



PROGRAMS COMMITTEE MEETING **“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 publicly accessible places, including the Internet, at least ten (10) days in advance of the meeting.

Meeting Date: October 3, 2013
Time: 2:00 p.m. (Teleconference)

Location: Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111

Legend: A – Action may be taken
I – Information Only

1. Kurt Borsting: ASI, CSU Fullerton, 800 N. State College Blvd., Fullerton
2. Guy Dalpe: Cesar Chavez Student Center, SFSU, 1650 Holloway Avenue Room C-134, San Francisco
3. Gigi Kiama: University Corporation at CSUMB, 100 Campus Center, Bldg. 201, Seaside
4. Haleh Minakary: Cal Poly Pomona Foundation, CSU Pomona, 3801 W. Temple Ave., Bldg. 55, Pomona
5. Mark Day: Santos Manuel Student Union, CSU San Bernardino, 5500 University Parkway, San Bernardino

A. CALL TO ORDER

B. PUBLIC COMMENTS

C. GENERAL ADMINISTRATION

- 1. Approval of the Agenda Order** A Pg. 3
The committee will be asked to approve today’s meeting agenda order
- 2. Approval of the Meeting Minutes – August 8, 2013** A Pg. 4
The Committee will be asked to review and approve the minutes from the last Programs Committee meeting on August 8, 2013
- 3. 2013 Workers’ Compensation Payroll Desk Audits** A Pg. 9
The committee will be asked to discuss the workers’ compensation payroll desk audits process
- 4. Approval of the 2014 Meeting Dates for the CSURMA AORMA Programs Committee** A Pg. 18
The committee will be asked to approve the Programs Committee meeting dates for 2014
- 5. Approval of the Long Range Action Plan for FY 13/14** A Pg. 21
The committee will be asked to approve the programs committee long range action plan for FY 13/14
- 6. Review of the FY 14/15 Total Funding for the Liability, Workers’ Compensation, Property and Crime Programs** I Pg. 22
The committee will review the FY 14/15 program funding which was approved by the AORMA Committee in September, 2013

- 7. **Review of FY 14/15 AORMA Liability and Workers' Compensation Program Actuarial Studies** I Pg. 28
The committee will review the actuarial reports that were accepted by the AORMA Committee in September, 2013
 - 8. **Review of the Target Surplus Funding Report and Dividend Calculation** I Pg. 53
The committee will review the target surplus funding report and the dividends declared by the AORMA Committee in September, 2013
 - 9. **Policy and Procedure L-7 - Employment Practices Liability Deductible (EPL) Options** A Pg. 56
The committee will be asked to review the revisions made to policy and procedure L-7, and recommend approved to the AORMA Committee with revisions as appropriate
 - 10. **FY 14/15 Employment Practices Liability (EPL) Deductibles Determination Formula** A Pg. 61
The committee will be asked to review and approve the FY 14/15 EPL deductibles
 - 11. **Policy and Procedure P-1 – Property Program Member Allocation Formula** A Pg. 73
The committee will be asked to review policy and procedure P-1 and recommend approval to the AORMA committee, with revisions as appropriate
 - 12. **Policy and Procedure C-1 – Crime Program Member Allocation Formula** A Pg. 77
The committee will be asked to review policy and procedure C-1 and recommend approval to the AORMA committee, with revisions as appropriate
 - 13. **Auxiliaries Multiple Employer VEBA Trust** A Pg. 81
The Committee will be asked to review additional information received and discuss whether coverage should be extended to cover the Auxiliaries Multiple Employer VEBA Trust
- D. INFORMATION ITEMS**
- 1. **FY 12/13 Long Range Action Plan** I Pg. 125
 - 2. **CSURMA AORMA 2013 Meeting Calendar** I Pg. 132
 - 3. **CSURMA AORMA Program Administrator's Contact Lists** I Pg. 135
 - 4. **AORMA Committee Members - Effective 7/1/13** I Pg. 143
 - 5. **AORMA Service Calendar** I Pg. 147
- E. ADJOURNMENT**

The next meeting is scheduled for December 12, 2013 at 2:00 p.m. as a teleconference meeting.

APPROVAL OF THE AGENDA ORDER

ISSUE: The Committee will be asked to approve the agenda order for today's meeting.

RECOMMENDATION: Staff recommends that the Committee approve the agenda as presented.

FISCAL IMPACT: None

BACKGROUND: None

PUBLICATION: None

ATTACHMENT(S): None

APPROVAL OF MEETING MINUTES – AUGUST 8, 2013

ISSUE: The Committee will be asked to review and approve the draft minutes from the August 8, 2013, Programs Committee meeting.

RECOMMENDATION: Staff recommends approving the minute, with revisions as necessary.

FISCAL IMPACT: None

BACKGROUND: None

PUBLICATION: None

ATTACHMENT(S):

- a. Meeting Minutes – August 8, 2013

**MINUTES OF THE CSURMA AORMA
PROGRAMS COMMITTEE MEETING**

AUGUST 8, 2013

**TELECONFERENCE MEETING
2:00 PM**

MEMBERS PRESENT

Guy Dalpe, Cesar Chaves Student Center (San Francisco State University)
Haleh Minakary, The Cal Poly Pomona Foundation, Inc. (Cal Poly Pomona)
Mark Day, Santos Manual Student Union (CSU San Bernardino)
Gigi Kiama, University Corporation (CSU Monterey Bay)

MEMBERS ABSENT

Kurt Borsting, Associated Students, Inc. (CSU Fullerton)

STAFF, GUESTS AND CONSULTANTS

David Prenovost, The Cal Poly Pomona Foundation, Inc. (Cal Poly Pomona)
Mimi Long, Alliant Insurance Services, Inc.
Tevea Him, Alliant Insurance Services, Inc.

A. CALL TO ORDER

The meeting was called to order by Guy Dalpe at 2:02 PM.

B. PUBLIC COMMENTS

There were no public comments.

C. GENERAL ADMINISTRATION

C1. Approval of Minutes – June 27, 2013

The Committee reviewed the minutes from the June 27th meeting.

A motion was made to approve the minutes from the June 6, 2013 meeting as presented.

First: Gigi Kiama
Second: Haleh Minakary

MOTION CARRIED

Because David Prenovost joined the teleconference to discuss the VEBA Trust, the committee agreed to discuss item C4 immediately after item C1.

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

C4. Auxiliaries Multiple Employer VEBA Trust

David Prenovost from Cal Poly Pomona Foundation, Inc. explained the Auxiliaries Multiple Employer VEBA Trust (trust) to the committee. Currently forty auxiliary organizations participate in the trust. The purpose of the trust is for investment of funds to be used for retiree health and welfare benefits. The trust program coordination is provided by Keenan and the trust investment is provided by Benefit Trust who hires Morgan Stanley.

The committee reviewed AORMA policy and procedure L-5 which allows an auxiliary organization to extend its AORMA liability coverage to other related entities. The policy and procedure requires that the member exercise substantial control over all events, activities and operations and that it holds substantial financial control over the entity. Mimi Long expressed concern that the trust did not fit within the guidelines of policy and procedure L-5 because the day to day operations of the trust were run by an outside entity. David Prenovost agreed to forward the trust contracts with Keenan and Benefit Trust so the committee could review the activities of these outside agencies.

The committee discussed possible claims against the trust and what effect they would have on AORMA’s self-insured layer. The trust currently purchases a stand-alone fiduciary liability policy with a \$1,000,000 limit and a \$1,000 deductible. If AORMA’s liability program (including fiduciary liability) is extended to cover the trust, AORMA’s self-insured layer would respond first to any claim against the trust. As the trust is an investment vehicle for retiree health and welfare benefits, it is conceivable that a claim could be made against the trust for not adhering to the trust’s investment policy. Depending on the circumstances of the claim, AORMA would at a minimum owe a defense to the trust.

The committee also discussed the fact that the trust essentially acts as a pass-through; and therefore, the fiduciary responsibility of the employer (the AORMA member) still may reside with the AORMA member rather than the trust.

The committee members also discussed a possible conflict of interest in approving the extension of coverage for the trust as many of the programs committee members are also part of the VEBA trust. It was felt that the extension of coverage to the trust benefitted the VEBA trust members but did not benefit AORMA as an entity.

The MSLCTC will meet again on October 3, 2013, to discuss this issue further.

C2. Review of the Draft FY 14/15 Property Program Rating and Allocation Method

Mimi Long explained that the draft FY 14/15 property program rating and allocation methodology was presented to the AORMA Officers during their July officers retreat. Overall, the officers were pleased with the basic allocation methodology changes, but recommend that the Programs Committee explore an alternative deductible option of \$5,000 for personal property and 1% of the TIV, with a minimum of \$5,000 and maximum of \$50,000 for real property and business interruption / rents. This would mean that any building with a total insurable value of \$5,000,000 or above would have a \$50,000 real property deductible.

The committee reviewed the revised FY 14/15 property program rating and allocation methodology, which included the revised deductible, in detail.

A motion was made to recommend approval of the FY 14/15 property program rating and allocation methodology to the AORMA Committee.

- First:** Gigi Kiama
- Second:** Mark Day

MOTION CARRIED

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

C3. Review of the Draft FY 14/15 Crime Program Rating and Allocation Method

Mimi Long explained that the draft FY 14/15 crime program rating and allocation methodology was presented to the AORMA officers during their July officers retreat. Overall, the officers were pleased with the basic allocation methodology changes, but recommended (1) excluding from the total expenditures, expenses for services purchased by one member from another member and (2) consider reducing the minimum premium for those auxiliaries that have no employees and contract for all of their services from another auxiliary. The Programs Committee discussed the officers’ suggested changes, but did not include the suggestions in the draft FY 14/15 crime program rating and allocation methodology being presented today. A member’s total expenditures is used in the allocation as a way to set the minimum premium for those members who have no employees. Because, all of the members with no employees would have a similar expenditure exclusion for contract services, the basic exposure remains the same. Therefore, the Programs Committee instead reviewed the minimum premiums to determine if the amounts were still viable. The committee reviewed the minimum premiums:

<u>Expenditures</u>	<u>M/P</u>	<u>Admin</u>	<u>Total M/P</u>	<u>Median</u>
Under \$2,000,000	\$250	\$264	\$514	\$383
Between \$2,000,001 and \$6,000,000	\$1,250	\$264	\$1,514	\$1,876
Between \$6,000,001 and \$10,000,000	\$2,250	\$264	\$2,514	\$2,608
Between \$10,000,001 and \$20,000,000	\$2,750	\$264	\$3,014	\$4,108
Expenditures over \$20,000,000	\$3,250	\$264	\$3,515	\$11,739

The committee felt confidence with the recommended minimum premiums and did not recommend a change.

A motion was made to recommend approval of the FY 14/15 Crime Program Rating and Allocation Method to the AORMA Committee.

First: Haleh Minakary
Second: Gigi Kiama

MOTION CARRIED

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

D. ADJOURNMENT

A motion was made to adjourned the meeting

First: Mark Day
Second: Guy Dalpe

MOTION CARRIED

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

The meeting was adjourned at 3:39 PM.

2013 WORKERS' COMPENSATION PAYROLL DESK AUDITS

ISSUE: Annually, staff performs “desk” payroll audits of twelve (12) Workers’ Compensation program members. As directed by the Program Committee, Staff will audit any member who has an experience modification factor in excess of 1.00 (unless they were audited the previous year), any members with an experience modification factor in excess of 1.25 (even if they were audited the previous year) and a random selection of members.

Staff reviewed the following member information:

- Loss information as provided by the Third Party Claims Administrator (Sedgwick)
- Estimated payroll
- Exposure information as documented on the AORMA Liability Program application

Based on the review of loss information and payroll information, Staff will provide a verbal update to the programs committee.

RECOMMENDATION: Staff recommends that the programs committee discuss the 2013 workers’ compensation payroll desk audit and direct staff to take action as appropriate.

FISCAL IMPACT: None

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. 2013 Desk Audit
- b. AORMA Workers’ Compensation – Explanation of Classification Codes
- c. AORMA Workers’ Compensation – Payroll Rules to Follow
- d. Policy and Procedure W-3 – Requirement of Members to Maintain Experience Modification of 1.25 or Less

2013 Worker's Compensation Payroll Desk Audits

Payroll for FY 13/14							
Loc #	Exp Mod	Clerical 1001	1002	Retail Ops 1004	Sports and Day Care 1005	Food Service 1006	Manual Labor 1007
1	1.09	\$ 190,000	\$ 400,000		\$ 350,000	\$ 19,710	\$ 8,500
2	1.12	\$ 850,000	\$ 118,084		\$ 560,540		\$ 521,376
3	0.73	\$ 2,580,000		\$ 1,021,000	\$ 434,000	\$ 1,661,000	\$ 600,000
4	1.15	\$ 600,000	\$ 250,000	\$ 10,000	\$ 400,000	\$ 1,700,000	\$ 150,000
5	1.60	\$ 435,000	\$ 6,253,000				\$ 352,000
6	0.90	\$ 2,035,000			\$ 270,000		\$ 640,000
7	1.26	\$ 16,250,000	\$ 2,800,000		\$ 347,000	\$ 2,416,000	\$ 1,630,000
8	1.31	\$ 1,342,300			\$ 309,888		\$ 319,851
9	1.33	\$ 354,737	\$ 759,320		\$ 985,943		
10	1.08	\$ 1,100,000	\$ 250,000	\$ 350,000	\$ 350,000	\$ 20,000	
11	0.99	\$ 1,562,163				\$ 4,100,385	
12	2.36	\$ 303,698	\$ 160,680				\$ 7,210

Total Incurred Claims @ 06/30/13								Number of Claims @ 06/30/13					
Loc #	Exp Mod	Clerical 1001	1002	Retail Ops 1004	Sports and Day Care 1005	Food Service 1006	Manual Labor 1007	Clerical 1001	1002	Retail Ops 1004	Sports and Day Care 1005	Food Service 1006	Manual Labor 1007
1	1.09	\$ 94,133	\$ 931		\$ -			2	1		1		
2	1.12	\$ 3,509			\$ 1,780	\$ -	\$ 1,315	5			3	1	6
3	0.73	\$ 37,925	\$ 1,041	\$ -	\$ 4,665	\$ 27,692	\$ 11,869	9	4	2	4	45	17
4	1.15		\$ 3,449	\$ 9,535	\$ 15,004	\$ 69,411	\$ 10,745		3	14	5	58	6
5	1.60	\$ 242,851	\$ 3,086		\$ 929		\$ 71,798	14	7		4		15
6	0.90	\$ 40,495			\$ 440		\$ 3,768	8			1		4
7	1.26	\$ 68,083	\$ 2,175	\$ -	\$ 506	\$ 31,457	\$ 214,559	42	4	1	3	37	23
8	1.31	\$ 5,573	\$ 718		\$ 8,702		\$ 28,914	3	1		7		7
9	1.33	\$ 3,567			\$ 73,897			5			4		
10	1.08	\$ 2,418	\$ 1,706		\$ 3,697		\$ 25,612	4	1		3		2
11	0.99	\$ 1,942		\$ 2,357		\$ 169,663	\$ 2,084	2		5		88	1
12	2.36	\$ 56,340						2					

AORMA Workers' Compensation Explanation of Classification Codes

1001	Formerly	
	8810 Parts of 8742	<p><u>Primarily Clerical, Administrative and Non-manual, Non-instructional</u></p> <ul style="list-style-type: none"> ▪ Office employees (responsibility in an office or confined setting) including clerical, accounting, computer technicians, analysts and operators, newspaper production (using computers – not printing press). ▪ Office machine, computer and telephone - installation and repair ▪ Graphic design, radio, TV or commercial broadcasting stations (those who work in the station, not engineers who climb towers – #1007). ▪ Research that is primarily in an office or confined setting such as statistical analysis (not involving the use of machinery, chemicals or manual/physical labor).
1002	Formerly	
	8868 9151 Parts of: 8742 9101 9156	<p><u>Primarily Professional/Student Activity Functions, Consulting, Certain Aspects of Performing Arts and Off-Site work not physical in nature</u></p> <ul style="list-style-type: none"> ▪ Non-instructional, non-clerical and non-manual positions that require employees to leave campus or worksites on a routine basis such as public relations, outside sales, home site visits, etc. ▪ Offsite work that is not manual labor, such as public relations, lobbying, speakers, counseling, etc. ▪ Consulting – mechanical engineering, electrical engineering, electronic engineering, mining and architects. ▪ Professors, teachers, student teachers, counselors, tutors, advisors; classroom or instructional camps; classroom-related activities, speakers. ▪ Performers, musicians, directors, conductors, etc. ▪ Motion picture or video production.
1004	Formerly	
	8008 8071 Parts of: 9101	<p><u>Retail</u></p> <ul style="list-style-type: none"> ▪ All retail operations including books, groceries, delicatessen (already prepared foods), wearing apparel, bicycles and accessories. Includes Vending or coin operated machines. <i>(Those involved in clerical/administrative support functions for retail operations where not called upon to stock or prepare merchandise and where separated from floor operations may be classified as clerical/administrative – #1001.)</i>

<p>1005</p>	<p>Formerly</p> <p>9053 9059 9092 Parts of: 9182 9156</p>	<p><u>Sports/Activity/Day Care Centers</u></p> <ul style="list-style-type: none"> ▪ Exercise or health institutes, swimming pools; swimming, tennis, or racquetball clubs; bowling centers, billiard halls, skating centers. ▪ Day care center workers unless otherwise classified (<i>e.g., day care center cook would be classified as food service; clerical separated and uninvolved in floor activities could be clerical</i>). ▪ Camps ▪ Athletic teams and those associated with the teams: ticket sales and collection, trainers, coaches (not athletic field maintenance – #1007). ▪ Security/patrol functions.
<p>1006</p>	<p>Formerly</p> <p>9079 Parts of: 9101 9053</p>	<p><u>Food Service</u></p> <ul style="list-style-type: none"> ▪ Employees involved in the stocking, preparation, delivery, and clean up of food products whether retail, residence hall, restaurant, concession, etc. (<i>Does not include the stocking and sale of pre-packaged foods sold in bookstores or other retail establishments such as convenience stores – unless preparation is involved.</i>)
<p>1007</p>	<p>Formerly</p> <p>0040 9011 Parts of: 8742 9101 9182</p>	<p><u>Primarily Involves Manual Labor and/or Use of Machinery or Chemicals, or Work is Largely of a Physical Nature</u></p> <ul style="list-style-type: none"> ▪ Agriculture-related production, care and maintenance: nurseries, orchards, livestock, poultry, crops, landscape, riparian restoration and reforestation activities involving mainly hand tools. ▪ Creameries and dairy production, meat labs, winery operations. ▪ Stables, riding clubs, horse shows, dog shows, animal exhibitions. ▪ Research field work primarily involving physical or manual activity, such as archeology digs, sample gathering of plants, animals, fish, etc., and Lab work primarily involving testing and analysis using chemicals, machinery. Includes testing air, water, soil, metal, concrete and other building materials; quality control of electronic components or machinery. ▪ Maintenance, janitorial, room set-ups, athletic park maintenance (both structure and grounds) and painting. Involves the use of tools, equipment, solvents, cleaning supplies. ▪ Printing (offset) newspapers and other presses (as opposed to copy machine operation). ▪ Radio engineers who work on outside towers and equipment. ▪ Museum curators (if responsible for hanging and displaying artifacts); stagehands and lighting technicians. ▪ Beverage container & paper recycling collection.



Other		If you have activities that you feel do not fit within the categories above, please call or e-mail Mimi Long (415) 403-1423 mlong@alliantinsurance.com to discuss the category to which they should be assigned.
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AORMA Workers' Compensation Payroll Rules to Follow

Revision Date: March 21, 2013

Payroll is defined as gross wages; salaries; commissions; bonuses; vacation; holiday and sick pay; overtime payments; and all substitutes for money earned during the policy period by employees and officers of the employer.

1. The value of meals or lodging is not included as payroll.
2. Overtime is included at the regular hourly wage. If someone working overtime is compensated at 1.5 times regular salary, those hours for Workers' Compensation payroll purposes are at the regular hourly rate.
3. Tips, voluntary or prepaid, received from other than the employer or one acting on behalf of the employer, are not to be included in the payroll. With respect to an employer who operates a club, payments to club employees of funds accumulated from voluntary contributions of club members for services afforded to such members shall be considered tips and not included in the payroll.
4. Except as noted herein, payments to which an employee is entitled only upon the termination of the employment relationship are not to be included in the payroll. Sums, such as accrued vacation and sick pay, commissions and bonuses, paid to an employee at the time the employment relationship is terminated are to be included in the payroll, provided such sums would have been payable to the employee at some future date if the employment relationship had not been terminated.
5. Contributory payments made by the employer in connection with group insurance, stock purchase plans or qualified retirement plans, the exercise of stock options and deferred compensation plans are not to be included in the payroll. Payments by an employer of amounts otherwise required by law to be paid by employees to statutory insurance or pension plans, such as the Federal Social Security Act, are to be included in the payroll.
6. The value of an automobile furnished to an employee is not to be included in the payroll, provided the automobile is used in the conduct of the employer's business. A reimbursement to an employee for the business use of a personal automobile using a stipulated amount shall not be reported as payroll, provided

the payments do not exceed the approved Internal Revenue Service (IRS) standard mileage rate for business use of a personal vehicle. An automobile allowance paid to an employee shall be included in the payroll; however, that portion of the allowance, which the employer can show is reimbursement for actual expenses incurred by the employee in the conduct of the employer's business, shall be excluded from the payroll.

7. Payroll for Executive Officers of the Corporation who are paid, and who are otherwise not employees, is limited to a minimum of \$33,800 and a maximum of \$89,700. Executive Officers are those officers commonly known and styled as President, Vice President, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer, and also includes any other Executive Officers enumerated in and empowered by the charter of the Non Profit Corporation.

Division of Single Employee's Payroll:

8. Because most auxiliaries provide a number of services to a number of different operations, they already have a method of allocating hours of employees between these differing operations.
9. AORMA will accept an allocation of hours of employees between the different departments they are assigned to work with provided the auxiliary has maintained complete and accurate records of those employees with multiple tasks.
10. If the auxiliary does not have such a method and cannot easily split hours, then wherever more time is spent should become the prevailing allocation, if neither task is considered hazardous. An accurate description of job duties for personnel whose time is allocated in this fashion should be kept to allow outside verification of the justification for the allocation.

What about personnel who do hazardous and non-hazardous tasks for the same operation?

11. The most prevalent example is a clerical person who also handles a delicatessen or kitchen duties, when needed. If the more hazardous task hours are potentially 20% or more of the person's hours of service, then that person's hours should be allocated to the more hazardous operation. Twenty percent is not an incidental exposure. If less than 20% then those persons' hours can be allocated to the clerical operation.
12. Payroll for any employee vacation time shall be allocated on the same proportional basis as their actual hours have been allocated.



CSURMA AORMA**POLICY AND PROCEDURE NO. W - 3**

SUBJECT:	REQUIREMENT OF MEMBERS TO MAINTAIN EXPERIENCE MODIFICATION FACTOR OF 1.25 OR LESS
ADOPTED:	9 SEPTEMBER 2003
EFFECTIVE:	9 SEPTEMBER 2003
AMENDED:	8 DECEMBER 2009

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 in excess of 1.25 develop and implement a plan that results in the reduction of that member's experience modification factor to 1.25 or less within two years.

POLICY STATEMENT:

It is the policy of the AORMA Committee that members of the AORMA Workers' Compensation Program shall have a two-year period in which to lower their experience modification factor to 1.25 or less. Failure to reduce the experience modification factor shall result in termination of the Member as provided in the Bylaws.

PROCEDURE:

Using loss data valued at June 30th, the Program Administrator shall by October 1st of each year, calculate the experience modification factor of each member. The formula used to determine the experience modification factor developed by the Actuarial consultant and agreed by the AORMA Committee. This experience modification factor shall be applicable in developing each Member's share of the actuarially required contribution for the upcoming plan year effective the following July 1st. By January 15th, the Program Administrator will notify each member of their updated experience modification factor, including the following designations:

1. **Satisfactory** – Members with an experience modification factor less than 1.10 will be notified that their experience modification factor is satisfactory.
2. **Early Warning Notice** – For members with experience modification factors ranging from 1.10 to 1.25, notice will be given that their experience modification factor is near the maximum threshold of 1.25. The Program Administrator will inform the member of the experience modification requirements of the plan and offer to assist the member in evaluating how best to avoid having their experience modification exceed 1.25.
3. **Termination Warning** – If a member's updated experience modification factor exceeds 1.25, their membership will be terminated if the experience modification exceeds 1.25 for more than two continuous calculations. The member will be required to prepare a written



CSURMA AORMA

POLICY AND PROCEDURE NO. W - 3

plan to be submitted to the AORMA Workers' Compensation Committee within 90 days, which includes the following:

- a. The causes for the unsatisfactory experience modification factor as respects the type of claims, severity of claims and other pertinent information; and
- b. The members Plan of Action directed at reducing the experience modification factor to 1.25 or below.

The Program Administrator shall offer assistance to the member in preparing their plan.

If for a second continuous year, a member's calculation exceeds 1.25, the Program Administrator will warn the member that coverage will be terminated at the end of the next plan year if the member is not successful in reducing their experience modification to 1.25 or less. The member shall provide a plan to reduce the experience modification factor as described in Item C above.

If a member fails to reduce its experience modification factor to 1.25 or less for a third consecutive calculation, the Program Administrator will notify the member and the AORMA Committee, and the AORMA Committee may implement termination proceedings as provided in the Bylaws.

Partial Plan Years – In implementing this Policy and Procedure, the experience modification calculation following the member's first full year of participation shall be the calculation triggering the two-year warning period.

**APPROVAL OF THE 2014 MEETING DATES FOR THE CSURMA
AORMA PROGRAMS COMMITTEE**

ISSUE: Noted below are the proposed 2014 AORMA Program Committee meeting dates:

Description	Date	Day	Time	Location
Programs Committee	02/06/14	Thursday	2:00 pm	Teleconference
Programs Committee	04/10/14	Thursday	2:00 pm	Teleconference
Programs Committee	07/31/14	Thursday	2:00 pm	Teleconference
Programs Committee	12/11/14	Thursday	2:00 pm	Teleconference

RECOMMENDATION: Staff recommends approving the proposed 2014 meeting dates for the CSURMA AORMA Program Committee, with changes as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. 2014 CSURMA AORMA Meeting Calendar including proposed meeting dates for the PC and MSLCTC.



California State University Risk Management Authority
 Auxiliary Organizations Risk Management Alliance

2014 CSURMA • AORMA MEETING CALENDAR

JANUARY, 2014	FEBRUARY, 2014	MARCH, 2014
12-15 AOA Conference: Sacramento	3 MSLCTC: Teleconference, 11:00 a.m. 6 PC: Teleconference, 2:00 p.m. 18 Liab claim review: Teleconference, 10:00 AM Only the AORMA Chair and Vice Chair attend the liab claim review	20 AORMA: (TBD) 10:00 a.m. 20 EC: TBD 21 EC LRP: TBD Only the AORMA Chair and Vice Chair attend the EC meetings Only the AORMA Chair attends to AOA EC meeting
APRIL, 2014	MAY, 2014	JUNE, 2014
7 MSLCTC: Teleconference, 11:00 a.m. 8 Liab claim review: Teleconference, 10:00 AM 10 PC: Teleconference, 2:00 p.m. Only the AORMA Chair and Vice Chair attend the liab claim review	8 AORMA: Long Beach, 10:00 a.m. 9 EC: Long Beach, 8:00 a.m. 9 BOD: Long Beach, 10:30 a.m. Only the AORMA Chair and Vice Chair attend the EC meetings All AORMA Committee members attend the BOD	

AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors



California State University Risk Management Authority
 Auxiliary Organizations Risk Management Alliance

2014 CSURMA • AORMA MEETING CALENDAR

JULY, 2014		AUGUST, 2014		SEPTEMBER, 2014	
TBD AORMA Officers Retreat (TBD) 31 PC: Teleconference, 2:00 p.m. Only the AORMA Chair, Vice Chair, Past Chair and Ex Officio attend the AORMA Officers Retreat	13 Liab claim review: Teleconference, 10:00 AM Only the AORMA Chair and Vice Chair attend the liab claim review	10 AORMA New Committee Member Orientation: Long Beach, 9:00 a.m. 10 AORMA LRP: Long Beach, 10:00 a.m. 11 AORMA: Long Beach, 9:00 a.m. 12 EC: Long Beach, 8:30 a.m. Only the AORMA Chair and Vice Chair attend the EC meetings			
OCTOBER, 2014		NOVEMBER, 2014		DECEMBER, 2014	
23 AORMA: Long Beach, 10:00 a.m. 24 EC: Long Beach, 9:00 a.m. 24 BOD: Long Beach, 10:30 a.m. Only the AORMA Chair and Vice Chair attend the EC meetings All AORMA Committee members attend the BOD	12 Liab claim review: Teleconference, 10:00 AM 17 MSLCTC: Teleconference, 11:00 a.m. Only the AORMA Chair and Vice Chair attend the liab claim review	4 AORMA: TBD, 10:00 a.m. 5 EC: San Francisco, 8:30 a.m. 11 PC: Teleconference, 2:00 p.m. Only the AORMA Chair and Vice Chair attend the EC meetings			

AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors

APPROVAL OF THE LONG RANGE ACTION PLAN FOR 13/14

ISSUE: At the September 2013 Long Range Planning meeting, the AORMA Committee updated the FY 13/14 Long Range Action Plan. The following actions/responsibilities have been assigned to the Programs Committee to oversee, coordinate and take action on:

1. Finalized Property and Crime Programs – Rating Methodology (for FY 14/15 term)
2. Liability Programs – Rating Methodology (for FY 14/15 term)

RECOMMENDATION: Staff recommends that the Programs Committee review the Long Range Action Plan, and approve the plan as presented and take action as necessary.

FISCAL IMPACT: None

BACKGROUND: None

PUBLICATION: None

ATTACHMENT(S): None

**REVIEW OF THE FY 14/15 TOTAL FUNDING FOR THE LIABILITY,
WORKERS' COMPENSATION, PROPERTY AND CRIME PROGRAMS**

ISSUE: At the September 2013 meeting, the AORMA Committee approved the total funding for the Liability, Workers' Compensation, Property and Crime programs. The Programs Committee will approve the member allocation of the total program costs at its meeting on December 12, 2013.

RECOMMENDATION: No action is requested; this item is for information only.

FISCAL IMPACT: The following funding amounts were approved by the AORMA Committee for FY 14/15:

Liability Program

Pooled Layer Funding at an 70% Confidence Level:	\$1,675,550
Claims Administration:	\$15,000
Program Administration Fee:	\$777,825
Excess insurance:	\$1,354,740
<i>Total Liability Program Expenses:</i>	<i>\$3,823,115</i>

Workers' Compensation Program

Pooled Layer Funding at an 80% Confidence Level:	\$3,108,750
Claims Administration:	\$205,000
Program Administration Fee:	\$551,699
Excess insurance:	\$517,000
<i>Total Workers' Compensation Program Expenses:</i>	<i>\$4,382,449</i>

Property Program

Pooled Layer Funding:	\$350,000
Administrative Costs:	\$329,019
Excess Insurance Premium:	\$2,500,000
<i>Total Property Program Expense:</i>	<i>\$3,179,019</i>

Crime Program

Pooled Layer Funding:	\$50,000
Administrative Costs:	\$50,000
Excess Insurance Premium:	\$237,000

Total Crime Program Expenses:

\$337,000

BACKGROUND: None.

