Rate pass</b> 2015: <b>-6.4% to 1.1%</b> 2014: <b>-4.5% to 1.1%</b> 2013: <b>rate pass</b> 2012: <b>rate pass</b>
Vision	VSP/MES	23,300	<b>2-yr guarantees</b> 2015-2017: <b>rate pass</b> 2013-2015: <b>4%</b> 2011-2013: <b>rate pass</b> 2009-2011: <b>rate pass</b>
Vision	MES	5,300	<b>4-yr guarantee</b> 2016: <b>rate pass</b> 2012: <b>rate pass</b> 2011: <b>rate pass</b>
Basic Life and Disability	Cigna/Voya	73,000	<b>Life/LTD/STD</b> 2017: <b>rate pass / rate pass</b> 2014: <b>-5% / rate pass</b> 2012: <b>rate pass / rate pass</b>

# Grow Membership / Add Auxiliaries for Buying Power

## ***Step 2: Grow Membership***

**Alliant would work with the AOA BUG to improve the overall benefit program value proposition by adding additional services and options and proactively marketing to prospective members.**

### ***UC SHIP Case Study:***

*Alliant began working with the University of California Student Health Insurance Program in August of 2012. In 2013 we began the process of making improvements to the structure of the program to achieve cost efficiencies and subsequently worked to market and grow the program with the following results:*

2014 membership: **Approx. 56,000**

2015 membership: **Approx. 73,000**

2016 membership: **Approx. 90,000**



*We continue to work with non-participating campuses to evaluate UC SHIP as a solution to meet their benefit needs and expect additional membership growth in the years to come.*

# Ensure Renewals Are Competitive

## ***Leveraging our size and expertise to save money for our clients***

- Alliant is the **8<sup>th</sup>** largest benefits broker in the U.S.
- CA members in our book of business: *Anthem 990K, Kaiser 220K, Delta 1M+*
- Underwriting team experienced with pools and alternative funding solutions
- Data to drive results: plan optimization, trend analysis, strategic planning
- Leverage innovative vendors in the marketplace to lower cost and improve value for employees: ***Carrum, Advance Medical, GoodRX, RxN'Go, First Stop Health, TrueLifeCare***

advance|medical

**FMSH**  
first stop health

 **carrum**  
health

**Rx<sup>n</sup>Go**

**GoodRx**

**TrueLifeCare**

# Improve Administration/Enrollment processes

## *We can help the AOA BUG improve the value of Benefit Program for current members (and prospective members)*

- **Benefit Advocate / Employee Call Center** eases the burden of local HR teams/improves service for employees
- **AlliantHR** employment law and HR support
- **Alliant Connect** web portal with benefit plan information
- **Online** enrollment and eligibility, COBRA, and FSA
- **Online** voluntary benefits platform to *enhance* core benefit offering
- **Online** & electronic customizable communications strategy
- **Retirement & Wellness** program consulting



# Enhanced Communications

## ENROLLMENT COMMUNICATIONS

- [Flipbook](#)
- [Recorded Presentation](#)



## EDUCATIONAL VIDEOS



## PORTALS

- [Electronic Postcard](#)



## NEWSLETTERS

## BEN-IQ MOBILE APP

- [Ben-IQ Video](#)

33

### Communication Elements

- OE Campaign Builder (select design)
  - Call Center announcement
  - OE email series
  - Interactive eGuide, Benefit Summaries and Compliance Notices
  - OE PPT Presentation
  - OE Video
  - Other: Postcards/Posters
- Ben-IQ Mobile App
- Monthly Wellness newsletters

# Financial Offer

***We included numerous additional administrative services in our offer that the AOA BUG is currently NOT receiving from their current broker, but we wanted to provide some options to show our flexibility with compensation structure.***

Compensation Structure	Proposal with Full Administrative Service Bundle (Alliant Connect Portal, Employee Call Center, Online Enrollment and Eligibility System, COBRA and FSA Administration)	Baseline Proposal (Alliant Connect Portal, Employee Call Center, Basic Online Enrollment and Eligibility System)
Commission	<ul style="list-style-type: none"> <li>• Medical – <b>2.5%</b></li> <li>• Dental – <b>5%</b></li> <li>• Vision – <b>5%</b></li> <li>• Life/Disability – <b>10%</b></li> </ul>	<ul style="list-style-type: none"> <li>• Medical – <b>1.5%</b></li> <li>• Dental – <b>5%</b></li> <li>• Vision – <b>5%</b></li> <li>• Life/Disability – <b>10%</b></li> </ul>
Per Employee Per Month fee (enrolled in Medical)	<ul style="list-style-type: none"> <li>• No commission</li> <li>• <b>\$23</b> PEPM enrolled in Medical Product</li> </ul>	<ul style="list-style-type: none"> <li>• No commission</li> <li>• <b>\$15</b> PEPM enrolled in Medical</li> </ul>

*NOTE: In either scenario, we will disclose annual \$\$ compensation received for services to the CSU AOA BUG.*



## Service Guarantee (25% of Fee)

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### ***Having the piece of mind that we'll take care of AOA BUG's needs***

- **Execution of Scope of Work:** AOA BUG's satisfaction with deliverables with deliverables in the Scope of Work (10%)
- **Service & Support:** Service and support of the AOA BUG with decision making tools, attendance at meetings, and assistance for any implementation of new benefits/products and transition of carriers (10%)
- **Growth:** Custom program growth targets consistent with AOA BUG objectives (5%)



# Why Alliant?

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- 1. We can help AOA BUG access pools with purchasing power AND cost savings today***
- 2. We are offering additional administrative/communication services and support to improve value for AOA BUG members and their employees***
- 3. We've got the right people and resources to achieve the AOA BUG's goals***
  - **Lead Consultant** with expertise in managing & growing pools / access to public pools
  - **Consultant** focused on cost containment and dedicated for marketing to non-participating auxiliaries
  - **Account Manager** to implement/execute strategies and new services
  - **Communications Specialist** to design targeted communication strategy for employee engagement and growth
  - **Account Associate** to coordinate OE and provide day to day service
  - Technical Underwriting & Data Analytics Support



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Questions?

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Scope of Services	Full Service Bundle with Medical & BenAdmin	Ancillary Service Bundle & BenAdmin Services	Ancillary Service Bundle only
<b>AOA Program-Level Services</b>			
Strategic Planning / Annual Objective Setting	X	X	X
Pre-Renewal Planning (strategy, market update, compliance)	X	X	X
Renewal Negotiation, Analysis, & Recommendations	X	X	X
Procurement of Alternative Cost Saving Initiatives and AOA BUG Program Marketing and Support	X	X	X
Utilization Review and Trend Analysis	X	X	X
Financial Reporting	X	X	X
Access to Alliant Proprietary Programs and Exclusive Purchasing Programs	X	X	X
Legislative Compliance and Contract Review	X	X	X
Healthcare Reform Compliance & Consulting	X	X	X
AOA BUG - Attendance, support and presentation at Benchmarking	X	X	X
Employer Advocacy and Problem Resolution	X	X	X
Alliant Retirement Consulting, Advice and Recommendations	X	X	X
Wellness Program Consulting, Advice and Recommendations	X	X	X
<b>Communications / Advocacy</b>			
Benefit Advocate / Employee Call Center Service	X	X	X
Open Enrollment Coordination	X	X	X
Active and Retiree Electronic Communication Development (Brochures, Postcards, Presentations)*	X		
Electronic Benefit Summaries, Flyers & Announcements	X	X	X
Monthly Wellness Newsletters	X	X	X
Ben - IQ Mobile Application*	X	X	X
Alliant Connect Web Portal*	X	X	X
<b>Administrative / HR Services</b>			
Online Enrollment & Eligibility (Procurement, Recommendations,	X	X	
COBRA and FSA Vendor (Procurement, Recommendations, Implementation)	X	X	
AlliantHR - Employment Law and HR support	X	X	

*\*We can only load AOA Sponsored Programs into Brochures, OE Presentations, Ben-IQ Mobile Application and Alliant Connect*



Product Lines / Fees	Full Service Bundle with Medical & BenAdmin Services	Ancillary Service Bundle & BenAdmin Services	Ancillary Service Bundle Only
Medical	\$18 PEPM	N/A	N/A
Dental	\$4 PEPM	\$14 PEPM	\$4 PEPM
Vision	\$0.50 PEPM	\$10.50 PEPM	\$0.50 PEPM
Basic Life / ADD*	10% Equivalent	10% Equivalent + \$10 PEPM	10% Equivalent
Supplemental Life*	10% Equivalent	10% Equivalent+ \$10 PEPM	10% Equivalent
LTD*	10% Equivalent	10% Equivalent + \$10 PEPM	10% Equivalent
STD*	10% Equivalent	10% Equivalent + \$10 PEPM	10% Equivalent

\*Multiple rate configurations: we will apply a 10% equivalent rate to each auxiliary; ie. \$0.0X per \$1000

**Ancillary Service Bundle & BenAdmin: \$10 PEPM charge applied *only* to lead ancillary product**

**Performance Guarantees (25% of Fee)**

**Execution of Scope of Work:** AOA BUG's satisfaction with deliverables in the Scope of Work **(10%)**

**Service & Support:** Service and support of the AOA BUG with decision making tools, attendance at assistance for any new implementation of new benefits/products and transition of carriers **(10%)**

**Growth:** Custom program growth targets consistent with AOA BUG objectives **(5%)**



**AORMA WORKERS’ COMPENSATION PROGRAM MEMBERS**

**ISSUE:** There are currently 56 AORMA members with employees. All of those member are members of the workers’ compensation program except;

1. San Diego State University Research Foundation
2. California State University, Fresno Foundation

**RECOMMENDATION:** This item is for discussion only; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

**ON-LINE TRAINING – TERMINATION OF TARGET SOLUTIONS**  
**EFFECTIVE JUNE 30, 2017**

**ISSUE:** All of the campuses have integrated their auxiliary organization staff into the SkillPort training platform except Cal Maritime; however, Systemwide Professional Development (SPD) anticipates the integration to be completed soon.

Staff is in the process of gathering the historical completion data from Target Solutions, clarifying and identifying the employee and uploading the data onto the SkillPort platform. SPD anticipates that process could take months as the employee identification “code” is not always consistent.

**RECOMMENDATION:** No action is recommended; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** This item is for information only and therefore has no fiscal impact. The AORMA Committee already approved the one-year Target Solutions extension with an annual cost of \$80,750 for FY 16/17 and a separate agreement with the Chancellor’s Office, SPD. The pricing for the services received through SPD is;

FY 16/17 - ~~\$50,000~~ - SPD waived this fee  
FY 17/18 - \$60,000  
FY 18/19 - \$70,000  
FY 19/20 - \$75,000

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

**REPORTING TOOL FOR EMPLOYEES TO MITIGATE RISKS**

**ISSUE:** The Committee will be asked to discuss the services provided by Stop It, a mobile incident reporting solution for public entities and higher education.

**RECOMMENDATION:** No action is recommended; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

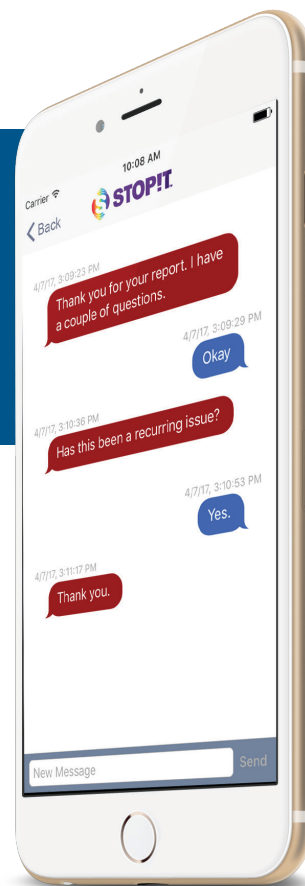
**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. Flyer provided by Stop It



**The smart technology that helps you stay ahead of risk.**



**“Until we started working with STOPit, I had not seen an effective loss control tool that deters or eliminates what I call “behavior claims.”**

**Scott A. Rohr, President**  
Great American, Public Sector

STOPit is the only simple and effective technology platform to help municipalities address pervasive issues such as:

- ✓ Worker compensation fraud
- ✓ Whistleblowing
- ✓ Sexual harassment
- ✓ Theft
- ✓ Ethics violations
- ✓ Internal fraud / embezzlement
- ✓ False claims
- ✓ Safety hazards
- ✓ Discrimination
- ✓ Substance abuse

Your employees know about risks before you do. The STOPit mobile app provides a safe, anonymous way for them to report incidents to you in real time, including photo and video evidence. **STOPit Messenger** gives you the unprecedented ability to follow up in real time to ask questions and gather more information. STOPit gets you accurate information fast so that you can act to resolve issues quickly.

From real-time alerts and notifications, to powerful investigative tools, coupled with cloud-based evidence storage and litigation-ready documentation, STOPit has you covered.

**“The documentation side of things has been amazing. As I investigate a claim, I use the notes section to document a running narrative of what I have found and who I have interviewed. The program makes it very easy to keep all of our ducks in a row.**

— Patrick K

I see STOPit as a major tool for change....Additionally, the deterrent effect of the program was powerful and evident immediately...When I talk to students and parents about a situation I now present them with factual, legally defensible evidence...Overall, STOPit functions as a security blanket for us and ensures we are leveraging the latest technology to help our students.

— CAPT Neil May, USN (Ret.)  
Washington HS Navy JROTC

## HOW IT WORKS

### Real Time MESSAGING



### Real Time REPORTING



### Real Time AWARENESS



### STOPit

The easy, fast, and anonymous mobile app for reporting

- » Report incidents anonymously
- » Submit photo or video evidence
- » Communicate anonymously with administrators with STOPit Messenger
- » Stand up for themselves and their peers without risk of reprisal
- » All helplines available in one app

### DOCUMENTit

The simple, time-saving, & comprehensive incident management system for administrators

- » Real-time email and SMS alerts of new incidents and messages
- » Follow up with incident submitters to ask questions or get more information via STOPit Messenger
- » Proactively get notified of patterns or problems with custom Alerts
- » Cloud-based system stores evidence securely
- » Get actionable data in our built-in Reports dashboard
- » Time- and date-stamped audit trail of all investigative activity
- » Push based notifications and updates to users

### STOPit Benefits Everyone

- » Reduce your workload as a result of STOPit's deterrent effect
- » Save time with powerful investigative tools
- » Be proactive by addressing problems early, before they spiral out of control
- » Automate regulatory compliance and risk mitigation



**ALLIANT RISK CONTROL CONSULTING – WEBINARS**

**ISSUE:** ARCC has prepared and will present five different webinars during the week of August 7-11 which address the types of activities which historically have led to claims within the workers’ compensation and liability programs.

**RECOMMENDATION:** This item is for information only; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. ARCC Web-Based Training Series announcement

## Mimi Long

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**To:** Mimi Long  
**Subject:** RE: CSURMA AORMA - Action Item - Risk Management Webinars \*\* August 7 - 11 @ 11:00 AM \*\*

Hello AORMA Members:

Alliant Risk Control Consulting Services offers AORMA members assistance to address complex risk control issues. We are pleased to announce that John Owen has joined Alliant Risk Control Consulting (ARCC) as Brent Escoubas' replacement. John will be the primary contact for the Risk Control Consulting services provided to the AORMA members; however, in order to enhance services, the ARCC team of consultants has been expanded as follows:

Central California	Northern California	Southern California	Southern California
<b>Tim Leech</b> First Vice President, Director, Risk Control Consulting 949-260-5008 <a href="mailto:tleech@alliant.com">tleech@alliant.com</a>	<b>John Owen</b> Lead Risk Control Consultant 916-643-2736 <a href="mailto:jowen@alliant.com">jowen@alliant.com</a>	<b>Archie Lazar</b> Senior Risk Control Consultant 949-660-5980 <a href="mailto:alazar@alliant.com">alazar@alliant.com</a>	<b>Kristina Loiselle</b> Risk Control Consultant 949-260-5042 <a href="mailto:kloiselle@alliant.com">kloiselle@alliant.com</a>

**As shown below, ARCC will be presenting a series of one-hour, web-based risk control / safety training programs to kick-off the 2017-2018 school year.**

As part of the Web-Based series, AORMA members will receive:

- Risk Control information from presenters who are subject matter experts with over 20 years of experience.
- Webinars designed by Risk Control experts to target the unique hazards associated with common AORMA losses.
- An audio-plus-web format that enables attendees to receive risk control/safety training without leaving their facility. All attendees need is a windows-based computer, audio (speakers), and a high speed internet connection.
- Since the programs are delivered live, participants are able to send their questions electronically to the presenter.
- All programs are recorded for future playback.
- AORMA Members may choose to participate in selected programs, or the entire series.
- Information on each program, including how to register, will be provided in advance of each webinar.

Question? Please contact the Webinar Coordinator at (949) 260-5042 or [riskcontrol@alliant.com](mailto:riskcontrol@alliant.com) All training programs will be held from 11 a.m. to 12.m. Pacific Standard Time.

### **Web Series:**

**\*Click on title below to register for webinar**

1. **August 7, 2017**  
**[Playbook to getting the most from your Risk Control resources during 2017-2018](#)**
2. **August 8, 2017**  
**[Are you ready for Rookies in the Kitchen?](#)**
3. **August 9, 2017**

**Practice, practice.....best practices for reducing slips, trips and falls**

**4. August 10, 2017**

**Strategies to not get sacked by back injuries**

**5. August 11, 2017**

**How to intercept the common mistakes that lead to repetitive motion injuries**

**Mimi Long**

Vice President

Public Entity Group

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## **REVIEW OF MEMBER ALLOCATION FORMULAS**

**ISSUE:** The Committee will be asked to review and discuss the member allocation formulas for the AORMA coverage programs.

**RECOMMENDATION:** No action is recommended; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** Attached are the Policies and Procedures which explain in detail the allocation formula for each program. In compliance with Policy and Procedure A-5, the member allocation formulas will be reviewed by the Programs Committee at least every three years in order to verify that they are still fair and equitable. The Programs Committee completed its last review in February, 2018.

**PUBLICATION:** None; the policies and procedures documenting the member allocation formulas are posted on the CSURMA website.

**ATTACHMENT(S):**

- a. Policy and Procedure L-8 – Liability Program Member Allocation Formula (Draft)
- b. Policy and Procedure W-1 – Workers’ Compensation Program Member Allocation Formula
- c. Policy and Procedure P-1 – Property Program Member Allocation Formula
- d. Policy and Procedure C-1 – Crime Program Member Allocation Formula
- e. Policy and Procedure UI-1 – Formula for Determining Unemployment Insurance Program Annual Contributions

# AORMA - Liability Insurance Program



## Member Allocation Formula

- **Four basic rates** determined by the CSURMA Actuary based on AORMA's loss experience – (1) EPL, (2) Premises Liability, (3) Auto Liability, and (4) All Other Liability
- **Size credit**
- **Loss Rating** - experience modification factors determined by the CSURMA Actuary (Collared at .50 and 2.00)
- **Minimum excess insurance premiums** (\$1,000)
- **Maximum excess insurance premiums** (\$85,000; increase 5% annually)
- **Administrative costs** (\$600; increase 10% annually)
- **Premium collars**
- **Minimum premium** (\$2,152; increase 15% annually)
- **EPL deductible credits**

# AORMA – Workers' Compensation Insurance Program



## Member Allocation Formula

- **AORMA Classification Codes**
  - 1001** – Primarily Clerical, Administrative and Non-Manual, Non-Instructional
  - 1002** – Primarily Professional Student Activity Functions, Consulting, Certain Aspects of performing Arts, Off-Site Work Not Physical in Nature
  - 1004** – Retail
  - 1005** – Sport Activity, Day Care Centers
  - 1006** – Food Service
  - 1007** – Primarily Manual Labor
- **Members' estimated and actual payroll within each classification code**
- **Experience modification factors determined by the CSURMA Actuary**  
(Maximum change of +20% from prior year; adjusted for the normalization factor)
- **Minimum premium** (\$1,000; review annually)

# AORMA – Property Insurance Program



## Member Allocation Formula

- **Basic rates for;**
  1. Real property
  2. Business personal property and business income / rental value (this rate will be 20% higher than real property rate)
  
- **Members' total insurable values**
  
- **Size credit**
  
- **Loss ratio surcharge – currently between 5% and 40%**
  
- **Minimum premium – currently \$600**

# AORMA – Fidelity / Crime Insurance Program



## Member Allocation Formula

- **Basic rate**
- **Members' total payroll**
- **Size credit**
- **Loss ratio surcharge** – currently between 20% and 50%
- **Minimum premium** – calculated based on expenditures if the Member has no payroll or minimal payroll

## Member Allocation Formula

- **Annual average paid claims for five years**
- **Administrative costs** (\$250; increase 20% annually)
- **Minimum fund balance requirement** (Two times average annual claims)
- **Excess fund balance** (Return of funds)
- **Fund balance report** (October distribution)



**CSURMA AORMA**

**POLICY & PROCEDURE NO. L-8**

**SUBJECT: LIABILITY PROGRAM MEMBER ALLOCATION FORMULA**

**ADOPTED: SEPTEMBER 8, 2016**

**EFFECTIVE: JULY 1, 2018**

**AMENDED: MAY 4, 2017**

**POLICY:**

It shall be the policy of the CSURMA AORMA to determine each member's allocation of the total liability program costs as outlined in the Liability Program Member Allocation Formula shown below:

**PROCEDURE:**

Annually, in September, the AORMA Committee will approve the Total Liability Program Costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will accept the following four supplemental actuarial reports to be used as general guidelines within the Liability Program Member Allocation Formula:

1. Liability Rates
2. Liability Experience Modification Factors
3. Employment Practices Liability Indicated Deductible Credits

Annually, in December, the Programs Committee will approve the following allocation criteria within the Liability Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates for;
  - a. Automobile liability
  - b. Premises liability
  - c. Other liability
  - d. Employment practices liability
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum and/or maximum excess premium and administrative costs
5. Maximum and minimum premium collar percentages
6. Minimum premium

**LIABILITY PROGRAM MEMBER ALLOCATION FORMULA:**

**Basic Rates:**

Four basic rates are included in the allocation formula for the following loss exposures:

<b>Loss Exposure</b>	<b>Exposure Basis</b>
Automobile Liability (AL)	Number of owned autos
Premises Liability (PL)	Total square footage owned, occupied, operated or maintained
Other Liability (OL)	Total expenditures for five years
Employment Practices Liability (EPL)	Total payroll

1. The exposure basis for each loss exposure is multiplied separately by the corresponding approved basic rate and then added together. *Result – basic premium for pooled layer w/o size credit or loss rating.*

**\*\* Example \*\***

<b>1.</b>	<b>5</b>	*	<b>\$150</b>	=	<b>\$750</b>
	Number of owned autos		Per Auto		AL Basic premium
	<b>150,000</b>	*	<b>\$50</b>	=	<b>\$7,500</b>
	Square Footage		Per 1,000 of square footage		PL Basic premium
	<b>\$20,000,000</b>	*	<b>\$400</b>	=	<b>\$8,000</b>
	Expenditures		Per 1,000,000 of expenditures		OL Basic premium
	<b>\$5,000,000</b>	*	<b>\$1,200</b>	=	<b>\$6,000</b>
	Payroll		Per 1,000,000 of payroll		EPL Basic premium
			<b>Total</b>		<b>\$22,250</b>
					Basic premium for pooled layer w/o size credit or loss rating

**Size Credit:**

1. Basic premium for pooled layer w/o size credit or loss rating is divided by the maximum premium for calculating size credit. *Result – percentage of basic premium for pooled layer compared to the maximum premium for calculating size credit.*
2. Percentage of total basic premium compared to maximum premium for calculating size credit is multiplied by maximum size credit percentage. *Result – size credit percentage.*
3. Basic premium for pooled layer w/o size credit or loss rating is multiplied by the size credit percentage. *Result – basic premium for pooled layer w/ size credit.*

**\*\* Example \*\***

<b>1.</b>	<b>\$22,250</b>	/	<b>\$65,000</b>	=	<b>34%</b>
	Basic premium for pooled layer w/o size credit or loss rating		Maximum premium for calculating size credit		% of basic premium for pooled layer compared to maximum premium for calculating size credit
<b>2.</b>	<b>34%</b>	*	<b>20%</b>	=	<b>7%</b>
	% of basic premium for pooled layer compared to maximum premium for calculating size credit		Maximum size percentage credit		Size credit percentage
<b>3.</b>	<b>\$22,250</b>	-	<b>7%</b>	=	<b>\$20,693</b>
	Basic premium for pooled layer w/o size credit or loss rating		Size credit percentage		Basic premium for pooled layer w/ size credit

**Loss Rating:**

1. Loss rating discount or surcharge (as calculated by actuary) is multiplied by the basic premium for pooled layer w/ size credit. *Result – Basic premium for pooled layer w/ size credit and loss rating.*

**\*\* Example \*\***

<b>1.</b>	<b>\$20,693</b>	*	<b>.945</b>	=	<b>\$19,555</b>
	Basic premium for pooled layer w/ size credit		Loss rating discount or surcharge		Basic premium for pooled layer w/ size credit and loss rating

**Excess Premium:**

1. Each Member’s percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total excess premium. *Result – excess premium.*
2. The excess premium is capped if it exceeds the maximum excess premium. *Result – capped excess premium.*

**\*\* Example \*\***

<b>1.</b>	<b>\$22,250</b>	/	<b>\$1,718,405</b>	=	<b>1.29%</b>
	Basic premium for pooled layer w/o size credit or loss rating		Total program basic premium for pooled layer		Percentage of total program basic premium for pooled layer
	<b>1.29%</b>	*	<b>\$1,230,000</b>	=	<b>\$15,867</b>
	Percentage of total program basic premium for pooled layer		Total program excess premium		Excess premium
<b>2.</b>	<b>\$15,867</b>	=/<	<b>\$85,000</b>	=	<b>\$15,867</b>
	Excess premium		Minimum excess premium		Capped excess premium

**Administrative Costs:**

1. Each Member's percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total program administrative costs. *Result – administrative costs.*
2. The administrative costs are capped at either the minimum or maximum administrative costs. *Result - Capped administrative costs.*

<b>1.</b>	<b>\$22,250</b>	/	<b>\$1,718,405</b>	=	<b>1.29%</b>
	Basic premium for pooled layer w/o size credit or loss rating		Total program basic premium for pooled layer		Percentage of total program basic premium for pooled layer
	<b>1.29%</b>	*	<b>\$730,000</b>	=	<b>\$9,417</b>
	Percentage of total program basic premium for pooled layer		Total program excess premium		Administrative costs
<b>2.</b>	<b>\$9,417</b>	<	<b>\$60,000</b>	=	<b>\$9,417</b>
	Excess premium		Maximum administrative costs		Capped administrative costs
	<b>\$9,417</b>	>	<b>\$600</b>	=	<b>\$9,417</b>
	Excess premium		Minimum administrative costs		Capped administrative costs

**Final Premium w/o Collars:**

<b>1.</b>	<b>\$19,555</b>	+
	Basic premium for pooled layer w/ size credit and loss rating	
	<b>\$15,867</b>	+
	Capped excess premium	
	<b>\$9,417</b>	+
	Capped administrative costs	
	<b>\$44,874</b>	=
	Final premium w/o collars or deductible credits	

**Collared Premium:**

1. Prior year's final premium w/o deductible credit is multiplied by the maximum collared percentage increase. *Result – maximum collared premium.*
2. Prior year's final premium w/o deductible credit is multiplied by the maximum collared rate decrease. *Result – minimum collared premium.*
3. If the final premium w/o collars or deductible credits is less than the minimum collared premium, then the minimum collared premium will apply; if the final premium w/o collars or deductible credits is more than the maximum collared premium, then the maximum collared premium will apply.

**\*\* Example \*\***

<b>1.</b>	<b>\$35,000</b>	+	<b>10%</b>	=	<b>\$38,500</b>
	Prior year's final premium w/o deductible credit		Maximum collared percentage increase		Maximum collared premium
<b>2.</b>	<b>\$35,000</b>	-	<b>10%</b>	=	<b>\$31,500</b>
	Prior year's final premium w/o deductible credit		Maximum collared percentage decrease		Minimum collared premium

3.	<b>\$44,874</b>	>	<b>\$38,500</b>	=	<b>\$38,500</b>
	The maximum collared premium is used because final premium w/o collars or deductible credits is greater than the maximum collared premium				Final premium w/o deductible credits

**Minimum Premium:**

1. The final premium w/o deductible credits is compared to the approved minimum premium. The minimum premium is applied as appropriate.

**Employment Practices Liability Deductible:**

1. The EPL basic premium is reduced by the EPL deductible credits. The total savings is applied to the final premium w/o deductible credits.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. W - 1**

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**SUBJECT:** WORKERS' COMPENSATION MEMBER ALLOCATION FORMULA

**ADOPTED:** MAY 15, 2008

**EFFECTIVE:** JULY 1, 2018

**AMENDED:** DECEMBER 8, 2009  
SEPTEMBER 10, 2015  
MAY 5, 2016  
MARCH 9, 2017  
MAY 4, 2017

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**PURPOSE:**

It shall be the policy of the CSURMA Auxiliary Organizations Risk Management Alliance (AORMA) to determine each MEMBER's allocation of the workers' compensation TOTAL PROGRAM FUNDING as outlined in the Workers' Compensation Member Allocation Formula noted below:

**PROCEDURE:**

Annually, in September, the AORMA COMMITTEE will approve the TOTAL PROGRAM FUNDING for the workers' compensation program for the upcoming fiscal year.

Annually, in December, the PROGRAMS COMMITTEE will approve or accept the following allocation distribution criteria with the Workers' Compensation Member Allocation Formula:

1. AORMA BASIC RATES for each class code.
2. EXPERIENCE MODIFICATION FACTOR (EMF) as determined by the actuary.
3. Minimum Premium.

**ALLOCATION FORMULA:**

1. The MEMBER's EXPERIENCE MODIFICATION FACTOR is applied separately to each of the AORMA BASIC RATES. Result – Member's modified rates.
2. MEMBER's modified rates are applied separately to the MEMBER's estimated payroll, separated by class code, for the upcoming fiscal year. Result – Member's final modified deposit premium.
3. The minimum premium is applied if the Member's final modified deposit premium is less

than the approved minimum premium.

**\*\* Example \*\***

<b>1001</b>	<b>.50</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>.48</b>
<b>1002</b>	<b>1.00</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>.95</b>
<b>1004</b>	<b>1.50</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>1.43</b>
<b>1005</b>	<b>3.00</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>2.85</b>
<b>1006</b>	<b>4.00</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>3.80</b>
<b>1007</b>	<b>5.00</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>4.75</b>
AORMA basic rates			Experience modification factor		Modified rates
<b>1001</b>	<b>.48</b>	<b>*</b>	<b>\$1,000,000</b>	<b>=</b>	<b>\$4,800</b>
<b>1002</b>	<b>.95</b>	<b>*</b>	<b>\$800,000</b>	<b>=</b>	<b>\$7,600</b>
<b>1004</b>	<b>1.43</b>	<b>*</b>	<b>\$0</b>	<b>=</b>	<b>\$0</b>
<b>1005</b>	<b>2.85</b>	<b>*</b>	<b>\$0</b>	<b>=</b>	<b>\$0</b>
<b>1006</b>	<b>3.80</b>	<b>*</b>	<b>\$0</b>	<b>=</b>	<b>\$0</b>
<b>1007</b>	<b>4.75</b>	<b>*</b>	<b>\$0</b>	<b>=</b>	<b>\$0</b>
					<b>\$12,400</b>
	Modified rates		Estimated payroll		Final modified deposit premium

**ANNUAL PAYROLL AUDIT:**

The MEMBER's final payroll separated by AORMA class code will be requested at the end of each program year. The MEMBER's final workers' compensation premium will be calculated by multiplying the MEMBER's actual payroll per class code by the MEMBER's modified rates. The MEMBER will receive either a refund or additional deposit billing based on how their audited contribution compares with their initial deposit. MEMBERS will allocate their payroll to each of the AORMA class codes as outlined in the (1) AORMA Workers' Compensation Explanation of Classification Codes and (2) AORMA Workers' Compensation Payroll Rules to Follow publications. For those MEMBERS involved in federally sponsored programs, the refund can be retained on account with CSURMA to be used to lower contributions for the upcoming or current fiscal year. If the MEMBER chooses to receive the refund, then the MEMBER will be required to calculate the percentage of its payroll and salary that is attributable to federally sponsored programs to determine what percentage of the dividend will need to be returned to the federal government.

If the final audit or the renewal application is not received by the deadline, then the Program Administrator may increase that MEMBERS payrolls by the average payroll increase for all MEMBERS for the prior two years.

**MEMBER APPEAL PROCESS:**

If a MEMBER wishes to appeal any decision regarding the application of the Workers' Compensation Program Member Allocation Formula Policy and Procedure, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the MEMBER's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the MEMBER of the final decision within 5 business days of the final decision.

If a MEMBER wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five (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.

**DEFINITIONS:**

**AORMA** – Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**AORMA COMMITTEE** – The governing body of AORMA.

**AORMA BASIC RATES** – The AORMA Basic Rates will be approved annually by the PROGRAMS COMMITTEE. The WCIRB class code rates shown below will be utilized when determining the AORMA BASIC RATES. A normalization factor will be added to the WCIRB class code rates in order to achieve the TOTAL PROGRAM FUNDING required as approved by the AORMA COMMITTEE.

<b>Class Code Description</b>	<b>AORMA</b>	<b>WCIRB</b>
Clerical	1001	8810
Off-site activities / professional / student activities	1002	8868
Retail	1004	8071
Sports / day care	1005	9053
Food service	1006	9079
Manual labor	1007	9101

**CSURMA** – The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**CSURMA EXECUTIVE COMMITTEE** – The California State University Risk Management Authority Executive Committee.

**EXPERIENCE MODIFICATION FACTOR (EMF)** – The experience rating system is a merit rating system intended to provide MEMBERS a direct financial incentive to reduce work-related accidents. The experience rating system objectively distributes the cost of the workers’ compensation program more equitably among the MEMBERS. An EMF less than 100% reflects better than average experience. The actuary will determine each MEMBER’s EMF based on the current published WCIRB method. The EMF will be adjusted for the normalization factor and capped at a maximum change of +20% from the prior (normalized) EMF. The EMF will not include a maximum decrease cap.

**MEMBER** – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers’ Compensation Program Participation Agreement.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The



MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

**PROGRAMS COMMITTEE** - The Programs Committee oversees the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers' Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee.

**TOTAL PROGRAM FUNDING** - The Total Program Funding costs will include (1) the pooled layer funding requirement, as recommended by the actuary, (2) administrative costs and (3) excess insurance or reinsurance costs.



**CSURMA AORMA**

**POLICY & PROCEDURE NO. P-1**

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<b>SUBJECT:</b>	<b>PROPERTY PROGRAM MEMBER ALLOCATION FORMULA</b>
<b>ADOPTED:</b>	<b>NOVEMBER 6, 2013</b>
<b>EFFECTIVE:</b>	<b>JULY 1, 2018</b>
<b>AMENDED:</b>	<b>SEPTEMBER 10, 2015 MAY 4, 2017</b>

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**POLICY:**

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total property program costs as outlined in the Property Program Member Allocation Formula noted below:

**PROCEDURE:**

Annually, in September, the AORMA Committee will approve the Total Property Program Costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will approve the following allocation criteria within the Property Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium
5. Loss ratio surcharge schedule

**PROPERTY PROGRAM MEMBER ALLOCATION FORMULA:**

**Basic Rates:**

- *TIV = Total Insurable Values*
- *RP/BI = Real Property / Business Income and Rental Value*
- *BPP = Business Personal Property*

Two basic rates are included in the allocation formula; one for RP/BI and one for business BPP. The BPP rate is 20% higher than the RP/BI rate.

1. RP/BI TIV is multiplied by the RP/BI rate. *Result – RP/BI basic premium.*
2. BPP TIV is multiplied by the BPP rate. *Result – BPP basic premium.*
3. RP/BI basic premium and BPP basic premium are added together. *Result – basic premium.*
4. Basic premium is divided by the total TIV. *Result – basic rate.*

**\*\* Example \*\***

<b>1.</b>	<b>\$50,000,000</b> RP/BI TIV	*	<b>.2000</b> RP/BI Rate (per \$100 in TIV)	=	<b>\$100,000</b> RP/BI Basic Premium
<b>2.</b>	<b>\$25,000,000</b> BPP TIV	*	<b>.2400</b> BPP Rate (per \$100 in TIV)	=	<b>\$60,000</b> BPP Basic Premium
<b>3.</b>	<b>\$100,000</b> RP/BI Basic Premium	+	<b>\$60,000</b> BPP Basic Premium	=	<b>\$160,000</b> Basic Premium
<b>4.</b>	<b>\$160,000</b> Basic Premium	/	<b>\$75,000,000</b> Total TIV	=	<b>.2133</b> Basic Rate (per \$100 in TIV)

**Size Credit:**

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*

**\*\* Example \*\***

<b>1.</b>	<b>\$160,000</b> Basic Premium	/	<b>\$600,000</b> Maximum Premium for Calculating Size Credit	=	<b>27%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
<b>2.</b>	<b>27%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	<b>30%</b> Maximum Size Percentage Credit	=	<b>8%</b> Size Credit Percentage
<b>3.</b>	<b>.2133</b> Basic Rate	-	<b>8%</b> Size Credit Percentage	=	<b>.1960</b> Basic Rate w/ Size Credit

**Loss Rating:**

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*

2. Member's five-year loss ratio is reviewed against loss ratio surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total TIV. *Result – Final premium.*

**\*\* Example \*\***

<b>1.</b>	<b>\$125,000</b>	/	<b>\$500,000</b>		<b>25%</b>
	Five Years Paid Claims		Total Premium for Five Prior Years		Loss Ratio
<b>2.</b>	<b>25%</b>			=	<b>5%</b>
	25% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is Assigned.				Loss Ratio Surcharge
<b>3.</b>	<b>5%</b>	+	<b>.1960</b>	=	<b>.2058</b>
	Loss Ratio Surcharge		Basic Rate w/ Size Credit		Final Rate
<b>4.</b>	<b>.2058</b>	*	<b>\$75,000,000</b>	=	<b>\$154,350</b>
	Final Rate (per \$100 in TIV)		Total TIV		Final Premium

**Minimum Premium:**

1. If the final premium is greater than the Minimum Premium, use the final premium. *Result – final premium w/ minimum premium if applicable.*

**\*\* Example \*\***

<b>1.</b>	<b>\$154,500</b>	>	<b>\$600</b>	=	<b>\$154,500</b>
	If the Final Premium is greater than the minimum premium, use the Final Premium				Final Premium

**DEFINITIONS:**

1. **RP/BI - Real Property, Business Interruption and Rental Value Basic Rate** – This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year.
2. **BPP – Business Personal Property Basic Rate** - This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year. This rate will be 20% higher than the Real Property, Business Interruption and Rental Value Basic Rate.
3. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Calculating the Size Credit dollar amount will be approved annually by the Programs Committee. The

Maximum Premium for Calculating Size Credit is used to calculate each member's size credit. The member's basic premium is divided by the Maximum Premium for Calculating Size Credit, as an example -  $\$300,000$  (*member's basic premium*) /  $\$600,000$  (*Maximum Premium for Calculating Size Credit*) = 50% (*member's percentage of size credit*). This member would be subject to 50% of the total **Size Credit Percentage**.

4. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the Programs Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (*member's percentage of size credit*) \* 30% (*Size Credit Percentage*) = 15% *member's size credit*.



**CSURMA AORMA**

**POLICY & PROCEDURE NO. C-1**

**SUBJECT: CRIME PROGRAM MEMBER ALLOCATION FORMULA**

**ADOPTED: NOVEMBER 6, 2013**

**EFFECTIVE: JULY 1, 2018**

**AMENDED: SEPTEMBER 10, 2015  
MAY 4, 2017**

**POLICY:**

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total crime program costs as outlined in the Crime Program Member Allocation Formula noted below:

**PROCEDURE:**

Annually, in September, the AORMA Committee will approve the total crime program costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will approve the following allocation criteria within the Crime Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rate
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium schedule
5. Loss ratio surcharge schedule
6. Minimum premium schedule

**Basic Rates:**

The payroll used within this allocation is the estimated payroll for the upcoming fiscal year.

1. Payroll is multiplied by the **Basic Rate**. *Result – basic premium*

**\*\* Example \*\***

<b>1.</b>	<b>\$10,000,000</b> Payroll	*	<b>.0400</b> Basic Rate (per \$100 in payroll)	=	<b>\$4,000</b> Basic Premium
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**Size Credit:**

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*
4. Basic rate with size credit is multiplied by the payroll. *Result – Basic premium with size credit.*

**\*\* Example \*\***

<b>1.</b>	<b>\$4,000</b> Basic Premium	/	<b>\$10,000</b> Maximum Premium for Calculating Size Credit	=	<b>40%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
<b>2.</b>	<b>40%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	<b>30%</b> Maximum Size Percentage Credit	=	<b>12%</b> Size Credit Percentage
<b>3.</b>	<b>.0400</b> Basic Rate	-	<b>12%</b> Size Credit Percentage	=	<b>.0352</b> Basic Rate w/ Size Credit
<b>4.</b>	<b>.0352</b> Basic Rate w/ Size Credit	*	<b>\$10,000,000</b> Payroll	=	<b>\$3,520</b> Basic Premium w/ Size Credit

**Minimum Premium:** \_\_\_\_\_

This Minimum Premium section was moved. The minimum premium will be calculated before applying the loss rating.

The expenditures used within this allocation are the expenditures documented in the member's financial audits.

1. Using the Minimum Premium Schedule, each member is assigned a minimum premium based on their average expenditures for five years. *Result – member's scheduled minimum premium.*
2. Member's basic premium with size credit is compared to the member's scheduled minimum premium. *Result – the minimum premium will be applied if the member's basic premium with size credit is less than the minimum premium.*

**Loss Rating:**

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*
2. Member's five-year loss ratio is reviewed against loss rating surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic premium with w/ size credit, or minimum premium, is increased by loss ratio surcharge. *Result – final premium.*

**Administrative Costs:**

1. The crime program administrative costs will be divided evenly between all of the crime program members. *Result – member's crime program administrative costs.*
2. Member's crime program administrative costs are added to the member's final premium or minimum premium, whichever applies. *Result – total crime program premium.*

**DEFINITIONS:**

1. **Basic Rate** – This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total crime program funding required for the upcoming fiscal year.
2. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Size Credit dollar amount will be approved annually by the Programs Committee. The Maximum Premium for Size Credit is used to calculate each member's size credit. The member's basic premium is divided by the Maximum Premium for Size Credit, as an example -  $\$5,000$  (*member's basic premium*) /  $\$10,000$  (*Maximum Premium for Size Credit*) = 50% (*member's percentage of size credit*). This member would be subject to 50% of the total Size Credit Percentage.
3. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the Programs Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (*member's percentage of size credit*) \* 30% (*Size Credit Percentage*) = 15% *member's size credit.*



**SUBJECT:** **FORMULA FOR DETERMINING THE UNEMPLOYMENT INSURANCE PROGRAM ANNUAL CONTRIBUTIONS**

**ADOPTED:** **MAY 12, 2010**

**EFFECTIVE:** **JULY 1, 2018**

**REVISED:** **DECEMBER 6, 2012**  
**MAY 8, 2014**  
**MAY 5, 2016**  
**MARCH 9, 2017**  
**MAY 4, 2017**

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*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

**POLICY:**

The AORMA Unemployment Insurance Program (UIP) annual contribution for each Auxiliary Organization participating in the AORMA UIP (MEMBER) shall be calculated using two factors – paid claims and administrative costs.

**PROCEDURE:**

1. **Deposit Formula** - Paid claims (the MEMBER’s average annual paid claims for five years ending 6/30), plus an administrative cost. The administrative costs are allocated to each MEMBER based on its percentage of the total average annual paid claims.
2. **Minimum Fund Balance** - Each MEMBER must maintain in the AORMA UIP a minimum fund balance of two times its average annual losses. If a MEMBER’s fund balance is below the minimum, annually, the additional funding required will be calculated and the MEMBER will be assessed at the program anniversary date an amount not to exceed 20% of the additional funding required to achieve the minimum fund balance. The MEMBER will be assessed annually until the MEMBER’s fund balance is at the minimum fund balance.

At the end of each fiscal year, the AORMA UIP Fund Balance Report will be distributed to each MEMBER. The Fund Balance Report will include actual paid claims for the fiscal year rather than estimates. If the MEMBER’s fund balance exceeds the minimum fund balance required (two times annual average losses) then the MEMBER can request that the excess funds be returned.



For those MEMBERS involved in federally sponsored programs, the funds in excess of the minimum required fund balance can be retained on account with CSURMA to be used to lower contributions for the upcoming or current fiscal year. If the MEMBER chooses to receive a refund of the funds in excess of the minimum required fund balance, then the MEMBER will be required to calculate the percentage of its payroll and salary that is attributable to federally sponsored programs to determine what percentage of the refund will need to be returned to the federal government.

3. **Minimum Contribution** - There is no minimum contribution based on paid claims. However, a minimum contribution for administrative costs will be applied according to the Minimum Administrative Costs Schedule approved annually by the Programs Committee.
4. **Investment Income / Loss** - The total Investment Income or Loss is allocated to each MEMBER based on its percentage of the total AORMA UIP average fund balance for the preceding fiscal year. For the purpose of calculating the MEMBER's average fund balance, the following formula shall be used:

Beginning fund balance *plus* additional contributions *less* MEMBER's paid claims *less* MEMBER's allocated administrative costs = MEMBER's average balance.

**MEMBER APPEAL PROCESS:**

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Funding Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the Member's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

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.



**DEFINITIONS:**

**AORMA COMMITTEE** - The governing body of AORMA.

**AORMA** - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority. Within this Policy and Procedure, MEMBER also means the Auxiliary Organization participating in the AORMA Unemployment Insurance Program.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

**UIP** – AORMA Unemployment Insurance Program.

## **CSURMA AORMA COMMUNICATION**

**ISSUE:** AORMA has implemented the following communication strategies to keep the Members apprised of important information.

1. CSURMA What’s the Risk Newsletter
2. Quarterly AORMA Updates to all AOA Members (via AOA distribution list)
3. AOA Executive Committee AORMA Updates
4. AOA Standing Committee Update (as requested)
5. January Budgeting Letter
6. September Pre-Budgeting Letter
7. CSURMA Website
8. AOA Annual Conference Presentations
9. AOA Annual Conference Booth
10. Campus Visits

**RECOMMENDATION:** No action is recommended; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

## **SUCCESSION PLANNING**

**ISSUE:** As shown on the attached is the AORMA Committee roster, all member on the AORMA Committee are on their first term; therefore, no members will term out on June 30, 2018.

1. Four members are serving on an “even” term and six members are serving on an “odd” term. It might make sense to have five even and five odd.
2. Shannon Stratton has informed us that he is unable to serve on the Committee. A new member will be appointed as his replacement.
3. The Programs Committee has terms limits which may need to be reviewed.

**RECOMMENDATION:** Staff recommends that the Committee discuss the succession planning and provide direction, as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None at this time.

