

**MINUTES OF THE  
CSURMA AORMA COMMITTEE MEETING  
MAY 5, 2016  
CSU CHANCELLOR'S OFFICE, MUNITZ ROOM  
401 GOLDEN SHORE • LONG BEACH, CA  
10:00 AM**

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**MEMBERS PRESENT:**

Cheree Aguilar, San Jose State University Research Foundation (*via Teleconference*)  
Dwayne Brummett, Associated Students, Inc., Cal Poly San Luis Obispo  
Guy Dalpe (AORMA Vice-Chair), Associated Students, Inc., San Francisco State University  
Leslie Davis, University Union Operation of CSUS, Inc.  
Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach  
Gigi Kiama, The University Corporation at Monterey Bay  
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation  
Dave Nakamura, Humboldt State University Center (*via Teleconference*)  
Dave Nirenberg, University Glen Corporation, CSU Channel Islands  
Jim Reinhart, University Enterprises, Inc., CSU Sacramento

**MEMBERS ABSENT:**

Keith Kompsi, Fresno Association, Inc., CSU Fresno  
Brian Nowlin, CSU Long Beach Research Foundation

**STAFF, GUESTS AND CONSULTANTS**

Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor  
Tevea Him, Alliant Insurance Services, Inc.  
Daniel Howell, Alliant Insurance Services, Inc.  
William Hsu, CSU Office of the Chancellor, Office of General Counsel  
David Kervella, CSU Office of the Chancellor  
Mimi Long, Alliant Insurance Services, Inc.  
Mauri McGuire, Carl Warren & Company  
Heather Mendez, Carl Warren & Company

**A. CALL TO ORDER**

The meeting was called to order by the Chair, Frank Mumford at 10:00 AM. Cheree Aguilar and Dave Nakamura expressed their desire to abstain from voting on all motions.

Mumford thanked Keith Kompsi and Dwayne Brummett for their years of service on the AORMA Committee and CSURMA Board of Directors.

**A1. Approval of the Agenda**

The agenda was approved by acclamation.

**B. PUBLIC COMMENTS**

There were no comments from members of the public.

**C. CONSENT CALENDAR**

**C1. Approval of Minutes – March 10, 2016**

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

Motion: Leslie Davis  
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar		X		
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama	X			
Keith Kompsi				X
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

**D. CLOSED SESSION**

There were no items for closed session.

**E. STANDING COMMITTEE REPORTS**

**E1. Programs Committee Report**

Gigi Kiama, the Programs Committee Chair, reported that the Programs Committee had not met since the last AORMA Committee meeting.

## **E2. AOA Executive Committee Report**

Frank Mumford reported that the AOA Executive Committee had not met since the last AORMA Committee meeting.

## **F. GENERAL ADMINISTRATION**

### **F1. Update of Excess Insurance Renewals**

Daniel Howell provided an update to the AORMA Committee.

1. *Liability - Reinsurance Agreement w/ Genesis (\$4,650,000 excess of \$350,000).* Due to claims activity within the reinsurance layer, Genesis, the current reinsurer, will not be providing reasonable renewal terms. Within the last five years, two \$3,000,000 claims have been paid by Genesis as well as other smaller claims that have pierced the reinsurance layer. Three options are available as a replacement of Genesis. Munich Re has provided a quote to reinsure the entire layer of \$4,500,000 excess of \$500,000. Their premium would be approximately \$1,400,000. Marcel and Great America can do a quota share of the \$4,500,000 excess of \$500,000 layer. Their premium is slightly lower, at approximately \$1,300,000. The third option is for all three reinsurers to either quota share the entire reinsurance layer, or to allow Munich Re to reinsure a short layer higher up - \$1,000,000 xs \$4,000,000. All three reinsurers have excellent financial ratings. The AORMA pooled layer will definitely be increased to \$500,000 for FY 16/17. The estimated funding for FY 16/17 is based on a \$500,000 pooled layer.

Frank Mumford reiterated the importance of educating the membership regarding the recent loss experience of the liability program as well as the benefits provided by AORMA to those members incurring the considerably large losses.

