



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 a publicly accessible place, including the internet, at least ten days in advance of the meeting. This meeting agenda shall also be posted at the address of the teleconference location with access for the public via phone/speaker phone.

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location may require routine provision of identification to building security. However, CSURMA AORMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

- 1. Teleconference Location - CSU Chancellor’s Office, 401 Golden Shore, Long Beach

Meeting Date:	February 23, 2017	Location:	Alliant Insurance Services, Inc. 100 Pine Street, 11 th Floor San Francisco, CA 94111
Time:	9:00 AM	Legend:	A – Action may be taken I – Information Only

A. CALL TO ORDER

- 1. **Approval of the Agenda Order** A p. 3
The Committee will be asked to approve today’s meeting agenda order

B. PUBLIC COMMENTS

C. GENERAL ADMINISTRATION

- 1. **Meeting Minutes – December 8, 2016** A p. 4
The Committee will be asked to review and approve the minutes from the last Programs Committee meeting on December 8, 2016
- 2. **Workers’ Compensation Program Member Allocation Formula** A p. 16
The Committee will be asked to review the workers’ compensation program member allocation formula and provide recommendations for revisions, as appropriate
- 3. **Liability Program Member Allocation Formula** A p. 28
The Committee will be asked to review the liability program member allocation formula and provide recommendations for revisions, as appropriate
- 4. **Liability Program - Minimum Employment Practices Liability Deductible Calculation** A p. 37
The Committee will be asked to review the formula for determining the minimal EPL deductible for each member and provide recommendations for revisions, as appropriate

- 5. **Property Program Member Allocation Formula** A p. 46
The Committee will be asked to review the property program member allocation formula and provide recommendations for revisions, as appropriate
 - 6. **Crime Program Member Allocation Formula** A p. 53
The Committee will be asked to review the crime program member allocation formula and provide recommendations for revisions, as appropriate
 - 7. **Formula for Determining the Unemployment Insurance Program Annual Contributions** A p. 61
The Committee will be asked to review the formula for determining the unemployment insurance program annual contributions and provide recommendations for revisions, as appropriate
- D. INFORMATION ITEMS**
- 1. **2017 CSURMA AORMA Meeting Calendar** I p. 66
 - 2. **FY 16 17 AORMA Long Range Action Plan** I p. 68
 - 3. **AORMA Committee and Standing Committee Roster** I p. 71
 - 4. **AORMA Programs Committee – Ad Hoc Committee for UIP Claims Administration RFP** I p. 73
- E. ADJOURNMENT**

The next Programs Committee meeting is scheduled for June 22, 2017.

If you have questions regarding the agenda package, please contact

Mimi Long at mlong@alliant.com / (415) 403-1423 or Tevea Him at thim@alliant.com / (415) 403-1416

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 – DECEMBER 08, 2016

ISSUE: The Committee will be asked to review and approve the draft minutes from the December 8, 2016, Programs Committee meeting.

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

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Programs Committee Meeting Minutes – December 8, 2016

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

DECEMBER 8, 2016

**ALLIANT INSURANCE SERVICES
100 Pine Street, 11th Floor • San Francisco, CA**

8:00 AM

MEMBERS PRESENT

Guy Dalpe, Associated Students, Inc., San Francisco State University
Gigi Kiama, University Corporation, CSU Monterey Bay
Bill Olmsted, University Union Operation of CSUS, Inc. *(Arrived at 8:34 AM)*
Jason Porth, The University Corporation, San Francisco State University
Raven Tyson, Associated Students of San Diego State University

ABSENT MEMBERS

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

STAFF, GUESTS AND CONSULTANTS

Tevea Him, Alliant Insurance Services, Inc.
Amy Lightner, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.

A. CALL TO ORDER

The meeting was called to order by Gigi Kiama at 8:04 AM.

A1. Approval of the Agenda Order

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

First: Guy Dalpe
Second: Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Bill Olmsted				X
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

B. PUBLIC COMMENTS

There were no public comments.

C. GENERAL ADMINISTRATION

C1. Approval of Minutes – September 29, 2016

A motion was made to approve the minutes of the September 29, 2016 meeting.

First: Guy Dalpe
Second: Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe		X		
Gigi Kiama	X			
Bill Olmsted				X
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

C2. Workers’ Compensation Supplemental Actuarial Report (Experience Modification Factors) and the AORMA Class Code Rates

As explained by Mimi Long, CSURMA’s retains the services of an independent actuary to provide several different reports. The actuary calculates the projected losses for FY 17/18 as well as the outstanding liabilities which are included in CSURMA’s financial statements. These reports have already been received and accepted by the AORMA Committee. The actuary also calculates each member’s experience modification factor (EMF) for use in the member allocation. Long explained that in order to achieve rate stability, the AORMA Committee approved changes to Policy and Procedure W-1 – Workers’ Compensation Program Member Allocation Formula which requires the EMF’s to be “normalized” to 1.00 and capped at +/- 15%. The actuary incorporated these changes into the EMF calculation as shown in the supplemental reports. Each member will receive their own EMF calculation so they can review how their EMF was estimated.

A motion was made to accept the Workers’ Compensation 2017/18 Experience Modification Factors supplemental report dated October 28, 2016.

First: Raven Tyson
Second: Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Bill Olmsted				X
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

C3. Workers’ Compensation Program Member Allocation for FY 17 18

Mimi Long explained that at its September 8, 2016 meeting, the AORMA Committee approved the FY 17/18 Workers’ Compensation Program funding of \$4,481,160. The Programs Committee is now responsible for approving the FY 17/18 workers’ compensation rates as well as the allocation of the total program costs to the members. Costs are allocated to the members based on their estimated payroll for FY 17/18 and their experience modification factor as determined by the actuary. Long noted that the AORMA workers’ compensation program rates are established by starting with the corresponding WCIRB rate approved for use as the AORMA class code rate and then applying a normalization factor to develop the total amount of funding required. Staff applied a normalization factor of .68 to each WCIRB rate in order to establish the proposed AORMA FY 17/18 rates. By applying .68 normalization factor to each of the WCIRB rates, staff was able to reduce all but one of the AORMA rates (compared to the FY 16/17 AORMA rates) while at the same time achieving the required funding for the program. The rate for 1005 went up 2%.

The Committee review the proposed AORMA workers’ compensation program rates as shown below.

AORMA Class Code	1001	1002	1004	1005	1006	1007
FY 17 18 Rates	.29	.69	1.04	2.54	3.28	4.02

A motion was made to the approved the FY 17/18 rates shown above, as well as the FY 17/18 Workers’ Compensation Program Member Allocation allowing Staff to revise the allocation with updated member information as appropriate.

First: Raven Tyson
Second: Jason Porth

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

Raven Tyson	X			
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Motion carried.

C4. Liability Program Supplemental Actuarial Reports

As explained by Mimi Long, CSURMA’s retains the services of an independent actuary to provide several different reports. The actuary calculates the projected losses for FY 17/18 as well as the outstanding liabilities which are included in CSURMA’s financial statements. These reports have already been received and accepted by the AORMA Committee. The actuary also provides three supplemental reports for the liability program – (1) Experience Modification Factor (EMF) for each member, (2) Employment Practices Liability (EPL) deductible credits and (3) program rates for EPL, Auto Liability, Premises Liability and All Other.

Long explained that in order to calculate each member’s EMF, the actuary reviews five years of exposure data and loss data. To stabilize the EMF’s, all losses are capped at \$100,000. The actuary first calculates each member’s portion of the total losses compared to its portion of the total risk exposures. The actuary then adds a credibility weight based on each member’s size. This assumes that the historical loss information of larger members is more predictive of future claim experience compared to that of small members. The two largest members were assigned a weight of 75%, and the remaining members were given proportionally lower weights. To provide greater stability, the minimum and maximum experience modification factors are limited to between .75 and 2.00.

A motion was made to accept the Liability Program 17/18 Rates and Experience Modification Factors report dated October 28, 2016 and Employment Practices Liability Indicated Deductible Credits report dated October 28, 2016.

First: Guy Dalpe
Second: Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

C5. Liability Program Member Allocation for FY 17 18

Mimi Long noted that the Liability Program Member Allocation formula was revised effective July 1, 2015 and when an allocation formula is change premium fluctuations are common. Because of this, Staff has added rate and premiums collars to the allocation formula in order to

minimize premium fluctuations. The Programs Committee is responsible for approving the final member allocation and the allocation factors for the FY 17/18 Liability Program Member Allocation. The AORMA Committee approved the total liability program costs for FY 17/18 of \$4,098,878 which is a 7% increase over the FY 16/17 allocated program costs. The Liability Program costs have been allocated to the members based on the allocation formula approved by the Programs Committee and AORMA Committee.

Long review the allocation factors.

1. **Four basic rates.** TABLE 1 includes the proposed rates for Auto, Premises, Other and Employment Practices Liability (EPL). The rate changes have been limited to +/- 10% to provide rate stability.

Exposure	17/18 Actuary's Recommended Rates	16/17 Collared Rates	17/18 Collared Rates	Difference Actuary vs 17/18 Collared Rates	Difference 16/17 vs 17/18 Collared Rates
Auto Liability	150	151	150	0%	-1%
Premises Liability	40	45	41	1%	-10%
Other Liability	176	439	395	55%	-10%
EPL	2,149	1,172	1,289	-67%	10%

Table 2 below shows the actuary's recommended rates for the four exposure categories for FY 15/16, 16/17 and 17/18. This table allows the Programs Committee to see how the rates are trending based on AORMA's historical loss information.

Actuary's Recommended Projected Limited Loss Rates (Full Value, Gross of Deductibles)			
Exposure	FY 15/16	FY 16/17	FY 17/18
Auto Liability	150	159	150
Premises Liability	37	42	40
Other Liability	132	140	176
EPL	2,566	2,325	2,149

2. **Maximum premium for calculating the size credit.** The premium has remained at \$65,000 which allows about 10% of the members to receive the maximum size credit.
3. **Maximum size credit rate percentage.** The size credit has remained the same at 20%.
4. **Maximum collared rate percentage increase.** The maximum increase was reduced from 35% to 33% to provide premium stability.
5. **Maximum collared rate percentage decrease.** The maximum decrease was changed from a 5% decrease to a mandatory 7.6% increase for all members.

- 6. **Capped excess premium.** This remains at \$85,000. Two members received the capped excess premium.
- 7. **Minimum administrative costs.** This remains at \$600. 25 members received the minimum capped admin costs.
- 8. **Maximum administrative costs.** This remains at \$60,000. Two member received the maximum capped admin costs.
- 9. **Minimum premium.** This remains at \$2,000; however, due to the mandatory 7.6% increase for all members, the minimum premium increased to \$2,152.

Long noted that the allocation being presented results in total funding of \$4,097,502 which is a difference of -\$1,376 (which will be paid from the program’s fund balance.)

A motion was made to approve the FY 17/18 liability member allocation as presented and to allow Staff to revise the allocation with updated member information as appropriate.

First: Guy Dalpe
Second: Raven Tyson

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

A second motion was made to approve the FY 17/18 Liability Program Allocation Factors.

