



**APPROVED**

**MINUTES OF THE  
CSURMA AORMA COMMITTEE MEETING**

**MARCH 7, 2019**

**ALLIANT INSURANCE SERVICES  
1301 DOVE STREET, 2<sup>ND</sup> FLOOR • NEWPORT BEACH, CA**

**10:00 AM**

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**MEMBERS PRESENT**

Dwayne Brummett, Associated Students, Inc. at San Luis Obispo  
Chuck Kissel, CSU Fullerton Auxiliary Services Corporation  
Starr Lee, The University Corporation at Monterey Bay  
Dave Nakamura, Humboldt State University Center  
Bill Olmsted, University Union Operation of CSU Sacramento  
Cecilia Ortiz, Loker Student Union, CSU Dominguez Hills  
Russ Wittmeier, The CSU, Chico Research Foundation (*via Teleconference*)

**MEMBERS ABSENT**

Trina Knight, University Enterprises, Inc., CSU Sacramento  
Bella Newberg California State University San Marcos Corporation  
Leslie Levinson, San Diego State Research Foundation (*via Teleconference until 11:20 am; non-voting*)

**STAFF, GUESTS AND CONSULTANTS**

Yumi Augustus, Carl Warren and Company  
Zachary Gifford, CSU Office of the Chancellor – Systemwide Risk Management  
Tevea Him, Alliant Insurance Services, Inc.  
Daniel Howell, Alliant Insurance Services, Inc.  
William Hsu, CSU Office of the Chancellor – General Counsel  
Susan Leung, Alliant Insurance Services  
Mimi Long, Alliant Insurance Services, Inc.  
John Owen, Alliant Risk Control Services  
Robin Webb, CSU Office of the Chancellor – General Counsel

**A. CALL TO ORDER**

The meeting was called to order by the Chair, Dwayne Brummett at 10:33 AM. Russ Wittmeier agreed to abstain from voting on all action items.

**A1. Approval of the Agenda**

A motion was made to approve the agenda.

Motion: Bill Olmsted  
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**B. PUBLIC COMMENTS**

There were no comments from members of the public.

William Hsu introduced Robin Webb, CSURMA’s new Co-General Counsel. Daniel Howell introduce Susan Leung, as a new member of the CSURMA team.

**C. CONSENT CALENDAR**

- C1. Approval of Minutes - December 6, 2018**
- C2. FY 2018/2019 CSURMA Midterm Budget Amendments**

A motion was made to approve the items on the consent calendar.

Motion: Dave Nakamura  
Second: Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**D. CLOSED SESSION**

1. O’Shea v. San Diego State Research Foundation
2. Wattenburg v. Chico Research Foundation
3. Bennett v. San Diego Associated Students
4. Katagiri v. San Diego State Research Foundation
5. DeBellis v. Sacramento Associated Students
6. Littles v. Chico Research Foundation
7. Richardson adv. CSU (LA) & UAS Food Services

A motion was made to enter closed session at 10:37 A.M.

Motion: Starr Lee  
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

The Committee came out of closed session at 11:19 AM. The Chair reported that action was taken on Littles v. Chico Research Foundation during closed session.

Motion: Starr Lee  
Second: Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			

Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**E. GENERAL ADMINISTRATION**

**E1. Excess Insurance Renewals and Underwriter Meetings Report**

Daniel Howell provided an overview of the recent meetings with Excess Liability’s underwriters. At this time the Program Administrator anticipates the major programs will renew as shown in Table 1 below.

**Table 1**

Projected Renewal Cost Change Estimates		
Program	AORMA % Change	Campus % Change
Excess Liability	+10%	+10%
Property	+15%	+15%
Worker’s Compensation	Flat to 5% Increase	Flat to 5% Increase
Builder’s Risk	N/A	Flat Rate
Fine Arts	N/A	+10%
SPLIP & SAFECLIP	Flat Rate or Decrease	Flat Rate or Decrease
FTIP	Flat Rate or Decrease	Flat Rate or Decrease
Aviation	Flat Rate or Decrease	Flat Rate or Decrease
Medical Malpractice	N/A	Flat Rate to 10% Increase
Fidelity	-5%	-5%