PUBLICATION: In October, 2014, a letter will be sent out to all members outlining the overall funding for the FY 14/15 AORMA programs and the dividend amounts to be payable in July, 2014. The letter will notify all members that the final premiums / rates for FY 14/15 will be sent out in January 2014.

ATTACHMENT(S):

- a. FY 14/15 Liability Program – Total Funding
- b. FY 14/15 Workers’ Compensation Program – Total Funding
- c. FY 14/15 Property Program – Total Funding
- d. FY 14/15 Crime Program – Total Funding

<p style="text-align: center;">CSURMA AORMA FY 2014/2015 Liability Program Total Estimated Funding 70% Confidence Level</p>					
Expense Item	Actual FY 10/11 \$250,000/\$500,000 SIR 80% C.L.	Actual FY 11/12 \$350,000 SIR 80% C.L.	Actual FY 12/13 \$350,000 SIR 80% C.L.	Budgeted FY 13/14 \$350,000 SIR 80% C.L.	Proposed FY 14/15 \$350,000 SIR 70% C.L.
Actuarial Recommended Estimated Pooled Layer - Funding	1,774,750	2,198,750	1,618,750	1,565,000	1,675,550
Claims Administration	15,000	12,600	12,600	15,000	15,000
JPA Program Administration Fee	645,780	728,993	742,383	777,825	777,825
Reinsurance / Excess Liability Insurance	1,104,328	1,147,931	1,207,471	1,231,582	1,354,740
Total Expenses:	3,539,858	4,088,274	3,581,204	3,589,407	3,823,115
Difference from prior year:		-1.88%	-11.56%	-0.34%	6.51%

C.L. - Confidence Level

Actuarial Recommended Estimated Pooled Layer Funding (based on the actuarial report dated August 8, 2013)

Claims Administration (an increased or decrease is not contemplated)

JPA Program Administration Fee (an increase or decrease is not contemplated)

Current cost for Reinsurance / Excess Liability Insurance of \$1,231,582 plus a 10% increase

CSURMA AORMA FY 13/14 Workers' Compensation Program Total Estimated Funding 80% Confidence Level					
Expense Item	Actual FY 10/11 \$500,000 SIR 80% C.L.	Actual FY 11/12 \$500,000 SIR 80% C.L.	Actual FY 12/13 \$500,000 SIR 80% C.L.	Budgeted FY 13/14 \$500,000 SIR 80% C.L.	Proposed FY 14/15 \$500,000 SIR 80% C.L.
Actuarial Recommended Estimated Pooled Layer - Funding	\$2,452,327	\$2,541,000	\$2,928,900	\$3,149,900	\$3,108,750
Claims Administration	\$195,000	\$207,089	\$207,089	\$205,000	\$205,000
JPA Program Administration Fee	\$901,125	\$503,866	\$538,104	\$551,699	\$551,699
Excess Insurance	\$406,708	\$441,617	\$477,508	\$470,000	\$517,000
Total Expenses:	\$3,955,160	\$3,693,572	\$4,151,601	\$4,376,599	\$4,382,449
Difference from prior year:		-6.61%	12.40%	5.42%	0.13%
Actuarial Recommended Estimated Pooled Layer - Rate	\$0.90	\$0.83	\$0.95	\$1.03	\$0.95

Actuarial Recommended Estimated Pooled Layer Funding (per the actuarial report dated July 29, 2012)
 Claims Administration (no increase or decrease is contemplated)
 JPA Program Administration Fee (no increase or decrease is contemplated)
 Excess Insurance (includes a 10% increase)

<p style="text-align: center;">CSURMA AORMA FY 2014/2015 Property Program Total Estimated Funding</p>					
Expense Item	Actual FY 10/11 \$100,000 SIR \$250,000 Aggregate SIR	Actual FY 11/12 \$100,000 SIR \$250,000 Aggregate SIR	Actual FY 12/13 \$100,000 SIR \$250,000 Aggregate SIR	Actual FY 13/14 \$100,000 SIR \$250,000 Aggregate SIR	Proposed FY 14/15 \$100,000 SIR \$250,000 Aggregate SIR
Estimated Pooled Layer Funding	\$240,000	\$240,000	\$240,000	\$250,000	\$350,000
Excess Insurance Premium	\$2,125,836	\$2,481,083	\$2,717,248	\$2,539,426	\$2,500,000
JPA Administrative Costs	\$362,767	\$345,411	\$303,307	\$329,019	\$329,019
Total Expenses:	\$2,728,603	\$3,066,494	\$3,260,555	\$3,118,445	\$3,179,019
Difference from prior year:		12.38%	6.33%	-4.36%	1.94%

Estimated Pooled Layer Funding - Staff expects that the aggregate limit of \$250,000 may need to be increased to \$350,000 for FY 14/15. AORMA hits the \$250,000 aggregate every year. (the funding has been increased to \$250,000 which is the aggregate self insured retention)

Excess Insurance Premium - Staff is hoping for a small rate reduction in FY 14/15 if AORMA maintains a reasonable loss ratio.

Administrative costs - no increase or decrease is contemplated.

<p style="text-align: center;">CSURMA AORMA FY 2014/2015 Crime Program Total Estimated Funding</p>					
Expense Item	Actual FY 10/11 \$25,000 SIR \$100,000 Aggregate SIR	Actual FY 11/12 \$25,000 SIR \$100,000 Aggregate SIR	Actual FY 12/13 \$25,000 SIR \$100,000 Aggregate SIR	Actual FY 13/14 \$25,000 SIR \$100,000 Aggregate SIR	Proposed FY 14/15 \$25,000 SIR \$100,000 Aggregate SIR
Estimated Pooled Layer Funding	\$75,000	\$75,000	\$75,000	\$75,000	\$50,000
Excess Insurance Premium	\$160,567	\$160,017	\$183,702	\$225,436	\$237,000
JPA Administrative Costs	\$13,040	\$30,207	\$29,067	\$50,668	\$50,000
Total Expenses:	\$248,607	\$265,224	\$287,769	\$351,104	\$337,000
Difference from prior year:		6.68%	8.50%	22.01%	-4.02%

Estimated Pooled Layer Funding - At June 30, 2013, the crime program has a fund balance of \$110,755; therefore, \$50,000 is being proposed for the pooled layer funding rather than \$75,000.

Excess Insurance Premium - Due to the \$500,000 claim that was paid in FY 12/13, Staff anticipates that the excess crime coverage premium will increase. A 5% increase has been included in the proposed costs for FY 14/15.

Administrative Costs - No increase or decrease is contemplated.

**REVIEW OF FY 14/15 AORMA LIABILITY AND WORKERS'
COMPENSATION PROGRAM ACTUARIAL STUDIES**

ISSUE: CSURMA's retains the services of an independent actuary to evaluate the liabilities of its major self-insured programs. The complete reports for the AORMA Liability Program and Workers' Compensation Program are included separately with the agenda packet. Staff has highlighted here and in attachments to this item key findings and exhibits. The information provided by the actuary is used to establish fiscal year-end financial reports and as the starting point in consideration of rates and funding for FY 14/15 as well as potential for dividends or assessments.

Staff notes regarding the liability program:

1. The Estimated Outstanding Losses increased from \$2,389,287 as of June 30, 2012 to \$2,878,554 as of June 30, 2013, an increase of \$489,267. This increase can be attributed to (a) about \$1.3 million paid between June 30, 2012 and June 30, 2013, (2) an increase in projected ultimate losses for years through 2011/12 of about \$600,000, and (3) the addition of the projected ultimate losses for 2012/13 of about \$1.25 million.
2. For FY 08/09, a new claim was reported within FY 12/13 and has an incurred value of \$263,693
3. For FY 11/12, seven large claims contributed \$1,745,805 to the total limited reported losses as of 6/30/13. See Graph 111-4 and Exhibit LI-20.

Staff notes regarding the workers' compensation program:

1. The Estimated Outstanding Losses increased from \$7,332,366 as of June 30, 2012 to \$7,646,069 as of June 30, 2013, an increase of \$313,703.
2. The loss rate per \$100 in payroll increased slightly from .87 to .90 due to rising medical costs.
3. Since June, 2005, AORMA has only had one large claim (\$2,038,366) that pierced the excess insurance layer.

RECOMMENDATION: No action is requested; this item is for information only.

FISCAL IMPACT: The overall program costs will be reviewed and approved separately. The action recommended will have the direct effect of (1) establishing liabilities reported in

CSURMA's financial statements and the overall funding requirements for the FY 14/15 Liability and Workers' Compensation programs.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. AORMA Liability Program Actuarial Study – Dated August 8, 2013
- b. AORMA Workers' Compensation Actuarial Study – Dated July 29, 2013



III. Conclusions

1. Estimate Net Outstanding Losses

We estimate net outstanding losses (including ALAE) as of June 30, 2013 and June 30, 2014 at various confidence levels as shown in Tables III-1A and III-1B.

Table III-1A
Estimated Net Outstanding Losses
at Various Confidence Levels
June 30, 2013

Confidence Level (1)	Estimated Net Outstanding Losses (2)	Present Value of Estimated Net Outstanding Losses (3)
(A) Expected	\$2,878,554	\$2,799,956
(B) 60%	2,993,696	2,911,954
(C) 70%	3,223,980	3,135,951
(D) 80%	3,454,265	3,359,947

Note: (A) is from Exhibit LI-15.
(B) to (D) are based on (A) and actuarial judgment.

We note the estimated outstanding losses increased from \$2,389,287 as of June 30, 2012 to \$2,878,554 as of June 30, 2013, an increase of \$489,267. This increase can be attributed to:

- About \$1.3 million paid between June 30, 2012 and June 30, 2013
- An increase in projected ultimate losses for years through 2011/12 of about \$600,000
- The addition of the projected ultimate losses for 2012/13 of about \$1.25 million.



**Table III-1B
Estimated Net Outstanding Losses
at Various Confidence Levels
June 30, 2014**

Confidence Level (1)	Estimated Net Outstanding Losses (2)	Present Value of Estimated Net Outstanding Losses (3)
(A) Expected	\$2,877,764	\$2,800,817
(B) 60%	2,992,875	2,912,850
(C) 70%	3,223,096	3,136,915
(D) 80%	3,453,317	3,360,980

Note: (A) is from Exhibit LI-16.
(B) to (D) are based on (A) and actuarial judgment.

We estimate outstanding ULAE on June 30, 2013 and June 30, 2014 as shown in Table III-1C.

**Table III-1C
Estimated Outstanding ULAE
June 30, 2013 and June 30, 2014**

As of Date (1)	Estimated Outstanding ULAE (2)	Present Value of Estimated Outstanding ULAE (3)
(A) June 30, 2013	\$215,892	\$209,997
(B) June 30, 2014	215,832	210,061

Note: (A) is 7.5% of the corresponding figures at the expected level in Table III-1A.
(B) is 7.5% of the corresponding figures at the expected level in Table III-1B.

The present value of the estimated net outstanding losses is the amount of money, discounted for anticipated investment income, required to meet unpaid claims. It is calculated based on a 2.0% yield on investments, as provided by Alliant Insurance Services.



Governmental Accounting Standards Board (GASB) Statement No. 10 details the financial disclosure requirements for self-insured public entities. It necessitates AORMA to disclose estimated outstanding losses (that are calculated based on actuarial methods) in its financial statements.

2. Project Ultimate Net Limited Losses

We project ultimate net limited losses (including ALAE) for 2013/14, 2014/15, and 2015/16 at a \$350,000 retention level for all claims to be as shown in Tables III-2A, III-2B, III-2C and III-2D. We assume the 2013/14 member deductibles apply for 2014/15 and 2015/16.

Table III-2A
Projected Ultimate Net Limited Losses
Expected
(at \$350,000 SIR)

Claim Period (1)	Projected Ultimate Net Limited Losses (2)	Loss Rate per \$100 of Payroll (3)	Present Value of Projected Ultimate Net Limited Losses (4)	Loss Rate per \$100 of Payroll (5)
(A) 2013/14	\$1,497,000	\$0.35	\$1,429,000	\$0.34
(B) 2014/15	1,527,000	0.36	1,457,000	0.34
(C) 2015/16	1,557,000	0.37	1,486,000	0.35

Note: (A), (B) and (C) are from Exhibit LI-14.



Table III-2B
Projected Ultimate Net Limited Losses
at a 60% Confidence Level
(at \$350,000 SIR)

Claim Period (1)	Projected Ultimate Net Limited Losses (2)	Loss Rate per \$100 of Payroll (3)	Present Value of Projected Ultimate Net Limited Losses (4)	Loss Rate per \$100 of Payroll (5)
(A) 2013/14	\$1,556,880	\$0.36	\$1,486,160	\$0.35
(B) 2014/15	1,588,080	0.37	1,515,280	0.35
(C) 2015/16	1,619,280	0.38	1,545,440	0.36

Note: (A), (B) and (C) are based on Table III-2A and actuarial judgment.

Table III-2C
Projected Ultimate Net Limited Losses
at a 70% Confidence Level
(at \$350,000 SIR)

Claim Period (1)	Projected Ultimate Net Limited Losses (2)	Loss Rate per \$100 of Payroll (3)	Present Value of Projected Ultimate Net Limited Losses (4)	Loss Rate per \$100 of Payroll (5)
(A) 2013/14	\$1,721,550	\$0.40	\$1,643,350	\$0.39
(B) 2014/15	1,756,050	0.41	1,675,550	0.39
(C) 2015/16	1,790,550	0.43	1,708,900	0.4

Note: (A), (B) and (C) are based on Table III-2A and actuarial judgment.



**Table III-2D
Projected Ultimate Net Limited Losses
at a 80% Confidence Level
(at \$350,000 SIR)**

Claim Period (1)	Projected Ultimate Net Limited Losses (2)	Loss Rate per \$100 of Payroll (3)	Present Value of Projected Ultimate Net Limited Losses (4)	Loss Rate per \$100 of Payroll (5)
(A) 2013/14	\$2,020,950	\$0.47	\$1,929,150	\$0.46
(B) 2014/15	2,061,450	0.49	1,966,950	0.46
(C) 2015/16	2,101,950	0.5	2,006,100	0.47

Note: (A), (B) and (C) are based on Table III-2A and actuarial judgment.

We estimate ULAE for 2013/14 through 2015/16 to be as shown in Table III-2E.

**Table III-2E
Estimated ULAE
2013/14 through 2015/16
(at \$350,000 SIR)**

Claim Period (1)	Estimated ULAE (2)	Present Value of Estimated ULAE (3)
(A) 2013/14	\$112,275	\$107,175
(B) 2014/15	114,525	109,275
(C) 2015/16	116,775	111,450

Note: (2) and (3) are 7.5% of the corresponding figures at the expected level in Table III-2A.



We project ultimate net limited losses (including ALAE) for 2013/14, 2014/15, and 2015/16 at various retention levels to be as shown in Tables III-2F, III-2G, III-2H, III-2I, III-2J and III-2K.

Table III-2F
Projected Ultimate Net Limited Losses
Full Value
2013/14

Retention Level (1)	Expected (2)	60% Confidence Level (3)	70% Confidence Level (4)	80% Confidence Level (5)
(A) \$350,000	\$1,497,000	\$1,556,880	\$1,721,550	\$2,020,950
(B) \$500,000	1,594,305	1,666,049	1,843,017	2,174,632

Note: See Exhibit LI-19.

Table III-2G
Projected Ultimate Net Limited Losses
Present Value
2013/14

Retention Level (1)	Expected (2)	60% Confidence Level (3)	70% Confidence Level (4)	80% Confidence Level (5)
(A) \$350,000	\$1,429,000	\$1,486,160	\$1,643,350	\$1,929,150
(B) \$500,000	1,521,885	1,590,370	1,759,299	2,075,851

Note: See Exhibit LI-19.



Table III-2H
Projected Ultimate Net Limited Losses
Full Value
2014/15

Retention Level (1)	Expected (2)	60% Confidence Level (3)	70% Confidence Level (4)	80% Confidence Level (5)
(A) \$350,000	\$1,527,000	\$1,588,080	\$1,756,050	\$2,061,450
(B) \$500,000	1,626,255	1,699,436	1,879,951	2,218,212

Note: See Exhibit LI-19.

Table III-2I
Projected Ultimate Net Limited Losses
Present Value
2014/15

Retention Level (1)	Expected (2)	60% Confidence Level (3)	70% Confidence Level (4)	80% Confidence Level (5)
(A) \$350,000	\$1,457,000	\$1,515,280	\$1,675,550	\$1,966,950
(B) \$500,000	1,551,705	1,621,532	1,793,771	2,116,526

Note: See Exhibit LI-19.



**Table III-2J
Projected Ultimate Net Limited Losses
Full Value
2015/16**

Retention Level (1)	Expected (2)	60% Confidence Level (3)	70% Confidence Level (4)	80% Confidence Level (5)
(A) \$350,000	\$1,557,000	\$1,619,280	\$1,790,550	\$2,101,950
(B) \$500,000	1,658,205	1,732,824	1,916,885	2,261,792

Note: See Exhibit LI-19.

**Table III-2K
Projected Ultimate Net Limited Losses
Present Value
2015/16**

Retention Level (1)	Expected (2)	60% Confidence Level (3)	70% Confidence Level (4)	80% Confidence Level (5)
(A) \$350,000	\$1,486,000	\$1,545,440	\$1,708,900	\$2,006,100
(B) \$500,000	1,582,590	1,653,807	1,829,474	2,158,653

Note: See Exhibit LI-19.

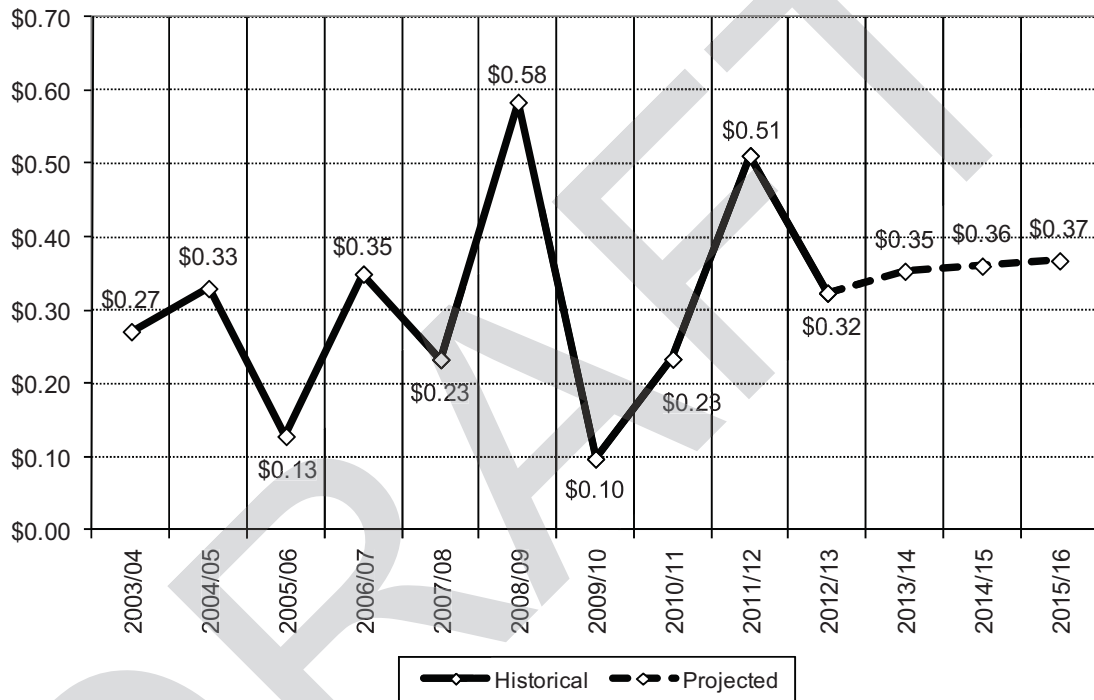
The projected ultimate net limited losses do not include unallocated loss adjustment expenses (ULAE). The present value of the projected ultimate limited losses is the amount of money, discounted for investment income, required to meet claims. It is calculated based on a 2.0% yield on investments, as provided by Alliant Insurance Services.



Loss Experience Trends

Graphs III-1 and III-2 show loss experience trends for liability as measured by loss rate per \$100 of payroll and frequency and severity, respectively.

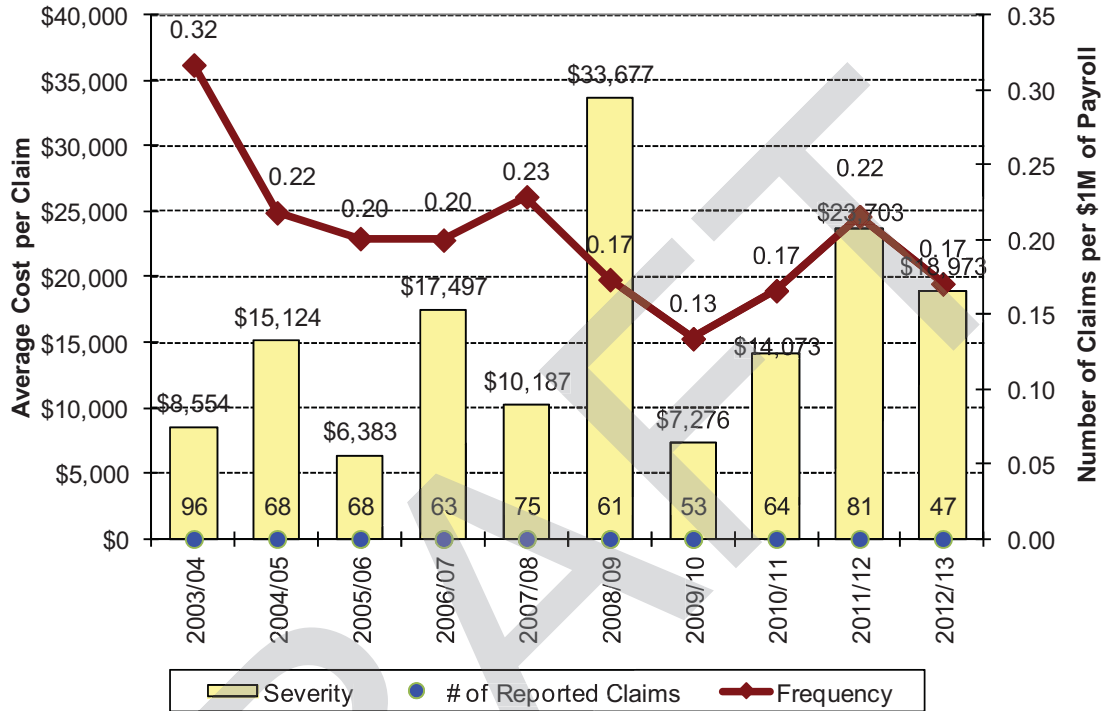
Graph III-1
Loss Rate per \$100 of Payroll
(Liability)



Note: Loss rates are from Exhibit LI-14, columns (4) and (7).



**Graph III-2
Frequency and Severity
(Liability)**

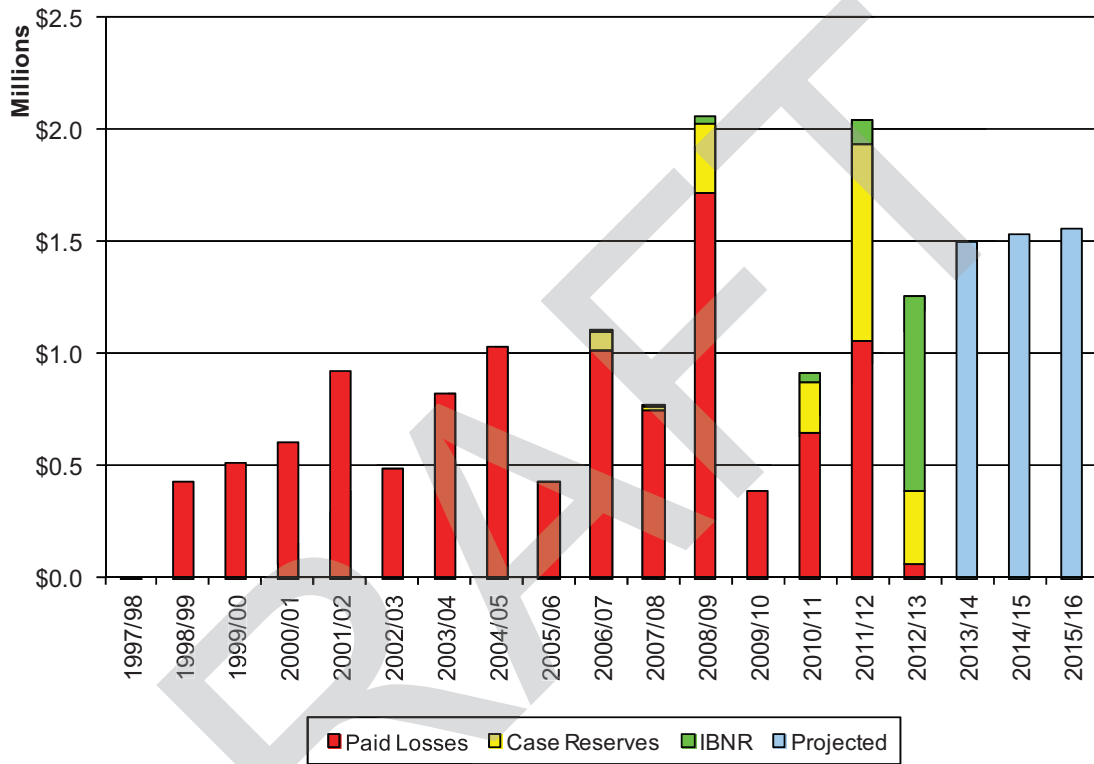


Note: Frequency amounts are from Exhibit LI-8, Section I, column (7).
Severity amounts are based on the projected claim counts in Exhibit LI-8 and the projected ultimate losses in Exhibit LI-13.



Graph III-3 shows the composition of the projected ultimate limited losses for liability.

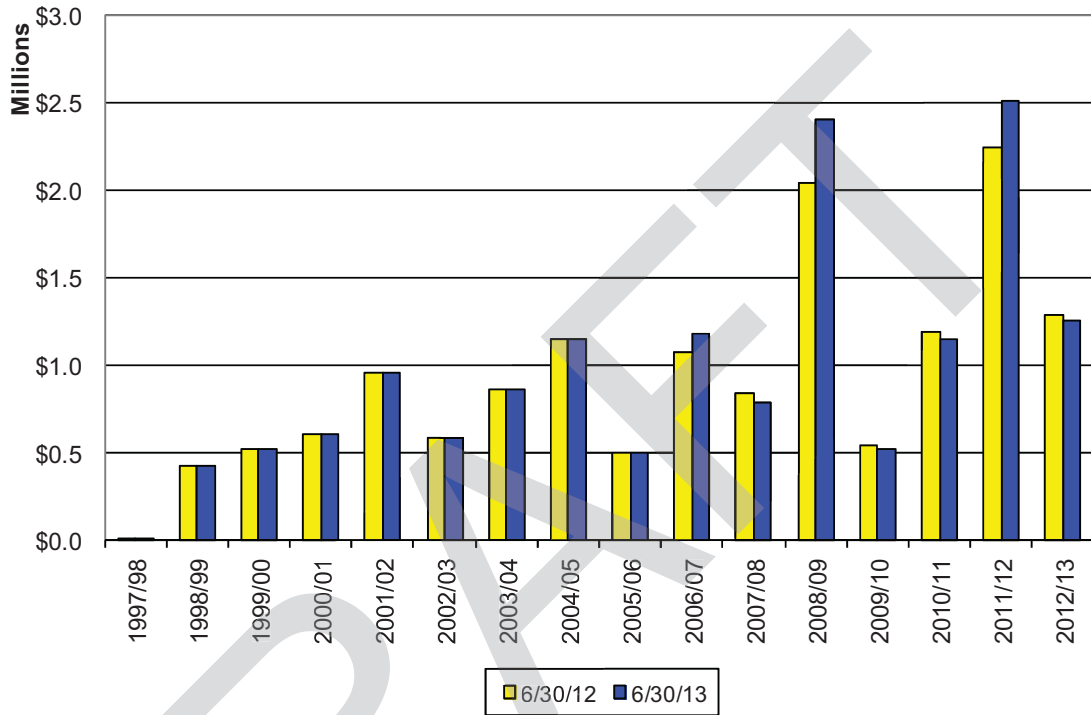
Graph III-3
Composition of Projected Ultimate Limited Losses
(Liability)



Note: Amounts through 2012/13 are from Exhibit LI-15.
 Amounts for 2013/14 through 2015/16 are from Exhibit LI-14.



**Graph III-5
Comparison of Projected Ultimate Limited Losses
as of June 30, 2012 and June 30, 2013
(Liability)**



Note: Amounts as of June 30, 2012 are from the previous actuarial study.
Amounts as of June 30, 2013 are from Exhibit LI-13.

For all claims through 2011/12, the change in the projected ultimate limited losses from June 30, 2012 to June 30, 2013 was +4.7%.



AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
LIABILITY

Exhibit LI-20

List of Large Claims
Reported Incurred Losses Greater Than \$100,000

Claim Number (1)	Date of Loss (2)	Claim Period (3)	Specific Self-Insured Retention (4)	Unlimited Paid Losses 6/30/13 (5)	Unlimited Case Reserves 6/30/13 (6)	Unlimited Reported Incurred Losses 6/30/13 (7)
1448063	3/15/2002	2001/02	\$250,000	\$157,908	\$0	\$157,908
19376	7/1/2002	2002/03	250,000	121,958	0	121,958
19058	1/28/2003	2002/03	250,000	135,385	0	135,385
18721	7/17/2003	2003/04	250,000	121,895	0	121,895
19349	8/30/2003	2003/04	250,000	214,662	0	214,662
1407748	10/12/2004	2004/05	250,000	185,453	0	185,453
284078	12/5/2004	2004/05	250,000	250,483	0	250,483
293886	3/1/2005	2004/05	250,000	243,404	0	243,404
1445463	6/30/2005	2004/05	250,000	175,316	0	175,316
1430027	10/13/2005	2005/06	250,000	115,403	0	115,403
1419749	2/8/2006	2005/06	250,000	126,025	0	126,025
1439744	10/1/2006	2006/07	250,000	251,233 *	0	251,233
1476043	1/23/2007	2006/07	250,000	172,003	77,997	250,000
1457021	2/15/2007	2006/07	250,000	238,481	0	238,481
1477751	8/29/2007	2007/08	250,000	180,256	0	180,256
1472757	2/1/2008	2007/08	250,000	147,783	0	147,783
1476938	5/21/2008	2007/08	250,000	115,182	0	115,182
1492271	7/1/2008	2008/09	250,000	250,000 *	0	250,000 *
1483401	8/13/2008	2008/09	500,000	108,429	0	108,429
1482105	8/19/2008	2008/09	250,000	156,341	0	156,341
1484271	8/29/2008	2008/09	500,000	112,210	0	112,210
1492625	9/12/2008	2008/09	500,000	104,313	0	104,313
1519154	9/16/2008	2008/09	250,000	100,068	76,286	176,354
1814728	1/1/2009	2008/09	250,000	11,025	252,668 *	263,693 *
1524874	5/1/2009	2008/09	500,000	499,025 *	0	499,025 *
1549214	1/7/2011	2010/11	350,000	191,279	0	191,279
1581787	2/24/2011	2010/11	350,000	122,069	0	122,069
1597956	3/30/2011	2010/11	350,000	155,678	416	156,093
1614600	4/16/2011	2010/11	350,000	99,950	116,969	216,919
1600832	7/8/2011	2011/12	350,000	313,777 *	0	313,777 *
1733219	7/8/2011	2011/12	350,000	83,238	269,262 *	352,500 *
1600613	10/28/2011	2011/12	350,000	171,564 *	0	171,564
1632425	11/1/2011	2011/12	350,000	140,464	0	140,464
1758506	11/9/2011	2011/12	350,000	135,282	89,718	225,000
1603180	12/7/2011	2011/12	350,000	68,660	381,340 *	450,000 *
1735120	1/30/2012	2011/12	350,000	166,498 *	28,502	195,000

Amounts shown are gross of the self-insured retention, net of other recoveries, and gross of deductibles.