**ATTACHMENT(S):**

- a. AORMA Committee Roster
- b. Policy and Procedure A-1
- c. Policy and Procedure A-2

## AORMA Committee

Ten voting members - two alternates - twelve members total

Effective at July 1, 2017

Committee	Seat	Member	Position	Campus	Type of Auxiliary	Location	Size of Campus	Type of Campus	Term	Seat Term	1st, 2nd or Final Term	Date Appointed
AORMA	Chair	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	South	Large	Urban	7/1/16 - 6/30/18	Even	First	7/1/2012
AORMA	First Vice Chair	Dwayne Brummett	Director of Business Services	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	Central	Medium	Suburban	7/1/17 - 6/30/19	Odd	First	3/1/2017
AORMA	Second Vice Chair	Gigi Kiama	Human Resources Director	Monterey Bay	The University Corporation at Monterey Bay	North	Small	Rural	7/1/16 - 6/30/18	Even	First	3/24/2011
AORMA	Seat 1	Dave Nakamura	Executive Director	Humboldt	Humboldt State University Center	North	Large	Rural	7/1/16 - 6/30/18	Even	First	7/1/2015
AORMA	Seat 2	Dave Nirenberg	Senior Director	Channel Islands	Channel Islands University Auxiliary Services, Inc.	South	Small	Rural	7/1/17 - 6/30/19	Odd	First	10/1/2015
AORMA	Seat 3	Shannon Stratton	Executive Director	San Bernardino	Associated Students Inc., California State University, San Bernardino	South	Small	Suburban	7/1/17 - 6/30/19	Odd	First	7/1/2017
AORMA	Seat 4	Bella Newberg	Executive Director	San Marcos	University Auxiliary and Research Services Corporation	South	Small	Suburban	7/1/17 - 6/30/19	Odd	First	12/20/2016
AORMA	Seat 5	Trina Knight	Human Resources Director	Sacramento	University Enterprises, Inc., CSU Sacramento	North	Large	Urban	7/1/17 - 6/30/19	Odd	First	7/1/2017
AORMA	Seat 6	Starr Lee	Director, Administration and Legal	San Luis Obispo	Cal Poly Corporation	Central	Medium	Suburban	Completing 7/1/16 - 6/30/18	Even	N/A	3/1/2017
AORMA	Seat 7	Bill Olmsted	Associate Executive Director	Sacramento	University Union Operation of CSUS, Inc.	North	Large	Urban	7/1/17 - 6/30/19	Odd	First	7/1/2017

On March 1, 2017, Dwayne Brummett was appointed to complete Guy Dalpe's term. Dwayne's first complete term will be 7/1/17 to 6/30/19.

On July 1, 2015, Dave Nakamura was appointed to complete Mark Day's term. Dave's first complete term will be 7/01/16 to 6/30/18.

On October 1, 2015, Dave Nirenberg was appointed to complete Melinda Coil's term. Dave's first term will be 7/01/17 to 6/30/19.

On December 20, 2016, Bella Newberg was appointed to complete Cheree's Aguilar's term. Bella's first term will be 7/01/17 to 6/30/19.

On March 1, 2017, Starr Lee was appointed to complete Leslie Davis' term. Starr's first term will be 7/1/18 to 6/30/20.

## Programs Committee

Minimum of five members - at least two of whom are AORMA Committee members

Committee	Seat	Member	Position	Campus	Type of Auxiliary	Location	Size of Campus	Type of Campus	Term	Date Appointed
PC	Chair	Gigi Kiama	Human Resources Director	Monterey Bay	University Corporation, CSU Monterey Bay	North	Small	Rural	7/1/17 - 6/30/19	2010?
PC	At Large	Bill Olmsted	Associate Executive Director	Sacramento	University Union Operation of CSUS, Inc.	North	Large	Urban	7/1/15 - 6/30/17	10/31/2015
PC	At Large	Jason Porth	Executive Director	San Francisco	The University Corporation, San Francisco State	North	Large	Urban	7/1/15 - 6/30/17	2/13/2015
PC	At Large	Jun Reina	Chief Operating Officer/ Chief Financial Officer	Sacramento	Capital Public Radio, Inc., CSU Sacramento	North	Large	Urban	7/1/15 - 6/30/17	9/15/2014
PC	At Large	Russel Statham	Chief Operating Officer and Chief Financial Officer	Dominguez Hills	California State University, Dominguez Hills Foundation	South	Large	Urban	7/1/16 - 6/30/19	4/13/2017
PC	At Large	Raven Tyson	Human Resources & Risk Manager	San Diego	Associated Students of San Diego State University	South	Large	Urban	7/1/13 - 6/30/15	2/23/2013

AORMA Committee Chair serves for a period of four years - Vice Chair, to Chair, to Past President, to Ex-Officio.

Standing Committee Chair serves a one-year term, is appointed by the AORMA Committee Chair, and must be an AORMA Committee member.

AORMA Committee and Standing Committee members may serve a maximum of three consecutive two-year terms (total six years).

Size of Campus: small - less than 10,000 FTE; medium - between 10,000 and 20,000 FTE; large - more than 20,000 FTE



**SUBJECT:** AORMA COMMITTEE COMPOSITION,  
ELECTIONS & TERM LIMITS

**ADOPTED:** APRIL 18, 2003

**EFFECTIVE:** JULY 1, 2003

**AMENDED:** JANUARY 15, 2005  
OCTOBER 27, 2005  
JANUARY 16, 2008  
OCTOBER 29, 2009  
JANUARY 11, 2010  
SEPTEMBER 16, 2010  
DECEMBER 8, 2011  
SEPTEMBER 13, 2012  
MARCH 20, 2014  
DECEMBER 10, 2015  
MARCH 9, 2017

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**PURPOSE:**

This policy and procedure outlines the process by which members of the Auxiliary Organizations Risk Management Alliance (AORMA) Committee are nominated and elected to serve. This policy and procedure addresses the desire of the CSURMA to ensure broad organizational representation among AORMA Committee members, acknowledging the AORMA Committee’s need for stability of leadership while encouraging participation from qualified candidates.

**POLICY:**

It is the policy of the CSURMA that, in accordance with the Bylaws, the AORMA Committee shall adopt the procedure outlined in this document for purposes of generating continuity of leadership, encouraging opportunity for diverse committee representation and participation and continuing effective administration of established insurance programs and services.

**PROCEDURE:**

The following steps will be taken to affect the policy:

1. The AORMA Committee will be elected from representatives of the auxiliary organization members of the CSURMA, effective July 1 of every year. No auxiliary organization will have multiple representatives serving simultaneously on either the AORMA Committee or on the same Standing Committee. At-large members may serve a maximum of three consecutive complete two-year terms. Upon reaching the end of the third complete two-year term, At-large members will either be “termed out” (they may be again nominated after one year off the Committee) or advance to the role of Chair, First Vice Chair or

Second Vice Chair. Terms are staggered to create a rotation of the at-large Committee members each year.

2. The AORMA Committee will be comprised of seven at-large members and three Officers (Chair, First Vice Chair and Second Vice Chair). Each Officer may serve two two-year terms per position.
3. The AORMA Committee will review its membership annually to strive for diversity on the Committee based on the following criteria:
  - Type of Auxiliary Organization (Foundation, ASI/Student Union or Commercial)
  - Mix of personnel (Executive Director, CFO, HR, etc.)
  - Campus size (small – less than 10,000 FTE, medium – between 10,000 and 20,000 FTE, or large – more than 20,000 FTE)
4. The First Vice Chair and Chair shall serve as AORMA Committee representatives to the CSURMA Executive Committee.

***AORMA Committee Chair and / First Vice Chair Qualifications***

- Served on AORMA Committee for at least two years
  - Demonstrated leadership abilities in group settings
  - Ability to serve as primary advocate and spokesperson for AORMA Committee
  - Ability to lead the AORMA Committee
5. Annually, the Chair shall appoint a Nominations Committee, consisting of at least two AORMA Committee members to seek nominations for available positions on the AORMA Committee. The AORMA Committee Nominating Committee shall consider the following as minimum qualification criteria for individuals seeking nomination to the AORMA Committee:

***AORMA Committee Representative***

- Participating professional member of CSURMA AORMA for at least two years
- Served in a CSURMA auxiliary organization management position for at least two years
- Demonstrated leadership abilities
- Ability to attend meetings regularly and contribute to the AORMA Committee's work agenda, as described in Policy & Procedure A-2.

Previous service on one of AORMA's Standing Committees is preferred, but not required.

**6.** Timeline for nominations:

***October/November***

The Nominations Committee shall poll the AORMA Committee members, including the Chair, First Vice Chair and Second Vice Chair to identify which of the incumbents whose terms expire the following June 30 are interested in seeking re-election.

At the October AORMA Committee meeting, the Nominations Committee will announce their nominations for Chair, First Vice Chair and Second Vice Chair. The Chair, First Vice Chair and Second Vice Chair shall be elected by the AORMA Committee from its members. All ballots will be tallied by the CSURMA Secretary-Auditor.

***January***

The Nominations Committee will announce to the membership, changes to the Chair, First Vice Chair and Second Vice Chair as well as the opening of the nominations period for open committee positions (for July 1 appointments). The Nominations Committee will indicate which types of auxiliary representations are needed on the AORMA Committee (to ensure broad representation). Nominations will remain open through the end of February, and self-nominations will be accepted as well as nominations by others.

***February***

The Nominations Committee will continue to solicit nominations, especially if specific types of auxiliary organizations are not being represented.

***March***

A nominations slate will be forwarded to the AOA Executive Committee for review and comment. The slate, with comments, will be returned to the AORMA Committee no later than March 31.

***April***

All CSURMA member auxiliary organizations will be sent a ballot with the names of the nominated individuals. Each member auxiliary can vote for the representatives. Completed ballots will be due to the CSURMA by April 30.

***May***

Announcement at the CSURMA Board of Directors meeting of the outcomes of the election process to be effective July 1.

**SUBJECT:** **AORMA COMMITTEE AND STANDING  
COMMITTEE ROLES AND RESPONSIBILITIES**

**ADOPTED:** **AUGUST 19, 2003**

**EFFECTIVE:** **JULY 1, 2003**

**AMENDED:** **DECEMBER 7, 2005**  
**MAY 14, 2009**  
**OCTOBER 29, 2009**  
**JANUARY 11, 2010**  
**SEPTEMBER 16, 2010**  
**SEPTEMBER 13, 2012**  
**MAY 8, 2014**  
**DECEMBER 10, 2015**  
**SEPTEMBER 8, 2016**

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*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

**PURPOSE:**

The purpose of this policy is to describe the roles and responsibilities of participants in the CSURMA AORMA COMMITTEE and its STANDING COMMITTEE.

**POLICY:**

It is the policy of the CSURMA to encourage AORMA members' participation in the AORMA COMMITTEE and STANDING COMMITTEE that oversee operation of AORMA insurance programs. To that end, CSURMA AORMA has adopted Policy and Procedure A-1 that describes the process of AORMA COMMITTEE elections and representation. This policy further describes the roles and responsibilities of Committee members and officers. It is expected that AORMA COMMITTEE members will commit to meeting attendance and participation needed to conduct CSURMA business.

**PROCEDURE:**

The AORMA COMMITTEE will conduct elections and appointments in accordance with the CSURMA Joint Powers Agreement, Bylaws and AORMA Policy and Procedure A-1. A copy of Policy and Procedure A-1 describing roles and responsibilities of Committee members will be provided to Committee nominees and participants.

**AORMA COMMITTEE Participation in General** - The AORMA COMMITTEE holds regularly scheduled meetings in person approximately four times per year with additional teleconference meetings as necessary. Following are considerations as respects AORMA COMMITTEE participation:

1. In person attendance at regularly scheduled AORMA COMMITTEE meetings is preferred. While teleconference attendance can be arranged, the Committee business is best conducted at in-person meetings. Any Committee member or Officer who is not present, either in person or via teleconference, at two or more AORMA COMMITTEE meetings in any one fiscal year, may be removed from the AORMA COMMITTEE upon a majority vote of the AORMA Officers unless that AORMA Officer is the subject of the vote and then that AORMA Officer will be recused.
2. AORMA COMMITTEE at-large member terms are for two years, with a maximum of three terms served before a member is either elected as the Chair, First Vice Chair or Second Vice Chair or termed out and must wait one year before again serving on the Committee. It is expected that members be prepared to serve for at least one complete term because the learning curve on CSURMA's coverage programs is steep.
3. Reasonable travel expenses associated with participation on the AORMA COMMITTEE are reimbursable as provided under CSU's travel reimbursement policy.
4. Representatives elected to the AORMA COMMITTEE are individually elected, not as direct representatives of their respective auxiliary organizations. It is expected that AORMA COMMITTEE members will approach their responsibilities from the perspective of the good of the CSURMA Auxiliary Organizations programs as a whole, rather than just their individual organization's benefit.
5. AORMA COMMITTEE members are expected to attend two (2) CSURMA Board of Directors meetings annually (one in the fall; one in the spring). State law requires timely completion of appropriate paperwork, such as Fair Political Practices Commission Form 700.
6. Develop recommendations for the AORMA COMMITTEE and take action within delegated authority.

**AORMA Committee Chair** - In addition to the roles and responsibilities of AORMA COMMITTEE participation, in general, the AORMA Committee Chair has the following roles and responsibilities:

1. Representative of the AORMA Committee to the AOA Executive Committee and attendance at AOA Executive Committee meetings.
2. Attendance and participation in CSURMA Executive Committee meetings (approximately four times per year).

3. Availability for regular communication with, and direction of CSURMA Program Administrator staff.
4. Availability to respond to CSURMA Auxiliary Organizations member questions and concerns.
5. A commitment toward professional development in the area of risk management and representation of CSURMA at conferences and meetings, such as the AOA Annual Conference, the CSURMA Fitting the Pieces Together Conference and other conferences as appropriate.
6. Authority to appoint an at-large AORMA Committee member or the First Vice Chair or Second Vice Chair if that seat on the AORMA Committee is vacated mid-term.
7. Authority to establish task groups as necessary.
8. Authority to appoint the Standing Committee Chair, members of the AORMA Standing Committee and task groups (in consultation with the AORMA Standing Committee Chair).
9. Service on Standing Committee, task groups and ad hoc committees as appropriate.
10. Attend and present at CSURMA Board of Directors meetings.
11. Authority to call meetings from time to time and in compliance with applicable open meeting regulations to conduct business and planning for the AORMA program including an AORMA Officer's Retreat.
12. Authority to invite additional attendees to meetings as the Chair deems appropriate and to authorize reimbursement of invitee travel expenses provided the expenses are within amounts budgeted for AORMA expenses and in compliance with AORMA travel expense reimbursement Policy and Procedure.

**AORMA Committee First Vice Chair** - In addition to items 1 thru 5 and item 9 of the roles and responsibilities of the AORMA Committee Chair, it is expected that the AORMA Committee First Vice Chair will also;

1. Be prepared to serve in the Chair position should the Chair vacate its seat mid-term.
2. Attend and participate in the CSURMA Executive Committee meetings.

**AORMA Committee Second Vice Chair** - In addition to items 1 thru 5 and item 9 of the roles and responsibilities of the AORMA Committee Chair, it is expected that the AORMA Committee Second Vice Chair will also;

1. Be prepared to serve in the First Vice Chair position should the First Vice Chair vacate its seat mid-term.

**AORMA Standing Committees**

1. The AORMA Committee reserves the right to create and dissolve any or all Standing Committees at any time. The AORMA Committee shall appoint Standing Committees to provide support to the AORMA Committee. These Standing Committees are as follows:
  - a. Programs Committee
  - b. Executive Officers
2. Standing Committee membership will be as follows:
  - a. Programs Committee – A minimum of five members, at least two of whom shall be AORMA Committee members.
  - b. Executive Officers – The AORMA Committee Chair, First Vice Chair and Second Vice Chair.
3. Every spring, the membership of each Standing Committee will recommend to the AORMA Committee Chair a nominee from the AORMA Committee for the Chair position of their respective Standing Committee.
4. The AORMA Committee Chair shall appoint Standing Chairs annually for a one-year term effective on July 1. The Chair of any Standing Committee must simultaneously be a member of the AORMA Committee.
5. AORMA Standing Committee appointments are at the discretion of the AORMA Committee Chair. It is expected that appointed members be prepared to serve for at least one complete two-year term. Standing Committee members may serve a maximum of three consecutive two-year terms, with an effective date of July 1 of the year in which they are appointed. Upon being termed out of a Standing Committee, a person may serve again on the same Standing Committee after sitting out a period of one year.
6. No auxiliary organization will have multiple representatives serving simultaneously on any AORMA Standing Committee.
7. Reasonable travel expenses associated with participation on AORMA Standing Committees are reimbursable as provided in CSURMA’s travel reimbursement policy.
8. Representatives are individually appointed, not direct representatives of their respective auxiliary organizations. It is expected that representatives will approach their responsibilities from the perspective of the good of the CSURMA Auxiliary Organizations programs as a whole, rather than just their individual organization’s benefit.
9. Standing Committees shall develop recommendations for the AORMA Committee and take action within delegated authority.



10. Standing Committees shall be responsible for overseeing the completion of special projects as determined by the AORMA Committee. Standing Committees will be asked to present recommendations for discussion and approval by the full AORMA Committee.

## **ADDENDUM**

### **AORMA STANDING COMMITTEE DESCRIPTIONS**

This addendum to CSURMA AORMA Policy and Procedure A-2 will summarize the primary roles and responsibilities of the Committees appointed by the AORMA Committee Chair. The Committees will from time to time provide reports on their activities to the AORMA Committee, making recommendations on their areas of expertise.

This addendum may be updated from time to time as the need for changes to the Committee structure are desired by the AORMA Committee.

#### **Executive Officers Committee**

The AORMA Executive Officers Committee will provide executive management oversight of AORMA operations and AORMA staff. Comprised of the AORMA Chair, First Vice Chair and Second Vice Chair, the Executive Officers Committee will develop relationships between the CSURMA AORMA and the AOA, manage Committee appointments, leadership and succession planning, and work with staff to develop and update miscellaneous financial, legal, governing and coverage documents. The Executive Committee shall also have claims settlement authority as outlined in AORMA Policies and Procedures L-2 and W-5.

#### **Programs Committee**

The Programs Committee will oversee the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers' Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee. The Committee will assist in the development of relationships between the AORMA and the AOA, as well as continue to strengthen the relationships between the CSURMA and its Auxiliary Organization membership. The Committee will utilize newsletters, member surveys, annual reports and other methods of communicating the benefits of AORMA membership to the members. The Committee will direct staff in the development of "value-added" services such as the Certificate Tracking Program, OAYSYS-Net Property database, claims reports, service provider evaluations and the professional development through risk management training of the AORMA membership.

The Committee will assist in the development, implementation and evaluation of various training programs aimed at developing safety and loss control awareness among the AORMA membership. The Committee will also lead professional development of the AORMA membership in the field of risk management and be responsible for the allocation of the risk management budget among the various safety and risk control service providers.

**CSURMA AORMA PROGRAM STAFF**

**ISSUE:** Staff will provide a basic overview of the current staffing on the CSURMA AORMA Programs.

**RECOMMENDATION:** No action is recommended; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):**

- a. CSURMA Program Administration Contact List (including general assignments)
- b. CSURMA Program Administration Org Chart

## CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
<b>JPA Program Administrator – Alliant Insurance Services, Inc.</b>				
<b>Certificate of Insurance Requests</b>	<b>Van Rin</b>	vrin@alliant.com	415-403-1408	415-874-4810
<b>General CSURMA Coverage Questions</b>	<b>Robert Leong Van Rin Amy Lightner Daniel Howell</b>	rleong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
<b>General AORMA Coverage Questions</b>	<b>Mimi Long Van Rin Amy Lightner Daniel Howell</b>	mlong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
<b>Inland Marine</b>	<b>Van Rin Mimi Long</b>	vrin@alliant.com mlong@alliant.com	415-403-1408 415-403-1423	415-874-4810 415-874-4810
<b>Participant Accident Insurance (PAI)</b>	<b>Van Rin Tevea Him</b>	vrin@alliant.com thim@alliant.com	415-403-1408 415-403-1416	415-874-4810 415-874-4810
<b>Special Events Insurance</b>	<b>Van Rin</b>	vrin@alliant.com	415-403-1408	415-874-4810
<b>Foreign Travel Program</b>	<b>Stacey Weeks Van Rin</b>	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
<b>General Risk Management Questions</b>	<b>Mimi Long Van Rin Amy Lightner Daniel Howell</b>	mlong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
<b>Workers' Compensation Claims Consultant</b>	<b>Jacki Graf</b>	jgraf@alliant.com	415-403-1438	415-874-4810
<b>Alliant Claims Consulting</b>	<b>Robert Frey Diana Walizada Elaine (Kim) Tizon Sheila McClenaghan</b>	rfrey@alliant.com dwalizada@alliant.com elaine.tizon@alliant.com sheila.mcclenaghan@alliant.com	415-403-1445 415-403-1453 415-403-1458 415-403-1492	415-403-1466 415-403-1466 415-403-1466 415-403-1466
<b>Form 700</b>	<b>Tevea Him</b>	thim@alliant.com	415-403-1416	415-402-0773
<b>Website and Technology Questions</b>	<b>Yung Lam Tevea Him Myron Leavell</b>	ylam@alliant.com thim@alliant.com mleavell@alliant.com	415-403-1461 415-403-1416 415-403-1404	415-874-4810 415-874-4810 415-874-4810

### CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
<b>CSU Chancellor's Office</b>				
CSU Chancellor's Office	<b>Leona Ching</b>	lching@calstate.edu	562-951-4580	562-951-4859
	<b>Robert Eaton</b>	reaton@calstate.edu	562-951-4572	562-951-4971
	<b>Zachary Gifford</b>	zgifford@calstate.edu	562-951-4568	562-951-4859
	<b>Martha Guiditta</b>	mguiditta@calstate.edu	562-951-4557	562-951-4859
	<b>William Hsu</b>	whsu@calstate.edu	562-951-4500	562-951-4956
	<b>Sedong John</b>	sjohn@calstate.edu	562-951-4577	562-951-4865
	<b>Alice Kim</b>	akim@calstate.edu	562-951-4627	562-951-4865
	<b>Cindi Le</b>	cle@calstate.edu	562-951-4651	
	<b>Jessica Liu</b>	jliu@calstate.edu	562-951-4621	
	<b>Audra Reed</b>	areed@calstate.edu	562-951-4564	562-951-4971
<b>Steve Relyea</b>	srelyea@calstate.edu	562-951-4600	562-951-4971	

Coverage	Contact	E-Mail Address	Office	Fax
<b>Loss Control Consultants – Alliant Risk Control</b>				
Alliant Risk Control Consulting	<b>John Owen</b>	jowen@alliant.com	916-643-2736	

Coverage	Contact	E-Mail Address	Office	Fax
<b>Online Training - TargetSolutions</b>				
<b>Business Manager</b>	<b>Jennifer Jones</b>	jennifer.jones@targetsolutions.com	858-376-1632	858-487-8762
<b>Account Manager</b>	<b>Ashlee Marinello</b>	ashlee.marinello@targetsolutions.com	858-376-1609	

## CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
<b>Unemployment Insurance Claims Administrator – Employers Edge</b>				
Client Services	Angie Hansen	ahansen@employersedge.com	720-891-4900 x116	720-420-7356
Unemployment Claims Operations, Claim Specialist	Reina Gonzales	rgonzales@employersedge.com	720-891-4900 x139	720-420-7390
Tax Analyst	John Mansfield	jmansfield@employersedge.com	720-891-4900 x128	720-420-7430
Appellate Level	Jen Venable Jamie Clark	jvenable@employersedge.com jclark@employersedge.com	720-891-4900 x114 720-891-4900 x122	720-420-7354 720-420-7396
Account Management	Steve Bell	sbell@employersedge.com	720-891-4900 x101	720-420-7431

Coverage	Contact	E-Mail Address	Office	Fax
<b>Human Resources Consulting – Employers Group</b>				
Helpline	Mark Nelson	mnelson@employersgroup.com	213-765-3952 or 800-748-8484	
Client Service	Bill Stephens	bstephens@employersgroup.com	805-807-9922	213-226-0216
Reference Library	Robert Campbell	rcampbell@employersgroup.com	800-748-8484 Ext. 3430	
Unemployment Questions	Mark Nelson	mnelson@employersgroup.com	213-765-3952	
Affirmative Action Plans	Suzanne Oliva	soliva@employersgroup.com	213-765-3918	
Leave Management	Helpline	helpline@employersgroup.com	800-748-8484	
Research and Surveys	Juan Garcia	jgarcia@employersgroup.com	213-765-3969	
Employee Opinion Survey	Megan Vallone	mvallone@employersgroup.com	213-765-3920	
Training Services	Somaly Heng	sheng@employersgroup.com	213-765-3962	
Employer Advocacy	Ken Tiratira	ktiratira@employersgroup.com	213-765-3915	



**AOA CONFERENCE – SESSION TOPICS**

**ISSUE:** At its meeting on May 4, 2017, the AORMA Committee decided that the following sessions would be beneficial for the AOA membership. These sessions have been proposed to the AOA conference planning committee. Staff is awaiting confirmation of session slots.

1. Major Property Losses Pre and Post
2. Cyber Risks
3. Wellness Center: Insurance Requirements, Waivers, Maintenance, Etc.
4. Programs for Minors: Insurance Requirements, Waivers, Etc.

**RECOMMENDATION:** No action is recommended; however, the Committee may provide direction to Staff as appropriate.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

**IDEAS FOR CREATION OR MODIFICATION OF CSURMA AORMA  
PROGRAMS AND/OR SERVICES**

**ISSUE:** The Officers will be asked to discuss ideas for new AORMA coverage programs and/or services to be offered to the Members in FY 17/18 and beyond.

**RECOMMENDATION:** Staff recommends that the Officers discuss ideas for new AORMA coverage programs and/or services.

**FISCAL IMPACT:** None at this time.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

**RECAP OF PROJECTS TO BE INCLUDED ON THE FY 17/18 AORMA  
LONG RANGE ACTION PLAN**

**ISSUE:** During the AORMA Officer’s Retreat, the Officers will suggest items to be included and/or discussed during the AORMA Committee’s Long Range Action Planning meeting in September, 2017. These ideas will be recapped by Staff at today’s meeting.

**RECOMMENDATION:** This is a discussion item only but the Officers may provide direction to Staff.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**PUBLICATION:** None.

**ATTACHMENT(S):** None.

# APPENDICES

**AORMA Liability Program - EPL Deductible Schedule**

#	Campus	Auxiliary Organization	FY 17/18	FY 16/17	FY 15/16	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
1	Bakersfield	Associated Students, California State University, Bakersfield, Inc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
2	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
3	Bakersfield	California State University, Bakersfield Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
4	Bakersfield	California State University, Bakersfield Student Union, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
5	Chancellor's Office	California State University Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
6	Chancellor's Office	California State University Institute	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
7	Channel Islands	Associated Students of California State University, Channel Islands, Inc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
8	Channel Islands	California State University Channel Islands Foundatior	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
9	Channel Islands	CI University Auxiliary Services, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
10	Chico	Associated Students of California State University, Chicc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
11	Chico	Auxiliary Organization Associations	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
12	Chico	The CSU, Chico Research Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
13	Chico	The University Foundation, California State University, Chicc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
14	Dominguez Hills	Associated Students, California State University, Dominguez Hill:	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
15	Dominguez Hills	California State University, Dominguez Hills Foundatior	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
16	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundatior	\$ 25,000	\$ 25,000	\$ 25,000					
17	East Bay	Associated Students, California State University, East Bay	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
18	East Bay	Cal State East Bay Educational Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
19	East Bay	California State University, East Bay Foundation, Inc.	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
20	Fresno	Associated Students, Inc. of California State University, Fresnc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
21	Fresno	California State University, Fresno Association, Inc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
22	Fresno	California State University, Fresno Foundation	\$ 75,000	\$ 75,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
23	Fresno	Fresno State Programs for Children, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
24	Fresno	The Agricultural Foundation of California State University, Fresnc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
25	Fresno	The California State University, Fresno Athletic Corporatior	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
26	Fullerton	Associated Students, California State University, Fullerton, Inc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
27	Fullerton	Cal State Fullerton Philanthropic Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
28	Fullerton	CSU Fullerton Auxiliary Services Corporatior	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
29	Humboldt	Associated Students, Humboldt State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
30	Humboldt	Humboldt State University Advancement Foundatior	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
31	Humboldt	Humboldt State University Center Board of Directors	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
32	Humboldt	Humboldt State University Sponsored Programs Foundatior	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
33	Long Beach	Associated Students, California State University, Long Beact	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
34	Long Beach	California State University, Long Beach Research Foundatior	\$ 50,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
35	Long Beach	CSULB 49er Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
36	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
37	Los Angeles	Associated Students, California State University, Los Angeles, Inc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
38	Los Angeles	Cal State L.A. University Auxiliary Services, Inc	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
39	Los Angeles	California State University, Los Angeles Foundatior	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
40	Los Angeles	University-Student Union Board, California State University, Los Angeles	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
41	Maritime Academy	California Maritime Academy Foundation, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
42	Maritime Academy	The Associated Students of the California Maritime Academy	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

**AORMA Liability Program - EPL Deductible Schedule**

#	Campus	Auxiliary Organization	FY 17/18	FY 16/17	FY 15/16	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
43	Monterey Bay	Foundation of California State University, Monterey Bay	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
44	Monterey Bay	The University Corporation at Monterey Bay	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
45	Northridge	Associated Students, California State University, Northridge, Inc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
46	Northridge	California State University, Northridge Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
47	Northridge	North Campus University Park Development Corporator	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
48	Northridge	The University Corporation, CSU Northridge	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
49	Northridge	University Student Union of California State University, Northridge	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
50	Pomona	Associated Students Inc., California State Polytechnic University, Pomona	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
51	Pomona	The Cal Poly Pomona Foundation, Inc.	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 25,000
52	Sacramento	Associated Students of California State University, Sacramento	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
53	Sacramento	Capital Public Radio, Inc., CSU Sacramento	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
54	Sacramento	The University Foundation at Sacramento State	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
55	Sacramento	University Enterprises, Inc., CSU Sacramento	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
56	Sacramento	University Union Operation of CSUS, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
57	San Bernardino	Associated Students Inc., California State University, San Bernardino	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
58	San Bernardino	CSUSB Philanthropic Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
59	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
60	San Bernardino	University Enterprises Corporation at CSUSB	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
61	San Diego	Associated Students, San Diego State University	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
62	San Diego	Aztec Shops, Ltd., San Diego State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
63	San Diego	San Diego State University Research Foundator	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
64	San Diego	The Campanile Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
65	San Francisco	Associated Students, Inc., San Francisco State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
66	San Francisco	San Francisco State University Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
67	San Francisco	The University Corporation, San Francisco State	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
68	San Jose	Associated Student, San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
69	San Jose	San Jose State University Research Foundator	\$ 100,000	\$ 100,000	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
70	San Jose	Spartan Shops, Inc., San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
71	San Jose	The Student Union of San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
72	San Jose	The Tower Foundation, San Jose State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
73	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
74	San Luis Obispo	Cal Poly Corporation	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
75	San Luis Obispo	California Polytechnic State University Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
76	San Marcos	California State University San Marcos Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
77	San Marcos	San Marcos University Corporation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
78	San Marcos	The Associated Students of California State University, San Marcos	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
79	San Marcos	University Auxiliary and Research Services Corporator	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
80	Sonoma	Associated Students of Sonoma State University	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
81	Sonoma	Sonoma State Enterprises, Inc.	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
82	Sonoma	Sonoma State University Academic Foundation, Inc	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
83	Stanislaus	Associated Students, Inc., California State University, Stanislaus	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
84	Stanislaus	California State University, Stanislaus Auxiliary and Business Services	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

**AORMA Liability Program - EPL Deductible Schedule**

#	Campus	Auxiliary Organization	FY 17/18	FY 16/17	FY 15/16	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
85	Stanislaus	California State University, Stanislaus Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
86	Stanislaus	University Student Union of California State University, Stanislaus	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

**Black Bold** - represents that the EPL deductible is now back down to the minimum of \$25,000

**Blue** - represents the mandated minimum EPL deductible per Policy & Procedure L-7

**Red** - represents the year the member chose to increase its EPL deductible above the minimum. The member must maintain the higher deductible for three years.

**70% Confidence Level (Discounted)**

CSURMA AORMA FY 2017/2018 Liability Program Total Estimated Funding					
Expense Item	Actual Program Costs FY 13/14 \$350,000 SIR	Actual Program Costs FY 14/15 \$350,000 SIR	Actual Program Costs FY 15/16 \$350,000 SIR	Program Costs FY 16/17 \$500,000 SIR	Proposed FY 17/18 \$500,000 SIR
Actuarial Recommended Estimated Pooled Layer - Fundin	1,565,000	1,675,550	1,774,778	1,700,777	1,770,878
Claims Administration	12,600	13,300	14,000	14,000	15,000
Program Administration Fees	727,678	751,572	769,101	812,179	813,000
Reinsurance / Excess Liability Insuranc	1,193,751	1,227,876	1,280,435	1,434,459	1,500,000
<b>Total Costs:</b>	<b>3,499,029</b>	<b>3,668,298</b>	<b>3,838,314</b>	<b>3,961,415</b>	<b>4,098,878</b>
<b>Difference from prior year:</b>	-2.29%	4.84%	4.63%	3.21%	3.47%

Actuarial Recommended Estimated Pooled Layer Funding (based on the actuarial report dated August 5, 2016)  
 Claims Administration (per the Carl Warren & Company contract, the annual service fee will increase to \$15,000)  
 JPA Program Administration Fee (an increase or decrease is not contemplated)  
 Reinsurance / Excess Liability (a 5% increase is included)



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. L -1**

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**SUBJECT: LIABILITY CLAIMS REPORTING**

**ADOPTED: DECEMBER 7, 2006**

**AMENDED: OCTOBER 8, 2009  
DECEMBER 4, 2014  
MAY 5, 2016**

**EFFECTIVE: JANUARY 1, 2007**

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*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

**POLICY:**

It is the policy of CSURMA AORMA that all MEMBERS will comply with the following conditions of the AORMA Liability Program MEMORANDUM OF COVERAGE.

- A. Duties in the Event of an Accident, OCCURRENCE, Offense, Claim, Suit or Proceeding: The following provisions are precedent to coverage under the AORMA Liability Program MEMORANDUM OF COVERAGE. The COVERED PARTY’s failure to comply with any of these provisions will be cause for a reduction in or denial of coverage by CSURMA AORMA.
  - 1. In the event of any OCCURRENCE or offense which may result in a claim, suit or proceeding against a COVERED PARTY, written notice (includes e-mail correspondence, fax transmissions and original hard copy notifications) shall be given by the MEMBER to the TPA as soon as practicable.
  - 2. When the MEMBER submits the first claim report, the following information shall be included, if available and applicable:
    - a. How, when and where the OCCURRENCE or offense took place;
    - b. The names and addresses of any injured persons and witnesses;
    - c. The nature and location of any injury or damage arising out of the OCCURRENCE or offense;
    - d. Incident reports;
    - e. Investigation reports;
    - f. Police reports;
    - g. Claim notice(s) and response(s)
    - h. Medical reports



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. L -1**

- i. Request for Assignment of “Non-Approved” Legal Counsel (See AORMA Legal Counsel Selection Policy & Procedure)  
Other information helpful to the TPA. See contact information below:

**Regular Mail**

Carl Warren & Company  
P.O. Box 7059  
Ventura, CA 93006-7059  
Attn: Mauri McGuire  
Phone: 805.650.7020, ext. 1003  
Fax: 805.658.9950  
Email: [mmcguire@carlwarren.com](mailto:mmcguire@carlwarren.com)

**Express Mail**

Carl Warren & Company  
1000 South Hill Rd., Suite 215  
Ventura, CA 93003-4455  
Attn: Mauri McGuire  
Phone: 805.650.7020, ext. 1003  
Fax: 805.658.9950  
Email: [mmcguire@carlwarren.com](mailto:mmcguire@carlwarren.com)

- 3. The MEMBER and any other involved COVERED PARTY shall provide immediate notice of any Pleadings, Summons, Complaints and any other legal papers received by the MEMBER or other involved COVERED PARTY to the TPA and authorize CSURMA AORMA to obtain records and other information;

- a. **Late Reporting Penalties.** If an OCCURRENCE, offense, claim, suit or proceeding is not reported by the MEMBER to the TPA within the timeframes set below, the following late reporting schedule will apply:

- i. If an OCCURRENCE, offense, claim, suit or proceeding is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
- ii. If an OCCURRENCE, offense, claim, suit or proceeding is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply;
- iii. If an OCCURRENCE, offense, claim, suit or proceeding is reported more than 12 months late as determined by the TPA, no recovery will be available to the MEMBER or other involved COVERED PARTY.

- 4. The MEMBER and any other involved COVERED PARTY will cooperate with CSURMA AORMA in the investigation or settlement of the claim, suit or proceeding and defense against and assist CSURMA AORMA, in the enforcement of any right against any person or organization which may be liable to the MEMBER because of injury to which this coverage may also apply.

- B. No Voluntary Payments: Except as stated below, no MEMBER will, except at that MEMBER’s own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without consent of CSURMA AORMA.

With respect to UNFAIR EMPLOYMENT PRACTICES, in no event shall any payments be made by CSURMA AORMA for any costs incurred to defend a covered claim more than thirty



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(30) days prior to written notification of any OCCURRENCE, offense, claim or suit to the TPA.

Moreover, no settlement of any claim shall be paid by CSURMA AORMA without prior written authorization of the TPA.

**MEMBER APPEAL PROCESS:**

**First Level Appeal**

If a MEMBER wishes to appeal a decision resulting from the enforcement of this Policy and Procedure, the MEMBER must present an appeal in writing to the AORMA Committee within thirty (30) days of the disputed decision. The AORMA Committee will review the appeal at its next regularly scheduled meeting and inform the MEMBER within five (5) business days of its final decision.

**Second Level Appeal**

If a MEMBER wishes to appeal the AORMA Committee's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five (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.



## CSURMA AORMA

## POLICY AND PROCEDURE NO. L -1

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### DEFINITIONS:

**AORMA** – Auxiliary Organizations Risk Management Alliance is the group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**CSURMA** – California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**OCCURRENCE** – As defined within the AORMA Liability Program MEMORANDUM OF COVERAGE.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

**TPA** - Third party liability claims administrator whose responsibilities include claim handling, litigation management and excess liability carrier reporting.

**UNFAIR EMPLOYMENT PRACTICES** – As defined within the AORMA Liability Program MEMORANDUM OF COVERAGE.

**SUBJECT:** **LIABILITY CLAIMS ADMINISTRATION &  
LITIGATION MANAGEMENT**

**ADOPTED:** **DECEMBER 7, 2006**

**AMENDED:** **OCTOBER 8, 2009  
SEPTEMBER 16, 2010  
MAY 10, 2012  
OCTOBER 23, 2014  
MAY 7, 2015  
MARCH 10, 2016**

**EFFECTIVE:** **JANUARY 1, 2007**

**POLICY & PROCEDURE NO.:** **(FORMERLY) 3B-LIAB**

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*Should there be any discrepancy between this document and either the LIABILITY MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA and the MEMBER, the LIABILITY MEMORANDUM OF COVERAGE and the PARTICIPATION AGREEMENT will govern.*

**POLICY:**

1. It is the policy of AORMA that liability claims be handled in the most efficient and cost-effective manner possible. To that end, the AORMA COMMITTEE has retained the services of a TPA who has been designated the primary contact and control point for all liability claims management.
2. 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.
3. It is the policy of AORMA that (1) LEGAL COUNSEL engaged to defend a MEMBER shall be selected pursuant to AORMA Policy & Procedure L-3 - Legal Counsel Selection and that (2) such LEGAL COUNSEL shall be responsive to TPA and that (3) failure of LEGAL COUNSEL to be responsive to TPA may result in replacement of LEGAL COUNSEL.
4. It is the policy of AORMA that the TPA will analyze all CLAIMs for potential liability apportionment between the Campus and the MEMBER or two or more MEMBERs and will provide notification to the PROGRAM DIRECTOR.

**PROCEDURE:**

The purpose of this document is to outline the process of liability claims administration and litigation management by the TPA and the involvement of the AORMA COMMITTEE.

**1. LIABILITY CLAIMS ADMINISTRATION**

The TPA shall report its activities to the AORMA COMMITTEE pursuant to the Liability Claims Administration Service Agreement.

**2. RESPONSIBILITIES OF THE MEMBER**

The MEMBER shall assist the TPA in obtaining all necessary documentation to assist in efficient and comprehensive handling of a claim.

**3. RESPONSIBILITIES OF THE AORMA COMMITTEE**

- A. The AORMA COMMITTEE shall meet as needed to review open claims.
- B. The responsibilities of the AORMA COMMITTEE shall include, but are not limited to:
  - 1) Review claims with the TPA as necessary.
  - 2) Review the specific handling of reported losses.
  - 3) Review adequacy of reserve levels in conjunction with the PROGRAM DIRECTOR and TPA.
  - 4) Make decisions regarding rejection of coverage for claims, or the handling of claims under a reservation of rights, based on the MEMORANDUM OF COVERAGE.
  - 5) Make recommendations to individual MEMBERS concerning the settlement or litigation of claims.
  - 6) Report to the CSURMA EXECUTIVE COMMITTEE on claims related matters as appropriate.

**4. RESPONSIBILITIES OF THE LIABILITY THIRD PARTY CLAIMS ADMINISTRATOR (TPA)**

- A. The TPA has general responsibility for performing or overseeing all necessary investigation of claims, as well as overseeing legal defense. The TPA is responsible for reporting claims to the excess liability insurers or reinsurers as appropriate. The TPA provides regular claims reports containing the status of claims and the projected reserves. The specific services to be provided and the responsibilities of the TPA are found in the Liability Claims Administration Service Agreement.
- B. The TPA shall perform an analysis of all CLAIMS and lawsuits for potential liability apportionment between either the Campus and the MEMBER or between two or more MEMBERS.

- 1) If the TPA believes there may be a basis for apportionment between the Campus and the MEMBER, the TPA will notify the PROGRAM DIRECTOR. The PROGRAM DIRECTOR will submit the matter to the MEMBER Executive Director and the Campus Vice President of Administration and Finance, or their designees, to determine whether apportionment is appropriate and, if so, what apportionment percentages should apply. In the event they are unable to reach agreement regarding apportionment and/or apportionment percentages, the matter will be submitted for decision to the CSURMA Secretary-Auditor who will review the matter with the Executive Vice-Chancellor/Chief Financial Officer of the California State University. The decision of the CSURMA Secretary-Auditor shall be final, non-appealable and binding.
  - 2) If the TPA believes there may be a basis for apportionment between two or more MEMBERS, the TPA will notify the PROGRAM DIRECTOR. The PROGRAM DIRECTOR will submit the matter to the Executive Directors of the MEMBERS, or their designees, to determine whether apportionment is appropriate and, if so, what apportionment percentages should apply. In the event they are unable to reach agreement regarding apportionment and/or apportionment percentages, the matter will be submitted for decision to the CSURMA Secretary-Auditor who will review the matter with the Executive Vice-Chancellor/Chief Financial Officer of the California State University. The decision of the CSURMA Secretary-Auditor shall be final, non-appealable and binding.
- C. The TPA shall perform a survey of the legal marketplace per Policy & Procedure No. L-3 to verify that approved LEGAL COUNSEL rates are in line with industry standards, and report their findings to the AORMA COMMITTEE.
- D. The TPA shall forward a copy of its summary of reports to the MEMBER and the PROGRAM DIRECTOR. In the event that a lawsuit or a CLAIM involves the MEMBER Executive Director, the Campus Vice President of Administration & Finance or his/her designee shall manage the claim with the TPA.
- E. Two claims listings will be provided at each meeting for which there is a closed session.
- F. A detailed listing of all claims requiring action by the AORMA Committee. The narrative will include at least the following information:
- 1) Date of Loss
  - 2) Member
  - 3) Fiscal Year
  - 4) Simplified Description

- 5) Line of Coverage
- 6) Member retained limit
- 7) Report to Excess Status
- 8) Paid
- 9) Reserves
- 10) Total Incurred
- 11) Defense counsel name and firm
- 12) Plaintiff counsel name and firm
- 13) Legal counsel budget
- 14) Estimate of probable liability
- 15) Action requested

A Watch List for the following claims:

- 1) All claims with a total incurred value of \$25,000 or more.
- 2) Any claim that will be or has been reported to the excess carrier or reinsurer.
- 3) All employment practices liability claims.
- 4) Any other claim with a substantial potential exposure to AORMA.

G. The Liability Third Party Claims Administrator may attend the AORMA Committee meetings in order to request settlement authority, discuss coverage issues and provide updates on large open claims.

## **5. RESPONSIBILITIES OF LEGAL COUNSEL**

Assigned LEGAL COUNSEL selected as provided in AORMA Policy & Procedure L-3 - Legal Counsel Selection will be notified in writing by the TPA of assignment. LEGAL COUNSEL will be required to acknowledge and sign an engagement letter prior to beginning the defense of any AORMA claim. Assigned LEGAL COUNSEL are required to report claim status to the TPA every 90 days, or upon any activity that would significantly affect the value reserved for the claim.

## **6. LIABILITY LITIGATION MANAGEMENT**

### **A. Correspondence and Pleadings**

Copies of all correspondence and pleadings shall be provided to the TPA and the Member.

After a case has been reported to an excess coverage provider, LEGAL COUNSEL shall ensure that additional copies of all correspondence and pleadings are forwarded to such excess coverage provider or reinsurer.

Notification of depositions, trials, arbitrations, and hearing shall be sent to all parties specified above who are to receive copies of correspondence.

LEGAL COUNSEL will promptly respond to all letter or phone calls from the TPA, and keep them advised as to the progress of each case. LEGAL COUNSEL will cooperate with the TPA in all other aspects of this Litigation Management including providing copies of all motions and pleadings, and completing expert witness and plaintiff counsel evaluations as requested by the TPA.

**B. Case Analysis and Litigation Budget**

Within 30 days of retention in each case, selected LEGAL COUNSEL shall complete and return a case analysis and litigation budget in accordance with the Legal Counsel Engagement Letter appendixes to AORMA Policy & Procedure L-3 Legal Counsel Selection.

Unanticipated litigation activity may give rise to an under reserved litigation budget. As soon as it is reasonably foreseeable that the file is under budgeted, an updated litigation budget should be completed along with recommendation for a budget increase or decrease, where appropriate. The TPA will closely monitor the basis for budget increases. If the litigation budget has been exceeded, no further payment of fees will be made until a revised litigation budget has been submitted and approved. Significant deviations from the budget will be taken into account when evaluating LEGAL COUNSEL's performance.

Mandatory Status Reports – Status reports are mandatory every 90 days or as soon as possible following any significant event in the case. LEGAL COUNSEL shall report only on new developments since the last report. The reporting diary can be extended if the TPA is notified of the Legal counsel's intention to put the file on an extended diary.

The attorney handling the case should prepare the status reports. Status reports should include the following:

- 1) The ongoing strategy for defense or resolution of the case, including a factual analysis of issues related to liability and damages;
- 2) A description of planned discovery with a time table for completion;
- 3) A brief synopsis of the discovery completed since the last report;
- 4) Court dates including, but not necessarily limited to, mandatory settlement conferences, trial setting conferences, arbitration and trial dates, hearings on discovery, etc.;
- 5) New settlement demands; and
- 6) Any anticipated changes in the litigation budget.

Furthermore, no later than 30 days prior to mediation, arbitration or trial or as requested by the TPA, the defense trial attorney will provide a trial/binding arbitration report, which shall include:

- 1) an assessment of the Member's liability;
- 2) an assessment of plaintiff's damages;
- 3) an assessment of legal defenses (and probability or prevailing);
- 4) an assessment of the chances of prevailing at trial;
- 5) the verdict value assuming full liability
- 6) as assessment of any other factors affecting the items above, including demeanor or credibility of important witnesses, evidentiary disputes, tendencies or local juries, the judge or opposing counsel, liability and solvency/coverage of co-defendants, or similar important issues;
- 7) an appraisal of settlement value, considering verdict value and chances of prevailing
- 8) the status of settlement discussions
- 9) estimated future fees and costs through trial (since last billing)

**C. Further Evaluations and Reserves**

Upon request by the excess coverage provider or reinsurer, LEGAL COUNSEL shall provide written or oral evaluations of the case. These evaluations shall disclose any weaknesses or strengths of the case that have been discovered, any increase or decrease in anticipated costs, any recommended change in reserves, and, if pertinent, settlement recommendations.

**D. Settlement Conferences**

Once the TPA receives notice that a MEMBER'S case has a settlement conference date scheduled, the following procedure will occur:

- 1) The TPA shall notify the MEMBER regarding the settlement conference and provide a comprehensive case review and/or documentation for review.
- 2) The TPA shall attend all settlement conferences as outlined in the Claims Administration Service Agreement and, if time permits, shall review the case with the AORMA COMMITTEE prior to the settlement conference or at the next regularly scheduled AORMA COMMITTEE meeting.

