



CSURMA AORMA COMMITTEE MEETING AGENDA
“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, CA

Meeting Date:	December 4, 2014	Location:	Alliant Insurance Services
Time:	10:00 AM		1301 Dove Street, Suite 200
			Newport Beach, CA 92660

A = Action
 I = Information
 V = Verbal

A. CALL TO ORDER

- 1. **Approval of the Agenda** A p. 3

B. PUBLIC COMMENTS

C. CONSENT CALENDAR

- 1. **Approval of Minutes – October 23, 2014** A p.4
The Committee will be asked to approve the minutes from its last meeting

D. CLOSED SESSION Pursuant to California Government Code Section 11126(e)(1) & 11126(f)(1) A

Action may be taken per Government Code Section 11126(e)(1) & 11126(f)(1). Please refer to the below list of claims that may be discussed. The Committee may assess and evaluate pending claims and related issues and take action or provide direction to Staff regarding the litigation described below.
None

E. STANDING COMMITTEE REPORTS

- 1. **Programs Committee Report** I p. 26
- 2. **Member Services, Loss Control and Training Committee Report** I p. 29

3.	AOA Executive Committee Report	I	p. 32
F.	GENERAL ADMINISTRATION		
1.	Policy and Procedure L-1 – Liability Claims Reporting <i>The committee will be asked to approve revisions to Policy and Procedure L-1</i>	A	p. 33
2.	Participant Accident Insurance Limits <i>The committee will view a report showing the current limits of the member's PAI policies</i>	I	p. 81
3.	Revised Liability Program Member Allocation Formula <i>The committee will be asked to approve the revised allocation formula</i>	A	p. 86
4.	Risk Reduction Innovation Matching Grant Program <i>The committee will be asked to approve changes to Policy and Procedure A-6 as well as changes to the procedures for applying for a grant</i>	A	p.96
5.	Earthquake Coverage for Condominium Owners <i>The committee will be asked to discuss the loss exposure</i>	I	p.103
G.	INFORMATION ITEMS		
1.	CSURMA AORMA 2015 Meeting Calendar	I	p. 134
2.	AORMA Committee Members Roster	I	p. 137
3.	FY 2014 AORMA Service Calendar	I	p.140
4.	FY 14/15 AORMA Long Range Action Plan	I	p.148
H.	ADJOURNMENT		

The next CSURMA AORMA Committee meeting is scheduled for March 19, 2015, in Newport Beach.
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

ISSUE: The Committee will be asked to approve the agenda 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 MINUTES – OCTOBER 23, 2014

ISSUE: The Committee will be asked to review and approve the draft minutes from its October 23, 2014 meeting.

RECOMMENDATION: It is recommended that the Committee approve the minutes from its October 23, 2014 meeting, including corrections as necessary.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA AORMA Committee Meeting Minutes – October 23, 2014

**MINUTES OF THE CSURMA AORMA
COMMITTEE MEETING**

OCTOBER 23, 2014

**CSU CHANCELLOR'S OFFICE, MUNITZ ROOM
401 Golden Shore • Long Beach, CA**

10:00 AM

MEMBERS PRESENT

Kurt Borsting - Associated Students, Inc., CSU Fullerton
Melinda Coil - San Diego State University Research Foundation
Guy Dalpe - Cesar Chaves Student Center, San Francisco State University
Leslie Davis - University Union Operation of CSUS, Inc., Sacramento State University
Mark Day - Santos Manuel Student Union of CSU San Bernardino
Robert de Wit - Forty-Niner Shops, Inc., CSU Long Beach
Gigi Kiama - University Corporation, CSU Monterey Bay
Keith Kompasi - Fresno Association, Inc., CSU Fresno
Frank Mumford - CSU Fullerton Auxiliary Services Corporation, CSU Fullerton
Brian Nowlin - CSULB Foundation, CSU Long Beach

MEMBERS ABSENT

Dwayne Brummett - Associated Students, Cal Poly San Luis Obispo (*attended via teleconference, non-voting member*)
Haleh Minakary - The Cal Poly Pomona Foundation, Inc., Cal Poly Pomona

STAFF, GUESTS AND CONSULTANTS

Zachary Gifford - CSU Office of the Chancellor, Systemwide Risk Management
Willy Hsu - CSU Office of the Chancellor, Office of General Counsel
David Kervella - CSU Office of the Chancellor, Systemwide Professional Development
Mike Fleming - CSAC EIA
Mauri McGuire - Carl Warren & Company
Melissa Diaz - Alliant Insurance Services, Inc.
Daniel Howell - Alliant Insurance Services, Inc.
Mimi Long - Alliant Insurance Services, Inc.
Gordon DesCombes - Alliant Insurance Services, Inc.
Lilian Vanvieldt - Alliant Insurance Services, Inc.