2. *Excess Liability (\$15,000,000 excess of \$5,000,000).* Howell expects the excess liability to increase about 5% over expiring.
3. *Crime.* The AORMA Committee asked Staff to secure a higher limit for the crime program. The current per loss limit is \$2,000,000. Staff received a quote for a \$5,000,000 limit which results in an 11% premium increase.
4. *Excess Workers' Compensation.* Effective January 1, 2015, CSURMA joined CSAC EIA for the reinsurance of its workers' compensation program. CSAC EIA has provided a two-year guaranteed rate which is flat on the excess and a slight increase on the primary. Howell noted that CSAC EIA has set-up its own captive insurance company. Entities establish captives to insure themselves and so that they have access to reinsurance markets. Captives can also provide other financial benefits such as better financial returns on investments.

5. *Property.* Renewal premium is expected to be flat.

**F2. AORMA Liability Program Memorandum of Coverage**

As summarized by Daniel Howell, the Memorandum of Coverage (MOC) is a contract between the members and the JPA. It is not an insurance policy. Insurance companies regularly review their policy forms and make revisions to reflect industry trend and claims experience. Similarly, it is prudent for AORMA to review its coverage form and make amendments as necessary to maintain coverage quality for its members, and as may be needed for effective placement of reinsurance and excess insurance to manage AORMA’s claim liabilities. Staff has drafted the revised AORMA Liability Program Memorandum of Coverage (MOC) to become effective July 1, 2016 which aligns with the public educator’s industry standard form. AORMA’s current liability MOC is loosely based on the Genesis form.

A motion was made to delegate authority to the CSURMA Secretary/Auditor to finalize the AORMA Liability Program memorandum of coverage to be used effective July 1, 2016, subject to ratification by the AORMA Committee at its September meeting.

Motion: Guy Dalpe  
Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar		X		
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama	X			
Keith Kompsi				X
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

**F3. Alliant Risk Control Consulting Renewal Contract Proposal for FY 2016/2017**

Mimi Long explained that the current contract with Alliant Risk Control Consulting is due to expire on June 30, 2016. ARCC has proposed a one-year contract effective July 1, 2016 to June

30, 2017 with an annual fee of \$93,000. This will include approximately 60 annual safety days. The safety days may be used for any risk management or safety related topic. ARCC is proposing an hourly, daily and annual fee of \$193.75, \$1,550 and \$93,000, respectively. This represents a 7% increase over the pricing within the current contract. The Committee reviewed ARCC’s historical rates.

<b>Alliant Risk Control Consulting Historical Fee Schedule</b>			
<b>Fiscal Year</b>	<b>Per Day Cost</b>	<b>Hourly Cost</b>	<b>Annual Cost</b>
FY 09/10	\$1,500	Various	\$87,465
FY 10/11	\$1,545	Various	\$85,005
FY 11/12	\$1,450	\$181.25	\$58,000
FY 12/13	\$1,450	\$181.25	\$72,500
FY 13/14	\$1,450	\$181.25	\$102,000
FY 14/15	\$1,450	\$181.25	\$87,000
FY 15/16	\$1,450	\$181.25	\$87,000
FY 16/17	\$1,550	\$193.75	\$93,000

A motion was made to approve the proposed one-year contract with ARCC with an annual cost of \$93,000.

Motion: Leslie Davis  
Second: Robert de Wit

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Cheree Aguilar		X		
Guy Dalpe		X		
Leslie Davis	X			
Gigi Kiama	X			
Keith Kompsi				X
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

**F4. Online Training Platform**

Mimi Long explained that this item includes two issues – the renewal of the TargetSolutions contract for online safety training, and the approval of a memorandum of understanding with the Chancellor’s Office, Systemwide Professional Development (SPD) for auxiliary access to the LawRoom compliance training and SkillSoft content, as well summarization of the services to be provided by SPD to support the auxiliary organizations.

Long introduced David Kervella from SPD who provided an overview of the progress of uploading Campus auxiliary organization staff. Fourteen campuses have completed the integration process; however, only four campuses out of the fourteen are actively using the skillsoft platform. SPD continues to work with the remaining campuses. As explained by Kervella, each campus IT solution is different.