First: Jason Porth
Second: Bill Olmstead

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

C6. Property Program Member Allocation for FY 17 18

Mimi Long stated that the Programs Committee is responsible for approving the final member allocation and the allocation factors for the FY 17/18 Property Program. The AORMA Committee approved the total property program costs for FY 17/18 of \$2,281,660. This is a 4% (or \$90,542) decrease compared to FY 16/17. The total Property Program costs have been allocated to the members based on the approved allocation formula documented in Policy and Procedure P-1. The following factors have been included in the allocation and require approval by the Programs Committee:

1. **Basic rates:** .1340 for real property and business interruption/rents and .1608 for business personal property. TABLE 1 below notes the program’s historical rates.

Coverage	FY 14/15	FY 15/16	FY 16/17	FY 17/18	% Diff
Real Property, Business Interruption and Rents	0.1730	0.1424	0.1402	0.1340	-4%
Business Personal Property	0.2076	0.1709	0.1682	0.1608	-4%

2. **Maximum premium for calculating the size credit:** \$600,000. *No change.*
3. **Maximum size credit rate percentage:** 30% *(One member received the entire 30% size credit – no change from the FY 16/17 calculation.)*
4. **Minimum premium:** \$600 *(No change from FY 16/17 calculation.)*
5. **Loss ratio surcharge schedule:** *(No change from FY 16/17 calculation.)*
 - a. Less than 20% - 0%
 - b. Between 20% and 40% - 5%
 - c. Between 40% and 60% - 10%
 - d. Between 60% and 80% - 15%
 - e. Between 60% and 80% - 20%
 - f. Excess of 100% - 25%

A motion was made to approve the FY 17/18 Property Program allocation factors and the member allocation as presented, and to allow Staff to revise the allocation with updated member information as appropriate.

First: Guy Dalpe
Second: Bill Olmstead

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

C7. Crime Program Member Allocation for FY 17 18

Mimi Long state that the Programs Committee is responsible for approving the final member allocation and the allocation factors for FY 17/18 Crime Program. The AORMA Committee approved the total crime program costs for FY 17/18 of \$277,000. The total Crime Program costs have been allocated to the members based on the approved allocation formula documented in Policy and Procedure C-1. The following factors have been included in the allocation and require approval by the Programs Committee:

1. **Basic rate:** .00051. This rate was lowered from .000654 in FY 16/17.
2. **Maximum premium for calculating the size credit:** \$10,000; Staff looked at decreasing the maximum premium from \$10,000 to \$9,000 in order to give the maximum size credit to approximately 10% of the members. However, because of the 11% premium decreased, most members received a significant decrease, and an additional size credit wasn't necessary.
3. **Maximum size credit rate percentage:** 30% - No change.
4. **Minimum premium:** No change. The minimum premium table was amended effective July 1, 2016 and is shown on the next page as Table 1.

Expenditures Less Than	Current Minimum Premium	Prior Minimum Premium
1,000,000	250	250
1,250,000	500	
1,500,000	750	
2,000,000	1,000	
3,000,000	1,250	1,250
4,000,000	1,500	
5,000,000	1,750	
6,000,000	2,000	
7,000,000	2,250	2,250
8,000,000	2,383	
9,000,000	2,516	
10,000,000	2,649	
12,500,000	2,750	2,750
15,000,000	2,875	
17,500,000	3,000	
20,000,000	3,125	
20,000,001	3,250	3,250

5. **Loss ratio surcharge schedule:** No change.
 - a. Less than 50% - 0%

- b. Between 50% and 100% - 10%
 - c. Excess of 100% - 20%
6. **Loss ratio surcharge schedule:** No change for FY 15/16 allocation.
- a. Less than 50% - 0%
 - b. Between 50% and 100% - 10%
 - c. Excess of 100% - 20%

A motion was made to approve the FY 17/18 Crime Program Allocation Factors and the member allocation as presented and to allow Staff to revise the allocation with updated expenditure and/or payroll information as appropriate.

First: Raven Tyson
Second: Guy Dalpe

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

C8. Unemployment Insurance Program Member Allocation for FY 17 18

Mimi Long state the AORMA Unemployment Insurance Program (UIP) member allocation uses two factors – paid claims and administrative costs – in order to calculate each member’s deposit premium. Each member must maintain a minimum fund balance of two times its average annual losses. If the member’s fund balance is below the minimum, annually, the member will be assessed an amount not to exceed 20% of the additional funding required to achieve the minimum fund balance. The FY 17/18 UIP member allocation has been calculated in accordance with Policy and Procedure UI-1 and is being presented for the Programs Committee’s approval.

The UIP member allocation results in a total deposit for FY 17/18 of \$1,924,554. This is a decrease of \$671,120 or 26% compared to FY 16/17.

In order to stabilize each member’s annual deposits, the premium is based on the member’s average annual claims over a five year period.

Unlike the liability and workers’ compensation programs, the members within the UIP do not share in each other losses. Therefore, this program is referred to as a banking program rather than a pooled program.

A motion was made to approve the FY 17/18 UIP member allocation as presented and to allow Staff to revise the allocation with updated claims information as appropriate.

First: Guy Dalpe
Second: Jason Porth

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

C9. 2017 Meeting Dates for the CSURMA AORMA Programs Committee

Mimi Long explained an AORMA Committee meeting has been scheduled for Thursday, December 7, 2017, which conflicts with the AORMA Programs Committee meeting scheduled for the same day. Staff is proposing the Programs Committee move its meeting to Thursday, November 30, 2017.

A motion was made to move the December 7, 2017 meeting to November 30, 2017.

First: Bill Olmstead
Second: Raven Tyson

NAME	AYE	ABSTAIN	NAY	ABSENT
Guy Dalpe	X			
Gigi Kiama	X			
Bill Olmsted	X			
Jason Porth	X			
Jun Reina				X
Raven Tyson	X			

Motion carried.

D. INFORMATION ITEMS

The Committee Members reviewed the information items.

- D1. 2017 CSURMA AORMA Meeting Calendar**
- D2. FY 16 17 AORMA Long Range Action Plan**
- D3. AORMA Committee and Standing Committee Roster**

D4. AORMA Programs Committee – Ad Hoc Committee for UIP Claims Administration RFP

E. ADJOURNMENT

A motion was made to adjourn the meeting at 9:56 AM

**WORKERS' COMPENSATION PROGRAM MEMBER ALLOCATION
FORMULA**

ISSUE: The Committee will be asked to review the Workers' Compensation Program Member Allocation Formula as described in Policy and Procedure W-1.

RECOMMENDATION: Staff recommends that the Committee review the current calculation and provide suggestions for improvement as appropriate.

FISCAL IMPACT: None is expected from action taken at this meeting; however, recommendations for change could have a fiscal impact for FY 18/19.

BACKGROUND: The attached exhibits provide additional information.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. Overview of Calculation
- b. Explanation of Class Codes
- c. Policy and Procedure W-1
- d. Sample Allocation

Workers' Compensation Program Member Allocation

Basic Rating Formula:

The member's experience modification factor (EMF) is applied to each AORMA basic rate. The modified rates are applied to the member's payroll.

The WCIRB class code rates shown below are utilized when determining the AORMA basic rates. A normalization factor is added to the WCIRB class code rates in order to achieve the total program funding required.

Class Code Description	AORMA	WCIRB
Clerical	1001	8810
Off-site activities / professional / student activities	1002	8868
Retail	1004	8071
Sports / day care	1005	9053
Food service	1006	9079
Manual labor	1007	9101

Experience Modification Factor:

The accuracy uses the current published WCIRB method in order to calculate each member's EMF. EMF's are normalized to 1.00 and include a maximum change of +/- 15%.

Recommendations:

1. Minimum Premium: Explore adding a minimum premium of between \$500 and \$1,000. The program currently does not have a minimum premium. One member has an annual premium of \$99.
2. Experience Modification Factor (EMF): The EMF's include a maximum change of +/- 15%. Staff explored increasing the maximum increase to +20% and eliminating the maximum decrease. The table below demonstrates that this change has a negligible impact on the member's premium. Therefore,

Staff recommends keeping the maximum increase of +15% and eliminating the maximum decrease.

Year	EMF Maximum Change at +/- 15%			EMF Maximum Change at +20%		
	Premium	EMF	Additional Premium	Premium	EMF	Additional Premium
	10,000	1.00		10,000	1.00	
1	11,500	1.15	1,500	12,000	1.20	2,000
2	13,225	1.32	3,225	14,400	1.44	4,400
3	15,209	1.52	5,209	17,280	1.73	7,280
4	12,927	1.29	2,927			
5	10,988	1.10	988			
Total Additional Premium:			13,850			13,680

AORMA Workers' Compensation vs. WCIRB Explanation of Classification Codes

1001	<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).
8810	Workers who are engaged exclusively in clerical activities with no additional duties.
1002	<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.
8868	Professors, teachers or academic professional employees
1004	<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>
8071	Stores, books, retail

1005	<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.
9053	Exercise or health institutes
1006	<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>)
9079	Restaurants or taverns
1007	<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.
9101	Colleges and schools, all employees other than professors, teachers, or academic professional employees – including cafeterias



