



**APPROVED**

**MINUTES OF THE  
CSURMA AORMA COMMITTEE MEETING**

**DECEMBER 4, 2014**

**ALLIANT INSURANCE SERVICES  
1301 Dove Street, 2<sup>nd</sup> Floor • Newport Beach, CA**

**10:00 AM**

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**MEMBERS PRESENT**

Dwayne Brummett, Associated Students, Cal Poly San Luis Obispo  
Melinda Coil, San Diego State University Research Foundation  
Guy Dalpe, Cesar Chaves Student Center, San Francisco State University  
Mark Day, Santos Manuel Student Union of CSU San Bernardino  
Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach  
Gigi Kiama, University Corporation, CSU Monterey Bay  
Keith Kompsi, Fresno Association, Inc., CSU Fresno  
Frank Mumford, CSU Fullerton Auxiliary Services Corporation, CSU Fullerton  
Brian Nowlin, CSULB Foundation, CSU Long Beach

**MEMBERS ABSENT**

Kurt Borsting, Associated Students, Inc., CSU Fullerton  
Leslie Davis, University Union Operation of CSUS, Inc., Sacramento State University  
Haleh Minakary, The Cal Poly Pomona Foundation, Inc., Cal Poly Pomona

**STAFF, GUESTS AND CONSULTANTS**

Zachary Gifford, CSU Office of the Chancellor – Systemwide Risk Management  
William Hsu, CSU Office of the Chancellor – Office of General Counsel  
Mauri McGuire, Carl Warren & Company  
Melissa Diaz, Alliant Insurance Services, Inc.  
Daniel Howell, Alliant Insurance Services, Inc.  
Mimi Long, Alliant Insurance Services, Inc.

**A. CALL TO ORDER**

The meeting was called to order by the Chair, Robert de Wit at 10:05 AM.

**A1. Approval of the Agenda**

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

**Motion: Frank Mumford**

**Second: Mark Day**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis				X
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate				X
Dwayne Brummett - Alternate	X			

**The motion carried.**

**B. PUBLIC COMMENTS**

There were no comments from the public.

**C. CONSENT CALENDAR**

**C1. Approval of Minutes – October 23, 2014**

The Committee reviewed the minutes from their last meeting

A motion was made to approved the October 23, 2014 meeting minutes.

**Motion: Guy Dalpe**  
**Second: Dwayne Brummett**

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis				X
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X

Frank Mumford	<b>X</b>			
Brian Nowlin	<b>X</b>			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate				<b>X</b>
Dwayne Brummett - Alternate	<b>X</b>			

**The motion carried.**

**E. STANDING COMMITTEE REPORTS**

**E1. Programs Committee Report**

Guy Dalpe the Programs Committee Chair provided a brief report of the committee’s recent activities. The Programs Committee continues to evaluate the liability program member allocation.

**E2. Member Services, Loss Control and Training Committee Report**

Melinda Coil the Member Services, Loss Control and Training Committee Chair provided a brief report of the committee’s recent activities.

**E3. AOA Executive Committee Report**

Robert de Wit provided a report of the recent activities of the AOA Executive Committee.

**F. GENERAL ADMINISTRATION**

**F1. Policy and Procedure L-1 – Liability Claims Reporting**

Mimi Long summarized the recommended revisions to Policy and Procedure L-1 – Liability Claims Reporting. The name was changed from Claims Reporting to Liability Claims Reporting. Most of the wording within the Policy and Procedure was revised or moved to mirror the wording within the Liability Program memorandum of coverage. The late reporting penalties examples were deleted because they are example and not policy. The definitions of AORMA, CSURMA, Member, Memorandum of Coverage, TPA, and Participation Agreement were updated. Definitions for Occurrence and Unfair Employment Practices were added. Both definitions are “as defined within the AORMA Liability Program Memorandum of Coverage”. The definitions of Occurrence and Unfair Employment Practices are too lengthy to include in the Policy and Procedure because they include additional definitions and coverage sections such as Coverage Period, Errors and Omissions, Personal Injury, Discrimination, to name just a few.

Currently Policy and Procedure L-1 states, “... in no event shall payments be made by AORMA for any loss incurred more than 30 days prior to written notification of a claim to the TPA.” The

Liability Program memorandum of coverage includes a similar statement, but it applies only to *Unfair Employment Practices*. This section of the Policy and Procedure was updated to be consistent with the Liability Program memorandum of coverage. The committee agreed that this statement should apply only to Unfair Employment Practices.