The claim(s) indicated by a "*" have been limited in development.

(1) through (7) were provided by Alliant Insurance Services, Inc.



III. Conclusions

1. Estimate Outstanding Losses

We estimate outstanding losses (including ALAE) as of June 30, 2013 and June 30, 2014 at various confidence levels to be as shown in Tables III-1A and III-1B.

Table III-1A
Estimated Outstanding Losses
at Various Confidence Levels
June 30, 2013

Confidence Level (1)	Estimated Outstanding Losses (2)	Present Value of Estimated Outstanding Losses (3)
(A) Expected	\$7,646,069	\$7,062,665
(B) 70%	8,563,597	7,910,185
(C) 80%	9,175,283	8,475,198
(D) 90%	10,322,193	9,534,598

Note: (A) is from Exhibit WC-11.
(B) to (D) are based on (A) and actuarial judgment.

Table III-1B
Estimated Outstanding Losses
at Various Confidence Levels
June 30, 2014

Confidence Level (1)	Estimated Outstanding Losses (2)	Present Value of Estimated Outstanding Losses (3)
(A) Expected	\$7,967,762	\$7,356,424
(B) 70%	8,923,893	8,239,195
(C) 80%	9,561,314	8,827,709
(D) 90%	10,756,479	9,931,172

Note: (A) is from Exhibit WC-12.
(B) to (D) are based on (A) and actuarial judgment.



The present value of the estimated outstanding losses is the amount of money, discounted for anticipated investment income, required to meet unpaid claims. It is calculated based on a 2.0% yield on investments, as provided by Alliant Insurance Services.

Governmental Accounting Standards Board (GASB) Statement No. 10 details the financial disclosure requirements for self-insured public entities. It necessitates CSURMA to disclose estimated outstanding losses (that are calculated based on actuarial methods) in its financial statements.

2. Estimate Outstanding Unallocated Loss Adjustment Expenses

We estimate outstanding ULAE on June 30, 2013 and June 30, 2014 to be as shown in Table III-2.

Table III-2
Estimated Outstanding ULAE
June 30, 2013 and June 30, 2014

As of Date (1)	Estimated Outstanding ULAE (2)	Present Value of Estimated Outstanding ULAE (3)
(A) June 30, 2013	\$573,455	\$529,700
(B) June 30, 2014	597,582	551,732

Note: (A) is 7.5% of the corresponding figures at the expected level in Table III-1A.
(B) is 7.5% of the corresponding figures at the expected level in Table III-1B.



3. Project Ultimate Limited Losses

We project ultimate limited losses (including ALAE) for 2013/14 and 2014/15 at various confidence levels to be as shown in Tables III-3A and III-3C.

**Table III-3A
Projected Ultimate Limited Losses
at Various Confidence Levels
2013/14
(\$500,000 Retention)**

Confidence Level (1)	Projected Ultimate Limited Losses (2)	Loss Rate per \$100 of Payroll (3)	Present Value of Projected Ultimate Limited Losses (4)	Loss Rate per \$100 of Payroll (5)
(A) Expected	\$2,595,000	\$0.87	\$2,401,000	\$0.80
(B) 70%	2,984,250	1.00	2,761,150	0.92
(C) 80%	3,243,750	1.09	3,001,250	1.00
(D) 90%	3,892,500	1.31	3,601,500	1.20

Note: (A) is from Exhibit WC-10.
(B) to (D) are based on (A) and actuarial judgment.

We estimate ULAE for 2013/14 to be as shown in Table III-3B.

**Table III-3B
Estimated ULAE
2013/14**

Period (1)	Estimated Outstanding ULAE (2)	Present Value of Estimated Outstanding ULAE (3)
2013/14	\$194,625	\$180,075

Note: (2) and (3) are 7.5% of the corresponding figures at the expected level in Table III-3A.



**Table III-3C
Projected Ultimate Limited Losses
at Various Confidence Levels
2014/15
(\$500,000 Retention)**

Confidence Level (1)	Projected Ultimate Limited Losses (2)	Loss Rate per \$100 of Payroll (3)	Present Value of Projected Ultimate Limited Losses (4)	Loss Rate per \$100 of Payroll (5)
(A) Expected	\$2,688,000	\$0.90	\$2,487,000	\$0.83
(B) 70%	3,091,200	1.04	2,860,050	0.95
(C) 80%	3,360,000	1.13	3,108,750	1.04
(D) 90%	4,032,000	1.35	3,730,500	1.25

Note: (A) is from Exhibit WC-10.
(B) to (D) are based on (A) and actuarial judgment.

We estimate ULAE for 2014/15 to be as shown in Table III-3D.

**Table III-3D
Estimated ULAE
2014/15**

Period (1)	Estimated Outstanding ULAE (2)	Present Value of Estimated Outstanding ULAE (3)
2014/15	\$201,600	\$186,525

Note: (2) and (3) are 7.5% of the corresponding figures at the expected level in Table III-3C.

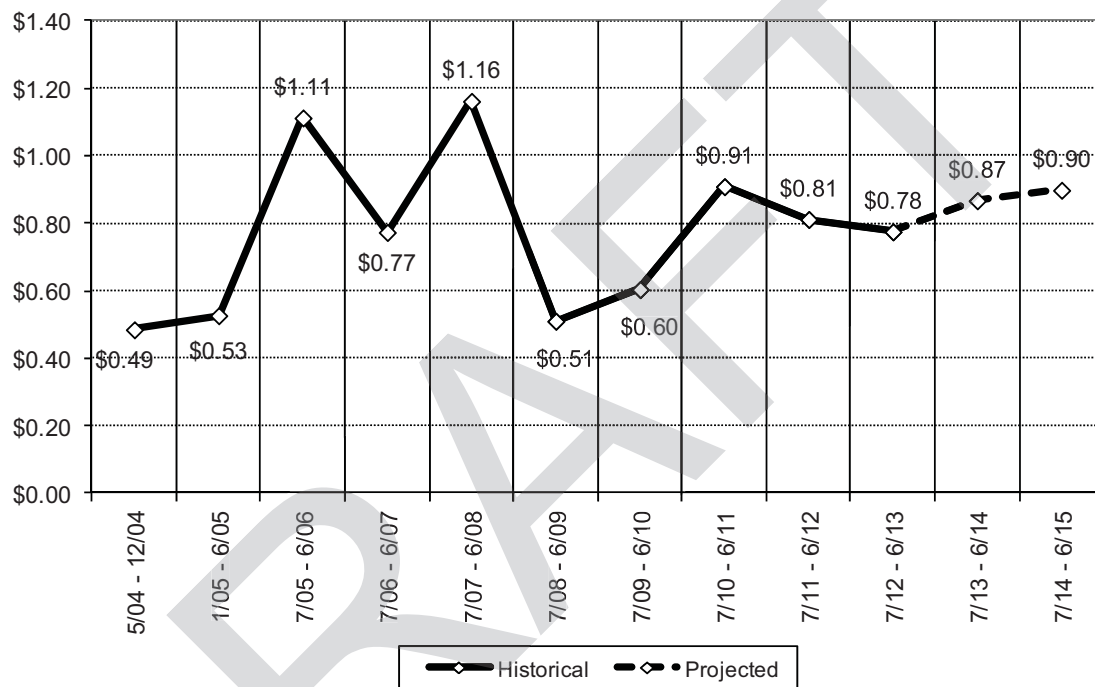
The present value of the projected ultimate limited losses is the amount of money, discounted for investment income, required to meet claims. It is calculated based on a 2.0% yield on investments, as provided by Alliant Insurance Services.



Loss Experience Trends

Graphs III-1 and III-2 show loss experience trends for workers compensation as measured by loss rate per \$100 of payroll and frequency and severity, respectively.

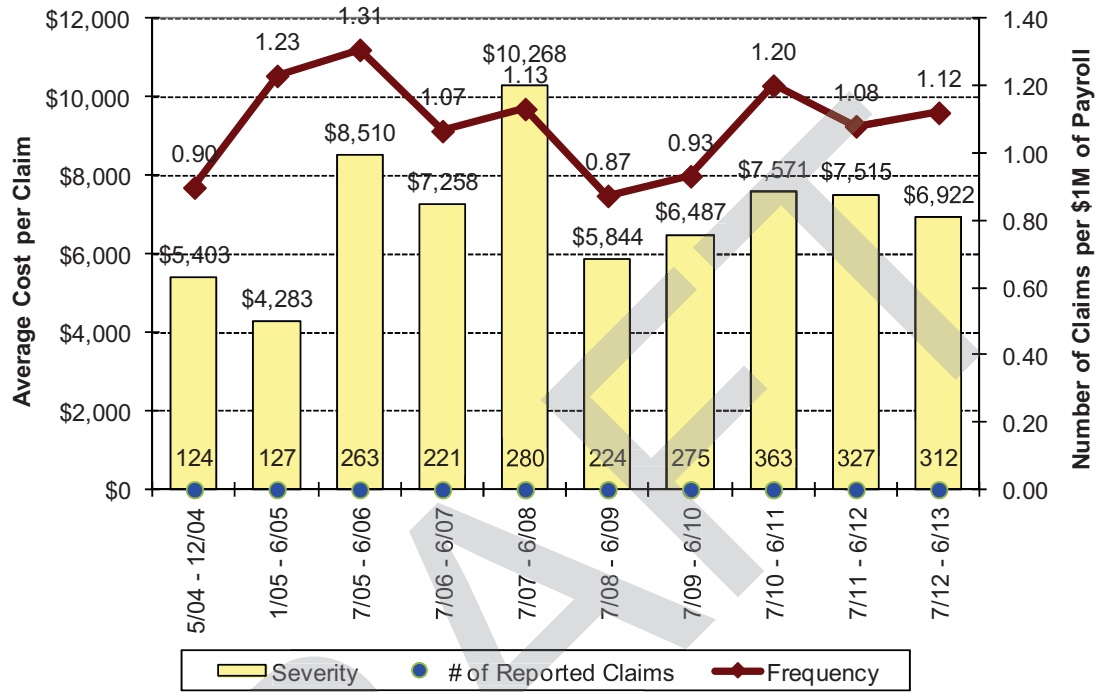
Graph III-1
Loss Rate per \$100 of Payroll
(Workers Compensation)



Note: Loss rates are from Exhibit WC-10, columns (4) and (7).



**Graph III-2
Frequency and Severity
(Workers Compensation)**

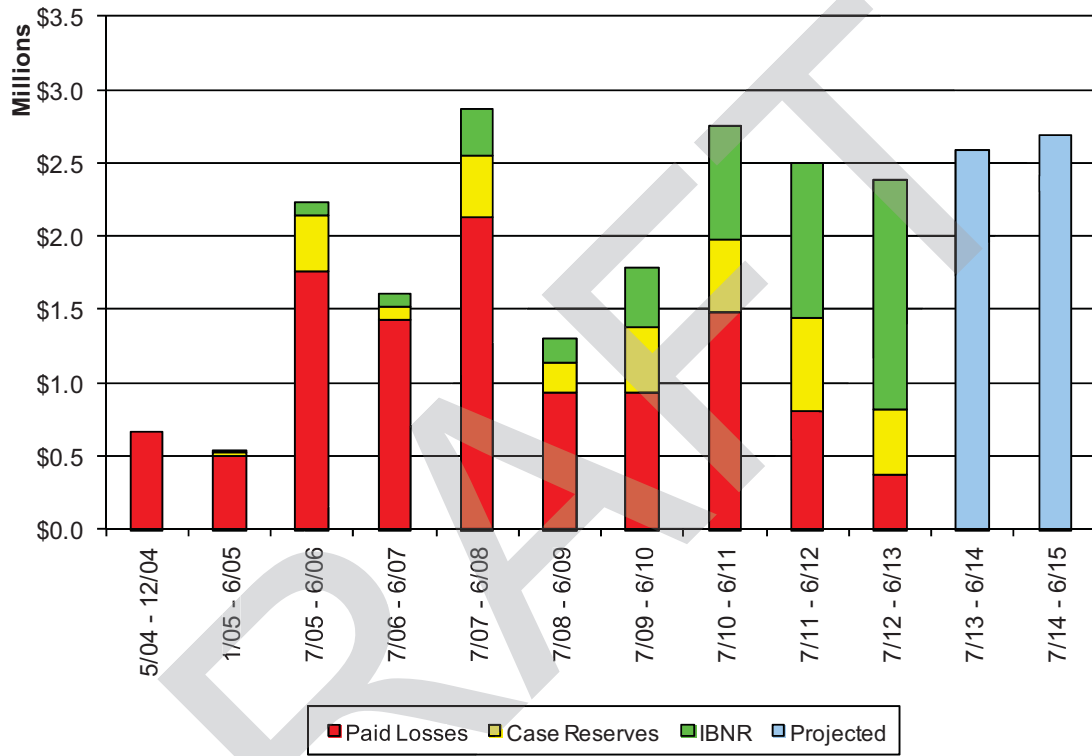


Note: Frequency amounts are from Exhibit WC-8, Section I, column (7).
Severity amounts are based on the projected claim counts in Exhibit WC-8 and the projected ultimate losses in Exhibit WC-9.



Graph III-3 shows the composition of the projected ultimate limited losses for workers compensation.

Graph III-3
Composition of Projected Ultimate Limited Losses
(Workers Compensation)



Note: Amounts through 7/12 - 6/13 are from Exhibit WC-11.
 Amounts for 7/13 - 6/14 and 7/14 - 6/15 are from Exhibit WC-10.



Comparison to Previous Actuarial Study

Graphs III-4 and III-5 are graphical comparisons of the limited reported incurred losses and projected ultimate limited losses, respectively, by fiscal year of occurrence of the workers compensation program from the previous study (report dated September 19, 2012) to the current study.

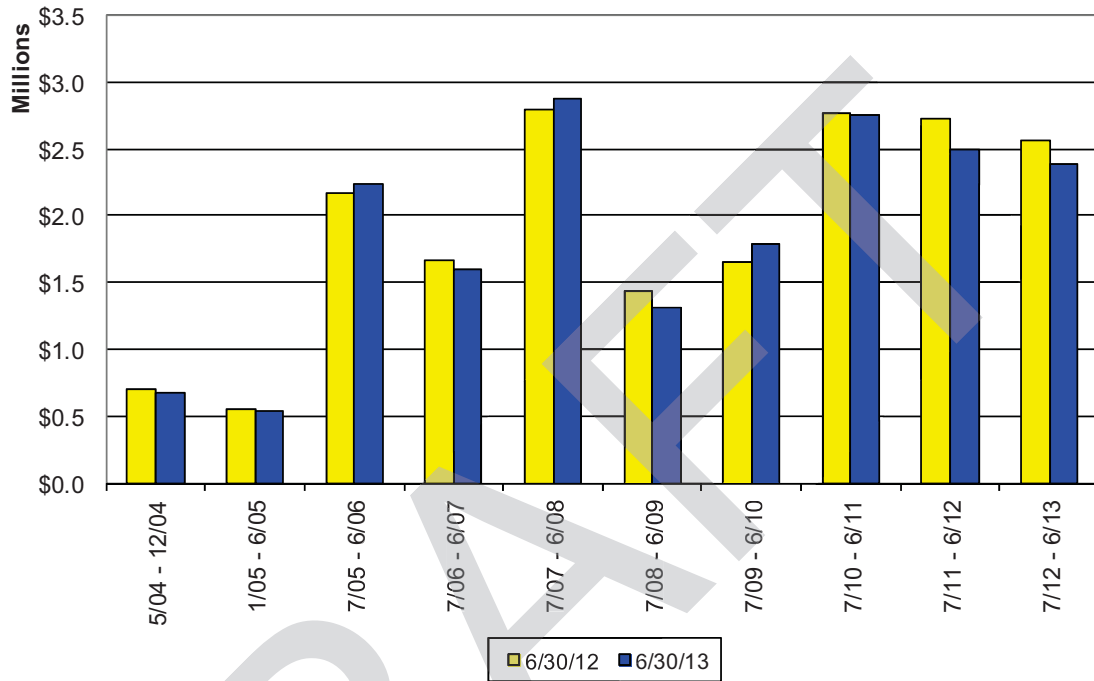
Graph III-4
Comparison of Limited Reported Incurred Losses
as of June 30, 2012 and June 30, 2013
(Workers Compensation)



Note: Amounts as of June 30, 2012 are from the previous actuarial study.
Amounts as of June 30, 2013 are from Exhibit WC-1.



Graph III-5
Comparison of Projected Ultimate Limited Losses
as of June 30, 2012 and June 30, 2013
(Workers Compensation)



Note: Amounts as of June 30, 2012 are from the previous actuarial study.
Amounts as of June 30, 2013 are from Exhibit WC-9.

For all claims through 7/11 – 6/12, the change in the projected ultimate limited losses from June 30, 2012 to June 30, 2013 was -1.1%.



CSURMA - AO-COMP
WORKERS' COMPENSATION

Exhibit WC-16

List of Large Claims
Reported Incurred Losses Greater Than \$100,000

Claim Number (1)	Date of Loss (2)	Claim Period (3)	Specific Self-Insured Retention (4)	Unlimited Paid Losses 6/30/13 (5)	Unlimited Case Reserves 6/30/13 (6)	Unlimited Reported Incurred Losses 6/30/13 (7)
2005120449	6/1/2005	1/05 - 6/05	\$500,000	\$132,096	\$26,156	\$158,252
2005122185	9/17/2005	7/05 - 6/06	500,000	232,478	2,038,366 *	2,270,843 *
2006136779	2/19/2006	7/05 - 6/06	500,000	165,483	0	165,483
2006155027	5/2/2006	7/05 - 6/06	500,000	148,182	0	148,182
2006142279	5/6/2006	7/05 - 6/06	500,000	189,986	78,947	268,933
2006142108	5/8/2006	7/05 - 6/06	500,000	109,913	0	109,913
2006155324	9/28/2006	7/06 - 6/07	500,000	96,943	5,343	102,287
2006156987	12/8/2006	7/06 - 6/07	500,000	184,579	0	184,579
2007158724	1/17/2007	7/06 - 6/07	500,000	132,299	0	132,299
2007167232	7/9/2007	7/07 - 6/08	500,000	155,315	0	155,315
2007168184	8/6/2007	7/07 - 6/08	500,000	154,723	20,519	175,242
2007169205	8/29/2007	7/07 - 6/08	500,000	219,747	116,745	336,491
2007176887	9/20/2007	7/07 - 6/08	500,000	137,822	32,715	170,538
2007180357	11/15/2007	7/07 - 6/08	500,000	101,079	0	101,079
2008184812	2/7/2008	7/07 - 6/08	500,000	199,324	35,588	234,912
2008186800	2/24/2008	7/07 - 6/08	500,000	82,987	22,038	105,025
2008189224	4/30/2008	7/07 - 6/08	500,000	82,860	18,920	101,780
2008190523	5/31/2008	7/07 - 6/08	500,000	133,313	23,673	156,986
2008201021	8/12/2008	7/08 - 6/09	500,000	113,104	0	113,104
2008204414	9/26/2008	7/08 - 6/09	500,000	95,761	29,836	125,597
2009211706	4/14/2009	7/08 - 6/09	500,000	69,160	102,477	171,637
2009216082	7/6/2009	7/09 - 6/10	500,000	84,082	196,863 *	280,945
2010231725	7/16/2010	7/10 - 6/11	500,000	116,045	13,534	129,579
2010232397	7/23/2010	7/10 - 6/11	500,000	80,145	37,894	118,039
2010235718	10/6/2010	7/10 - 6/11	500,000	68,537	76,933	145,469
2010235577	10/6/2010	7/10 - 6/11	500,000	99,306	12,073	111,379
2011240854	1/24/2011	7/10 - 6/11	500,000	99,819	61,542	161,361
2011243106	3/2/2011	7/10 - 6/11	500,000	78,537	25,403	103,939
2012309042	1/10/2012	7/11 - 6/12	500,000	160,276	89,215	249,491

Amounts are shown gross of the self-insured retention and net of other recoveries.

The claim(s) indicated by a "*" have been limited in development.

(1) through (7) were provided by Alliant Insurance Services, Inc..

**REVIEW OF THE TARGET SURPLUS FUNDING REPORT
AND DIVIDEND CALCULATION**

ISSUE: At its meeting in September 2013, the AORMA Committee reviewed the Target Surplus Funding and Dividend Calculation report and approved the Liability and Workers' Compensation dividend which will be paid in July 2014. The Programs Committee will approve the member dividend allocation at its meeting in December, 2013.

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

FISCAL IMPACT: The AORMA Committee approved a dividend of 33% of the maximum dividend available for both Liability (\$978,346) and Workers' Compensation (\$845,387)

BACKGROUND: CAJPA, an informational and educational network for California JPA's, has established several surplus ratio standards that have been adopted by CSURMA AORMA in order to establish the target surplus amount for the Liability and Workers' Compensation Programs.

- Gross Premium to Surplus Ratio – at least 1.5 to 1: (Surplus should be at least 66% of the premium for the upcoming FY 13/14.) Should there be any inaccuracies in the pricing, it is desirable to have adequate surplus to borrow against.
- Surplus to Pool Retention Ratio > 5-10 to 1: Should AORMA have multiple significant losses in the same year, it is desirable to have between five and ten times the retention.
- Outstanding Reserves to Surplus Ratio - at least 1.5 to 1: (Surplus should be at least 66% of the reserve amounts for all open claims.) Should there be any inaccuracies in the reserve amounts for open claims, it is desirable to have adequate surplus to borrow against.

PUBLICATION: None

ATTACHMENT(S):

- a. Surplus Funding and Dividend Calculation

AORMA SIR Liability Fund Program Target Surplus Funding Analysis at \$350,000 SIR

Gross Premium 2014/15 (at 80% CL)	\$3,336,690
Maximum Retention per loss:	\$350,000
O/S Reserves at 6/30/13:	\$1,961,656
*Surplus at 6/30/13:	\$5,189,145
Funding above 70% Conf Level:	\$4,706,126
Funding above 80% Conf Level:	\$4,482,130

* Surplus at 6/30/13 reflects the Fund Balance from the 6/30/13 Balance sheet including the \$1,061,712 12/13 dividend

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium:Surplus	<1.5:1	\$2,224,460	0.64
Surplus:Retention	>5:1	\$1,750,000	14.83
O/S Reserve:Surplus	≤1.5:1	\$1,307,771	0.38

Maximum Dividend Available:	\$2,964,685
Dividend 50%	\$1,482,343
Recommended Dividend 33%:	\$978,346
Dividend 25%:	\$741,171

Approved on 9/12/13

Note: 2012 Dividend of \$1,061,712 was based on 25% of the Maximum Dividend Available

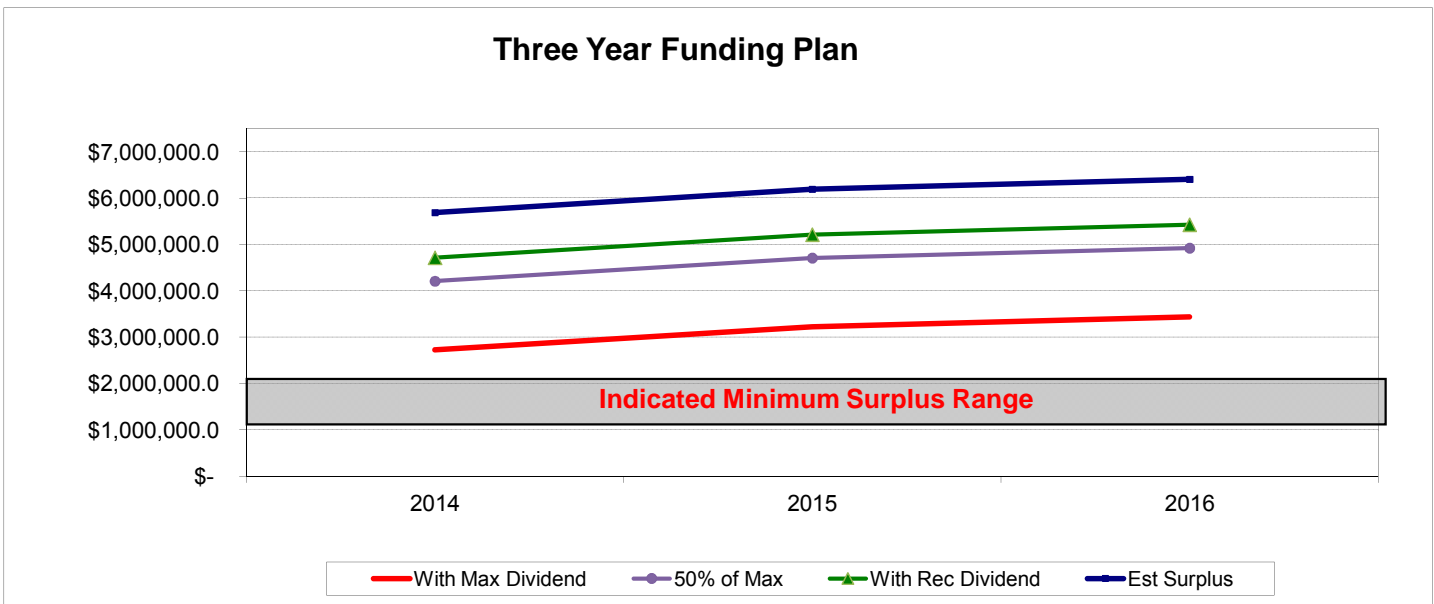
2014/15 Pool Funding Options - Does Not Include ULAE

Confidence levels	Factor	Pool Premium	Surplus
Expected	1.000	1,429,000	-
60%	1.040	1,486,160	57,160
70%	1.150	1,643,350	214,350
80%	1.350	1,929,150	500,150

Three Year Funding Plan

	Amount to Add To Surplus	Est. Surplus Balance	With Max Dividend	With Rec Dividend
Estimated Balance at 7/1/13	N/A	5,189,145	N/A	N/A
2014/15 - Collection @ 80% CL	500,150	5,689,295	2,724,610	4,710,949
2015/16 - Collection @ 80% CL	500,150	6,189,445	3,224,760	5,211,099
2015/16 - Collection @ 70% CL	214,350	6,403,795	3,439,110	5,425,449

Three Year Funding Plan



AORMA Workers' Compensation Program Target Surplus Funding Analysis at \$500,000 SIR

Gross Premium 2014/15 (at 80% CL)	\$3,836,753
Maximum Retention per loss:	\$500,000
O/S Reserves at 6/30/13:	\$3,152,250
*Surplus at 6/30/13:	\$5,119,614
Funding above 70% Conf Level:	\$4,899,253
Funding above 80% Conf Level:	\$4,334,240

* Surplus at 6/30/13 reflects the Fund Balance from the 6/30/13 Balance sheet including the \$640,445 12/13 dividend

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium:Surplus	<1.5:1	\$2,557,835	0.75
Surplus:Retention	>5:1	\$2,500,000	10.24
O/S Reserve:Surplus	≤1.5:1	\$2,101,500	0.62

Maximum Dividend Available:	\$2,561,779
Dividend 50%:	\$1,280,889
Recommended Dividend 33%:	\$845,387
Dividend 25%:	\$640,445

Approved on 9/12/13

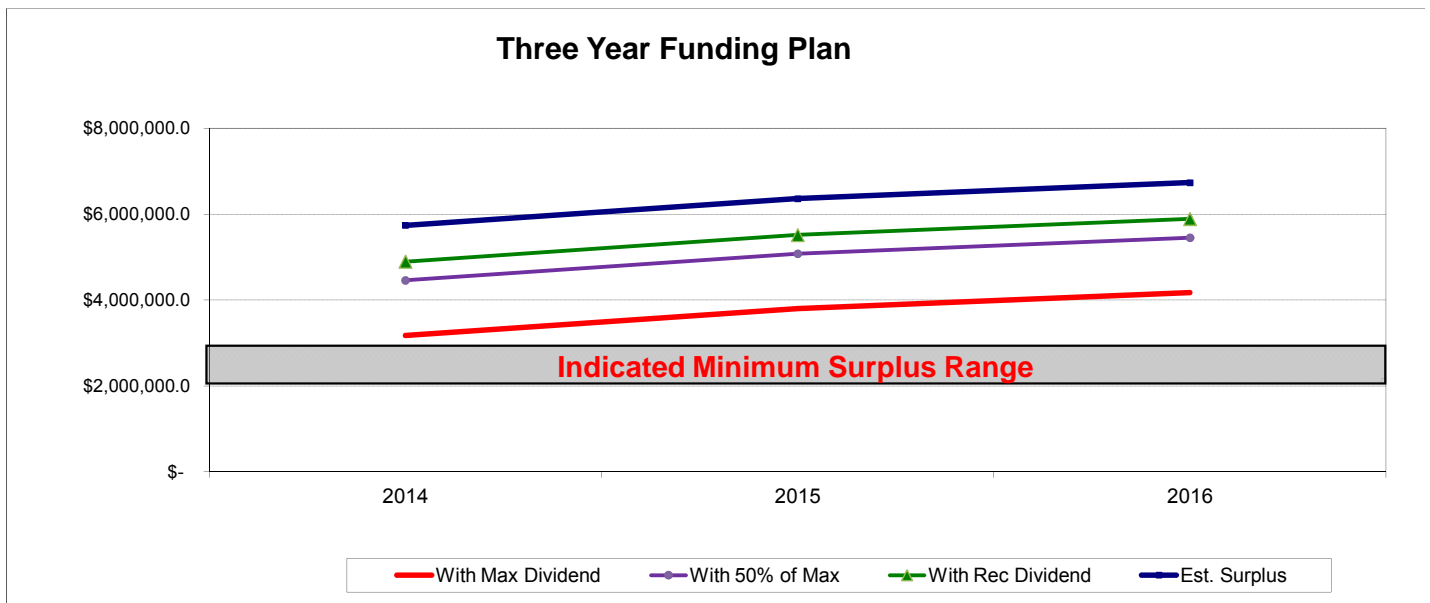
Note: 2012 Dividend of \$640,445 was based on 25% of the Maximum Dividend Available

2014/15 Pool Funding Options - Does Not Include ULAE

Confidence levels	Factor	Pool Premium	Surplus
Expected	1.000	2,487,000	-
70%	1.150	2,860,050	373,050
80%	1.250	3,108,750	621,750
90%	1.500	3,730,500	1,243,500

Three Year Funding Plan

	Amount to Add To Surplus	Est. Surplus Balance	With Max Dividend	With Rec Dividend
Estimated Balance at 7/1/13	N/A	5,119,614	N/A	N/A
2014/15 - Collection @ 80% CL	621,750	5,741,364	3,179,585	4,895,977
2015/16 - Collection @ 80% CL	621,750	6,363,114	3,801,335	5,517,727
2016/17 - Collection @ 70% CL	373,050	6,736,164	4,174,385	5,890,777



**POLICY AND PROCEDURE L-7 EMPLOYMENT PRACTICES
LIABILITY DEDUCTIBLE (EPL) OPTIONS**

ISSUE: To assist members in budget forecasting, Staff has revised Policy and Procedure L-7, to limit the annual EPL deductible to one level increase per year. The revised EPL deductible provision will apply retroactively to the FY 13/14 deductible increases as well. The major change to the policy and procedure is note below.