CSURMA - AO-COMP
WORKERS COMPENSATION

Uncapped 2017/18 Experience Modification Factors

Auxiliary Organization (1)	Campus (2)	Unbalanced		
		2016/17 Uncapped Experience Modification Factor (3)	2017/18 Uncapped Experience Modification Factor (4)	Uncapped Percent Change (4)/(3)-100% (5)
California State University, Bakersfield Auxiliary for Sponsored Programs and Administration	Bakersfield	0.82	0.77	-5.2%
California State University, Bakersfield Foundation	Bakersfield	0.84	0.76	-8.9%
University Glen Corporation, CSU Channel Islands	Camarillo	1.00	0.89	-10.7%
Associated Students of California State University, Chico	Chico	0.80	0.66	-17.4%
The CSU, Chico Research Foundation	Chico	0.76	0.69	-9.8%
Associated Students, California State University, Dominguez Hills	Dominguez Hills	0.78	0.90	16.0%
California State University, Dominguez Hills Foundation	Dominguez Hills	0.67	0.76	14.5%
The Donald P. and Katherine B. Loker University Student Union, Inc.	Dominguez Hills	0.77	1.02	32.5%
Associated Students, California State University, East Bay	East Bay	0.87	0.90	3.8%
California State University, Fresno Association, Inc.	Fresno	0.60	0.58	-3.7%
The California State University, Fresno Athletic Corporation	Fresno	0.57	0.62	9.7%
Associated Students, California State University, Fullerton, Inc.	Fullerton	0.85	0.67	-20.6%
CSU Fullerton Auxiliary Services Corporation	Fullerton	0.75	0.93	24.3%
Humboldt State University Center	Humboldt	0.98	0.94	-4.1%
Humboldt State University Sponsored Programs Foundation	Humboldt	0.73	0.68	-6.3%
Associated Students, Humboldt State University	Humboldt	0.77	0.77	0.2%
Associated Students, California State University, Long Beach	Long Beach	0.85	0.82	-2.8%
California State University Long Beach Research Foundation	Long Beach	1.09	0.72	-34.0%
Forty-Niner Shops, Inc., CSU Long Beach	Long Beach	0.73	0.71	-3.2%
Cal State L.A. University Auxiliary Services, Inc.	Los Angeles	0.81	0.71	-12.2%
University-Student Union Board, California State University, Los Angeles	Los Angeles	0.65	0.64	-1.1%
The University Corporation at Monterey Bay	Monterey Bay	0.69	0.71	3.4%
Associated Students, California State University, Northridge, Inc.	Northridge	0.90	0.80	-10.8%
The University Corporation, CSU Northridge	Northridge	0.98	1.02	4.5%
University Student Union of California State University, Northridge	Northridge	0.72	0.73	0.6%
Associated Students Inc., California State Polytechnic University, Pomona	Pomona	0.78	0.78	-1.0%
The Cal Poly Pomona Foundation, Inc.	Pomona	1.03	0.96	-6.9%
Associated Students of California State University, Sacramento	Sacramento	0.89	0.89	-0.5%
University Enterprises, Inc., CSU Sacramento	Sacramento	0.65	0.66	1.5%
Capital Public Radio	Sacramento	0.89	0.92	2.6%
Associated Students Inc., California State University, San Bernardino	San Bernardino	0.77	0.77	-0.6%
University Enterprises Corporation at CSUSB	San Bernardino	1.11	1.26	13.4%
Santos Manuel Student Union of California State University, San Bernardino	San Bernardino	1.26	0.96	-24.1%
Associated Students, San Diego State University	San Diego	0.95	0.85	-10.4%
Associated Students, Inc., San Francisco State University	San Francisco	0.81	0.65	-19.6%
The University Corporation, San Francisco State	San Francisco	0.76	0.69	-9.6%
Associated Student, San Jose State University	San Jose	0.87	0.73	-16.4%
San Jose State University Research Foundation	San Jose	0.68	0.64	-5.2%
Spartan Shops, Inc., San Jose State University	San Jose	0.88	0.76	-14.4%
The Student Union of San Jose State University	San Jose	0.69	0.72	4.0%
The Tower Foundation, San Jose State University	San Jose	0.68	0.69	1.3%
Associated Students, Inc., California Polytechnic State University at San Luis Obispo	San Luis Obispo	1.32	0.93	-30.0%
Cal Poly Corporation	San Luis Obispo	1.03	0.88	-14.3%
University Auxiliary and Research Services Corporation	San Marcos	0.90	0.88	-1.5%
Associated Students of Sonoma State University	Sonoma	0.77	0.76	-0.8%
Sonoma State Enterprises	Sonoma	N/A	N/A	
Associated Students, Inc., California State University, Stanislaus	Stanislaus	0.77	0.76	-1.6%
University Student Union of California State University, Stanislaus	Stanislaus	0.98	0.97	-1.5%
Total		0.84	0.79	

(3) was provided by Alliant and is based on our prior ex-mod calculation using the WCIRB method.

(4) is from Exhibit WC-ExMod-3.

(3) and (4) have not been balanced to an overall xmod of 1.000.



CSURMA - AO-COMP
WORKERS COMPENSATION

Exhibit WC-ExMod-1 (page 2)

Capped 2017/18 Experience Modification Factors

Auxiliary Organization (1)	Campus (2)	2016/17 Balanced, Capped Experience Modification Factor (3)	2017/18 Unbalanced, Uncapped Experience Modification Factor (4)	2017/18 Payroll (5)	2017/18 Balanced, Uncapped Experience Modification Factor (6)	Balanced Uncapped Experience Change (6)/(3)-100% (7)	2017/18 Balanced, Capped Experience Modification Factor (8)	Capped Percent Change (8)/(3)-100% (9)
California State University, Bakersfield Auxiliary for Sponsored Programs and Administration	Bakersfield	0.94	0.77	\$1,756,440	0.98	4.1%	0.97	3.2%
California State University, Bakersfield Foundation	Bakersfield	1.19	0.76	733,380	0.97	-18.8%	1.01	-15.0%
University Glen Corporation, CSU Channel Islands	Camarillo	1.06	0.89	3,072,075	1.13	6.4%	1.12	5.5%
Associated Students of California State University, Chico	Chico	0.93	0.66	7,118,766	0.84	-9.3%	0.83	-10.1%
The CSU, Chico Research Foundation	Chico	0.90	0.69	13,268,421	0.87	-3.2%	0.86	-4.0%
Associated Students, California State University, Dominguez Hills	Dominguez Hills	0.94	0.90	592,814	1.14	21.2%	1.08	15.0%
California State University, Dominguez Hills Foundation	Dominguez Hills	0.81	0.76	5,935,074	0.97	18.5%	0.94	15.0%
The Donald P. and Katherine B. Loker University Student Union, Inc.	Dominguez Hills	0.91	1.02	1,020,508	1.29	42.3%	1.04	15.0%
Associated Students, California State University, East Bay	East Bay	1.03	0.90	491,113	1.14	11.1%	1.13	10.1%
California State University, Fresno Association, Inc.	Fresno	0.69	0.58	6,978,840	0.73	5.7%	0.73	4.8%
The California State University, Fresno Athletic Corporation	Fresno	0.65	0.62	5,428,440	0.79	20.4%	0.75	15.0%
Associated Students, California State University, Fullerton, Inc.	Fullerton	0.98	0.67	5,897,412	0.85	-12.8%	0.84	-13.5%
CSU Fullerton Auxiliary Services Corporation	Fullerton	0.86	0.93	16,785,646	1.18	36.5%	0.99	15.0%
Humboldt State University Center	Humboldt	1.13	0.94	3,723,000	1.19	5.3%	1.18	4.4%
Humboldt State University Sponsored Programs Foundation	Humboldt	1.29	0.68	6,849,912	0.86	-33.4%	1.10	-15.0%
Associated Students, Humboldt State University	Humboldt	0.88	0.77	212,415	0.97	10.0%	0.96	9.0%
Associated Students, California State University, Long Beach	Long Beach	0.97	0.82	6,166,068	1.04	6.7%	1.03	5.8%
California State University Long Beach Research Foundation	Long Beach	1.15	0.72	15,661,827	0.91	-21.3%	0.98	-15.0%
Forty-Niner Shops, Inc., CSU Long Beach	Long Beach	1.22	0.71	8,955,600	0.89	-27.0%	1.04	-15.0%
Cal State L.A. University Auxiliary Services, Inc.	Los Angeles	0.93	0.71	9,180,000	0.90	-3.6%	0.89	-4.4%
University-Student Union Board, California State University, Los Angeles	Los Angeles	0.86	0.64	2,896,800	0.81	-5.6%	0.80	-6.4%
The University Corporation at Monterey Bay	Monterey Bay	0.90	0.71	8,529,033	0.90	0.4%	0.89	-0.5%
Associated Students, California State University, Northridge, Inc.	Northridge	1.04	0.80	3,651,600	1.02	-2.1%	1.01	-2.9%
The University Corporation, CSU Northridge	Northridge	1.14	1.02	19,074,000	1.29	13.8%	1.28	12.8%
University Student Union of California State University, Northridge	Northridge	0.83	0.73	7,141,530	0.92	10.4%	0.91	9.5%
Associated Students Inc., California State Polytechnic University, Pomona	Pomona	0.90	0.78	6,218,152	0.98	8.7%	0.97	7.8%
The Cal Poly Pomona Foundation, Inc.	Pomona	1.19	0.96	17,309,341	1.22	2.2%	1.20	1.3%
Associated Students of California State University, Sacramento	Sacramento	1.03	0.89	4,070,674	1.12	9.2%	1.11	8.2%
University Enterprises, Inc., CSU Sacramento	Sacramento	1.02	0.66	27,851,233	0.83	-18.3%	0.86	-15.0%
Capital Public Radio	Sacramento	0.91	0.92	3,657,926	1.16	27.6%	1.04	15.0%
Associated Students Inc., California State University, San Bernardino	San Bernardino	0.89	0.77	390,925	0.97	9.1%	0.96	8.1%
University Enterprises Corporation at CSUSB	San Bernardino	1.25	1.26	9,513,966	1.59	27.2%	1.44	15.0%
Santos Manuel Student Union of California State University, San Bernardino	San Bernardino	1.45	0.96	2,189,518	1.21	-16.6%	1.23	-15.0%
Associated Students, San Diego State University	San Diego	1.09	0.85	9,317,939	1.08	-1.6%	1.07	-2.5%
Associated Students, Inc., San Francisco State University	San Francisco	1.07	0.65	4,091,395	0.82	-23.7%	0.91	-15.0%
The University Corporation, San Francisco State	San Francisco	0.88	0.69	2,040,000	0.87	-1.0%	0.86	-1.9%
Associated Student, San Jose State University	San Jose	1.03	0.73	3,115,906	0.92	-10.7%	0.92	-11.5%
San Jose State University Research Foundation	San Jose	0.78	0.64	27,367,355	0.81	4.1%	0.81	3.2%
Spartan Shops, Inc., San Jose State University	San Jose	1.02	0.76	7,424,622	0.95	-6.0%	0.95	-6.8%
The Student Union of San Jose State University	San Jose	0.80	0.72	2,614,315	0.91	14.1%	0.90	13.1%
The Tower Foundation, San Jose State University	San Jose	0.78	0.69	2,345,633	0.87	11.2%	0.86	10.3%
Associated Students, Inc., California Polytechnic State University at San Luis Obispo	San Luis Obispo	1.40	0.93	5,872,854	1.17	-16.4%	1.19	-15.0%
Cal Poly Corporation	San Luis Obispo	1.02	0.88	24,714,600	1.12	9.6%	1.11	8.6%
University Auxiliary and Research Services Corporation	San Marcos	1.03	0.88	6,128,337	1.12	8.1%	1.11	7.1%
Associated Students of Sonoma State University	Sonoma	2.19	0.76	645,020	0.96	-56.0%	1.86	-15.0%
Sonoma State Enterprises	Sonoma	1.00	N/A	1,326,000	1.00	0.0%	0.99	-0.9%
Associated Students, Inc., California State University, Stanislaus	Stanislaus	0.89	0.76	404,823	0.96	8.0%	0.95	7.1%
University Student Union of California State University, Stanislaus	Stanislaus	1.13	0.97	516,486	1.22	8.2%	1.21	7.2%
Total		1.00	0.79	\$330,247,733	1.00		1.00	

(3) is from Exhibit WC-ExMod-1 (page 1), Column (3), subject to an off-balance factor

(4) is from Exhibit WC-ExMod-1 (page 1), Column (4)

(5) is based on the projected 2016/17 payroll and a 2% trend.

(6) = (4), subject to an off-balance factor.

(8) = (6), subject to an off-balance factor and capped to +/- 15.0% of (3).



CSURMA AORMA

POLICY AND PROCEDURE NO. W - 1

SUBJECT: **WORKERS' COMPENSATION MEMBER
ALLOCATION FORMULA**

ADOPTED: **MAY 15, 2008**

EFFECTIVE: **MAY 15, 2008**

AMENDED: **DECEMBER 8, 2009
SEPTEMBER 10, 2015
MAY 5, 2016**

PURPOSE:

It shall be the policy of the CSURMA Auxiliary Organizations Risk Management Alliance (AORMA) to determine each MEMBER's allocation of the workers' compensation TOTAL PROGRAM FUNDING as outlined in the Workers' Compensation Member Allocation Formula noted below:

PROCEDURE:

Annually, in September, the AORMA COMMITTEE will approve the TOTAL PROGRAM FUNDING for the workers' compensation program for the upcoming fiscal year.

