

**MINUTES OF THE
CSURMA AORMA COMMITTEE MEETING**

MAY 2, 2019

**CSU CHANCELLOR'S OFFICE, MUNITZ ROOM
401 GOLDEN SHORE • LONG BEACH, CA**

10:00 AM

MEMBERS PRESENT

Dwayne Brummett, Associated Students, Inc. at San Luis Obispo
Chuck Kissel, CSU Fullerton Auxiliary Services Corporation
Trina Knight, University Enterprises, Inc., CSU Sacramento (*via Teleconference*)
Starr Lee, The University Corporation at Monterey Bay
Leslie Levinson, San Diego State Research Foundation
Dave Nakamura, Humboldt State University Center (*via Teleconference*)
Bella Newberg California State University San Marcos Corporation
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

None

STAFF, GUESTS AND CONSULTANTS

Katie Brant, Sedgwick CMS (*via Teleconference*)
Patricia Daniels, Sedgwick CMS (*via Teleconference*)
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 General Counsel
Susan Leung, Alliant Insurance Services
Mimi Long, Alliant Insurance Services, Inc.
Tom Quirk, Alliant Insurance Services, Inc.
Brandon Schlenker, Carl Warren and Company (*via Teleconference*)
Robin Webb, CSU Office of General Counsel

A. CALL TO ORDER

The meeting was called to order by the Chair, Dwayne Brummett at 10:02 AM. Russ Wittmeier, Dave Nakamura and Trina Knight agreed to abstain from voting on all action items.

A1. Approval of the Agenda

Dwayne Brummett noted that Items F.1 and F.2 will be discussed after item F.9.

A motion was made to approve the revised agenda order as discussed above.

Motion: Bill Olmsted
Second: Cecilia Ortiz

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

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from members of the public.

C. CONSENT CALENDAR

C1. Approval of Minutes - March 7, 2019

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

Motion: Bella Newberg
Second: Starr Lee

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|-----------------|-----|---------|-----|--------|
| Dwayne Brummett | X | | | |
| Chuck Kissel | X | | | |
| Trina Knight | | X | | |
| Starr Lee | X | | | |
| Leslie Levinson | X | | | |
| Dave Nakamura | | X | | |
| Bella Newberg | X | | | |
| Bill Olmsted | X | | | |

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|-------------------|---|---|--|--|
| Cecilia Ortiz | X | | | |
| Russell Wittmeier | | X | | |

MOTION CARRIED

D. CLOSED SESSION

1. Emma Gutierrez v. The University Corporation, CSUN
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. Fleischman v. San Diego Research Foundation
8. Richardson v. Los Angeles Univ. Auxiliary Services
9. Saucedo v. Long Beach Associated Students, Inc.
10. Davis v. Long Beach Associated Students, Inc
11. Espinoza v. SLO Associated Students

A motion was made to enter closed session at 10:07 A.M.

Motion: Bill Olmsted
Second: Leslie Levinson

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

MOTION CARRIED

The Committee came out of closed session at 10:33 AM. The Chair reported that action was taken on Emma Gutierrez v. The University Corporation, CSU Northridge during closed session.

E. GENERAL ADMINISTRATION
E3. Policy and Procedure Review

Mimi Long explained that Policy and Procedure A-5, requires the AORMA Committee to review its policies and procedures at least every two years. Eight policies and procedures were reviewed by Staff. Most of the proposed changes are minor and intended to establish formatting, terminology and definition consistency. Long reviewed the proposed changes.

1. A-4 Dividends and Assessments. The Declaration of Dividends section was amended to confirm that dividends can be retained on account and used to lower contributions for the upcoming fiscal year, but not for the current fiscal year.
2. C-1 Crime Program Member Allocation Formula. All references to the Programs Committee were removed.
3. L-3 Legal Counsel Selection. The numbers referenced in the Policy and Procedure were amended to reflect the correct sections.
4. L-5 Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations. All references to the Programs Committee were removed.
5. L-8 Liability Program Member Allocation Formula. All references to the Programs Committee were removed as well as the listing of Basic Rates, which is described elsewhere in the Policy and Procedure.
6. P-1 Property Program Member Allocation Formula. All references to the Programs Committee were removed.
7. W-1 Workers' Compensation Member Allocation Formula. All references to the Programs Committee were removed. The Declaration of Dividends section was amended to confirm that dividends can be retained on account and used to lower contributions for the upcoming fiscal year, but not for the current fiscal year. Wording was added to confirm that audit refunds can be used to lower the upcoming contributions, but not the current contributions.
8. W-2 Requirement of Members to Maintain Experience Modification Factor of 1.25 or Less. The procedure that requires members with EMF's above 1.25 to work with Staff to develop and plan to reduce losses has been revised. Alliant Risk Control Consulting reviews all EMF's and provides assistance to members. Some smaller members have high EMF's simply because they had one or two large losses which caused their EMF to spike. In this case it's not a pattern of similar losses; therefore, a formal plan isn't necessarily appropriate. All references to Programs Committee were removed. A definition of EMF was added.

A motion was made to approve the suggested revisions to the Policies and Procedures as describe above.