The excess liability program has seen loss development in the first excess layers for both the AORMA and Campus programs. Staff anticipates rate increases in the lower layers and possibly rate increases in the excess layers due to catastrophic losses impacting the entire marketplace. Property losses to both the AORMA and Campus programs have increased in the past three years. While CSU performed well in the wet winter and recent wildfires, related losses and other losses continue to mount. Significant rate decreases in recent years will likely be again partially eroded by increases this coming renewal. CSURMA has an existing two-year rate agreement with CSAC EIA for workers’ compensation. The Committee will be reviewing rates for FY 20/21 later today. The builders risk program is stable and Staff expects a flat rate renewal; however, general market pressures due to catastrophic property losses may result in an increase. Rates are down 25% in recent years. The fine arts program was launched in 2016 and Staff anticipates underwriters will require a rate increase due to the high loss ratio. SPLIP and SAFECLIP are performing exceptionally well with no losses and rates will likely be stable and possibly drop. The FTIP loss ratio has stabilized at a level acceptable to underwriters. Staff expects a flat rate renewal. The aviation programs have had no losses and the market is stable. Staff expects a flat rate renewal or slight decrease; however, general market firming may come into play. Fidelity claims have

remained low and Staff expects a premium decrease on renewal unless new claims materialize prior to renewal.

Staff is actively marketing the programs and negotiating renewal terms. Meetings with key underwriters have been set for April 1-2, 2019 with London markets and May 13-17, 2019 with New York and Bermudan markets.

**E2. FY 2019/2020 CSURMA Operating Budget**

The Committee reviewed the FY 19/20 CSURMA Budget. Major features of the proposed AORMA budget include:

- 1.5% decrease in Total Operating Revenues from \$9,436,051 to \$9,291,783.
- 1.6% increase in Total Operating Expenses from \$11,651,063 to \$11,837,078.
- 2.6% decrease in Non-Operating Revenue decreases from \$410,040 to \$399,226.
- Net Surplus increases -\$1,804,972 (*deficit*) to -\$2,146,069 (*deficit*).
- Retained Earnings decreases from \$18,032,236 to \$15,886,167 at June 30, 2020.

The proposed budget is estimated to produce a Net Deficit of \$2,146,069. Retained Earnings is estimated to decrease from \$18,032,236 to \$15,886,167 at June 30, 2020.

A motion was made to recommend approval of the FY 19/20 CSURMA budget to the Executive Committee.

Motion: Cecilia Ortiz  
Second: Starr Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**E3. Liability Claims Administration Audit**

It is the policy of CSURMA AORMA that its third-party claims administrators (TPAs) be audited on a biennially basis to ensure that CSURMA is receiving high quality services. Bickmore Risk

Services (BRS) performed the last claims audits for the AORMA Liability Program in 2017. Staff solicited proposals from BRS to perform the liability claims administration audit in the summer of 2019.

The proposed audit fee is \$6,500 which is an increase from \$5,000 in 2017. The increase is due to Carl Warren & Company’s claims system. The auditor notes that their Claims Management Information System is challenging and results in additional time expended. The auditor has agreed to increase the number of files reviewed from 30 to 40 to offset the cost increase.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to engage BRS to conduct the AORMA liability program claims administration audit in 2019.

Motion: Starr Lee  
Second: Chuck Kissel

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**E4. Development of Recreation Center Good Practices**

The current FY 18/19 AORMA Long Range Action Plan includes the creation of a Recreation Center good practices manual. John Owen from Alliant Risk Control Consulting (ARCC) has completed the following tasks/actions to complete this project:

1. Survey Campus and Auxiliary members to see what is currently in place
2. Research standards and guidelines published by industry experts
3. Identify Recreation Center Good Practices
4. Send out another request to all AORMA members to obtain copies of rec center practices currently in place
5. Inventory all information obtained

The Committee discussed the possibility of getting Ian McGregor, from SportRisk, involved in this endeavor as he has previously worked with 10 campuses and provided best practices assessment surveys.

*The Committee directed Staff to;*

1. *Obtain a formal proposal from SportRisk to complete best practices assessment surveys of all CSU Recreation Centers, and*
2. *Formalize a scope of work for the project.*

**E5. Alliant Risk Control Consulting Renewal Contract Proposal for FY 2019/2022**

The contract with Alliant Risk Control Consulting is due to expire on June 30, 2019. The Committee reviewed a three-year renewal proposal. The ARCC services will be charged at \$193.50 per hour, with the total annual hours not to exceed 646 or \$125,000 and the total three-year hours not to exceed 1,938 or \$375,000. Shown below are the historical costs for ARCC as well as the projected costs for FY 19/20, 20/21 and 21/22.

Alliant Risk Control Consulting Historical Fee Schedule			
Fiscal Year	Per Day Cost	Hourly Cost	Annual Cost
FY 09/10	\$1,500	Various	\$87,465
FY 10/11	\$1,545	Various	\$85,005
FY 11/12	\$1,450	\$181.25	\$58,000
FY 12/13	\$1,450	\$181.25	\$72,500
FY 13/14	\$1,450	\$181.25	\$102,000
FY 14/15	\$1,450	\$181.25	\$87,000
FY 15/16	\$1,450	\$181.25	\$87,000
FY 16/17	\$1,550	\$193.75	\$93,000
FY 17/18	\$1,500	\$193.75	\$93,000
FY 17/18	\$1,500	\$193.75	\$113,000
FY 18/19	N/A	\$193.50	\$130,000
FY 19/20	N/A	\$193.50	\$125,000
FY 20/21	N/A	\$193.50	\$125,000
FY 21/22	N/A	\$193/50	\$125,000

AORMA has had a contract with ARCC since 2006 and the scope of service has been similar over the years. The contract is serviced by John Owen, Tim Leech and Kristi Loiselle from Alliant Risk Control Consulting.

