

**MINUTES OF THE CSURMA AORMA
PROGRAMS COMMITTEE MEETING
JUNE 25, 2015
TELECONFERENCE MEETING
1:00 PM**

MEMBERS PRESENT

Guy Dalpe, Associated Students, Inc., San Francisco State University
Jason Porth, The University Corporation, San Francisco State
Gigi Kiama, The University Corporation at Monterey Bay

ABSENT MEMBERS

Jun Reina, Capital Public Radio, Inc., CSU Sacramento

STAFF, GUESTS AND CONSULTANTS

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

A. CALL TO ORDER

The meeting was called to order by Guy Dalpe at 1:02 PM.

B. PUBLIC COMMENTS

There were no public comments.

C. GENERAL ADMINISTRATION

C1. Approval of the Agenda Order

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

First: Gigi Kiama

Second: Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Jun Reina				X
Jason Porth	X			

Motion carried.

C2. Approval of Minutes – February 26, 2015

A motion was made to approve the minutes of the February 26, 2015 meeting.

First: Jason Porth
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Jun Reina				X
Jason Porth	X			

Motion carried.

C3. Policy and Procedure C-1 – Crime Program Member Allocation Formula

Mimi Long explained that Policy and Procedure C-1 – Crime Program Member Allocation Formula was revised to remove the rate collars. The Crime Program Member Allocation Formula was revised effective July 1, 2014. Rate collars were included in the FY 14/15 rating allocation to minimize the premium variation for any one member. Within the FY 15/16 rating allocation, six members were collared at the maximum 30% rate increase. If the maximum rate increase remains at 30%, no members will be subject to a rate collar for FY 16/17. Within the FY 15/16 rating allocation, no members were collared at the maximum rate decrease.

A motion was made to recommend approval to the AORMA Committee of the revisions to Policy and Procedure C-1.

First: Gigi Kiama
Second: Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Jun Reina				X

Jason Porth	X			
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Motion carried.

C4. Policy and Procedure P-1 – Property Program Member Allocation Formula

Mimi Long explained that Policy and Procedure P-1 – Property Program Member Allocation Formula was revised to remove the rate collars. The Property Program Member Allocation Formula was revised effective July 1, 2014. Rate collars were included in the FY 14/15 rating allocation to minimize the premium variation for any one member. Because the premium for the AORMA Property Program decreased so dramatically effective July 1, 2015, all of the members received a premium discount and therefore, premium / rate collars were not necessary.

A motion was made to recommend approval to the AORMA Committee of the revisions to Policy and Procedure P-1.

First: Jason Porth
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Jun Reina				X
Jason Porth	X			

Motion carried.

C5. Policy and Procedure W-1 – Workers’ Compensation Member Allocation Formula

Mimi Long explained that Policy and Procedure W-1 – Workers’ Compensation Member Allocation Formula was revised to accurately reflect the current allocation practices. Long explained all of the proposed revisions.

1. A PROCEDURE section was added which provides a detailed description of the allocation formula, along with examples. The prior version explained the allocation formula but in very general terms.
2. A DEFINITIONS section was added.
3. A definition for AORMA Basic Rates was included to show that the WCIRB rate will be used for each of the AORMA class codes and the rates will be normalized to achieve the Total Program Funding required.
4. A definition for Experience Modification Factor (EMF) was added. The actuary uses the published WCIRB formula. The definition of EMF states that, “the actuary will determine

each member's experience modification factor based on the most current published WCIRB method." If in the future, AORMA decides to follow an experience rating formula that deviates from the WCIRB, then the Policy and Procedure can be updated to include those formula factors. To maintain pricing stability, the EMF's are capped at +/- 15%. In prior calculations this cap was not necessary as the rates were collared. The actuary will also adjust the EMF's for off-balance and will balance the EMF's at a 100%. Because this is a pool, the Total Program Funding must be met using the approved rates and EMF's. If the combined AORMA Pool EMF is more or less than 100%, the Member's modified rates will generate too much or not enough premium. Therefore, the pool received another layer of rate stability by balancing the EMF's to 100% while still maintaining the +/- 15% cap.

5. A definition of Total Program Funding was included.
6. The basic deposit overview was deleted and replaced with the detailed PROCEDURE and ALLOCATION FORMULA sections.
7. Item 3 – Experience Modification – was removed because the experience modification factors are calculated by the actuary and the basic WCIRB formula is used. The basic WCIRB formula is too complicated to include in the Policy and Procedure. The Committee reviewed the formula which was included with the agenda item.
8. Item 4 – Adjustments to reflect experience modification on funding – was removed because that factor, the “off-balance” is described in the new definition of Experience Modification Factor.
9. Item 5 – Administrative Costs – was removed because that is now included in the definition of Total Program Funding.
10. Item 6 – Deposit Adjustments – was removed because rate or premium collars are no longer part of the Member Allocation Formula.
11. The Plan Fund Adjustment section was removed because it is not standard practice for refunds to be applied to next year's premium. CSU Accounting will allow this on a one off basis, but their preference is to issue refund checks.
12. The name of the Policy and Procedure was changed to be consistent with the new Policy and Procedure documents that describe the crime and property allocation formulas.

The Committee suggested that within the definition of Experience Modification Factor, the term “off-balance” be changed to “normalization factor” and the term “balanced” be changed to “normalized”.