The Committee felt that the TargetSolutions contract should be renewed for one additional year, and that Staff should send quarterly reminders to the AORMA membership that the TargetSolutions will not be available after June 30, 2017. Members will also be informed that David Kervella and Chris Fondacaro will be available to help with the integration process.

The Committee reviewed the Memorandum of Understanding prepared by SPD. The proposed pricing for SPD is FY 16/17 - \$50,000, FY 17/18 - \$60,000, FY 18/19 - \$70,000 and FY 19/20 - \$75,000.

A motion was made to approve the renewal of the TargetSolutions contract for one additional year at the existing cost of \$80,750, annually.

Motion: Guy Dalpe  
Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar		X		
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama	X			
Keith Kompsi				X
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

A motion was made to approve the delegation of authority to the CSURMA Secretary-Auditor to finalize the terms of the agreement with the Chancellor’s Office, Systemwide Professional Development (SPD).

Motion: Jim Reinhart  
Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar		X		
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama	X			
Keith Kompsi				X
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

**F5. Policy and Procedure Review**

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

**A-5 Annual Calendar of Reports, Audits and Filings.** The liability and workers’ compensation third party claims administrators (TPA) are required to be audited every two years. A statement was added to the Policy and Procedure that allows the AORMA Committee to change the TPA audit schedule for business reasons such as an RFP or the need to monitor the vendor’s services more frequently. The requirement that the AORMA Committee review the Policy and Procedure review schedule was removed. All Policies and Procedures are reviewed every two years, so the review of the review schedule is redundant. As Policies and Procedures are reviewed, Staff will include as an information item the review schedule. A Property Appraisals section was added that confirms the AORMA Committee’s desire to appraise all real property owned by Auxiliary Organizations (and insured within the AORMA Property Program) regardless of value every ten years, and with a value of \$1,000,000 or more every five years.

**A-6 Risk Reduction Innovation Matching Grant Incentive Program.** The Member Services, Loss Control and Training Committee was replaced by the Programs Committee. The Programs Committee now oversees the grant program.

**L-4 Employee Driving Standards.** The intent of the Policy and Procedure is to exclude coverage for those employees in violation of the employee driving standards. However, this policy only applies to the AORMA pooled layer of coverage (currently \$350,000). The Policy and Procedure was amended to clarify this condition. The term Non-Occasional Driver was replaced with Regular Driver.

**L-6 Requirement to Purchase PAI for all Activities Involving Minors.** When this Policy and Procedure was reviewed in 2014, the Committee directed staff to offer higher limits to those auxiliaries purchasing PAI policies with limits of \$10,000 or less. Staff offered higher limits for two years. Most auxiliaries chose not to increase their policy limits. The Committee reviewed the listing of all of the PAI policies purchased and their limits.

**W-2 Workers’ Compensation Contribution Payments.** Staff recommends deleting this Policy and Procedure. The wording is identical to CSURMA Policy and Procedure No. 6 which is applicable to the AORMA members.

**W-5 Workers’ Compensation Claims Settlement Authority.** The AORMA Committee officers’ titles were updated.

**W-1 Workers’ Compensation Member Allocation Formula and W-8 Workers’ Compensation Renewal Payroll Reporting.** Staff recommends deleting Policy and Procedure W-8 because most of the wording is redundant as it also appears on Policy and Procedure W-1. The one statement within W-8, which is not redundant, has been moved to the Annual Payroll Audit section of Policy and Procedure W-1.

A motion was made to approve (1) the suggested revisions to Policies and Procedures A-3, A-4, A-5, A-6, A-8, L-1, L-3, L-4, L-6, UI-1, W-1, W-3, W-5 and W-6, (2) to delete Policies and Procedures WC-8 and WC-2, and (3) to allow Staff make the formatting consistent throughout all of the AORMA Policies and Procedures and well as renumbering the Policies and Procedures, due to the deletion of W-2 and W-8.