Motion: Chuck Kissel
Second: Bill Olmsted

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|-----------------|-----|---------|-----|--------|
| Dwayne Brummett | X | | | |
| Chuck Kissel | X | | | |
| Trina Knight | | X | | |
| Starr Lee | X | | | |
| Leslie Levinson | X | | | |
| Dave Nakamura | | X | | |

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|-------------------|---|---|--|--|
| Bella Newberg | X | | | |
| Bill Olmsted | X | | | |
| Cecilia Ortiz | X | | | |
| Russell Wittmeier | | X | | |

MOTION CARRIED

F4. Carl Warren & Company Third Party Liability Claims Administrator Contract Renewal

Mimi Long stated that the current contract with Carl Warren & Company for third party liability claims administration has a three-year contract term and two one-year options. The three-year term expires on June 30, 2019. The Committee was asked to exercise the two one-year options to extend the contract to June 30, 2021.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to exercise the two one-year options to extend the contract to June 30, 2021.

Motion: Cecilia Ortiz
Second: Bella Newberg

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

MOTION CARRIED

F5. AOA Annual Conference – Risk Management Sessions

The AOA Annual Conference Planning Committee will provide a deadline of June 30, 2019 to submit session proposals for the 2020 AOA Annual Conference.

The Committee reviewed the AOA Session Topics proposed for the 2020 AOA Conference:

1. CSURMA Tools Available to Respond to Critical Events
2. The In's and Out's of Scooters on Campus

3. CSURMA AORMA 101
4. Insurance Requirements in Contracts (IRIC) Overview
5. Cyber Liability, Phishing, Funds Transfer Fraud

F6. CSURMA AORMA Committee Election Results

Dwayne Brummett let the Committee know that Bella Newberg, Cecilia Ortiz, Trina Knight and Bill Olmsted have been reelected to the AORMA Committee each for an additional two-year term beginning on July 1, 2019.

F7. 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 those members with no employees but who may have volunteers. CSAC EIA agreed to add those members to the existing workers’ compensation program for an additional \$1,000 per member.

The AORMA Committee had previously discussed the allocation of costs to members based on annual number of volunteers and the percentage breakdown between physical and non-physical activities.

A motion was made to delegate authority to the Secretary-Auditor to finalize a rating plan for those auxiliary organizations with no employees who choose to join the AORMA workers’ compensation program.

Motion: Starr Lee
Second: Cecilia

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

MOTION CARRIED

F8. SportRisk Recreation Center Best Practices Assessment

At its last meeting in March, the Committee directed Staff to obtain a formal proposal from SportRisk to conduct a systemwide Recreation Center best practices risk assessment. The Committee reviewed the SportRisk proposal which includes the following deliverables:

- Core Program Services – Action recommendations, benchmarking and comparison graphs, ScorePlus and survey breakdown by category.
- Add-On Services - Top five issues by survey type, key concerns identified within specific categories, strategic recommendations, and a list of the top three scoring locations.

The total cost for the Core Program Services only is \$675 per campus, or \$950 per campus for the Core Program Services and the Add-On Services. The Committee directed Staff to negotiate a “not to exceed” total cost with SportRisk in case some campuses choose not to participate in the assessment.

A motion was made to approve the SportRisk proposal for the Core Program Services and the Add-On Services and delegate to authority to the Secretary-Auditor to finalize and execute the agreement.

Motion: Leslie Levinson
Second: Starr Lee

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

MOTION CARRIED

F9. FY 2018/19 AORMA Long Range Action Plan

Staff provided an update of the items within the FY 28/19 Long Range Action Plan. It was suggested that Staff should update some of the due dates.

E1. Excess Insurance Renewals and Underwriter Meetings Report

Daniel Howell provided an overview of the recent meetings with Excess Liability’s underwriters. Staff 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 previously approved a new two-year rate agreement with CSAC EIA for workers' compensation. Staff is actively marketing the programs and negotiating renewal terms.

F2. Target Surplus Ratios

The FY 18/19 Long Range Action Plan includes a goal to review and, if appropriate, adopt additional target surplus analysis ratios. Using the December 31, 2018, financial information, the Committee reviewed the three adopted financial benchmarking ratios as well as three additional ratios that are commonly used by pooled programs.

Currently adopted financial benchmarking ratios:

- Gross Premium to Equity Ratio
- Equity to Pool Retention Ratio
- Outstanding Losses to Equity Ratio

Proposed financial benchmarking ratios:

- Reserves to Equity Ratio
- Change in Equity
- Change in Outstanding Liabilities

Staff was directed to table this item to the September meeting and to present the final benchmarking ratios for the Committee's consideration. The Committee also agreed to change the



APPROVED

term “Surplus” or “Equity” to “Retained Funds” so that the terminology matches the terminology used within the CSURMA financial statements.

G. INFORMATION ITEMS

- G1. CSURMA AORMA 2019 Meeting Calendar**
- G2. CSURMA AORMA Program Administrator Contact Lists**
- G3. CSURMA AORMA Committee Contact List**
- G4. AORMA Travel Reimbursement Policy**

H. ADJOURNMENT

The meeting was adjourned at 12:51 PM.