Annually, in December, the PROGRAMS COMMITTEE will approve or accept the following allocation criteria with the Workers' Compensation Member Allocation Formula:

1. AORMA BASIC RATES for each class code
2. EXPERIENCE MODIFICATION FACTOR (EMF) as determined by the actuary.

ALLOCATION FORMULA:

1. The MEMBER's EXPERIENCE MODIFICATION FACTOR is applied separately to each of the AORMA BASIC RATES. Result – Member's modified rates.
2. MEMBER's modified rates are applied separately to the MEMBER's estimated payroll, separated by class code, for the upcoming fiscal year. Result – Member's final modified deposit premium.

**** Example ****

1001	.50	*	.95	=	.48
1002	1.00	*	.95	=	.95
1004	1.50	*	.95	=	1.43
1005	3.00	*	.95	=	2.85
1006	4.00	*	.95	=	3.80
1007	5.00	*	.95	=	4.75
AORMA basic rates			Experience modification factor		Modified rates
1001	.48	*	\$1,000,000	=	\$4,800
1002	.95	*	\$800,000	=	\$7,600
1004	1.43	*	\$0	=	\$0
1005	2.85	*	\$0	=	\$0
1006	3.80	*	\$0	=	\$0
1007	4.75	*	\$0	=	\$0
					\$12,400
Modified rates			Estimated payroll		Final modified deposit premium

ANNUAL PAYROLL AUDIT:

The MEMBER's final payroll separated by AORMA class code will be requested at the end of each program year. The MEMBER's final workers' compensation premium will be calculated by multiplying the MEMBER's actual payroll per class code by the MEMBER's modified rates. The MEMBER will receive either a refund or additional deposit billing based on how their audited contribution compares with their initial deposit. MEMBERS will allocate their payroll to each of the AORMA class codes as outlined in the (1) AORMA Workers' Compensation Explanation of Classification Codes and (2) AORMA Workers' Compensation Payroll Rules to Follow publications.

If the final audit or the renewal application is not received by the deadline, then the Program Administrator may increase that MEMBERS payrolls by the average payroll increase for all MEMBERS for the prior two years.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Workers' Compensation Program Member Allocation Formula Policy and Procedure, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the MEMBER's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the MEMBER of the final decision within 5 business days of the final decision.



If a MEMBER wishes to appeal the AORMA COMMITTEE's decision, the MEMBER will notify the CSURMA Secretary-Auditor in writing within five (5) business days of receipt of the AORMA COMMITTEE's decision. The CSURMA EXECUTIVE COMMITTEE will then review the appeal at its next meeting or sooner. The CSURMA EXECUTIVE COMMITTEE's decision will be the final determination.



DEFINITIONS:

AORMA – Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

AORMA COMMITTEE – The governing body of AORMA.

AORMA BASIC RATES – The AORMA Basic Rates will be approved annually by the PROGRAMS COMMITTEE. The WCIRB class code rates shown below will be utilized when determining the AORMA BASIC RATES. A normalization factor will be added to the WCIRB class code rates in order to achieve the TOTAL PROGRAM FUNDING required as approved by the AORMA COMMITTEE.

Class Code Description	AORMA	WCIRB
Clerical	1001	8810
Off-site activities / professional / student activities	1002	8868
Retail	1004	8071
Sports / day care	1005	9053
Food service	1006	9079
Manual labor	1007	9101

CSURMA – The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

CSURMA EXECUTIVE COMMITTEE – The California State University Risk Management Authority Executive Committee.

EXPERIENCE MODIFICATION FACTOR (EMF) – The experience rating system is a merit rating system intended to provide MEMBERS a direct financial incentive to reduce work-related accidents. The experience rating system objectively distributes the cost of the workers’ compensation program more equitably among the MEMBERS. An EMF less than 100% reflects better than average experience. The actuary will determine each MEMBER’s EMF based on the current published WCIRB method. The EMF will be adjusted for the normalization factor and capped at a maximum change of +/- 15% from the prior (normalized) EMF.

MEMBER – The Member is a signatory to the CSURMA Joint Powers Authority as well as the AORMA Workers’ Compensation Program Participation Agreement.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The



MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

PROGRAMS COMMITTEE - The Programs Committee oversees the management of all programs not otherwise assigned to another committee, including, but not limited to, the Liability, Workers' Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and Foreign Travel Liability Programs, as well as new program development. The Committee will assist in the review of annual actuarial reports and the development of rating plans for allocation of annual costs, policies and coverage documents. Training, service provider RFP development and selection will also be handled by this Committee. The Programs Committee will act as a liaison to the AOA Human Resources Committee.

TOTAL PROGRAM FUNDING - The Total Program Funding costs will include (1) the pooled layer funding requirement, as recommended by the actuary, (2) administrative costs and (3) excess insurance or reinsurance costs.

LIABILITY PROGRAM MEMBER ALLOCATION FORMULA

ISSUE: The Committee will be asked to review the Liability Program Member Allocation Formula as described in Policy and Procedure L-8.

RECOMMENDATION: Staff recommends that the Committee review the current calculation and provide suggestions for improvement as appropriate.

FISCAL IMPACT: None is expected from action taken at this meeting; however, recommendations for change could have a fiscal impact for FY 18/19.

BACKGROUND: The attached exhibits provide additional information.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. Overview of Calculation
- b. Policy and Procedure L-8
- c. Sample Allocation

Liability Program Member Allocation

Basic Rating Formula:

1. Basic Rate

Four basic rates are calculated by the actuary based on losses within the following categories:

- Auto
- Employment practices
- Premises liability (slip, trip and fall)
- All other

2. Size Credit

A size credit is assigned based on the member's basic premium compared to the "maximum premium for calculating the size credit". Example: If the member's premium is \$26,000 and the maximum premium is \$65,000. The member's premium is 40% of the maximum premium; therefore, the member would receive 40% of the size credit.

3. Loss Rating

Experience modification factor (EMF) is calculated by the Actuary based on five years of exposure information and loss information. EMF .75 and EMF 2.00.

Two members are capped at the maximum EMF of 2.00 and twelve are capped at the minimum EMF of .75.

4. Minimum Premium

\$2,152

Recommendations:

1. Expenditures: Use a rolling five-year total for expenditures in order to smooth out significant fluctuations. Total expenditures is used because it is a verifiable dollar amount that is not subjective. The member's total expenditures vary more than anticipated. Staff discussed removing certain expenditures from the calculation, such as, capital expenditures, but using a rolling five-year total makes the fluctuations insignificant within the calculation.

2. Experience Modification Factors (EMF): EMF's are currently capped at a minimum of .75 and a maximum of 2.00. Two members are capped at 2.00; twelve members are capped at .75. Because so many members are capped at the minimum EMF, Staff recommends decreasing the minimum EMF to .50.

3. Excess Premium: Currently there is no minimum cost for the excess premium. Add a \$1,000 minimum excess premium. The \$1,000 will purchase a limit of \$199,500,000.

4. Excess Premium: Increase the maximum excess premium cost by 5% each year for the next three years and then review again.

Current Premium:	\$85,000
FY 18/19:.....	\$89,250
FY 19/20:.....	\$93,713
FY 20/21:.....	\$98,398

The excess premium cost are approximately 46% of the total program costs (minus administrative costs.) The current maximum excess premium of \$85,000 is approximately 26% of the largest member's uncapped premium.

5. Administrative Costs: Increase the minimum administrative costs by 10% each year for the next three years and then review again.

Current Admin	\$600
FY 18/19:.....	\$660
FY 19/20:.....	\$726
FY 20/21:.....	\$799

6. Minimum Premium: Increase the total program minimum premium by 15% each year for the next three years and then review again.

Current Admin	\$2,152
FY 18/19:.....	\$2,474
FY 19/20:.....	\$2,845
FY 20/21:.....	\$3,272



CSURMA AORMA

POLICY & PROCEDURE NO. L-8

SUBJECT:	LIABILITY PROGRAM MEMBER ALLOCATION FORMULA
ADOPTED:	SEPTEMBER 8, 2016
EFFECTIVE:	SEPTEMBER 8, 2016
AMENDED:	N/A

POLICY:

It shall be the policy of the CSURMA AORMA to determine each member’s allocation of the total liability program costs as outlined in the Liability Program Member Allocation Formula shown below:

PROCEDURE:

Annually, in September, the AORMA Committee will approve the Total Liability Program Costs for the upcoming fiscal year.

Annually, in December, the Programs Committee will accept the following four supplemental actuarial reports to be used as general guidelines within the Liability Program Member Allocation Formula:

1. Liability Rates
2. Liability Experience Modification Factors
3. Employment Practices Liability Indicated Deductible Credits

Annually, in December, the Programs Committee will approve the following allocation criteria within the Liability Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates for;
 - a. Automobile liability
 - b. Premises liability
 - c. Other liability
 - d. Employment practices liability
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum and/or maximum excess premium and administrative costs
5. Maximum and minimum premium collar percentages
6. Minimum premium

LIABILITY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

Four basic rates are included in the allocation formula for the following loss exposures:

Loss Exposure	Exposure Basis
Automobile Liability (AL)	Number of owned autos
Premises Liability (PL)	Total square footage owned, occupied, operated or maintained
Other Liability (OL)	Total expenditures
Employment Practices Liability (EPL)	Total payroll

1. The exposure basis for each loss exposure is multiplied separately by the corresponding approved basic rate and then added together. *Result – basic premium for pooled layer w/o size credit or loss rating.*

**** Example ****

1.	5	*	\$150	=	\$750
	Number of owned autos		Per Auto		AL Basic premium
	150,000	*	\$50	=	\$7,500
	Square Footage		Per 1,000 of square footage		PL Basic premium
	\$20,000,000	*	\$400	=	\$8,000
	Expenditures		Per 1,000,000 of expenditures		OL Basic premium
	\$5,000,000	*	\$1,200	=	\$6,000
	Payroll		Per 1,000,000 of payroll		EPL Basic premium
			Total		\$22,250
					Basic premium for pooled layer w/o size credit or loss rating

Size Credit:

1. Basic premium for pooled layer w/o size credit or loss rating is divided by the maximum premium for calculating size credit. *Result – percentage of basic premium for pooled layer compared to the maximum premium for calculating size credit.*
2. Percentage of total basic premium compared to maximum premium for calculating size credit is multiplied by maximum size credit percentage. *Result – size credit percentage.*
3. Basic premium for pooled layer w/o size credit or loss rating is multiplied by the size credit percentage. *Result – basic premium for pooled layer w/ size credit.*

**** Example ****

1.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	/	\$65,000 Maximum premium for calculating size credit	=	34% % of basic premium for pooled layer compared to maximum premium for calculating size credit
2.	34% % of basic premium for pooled layer compared to maximum premium for calculating size credit	*	20% Maximum size percentage credit	=	7% Size credit percentage
3.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	-	7% Size credit percentage	=	\$20,693 Basic premium for pooled layer w/ size credit