- 3) LEGAL COUNSEL shall not settle any litigation by way of any monetary offering without the prior approval of the TPA, in accordance with the Claims Settlement Authority noted in Item 7 below.

**E. Motions/Court Appearances (Excluding Settlements and Trial)**

Appearances shall be made by the selected LEGAL COUNSEL as outlined in the Claims Administration Services Agreement.

**F. Trials**

Appearances shall be made by LEGAL COUNSEL. Trials shall be attended by LEGAL COUNSEL (or designated representative of the MEMBER), and after notification to the PROGRAM DIRECTOR.

**G. Special Situations and Circumstances**

Should any MEMBER send or receive correspondence or documentation on a case in litigation, a copy of all such correspondence or documentation must be sent to the TPA.

Expenses incurred by LEGAL COUNSEL (or approved alternate representative) for duties outlined in Paragraphs 1.B, 1.C and 1.D shall be reimbursed by AORMA and allocated directly to the case file. All travel expenses shall be in accordance with the CSURMA's travel policy.

**H. Audit of Defense Firms**

The TPA reserves the right to order an independent legal billing audit if in his or her discretion, the LEGAL COUNSEL billings do not comply with AORMA's Liability Litigation Management guidelines or are excessive and/or unwarranted. Payment of any LEGAL COUNSEL billings shall not constitute a waiver of AORMA's right to seek reimbursement of any excessive or unwarranted billings disclosed by an independent legal billing audit. If an independent legal billing audit is ordered, The AORMA Committee, with input from the TPA, shall determine who shall pay for the independent legal billing audit.

**7. LIABILITY CLAIMS SETTLEMENT**

**A. Claim Settlement Authority**

The following guidelines apply to settlement authority of the AORMA Self-Insured Retention Liability Fund policy:

- 1) \$0 to 25,000 – Claims Administrator (TPA)

The TPA has authority to settle each OCCURRENCE up to, and including, \$25,000 in indemnity payment or \$25,000 per claimant if more than one claimant is a party to the OCCURRENCE.

2) \$25,001 to POOLED LAYER LIMIT – AORMA COMMITTEE

The AORMA COMMITTEE has authority to authorize claims settlement up to the POOLED LAYER LIMIT per OCCURRENCE.

All of the foregoing notwithstanding, if time is of the essence in a specific matter, the AORMA Committee Chair, Vice Chair, Past Chair and Ex Officio, on the advice of the TPA, shall have authority to determine the terms of an emergency settlement up to the POOLED LAYER LIMIT upon the agreement of a majority consisting of at least two participants, provided that no member involved in the specific matter may participate in the determination. Any determination reached under this paragraph shall be reported to the AORMA Committee at the next regularly scheduled meeting.

The CSURMA Secretary-Auditor may participate in any legal proceeding and represent the interests of the AORMA Programs.

**B. Liability Claims Settlement Responsibility**

AORMA COMMITTEE shall have the primary responsibility to control and direct settlement negotiations and to determine the terms of any settlement. However, before effecting any settlement, the AORMA COMMITTEE shall comply with the provisions of the MEMORANDUM OF COVERAGE, which pertain to settlement of claims, including provisions that require the AORMA COMMITTEE to give notice to the MEMBER of the terms of the proposed settlement and to request the MEMBER's consent. AORMA COMMITTEE's notice to the MEMBER shall refer specifically to any provisions by the MEMORANDUM OF COVERAGE which, in the absence of the MEMBER's consent to the proposed settlement, would require the MEMBER to assume all future responsibility for Defense of the claim and for any risk of loss which might ensue. The notice shall also inform the MEMBER that AORMA's obligation to pay for the Defense of the claim may terminate immediately if the MEMBER does not consent to the proposed settlement.

**C. Member Appeal Process**

**First Level Appeal** - If a MEMBER wishes to appeal a decision resulting from the enforcement of this policy & procedure, the MEMBER must present an appeal in writing to the AORMA COMMITTEE within 30 days of the disputed decision. The AORMA COMMITTEE will review the appeal at its next regularly scheduled meeting and inform the MEMBER within five business days of its final decision.

**Second Level Appeal** - If a Member wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five 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.

**DEFINITIONS:**

1. **AORMA** - The Auxiliary Organizations Risk Management Alliance, a member of the California State University Risk Management Authority, a California Joint Powers Authority An insurance purchasing program for use exclusively by auxiliary organization members of the CSURMA.
2. **AORMA COMMITTEE** - A Committee of the CSURMA providing management and oversight to the Auxiliary Organizations Risk Management Alliance. Comprised of the Chair, the Vice Chair, eight “At Large” members, and two non-voting members.
3. **CSURMA** - The California State University Risk Management Authority, a Joint Powers Authority comprised of the California State University and its Auxiliary Organizations.
4. **CSURMA EXECUTIVE COMMITTEE** - The California State University Risk Management Authority Executive Committee.
5. **LEGAL COUNSEL** - Any attorney selected to represent an AORMA member. Legal Counsel is selected from the approved legal counsel list maintained by the TPA.
6. **MEMBER** - Any Auxiliary Organization participating in AORMA.
7. **MEMORANDUM OF COVERAGE** – The **AORMA** Liability Program **MEMORANDUM OF COVERAGE** is a governing document which outlines the **AORMA** Liability Program’s definitions, coverages, exclusions and provisions. The **AORMA** Liability Program **MEMORANDUM OF COVERAGE** does not provide insurance, but instead provides for pooled-insurance. The **MEMORANDUM OF COVERAGE** is a negotiated agreement among the **MEMBERS** of **CSURMA AORMA**.
8. **OCCURRENCE** - As defined within the AORMA Liability Program **MEMORANDUM OF COVERAGE**.
9. **PARTICIPATION AGREEMENT** - A governing document of AORMA. Outlines the roles and responsibilities of AORMA and its membership.
10. **POOLED LAYER LIMIT** - The Self-Insured Retention Liability Fund’s maximum limit of liability. Currently, the pooled layer limit is \$350,000 per **OCCURRENCE**.
11. **PROGRAM DIRECTOR** – The Program Director is under the direction of the AORMA and is responsible for the day-to-day administration and management of AORMA programs.
12. **TPA** - A Third Party Claims (TPA) claims administrator whose responsibilities include claim handling, litigation management and excess liability carrier reporting.

**SUBJECT: LEGAL COUNSEL SELECTION**

**ADOPTED: DECEMBER 7, 2006**

**AMENDED: OCTOBER 8, 2009  
SEPTEMBER 16, 2010  
MAY 10, 2012  
OCTOBER 23, 2014  
MAY 5, 2016**

**EFFECTIVE: JANUARY 1, 2007**

**POLICY & PROCEDURE NO.: (FORMERLY) 3C-LIAB**

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*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

**POLICY**

1. The TPA shall appoint all LEGAL COUNSEL to represent AORMA and its MEMBERS in defense of a covered liability claim. All appointed LEGAL COUNSEL shall be selected from the AORMA APPROVED LEGAL COUNSEL LIST and subject to the MAXIMUM ALLOWABLE HOURLY RATE for LEGAL COUNSEL. The TPA will send to LEGAL COUNSEL an engagement letter which the LEGAL COUNSEL will be asked to acknowledge and accept.
2. The CSURMA Secretary-Auditor approves the selection of defense counsel to be added to the AORMA APPROVED LEGAL COUNSEL LIST.
3. To avoid any appearance of a conflict of interest, actual or potential, any attorney who has advised a MEMBER in any capacity (such as serving as general or labor counsel) shall not be engaged as LEGAL COUNSEL for a matter on which that attorney previously advised the MEMBER without prior approval of the CSURMA Secretary-Auditor.

**PROCEDURE**

1. The TPA shall maintain and update the AORMA APPROVED LEGAL COUNSEL LIST of attorneys (not firms) to which claims will be assigned.
2. The TPA shall at least every 36 months survey LEGAL COUNSEL compensation and recommend to the AORMA COMMITTEE a fair and equitable MAXIMUM ALLOWABLE HOURLY RATE for LEGAL COUNSEL which will address partner rates, associate rates

and blended rates. The AORMA COMMITTEE shall consider and take action at a regularly scheduled meeting to establish the MAXIMUM ALLOWABLE HOURLY RATE.

3. If LEGAL COUNSEL is handling the defense of any University case, then LEGAL COUNSEL will be retained at the University's hourly rate.
4. MEMBERS shall have the right to recommend LEGAL COUNSEL from the AORMA APPROVED LEGAL COUNSEL LIST; however, the CSURMA Secretary-Auditor shall make the final selection of LEGAL COUNSEL. If the MEMBER disapproves of the selection of LEGAL COUNSEL for a particular matter, the MEMBER may submit an appeal in writing to the AORMA COMMITTEE.
5. Any MEMBER wishing to recommend LEGAL COUNSEL for inclusion on the AORMA APPROVED LEGAL COUNSEL LIST may do so by submitting background information on the individual attorney to the TPA. The TPA will then review the information and, if appropriate, request that the CSURMA Secretary-Auditor approve inclusion of the attorney on the AORMA APPROVED LEGAL COUNSEL LIST.
6. Due to the potential conflict of interest, attorneys who serve regularly as general counsel, in-house counsel or labor counsel for that MEMBER may not defend that MEMBER unless prior written approval is granted by the CSURMA Secretary-Auditor.
7. Except as permitted by Paragraph Nos. 9, 10 and 11 below, the CSURMA Secretary-Auditor and the TPA shall have the sole responsibility to select and engage LEGAL COUNSEL to represent MEMBERS of AORMA as to any matters tendered by a MEMBER through AORMA for DEFENSE and INDEMNITY. A MEMBER may request selection of LEGAL COUNSEL from the AORMA APPROVED LEGAL COUNSEL LIST for a specific claim.
8. The TPA shall assign claims to LEGAL COUNSEL within five days after receipt of notice from the MEMBER that a Summons and Complaint has been received by the TPA.
9. If there is a conflict of interest between AORMA and a MEMBER (which would be a conflict of interest between an insured and its insurer within the meaning of California Civil Code Section 2860) then that MEMBER has the same rights to select and engage INDEPENDENT COUNSEL as would an insured under Civil Code Section 2860. AORMA also has all of the rights reserved to an insurer under Civil Code Section 2860, and all of the provisions of Civil Code Section 2860 shall apply as if AORMA was an insurer and the MEMBER was an insured.
10. A MEMBER may recommend LEGAL COUNSEL to defend an action if all of the following conditions apply:
  - a. Recommended LEGAL COUNSEL is selected from the AORMA APPROVED LEGAL COUNSEL LIST;
  - b. The CSURMA Secretary-Auditor approves the recommendation. (The recommendation will be approved by the CSURMA Secretary-Auditor unless the

- MEMBER's selection is found to be imprudent, i.e., LEGAL COUNSEL proposed by the MEMBER does not have sufficient experience, expertise or other qualifications required to competently undertake the defense assignment).
- c. One or more of the following circumstances exists:
- i. The MEMBER has significant exposure to a claim which the AORMA COMMITTEE has either denied coverage for, or has reserved its rights to deny coverage for, but which claims there may not be a conflict of interest between AORMA and MEMBER of the kind referred to in Paragraph No. 10 above. If the MEMBER chooses to avail itself of the privilege of selecting LEGAL COUNSEL under this No. 10 c(i), the MEMBER shall affirmatively waive its rights under No. 9 above.
  - ii. The case involves legal or factual issues which merit handling by LEGAL COUNSEL with specialized expertise.
  - iii. The case involves unusual ancillary factors, which justify retaining LEGAL COUNSEL having special sensitivity in dealing with those factors.
11. The MEMBER always may select and engage, *at its own expense*, MONITORING COUNSEL in addition to the LEGAL COUNSEL. However, the LEGAL COUNSEL selected by the CSURMA Secretary-Auditor or the TPA shall manage and control the litigation.
12. AORMA will pay for INDEPENDENT COUNSEL and LEGAL COUNSEL selected and engaged pursuant to Paragraph Nos. 9 and 10 above. AORMA *will not pay for* MONITORING COUNSEL engaged pursuant to Paragraph 11, above.
13. In conjunction with LEGAL COUNSEL, selected pursuant to No. 9, above, the AORMA COMMITTEE and the TPA shall have the right to manage and control the conduct of the litigation. INDEPENDENT COUNSEL selected pursuant to No. 9, above, may participate in the defense of the litigation but shall not interfere with AORMA's right of control.
14. If a MEMBER has concerns regarding the selected LEGAL COUNSEL, they must communicate with the CSURMA Secretary-Auditor prior to initiating the MEMBER Appeal Process as described below.

## **NOTIFICATION**

The TPA shall notify the MEMBER of LEGAL COUNSEL assigned to a claim, and confirm by sending the MEMBER a copy of the TPA's engagement letter. Before AORMA will pay any costs for LEGAL COUNSEL fees, selected LEGAL COUNSEL must confirm IN WRITING to the TPA that the engagement is between LEGAL COUNSEL and AORMA, not LEGAL COUNSEL and MEMBER.

## **MEMBER APPEAL PROCESS**

If a MEMBER wishes to appeal a decision resulting from the enforcement of this policy & procedure, the MEMBER must present an appeal in writing to the AORMA COMMITTEE within 30 days of the disputed decision. The AORMA COMMITTEE will review the appeal at its next regularly scheduled meeting and inform the MEMBER within five business days of its final decision.

If a Member wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five business days of receipt of the AORMA'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.

**DEFINITIONS:**

**APPROVED LEGAL COUNSEL LIST** - A list of pre-approved attorneys approved by the CSURMA Secretary-Auditor and the TPA to handle defense and litigation of AORMA MEMBER claims.

**AORMA** – Auxiliary Organizations Risk Management Alliance is the group of programs under the California State University Risk Management Authority representing the auxiliary organizations.

**AORMA COMMITTEE** - The governing body of AORMA.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**DEFENSE** - Legal costs incurred as the result of defending a covered claim. These may include claimant’s and defense counsel’s attorney fees.

**EXECUTIVE COMMITTEE** – The CSURMA Executive Committee.

**INDEMNITY** - Compensation for an incurred injury, loss or damage

**INDEPENDENT COUNSEL** – Legal Counsel selected if a potential conflict of interest exists between AORMA and a MEMBER. INDEPENDENT COUNSEL may participate in the defense of the litigation but shall not interfere with LEGAL COUNSEL’S right of control.

**IN WRITING** - The required manner for reporting a claim to the AORMA TPA. Notification in writing includes email correspondence, faxed transmissions, and original, hard copy notifications.

**LEGAL COUNSEL** - Any attorney selected to represent an AORMA member. Legal Counsel is selected from the approved legal counsel list maintained by the TPA.

**MAXIMUM ALLOWABLE HOURLY RATE** – The maximum hourly fee for which AORMA will pay for an attorney to defend a covered claim. The TPA will survey the legal counsel marketplace to determine the maximum allowable hourly rate for AORMA in accordance with this Policy and Procedure.

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**MONITORING COUNSEL** – Legal Counsel hired by the MEMBER to monitor.



## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. L-3**

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**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its **MEMBERS**.

**TPA** - Third party liability claim administrator whose responsibilities include claim handling, litigation management, and excess liability carrier reporting.



## CSURMA AORMA

## POLICY AND PROCEDURE NO. L-4

**SUBJECT:** EMPLOYEE DRIVING STANDARDS

**ADOPTED:** JULY 1, 2002

**AMENDED:** JANUARY 10, 2007  
NOVEMBER 5, 2007  
OCTOBER 8, 2009  
JUNE 17, 2010  
OCTOBER 23, 2014  
MAY 5, 2016

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*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

### **POLICY:**

Each MEMBER shall institute and enforce the employee and volunteer driving eligibility standards as set forth in this policy and procedure. Employees and volunteers failing to meet these driving eligibility standards will be excluded from automobile liability coverage within the pooled layer of the AORMA LIABILITY COVERAGE PROGRAM, but not the Reinsurance and/or Excess Liability Insurance.. In addition, if AORMA is required to make payments for any covered loss as a result of any MEMBER's failure to comply with these driving eligibility standards, AORMA will be entitled to recover the total amount of those payments from the MEMBER together with interest at the legal rate.

### **DRIVING ELIGIBILITY STANDARDS:**

1. Employees and volunteers must possess a valid California driver's license or equivalent to legally operate the class of vehicle(s) they operate in their employment.
2. Employees or volunteers driving on auxiliary organization business will have no more than 3 (three) VIOLATION POINTS in a 12 (twelve) month period or no more than 5 (five) points in an 18 (eighteen) month period. Employees or volunteers accumulating 4 VIOLATION POINTS within a 12 (twelve) month period or six VIOLATION POINTS within an 18 (eighteen) month period will be excluded from the automobile liability coverage within the AORMA LIABILITY COVERAGE PROGRAM. These provisions apply regardless of whether or not the driving that resulted in acquiring the VIOLATION POINTS was or was not in the course of employment.

**PROCEDURE:** The following steps should be taken to enforce the policy:

1. MEMBERS will enroll all REGULAR DRIVERS in the Department of Motor Vehicles (DMV) Employer Pull Notice program. REGULAR DRIVERS is defined to be either an

## CSURMA AORMA

## POLICY AND PROCEDURE NO. L-4

employee or volunteer whose job requires that he or she drive more than once a week or an employee or volunteer whose primary duty is driving-related. The MEMBER shall annually confirm compliance with this requirement. OCCASIONAL DRIVERS are exempt from Item 2 of the DRIVING ELIGIBILITY STANDARDS. Some examples of an OCCASIONAL DRIVER are as follows:

- a. An employee or volunteer driving once a week or less to the store for office supplies
  - b. An employee or volunteer driving a golf cart on campus, regardless of how often;
  - c. An employee or volunteer driving a rented vehicle while out of town at a business-related conference
2. All REGULAR DRIVERS will be informed of the DRIVING ELIGIBILITY STANDARDS.
  3. Names of all REGULAR DRIVERS not meeting the DRIVING ELIGIBILITY STANDARDS will be provided to the Program Administrator within 15 calendar days upon the MEMBER's receipt of the DMV employers' notification of point assignment, resulting in a REGULAR DRIVER's failure to comply with the DRIVING ELIGIBILITY STANDARDS. The Program Administrator will acknowledge exclusion from coverage of such employee or volunteer by the issuance of an amendatory endorsement. The employee or volunteer shall be considered uninsured as of the date of such an endorsement from the Program Administrator. The Program Administrator should be notified when the MEMBER determines that the REGULAR DRIVER's driving record is in compliance with the DRIVING ELIGIBILITY STANDARDS.
  4. The Program Administrator will, upon receipt of such notice as described in #3 above, issue an endorsement reinstating coverage for such employee or volunteer.
  5. **Use of Personal Vehicles on Auxiliary Organization Business** - If an employee or volunteer uses a personal vehicle in the course and scope of AUXILIARY ORGANIZATION BUSINESS, the MEMBER shall verify that the employee or volunteer maintains personal automobile liability insurance and that the employee's or volunteer's personal vehicle is in safe mechanical condition as defined by State of California 2007 Vehicle Code, General Provisions, Division 12. A sample form is attached to this policy and procedure.

### MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the Member's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

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



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. L-4**

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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.

**DEFINITIONS:**

**AUXILIARY ORGANIZATION BUSINESS** – Performance by an employee, with the permission of the employer of those duties required by the employer for employment. This does not include employee travel to or from the place of employment.

**AORMA** – Auxiliary Organizations Risk Management Alliance is the group of Programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**AORMA COMMITTEE** – The governing body of AORMA.

**AORMA LIABILITY COVERAGE PROGRAM** – The AORMA Liability Program which is detailed in the Liability Program Memorandum of Coverage.

**CSURMA** – The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its Auxiliary Organizations.

**EMPLOYER PULL NOTICE PROGRAM** – A program administered by the DMV which alerts an employer anytime an employee registered in the Program has any negativity of his or her driving record.

**EXECUTIVE COMMITTEE** – The CSURMA Executive Committee.

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**REGULAR DRIVER** – An auxiliary organization employee or volunteer whose job requires that he or she drive more than once a week or whose primary duty is driving-related.

**VIOLATION POINT** – As defined by the Department of Motor Vehicles’ Vehicle Code Violations at <http://www.dmv.ca.gov/dl/vioptct.htm>.

**OCCASIONAL DRIVER** – An auxiliary organization employee or volunteer who drives (1) once a week or less, (2) a golf cart on campus, regardless of how often.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. L-4**

**AUTHORIZATION TO USE PRIVATELY-OWNED VEHICLES ON AUXILIARY BUSINESS**

Approval is requested to use a privately owned vehicle to conduct official Auxiliary Organization business.

*I hereby certify that*, whenever I drive a privately owned vehicle on Auxiliary business;

- I will have a valid driver's license
- I will maintain auto liability insurance with the minimum limits prescribed by State Law (\$15,000 for personal injury to, or death of one person; \$30,000 for injury to, or death of, two or more persons in one accident; \$5,000 property damage.)
- I will have evidence of auto liability insurance in the privately owned vehicle at all times
- The privately owned vehicle will be adequate for the work to be performed
- The privately owned vehicle will be equipped with safety belts in operating condition
- The privately owned vehicle, to the best of my knowledge, will be in a safe mechanical condition as required by law
- I understand that the mileage rate I receive is full reimbursement for the cost of operating the privately owned vehicle, including fuel, maintenance, repairs and both auto liability and physical damage insurance
- All accidents will be reported within 48 hours
- Should I get into an accident, I understand that the insurance policy covering the privately owned vehicle will respond to the accident - the Auxiliary will NOT provide primary insurance coverage**
- I understand that permission to drive a privately owned vehicle on Auxiliary business is a privilege which may be suspended or revoked at any time.

DRIVER'S LICENSE NUMBER	STATE	EXPIRATION DATE
EMPLOYEE'S SIGNATURE	PRINT NAME	DATE SIGNED

**II. APPROVAL**

*Use of a privately owned vehicle Auxiliary Organization business approved.*

APPROVING AUTHORITY SIGNATURE	TITLE	DATE APPROVED
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**III. RENEWAL**

*I have reviewed the above certification and approval and certify that the information provided is correct and valid.*

EMPLOYEE'S SIGNATURE	APPROVING AUTHORITY SIGNATURE	DATE APPROVED
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*I have reviewed the above certification and approval and certify that the information provided is correct and valid.*

EMPLOYEE'S SIGNATURE	APPROVING AUTHORITY SIGNATURE	DATE APPROVED
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**CSURMA AORMA****POLICY AND PROCEDURE NO. L-5**

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**SUBJECT:** **GUIDELINES FOR EXTENDING LIABILITY  
COVERAGE TO NON-AUXILIARY  
ORGANIZATIONS**

**ADOPTED:** **AUGUST 19, 2003**

**EFFECTIVE:** **JULY 1, 2003**

**AMENDED:** **NOVEMBER 20, 2003  
OCTOBER 8, 2009  
DECEMBER 6, 2012  
MARCH 21, 2013  
MARCH 19, 2015**

**POLICY & PROCEDURE NO.:** **(FORMERLY) 5-AORMA**

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**PURPOSE:**

The purpose of this Policy and Procedure is to describe the conditions under which Auxiliary Organizations (Members) may extend Liability coverage to student groups, alumni organizations, booster clubs and other related entities.

Coverage provided under the CSURMA AORMA Liability Program is governed solely by the Liability Memorandum of Coverage and excess insurance policies providing coverage under that program. This Policy and Procedure shall not be construed to broaden or restrict coverage in any way. Rather, this Policy and Procedure is intended to guide Members as respects coverage.

**POLICY:**

It is the policy of the CSURMA AORMA Liability Program that Members will protect CSURMA program assets by fully implementing the guidelines found in the Insurance Requirements in Contracts Manual prepared by CSURMA's Program Administrator. It is understood that from time-to-time, Members may request to extend Liability coverage for certain student group activities, booster club activities, alumni organization activities or operations of other related entities that benefit the member Auxiliary Organization, and this extension of coverage may be acceptable provided that the member Auxiliary Organization exercises substantial control over the activities or organizations to which coverage is extended.

It is the intention of this Policy and Procedure that the Auxiliary Organizations Association (AOA) and the Auxiliaries Multiple Employer VEBA be considered Member organizations for purposes of insurance coverage through the CSURMA AORMA Liability Program.

**PROCEDURE:**

Members are expected to adhere to the following procedures:

## CSURMA AORMA

## POLICY AND PROCEDURE NO. L-5

Members shall fully implement the guidelines of the Insurance Requirements in Contracts Manual prepared by the CSURMA Program Administrator. This means that Members will require third party contractors and vendors to provide appropriate indemnification, insurance and documentation of coverage.

1. In order to extend liability coverage to student groups, alumni organizations, booster groups or other related entities, the following conditions must be met:
  - a. The Member must exercise substantial control over all events, activities and operations. By this, it is meant that the Member is directly involved in all planning of the activities and is in a position to exercise management control.
  - b. The Member will hold substantial financial control.
  - c. A risk analysis has been performed by the Member to determine that the extension of coverage does not generate unnecessarily high risks.
  - d. The Member will participate in the planning and oversight of activities or events so that risk is minimized. The requirements for drivers described in Policy and Procedure AORMA # L-4 will be applicable to those groups to whom coverage is extended. Special Events coverage shall be purchased when the coverage extension is deemed to generate significant additional risk.
  - e. The Member will provide to the CSURMA AORMA Program Administrator appropriate underwriting information.
  - f. The underwriting information will be reviewed by the CSURMA AORMA Program Administrator and may also be reviewed by the Systemwide Director of Risk Management and/or CSURMA's legal counsel who will provide the Programs Committee with a recommendation as to whether coverage should be extended.
  - g. The AORMA Programs Committee will make the final determination if the Member's coverage can be extended.
  - h. After approval of the coverage extension, the student group, alumni association, booster club or other related entity will be listed on the CSURMA AORMA Liability Program Memorandum of Coverage Declarations Page.

**CSURMA AORMA****POLICY AND PROCEDURE NO. L-6**

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**SUBJECT:** **REQUIREMENT THAT PARTICIPANT ACCIDENT INSURANCE BE PURCHASED FOR ALL CHILD CARE AND CAMP OPERATIONS INVOLVING MINORS**

**ADOPTED:** **JUNE 17, 2010**

**AMENDED:** **OCTOBER 23, 2014**  
**MAY 5, 2016**

**EFFECTIVE:** **JUNE 17, 2010**

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*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

**POLICY:**

It is the policy of the AORMA that MEMBERS will protect the CSURMA program assets by purchasing a separate PARTICIPANT ACCIDENT INSURANCE policy for all child care and camp operations involving minors.

**PROCEDURE:**

MEMBERS will purchase PARTICIPANT ACCIDENT INSURANCE for all child care and camp operations involving minors. The each accident limit shall be no less than \$10,000; however, higher limits may be purchased. The coverage may be purchased on a primary or excess basis.

**MEMBER APPEAL PROCESS:**

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Funding Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the Member's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

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.



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**DEFINITIONS:**

**AORMA** – Auxiliary Organizations Risk Management Alliance is the group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**PARTICIPANT ACCIDENT INSURANCE** – This coverage pays for medical and dental expenses incurred by a participant in a MEMBER sponsored activity as a result of bodily injury sustained without regard to negligence. The MEMBER has no requirement of legal liability in order for coverage to exist.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. L-7**

**SUBJECT: EMPLOYMENT PRACTICES LIABILITY  
DEDUCTIBLE (EPL) OPTIONS**

**ADOPTED: MAY 12, 2011**

**AMENDED: JULY 1, 2011  
DECEMBER 6, 2012  
DECEMBER 5, 2013  
MARCH 19, 2015**

**EFFECTIVE: JULY 1, 2011**

**POLICY:**

1. It is the policy of CSURMA AORMA that annually a minimum EPL deductible will be determined for each Member. The formula for determining the minimum EPL deductible is based on number and cost of EPL claims paid, at June 30, for the last five fiscal years. If a Member has more than one EPL claim payment within the last five fiscal years, then the total amount paid within those five years for all claims exceeding \$25,000 will be applied to the following schedule:

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

EPL EXPENSE PAYMENTS made in a fiscal year subsequent to the fiscal year in which the final EPL LOSS PAYMENT was made will be considered to have been made in the same fiscal year as the final EPL LOSS PAYMENT.

Annually, based on the formula above, the JPA Program Administrator will determine the minimum EPL deductible for each Member.

To assist Members in budget forecasting, the minimum EPL deductible will be limited to one EPL deductible level increase per year, regardless of the minimum EPL deductible calculated based on the schedule above.

The Programs Committee will review and determine each Member’s minimum EPL deductible for the upcoming fiscal year.

2. Each Member will have the option of electing an EPL deductible in excess of the minimum deductible.

## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. L-7**

3. Should a Member elect an EPL deductible in excess of the minimum EPL deductible, then that Member will be required to maintain the same EPL deductible for three full program years (July 1<sup>st</sup> to June 30<sup>th</sup>) before selecting a new EPL deductible. EPL deductibles can only be changed at the beginning of the coverage term – July 1<sup>st</sup> of each year. If, however, the formula for determining the minimum EPL deductible results in a deductible level higher than the EPL deductible level elected by the Member, the Member's EPL deductible will increase to the deductible level determined by the formula. Because the election of higher EPL deductibles can only be changed once per every three full program years, CSURMA AORMA strongly recommends a review of prior years' claims and consultation with the JPA Program Administrator before making any decisions regarding these higher EPL deductibles.
4. As outlined in Policy and Procedure L-1, Claims Reporting, it is the policy of CSURMA AORMA that written notice of any claim within the AORMA Liability Coverage Program be given to the Third Party Claims Administrator as soon as practicable. Failure to report a claim is cause for a reduction in or denial of coverage by AORMA.

### **PROCEDURE:**

1. Annually, based on the formula above, the JPA Program Administrator will determine the minimum EPL deductible for each Member.
2. The Programs Committee will approve each Member's minimum EPL deductible.
3. The JPA Program Administrator will provide the Members with the costs for each of the different EPL deductibles options.
4. If the Member chooses an EPL deductible higher than the minimum EPL deductible as approved by the Programs Committee for that Member, then the Member will be required to sign the attached Consent to Change Employment Practices Liability Deductible letter.
5. A Member may appeal its minimum EPL deductible to the AORMA Committee in writing prior to the commencement of the coverage year, and the AORMA Committee will make a final decision.

### **DEFINITIONS:**

**EPL EXPENSE PAYMENT:** Allocated loss adjustment expenses that are assignable to the claim. This may include but is not limited to fees to attorneys, experts, investigators, court reporters as well as third-party claims administrators incurred in defense of an EPL claim.

**EPL LOSS PAYMENT:** Compensatory damages which the Member is legally obligated to pay as a result of a claim.

**EPL:** Employment Practices Liability.

## Consent to Change Employment Practices Liability Deductible

I am authorizing CSURMA AORMA to increase the Employment Practices Liability deductible within the CSURMA AORMA Liability Coverage Program for this Auxiliary Organization effective \_\_\_\_\_.

I understand that I must maintain this same deductible for three full program years (July 1<sup>st</sup> to June 30<sup>th</sup>) before selecting a new deductible. I am also aware that the following coverage provisions apply to all Employment Practices Liability claims regardless of the probable size of the claim. The Auxiliary Organization's or the Covered Party's failure to comply with any of these provisions will cause a reduction in, or denial of, coverage by CSURMA AORMA.

### CLAIMS REPORTING PROVISIONS

If a Auxiliary Organization or Covered Party becomes aware of an event, occurrence or offense, which **may** result in a claim, suit or proceeding, the event must be reported to the Third Party Claims Administrator (TPA) as soon as practicable. If the event is not reported to the TPA within the timeframe set below; the following late reporting penalties shall apply;

### LATE REPORTING PENALTIES

1. If an **occurrence**, offense, claim or suit is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage will apply;
2. If an **occurrence**, offense, claim or suit is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage will apply; or
3. If an **occurrence**, offense, claim or suit is reported more than 12 months late as determined by the TPA, no recovery will be available to the **Member** or other involved **Covered Party**.

### DEFENSE COVERAGE PROVISIONS

If an Auxiliary Organization or Covered Party becomes aware of an event, occurrence or offense, which **may** result in a claim, suit or proceeding, CSURMA AORMA will reimburse any costs incurred by the Auxiliary Organization or Covered Party to defend the covered claim **but only if** the event is reported to the TPA within thirty (30) days of becoming aware of the event. CSURMA AORMA will not, however, reimburse any costs incurred more than thirty (30) days prior to notification to the TPA.

### CLAIMS SETTLEMENT PROVISIONS

An Auxiliary Organization or Covered Party will not be reimbursed by CSURMA AORMA if the Auxiliary Organization or Covered Party settles a claim without prior written authorization of the Liability Claims Administrator.

I have read the above coverage provisions and I have a thorough understanding of my claims reporting obligations within the CSURMA AORMA Liability Program and consent to a change in my Employment Practices Liability deductible to:

\$50,000 /  \$75,000 /  \$100,000

\_\_\_\_\_  
Auxiliary Organization

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



## **CSURMA AORMA**

## **POLICY & PROCEDURE NO. L-8**

**SUBJECT:** **LIABILITY PROGRAM MEMBER ALLOCATION FORMULA**

**ADOPTED:** **SEPTEMBER 8, 2016**

**EFFECTIVE:** **JULY 1, 2018**

**AMENDED:** **MAY 4, 2017**

### **POLICY:**

It shall be the policy of the CSURMA AORMA to determine each member's allocation of the total liability program costs as outlined in the Liability Program Member Allocation Formula shown below:

### **PROCEDURE:**

Annually, in September, the AORMA Committee will approve the Total Liability Program Costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will accept the following four supplemental actuarial reports to be used as general guidelines within the Liability Program Member Allocation Formula:

1. Liability Rates
2. Liability Experience Modification Factors
3. Employment Practices Liability Indicated Deductible Credits

Annually, in December, the Programs Committee will approve the following allocation criteria within the Liability Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates for;
  - a. Automobile liability
  - b. Premises liability
  - c. Other liability
  - d. Employment practices liability
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum and/or maximum excess premium and administrative costs
5. Maximum and minimum premium collar percentages
6. Minimum premium

**LIABILITY PROGRAM MEMBER ALLOCATION FORMULA:**

**Basic Rates:**

Four basic rates are included in the allocation formula for the following loss exposures:

Loss Exposure	Exposure Basis
Automobile Liability (AL)	Number of owned autos
Premises Liability (PL)	Total square footage owned, occupied, operated or maintained
Other Liability (OL)	Total expenditures for five years
Employment Practices Liability (EPL)	Total payroll

1. The exposure basis for each loss exposure is multiplied separately by the corresponding approved basic rate and then added together. *Result – basic premium for pooled layer w/o size credit or loss rating.*

**\*\* Example \*\***

<b>1.</b>	<b>5</b>	*	<b>\$150</b>	=	<b>\$750</b>
	Number of owned autos		Per Auto		AL Basic premium
	<b>150,000</b>	*	<b>\$50</b>	=	<b>\$7,500</b>
	Square Footage		Per 1,000 of square footage		PL Basic premium
	<b>\$20,000,000</b>	*	<b>\$400</b>	=	<b>\$8,000</b>
	Expenditures		Per 1,000,000 of expenditures		OL Basic premium
	<b>\$5,000,000</b>	*	<b>\$1,200</b>	=	<b>\$6,000</b>
	Payroll		Per 1,000,000 of payroll		EPL Basic premium
			<b>Total</b>		<b>\$22,250</b>
					Basic premium for pooled layer w/o size credit or loss rating

**Size Credit:**

1. Basic premium for pooled layer w/o size credit or loss rating is divided by the maximum premium for calculating size credit. *Result – percentage of basic premium for pooled layer compared to the maximum premium for calculating size credit.*
2. Percentage of total basic premium compared to maximum premium for calculating size credit is multiplied by maximum size credit percentage. *Result – size credit percentage.*
3. Basic premium for pooled layer w/o size credit or loss rating is multiplied by the size credit percentage. *Result – basic premium for pooled layer w/ size credit.*

**\*\* Example \*\***

<b>1.</b>	<b>\$22,250</b> Basic premium for pooled layer w/o size credit or loss rating	/	<b>\$65,000</b> Maximum premium for calculating size credit	=	<b>34%</b> % of basic premium for pooled layer compared to maximum premium for calculating size credit
<b>2.</b>	<b>34%</b> % of basic premium for pooled layer compared to maximum premium for calculating size credit	*	<b>20%</b> Maximum size percentage credit	=	<b>7%</b> Size credit percentage
<b>3.</b>	<b>\$22,250</b> Basic premium for pooled layer w/o size credit or loss rating	-	<b>7%</b> Size credit percentage	=	<b>\$20,693</b> Basic premium for pooled layer w/ size credit

**Loss Rating:**

1. Loss rating discount or surcharge (as calculated by actuary) is multiplied by the basic premium for pooled layer w/ size credit. *Result – Basic premium for pooled layer w/ size credit and loss rating.*

**\*\* Example \*\***

<b>1.</b>	<b>\$20,693</b> Basic premium for pooled layer w/ size credit	*	<b>.945</b> Loss rating discount or surcharge	=	<b>\$19,555</b> Basic premium for pooled layer w/ size credit and loss rating
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**Excess Premium:**

1. Each Member’s percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total excess premium. *Result – excess premium.*
2. The excess premium is capped if it exceeds the maximum excess premium. *Result – capped excess premium.*

**\*\* Example \*\***

<b>1.</b>	<b>\$22,250</b> Basic premium for pooled layer w/o size credit or loss rating	/	<b>\$1,718,405</b> Total program basic premium for pooled layer	=	<b>1.29%</b> Percentage of total program basic premium for pooled layer
	<b>1.29%</b> Percentage of total program basic premium for pooled layer	*	<b>\$1,230,000</b> Total program excess premium	=	<b>\$15,867</b> Excess premium
<b>2.</b>	<b>\$15,867</b> Excess premium	=/<	<b>\$85,000</b> Minimum excess premium	=	<b>\$15,867</b> Capped excess premium

**Administrative Costs:**

**CSURMA AORMA**

**POLICY & PROCEDURE NO. L-8**

1. Each Member’s percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total program administrative costs. *Result – administrative costs.*
2. The administrative costs are capped at either the minimum or maximum administrative costs. *Result - Capped administrative costs.*

<b>1.</b>	<b>\$22,250</b>	/	<b>\$1,718,405</b>	=	<b>1.29%</b>
	Basic premium for pooled layer w/o size credit or loss rating		Total program basic premium for pooled layer		Percentage of total program basic premium for pooled layer
	<b>1.29%</b>	*	<b>\$730,000</b>	=	<b>\$9,417</b>
	Percentage of total program basic premium for pooled layer		Total program excess premium		Administrative costs
<b>2.</b>	<b>\$9,417</b>	<	<b>\$60,000</b>	=	<b>\$9,417</b>
	Excess premium		Maximum administrative costs		Capped administrative costs
	<b>\$9,417</b>	>	<b>\$600</b>	=	<b>\$9,417</b>
	Excess premium		Minimum administrative costs		Capped administrative costs

**Final Premium w/o Collars:**

<b>1.</b>	<b>\$19,555</b>	+
	Basic premium for pooled layer w/ size credit and loss rating	
	<b>\$15,867</b>	+
	Capped excess premium	
	<b>\$9,417</b>	+
	Capped administrative costs	
	<b>\$44,874</b>	=
	Final premium w/o collars or deductible credits	

**Collared Premium:**

1. Prior year’s final premium w/o deductible credit is multiplied by the maximum collared percentage increase. *Result – maximum collared premium.*
2. Prior year’s final premium w/o deductible credit is multiplied by the maximum collared rate decrease. *Result – minimum collared premium.*
3. If the final premium w/o collars or deductible credits is less than the minimum collared premium, then the minimum collared premium will apply; if the final premium w/o collars or deductible credits is more than the maximum collared premium, then the maximum collared premium will apply.

**\*\* Example \*\***

<b>1.</b>	<b>\$35,000</b>	+	<b>10%</b>	=	<b>\$38,500</b>
	Prior year’s final premium w/o deductible credit		Maximum collared percentage increase		Maximum collared premium
<b>2.</b>	<b>\$35,000</b>	-	<b>10%</b>	=	<b>\$31,500</b>
	Prior year’s final premium w/o deductible credit		Maximum collared percentage decrease		Minimum collared premium

3.	<b>\$44,874</b>	>	<b>\$38,500</b>	=	<b>\$38,500</b>
	The maximum collared premium is used because final premium w/o collars or deductible credits is greater than the maximum collared premium				Final premium w/o deductible credits

**Minimum Premium:**

1. The final premium w/o deductible credits is compared to the approved minimum premium. The minimum premium is applied as appropriate.

**Employment Practices Liability Deductible:**

1. The EPL basic premium is reduced by the EPL deductible credits. The total savings is applied to the final premium w/o deductible credits.

Approved on September 8, 2016.

**70% Confidence Level (Discounted)**

CSURMA AORMA FY 2017/2018 Workers' Compensation Program Total Estimated Funding						
Expense Item	Actual Program Costs FY 12/13 \$500,000 SIR	Actual Program Costs FY 13/14 \$500,000 SIR	Actual Program Costs FY 14/15 \$500,000 SIR	Actual Program Costs FY 15/16 \$500,000 SIR	Program Costs FY 16/17 \$500,000 SIR	Proposed FY 17/18 \$500,000 SIR
Pooled Layer Funding	\$2,928,900	\$3,149,900	\$3,108,750	\$3,208,750	\$3,236,000	\$3,162,000
Claims Administration	\$207,089	\$207,089	\$211,231	\$215,456	\$219,765	\$224,160
JPA Program Administration	\$538,104	\$539,787	\$529,743	\$552,131	\$606,521	\$607,000
Excess Insurance	\$477,508	\$467,704	\$483,420	\$485,365	\$487,597	\$488,000
<b>Total Expenses:</b>	<b>\$4,151,601</b>	<b>\$4,364,480</b>	<b>\$4,333,144</b>	<b>\$4,461,702</b>	<b>\$4,549,883</b>	<b>\$4,481,160</b>
<b>Difference from prior year:</b>	<b>12.40%</b>	<b>5.13%</b>	<b>-0.72%</b>	<b>2.97%</b>	<b>5.00%</b>	<b>-1.51%</b>
Actuarial Recommended Estimated Pooled Layer - Rate	\$0.95	\$1.03	\$1.04	\$1.08	\$1.08	\$0.96

Actuarial Recommended Estimated Pooled Layer Funding (per the actuarial report dated August 5, 2016)  
 Claims Administration (increase per current contract with Sedgwick CMS)  
 JPA Program Administration Fee (no increase or decrease is contemplated)  
 Excess Insurance (no increase or decrease is contemplated)



## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. W - 1**

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**SUBJECT: WORKERS' COMPENSATION MEMBER ALLOCATION FORMULA**

**ADOPTED: MAY 15, 2008**

**EFFECTIVE: JULY 1, 2018**

**AMENDED: DECEMBER 8, 2009  
SEPTEMBER 10, 2015  
MAY 5, 2016  
MARCH 9, 2017  
MAY 4, 2017**

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### **PURPOSE:**

It shall be the policy of the CSURMA Auxiliary Organizations Risk Management Alliance (AORMA) to determine each MEMBER's allocation of the workers' compensation TOTAL PROGRAM FUNDING as outlined in the Workers' Compensation Member Allocation Formula noted below:

### **PROCEDURE:**

Annually, in September, the AORMA COMMITTEE will approve the TOTAL PROGRAM FUNDING for the workers' compensation program for the upcoming fiscal year.

Annually, in December, the PROGRAMS COMMITTEE will approve or accept the following allocation distribution criteria with the Workers' Compensation Member Allocation Formula:

1. AORMA BASIC RATES for each class code.
2. EXPERIENCE MODIFICATION FACTOR (EMF) as determined by the actuary.
3. Minimum Premium.

### **ALLOCATION FORMULA:**

1. The MEMBER's EXPERIENCE MODIFICATION FACTOR is applied separately to each of the AORMA BASIC RATES. Result – Member's modified rates.
2. MEMBER's modified rates are applied separately to the MEMBER's estimated payroll, separated by class code, for the upcoming fiscal year. Result – Member's final modified deposit premium.
3. The minimum premium is applied if the Member's final modified deposit premium is less

than the approved minimum premium.

**\*\* Example \*\***

<b>1001</b>	<b>.50</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>.48</b>
<b>1002</b>	<b>1.00</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>.95</b>
<b>1004</b>	<b>1.50</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>1.43</b>
<b>1005</b>	<b>3.00</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>2.85</b>
<b>1006</b>	<b>4.00</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>3.80</b>
<b>1007</b>	<b>5.00</b>	<b>*</b>	<b>.95</b>	<b>=</b>	<b>4.75</b>
AORMA basic rates			Experience modification factor		Modified rates
<b>1001</b>	<b>.48</b>	<b>*</b>	<b>\$1,000,000</b>	<b>=</b>	<b>\$4,800</b>
<b>1002</b>	<b>.95</b>	<b>*</b>	<b>\$800,000</b>	<b>=</b>	<b>\$7,600</b>
<b>1004</b>	<b>1.43</b>	<b>*</b>	<b>\$0</b>	<b>=</b>	<b>\$0</b>
<b>1005</b>	<b>2.85</b>	<b>*</b>	<b>\$0</b>	<b>=</b>	<b>\$0</b>
<b>1006</b>	<b>3.80</b>	<b>*</b>	<b>\$0</b>	<b>=</b>	<b>\$0</b>
<b>1007</b>	<b>4.75</b>	<b>*</b>	<b>\$0</b>	<b>=</b>	<b>\$0</b>
					<b>\$12,400</b>
	Modified rates		Estimated payroll		Final modified deposit premium

**ANNUAL PAYROLL AUDIT:**

The MEMBER's final payroll separated by AORMA class code will be requested at the end of each program year. The MEMBER's final workers' compensation premium will be calculated by multiplying the MEMBER's actual payroll per class code by the MEMBER's modified rates. The MEMBER will receive either a refund or additional deposit billing based on how their audited contribution compares with their initial deposit. MEMBERS will allocate their payroll to each of the AORMA class codes as outlined in the (1) AORMA Workers' Compensation Explanation of Classification Codes and (2) AORMA Workers' Compensation Payroll Rules to Follow publications. For those MEMBERS involved in federally sponsored programs, the refund can be retained on account with CSURMA to be used to lower contributions for the upcoming or current fiscal year. If the MEMBER chooses to receive the refund, then the MEMBER will be required to calculate the percentage of its payroll and salary that is attributable to federally sponsored programs to determine what percentage of the dividend will need to be returned to the federal government.

If the final audit or the renewal application is not received by the deadline, then the Program Administrator may increase that MEMBERS payrolls by the average payroll increase for all MEMBERS for the prior two years.

**MEMBER APPEAL PROCESS:**

If a MEMBER wishes to appeal any decision regarding the application of the Workers' Compensation Program Member Allocation Formula Policy and Procedure, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the MEMBER's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the MEMBER of the final decision within 5 business days of the final decision.

If a MEMBER wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five (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.

**DEFINITIONS:**

**AORMA** – Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**AORMA COMMITTEE** – The governing body of AORMA.

**AORMA BASIC RATES** – The AORMA Basic Rates will be approved annually by the PROGRAMS COMMITTEE. The WCIRB class code rates shown below will be utilized when determining the AORMA BASIC RATES. A normalization factor will be added to the WCIRB class code rates in order to achieve the TOTAL PROGRAM FUNDING required as approved by the AORMA COMMITTEE.

<b>Class Code Description</b>	<b>AORMA</b>	<b>WCIRB</b>
Clerical	1001	8810
Off-site activities / professional / student activities	1002	8868
Retail	1004	8071
Sports / day care	1005	9053
Food service	1006	9079
Manual labor	1007	9101

**CSURMA** – The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**CSURMA EXECUTIVE COMMITTEE** – The California State University Risk Management Authority Executive Committee.