A. CALL TO ORDER

The meeting was called to order by the Chair, Robert de Wit at 10:02 AM.

A1. Approval of the Agenda

A motion was made to approve the agenda.

Motion: Keith Kompsi
Second: Brian Nowlin

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

The motion carried.

B. PUBLIC COMMENTS

There were no comments from the public.

C. CONSENT CALENDAR

C1. Approval of Minutes – September 10 and 11, 2014

A motion was made to approve the minutes from the September 10, 2014 and September 11, 2014 AORMA Committee meetings.

Motion: Guy Dalpe
Second: Leslie Davis

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

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

The motion carried.

D1. CLOSED SESSION

1. Cahuilla Band of Indians v SDSU Research Foundation
2. Arce v CSUN ASI
3. DFEH/EEOC Claim LaShonna Goodman against CSUN University Corporation
4. Lujan v CSU Long Beach Research Foundation
5. Mendocino College Fund and The Charles & Margaret Dexter Charitable Remainder Unitrust claims against CSU Sonoma Academic Foundation
6. Lyons (lead claimant) v CSU Chico Research Foundation
7. Caroline Calderon v SFSU Student Center, Inc.
8. Albert Torres v CSUN USU, Inc.
9. Finley v CSU Chico Research Foundation, Inc.
10. Trapper v CSULB ASI
11. Robert Brown v San Diego State University Research Foundation
12. Unknown Child v CSU Fullerton ASI
13. Bhatka v CSU Sacramento Union, Inc.
14. Goodman v CSU Stanislaus University Student Union, Inc.
15. Grant Hubbard v CSU San Marcos Auxiliary and Research Services Corporations

A motion was made to enter closed session.

Motion: Keith Kompsi
Second: Frank Mumford

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

Haleh Minakary				X
Frank Mumford	X			
Brian Nowlin	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Kurt Borsting - Alternate	X			
Dwayne Brummett - Alternate				

The motion carried.

The chair reported that action was taken during closed session.

E. STANDING COMMITTEE REPORTS

E1. Programs Committee Report

Guy Dalpe the Programs Committee Chair provided a brief report of the committee’s recent activities. The committee continues to review the FY 15/16 Liability Program member allocation formula. Jun Reina, from Capitol Public Radio, joined the Programs Committee and attended his first meeting on September 25, 2014.

E2. Member Services, Loss Control and Training Committee Report

Melinda Coil the Member Services, Loss Control and Training Committee Chair provided a brief report of the committee’s recent activities. David Kervella updated the committee on the progress regarding uploading auxiliary staff into the hub so that they can use the campus’ online training platform.

E3. AOA Executive Committee Report

Robert de Wit let the committee know that the AOA EC has not meet since the last AORMA Committee meeting; therefore an update is not available.

F. GENERAL ADMINISTRATION

F1. AORMA’s Long Range Action Plan for FY 14/15

The committee reviewed the Long Range Action Plan for FY 14/15. The following items were added based on the discussions at the September 10, 2014, AORMA Committee meeting:

AORMA Committee: (1) Create a closed session policy and procedure (2) create a member allocation formula rating plan review policy and procedure.

Programs Committee: (1) Finalize the liability program member allocation formula for FY 15/16, (2) evaluation an earthquake product for condominium owners when the HOA does not purchase earthquake coverage.

Member Services, Loss Control and Training Committee: (1) Finalize the new innovative criteria for the risk reduction matching grant program, (2) complete the AORMA insurance handbook – is this covered, (3) complete the real property acquisitions checklist and (4) finalize the keeping minors safe while on campus – handbook.

The committee also discussed the contract with Praesidium for Prevention of Sexual Misconduct and Abuse of Minors. Staff was directed to contact those Auxiliary Organizations that purchase participant accident insurance for a program serving minors. Daniel Howell suggested that the Programs Committee evaluation a requirement that all programs serving minors will be required to complete the online self-assessment offered by Praesidium.

A motion was made to approve the Long Range Action Plan for FY 14/15.

Motion: Keith Kompsi
Second: Kurt Borsting

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

The motion carried.

F2. AORMA Committee Vice-Chair Election

Robert de Wit let the committee know that the Nominations Committee met and nominated Guy Dalpe to for the position of AORMA Committee Vice-Chair for the term July 1, 2015 to June 30, 2016.