Loss Rating:

1. Loss rating discount or surcharge (as calculated by actuary) is multiplied by the basic premium for pooled layer w/ size credit. *Result – Basic premium for pooled layer w/ size credit and loss rating.*

**** Example ****

1.	\$20,693 Basic premium for pooled layer w/ size credit	*	.945 Loss rating discount or surcharge	=	\$19,555 Basic premium for pooled layer w/ size credit and loss rating
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Excess Premium:

1. Each Member’s percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total excess premium. *Result – excess premium.*
2. The excess premium is capped if it exceeds the maximum excess premium. *Result – capped excess premium.*

**** Example ****

1.	\$22,250 Basic premium for pooled layer w/o size credit or loss rating	/	\$1,718,405 Total program basic premium for pooled layer	=	1.29% Percentage of total program basic premium for pooled layer
	1.29% Percentage of total program basic premium for pooled layer	*	\$1,230,000 Total program excess premium	=	\$15,867 Excess premium
2.	\$15,867 Excess premium	=/<	\$85,000 Minimum excess premium	=	\$15,867 Capped excess premium

Administrative Costs:

CSURMA AORMA

POLICY & PROCEDURE NO. L-8

1. Each Member’s percentage of the total basic premium for pooled layer w/o size credit or loss rating is multiplied by the total program administrative costs. *Result – administrative costs.*
2. The administrative costs are capped at either the minimum or maximum administrative costs. *Result - Capped administrative costs.*

1.	\$22,250	/	\$1,718,405	=	1.29%
	Basic premium for pooled layer w/o size credit or loss rating		Total program basic premium for pooled layer		Percentage of total program basic premium for pooled layer
	1.29%	*	\$730,000	=	\$9,417
	Percentage of total program basic premium for pooled layer		Total program excess premium		Administrative costs
2.	\$9,417	<	\$60,000	=	\$9,417
	Excess premium		Maximum administrative costs		Capped administrative costs
	\$9,417	>	\$600	=	\$9,417
	Excess premium		Minimum administrative costs		Capped administrative costs

Final Premium w/o Collars:

1.	\$19,555	+
	Basic premium for pooled layer w/ size credit and loss rating	
	\$15,867	+
	Capped excess premium	
	\$9,417	+
	Capped administrative costs	
	\$44,874	=
	Final premium w/o collars or deductible credits	

Collared Premium:

1. Prior year’s final premium w/o deductible credit is multiplied by the maximum collared percentage increase. *Result – maximum collared premium.*
2. Prior year’s final premium w/o deductible credit is multiplied by the maximum collared rate decrease. *Result – minimum collared premium.*
3. If the final premium w/o collars or deductible credits is less than the minimum collared premium, then the minimum collared premium will apply; if the final premium w/o collars or deductible credits is more than the maximum collared premium, then the maximum collared premium will apply.

**** Example ****

1.	\$35,000	+	10%	=	\$38,500
	Prior year’s final premium w/o deductible credit		Maximum collared percentage increase		Maximum collared premium
2.	\$35,000	-	10%	=	\$31,500
	Prior year’s final premium w/o deductible credit		Maximum collared percentage decrease		Minimum collared premium

3.	\$44,874	>	\$38,500	=	\$38,500
	The maximum collared premium is used because final premium w/o collars or deductible credits is greater than the maximum collared premium				Final premium w/o deductible credits

Minimum Premium:

1. The final premium w/o deductible credits is compared to the approved minimum premium. The minimum premium is applied as appropriate.

Employment Practices Liability Deductible:

1. The EPL basic premium is reduced by the EPL deductible credits. The total savings is applied to the final premium w/o deductible credits.

**EMPLOYMENT PRACTICES LIABILITY DEDUCTIBLE SECTION
CALCULATION**

ISSUE: The Committee will be asked to review the Employment Practices Liability Deductible Section Calculation as described within Policy and Procedure L-7.

RECOMMENDATION: Staff recommends that the Committee review the current calculation and provide suggestions for improvement as appropriate.

FISCAL IMPACT: None is expected from action taken at this meeting; however, recommendations for change could have a fiscal impact for FY 18/19.

BACKGROUND: The attached exhibits provide additional information.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. Overview of Calculation
- b. Policy and Procedure L-7
- c. EPL Deductible Calculation

Formula for Determining Minimum Employment Practices Liability (EPL) Deductible

If a Member has more than one EPL claim payment within the last five fiscal years, then the total amount paid (including defense costs) within those five years for all claims exceeding \$25,000 will be applied to the following schedule:

\$75,000 or less.....	\$25,000 deductible
\$75,001 to \$175,000	\$50,000 deductible
\$175,001 to \$275,000.....	\$75,000 deductible
Excess of \$275,001.....	\$100,000 deductible

Recommendations:

Members have expressed concerns with the calculation. A member is penalized with a higher deductible even though the claim is without merit and the formula doesn't reward the member for exemplary HR practices when finalizing the claim. Staff has reviewed the EPL insurance market for public entities. \$50,000 appears to be the minimum EPL deductible available; \$100,000 is becoming the new normal. Staff does not recommend changing the formula.



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
DECEMBER 5, 2013
MARCH 19, 2015**

EFFECTIVE: JULY 1, 2011

POLICY:

1. 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

EPL EXPENSE PAYMENTS made in a fiscal year subsequent to the fiscal year in which the final EPL LOSS PAYMENT was made will be considered to have been made in the same fiscal year as the final EPL LOSS PAYMENT.

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.

The Programs Committee will review and determine each Member’s minimum EPL deductible for the upcoming fiscal year.

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



CSURMA AORMA

POLICY AND PROCEDURE NO. L-7

3. Should a Member elect 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. If, however, the formula for determining the minimum EPL deductible results in a deductible level higher than the EPL deductible level elected by the Member, the Member's EPL deductible will increase to the deductible level determined by the formula. Because the election of 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 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.

DEFINITIONS:

EPL EXPENSE PAYMENT: Allocated loss adjustment expenses that are assignable to the claim. This may include but is not limited to fees to attorneys, experts, investigators, court reporters as well as third-party claims administrators incurred in defense of an EPL claim.

EPL LOSS PAYMENT: Compensatory damages which the Member is legally obligated to pay as a result of a claim.

EPL: Employment Practices Liability.

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

AORMA Liability Program - Employment Practices Liability Loss Information
Employment Practices Liability Loss Information
Paid Losses between July 1, 2011 and June 30, 2016

Campus	Auxiliaries	Claim #	Total Incurred	Claims Over \$25,000
Channel Islands	CSU CHANNEL ISLANDS UNIVERSITY GLEN CORP	1597956	155,755	155,755
	Number of Claims	1		
	Number of Claims in excess of \$25,000	1		
Chico	CHICO RESEARCH FOUNDATION	1881293	110,889	110,889
	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	6,181	-
	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	1548055	1,008	-
East Bay	CSU EAST BAY FOUNDATION	1507297	70	-
East Bay	CSU EAST BAY FOUNDATION	1505817	16,147	-
East Bay	CSU EAST BAY FOUNDATION	1492625	1,772	-
	Number of Claims	4		
	Number of Claims in excess of \$25,000	0		
Fresno	CSU FRESNO ASSOCIATION (This loss is excluded from the calculation while it is being reviewed)	1603788	40,164	40,164
Fresno	CSU FRESNO ASSOCIATION	1888278	2,108	-
	Number of Claims	2		
	Number of Claims in excess of \$25,000	1		
Fresno	CSU FRESNO FOUNDATION	1854811	3,192	-
Fresno	CSU FRESNO FOUNDATION	1632425	140,464	140,464
Fresno	CSU FRESNO FOUNDATION	1743848	99,840	99,840
	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 17/18 (w/o one level limitation):				75,000
Minimum EPL deductible for FY 17/18 (w/ one level limitation):				75,000
Minimum EPL deductible for FY 16/17:				75,000
Fullerton	CSU FULLERTON AUXILIARY SERVICES CORPORATION	1532101	150	Incident Only
	CSU FULLERTON AUXILIARY SERVICES CORPORATION	1882328	88,452	88,452
	Number of Claims	2		
	Number of Claims in excess of \$25,000	1		
Humboldt	CSU HUMBOLDT SPONSORED PROGRAMS FOUNDATION	1565127	23,945	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
Long Beach	CSU LONG BEACH ASSOCIATED STUDENTS, INC.	1758388	463	Incident Only
	CSU LONG BEACH ASSOCIATED STUDENTS, INC.	1758506	422,793	422,793
	CSU LONG BEACH ASSOCIATED STUDENTS, INC.	1889986	542	Incident Only
	Number of Claims	3		
	Number of Claims in excess of \$25,000	1		
Long Beach	LONG BEACH RESEARCH FOUNDATION	1581787	123,679	123,679

AORMA Liability Program - Employment Practices Liability Loss Information
Employment Practices Liability Loss Information
Paid Losses between July 1, 2011 and June 30, 2016

Campus	Auxiliaries	Claim #	Total Incurred	Claims Over \$25,000
Long Beach	LONG BEACH RESEARCH FOUNDATION	1856078	5,550	-
	Number of Claims	2		
	Number of Claims in excess of \$25,000	1		
	Total for claims in excess of \$25,000:			123,679
	Minimum EPL deductible for FY 17/18 (w/o one level limitation):			50,000
	Minimum EPL deductible for FY 17/18 (w/ one level limitation):			50,000
	Minimum EPL deductible for FY 16/17:			75,000
Los Angeles	CSU LOS ANGELES UNIVERSITY AUXILIARY SERVICES	1499878	226	-
Los Angeles	CSU LOS ANGELES UNIVERSITY AUXILIARY SERVICES	1582137	16,548	-
	Number of Claims	2		
	Number of Claims in excess of \$25,000	0		
Monterey Bay	UNIVERSITY CORP AT MONTEREY BAY	1926306	3,751	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
Northridge	CSU NORTHRIDGE ASSOCIATED STUDENTS, INC.	1547624	312	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
Northridge	CSU NORTHRIDGE UNIVERSITY CORP.	1593276	17,924	-
Northridge	CSU NORTHRIDGE UNIVERSITY CORP.	1600567	4,826	-
Northridge	CSU NORTHRIDGE UNIVERSITY CORP.	1862493	16,914	-
	Number of Claims	3		
	Number of Claims in excess of \$25,000	0		
Pomona	CPSU POMONA FOUNDATION	1734312	104,877	104,877
Pomona	CPSU POMONA FOUNDATION	1735120	187,962	187,962
	Number of Claims	2		
	Number of Claims in excess of \$25,000	2		
	Total for claims in excess of \$25,000:			292,839
	Minimum EPL deductible for FY 17/18 (w/o one level limitation):			100,000
	Minimum EPL deductible for FY 17/18 (w/ one level limitation):			100,000
	Minimum EPL deductible for FY 16/17:			100,000
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. (This loss is split 50/50 with the Union)	1634228	47,673	-
Sacramento	CSU SACRAMENTO UNIVERSITY ENTERPRISES, INC	1755960	80,262	80,262
Sacramento	CSU SACRAMENTO UNIVERSITY ENTERPRISES, INC. (This loss will be paid 100% by the Campus)	1904741	13,760	Campus Claim
Sacramento	CSU SACRAMENTO UNIVERSITY ENTERPRISES, INC	1613613	81,069	81,069
Sacramento	CSU SACRAMENTO UNIVERSITY ENTERPRISES, INC	1879642	788	Incident Report Only
Sacramento	CSU SACRAMENTO UNIVERSITY ENTERPRISES, INC	1907365	155	Incident Report Only
	Number of Claims	6		
	Number of Claims in excess of \$25,000	3		
	Total for claims in excess of \$25,000:			161,331
	Minimum EPL deductible for FY 17/18 (w/o one level limitation):			75,000
	Minimum EPL deductible for FY 17/18 (w/ one level limitation):			50,000
	Minimum EPL deductible for FY 16/17:			50,000