**EXPERIENCE MODIFICATION FACTOR (EMF)** – The experience rating system is a merit rating system intended to provide MEMBERS a direct financial incentive to reduce work-related accidents. The experience rating system objectively distributes the cost of the workers’ compensation program more equitably among the MEMBERS. An EMF less than 100% reflects better than average experience. The actuary will determine each MEMBER’s EMF based on the current published WCIRB method. The EMF will be adjusted for the normalization factor and capped at a maximum change of +20% from the prior (normalized) EMF. The EMF will not include a maximum decrease cap.

**MEMBER** – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers’ Compensation Program Participation Agreement.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The



MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

**PROGRAMS COMMITTEE** - The Programs Committee oversees the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers' Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee.

**TOTAL PROGRAM FUNDING** - The Total Program Funding costs will include (1) the pooled layer funding requirement, as recommended by the actuary, (2) administrative costs and (3) excess insurance or reinsurance costs.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. W-2  
(FORMERLY W-3)**

**SUBJECT:** **REQUIREMENT OF MEMBERS TO MAINTAIN EXPERIENCE MODIFICATION FACTOR OF 1.25 OR LESS**

**ADOPTED:** **SEPTEMBER 9, 2003**

**EFFECTIVE:** **SEPTEMBER 9, 2003**

**AMENDED:** **DECEMBER 8, 2009  
MARCH 20, 2014  
MAY 5, 2016**

*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

**POLICY:**

It is the policy of the AORMA COMMITTEE that MEMBERS of the AORMA Workers' Compensation Program shall work to maintain an EMF of 1.25 or less.

**PURPOSE:**

The AORMA Workers' Compensation Program is dedicated toward reducing MEMBER costs through a combination of effective loss prevention, claims mitigation, claims management and administrative efficiencies. The long-term viability of the AORMA Workers' Compensation Program requires that a MEMBER with an EXPERIENCE MODIFICATION FACTOR (EMF) in excess of 1.25 develop and implement a plan to reduce that MEMBER's EMF to 1.25 or less.

**PROCEDURE:**

Using loss data valued at June 30<sup>th</sup>, the Program Administrator shall by October 1<sup>st</sup> of each year, calculate the EMF of each MEMBER. The formula used to determine the EMF developed by the Actuarial consultant and agreed by the AORMA COMMITTEE. This EMF shall be applicable in developing each MEMBER's share of the actuarially required contribution for the upcoming plan year effective the following July 1<sup>st</sup>. By January 31<sup>st</sup>, the Program Administrator will notify each MEMBER of their updated EMF.

1. Members with an EMF less than 1.10 will be notified that their EMF is satisfactory.



## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. W-2 (FORMERLY W-3)**

2. For MEMBERS with EMFs ranging from 1.10 to 1.25, notice will be given that their EMF is near the maximum threshold of 1.25. The Program Administrator will offer to assist the MEMBER in evaluating how best to avoid having their EMF exceed 1.25.
3. For MEMBERS with EMFs exceeding 1.25, the Program Administrator will assist the MEMBER in creating a plan to reduce its EMF. The EMF reduction plan may be presented to the AORMA Programs Committee for review and approval.

### **MEMBER APPEAL PROCESS:**

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Funding Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the Member's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

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.



## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. W-2 (FORMERLY W-3)**

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### **DEFINITIONS:**

**AORMA** - The Auxiliary Organizations Risk Management Alliance is a group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**AORMA COMMITTEE** - The governing body of AORMA.

**EXPERIENCE MODIFICATION FACTOR (EMF)** - The experience rating system is a merit rating system intended to provide Members a direct financial incentive to reduce work-related accidents. The experience rating system objectively distributes the cost of the workers' compensation program more equitably among the Members. An experience modification factor less than 100% reflects better than average experience. The actuary will determine each MEMBER's experience modification factor based on the current published WCIRB method. The experience modification factors will be adjusted for the normalization factor and capped at a maximum change of +/- 15% from the prior (normalized) experience modification factor.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program's definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



## CSURMA AORMA

## POLICY AND PROCEDURE NO. W-3

(Formerly W-4)

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<b>SUBJECT:</b>	<b>WORKERS' COMPENSATION CLAIMS HANDLING PROCEDURES AND GUIDELINES</b>
<b>ADOPTED:</b>	<b>DECEMBER 8, 2009</b>
<b>EFFECTIVE:</b>	<b>DECEMBER 8, 2009</b>
<b>AMENDED:</b>	<b>SEPTEMBER 16, 2010 MARCH 20, 2014 SEPTEMBER 8, 2016</b>

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### **PURPOSE:**

The purpose of this Policy & Procedure is to describe the roles and responsibilities of the Workers' Compensation Third Party Claims Administrator (**TPA**) and the participants in the CSURMA Auxiliary Organizations Risk Management Alliance (**AORMA**) in the reporting and handling of claims.

### **POLICY:**

It shall be the policy of the **AORMA** to ensure that Workers' Compensation claims are administered by the following general guidelines.

### **PROCEDURE:**

- In the event of a Workers' Compensation occurrence likely to involve **AORMA**, written or verbal notice regarding the occurrence shall be given by the Member to the **AORMA** Third Party Administrator no later than five (5) calendar days from the date of the Member's knowledge. Such notice shall include the Employer's First Report of Occupational Injury or Illness (Form 5020). Be sure to include circumstances of the occurrence, and the names and addresses of any injured parties, and witnesses. The five (5) day requirement to report injuries is a Labor Code requirement.
- As outlined in **AORMA** Policy & Procedure W-5, failure to report occurrences as required may be cause for denial of coverage if **AORMA** is prejudiced due to the lack of timely reporting. The following will serve as the **AORMA** Workers' Compensation Program procedures and guidelines and are based upon the current contract with **TPA**.

### ***Claim Reporting Procedures***

The auxiliaries report all claims to **TPA** via e-mail or fax within five calendar days of notice as required by California Statute by completion of a Form 5020. The Claims Supervisor assigns new losses to appropriate handler for contact and investigation. After an initial investigation, the Claims Examiner makes a determination -as to the appropriate claim type.

Indemnity claims will be managed by the Claims Examiner. Medical First Aid Only claims will be managed by the Claims Support Associate. Medical First Aid Only claims are defined as claims estimated at less than \$3,000 in medical costs, no anticipated permanent disability and with no loss of work.

Record Only claims in the Juris (Sedgwick claims system) are considered “Incident Only” claims. This claim type does not have a claims status attached to it. It is neither open nor closed. It serves as a reporting function only.

All new indemnity claims will be reviewed by the Claims Supervisor within 5 (five) working days of receipt by **TPA** or within 5 (five) days of conversion to indemnity claim.

### ***Initial Investigation***

The Claims Examiner will conduct a thorough investigation to determine compensability immediately upon receipt of the claim. The Claims Examiner makes all the initial contacts necessary to make this determination and will follow the question format provided by **TPA** management which outlines the information to be requested for each of the contacts. The Claims Examiner **TPA** will contact the Auxiliary Organization Workers’ Compensation Claim Coordinator (**Coordinator**), the injured employee, and the injured employee’s supervisor and physician. Physician contact is not necessary if (1) a Doctor’s First Report of Occupation Injury or Illness (Form 5021) is in the file, (2) there is no lost time, and (3) there are no disputes.

### ***3-Point Contact – Employee, Employer and Physician***

The Claims Examiner will make 3-Point Contact on all “pending” claims within one business day after receiving notice of the claim. Communication with the injured employee will be available in the employee’s primary language or with translation upon request.

Notice of claim is defined as:

- Notice of a pending claim in Juris.
- Phone call, fax or e-mail from the **Coordinator** (Form 5020)
- Doctor’s First Report of Occupational Injury or Illness (Form 5021)
- Notice of Representation (no contact with injured employee)
- Application of Adjudication of Claim (no contact with injured employee)
- DWC-1 Claim Form

If the **TPA** receives the first notice of claim, **TPA** will notify the **Coordinator** of the details of the claim, request additional information from the **Coordinator** as needed and set up the claim in Juris. The **Coordinator** will complete the Form 5020.

If it is determined after initial contact that a claim is a First Aid, the claim will be closed. If later a bill is received, the file will be reopened for payment of the bill and closed.

If the Claims Examiner/Claims Support Assistant is unable to complete all the initial contacts, the Claims Examiner will continue contact attempts for three days. Should the contact attempts be unsuccessful a “Call Me Card” or e-mail will be sent to contact the respective party. All attempts at communication will be documented in Notepad. Documentation of a “Call Me Card” will be stored in Correspondence. Assistance from the **Coordinator** must be requested if contact with the injured employee cannot be made after three unsuccessful attempts. The work and home telephone number of the injured employee is a required field for a “pending” claim and therefore needs to be made available to the Claims Examiner. Alternative contact numbers, email addresses or a mailing address can be requested if the Claims Examiner is unable to make contact.

*No claim will be accepted without completion of the 3-point contact unless there is concurrence from the Coordinator.*

3-Point Contact will be documented in Juris on the day the contact occurs.

The **Claims Supervisor** review of all new claims at five days will ensure that contact is completed and documented. If contact is complete, the **Claims Supervisor** will so note in Notepad. If contact is not complete, the **Claims Supervisor** will document in Notepad the contacts that need completion and require that the Claims Examiner continue contacts until all have been completed. The **Claims Supervisor** will keep the file on close diary until all contacts are made.

#### *Acceptance/Denial Issues*

If the Claims Examiner determines that a claim should be denied, the Claims Examiner will notify the **Coordinator** of the investigation results and recommendation to deny benefits prior to notifying the injured employee. All recommendations for denials must be approved by the **Claims Supervisor** and documented in Notepad. All denied claims will have a reason for the denial entered in the claim system.

If the injured worker does not pursue a claim, **TPA** will not delete the claim. The Claims Examiner/Claims Support Assistant will notify the employee in writing of Sedgwick’s confirmation and understanding that the employee does not wish to pursue the claim. The claim will be coded with an appropriate claim type (e.g., Record Only, Medical Only, Indemnity, etc.)

The Claims Examiner has fourteen (14) days to determine if a claim will be delayed. Medical treatment will continue to be provided during the ninety (90) day discovery period up to a limit of \$10,000, per labor code statute, or until the case is denied.

The Claims Examiner has up to ninety (90) days to make a compensability decision. The ninety (90) days starts with the employer’s knowledge of injury.

### ***Initial Documents***

The DWC-1, 5020 and 5021 forms are required documents in the claim file. If the DWC-1 is not in the file, evidence of attempts to solicit the DWC-1 form must be in the file. All are required in every claim file prior to closure.

If the **Claims Examiner/Claims Support Assistant** does not have the DWC-1 form when completing set-up of the claim, a claim form will be forwarded to the employee's home address immediately upon receipt of the notice of injury unless it is noted that a DWC-1 claim form was not provided by the **Coordinator**.

If the DWC-1 is not received within sixty days, the **Claims Examiner/Claims Support Assistant** will notify the **Coordinator** via email. This process applies to accepted claims only.

A copy of the 5020 DWC-1, and the 5021 will be clearly documented in SIR (Scanned Information Retrieval system). If a 5021 has not been submitted, the file must contain a copy of a request for the 5021. The 5021 request will be saved to the claim in Juris Correspondence.

A claim must not be closed without these documents, or proof that the DWC-1 was provided to the employee, in the claim file.

### ***Medical Releases***

**TPA** will request Medical Releases within five (5) working days of file make-up on all files. If the signed release is not returned within fourteen (14) days, and the injury has not resolved (such as in a Medical Only claim), the **Claims Examiner/Claims Support Assistant** will contact the **Coordinator** and request assistance. The process applies to Indemnity files as well as Medical Only files where treatment is continuing beyond the fourteen days.

Upon receipt of the medical release, **TPA** will order appropriate medical records as needed.

### ***Medical Direction and Control***

The **Claims Examiner/Claims Support Assistant** is responsible for coordinating the provision of prompt, appropriate and effective medical treatment for auxiliary employees. The **Claims Examiner/Claims Support Assistant** will exercise all reasonable efforts to obtain current physician reports in accordance with CCR 9785 (California Code of Regulations concerning treating physicians) on all claims where medical treatment is active.

Within fourteen (14) calendar days of notification of change of treating physician, the **Claims Examiner/Claims Support Assistant** will send the complete medical file with CCR 9785 notification to the treating physician.

If the injured employee is absent from work, notification of the auxiliary organization's return to work policy, and the injured worker's job description, if necessary, will be sent to the treating physician. Notification will be by letter and available in Correspondence.



A copy of CCR 9785 will be sent to the treating physician within five (5) working days upon any request made by the workers' compensation auxiliary **Coordinator**.

The Claims Examiner will request updated medical reports on Future Medical (FM) claims where treatment is being sought. On non-active FM claims, the Claims Examiner will document a strategy for administrative closure.

The Claims Examiner will document requests for authorization of treatment procedures in the Juris Notepad. The **Claims Examiner/Claims Support Assistant** will respond to requests for authorization of treatment and surgery on accepted cases in accordance with Utilization Review guidelines and requirements.

The treatment plan will be documented in Juris Notepad including the next treatment date. The **Claims Examiner/Claims Support Assistant** will document any medication, by name, which has been authorized by the physician for the employee in Juris Notepad. Updates will be requested as medication changes.

No agreement to utilize an AME will be made without the approval of the Claims Examiner. In litigated cases, the Claims Examiner will notify the defense attorney of this requirement.

All bills will be paid or objected to within thirty (30) calendar days from date-stamp receipt.

### ***Documentation***

**TPA** will caption all Juris Notepad entries using appropriate Juris system-defined headings. All entries will contain documentation with appropriate detail, identify the issues of the claim, and describe the plan of action being taken to resolve these issues. An Action Plan will be documented in Juris Notepad every ninety (90) days on Indemnity files and every one hundred eighty (180) days on Future Medical files.

Medically authorized restrictions will be documented in the Juris Notepad and updated every time the restrictions are modified by the physician.

Medical records that are received via medical release or subpoena must be summarized in Juris Notepad.

### ***Diary***

#### **CLAIMS EXAMINER DIARY**

Every active indemnity file will be reviewed at least once every thirty (30) days. Diary activity will include contact with unrepresented injured employees, at minimum, every sixty (60) days. Claims with ongoing temporary disability benefits will be reviewed every fourteen (14) calendar days. Review includes a phone call to the treating physician to determine return to work capability. Documentation of the review and verification of disability will appear in Notepad.



Future medical diary is no less than one hundred eighty (180) days as warranted by activity on the claim. Future Medical cases are defined as claims where the only benefit obligations are the payment of awarded permanent disability and undisputed future medical care.

*Follow-up telephone contact will be made with unrepresented injured employees who are losing time from work every fourteen (14) calendar days. Follow-up telephone contact with all other unrepresented injured employees must occur at a minimum every sixty (60) days (Future Medical file excluded).*

#### CLAIMS SUPPORT ASSISTANT DIARY

Medical Only claims will be reviewed at minimum at sixty days. At ninety (90) days, the Claims Support Assistant will review for conversion to Indemnity or closure.

#### SUPERVISOR DIARY

Claims Supervisor will review all new indemnity claims five (5) days after receipt. The Claims Supervisor will re-set a diary on each new claim as appropriate depending on the severity of the issues or medical treatment but no less than one hundred eighty (180) days. Delayed claims will be reviewed at forty-five (45) and eighty (80) days within the first ninety (90) days. Acceptance after delay and denials will be reviewed and approved by the manager. These reviews will be documented under the Management Review heading in the claim Notepad.

Supervisors will effectively manage assignments of **Claims Examiner/Claims Support Assistant** personnel to ensure caseloads are meeting the claims handling standards. An inventory count by claim type will be kept for each Claims Examiner's caseload on a monthly basis.

#### *Temporary Disability*

Temporary disability is paid every two weeks.

Verification of the employee's disability is the responsibility of the Claims Examiner. The Claims Examiner must verify with the treating physician that the employee is unable to work his/her customary job duties, or able to return to work either in a modified position, or at his/her regular job duties.

The Claims Examiner should contact the physician, if necessary, and/or confirm through medical reporting medical verification of disability every two weeks to coincide with the temporary disability check issuance. Potential for return to work must be discussed and documented. Restrictions will be clarified and discussed with the **Coordinator** for return to work possibilities.

#### *Litigation*

**TPA** is to utilize approved auxiliary organization defense counsel in every case. The Claims Examiner will make the selection of counsel on each claim in coordination with the **Coordinator**. **TPA** recommends use of defense counsel as required by its defense counsel referral criteria.



However, referrals will be made at the request of the **Coordinator** as well. **TPA** requires that defense counsel adhere to **AORMA**'s Defense Counsel Guidelines. These guidelines will be included with each litigation referral.

**TPA** will notify the **Coordinator** upon receipt of an Application for Adjudication of Claim within five (5) working days. **TPA** will assign claims to Counsel within five days after receipt of notice of approval from the **Coordinator**. **TPA** will notify the **Coordinator** by telephone or email of assignment to Counsel on a claim, and confirm by sending the **Coordinator** a copy of the letter to the selected Counsel confirming engagement.

Case analysis is to be provided by counsel within thirty days of referral. A copy of the initial case analysis will be sent to the **Coordinator** and documented in the Juris Notepad. The Claims Examiner will follow up with the defense attorney if a case analysis is not received within thirty (30) calendar days from date of referral. Subsequent reports will be sent to **TPA** and the **Coordinator** depending on the activity of the claim, but no less frequently than ninety (90) days.

The Claims Examiner will continue to manage the file, including performing administrative tasks, such as setting medical appointments, appointment letters and medical record requests. These tasks are to be completed by **TPA** staff with few exceptions.

The Claims Examiner will audit all attorney bills for appropriateness of payment.

The Claims Examiner and the **Coordinator** will determine who should attend hearings.

#### ***Mandatory Settlement Conference at WCAB***

Upon notification of the Mandatory Settlement Conference (MSC) date, the following procedure will occur:

In litigated cases, a request for authority will be sent to **AORMA** thirty (30) days prior to defense counsel filing a Declaration of Readiness to proceed, or five (5) days after receipt of the Declaration of Readiness to proceed from applicant's counsel. Thirty (30) days prior to defense counsel filing a Declaration of Readiness to Proceed, **TPA** will provide **AORMA** and Member with a comprehensive case review and/or SAR (settlement authorization request).

**TPA** will attend an MSC as deemed necessary.

Subrogation will be pursued when appropriate unless otherwise indicated by the **Coordinator**. If any legal action must be filed in any court other than the Workers' Compensation Appeals Board on behalf of the auxiliary organization, **TPA** must have approval from the CSURMA **AORMA** Committee.



### ***Communications***

**TPA** Supervisor and Claims Examiner for **TPA** will utilize professional, courteous and effective communication skills at all times and will respond to telephone and email inquiries within one (1) working day. All e-mail communications that are pertinent to a particular claim should be placed in the Juris Notepad.

### ***Index System***

**TPA** will index all disputed or lost time injury claims at claim setup and annually thereafter relying on Sedgwick's account number with the Index System.

### ***Reserving***

The initial reserve will be set up within five (5) working days of the receipt of the claim. Claims are to be reserved on a "most probable ultimate cost" basis from the date the claim is set up. Reserve amounts will be evaluated and adjusted on a regular basis, but at a minimum, within thirty (30) days of any event or change in medical prognosis that will affect the ultimate outcome of the claim. Reserves should also be reviewed concurrent with Diary and Action Plan review. "Stair-stepping" is to be avoided. All reserve calculations will be clearly reflected in the claim file.

Sedgwick Claims Supervisors will review all reserve changes above the authority of each Claims Examiner.

Reserves will be reviewed with each action plan.

### ***Investigations***

**TPA** recommends use of outside investigators as required by their claim investigation criteria and best practices. In addition to manager or supervisor approval, assignment of an outside investigator requires prior contact, approval and coordination with the **Coordinator**.

***OSHA Reporting –The members bear the responsibility to complete a manual OSHA log as required by California law.***

### ***Resolution***

Upon receipt of any permanent and stationary report, the Claims Examiner will determine if the disability described in the report is appropriate for the circumstances of the injury. The Claims Examiner may self-rate if the disability is clear. However, **AORMA** prefers that the Claims Examiner solicit an independent rating prior to issuing advances. Based on what is learned from the rating, additional clarification may be needed from the physician. The Claims Examiner will seek clarification from the physician or object as appropriate.

Upon receipt of the supplemental report with the clarifying information, the Claims Examiner may need to solicit an additional independent rating in order to ensure that the Claims Examiner is confident of the total value of permanent disability. If the dollar amount of the rating and/or the



dollar value of the total amount of permanent disability advance to be made exceed(s) \$25,000, the Permanent Disability Benefit letter requires approval from a supervisor.

Within five (5) calendar days after the Claims Examiner has determined that the report is appropriate, the Claims Examiner will submit the report to the Disability Evaluation Unit (DEU) for a Summary Rating.

A Settlement Authority Request (SAR) must be submitted to the Operations Manager at **TPA**, the **CSURMA AORMA** Workers' Compensation Committee or the **CSURMA AORMA** Committee depending on the level of the settlement value requested in accordance with the Claims Settlement Policy and Procedure. This requires timeliness in getting the independent rating in order to avoid penalties for not issuing a timely permanent disability advance.

Upon receipt of the Summary Rating from the Disability Evaluation Unit (DEU), the Claims Examiner verify the rating used in the SAR and amend the SAR, if necessary.

If the claim is litigated, the Claims Examiner must notify the defense attorney that negotiations cannot begin without authority. The Claims Examiner is responsible for getting that authority to the attorney within two (2) working days of receipt of authority. If applicant's attorney files the Declaration of Readiness to Proceed (DOR) for settlement purposes, the SAR must be submitted within five (5) days of receipt of the notification.

### ***Settlement Authority***

Various levels of settlement authority have been established as respects this **AORMA** coverage under **AORMA** Policy & Procedure W-5. The Member has no authority to settle claims.

All settlement authority requests must be presented using the Settlement Authorization Request (SAR) form.

The **SAR** must be complete and thorough. It must include a brief history of the injury, a description of the permanent disability and its dollar value, the medical prognosis and its dollar value, and any other costs that are included in the proposed settlement. It must include a complete outline of all issues and defenses. All ratings, both applicant and defense must be stated. It must state the Claims Examiner opinion regarding settlement versus taking the case to trial.

Managers must approve all requests for authority.

If a response from the authorizing body is not received in thirty (30) days, the Claims Examiner will notify the Claims Consultant via email. If timing is **urgent**, this will be indicated in the email along with a deadline date, as well as notifying the Claims Consultant by voicemail.

### ***Return to Work Issues***

The Claims Examiner will provide all information to the **Coordinator** regarding return to work restrictions and permanent modifications immediately upon knowledge.

### ***Excess Carrier Reporting and Settlement Requirements***

Any claim with a date of injury after May 1, 2004 must be reported by **TPA** to the respective excess carrier immediately, but in no event later than ten (10) calendar days from the date the **Coordinator** is notified or becomes reasonably aware of such accident or disease which may involve the excess carrier or includes any of the following:

- a. Injuries to spinal cord (including Cauda Equina), paraplegia, or quadriplegia;
- b. Fatality;
- c. Amputation of a major extremity;
- d. Blindness;
- e. Second degree burns on 25% or more of the body or third degree burns on 10% or more of the body
- f. Serious head or brain injuries (including skull fracture);
- g. Multiple fractures – involving more than one member or any non union of any part of the body;
- h. Nerve damage causing paralysis and loss of sensation in arm and hand (brachial plexus nerve damage);
- i. Massive internal injuries affecting body organs;
- j. Any occurrence which causes serious injury or death to two or more employees
- k. Any occurrence, which results in disability exceeding one (1) year.
- l. Any occurrence that results in permanent and total disability 100% - (including but not limited to 100% by statute: loss of both eyes/sight, loss of both hands (or the use thereof), “practically total paralysis,” brain injury resulting in incurable imbecility or insanity.
- m. Any occurrence that involves unusual exposure to the coverage—examples include sexual molestation, HIV, AIDS, rape, class actions and bad faith allegations, or other serious violation, which may involve excess;

Total incurred in excess of 50% of the Self Insured Retention or per Excess reporting requirements. Attachments to the first report will include:

- Face sheet to include summary of case, pertinent claimant information such as claim number, date of injury, date of birth, date of hire, average weekly wages, TTD, PD rate. The Claims Examiner must list all the issues and the plan of action recommended in order resolving these issues. Any subrogation aspects must be described and discussed.
- Reserve breakdown
- Printout of all payments, sorted by category
- AME, QME, P&S and/or current medical reports advising status of claim (AME = Agreed Medical Evaluator; QME = Qualified Medical Evaluator; P&S= Permanent and Stationary)
- Copies of all Applications filed, Workers’ Compensation Appeals Board (WCAB) Awards & Findings & Awards (F&As)

- Defense attorney evaluation
- Copies of investigation reports
- All notices and legal papers relating to the claim or suit
- Any other pertinent data

Subsequent reports will be made on a quarterly basis (unless excess carrier advises otherwise). Attachments to the subsequent reports will include:

- Face sheet to include summary of case, pertinent claimant information such as claim number, Date of Injury, Date of Birth, Date of Hire, Average Weekly Wage, Total Temporary Disability and Permanent Disability Rate. The report must provide the status of the case and the steps proposed to resolve all the remaining issues.
- Reserve breakdown
- Printout of all payments, sorted by category
- Current medical report(s)
- Any of the prior reporting requirements that occur subsequent to the initial excess report.

The Claims Manager and/or Supervisor will review and authorize all excess reports. The reports will be submitted to the Excess carrier with a hard copy of all attachments. The hard copy attachments are to be submitted only to Excess carrier.

The process is the same for interim status reports and final reporting.

Once confirmation is received from Excess carrier, the Claims Examiner will make a copy of the confirmation for the claim file and update the system that confirmation was received from the Excess Carrier.

If the employee files a Serious and Willful claim, defense costs are not reimbursable by the Excess Carrier. Requests for reimbursement must exclude these costs.

### ***Fraud Claims***

Suspected fraudulent activity (material misrepresentation by the employee) must be reviewed with the Claims Supervisor, the **Coordinator** and the **AORMA** Claims Consultant to determine the merits of the case. The case will also be discussed with the CSURMA SIU manager, J.D Wesson, who serves as the Investigation and SIU oversight manager for AORMA and CSU. The case will be prepared for submission to the District Attorney and Department of Insurance once a decision to refer the case to the authorities has been made. Fraud referral activity will be documented on the claim in Juris Management Review Notepad.

### ***Balance Sheet***

**TPA** will complete a Balance Sheet on all open files at one year from date of injury, annually at the anniversary of claim set up and annually thereafter on each file at SAR evaluation and at closing of the claim. The Balance Sheet will be kept in Correspondence or a hard copy in the claims file.



### ***Escrow Fund***

Changes have been made to the Trustee Account as a result of the transition to Sedgwick's Juris claims system effective July 1, 2016. Sedgwick Claims Management administers benefit payments and expense payments on behalf of AORMA. The account utilized is an AORMA owned account through Wells Fargo. Sedgwick will issue all payments on claims linked to this account. The Client Banking department located in Memphis, TN will prepare monthly reconciliations.

Checks issued over \$50,000.00 require funding verification. Such requests should be forwarded to the **AORMA** Accountant at the CSU Chancellor's Office, along with supporting documentation.

**TPA** will submit replenishment requests **biweekly**.

### ***Check Issuance***

All checks for claims that are linked to this account are issued by Sedgwick. Joey House, Managing Director Accounting and Financial Service and Kevin Hawkins, Sr. Vice President Finance are the facsimile signatures that will be used for all checks. There will be no manual checks under any circumstances.

### ***Reports***

The Claims Manager will provide a monthly report of **TPA** and **AORMA** penalties no later than the 10<sup>th</sup> of each month.

**TPA** will also provide reports to the **Coordinator** for each Member as follows:

Quarterly claim summary report - inception to date

- Claim summary report of all claims created in the last quarter
- Ad hoc reports by client request



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. W-4  
(FORMERLY W-5)**

**SUBJECT: WORKERS COMPENSATION COVERAGE  
CLAIMS SETTLEMENT AUTHORITY**

**ADOPTED: OCTOBER 27, 2005**

**EFFECTIVE: JULY 1, 2005**

**AMENDED: JANUARY 8, 2006  
DECEMBER 8, 2009  
SEPTEMBER 16, 2010  
MARCH 20, 2014  
MAY 5, 2016**

*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

**POLICY:**

It is the policy of CSURMA Auxiliary Organizations Risk Management Alliance (**AORMA**) that **MEMBERS** of the Workers' Compensation Program shall have the opportunity to participate in the final claim settlement process (i.e. Stipulations with Findings and Award or a Compromise & Release with Findings and Award) as provided for by this policy and procedure. Though Workers' Compensation benefits are mandated and established by State law, the amount and actual settlement of a claim is the responsibility of the **THIRD PARTY CLAIMS ADMINISTRATOR (TPA)** and/or an attorney selected to negotiate such settlement. It shall be **CSURMA AORMA** policy that a **MEMBER** shall have input and be a part of the claim settlement process. Various levels of settlement authority have been established as **CSURMA AORMA** policy. These levels are as follows:

**WORKERS COMPENSATION CLAIMS SETTLEMENT AUTHORITY:**

1. \$0 to \$25,000 - The TPA shall have authority to settle claims up to, and including \$25,000 per occurrence. Only the Director for the Claims Administrator will hold this authority.
2. \$25,001 to \$50,000 – The CSURMA Secretary-Auditor has authority to authorize claims settlement up to and including \$50,000 per occurrence.
3. \$50,001 to Pool Layer Limit – The AORMA COMMITTEE has authority to authorize claims settlement up to the pool layer limit per occurrence. The excess carrier will be involved in accordance with the carrier policy reporting and settlement requirements.



## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. W-4 (FORMERLY W-5)**

All of the foregoing notwithstanding, if time is of the essence in a specific matter, the AORMA COMMITTEE Chair, First Vice Chair and Second Vice Chair., on the advice of the TPA, shall have authority to determine the terms of an emergency settlement up to the Pooled Layer Limit upon the agreement of a majority consisting of at least two participants, provided that no MEMBER involved in the specific matter may participate in the determination. Any determination reached under this paragraph shall be reported to the AORMA COMMITTEE at the next regularly scheduled meeting.

The CSURMA Secretary-Auditor may participate in any legal proceeding and represent the interests of the AORMA Programs.

### **MEMBER APPEAL PROCESS:**

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Funding Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the Member's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

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.



## CSURMA AORMA

## POLICY AND PROCEDURE NO. W-4 (FORMERLY W-5)

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### DEFINITIONS:

**AORMA:** The Auxiliary Organizations Risk Management Alliance is a group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**AORMA COMMITTEE:** The governing body of AORMA.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**MEMBER** – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers' Compensation Program Participation Agreement.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program's definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

**TPA** - Third party claims administrator whose responsibilities include claim handling, litigation management and excess liability carrier reporting.



**SUBJECT: VOLUNTEER COVERAGE**

**ADOPTED: JANUARY 12, 2005**

**EFFECTIVE: JANUARY 1, 2005**

**AMENDED: DECEMBER 8, 2009  
MARCH 20, 2014  
MAY 5, 2016**

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*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

**POLICY:**

It is the policy of AORMA to adopt the procedures outlined in this document for purposes of determining AORMA’s exposure to Workers’ Compensation claims of volunteers from each MEMBER wishing to provide Worker’s Compensation coverage to its volunteers.

**PURPOSE:**

The CSURMA AORMA COMMITTEE agreed that coverage would be extended to volunteers per California Labor Code Section 3363.6. This Policy and Procedure describes the process by which an evaluation may take place to determine possible CSURMA AORMA exposures to those MEMBERS wishing to insure Worker’s Compensation claims involving volunteers.

**BACKGROUND:**

California Labor Code Section 3363.6 provides that a person who performs voluntary service without pay for a private, nonprofit organization, as designated and authorized by the board of directors of the organization, shall, when the board of directors of the organization, in its sole discretion, so declares in writing and prior to the injury, be deemed an employee of the organization for the purposes of Workers’ Compensation while performing such service.

Labor Code Section 3363.6 incorporates the following definition: “voluntary service without pay” shall include:

1. The performance of service by a parent, without remuneration in cash, when rendered to a cooperative parent participation nursery school if such service is required as a condition of participation in the organization.



## CSURMA AORMA

## POLICY AND PROCEDURE NO. W-5 (FORMERLY W-6)

2. The performance of services by a person who receives no remuneration other than meals, transportation, lodging or reimbursement for incidental expenses.

### PROCEDURES:

The following steps will be taken by AORMA MEMBERS to affect the policy:

1. Each MEMBER electing to cover volunteers for Workers' Compensation claims shall provide the Program Administrator a copy of the MEMBER's board resolution declaring that its volunteers shall be deemed employees for the purposes of Workers' Compensation.
2. MEMBERS choosing not to cover volunteers shall file a written statement with AORMA stating that Workers' Compensation coverage shall not be provided to volunteers. This written statement shall also acknowledge that AORMA will not cover the MEMBER's volunteers for Worker's Compensation claims.
3. Beginning in January 2010, the Program Administrator may evaluate the actual losses from volunteers for each MEMBER for the prior Program Year and provide a report of AORMA's volunteer exposure to the AORMA PROGRAMS COMMITTEE at its next scheduled meeting for further information and direction as may be needed to ensure the rating integrity of the plan.

### MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Funding Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the Member's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

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.



**DEFINITIONS:**

**AORMA:** The Auxiliary Organizations Risk Management Alliance is a group of programs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**AORMA COMMITTEE:** The governing body of AORMA.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**MEMBER** – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers' Compensation Program Participation Agreement.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program's definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

**PROGRAMS COMMITTEE** - The Programs Committee oversees the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers' Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee.

Draft

<b>CSURMA AORMA</b> <b>FY 2017/2018 Property Program</b> <b>Total Estimated Funding</b> <b>\$100,000 SIR / \$250,000 Aggregate SIR</b>					
<b>Expense Item</b>	<b>Actual Program Costs FY 13/14</b>	<b>Actual Program Costs FY 14/15</b>	<b>Actual Program Costs FY 15/16</b>	<b>Program Costs FY 16/17</b>	<b>Proposed FY 16/17</b>
Estimated Pooled Layer Funding	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Excess Insurance Premium	\$2,849,135	\$1,717,748	\$1,672,962	\$1,401,411	\$1,500,000
Program Administrative Costs	\$306,692	\$296,388	\$313,809	\$327,408	\$325,000
<b>Total Expenses:</b>	<b>\$3,405,827</b>	<b>\$2,264,136</b>	<b>\$2,236,771</b>	<b>\$1,978,819</b>	<b>\$2,075,000</b>
<b>Difference from prior year:</b>	4.46%	-33.52%	-1.21%	-11.53%	4.86%

Estimated Pooled Layer Funding (no change is contemplated)  
 Excess Insurance Premium (includes a 7% increase)  
 Administrative costs (no increase or decrease is contemplated)



**CSURMA AORMA**

**POLICY & PROCEDURE NO. P-1**

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<b>SUBJECT:</b>	<b>PROPERTY PROGRAM MEMBER ALLOCATION FORMULA</b>
<b>ADOPTED:</b>	<b>NOVEMBER 6, 2013</b>
<b>EFFECTIVE:</b>	<b>JULY 1, 2018</b>
<b>AMENDED:</b>	<b>SEPTEMBER 10, 2015 MAY 4, 2017</b>

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**POLICY:**

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total property program costs as outlined in the Property Program Member Allocation Formula noted below:

**PROCEDURE:**

Annually, in September, the AORMA Committee will approve the Total Property Program Costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will approve the following allocation criteria within the Property Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium
5. Loss ratio surcharge schedule

**PROPERTY PROGRAM MEMBER ALLOCATION FORMULA:**

**Basic Rates:**

- *TIV = Total Insurable Values*
- *RP/BI = Real Property / Business Income and Rental Value*
- *BPP = Business Personal Property*

Two basic rates are included in the allocation formula; one for RP/BI and one for business BPP. The BPP rate is 20% higher than the RP/BI rate.

1. RP/BI TIV is multiplied by the RP/BI rate. *Result – RP/BI basic premium.*
2. BPP TIV is multiplied by the BPP rate. *Result – BPP basic premium.*
3. RP/BI basic premium and BPP basic premium are added together. *Result – basic premium.*
4. Basic premium is divided by the total TIV. *Result – basic rate.*

**\*\* Example \*\***

1.	<b>\$50,000,000</b> RP/BI TIV	*	<b>.2000</b> RP/BI Rate (per \$100 in TIV)	=	<b>\$100,000</b> RP/BI Basic Premium
2.	<b>\$25,000,000</b> BPP TIV	*	<b>.2400</b> BPP Rate (per \$100 in TIV)	=	<b>\$60,000</b> BPP Basic Premium
3.	<b>\$100,000</b> RP/BI Basic Premium	+	<b>\$60,000</b> BPP Basic Premium	=	<b>\$160,000</b> Basic Premium
4.	<b>\$160,000</b> Basic Premium	/	<b>\$75,000,000</b> Total TIV	=	<b>.2133</b> Basic Rate (per \$100 in TIV)

**Size Credit:**

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*

**\*\* Example \*\***

1.	<b>\$160,000</b> Basic Premium	/	<b>\$600,000</b> Maximum Premium for Calculating Size Credit	=	<b>27%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	<b>27%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	<b>30%</b> Maximum Size Percentage Credit	=	<b>8%</b> Size Credit Percentage
3.	<b>.2133</b> Basic Rate	-	<b>8%</b> Size Credit Percentage	=	<b>.1960</b> Basic Rate w/ Size Credit

**Loss Rating:**

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*

2. Member's five-year loss ratio is reviewed against loss ratio surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total TIV. *Result – Final premium.*

**\*\* Example \*\***

<b>1.</b>	<b>\$125,000</b>	/	<b>\$500,000</b>		<b>25%</b>
	Five Years Paid Claims		Total Premium for Five Prior Years		Loss Ratio
<b>2.</b>	<b>25%</b>			=	<b>5%</b>
	25% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is Assigned.				Loss Ratio Surcharge
<b>3.</b>	<b>5%</b>	+	<b>.1960</b>	=	<b>.2058</b>
	Loss Ratio Surcharge		Basic Rate w/ Size Credit		Final Rate
<b>4.</b>	<b>.2058</b>	*	<b>\$75,000,000</b>	=	<b>\$154,350</b>
	Final Rate (per \$100 in TIV)		Total TIV		Final Premium

**Minimum Premium:**

1. If the final premium is greater than the Minimum Premium, use the final premium. *Result – final premium w/ minimum premium if applicable.*

**\*\* Example \*\***

<b>1.</b>	<b>\$154,500</b>	>	<b>\$600</b>	=	<b>\$154,500</b>
	If the Final Premium is greater than the minimum premium, use the Final Premium				Final Premium

**DEFINITIONS:**

1. **RP/BI - Real Property, Business Interruption and Rental Value Basic Rate** – This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year.
2. **BPP – Business Personal Property Basic Rate** - This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total property program funding required for the upcoming fiscal year. This rate will be 20% higher than the Real Property, Business Interruption and Rental Value Basic Rate.
3. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Calculating the Size Credit dollar amount will be approved annually by the Programs Committee. The

Maximum Premium for Calculating Size Credit is used to calculate each member's size credit. The member's basic premium is divided by the Maximum Premium for Calculating Size Credit, as an example -  $\$300,000$  (*member's basic premium*) /  $\$600,000$  (*Maximum Premium for Calculating Size Credit*) = 50% (*member's percentage of size credit*). This member would be subject to 50% of the total **Size Credit Percentage**.

4. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the Programs Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (*member's percentage of size credit*) \* 30% (*Size Credit Percentage*) = 15% *member's size credit*.

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<b>CSURMA AORMA</b> <b>FY 2017/2018 Crime Program</b> <b>Total Estimated Funding</b> <b>\$25,000 SIR / \$100,000 Aggregate SIR</b>					
<b>Expense Item</b>	<b>Actual Program Costs FY 13/14</b>	<b>Actual Program Costs FY 14/15</b>	<b>Actual Program Costs FY 15/16</b>	<b>Program Costs FY 16/17</b>	<b>Proposed FY 17/18</b>
Estimated Pooled Layer Funding	\$75,000	\$50,000	\$50,000	\$50,000	\$0
Excess Insurance Premium	\$202,258	\$212,443	\$212,630	\$244,421	\$245,000
Program Administrative Costs	\$29,640	\$28,901	\$30,109	\$31,845	\$32,000
<b>Total Expenses:</b>	<b>\$306,898</b>	<b>\$291,344</b>	<b>\$292,739</b>	<b>\$326,266</b>	<b>\$277,000</b>
<b>Difference from prior year:</b>	6.65%	-5.07%	0.48%	11.45%	-15.10%

*Estimated Pooled Layer Funding* - At June 30, 2015, the crime program had a fund balance of \$408,581.

*Excess Insurance Premium* - No increase or decrease is anticipated.

*Administrative Costs* - No increase or decrease is anticipated.



**CSURMA AORMA**

**POLICY & PROCEDURE NO. C-1**

**SUBJECT: CRIME PROGRAM MEMBER ALLOCATION FORMULA**

**ADOPTED: NOVEMBER 6, 2013**

**EFFECTIVE: JULY 1, 2018**

**AMENDED: SEPTEMBER 10, 2015  
MAY 4, 2017**

**POLICY:**

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total crime program costs as outlined in the Crime Program Member Allocation Formula noted below:

**PROCEDURE:**

Annually, in September, the AORMA Committee will approve the total crime program costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will approve the following allocation criteria within the Crime Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rate
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium schedule
5. Loss ratio surcharge schedule
6. Minimum premium schedule

**Basic Rates:**

The payroll used within this allocation is the estimated payroll for the upcoming fiscal year.

1. Payroll is multiplied by the **Basic Rate**. *Result – basic premium*

**\*\* Example \*\***

<b>1.</b>	<b>\$10,000,000</b> Payroll	*	<b>.0400</b> Basic Rate (per \$100 in payroll)	=	<b>\$4,000</b> Basic Premium
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**Size Credit:**

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*
4. Basic rate with size credit is multiplied by the payroll. *Result – Basic premium with size credit.*

**\*\* Example \*\***

<b>1.</b>	<b>\$4,000</b> Basic Premium	/	<b>\$10,000</b> Maximum Premium for Calculating Size Credit	=	<b>40%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
<b>2.</b>	<b>40%</b> % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	<b>30%</b> Maximum Size Percentage Credit	=	<b>12%</b> Size Credit Percentage
<b>3.</b>	<b>.0400</b> Basic Rate	-	<b>12%</b> Size Credit Percentage	=	<b>.0352</b> Basic Rate w/ Size Credit
<b>4.</b>	<b>.0352</b> Basic Rate w/ Size Credit	*	<b>\$10,000,000</b> Payroll	=	<b>\$3,520</b> Basic Premium w/ Size Credit

**Minimum Premium:** \_\_\_\_\_

This Minimum Premium section was moved. The minimum premium will be calculated before applying the loss rating.

The expenditures used within this allocation are the expenditures documented in the member's financial audits.

1. Using the Minimum Premium Schedule, each member is assigned a minimum premium based on their average expenditures for five years. *Result – member's scheduled minimum premium.*
2. Member's basic premium with size credit is compared to the member's scheduled minimum premium. *Result – the minimum premium will be applied if the member's basic premium with size credit is less than the minimum premium.*

**Loss Rating:**

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*
2. Member's five-year loss ratio is reviewed against loss rating surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic premium with w/ size credit, or minimum premium, is increased by loss ratio surcharge. *Result – final premium.*

**Administrative Costs:**

1. The crime program administrative costs will be divided evenly between all of the crime program members. *Result – member's crime program administrative costs.*
2. Member's crime program administrative costs are added to the member's final premium or minimum premium, whichever applies. *Result – total crime program premium.*

**DEFINITIONS:**

1. **Basic Rate** – This rate will be approved annually by the Programs Committee. It may increase or decrease depending the total crime program funding required for the upcoming fiscal year.
2. **Maximum Premium for Calculating Size Credit** – The Maximum Premium for Size Credit dollar amount will be approved annually by the Programs Committee. The Maximum Premium for Size Credit is used to calculate each member's size credit. The member's basic premium is divided by the Maximum Premium for Size Credit, as an example -  $\$5,000$  (*member's basic premium*) /  $\$10,000$  (*Maximum Premium for Size Credit*) = 50% (*member's percentage of size credit*). This member would be subject to 50% of the total Size Credit Percentage.
3. **Size Credit Percentage** – The Size Credit Percentage will be approved annually by the Programs Committee. The Size Credit Percentage represents the maximum size credit available to any one member. As an example – 50% (*member's percentage of size credit*) \* 30% (*Size Credit Percentage*) = 15% *member's size credit.*



## CSURMA AORMA

## POLICY & PROCEDURE UI-1

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**SUBJECT:** FORMULA FOR DETERMINING THE UNEMPLOYMENT INSURANCE PROGRAM ANNUAL CONTRIBUTIONS

**ADOPTED:** MAY 12, 2010

**EFFECTIVE:** JULY 1, 2018

**REVISED:** DECEMBER 6, 2012  
MAY 8, 2014  
MAY 5, 2016  
MARCH 9, 2017  
MAY 4, 2017

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*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

### **POLICY:**

The AORMA Unemployment Insurance Program (UIP) annual contribution for each Auxiliary Organization participating in the AORMA UIP (MEMBER) shall be calculated using two factors – paid claims and administrative costs.

### **PROCEDURE:**

1. **Deposit Formula** - Paid claims (the MEMBER's average annual paid claims for five years ending 6/30), plus an administrative cost. The administrative costs are allocated to each MEMBER based on its percentage of the total average annual paid claims.
2. **Minimum Fund Balance** - Each MEMBER must maintain in the AORMA UIP a minimum fund balance of two times its average annual losses. If a MEMBER's fund balance is below the minimum, annually, the additional funding required will be calculated and the MEMBER will be assessed at the program anniversary date an amount not to exceed 20% of the additional funding required to achieve the minimum fund balance. The MEMBER will be assessed annually until the MEMBER's fund balance is at the minimum fund balance.

At the end of each fiscal year, the AORMA UIP Fund Balance Report will be distributed to each MEMBER. The Fund Balance Report will include actual paid claims for the fiscal year rather than estimates. If the MEMBER's fund balance exceeds the minimum fund balance required (two times annual average losses) then the MEMBER can request that the excess funds be returned.



For those MEMBERS involved in federally sponsored programs, the funds in excess of the minimum required fund balance can be retained on account with CSURMA to be used to lower contributions for the upcoming or current fiscal year. If the MEMBER chooses to receive a refund of the funds in excess of the minimum required fund balance, then the MEMBER will be required to calculate the percentage of its payroll and salary that is attributable to federally sponsored programs to determine what percentage of the refund will need to be returned to the federal government.

3. **Minimum Contribution** - There is no minimum contribution based on paid claims. However, a minimum contribution for administrative costs will be applied according to the Minimum Administrative Costs Schedule approved annually by the Programs Committee.
4. **Investment Income / Loss** - The total Investment Income or Loss is allocated to each MEMBER based on its percentage of the total AORMA UIP average fund balance for the preceding fiscal year. For the purpose of calculating the MEMBER's average fund balance, the following formula shall be used:

Beginning fund balance *plus* additional contributions *less* MEMBER's paid claims *less* MEMBER's allocated administrative costs = MEMBER's average balance.

**MEMBER APPEAL PROCESS:**

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Funding Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the Member's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

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.



**DEFINITIONS:**

**AORMA COMMITTEE** - The governing body of AORMA.

**AORMA** - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority. Within this Policy and Procedure, MEMBER also means the Auxiliary Organization participating in the AORMA Unemployment Insurance Program.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

**UIP** – AORMA Unemployment Insurance Program.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. A-3  
(FORMERLY 7-AORMA)**

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**SUBJECT: TARGET SURPLUS FUNDING POLICY**

**ADOPTED: JANUARY 10, 2007**

**EFFECTIVE: JANUARY 1, 2007**

**AMENDED: OCTOBER 29, 2009  
SEPTEMBER 16, 2010  
OCTOBER 23, 2014  
MAY 5, 2016**

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**POLICY:**

In an effort to assure the long term financial strength of the Workers’ Compensation, Liability, Property and Crime Programs (Programs), the AORMA Committee desires to fund the Programs in a responsible manner. Furthermore, in recognition that there is a high degree of uncertainty in actuarial estimates due to the possibility of occasional catastrophic claims and inconsistent or inaccurate case reserving, the AORMA Committee desires to establish a TARGET SURPLUS GOAL that will guide them in making annual funding decisions for the Programs.