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

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.](#)

RECOMMENDATION: Staff recommends that the programs committee review the revisions to Policy & Procedure L-7 and recommend approval to the AORMA Committee with amendments as appropriate.

FISCAL IMPACT: The EPL deductible for two auxiliary organizations was capped in accordance with the policy and procedure revisions. Fresno Foundation, per the original calculation should have a \$75,000 EPL deductible; however, now because their deductible increase is limited to a one level increase, they will have for FY 14/15 a \$50,000 deductible. SDSU Research Foundation, per the original calculation should have a \$100,000; however, in accordance with the policy and procedure revisions their FY 13/14 EPL deductible will decrease to \$50,000 and their FY 14/15 EPL deductible will be \$75,000.

BACKGROUND: Employment Practices Liabilities (EPL) losses continue to be AORMA's number one loss leader. As a way to reduce EPL loss costs, the AORMA committee approved changes to Policy & Procedure L-7, which mandated higher EPL deductibles for those auxiliary organizations with a frequency of EPL claims. Effective July 1, 2013, five auxiliary organizations were subject to the mandated higher EPL deductible.

Staff completed the minimum EPL deductible calculation for FY 14/15. Nine auxiliary organizations are now subject to a higher EPL deductible. According to Policy & Procedure L-7, the Programs Committee is responsible for approving the EPL deductible calculation. Before the Programs Committee approves the EPL deductible calculation for FY 14/15, Staff suggested that the minimum EPL deductible formula be revised so that the minimum EPL deductible can only increase one level at a time. The EPL deductibles are \$25,000, \$50,000, \$75,000 and \$100,000. As an example, if the calculation requires that the member increase its EPL deductible from \$25,000 to \$100,000, the member's EPL deductible would increase to \$50,000 the first year; \$75,000 the second year and \$100,000 the third year. By increasing the EPL deductible one step at a time, this allows the member to budget for the increased EPL deductible slowly over time.

If the member has requested to increase its deductible above the minimum deductible, the one step increase does not apply. The rationale for this decision is that the one step approach is to help with budgeting only. If the member has already agreed to increase its deductible above the minimum then it has already been budgeting for a larger EPL deductible.

Staff also suggested that this one step change would apply retroactively to the FY 13/14 policy term.

PUBLICATION: After the revised policy and procedure is approved in November, 2013, Staff will send out a letter notifying those auxiliary organizations that are being mandated a higher EPL deductible.

ATTACHMENT(S):

- a. Revised Policy & Procedure L-7 – Employment Practices Liability Deductible



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
NOVEMBER 6, 2013**

POLICY:

1. It is the policy of CSURMA AORMA that annually a minimum ~~suggested~~-EPL deductible will be determined for each Member. The formula for determining the minimum ~~suggested 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:

<u>Level 1</u>	Paid losses of \$75,000 or less	\$25,000 deductible
<u>Level 2</u>	Paid losses of \$75,001 to \$175,000	\$50,000 deductible
<u>Level 3</u>	Paid losses of \$175,001 to \$275,000	\$75,000 deductible
<u>Level 4</u>	Paid losses in excess of \$275,001	\$100,000 deductible

Annually, based on the formula above, the JPA Program Administrator will determine the minimum ~~suggested-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 approve each Member’s minimum EPL deductible for the upcoming fiscal year.

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

3. Should a Member choose 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 1st to June 30th) before selecting a new EPL deductible. EPL Deductibles can only be changed at the beginning of the coverage term – July 1st of each year. ~~When selecting a deductible higher than the minimum approved deductible, the Member should consider the additional exposure of the higher deductible in comparison to the savings in premium. In addition, b~~Because these 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 ~~suggested-EPL~~ 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.



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 1st to June 30th) 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

**FY 14/15 EMPLOYMENT PRACTICES LIABILITY (EPL)
DEDUCTIBLE DETERMINATION FORMULA**

ISSUE: In accordance with Policy and Procedure L-7 – Employment Practices Liability Deductible (EPL) Options, the Programs Committee is responsible for approving each member’s minimum EPL deductible for FY 14/15. The AORMA Committee has directed staff to revise Policy and Procedure L-7 to include a provision that a member’s EPL deductible can only increase one level annually. The revised formula is noted below:

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

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.

Based on this formula, the following members will be mandated an EPL deductible in excess of the standard \$25,000 deductible:

Campus	Auxiliary	Paid Claims	Minimum Suggested EPL Deductible	Current Deductible
East Bay	California State University, East Bay Foundation, Inc.	\$104,313	\$50,000	\$50,000
Fresno	California State University, Fresno Foundation	\$240,304	\$50,000	\$25,000

Campus	Auxiliary	Paid Claims	Minimum Suggested EPL Deductible	Current Deductible
Long Beach	California State University, Long Beach Research Foundation	\$201,104	\$75,000	\$50,000
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	\$111,685	\$50,000	\$50,000
Pomona	Cal Poly Pomona Foundation, Inc.	\$262,603	\$75,000	\$100,000
Sacramento	University Enterprises, Inc.	\$161,251	\$50,000	\$25,000
San Diego	San Diego State University Research Foundation	\$1,274,601	\$75,000	\$50,000
San Jose	San Jose Research Foundation	\$132,590	\$50,000	\$25,000
San Luis Obispo	Cal Poly Corporation	\$149,099	\$50,000	\$25,000

RECOMMENDATION: Staff recommends that the Programs Committee approve the member EPL deductibles for FY 14/15 contingent upon approval by the AORMA Committee of the revisions to Policy and Procedure L-7.

FISCAL IMPACT: The actuary has updated the EPL deductible credits for the FY 14/15 coverage term. The deductible credit for the \$25,000 EPL deductible is already factored into the liability program premium allocation.

Deductible	Actuarial Credit for FY 14/15	Actuarial Credit for FY 13/14	Actuarial Credit for FY 12/13
\$25,000	22%	22.5%	20%
\$50,000	36%	37.5%	35%
\$75,000	50%	50%	New
\$100,000	60%	60%	60%

The liability premium allocation will be finalized and approved by the Programs Committee at its next meeting on December 12, 2013. Members will receive their final premium amounts for FY 14/15 by the end of January, 2014.

BACKGROUND: None.

PUBLICATION: When the AORMA Committee approves the revisions to Policy and Procedure L-7, Staff will notify the nine members listed above of their increased EPL deductible.

ATTACHMENT(S):

- a. EPL Loss Information
- b. EPL Deductible Schedule
- c. Actuarial EPL Deductible Credits

AORMA Liability Program - EPL Loss Information
Paid EPL Losses between July 1, 2008 and June 30, 2013

Campus	Auxiliaries	Claim #	Total Incurred	Claims Over \$25,000
Channel Islands	CSU CHANNEL ISLANDS UNIVERSITY GLEN CORP	1597956	155,678	155,678
	Number of Claims	1		
	Number of Claims in excess of \$25,000	1		
Dominguez Hills	CSU DOMINGUEZ HILLS FOUNDATION	1755087	3,083	-
Dominguez Hills	CSU DOMINGUEZ HILLS FOUNDATION	1846619	1,991	-
	Number of Claims	2		
	Number of Claims in excess of \$25,000	0		
Dominguez Hills	CSU DOMINGUEZ HILLS LOKER STUDENT UNION, INC.	1593281	4,547	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
East Bay	CSU EAST BAY FOUNDATION	1492625	104,313	104,313
East Bay	CSU EAST BAY FOUNDATION	1496159	1,826	-
East Bay	CSU EAST BAY FOUNDATION	1505817	13,765	-
East Bay	CSU EAST BAY FOUNDATION	1507297	9,695	-
East Bay	CSU EAST BAY FOUNDATION	1517494	7,924	-
East Bay	CSU EAST BAY FOUNDATION	1517601	20,826	-
East Bay	CSU EAST BAY FOUNDATION	1548055	4,697	-
	Number of Claims	7		
	Number of Claims in excess of \$25,000	1		
		Total for claims in excess of \$25,000:		104,313
		Minimum EPL deductible for FY 14/15 (w/o one level limitation):		50,000
		Minimum EPL deductible for FY 14/15 (w/ one level limitation):		50,000
		Minimum EPL deductible for FY 13/14:		50,000
Fresno	CSU FRESNO ASSOCIATION (This loss is shared 50% / 50% with ASI) \$112,210 / 2 = \$56,105	1484271	56,105	56,105
Fresno	CSU FRESNO ASSOCIATION (This loss is excluded from the calculation while it is being reviewed)	1603788	39,503	-
	Number of Claims	2		
	Number of Claims in excess of \$25,000	1		
		Total for claims in excess of \$25,000:		56,105
Fresno	CSU FRESNO ASSOCIATED STUDENTS (This loss is shared 50% / 50% with Fresno Association) \$112,210 / 2 = \$56,105	1484271	56,105	56,105
	Number of Claims	1		
	Number of Claims in excess of \$25,000	1		
Fresno	CSU FRESNO ATHLETIC CORPORATION	1461356	56	-
Fresno	CSU FRESNO ATHLETIC CORPORATION	1464697	2,680	-
	Number of Claims	2		
	Number of Claims in excess of \$25,000	0		
Fresno	CSU FRESNO FOUNDATION	1632425	140,464	140,464
Fresno	CSU FRESNO FOUNDATION	1743848	99,840	99,840
Fresno	CSU FRESNO FOUNDATION	1854811	948	-
	Number of Claims	3		
	Number of Claims in excess of \$25,000	2		
		Total for claims in excess of \$25,000:		240,304
		Minimum EPL deductible for FY 14/15 (w/o one level limitation):		75,000
		Minimum EPL deductible for FY 14/15 (w/ one level limitation):		50,000
		Minimum EPL deductible for FY 13/14:		25,000

AORMA Liability Program - EPL Loss Information
Paid EPL Losses between July 1, 2008 and June 30, 2013

Campus	Auxiliaries	Claim #	Total Incurred	Claims Over \$25,000
Fullerton	CSU FULLERTON AUXILIARY SERVICES CORPORATION	1532101	1,756	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
Humboldt	CSU HUMBOLDT SPONSORED PROGRAMS FOUNDATION	1565127	25,219	25,219
	Number of Claims	1		
	Number of Claims in excess of \$25,000	1		
Long Beach	CSU LONG BEACH ASSOCIATED STUDENTS, INC.	1758506	135,282	135,282
	Number of Claims	1		
	Number of Claims in excess of \$25,000	1		
Long Beach	LONG BEACH RESEARCH FOUNDATION	1515384	77,425	77,425
Long Beach	LONG BEACH RESEARCH FOUNDATION	1581787	123,679	123,679
Long Beach	LONG BEACH RESEARCH FOUNDATION	1598220	376	-
Long Beach	LONG BEACH RESEARCH FOUNDATION	1856078	1,892	-
	Number of Claims	4		
	Number of Claims in excess of \$25,000	2		
		Total for claims in excess of \$25,000:		201,104
		Minimum EPL deductible for FY 14/15 (w/o one level limitation):		75,000
		Minimum EPL deductible for FY 14/15 (w/ one level limitation):		75,000
		Minimum EPL deductible for FY 13/14:		50,000
Los Angeles	CSU LOS ANGELES UNIVERSITY AUXILIARY SERVICES	1448628	49	-
Los Angeles	CSU LOS ANGELES UNIVERSITY AUXILIARY SERVICES	1483401	111,685	111,685
Los Angeles	CSU LOS ANGELES UNIVERSITY AUXILIARY SERVICES	1499878	22,824	-
Los Angeles	CSU LOS ANGELES UNIVERSITY AUXILIARY SERVICES	1500354	422	-
Los Angeles	CSU LOS ANGELES UNIVERSITY AUXILIARY SERVICES	1582137	16,548	-
	Number of Claims	5		
	Number of Claims in excess of \$25,000	1		
		Total for claims in excess of \$25,000:		111,685
		Minimum EPL deductible for FY 14/15 (w/o one level limitation):		50,000
		Minimum EPL deductible for FY 14/15 (w/ one level limitation):		50,000
		Minimum EPL deductible for FY 13/14:		50,000
Northridge	CSU NORTHRIDGE ASSOCIATED STUDENTS, INC.	1547624	5,552	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
Northridge	CSU NORTHRIDGE UNIVERSITY CORP.	1498773	12,812	-
Northridge	CSU NORTHRIDGE UNIVERSITY CORP.	1593276	4,429	-
Northridge	CSU NORTHRIDGE UNIVERSITY CORP.	1600567	4,442	-
	Number of Claims	3		
	Number of Claims in excess of \$25,000	0		
Pomona	CPSU POMONA FOUNDATION	1734312	96,105	96,105
Pomona	CPSU POMONA FOUNDATION	1735120	166,498	166,498
Pomona	CPSU POMONA FOUNDATION	293884	400	-
Pomona	CPSU POMONA FOUNDATION	293886	891	-
	Number of Claims	4		
	Number of Claims in excess of \$25,000	2		
		Total for claims in excess of \$25,000:		262,603
		Minimum EPL deductible for FY 14/15 (w/o one level limitation):		75,000
		Minimum EPL deductible for FY 14/15 (w/ one level limitation):		75,000
		Minimum EPL deductible for FY 13/14:		100,000

AORMA Liability Program - EPL Loss Information
Paid EPL Losses between July 1, 2008 and June 30, 2013

Campus	Auxiliaries	Claim #	Total Incurred	Claims Over \$25,000
Sacramento	CSU SACRAMENTO CAPITOL PUBLIC RADIO, INC.	1734620	12,153	
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
Sacramento	CSU SACRAMENTO UNIVERSITY ENTERPRISES, INC	1613613	80,964	80,964
Sacramento	CSU SACRAMENTO UNIVERSITY ENTERPRISES, INC	1634228	44,642	44,642
Sacramento	CSU SACRAMENTO UNIVERSITY ENTERPRISES, INC	1755960	35,645	35,645
	Number of Claims	3		
	Number of Claims in excess of \$25,000	3		
		Total for claims in excess of \$25,000:		161,251
		Minimum EPL deductible for FY 14/15 (w/o one level limitation):		50,000
		Minimum EPL deductible for FY 14/15 (w/ one level limitation):		50,000
		Minimum EPL deductible for FY 13/14:		25,000
San Bernardino	CSU SAN BERNARDINO STUDENT UNION	1481012	501	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
San Bernardino	CSU SAN BERNARDINO UNIVERSITY ENTERPRISES CORP	1515165	335	-
San Bernardino	CSU SAN BERNARDINO UNIVERSITY ENTERPRISES CORP	1515165	10,014	-
	Number of Claims	2		
	Number of Claims in excess of \$25,000	0		
San Diego	CSU SAN DIEGO ASSOCIATED STUDENTS	1812963	1,099	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1445463	108	-
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1459277	3,209	-
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1460958	78,335	78,335
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1492624	7,777	-
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1524874	515,677	515,677
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1542001	65,908	65,908
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1549214	191,279	191,279
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1598936	26,388	26,388
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1600832	313,777	313,777
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1733219	83,238	83,238
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1763201	2,792	-
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1768697	19,624	-
	Number of Claims	12		
	Number of Claims in excess of \$25,000	7		
		Total for claims in excess of \$25,000:		1,274,601
		Minimum EPL deductible for FY 14/15 (w/o one level limitation):		100,000
		Minimum EPL deductible for FY 14/15 (w/ one level limitation):		75,000
		Minimum EPL deductible for FY 13/14:		50,000
San Francisco	CSU SAN FRANCISCO CESAR CHAVEZ STUDENT CENTER	1506997	58,542	58,542
	Number of Claims	1		
	Number of Claims in excess of \$25,000	1		
San Francisco	CSU SAN FRANCISCO THE UNIVERSITY CORPORATION	1522876	10,087	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		

AORMA Liability Program - EPL Loss Information
Paid EPL Losses between July 1, 2008 and June 30, 2013

Campus	Auxiliaries	Claim #	Total Incurred	Claims Over \$25,000
San Jose	CSU SAN JOSE RESEARCH FOUNDATION	1506767	32,641	32,641
San Jose	CSU SAN JOSE RESEARCH FOUNDATION	1614600	99,950	99,950
	Number of Claims	2		
	Number of Claims in excess of \$25,000	2		
		Total for claims in excess of \$25,000:		132,590
		Minimum EPL deductible for FY 14/15 (w/o one level limitation):		50,000
		Minimum EPL deductible for FY 14/15 (w/ one level limitation):		50,000
		Minimum EPL deductible for FY 13/14:		25,000
San Jose	CSU SAN JOSE SPARTAN SHOPS, INC.	1494425	7,819	-
San Jose	CSU SAN JOSE SPARTAN SHOPS, INC.	1502347	1,391	-
San Jose	CSU SAN JOSE SPARTAN SHOPS, INC.	1521031	4,606	-
San Jose	CSU SAN JOSE SPARTAN SHOPS, INC.	1596850	2,981	-
	Number of Claims	4		
	Number of Claims in excess of \$25,000	0		
San Jose	CSU SAN JOSE STUDENT UNION, INC.	1565299	3,249	
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1483955	98,885	98,885
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1498821	50,214	50,214
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1502492	6,671	-
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1597354	11,163	-
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1601806	889	-
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1622290	10,018	-
	Number of Claims	7		
	Number of Claims in excess of \$25,000	2		
		Total for claims in excess of \$25,000:		149,099
		Minimum EPL deductible for FY 14/15 (w/o one level limitation):		50,000
		Minimum EPL deductible for FY 14/15 (w/ one level limitation):		50,000
		Minimum EPL deductible for FY 13/14:		50,000
San Marcos	CSU SAN MARCOS RESEARCH SERVICES CORP.	1503450	473	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		

AORMA Liability Program - EPL Deductible Schedule

Campus	Auxiliary Organization	EE's	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
Bakersfield	Associated Students, California State University, Bakersfield, Inc.		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Bakersfield	California State University, Bakersfield Foundation	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Bakersfield	California State University, Bakersfield Student Union, Inc.		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Chancellor's Office	California State University Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Chancellor's Office	California State University Institute		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Channel Islands	Associated Students of California State University, Channel Islands, Inc.		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Channel Islands	California State University Channel Islands Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Channel Islands	University Glen Corporation	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Chico	Associated Students of California State University, Chico	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Chico	Auxiliary Organization Associations		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Chico	The CSU, Chico Research Foundation	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Chico	The University Foundation, California State University, Chico		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Dominguez Hills	Associated Students, California State University, Dominguez Hills	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Dominguez Hills	California State University, Dominguez Hills Foundation	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
East Bay	Associated Students, California State University, East Bay	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
East Bay	Cal State East Bay Educational Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
East Bay	California State University, East Bay Foundation, Inc.	Yes	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
Fresno	Associated Students, Inc. of California State University, Fresno	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fresno	California State University, Fresno Association, Inc.	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fresno	California State University, Fresno Foundation	Yes	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fresno	CSU Fresno Courtyard (Not a separate AO; an operating unit of CSU Fresno Association, Inc.)	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fresno	Fresno State Programs for Children, Inc.	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fresno	The Agricultural Foundation of California State University, Fresno	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fresno	The California State University, Fresno Athletic Corporation	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fullerton	Associated Students, California State University, Fullerton, Inc.	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fullerton	Cal State Fullerton Philanthropic Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fullerton	CSU Fullerton Auxiliary Services Corporation	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fullerton	CSU Fullerton Housing Authority		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Humboldt	Associated Students, Humboldt State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Humboldt	Humboldt State University Advancement Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Humboldt	Humboldt State University Center Board of Directors	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Humboldt	Humboldt State University Sponsored Programs Foundation	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Long Beach	Associated Students, California State University, Long Beach	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

AORMA Liability Program - EPL Deductible Schedule

Campus	Auxiliary Organization	EE's	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
Long Beach	California State University, Long Beach Research Foundation	Yes	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
Long Beach	CSULB 49er Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Los Angeles	Associated Students, California State University, Los Angeles, Inc.		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	Yes	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
Los Angeles	California State University, Los Angeles Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Los Angeles	University-Student Union Board, California State University, Los Angeles	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Maritime Academy	California Maritime Academy Foundation, Inc.		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Maritime Academy	The Associated Students of the California Maritime Academy		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Monterey Bay	Foundation of California State University, Monterey Bay		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Monterey Bay	The University Corporation at Monterey Bay	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Northridge	Associated Students, California State University, Northridge, Inc.	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Northridge	California State University, Northridge Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Northridge	North Campus University Park Development Corporation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Northridge	The University Corporation, CSU Northridge	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Northridge	University Student Union of California State University, Northridge	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Pomona	Associated Students Inc., California State Polytechnic University, Pomona	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Pomona	The Cal Poly Pomona Foundation, Inc.	Yes	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 25,000
Sacramento	Associated Students of California State University, Sacramento	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Sacramento	Capital Public Radio, Inc., CSU Sacramento	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Sacramento	The University Foundation at Sacramento State		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Sacramento	University Enterprises, Inc., CSU Sacramento	Yes	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Sacramento	University Union Operation of CSUS, Inc.		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Bernardino	Associated Students Inc., California State University, San Bernardino	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Bernardino	CSUSB Philanthropic Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Bernardino	University Enterprises Corporation at CSUSB	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Diego	Associated Students, San Diego State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Diego	Aztec Shops, Ltd., San Diego State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Diego	San Diego State University Research Foundation	Yes	\$ 75,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
San Diego	The Campanile Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Francisco	Associated Students, Inc., San Francisco State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Francisco	Cesar Chavez Student Center, San Francisco State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Francisco	San Francisco State University Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

AORMA Liability Program - EPL Deductible Schedule							
Campus	Auxiliary Organization	EE's	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11
San Francisco	The University Corporation, San Francisco State	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Jose	Associated Student, San Jose State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Jose	San Jose State University Research Foundation	Yes	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Jose	Spartan Shops, Inc., San Jose State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Jose	The Student Union of San Jose State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Jose	The Tower Foundation, San Jose State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Luis Obispo	Cal Poly Corporation	Yes	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
San Luis Obispo	California Polytechnic State University Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Marcos	California State University San Marcos Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Marcos	San Marcos University Corporation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Marcos	The Associated Students of California State University, San Marcos		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
San Marcos	University Auxiliary and Research Services Corporation	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Sonoma	Associated Students of Sonoma State University	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Sonoma	Sonoma State Enterprises, Inc.		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Sonoma	Sonoma State University Academic Foundation, Inc.		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Stanislaus	Associated Students, Inc., California State University, Stanislaus	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Stanislaus	California State University, Stanislaus Auxiliary and Business Services		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Stanislaus	California State University, Stanislaus Foundation		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Stanislaus	University Student Union of California State University, Stanislaus	Yes	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 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.



July 29, 2013

299980

CSU Auxiliary Organizations Risk Management Alliance
c/o Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, California 94111-5101

Attn: Ms. Mimi Long
JPA Program Administrator

**Actuarial Study of the
Employment Practices Liability
Indicated Deductible Credits**

We have completed our analysis of the indicated deductible credits for the employment practices liability claims of the California State University Auxiliary Organizations Risk Management Alliance (CSU-AORMA).

The indicated deductible credits are shown in Table 1. These credits are based on a \$350,000 self-insured retention.

**Table 1
Indicated Deductible Credits**

Deductible (1)	Closed Claims Deductible Credit (2)	All Claims Deductible Credit (3)	Recommended by Actuary (4)
\$25,000	22.0%	21.1%	22.0%
50,000	36.5%	36.2%	36.0%
75,000	48.8%	48.8%	50.0%
100,000	59.4%	59.4%	60.0%

Note: (2) and (3) are based on the current actuarial study.

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Aon Risk Solutions | Global Risk Consulting | Actuarial and Analytics



Please call with any questions you may have. Thank you for the opportunity to be of service.

Respectfully submitted,

Aon Risk Consultants, Inc.

Mujtaba Datto, ACAS, MAAA, FCA
Actuarial Practice Leader

Elaine Shen, ACAS, MAAA
Senior Analyst and Actuary

MD:es

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DRAFT

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POLICY AND PROCEDURE P-1
PROPERTY PROGRAM MEMBER ALLOCATION FORMULA

ISSUE: At its September 12, 2013 meeting, the AORMA Committee approved the revised property program member allocation formula. Policy & Procedure P-1 document in detail the property program rating plan and member allocation formula.

RECOMMENDATION: Staff recommends that the programs committee review Policy and Procedure P-1 and recommend approval to the AORMA Committee, with revisions as appropriate.

FISCAL IMPACT: To be determined. The revised policy and procedure will result in a change to allocation of the property program costs. The final allocation will be approved by the Programs Committee in December, 2013.

BACKGROUND: None.

PUBLICATION: The new property program member allocation formula will be explained to the members in the “September” letter that will be sent to all of the auxiliary organization executive directors.

ATTACHMENT(S):

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



SUBJECT: PROPERTY PROGRAM MEMBER ALLOCATION FORMULA

ADOPTED: NOVEMBER 6, 2013

EFFECTIVE: JULY 1, 2014

AMENDED: N/A

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:

1. Property Program Member Allocation
2. Real Property, Business Interruption and Rental Value Basic Rate
3. Personal Property Basic Rate
4. Maximum Premium for Size Credit
5. Size Credit Percentage
6. Minimum Rate Collar Percentage
7. Maximum Rate Collar Percentage

PROPERTY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

1. Member’s total insurable values for real property, business interruption and rental income are multiplied by the **Real Property, Business Interruption and Rental Value Basic Rate**. *Result – member’s real property, business interruption and rental value basic premium.*
2. Member’s total insurable values for personal property are multiplied by the **Personal Property Basic Rate**. *Result – member’s personal property basic premium.*

3. Member's real property, business interruption and rental value basic premium and the member's personal property basic premium are added together. *Result – member's basic premium.*
4. Member's basic premium is divided by the member's total insurable values for real property, business interruption and rental income plus personal property. *Result – member's basic rate.*

Size Credit:

1. Member's basic premium is divided by the **Maximum Premium for Size Credit**. *Result – member's percentage of the Maximum Premium for Size Credit.*
2. Member's percentage of **Maximum Premium for Size Credit** is multiplied by **Size Credit Percentage**. *Result – member's size credit percentage.*
3. Member's basic rate is multiplied by the member's size credit percentage. *Result – member's basic rate with size credit.*

Collared Rates:

1. Member's final property rate from the prior year is multiplied by the **Minimum Rate Collar Percentage**. *Result – member's collared minimum rate.*
2. Member's final property rate from the prior year is multiplied by the **Maximum Rate Collar Percentage**. *Result – member's collared maximum rate.*
3. Member's collared minimum rate is used if the member's basic rate with size credit is less than the member's collared minimum rate. *Result – collared rate.*
4. Member's collared maximum rate is used if the member's basic rate with size credit is more than the member's collared maximum rate. *Result – collared rate.*
5. Member's basic rate with size credit is used if the member's basic rate with size credit is more than the member's collared minimum rate, but less than the member's maximum collared rate. *Result – collared rate.*

Loss Rating:

1. Member's five-year paid losses (minus deductible) is divided by member's five-year total property program premium. *Result – member's five-year loss ratio.*
2. Member's five-year loss ratio is reviewed against **Loss Rating Surcharge Schedule**. *Result – member's five-year loss ratio surcharge is assigned.*
3. Member's collared rate is multiplied by member's five-year loss ratio surcharge. *Result – member final premium.*

Minimum Premium:

1. The member's final premium is compared to the **Minimum Premium**. *Result – the Minimum Premium will be applied if the member's final premium is less than the Minimum Premium.*

DEFINITIONS:

1. **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. This rate will be 20% lower than the Personal Property Basic Rate.
2. **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 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 - $\$300,000$ (member's basic premium) / $\$600,000$ (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.
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.
5. **Minimum Rate Collar Percentage** – The Minimum Rate Collar Percentage will be approved annually by the Programs Committee. The Minimum Rate Collar Percentage is the maximum rate decrease percentage (compared to the member's final property rate for the prior year) that any member can receive.
6. **Maximum Rate Collar Percentage** - The **Maximum Rate Collar Percentage** will be approved annually by the Programs Committee. The Maximum Rate Collar Percentage is the maximum rate increase percentage (compared to the member's final property rate for the prior year) that any member can receive.

POLICY AND PROCEDURE C-1
CRIME PROGRAM MEMBER ALLOCATION FORMULA

ISSUE: At its September 12, 2013 meeting, the AORMA Committee approved the revised crime program member allocation formula. Policy & Procedure C-1 document in detail the crime program rating plan and member allocation formula.

RECOMMENDATION: Staff recommends that the programs committee review Policy and Procedure C-1 and recommend approval to the AORMA Committee, with revisions as appropriate.

FISCAL IMPACT: To be determined. The revised policy and procedure will result in a change to allocation of the property program costs. The final allocation will be approved by the Programs Committee in December, 2013.

BACKGROUND: None.

PUBLICATION: The new property program member allocation formula will be explained to the members in the “September” letter that will be sent to all of the auxiliary organization executive directors.