Motion: Leslie Davis  
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar		X		
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama	X			

Keith Kompsi				X
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

**F6. CSURMA AORMA Committee Election Results**

Frank Mumford let the Committee know that both Leslie Davis and Dave Nakamura have been reelected to the AORMA Committee each for an additional two-year term.

**F7. Integration of Auxiliary Organizations into the Campus Continuity of Operations and Emergency Operations Plan**

Mimi Long explained that the AORMA Committee Long Range Action Plan for FY 15/16 includes the Integration of Auxiliary Organizations (AO) into the Campus Continuity of Operations and Emergency Operations Plan. The Chancellor’s Office has confirmed that the AO’s have been integrated where appropriate. If an AO has a role in emergency response, it is included in the Campus Emergency Operations Plan (EOP). For example, if AO dining needs to perform an emergency feeding function, that AO’s function would be included in the EOP. If not, the AO is treated similar to any other entity on campus during an emergency. If an AO performs an essential function, it is included in the Campus Continuity of Operations Plan / Business Continuity (COOP/BC) plan.

According to the Chancellor’s Office, if an AO doesn't fall into either of these two categories, they may still need a department emergency plan that details how they would respond in an emergency in order to keep its staff safe (evacuate, shelter-in-place, account for each other, phone trees, etc.) just like any other department on campus.

A motion was made to indicate that the Integration of Auxiliary Organizations (AO) into the Campus Continuity of Operations and Emergency Operations Plan item within the AORMA Long Range Action Plan for FY 15/16 is complete.

Motion: Gigi Kiama  
Second: Dave Nirenberg

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
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Cheree Aguilar		X		
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama	X			
Keith Kompsi				X
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

**F8. Watercraft Tracking Program**

The AORMA Long Range Action plan for FY 15/16 includes a Watercraft Insurance Tracking Program item. Mimi Long stated that Staff surveyed the Campuses as well as the Auxiliary Organizations and created a list of owned watercraft and noted which watercraft are insured under separate policies. Staff will annually survey the CSURMA members in order to assure that the list is complete and accurate. Having a complete list will help in assigning the correct insurer to respond to a claim involving a watercraft.

A motion was made to indicate that the Watercraft Tracking Program item within the AORMA Long Range Action Plan for FY 15/16 is complete.

Motion: Leslie Davis  
Second: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar		X		
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama	X			
Keith Kompsi				X
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			

<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

**F9. AOA Annual Conference – Risk Management Sessions**

The Committee reviewed the AOA Session Topics proposed for the 2017 AOA Conference:

1. Drones – Rob Leong, Zachary Gifford and Jerry New Orleans
2. Insurance Requirements in Contracts – Daniel Howell
3. Major Property Losses Pre and Post – Bob Frey, Martin Fox-Foster
4. Foreign Travel Good Practices / Rental Car Coverage – Stacey Weeks and Zachary Gifford
5. Cyber Losses – Ed Hudson, William Perry, Phillip Garcia

The Committee decided on the following Risk Management Sessions for the 2017 AOA Conference:

1. Insurance Requirements in Contracts
2. Foreign Travel Good Practices / Rental Car Coverage
3. Cyber Losses
4. CSURMA AORMA 101

A motion was made to approve the sessions noted above.

Motion: Dave Nirenberg  
Second: Guy Dalpe

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Cheree Aguilar		X		
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama	X			
Keith Kompsi				X
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Dwayne Brummett	X			

Robert de Wit	X			
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Motion carried.

**G. INFORMATIONAL ITEMS**

The committee reviewed the following information items.

- G1. CSURMA AORMA 2016 Meeting Calendar**
- G2. AORMA Long Range Action Plan**
- G3. AORMA Service Calendar**
- G4. CSURMA AORMA Program Administrator’s Contact Lists**
- G5. AORMA Committee Members - Effective 7/1/15**
- G6. Policy & Procedure A-7 – CSURMA Travel Reimbursement Policy**
- G7. CSU IIPP WorkGroup**

**H. ADJOURNMENT**

The meeting was adjourned at 12:00 PM.