The TARGET SURPLUS GOAL is hereby established to be, at a minimum, the actuarially determined 70% CONFIDENCE LEVEL, discounted for investment. In evaluating the Programs’ funding position relative to the TARGET SURPLUS GOAL as a part of each year’s ratemaking process, the AORMA COMMITTEE shall take into consideration the following ratios: Gross Premium to SURPLUS Ratio, SURPLUS to Pool Retention Ratio and Outstanding Reserves to SURPLUS Ratio.

The AORMA COMMITTEE may take action to set a higher or lower CONFIDENCE LEVEL based on AORMA’s goal to retain more or less risk.

**PROCEDURE:**

- 1. Annual Actuarial Study** - Each year the Program Director will engage CSURMA’s accredited independent actuary to perform an actuarial analysis of the Workers’ Compensation and Liability Programs. This analysis shall include ESTIMATED OUTSTANDING LOSSES (including IBNR) at various CONFIDENCE LEVELs as well as PROJECTED ULTIMATE LOSSES for the upcoming year(s). The analysis shall also compare the current program funding against the OUTSTANDING LOSSES and determine the CONFIDENCE LEVEL to which the program is currently funded. Because the Property

and Crime Programs have an annual aggregate retention, an actuarial analysis is not performed.

- 2. Calculation of Target Surplus Ratios** - The Program Director will also calculate certain insurance industry ratios to help determine the Program's current financial position as follows:

**Gross Premium to Surplus Ratio: Target <1.5:1**

This ratio is a measure of how SURPLUS is leveraged against possible pricing inaccuracies. A low ratio is desirable.

**Surplus to Pool Retention Ratio: Target >5-10:1**

This ratio is a measure of the maximum amount that SURPLUS could decline due to a single loss. A high ratio is desirable.

**Outstanding Reserves to Surplus Ratio: Target  $\leq 1.5:1$**

This ratio is a measure of how SURPLUS is leveraged against possible reserve inaccuracies. A low ratio is desirable.

- 3. Application of Target Surplus Criteria** – After an annual review of the Target Surplus Ratios, the AORMA COMMITTEE will determine whether it is desirable to increase, decrease, or stabilize SURPLUS. If the AORMA COMMITTEE desires to decrease SURPLUS, it may approve a funding level below the 70% CONFIDENCE LEVEL. Conversely, a funding decision above the 70% CONFIDENCE LEVEL will indicate a bias toward increasing SURPLUS. A determination to fund at the 70% CONFIDENCE LEVEL will reflect the AORMA COMMITTEE's desire to keep SURPLUS at the current level.

Because the Property and Crime Programs have annual aggregate retentions, and therefore no actuarial study is performed, the surplus shall be the amount of funds that exceed the maximum liability retained by the program for all program years. The AORMA COMMITTEE will approve the annual funding for each program.

The Target Surplus Funding Analysis will be prepared for each self-funded program and presented to the AORMA COMMITTEE after the end of each fiscal year.

- 4. Dividends** – Dividends may be available from the amount of SURPLUS exceeding the TARGET SURPLUS GOAL amount established by the AORMA COMMITTEE. The allocation of any dividend shall be pursuant to the Dividends and Assessments Policy and Procedure detailed in Policy and Procedure No. A-4.
- 5. Assessments** – Assessments may be required when the AORMA COMMITTEE determines that the amount of SURPLUS is not sufficient and can best be remedied by an extraordinary assessment. The allocation of any assessment shall be pursuant to the Dividends and Assessments Policy and Procedure detailed in Policy and Procedure No. A-4.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. A-3  
(FORMERLY 7-AORMA)**

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**MEMBER APPEAL PROCESS:**

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Funding Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the Member's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

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.

**DEFINITIONS:**

**AORMA COMMITTEE** - The governing body of AORMA.

**AORMA** - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMS that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**CONFIDENCE LEVEL:** A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, an 80% confidence level means that the actuary believes funding will be sufficient in eight years out of ten.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**ESTIMATED OUTSTANDING LOSSES** – Estimated Outstanding Losses are the cost of claims that have occurred but have not yet been paid. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE). They are calculated as projected ultimate losses less paid losses. Alternative, they are the sum of case reserves and incurred but not reported (IBNR) claims. Estimated Outstanding Losses are usually the largest single item listed as a liability the balance sheet of a public entity's financial statement. GASB Statement No. 10 requires they be calculated by actuarial methods. Other common names for estimated outstanding losses are outstanding claim liability and unpaid claims.

**GROSS PREMIUM** - Includes pool premium and reinsurance/excess insurance premium but does not include administrative costs.

**IBNR** – Incurred but Not Reported losses.

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

**MEMORANDUM OF COVERAGE** – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program's definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

**OUTSTANDING RESERVES** - The sum total of unpaid case reserves in the pool layer as determined by the various claims examiners.

**PARTICIPATION AGREEMENT** – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. A-3  
(FORMERLY 7-AORMA)**

**POOL RETENTION** - The maximum amount of exposure to a single loss retained by the pool over the most recent five years.

**PROJECTED ULTIMATE LOSSES** – Projected Ultimate Losses are the accrual value of claims. They are the total amount that is expected to be paid in a particular claim period after all claims are closed. Projected Ultimate Losses are the total loss costs for a particular period. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE).

**SURPLUS** - The amount of cash equivalent available to pay claims in excess of actuarial expected losses discounted for investment income.

**TARGET SURPLUS GOAL** – The amount of cash equivalent available to pay claims in excess of actuarial 70% CONFIDENCE LEVEL discounted for investment income.

**AORMA Workers' Compensation Fund Program**  
**Target Surplus Funding Analysis - Pooled Layer Funding @ \$500,000**  
**@ June 30, 2016**

Analysis Factors	Current Analysis	Change	Prior Analysis
Gross Premium for FY 17/18 (at 80% CL) #1	3,943,362	Up From	3,926,000
Assets at 6/30/16 #2	12,126,149	Down From	12,960,540
Maximum Retention Per Occurrence	500,000	No Change	500,000
Outstanding Reserves at 6/30/16 #3	2,806,314	Down From	4,169,368
Surplus (Expected Confidence Level) #4	6,183,396	Up From	3,966,235
Surplus (above a 70% Confidence Level) #5	6,078,554	Up From	3,633,140
Surplus (above an 80% Confidence Level) #5	5,815,615	Up From	2,998,083

#1 - Includes Actuary's Recommended Estimated Pooled Layer Funding at a 70% confidence level, claims administration and reinsurance costs.

#2 - Assets are reduced by accounts payable and dividend.

#3 - Reserves on open claims - one claim is capped at \$500,000. Reserves on claims between 1/01/15 and 6/30/16 have been removed as the program was fully insured through CSAC EIA.

#4 - Unencumbered Funds means the Plan Assets minus the Outstanding Losses. Outstanding Losses are undiscounted for investment income and include unallocated loss adjustment expense.

#5 - Unencumbered Funds means the Plan Assets minus the Outstanding Losses. Outstanding Losses are discounted for investment income and include unallocated loss adjustment expense.

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium : Surplus	<1.5:1	2,628,908	0.64
Surplus : Retention	>5:1	2,500,000	12.37
Outstanding Reserves : Surplus	≤1.5:1	1,870,876	0.45

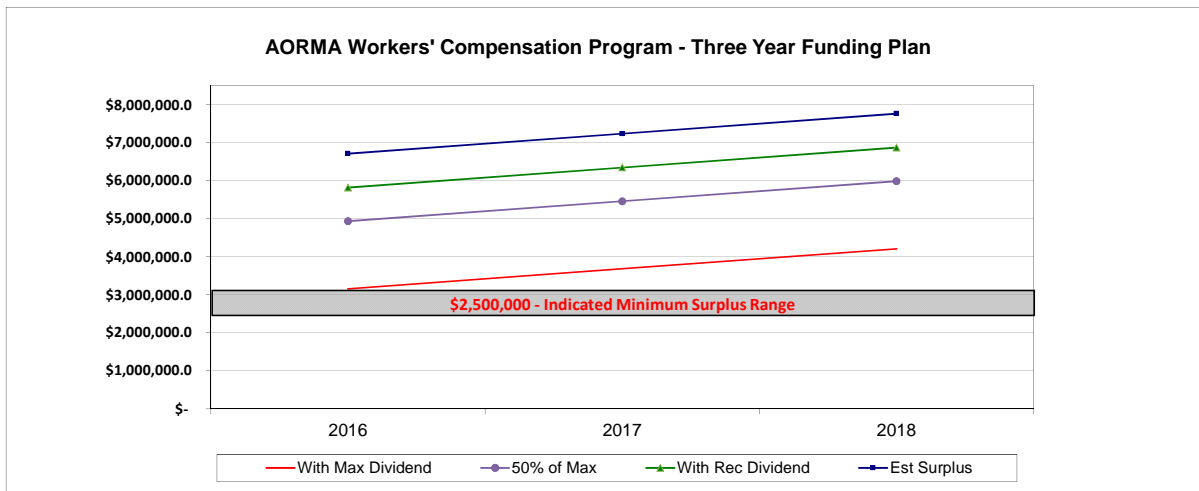
Dividend	
Target Surplus Goal (70% Confidence Level / Discounted)	6,078,554
Indicated Minimum Surplus (largest ratio amount)	2,628,908
Maximum Dividend Available	3,554,488
Dividend 50%	1,777,244
Dividend 33%	1,172,981
<b>Dividend 25%</b>	<b>888,622</b>

Approved on September 8, 2016

Confidence levels	Risk Factor	Pooled Layer Funding #5	Surplus
Expected	1.000	5,258,778	-
70%	1.100	5,784,656	525,878
80%	1.150	6,047,595	788,817
90%	1.300	6,836,411	1,577,633

#5 The Pooled Layer Funding is discounted for investment income and does not include the unallocated loss adjustment expense.

Three Year Funding Plan				
Fiscal Year	Added to Surplus	Estimated Surplus	Estimated Surplus w/ Maximum Dividend	Estimated Surplus w/ Recommended Dividend
Estimated Balance at 7/1/16	N/A	6,183,396	N/A	N/A
2017/18 - Collection @ 70% Confidence Level	525,878	6,709,274	3,154,786	5,820,652
2018/19 - Collection @ 70% Confidence Level	525,878	7,235,152	3,680,664	6,346,530
2019/20 - Collection @ 70% Confidence Level	525,878	7,761,030	4,206,542	6,872,408



**AORMA Liability Fund Program**  
**Target Surplus Funding Analysis - Pooled Layer Funding @ \$500,000**  
**@ June 30, 2016**

Analysis Factors	Current Analysis	Change	Prior Analysis
Gross Premium for FY 17/18 (at 80% CL) #1	3,270,893	Up From	3,068,777
Assets at 6/30/16 #2	7,958,922	Down From	8,231,512
Maximum Retention Per Occurrence	500,000	No Change	500,000
Outstanding Reserves at 6/30/16 #3	427,773	Down From	1,546,200
Surplus (Expected Confidence Level) #4	5,796,533	Down From	5,986,096
Surplus (above a 70% Confidence Level) #5	5,656,558	Down From	5,801,409
Surplus (above an 80% Confidence Level) #5	5,356,250	Down From	5,435,368

#1 - Includes Actuary's Recommended Estimated Pooled Layer Funding at a 70% confidence level, claims administration and reinsurance costs.

#2 - Assets are reduced by accounts payable and dividend.

#3 - Reserves on open claims - two claims were capped at \$350,000 (the pooled layer for that coverage period).

#4 - Unencumbered Funds means the Plan Assets minus the Outstanding Losses. Outstanding Losses **are undiscounted** for investment income and include unallocated loss adjustment expense.

#5 - Unencumbered Funds means the Plan Assets minus the Outstanding Losses. Outstanding Losses **are discounted** for investment income and include unallocated loss adjustment expense.

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium : Surplus	<1.5:1	2,180,595	0.56
Surplus : Retention	>5:1	<b>2,500,000</b>	<b>11.59</b>
Outstanding Reserves : Surplus	≤1.5:1	285,182	0.07

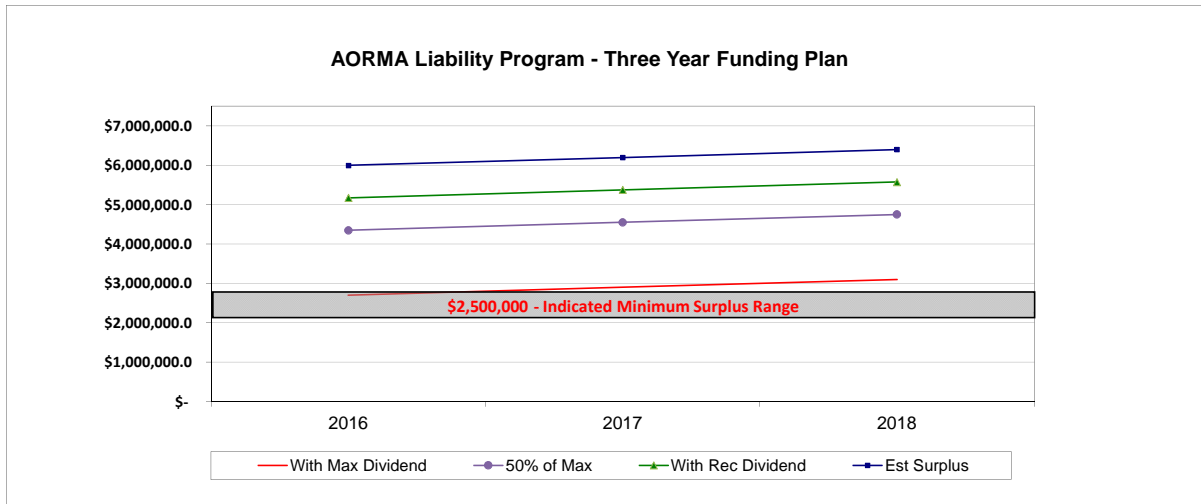
Dividend	
Target Surplus Goal (70% Confidence Level / Discounted)	5,656,558
Indicated Minimum Surplus (largest ratio amount)	2,500,000
Maximum Dividend Available	3,296,533
Dividend 50%	1,648,267
Dividend 33%	1,087,856
<b>Dividend 25%</b>	<b>824,133</b>

**Approved on September 8, 2016**

Confidence levels	Risk Factor	Pooled Layer Funding #5	Surplus
Expected	1.000	2,002,055	-
60%	1.041	2,085,137	83,082
70%	1.100	2,202,261	200,206
80%	1.250	2,502,569	500,514

#5 The Pooled Layer Funding is discounted for investment income and **does not** include the unallocated loss adjustment expense.

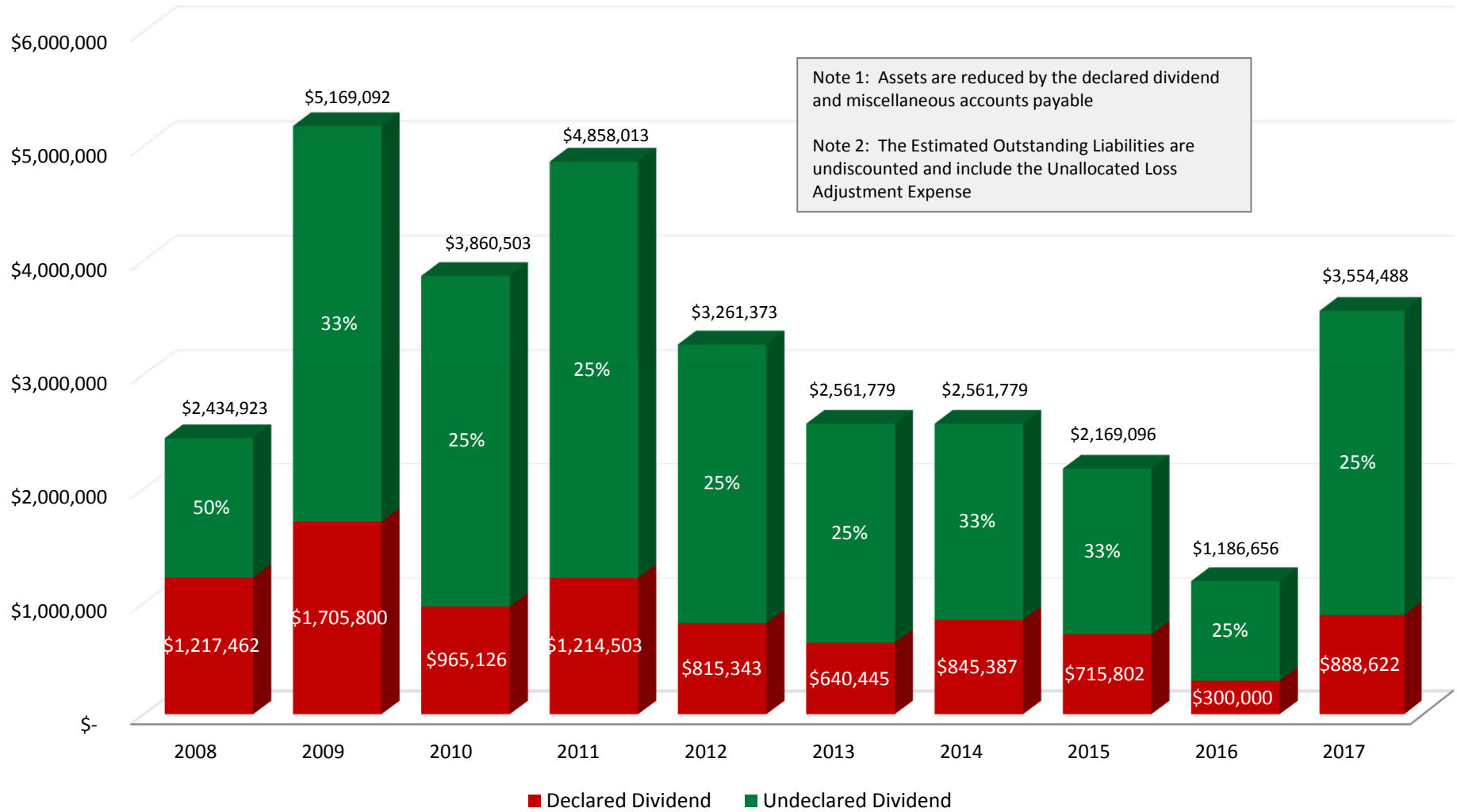
Three Year Funding Plan				
Fiscal Year	Added to Surplus	Estimated Surplus	Estimated Surplus w/ Maximum Dividend	Estimated Surplus w/ Recommended Dividend
Estimated Balance at 7/1/16	N/A	5,796,533	N/A	N/A
2017/18- Collection @ 70% Confidence Level	200,206	5,996,739	2,700,206	5,172,606
2018/19 - Collection @ 70% Confidence Level	200,206	6,196,945	2,900,412	5,372,812
2019/20 - Collection @ 70% Confidence Level	200,206	6,397,151	3,100,618	5,573,018



# Workers' Compensation Historical Dividends Paid in July



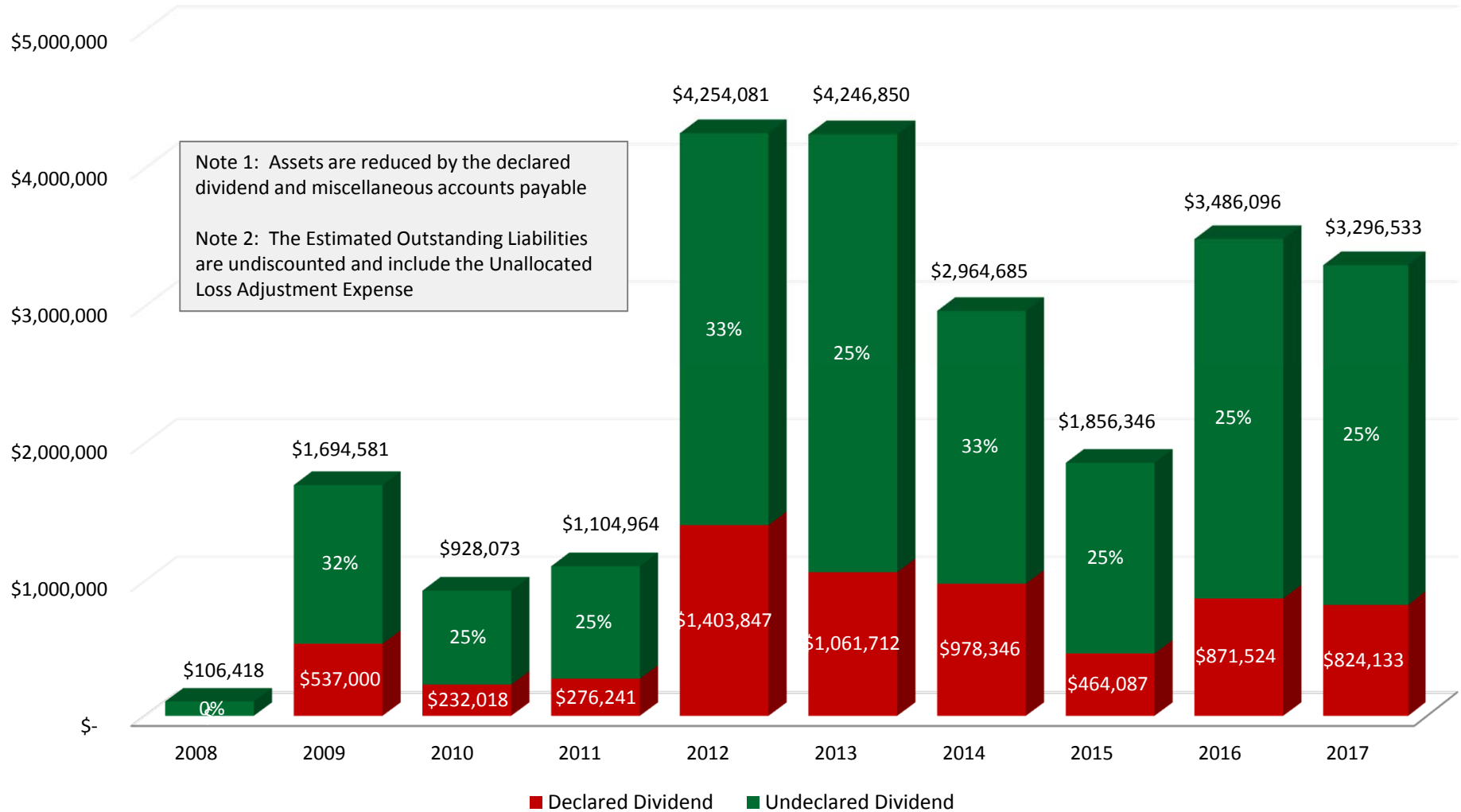
## Maximum Dividend Available vs. Dividend Declared



# Liability Historical Dividends Paid in July



## Maximum Dividend Available vs. Dividend Declared





**CSURMA AORMA**

**POLICY AND PROCEDURE NO. A-4**

**SUBJECT: DIVIDENDS & ASSESSMENTS**

**ADOPTED: MARCH 8, 2007**

**AMENDED: OCTOBER 29, 2009  
SEPTEMBER 16, 2010  
OCTOBER 23, 2014  
MAY 5, 2016  
MARCH 9, 2017**

**EFFECTIVE: JULY 1, 2007**

**POLICY & PROCEDURE NO.: (FORMERLY) 8-AORMA**

*Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.*

**POLICY**

It is the policy of the AORMA COMMITTEE that:

1. Evaluation of the funding for each Self-Insured PROGRAM shall be made based on all coverage periods combined for that particular PROGRAM rather than on each coverage period on its own. The availability of any dividend or need for any assessment will be determined based on the PROGRAM's overall funding relative to the Target Surplus Goal detailed in the separate Policy and Procedure No. A-3.
2. Assessments and Dividends shall be allocated to the MEMBERS based on participation in "open" policy periods only.
3. Unless the AORMA COMMITTEE takes specific action to the contrary, a coverage period shall be considered "closed" for dividend and assessment purposes five (5) years from the expiration of that period (i.e. 6/30/03 for FY 07/08).
4. Assessments are a responsibility of membership and shall be allocated to all MEMBERS who participated in the open policy periods which the assessment is based on, regardless of whether they are current MEMBERS at the time the assessment is declared.
5. Dividends are a privilege of membership and shall be allocated only to the current MEMBERS in the PROGRAM at the time the dividend is declared who participated in one or more of the open policy periods which the dividend is based on.

## PROCEDURE

- 1. Annual Funding Analysis** – Each year the Program Director will analyze the current funding position of the PROGRAMs in accordance with the Target Surplus Goal detailed in Policy and Procedure No. A-3. This analysis will, in part, determine whether the PROGRAM's overall funding is sufficient to consider a dividend or is depleted to the point of considering an assessment. The Program Director's analysis will be reviewed by the AORMA COMMITTEE.
- 2. Closure of Policy Periods** - Upon reaching five (5) years of maturity after the end of a coverage period, that period shall be "closed" and there shall be no further dividends or assessments allocated with respect to those PROGRAM periods. Notwithstanding the above, the AORMA COMMITTEE may take action to leave a policy period "open" even though it may otherwise qualify for closure. In addition, the last five (5) policy periods shall always remain "open" unless the AORMA COMMITTEE takes specific action to declare any of the last five (5) policy periods closed.
- 3. Dividends and Assessments** - Dividends and assessments shall be allocated to the MEMBERS based upon the proportion of all premiums paid to the PROGRAM in all "open" periods only. For purposes of allocating dividends and assessments pursuant to this subparagraph, all "open" policy periods shall be considered collectively.
- 4. DECLARATION OF ASSESSMENTS** – Assessments will be declared as needed by the AORMA COMMITTEE, and will be collected from a MEMBER in accordance with its proportionate funding to the PROGRAM during all “open” policy periods, whether or not they currently participate in the PROGRAM at the time of the assessment.
- 5. DECLARATION OF DIVIDENDS** – The AORMA COMMITTEE may declare dividends if overall funding is sufficient to support such action. Upon such a declaration, the dividend shall be allocated to those MEMBERS currently participating in the PROGRAM at the time the dividend is declared, based on the proportionate funding of all “open” policy periods. For those MEMBERS involved in federally sponsored programs, the dividend can be retained on account with CSURMA to be used to lower contributions for the upcoming or current fiscal year. If the MEMBER chooses to receive the dividend, then the MEMBER will be required to calculate the percentage of its payroll and salary that is attributable to federally sponsored programs to determine what percentage of the dividend will need to be returned to the federal government.

## MEMBER APPEAL PROCESS

If a MEMBER wishes to appeal any decision regarding the application of the Dividend/Assessment Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the MEMBER appeal on the AORMA COMMITTEE agenda at its next regularly scheduled



## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. A-4**

meeting. The AORMA COMMITTEE will review the appeal at its next regularly scheduled meeting and inform the MEMBER of the final decision within 5 business days of its decision.

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.

### **DEFINITIONS:**

**AORMA** – Auxiliary Organizations Risk Management Alliance, a group of PROGRAMs of the California State University Risk Management Authority representing auxiliary organizations.

**AORMA COMMITTEE** – The governing body of AORMA.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

**PROGRAM** – For purposes of dividends and assessments, AORMA's PROGRAMs are the Liability, Workers' Compensation, Property and Crime.

## AORMA Policies and Procedures

### Review Schedule

Policy and Procedure		Adopted	Amended / Reviewed	Scheduled for Review
A-1	AORMA Committee Composition, Elections and Terms Limits	4/18/2003	3/9/2017	<b>2019</b>
A-2	AORMA Committee and Standing Committee Roles and Responsibilities	8/19/2003	9/8/2016	<b>2018</b>
A-3	Target Surplus Funding Policy	1/10/2007	5/5/2016	<b>2018</b>
A-4	Dividends and Assessments	3/8/2007	5/5/2016	<b>2018</b>
A-5	Annual Calendar of Reports, Audits and Filings	10/29/2009	5/5/2016	<b>2018</b>
A-6	Risk Reduction Matching Grant Program	5/9/2013	5/5/2016	<b>2018</b>
A-7	Travel Reimbursement Policy	5/21/2013	3/9/2017	<b>2019</b>
A-8	Closed Session	10/23/2014	5/5/2016	<b>2018</b>
C-1	Crime Program Member Allocation Formula	11/6/2013	5/4/2017	<b>2019</b>
L-1	Claims Reporting	12/7/2006	5/5/2016	<b>2018</b>
L-2	Liability Claims Administration and Litigation Management	12/7/2006	3/10/2016	<b>2018</b>
L-3	Legal Counsel Selection	12/7/2006	5/5/2016	<b>2018</b>
Attachment	Approved Legal Counsel List (Review at least every three years)	N/A	9/8/2016	<b>2019</b>
L-4	Employee Driving Standards	7/1/2002	5/5/2016	<b>2018</b>
L-5	Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations	8/19/2003	3/9/2017	<b>2019</b>
L-6	Requirement to Purchase PAI for all Activities Involving Minors	6/17/2010	5/5/2016	<b>2018</b>
L-7	Employment Practices Deductible Options	5/12/2011	5/4/2017	<b>2019</b>
L-8	Liability Program Member Allocation Formula	9/8/2016	5/4/2017	<b>2019</b>
P-1	Property Program Member Allocation Formula	11/6/2013	5/4/2017	<b>2019</b>
UI-1	Formula for Determining Unemployment Insurance Program Annual Contributions	5/12/2010	5/4/2017	<b>2019</b>
W-1	Workers' Compensation Member Allocation Formula	5/15/2008	5/4/2017	<b>2019</b>
W-2	Requirement of Members to Maintain Experience Modification Factor of 1.25 or Less	9/9/2003	5/5/2016	<b>2018</b>
W-3	Claims Handling Procedures and Guidelines	12/8/2009	9/8/2016	<b>2018</b>
W-4	Workers' Compensation Coverage Claims Settlement Authority	9/16/2010	5/5/2016	<b>2018</b>
W-5	Volunteer Coverage	1/12/2005	5/5/2016	<b>2018</b>

**California State University Risk Management Authority**  
**Member Aged Accounts Receivable**  
**As of 4/14/2017**

Client Name	Current	31-60	Balance
Associated Students Inc, CPSU San Luis Obispo	\$37,236.00	\$0.00	\$37,236.00
a Associated Students Inc, CSPU Pomona	\$0.00	\$378.40	\$378.40
Associated Students Inc, CSU Dominguez Hills	\$2,934.00	\$0.00	\$2,934.00
Associated Students Inc, CSU East Bay	\$6,828.00	\$0.00	\$6,828.00
Associated Students Inc, CSU Northridge	\$18,411.00	\$0.00	\$18,411.00
Associated Students Inc, CSU Stanislaus	\$503.00	\$0.00	\$503.00
Associated Students of CSU, Chico	\$51,576.00	\$0.00	\$51,576.00
Associated Students of Humboldt State University	\$542.00	\$0.00	\$542.00
Associated Students of Sonoma State University	\$3,303.00	\$0.00	\$3,303.00
Associated Students, CSU Fullerton	\$32,844.00	\$0.00	\$32,844.00
Cal Poly Corporation	\$1,355.00	\$0.00	\$1,355.00
Cal State LA University Auxiliary Services Inc	\$60,805.00	\$0.00	\$60,805.00
Capital Public Radio, Inc.	\$8,607.00	\$0.00	\$8,607.00
a CSU Bakersfield Foundation	\$5,990.00	\$459.00	\$6,449.00
CSU Bakersfield, Auxiliary for Sponsored Programs Admin	\$3,622.00	\$0.00	\$3,622.00
CSU Chico Research Foundation	\$60,734.00	\$0.00	\$60,734.00
CSU Dominguez Hills Foundation	\$26,103.00	\$0.00	\$26,103.00
CSU Fresno Athletic Corporation	\$17,937.00	\$0.00	\$17,937.00
CSU Fullerton Univ Auxiliary Services Corporation	\$1,040.00	\$0.00	\$1,040.00
CSU Office of the Chancellor - Financing and Treasury	\$3,272.50	\$0.00	\$3,272.50
Donald P. & Katherine B. Loker University Student Union, Inc.	\$4,595.00	\$0.00	\$4,595.00
Humboldt State Univ Sponsored Programs Foundation	\$24,865.00	\$0.00	\$24,865.00
Humboldt State University Advancement Foundation	\$7,360.00	\$0.00	\$7,360.00
Humboldt State University Center	\$28,733.00	\$0.00	\$28,733.00
San Jose State University Research Foundation	\$82,685.00	\$0.00	\$82,685.00
Santos Manuel Student Union, CSU San Bernardino	\$14,326.00	\$0.00	\$14,326.00
SDSU Research Foundation	\$37,719.92	\$0.00	\$37,719.92
Spartan Shops Inc., San Jose State University	\$61,381.00	\$0.00	\$61,381.00
The University Corporation, San Francisco State	\$13,906.00	\$0.00	\$13,906.00
Univ Auxiliary & Research Services Corp, San Marcos	\$28,321.00	\$0.00	\$28,321.00
University Corporation at Monterey Bay	\$34,440.00	\$0.00	\$34,440.00
University Enterprises Corporation at CSUSB	\$44,049.00	\$0.00	\$44,049.00
University Enterprises Inc. CSU Sacramento	\$160,395.00	\$0.00	\$160,395.00
University Student Union Board, CSU Los Angeles	\$15,273.00	\$0.00	\$15,273.00
Totals:	\$901,691.42	\$837.40	\$902,528.82

a CSURMA Accounting is working with Members to collect outstanding balances.

**California State University Risk Management Authority  
Outstanding Member Loan Status  
As of 3/31/2017**

**Loan Pool: 15% of the overall average cash and investment for the preceding 12 months (Apr 2016 - Mar 2017)**

**\$ 26,268,868.35**

Member Name	Maturity Date	Original Issue Date	Original Issue Amount	Outstanding Loan Balance 3/31/2017	Outstanding Loan Balance 06/30/2016
Humboldt State University Advancement Foundation	Oct 2017 (Extension)	Aug 2008	\$ 2,535,000.00	\$ 2,000,000.00	\$ 2,000,000.00
CSU Sacramento	Jun 2019	May 2014	\$ 4,000,000.00	\$ 1,378,980.00	\$ 2,353,355.00
CSU Fresno	Sep 2018 (Extension)	Nov 2008	\$ 4,500,000.00	\$ -	\$ 264,012.84 **
<b>Total Loans</b>			<b>\$ 11,035,000.00</b>	<b>\$ 3,378,980.00</b>	<b>\$ 4,617,367.84</b>

**Remaining Amount Available for Member Loans**

*(The remaining amount reflects CSU Sacramento Line of credit balance of \$2,621,020)*

**\$ 20,268,868.35**

**\*Per CSURMA P&P No. 10:**

A single Member loan and its associated Member's Auxiliary Organizations shall not exceed 5% of the overall average cash and investments for the preceding 12 months

**\$ 8,756,289.45**

\*\*CSU Fresno paid off their loan November 2016

**California State University Risk Management Authority  
Travel Expenses Report**

Processed from July 1, 2016 to March 31, 2017

Dates of Travel	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
1/8/2017	Zachary Gifford	San Diego	CSURMA EC Meeting at AOA	\$ -	\$ -	\$ 112.35	\$ 112.35
1/17/2017	Zachary Gifford	CSU San Marcos	Praesidium Leadership Workshop	\$ -	\$ -	\$ 92.02	\$ 92.02
1/22-1/24/2017	Joseph Shepler	CSU Fresno	Campus Visit	\$ 257.40	\$ 57.80	\$ 453.55	\$ 768.75
1/26-1/27, 1/30/2017	Zachary Gifford	Oakland/Alhambra	CWCI and Quovant Stewardship, WC Doubleplay, Public Entity Fraud Summit Meetings	\$ 148.16	\$ 36.10	\$ 386.01	\$ 570.27
2/1/2017	Zachary Gifford	Folsom	CSAC-EIA Underwriting Committ Meeting at EIA Office	\$ -	\$ -	\$ 237.09	\$ 237.09
2/3/2017	Zachary Gifford	San Jose	Williams Mediation at Santa Clara Superior Court	\$ -	\$ -	\$ 262.41	\$ 262.41
2/14-2/15/2017	Zachary Gifford	Anaheim /San Francisco	Presenter at PARMA Conference / Presenter at Advisen Cyber Risk Insights Conference	\$ 263.37	\$ 15.18	\$ 290.83	\$ 569.38
2/20-2/24/2017	Zachary Gifford	New York/Bermuda	Underwriter Meetings with Robert Eaton, Daniel Howell, and Amy Lightner	\$ 1,232.96	\$ 80.53	\$ 874.72	\$ 2,188.21
2/20-2/24/2017	Robert Eaton	New York/Bermuda	Underwriter Meetings with Robert Eaton, Daniel Howell, and Amy Lightner	\$ 1,326.60	\$ 154.32	\$ 700.26	\$ 2,181.18
3/1/2017	Zachary Gifford	Sacramento	CSAC-EIA Underwriting Committee Meeting at Hilton Arden West	\$ -	\$ -	\$ 449.66	\$ 449.66
3/3/2017	Zachary Gifford	San Francisco	WC Attorney Panel Review Project Meeting at Alliant Office	\$ -	\$ -	\$ 319.60	\$ 319.60
3/9/2017	Zachary Gifford	San Diego	CSURMA AORMA, EC and EC LRP meetings at Alliant Office	\$ 235.63	\$ 7.00	\$ 172.17	\$ 414.80
3/23/2017	Zachary Gifford	Oakland	CWCI (California Workers' Compensation Institute)	\$ -	\$ -	\$ 296.13	\$ 296.13
<b>Total Travel Expenses Processed from 01/01/2017 to 03/31/2017</b>				<b>\$ 3,464.12</b>	<b>\$ 350.93</b>	<b>\$ 4,646.80</b>	<b>\$ 8,461.85</b>
10/2-10/3/2016	Zachary Gifford	Sacramento	Presenter at 2016 California Public Higher Education Collaborative Business Conference	\$ 118.46	\$ 29.31	\$ 344.85	\$ 492.62
10/5-10/7/2016	Joseph Shepler	CSUEB/SJSU/SFSU	Campus Orientation EHS visits	\$ -	\$ 94.27	\$ 541.10	\$ 635.37
10/10/2016	Zachary Gifford	Costa Mesa	Presenter at 2016 AOA Financial Services Annual Conference at Avenue of the Arts Costa Mesa	\$ -	\$ -	\$ 29.16	\$ 29.16
10/14/2016	Zachary Gifford	Oakland	WC DoublePlay Meeting at Sedgwick Office	\$ -	\$ -	\$ 340.18	\$ 340.18
10/17/2016	Zachary Gifford	Concord	Meet & Greet with Carl Warren Claim Examiner with Mimi Long (Alliant) at Carl Warren's Office	\$ -	\$ -	\$ 305.20	\$ 305.20
10/19/2016	Zachary Gifford	SJSU	ISAC Face to Face Meeting presentation with Shadi Jaladi (Alliant)	\$ -	\$ -	\$ 491.03	\$ 491.03
10/24-10/27/2016	Joseph Shepler	SDSU/CSUP/CSUF	Campus Orientation EH visits	\$ -	\$ -	\$ 175.18	\$ 175.18
10/31/2016	Zachary Gifford	Oakland	Nevatt Mediation held at Cynthia Remmer's Office	\$ 185.37	\$ 38.00	\$ 325.19	\$ 548.56

**California State University Risk Management Authority  
Travel Expenses Report**

**Processed from July 1, 2016 to March 31, 2017**

Dates of Travel	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
11/2-11/4/2016	Rebecca Skidmore	Sacramento	Fitting the Pieces Together Conference	\$ 445.05	\$ 119.11	\$ 188.20	\$ 752.36
11/2-11/4/2016	Zachary Gifford	Sacramento	Fitting the Pieces Together Conference		\$ 14.00	\$ 439.88	\$ 453.88
11/3-11/4/2016	Martha Guiditta	Sacramento	Fitting the Pieces Together Conference	\$ 296.70	\$ 14.00	\$ 160.20	\$ 470.90
11/3-11/4/2016	Leona Ching	Sacramento	Fitting the Pieces Together Conference	\$ 296.70	\$ 33.74	\$ 187.84	\$ 518.28
11/14-11/18/2016	Joseph Shepler	CSUMB/SLO/Fresno /Bakersfield	Campus visit	\$ 359.26	\$ 163.53	\$ 447.12	\$ 969.91
11/18/2016	Zachary Gifford	Rancho Cucamonga	Speaking at CalPrima Educational Luncheon, San Bernardino County of Superintendent of Schools	\$ -	\$ -	\$ 51.84	\$ 51.84
11/18-12/2/2016	Steven Relyea	London	CSURMA Underwriting Meetings	\$ 1,259.84	\$ 222.33	\$ 1,083.07	\$ 2,565.24
11/19-11/23/2016	Robert Eaton	London	CSURMA Underwriting Meetings	\$ 730.68	\$ 214.60	\$ 3,056.37	\$ 4,001.65
11/21-11/22/2016	Joseph Shepler	Sacramento/Maritime	Campus visit	\$ 131.10	\$ 81.20	\$ 508.15	\$ 720.45
11/28-11/30/2016	Joseph Shepler	Chico/Humboldt	Campus visit	\$ 184.28	\$ 136.24	\$ 561.63	\$ 882.15
11/29-11/30/2016	Zachary Gifford	Concord	AORMA Claims Audit and Quarterly Claims Review at Carl Warren Office	\$ 176.08	\$ 11.31	\$ 419.44	\$ 606.83
12/6-12/8/2016	Zachary Gifford	Folsom/CSUS	CSAC-EIA Joint Meeting with Claims Review Committee / CSU Student Health Services Advisory Committee Meeting	\$ 267.02	\$ 71.73	\$ 344.20	\$ 682.95
12/20/2016	Zachary Gifford	Oakland	Meeting with Alliant for January 2017 EC Agenda & campus visit planning	\$ -	\$ -	\$ 325.60	\$ 325.60
<b>Travel Expenses Processed from 10/01/2016 to 12/31/2016</b>				<b>\$ 4,450.54</b>	<b>\$ 1,243.37</b>	<b>\$ 10,325.43</b>	<b>\$ 16,019.34</b>
7/18-7/20/2016	Zachary Gifford	Oakland/San Francisco	CSURMA Communication to Campus IT Leadership - Cyber Insurance Program Teleconference with Alliant and CO, AORMA Officers Retreat at Alliant Office	\$ 603.22	\$ 45.00	\$ 362.87	\$ 1,011.09
7/27-7/28/2016	Zachary Gifford	Oakland/San Francisco	SFSU Science Bldg and Nevatt Litigation Meeting at Alliant, IRIC Training presentation at Cal Maritime	\$ 252.14	\$ 19.18	\$ 494.13	\$ 765.45
8/10-8/12/2016	Zachary Gifford	Newport Beach/Irvine	WC Stewardship Meeting with Alliant and Sedgwick at Alliant Newport Beach Office and UC-CSU Workers' Compensation Summit at UC Irvine Campus	\$ -	\$ -	\$ 88.02	\$ 88.02
8/17-8/18/2016	Zachary Gifford	LA/Cal Poly Pomona	Alliant/CPDC Claims Advocacy Meeting at Alliant Office and CSURMA IRIC Training presentation at CSPU Pomona	\$ -	\$ -	\$ 85.88	\$ 85.88
8/11-8/12, 8/18, 8/30-8/31/2016	Rebecca Skidmore	UCI/Pomona/LA	UC-CSU Workers' Compensation Summit at UC Irvine, CSURMA Training for IRIC 9.0 at Pomona campus, Ventiv in Los Angeles (Omni Hotel)	\$ 230.61	\$ 150.99	\$ -	\$ 381.60

**California State University Risk Management Authority  
Travel Expenses Report**

Processed from July 1, 2016 to March 31, 2017

Dates of Travel	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
9/6-9/8/2016	Zachary Gifford	Sacramento	CSURMA EC Meeting, AORMA LRP & Committee Meeting at Alliant Offices	\$ 241.10	\$ 57.06	\$ 335.04	\$ 633.20
9/12, 9/18-9/20/2016	Rebecca Skidmore	San Diego	URMIA Conference	\$ 774.84	\$ 22.35	\$ 201.52	\$ 998.71
9/18-9/20/2016	Zachary Gifford	San Diego	URMIA Conference	\$ 315.84	\$ 44.20	\$ 199.39	\$ 559.43
9/23/2016	Zachary Gifford	Costa Mesa	Presenter at 2016 AOA Financial Services Annual Conference at Avenue of the Arts Costa Mesa	\$ -	\$ -	\$ 29.16	\$ 29.16
<b>Travel Expenses Processed from 07/01/2016 to 09/30/2016</b>				<b>\$ 2,417.75</b>	<b>\$ 338.78</b>	<b>\$ 1,796.01</b>	<b>\$ 4,552.54</b>
<b>GRAND TOTAL</b>				<b>\$ 10,332.41</b>	<b>\$ 1,933.08</b>	<b>\$ 16,768.24</b>	<b>\$ 29,033.73</b>

# California State University Risk Management Authority

## Balance Sheet - Campus Programs as of 3/31/2017

(Unaudited)

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>IDL/NDI/UI</u>	<u>Property</u>	<u>AIME</u>	<u>Auto Liability</u>	<u>Total Campus Programs as of 3/31/2017</u>
<b>Assets:</b>							
Cash and Investments	5,452,303	12,089,340	935,020	1,472,482	597,928	(141,041)	20,406,032
Other long-term investments	31,877,670	60,904,323	4,706,184	7,416,714	3,011,254	0	107,916,146
Accounts receivable	1,618,382	847,112	0	0	0	0	2,465,494
Loan receivable	0	0	0	0	0	0	0
Reinsurance receivable	0	478,609	0	0	0	0	478,609
Accrued interest receivable	1,741	3,394	262	413	168	0	5,978
Prepaid insurance	637,774	7,256,803	528	313,793	7,476	207,378	8,423,751
Prepaid expense	104,725	2,013,691	6,156	184,805	683,007	0	2,992,385
<b>Total assets:</b>	<b><u>39,692,596</u></b>	<b><u>83,593,272</u></b>	<b><u>5,648,150</u></b>	<b><u>9,388,207</u></b>	<b><u>4,299,833</u></b>	<b><u>66,337</u></b>	<b><u>142,688,396</u></b>
<b>Liabilities:</b>							
Accounts payable	150,217	861,083	3,221,535	7,060	453,550	0	4,693,445
Unearned revenue	3,135,711	9,455,804	3,375,000	960,287	1,039,581	211,456	18,177,838
SELF assessment liability	0	8,181,789	0	0	0	0	8,181,789
Reported claims	10,997,441	32,156,316	0	0	105,426	0	43,259,183
Claims incurred but not reported	9,783,891	16,338,367	0	0	2,108,516	0	28,230,774
<b>Total liabilities:</b>	<b><u>24,067,260</u></b>	<b><u>66,993,359</u></b>	<b><u>6,596,535</u></b>	<b><u>967,347</u></b>	<b><u>3,707,073</u></b>	<b><u>211,456</u></b>	<b><u>102,543,029</u></b>
Fund balance	15,625,336	16,599,913	(948,385)	8,420,861	592,760	(145,119)	40,145,367
<b>Total liabilities and fund balance</b>	<b><u>39,692,596</u></b>	<b><u>83,593,272</u></b>	<b><u>5,648,150</u></b>	<b><u>9,388,207</u></b>	<b><u>4,299,833</u></b>	<b><u>66,337</u></b>	<b><u>142,688,396</u></b>

# California State University Risk Management Authority

## Balance Sheet - AORMA Programs as of 3/31/2017

(Unaudited)