The Committee Members voted and unanimously elected Guy Dalpe as the AORMA Vice-Chair effective July 1, 2015.

Motion: Brian Nowlin
Second: Frank Mumford

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

The motion carried.

F3. Review of Policy and Procedure A-3 – Target Surplus Funding Policy

The committee reviewed the revised version of Policy and Procedure A-3 – Target Surplus Funding Policy which includes the following changes:

1. The committee responsible for the initial and final determination regarding AORMA’s surplus and dividend distribution has been changed from the Programs Committee to the AORMA Committee. In practice, the Programs Committee does review the Target Surplus Funding report after the AORMA Committee reviews it in September. The timing for the completion of this report is always extremely tight as the financials at 6/30 and actuarial reports are needed. Therefore, the AORMA Committee has been responsible for determining whether it’s desirable to increase, decrease or stabilize surplus as well as approving dividends.
2. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
3. Additional revisions were made only to make the wording consistent, but do not change the intent of the policy and procedure.

A motion was made to approve the revisions to Policy and Procedure A-3 as presented by staff.

Motion: Keith Kompsi
Second: Gigi Kiama

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

The motion carried.

F4. Review of Policy and Procedure A-4 – Dividends and Assessments

The committee reviewed the revised version of Policy and Procedure A-4 – Dividends and Assessments which includes the following changes:

1. The Programs Committee has been removed from the initial approval process for the dividends and assessments. The Programs Committee is responsible for approving the final member allocation of the dividend or assessment, but not the conduct the initial review. The dividend or assessment approval is made based on the information in the Target Surplus Funding Report. The timing for the completion of this report is always extremely tight as the financials at 6/30 and actuarial reports are necessary. Therefore, the AORMA Committee has been responsible for approving the dividends and assessments.
2. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
3. The Member Appeal Process has been revised, by adding the wording below, so that the appeal process is consistent in all of AORMA’s policies and procedures.

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.

4. Additional revisions were made only to make the wording consistent, but do not change the intent of the policy and procedure.
5. The definition for Programs Committee was removed as it is no longer included in the policy and procedure.

A motion was made to approve the changes to Policy and Procedure A-4 as presented by staff.

Motion: Brian Nowlin
Second: Gigi Kiama

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

The motion carried.

F5. Review of Policy and Procedure L-1 – Liability Claims Reporting

The committee reviewed the revised version of Policy and Procedure L-1 – Liability Claims Reporting which includes the following changes:

1. The policy wording section was amended to make the meaning easier to follow.

It is the policy of AORMA that there will be no coverage for any SETTLEMENT negotiated or agreed to without involvement and prior approval of the TPA.

- If the MEMBER becomes aware of a CLAIM but does not provide notification to the TPA within 30 days, all DAMAGES incurred by the MEMBER, within that 30 day period, will be the financial responsibility of the MEMBER and will not be a part of the total DAMAGES within the Late Reporting of Claims Schedule.
2. The words within the policy and procedure that are defined were changed to “all caps”.
 3. A notation was added that the late reporting penalty only applies to AORMA pooled layer; not the excess of reinsurance.
 4. The loss amounts within the late reporting examples were changed to show a maximum loss amount of \$350,000, which is AORMA’s current pooled layer limit.
 5. The Member Appeal Process was revised so that the appeal process is consistent in all of AORMA’s policies and procedures.
 6. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
 7. The definition of “Loss” was changed to “Damages” to be consistent with the current Liability Memorandum of Coverage.
 8. The definition of “AORMA Pooled Layer” was added.
 9. The definition of “in writing” was deleted.

The committee was not comfortable with the definition of “claim” and felt that the policy and procedure needed to add specific claims reporting requirements, i.e., when does an incident become a “claim”. Staff was directed to revise this policy and procedure and add it to the December meeting’s agenda.

F6. Review of Policy and Procedure L-2 – Liability Claims Administration and Litigation Management

The committee reviewed the revised version of Policy and Procedure L-2 – Liability Claims Administration Litigation Management which includes the following changes:

1. Throughout the policy and procedure, reinsurer was added to excess insurer.
2. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
3. The definition of “Loss” and “Claim” were deleted as the defined term is not necessary in the policy and procedure.

4. Within Section 7.B. the word Legal was replaced with Defense. “Legal” appears to be a typo.
5. The definition of “pooled layer limit” was updated with current limits.

A motion was made to approve the changes to Policy and Procedure L-2 as presented by staff.

Motion: Guy Dalpe
Second: Gigi Kiama

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

The motion carried.