A motion was made to approve the revisions to Policy and Procedure L-1.

**Motion:** Frank Mumford  
**Second:** Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis				X
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate				X
Dwayne Brummett - Alternate	X			

**The motion carried.**

## **F2. Participant Accident Insurance Limits**

Mimi Long explained that Policy and Procedure L-6 – Requirement that Participant Accident Insurance (PAI) be Purchased for all Child Care and Camp Operations Involving Minors – requires that the minimum PAI limit is \$10,000. The committee reviewed an exhibit that shows all of the PAI policies placed and the current limits. Staff was directed to provide quotes for higher limits when the policies renew in July and to revisit the minimum limit in September, 2015.

## **F3. Revised Liability Program Member Allocation Formula**

Guy Dalpe summarized the changes to the Liability Program Member Allocation Formula. Since inception of the liability program, AORMA has used an ISO based rating allocation formula in order to allocate the total program costs to each member. As explained by Mimi Long, ISO (Insurance Services Office, Inc.) is an organization that collects statistical data, promulgates rating information and develops standard policy forms. ISO rates are often adopted

by insurance companies as the starting point for their rating own rating plan. Guy noted that after several years, AORMA has sufficient loss information to create a loss based allocation formula. The CSURMA actuary reviewed AORMA’s ten year loss history and provided recommended rates for four major loss categories – auto liability, premises liability, employment practices liability and all other. Based on the actuary’s report, it is clear that AORMA needs to adjust its rating formula.

Mimi Long noted that the current ISO based formula relies heavily on square footage as the rating basis. AORMA members have relatively few premises liability types of losses. In contrast, the current allocation formula charges only \$20 per FTE for the employment practices liability exposure. The actuarial study indicates that AORMA should be collecting significantly more for this exposure. The committee reviewed the rates comparison below.

Exposure		FY 15/16 Actuary's Recommended Rates		FY 14/15 ISO Rates		Recommended FY 15/16 Collared Rates	
		Rate	Premium	Rate	Premium	Rate	Premium
Auto Liability	173	150	25,950	346	59,858	150	25,950
Premises Liability	10,431,924	37	385,981	139	1,450,037	50	521,596
Other Liability	1,403,301,129	132	185,236		-	564	791,462
EPL	403,618,333	2,566	1,035,685	661	266,792	1,065	429,854
<b>Total</b>			<b>1,632,852</b>		<b>1,776,687</b>		<b>1,768,862</b>

The current AORMA ISO formula allows for credits or debits for loss experience and/or changes in operations but only up to 10%, and subject to the underwriter’s discretion. The new allocation formula includes an experience modification factor for each member which is calculated by the actuary.

Mimi explained the different factors within the revised allocation:

1. **Exposure Information** – The total premium is allocated based on four exposure categories:
  - a. Expenditures (used to calculate the “all other losses” premium) – *Rate \$564 per \$1,000,000 in expenditures*
  - b. Payroll (used to calculate employment related losses) – *Rate \$1,065 per \$1,000,000 in payroll*
  - c. Square Footage (used to calculate the premise liability, i.e., slip, trip and fall, faulty stairs premium) – *Rate \$50 per 1,000 in square feet*
  - d. Number of Owned Autos (used to calculate the auto liability premium) – *Rate \$150 per auto*
  
2. **Size Credit** – Similar to the property and crime allocations, a size credit is included. *The current formula includes a maximum 30% credit based on the auxiliary’s basic premium*

compared to the maximum premium of \$65,000. Seven members receive the full 30% reduction.

3. **Loss Rating** – The actuary has calculated each member’s experience modification factor. *To provide greater premium stability to the members, the experience modification factors are subject to a minimum of .75 and a maximum of 2.00.*
4. **Excess Premium** – The excess premium is allocated based on each member’s percentage of the total basic premium (excluding size credit and loss rating). *A maximum premium cap of \$85,000 is included. One member is subject to the maximum excess premium maximum.*
5. **Admin Costs** – The admin costs are allocated based on each member’s percentage of the total basic premium (excluding size credit and loss rating). *A minimum of \$600 and maximum of \$60,000 is included. 17 members receive the minimum admin costs and one member receives the maximum admin costs.*

The AORMA Committee members felt it was extremely important to provide a detailed description of the allocation changes, especially for those members that are receiving a premium increase. Mimi agreed that staff would complete the letter and would receive input from Guy Dalpe and Robert de Wit before it is sent out. Staff also agreed to meet in person with many of those members receiving premium increases.