	<b>AORMA Liability</b>	<b>AORMA Workers' Comp</b>	<b>AORMA Property</b>	<b>AORMA Crime</b>	<b>AORMA UIP</b>	<b>Total AORMA Programs as of 3/31/2017</b>
<b>Assets:</b>						
Cash and Investments	1,482,212	1,697,766	386,907	69,071	990,961	4,626,917
Other long-term investments	7,524,435	8,628,307	1,948,872	347,901	4,992,950	23,442,465
Accounts receivable	61,692	1,169,405	769	1,767	511,141	1,744,774
Loan receivable	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0
Accrued interest receivable	419	480	109	19	278	1,305
Prepaid insurance	38,007	781,003	16,231	55,196	101	890,538
Prepaid expense	330,338	229,389	47,362	6,062	984	614,135
<b>Total assets:</b>	<b><u>9,437,102</u></b>	<b><u>12,506,351</u></b>	<b><u>2,400,249</u></b>	<b><u>480,016</u></b>	<b><u>6,496,416</u></b>	<b><u>31,320,135</u></b>
<b>Liabilities:</b>						
Accounts payable	833,261	974,105	2,025	265	260,219	2,069,875
Unearned revenue	618,683	1,075,400	261,017	77,635	511,141	2,543,876
SELF assessment liability	0	0	0	0	0	0
Reported claims	475,118	3,089,301	0	0	0	3,564,419
Claims incurred but not reported	1,018,632	2,853,453	0	0	0	3,872,085
<b>Total liabilities:</b>	<b><u>2,945,695</u></b>	<b><u>7,992,259</u></b>	<b><u>263,042</u></b>	<b><u>77,900</u></b>	<b><u>771,360</u></b>	<b><u>12,050,255</u></b>
Fund balance	6,491,408	4,514,092	2,137,207	402,117	5,725,056	19,269,879
<b>Total liabilities and fund balance</b>	<b><u>9,437,102</u></b>	<b><u>12,506,351</u></b>	<b><u>2,400,249</u></b>	<b><u>480,016</u></b>	<b><u>6,496,416</u></b>	<b><u>31,320,135</u></b>

# California State University Risk Management Authority

## Balance Sheet - Miscellaneous Programs as of 3/31/2017

(Unaudited)

	<b>Misc Purchased</b>	<b>OCIP</b>	<b>Club Sports</b>	<b>Loans</b>	<b>Total Misc Programs as of 3/31/2017</b>	<b>Grand Total All Programs as of 3/31/2017</b>
<b>Assets:</b>						
Cash and Investments	105,661	635,610	58,944	(569,152)	231,062	25,264,011
Other long-term investments	(55,039)	3,197,991	296,962	(2,809,828)	630,087	131,988,698
Accounts receivable	2,938	0	0	0	2,938	4,213,207
Loan receivable	0	0	0	3,378,980	3,378,980	3,378,980
Reinsurance receivable	0	0	0	0	0	478,609
Accrued interest receivable	0	0	17	0	17	7,300
Prepaid insurance	0	1,200,682	60,026	0	1,260,708	10,574,998
Prepaid expense	0	46,138	67,800	0	113,938	3,720,458
<b>Total assets:</b>	<b>53,561</b>	<b>5,080,420</b>	<b>483,749</b>	<b>0</b>	<b>5,617,730</b>	<b>179,626,260</b>
<b>Liabilities:</b>						
Accounts payable	0	5,237	305	0	5,542	6,768,863
Unearned revenue	0	0	118,998	0	118,998	20,840,712
SELF assessment liability	0	0	0	0	0	8,181,789
Reported claims	0	0	0	0	0	46,823,602
Claims incurred but not reported	0	0	0	0	0	32,102,859
<b>Total liabilities:</b>	<b>0</b>	<b>5,237</b>	<b>119,303</b>	<b>0</b>	<b>124,541</b>	<b>114,717,825</b>
Fund balance	53,561	5,075,183	364,446	0	5,493,190	64,908,436
<b>Total liabilities and fund balance</b>	<b>53,561</b>	<b>5,080,420</b>	<b>483,749</b>	<b>0</b>	<b>5,617,730</b>	<b>179,626,260</b>

**California State University Risk Management Authority**  
**Income Statement - Campus Programs as of 3/31/2017**  
(Unaudited)

	Liability	Workers' Compensation	IDL/NDI/UI	Property	AIME	Auto Liability	Total Campus Programs
<b>OPERATING REVENUES:</b>							
Contributions	11,258,633	28,367,411	10,125,000	6,640,305	3,118,742	634,368	60,144,460
Reinsurance premiums	(1,334,423)	0	0	(3,730,521)	0	0	(5,064,944)
<b>Total operating revenues:</b>	<b>9,924,210</b>	<b>28,367,411</b>	<b>10,125,000</b>	<b>2,909,784</b>	<b>3,118,742</b>	<b>634,368</b>	<b>55,079,515</b>
<b>OPERATING EXPENSES:</b>							
<b>DIRECT PROGRAM EXPENSES:</b>							
Claims payment & legal expenses	13,758,343	16,423,704	11,366,657	2,123,578	2,735,913	0	46,408,195
Deductible recoveries	(6,593,570)	0	0	0	0	0	(6,593,570)
Claims administrators	0	2,694,992	54,089	0	150,000	0	2,899,080
Claims management information system	28,081	34,421	0	0	0	0	62,502
Program administrator	198,327	529,389	127,489	159,980	7,803	0	1,022,988
Brokerage commissions	257,670	228,600	189	386,859	1,871	0	875,190
Insurance premiums	1,846,865	24,635,935	0	883,418	14,459	622,132	28,002,810
Taxes, assessments & fees	235,790	0	0	0	0	0	235,790
Actuarial services	9,321	3,250	0	0	2,750	0	15,321
Miscellaneous program services	1,714	0	0	0	0	0	1,714
Workshops/training	26,124	49,222	15,153	9,146	0	0	99,645
Loss control	200,370	24,395	0	41,883	0	0	266,647
Reinsurance/excess recovery	(4,500,000)	(11,526,911)	0	0	0	0	(16,026,911)
Program committee	0	0	0	0	195	0	195
Dividend distributions	5,576,910	8,111,485	0	0	0	0	13,688,395
<b>Total direct program expenses:</b>	<b>11,045,945</b>	<b>41,208,481</b>	<b>11,563,577</b>	<b>3,604,864</b>	<b>2,912,990</b>	<b>622,132</b>	<b>70,957,991</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES:</b>							
Financial audit	4,382	11,637	4,154	2,538	1,280	0	23,990
Executive committee & board expenses	72	191	68	42	21	0	395
JPA insurance	1,619	4,520	1,617	958	467	0	9,180
Memberships, associations & dues	1,255	30,978	1,225	736	364	0	34,558
Chancellor's office accounting services	38,338	101,826	36,343	22,210	11,196	0	209,913
Risk management expenses	85,812	227,862	81,328	49,700	25,053	0	469,756
JPA legal	9,151	24,304	8,675	5,301	2,673	0	50,103
Miscellaneous indirect services	4,141	9,190	3,247	1,973	974	0	19,524
<b>Total general &amp; administrative expenses:</b>	<b>144,769</b>	<b>410,510</b>	<b>136,656</b>	<b>83,458</b>	<b>42,026</b>	<b>0</b>	<b>817,419</b>
<b>Total operating expenses:</b>	<b>11,190,714</b>	<b>41,618,991</b>	<b>11,700,233</b>	<b>3,688,322</b>	<b>2,955,017</b>	<b>622,132</b>	<b>71,775,410</b>
<b>NON-OPERATING REVENUES:</b>							
Investment income	(455,179)	(918,999)	(84,075)	(115,682)	(52,813)	0	(1,626,748)
<b>Total non-operating revenues:</b>	<b>(455,179)</b>	<b>(918,999)</b>	<b>(84,075)</b>	<b>(115,682)</b>	<b>(52,813)</b>	<b>0</b>	<b>(1,626,748)</b>
<b>BEGINNING RETAINED EARNINGS</b>	<b>17,464,030</b>	<b>30,770,492</b>	<b>710,923</b>	<b>9,315,081</b>	<b>481,847</b>	<b>(157,355)</b>	<b>58,585,019</b>
<b>ADJUSTMENTS TO RETAINED EARNINGS</b>	<b>(117,010)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(117,010)</b>
<b>TOTAL ADJUSTED RETAINED EARNINGS</b>	<b>17,347,020</b>	<b>30,770,492</b>	<b>710,923</b>	<b>9,315,081</b>	<b>481,847</b>	<b>(157,355)</b>	<b>58,468,009</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(1,721,684)</b>	<b>(14,170,578)</b>	<b>(1,659,308)</b>	<b>(894,220)</b>	<b>110,913</b>	<b>12,236</b>	<b>(18,322,643)</b>
<b>ENDING RETAINED EARNINGS</b>	<b>15,625,336</b>	<b>16,599,913</b>	<b>(948,385)</b>	<b>8,420,861</b>	<b>592,760</b>	<b>(145,119)</b>	<b>40,145,367</b>

**California State University Risk Management Authority**  
**Income Statement - AORMA Programs as of 3/31/2017**  
(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs
<b>OPERATING REVENUES:</b>						
Contributions	2,838,531	3,788,376	1,834,357	232,904	835,900	9,530,067
Reinsurance premiums	(964,428)	0	(1,051,058)	0	0	(2,015,486)
<b>Total operating revenues:</b>	<b>1,874,103</b>	<b>3,788,376</b>	<b>783,299</b>	<b>232,904</b>	<b>835,900</b>	<b>7,514,581</b>
<b>OPERATING EXPENSES:</b>						
<b>DIRECT PROGRAM EXPENSES:</b>						
Claims payment & legal expenses	590,002	1,863,086	95,144	24,217	816,098	3,388,547
Deductible recoveries	(52,779)	0	0	0	0	(52,779)
Claims administrators	10,500	164,824	0	0	22,534	197,858
Claims management information system	0	0	0	0	0	0
Program administrator	450,000	289,857	191,250	18,750	35,231	985,088
Brokerage commissions	43,158	22,586	138,915	17,767	38	222,464
Insurance premiums	112,119	2,551,209	48,657	165,553	0	2,877,538
Taxes, assessments & fees	0	33,415	0	0	0	33,415
Actuarial services	5,000	3,500	0	0	0	8,500
Miscellaneous program services	0	0	0	0	0	0
Workshops/training	13,091	12,007	6,205	817	5,913	38,033
Loss control	77,318	80,089	12,027	0	0	169,434
Reinsurance/excess recovery	(372,847)	(614,963)	0	0	0	(987,810)
Program committee	1,702	1,983	1,039	136	952	5,812
Dividend distributions	824,133	888,622	0	0	0	1,712,755
<b>Total direct program expenses:</b>	<b>1,701,397</b>	<b>5,296,215</b>	<b>493,238</b>	<b>227,240</b>	<b>880,767</b>	<b>8,598,857</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES:</b>						
Financial audit	1,194	1,392	729	95	655	4,064
Executive committee & board expenses	20	23	12	2	11	67
JPA insurance	459	539	264	36	311	1,608
Memberships, associations & dues	18	21	10	1	12	63
Chancellor's office accounting services	10,448	12,177	6,376	835	5,728	35,564
Risk management expenses	23,379	27,249	14,269	1,868	13,516	80,281
JPA legal	2,494	2,906	1,522	199	1,411	8,532
Miscellaneous indirect services	927	1,086	569	75	557	3,214
<b>Total general &amp; administrative expenses:</b>	<b>38,938</b>	<b>45,393</b>	<b>23,751</b>	<b>3,110</b>	<b>22,199</b>	<b>133,392</b>
<b>Total operating expenses:</b>	<b>1,740,335</b>	<b>5,341,608</b>	<b>516,989</b>	<b>230,351</b>	<b>902,966</b>	<b>8,732,249</b>
<b>NON-OPERATING REVENUES:</b>						
Investment income	(107,532)	(116,072)	(24,112)	(9,017)	(63,521)	(320,254)
<b>Total non-operating revenues:</b>	<b>(107,532)</b>	<b>(116,072)</b>	<b>(24,112)</b>	<b>(9,017)</b>	<b>(63,521)</b>	<b>(320,254)</b>
<b>BEGINNING RETAINED EARNINGS</b>	<b>6,465,172</b>	<b>6,183,396</b>	<b>1,895,009</b>	<b>408,581</b>	<b>5,855,643</b>	<b>20,807,801</b>
<b>ADJUSTMENTS TO RETAINED EARNINGS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ADJUSTED RETAINED EARNINGS</b>	<b>6,465,172</b>	<b>6,183,396</b>	<b>1,895,009</b>	<b>408,581</b>	<b>5,855,643</b>	<b>20,807,801</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>26,236</b>	<b>(1,669,304)</b>	<b>242,198</b>	<b>(6,465)</b>	<b>(130,587)</b>	<b>(1,537,921)</b>
<b>ENDING RETAINED EARNINGS</b>	<b>6,491,408</b>	<b>4,514,092</b>	<b>2,137,207</b>	<b>402,117</b>	<b>5,725,056</b>	<b>19,269,879</b>

**California State University Risk Management Authority**  
**Income Statement - Miscellaneous Programs as of 3/31/2017**  
(Unaudited)

	Misc Purchased	OCIP	Club Sports	Total Misc Programs	Grand Total All Programs
<b>OPERATING REVENUES:</b>					
Contributions	382,120	3,102,955	264,591	3,749,667	73,424,194
Reinsurance premiums	0	0	0	0	(7,080,431)
<b>Total operating revenues:</b>	<b>382,120</b>	<b>3,102,955</b>	<b>264,591</b>	<b>3,749,667</b>	<b>66,343,763</b>
<b>OPERATING EXPENSES:</b>					
<b>DIRECT PROGRAM EXPENSES:</b>					
Claims payment & legal expenses	0	0	23,181	23,181	49,819,923
Deductible recoveries	0	0	0	0	(6,646,349)
Claims administrators	0	0	6,000	6,000	3,102,938
Claims management information system	0	0	0	0	62,502
Program administrator	0	926,177	0	926,177	2,934,253
Brokerage commissions	77,417	11,376	5,553	94,345	1,191,999
Insurance premiums	446,140	4,737,105	135,583	5,318,827	36,199,175
Taxes, assessments & fees	0	0	0	0	269,205
Actuarial services	0	0	0	0	23,821
Miscellaneous program services	0	0	0	0	1,714
Workshops/training	0	0	0	0	137,679
Loss control	0	0	0	0	436,081
Reinsurance/excess recovery	0	0	0	0	(17,014,721)
Program committee	0	0	0	0	6,008
Dividend distributions	0	0	0	0	15,401,150
<b>Total direct program expenses:</b>	<b>523,557</b>	<b>5,674,657</b>	<b>170,316</b>	<b>6,368,530</b>	<b>85,925,378</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES:</b>					
Financial audit	0	1,883	63	1,946	30,000
Executive committee & board expenses	0	31	1	32	493
JPA insurance	0	733	25	757	11,546
Memberships, associations & dues	0	29	1	30	34,650
Chancellor's office accounting services	0	16,472	551	17,023	262,500
Risk management expenses	0	36,860	1,461	38,321	588,358
JPA legal	0	3,931	146	4,077	62,712
Miscellaneous indirect services	0	1,472	50	1,522	24,259
<b>Total general &amp; administrative expenses:</b>	<b>0</b>	<b>61,409</b>	<b>2,298</b>	<b>63,707</b>	<b>1,014,518</b>
<b>Total operating expenses:</b>	<b>523,557</b>	<b>5,736,067</b>	<b>172,615</b>	<b>6,432,238</b>	<b>86,939,896</b>
<b>NON-OPERATING REVENUES:</b>					
Investment income	0	0	(3,487)	(3,487)	(1,950,489)
<b>Total non-operating revenues:</b>	<b>0</b>	<b>0</b>	<b>(3,487)</b>	<b>(3,487)</b>	<b>(1,950,489)</b>
<b>BEGINNING RETAINED EARNINGS</b>	<b>77,987</b>	<b>7,708,294</b>	<b>275,957</b>	<b>8,062,238</b>	<b>87,455,058</b>
<b>ADJUSTMENTS TO RETAINED EARNINGS</b>	<b>117,010</b>	<b>0</b>	<b>0</b>	<b>117,010</b>	<b>0</b>
<b>TOTAL ADJUSTED RETAINED EARNINGS</b>	<b>194,997</b>	<b>7,708,294</b>	<b>275,957</b>	<b>8,179,248</b>	<b>87,455,058</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(141,436)</b>	<b>(2,633,112)</b>	<b>88,490</b>	<b>(2,686,058)</b>	<b>(22,546,622)</b>
<b>ENDING RETAINED EARNINGS</b>	<b>53,561</b>	<b>5,075,183</b>	<b>364,446</b>	<b>5,493,190</b>	<b>64,908,436</b>

**California State University Risk Management Authority**  
**Income Statement as of 3/31/2017**  
(Unaudited)

	<b>Budget vs. Actual</b>			<b>Percent of Budget</b>
	<b>FY 2016/2017 Amended Budget</b>	<b>Year-to-Date Ended 03/31/2017</b>	<b>Variance</b>	
<b>OPERATING REVENUES:</b>				
Contributions	99,407,630	73,424,194	25,983,436	73.86 %
Reinsurance premiums	(9,718,163)	(7,080,431)	(2,637,732)	72.86 %
<b>Total operating revenues:</b>	<b>89,689,467</b>	<b>66,343,763</b>	<b>23,345,704</b>	<b>73.97 %</b>
<b>OPERATING EXPENSES:</b>				
<b>DIRECT PROGRAM EXPENSES:</b>				
Claims payment & legal expenses	62,120,833	49,819,923	12,300,910	80.20 %
Deductible recoveries	(6,039,744)	(6,646,349)	606,605	110.04 %
Claims administrators	4,154,133	3,102,938	810,670	74.70 %
Claims management information system	85,000	62,502	22,498	73.53 %
Program administrator	3,760,751	2,934,253	1,067,023	78.02 %
Brokerage commissions	1,544,465	1,191,999	352,466	77.18 %
Insurance premiums	42,997,104	36,199,175	6,797,929	84.19 %
Taxes, assessments & fees	265,500	269,205	(3,705)	101.40 %
Actuarial services	386,000	23,821	362,179	6.17 %
Claims audit	22,000	0	22,000	0.00 %
Miscellaneous program services	10,000	1,714	8,286	17.14 %
Loss control	1,064,466	436,081	628,385	40.97 %
Reinsurance/excess recovery	(14,843,930)	(17,014,721)	2,170,791	114.62 %
Program committee	0	6,008	(6,008)	0.00 %
Dividend distributions	15,401,150	15,401,150	0	100.00 %
<b>Total direct program expenses:</b>	<b>111,297,228</b>	<b>85,925,378</b>	<b>25,371,850</b>	<b>77.20 %</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES:</b>				
Financial audit	43,000	30,000	13,000	69.77 %
Executive committee & board expenses	34,000	493	33,507	1.45 %
JPA insurance	27,500	11,546	15,954	41.98 %
Memberships, associations & dues	35,000	34,650	350	99.00 %
Chancellor's office accounting services	350,000	262,500	87,500	75.00 %
Risk management expenses	1,013,000	588,358	424,642	58.08 %
JPA legal	105,000	62,712	42,289	59.73 %
Miscellaneous indirect services	15,000	24,259	(9,259)	161.73 %
<b>Total general &amp; administrative expenses:</b>	<b>1,622,500</b>	<b>1,014,518</b>	<b>607,982</b>	<b>62.53 %</b>
<b>Total operating expenses:</b>	<b>112,919,728</b>	<b>86,939,896</b>	<b>25,979,832</b>	<b>76.99 %</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	2,500,000	(1,950,489)	4,450,489	(78.02)%
<b>Total non-operating revenues:</b>	<b>2,500,000</b>	<b>(1,950,489)</b>	<b>4,450,489</b>	<b>(78.02)%</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(20,730,261)</b>	<b>(22,546,622)</b>	<b>1,816,361</b>	<b>108.76 %</b>



**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

**A Discretely Presented Component Unit of the California State University**

**Financial Statements and Supplementary Schedules**

**June 30, 2016 and 2015**

**(With Independent Auditors' Report Thereon)**

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

**Table of Contents**

	<b>Page(s)</b>
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Unaudited)	3-7
Basic Financial Statements:	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11-30
<b>Supplementary Information</b>	
Schedule 1 – Reconciliation of Workers' Compensation Claims Liabilities	31
Schedule 2 – Reconciliation of General Liability Claims Liabilities	32
Schedule 3 – Reconciliation of Industrial Disability, Nonindustrial Disability, and Unemployment Insurance (IDL/NDL/UI) Claims Liabilities	33
Schedule 4 – Reconciliation of Property Claims Liabilities	34
Schedule 5 – Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities	35
Schedule 6 – Reconciliation of Clubs Sports Claims Liabilities	36
Schedule 7 – Reconciliation of AORMA Workers' Compensation Claims Liabilities	37
Schedule 8 – Reconciliation of AORMA General Liability Claims Liabilities	38
Schedule 9 – Reconciliation of AORMA Property Claims Liabilities	39
Schedule 10 – Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities	40
Schedule 11 – Schedule of Net Position	41
Schedule 12 – Schedule of Revenues, Expenses, and Changes in Net Position	42
Schedule 13 – Other Information	43
<b>Required Supplementary Information</b>	
Schedule 14 – Claims Development Information (Unaudited)	44



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## Independent Auditors' Report

The Board of Directors  
California State University Risk Management Authority:

### Report on the Financial Statements

We have audited the accompanying financial statements of the California State University Risk Management Authority (the Authority), a component unit of the California State University (University), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California State University Risk Management Authority as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



***Other Matters***

***Required Supplementary Information***

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3 through 7 and the claims development information on Schedule 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules 1 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 through 13 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 13 are fairly stated in all material respects in relation to the basic financial statements as a whole.

**KPMG LLP**

Irvine, California  
September 22, 2016

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University  
Management's Discussion and Analysis  
June 30, 2016 and 2015  
(Unaudited)

The following discussion and analysis provides an overview of the financial position and performance of the California State University Risk Management Authority (the Authority) as of and for the years ended June 30, 2016 and 2015. It is designed to assist the readers in focusing on financial overview and analysis of the financial activities of the Authority. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

**Overview of the Financial Statements**

The financial statements of the Authority as of and for the years ended June 30, 2016 and 2015 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. For reporting purposes, the Authority is considered a special-purpose government engaged in business-type activities.

The Authority's financial statements consist of the independent auditors' report, management's discussion and analysis, the basic audited financial statements, notes to the financial statements, supplementary information, and required supplementary information. The Authority's basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

**Statement of Net Position** – The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year and includes all assets and liabilities of the Authority. The difference between total assets and total liabilities, net position, is one indicator of the current financial condition of the Authority, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University  
Management's Discussion and Analysis  
June 30, 2016 and 2015  
(Unaudited)

A summary of the Authority's assets, liabilities, and net position at June 30, 2016 and 2015 is as follows:

**Condensed Schedules of Net Position**

June 30, 2016, 2015 and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Assets:</b>			
Current assets	\$ 43,574,000	40,301,000	45,147,000
Noncurrent assets	137,713,000	134,340,000	131,941,000
Total assets	<u>181,287,000</u>	<u>174,641,000</u>	<u>177,088,000</u>
<b>Liabilities:</b>			
Current liabilities	29,769,000	33,115,000	39,953,000
Noncurrent liabilities	64,063,000	75,465,000	76,399,000
Total liabilities	<u>93,832,000</u>	<u>108,580,000</u>	<u>116,352,000</u>
<b>Net position:</b>			
Unrestricted	87,455,000	66,061,000	60,736,000
Total net position	<u>\$ 87,455,000</u>	<u>66,061,000</u>	<u>60,736,000</u>

**Assets**

The Authority's assets totaled \$181,287,000 on June 30, 2016, an increase of \$6,646,000, or 4% as compared to the previous year. The increase is mainly attributed to the increase in investments and other long-term investments (note 3) of \$28,675,000 and 4,036,000, respectively, due to the timing of the prepayment for California State Association of Counties Excess Insurance Authority (CSAC EIA or the EIA). Prepaid expenses decreased by \$26,552,000 due to the timing of payment as previously noted. The Authority's investments represent 94% and 78% of total assets as of June 30, 2016 and 2015, respectively, and consist of the Authority's share of the CSU Consolidated Investment Pool and investments held in Morgan Stanley Smith Barney. There were no significant changes in 2015 compared to 2014.

**Liabilities**

The Authority's liabilities totaled \$93,832,000 on June 30, 2016, a decrease of \$14,748,000, or 14% as compared to the previous year. This is primarily due to the enrollment in the EIA, effective January 1, 2015, resulting in a decrease in claims liability, current and noncurrent, in the amount of \$13,708,000. The EIA is responsible for all covered losses within the amount of the self-insurance layer for the campus and Auxiliary Organizations Risk Management Alliance (AORMA) workers' compensation program (note 7), thus, the Authority is not liable for the layers covered by the EIA. Claims liability, current and noncurrent, represents 84% and 85% of the total liabilities

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

as of June 30, 2016 and 2015, respectively. As explained above, during 2015 the Authority joined the EIA, which resulted in decreased liability between 2015 and 2014 (note 7). There were no other significant events during 2015.

**Net Position**

Net position may serve over time as a useful indicator of the Authority's financial position. Net position represents the residual measure of assets net of liabilities. Net position fluctuates annually due to the Authority's operating results for a given fiscal year as well as investment income. The Authority's net position is all classified as unrestricted. Unrestricted net position may be designated for use by the Authority.

The Authority's net position totaled \$87,455,000 on June 30, 2016, an increase of \$21,394,000, or 32%, as compared to the previous year. This is primarily due to a decrease in claim losses and loss adjustment expenses and a decrease in claims liabilities, current and noncurrent, as discussed above. There were no significant changes in 2015 compared to 2014.

**Statement of Revenues, Expenses, and Changes in Net Position** – The Statement of Revenues, Expenses, and Changes in Net Position is the Authority's income statement. Revenues earned and expenses incurred during the year on an accrual basis are classified as either operating or nonoperating. It presents the results of the Authority's operations and changes in its net position over the course of the fiscal year.

A summary of the Authority's statement of revenues, expenses, and changes in net position is as follows:

**Condensed Schedules of Revenues, Expenses, and Changes in Net Position**

Years ended June 30, 2016, 2015 and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 93,477,000	88,376,000	78,555,000
Operating expenses	<u>76,716,000</u>	<u>84,800,000</u>	<u>83,314,000</u>
Operating income (loss)	16,761,000	3,576,000	(4,759,000)
Nonoperating revenues	<u>4,633,000</u>	<u>1,749,000</u>	<u>3,754,000</u>
Change in net position	21,394,000	5,325,000	(1,005,000)
Net position, beginning of year	<u>66,061,000</u>	<u>60,736,000</u>	<u>61,741,000</u>
Net position, end of year	<u>\$ 87,455,000</u>	<u>66,061,000</u>	<u>60,736,000</u>

**Operating Revenues and Expenses**

During fiscal year 2016, the operating revenues totaled \$93,477,000, an increase of \$5,101,000, or 6% which is primarily due to an increase in member contributions (note 6). The increase in contributions is mainly due to

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

recommended funding for the campus covered programs and is calculated by an independent actuarial firm employed by the Authority (note 2 g). During fiscal year 2015, the operating revenues totaled \$88,376,000, an increase of \$9,821,000, or 13%, which is primarily due to an increase in member contributions and a decrease in reinsurance premiums. Member contributions increased during 2015 consistent to the increase during 2016, as previously noted. Reinsurance premiums decreased during 2015 due to the reduced payments of campus and AORMA property premiums from \$10,636,000 to \$5,852,000.

During fiscal year 2016, operating expenses totaled \$76,716,000, a decrease of \$8,084,000 or 10% as compared to the previous year. The decrease is primarily due to a decrease in claim losses and loss adjustment expenses in the amount of \$22,747,000 which is offset by an increase in insurance premiums of \$14,799,000. The increase in insurance premiums is primarily due to excess insurance premiums paid to the EIA.

Operating expenses consist of claim losses and loss adjustment expenses of \$17,175,000, claims administration of \$8,717,000, insurance premiums of \$38,676,000, dividend distributions of \$9,672,000, general and administrative of \$1,415,000, and miscellaneous services of \$1,061,000. Claim losses and loss adjustment expenses include actual claim payments made as well as adjustments for reserves on claims. Claim case reserves are adjusted as claims develop and mature and more information about potential loss amounts is known. Reserves for claims incurred but not reported (IBNR), as determined by independent actuaries, are also included in this expense category. Claims administration includes expenses incurred by the Authority for claims administrative fees, program administrator, and brokerage commissions. Dividend distributions represent the return of contributions to CSU campuses and Auxiliary Organization members. In providing insurance coverage and risk management services to its members, the Authority incurs general and administrative and miscellaneous services expenses that are budgeted and approved by the Board of Directors annually.

**Nonoperating Revenues**

During fiscal year 2016, the nonoperating revenues totaled \$4,633,000, an increase of \$2,884,000, or 165% which is primarily due to the increase in investment income from the investment portfolio where the Authority's investments are held (note 3). During fiscal year 2015, nonoperating revenues totaled \$1,749,000, a decrease of \$2,005,000 or 53% which is primarily due to a decrease in investment income earned.

**Factors Impacting Future Periods**

With respect to current facts, conditions, or decisions that may impact the financial position of the Authority, there are no known issues either internal to the Authority nor the external environment that are expected to materially impact the organization. However, there are trends that may influence the membership and developments in the commercial insurance market that warrant notice.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

The Authority has a limited pool of membership consisting of the California State University (the CSU or University) and its not-for-profit Auxiliary Organizations. The University and Auxiliary Organizations are subject to economic trends which impact funding, operations, and grants and contracts. To the extent the CSU experiences a negative fiscal environment this can impact the funding of certain Auxiliary Organizations. In addition, a negative fiscal environment does not necessarily reduce the cost of Authority's programs and may actually result in higher claims, such as unemployment insurance claims. The Authority has adopted conservative funding practices to protect the organization from a negative fiscal environment.

The California workers' compensation operating environment continues to be challenging due primarily to increases in the cost of medical care and prescription drugs combined with an aging workforce. To combat increasing costs to settle workers' compensation claims, the Authority has implemented a Workers' Compensation Claims Management and Return to Work Program, as well as an ongoing claims closure initiative.

Generally, the commercial insurance and reinsurance market is stable with a favorable outlook due in large part to catastrophic property claims being well below the average for the past ten years. However, weather extremes, catastrophic loss and investment earnings are areas of concern for commercial insurance carriers. The market for excess liability for California public entities has begun to firm following several years of softening. This is largely due to a significant rise in the cost of claims, especially those involving employment practices and injuries to minors. The Authority has managed this risk by developing long term underwriting relationships and attracting new markets to the program.

Funds are invested by the Authority to pay expected claims in the pooled programs. The valuation of claims liabilities is discounted based on assumed investment earning rates. A divergence in the rate assumed for discounting claims liabilities and investment earnings can affect the ultimate claims liability recorded in the financial statements. To guard against possible divergence, the dividend calculations utilized to return excess funds to the membership use a more conservative calculation of equity.

The rates charged by the Authority for member contributions for the future year are generally not expected to change significantly; however, the Auxiliary Organization Liability Program membership may see a larger rate increase due to an increased employment loss trend and the impact of two catastrophic claims incurred in fiscal year 2014 (both claims are paid and closed with no outstanding liability). In the May 2016 Board of Director's meeting, the fiscal year 2017 budget was approved for operating revenues of \$91,123,000 and operating expenses of \$89,432,000.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of California State University

Statements of Net Position

June 30, 2016 and 2015

	2016	2015
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 88,000	—
Investments (note 3)	35,579,000	6,904,000
Accounts receivable	2,505,000	800,000
Loans receivable from affiliates, current portion (note 4)	1,048,000	1,136,000
Interest receivable	5,000	4,000
Prepaid expenses	4,152,000	30,704,000
Reinsurance recoverable – workers’ compensation	197,000	753,000
<b>Total current assets</b>	<b>43,574,000</b>	<b>40,301,000</b>
<b>Noncurrent assets:</b>		
Loans receivable from affiliates, net of current portion (note 4)	3,569,000	4,232,000
Other long-term investments (note 3)	134,144,000	130,108,000
<b>Total noncurrent assets</b>	<b>137,713,000</b>	<b>134,340,000</b>
<b>Total assets</b>	<b>181,287,000</b>	<b>174,641,000</b>
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable	5,319,000	4,999,000
Unearned revenues	40,000	37,000
SELF assessment liability, current portion (note 9)	1,364,000	1,364,000
Claims liability for losses and loss adjustment expenses – current portion (note 5):		
Reported claims	13,672,000	15,058,000
Claims incurred but not reported	9,374,000	11,657,000
<b>Total current liabilities</b>	<b>29,769,000</b>	<b>33,115,000</b>
<b>Noncurrent liabilities:</b>		
SELF assessment liability, net of current portion (note 9)	8,182,000	9,545,000
Claims liability for losses and loss adjustment expenses – noncurrent portion (note 5):		
Reported claims	33,152,000	37,156,000
Claims incurred but not reported	22,729,000	28,764,000
<b>Total noncurrent liabilities</b>	<b>64,063,000</b>	<b>75,465,000</b>
<b>Total liabilities</b>	<b>93,832,000</b>	<b>108,580,000</b>
<b>Net position:</b>		
Unrestricted	87,455,000	66,061,000
<b>Total net position</b>	<b>\$ 87,455,000</b>	<b>66,061,000</b>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of California State University  
Statements of Revenues, Expenses, and Changes in Net Position  
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Member contributions (note 6)	\$ 100,363,000	95,248,000
Reinsurance premiums (note 7)	(6,886,000)	(6,872,000)
Total operating revenues	<u>93,477,000</u>	<u>88,376,000</u>
Operating expenses:		
Claim losses and loss adjustment expenses (note 5)	17,175,000	39,922,000
Claims administration	8,717,000	9,000,000
Insurance premiums	38,676,000	23,877,000
Dividend distributions (note 6)	9,672,000	9,857,000
General and administrative	1,415,000	1,142,000
Miscellaneous services	1,061,000	1,002,000
Total operating expenses	<u>76,716,000</u>	<u>84,800,000</u>
Operating income	<u>16,761,000</u>	<u>3,576,000</u>
Nonoperating revenues:		
Investment income, net	4,570,000	1,664,000
Interest income from loans	63,000	85,000
Total nonoperating revenues	<u>4,633,000</u>	<u>1,749,000</u>
Increase in net position	<u>21,394,000</u>	<u>5,325,000</u>
Net position, beginning of year	<u>66,061,000</u>	<u>60,736,000</u>
Net position, end of year	<u>\$ 87,455,000</u>	<u>66,061,000</u>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of California State University

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts of member contributions	\$ 99,076,000	94,745,000
Payments to providers	(31,147,000)	(69,717,000)
Payments of claims	(30,743,000)	(45,736,000)
Dividend distribution to pool participants	(9,770,000)	(10,502,000)
Net cash provided by (used in) operating activities	<u>27,416,000</u>	<u>(31,210,000)</u>
Cash flows from noncapital and related financing activities:		
Loans disbursed to related entities	(1,000,000)	(2,339,000)
Payments received on loans to related entities	1,751,000	1,979,000
Loan interest income received	63,000	89,000
Net cash provided by (used in) noncapital and related financing activities	<u>814,000</u>	<u>(271,000)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	651,608,000	653,665,000
Purchases of investments	(683,418,000)	(624,206,000)
Investment income, net	4,570,000	1,664,000
Unrealized (gains) losses	(902,000)	358,000
Net cash (used in) provided by investing activities	<u>(28,142,000)</u>	<u>31,481,000</u>
Net change in cash and cash equivalents	88,000	—
Cash and cash equivalents at beginning of year	<u>—</u>	<u>—</u>
Cash and cash equivalents at end of year	<u>\$ 88,000</u>	<u>—</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 16,761,000	3,576,000
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	26,552,000	(26,507,000)
Increase in accounts receivable	(1,705,000)	(506,000)
Decrease (increase) in reinsurance recoverable – workers' compensation	556,000	(1,000)
Increase (decrease) in accounts payable	320,000	(602,000)
Increase in unearned revenues	3,000	4,000
Decrease in SELF assessment liability	(1,363,000)	(1,360,000)
Decrease in claims liability for losses and loss adjustment expenses	(13,708,000)	(5,814,000)
Net cash provided by (used in) operating activities	<u>\$ 27,416,000</u>	<u>(31,210,000)</u>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

**(1) Organization**

On January 1, 1997, the University and certain Auxiliary Organizations of the University established the California State University Risk Management Authority pursuant to the provisions of Section 6500 et seq. of the California Government Code (the Code). The Code authorizes the CSU and Auxiliary Organizations to establish and operate pooled coverage programs and to provide related services. The Authority provides entity risk pooling programs for workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, property, construction, and other risk-related programs for its member organizations (the Members). Members participating in the Authority's coverage programs at June 30, 2016 and 2015 are as follows:

<u>Campus location</u>	<u>Members</u>
Bakersfield	California State University, Bakersfield
Bakersfield	Associated Students, California State University, Bakersfield, Inc.
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs Administration
Bakersfield	California State University, Bakersfield Foundation
Bakersfield	California State University, Bakersfield Student Union, Inc.
Chancellor's Office	Office of the Chancellor
Chancellor's Office	California State University Foundation
Chancellor's Office	California State University Institute
Channel Islands	California State University, Channel Islands
Channel Islands	Associated Students of California State University, Channel Islands, Inc.
Channel Islands	California State University Channel Islands Foundation
Channel Islands	University Glen Corporation
Chico	California State University, Chico
Chico	Associated Students of California State University, Chico
Chico	Auxiliary Organization Associations
Chico	The CSU, Chico Research Foundation
Chico	The University Foundation, California State University, Chico
Dominguez Hills	California State University, Dominguez Hills
Dominguez Hills	Associated Students, California State University, Dominguez Hills
Dominguez Hills	California State University, Dominguez Hills Foundation
Dominguez Hills	CSU Dominguez Hills Philanthropic Foundation*
Dominguez Hills	Loker University Student Union, Incorporated
East Bay	California State University, East Bay
East Bay	Associated Students, California State University, East Bay
East Bay	Cal State East Bay Educational Foundation
East Bay	California State University, East Bay Foundation, Inc.
Fresno	California State University, Fresno
Fresno	Associated Students, Inc. of California State University, Fresno
Fresno	California State University, Fresno Association, Inc.
Fresno	California State University, Fresno Foundation

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

<b>Campus location</b>	<b>Members</b>
Fresno	Fresno State Programs for Children, Inc.
Fresno	The Agricultural Foundation of California State University, Fresno
Fresno	The California State University, Fresno Athletic Corporation
Fullerton	California State University, Fullerton
Fullerton	Associated Students, California State University, Fullerton, Inc.
Fullerton	Cal State Fullerton Philanthropic Foundation
Fullerton	CSU Fullerton Auxiliary Services Corporation
Humboldt	Humboldt State University
Humboldt	Associated Students, Humboldt State University
Humboldt	Humboldt State University Advancement Foundation
Humboldt	Humboldt State University Center Board of Directors
Humboldt	Humboldt State University Sponsored Programs Foundation
Long Beach	California State University, Long Beach
Long Beach	Associated Students, California State University, Long Beach
Long Beach	California State University, Long Beach Research Foundation
Long Beach	CSULB 49er Foundation
Long Beach	Forty-Niner Shops, Inc., CSU Long Beach
Los Angeles	California State University, Los Angeles
Los Angeles	Associated Students, California State University, Los Angeles, Inc.
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
Los Angeles	California State University, Los Angeles Foundation
Los Angeles	University-Student Union Board, California State University, Los Angeles
Maritime Academy	California Maritime Academy
Maritime Academy	California Maritime Academy Foundation, Inc.
Maritime Academy	The Associated Students of the California Maritime Academy
Monterey Bay	California State University, Monterey Bay
Monterey Bay	Foundation of California State University, Monterey Bay
Monterey Bay	The University Corporation at Monterey Bay
Northridge	California State University, Northridge
Northridge	Associated Students, California State University, Northridge, Inc.
Northridge	California State University, Northridge Foundation
Northridge	North Campus University Park Development Corporation
Northridge	The University Corporation, CSU Northridge
Northridge	University Student Union of California State University, Northridge
Pomona	California State Polytechnic University, Pomona
Pomona	Associated Students Inc., California State Polytechnic University, Pomona
Pomona	The Cal Poly Pomona Foundation, Inc.
Sacramento	California State University, Sacramento
Sacramento	Associated Students of California State University, Sacramento
Sacramento	Capital Public Radio, Inc., CSU Sacramento
Sacramento	The University Foundation at Sacramento State
Sacramento	University Enterprises, Inc., CSU Sacramento
Sacramento	University Union Operation of CSUS, Inc.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

<u>Campus location</u>	<u>Members</u>
San Bernardino	California State University, San Bernardino
San Bernardino	Associated Students Inc., California State University, San Bernardino
San Bernardino	CSUSB Philanthropic Foundation
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
San Bernardino	University Enterprises Corporation at CSUSB
San Diego	San Diego State University
San Diego	Associated Students, San Diego State University
San Diego	Aztec Shops, Ltd., San Diego State University
San Diego	San Diego State University Research Foundation
San Diego	The Campanile Foundation
San Francisco	San Francisco State University
San Francisco	Associated Students, Inc., San Francisco State University
San Francisco	San Francisco State University Foundation
San Francisco	The University Corporation, San Francisco State
San Jose	San Jose State University
San Jose	Associated Student, San Jose State University
San Jose	San Jose State University Research Foundation
San Jose	Spartan Shops, Inc., San Jose State University
San Jose	The Student Union of San Jose State University
San Jose	The Tower Foundation, San Jose State University
San Luis Obispo	California Polytechnic State University, San Luis Obispo
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
San Luis Obispo	Cal Poly Corporation
San Luis Obispo	California Polytechnic State University Foundation
San Marcos	California State University, San Marcos
San Marcos	California State University San Marcos Foundation
San Marcos	San Marcos University Corporation
San Marcos	The Associated Students of California State University, San Marcos
San Marcos	University Auxiliary and Research Services Corporation
Sonoma	Sonoma State University
Sonoma	Associated Students of Sonoma State University
Sonoma	Sonoma State Enterprises, Inc.
Sonoma	Sonoma State University Academic Foundation, Inc.
Stanislaus	California State University, Stanislaus
Stanislaus	Associated Students, Inc., California State University, Stanislaus
Stanislaus	California State University, Stanislaus Auxiliary and Business Services
Stanislaus	California State University, Stanislaus Foundation
Stanislaus	University Student Union of California State University, Stanislaus

\* New member beginning fiscal year 2016

The accompanying financial statements are also included in the CSU financial statements.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

The Authority is managed by a board of directors, which is composed of 30 directors appointed by the CSU Executive Vice Chancellor, Business and Finance, and 10 directors elected by the Auxiliary Organizations, which are members of the Authority. The Executive Vice Chancellor may also appoint alternate representatives who shall serve in the absence of the primary representatives. Directors elected by the Auxiliary Organizations serve subject to terms and conditions adopted by the Auxiliary Organizations for election and replacement of the same. Each director of the Authority must be an officer, director, or employee of the University or an Auxiliary Organization.

The Authority assumed the losses of the University's risk pool on January 1, 1997 (inception date) in exchange for a commitment from the University to fund incurred losses. In addition, the University has made the commitment to provide sufficient cash flows to the Authority to meet its operating needs.

All post-development costs of the Authority's programs are funded by annual premiums charged to members participating in the program each policy year and by interest earnings on the accumulated funds. Premiums are based on a cost allocation plan and rating formula developed by the Authority with the assistance of an actuary, risk management consultant, and other qualified persons. The premium for each member participating in the shared risk programs includes the member's share of expected program losses, program reinsurance costs, and program administrative costs for the year. If the Authority experiences unusually large losses in one of the aforementioned programs during a policy year, those pooled funds for the program may be exhausted or depleted before the next annual premiums are due. The board of directors may, upon consultation with an actuary, impose assessments on all participating members in the respective program, which in total amount, will assure adequate funds to the Authority for the payment of all incurred losses.

The Authority coordinates the claims process in conjunction with various agencies processing the claims. These agencies include the State of California Attorney General's Office (AG), Sedgwick Claims Management Services, Inc. (Sedgwick), Carl Warren & Company, CSU's Office of General Counsel, Systemwide Risk Management, Alliant Insurance Services (Alliant), the CSU Office of the Chancellor, and the 23 CSU campuses. Sedgwick is the third-party administrator (TPA) for all workers' compensation claims involving campuses and Auxiliary Organizations. Carl Warren & Company is the TPA for Auxiliary Organization liability claims. Health Special Risk, Inc and AG Administrator are the TPAs for Athletic Injury Medical Expense (AIME) and Club Sports Insurance Program (CSIP) claims. Alliant administers all entity risk pooling programs provided by the Authority.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying financial statements for the Authority have been prepared under the standards promulgated by the Governmental Accounting Standards Board (GASB) using the accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**CALIFORNIA STATE UNIVERSITY**  
**RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

The financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. The Authority is considered a special-purpose government. The Authority records revenues primarily from fees collected from the campuses and auxiliary organizations and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the Authority to be reported in a single column in each of the financial statements.

**(b) *Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities***

The Authority considers assets to be current when they can be reasonably expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statements of Net Position date. Liabilities that can be reasonably expected, as part of normal Authority business operations, to be liquidated within 12 months of the Statements of Net Position date are considered to be current. All other assets and liabilities are considered to be noncurrent. For classification of current and noncurrent investments, refer to note 2 d.

**(c) *Cash and Cash Equivalents and Statements of Cash Flows***

The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The Authority considers amounts included in the Morgan Stanley Smith Barney and the CSU Consolidated Investment Pool to be investments. Certain transactions recorded as revenues or expenses in the accompanying Statements of Revenues, Expenses and Changes in Net Position include transactions between entities that are also participants in the Investment Pool. The Authority considers changes in the respective participants' equity in the Investment Pool resulting from these transactions to represent cash flows of the Authority in the accompanying Statements of Cash Flows.

**(d) *Investments***

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statements of Revenues, Expenses, and Changes in Net Position as a component of investment income, net.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt, or restricted as to the liquidity of the investments are classified as other long-term investments.

**(e) *Accounts Receivable***

Accounts receivable represents amounts due from the members as of June 30, 2016 and 2015.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

**(f) Reinsurance Recoverable**

Reinsurance recoverable represents estimated amounts due from reinsurers, who reinsured the CSU's workers' compensation claims liability for claims incurred during the fiscal year. The reported amounts represent recoverable estimates related to paid claims and claim adjustment expenses as of June 30, 2016 and 2015. The estimated amounts recoverable from the reinsurers that are related to the liabilities for unpaid claims and claim adjustment expenses are deducted from those claims liabilities for losses and loss adjustment expenses; refer to note 2 h.

**(g) Member Contributions**

The Authority reports contributions in the Statements of Revenues, Expenses, and Changes in Net Position for those revenues received from its members. The contribution calculation for the campuses is based on program funding policies and procedures, and a rating plan to meet their pro rata share of the anticipated claims liabilities for losses and loss adjustment expenses. The contribution calculation for auxiliary organizations is based on various rating plans, such as the actuary's projections and loss rates. Contributions are recorded as revenues for the policy year in which coverage is provided.

**(h) Claims Liability for Losses and Loss Adjustment Expenses**

The claims liability for losses and loss adjustment expenses included in the accompanying financial statements reflects the estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2016 and 2015. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liability is for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liability is recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In estimating unpaid losses and loss adjustment expenses, the Authority has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

**(i) Dividend Distributions**

The Authority reports dividends in the Statements of Revenues, Expenses, and Changes in Net Position for the return of contributions to members. Dividends to CSU campuses are based on the review of the funding status report by the Executive Committee and are distributed to each member by their pro rata contributions over the past five completed fiscal years. Dividends to any participating auxiliary organization are calculated and distributed in accordance with the Dividends and Assessment Policy. Dividend distributions are accrued as dividend expense once they are approved and declared by the Executive Committee and the Auxiliary Organizations Risk Management Alliance (AORMA) Committee.

**(j) Net Position**

The Authority's net position is classified as unrestricted. Unrestricted net position may be designated for use by the Authority. The Authority has adopted a policy of utilizing restricted funds, when available, prior to unrestricted funds.