AORMA Liability Program - Employment Practices Liability Loss Information
Employment Practices Liability Loss Information
Paid Losses between July 1, 2011 and June 30, 2016

Campus	Auxiliaries	Claim #	Total Incurred	Claims Over \$25,000
Sacramento	UNIVERSITY UNION OPERATION OF CSUS, INC. (This loss is split 50/50 with UEI)	1634228	23,837	-
San Bernardino	CSU SAN BERNARDINO STUDENT UNION	1925523	151	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
San Diego	CSU SAN DIEGO ASSOCIATED STUDENTS	1895248	10,816	-
San Diego	CSU SAN DIEGO ASSOCIATED STUDENTS	1915115	65,588	65,588
San Diego	CSU SAN DIEGO ASSOCIATED STUDENTS	1812963	65,987	65,987
	Number of Claims	3		
	Number of Claims in excess of \$25,000	2		
	Total for claims in excess of \$25,000:			131,575
	Minimum EPL deductible for FY 17/18 (w/o one level limitation):			50,000
	Minimum EPL deductible for FY 17/18 (w/ one level limitation):			50,000
	Minimum EPL deductible for FY 16/17:			25,000
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1600832	313,777	313,777
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1733219	892,455	892,455
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1549214	189,407	189,407
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1524874	445,990	445,990
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1542001	60,367	60,367
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1763201	7,722	-
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1598936	26,388	26,388
San Diego	CSU SAN DIEGO RESEARCH FOUNDATION	1768697	21,095	-
	Number of Claims	8		
	Number of Claims in excess of \$25,000	6		
	Total for claims in excess of \$25,000:			1,928,383
	Minimum EPL deductible for FY 17/18 (w/o one level limitation):			100,000
	Minimum EPL deductible for FY 17/18 (w/ one level limitation):			100,000
	Minimum EPL deductible for FY 16/17:			100,000
San Francisco	CSU SAN FRANCISCO CESAR CHAVEZ STUDENT CENTER	1506997	68	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
San Francisco	CSU SAN FRANCISCO THE UNIVERSITY CORPORATION	1522876	83	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
San Jose	CSU SAN JOSE RESEARCH FOUNDATION	1506767	15,383	-
San Jose	CSU SAN JOSE RESEARCH FOUNDATION	1879863	44,510	44,510
San Jose	CSU SAN JOSE RESEARCH FOUNDATION	1614600	511,357	511,357
	Number of Claims	3		
	Number of Claims in excess of \$25,000	2		
	Total for claims in excess of \$25,000:			555,867
	Minimum EPL deductible for FY 17/18 (w/o one level limitation):			100,000
	Minimum EPL deductible for FY 17/18 (w/ one level limitation):			100,000
	Minimum EPL deductible for FY 16/17:			100,000
San Jose	CSU SAN JOSE SPARTAN SHOPS, INC.	1521031	95	-
San Jose	CSU SAN JOSE SPARTAN SHOPS, INC.	1596850	2,981	-
	Number of Claims	2		
	Number of Claims in excess of \$25,000	0		

AORMA Liability Program - Employment Practices Liability Loss Information
Employment Practices Liability Loss Information
Paid Losses between July 1, 2011 and June 30, 2016

Campus	Auxiliaries	Claim #	Total Incurred	Claims Over \$25,000
San Jose	CSU SAN JOSE STUDENT UNION, INC.	1565299	2,601	-
	Number of Claims	1		
	Number of Claims in excess of \$25,000	0		
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1597354	11,163	-
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1502492	2,037	-
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1622290	10,018	-
San Luis Obispo	CPSU SAN LUIS OBISPO CAL POLY CORP.	1537083	834	-
	Number of Claims	4		
	Number of Claims in excess of \$25,000	0		
San Marcos	CSU SAN MARCOS RESEARCH SERVICES CORP.	1892678	66,462	66,462
	Number of Claims	1		
	Number of Claims in excess of \$25,000	1		

PROPERTY PROGRAM MEMBER ALLOCATION FORMULA

ISSUE: The Committee will be asked to review the Property Program Member Allocation Formula as described in Policy and Procedure P-1.

RECOMMENDATION: Staff recommends that the Committee review the current calculation and provide suggestions for improvement as appropriate.

FISCAL IMPACT: None is expected from action taken at this meeting; however, recommendations for change could have a fiscal impact for FY 18/19.

BACKGROUND: The attached exhibits provide additional information.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. Overview of Calculation
- b. Policy and Procedure P-1
- c. Sample Allocation

Property Program Member Allocation

Basic Rating Formula:

1. Basic Rate

Two basic rates are applied to the following total insurable values (TIV):

- Real property, business interruption, loss of rents
- Personal property

2. Size Credit

A size credit is assigned based on the member's basic premium compared to the "maximum premium for calculating the size credit". Example: If the member's premium is \$360,000 and the maximum premium is \$600,000. The member's premium is 60% of the maximum premium; therefore, the member would receive 60% of the size credit.

3. Loss Rating

Over a five year period the AORMA property program losses are as follows:

- Median - \$12,031
- Average - \$48,074
- Maximum - \$992,343

The loss rating reviews five years of paid losses compared to five years of premium.

Loss Ratio	Surcharge
Less than 50%	None
Between 50% and 100%	10%
Excess of 100%	20%

4. Minimum Premium

A minimum premium is applied.

Recommendations:

1. Loss Rating: Explore increasing the loss ratio surcharge as shown below:

Loss Ratio	Surcharge
Less than 40%	None
Between 40% and 60%	5%
Between 60% and 100%	10%
Between 100% and 150%	20%
Between 150% and 300%	30%
Excess of 300%	40%

The surcharges within the revised loss ratio surcharge schedule do not negatively affect any member within the FY 17/18 allocation; however, it would allow the program to recoup funds should a member have a significant loss (which increased its loss ratio.) Currently, the member with the highest five year claims amount (\$1,140,809) has a loss ratio of 122%. This member would receive a lower surcharge (from 25% to 20%).



CSURMA AORMA

POLICY & PROCEDURE NO. P-1

SUBJECT: PROPERTY PROGRAM MEMBER ALLOCATION FORMULA

**ADOPTED: NOVEMBER 6, 2013
SEPTEMBER 10, 2015**

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 allocation criteria within the Property Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rates
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium
5. Loss ratio surcharge schedule

PROPERTY PROGRAM MEMBER ALLOCATION FORMULA:

Basic Rates:

- *TIV = Total Insurable Values*
- *RP/BI = Real Property / Business Income and Rental Value*
- *BPP = Business Personal Property*

Two basic rates are included in the allocation formula; one for RP/BI and one for business BPP. The BPP rate is 20% higher than the RP/BI rate.

1. RP/BI TIV is multiplied by the RP/BI rate. *Result – RP/BI basic premium.*

2. BPP TIV is multiplied by the BPP rate. *Result – BPP basic premium.*
3. RP/BI basic premium and BPP basic premium are added together. *Result – basic premium.*
4. Basic premium is divided by the total TIV. *Result – basic rate.*

**** Example ****

1.	\$50,000,000 RP/BI TIV	*	.2000 RP/BI Rate (per \$100 in TIV)	=	\$100,000 RP/BI Basic Premium
2.	\$25,000,000 BPP TIV	*	.2400 BPP Rate (per \$100 in TIV)	=	\$60,000 BPP Basic Premium
3.	\$100,000 RP/BI Basic Premium	+	\$60,000 BPP Basic Premium	=	\$160,000 Basic Premium
4.	\$160,000 Basic Premium	/	\$75,000,000 Total TIV	=	.2133 Basic Rate (per \$100 in TIV)

Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*

**** Example ****

1.	\$160,000 Basic Premium	/	\$600,000 Maximum Premium for Calculating Size Credit	=	27% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	27% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	30% Maximum Size Percentage Credit	=	8% Size Credit Percentage
3.	.2133 Basic Rate	-	8% Size Credit Percentage	=	.1960 Basic Rate w/ Size Credit

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*

CSURMA AORMA

POLICY & PROCEDURE NO. P-1

2. Member’s five-year loss ratio is reviewed against loss ratio surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total TIV. *Result – Final premium.*

**** Example ****

1.	\$125,000 Five Years Paid Claims	/	\$500,000 Total Premium for Five Prior Years	=	25% Loss Ratio
2.	25% 25% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is Assigned.			=	5% Loss Ratio Surcharge
3.	5% Loss Ratio Surcharge	+	.1960 Basic Rate w/ Size Credit	=	.2058 Final Rate
4.	.2058 Final Rate (per \$100 in TIV)	*	\$75,000,000 Total TIV	=	\$154,350 Final Premium

Loss Ratio Surcharge Schedule

Loss ratio less than 20%	=	No surcharge
Loss ratio between 20% and 40%	=	5% surcharge
Loss ratio between 40% and 60%	=	10% surcharge
Loss ratio between 60% and 80%	=	15% surcharge
Loss ratio between 80% and 100%	=	20% surcharge
Loss ratio in excess of 100%	=	25% surcharge

Minimum Premium:

1. If the final premium is greater than the Minimum Premium, use the final premium. *Result – final premium w/ minimum premium if applicable.*

**** Example ****

1.	\$154,500 If the Final Premium is greater than the minimum premium, use the Final Premium	>	\$600 Premium	=	\$154,500 Final Premium
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DEFINITIONS:

1. **RP/BI - 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.

2. **BPP – Business 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 Calculating Size Credit** – The Maximum Premium for Calculating the Size Credit dollar amount will be approved annually by the Programs Committee. The Maximum Premium for Calculating Size Credit is used to calculate each member’s size credit. The member’s basic premium is divided by the Maximum Premium for Calculating Size Credit, as an example - $\$300,000$ (*member’s basic premium*) / $\$600,000$ (*Maximum Premium for Calculating 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*.

CRIME PROGRAM MEMBER ALLOCATION FORMULA

ISSUE: The Committee will be asked to review the Crime Program Member Allocation Formula as described in Policy and Procedure C-1.

RECOMMENDATION: Staff recommends that the Committee review the current calculation and provide suggestions for improvement as appropriate.

FISCAL IMPACT: None is expected from action taken at this meeting; however, recommendations for change could have a fiscal impact for FY 18/19.