A motion was made to recommend approval to the AORMA Committee of the revisions to Policy and Procedure W-1, including the suggested changes noted above.

First: Gigi Kiama

Second: Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Jun Reina				X
Jason Porth	X			

Motion carried.

C6. FY 15/16 AORMA Liability Program Member Allocation

At the February 26, 2015, meeting the Programs Committee reviewed a request by Sonoma State University Academic Foundation, Inc. and Associated Students of Sonoma State University to re-rate the liability allocation based on updated exposure information. In order to be fair and equitable to all AORMA members, the committee directed Staff to audit those members whose collared FY 15/16 premiums were substantially higher than the non-collared premiums. Mimi Long and Daniel Howell noted that Staff reviewed the current and expiring exposure information and compared it against the old and new member allocation formulas.

Staff does not recommend re-rating those members whose FY 15/16 collared premiums are substantially higher than the uncollared premiums. The new FY 15/16 allocation collared decreases to 13% and increases to 30%. Staff recommends increasing the collars every year until each member is paying its allocated premium.

A motion was made to not re-rate FY 15/16.

First: Jason Porth
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Jun Reina				X
Jason Porth	X			

Motion carried.

C7. FY 15/16 AORMA Crime Program Member Allocation

At the February 26, 2015, meeting the Programs Committee reviewed a request by CSU Bakersfield Associated Students, Inc. to modify its expenditures to remove the campus pass-through expenses. The Programs Committee felt that other auxiliaries may have similar expense items and asked Staff to gather information to review.

Staff does not recommend re-rating those members who are subject to the minimum premium within the FY 15/16 crime allocation. Staff does believe that there are certain expense items that can be removed from the exposure information. This would be applicable to all members not just those with no employees. Therefore, Staff recommends that the Programs Committee approve a schedule to be included in the FY 16/17 application which indicates which items can be removed from the expenditures.

Staff was directed to build a proposed schedule of expenditures to be removed from the total expenditures as used in the member’s liability program member allocation. The Committee will review it at their next meeting.

C8. CSU Dominguez Hills Philanthropic Foundation - New Liability Program Member

CSU Dominguez Hills Philanthropic Foundation is a newly formed CSU Auxiliary Organization. This auxiliary does not have its own employees nor does it own any real or personal property. Its loss exposures are minimal.

Using AORMA’s new liability and crime program member allocation formulas this auxiliary would be subject to AORMA’s minimum liability premium of \$2,000 and the minimum crime premium of \$517.

CSU Dominguez Hills Philanthropic Foundation’s exposure information within the liability program is as follows:

Payroll:\$0
 Square Footage:\$0
 Number of Owned Autos:None
 Total Expenditures:\$95,000

This generates a minimum premium of \$2,000.

The crime program utilizes payroll and expenditures if the auxiliary has no payroll. The total expenditures of \$95,000 will generate a minimum premium of \$517.

At the next CSUDH Philanthropic Foundation board meeting, the JPA Agreement and Participation Agreement will be approved and executed.

A motion was made to approve CSU Dominguez Hills Philanthropic Foundation as a new CSURMA AORMA member and approve the liability and crime rating program member allocations.

First: Jason Porth
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
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Guy Dalpe	X			
Gigi Kiama	X			
Jun Reina				X
Jason Porth	X			

Motion carried.

C9. Capital Public Radio – New Workers’ Compensation Member

Capital Public Radio, Inc., CSU Sacramento would like to join the AORMA Workers’ Compensation program effective July 1, 2015.

Using the current experience modification factor of .79, the FY 15/16 annual premium is \$9,749. The new experience modification factor calculated by AORMA’s actuary may be higher or lower than the current factor which will change the annual premium.

Estimated Payroll for FY 15/16: \$3,481,740
 AORMA Class Code 1001 Rate:36
 Experience Modification Factor:79
 Modified AORMA Class Code 1001 Rate:28
 Annual Premium:\$9,749

A motion was made to approve Capital Public Radio, Inc. as a new member within the AORMA Workers’ Compensation Program and direct staff to adjust the experience modification factor as required.

First: Jason Porth
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Jun Reina				X
Jason Porth	X			

Motion carried.

C10. Discussion and Recommendation for New Programs Committee Chair for FY 2014/2015

Annually, the AORMA Committee Chair will appoint the new Chair of the Programs Committee. The Chair of the Programs Committee must also be an AORMA Committee member. Every spring, the membership of the Programs Committee will recommend to the AORMA Committee Chair a nominee for the Chair position. The following Programs Committee members will also

service on the AORMA Committee during FY 15/16 and therefore are eligible to serve as the Programs Committee Chair:

1. Guy Dalpe
2. Gigi Kiama

A motion was made to recommendation Gigi Kiama as the Programs Committee Chair for FY 15/16.

First: Jason Porth
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama		X		
Jun Reina				X
Jason Porth	X			

Motion carried.

D. INFORMATION ITEMS

The information items were reviewed, but there was no discussion.

- D1. 2015 CSURMA AORMA Meeting Calendar**
- D2. FY 14/15 Long Range Action Plan**
- D3. CSURMA AORMA Committee and Standing Committee Roster**

E. ADJOURNMENT

A motion was made to adjourn the meeting at 2:03 PM