**(k) Classification of Revenues and Expenses**

The Authority considers operating revenues and expenses in the Statements of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Authority's primary functions. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB requirements. These nonoperating activities include the Authority's investment income, net, and interest income from loans.

**(l) Income Taxes**

The Authority was formed pursuant to California Government Code Section 6500 et seq. and, as a governmental entity, is not subject to federal or state income taxes under §115 of the Internal Revenue Code of 1986.

**(m) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**(n) New Accounting Pronouncements**

In February 2015, GASB issued statement No. 72 *Fair Value Measurements and Applications*, effective for the Programs' fiscal year beginning July 1, 2015. This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

**(3) Cash and Cash Equivalents, Investments, and Investment Income, Net**

The Authority's cash, cash equivalents, and investments as of June 30, 2016 and 2015 are classified in the accompanying Statements of Net Position as follows:

	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 88,000	—
Short-term investments	35,579,000	6,904,000
Other long-term investments	134,144,000	130,108,000
Total investments	\$ 169,811,000	137,012,000

**(a) Cash and Cash Equivalents**

The Authority maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

At June 30, 2016 and 2015, the Authority's cash and cash equivalents consist of demand deposits held at a financial institution. The carrying amount of the cash in demand deposit accounts were \$188,000 and \$178,000 at June 30, 2016 and 2015, respectively. The primary difference between the book and bank balance is due to outstanding checks and cash awaiting investment in the CSU Consolidated Investment Pool.

**(b) Investments**

At June 30, 2016 and 2015, the Authority's investment portfolio consists of investments held in Morgan Stanley Smith Barney and the CSU Consolidated Investment Pool. Separate accounting is maintained as to the amounts allocable to the various funds and programs.

**Investment Policy**

State law and regulations require that surplus monies of the Authority must be invested. The primary objective of the Authority's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Authority. The third objective is to return an acceptable yield.

The Authority's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Sections 16430 and 53601, and Education Code Section 89724, subject to certain limitations. In general, the Authority's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high-quality domestic corporate and fixed income securities, and certain other investment instruments.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of the failure of the custodian the investments or deposits may not be returned to the Authority. Substantially all of the Authority's securities are registered in the Authority's name by the custodial bank as an agent for the Authority. The Authority's deposits are maintained at financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured. As a result, custodial credit risk for such investments and deposits is remote.

**Interest Rate Risk**

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to fluctuations in market interest rates. The Authority's investment guidelines measure interest rate risk by limiting an eligible investment to a maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options such as a call, put, or reset date, and prepayment speed resulting in the maturity of a bond being less than its final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates.

Durations of the Authority's investment portfolio for each investment type as of June 30, 2016 are presented in the table below.

<b>Investment type</b>	<b>Fair value</b>	<b>Duration (in years)</b>
Asset-backed securities	\$ 9,161,000	3.00753
Certificates of deposit	2,710,000	0.22407
Commercial paper	101,000	0.32250
Corporate bonds	32,995,000	2.70329
International bonds	1,291,000	6.05772
Money market funds	294,000	—
Mortgage-backed securities	10,853,000	3.59848
Municipal bonds	1,795,000	1.55822
Repurchase agreements	205,000	0.00272
U.S. Agency securities	18,407,000	2.27217
U.S. Treasury securities	91,911,000	3.65904
Total investments	<u>\$ 169,723,000</u>	

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

Durations of the Authority's investment portfolio for each investment type as of June 30, 2015 are presented in the table below.

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 10,252,000	0.67187
Certificates of deposit	320,000	0.19372
Corporate bonds	27,680,000	3.52937
Money market funds	6,879,000	—
Mortgage-backed securities	15,908,000	4.00097
Municipal bonds	2,110,000	1.97063
Repurchase agreements	18,000	0.00274
U.S. Agency securities	24,487,000	2.55879
U.S. Treasury securities	48,107,000	3.88601
International bonds	1,251,000	6.69269
Total investments	\$ <u>137,012,000</u>	

Another way the Authority manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

By law, the Authority invests in low credit risk securities such as: U.S. government securities; securities of federally sponsored agencies; highly rated domestic corporate bonds; prime-rated commercial paper; repurchase and reverse repurchase agreements; banker's acceptances; and negotiable certificates of deposit. Therefore, occurrence of credit risk is remote.

**CALIFORNIA STATE UNIVERSITY**  
**RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2016 are presented in the table below.

Investment type	Fair value	Rating as of year-end					
		AAA	AA	A	BBB	BB	Not rated
Asset-backed securities	\$ 9,161,000	8,948,000	213,000	—	—	—	—
Certificates of deposit	2,710,000	—	353,000	2,357,000	—	—	—
Commercial paper	101,000	—	—	101,000	—	—	—
Corporate bonds	32,995,000	2,724,000	3,378,000	15,150,000	9,338,000	—	2,405,000
International bonds	1,291,000	—	1,291,000	—	—	—	—
Money market funds	294,000	—	—	30,000	—	—	264,000
Mortgage-backed securities	10,853,000	—	10,853,000	—	—	—	—
Municipal bonds	1,795,000	—	1,795,000	—	—	—	—
Repurchase agreements	205,000	—	—	49,000	—	—	156,000
U.S. Agency securities	18,407,000	—	16,022,000	338,000	—	—	2,047,000
U.S. Treasury securities	91,911,000	—	84,085,000	—	—	—	7,826,000
<b>Total investment \$</b>	<b>169,723,000</b>	<b>11,672,000</b>	<b>117,990,000</b>	<b>18,025,000</b>	<b>9,338,000</b>	<b>—</b>	<b>12,698,000</b>

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2015 are presented in the table below.

Investment type	Fair value	Rating as of year-end					
		AAA	AA	A	BBB	BB	Not rated
Asset-backed securities	\$ 10,252,000	10,007,000	245,000	—	—	—	—
Certificates of deposit	320,000	—	23,000	297,000	—	—	—
Corporate bonds	27,680,000	2,684,000	2,388,000	12,027,000	7,250,000	576,000	2,755,000
Money market funds	6,879,000	—	—	—	—	—	6,879,000
Mortgage-backed securities	15,908,000	—	15,908,000	—	—	—	—
Municipal bonds	2,110,000	—	1,551,000	559,000	—	—	—
Repurchase agreements	18,000	—	—	11,000	—	—	7,000
U.S. Agency securities	24,487,000	—	14,574,000	7,970,000	—	—	1,943,000
U.S. Treasury securities	48,107,000	—	—	—	—	—	48,107,000
International bonds	1,251,000	—	1,251,000	—	—	—	—
<b>Total investment \$</b>	<b>137,012,000</b>	<b>12,691,000</b>	<b>35,940,000</b>	<b>20,864,000</b>	<b>7,250,000</b>	<b>576,000</b>	<b>59,691,000</b>

**Concentration Risk**

Concentration risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counter-party, or sovereign nation and is best mitigated by diversification. The Authority's investment policy has concentration limits that provide sufficient diversification. As a result, the occurrence of concentration risk is remote.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

As of June 30, 2016, there were no investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of the Authority's total investment portfolio. As of June 30, 2015, the following investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Authority's total investment portfolio: Federal National Mortgage Association (Fannie Mae) totaling \$11,283,000, or 8%; and Federal Home Loan Banks totaling \$9,641,000, or 7%.

**Fair Value Measurements**

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Authority's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Authority groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**CALIFORNIA STATE UNIVERSITY**  
**RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2016:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Asset-backed securities	\$ 9,161,000	—	9,161,000
Certificates of deposit	2,710,000	—	2,710,000
Commercial paper	101,000	—	101,000
Corporate bonds	32,995,000	—	32,995,000
International bonds	1,291,000	—	1,291,000
Money market funds	294,000	294,000	—
Mortgage-backed securities	10,853,000	1,862,000	8,991,000
Municipal bonds	1,795,000	—	1,795,000
Repurchase agreement	205,000	—	205,000
U.S. Agency securities	18,407,000	—	18,407,000
U.S. Treasury securities	91,911,000	91,911,000	—
Total investments	<u>\$ 169,723,000</u>	<u>94,067,000</u>	<u>75,656,000</u>

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2015:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Asset-backed securities	\$ 10,252,000	—	10,252,000
Certificates of deposit	320,000	—	320,000
Corporate bonds	27,680,000	—	27,680,000
Money market funds	6,879,000	6,879,000	—
Mortgage-backed securities	15,908,000	5,258,000	10,650,000
Municipal bonds	2,110,000	—	2,110,000
Repurchase agreement	18,000	—	18,000
U.S. Agency securities	24,487,000	—	24,487,000
U.S. Treasury securities	48,107,000	48,107,000	—
International bonds	1,251,000	—	1,251,000
Total investments	<u>\$ 137,012,000</u>	<u>60,244,000</u>	<u>76,768,000</u>

The following discussion describes the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair value are affected by the assumptions used.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

Securities such as asset-backed, mortgage-backed, U.S. agency and U.S. treasury are valued at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the University's external investment managers or their custodians.

For investments that include money market funds, municipal bonds, repurchase agreements, international bonds, and corporate bonds, the carrying value is similarly calculated using valuations that include observable market quoted prices. However, observable inputs other than quoted prices such as price services or indexes, estimates, appraisals, assumptions and other methods that are reviewed by management. Change in market conditions and economic environments may impact the net asset value of the funds and consequently the fair value of the University's interests in the funds.

Securities such as Commercial Paper and Certificate of Deposit with short maturities and infrequent secondary market trades are typically priced via mathematical calculations.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2016 and 2015.

**(c) Investment Income, Net**

Investment income, net, included within the Statements of Revenues, Expenses, and Changes in Net Position is comprised of unrealized gains and losses of \$902,000 and \$(358,000), realized gains of \$1,427,000 and \$169,000, and interest and dividend income of \$2,241,000 and \$1,853,000 for the years ended June 30, 2016 and 2015, respectively.

**(4) Loans Receivable from Affiliates**

In November 2008, the Authority entered into a loan agreement with California State University, Fresno, in the amount of \$4,500,000. The loan term is for a 5-year period that amortizes based on a 20-year amortization schedule, with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.086% at June 30, 2016). The initial maturity date of the loan was October 31, 2013. On September 12, 2013, Executive Members approved California State University, Fresno's loan extension request in the amount of \$2,542,000 for an additional 5 years, extending the maturity date to September 30, 2018. The amounts outstanding on the loan were \$264,000 and \$1,028,000 as of June 30, 2016 and 2015, respectively. Due to an additional pay-down of the loan principal on November 9, 2015, the loan will be paid off June 30, 2017.

In August 2008, the Authority entered into a loan agreement with Humboldt State University Advancement Foundation in the amount of \$2,535,000. The loan is nonamortizing, with interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.086% at June 30, 2016). The initial maturity date of the loan was October 31, 2013. On December 6, 2012, Executive Members approved Humboldt State University Advancement Foundation's loan extension request for an additional 5 years in

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

the amount of \$2,000,000. The new extended maturity date of the loan is October 31, 2017. The amounts outstanding on the loan were \$2,000,000 as of June 30, 2016 and 2015.

In May 2014, the Authority entered into a line-of-credit agreement with California State University, Sacramento in the amount of \$4,000,000, and \$2,353,000 of which was drawn against the line as of June 30, 2016. The line-of-credit will be available for a 5-year period with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.086% at June 30, 2016). The maturity date of the line-of-credit is June 1, 2019. The amounts outstanding on the loan were \$2,353,000 and \$2,340,000 as of June 30, 2016 and 2015, respectively.

The following table summarizes the Authority's loans receivable from affiliates as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
California State University, Fresno	\$ 264,000	1,028,000
Humboldt State University Advancement Foundation	2,000,000	2,000,000
California State University, Sacramento	<u>2,353,000</u>	<u>2,340,000</u>
Total loans receivable from affiliates	4,617,000	5,368,000
Less current portion	<u>(1,048,000)</u>	<u>(1,136,000)</u>
Loans receivable from affiliates, net of current portion	<u>\$ 3,569,000</u>	<u>4,232,000</u>

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

**(5) Claims Liability for Losses and Loss Adjustment Expenses**

The Authority establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related loss adjustment expenses. Although considerable variability is inherent in such estimates, Management believes that the liability is reasonable at June 30, 2016 and 2015.

Changes in the Authority's claims liability for the years ended June 30, 2016 and 2015 are as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2014	\$ 98,449,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	60,386,000
Decrease in provision for reinsured events of the current fiscal year	(14,527,000)
Decrease in provision for insured events of prior fiscal years	(5,937,000)
Total incurred claims for losses and loss adjustment expenses	39,922,000
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(20,478,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	6,178,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(31,436,000)
Total payments	(45,736,000)
Claims liability for losses and loss adjustment expenses, June 30, 2015	92,635,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	56,800,000
Decrease in provision for reinsured events of the current fiscal year	(24,959,000)
Decrease in provision for insured events of prior fiscal years	(14,666,000)
Total incurred claims for losses and loss adjustment expenses	17,175,000
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(18,993,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	9,335,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(21,225,000)
Total payments	(30,883,000)
Claims liability for losses and loss adjustment expenses, June 30, 2016	78,927,000
Less current portion	(23,046,000)
Claims liability for losses and loss adjustment expenses, June 30, 2016, net of current portion	\$ 55,881,000

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

**(6) Related-Party Transactions**

The following represents a summary of the accounts receivable, contributions (premiums), dividend distribution, for the years ended June 30, 2016 and 2015, and general liability insurance deductibles for the policy period detailed by campus:

Members	June 30, 2016			
	Accounts receivable	Contributions for the fiscal year	Dividend distribution	General liability insurance deductibles per occurrence
Bakersfield	\$ —	1,582,000	(207,000)	35,000
California Maritime Academy	—	554,000	(72,000)	35,000
Chancellor's Office	1,385,000	10,662,000	(156,000)	100,000
Channel Islands	—	1,576,000	(173,000)	35,000
Chico	—	2,638,000	(325,000)	250,000
Dominguez Hills	—	2,560,000	(388,000)	100,000
East Bay	—	3,468,000	(296,000)	500,000
Fresno	—	3,308,000	(739,000)	250,000
Fullerton	—	4,021,000	(405,000)	250,000
Humboldt	—	2,334,000	(287,000)	50,000
Long Beach	—	6,389,000	(672,000)	250,000
Los Angeles	—	4,083,000	(389,000)	250,000
Monterey Bay	—	1,481,000	(196,000)	35,000
Northridge	—	5,429,000	(484,000)	750,000
Pomona	—	3,974,000	(441,000)	250,000
Sacramento	—	3,671,000	(386,000)	900,000
San Bernardino	—	2,851,000	(361,000)	50,000
San Diego	—	5,773,000	(481,000)	900,000
San Francisco	—	4,934,000	(554,000)	500,000
San Jose	—	4,928,000	(464,000)	750,000
San Luis Obispo	—	4,659,000	(364,000)	250,000
San Marcos	—	1,637,000	(230,000)	50,000
Sonoma	—	2,005,000	(264,000)	100,000
Stanislaus	—	1,818,000	(167,000)	35,000
Auxiliary Organizations	394,000	14,028,000	(1,171,000)	—
	<u>\$ 1,779,000</u>	<u>100,363,000</u>	<u>(9,672,000)</u>	

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

June 30, 2015				
Members	Accounts receivable	Contributions for the fiscal year	Dividend distribution	General liability insurance deductibles per occurrence
Bakersfield	\$	1,431,000	(256,000)	35,000
California Maritime Academy	—	561,000	(80,000)	35,000
Chancellor's Office	—	9,827,000	(157,000)	100,000
Channel Islands	—	1,533,000	(153,000)	35,000
Chico	—	2,543,000	(354,000)	250,000
Dominguez Hills	—	2,566,000	(425,000)	100,000
East Bay	—	2,975,000	(191,000)	500,000
Fresno	—	3,900,000	(1,050,000)	250,000
Fullerton	—	3,993,000	(363,000)	250,000
Humboldt	—	2,101,000	(339,000)	50,000
Long Beach	—	5,808,000	(700,000)	250,000
Los Angeles	—	3,590,000	(320,000)	250,000
Monterey Bay	—	1,310,000	(263,000)	35,000
Northridge	—	4,580,000	(392,000)	750,000
Pomona	—	3,929,000	(352,000)	250,000
Sacramento	—	3,547,000	(377,000)	900,000
San Bernardino	—	2,411,000	(446,000)	50,000
San Diego	—	4,909,000	(380,000)	900,000
San Francisco	—	4,752,000	(563,000)	500,000
San Jose	—	4,745,000	(444,000)	750,000
San Luis Obispo	—	3,990,000	(264,000)	250,000
San Marcos	—	1,563,000	(340,000)	50,000
Sonoma	—	1,957,000	(310,000)	100,000
Stanislaus	—	1,653,000	(158,000)	35,000
Auxiliary Organizations	490,000	15,074,000	(1,180,000)	—
	\$ 490,000	95,248,000	(9,857,000)	

**(7) Excess Insurance and Reinsurance**

**(a) Excess Insurance**

For the years ended June 30, 2016 and 2015, the Authority purchased excess insurance to protect the members from catastrophic losses. The Authority maintained excess public entity liability insurance coverage provided by School Excess Liability Fund (SELF), a Joint Powers Authority, with coverage for individual claims above \$5,000,000 and up to \$45,000,000 per occurrence until December 2009.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

The Authority maintained excess general liability insurance coverage provided by Ironshore Specialty Insurance Company and various other insurers with coverage for individual claims above \$5,000,000 up to \$200,000,000 per occurrence. The Authority purchased excess workers' compensation insurance provided by Safety National to statutory limits in excess of the \$2,500,000 self-insured retention for the years ended June 30, 2016 and 2015. For the AORMA workers' compensation program, the Authority purchased excess workers' compensation insurance provided by Safety National for the years ended June 30, 2016 and 2015 to statutory limits in excess of the \$500,000 self-insured retention. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

Effective January 1, 2015, the Authority joined the CSAC Excess Insurance Authority Excess Workers' Compensation Program, covered pursuant to the memorandum of coverage issued by the EIA. The EIA is responsible for all covered losses within the amount of the self-insured retention layer of \$2,500,000 for the campus workers' compensation program and \$500,000 for the AORMA workers' compensation program. The estimated amounts that are recoverable from the EIA and that reduce the liabilities as of June 30, 2016 and 2015 were \$27,717,000 and \$12,362,000 for the Campus workers' compensation program and \$2,943,000 and \$1,248,000 for the AORMA workers' compensation program, respectively.

**(b) Reinsurance**

For the years ended June 30, 2016 and 2015, the Authority did not enter into the CSU's workers' compensation reinsurance contract. From the years ended June 30, 2008 through June 30, 2012, the Authority entered into a reinsurance contract with the Insurance Company of the State of Pennsylvania (the Reinsurer). This transaction reinsured the CSU's workers' compensation claims liability for claims incurred within the \$2,500,000 self-insured retention up to aggregate limits. The estimated amounts that are recoverable from the reinsurer and that reduce the liabilities as of June 30, 2016 and 2015 were \$21,967,000 and \$26,145,000, respectively. While such losses are reinsured, the Authority will not be relieved of its primary obligations to the policyholder in this reinsurance transaction.

For the years ended June 30, 2016 and 2015, the Authority purchased reinsurance for the Campus and AORMA liability programs provided by the General Reinsurance Corporation. This transaction reinsured the AORMA claims liability for individual claims incurred in excess of \$350,000 and up to \$5,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2016 and 2015 were \$1,070,000 and \$1,020,000, respectively. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the years ended June 30, 2016 and 2015, the Authority purchased reinsurance for the campus and AORMA property programs provided by the Public Entity Property Insurance Program (the PEPPI). This transaction reinsured the Campus and AORMA property programs for individual claims in excess of \$100,000 for the AORMA program and \$1,000,000 for the Campus program and up to \$1,000,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2016 and 2015 were \$5,816,000 and \$5,852,000, respectively. The coverage terms and conditions are the same as provided by the PEPPI in prior years.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

**(8) SELF Assessment Liability**

Prior to July 1, 2004, the Authority maintained excess workers' compensation insurance coverage provided by SELF, a public entity risk pool. The Authority remains liable for assessments from SELF in settlement of claims incurred prior to July 1, 2004. The assessment liabilities as of June 30, 2016 and 2015 were \$9,546,000 and \$10,909,000, respectively.

**(9) Subsequent Event**

Subsequent events have been evaluated through September 22, 2016, which corresponds to the date when the financial statements were issued. There are no subsequent events that require disclosure.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of Workers' Compensation Claims Liabilities**

The schedule below presents the changes in claims liabilities for the Authority's Workers' Compensation contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 61,000,000	65,301,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	24,837,000	28,840,000
Decrease in provision for reinsured events of current fiscal year	(22,528,000)	(13,185,000)
Decrease in provision for insured events of prior fiscal years	<u>(6,424,000)</u>	<u>(8,084,000)</u>
Total incurred claims and claim adjustment expenses	<u>(4,115,000)</u>	<u>7,571,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(2,120,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	8,887,000	6,084,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(17,278,000)</u>	<u>(15,836,000)</u>
Total payments	<u>(8,391,000)</u>	<u>(11,872,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>48,494,000</u>	<u>61,000,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of General Liability Claims Liabilities**

The schedule below presents the changes in claims liabilities for the Authority's General Liability contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 18,429,000	19,038,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	7,384,000	7,496,000
(Decrease) increase in provision for insured events of prior fiscal years	<u>(3,060,000)</u>	<u>71,000</u>
Total incurred claims and claim adjustment expenses	<u>4,324,000</u>	<u>7,567,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,971,000)</u>	<u>(8,176,000)</u>
Total payments	<u>(1,971,000)</u>	<u>(8,176,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>20,782,000</u>	<u>18,429,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of Industrial Disability, Nonindustrial Disability, and Unemployment Insurance (IDL/NDL/UI) Claims Liabilities**

The schedule below presents the changes in claims liabilities for the Authority's IDL/NDL/UI contracts for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>14,341,000</u>	<u>12,774,000</u>
Total incurred claims and claim adjustment expenses	<u>14,341,000</u>	<u>12,774,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,341,000)</u>	<u>(12,774,000)</u>
Total payments	<u>(14,341,000)</u>	<u>(12,774,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of Property Claims Liabilities**

The schedule below presents the changes in claims liabilities for the Authority's Property contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>1,590,000</u>	<u>2,465,000</u>
Total incurred claims and claim adjustment expenses	<u>1,590,000</u>	<u>2,465,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(1,590,000)</u>	<u>(2,465,000)</u>
Total payments	<u>(1,590,000)</u>	<u>(2,465,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	—

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities**

The schedule below presents the changes in claims liabilities for the Authority's AIME contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 1,966,000	1,912,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	3,584,000	3,010,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>496,000</u>	<u>(78,000)</u>
Total incurred claims and claim adjustment expenses	<u>4,080,000</u>	<u>2,932,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(1,759,000)	(1,416,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,073,000)</u>	<u>(1,462,000)</u>
Total payments	<u>(3,832,000)</u>	<u>(2,878,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>2,214,000</u>	<u>1,966,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of Club Sports Claims Liabilities**

The schedule below presents the changes in claims liabilities for the Authority's Club Sports contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>14,000</u>	<u>—</u>
Total incurred claims and claim adjustment expenses	<u>14,000</u>	<u>—</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,000)</u>	<u>—</u>
Total payments	<u>(14,000)</u>	<u>—</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of AORMA Workers' Compensation Claims Liabilities**

The schedule below presents the changes in claims liabilities for the AORMA Workers' Compensation contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 8,995,000	9,070,000
Incurring claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	2,714,000	3,321,000
Decrease in provision for reinsured events of current fiscal year	(2,431,000)	(1,342,000)
(Decrease) increase in provision for insured events of prior fiscal years	<u>(1,553,000)</u>	45,000
Total incurred claims and claim adjustment expenses	<u>(1,270,000)</u>	<u>2,024,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(238,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	448,000	94,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,229,000)</u>	<u>(1,955,000)</u>
Total payments	<u>(1,781,000)</u>	<u>(2,099,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>5,944,000</u>	<u>8,995,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of AORMA General Liability Claims Liabilities**

The schedule below presents the changes in claims liabilities for the AORMA General Liability contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,245,000	3,128,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	1,181,000	1,124,000
(Decrease) increase in provision for insured events of prior fiscal years	<u>(4,125,000)</u>	<u>2,109,000</u>
Total incurred claims and claim adjustment expenses	<u>(2,944,000)</u>	<u>3,233,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(134,000)	(109,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,326,000</u>	<u>(4,007,000)</u>
Total excess recoveries (payments)	<u>2,192,000</u>	<u>(4,116,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>1,493,000</u>	<u>2,245,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of AORMA Property Claims Liabilities**

The schedule below presents the changes in claims liabilities for the AORMA Property contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>238,000</u>	<u>252,000</u>
Total incurred claims and claim adjustment expenses	<u>238,000</u>	<u>252,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(238,000)</u>	<u>(252,000)</u>
Total payments	<u>(238,000)</u>	<u>(252,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Supplementary Information

**Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities**

The schedule below presents the changes in claims liabilities for the AORMA UIP contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>917,000</u>	<u>1,104,000</u>
Total incurred claims and claim adjustment expenses	<u>917,000</u>	<u>1,104,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(917,000)</u>	<u>(1,104,000)</u>
Total payments	<u>(917,000)</u>	<u>(1,104,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Schedule of Net Position

June 30, 2016

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 88,083
Short-term investments	35,579,452
Accounts receivable, net	2,705,134
Notes receivable, current portion	1,048,465
Prepaid expenses and other assets	4,152,405
Total current assets	<u>43,573,539</u>

Noncurrent assets:

Notes receivable, net of current portion	3,568,903
Other long-term investments	134,144,151
Total noncurrent assets	<u>137,713,054</u>
Total assets	<u>181,286,593</u>

Liabilities:

Current liabilities:

Accounts payable	6,684,040
Unearned revenue	39,245
Claims liability for losses and LAE – current portion	23,045,838
Total current liabilities	<u>29,769,123</u>

Noncurrent liabilities:

Claims liability for losses and LAE, net of current portion	55,880,623
Other liabilities	8,181,789
Total noncurrent liabilities	<u>64,062,412</u>
Total liabilities	<u>93,831,535</u>

Net position:

Unrestricted	<u>87,455,058</u>
Total net position	<u>\$ 87,455,058</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2016

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Other operating revenues	\$ 93,476,839
Total operating revenues	<u>93,476,839</u>
Expenses:	
Operating expenses:	
Instruction	10,905,258
Research	136,058
Public service	156,851
Academic support	2,561,568
Student services	2,570,721
Institutional support	48,587,712
Operation and maintenance of plant	1,564,354
Auxiliary enterprise expenses	<u>562,932</u>
Total operating expenses	<u>67,045,454</u>
Operating income	<u>26,431,385</u>
Nonoperating revenues (expenses):	
Investment income, net	4,634,508
Other nonoperating expenses	<u>(9,671,883)</u>
Net nonoperating expenses	<u>(5,037,375)</u>
Increase in net position	<u>21,394,010</u>
Net position:	
Net position, beginning of year	<u>66,061,048</u>
Net position, end of year	<u>\$ 87,455,058</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

Other Information

June 30, 2016

(for inclusion in the California State University)

	<u>Current unrestricted</u>	<u>Total current</u>	<u>Noncurrent unrestricted</u>	<u>Total noncurrent</u>	<u>Total</u>
Asset-backed securities	\$ 2,192,563	2,192,563	6,968,118	6,968,118	9,160,681
Certificates of deposit	2,710,040	2,710,040	—	—	2,710,040
Commercial paper	100,515	100,515	—	—	100,515
Corporate bonds	10,666,135	10,666,135	22,329,124	22,329,124	32,995,259
International bonds	—	—	1,291,729	1,291,729	1,291,729
Money market funds	165,451	165,451	128,745	128,745	294,196
Mortgage-backed securities	7,134	7,134	10,845,846	10,845,846	10,852,980
Municipal bonds	361,274	361,274	1,434,405	1,434,405	1,795,679
Repurchase agreements	204,617	204,617	—	—	204,617
U.S. agency securities	11,345,942	11,345,942	7,060,994	7,060,994	18,406,936
U.S. Treasury securities	7,825,781	7,825,781	84,085,190	84,085,190	91,910,971
Total investments	\$ 35,579,452	35,579,452	134,144,151	134,144,151	169,723,603

Fair value hierarchy in investments at June 30, 2016:

	Fair value measurements using				Net asset value (NAV)
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Asset-backed securities	\$ 9,160,681	—	9,160,681	—	—
Certificates of deposit	2,710,040	—	2,710,040	—	—
Commercial paper	100,515	—	100,515	—	—
Corporate bonds	32,995,259	—	32,995,259	—	—
International bonds	1,291,729	—	1,291,729	—	—
Money market funds	294,196	294,196	—	—	—
Mortgage-backed securities	10,852,980	1,861,503	8,991,477	—	—
Municipal bonds	1,795,679	—	1,795,679	—	—
Repurchase agreements	204,617	—	204,617	—	—
U.S. Agency securities	18,406,936	—	18,406,936	—	—
U.S. Treasury securities	91,910,971	91,910,971	—	—	—
Total investments	\$ 169,723,603	94,066,670	75,656,933	—	—

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**  
Claims Development Information

(In thousands)  
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net earned required Contribution and investment revenues:</b>										
<b>Earned</b>	\$ 101,489	92,065	85,769	90,247	96,364	104,726	91,560	93,935	96,997	104,997
<b>Ceded</b>	—	—	18,469	19,024	18,879	16,149	3,005	11,626	6,872	6,886
<b>Net earned</b>	\$ 101,489	92,065	67,300	71,223	77,485	88,577	88,555	82,309	90,125	98,111
<b>Unallocated expenses</b>	\$ 31,358	49,872	43,306	52,578	39,257	48,776	41,755	30,116	44,878	60,194
<b>Estimated incurred claims and expenses, end of policy year:</b>										
<b>Incurred</b>	\$ 41,023	41,474	28,604	57,959	63,416	57,994	59,095	59,313	60,386	56,800
<b>Ceded</b>	—	—	17,996	17,118	19,834	19,575	—	—	14,327	24,959
<b>Total</b>	\$ 41,023	41,474	10,608	40,841	43,582	38,419	59,095	59,313	45,859	31,841
<b>Paid (cumulative) as of:</b>										
<b>End of policy year</b>	\$ 12,032	12,301	12,022	19,615	18,972	20,541	11,400	13,019	14,300	9,658
<b>One year later</b>	20,627	19,767	14,801	22,697	20,457	22,295	28,965	27,249	24,260	—
<b>Two years later</b>	28,585	25,324	20,511	23,082	23,664	23,853	33,942	32,559	—	—
<b>Three years later</b>	34,565	28,175	19,458	24,865	28,735	25,063	38,432	—	—	—
<b>Four years later</b>	36,060	26,667	20,063	25,543	29,004	25,282	—	—	—	—
<b>Five years later</b>	34,064	28,062	20,385	29,061	29,461	—	—	—	—	—
<b>Six years later</b>	35,201	29,240	20,624	29,370	—	—	—	—	—	—
<b>Seven years later</b>	35,983	30,032	20,762	—	—	—	—	—	—	—
<b>Eight years later</b>	36,373	—	—	—	—	—	—	—	—	—
<b>Nine years later</b>	36,827	—	—	—	—	—	—	—	—	—
<b>Total</b>	\$ —	—	18,767	17,996	22,643	21,685	—	—	14,327	24,959
<b>Reestimated ceded claims and expenses</b>										
<b>Reestimated incurred claims and expenses:</b>										
<b>End of policy year</b>	\$ 41,023	41,474	10,608	40,841	43,582	38,419	59,095	59,313	45,859	31,841
<b>One year later</b>	40,392	38,704	23,692	34,160	30,986	27,064	50,697	48,463	36,014	—
<b>Two years later</b>	41,336	38,858	24,655	29,484	28,962	27,864	50,636	49,235	—	—
<b>Three years later</b>	42,254	38,264	20,456	28,725	30,268	26,082	31,868	—	—	—
<b>Four years later</b>	42,727	33,533	20,742	28,024	30,168	25,906	—	—	—	—
<b>Five years later</b>	38,318	33,778	20,858	28,024	30,201	—	—	—	—	—
<b>Six years later</b>	38,438	34,125	21,110	32,360	—	—	—	—	—	—
<b>Seven years later</b>	38,643	35,327	—	—	—	—	—	—	—	—
<b>Eight years later</b>	38,873	42,337	—	—	—	—	—	—	—	—
<b>Nine years later</b>	30,074	—	—	—	—	—	—	—	—	—
<b>Total</b>	\$ (10,949)	863	10,546	(8,481)	(13,381)	(12,513)	(27,227)	(10,078)	(9,845)	—
<b>Increase (decrease) in estimated incurred claims and expenses from end of policy year</b>										

See accompanying independent auditors' report.



**CSURMA AORMA**

**POLICY AND PROCEDURE NO. A-5**

**SUBJECT:** CALENDAR OF REPORTS, AUDITS, FILINGS AND REVIEWS

**ADOPTED:** OCTOBER 29, 2009

**EFFECTIVE:** OCTOBER 29, 2009

**AMENDED:** SEPTEMBER 12, 2013  
NOVEMBER 6, 2013  
MARCH 20, 2014  
OCTOBER 23, 2014  
MAY 5, 2016

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

**PURPOSE:**

This policy and procedure outlines the various audits, reports and filings compiled by CSURMA AORMA on an annual basis.

**POLICY:**

It shall be the policy of the CSURMA AORMA to take the following action on an annual or semi-annual basis:

**Reports and Audits:**

1. Actuarial Study. Annually, the Program Director will engage CSURMA’s accredited independent actuary to perform an actuarial analysis of both the Workers' Compensation and Liability Programs. The analysis shall include (1) Projected Ultimate Losses for the upcoming fiscal year(s) and (2) the Estimated Outstanding Losses (including IBNR) at various confidence levels.
2. Third-Party Claims Administration Audits for both the Liability and Workers’ Compensation Program. These audits will be performed by an independent outside auditor in accordance with CSURMA Policy and Procedure #5. The AORMA Liability Program shall be audited in every odd numbered calendar year. The AORMA Workers’ Compensation Program shall be audited in every even number calendar year. Upon the recommendation of the Program Administrator, the AORMA COMMITTEE may adjust the audit schedule described above based on AORMA’s business needs such as a planned Request-for-Proposal process, or a need to monitor a vendor’s service performance more frequently.
3. Financial Audit. This audit will be performed annually by an independent outside auditor.

**State of California Regulatory Required Filings:** Form 700 - Statement of Economic Interests. All AORMA Committee members will annually file with the FPPC the Form 700 - Statement of Economic Interests by April 1. All AORMA Committee members will also file with the FPPC the Form 700 upon becoming or retiring as a Committee designated or alternate member.

**Policy and Procedure Review Schedule:** In the absence of other reasons to review a policy and procedure more frequently, all policies and procedures will be reviewed at least every two years.

#### **Member Allocation Formula Review**

1. The Member Allocation Formula for each AORMA program with a pooled layer will be reviewed by the AORMA Programs Committee at least every three (3) years in order to verify that the allocation formulas are still fair and equitable. The AORMA Programs Committee will provide to the AORMA Committee a thorough report of its review, findings and recommendations.
2. The AORMA Committee will approve any and all revisions to the member allocation formulas before being utilized.

#### **Property Appraisals**

1. Every five (5) years, the Program Administrator will engage a qualified property appraisal firm to appraise all buildings owned by MEMBERS and insured within the AORMA Property Program with total insurable values of \$1,000,000 or greater.
2. Every ten (10) years, the Program Administrator will engage a qualified property appraisal firm to appraise all buildings owned by MEMBERS and insured within the AORMA Property Program regardless of the value.

**DEFINITIONS:**

**AORMA** – Auxiliary Organizations Risk Management Alliance is the group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**AORMA COMMITTEE** – The governing body of AORMA.

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.



## CSURMA AORMA

## POLICY AND PROCEDURE NO. A-6

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<b>SUBJECT:</b>	<b>RISK REDUCTION INNOVATION MATCHING GRANT INCENTIVE PROGRAM</b>
<b>ADOPTED:</b>	<b>MAY 9, 2013</b>
<b>EFFECTIVE:</b>	<b>JULY 1, 2013</b>
<b>AMENDED:</b>	<b>SEPTEMBER 12, 2013 MARCH 20, 2014 DECEMBER 4, 2014 MAY 5, 2016</b>

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### **PURPOSE:**

The Risk Reduction Innovation Matching Grant Program (PROGRAM) makes funds available to AORMA Members (MEMBERs). It funds original and inventive training programs, the purchase of cutting edge safety equipment, innovative modernization of the MEMBER's premises or any other unique or creative safety related project that may lead to a documentable reduction in claims costs. The purpose of this type of *matching grant program* is to encourage MEMBERs to enhance existing risk reduction efforts and to inspire ingenious safety ideas that the other MEMBERs may employ.

### **POLICY:**

1. Annually, the following activities will be completed
  - a. The Programs Committee (PC) will propose to the AORMA Committee a budget amount for the PROGRAM.
  - b. The PC will approve the maximum grant amount.
  - c. The PC along with the Program Administrator will review the grant applications, and if found to be appropriate and consistent with the purpose of the PROGRAM may be approved by the PC.
2. To access funds under the PROGRAM, the MEMBER, must complete the grant application which is located on the CSURMA website and will include the following information;
  - a. A description of the proposed risk reduction project
  - b. The anticipated timeline for completion of the risk reduction project.
  - c. An estimate of the total costs for the proposed risk reduction project.
3. The MEMBER will be expected to complete the proposed risk reduction project within the timeline provided within the grant application. Upon review, the PC may rescind the grant if

the MEMBER has not started, or completed, the risk reduction project within the timeframe proposed.

4. Fifty percent (50%) of the MEMBER's risk reduction project costs (up to the maximum grant amount approved for that MEMBER) will be reimbursed under the PROGRAM. The MEMBER will submit to the PC the final paid receipt to be used to calculate the PROGRAM reimbursement amount.
5. After the grant funds are utilized, the MEMBER will provide a brief report providing information that will assist the PC in monitoring this PROGRAM's effectiveness and the merits of future PROGRAM funds.



## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. A-7**

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**SUBJECT:** CSURMA AORMA TRAVEL REIMBURSEMENT  
POLICY

**ADOPTED:** MARCH 21, 2013

**AMENDED:** MARCH 19, 2015

MARCH 9, 2017

**EFFECTIVE:** MARCH 21, 2013

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### **PURPOSE:**

CSURMA AORMA members benefit from the work of their elected and appointed representatives who give their time to participate in the governance and development of CSURMA programs. Committee Member in person attendance at the AORMA Committee, standing committee meetings and task group meetings is preferred. This Policy and Procedure is intended to formalize the prior existing practices of CSURMA.

### **POLICY:**

It is the policy of the CSURMA AORMA Committee that reasonable and actual expenses incurred by AUTHORIZED TRAVELERS for COVERED PURPOSES related to operation of CSURMA's programs shall be reimbursed. The method of approving travel, and reporting and calculating the reimbursable amount shall be in accordance with the travel reimbursement policy of the California State University or the AUTHORIZED TRAVELER's member auxiliary organization at the time of the travel.

### **PROCEDURE:**

1. Reimbursement requests will be reported on the AUTHORIZED TRAVELER's completed State of California – Travel Expense Claim form or the form utilized by the AUTHORIZED TRAVELER's member auxiliary organization. The claim form should be forwarded to the AUTHORIZED TRAVELER's member auxiliary organization accounting department for reimbursement. The member auxiliary organization's accounting department should then seek reimbursement from CSURMA.
2. The AUTHORIZED TRAVELER's accounting department should send the following documents to CSURMA c/o the Systemwide Office of Risk Management:
  - a) Invoices for all reasonable expenses
  - b) Completed State of California (or AUTHORIZED TRAVELER's member auxiliary organization) – Travel Expense Claim form



- c) Documentation of the purpose of the travel such as a copy of the agenda, presentation, etc. for the COVERED PURPOSE that the AUTHORIZED TRAVELER attended.

**DEFINITIONS:**

**AUTHORIZED TRAVELER** – includes AORMA Committee members and officers, standing committee members and participants in duly established task groups. Other persons traveling on CSURMA AORMA related travel shall be reimbursed pursuant to this Policy and Procedure No. A-7 as agreed under separate agreement in advance of the travel. Independent consultants shall not be considered AUTHORIZED TRAVELERS under this Policy and Procedure No. A-7 and any travel expenses incurred by independent consultants may be reimbursed as provided under separate consulting agreements.

**COVERED EXPENSES** – includes reasonable expenses incurred by the AUTHORIZED TRAVELER as provided under the travel reimbursement policy of the California State University or the AUTHORIZED TRAVELER’s member auxiliary organization travel reimbursement policy requirements.

**COVERED PURPOSES** – covered purposes shall include attendance at meetings of the CSURMA AORMA Committee, standing committees, task group meetings, program presentations, member meetings, and approved professional development trainings. Any other COVERED PURPOSES must be approved for reimbursement by the AORMA Committee. The AORMA Committee Chair or designee is expected to attend the AOA Executive Committee meetings as the representative of the AORMA Committee and therefore reasonable expenses associated with travel to and from as well as participation in the AOA Executive Committee meetings are reimbursable by CSURMA. If there is travel to an event that would otherwise be a COVERED PURPOSE in conjunction with another event the AUTHORIZED TRAVELER would otherwise attend such as the AOA Annual Conference or the CSURMA Fitting the Pieces Together Conference, the AUTHORIZED TRAVELER is eligible for reimbursement of COVERED EXPENSES to attend the COVERED PURPOSE meeting only and there will be no CSURMA reimbursement of the expenses the AUTHORIZED TRAVELER would have normally incurred to attend the AOA Annual Conference or the CSURMA Fitting the Pieces Together Conference.



## **CSURMA AORMA**

## **POLICY AND PROCEDURE NO. A-8**

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**SUBJECT:** CSURMA AORMA CLOSED SESSION POLICY

**ADOPTED:** OCTOBER 23, 2014

**AMENDED:** MAY 5, 2016

**EFFECTIVE:** OCTOBER 23, 2014

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### **POLICY:**

CSURMA AORMA conducts its meetings in compliance with the Bagley-Keene Open Meeting Act. The Act allows CSURMA AORMA to meet in closed session to confer with or receive advice from its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of CSURMA AORMA in the litigation.

From time to time, a MEMBER may be asked to recuse himself/herself from CLOSED SESSION discussions due to a potential conflict of interest.

### **PROCEDURE:**

Prior to entering closed session, upon advice from the CSURMA Legal Counsel, Claims Administrator and/or Program Director, an AORMA COMMITTEE member may be asked to recuse himself/herself from the closed session discussion where a potential conflict of interest may exist.

### **DEFINITIONS:**

**AORMA** – Auxiliary Organizations Risk Management Alliance is the group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

**AORMA COMMITTEE** – The governing body of AORMA.

**MEMBER** – The MEMBER is a signatory to the CSURMA Joint Powers Authority.

**CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

**CALIFORNIA STATE UNIVERSITY  
RISK MANAGEMENT AUTHORITY**

**JOINT EXERCISE OF POWERS AGREEMENT**

**AS AMENDED AND RESTATED**

**EFFECTIVE April 27, 2015**

## TABLE OF CONTENTS

<b>Recitals</b>	1
<b>Terms and Conditions</b>	2
<b>SECTION 1: Definitions</b>	2
<b>SECTION 2: Legal Authority for Agreement</b>	3
<b>SECTION 3: Purposes</b>	3
<b>SECTION 4: Parties to the Agreement</b>	3
<b>SECTION 5: Term of Agreement</b>	3
<b>SECTION 6: Existence of Entity As Separate Public Entity With Sole Responsibility For Its Obligations</b>	4
<b>SECTION 7: Powers of Entity</b>	4
<b>SECTION 8: Board of Directors</b>	5
<b>SECTION 9: Powers of the Board of Directors</b>	5
<b>SECTION 10: Meetings of the Board of Directors</b>	5
<b>SECTION 11: Officers of the Entity</b>	6
<b>SECTION 12: Executive Committee</b>	6
<b>SECTION 13: Committees</b>	7
<b>SECTION 14: Program Director, Staff and Consultants</b>	7
<b>SECTION 15: Insurance Coverage</b>	8
<b>SECTION 16: Accounts and Records</b>	8
<b>SECTION 17: Responsibilities for Funds and Property</b>	8
<b>SECTION 18: Responsibilities of the Entity</b>	9
<b>SECTION 19: Responsibilities of the Members</b>	10

<b>SECTION 20:</b>	<b>Development, Implementation and Funding of Coverage Programs .....</b>	<b>10</b>
<b>SECTION 21:</b>	<b>New Auxiliary Organization Members .....</b>	<b>11</b>
<b>SECTION 22:</b>	<b>Withdrawal of Members .....</b>	<b>11</b>
<b>SECTION 23:</b>	<b>Termination .....</b>	<b>12</b>
<b>SECTION 24:</b>	<b>Effect of Withdrawal or Termination .....</b>	<b>12</b>
<b>SECTION 25:</b>	<b>Disposition of Property and Funds .....</b>	<b>13</b>
<b>SECTION 26:</b>	<b>Provision of Bylaws .....</b>	<b>13</b>
<b>SECTION 27:</b>	<b>Amendment of Agreement.....</b>	<b>13</b>
<b>SECTION 28:</b>	<b>Assumption of Prior Agreements.....</b>	<b>14</b>
<b>SECTION 29:</b>	<b>Agreement Complete.....</b>	<b>14</b>
<b>SECTION 30:</b>	<b>Effective Date of Agreement.....</b>	<b>14</b>
<b>SECTION 31:</b>	<b>Contract with Each Signatory.....</b>	<b>14</b>

**JOINT EXERCISE OF POWERS AGREEMENT  
FOR THE CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT  
AUTHORITY**

THIS AGREEMENT is made and entered by and between the Trustees of the California State University (the “University”) and its auxiliary organizations (the “Auxiliary Organizations”) which become signatories to this instrument (the “Agreement”).

Recitals

- A. WHEREAS the Entity was formed by the Members effective January 1, 1997, and the Members have amended and restated this Agreement on April 24, 1997, May 18, 2000, May 18, 2001, May 15, 2003, October 27, 2005, May 18, 2007, October 28, 2011, and April 27, 2015;
- B. WHEREAS the University is an agency of the State of California;
- C. WHEREAS the Auxiliary Organizations are nonprofit public-benefit organizations formed pursuant to the California Nonprofit Corporation Law at § 5110 *et seq.* and described in California Education Code § 89901, *et seq.*;
- D. WHEREAS the University is permitted to self-insure or purchase Liability insurance pursuant to California Government Code § 11007.4 and purchase Workers’ Compensation insurance pursuant to Labor Code § 3700, *et seq.*, and whereas Auxiliary Organizations are permitted to self-insure, purchase Liability insurance or participate in a pooling arrangement under California Corporations Code § 5005.1, and to self-insure or purchase insurance for Workers’ Compensation liability pursuant to California Labor Code § 3700, *et seq.*;
- E. WHEREAS California Government Code § 6516.9 allows the University and the Auxiliary Organizations to form a Joint Powers Entity (“Entity”) to provide insurance programs and self-insurance programs and to provide related services; and
- F. WHEREAS the University and Auxiliary Organizations which become signatories find that they will benefit by forming such a Joint Powers Entity, and that it is in their best interest and the public interest that this agreement be executed.