A motion was made to approve the agreement as presented with the total annual hours not to exceed 646 or \$125,000 and the total three-year hours not to exceed 1,938 or \$375,000 and to delegate authority to the General Counsel and CSURMA Secretary-Auditor to finalize and execute the contract.

Motion: Starr Lee  
Second: Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**E6. Maximum Allowable Hourly Rate for Legal Counsel**

In accordance with Policy and Procedure L-3 - Legal Counsel Selection - the TPA will, at least every 36 months, survey legal counsel compensation and recommend to the AORMA Committee a fair and equitable maximum allowable hourly rate. Yumi Augustus and Zachary Gifford both recommended keeping the maximum allowable rate the same which is \$225 and \$275 for **specialty** legal counsel. Both Augustus and Gifford agree there are plenty of well-qualified attorneys who are willing work with the CSU using the allowable maximum rates. Augustus and Gifford also noted that they are working on expanding the current list of approved legal counsel.

A motion was made to approve the maximum allowable hourly rate for legal counsel of \$225 and \$275 for specialty legal counsel.

Motion: Bill Olmsted  
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**E7. Humboldt State University Real Estate Holdings – Request for Coverage Extension**

AORMA Policy and Procedure L-5 – Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations – allows an AORMA member to extend liability coverage to an entity it exercises substantial control over. Humboldt State University Real Estate Holdings (REH) is a California nonprofit corporation created in 2016 by the Humboldt State University Advancement Foundation as a supporting organization under Section 509(a)(3) of the Internal Revenue Code in order to accept, hold, and manage certain real property on behalf of the Advancement Foundation and the University. It is governed by a Board of Directors, all of whom are appointed by the Advancement Foundation. It makes charitable grants and distributions only to the Advancement Foundation.

No fiscal impact is expected from action taken by the Committee. Staff does not expect the extension of coverage to increase the risk exposures retain within the AORMA liability self-insured program. The exposures to loss are currently covered by the Advancement Foundation.

HSU Real Estate Holdings currently owns two buildings that are leased back to the Foundation. The Foundation purchases the property insurance for both locations and reports the appropriate loss exposures within the liability program for the Samoa property and will add square footage for the Granite property.

HSU Real Estate Holdings - Owned Properties			
Address	Purpose	Property Insurance	Liability Insurance
570 Granite Avenue, Arcata	Multi-Family Residential Property	HSU Advancement Foundation	HSU Advancement Foundation
1601 Samoa Blvd., Arcata	Warehouse and Office	HSU Advancement Foundation	HSU Advancement Foundation

A motion was made to approve the extension of liability coverage to HSU Real Estate Holdings.

Motion: Chuck Kissel  
Second: Bill Olmsted

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**E8. The Cal Poly Pomona Philanthropic Foundation – New Member**

The Committee discussed the underwriting information for The Cal Poly Pomona Philanthropic Foundation, a new CSU auxiliary organization in the formation process.

**Table 1**

Coverage Program	Annual Premium	
	FY 18/19	FY 19/20
Property	-	-
Liability	2,474	2,845
Crime	572	572
Excess Cyber Liability	28	28
<b>Total</b>	<b>\$ 3,074</b>	<b>\$ 3,445</b>

The annual costs will be pro-rated based on the inception date of coverage.

A motion was made to approve The Cal Poly Pomona Philanthropic Foundation as a new CSURMA AORMA member subject to Chancellor’s Office’s final approval.

Motion: Starr Lee  
Second: Cecilia Ortiz

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**E9. Workers’ Compensation Coverage for Volunteers**

Staff has been working with CSAC-EIA to obtain approval to expand the AORMA workers’ compensation program to include as named insureds all AORMA members even those Members

with no employees. This program change will allow members (with no employees) to extend workers' compensation coverage to their Board members as well as their volunteers.

The Committee agreed that the cost allocation will be based on the following:

- Annual number of volunteers; and,
- The percentage breakdown between physical and non-physical activities.