ATTACHMENT(S):

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

SUBJECT: **CRIME PROGRAM MEMBER ALLOCATION FORMULA**

ADOPTED: **NOVEMBER 6, 2013**

EFFECTIVE: **JULY 1, 2014**

AMENDED: **N/A**

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:

1. Crime Program Member Allocation
2. Crime Basic Rate
3. Maximum Premium for Size Credit
4. Size Credit Percentage
5. Minimum Rate Collar Percentage
6. Maximum Rate Collar Percentage

Basic Rates:

1. Member's total estimated payroll for the upcoming fiscal year is multiplied by the **Basic Rate**. *Result – member's basic premium*
2. Member's basic premium is divided by its total estimated payroll for the upcoming fiscal year. *Result – member's basic rate.*

Size Credit:

1. Member's basic premium is divided by the **Maximum Premium for Size Credit**. *Result – member's percentage of the Maximum Premium for Size Credit.*
2. Member's percentage of **Maximum Premium for Size Credit** is multiplied by **Size Credit Percentage**. *Result – member's size credit percentage.*

3. Member's basic rate is multiplied by the member's size credit percentage. *Result – basic rate with size credit.*

Collared Rates:

1. Member's final crime rate from the prior year is multiplied by the **Minimum Rate Collar Percentage**. *Result – member's collared minimum rate.*
2. Member's final crime rate from the prior year is multiplied by the **Maximum Rate Collar Percentage**. *Result – member's collared maximum rate.*
3. Member's collared minimum rate is used if the member's basic rate with size credit is less than the member's collared minimum rate. *Result – collared rate.*
4. Member's collared maximum rate is used if the member's basic rate with size credit is more than the member's collared maximum rate. *Result – collared rate.*
5. Member's basic rate with size credit is used if the member's basic rate with size credit is more than the member's collared minimum rate, but less than the member's maximum collared rate. *Result – collared rate.*

Loss Rating:

1. Member's five-year paid losses (minus deductible) is divided by member's five-year total crime program premium. *Result – member's five-year loss ratio.*
2. Member's five-year loss ratio is reviewed against **Loss Rating Surcharge Schedule**. *Result – member's five-year loss ratio surcharge is assigned.*
3. Member's collared rate is multiplied by member's five-year loss ratio surcharge. *Result – member's final premium.*

Minimum Premium:

1. Using the Minimum Premium Schedule, each member is assigned a minimum premium based on their total expenditures as documented in their most recent financial audit. *Result – member's scheduled minimum premium.*
2. Member's final premium is compared to the member's scheduled minimum premium. *Result – the minimum premium will be applied if the member's final premium is less than the minimum 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 – member's total crime program premium.*

DEFINITIONS:

1. **Crime 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 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*.
4. **Minimum Rate Collar Percentage** – The Minimum Rate Collar Percentage will be approved annually by the Programs Committee. The Minimum Rate Collar Percentage is the maximum rate decrease percentage (compared to the member’s final crime rate for the prior year) that any member can receive.
5. **Maximum Rate Collar Percentage** - The **Maximum Rate Collar Percentage** will be approved annually by the Programs Committee. The Minimum Rate Collar Percentage is the maximum rate increase percentage (compared to the member’s final crime rate for the prior year) that any member can receive.

AUXILIARIES MULTIPLE EMPLOYER VEBA TRUST

ISSUE: At the last Programs Committee meeting on August 8, 2013, the committee was asked to approve an extension of the AORMA Liability Program coverage to the Auxiliaries Multiple Employer VEBA Trust (Trust). The committee reviewed Policy and Procedure L-5 which allows an auxiliary organization to extend its liability coverage to other related entities. The policy and procedure requires that the member exercise substantial control over all events, activities and operations and that it holds substantial financial control over the entity. The trust program coordination is currently provided by Keenan and the trust investment is provided by Benefit Trust. The Programs Committee asked to review the agreements with Keenan and Benefit Trust to confirm that the trust does fit within the criteria of Policy and Procedure L-5.

Currently, Keenan & Associates provides the following services to the trust:

- a. Referral to Service Providers (actuarial services; trustee, custodial and investment management services; financial auditing; bond underwriting; misc additional services.)
- b. Facilitation of Actuarial Services
- c. Board Member Services
- d. Administrative Services
- e. Membership Assistance
- f. Facilitation of Membership Process
- g. Funding Methods
- h. Coordinate Meetings with Service Providers
- i. Facilitate Auditing Services
- j. Ongoing Assistance

Currently, Benefit Trust Company is acting as the Corporate Trustee of the trust.

Attached are the Trust Investment Policy, the Corporate Trust Agreement and the administrative agreement with Keenan for the committee's review.

RECOMMENDATION: Staff recommends that the committee review the attached agreements and investment policy and discuss whether AORMA's liability coverage should be extended to cover the trust.

FISCAL IMPACT: To be determined; the trust currently purchases a separately fiduciary liability policy with a limit of \$1,000,000. The annual premium is \$5,174.

BACKGROUND: At its meeting on August 8, 2013, the Programs Committee discussed possible claims against the VEBA trust and what effect they would have on AORMA's self-insured layer. The trust currently purchases a stand-alone fiduciary liability policy with a \$1,000,000 limit and a \$1,000 deductible. If AORMA's liability program (including fiduciary liability) is extended to cover the trust, AORMA's self-insured layer would respond first to any claim against the trust. As the trust is an investment vehicle for retiree health and welfare benefits, it is conceivable that a claim could be made against the trust for not adhering to the trust's investment policy. Depending on the circumstances of the claim, AORMA would at a minimum owe a defense to the trust.

The members of the trust are all AORMA members. Each of those members still have a fiduciary duty to their retirees; therefore, extending coverage to the trust may not significantly increase the pool's overall liability as the exposure already exists for each member individually.

At the AORMA Committee meeting on September 12, 2013, Willy Hsu noted that the trust does not entirely fit within the criteria of Policy and Procedure L-5 and by extending coverage the AORMA Committee is setting a precedent for future requests.

The Programs Committee has the ability to approve the extension of coverage; however, any changes to Policy and Procedure L-5 would need the approval of the AORMA Committee.

Below are the coverage extension requirements as stated in Policy and Procedure L-5.

1. From time-to-time, a Member may choose to extend liability coverage to student groups, alumni organizations, booster groups or other related entities upon confirmation of the following:
 - a. The Member exercises 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
 - e. A Liability application will be completed.
 - f. The completed Liability application will be reviewed by legal counsel and the CSURMA AORMA liability underwriter who will provide the Programs Committee with a recommendation as to whether coverage should be extended.

This VEBA trust was established in August 2010 to prefund future retiree medical benefits. The VEBA trust constitutes a voluntary employees' beneficiary association (VEBA) described in

Section 501(c)(9) of the Internal Revenue Code for the purpose of receiving auxiliary contributions that will prefund health and other post employment benefit (OPEB) costs for retirees and their beneficiaries. David Prenovost from Cal Poly Pomona Foundation designed the VEBA Trust. As described by David, the benefits of the VEBA are as follows:

1. Reduced overhead costs of forming and operating
2. Greater earnings potential and reduced risk with larger diversified portfolio
3. Professionally managed and operated
4. Save staff time and expertise necessary to operate

The participants in the VEBA trust are all CSU Auxiliary Organizations. See listing below.

1. Associated Students, Inc., California Polytechnic State University, San Luis Obispo
2. CSU Fullerton Auxiliary Services Corporation
3. Cal Poly Pomona Foundation, Inc.
4. The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
5. Associated Students, Inc., California State University, Long Beach
6. Associated Students, Incorporated, California State University, San Bernardino
7. University - Student Union Board, California State University, Los Angeles
8. Forty-Niner Shops, Inc. (Long Beach)
9. Associated Students, Inc., California State University, Dominguez Hills
10. University Enterprises, Inc.
11. Tower Foundation
12. The Student Union of San Jose State University
13. Associated Students Inc. of California State University, Los Angeles, Inc.
14. Humboldt State University Center Board of Directors
15. University Student Union , California State University, Long Beach
16. Associated Students, Inc., California State University, Northridge
17. California State University Dominguez Hills Foundation
18. University Enterprises, CSU San Bernardino

The VEBA Trustees are representatives from the member CSU Auxiliary Organizations.

PUBLICATION: None

ATTACHMENT(S):

- a. Auxiliaries VEBA Program Service Agreement w/ Keenan
- b. VEBA Corporate Trust Agreement w/ Benefit Trust Company
- c. VEBA Investment Policy
- d. Policy and Procedure L-5

AUXILIARIES VEBA PROGRAM SERVICES AGREEMENT

9/22/10
JSS
This Auxiliaries VEBA Program Services Agreement (the "**Agreement**") is entered into as of ~~DATE~~ ("**Effective Date**") between **Keenan & Associates** ("**Keenan**"), and **the Auxiliaries Multiple Employer VEBA** ("**Auxiliaries VEBA**"), with reference to the following:

The Auxiliaries VEBA was created to assist participating California State University System Auxiliaries (CSU Auxiliaries) with the establishment and maintenance of a trust (the "Trust") for investment of funds to be used for the provision of retiree health and welfare benefits to participating employees.

A Program Coordinator, a Discretionary Corporate Trustee and a Registered Investment Advisor together provide a program (the "Program") to support the Auxiliaries VEBA.

In accordance with the terms and conditions of this Agreement, Keenan shall act as Program Coordinator and shall provide the services as described herein.

NOW, THEREFORE, the parties agree as follows:

1. **Services Provided By Keenan.** The Auxiliaries VEBA hereby engages Keenan, and Keenan hereby accepts the engagement, to provide the following services to Auxiliaries VEBA with respect to the Program and the formation and operation of the Trust during the term of this Agreement:
 - a. **Referral to Service Providers.** The Program includes referrals to organizations handling:
 - (1) actuarial services,
 - (2) trustee, custodial and investment management services.
 - (3) financial auditing,
 - (4) bond underwriting, and
 - (5) such additional services as Auxiliaries VEBA Board of Trustees may request.

Keenan will coordinate the selection of the ancillary service providers noted above and shall work in conjunction with them in providing services to the Auxiliaries VEBA.

- b. **Facilitation of Actuarial Services.** If requested, Keenan will assist the CSU Auxiliaries to enlist the services of one or more actuaries (the "**Actuary**"), at the CSU Auxiliaries' expense, to conduct one or more actuarial studies for determining the funding needs for Other Post-Employment Benefits ("OPEB") obligations through a Trust. Keenan will provide the following services in connection with the actuarial study, and such other related services as the CSU Auxiliaries reasonably requests:
 - (1) consult with CSU Auxiliaries to develop the actuarial assumptions provided to the Actuary in order to meet FASB and/or GASB compliance criteria,

- (2) coordinate communications between the Actuary and the CSU Auxiliaries for the completion of an actuarial evaluation for determining the OPEB obligations and provide the Actuary with information on OPEB obligations which is required for the Actuary to prepare an actuarial study with meets the requirements of FASB 158, and/or GASB 43 and 45, as applicable,
 - (3) consult with the CSU Auxiliaries to review the analysis of the initial FASB and/or GASB compliant actuarial study, and
 - (4) consult with the CSU Auxiliaries in an evaluation of their funding needs based on the actuarial study.
- c. Board Member Services. Keenan will facilitate the installation of new members of the Board of Trustees as new members join the Auxiliaries VEBA. Keenan will also:
- (1) consult with the Auxiliaries VEBA Board of Trustees as to ongoing operations and activities;
 - (2) will facilitate communications and the coordination of issues that may arise between the Auxiliaries VEBA Board of Trustees, the Trustee and/or the Investment Advisor; and
 - (3) work with the Auxiliaries VEBA Board of Trustees to assist with ensuring that the Auxiliaries VEBA Board of Trustees meetings are conducted in compliance with the Brown Act, as applicable.
- d. Administrative Services. If applicable, Keenan will assist the Auxiliaries VEBA Board of Trustees in conducting its meetings, in a manner consistent with the Brown Act. Keenan will also:
- (1) prepare meeting agendas and cover pages on behalf of Auxiliaries VEBA Board of Trustees,
 - (2) take meeting minutes and provide to the Board upon completion,
 - (3) assist with communication to all Board Members as necessary and requested by the Board, and
 - (4) facilitate the action items resulting from the Auxiliaries VEBA Board of Trustees meetings.
- e. Membership Assistance. Keenan will assist in promoting the Auxiliaries VEBA to the CSU Auxiliaries that are not members of the Auxiliaries VEBA. Keenan will facilitate the preparation and sharing of information with such entities, and will participate in informational meetings.
- f. Facilitation of Membership Process. Keenan will provide assistance in the completion of paperwork and other tasks associated with accepting new participants into the Auxiliaries VEBA.

- g. Funding Methods. Keenan will discuss with the Auxiliaries VEBA Board of Trustees the methods by which the Trust could be funded.
- h. Coordinate Meetings with Service Providers. Keenan will coordinate meetings between the Auxiliaries VEBA Board of Trustees and the Trustee and Investment Advisor and facilitate any additional or ongoing meetings that may be required.
- i. Facilitate Auditing Services. Keenan will meet with the governing body or the designated officers of the Auxiliaries VEBA Board of Trustees to assist and coordinate the enlistment of the services of an auditor, at the expense of the Trust, to conduct an audit of the Trust.
- j. Ongoing Assistance. Keenan will perform the following services on an ongoing basis.
 - (1) Comprehensive Compliance Plan. Keenan will assist Auxiliaries VEBA Board of Trustees to create a Comprehensive Compliance Plan which documents and demonstrates (i) the steps taken by Auxiliaries VEBA Board of Trustees to address OPEB costs and (ii) the steps taken by Auxiliaries VEBA Board of Trustees to meet its and its designated officers' fiduciary duties. The major components of the Compliance Plan may include:
 - (i) Plan Agreements, Resolutions and Statements
 - (ii) Summary of Actuarial Information for each CSU Auxiliary joining the Auxiliaries VEBA
 - (iii) Board of Trustees Meeting Agendas and Minutes for Auxiliaries VEBA
 - (2) Substantive Plan. Keenan will assist Auxiliaries VEBA Board of Trustees to create an overall plan for the operation of its program ("Substantive Plan.") The major components of the Substantive Plan may include:
 - (i) Summary of Coverage and Eligibility for underlying OPEB plans
 - (ii) Communications between CSU Auxiliaries and Plan Members
 - (iii) Historical Practice Patterns
 - (iv) Funding Plan
 - (v) Amendments and Updates as changes are made

Keenan will thereafter assist CSU Auxiliaries to review the Substantive Plan and Comprehensive Compliance Plan and to make such changes as are requested by the CSU Auxiliaries.

- (3) Preparation and Delivery of an Administrative Guide. Keenan will prepare and deliver to the CSU Auxiliaries a guide-book to the administration of the Program that will be a practical guide to the operations, contacts, installation and administration procedures associated with the Program.
 - (4) Depository for Agreements. Keenan will act as the depository for all agreements, resolutions, meeting minutes and agendas for the Auxiliaries VEBA and all participating CSU Auxiliaries.
 - (5) Website. Keenan will work with the selected vendor of Auxiliaries VEBA to develop a website. The website will provide general information about the VEBA.
2. **Other Services Provided by Trustee and Investment Adviser.** Keenan will not provide trustee, custodial, investment management or securities broker services to the Auxiliaries VEBA or the CSU Auxiliaries in connection with the creation, implementation or operation of the Trust. These services will be provided by the Trustee and Registered Investment Advisor under a separate agreement between the Auxiliaries VEBA and the Trustee and a separate agreement between the Trustee and the Registered Investment Advisor.
3. **Auxiliaries VEBA Board of Trustees Responsibilities.** Throughout the term of this Agreement, Auxiliaries VEBA Board of Trustees shall do the following:
 - a. Accurate Information. Provide accurate and timely information to the appropriate Service Providers concerning the Plan provisions, participating employees, costs, anticipated retirement dates of employees, and other relevant information necessary, in the requested format, for the Service Providers to provide services to Auxiliaries VEBA.
 - b. Board Authority. The Auxiliaries VEBA Board of Trustees will have final and ultimate decision-making authority for all actions taken by the Auxiliaries VEBA. The Auxiliaries VEBA Board of Trustees will:
 - (1) execute all agreements on behalf of the Auxiliaries VEBA, including, but not limited to, service agreements with vendors and a Participation Agreement with each of the CSU Auxiliaries that joins the Auxiliaries VEBA,
 - (2) appoint and direct the Trustee,
 - (3) select a portfolio of investment options that meets its long-term objectives,
 - (4) develop an Investment Policy Statement (IPS) with a long term net objective.
 - c. Execute Trust and Related Agreements. Approve, execute and retain in effect a Trust and Investment Policy Statement, and such other agreements as may be required for the Trust to validly invest its assets, to meet the requirements of Section 501(c)(9) of the Internal Revenue Code and any applicable California Code, and to comply with the requirements of FASB 158 and/or GASB 43 and 45, as applicable,

with respect to those assets of the Trust that are designated for funding Plan obligations.

- d. Decisions Related to Trust. Make all decisions relating to the Trust, it being acknowledged by Auxiliaries VEBA Board of Trustees that Keenan shall have no authority or obligation to make any decisions regarding the Trust, contributions to be made to the Trust, obligations owed by Auxiliaries VEBA under its Plans, investments to be made by the Trust, or any other matters related to the Trust.
 - e. Contributions to Trust. All contributions or funding by the Auxiliaries VEBA to comply with OPEB obligations and FASB 158 and/or GASB 43 45, as applicable, requirements shall be made pursuant to the Program into the Trust.
 - f. Payments to CSU Auxiliaries. Direct the Trustee to make payments of amounts payable to them under the terms of each Plan.
 - g. Payments to Intermediaries. Direct the Trustee to make payments to intermediaries that provide coverage to participants of the Plan.
 - h. Reimbursement of Reasonable Expenses. Direct the Trustee to make payments from the Auxiliaries Trust to run the Trust such as, but not limited to, auditors, attorneys, or consultant(s).
4. **Compensation of Keenan.** For the services provided by Keenan pursuant to this Agreement, Keenan shall receive the compensation described in Keenan's Fee Schedule which is attached to this Agreement as Attachment A. Keenan's fee schedule shall be subject to change from time to time with a 30-day written notice to Auxiliaries VEBA. If Auxiliaries VEBA objects to Keenan's change to the Fee Schedule in writing within 30 days, the prior Fee Schedule will remain in effect until such time as Keenan and Auxiliaries VEBA come to an agreement on a change to the Fee Schedule, or if no agreement can be reached, until the end of that term. Auxiliaries VEBA acknowledges and agrees and hereby instructs the Trustee to pay to Keenan out of assets held in the Trust the compensation that is due to Keenan under this Agreement.
5. **Compensation to Other Service Providers.** Auxiliaries VEBA acknowledges and agrees that Investment Advisor and the Trustee will each provide separate services on behalf of the Trust, and will each be compensated for and be responsible for their services in accordance with the terms of the written agreement between the Auxiliaries VEBA and the Trustee and the written agreement between the Trustee and the Investment Advisor. Auxiliaries VEBA further acknowledges that the Actuary may provide separate services to the CSU Auxiliaries and will be compensated for and be responsible for its services in accordance with the terms of the written agreement between each CSU Auxiliary and the Actuary. Keenan shall only be responsible for providing the specific services included in this Agreement and under no circumstances shall Keenan be responsible or liable for the services provided by the other Service Providers.

6. **Term and Termination.**

- a. The "Term" of this Agreement shall commence on the Effective Date and shall continue until the date that is sixty (60) months from the Initial Funding Date. The "Initial Funding Date" is the first day of the month in which Auxiliaries VEBA shall have funded the Trust.
- b. At the Term of this Agreement, (as indicated in this Agreement section 6.a.), shall automatically be extended for an additional twelve (12) months, unless either party has given the other party at least six (6) months prior written notice of its desire to not extend the Term, in which case the Term of this Agreement shall expire as of the date set at the Initial Funding Date or the most recent anniversary date thereof.
- c. Either party may terminate this Agreement during the Term of this Agreement upon the occurrence of any of the following events:
 - (1) The breach of this Agreement by either party if the breach is not cured within 30 days (or such longer period as may reasonably be required to cure the breach, but not to exceed 90 days) of receiving notice of the breach from the non-breaching party;
 - (2) The Initial Funding Date does not occur within twelve (12) months of the Trust Effective Date;
 - (3) The dissolution or insolvency of either party;
 - (4) The filing of a bankruptcy petition by or against either party (if the petition is not dismissed within 60 days in the case of an involuntary bankruptcy petition); or
 - (5) If either party reasonably interprets the application of any applicable law, rule, regulation, or court or administrative decision to prohibit the continuation of this Agreement or cause a penalty to either party if the Agreement is continued.
- d. The Auxiliaries VEBA Board of Trustees may terminate this Agreement on 60-days written notice.

7. **Representations.** Keenan and Auxiliaries VEBA make the following representations and warranties:

- a. **Keenan Representations.** Keenan represents and warrants that it has full right, authority, power and capacity to enter into, execute and deliver this Agreement and each agreement, document and instrument to be executed and delivered by Keenan pursuant to this Agreement and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument executed and delivered by Keenan pursuant to this Agreement constitutes a valid and binding obligation of Keenan, enforceable in accordance with their respective terms.

The execution and delivery by Keenan of this Agreement and the performance of the transactions contemplated hereby have been duly and validly authorized by all necessary action under its organizational documents and under any agreement applicable to Keenan and do not require any notice to, consent from, or filing with, any third party.

- b. Auxiliaries VEBA Representations. Auxiliaries VEBA represents and warrants that it has full right, authority, power and capacity to enter into, execute and deliver this Agreement and each agreement, document and instrument to be executed and delivered by Auxiliaries VEBA pursuant to the Program and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument executed and delivered by Auxiliaries VEBA pursuant to the Program constitutes a valid and binding obligation of Auxiliaries VEBA, enforceable in accordance with their respective terms. The execution and delivery by Auxiliaries VEBA of this Agreement and the performance of the transactions contemplated hereby have been duly and validly authorized by all necessary action under its organizational documents and under any agreement applicable to Auxiliaries VEBA and do not require any notice to, consent from, or filing with, any third party.

8. **Indemnification.**

- a. If either party breaches this Agreement, then the breaching party shall defend, indemnify and hold harmless the non-breaching party, its officers, agents and employees against all claims, demands, actions, liabilities or costs (including, without limitation, reasonable attorneys' fees and expenses) arising from such breach.
- b. If Keenan (i) becomes the subject of a subpoena or is otherwise compelled to testify or (ii) becomes the subject of a claim, demand, action or liability from a person or entity that is not a party to this Agreement (collectively, a "Third-Party Demand") relating to its obligations under this Agreement and such Third-Party Demand is not a direct result of the negligence or willful misconduct of Keenan, then the other party shall defend, indemnify and hold harmless the party receiving the Third-Party Demand, its officers, agents and employees against all claims, demands, actions, liabilities or costs (including, without limitation, reasonable attorneys' fees and expenses) incurred in resolving such Third-Party Demand.
- c. The party receiving the Third-Party Demand ("Indemnified Party") shall notify the other party ("Indemnifying Party") promptly in writing of any such Third-Party Demand and reasonably cooperate with the Indemnifying Party in connection with responding to the Third-Party Demand. The failure to notify the Indemnifying Party of the Third-Party Demand shall not relieve the Indemnifying Party of any liability it may have to the Indemnified Party except to the extent such liability was caused by the Indemnified Party's failure to notify the Indemnifying Party of the Third-Party Demand.
- d. The Indemnifying Party shall defend or settle the Third-Party Demand on behalf of the Indemnified Party in the Indemnifying Party's sole discretion except that the

Indemnifying Party shall not admit any liability of the Indemnified Party or commit the Indemnified Party to payment of any damages or other expenses.

9. **General Provisions.**

- a. Privacy of Auxiliaries VEBA information. Keenan acknowledges that in the course of carrying out its duties under this Agreement, it may receive confidential information relating to Auxiliaries VEBA. Keenan agrees that neither it nor its agents will use such information beyond the purpose for which it was provided or disclose such confidential information to other parties, other than the other Service Providers, as required for Keenan and the other Service Providers to fulfill their respective responsibilities as stated in this Agreement, the Trust, and the agreements between Auxiliaries VEBA and the Trustee, except to the extent required by the Internal Revenue Service, by law, or with the consent of the Auxiliaries VEBA Board of Trustees. Additionally, Keenan, its agents or affiliates agree to take appropriate steps to secure such confidential information from misuse or unauthorized disclosure. The obligations of this Section shall survive termination of this Agreement. Keenan further agrees that such confidential information will remain the property of the Auxiliaries VEBA and Keenan will return the confidential information and all copies thereof (other than confidential copies that Keenan may be required to retain to demonstrate its performance under this Agreement) to the Auxiliaries VEBA upon request or termination of this Agreement.
- b. Consent to Provide Keenan Access to Information. The Auxiliaries VEBA hereby agrees that, for the purpose of allowing Keenan to perform its services under this Agreement, the Auxiliaries VEBA agrees to release to Keenan all information necessary for the actuarial study and Keenan shall have access to and receive copies of all reports, correspondence and communications sent or furnished by Trustee, Investment Advisor to or from the Auxiliaries VEBA in connection with the Program. Specifically, Keenan shall have access to Trust information on the website maintained by Trustee for the Trust.
- c. Proprietary and Confidential Information. Auxiliaries VEBA acknowledges that it may receive certain information with respect to the business practices and records of Keenan which may be confidential in nature (“**Information**”). Auxiliaries VEBA agrees that such Information is proprietary and confidential and shall not be disclosed or used for any purpose other than as necessary in connection with this Agreement, unless such disclosure is required pursuant to an order of a court of competent jurisdiction, by law, or Keenan agrees in writing to such disclosure. The confidentiality and non-disclosure obligations of this Section shall survive termination of this Agreement. Auxiliaries VEBA further agrees that Information will remain the property of Keenan and to return the Information and all copies thereof to Keenan upon request or upon termination of this Agreement.
- d. Insurance. Keenan shall procure and maintain to the extent available on reasonable terms the following minimum insurance coverages during the Term and shall provide certificates of insurance to Auxiliaries VEBA upon request of the Auxiliaries VEBA:

Workers' Compensation. Workers' Compensation Insurance in conformance with the laws of the State of California and applicable federal laws.

Bodily Injury, Death and Property Damage Liability Insurance. General Liability Insurance (including motor vehicle operation) with a Five Million Dollar (\$5,000,000) limit of liability for each occurrence and a Five Million Dollar (\$5,000,000) aggregate limit of liability. The Auxiliaries VEBA will be named as an additional named insured.

Professional Liability Insurance. Professional Liability Insurance with a Five Million Dollar (\$5,000,000) limit of liability for each occurrence and a Five Million Dollar (\$5,000,000) aggregate limit of liability. The Auxiliaries VEBA will be named as an additional named insured.

Fidelity Insurance. Fidelity Insurance with a Five Million Dollar (\$5,000,000) limit of liability for each occurrence and a Five Million Dollar (\$5,000,000) aggregate limit of liability.

- e. Invalidity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any of the other provisions of this Agreement, all of which shall remain in full force and effect.
- f. Complete Agreement; Amendments. This Agreement contains the entire understanding between the parties related to the subject matter covered by this Agreement and supersedes all prior and collateral statements, proposals, presentations, communications, reports, agreements or understandings, if any, related to such matters. No modification or amendment to any provision hereof shall be binding unless in writing and signed by authorized representatives from both parties.
- g. Waivers. No failure or delay in exercising any right, power or privilege under this Agreement shall be construed as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Agreement.
- h. Third-Party Beneficiaries. Notwithstanding any provision herein to the contrary, this Agreement is not intended and shall not be construed as creating or conferring any rights or remedies on any third parties that are not parties to this Agreement. Enforcement of any remedy for breach of this Agreement may only be pursued by the parties to this Agreement.
- i. Notices. Any written notices required by the terms of this Agreement shall be sent by certified mail (or other form of guaranteed delivery) to the address of the Party given below:

Auxiliaries VEBA:

Auxiliaries Multiple Employer VEBA Address for Notice:
Cal Poly Pomona Foundation
Attn: Chief Financial Officer
3801 W. Temple Ave Building # 55
Pomona, CA 91768-4038

Keenan: Keenan & Associates
Attn: General Counsel
2355 Crenshaw Blvd.
Suite 200
Torrance, CA 90501-3325

- j. Force Majeure. Neither party shall be held responsible for the delay or failure to perform services or obligations under this Agreement when such delay or failure is due to fire, flood, epidemic, strikes, acts of God or any public enemy, unusually severe weather, failure or malfunction of any electronic, electric or mechanical equipment, legislative or regulatory acts of any public authority, delays or defaults caused by any public carriers, or other circumstances which cannot reasonably be forecast or provided against.
- k. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.
- l. Assignment; Successors. This Agreement may not be assigned by either party without the prior written consent of the other party. The terms and conditions of this Agreement apply to the parties, their heirs, executors, administrators, successors, and permitted assigns.
- m. Dispute Resolution. Any and all disputes that may arise out of or relate to this Agreement, other agreements or any other relationship involving Auxiliaries VEBA and Keenan (whether occurring prior to, as part of, or after the signing of this Agreement), shall first be resolved by good faith negotiations between the parties with the assistance of non-binding mediation. In the event either party determines that they are not able to resolve the dispute through negotiation and mediation, then the dispute shall be submitted to, and resolved by, final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon an award of the arbitrators may be entered and enforced in any court having jurisdiction. Negotiation, mediation and arbitration shall be the exclusive means of dispute resolution as between Auxiliaries VEBA and Keenan and their respective agents, employees, officers and members. Arbitration shall be before a single arbitrator in the County of Los Angeles, California. The Arbitrator shall apply California substantive law. Any party may bring an action in any court of competent jurisdiction, if necessary: (i) to compel arbitration under this arbitration provision, or (ii) to obtain preliminary or other equitable relief in support of claims to be prosecuted in arbitration, or (iii) to enter a judgment of any award rendered pursuant to such arbitration. The parties acknowledge that a breach of the provisions of this Agreement could result in irreparable harm to the other party, and

therefore agree that the non-breaching party shall be entitled to seek specific performance or other equitable relief in any court of competent jurisdiction.

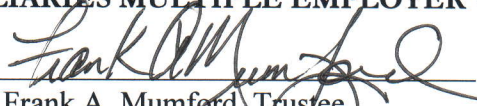
- n. Scope of Services Rendered; Other Plans. The parties specifically agree and recognize that Keenan is a service provider to Auxiliaries VEBA and is not providing tax, accounting or legal advice to Auxiliaries VEBA. The parties understand that Auxiliaries VEBA is responsible, together with its legal counsel, for the continued qualification of the Trust in accordance with applicable law. Keenan shall have no responsibility whatsoever with regard to any other qualified or non-qualified employee benefit plans maintained by Auxiliaries VEBA other than as provided in this Agreement or as in any other written agreement entered into between Keenan and the Auxiliaries VEBA. Keenan shall further have no responsibility or liability for any services provided by the Actuary, Trustee, Registered Investment Advisor or any other service provider to the Trust or Auxiliaries VEBA in connection with the Program, and shall be responsible solely for the services described herein which Keenan has agreed to provide to Auxiliaries VEBA.
- o. Legal Fees. In the event of any dispute relating to this Agreement, the prevailing party shall be entitled to recover attorneys' fees and costs, including but not limited to, those incurred in resolving the dispute.
- p. Construction. Any rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement, or any amendments or exhibits hereto.
- q. Interest on Overdue Payments. All payments and invoices are due and payable upon presentation by Keenan. In the event Auxiliaries VEBA fails to pay any invoice within thirty days of presentation, Keenan shall be entitled to receive interest on such outstanding invoice from the date of presentation at the rate of (a) 1-1/2 percent per month or (b) the maximum interest rate permitted by applicable law, whichever is lower.
- r. Counterparts and Facsimile Signatures. This Agreement may be executed in counterparts and by facsimile signatures, which will be effective as if original signatures.