BACKGROUND: The attached exhibits provide additional information.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. Overview of Calculation
- b. Policy and Procedure C-1
- c. Sample Allocation

Crime Program Member Allocation

Basic Rating Formula:

1. Basic Rate

Basic rate is applied to payroll.

2. Size Credit

A size credit is assigned based on the member's basic premium compared to the "maximum premium for calculating the size credit". Example: If the member's premium is \$5,000 and the maximum premium is \$10,000. The member's premium is 50% of the maximum premium; therefore, the member would receive 50% of the size credit.

3. Loss Rating

The loss rating reviews five years of paid losses and five years of premium.

Loss Ratios	Surcharge
Less than 50%	None
Between 50% and 100%	10%
Excess of 100%	20%

4. Minimum Premium

If the member has little or no payroll, a minimum premium is applied using expenditures as the measure. This is the current minimum premium chart.

Expenditures	Min Premium	Expenditures	Min Premium
> 1,000,000	250	7,000,000	2,383
1,000,000	500	8,000,000	2,516
1,250,000	750	9,000,000	2,649
1,500,000	1,000	10,000,000	2,750
2,000,000	1,250	12,500,000	2,875
3,000,000	1,500	15,000,000	3,000
4,000,000	1,750	17,500,000	3,125
5,000,000	2,000	20,000,000 +	3,250
6,000,000	2,250		

Recommendations:

1. Expenditures: Use a rolling five-year total for expenditures in order to smooth out significant fluctuations. Total expenditures is used because it is a verifiable dollar amount that is not subjective. The members' total expenditures vary more than anticipated. Staff discussed removing certain expenditures from the calculation, such as, capital expenditures, but using a rolling five-year total proves to make the fluctuations insignificant within the calculation.
2. Loss Rating: The loss ratio surcharge appears to be too low. Increase the loss ratios surcharge schedule as shown below:

Loss Ratio	Surcharge
Loss ratio above 100%	20%
Loss ratio above 200%	40%
Loss ratio above 300%	50%

A typical crime claim will be in the \$50,000 range. The median crime premium is \$2,750 (for five years \$13,750). Based on the maximum loss ratio percentage of 100%, every member who has an average size loss, would hit the maximum 20% surcharge. Because the crime premiums are so low, receiving an additional 20% for five years, (based on the median premium of

\$2,750) is \$2,750 or \$550 annually. This amount doesn't provide significant reimbursement to the program.

3. Minimum Premium: Apply the minimum premium before the loss rating.



CSURMA AORMA

POLICY & PROCEDURE NO. C-1

SUBJECT: **CRIME PROGRAM MEMBER ALLOCATION FORMULA**

ADOPTED: **NOVEMBER 6, 2013
SEPTEMBER 10, 2015**

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 allocation criteria within the Crime Program Member Allocation Formula and will approve the final member allocation for the upcoming fiscal year:

1. Basic rate
2. Maximum premium for calculating the size credit
3. Maximum size credit percentage
4. Minimum premium schedule
5. Loss ratio surcharge schedule

Basic Rates:

The payroll used within this allocation is the estimated payroll for the upcoming fiscal year.

1. Payroll is multiplied by the **Basic Rate**. *Result – basic premium*

**** Example ****

1.	\$10,000,000 Payroll	*	.0400 Basic Rate (per \$100 in payroll)	=	\$4,000 Basic Premium
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Size Credit:

1. Basic premium is divided by the **Maximum Premium for Calculating Size Credit**. *Result – percentage of total basic premium compared to the Maximum Premium for Calculating Size Credit.*
2. Percentage of total basic premium compared to **Maximum Premium for Calculating Size Credit** is multiplied by **Maximum Size Credit Percentage**. *Result – size credit percentage.*
3. Basic rate is multiplied by the size credit percentage. *Result – Basic rate with size credit.*

**** Example ****

1.	\$4,000 Basic Premium	/	\$10,000 Maximum Premium for Calculating Size Credit	=	40% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit
2.	40% % of Total Basic Premium Compared to Maximum Premium for Calculating Size Credit	*	30% Maximum Size Percentage Credit	=	12% Size Credit Percentage
3.	.0400 Basic Rate	-	12% Size Credit Percentage	=	.0352 Basic Rate w/ Size Credit

Loss Rating:

1. Five years paid claims (minus deductible) is divided by total premium for five prior years. *Result – loss ratio.*
2. Member's five-year loss ratio is reviewed against loss rating surcharge schedule. *Result – loss ratio surcharge is assigned.*
3. Basic rate w/ size credit is increased by loss ratio surcharge. *Result – final rate.*
4. Final rate is multiplied by total payroll. *Result – Final premium.*

**** Example ****

1.	\$20,000 Five Years Paid Claims	/	\$17,500 Total Premium for Five Prior Years	=	114% Loss Ratio
2.	114% 114% Loss Ratio is reviewed against Loss Rating Surcharge Schedule and Surcharge is assigned.			=	20% Loss Ratio Surcharge
3.	20%	+	.0352	=	.0422



CSURMA AORMA

POLICY & PROCEDURE NO. C-1

	Loss Ratio Surcharge		Basic Rate w/ Size Credit	=	Final Rate
4.	.0422	*	\$10,000,000	=	\$4,220
	Final Rate		Total Payroll		Basic Premium w/ Size Credit and Loss Rating
<u>Loss Ratio Surcharge Schedule</u>					
	Loss ratio less than 50%			=	No surcharge
	Loss ratio between 50% and 100%			=	10% surcharge
	Loss ratio in excess of 100%			=	20% surcharge

Minimum Premium:

The expenditures used within this allocation are the expenditures documented in the member’s most recent financial audit.

- Using the Minimum Premium Schedule, each member is assigned a minimum premium based on their total expenditures. *Result – member’s scheduled minimum premium.*
- 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.*

**** Example ****

1.	\$40,000,000			=	\$3,250
	Expenditures are reviewed against the Minimum Premium Schedule and a Minimum Premium is assigned.				Loss Ratio
2.	\$4,220 > \$3,250			=	\$4,220
	If Basic Premium is greater than Minimum Premium, use Basic Premium. If Basic Premium is less than Minimum Premium, use Minimum Premium				Basic Premium w/ Size Credit, Loss Rating and Minimum Premium
<u>Minimum Premium Schedule</u>					
	Expenditures less than \$2,000,000			=	\$250
	Expenditures between \$2,000,001 and \$6,000,000			=	\$1,250
	Expenditures between \$6,000,001 and \$10,000,000			=	\$2,250
	Expenditures between \$10,000,001 and \$20,000,000			=	\$2,750
	Expenditures greater than \$20,000,001			=	\$3,250

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 – total crime program premium.*

**** Example ****

1.	\$25,000	/	87	=	\$287
	Total crime program administrative costs		Number of crime members		Per member total crime program administrative costs
2.	\$4,220	+	\$287	=	\$4,507
	Basic Premium w/ Size Credit, Loss Rating and Minimum Premium		Per member total crime admin costs		Total Crime Premium

DEFINITIONS:

1. **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 Calculating 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*.

**UNEMPLOYMENT INSURANCE PROGRAM MEMBER ALLOCATION
FORMULA**

ISSUE: The Committee will be asked to review the Formula for Determining the Unemployment Insurance Program Annual Contributions as described in Policy and Procedure UI-1.

RECOMMENDATION: Staff recommends that the Committee review the current calculation and provide suggestions for improvement as appropriate.

FISCAL IMPACT: None is expected from action taken at this meeting; however, recommendations for change could have a fiscal impact for FY 18/19.

BACKGROUND: The attached exhibits provide additional information.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. Overview of Calculation
- b. Policy and Procedure UI-1
- c. Sample Allocation

Unemployment Insurance Program Member Allocation

Basic Rating Formula:

1. Average Annual Claims

The average annual paid claims for five years.

2. Administrative Costs

The administrative cost is allocated to each member based on its percentage of the total average annual claims. There is a \$250 minimum administrative charge member.

3. Minimum Fund Balance Required

Each member is required to maintain a fund balance of two times its average annual claims. An estimated fund balance is calculated using the actual fund balance, plus premium and estimated claims for the approaching fiscal year. The estimated fund balance is compared to the minimum fund balance required to calculate the difference in the minimum fund balance required.

4. Difference in Minimum Fund Balance Required

If the member's fund balance is deficient, 20% of the deficient amount is added to the member's premium until the fund balance is at the required level.

Recommendations:

1. Administrative Costs: Increase minimum administrative costs by 20% each year for the next three years.

Current Cost:.....	\$250
FY 18/19:.....	\$300
FY 19/20:.....	\$360
FY 20/21:.....	\$432



CSURMA AORMA

POLICY & PROCEDURE UI-1

SUBJECT: FORMULA FOR DETERMINING THE UNEMPLOYMENT INSURANCE PROGRAM ANNUAL CONTRIBUTIONS

ADOPTED: MAY 12, 2010

EFFECTIVE: JULY 1, 2011

REVISED: DECEMBER 6, 2012
MAY 8, 2014
MAY 5, 2016

Should there be any discrepancy between this document and either the MEMORANDUM OF COVERAGE or PARTICIPATION AGREEMENT between the AORMA Committee and the MEMBER, the MEMORANDUM OF COVERAGE and/or the PARTICIPATION AGREEMENT will govern.

POLICY:

The AORMA Unemployment Insurance Program (UIP) annual contribution for each Auxiliary Organization participating in the AORMA UIP (MEMBER) shall be calculated using two factors – paid claims and administrative costs.

PROCEDURE:

1. **Deposit Formula** - Paid claims (the MEMBER's average annual paid claims for five years ending 6/30), plus an administrative cost. The administrative costs are allocated to each MEMBER based on its percentage of the total average annual paid claims.
2. **Minimum Fund Balance** - Each MEMBER must maintain in the AORMA UIP a minimum fund balance of two times its average annual losses. If a MEMBER's fund balance is below the minimum, annually, the additional funding required will be calculated and the MEMBER will be assessed at the program anniversary date an amount not to exceed 20% of the additional funding required to achieve the minimum fund balance. The MEMBER will be assessed annually until the MEMBER's fund balance is at the minimum fund balance.

At the end of each fiscal year, the AORMA UIP Fund Balance Report will be distributed to each MEMBER. The Fund Balance Report will include actual paid claims for the fiscal year rather than estimates. If the MEMBER's fund balance exceeds the minimum fund balance required (two times annual average losses) then the MEMBER can request that the excess funds be returned. *Any obligation to a third party will be the responsibility of the MEMBER.*



3. **Minimum Contribution** - There is no minimum contribution based on paid claims. However, there is a \$250 minimum annual contribution for administrative costs.
4. **Investment Income / Loss** - The total Investment Income or Loss is allocated to each MEMBER based on its percentage of the total AORMA UIP average fund balance for the preceding fiscal year. For the purpose of calculating the MEMBER's average fund balance, the following formula shall be used:

Beginning fund balance *plus* additional contributions *less* MEMBER's paid claims *less* MEMBER's allocated administrative costs = MEMBER's average balance.