NOW, THEREFORE, In consideration of the foregoing Recitals and the mutual promises of the parties as set forth in the following Terms and Conditions, it is mutually agreed by all of the parties to this Agreement as follows:

## Terms and Conditions

### **SECTION 1: Definitions**

The following definitions shall apply to the provisions of this Agreement:

- (a) “Agreement” shall mean this joint exercise of powers agreement.
- (b) “Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University Chancellor’s Office.
- (c) “Board of Directors” or “Board” shall mean the governing body of the Entity.
- (d) “Bylaws” shall mean the adopted Bylaws of the Entity as amended in their latest approved form.
- (e) “Coverage Program” shall mean the Entity’s programs as defined herein.
- (f) “Entity” shall mean the California State University Risk Management Authority created by and existing under this Agreement.
- (g) “Executive Committee” shall mean the Executive Committee of the Entity’s Board of Directors.
- (h) “Member” shall mean a party to this Agreement. For purposes of this Agreement, each University campus and the Chancellor’s Headquarters shall be considered separate Members, but such University campuses and the Chancellor’s Headquarters shall not be considered parties to this Agreement separate from the University.
- (i) “Pooled Coverage Programs” shall consist of Coverages Programs provided directly by the Entity under a Risk Pooling Program pursuant to a memorandum of coverage and/or provided by a purchased insurance program. These may include, but are not limited to, Property, Workers’ Compensation and Liability coverages as may be determined by the Board of Directors.
- (j) “Program Director” shall mean the individual or firm retained by the Board of Directors to administer the Entity.
- (k) “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.
- (l) “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.
- (m) “University” shall mean the Board of Trustees of the California State University.

**SECTION 2: Legal Authority For Agreement**

(a) This Agreement is entered into pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (beginning with § 6500) which authorizes the University and Auxiliary Organizations, such as the Members who are parties to this Agreement, to establish and operate pooled coverage programs and to provide related services.

**SECTION 3: Purposes**

The purposes of this Agreement are to:

- (a) Provide for the effective governance of the Entity;
- (b) Provide for the effective operation of cooperative programs of risk management and loss prevention so as to reduce or eliminate losses and loss exposures, decrease the expenses of claims and claims administration and improve procedures to manage risks commonly experienced by the parties to this Agreement;
- (c) Provide for effective operation of Coverage Programs in the areas of public liability, auto liability, errors and omissions, workers' compensation and property losses, and in such other coverage areas as the Board of Directors deems appropriate; and
- (d) Implement new Coverage Programs and other programs related to the foregoing purposes, which the Entity deems necessary, advisable and beneficial to the parties to this Agreement.

**SECTION 4: Parties to the Agreement**

Parties to this Agreement may only include:

- (a) The California State University; and
- (b) The Auxiliary Organizations as defined herein.

**SECTION 5: Term of Agreement**

Subject to the power to terminate any Member's membership in the Entity, as provided for in this Agreement, this Agreement shall continue indefinitely, and it shall not be terminated so long as the University and one or more Members agree that the Agreement, and the Entity, be continued. Withdrawal by the University will cause dissolution of the Entity.

**SECTION 6: Existence of Entity As Separate Public Entity With Sole Responsibility For Its Obligations**

Pursuant to California Government Code § 6500 *et seq.*, a public entity of the State of California known as the California State University Risk Management Authority has been created and does now exist. The Entity exists separately and apart from the Members. Pursuant to California Government Code § 6508.1 the debts, liabilities and obligations of the Entity shall be solely its own and they shall not constitute debts, liabilities or obligations of its officers, Directors, employees, agents, Board of Directors, Executive Committee, Program Director or of any Member.

**SECTION 7: Powers of Entity**

(a) The Entity shall have all of the powers common to the parties to this Agreement and all additional powers afforded under California law to public entities such as Entity, formed for the purpose of jointly exercising powers common to their members. The Entity is also authorized by this Agreement to do all acts necessary for the exercise of its powers. The Entity's powers include, but are not limited to, the following:

- i. To make and enter into contracts;
- ii. To incur debts, liabilities, and obligations;
- iii. To acquire, hold, lease or dispose of real or personal property, receive contributions and donations of property, funds, contract for services and other forms of assistance from persons, firms, corporations, and government entities;
- iv. To sue and be sued in its own name, and to settle any claim against it;
- v. To hire employees and to retain agents, advisors and consultants;
- vi. To receive and use contributions and advances from Members as provided in California Government Code § 6505.5, including contributions or advances of personnel, equipment or property;
- vii. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code § 6509.5; and
- viii. To carry out all provisions of this Agreement.

(b) Pursuant to California Government Code § 6500 *et seq.* the Entity's powers shall be exercised in the manner and according to Procedures provided in the laws applicable to a California State University, as set forth in Sections 66000 *et seq.* and Sections 89000 *et seq.* of the California Education Code.

**SECTION 8: Board of Directors**

There shall be a Board of Directors to manage the activities and affairs of the Entity. It shall be composed of up to thirty (30) Directors appointed by or as delegated by the University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) Directors elected by the Auxiliary Organizations which become members of the Entity. Directors appointed by the University serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer or his/her delegate, and may be replaced at any time. The Executive Vice Chancellor/Chief Financial Officer or his/her delegate may also appoint alternate representatives who shall serve in the absence of the primary representatives. Should the Executive Vice Chancellor/Chief Financial Officer appoint fewer than 30 Directors, the voting power for unfilled appointments shall be retained by the Executive Vice Chancellor/Chief Financial Officer and may be delegated by the Executive Vice Chancellor/Chief Financial Officer to a duly appointed Director(s). Directors elected by the Auxiliary Organizations shall serve subject to terms and conditions of a policy and procedure duly adopted by the Auxiliary Organizations Risk Management Alliance Committee for election and replacement of same. Each Director of the Entity must be an officer, director or employee of the University or officer, director or compensated management employee of an Auxiliary Organization.

**SECTION 9: Powers of the Board of Directors**

(a) The Board of Directors shall retain overall responsibility for governance of the Entity, including the right to exercise all powers of the Entity not reserved to other persons or bodies of the Entity.

(b) The Board of Directors shall have reserved to itself the following express powers, duties and responsibilities:

- i. Election of certain Entity officers and the members of its Executive Committee.
- ii. Approval of the annual budget of the Entity.
- iii. Approval of amendments to this Agreement and the Bylaws.
- iv. Approval of new Coverage Programs of the Entity.
- v. Amendment or modification of any prior actions or resolution of the Board of Directors.
- vi. The exercise of powers of the Entity, including promulgation of policies, procedures and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

**SECTION 10: Meetings of the Board of Directors**

(a) The Bylaws of the Entity shall make provision for calling and holding meetings of the Board of Directors, which shall include, in any event, at least one regular meeting annually.

(b) Meetings of the Board of Directors shall be conducted in accordance with this Section, the Bylaws and the Bagley-Keene Open Meeting Act (California Government Code § 11120 *et seq.*)

(c) The presence of a majority of the Directors of the Board shall constitute a quorum for the conduct of business of the Board except as otherwise provided by this Agreement, the Bylaws or other applicable provisions of law.

**SECTION 11: Officers of the Entity**

(a) The officers of the Entity shall be a Chair, Vice Chair, Secretary-Auditor and Treasurer whose duties shall be as set forth in this Agreement, the Bylaws, any duly adopted policy and procedure of the Entity, or as prescribed by applicable provisions of law.

(b) The Chair and Vice Chair shall be elected by the Board of Directors from the members of the Board and shall serve two year terms. Neither officer shall serve for more than three complete consecutive terms in his or her respective office. The terms of each office will ordinarily commence on July 1st of each even-numbered calendar year except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held. The terms of each office shall end on June 30th of the succeeding even-numbered calendar year, except that if the election of the officers to serve the next succeeding term has not been conducted, the incumbent officers shall continue to hold their offices until the election has been conducted.

(c) The Secretary-Auditor shall be the person who serves as the University's Systemwide Director of Risk Management at the Chancellor's Office or such other person as the Executive Committee appoints.

(d) The Treasurer shall be appointed by the University Executive Vice Chancellor/Chief Financial Officer and shall be a member of the Board. The Treasurer shall serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer.

(e) The Entity may have such other officers as provided in the Bylaws.

(f) The Chair or Vice Chair shall be removed from office by reason of no longer being a Director or upon removal from the Executive Committee as set forth in the Bylaws. If this occurs, the University Executive Vice Chancellor/Chief Financial Officer may appoint an interim Chair or Vice Chair and the Board may hold an election to fill the vacancy for the remainder of the unexpired term.

**SECTION 12: Executive Committee**

(a) The day-to-day business of the Entity will be conducted, directed and supervised by an Executive Committee consisting of nine members of the Board of Directors.

(b) The Executive Committee shall be composed of the Chair, Vice Chair, Treasurer, four members elected from among the University-appointed Directors and two members elected from among the Auxiliary Organization Directors. Executive Committee elections and terms of office shall follow the same procedure as set forth in Section 11 above, with University-appointed Directors electing their four representatives and Auxiliary Organization Directors electing their two representatives. Of the four members elected from University appointed Directors, two terms of office shall end on June 30 in odd-numbered years, and two terms of office shall end on June 30 in even-numbered years. At the end of their term limits, the Chair and Vice Chair may run for election to become non-officer members of the Executive Committee. Term limitations shall not apply to the Executive Committee members elected by the University (other than the Chair and Vice Chair). The terms of office for the Auxiliary Organization representatives to the Executive Committee shall be determined by the policies and procedures adopted by the Auxiliary Risk Management Alliance Organization Committee, which may include term limits.

(c) The Executive Committee shall have all powers of the Board of Directors except those powers reserved solely to the Board under Section 9 above, or such powers as the Board may subsequently reserve solely to itself.

**SECTION 13: Committees**

The Entity shall have standing and other committees as may be provided for in the Bylaws or which are created by the Board of Directors, the Executive Committee or the Chair. Committees of the Entity shall have powers, duties and responsibilities as provided in the Bylaws or as delegated and directed by the appointing authority.

**SECTION 14: Program Director, Staff and Consultants**

(a) The Board of Directors shall appoint a Program Director who shall be responsible for the general administration of the business and activities of the Entity as directed by the Executive Committee.

(b) The California State University Office of General Counsel shall serve as general legal counsel to the Entity.

(c) Subject to the direction of the Board of Directors, the Executive Committee shall provide for the appointment of such staff or consultants of the Entity as may be necessary for the administration of the Entity.

(d) As determined by the Executive Committee, staff functions including those of Program Director may be performed by employees of the Entity, by officers, Directors and employees of Members or by agents, advisors and consultants retained under contract by the Entity.

(e) The Program Director and other staff of the Entity shall have such powers, duties and obligations as are established by this Agreement, the Bylaws, the policies, procedures and rules promulgated by the Entity and any contractual arrangements which may exist between the Entity and the respective person.

(f) The Program Director and Legal Counsel shall serve at the will and pleasure of the Board of Directors and all other staff shall serve at the will and pleasure of the Executive Committee.

#### **SECTION 15: Insurance Coverage**

The Entity may maintain insurance coverage on its activities as determined by the Executive Committee to be necessary and adequate.

#### **SECTION 16: Accounts and Records**

(a) Annual Budget. The Entity shall adopt an annual budget, which shall include a separate budget for each separate Coverage Program under development or adopted and implemented by the Entity. The Executive Committee shall cause to be prepared, shall review and approve and shall recommend a proposed annual budget to the Board of Directors for its consideration.

(b) Funds and Accounts. As directed by the Executive Committee, the Treasurer of the Entity shall establish and maintain such funds and accounts as may be required by law and good accounting practices. Fund accounting shall be established and maintained for each insurance program under development or adopted and implemented by the Entity. Books and records of the Entity in the hands of the Treasurer shall be open to inspection at all reasonable times by authorized representatives of Members. A quarterly unaudited financial statement will be produced. The Entity shall adhere to the standard of strict accountability for funds set forth in Government Code § 6505.

(c) Treasurer's Report. The Treasurer, within ninety (90) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member.

(d) Annual Financial Audit. Pursuant to Government Code § 6505, the Entity shall contract with an independent certified public accountant to make an annual fiscal year audit of all accounts and financial statements of the Entity, or shall have the accounts and records audited by the State Controller's Office, and shall comply with all reporting and filing requirements relating to such audits.

**SECTION 17: Responsibilities for Funds and Property**

(a) The Treasurer shall have custody of and shall disburse the Entity's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Executive Committee to perform that function, subject to the requirements of (b) below.

(b) Pursuant to Government Code § 6505.5, the Treasurer shall:

i. Receive and acknowledge receipt of all funds of the Entity and place them in the treasury of the Treasurer to the credit of the Entity.

ii. Be responsible upon his or her official bond for the safekeeping and disbursement of all Entity funds so held by him or her.

iii. Pay any sums due from the Entity, as approved for payment by the Board or Executive Committee or by any body or person to whom the Board has delegated approval authority, making such payments from Entity funds upon warrants drawn by the Treasurer. All warrants of the Entity shall be signed by two persons as designated by the Board; provided, however, that the Board may, by resolution, authorize imprest accounts for expenditures of funds in limited amounts for which only one authorized signatory shall be required on the instrument.

iv. Verify and report in writing to the Entity and to Members, as of the first day of each quarter of the fiscal year, the amount of money then held for the Entity, the amount of receipts since the last report, and the amount paid out since the last report.

(c) Pursuant to Government Code § 6505.1, the Program Director, the Treasurer and such other persons as the Executive Committee may designate shall have charge of, handle and have access to the property of the Entity.

(d) The Entity shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in form specified by the Executive Committee, covering the Treasurer and all other officers and staff of the Entity who are authorized to hold or disburse funds of the Entity, and all other officers and staff who are authorized to have charge of, handle, and have access to property of the Entity.

**SECTION 18: Responsibilities of the Entity**

The Entity shall perform the following functions in discharging its responsibilities under this Agreement:

(a) Assist each Member's designated risk manager with the risk management function;

(b) Provide loss prevention and safety services to the Members;

- (c) Provide claims adjusting and claims management services as required;
- (d) Provide statistical reports to the Members;
- (e) Recommend standard contract clauses relating to indemnity, hold harmless, insurance and other similar matters affecting Members; and
- (f) Create Coverage Programs as the Board deems appropriate;
- (g) Provide other services consistent with purposes of the Entity as may be deemed necessary, advisable and beneficial to the Members.

**SECTION 19: Responsibilities of the Members**

- (a) Each Member shall appoint one employee or other representative as the Member's designated Risk Manager to be responsible for the Member's risk management activities and to serve as liaison between Member Agency and the Entity as respects risk management.
- (b) Each Member shall maintain an active safety program through a designated safety officer and/or safety committee.
- (c) Each Member shall timely pay all premiums, fees, charges and assessments imposed or levied by the Entity.
- (d) Each Member shall provide the Entity with requested information and assistance in order to fulfill the programs under this Agreement.
- (e) Each Member shall in all ways cooperate with and assist the Entity in all matters relating to this Agreement and comply with the Bylaws and the policies, procedures and rules promulgated by the Entity.
- (f) Each Member shall cooperate fully with the Entity in determining the causes of losses and in the settlement of losses; and shall cooperate with and assist the Entity, and any insurer, claims adjuster or legal counsel retained by the Entity in all matters relating to this agreement, including the defense of claims and/or adjustment of losses.

**SECTION 20: Development, Implementation and Funding of Coverage Programs**

- (a) Program Coverage. The Entity may develop and implement Coverage Programs which the Entity deems necessary, advisable and beneficial to Members. Subject to any Coverage Program's applicable underwriting rules and other qualifying conditions, each Member shall be eligible to apply for membership and participation in any program conducted by the Entity. The Board may condition participation on approval by a majority vote of other participating Members.

(b) Program and Entity Funding. The Members developing or participating in a Coverage Program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the Entity, hereinafter called Entity general expenses, shall be equitably allocated among the various programs and shall be funded by the Members developing or participating in such programs in accordance with such allocations, as determined by the Board of Directors or Executive Committee.

i. Development Charge. Development costs of a Coverage Program shall be funded by a development charge as fixed by the Executive Committee. The development charge shall be paid by each Member which wishes to join in development of the program, after receipt of information as estimated on the cost and scope of the program, and thereby reserve the option to participate in the program following its adoption by the Board of Directors. Development costs are those costs incurred by the Entity in developing a program for review and adoption by the Board of Directors, including but not limited to: research, feasibility studies, information and liaison work among Members, preparation and review of documents, and actuarial and risk management consulting services. The development charge may also include an equitable share of Entity general expense incurred in the development function. Upon the conclusion of program development: any deficiency in development funds shall be billed to all Members which have paid the development charge, on a pro-rata or other equitable basis, as determined by the Executive Committee; and any surplus in such funds shall be refunded to contributing Members on a pro rata basis.

ii. Annual Premium. Except as provided in iii. below, all post-development costs of a Coverage Program shall be funded by annual premiums charged to the Members participating in the program each policy year, and by interest earnings on the fund so accumulated. Premiums shall be determined by the Executive Committee upon the basis of a cost allocation plan and rating formula developed by the Entity with the assistance of an actuary, risk management consultant or other qualified person. The premium for each participating Member shall include that Member's share of expected program losses, program reinsurance costs, and program administrative costs for the year plus that Member's share of Entity general expense allocated to the program. Annual premiums shall be billed by the Entity at the beginning of each policy year and shall be payable within thirty (30) days of the billing date. At the end of each policy year, program costs shall be audited by the Entity. Any deficiency or surplus in the premium paid by a participating Member, as shown by such audit, shall be adjusted by a corresponding increase or decrease in the premium charge to that Member for the next succeeding year, unless the Member withdraws or is canceled from the program.

iii. Assessment. If the Entity experiences unusually large losses under a Risk Pooling Program during a policy year, such that pooled funds for the program may be exhausted or depleted excessively before the next annual premiums are due, the Board of Directors may, upon consultation with an actuary, impose assessments on all Members participating in that program, which, in total amount, will assure adequate funds to the Entity for the payment of all incurred losses. The Board, Executive Committee or other authorized committee may adopt a plan of assessment when the assets of Entity, or of a Coverage Program of the Entity, are less than its liabilities.

**SECTION 21: New Auxiliary Organization Members**

An Auxiliary Organization which is not a Member may become a party to this Agreement only upon approval of the Executive Committee and by paying an appropriate entry fee or charge as established by the Executive Committee. The Executive Committee may condition its approval upon the proposed Auxiliary Organization Member's ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any Coverage Program in which the proposed Auxiliary Organization Member wishes to participate.

**SECTION 22: Withdrawal of Members**

(a) An Auxiliary Organization may withdraw as a party to this Agreement upon thirty (30) days' advance written notice to the Entity if it has never become a participant in any Coverage Program, or if it has withdrawn from all Coverage Programs in which it was a participant, pursuant to (b) below.

(b) After becoming a participant in a Coverage Program, an Auxiliary Organization may withdraw from that program only at the end of a policy year for the program, and, unless the Coverage Program's participation agreement, policies, procedures and rules otherwise provide, only if the Auxiliary Organization has given the Entity at least three (3) months' advance written notice of such action.

(c) The University may withdraw as a party to this Agreement and cause termination of the Agreement pursuant to Section 5 of this Agreement upon ninety (90) days' advance written notice to the Entity.

**SECTION 23: Termination**

(a) Notwithstanding the provisions of Section 22, the Board of Directors may:

i. Terminate any Member from this Agreement and membership in the Entity, on a vote of two-thirds of the Board members present and voting. Such action shall have the effect of terminating the Member's participation in all Coverage Programs of the Entity as of the date that membership is terminated, unless a later effective date is set by the Board.

ii. Terminate any Member's participation in a Coverage Program of the Entity, without terminating the Member's membership in the Entity or participation in other Coverage Programs, on a vote of two-thirds of the Board members present and voting.

(b) Upon the effective date, the Member shall be treated the same as if it had voluntarily withdrawn from this Agreement or from the Coverage Program, as the case may be. A termination procedure will be set forth in the Bylaws of the Entity.

(c) A Member which does not enter one or more of the Coverage Programs of the Entity within 36 months after the Member becomes a party to this Agreement shall be considered to have withdrawn as a party to this Agreement at the expiration of the 36-month period, and its

membership in the Entity shall be automatically canceled as of that time without action of the Board of Directors.

(d) A Member which withdraws from all Coverage Programs of the Entity in which it was a participant and does not enter any Coverage Program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to this Agreement at the end of that period, and its membership in the Entity shall be automatically canceled as of that time, without action of the Board of Directors.

(e) An Auxiliary Organization no longer on the list of recognized Auxiliary Organizations, as maintained by the University Executive Vice Chancellor/Chief Financial Officer may, upon recommendation by the University Executive Vice Chancellor/Chief Financial Officer to the Board, be terminated as provided in paragraphs (a) and (b) of this Section 23.

**SECTION 24: Effect of Withdrawal or Termination**

The withdrawal or termination of any Member from this Agreement shall not terminate the responsibility of the former Member to continue to contribute to its share of assessments or other financial obligations incurred by reason of its previous participation, and shall not terminate the duties to cooperate with and assist the Entity as set forth in Section 19(f) above. The withdrawal or termination of any Member from this Agreement shall not result in distribution of or entitle the former Member to any surplus, unencumbered funds, reserves or other assets of the Entity except as provided under the applicable policies and procedures of the Entity or its programs or as provided under Section 25 of this Agreement. The effects of this Section 24 shall apply as respects all assets of the Entity that may have been accrued from its inception.

**SECTION 25: Disposition of Property and Funds**

(a) In the event of the dissolution of the Entity or other final termination of the Agreement, the Board of Directors shall continue to manage the activities and affairs of the Entity as necessary to conclude the operations of the Entity. The Board may maintain in place the Executive Committee and any committees, agents or employees necessary to do so. The dissolution plan adopted by the Board of Directors shall provide for, but not be limited to, the following:

i. Claims outstanding against, and incurred but not reported to, the Entity shall be audited and calculated, by an independent auditor and actuary selected by the Board, for a determination of future liabilities for expenses and costs to bring these claims to a conclusion.

ii. The current fair market value of the Entity's assets shall be determined by an independent appraiser selected by the Board.

(b) If the Board of Directors determines a dividend or return of contributions is to be declared, such dividend or return of contribution shall be computed pursuant to policies and procedures adopted by the Board of Directors. Return of contributions shall be made pro rata

based on total funding contributions made by each Member over the five (5) years immediately before the date of dissolution as defined in the dissolution plan.

(c) The Entity may be dissolved by vote of 2/3rds of the Board of Directors.

(d) In the event of the dissolution of the Entity or other final termination of the Agreement, any surplus money remaining in the pool shall be returned in proportion to the contributions made and the claims or losses paid.

**SECTION 26: Provision for Bylaws**

The Entity shall enact Bylaws and adopt other policies and practices to govern Entity operations. Each Member shall be provided copies of all such materials.

**SECTION 27: Amendment of Agreement**

This Agreement may be amended at any time by a two-thirds vote of the Board of Directors present and voting, provided, however, that:

(a) Any meeting at which an amendment is to be acted upon shall require thirty (30) days' prior notice of the proposal, with the subject matter and specific language of the proposed amendment to be set forth in the notice;

(b) No amendment which the Board of Directors determines will increase the liability or financial obligation of a Member Agency shall be approved without:

i. That Member's consent; or

ii. That Member being given the specific option to withdraw from the Entity; and

(c) The notice provision of this section shall not prohibit the Board from amending any proposed specific language during the noticed meeting, and no further notice shall be required.

**SECTION 28: Assumption of Prior Agreements**

The Entity may assume the rights and duties from prior agreements entered into by the University for the benefit of the University's former self-insurance programs by ratification of the Board of Directors.

**SECTION 29: Agreement Complete**

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in this instrument.

**SECTION 30: Effective Date of Agreement**

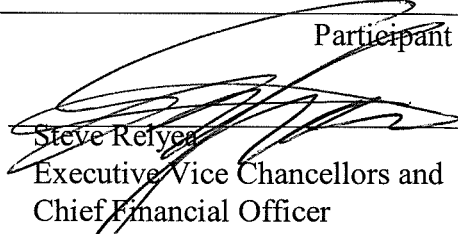
The effective date of this Agreement shall be the date that the Board of Directors of the Entity duly and regularly adopts a resolution approving the form of this Agreement in the manner provided by Section 26 of this Agreement.

**SECTION 31: Contract with Each Signatory** Each party to this Agreement shall be deemed and is a contracting party with each and all of the other parties to this Agreement without regard to the time that a party became a party to the Agreement. The deletion of one or more parties from this Agreement shall not affect the validity, term or continuing effectiveness of this Agreement.

\*\*\*\*\*

IN WITNESS WHEREOF, each of the parties hereto, by and through their respective duly authorized representatives, has executed this Agreement on the date so indicated.

California State University

Date: 4/27/15 By:  Participant Name  
Steve Relyea  
Executive Vice Chancellors and  
and By: Chief Financial Officer

# **CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**

## **BYLAWS**

**AS AMENDED AND RESTATED**

**EFFECTIVE April 27, 2015**

**Bylaws  
Table of Contents**

	<u>Page</u>
<b>Preamble</b> .....	1
<b>Article I - The Authority</b> .....	1
<b>Section 1.1</b> <b>Name of Entity</b>	
<b>Section 1.2</b> <b>Office of Entity</b>	
<b>Section 1.3</b> <b>Fiscal Year</b>	
<b>Article II - Definitions</b> .....	1
<b>Article III - Board of Directors</b> .....	2
<b>Section 3.1</b> <b>Membership</b>	
<b>Section 3.2</b> <b>Powers</b>	
<b>Section 3.3</b> <b>Meetings</b>	
<b>Article IV - Executive Committee</b> .....	4
<b>Section 4.1</b> <b>Membership</b>	
<b>Section 4.2</b> <b>Term</b>	
<b>Section 4.3</b> <b>Powers, Duties &amp; Responsibilities</b>	
<b>Section 4.4</b> <b>Meetings</b>	
<b>Article V - Officers</b> .....	6
<b>Section 5.1</b> <b>Principal Officers</b>	
<b>Section 5.2</b> <b>Other Officers</b>	
<b>Section 5.3</b> <b>Powers</b>	
<b>Article VI - Other Standing Committees</b> .....	7
<b>Section 6.1</b> <b>Establishment of Committees</b>	
<b>Section 6.2</b> <b>Auxiliary Organizations' Committee</b>	
<b>Section 6.3</b> <b>Meetings of Standing Committees</b>	

<b>Article VII - Program Director .....</b>	<b>11</b>
<b>Section 7.1 Appointment</b>	
<b>Section 7.2 Powers</b>	
<b>Article VIII - Reimbursement for Travel Expenses .....</b>	<b>11</b>
<b>Article IX - Termination of a Member Membership .....</b>	<b>11</b>
<b>Section 9.1 Initiation</b>	
<b>Section 9.2 Notice and Hearing by Board</b>	
<b>Section 9.3 Recommendation of Board</b>	
<b>Article X - Amendment.....</b>	<b>12</b>
<b>Article XI - Coverage Documents.....</b>	<b>12</b>
<b>Article XII - Records Retention.....</b>	<b>12</b>
<b>Article XIII - Liability and Indemnification .....</b>	<b>12</b>
<b>Section 13.1 Indemnification of Director, Officers and Employees</b>	
<b>Section 13.2 Insurance</b>	
<b>Section 13.3 Indemnification by Members</b>	

**BYLAWS  
of the  
CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**

PREAMBLE

These Bylaws are adopted, amended and restated effective October 28, 2011 pursuant to the “Joint Exercise of Powers Agreement” of the California State University Risk Management Authority (the “Agreement”).

ARTICLE I - THE AUTHORITY

SECTION 1.1. Name of Entity. The name of the Entity created by the Agreement shall be the California State University Risk Management Authority (the “Entity”).

SECTION 1.2. Office of Entity. The principal office of the Entity shall be c/o CSU –Office of Risk Management, 401 Golden Shore Ave., Long Beach, CA, 90802, or at such other location as the Board of Directors may designate by resolution.

SECTION 1.3. Fiscal Year. The fiscal year for the Entity shall commence July 1 of each calendar year and end June 30 of the following calendar year.

ARTICLE II - DEFINITIONS

The following definitions shall apply to the provisions of these Bylaws:

(a) “Agreement” shall mean the joint exercise of powers agreement creating the Entity.

(b) “Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University’s Chancellor’s Office.

© “Auxiliary Organization Risk Management Alliance” or “AORMA” shall mean those Coverage Programs and associated services which are directed primarily at serving the Auxiliary Organization Members.

(d) “Board of Directors” or “Board” shall mean the principal governing body of the Entity.

(e) “Bylaws” shall mean the adopted Bylaws of the Entity as amended in their latest approved form.

(f) “Coverage Program” shall mean the Entity’s programs as defined herein.

(g) “Entity” shall mean the California State University Risk Management Authority created by and existing under the Agreement.

(h) “Executive Committee” shall mean the Executive Committee of the Entity’s Board of Directors.

(i) “Member” shall mean a party to the Agreement. For purposes of the Agreement, each University campus and the Chancellor’s Headquarters shall be considered separate Members, but such University campuses and the Chancellor’s Headquarters shall not be considered parties to the Agreement separate from the University.

(j) “Pooled Coverage Programs” shall consist of Coverages Programs provided directly by the Entity under a Risk Pooling Program pursuant to a Memorandum of Coverage and/or provided by a purchased Coverage Program. These may include, but are not limited to, Property, Workers’ Compensation, Liability, and Athletic Injury coverages as may be determined by the Board of Directors.

(k) “Program Director” shall mean the individual or firm retained by the Board of Directors to administer the Entity.

(l) “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.

(m) “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.

(n) “University” shall mean the Board of Trustees of the California State University.

### ARTICLE III - BOARD OF DIRECTORS

SECTION 3.1. Membership. The Entity shall be governed by a Board of Directors as set forth in the Agreement. It shall be composed of up to thirty (30) Directors appointed by or as delegated by the University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) Directors elected by the Auxiliary Organizations which become members of the Entity. Directors appointed by the University serve at the pleasure of the University Executive Vice Chancellor/Chief Financial Officer or his/her delegate, and may be replaced at any time. Should the Executive Vice Chancellor/Chief Financial Officer appoint fewer than 30 Directors, the voting power for unfilled appointments shall be retained by the Executive Vice Chancellor/Chief Financial Officer and may be delegated by the Executive Vice Chancellor/Chief Financial Officer to a duly appointed Director(s). Directors elected by the Auxiliary Organizations shall serve subject to terms and conditions of a policy and procedure duly adopted by the Auxiliary Organizations Risk Management Alliance Committee for election and replacement of same. Each Director of the Entity must be an officer, director or employee of the University or of an Auxiliary Organization.

All Directors shall comply with the provisions of California law which require certain public officials to file a Statement of Economic Interests, and with any applicable conflict of interest laws.

SECTION 3.2. Powers. The powers of the Board shall be as set forth in Section 9 of the Agreement.

(a) The Board of Directors shall retain overall responsibility for governance of the Entity, including the right to exercise all powers of the Entity not reserved to other persons or bodies of the Entity.

(b) The Board of Directors shall have reserved to itself the following express powers, duties and responsibilities:

i. Election of certain Entity officers and the members of its Executive Committee.

ii. Approval of the annual budget of the Entity.

iii. Approval of amendments to the Agreement and the Bylaws.

iv. Approval of new Coverage Programs of the Entity.

v. Amendment or modification of any prior actions or resolution of the Board of Directors.

vi. The exercise of powers of the Entity, including promulgation of policies, procedures and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

SECTION 3.3. Meetings.

(a) Regular Meetings. A regular meeting of the Board shall be held at least once each year at a time and place to be set by the Board. Except as otherwise provided in Section 27 of the Agreement, the notice of the meeting and agenda for each regular meeting of the Board shall be posted in accordance with the applicable public meeting laws in effect at the time of the meeting.

(b) Special Meetings. Special meetings may be called relating to pending litigation with notice of the meeting and an agenda be provided to each Director at least forty-eight (48) hours in advance of the meeting.

(c) Public Meeting. All meetings of the Board shall be open to the public, except as provided by law, and may include closed sessions where permitted by law. Meetings will be held in compliance with the Bagley-Keene Open Meeting Act, California Government Code §11120, *et seq.*

(d) Quorum. The presence of a majority of the Directors of the Board shall constitute a quorum for the transaction of business. Except as otherwise provided in the Agreement, the Bylaws or by law, no action may be taken by the Board except by affirmative vote of not less than a majority of the votes held by those Directors of the Board present and voting. A smaller number may adjourn a meeting.

(e) Order of Business. At the regular meetings of the Board, the following shall be the order of business:

- i. Roll Call.
- ii. Approval of Minutes of the previous meeting.
- iii. Agenda Items.
- iv. Adjournment

(f) Manner of Voting. Voting shall be by acclamation; however a roll call may be requested by a majority of the Directors present, and the ayes and noes, abstentions, and members absent shall be entered in the minutes of the meeting.

(g) Action by the Board. All resolutions of the Board shall be in writing, signed by the Chair and attested to by the Secretary-Auditor. All other actions of the Board shall be by motion recorded in written minutes.

#### ARTICLE IV - EXECUTIVE COMMITTEE

##### SECTION 4.1. Membership.

(a) The membership of the Executive Committee shall be as set forth in Section 12 of the Agreement.

(b) The members of the Executive Committee shall be appointed or elected as individuals and not merely as representatives of a specific Member.

SECTION 4.2. Term. The Chair and Vice Chair of the Board, and the Treasurer of the Entity shall serve as Executive Committee members during their tenure as such officers. Terms of office are as set forth in Sections 11 and 12 of the Agreement.

#### SECTION 4.3. Powers, Duties and Responsibilities.

(a) The Executive Committee shall conduct, direct and supervise the day-to-day business of the Entity and in doing so shall exercise the powers expressly granted to it by the Agreement, these Bylaws and as otherwise delegated by the Board of Directors.

(b) The following duties and responsibilities shall be assumed and carried out by the Executive Committee, which shall have all powers necessary for those purposes:

i. Provide general supervision and direction to the Program Director.

ii. Authorize payment of claims against the Entity; provided, however, that with respect to claims arising under Coverage Programs operated by the Entity, claim settlement authority shall be in accordance with the policies and procedures governing the particular Coverage Program.

iii. Enter into contracts, within budget limits.

iv. Make payments pursuant to previously authorized contracts, within budget limits; this authority includes the power to authorize and reimburse expenses incurred for budgeted activities, within budget limits.

v. Review and recommend a budget to the Board

vi. Act as Program Director in the absence of the Program Director.

vii. Establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.

viii. Appoint a nominating committee for each election of officers and Members of the Executive Committee.

(c) Subject only to such limitations as are expressly stated in the Agreement, these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the Entity.

#### SECTION 4.4. Meetings.

(a) Regular Meetings. Regular meetings of the Executive Committee shall be held at least twice a year and at other times as the Executive Committee deems appropriate. The time and place of regular meetings shall be set by the Executive Committee, and the Board of Directors shall be notified of the meeting schedule. The notice of the meeting and agenda for each regular meeting of the Executive Committee shall be posted in accordance with the applicable public meeting laws in effect at the time of the meeting.

(b) Special Meetings. Special meetings may be called relating to pending litigation with notice of the meeting and an agenda to be provided to each Director at least forty-eight (48) hours in advance of the meeting.

(c) Public Meetings. All meetings of the Executive Committee shall be open to the public, except as provided by law, and may include closed sessions where permitted by law. Meetings will be held in compliance with the Bagley-Keene Open Meeting Act, California Government Code §11120, *et seq.*

(d) Quorum. Five (5) members of the Executive Committee shall constitute a quorum for the transaction of business. Except as otherwise provided, no action may be taken by the Executive Committee except by affirmative vote of not less than a majority of those Executive Committee members present and voting. A smaller number may adjourn a meeting.

(e) Manner of Voting. Voting shall be by acclamation; however a roll call may be requested by a majority of the Executive Committee members present, and the ayes and noes, abstentions, and members absent shall be entered in the minutes of the meeting.

(f) Action by the Executive Committee. All resolutions of the Executive Committee shall be in writing, signed by the Chair and attested to by the Secretary-Auditor. All other actions of the Executive Committee shall be by motion recorded in written minutes.

(g) Removal From Executive Committee. A member may be removed from the Executive Committee in the following ways:

i. Death of an Executive Committee member.

ii. Voluntary resignation; an Executive Committee member will be considered to have resigned if no longer qualified to be a Director under Section 3.1.

iii. Absence from three (3) consecutive meetings unless excused by the Chair or his or her designee.

iv. Removal of the Chair or Vice Chair from the Executive Committee shall also constitute removal from office.

(h) Replacements. Upon removal of an Executive Committee member, an interim Executive Committee member may be appointed by the Chair, and the Board of Directors may hold an election to fill the vacancy for the remainder of the unexpired term, following the procedures set forth in Section 11 and Section 12 of the Agreement.

## ARTICLE V - OFFICERS

### SECTION 5.1. Principal Officers.

The principal officers of the Entity are the Chair, Vice Chair, Secretary-Auditor and Treasurer, as provide in Section 11 of the Agreement.

### SECTION 5.2. Other Officers.

The Executive Committee may create such other offices and appoint such other officers as it deems necessary and advisable. Officers so appointed shall serve at the pleasure of the Executive Committee and shall exercise such powers, perform such duties and assume such responsibilities as set forth in a resolution duly adopted by the Executive Committee for that purpose.

### SECTION 5.3. Powers.

The Chair, and Vice Chair in the Chair's absence, shall execute and implement directives of the Board of Directors and Executive Committee. They shall have the following duties and responsibilities:

- (a) Direct employees, agents and consultants.
- (b) Negotiate contracts for services on behalf of the Executive Committee that are not specifically delegated to a committee.
- (c) Authorize work assignments under existing contracts that are within the amount budgeted.
- (d) Sign documents on behalf of the Executive Committee and/or the Entity.
- (e) Recommend agenda topics for meetings of the Board of Directors and Executive Committee.
- (f) Coordinate and review progress in attaining the Entity's annual goals and objectives.

## ARTICLE VI - OTHER STANDING COMMITTEES

### SECTION 6.1. Establishment of Committees.

Pursuant to Section 13 of the Agreement, the Entity shall have standing committees as may be appointed from time-to-time by the Board of Directors, Executive Committee or the Chair.

### SECTION 6.2. AORMA Committee.

(a) The “Auxiliary Organizations Risk Management Alliance Committee” or “AORMA Committee” shall be a standing committee of the Entity. The committee shall consist of all Directors elected by Auxiliary Organizations. The term “Officers” shall be used to designate the following seats on the AORMA Committee: Vice-Chair and Chair. The Vice-Chair shall be elected from among the AORMA members and shall assume the seat of the Chair in the following year. Officers shall serve one, one-year term in each Officer seat. If the Chair is unable to complete his/her term, the Vice-Chair shall assume the role of the Chair and shall appoint an interim Vice-Chair from the remaining members of the committee until such time that the committee can meet to elect a new Vice-Chair. If the Vice-Chair is unable to complete his/her term, the Chair shall appoint an interim Vice-Chair from the remaining members of the committee until such time that the committee can meet to elect a new Vice-Chair. An officer completing a partial term shall be eligible to serve a subsequent full term. The AORMA Committee may also appoint alternates in accordance with the Policy & Procedure developed for the committee and adopted by the Board of Directors.

Effective July 1, 2003, the AORMA Committee members may serve a maximum of three consecutive two-year terms with half of the members’ terms expiring in the odd years and the other half expiring in the even years. After accruing AORMA Committee service of three two-year terms on the AORMA Committee or serving in Officer and alternate roles, an AORMA Committee member shall not be eligible to serve on the Committee for one year, after which time the member will be eligible for re-election.

(b) The purpose of the AORMA Committee shall be to advise the Executive Committee and the Board of Directors of all operational aspects of those Coverage Programs in which Auxiliary Organizations participate and to execute and implement the directions of the Executive Committee with regard to matters within the committee’s powers, duties and responsibilities, which shall be as follows:

(c) Underwriting

i. Advise and report to the Executive Committee on matters relating to prospective new Auxiliary Organization Members.

ii. Solicit information necessary to evaluate Auxiliary Organization membership applications.

iii. Determine adequacy of information provided by prospective Auxiliary Organization Members.

(d) Coverage

i. Make recommendations to the Executive Committee regarding those Coverage Programs in which Auxiliary Organizations participate.

ii. Review and advise on memorandum of coverage matters.

iii. Make recommendations to the Executive Committee concerning coverage issues.

SECTION 6.3. Meetings of Standing Committees. Standing committees shall meet on the call of their respective committee chairs. Minutes of committee meetings shall be recorded. Activities of committees shall be reported upon as directed by the Executive Committee. Meetings of committees shall be conducted in accordance with the applicable open meeting law, except that meetings of the AORMA Committee, shall be conducted in accordance with California Education Code § 89920 *et. seq.*

#### ARTICLE VII - PROGRAM DIRECTOR

SECTION 7.1. Appointment. The Board shall appoint a Program Director in accordance with Section 14 of the Agreement.

SECTION 7.2. Powers. In accordance with Section 14 of the Agreement, the Program Director shall administer the business and activities of the Entity. The Program Director shall have such powers, duties and responsibilities as set forth in the Agreement, these Bylaws and as may be provided by agreement between the Program Director and the Entity or as otherwise delegated to the Program Director by the Board of Directors or the Executive Committee.

#### ARTICLE VIII - REIMBURSEMENT FOR TRAVEL EXPENSES

Subject to the provisions of Article III, Section 3.2(b) ii. of these Bylaws, members of the Executive Committee, principal staff designated by the Executive Committee and duly appointed members of standing committees may be reimbursed for all reasonable and necessary travel expenses when required or incurred by those persons in attending meetings of the Executive Committee or a standing committee of the Entity. Reimbursable expenses may include charges for meals, lodging, air fare and costs of travel by automobile at the rate per mile allowed as a business expense by the Internal Revenue Service. If the Board determines that travel expenses shall be reimbursed, the Executive Committee shall adopt a policy and procedure in accordance with this Article VIII. The Treasurer, upon presentation by the Secretary-Auditor, shall be authorized to pay all such expenses deemed reasonable and necessary.

#### Article IX - TERMINATION OF MEMBERSHIP

A Member may be terminated from membership in the Entity or from participation in a program of the Entity, in accordance with Section 23 and Section 24 of the Agreement. The procedures for terminating a Member are as follows:

SECTION 9.1. Initiation. Proceedings for termination of a Member as a participant in a program of the Entity or as a Member of the Entity may be initiated by the Program Director, by

any Officer, Director or standing committee of the Entity or by any Member. The person initiating termination proceedings shall do so by a written report and recommendation to the Board of Directors, setting forth in detail the grounds upon which the recommendation is made.

SECTION 9.2. Notice and Hearing by Board. Upon receipt of the report and recommendation, the Board shall hold a hearing on the matter of the termination, at which hearing the affected Member shall have the right to offer written and oral testimony subject to reasonable time constraints. The Board shall give the Member at least thirty (30) days prior written notice of the hearing, and shall provide the Member with a copy of the report and recommendations required to initiate the termination proceedings.

SECTION 9.3. Action of Board. At the close of the hearing on the matter of termination, the Board shall determine whether or not the Member will be terminated. If the Board decides to terminate the Member's participation, it will set the effective date of termination as well.

## ARTICLE X - AMENDMENT

These Bylaws may be amended from time to time by resolution of the Board of Directors duly adopted upon the majority vote of those members present and voting at a regular or special meeting of the Board; provided, however, that no such amendment shall be adopted unless noticed to the members of the Board of Directors under the open meeting law applicable at the time of the proposed meeting. Such notice shall identify the section or sections of the Bylaws proposed to be amended.

## ARTICLE XI - COVERAGE DOCUMENTS

Each Member participating in a program of the Entity shall be provided with either a Memorandum of Coverage or an insurance policy, as the case may be, which shall describe in detail the nature of the applicable coverage, including dollar amounts, together with any deductibles, exclusions, limitations or other provisions of the coverage.

## ARTICLE XII - RECORDS RETENTION

All records and documents of the Entity shall be retained in accordance with a records retention policy and procedure adopted by the Board of Directors.

## ARTICLE XIII - LIABILITY AND INDEMNIFICATION

SECTION 13.1 - INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES - The Entity shall defend and indemnify its Directors, officers and employees to the same extent as any public agency of the State of California is obliged to defend and indemnify its public employees pursuant to California Government Code § 825 *et seq.* or other applicable provisions of law for actions taken for or on behalf of the Entity.

SECTION 13.2 - INSURANCE - The Entity may insure itself to the extent deemed necessary by the Board of Directors against loss, liability and claims arising out of or connected to the conduct of the Entity's activities.

SECTION 13.3 - INDEMNIFICATION BY MEMBERS- To the extent any Member's intentional or negligent acts or omissions are the cause of an injury for which other Members may be, or are sought to be, held liable pursuant to Government Code § 895 *et seq.*, the Member which is legally responsible for the injury shall, at its own expense, defend, indemnify and hold harmless such other Member or Members from any and all legal consequences of the intentional or negligent acts or omissions. Nothing in this Section shall be deemed to preclude a Member having the duty to defend, indemnify and hold harmless, from resorting to any insurance or other form of coverage for losses available to the Member, including insurance or coverage for losses procured through the Entity.

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY  
(CSURMA)**

**PARTICIPATION AGREEMENT  
FOR THE  
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE**

We, \_\_\_\_\_, signatory to the California State University Risk Management Authority ("CSURMA") Joint Exercise of Powers Agreement, have agreed by action of our Board of Directors on \_\_\_\_\_, to participate in the CSURMA Auxiliary Organizations Risk Management Alliance, hereinafter referred to as "AORMA." As evidenced by the authorized signatures on page 3 of this document, we agree to become a participant in the AORMA and be referred to as a "Program Participant."

It is understood that this Participation Agreement pertains only to AORMA and not to any other program operated by CSURMA.

We understand that provided the following requirements are met, insurance coverage through the AORMA shall begin on \_\_\_\_\_:

- 1) We have paid any applicable participation fees.
- 2) We have executed this AORMA Participation Agreement.
- 3) We are a member of the Joint Powers Authority. This means we:
  - a) have been approved for Joint Powers Authority membership by the Executive Committee;
  - b) have executed the Joint Exercise of Powers Agreement; and,
  - c) have executed a "Resolution to Join" in accordance with the Joint Exercise of Powers Agreement.
- 4) We have received underwriting approval by the Executive Committee.

**MINIMUM TIME OF PARTICIPATION AND NOTICE OF WITHDRAWAL:**

The Program anniversary date is July 1 of each year.

It is understood that CSURMA AORMA requires an initial full program year commitment. Withdrawal from AORMA cannot occur until a full year of participation has occurred, that is, from the coverage inception date until the Program anniversary date following the first full program year in which the Program Participant has participated, and only then if a two-month prior notice is provided.

Our initial commitment to AORMA will expire on \_\_\_\_\_, unless the program anniversary date is modified by CSURMA. After the initial participation commitment has been met withdrawal can occur on the Program anniversary date provided a notice of intent to withdraw is provided to CSURMA at least two months prior to the Program anniversary date.

It is understood that the minimum participation requirement will be waived if the Program Participant moves from AORMA to another of CSURMA's coverage programs.

**RESPONSIBILITIES OF PROGRAM PARTICIPANTS:**

It is understood that as a Program Participant we are obliged to do the following:

- Take such action, including providing AORMA staff with such statistical and loss experience data and other information as is necessary to carry out CSURMA AORMA's Joint Exercise of Powers Agreement, Bylaws and the policies established by the Executive Committee and/or the Board of Directors;
- Pay AORMA any and all premium taxes and fees when due. Withdrawal does not relieve a Program Participant from liability for monies owed; and
- Fully cooperate with AORMA staff and/or representatives in determining the cause of losses and in the investigation, adjudication and settlement of claims.

**RESPONSIBILITY FOR PROGRAM EXPENSES:**

It is also understood that AORMA Participants are responsible for their share of all AORMA expenses. A Program Participant's share of the program costs shall be reflected as accurately as possible within its Program Fee, which is based upon AORMA's budgetary needs and any other expenses deemed necessary by the Board of Directors.

The withdrawal or termination of Program Participant from AORMA shall not terminate the responsibility to continue to contribute to its share of financial obligations incurred by CSURMA by reason of the Program Participant's previous participation.

\* \* \* \* \*

\* \* \* \* \*

We acknowledge and agree that this Participation Agreement shall automatically conform to any amendments made to the CSURMA Joint Exercise of Powers Agreement or Bylaws which affect the conditions of participation in AORMA. Any other amendments to this Participation Agreement shall require a two-thirds vote of the members of the Board of Directors of CSURMA who are elected by the Auxiliary Organization members of CSURMA.

In recognition of the above, this Participation Agreement is executed on \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
Program Participant

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

ATTEST:

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title