F7. Review of Policy and Procedure L-3 – Legal Counsel Selection

The committee reviewed the revised version of Policy and Procedure L-3 – Legal Counsel Selection which includes the following changes:

1. The title of the CSURMA Secretary has been updated to CSURMA Secretary-Auditor.
2. The second paragraph on Page 2 was restated to accurately state its intent.
3. Civil Code was added to Section 2860 so that reference is clearly stated.
4. The statement, “the TPA will involve the AORMA COMMITTEE Chair as appropriate to assist in resolving the claim or clarifying the issue” was removed as the AORMA Committee and AORMA Committee officers are available assist the TPA as necessary.
5. The definition of AORMA was updated to the current definition.

- The definition of Maximum Allowable Hourly Rate was revised to remove the statement that AORMA has two separate rates – one for EPL claims and one for all other.

A motion was made to approve the changes to Policy and Procedure L-3 as presented by staff.

Motion: Keith Kompsi
Second: Leslie Davis

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

The motion carried.

F8. Review of Policy and Procedure L-4 – Employee Driving Standards

The committee reviewed the revised version of Policy and Procedure L-4 – Employee Driving Standards which includes the following changes:

- Throughout the policy and procedure “Self-Insured Retention (SIR) Liability Fund” was changed to “Liability Coverage Program” to be consistent with the program’s name as noted on the participation agreement and the memorandum of coverage.
- The Issue and Discussion sections were deleted as they do not discuss the policy but rather add background information.
- Throughout the policy and procedure “Driving Eligibility Standards” is used consistently, rather than “standards”, “minimum requirements” or “policy guidelines and standards”.
- The wording “any AORMA member who fails to adhere to these standards will be subject to having its participation in the SIR liability program terminated” has been

- deleted. The CSURMA JPA Agreement already includes the requirements for terminating a member from a program.
5. The reference to 15 passenger vans was removed, as the CSU prohibits the use of these types of vehicles.
 6. Violation Points and Non-Occasional Drivers are shown in “all caps” throughout the document as definitions are included.
 7. It is noted that occasional drivers still need to have a driver’s license but are not required to comply with the violation points standard.
 8. Throughout the policy and procedure Member has replaced “AORMA Member” and “Auxiliary Organization”.
 9. Item 6 – New Employees and Volunteers was removed as it is a recommendation not a policy.
 10. AORMA’s standard Member Appeal Process was added.
 11. Because the driving eligibility standards are not unduly restrictive, the waiver process was deleted.
 12. Some definition were deleted that were not necessary within the policy and procedure.

The committee discussed removing the “use of personal vehicles on auxiliary organization business” section as it pertains to the individual auxiliary organization’s internal business practice and some members felt the requirement should not be included in AORMA’s policy and procedure. After much discussion, the committee ultimately decided to keep the section.

The committee did request that the wording within the “use of personal vehicles on auxiliary organization business” section be changed as follows:

“If an employee or volunteer ~~is permitted to use~~ **uses** a personal vehicle”

A motion was made to approve the changes to Policy and Procedure L-4 as presented by staff with the addition of the one revision noted above.

Motion: Guy Dalpe
Second: Brian Nowlin

NAME	AYE	ABSTAIN	NAY	ABSENT
Melinda Coil	X			
Guy Dalpe	X			

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

The motion carried.

F9. Review of Policy and Procedure L-6 – Requirement that Participant Accident Insurance is Purchased for all Child Care and Camp Operations Involving Minors

The committee reviewed the revised version of Policy and Procedure L-6 - Requirement that Participant Accident Insurance is Purchased for all Child Care and Camp Operations Involving Minors which includes the following changes:

1. Policy and procedure has been updated to include definitions of AORMA, Member and Participant Accident Insurance.

Mimi Long noted that the required limit of \$10,000 is fairly low. The committee directed staff to review existing PAI policies to see how many are purchased with a limit in excess of \$10,000.

A motion was made to approve the changes to Policy and Procedure L-6 as presented by staff.

Motion: Brian Nowlin
Second: Gigi Kiama

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

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

The motion carried.

F10. Approval of Policy and Procedure No. 22 – Claims Handling Guidelines

The committee reviewed the Policy and Procedure No. 22 – Claims Handling Guidelines which was created by staff. As explained by Daniel Howell, CSURMA has developed claims process policy and procedure documents for AORMA’s self-insured programs. These policies and procedures go beyond the coverage documents to describe such things as:

- Claim Reporting
- Roles and responsibilities
- Handling of disputes

For insured programs, staff has followed traditional insurance industry practices and resolved complex matters on a case by case basis. Procedure No. 22 – Claims Handling Guidelines has been drafted broadly and allows that more specific policies and procedures may be adopted for programs.