MEMBER APPEAL PROCESS:

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Funding Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within 30 days of the disputed decision. The Secretary-Auditor shall place the Member's appeal on the AORMA COMMITTEE's agenda at its next regularly scheduled meeting. The AORMA COMMITTEE will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

If a Member wishes to appeal the AORMA COMMITTEE's decision, the Member will notify the CSURMA Secretary-Auditor in writing within 5 business days of receipt of the AORMA COMMITTEE's decision. The CSURMA Executive Committee will then review the appeal at its next meeting or sooner. The CSURMA Executive Committee's decision will be the final determination.



DEFINITIONS:

AORMA COMMITTEE - The governing body of AORMA.

AORMA - Auxiliary Organizations Risk Management Alliance is a group of PROGRAMs that operate within the California State University Risk Management Authority representing the auxiliary organizations.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority. Within this Policy and Procedure, MEMBER also means the Auxiliary Organization participating in the AORMA Unemployment Insurance Program.

MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which outlines the AORMA Liability Program’s definitions, coverages, exclusions and provisions. The AORMA Liability Program MEMORANDUM OF COVERAGE does not provide insurance, but instead provides for pooled-insurance. The MEMORANDUM OF COVERAGE is a negotiated agreement among the MEMBERS of CSURMA AORMA.

PARTICIPATION AGREEMENT – A governing document of CSURMA AORMA which outlines the roles and responsibilities of AORMA and its MEMBERS.

UIP – AORMA Unemployment Insurance Program.

2017 CSURMA AORMA 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 – 2017 Meeting Calendar



2017 CSURMA MEETING CALENDAR

California State University Risk Management Authority

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
8	3:00 PM	EC (AOA Conference)	San Diego	23	9:00 AM	PC	San Francisco	9	10:00 AM	AORMA	San Diego
8 - 11		AOA Annual Conference	San Diego					9	2:00 PM	EC	San Diego
11	10:30 AM	AIME	San Diego					10	8:30 AM	EC LRP	San Diego
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
				1	10:30 AM	AIME	San Francisco	TBD		AOA EC	TBD
				3	2:00 PM	BOD Orientation	Teleconference	22	1:00 PM	PC	Teleconference
				4	10:00 AM	AORMA	Long Beach				
				5	8:30 AM	EC	Long Beach				
				5	10:30 AM	BOD	Long Beach				
JULY				AUGUST				SEPTEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
TBD	11:00 AM	AORMA Officers Retreat	TBD	TBD		AOA EC	TBD	6	9:00 AM	AORMA New Member	TBD
								6	10:00 AM	AORMA LRP	TBD
								7	9:00 AM	AORMA	TBD
								7	4:00 PM	EC Orientation	TBD
								8	8:30 AM	EC	TBD
								28	1:00 PM	PC	Teleconference
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
16	10:30 AM	AIME	Fullerton	TBD		AOA EC	TBD	7	10:00 AM	AORMA	TBD
18	2:00 PM	BOD Orientation	Teleconference	30	8:00 AM	PC	San Francisco	8	8:30 AM	EC	TBD
19	10:00 AM	AORMA	Long Beach					7	8:00 AM	PC	San Francisco
20	8:30 AM	EC	Long Beach								
20	10:30 AM	BOD	Long Beach								

AORMA = Auxiliary Organizations Risk Management Alliance Committee
AIME = Athletic Injury Medical Expense Committee
MSLCTC = AORMA Member Services, Loss Control & Training Committee

PC = AORMA Programs Committee
AORMA LRP = AORMA Long Range Planning Meeting
AOA = CSU Auxiliary Organizations Association

EC = CSURMA Executive Committee
EC LRP = EC Long Range Planning Meeting
BOD = CSURMA Board of Directors

FY 2016/2017 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 2016/2017 AORMA Long Range Action Plan

FY 2016/17 CSURMA AORMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1 Benchmarking Initiative					
Develop benchmarking operations beyond Workers' Compensation	1	Research benchmarking resources available	PA, SRM	Oct., 2016	Completed
	2	Develop a conceptual proposal for short and long term benchmarking	PA, SRM	Jan., 2017	
	3	Presentation of sustainable long term benchmarking program	PA, SRM	Sep., 2017	
	4	Approval of long term benchmarking project scope	AORMA, EC	Sep., 2017	
LRP-2 Marine Program					
Creation of a marine program	1	Review and update watercraft schedule, as appropriate	PA	Nov., 2016	
	2	Create marine program coverage specifications	PA	Nov., 2016	
	3	Obtain coverage options, and pricing, for program and present to the Programs Committee	PA	Feb., 2017	
	4	Present final program design to AORMA Committee	PA	May, 2017	
	5	Disseminate the Marine Program information to the AORMA members	PA	Jul., 2017	
LRP-3 Captive Insurer					
Evaluation of participation in possible CSU captive vehicle	1	Oversee formation of captive	PA, SRM	Jun., 2017	In Process
	2	Determine which insurance products can be marketed by the auxiliary organizations	PA, SRM, EC, AORMA	Jul., 2017	
	3	Design marketing plan	PA, SRM, AORMA	Aug., 2017	
LRP-4 Fine Arts, Artifacts and Archives Program (FAAAP)					
Fine Arts, Artifacts and Archives Program rollout and schedule of development	1	Develop Fine Arts, Artifacts and Archives Program	PA	May, 2016	Completed
	2	Announcement of FAAAP	PA	Jun., 2016	Completed
	3	Introduce the FAAAP during the AOA Conference AORMA Update	AORMA Chair	Jan., 2017	Completed
	4	Provide updated information via the CSURMA Newsletter "What's the Risk"	PA	Mar., 2017	
LRP-5 GoGround (Master Enable Agreement for Transportation)					
GoGround communication and rollout plan	1	Finalize agreement between CSURMA and GoGround	SRM	July, 2017	
	2	Introduce the GoGround MEA for Transportation during the AOA Conference AORMA Update	AORMA Chair	Jan., 2017	N/A
	4	Provide information via the CSURMA Newsletter "What's the Risk"	PA	July, 2017	

FY 2016/17 CSURMA AORMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-4	CSURMA Website				
Drive traffic to the CSURMA website	1	Send out first CSURMA Newsletter "What's the Risk"	PA	Dec., 2016	In Process
	2	Link all "What's the Risk" articles to the CSURMA Website	PA	Dec., 2016	In Process
	3	Include a link in all announcements that take the recipient directly to the CSURMA Website	PA	Dec., 2016	In Process
	4	Include a Policy and Procedure information item in every newsletter	PA	Mar., 2017	
LRP-5	Special Funding Task Group				
Compile historical information on AORMA's funding philosophy	1	Research historical funding decisions	PA	Jun., 2017	
	2	Discuss with Special Funding Task Group (AORMA Officers)	PA, AORMA Officers	Jul., 2017	
	3	Discuss with the AORMA Committee	PA, AORMA	Sep., 2017	
	4	Memorialize AORMA's Funding Philosophy and distribute as appropriate	PA	Oct., 2017	
BOD: CSURMA Board of Directors		EC: CSURMA Executive Committee			
PC: AORMA Programs Committee		OGC: CSU Office of General Counsel			
CABO: CSU Chief Administrators and Business Officers		PA: CSURMA Program Administrator			
CO: Chancellor's Office		SRM: CSU Systemwide Risk Management			
AORMA: AORMA Committee					

AORMA COMMITTEE AND STANDING COMMITTEE ROSTER

ISSUE: Attached for the Committee's review is the AORMA Committee and Standing Committee Roster effective July 1, 2016.

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 and Standing Committee Roster – Effective 07/01/16

AORMA Committee
Ten voting members - two alternates - twelve members total
Effective at July 1, 2016

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number
AORMA	Chair	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101
AORMA	First Vice Chair						
AORMA	Second Vice Chair	Gigi Kiama	Human Resources Director	Monterey Bay	The University Corporation at Monterey Bay	gkiama@csumb.edu	831-582-4301
AORMA	Seat 1	Dave Nakamura	Executive Director	Humboldt	Humboldt State University Center	dave.nakamura@humboldt.edu	707-826-4878
AORMA	Seat 2	Dave Nirenberg	Senior Director	Channel Islands	Channel Islands University Auxiliary Services, Inc.	dave.nirenberg@csuci.edu	805-437-2668
AORMA	Seat 3	Brian Nowlin	Chief Operating Officer	Long Beach	California State University, Long Beach Research Foundation	Brian.Nowlin@csulb.edu	562-985-4690
AORMA	Seat 4	Bella Newberg	Executive Director	San Marcos	University Auxiliary and Research Services Corporation	newberg@csusm.edu	760-750-4700
AORMA	Seat 5	Jim Reinhart	Executive Director	Sacramento	University Enterprises, Inc. (UEI)	Jim.Reinhart@csus.edu	916-278-7001
AORMA	Seat 6						
AORMA	Seat 7	Robert de Wit	Chief Financial Officer	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	rdewit@csulb.edu	562-985-5549

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	Gigi Kiama	Human Resources Director	Monterey Bay	University Corporation, CSU Monterey Bay	gkiama@csumb.edu	831-582-4301
PC	At Large	Bill Olmsted	Associate Executive Director	Sacramento	University Union Operation of CSUS, Inc.	olmsted@csus.edu	916-278-6744
PC	At Large	Jason Porth	Executive Director	San Francisco	The University Corporation, San Francisco State	jporth@sfsu.edu	415-338-6880
PC	At Large	Jun Reina	Chief Operating Officer/ Chief Financial Officer	Sacramento	Capital Public Radio, Inc., CSU Sacramento	jreina@csus.edu	916-278-8925
PC	At Large	Raven Tyson	Human Resources & Risk Manager	San Diego	Associated Students of San Diego State University	raven.tyson@sdsu.edu	619-594-3760

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

AORMA PROGRAMS COMMITTEE
AD HOC COMMITTEE FOR UNEMPLOYMENT INSURANCE
PROGRAM CLAIMS ADMINISTRATION RFP

ISSUE: The Programs Committee approved the formation of an ad hoc committee for oversee the RFP process for the unemployment insurance program claims administration contract. The ad hoc committee has been created and the timeline and meeting dates are shown below.

RECOMMENDATION: This item is for information only. No action is required at this time.

FISCAL IMPACT: None at this time.

BACKGROUND:

Ad Hoc Committee Members:

1. Dwayne Brummett - Associated Students, Inc., Cal Poly SLO
2. Rosario Borromeo – CSU Fullerton Auxiliary Services Corporation
3. Gennifer Gonzales – Associated Students, Inc., CSU Sacramento
4. Gigi Kiama – University Corporation at Monterey Bay
5. Dennis Miller – Cal Poly Pomona Foundation

Ad Hoc Committee Meetings and Timeline:

April, 2017 Review and approve Request for Proposal
June, 2017 1st meeting to discuss UI Claims Administration proposals
(teleconference)
July, 2017 Meeting with RFP responders (as appropriate)
August, 2017 2nd meeting to discuss UI Claims Administration proposals
(teleconference, or in person, TBD)
September 28, 2017 AORMA Programs Committee meeting to discuss recommendation for
UI Claims Administration beginning July 1, 2018
December 7, 2017 AORMA Committee meeting to finalize UI Claims Administration (ad
hoc attendance is not required)

PUBLICATION: None.

ATTACHMENT(S): None.