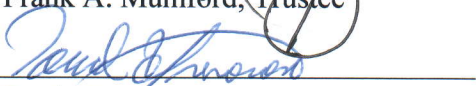
IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first written above. Each person signing this Agreement on behalf of a party represents and warrants that he or

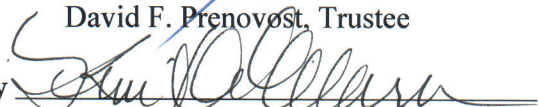
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she has the necessary authority to bind such party.

AUXILIARIES MULTIPLE EMPLOYER VEBA

By 
Frank A. Mumford, Trustee

By 
David F. Prenovost, Trustee

By 
Dr. Kim Clark, Trustee

KEENAN & ASSOCIATES

By: 
Steve Gedestad, Senior Vice President

Keenan Financial Services (KFS) Fee Schedule

Annual Fee \$1,200

ASSET BASED FEES Up to \$10,000,000

Benefit Fund - Irrevocable	Keenan Compensation (BPS)
from \$0	to \$2,500,000
plus, from greater than \$2,500,000	to \$5,000,000
plus, from greater than \$5,000,000	to \$7,500,000
plus, from greater than \$7,500,000	\$ to \$10,000,000
	70 65 55 50

ASSET BASED FEES

Amounts Greater than \$10,000,000

plus, greater than \$10,000,000	10
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1. The listed Keenan Compensation is based on the accumulated assets. Each compensation level applies to amounts up to the next compensation level.
2. Annual fees and asset based fees to be paid monthly from assets.
3. Asset based fees are in addition to mutual fund expense ratios.
4. No other fees, including 12(b) (1) and Sub-TA fees, are applied to plan assets.
5. The above fees cover all services provided by Keenan Financial Services.
6. BPS is defined as Basis Points with 1 BPS equal to 0.01%

**AUXILIARIES MULTIPLE EMPLOYER VEBA
CORPORATE TRUST AGREEMENT**

THIS AGREEMENT is made by and between the Board of Trustees of the Auxiliaries Multiple Employer VEBA and Benefit Trust Company, a Kansas Corporation, as Corporate Trustee, effective as of September 22, 2010.

WHEREAS, the Auxiliaries Multiple Employer VEBA has been established to fund retiree medical and other post-employment obligations of participating auxiliaries of the California State University System.

WHEREAS, the Board desires to establish a corporate trust to be used to hold the assets of the VEBA, with a separate Account for the retiree welfare benefit plan of each participating auxiliary.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, the Board and the Corporate Trustee agree as follows:

**ARTICLE I
DEFINITIONS**

“**Account**” means the account established for an Employer pursuant to Article 5.1(b).

“**Agreement**” shall mean this Agreement.

“**Authorized Representative**” shall mean a representative authorized pursuant to Section 7.5 of this Agreement.

“**Board**” shall mean the Board of Trustees of the VEBA.

“**Corporate Trustee**” shall mean the person or entity appointed and acting as Corporate Trustee of the Trust in accordance with the terms of this Agreement. The initial Corporate Trustee is Benefit Trust Company.

“**Covered Individual**” shall mean a Member, or a dependent or designated beneficiary of a Member, who is entitled to benefits under the Plan.

“**Employer**” shall mean an auxiliary of the California State University System that participates in the VEBA.

“**Fiscal Year**” shall mean the 12-month period beginning July 1 and ending June 30.

“Investment Advisor” shall mean the independent registered investment adviser appointed by the Corporate Trustee pursuant to the authority provided to the Corporate Trustee in Section 5.2 of the Agreement, subject to the approval of the Board.

“Investment Policy Statement” shall mean the investment guidelines for the Trust Fund, as adopted by the Board, and as such Investment Policy Statement may be amended from time to time. The Investment Policy Statement shall establish the investment guidelines and authority related to the investment of Trust assets by the Corporate Trustee (with the advice of the Investment Advisor), subject to the terms of the Trust.

“Member” shall mean (a) a Retiree or (b) to the extent provided in Section 4.4, a current employee of an Employer.

“Plan” means any retiree welfare benefit plan adopted by an Employer and funded through the Trust.

“Plan Administrator” of a Plan shall mean the person or entity designated to administer the Plan.

“Retiree” means an individual who has retired from an Employer and is entitled to benefits under the Plan of the Employer.

“Trust” shall mean the trust established by this Agreement.

“Trust Fund” shall mean the assets held in trust under the Agreement.

“VEBA” shall mean the Auxiliaries Multiple Employer VEBA.

ARTICLE II

PURPOSE AND ESTABLISHMENT OF TRUST

2.1 Establishment of Trust. This Agreement establishes the Trust. The principal of the Trust consists of all funds deposited by the Employers, to be held, administered and disposed of by the Corporate Trustee as provided in this Trust Agreement.

2.2 Purposes of the Trust. The Trust shall be for the purpose of receiving, holding, investing, reinvesting and disbursing the assets of the VEBA.

2.3 The Trust Fund. The Trust Fund shall consist of all cash, securities, property, and assets of whatever kind and nature, owned, held or otherwise acquired by the Corporate Trustee pursuant to this Agreement, including the contributions described under Article III below, and all earnings thereon. No part of the Trust Fund shall revert to the Employers, or be used in any manner other than for the exclusive benefit of the Covered Individuals in connection with the payment of obligations, including applicable fees and expenses, of the Employers under

the terms of the Plans, as determined by the Plan Administrators, except as otherwise provided in Sections 4.2 and 4.3 below. Accordingly, the Corporate Trustee holds only bare legal title to the Trust Fund, and neither the Corporate Trustee nor the Employers own or hold any equitable interest in the Trust Fund.

ARTICLE III CONTRIBUTIONS

3.1 Contributions. An Employer may from time to time make contributions to the Trust, in such amounts as the Employer shall determine are appropriate including amounts by merger of Employer's existing voluntary employees' beneficiary association into the VEBA. To the extent that any Plan permits contributions to be made by Covered Individuals, such contributions, along with all earnings on such Covered Individual contributions, shall be reflected as Covered Individual contributions and earnings in all books and records maintained by the Corporate Trustee. All contributions shall be made in cash or in the form of such other property as the Corporate Trustee may from time to time deem acceptable and which shall have been delivered to the Corporate Trustee. The contributions so received, together with the income therefrom and any other increment thereon shall be held, invested, reinvested and administered by the Corporate Trustee pursuant to the terms of this Agreement. The Corporate Trustee shall not be responsible for or have any obligation related to, the timing or collection of any contribution or the calculation or payment of any benefits under any Plan. For any contributions received after any trading deadline or with incomplete or incorrect instructions, the Corporate Trustee shall deposit such amounts in the Trust Fund, to be held in the Short-Term Investment Fund established pursuant to Section 5.1(c), until such time as proper instructions are obtained. If, after a period of thirty (30) days the Corporate Trustee is unable to obtain revised instructions, the Corporate Trustee shall return all such previously-deposited amounts to the Employer, including allocated earnings therein.

3.2 Compliance with Laws. The Trust is intended to satisfy all requirements of the United States Department of Treasury pursuant to Section 501(c)(9) of the Internal Revenue Code. Contributions made to the Trust and the earnings thereon shall be retained in the Trust until the same shall have been paid out in accordance with the terms of this Agreement. Under no circumstances shall any amounts held in the Trust Fund be used for any purpose other than the payment of obligations of the Employers pursuant to the terms of the Plans or this Agreement.

ARTICLE IV WITHDRAWALS

4.1 Withdrawals from Trust Fund. The Plan Administrator, or an Authorized Representative, as further described in Section 7.5 hereof, of each Plan designated by the Board for funding through the Trust Fund is the sole party authorized to withdraw or otherwise direct the Corporate Trustee to make disbursement of amounts from the Trust Fund and such amounts

shall not be withdrawn except for the purpose of satisfying liabilities to Covered Individuals, repaying non-interest-bearing loans made by the Employers for the purpose of satisfying liabilities to Covered Individuals, or returning contributions made by error or mistake in accordance with Section 4.2 below. Under no circumstances shall any Trust Fund amount be paid to or in any way revert to an Employer directly, except for repayment of loans, and except as provided in Sections 4.2 and 4.3. Each Plan Administrator is authorized only to withdraw amounts designated within the Trust Fund for funding of the Plan administered by that Plan Administrator. A Plan Administrator shall, from time to time and subject to the liquidity requirements and restrictions set forth within the Investment Policy Statement, direct the Corporate Trustee to make payments out of the Trust Fund to the entities to whom such payments are authorized to be made in accordance with the terms of the Plan, in such amounts and for such purposes as are authorized under the terms of the Plan. The Corporate Trustee shall not be responsible for determining whether withdrawals made by the authorized Plan Administrator are authorized under the Plan, and shall be entitled to rely upon the determination of the Plan Administrator that such withdrawals are in compliance with the terms of the Plan.

4.2 Mistake. Any mistake in any payment or in any direction, certificate, notice or other document furnished or issued by the Board, by a Plan Administrator, by an Authorized Representative, or by the Corporate Trustee in connection herewith may be corrected when the mistake becomes known, and the Board may direct any adjustment or action that it deems practicable under the circumstances to remedy the mistake. The above notwithstanding, the Corporate Trustee must be properly notified of any mistakes or other correction requests within prescribed periods and time limitations as prescribed under applicable law.

4.3 Refund of Contribution Made to the Trust Fund. No contribution made to the Trust Fund may be refunded unless a contribution was made:

- (a) Because of a mistake of fact; or
- (b) Conditioned upon a favorable Internal Revenue Service ruling and such favorable ruling is revoked or not obtained.

Any refund or other return of contributions under subsection 4.3(a) must be made within one (1) year from the date the contribution was made.

4.4 Assets in Excess of Accrued Liability. If the current fair market value of the assets in an Employer's Account exceeds 120% of the accumulated post-retirement benefit obligations of the Employer under its Plan, the Board may, in its discretion, at the direction of the Employer, allow the Employer to use the assets that exceed 120% of the accumulated post-retirement benefit obligations of the Employer to provide benefits for the Employer's current employees and their dependents or designated beneficiaries if the Employer amends its Plan accordingly, to the extent consistent with Section 501(c)(9) of the Code and its regulations.

ARTICLE V
INVESTMENT OF TRUST FUND

5.1 The Trust Fund. The Trust Fund shall be held, managed, administered, valued, invested, reinvested, distributed, accounted for and otherwise dealt with, by the Corporate Trustee, in accordance with the provisions of this Agreement.

- (a) The assets belonging to the Trust Fund shall be charged with the liabilities in respect of the Trust and all expenses, costs, charges and reserves of the Trust. Any general liabilities, expenses, costs, charges or reserves of the Trust shall be allocated and charged by the Corporate Trustee to the Trust Fund. Each allocation of liabilities, expenses, costs, charges and reserves by the Corporate Trustee shall be conclusive and binding for all purposes.
- (b) The Corporate Trustee shall establish a separate Account within the Trust Fund for the obligations of each Plan. The Board may, by written direction from time to time to the Corporate Trustee, add additional separate Accounts or combine two or more separate Accounts of an Employer, provided that the Plan Administrator for each Plan funded by an Account shall provide its written recognition of any such direction provided by the Board, with applicable liabilities, expenses, costs, charges or other reserves being allocated in the manner set forth in subsection (a) above.
- (c) The Corporate Trustee shall establish a Short-Term Investment Fund within the Trust Fund comprised of cash, bank notes, corporate notes, government bills and other various short-term debt instruments that are deemed appropriate by the Corporate Trustee and/or the Investment Advisor, based on investment guidelines established within the Investment Policy Statement.

5.2 Appointment of Investment Advisor. The Corporate Trustee shall, in the exercise of its discretion over the investment of the Trust Funds, have the authority to appoint a primary Investment Advisor, subject to the approval of the Board. The Investment Advisor shall advise the Corporate Trustee in the manner to invest, reinvest, sell and hold all assets of the Trust Fund in accordance with the guidelines established herein. Specifically, the Investment Advisor shall be responsible for advising the Corporate Trustee as to the investments and/or portfolio managers to be used to implement the investment strategies authorized by the Investment Policy Statement, as well as assisting the Corporate Trustee in selecting asset allocation models for the Trust Fund and reporting on the performance of investments held in the Trust. The duties of the Investment Advisor shall be further specified in a written agreement to be entered into between the Corporate Trustee and the Investment Advisor and approved by the Board.

5.3 Review and Approval of Investment Policy Statement. The Investment Policy Statement is primarily to safeguard the principal of the funds held in the Trust, then secondarily to meet the Trust's liquidity needs and thirdly to achieve a favorable return on the funds held in the Trust. The Investment Policy Statement shall be adopted by the Board prior to investment of

any contributions received to fund the Trust, other than temporary investments in the Short-Term Investment Fund. The Investment Policy Statement shall remain in effect until amended or superseded in writing by the Board. The Investment Policy Statement shall provide for the investment of assets of the Trust Fund in a manner appropriate to satisfy the expected liabilities and liquidity requirements of each Plan funded by the Trust Fund and in compliance with the investment requirements of applicable law.

5.4 Monitoring of Investment Advisor. The Corporate Trustee, or its designated agents or other representatives, shall be responsible for monitoring the performance of the Investment Advisor to assure that investment decisions are properly recommended by the Investment Advisor, and that the services provided by the Investment Advisor are in compliance with the terms of the Investment Policy Statement, the investment advisory agreement between the Corporate Trustee and the Investment Advisor, and applicable law. The Corporate Trustee shall further be responsible for reviewing the overall performance of the Investment Advisor relative to performance goals and objectives specified in the Investment Policy Statement. In the event the Corporate Trustee determines recommendations of the Investment Advisor to be inconsistent with the Investment Policy Statement, the investment advisory agreement between the Investment Advisor and the Corporate Trustee, or applicable law, the Corporate Trustee shall take such actions as are commercially reasonable and necessary to correct or recover from such recommendations as are prudent on behalf of the Trust.

5.5 Termination and Replacement of Investment Advisor. In the event that the Corporate Trustee determines that the Investment Advisor is not performing its duties in accordance with the Investment Policy Statement, the investment advisory agreement with the Corporate Trustee or applicable law, or that the Investment Advisor is not satisfactorily meeting its performance goals and objectives, the Corporate Trustee shall have full discretion to terminate the Investment Advisor. Throughout any corresponding transition period prior to or commensurate with the selection and delegation of investment advisory responsibilities to a successor Investment Advisor, the Corporate Trustee shall ensure that the assets of the Trust continue to be invested in the manner the Corporate Trustee deems prudent and most appropriate under the circumstances then-prevailing, as long as in compliance with the general terms and conditions of the Investment Policy Statement and applicable law.

5.6 General Fiduciary Duties of Corporate Trustee. In the performance of its investment related functions under this Agreement, the Corporate Trustee acknowledges that, to the extent of its role and responsibilities set forth herein, it is a fiduciary to the Trust, the Board, and the Plans. The Corporate Trustee agrees that it shall act in accordance with the standards set by the Employee Retirement Income Security Act of 1974, as amended, whether or not they apply, and shall act with the care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Trust and the Plans, to the extent known by the Corporate Trustee, that a prudent person acting in a like capacity and familiarity with those matters would administer the Trust and use and exercise reasonable care, skill and caution, in the administration of the Trust and performance of investment related functions with respect to funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Trust and the Plans.

The Board shall be entitled to rely upon the actions and decisions of the Corporate Trustee in the performance of its duties under this Agreement. Subject to the foregoing duty of the Corporate Trustee, the Corporate Trustee shall not be liable for any investment losses suffered by the Trust.

ARTICLE VI

GENERAL POWERS OF CORPORATE TRUSTEE

In addition to the specific powers and duties of the Corporate Trustee set forth in Articles III, IV and V, the Corporate Trustee shall have the following powers:

- (a) to purchase, hold and sell assets on behalf of the Trust in the nominee name of the Corporate Trustee for the benefit of the Trust;
- (b) to sell assets of the Trust to the extent necessary to allow a Plan Administrator to make a withdrawal from the Trust Fund;
- (c) to borrow and reimburse an Employer for payment of retiree welfare benefits pursuant to a written loan agreement.
- (d) to arbitrate, defend, enforce, release or settle any claim of or against the Trust;
- (e) to vote, in person or by proxy, upon all securities held by the Trust;
- (f) to the extent advised by the Investment Advisor consistent with the Investment Policy Statement, to exercise, buy or sell subscription and conversion rights and participate on behalf of securities held by the Trust in reorganizations, recapitalizations, consolidations, mergers, exchanges, foreclosures, liquidations and creditors' and bondholders' agreements;
- (g) to do all such acts, take all such proceedings, and exercise all such rights and privileges, although not specifically mentioned herein, as the Corporate Trustee may deem necessary to administer the Trust, provided that such actions or proceedings are not inconsistent with the terms of this Trust;
- (h) to employ and pay from the assets of the Trust reasonable compensation to agents, investment counsel and attorneys, accountants, or other similar parties, including any person, partnership, corporation or other entity with which the Corporate Trustee may be associated, for purposes that the Corporate Trustee determines to be necessary for the administration of the Trust, as well as any other parties the Board has engaged to provide related services pursuant to a written agreement;
- (i) to withdraw from the Trust compensation and expenses payable to the Corporate Trustee in such amounts as are agreed to between the Board and the Corporate Trustee under any written administrative service agreement or other similar arrangement; and

- (j) to execute and deliver all documents and instruments necessary for the administration of the Trust on behalf of the Trust.
- (k) to cause any or all of the assets of the Trust Fund to be commingled, to the extent such investment and the issuance thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1) or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

ARTICLE VII

GENERAL DUTIES OF CORPORATE TRUSTEE

In addition to the specific powers and duties of the Corporate Trustee set forth in Articles III, IV, V and VI, the Corporate Trustee shall have the following duties:

7.1 General. The Corporate Trustee shall, in the performance of all of its duties on behalf of the Trust, act solely in the manner directed herein and discharge its duties hereunder with the care, skill, prudence and diligence under the circumstances that a prudent man acting in a like capacity and familiar with such matters would use in such circumstances.

7.2 Records. The Corporate Trustee shall keep accurate and detailed accounts and records of all investments, receipts, disbursements, and other transactions, including all separate Accounts and assets contained within the Trust Fund Accounts. For purposes of accounting and administration, the records of the Trust shall be maintained on an accrual basis method on the basis of a Fiscal Year. The Board shall have the right to review and inspect all such Accounts and other records relating thereto at all reasonable times, as well as to request an audit of all Trust Fund activities. Each Employer shall have the right to review and inspect the Account maintained for its Plan.

7.3 Corporate Trustee Reports. The Corporate Trustee shall furnish to the Board monthly reports, as well as an annual statement of account, to be delivered within ten (10) days after the end of each month and within twenty (20) days after the end of each Fiscal Year, setting forth all earnings of the Trust, all contributions made to the Trust, including an accounting of the specific Trust Fund to which such contributions were made, all withdrawals from each Trust Fund, and all transfers from the Trust Fund. The Corporate Trustee shall also furnish to the Board and each Employer similar monthly reports and similar annual statements for the separate Account maintained for the Employer's Plan, within the same time. Unless the Board or an Employer shall have filed with the Corporate Trustee written exceptions or objections to any such reports or statements within thirty (30) days after receipt thereof, the reports and statements shall be deemed to be approved and the Corporate Trustee shall be released and discharged with respect to all matters and things embraced therein.

7.4 Audits. If the Board determines that an audit is desirable, the Corporate Trustee shall assist the Board with the engagement of an independent certified public accountant to audit

the Trust under such time frames and parameters specified by the Board, with the cost of such audit to be paid for by the Trust Fund and allocated to the separate Accounts as determined by the Board. A copy of the report of such audit shall be furnished to the Board, the Corporate Trustee and such other persons as the Board or the Board's Authorized Representative shall designate.

7.5 Plan Administrators and Authorized Representatives. The Board may authorize Plan Administrators and/or Authorized Representatives to direct the Corporate Trustee with respect to withdrawals from Accounts related to Plans over which they have administrative responsibilities. The Board shall inform the Corporate Trustee immediately in writing of the appointment of any Plan Administrator or Authorized Representative to whom the Board has given such authorization. Generally, the Board, Plan Administrators and Authorized Representatives shall each authorize two or more authorized signatories who may request withdrawals on their behalf. Subject to any requirement of proof required by the Corporate Trustee in verifying the identity of any Plan Administrator or Authorized Representative, the Corporate Trustee may rely on such designations and follow any instructions of such individuals, whether verbal, by facsimile or in writing, and the Corporate Trustee's business record entry of any directions by any of them shall be conclusive proof of the Board's authorization of such instructions. Any transactions initiated by the Corporate Trustee before receiving actual notice of any change with respect to (a) such Board members, Plan Administrator(s) and/or Authorized Representative(s) or their authority, or (b) the termination of the Trust, shall be valid and binding on the Board, the Plan Administrator, the Authorized Representatives, their successors and assigns, and the Trust.

7.6 Fiduciary Bonds. Upon request, the Corporate Trustee shall provide to the Board evidence of a bond, surety or security, as maintained by the Corporate Trustee, for any employee of the Corporate Trustee who works with or on behalf of the Corporate Trustee in carrying out its duties and responsibilities related to the Trust.

7.7 Compliance with Laws. The Corporate Trustee shall administer the Trust and all assets invested hereunder at all times in conformity with all applicable provisions of state and federal law.

ARTICLE VIII

MAINTENANCE AND CONFIDENTIALITY OF RECORDS

8.1 Books, Records and Board Information. The Corporate Trustee agrees to the following with respect to all Trust information, books and records and information provided by the Board or the Employers to the Corporate Trustee.

- (a) Retention and Security of Documents and Data. The Corporate Trustee shall maintain copies of all executed Trust related documents, including the written directions of the Board with respect to Accounts, Plan Administrator designations, authorized signatory information, and the Board's approved Investment Policy Statement, as well as shall use commercially accepted standards in retaining,

backing up, storing and recovery of any and all data and other electronic documentation in a secure environment.

- (b) Safekeeping of Books and Records. The Corporate Trustee agrees to maintain facilities and procedures for the safekeeping of all documents, records, books, files and other materials relative to the Trust and transactions facilitated on behalf of the Plans that participate in the Trust (collectively, the "Books and Records"). The Corporate Trustee agrees to maintain such Books and Records for the duration of its service as Corporate Trustee and not to destroy such Books and Records without the Board's prior written consent. The Board and any applicable regulatory body shall have reasonable access during normal business hours to such Books and Records. The Corporate Trustee shall provide all necessary assistance in conjunction with any inspection or audit by any applicable regulatory body for no additional fees, but the reasonable out of pocket expenses incurred in connection with such inspection or audit shall be payable at the expense of the Trust at the time such expenses are incurred.
- (c) Confidentiality of Data. All data and information submitted by the Board or the Employers to the Corporate Trustee in connection with this Agreement ("Data") is and shall remain the exclusive proprietary information and property of the Board or the Employers and shall be considered confidential information. Data shall not be (1) used by the Corporate Trustee other than pursuant to this Agreement, (2) disclosed, sold, assigned, leased or otherwise provided to third parties by the Corporate Trustee except in connection with the provision of services pursuant to this Agreement, unless the Board specifically authorizes the release or disclosure of such information; or (3) commercially exploited by or on behalf of the Corporate Trustee, its employees or agents. The Corporate Trustee shall take such steps as shall under the circumstances be reasonable, prudent and appropriate to protect and keep confidential the Data and shall inform its employees of the confidential nature of the Data. The Corporate Trustee agrees to cause each person or entity directly or indirectly controlled by the Corporate Trustee and the officers, employees and agents of the Corporate Trustee and each such controlled person or entity to comply with the confidentiality provisions of this Agreement.

8.2. Required Disclosure. In the event that the Corporate Trustee becomes legally compelled to disclose any Data, the Corporate Trustee will provide the Board with prompt written notice thereof in order for the Board to seek a protective order or other restriction on disclosure. If the Corporate Trustee is required to disclose information after the Board has sought such protective order or other restriction on disclosure, the Corporate Trustee will furnish only that portion of the Data that it is legally compelled to disclose and no other. The Corporate Trustee agrees to regard and preserve as confidential all records and other information relative to the Trust and will not, without written authority from the Board, disclose to others during the term of this Agreement or thereafter any such records or other information except as required by applicable law. However, should a court of law, a governmental agency, or a Covered Individual (whether current or former or attorney thereof) request information that is otherwise legally

available, the Corporate Trustee shall be held harmless for inadvertently and without malice disclosing such information requested. Likewise, the Corporate Trustee shall not be responsible for and equally held harmless for any other disclosure for which it is legally compelled to provide based on the action or inaction of the Board or any of its representatives.

8.3. Records Inspection. The Corporate Trustee agrees that, during the term of this Agreement, all records maintained for the Trust shall be open to inspection and audit by the Board at reasonable times, and such records shall be preserved and retained for the greater of three years after the related filing date or such other period as may be required by applicable governing regulations as in effect from time to time. On a periodic basis, or if otherwise required in accordance with any legal requirement, the Corporate Trustee shall engage an independent certified public accountant whose identity and fees are approved by the Board with such approval to not be unreasonably withheld, to audit records and information related to the Trust, with the reasonable cost of such audit to be paid for by the Trust. A copy of the report of such audit shall be furnished to the Board and to any other parties authorized to receive such information.

ARTICLE IX

LIABILITIES AND IMMUNITIES

9.1 Immunity of Board, Corporate Trustee or Other Fiduciaries. Except as otherwise provided by controlling law, neither the establishment of the Trust created hereunder nor any modification hereof nor the creation of any fund or Account or the payment of any benefits shall be construed as giving to any Covered Individual any legal or equitable right against the Board or any member of the Board, or against the Corporate Trustee or any fiduciary, except as provided in this Agreement.

9.2 Responsibility for Errors

- (a) The Board or a Plan Administrator will promptly notify the Corporate Trustee of any errors or omissions in information supplied by the Board, the Plan Administrator, their agent or other representatives. In such event, the Corporate Trustee's sole obligation, to the exclusion of any other obligation or remedy for damage or loss, including special or consequential damages, shall be to use its reasonable efforts to correct any resulting errors in any information, records or in any reports it has prepared (including filing amended returns, restating audited financial statements, Corporate Trustee reports, etc. if required), or any other errors that have been identified.
- (b) The Corporate Trustee will fully protect, indemnify, defend and hold harmless the Board, its Trustees, the Employers, their officers, directors, employees and other representatives, and the Covered Individuals (any one of which is hereafter referred to as an "Indemnified Party") to the full extent lawful to protect an Indemnified Party from all losses, claims, damages, liabilities and expenses

incurred by an Indemnified Party (including reasonable fees and disbursements of counsel including applicable court expenditures) which are the result of the Corporate Trustee's fraud, bad faith, willful misconduct or negligence.

- (c) The Corporate Trustee will correct at its own expense any errors in the records and reports prepared and attributable to their errors, but the Corporate Trustee shall not otherwise be responsible for special or consequential damages, nor shall it correct any such errors for which the Board or an Employer has knowledge but fails to properly and timely notify the Corporate Trustee in compliance with applicable law.
- (d) In accordance with applicable legal requirements, the Board will promptly notify the Corporate Trustee after the settlement date of any errors made or allegedly made in any requested trade of which the Board has knowledge. The trade will be assumed to have been effected in accordance with the original request if notification is not given within required timeframes.
- (e) Neither the Corporate Trustee nor its Investment Advisor will be liable for any loss to the Board, any Employer, any Plan Administrator or any Covered Individual for failure or refusal of any transfer agent or investment sponsor to act upon investment instructions, or for any loss incurred due to the inaccuracy, incompleteness, or lack of timeliness of information received from the transfer agent or investment sponsor, unless such losses are caused by the instructions provided by the Corporate Trustee.

9.3 Indemnification of Corporate Trustee. The Corporate Trustee and its officers, directors, employees and other representatives shall be fully protected and indemnified from all losses, claims, damages, liabilities and expenses incurred (including reasonable attorneys fees and expenses) in reliance upon information, direction or instructions received from the Board, an authorized Plan Administrator or an Authorized Representative as provided in this Trust Agreement, which instructions or directions the Corporate Trustee or other indemnified person reasonably believes to be authentic and issued by any such party. Indemnification shall be approved by the Board and paid out of the Trust. Should it become necessary to perform some act hereunder and there is neither direction in this Trust Agreement nor information nor instructions from the relevant Plan Administrator, Authorized Representative, or Board, and if no such information or instructions can be obtained after reasonable inquiry, the Corporate Trustee shall have full power and authority to act in the Corporate Trustee's discretion, consistent with the purposes of this Trust. In so acting or in following any instructions from an authorized party, the Corporate Trustee shall not be liable except to the extent that the actions of the Corporate Trustee constitute fraud, bad faith, willful misconduct or negligence.

ARTICLE X

CORPORATE TRUSTEE'S COMPENSATION

The Corporate Trustee shall be entitled to reasonable compensation for its services as agreed upon with the Board. The Corporate Trustee shall also be entitled to reimbursement for all direct expenses properly incurred on behalf of the Trust. Such compensation and reimbursement shall be paid to the Corporate Trustee out of the Trust Fund.

ARTICLE XI

RESIGNATION, REMOVAL AND SUCCESSION OF CORPORATE TRUSTEE

11.1 Resignation or Removal. The Corporate Trustee may resign as Corporate Trustee of the Trust, upon sixty (60) days' prior written notice to the Board, at any time with or without cause, and the Board may remove the Corporate Trustee, upon sixty (60) days' prior written notice to the Corporate Trustee, at any time with or without cause. The Corporate Trustee shall be entitled to fees and disbursements for services performed through the date of termination.

11.2 Records. Upon resignation or removal, the Corporate Trustee will provide the Board with copies of trust accounting records, if so requested in writing by the Board, at any time within seven (7) years of resignation or removal. Forms, procedures, software, worksheets, checklists and other processes developed by the Corporate Trustee to perform the services required under this Agreement are the property of the Corporate Trustee and are not considered the records of the VEBA. If the resignation or removal is the result of a dispute over fees paid, or to be paid, to the Corporate Trustee, in addition to the duties and responsibilities for Corporate Trustee and custodial transfer as set forth above, the Corporate Trustee shall provide copies of all reports, records or Account statements otherwise to the Board, as requested, as well as shall retain a copy of such records, reports and other information pending the resolution of any ongoing dispute regarding the fees paid, or to be paid hereunder.

11.3 Succession. Upon the resignation or removal of the Corporate Trustee, the Board shall appoint a successor Corporate Trustee who shall have the same powers and duties as those conferred upon the Corporate Trustee hereunder or such other powers and duties as are agreed by the Board and the successor Corporate Trustee. Upon acceptance of such appointment by the successor Corporate Trustee, the Corporate Trustee shall assign, transfer, and pay over to such successor Corporate Trustee the funds and properties then constituting the assets of the Trust. No successor Corporate Trustee shall be subject to any liability or responsibility with respect to any act or omission of any prior Corporate Trustee.