*Staff will complete the following tasks, once final approval from CSAC-EIA is received:*

1. *Propose to the AORMA Committee pricing based on the cost allocation noted above,*
2. *Request underwriting information from members who are not currently participating in the AORMA workers' compensation program,*
3. *Send individual pricing information to interested members,*
4. *Update the AORMA workers' compensation memorandum of coverage as appropriate.*

**E10. Liability Program Member Allocation for FY 19/20**

Staff noted that at its meeting in December, 2018, the AORMA Committee approved the Liability Program Member Allocation and the allocation factors for FY 19/20. Subsequent to the Committee's approval, Staff discovered and corrected an error in the calculation. The FY 18/19 costs were not accurately reflected in the FY 19/20 allocation which had an impact on the collaring section of the allocation. The FY 19/20 Liability Program Member Allocation has been corrected and was presented for the Committee's approval.

The FY 19/20 Liability Program Member Allocation results in total costs of \$4,540,155 which is a 9% increase compared to the funding for FY 18/19 of \$4,164,118.

A motion was made to approve the revised FY 19/20 Liability Program Member Allocation as presented. The allocation factors which were approved in December 2019 did not change.

Motion: Starr Lee  
Second: Dave Nakamura

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

## **MOTION CARRIED**

### **E11. Equifax Proposal for I-9 Management Services**

Equifax became the AORMA Unemployment Insurance Program's claims administrator effective July 1, 2018. Equifax has provided a proposal for its I-9 Management Services. There is no cost to CSURMA. AORMA members can choose to participate in the program. The members will be responsible for all costs and there will be no cost sharing between Members. Included in the latest proposal, the cost per Member is a one-time set-up fee of \$1,000 and a per I-9 fee of \$2.55 subject to a minimum of 450 I-9's annually (or a \$1,150). This may work for the larger members, but may not be feasible for the smaller members.

The Equifax I-9 Management Services is being offered to all AORMA Members under a master contract to be approved by CSURMA. Each Member only needs to sign a separate Participation Agreement.

1. **Form I-9:** Federal law requires that every employer who hires an individual for employment in the United States must complete Form I-9 - Employment Eligibility Verification.
2. **E-Verify:** The United State Department of Homeland Security website that allows businesses to determine the eligibility of their employees. E-Verify is voluntary in California, but is required for employees engaged in federal contracts.
3. **The Work Number:** Provides employment verification and unemployment separation information.

Because AORMA is not being asked to pay any of the costs for this contract, and there is no sharing of costs between members, the Committee felt, these services should be negotiated by the AOA HR Committee.

*The Committee directed Staff to forward information to the AOA HR Committee to see if they would like to pursue a contract directly.*

### **E12. Development of Scooters Accidental Medical Expense Program**

The Executive Committee will be evaluating the development of a systemwide "no-fault" accidental medical expense program for students riding electric scooters on Campus. Electric scooters are becoming more commonplace and their usage on campus varies greatly. An informal online survey of Campuses finds that some do not allow use of scooters and some allow use with restrictions.

The AORMA Committee is being asked to weigh-in on the formation of this type of program.

*The Committee directed Staff to provide its recommendation to the Executive Committee. The AORMA Committee noted that it was not in favor of creating a system-wide program.*

**E13. CSAC-EIA Workers’ Compensation Renewal Options**

CSURMA has been participating in the CSAC EIA primary workers’ compensation program since January 1, 2015. In March, 2018, CSURMA accepted terms to renew both the Campus WC and AORMA WC program for a new two-year period FY 18/19 and FY 19/20 in return for a guaranteed rate. Upon review of CSURMA’s collective loss experience and the actuary’s projections for, staff asked EIA to revise its renewal terms for FY 19/20, and extend the two-year plan to FY 20/21. The Committee reviewed the rate proposal for FY 19/20 through FY 20/21. The WC rate was lower from 1.0001 to .9407 for the AORMA WC program.

A motion was made to recommend approval to the Executive Committee of CSAC EIA’s revised program terms and to extend CSURMA’s commitment to participate in the CSAC EIA primary workers’ compensation program for FY 19/20 and FY 20/21.

Motion: Starr Lee  
Second: Dave Nakamura

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Bella Newberg				X
Bill Olmsted	X			
Cecilia Ortiz	X			
Chuck Kissel	X			
Dave Nakamura	X			
Leslie Levinson				X
Russell Wittmeier		X		
Starr Lee	X			
Trina Knight	X			X

**MOTION CARRIED**

**F. INFORMATION ITEMS**

- F1. FY 2018/2019 AORMA Long Range Action Plan**
- F2. CSURMA AORMA 2019 Meeting Calendar**
- F3. CSURMA AORMA Program Administrator Contact Lists**
- F4. CSURMA AORMA Committee Contact List**
- F5. AORMA Travel Reimbursement Policy**

The Committee reviewed the information items but there was no discussion.

**H. ADJOURNMENT**

The meeting was adjourned at 1:13 PM.