The committee members questioned why “revenues, minus investment gains/losses and donations/contributions” was not used as the rating basis for “all other”. Mimi indicated that the actuary needed five years of historical information in order to complete the rates and experience modification factors. AORMA members, historically, have not provided this information; therefore, expenditures was used instead as the rating basis for “all other losses”.

A motion was made to adopt the revised liability program member allocation formula.

**Motion:** Frank Mumford  
**Second:** Dwayne Brummett

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis				X
Mark Day	X			
Robert de Wit	X			
Gigi Kiama	X			
Keith Kompsi	X			
Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			

<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate				<b>X</b>
Dwayne Brummett - Alternate	<b>X</b>			

**The motion carried.**

**F4. Risk Reduction Innovation Matching Grant Program**

Mimi Long noted that approving and/or recommending funds for the Risk Reduction Matching Grants projects has proven to be a challenge for both the MSLCT Committee and Brent Escoubas from Alliant Loss Control Consulting. In response Policy and Procedure A-6 was revised as follows:

1. Wording was added to make the grant program more innovative in nature, descriptive words such as, original, inventive, innovative, cutting edge, creative, ingenious were included to reaffirm that the program is an Innovation grant program.
2. The policy sections that describes the identification of claim patterns and the AORMA loss control consultant’s site inspections and coordination of the application process has been removed. Losses will continue to be reviewed and the loss control consultant will continue to provide site inspections; however, these activities will not be a part of the grant process.
3. How to access funds section was updated to show that the grant application will reside on the CSURMA website. The actual location of the application within the website will be added to the Policy and Procedure when it is confirmed.
4. The development of benchmarks has been removed. Because the grants will be unique in nature, benchmarks may not be obtainable; the program, as a whole will be reviewed and evaluated at least every two years.

A motion was made to post the grant application on the CSURMA website and to approve the changes to Policy and Procedure A-6.

**Motion: Frank Mumford**  
**Second: Guy Dalpe**

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Melinda Coil	<b>X</b>			
Guy Dalpe	<b>X</b>			
Leslie Davis				<b>X</b>
Mark Day	<b>X</b>			
Robert de Wit	<b>X</b>			

Gigi Kiama	<b>X</b>			
Keith Kompsi	<b>X</b>			
Haleh Minakary				<b>X</b>
Frank Mumford	<b>X</b>			
Brian Nowlin	<b>X</b>			
<b>AORMA Committee Alternates Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate				<b>X</b>
Dwayne Brummett - Alternate	<b>X</b>			

**The motion carried.**

**F5. Earthquake Coverage for Condominium Owners**

Mimi Long noted that AORMA’s Long Range Action Plan includes Item P-2 – Earthquake Coverage for Condominium Owners (when the HOA does not purchase earthquake coverage). Alliant Insurance Services did have a program for this type of product, but it was discontinued a few years ago. The California Earthquake Authority (CEA) does offer insurance specifically for condominium owners. The policy provides coverage for any earthquake assessments charged by the HOA for earthquake damage and also reduction in the value of the condo owner’s interest in the dwelling unit and the common interest development. The CEA coverage program must be purchased through the condo owner’s property carrier. It is not available to be purchased on a commercial basis.

**G. INFORMATION ITEMS**

The committee reviewed the following information items. There was no discussion.

- G1. CSURMA AORMA 2015 Meeting Calendar**
- G2. AORMA Committee Members Roster**
- G3. FY 2014 AORMA Service Calendar**
- G4. FY 14/15 AORMA Long Range Action Plan**

**H. ADJOURNMENT**

A motion was made to adjourn the meeting at 11:55 AM.

**Motion: Brian Nowlin**  
**Second: Gigi Kiama**

<b>NAME</b>	<b>AYE</b>	<b>ABSTAIN</b>	<b>NAY</b>	<b>ABSENT</b>
Melinda Coil	<b>X</b>			
Guy Dalpe	<b>X</b>			
Leslie Davis				<b>X</b>



**APPROVED**

Mark Day	<b>X</b>			
Robert de Wit	<b>X</b>			
Gigi Kiama	<b>X</b>			
Keith Kompsi	<b>X</b>			
Haleh Minakary				<b>X</b>
Frank Mumford	<b>X</b>			
Brian Nowlin	<b>X</b>			
<b>AORMA Committee Alternates</b>				
<b>Vote Only When Committee Members are Absent</b>				
Kurt Borsting - Alternate				<b>X</b>
Dwayne Brummett - Alternate	<b>X</b>			

**The motion carried.**