ARTICLE XII

AMENDMENT AND TERMINATION

12.1 Trust Amendments. This Agreement may be amended at any time, in whole or in part, by the Board. No such amendment shall have the effect of diverting any portion of the Trust Fund for purposes other than the funding of liabilities for which the amounts held in the Trust Fund has been irrevocably designated for the exclusive benefit of the Covered Individuals as permitted by section 501(c)(9) of the Internal Revenue Code. Furthermore, no amendment

shall be made or approved by the Board that adds to or increases the Corporate Trustee's duties or responsibilities without its prior written approval or consent.

12.2 Termination of Trust. This Agreement may be terminated at any time by the Board, subject to any requirements of applicable law. Upon such termination, the assets of the Trust Fund shall continue to be held in the Trust until the authorized Plan Administrator directs the Corporate Trustee to pay such amounts in accordance with Section 4.1 of this Agreement, less any applicable reserving requirements as specified below. In making such payments, the Corporate Trustee may reserve from the assets in the Trust such amounts as it shall reasonably deem necessary to provide for any sums chargeable against the Trust for which the Corporate Trustee may be liable, or for payment of expenses in connection with the settlement of its Accounts and the termination of this Agreement as may be mutually agreed in writing by the parties.

ARTICLE XIII MISCELLANEOUS

13.1 Protection Against Creditors. No amounts held in the Trust Fund shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution or encumbrance of any kind on account of creditors of the Board, an Employer, or a Covered Individual, and any attempt to accomplish the same shall be void. All assets held in the Trust Fund are held in trust irrevocably for the sole benefit of the Covered Individuals of each Plan funded by the Trust Fund, and neither the Board nor any Employer has any equitable or reversionary interest in the Trust Fund or the assets held in the Trust Fund. The Board and the Employers are not beneficiaries of the Trust or the Trust Fund. None of the benefits, payments, proceeds or claims of any Covered Individual in a Plan shall be subject to any creditors and, in particular, the same shall not be subject to attachment or garnishment or other legal process by any creditor, nor shall any such beneficiary have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments or proceeds which such Covered Individual may expect to receive, contingently or otherwise, from the Trust or as otherwise required under applicable law.

13.2 Employment Not Affected. The terms of employment of any employee of an Employer shall not be affected in any way by this Agreement nor shall this Agreement be construed in any way so as to guarantee or extend the employment of any employee of an Employer.

13.3 Construction of Trust. This Agreement shall be construed and enforced according to the laws of the state of California and in accordance with applicable provisions of the Internal Revenue Code. To the extent the terms of this Agreement are in conflict with the provisions of any other agreement between the parties, the terms of this Agreement shall control.

13.4 Severable Provisions. If any provision of this Agreement shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions of the Trust Agreement.

13.5 Headings. The headings of this Agreement are for convenience only and are not substantive terms of the Agreement.

13.6 Singular and Plural. Whenever the singular of any term is used in this Agreement, it shall refer to the plural of such as appropriate under the circumstances.

13.7 Force Majeure. No party having duties under this Agreement will be deemed to be in default for any performance, or delay, or failure to perform under this Agreement resulting, directly or indirectly, from: (a) any governmental action or inaction, labor disputes, mechanical or electrical breakdown, any failure of communication lines, telephone or other interconnect problems or unauthorized access, provided such failure (i) is not the fault of such party; or (ii) could not be reasonably controlled by such party; or (b) any natural disaster; or (c) other events beyond the reasonable control of the parties; provided, further, that such events shall not be excused to the extent they can be obviated by the implementation of the Corporate Trustee's Business Recovery Plan.

13.8 Notices. Any notice under this Agreement shall be given in writing by certified mail, return receipt requested, to the applicable address listed below, or such subsequent address has is provided by written notice.

Board of Trustees
Auxiliaries Multiple Employer VEBA
3801 W. Temple Ave., Building 55
Pomona, CA 91768-4038
Attention: David Prenovost

Benefit Trust Company
5901 College Boulevard, Suite 100
Overland Park, KS 66211
Attention: Scott Rankin

13.9 Arbitration of Disputes. This Agreement contains an arbitration clause and the parties agree as follows:

- a) All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- b) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- d) The arbitrators do not have to explain the reason(s) for their award.

- e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- f) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- g) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class action who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

With respect to controversies or disputes which may arise between each party (including any affiliates, as well as the Investment Advisor, as a third party beneficiary of this Agreement, having the right to enforce any of the parties' obligations herein) under this Agreement concerning matters involving alleged violations of the Advisers Act or applicable state investment advisory laws, it is understood that the Securities and Exchange Commission and various state securities regulatory agencies believe that an agreement to submit disputes to arbitration does not constitute a waiver of any rights provided under the Investment Advisers Act or applicable state investment advisory laws, including the right to choose a forum, whether by arbitration or adjudication, in which to seek the resolution of disputes.

Arbitration Provision:

Notwithstanding the preceding paragraph, all parties agree that any and all disputes that may arise between each party (including any affiliates, as well as the Investment Advisor, as a third-party beneficiary of this Agreement with rights to enforce any of the parties' obligations herein) concerning any transaction or the construction, performance or breach of this Agreement or any other agreement between the parties, whether entered into prior to, on, or subsequent to the date of this Agreement, shall first be addressed by good faith negotiations between each party. In the event either party determines that they are not able to resolve the dispute through negotiation, then the dispute shall be determined by arbitration conducted before, and only before, an arbitration panel set up by the American Arbitration Association ("AAA") in accordance with their arbitration procedures. The parties shall attempt to agree upon one arbitrator to hear the matter. If the parties are unable to so agree, each party shall appoint one arbitrator and the two arbitrators so appointed shall in turn choose a third arbitrator. If the arbitrators chosen by the parties cannot agree on the choice of a third arbitrator within a period of 30 days after their nomination, then the third arbitrator shall be appointed by the President of the AAA. Either party may initiate arbitration by filing a written claim with the AAA. Any


arbitration under this Agreement shall be conducted pursuant to the Federal Arbitration Act and the Laws of the State of California.

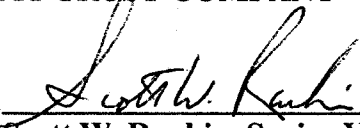
13.10 Binding Effect. This Agreement shall be binding upon the Corporate Trustee, the Board and each Plan Administrator.

This Corporate Trust Agreement shall commence as of the date first written above and may be signed in counterparts.

BOARD OF TRUSTEES

BENEFIT TRUST COMPANY

By: 
David F. Prenovost, Trustee

By: 
Scott W. Rankin, Senior Vice President

By: _____
Frank A. Mumford, Trustee

By: _____
Dr. Kim Clark, Trustee

By: _____
Dwayne Brummett, Trustee

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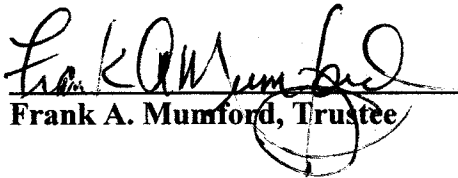
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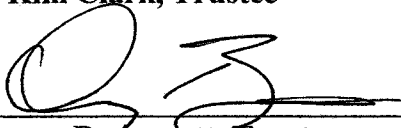
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Dr. Kim Clark, Trustee

By:  _____
Dwayne Brummett, Trustee

AUXILIARIES MULTIPLE EMPLOYER VEBA
POLICIES AND PROCEDURES

Subject:	Investment Policy	Policy No.	1
Reference:		Date:	9/22/10; Revised 2-9-11

I. POLICY

This Statement of Investment Policy is intended to provide guidelines for the Board of Trustees (the “Board”) of the Auxiliaries Multiple Employer VEBA (the “Auxiliaries VEBA”) and the Corporate Trustee for the prudent investment of the Auxiliaries VEBA’s assets and outlines the policies for maximizing the effectiveness and efficiency of the investment management program. The goal of this investment policy is twofold; to increase purchasing power and capital growth potential as may be deemed prudent to do so; and to diversify investments so as to minimize the risk of loss and to maximize the rate of return.

The Auxiliaries VEBA Statement of Investment Policy is to be governed by the following criteria:

- Safety; seek the preservation of its portfolio by managing two types of risk: credit and market risks;
- Prudent; in consideration of the stated purpose of the Trust, any underlying Auxiliary’s Plan;
- Diversified; among a broad range of investment alternatives;
- Permitted; in accordance with the terms of the Trust, any applicable Auxiliary’s Plan document;
- Selected; for the exclusive benefit of the Auxiliary’s Plan as it relates to the funding of retiree health and welfare benefits, or as otherwise deemed appropriate for the purposes set forth by the Trust.

II. OBJECTIVE

The Auxiliaries VEBA investment management program is designed to monitor and forecast expenditures and revenues, thus enabling the Auxiliaries VEBA to invest its asset portfolio to the fullest extent possible. The Auxiliaries VEBA attempts to obtain the highest yield available, while investments meet the criteria established for safety (preservation of capital), liquidity and yield.

A. SAFETY

Asset portfolio safety is the foremost objective of the Auxiliaries VEBA. Each investment transaction shall seek to ensure portfolio losses are avoided, whether from securities default, rating downgrades, broker/dealer defaults, or erosion of market value. The Auxiliaries VEBA shall seek the preservation of its portfolio by managing two types of risk: credit risk and market risk.

1. Credit Risk - is the risk of loss due to failure of the issuer and is managed by proper due diligence prior to investing and on an ongoing basis, and diversifying the investment portfolio so the failure of any one issuer would not materially affect the cash flow of the Auxiliaries VEBA.
2. Market Risk - is the risk of investment value fluctuations due to changes in the general level of interest rates or the issuer's individual or industry sector performance. This risk shall be managed by limiting the average maturity of the fixed income portion of the Auxiliaries VEBA investment portfolio to five years and the maximum maturity of any one security to ten years, with the exception of Mortgage-Backed Securities (MBS), the maximum maturity of which shall be limited to thirty years. Market risk shall also be managed by structuring the portfolio so fixed income securities maturing match cash outflows, eliminating the need to sell securities prior to their maturity. It is recognized that within a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall return on the investment.

B. RETURN ON INVESTMENT

The Auxiliaries VEBA investment portfolio shall be designed to attain or exceed a target rate of return throughout economic cycles consistent with risk limitations and prudent investment principles. The target rate of return shall be measured in "absolute" and "relative" terms as determined by the VEBA Board. See Performance Evaluation and Reporting Section V of this Investment Policy for further details.

C. LIQUIDITY

The Auxiliaries VEBA investment portfolio will remain satisfactorily liquid to enable the Auxiliaries VEBA to meet anticipated cash flow requirements of the participating Employer Plans. Historical and cash flow needs are to be analyzed continuously.

III. SCOPE

The funds identified in this section and entrusted to the Board will be pooled in an actively managed portfolio. The Board shall oversee management of the portfolio in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

It is anticipated that initially investments will be in SEC-registered open-end mutual funds, bank, insurance company or trust company commingled funds, SEC registered closed-end mutual funds, and/or exchange traded funds (collectively, "Mutual Funds"). As the portfolio gets larger some investments may be made in individual securities. This Statement of Investment Policy is written as if the portfolio consisted of individual securities. The same general principles shall apply to investments through Mutual Funds. However, securities that are prohibited from being held directly may be held indirectly to a reasonably-limited extent through Mutual Funds. Index Mutual Funds will be utilized where appropriate.

IV. DELEGATION AND GRANTS OF AUTHORITY

The Board has entered into a Corporate Trust Agreement with a trust company (the "Corporate Trustee"). The Corporate Trust Agreement gives the Corporate Trustee authority to hire an investment advisor. The Corporate Trustee has hired a registered investment advisor (the "Investment Advisor").

This Investment Policy Statement sets forth guidelines for the investment of the funds held pursuant to the Corporate Trust Agreement, so that the Investment Advisor will make recommendations to the Corporate Trustee to the investments and/or portfolio managers to be used to implement the investment strategies authorized by this Investment Policy Statement, and the Corporate Trustee can carry out the investment program.

The Corporate Trustee shall manage the Trust investments on a discretionary basis such that the total allocation among various investment styles, capitalizations, fund managers and securities is established and re-balanced from time-to-time so as to meet the Trust's overall target return objectives with the least amount of risk. The Trust assets shall not be invested in any proprietary investment vehicles of the Corporate Trustee or any of its affiliates or advisors.

The authority to execute investment transactions affecting the Auxiliaries VEBA portfolio shall be under the general direction of the Corporate Trustee.

V. PERFORMANCE EVALUATION AND REPORTING

Performance will be reviewed for purposes of determining adherence to appropriate risk levels, and for comparison of returns to the established objectives and specific goals. Update reports will be made to the Board by the Corporate Trustee quarterly. A comprehensive report from the Corporate Trustee will be presented to the full Board annually.

Achievement of total rate of return within the risk levels identified will be the primary basis upon which to evaluate performance. It is recognized that investment results can fluctuate through market cycles.

VI. RETURN OBJECTIVE

The purpose of the Auxiliaries VEBA investment portfolio is to invest the contributions for the purpose of funding the retiree welfare benefits of the participating Auxiliaries. This statement will establish appropriate risk and return objectives in light of the Board's risk tolerance. These objectives, as well as asset allocation guidelines and suitable investments are outlined below.

The return objectives of the Auxiliaries VEBA's investment portfolio shall be viewed from two perspectives as follows: **Absolute** - Real (i.e., net of inflation) rate-of-return; and **Relative** - Time-weighted rates of return versus capital market indices.

1. The **Absolute Objective** of the Auxiliaries VEBA's investment portfolio is to seek an average total annual return net of fees and expenses of 3.0% plus the percentage change in the Consumer Price Index for All Urban Consumers: U.S.

City Average – All Items. This objective shall be measured over appropriate time periods such as rolling one, three and five year time periods; The intent of this objective is to measure, over time, the return on the portfolio as measured in inflation adjusted terms.

2. The **Relative Objective** of the Auxiliaries VEBA's investment portfolio is to seek competitive investment performance versus appropriate capital market benchmarks or indices. This objective shall be measured primarily by comparing average total annual return gross of fees and expenses over an annualized rolling one, three and five year period.

VII TARGET ASSET ALLOCATION

To achieve its return objectives, the Auxiliaries VEBA's investment portfolio shall be allocated among a number of asset classes. These asset classes may include: domestic equity, domestic fixed income, international equity, international fixed income, real estate and cash. The purpose of allocating among asset classes is to ensure the proper level of diversification within the Auxiliaries VEBA's investment portfolio. It is understood that assets may temporarily be placed in a cash equivalent account prior to investing in longer term instruments.

The responsibilities to implement the investment strategies authorized by this Investment Policy are delegated to the Corporate Trustee.

No more than 5 percent of the asset class may be invested in any single equity, fixed income or real estate issuer, excluding U.S. Treasury Securities, U. S. Government Agency Securities and Mortgage Back Securities, at time of purchase.

Exposure to any industry sector shall generally be limited to 20 percent of the asset class, excluding U.S. Treasury Securities, U.S. Government Agency Securities and Mortgage Back Securities, at time of purchase. This sector limitation is applicable to equity, fixed income and real estate.

All limitations expressed on a market value basis.

The general policy shall be to diversify investments among equities, fixed income and possibly other securities, such as real estate, so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

Permitted equity investments shall include:

- Publicly traded common and preferred stocks listed on a major United States stock exchange, including stocks traded through the NASDAQ Stock Market;
- American Depository Receipts ("ADRs");
- Real Estate. Investments in real estate shall be limited to securities (e.g. REITs) for which there is a ready and active market; and
- Hedge Funds. Investments in hedge funds shall be limited to publicly traded

funds approved by the Corporate Trustee.

In managing the equity portfolio, the Corporate Trustee shall not do any of the following directly (other than indirectly through Mutual Funds):

- buy equity securities on margin;
- short-sell equity securities;
- buy or sell futures contracts in any form;
- buy or sell put or call options on stocks, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded.

Permitted fixed income investments shall include:

- Obligations of the U.S. Government and its agencies;
- Bonds issued by U.S. Corporations or U.S. subsidiaries of foreign companies that are incorporated within the U.S. and carry a minimum BBB rating;
- Certificates of Deposit issued by banks or savings and loans of sound financial condition under FDIC management, with never more than \$250,000 (including interest) in any single institution;
- Money market funds and money market instruments of an investment grade commonly held in money market funds such as repurchase agreements, banker's acceptances, commercial paper, etc.;
- Foreign government bonds or corporate bonds of foreign companies, issued in U.S. dollar denominations, and offered through registration and filing with the SEC and carry a minimum BBB rating. The bonds may be denominated in U.S. or foreign currency. Foreign currency may or may not be hedged;
- Securities backed by pools of consumer or corporate receivables other than mortgages ("Asset-backed Securities"), provided that these securities have been registered with the SEC for public offering and that they meet the requirements of these policies and objectives and carry a minimum BBB rating; and
- U.S. Agency mortgage-backed pass-through securities.

In managing the fixed income portion of the Trust assets, the Corporate Trustee shall not do any of the following directly (other than indirectly through Mutual Funds):

- buy fixed income securities on margin;
- short-sell fixed income securities;
- buy or sell futures contracts in any form;
- buy or sell put or call options on bonds, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded except U.S. Government or agency-backed mortgages.

VIII REBALANCING

The portfolio shall be rebalanced at least annually in accordance with market fluctuations, keeping in mind that rebalancing is a function of expected returns, volatility, and return correlations of the portfolio. Rebalancing should also be weighed against the additional costs of frequent trading and internal resources.

Formal asset allocation studies will be conducted at least every three years by the Corporate Trustee, with evaluations of the validity of the adopted asset allocation.

IX. SAFEKEEPING AND CUSTODY AGREEMENTS

To protect against potential losses caused by collapse of individual securities dealers, all securities owned by the Auxiliaries VEBA shall be kept in safekeeping by a third party bank or trust company, acting as corporate trustee for the Auxiliaries VEBA under the terms of a trust agreement. All securities will be received and delivered using standard delivery versus payment procedures with the Auxiliaries VEBA's custodial bank or trust company and evidenced by safekeeping receipts.

X. INTERNAL CONTROLS

A system of internal investment and accounting controls will be maintained by the Corporate Trustee. The Corporate Trustee shall be required to review its Statement on Auditing Standards No. 70, Service Organization Audit with the Board. A service auditor's examination performed in accordance with SAS No. 70 is widely recognized, because it represents that a service organization has been through an in-depth audit of their control objectives and control activities, which often include controls over information technology and related processes.

XI. INVESTMENT POLICY REVIEW

This Statement of Investment Policy shall be reviewed by the Board at least every three years to ensure consistency with the overall objectives of the preservation of capital, liquidity and return of the investment portfolio. The Statement of Investment Policy shall also be reviewed to ensure its compliance and relevance to the current law, financial and economic trends, and to meet the cash flow requirements of the Auxiliaries VEBA. The investment portfolio is audited annually by the Auxiliaries VEBA's independent accountants for internal controls and balances.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-5

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**

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

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 Self-Insured 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 Self-Insured 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 choose 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 is 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 & Procedure that the Auxiliary Organizations Association (AOA) be considered a member organization for purposes of insurance coverage through the CSURMA AORMA Self-Insured Liability Program.

PROCEDURE:

Members are expected to adhere to the following procedures:

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. From time-to-time, a Member may choose to extend liability coverage to student groups, alumni organizations, booster groups or other related entities upon confirmation of the following:
 - a. The Member exercises 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. A Liability application will be completed.
 - f. The completed Liability application will be reviewed by legal counsel and the CSURMA AORMA liability underwriter who will provide the Programs Committee with a recommendation as to whether coverage should be extended.
 - g. The Member will consult with the Program Administrator prior to extending coverage and the Program Administrator shall refer requests for coverage extensions along with the completed liability application to the AORMA Programs Committee for coverage approval.
 - 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 Self-Insured Retention Liability Program Memorandum of Coverage Declarations Page for the Member.

FY 12/13 AORMA LONG RANGE ACTION PLAN

ISSUE: The Program Administrator includes a copy of the current AORMA Long Range Action Plan in every agenda.

RECOMMENDATION: No action is requested; this item is for information only.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 12/13 AORMA Long Range Action Plan

CSURMA AORMA FY 12/13 - LONG RANGE ACTION PLAN

#	RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
AORMA COMMITTEE				
A-1	FORMULA FOR DETERMINING AN AO'S MINIMUM EPL DEDUCTIBLE			
	AORMA Committee	Review and approve EPL deductible size criteria	October 25, 2012	Completed
	AORMA Committee	Review and approve P&P – Formula for Determining an AO's Minimum EPL Deductible	December 6, 2012	Completed
	AORMA Committee	Review and approve list of AO's that will be subject to a higher EPL	December 6, 2012	Completed
	AORMA Committee	Review and approve updated deductible credits based on the \$50,000, \$75,000 and \$100,000 amount	December 6, 2012	Completed
	Staff (Alliant)	Notify AO's of deductible changes and options	January 1, 2013	Completed
A-2	CSURMA WEBSITE			
	Staff (Alliant)	Create and launch the new CSURMA website	July 1, 2013	Completed
A-3	AORMA UIP – CLAIMS ADMINISTRATION			
	Staff (Alliant)	Send out RFP for UIP claims administration	October 5, 2012	Completed
	UIP Ad Hoc Committee	Review responses to RFP and make a recommendation to the AORMA Committee for the FY 13/14 UIP claims administration renewal	November 1, 2012	Completed
	AORMA Committee	Review proposals for UIP claims administration and approve claims administrator	December 6, 2012	Completed
A-4	CAMPUS VISITS			
	Staff (Alliant)	Complete individual PowerPoint Presentations for all 89 Auxiliary Organizations	February, 2013	Completed
	Staff (Alliant)	Visit each campus and meet with the individual Auxiliary Organizations.	5 campus visits outstanding	

CSURMA AORMA FY 12/13 - LONG RANGE ACTION PLAN

#	RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
AORMA COMMITTEE				
A-5	LEGAL OPINION REGARDING AUXILIARY ORGANIZATION STUDENT UI CLAIMS			
	CSURMA Legal Counsel	Obtain a legal opinion from legal counsel as to how student UI claims should be handled	January 1, 2013	Completed
	Staff (Alliant)	Survey all UIP members to see how they are handling student UI claims	February 1, 2013	Completed
	AORMA Committee	Review legal opinion and survey results	March 21, 2013	Completed
	AORMA Committee	Participate in a more thorough discuss regarding the legal opinion and survey results	May 10, 2013	Completed
	AORMA Committee	Review and approve Policy and Procedure regarding student UI claims	September, 2013	The AORMA Committee decided to not take formal action
	Staff (Alliant)	Send out approved Policy and Procedure regarding student UI claims	September, 2013	

CSURMA AORMA FY 12/13 - LONG RANGE ACTION PLAN

#	RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
PROGRAMS COMMITTEE				
P-1	EARTHQUAKE INSURANCE PROGRAM			
	Staff (Alliant)	Send out survey to see which AORMA members are interested in joining the EQ Insurance Program	April 1, 2012	Completed
	Staff (Alliant)	Complete RMS Catastrophe Risk Report	July 1, 2012	Completed
	Staff (Alliant)	Present RMS Catastrophe Risk Report to the AORMA Committee	September 1, 2012	Completed
	AORMA Committee	Discuss if there is a fiscal ability to form an EQ Insurance Program reviewing the results of the California elections.	December 6, 2012	Completed
	Staff (Alliant)	Begin underwriting, rating and pricing the EQ Insurance Program	December, 2012	Completed
	Staff (Alliant)	Send out estimated program pricing to all AORMA members who responded to the EQ survey.	January 31, 2013	Project Terminated
P-2	ONE-RATE WORKERS' COMPENSATION PROGRAM (for FY 14/15 term)			
	PC	Discuss current rating and allocation methodology	January 3, 2013	Completed
	PC	Review alternative rating and allocation methodologies	April 18, 2013	Project Terminated
	PC	Review and approve final revised rating and allocation methodology	August 1, 2013	
	AORMA Committee	Review and approve final revised rating and allocation methodology	September 11, 2013	
	Staff (Alliant)	Notify AO's of their new premium allocation	January 1, 2014	

CSURMA AORMA FY 12/13 - LONG RANGE ACTION PLAN

#	RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
PROGRAMS COMMITTEE				
P-3	PROPERTY and CRIME PROGRAMS – RATING METHODOLOGY (for FY 14/15 term)			
	PC	Discuss current rating and allocation methodology	January 3, 2013	Completed
	PC	Review alternative rating and allocation methodologies (first review)	April 18, 2013	Completed
	PC	Review alternative rating and allocation methodologies (second review)	June 6, 2013	Completed
	PC	Review alternative rating and allocation methodologies (third review)	June 27, 2013	Completed
	AORMA Officers	Review alternative rating and allocation methodologies and make recommendations to the PC	July 10, 2013	Completed
	PC	Review and approve final revised rating and allocation methodology	August 8, 2013	
	AORMA Committee	Review and approve final revised rating and allocation methodology	September 11, 2013	
	Staff (Alliant)	Notify AO's of their new premium allocation	January 1, 2014	
P-4	AORMA WORKERS' COMPENSATION PAYROLL RULES TO FOLLOW			
	Staff (Alliant)	Review the AORMA Workers' Compensation Payroll Rules to Follow document and make suggestions for change as necessary	December 2012	Completed
	PC	Review revisions, if any, and recommend approval to the AORMA Committee	January 3, 2013	Completed
	AORMA Committee	Review and approve modifications to the AORMA Workers' Compensation Payroll Rules to Follow document	March 21, 2013	Completed

CSURMA AORMA FY 12/13 - LONG RANGE ACTION PLAN

#	RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
MEMBER SERVICES, LOSS CONTROL AND TRAINING COMMITTEE				
M-1	RISK REDUCTION INCENTIVE GRANT PROGRAM (for FY 12/13)			
	MSLCTC ad hoc	Approve recipients of the Risk Reduction Incentive Grant Funds	November 5, 2012	Completed
	MSLCTC ad hoc	Provide a recap of the grant program at the AoA Conference	January , 2013	Completed
M-2	RISK REDUCTION MATCHING GRANT PROGRAM (for FY 13/14)			
	MSLCTC	Approval of Formal Policy and Procedure for the Risk Reduction Matching Grant Program	February 4, 2013	Completed
	AORMA Committee	Approval of Formal Policy and Procedure for the Risk Reduction Matching Grant Program	March 21, 2013	Completed
	MSLCTC	Review Workers' Compensation and Liability claims information @ 12/31/12 and determine criteria for matching grant program	February 4, 2013	Completed
	Staff (Alliant)	Send out notification to AORMA members of the grant criteria and solicit participants	June, 2013	Completed
	MSLCTC	Review grant applications received; approve participants	August, 2013	
M-3	FACILITIES USE AGREEMENT			
	MSLCTC	Review AORMA Recommended Facilities Use Agreement – recommend amendments as appropriate	November 5, 2012	Completed
	MSLCTC	Review and Approve additional recommended changes to the Facilities Use Agreement as provided by CSURMA Legal Counsel	February 4, 2013	Completed
	AORMA Committee	Review and Approve AORMA Recommended Facilities Use Agreement	March 21, 2013	Completed
	Staff (Alliant)	Update AORMA Toolkit with approved Facilities Use Agreement	April, 2013	Completed
	Staff (Alliant)	Send out AORMA Bulletin notifying members of the new Facilities Use Agreement	April, 2013	Completed

CSURMA AORMA FY 12/13 - LONG RANGE ACTION PLAN

#	RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
M-4	ON-LINE SAFETY TRAINING			
	MSLCTC	Continue to monitor on-line safety training through SkillSoft	November 5, 2012	Completed
	MSLCTC	Review optional on-line safety training through SkillSoft; provide recommendation to the AORMA Committee The MSLCTC is not recommending that the on-line training services be changed at this time.	February 4, 2013	Completed
	AORMA Committee	If applicable, approve contract with SkillSoft	March 21, 2013	Project Terminated for FY 12/13
	Staff (Alliant)	If applicable, give notice of contract termination to TargetSolutions (60 days in advance of 7/01 renewal). Will review again in FY 13/14.	April 1, 2013	Project Terminated for FY 12/13
	AOA HR Committee	David Kervella from the CSU Office of the Chancellor will provide a demonstration of the new Campus on-line training platform provided by SkillSoft and LawRoom.	July 26, 2013	Completed

CSURMA AORMA 2013 MEETING CALENDAR

ISSUE: The Program Administrator includes a current copy of the CSURMA AORMA meeting calendar in every agenda

RECOMMENDATION: No action is requested on this item.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA AORMA – 2013 Meeting Calendar



California State University Risk Management Authority
 Auxiliary Organizations Risk Management Alliance

2013 CSURMA • AORMA MEETING CALENDAR

JANUARY, 2013		FEBRUARY, 2013		MARCH, 2013	
3	PC: Teleconference, 2:00 p.m.	4	MSLCTC: Teleconference, 11:00 a.m.	21	AORMA: Newport Beach, 9:00 a.m.
				21	EC: Newport Beach, 2:30 p.m.
				22	EC LRP: Newport Beach, 8:00 a.m.
					Only the AORMA Chair and Vice Chair attend the EC meetings
					Only the AORMA Chair attends to AOA EC meeting
APRIL, 2013		MAY, 2013		JUNE, 2013	
18	PC: Teleconference, 2:00 p.m.	9	AORMA: Long Beach, 10:00 a.m.	3	MSLCTC: Teleconference, 11:00 a.m.
		9	EC: Long Beach, 4:00 p.m.	6	PC: Teleconference, 2:00pm
		10	EC: Long Beach, 8:00 a.m.		
		10	BOD: Long Beach, 10:30 a.m.		
			Only the AORMA Chair and Vice Chair attend the EC meetings		
			All AORMA Committee members attend the BOD		

AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors



California State University Risk Management Authority
Auxiliary Organizations Risk Management Alliance

2013 CSURMA • AORMA MEETING CALENDAR

JULY, 2013	AUGUST, 2013	SEPTEMBER, 2013
<p>10-11 AORMA Officers Retreat – Monterey</p> <p>Only the AORMA Chair, Vice Chair, Past Chair and Ex Officio attend the AORMA Officers Retreat</p>	<p>4 PC: Teleconference, 2:00 p.m.</p> <p>26 MSLCTC: Teleconference, 11:00 a.m.</p> <p>8 PC: Teleconference, 2:00 p.m.</p>	<p>11 AORMA New Committee Member Orientation: Long Beach, 9:00 a.m.</p> <p>11 AORMA LRP: Long Beach, 10:00 a.m.</p> <p>12 AORMA: Long Beach, 9:00 a.m.</p> <p>12 EC Orientation: Dominguez Hills, 4:00 p.m.</p> <p>13 EC: Dominguez Hills, 8:30 a.m.</p> <p>Only the AORMA Chair and Vice Chair attend the EC meetings</p>
OCTOBER, 2013	NOVEMBER, 2013	DECEMBER, 2013
<p>3 PC: Teleconference, 2:00 p.m.</p> <p>24 AORMA: Newport Beach, 10:00 a.m.</p> <p>25 EC: Long Beach, 9:00 a.m.</p> <p>25 BOD: Long Beach, 10:30 a.m.</p> <p>Only the AORMA Chair and Vice Chair attend the EC meetings</p> <p>All AORMA Committee members attend the BOD</p>	<p>18 MSLCTC: Teleconference, 11:00 a.m.</p> <p>6 AORMA: Sacramento, 10:00 a.m.</p> <p>6 EC: Sacramento, 1:00 p.m.</p> <p>6 BOD: Sacramento, 3:30 p.m.</p> <p>7-8 FTPT Conference, Sacramento, CA</p>	<p>5 AORMA: San Francisco, 10:00 a.m.</p> <p>6 EC: San Francisco, 8:30 a.m.</p> <p>12 PC: Teleconference, 2:00 p.m.</p> <p>Only the AORMA Chair and Vice Chair attend the EC meetings</p>

AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors

CSURMA AORMA PROGRAM ADMINISTRATOR CONTACT LISTS

ISSUE: Staff includes an updated AORMA Program Administrator contact list in each agenda.

RECOMMENDATION: No action is requested on this item.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. AORMA Program Administrator - Contact List
- b. Claims Reporting Contacts

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Hsan Htein Van Rin	hhhtein@alliant.com vrin@alliant.com	415-403-1452 415-403-1408	415-874-4810 415-874-4810
General Coverage Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Inland Marine	Van Rin Hsan Htein Mimi Long	vrin@alliant.com hhhtein@alliant.com mlong@alliant.com	415-403-1408 415-403-1452 415-403-1423	415-874-4810 415-874-4810 415-874-4810
Participant Accident Insurance (PAI)	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Foreign Travel Program	Stacey Weeks Van Rin	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
General Risk Management Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Form 700	Tevea Him	thim@alliant.com	415-403-1416	
CSU Chancellor's Office				
CSU Chancellor's Office	Charlene Minnick Zachary Gifford Rebecca Skidmore Leona Ching Alice Kim Kelly Cox Mandy Wong Rima Tanuwidjaja Robert Eaton	cminnick@calstate.edu zgifford@calstate.edu rskidmore@calstate.edu lching@calstate.edu akim@calstate.edu kcox@calstate.edu mwong@calstate.edu rtanuwidjaja@calstate.edu reaton@calstate.edu	562-951-4580 562-951-4568 562-951-4574 562-951-4580 562-951-4627 562-951-4611 562-951-4578 562-951-4621	562-951-4859 562-951-4859 562-951-4859 562-951-4859 562-951-4865 562-951-4865 562-951-4865 562-951-4856

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
Loss Control Consultants				
Alliant Risk Control Consulting	Brent Escoubas	bescoubas@alliant.com	949-260-5013	
TargetSolutions	Kelly Zielinski	kaz@targetsolutions.com	858-683-7229	858-487-8762
TargetSolutions	Liz Farzan	laf@targetsolutions.com	858-592-6880 Ext. 147	
TargetSolutions	Ashley Cole	alc@targetsolutions.com	858-638-7176	
Unemployment & Verification Solutions – Employers Edge				
Unemployment Claims Operations, Claim Specialist	Vanessa Rodriguez	v.rodriquez@employersedge.com	720-891-4900 x144	720-420-7449
Hearing Coordination, Appellate Coordinator's	Jamie Clark Jen Venable	j.clark@employersedge.com j.venable@employersedge.com	720-891-4900	
Account Management	Steve Bell	s.bell@employersedge.com	720-891-4900 x101	720-420-7431
Alteranate Account Management Contact, Direct of Client Services	Angie Hansen	a.hansen@employersedge.com	720-891-4900 x116	
Human Resources Consulting – Employers Group				
Helpline	Mark Nelson Kimberly Nwamanna	mnelson@employersgroup.com knwamanna@employersgroup.com	213-765-3952 213-765-3982	
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	Ryan Farias	rfarias@employersgroup.com	213-709-4143	
Affirmative Action Plans	Suzanne Oliva	soliva@employersgroup.com	213-765-3918	
Leave Management	Kimberly Nwamanna	knwamanna@employersgroup.com	213-765-3982	
Research and Surveys	Juan Garcia	jpgarcia@employersgroup.com	213-765-3969	
Employer Advocacy	Ken Tiratira	ktiratira@employersgroup.com	213-765-3915	



CLAIMS REPORTING CONTACTS

The following are important items of information which should be provided when reporting a claim or occurrence:

1. The date, time and location of the event
2. The person at the agency to contact regarding the claim
3. A description of the circumstances of the event
4. Estimated amount of claim or loss (*if applicable*)
5. A complete copy of any legal documents (*if applicable*)

LIABILITY CLAIMS

In the event of a liability claim (General Liability, Automobile Liability, Errors & Omissions, including Directors & Officers, Employment Practices Liability), please contact:

Mauri McGuire
Carl Warren & Company
P.O. Box 7059
Ventura, CA 93006

E-mail: mmcguire@carlwarren.com
Tel: 805-650-7020 ext. 1003
Fax: 805-658-9950

Express Mail:
Carl Warren & Company
1000 South Hill Road, Suite 215
Ventura, CA 93003



PROPERTY, BOILER & MACHINERY, CYBER LIABILITY, CRIME CLAIMS

In the event of a property, boiler & machinery, cyber liability, or crime claim, please contact:

David C. Sutton, Claims Executive

Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101

E-mail: dsutton@alliant.com
Tel: 415-403-1417
Fax: 415-403-1466
Cell: 415-693-8816

OR:

Michelle Maffei, Senior Claims Advocate

Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101

E-mail: mmaffei@alliant.com
Tel: 415-403-1418
Fax: 415-403-1466
Cell: 415-693-8864

COPY TO:

Robert Frey, Vice President

Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101

E-mail: rfrey@alliant.com
Tel: 415-403-1445
Fax: 415-403-1466
Cell: 415-518-8490



WORKERS' COMPENSATION CLAIMS

In the event of a Workers' Compensation claim, please forward the Workers' Compensation Claim Form (DWC1) and the Employer's Report of Occupational Injury or Illness (Form 5020) to:

Brian Montagnese - Supervisor

Sedgwick CMS
P.O. Box 14479
Lexington, KY 40512-4479

E-mail: brian.montagnese@sedgwickcms.com
Tel: 916-851-8060
Fax: 916-851-8079

YOUR CLAIM WILL BE ASSIGNED TO EITHER:

Katie Brandt, Adjuster

Sedgwick CMS
P.O. Box 14479
Lexington, KY 40512-4479

E-mail: katie.brant@sedgwickcms.com
Tel: 916-851-8058
Fax: 916-851-8079

OR:

Biba Olson, Claims Assistant

Sedgwick CMS
P.O. Box 14479
Lexington, KY 40512-4479

E-mail: biba.olson@sedgwickcms.com
Tel: 916-851-8058
Fax: 916-851-8076



PARTICIPANT ACCIDENT INSURANCE (PAI)

In the event of a Participant Accident Insurance (PAI) claim, please forward the completed HSR claim form directly to:

Health Special Risk, Inc.
HSR Plaza II
4100 Medical Parkway
Carrollton, TX 75007

E-mail: CSRM@hsri.com
Tel: 972-512-5600
Fax: 972-512-5820
Tel Toll Free: 866-523-3186

UNEMPLOYMENT INSURANCE PROGRAM (UIP)

For Unemployment Insurance Program (UIP) claim, please contact Employers Edge directly at:

Vanessa Rodriguez, Claim Specialist
Employers Edge
P.O. Box 351567
Westminister, CO 80035

Email: v.rodriguez@employersedge.com
Tel: (720) 891-4900 x144

Steve Bell, Account Management
Employers Edge
P.O. Box 351567
Westminister, CO 80035

Email: s.bell@employersedge.com
Tel: (720) 891-4900 x101



SLIP, SPECIAL EVENTS, AUTO PHYSICAL DAMAGE, INLAND MARINE, MISCELLANEOUS

In the event of a loss, please contact:

David C. Sutton, Claims Executive

Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101

E-mail: dsutton@alliant.com
Tel: 415-403-1417
Fax: 415-403-1466
Cell: 415-693-8816

OR:

Michelle Maffei, Senior Claims Advocate

Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101

E-mail: mmaffei@alliant.com
Tel: 415-403-1418
Fax: 415-403-1466
Cell: 415-693-8864

COPY TO:

Robert Frey, Vice President

Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101

E-mail: rfrey@alliant.com
Tel: 415-403-1445
Fax: 415-403-1466
Cell: 415-518-8490

AORMA COMMITTEE CONTACT LIST - EFFECTIVE 07/01/13

ISSUE: Attached for the Committee's review are the AORMA Committee and Standing Committee Membership Roster Contact List effective July 1, 2013.

RECOMMENDATION: It is recommended that the Committee Members review the contact information for accuracy and report any changes or corrections to Staff.

FISCAL IMPACT: None.

BACKGROUND: Contact lists are provided at every meeting.

PUBLICATION: None.

ATTACHMENT(S):

- a. AORMA Committee Roster - Effective at 7-01-13

AORMA Committee
Ten voting members - two alternates - twelve members total
Effective at July 1, 2013

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number
AORMA	Chair	Dwayne Brummett	Director of Business Services	San Luis Obispo	Associated Students, Inc., Cal Poly San Luis Obispo	dbrummet@calpoly.edu	805-756-5768
AORMA	Vice Chair	Robert de Wit	Chief Financial Officer	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	rdewit@csulb.edu	562-985-5549
AORMA	Past Chair	Kurt Borsting	Director, Titan Student Centers	Fullerton	Associated Students, California State University, Fullerton, Inc.	kborsting@fullerton.edu	657-278-4214
AORMA	Ex Officio	Pat Worley	Executive Director	Sacramento	Associated Students of California State University, Sacramento	pcworley@csus.edu	916-278-7290
AORMA	At Large	Brian Nowlin	Chief Operating Officer	Long Beach	California State University, Long Beach Research Foundation	Brian.Nowlin@csulb.edu	562-985-4690
AORMA	At Large	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101
AORMA	At Large	Gigi Kiama	Human Resources Manager	Monterey Bay	The University Corporation at Monterey Bay	gkiama@csumb.edu	831-582-4301
AORMA	At Large	Guy Dalpe	Managing Director	San Francisco	Cesar Chavez Student Center, San Francisco State University	gdalpe@sfsu.edu	415-338-1044
AORMA	At Large	Leslie Davis	Executive Director	Sacramento	University Union Operation of CSUS, Inc.	leslied@saclink.csus.edu	916-278-2904
AORMA	At Large	Keith Kompsi	Director, Foundation Financial Services	Fresno	Fresno Association, Inc., CSU Fresno	kkompsi@csufresno.edu	559-278-0838
AORMA	At Large	Haleh Minakary	General Business Manager	Pomona	The Cal Poly Pomona Foundation, Inc.	hminakary@csupomona.edu	909-869-2910
AORMA	At Large	Melinda Coil	Chief Financial Officer	San Diego	San Diego State University Research Foundation	mcoil@foundation.sdsu.edu	619-594-1076

Member Services, Loss Control & Training Committee
Minimum of five members - at least two of whom are AORMA Committee members

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number
MSLCTC	Chair	Dwayne Brummett	Director of Business Services	San Luis Obispo	Associated Students, Inc., Cal Poly San Luis Obispo	dbrummet@calpoly.edu	805-756-5768
MSLCTC	At Large	Kristin Kelly	Associate Director	San Jose	The Student Union of San Jose State University	kristin.kelly@sjsu.edu	408-924-6315
MSLCTC	At Large	Arnecia Bryant	Associate Director, Operations	Dominguez Hills	The Donald P. and Katherine B. Loker University Student Union, Inc.	abryant@csudh.edu	310-243-3854
MSLCTC	At Large	Dennis Miller	Director, Employment Services	Pomona	The Cal Poly Pomona Foundation, Inc.	dennismiller@csupomona.edu	909-869-2958
MSLCTC	At Large	Debbie Adishian-Astone	Executive Director	Fresno	CSU Fresno Association, Inc.	debbiea@csufresno.edu	559-278-0802
MSLCTC	At Large	Melinda Coil	Chief Financial Officer	San Diego	San Diego State University Research Foundation	mcoil@foundation.sdsu.edu	619-594-1076
MSLCTC	At Large	Raven Tyson	Contracts & Risk Management Coordinator	San Diego	Associated Students of San Diego State University	raven.tyson@sdsu.edu	619-594-3760

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

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number
PC	Chair	Guy Dalpe	Managing Director	San Francisco	Cesar Chavez Student Center, San Francisco State University	gdalpe@sfsu.edu	415-338-1044
PC	At Large	Kurt Borsting	Director, Titan Student Centers	Fullerton	Associated Students, California State University, Fullerton, Inc.	kborsting@fullerton.edu	657-278-4214
PC	At Large	Gigi Kiama	Human Resources Manager	Monterey Bay	University Corporation, CSU Monterey Bay	gkiama@csumb.edu	831-582-4301
PC	At Large	Mark Day	Executive Director	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	mday@csusb.edu	909-537-7201
PC	At Large	Haleh Minakary	General Business Manager	Pomona	The Cal Poly Pomona Foundation, Inc.	hminakary@csupomona.edu	909-869-2910

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

FY 13/14 AORMA SERVICE CALENDAR

ISSUE: Attached for the Committee's review is the AORMA Service. This calendar includes all of the AORMA activities that occur on a regular basis as documented in AORMA's policies and procedures, contracts or meeting agendas. This calendar will be kept up-to-date and will be included in each agenda packet.

RECOMMENDATION: It is recommended that the Committee Members review the Service Calendar and report any changes or corrections to Staff.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: The AORMA Service Calendar will be included in each agenda packet and will reside on the CSURMA website.

ATTACHMENT(S):

- a. AORMA Service Calendar

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
JULY, 2013			
Alliant Staff	Send out AORMA binder, insurance summary and invoice to all members	7/04/13	Completed
Alliant Staff	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	7/07/13	Completed
Alliant Staff	Request Liability (EPL check register) for minimum EPL deductible calculation for FY 14/15	7/07/13	Completed
Liability TPA	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate	7/31/13	Requested
Alliant Staff	Request final audited payroll from all Workers' Compensation program members for the term July 1, 2012 to June 30, 2013	7/31/13	Requested
AUGUST, 2013			
Actuary	Completion of draft actuarial studies for Workers' Compensation and Liability programs	8/01/13	Completed
AORMA Chair / Alliant Staff	Prepare AORMA summary for AOA Executive Committee meeting on August 16, 2013	8/02/13	Completed
Liability TPA	Send out watch list for the liability claims review	8/09/13	
Liability TPA	AORMA liability claims review	8/13/13	
Alliant Staff	Calculate each member's minimum EPL deductible for the FY 14/15 liability coverage term	8/26/13	
Alliant Staff	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 6/30/13	8/31/13	
Alliant Staff	Complete Target Surplus Funding Report	8/31/13	
CSU Accounting	Completion of Financial Audit for the period ending June 30, 2013	8/31/13	
Alliant Staff	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll for FY 12/13	8/31/13	
<i>Programs Committee Meeting (Teleconference) – August 8, 2013 – Agenda Items</i>			
	1. Finalize the revisions to the FY 14/15 Property program premium allocation formula		
	2. Finalize the revisions to the FY 14/15 Crime program premium allocation formula		
	3. Discuss extending AORMA Liability Insurance Program to cover the VEBA Trust		

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
<i>MSLCT Committee Meeting (Teleconference) – August 26, 2013 - Agenda Items</i>			
1. Review Risk Reduction Matching Grant Program applications – award grants as applicable			
SEPTEMBER, 2013			
CSU Accounting	Prepared invoices or checks for the FY 12/13 Workers' Compensation payroll audit	9/15/13	
Alliant Staff	Completion of Workers' Compensation payroll desk audits	9/30/13	
Alliant Staff	Send out invoices or checks for the FY 12/13 Workers' Compensation payroll audit	9/30/13	
Alliant Staff / AORMA Chair	AORMA Committee update letter to all AORMA members summarizing the funding and dividends approved for the upcoming fiscal year	9/30/13	
Alliant Staff	Notification to all member's regarding the minimum EPL deductibles	9/30/13	
Alliant Staff	Completion of the AORMA UIP Financial Statement	9/10/13	
<i>AORMA Committee Long Range Planning Meeting(Long Beach) – September 11, 2013 – Agenda Items</i>			
1. Introduction of new committee members			
2. Review of FY 12/13 AORMA Long Range Action Plan			
3. Recap of 2013 AORMA Officers Retreat			
4. Review of loss ratio analysis (Liability and Workers' Compensation programs)			
5. Review of historical premium and dividends			
6. Review of Target Surplus Funding report			
7. Review of AOA Conference sessions			
8. AORMA Committee continuity plan			
9. Development of the long range action plan for 2014			
10. Review of AORMA Annual Service Calendar for 2014			
<i>AORMA Committee Meeting(Long Beach) – September 12, 2013 – Agenda Items</i>			
1. Review and Acceptance of Liability Actuarial Study for FY 14/15			

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
	2. Review and Acceptance of Workers' Compensation Actuarial Study for FY 14/15		
	3. Review of Target Surplus Funding Report		
	4. Approval of Liability and Workers' Compensation dividend payable in July, 2014		
	5. Approval of FY 14/15 Liability Insurance Program – Total Funding		
	6. Approval of FY 14/15 Workers' Compensation Insurance Program – Total Funding		
	7. Approval of FY 14/15 Property Insurance Program – Total Funding		
	8. Approval of FY 14/15 Crime Insurance Program – Total Funding		
	9. Approval of FY 14/15 minimum EPL deductible calculation		
	10. Review of AORMA's approved legal counsel list		
	11. Approval of maximum allowable hourly rate for legal counsel		
	12. Review and approve revisions to the FY 14/15 Property program premium allocation		
	13. Review and approve revisions to the FY 14/15 Crime program premium allocation		
	14. Adoption of 2014 meeting calendar		
	15. Approval of 2014 AOA Conference sponsorship		
	16. Approval of the UIP Financial Statement @ 6/30/13		
	17. Approval of AORMA Annual Service Calendar for 2014		
OCTOBER, 2013			
Nominations Committee	Poll eligible AORMA Committee members to determine which members are willing to be nominated for the Vice Chair position	10/15/13	Completed
Alliant Staff	Request FY 14/15 estimated Workers' Compensation payroll	10/01/13	
Alliant Staff	Request completion of the FY 14/15 Liability application	10/01/13	
<i>Programs Committee Meeting (Teleconference) – October 3, 2013 – Agenda Items</i>			
	1. Review Workers' Compensation payroll desk audits		
	2. Approval of meeting dates for 2014		
	3. Approval of PC long range action plan for 2014		

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
	4. Review of approved funding for the Liability, Workers' Compensation, Property and Crime programs		
	5. Review of the Liability and Workers' Compensation actuarial studies		
	6. Review of the Target Surplus Funding report		
<i>AORMA Committee Meeting (Newport Beach) – October 24, 2013 – Agenda Items</i>			
	1. Approval of long range action plan for 2014		
	2. Discussion and approval of AOA Conference free registrations		
	3. Vice Chair election will be held during the AORMA Committee meeting		
NOVEMBER, 2013			
AORMA Chair / Alliant Staff	Prepare AORMA summary for AOA Executive Committee meeting on November 15, 2013	11/01/13	
Liability TPA	Send out watch list for the liability claims review on November 12, 2013	11/08/13	
Liability TPA	AORMA liability claims review	11/12/13	
Alliant Staff	Send out Program Manuals	11/15/13	
Alliant Staff	Completion of the Liability and Workers' Compensation dividend allocation for distribution in July, 2014	11/30/13	
Alliant Staff	Completion of the Unemployment Insurance Program member allocation for FY 14/15	11/30/13	
Alliant Staff	Completion of the Liability program member allocation for FY 14/15	11/30/13	
Alliant Staff	Completion of the Workers' Compensation program member allocation for FY 14/15	11/30/13	
Alliant Staff	Completion of the Property program member allocation for FY 14/15	11/30/13	
Alliant Staff	Completion of the Crime program member allocation for FY 14/15	11/30/13	
Alliant Staff	Review volunteer losses within the Workers' Compensation program	11/30/13	
Alliant Staff	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30/13	11/30/13	
<i>MSLCT Committee Meeting (Teleconference) – November 18, 2013 – Agenda Items</i>			
	1. Approval of meeting dates for 2014		

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
	2. Approval of MSLCTC long range action plan for 2014		
	3. Approval of the Workers' Compensation Safety Program Award – Safety Superstar		
<i>CSURMA EC</i>	<i>CSURMA Executive Committee Meeting (Sacramento)</i>	<i>11/06/13</i>	
<i>CSURMA BOD</i>	<i>CSURMA Board of Directors Meeting (Sacramento)</i>	<i>11/06/13</i>	
DECEMBER, 2013			
AORMA Chair / Alliant Staff	Prepare AORMA summary for AOA Executive Committee meeting on January 11, 2014	12/27/13	
<i>AORMA Committee</i>	<i>AORMA Committee Meeting – December 5, 2013 – Agenda Items</i>	<i>12/05/13</i>	
<i>Programs Committee</i>	<i>Programs Committee Meeting - December 12, 2013 – Agenda Items</i>	<i>12/12/13</i>	
	1. Approval of the Liability and Workers' Compensation dividend allocation for distribution in July, 2014		
	2. Approval of the Workers' Compensation AORMA class codes rates for FY 14/15		
	3. Approval of the Unemployment Insurance Program member allocation for FY 14/15		
	4. Approval of the Liability program member allocation for FY 14/15		
	5. Approval of the Workers' Compensation program member allocation for FY 14/15		
	6. Approval of the Property program member allocation for FY 14/15		
	7. Approval of the Crime program member allocation for FY 14/15		
	8. Review of all Workers' Compensation member's experience modification factors		
	9. Approval of meeting dates for 2014		
	10. Approval of PC long range action plan for 2014		
JANUARY, 2014			
Alliant Staff	Completion of the AORMA Annual Report	1/05/14	
Nominations Committee	At the AOA Conference, during the AORMA Breakfast Presentation, announce the new Vice Chair as well as open seats on the AORMA Committee	1/07/14	

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
Alliant Staff	Notify the Workers' Compensation program members of their experience modification factor in accordance with P&P W-3 – Satisfactory, Early Warning Notice or Termination Warning	1/15/14	
Alliant Staff	Final premium / rate letter to all AORMA members – include information regarding Workers' Compensation coverage for volunteers	1/31/14	
FEBRUARY, 2014			
Alliant Staff	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 12/31/13	2/28/14	
<i>MSLCT Committee Meeting – February 3, 2014 – Agenda Items</i>			
1. Review of the MSLCTC budget for FY 14/15			
2. Recommended funding for the Risk Reduction Matching Grant Program for FY 14/15			
3. Review the Liability and Workers' Compensation loss information to identify patterns and claims which may be preventable with the (1) purchase, replacement or upgrade of physical property or (2) development of specialized training			
4. Identify the focus of the Risk Reduction Matching Grant Program for FY 14/15			
<i>Programs Committee Meeting - February 6, 2014 – Agenda Items</i>			
Liability TPA	Send out watch list for the liability claims review on February 18, 2014	2/14/14	
Liability TPA	AORMA liability claims review	2/18/14	
MARCH, 2014			
AORMA Chair / Alliant Staff	Prepare AORMA summary for AOA Executive Committee meeting on March 21, 2014	3/07/14	
Nominations Committee & Alliant Staff	Forward slate of nominees to fill the open seats on the AORMA Committee to the AOA Executive Committee for review and comment	3/20/14	
AORMA Committee Members and Staff	Completion of the Form 700 – Statement of Economic Interest	3/31/14	
WC Claims Consultant	Completion of the claims audit of the Workers' Compensation program (every odd-		

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
	numbered year)		
Liability Claims Auditor	Completion of the claims audit of the Liability program (every even-numbered year)	3/14/14	
<i>AORMA Committee Meeting – March 20, 2014 – Agenda Items</i>			
	1. Review and approval of FY 13/14 CSURMA budget – midterm adjustments		
	2. Review and approval of FY 14/15 CSURMA budget		
	3. Review slate of nominees to fill the open seats on the AORMA Committee		
	4. Review the Auxiliary Service Provider Report		
	5. Review of excess insurance renewal report		
	6. Discussion regarding the renewal of the Alliant Loss Control Services (risk control consulting) contract – one year contract expiring on June 30, 2014		
	7. Discussion regarding the renewal of the Employers Group (HR consulting services) contract – one year contract expiring on June 30, 2014		
	8. Discussion regarding the renewal of the TargetSolutions (on-line safety training) contract – three year contract expiring on June 30, 2015		
	9. Discussion regarding the renewal of the Employers Edge (unemployment insurance claims administrator) contract – five year contract expiring on June 30, 2018		
	10. Discussion regarding the renewal of the Carl Warren (AORMA third party liability claims administrator) contract – five year contract expiring on June 30, 2016		
	11. Discussion regarding the renewal of the Sedgwick (Workers' Compensation claims administration) contract – five year contract expiring on June 30, 2018		
<i>CSURMA EC</i>	<i>CSURMA Executive Committee Meeting</i>	<i>3/20/14</i>	
<i>CSURMA EC</i>	<i>CSURMA Executive Committee Long Range Planning Meeting</i>	<i>3/21/14</i>	
APRIL, 2014			
Alliant Staff	Send out a memo to all Members identifying the focus of the Program and inviting Members to apply for the grant by completing the grant application	4/30/14	
Liability TPA	Send out watch list for the liability claims review on April 8, 2014	4/04/14	
Liability TPA	AORMA liability claims review	4/08/14	
Alliant Staff	Send out ballot for AORMA Committee term beginning on July 1, 2014	4/01/14	

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
Alliant Staff	Receive back all AORMA Committee ballots for the term beginning on July 1, 2014	4/30/14	
AORMA Chair	Appoint the PC and MSLCTC Chair for a one year term beginning on July 1, 2014	4/30/14	
Alliant Staff	Send out letter from the AORMA Chair appointing the new PC and MSLCTC Chair for the term beginning on July 1, 2014	4/30/14	
<i>MSLCT Committee Meeting (Teleconference) – April 7, 2014 – Agenda Items</i>			
	1. Approve the blank grant application and a maximum per Member grant amount		
	2. Review the Auxiliary Service Provider Report		
	3. Discussion regarding the renewal of the Alliant Loss Control Services (risk control consulting) contract – one year contract expiring on June 30, 2014		
	4. Discussion regarding the renewal of the Employers Group (HR consulting services) contract – one year contract expiring on June 30, 2014		
	5. Discussion regarding the renewal of the TargetSolutions (on-line safety training) contract – three year contract expiring on June 30, 2015		
	6. Discussion regarding the renewal of the Employers Edge (unemployment insurance claims administrator) contract – five year contract expiring on June 30, 2018		
	7. Recommendation for MSLCTC Chair for FY 14/15		
<i>Programs Committee Meeting – April 10, 2013 – Agenda Items</i>			
	1. Recommendation for PC Chair for FY 14/15		
MAY, 2014			
AORMA Chair / Alliant Staff	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2014	5/30/14	
Alliant Staff	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2014	5/30/14	
Alliant Staff	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2014	5/30/14	
Alliant Staff	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 3/31/14	5/30/14	
<i>AORMA Committee Meeting – May 8, 2014 – Agenda Items</i>			

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
	2. Review of excess insurance placements reports		
	3. Approval of binding authority on the excess insurance placements		
	4. Announce the outcome of the AORMA Committee election		
	5. Announce the appointment of the PC and MSLCTC Chair for the one year term beginning on July 1, 2014		
	6. Approval of the renewal of the Alliant Loss Control Services (risk control consulting) contract – one year contract expiring on June 30, 2014		
	7. Approval of the renewal of the Employers Group (HR consulting services) contract – one year contract expiring on June 30, 2014		
	8. Approval of the renewal of the TargetSolutions (on-line safety training) contract – three year contract expiring on June 30, 2015		
	9. Approval of the renewal of the Employers Edge (unemployment insurance claims administrator) contract – five year contract expiring on June 30, 2018		
	10. Approval of the renewal of the Carl Warren (AORMA third party liability claims administrator) contract – five year contract expiring on June 30, 2016		
	11. Approval of the renewal of the Sedgwick (Workers' Compensation claims administration) contract – five year contract expiring on June 30, 2018		
CSURMA EC	CSURMA Executive Committee Meeting	5/09/14	
CSURMA BOD	CSURMA Board of Directors Meeting	5/09/14	
JUNE, 2014			
AORMA Chair / Alliant Staff	Prepare AORMA summary for AOA Executive Committee meeting on June 6, 2014		
JULY, 2014			
AORMA Officers	AORMA Officers Retreat – Location TBD	TBD	
Alliant Staff	Send to CSU Accounting the approved Liability and Workers' Compensation dividend allocation for processing	7/01/14	
Alliant Staff	Request a review of the claims activity within the UIP – claims activity variations of more than 10% above or below pricing levels used will resulting in a pricing adjustment	7/05/14	
Alliant Staff	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	7/05/14	
CSU Accounting	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	7/15/14	

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
<i>MSLCT Committee</i>	<i>MSLCT Committee Meeting (Teleconference)</i>	<i>7/28/14</i>	
Agenda Item	Review grant applications, and if found to be appropriate and consistent with the purpose of the Program, approve the grants		
<i>Programs Committee</i>	<i>Programs Committee Meeting (Teleconference)</i>	<i>7/31/14</i>	
Alliant Staff	Distribute the Liability and Workers' Compensation dividend checks	7/31/14	
AUGUST, 2014			
Actuary	Completion of draft actuarial studies for Workers' Compensation and Liability programs		
Alliant Staff	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 6/30/13	8/31/14	
CSU Accounting	Completion of Financial Audit for the period ending June 30, 2014		
SEPTEMBER, 2014			
<i>AORMA Committee</i>	<i>AORMA Committee Long Range Planning Meeting</i>	<i>9/10/14</i>	
<i>AORMA Committee</i>	<i>AORMA Committee Meeting</i>	<i>9/11/14</i>	

CSURMA AORMA FY 13/14 SERVICE CALENDAR

RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
<i>CSURMA EC</i>	<i>CSURMA Executive Committee Meeting</i>	<i>9/12/14</i>	
OCTOBER, 2014			
<i>AORMA Committee</i>	<i>AORMA Committee Meeting</i>	<i>10/23/14</i>	
<i>CSURMA EC</i>	<i>CSURMA Executive Committee Meeting</i>	<i>10/24/14</i>	
<i>CSURMA BOD</i>	<i>CSURMA Board of Directors Meeting</i>	<i>10/24/14</i>	
NOVEMBER, 2014			
<i>MSLCT Committee</i>	<i>MSLCT Committee Meeting (Teleconference)</i>	<i>11/17/14</i>	
DECEMBER, 2014			
<i>Programs Committee</i>	<i>Programs Committee Meeting (Teleconference)</i>	<i>12/11/14</i>	