A motion was made to recommend approval to the Executive Committee.

Motion: Gigi Kiama
Second: Brian Nowlin

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

The motion carried.

F11. Review of Policy and Procedure A-5 – Calendar of Reports, Audits, Filings and Reviews

The committee reviewed the revised version of Policy and Procedure A-5 – Calendar of Reports, Audits, Filings and Reviews includes the following changes:

1. A requirement that AORMA review its Member Allocation Formulas every three years was added.
2. The requirement that the Programs Committee will conduct the initial review and that the AORMA committee will approve all revisions prior to the allocations being utilized was added.

A motion was made to approve the revised version of Policy and Procedure A-5.

Motion: Leslie Davis
Second: Guy Dalpe

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

The motion carried.

F12. Approval of Policy and Procedure A-8 – CSURMA AORMA Closed Session Guidelines

The committee reviewed the new Policy and Procedure which states that an AORMA Committee member may be asked to recuse himself/herself from closed session discussions in the event the

AORMA Committee determines potential conflicts of interest may exist. Whether recusal is necessary shall be determined on a case-by-case basis depending on the circumstances and facts.

A motion was made to approve Policy and Procedure A-8.

Motion: Leslie Davis
Second: Gigi Kiama

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

The motion carried.

F13. AOA and AORMA Relationship Resolution

The committee reviewed Resolution No. 01-14 which confirms that;

1. Membership in the AOA shall be a qualifying condition for obtaining any CSURMA AORMA auxiliary organization pooled insurance coverage program.
2. AORMA is designated by the AOA as the Risk Management and Insurance Programs standing committee to the AOA Executive Committee to advise upon and coordinate risk management and insurance, including employee benefit programs, made available through CSURMA AORMA.
3. The AORMA Committee Chair shall serve as a voting member of the AOA Executive Committee.

This resolution is in response to the changes that were made by the AOA Executive Committee during its August 15, 2014 meeting where it revised its AOA CSURMA Relationship Policy and the AOA Risk Management and Insurance Programs Committee Operating Guidelines. The

policy/guideline includes statements which are not stated anywhere in AORMA’s policies or procedures. In response, Staff issued a resolution for the committee’s consideration.

A motion was made to approve Resolution No. 01-14 – AOA AORMA Relationship.

Motion: Brian Nowlin
Second: Kurt Borsting

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

The motion carried.

F14. Revision to AORMA’s Liability Program Memorandum of Coverage

Staff was approached by HSU, Sponsored Programs Foundation, because they occasionally need to rent off-road vehicles for sponsored programs. Similar to RV’s and limousines, the auto rental agency does not allow the renter to purchase the physical damage coverage when renting the vehicle. The Programs Committee has reviewed the Domestic Hired Automobile Physical Damage endorsement and is recommending the following revision to Exclusion N:

CSURMA AORMA will not cover loss due to off-road operation of the rented **auto**, **except when the off-road operation is authorized by a Covered Party and is used for an appropriate business operation.**

The following exclusion will remain on the memorandum of coverage, which would require that the vehicle be legally rented as an off-road vehicle. The vehicle could not be illegally driven off-road.

CSURMA AORMA will not pay for loss arising out of any violation of the rental car agreement.

A motion was made to approve the change to the liability memorandum of coverage.

Motion: Mark Day
Second: Brian Nowlin

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

The motion carried.

F15. Evaluation of Primary Coverage Program for Workers’ Compensation Through CSAC EIA

Daniel Howell mentioned that CSURMA has generally taken the approach of retaining risk when it could do so at a lower cost than risk transfer. From July 1, 2008 to June 30, 2011, the CSURMA Executive Committee authorized the purchase of a primary reinsurance program for the Campus Workers’ Compensation Risk Pool since the risk transfer was less expensive than the cost projected by CSURMA’s actuary. After June 30, 2011, the cost of risk transfer exceeded the CSURMA actuary’s projection of the cost to retain the risk, so the reinsurance program was discontinued.

In March 2014, staff received interest from the CSAC Excess Insurance Authority (EIA) to offer a primary coverage program to both the Campus WC Risk Pool and the AORMA WC Program. Several meetings have taken place to determine the viability of CSURMA participation in the CSAC EIA program, and operational hurdles have been addressed so that participation would be transparent to the campuses and auxiliary organizations.

Daniel introduced Mike Fleming from CSAC EIA, Gordon DesCombes from Alliant Insurance Services, Inc. and Lilian Vanvieldt from Alliant Insurance Services, Inc. who provided an overview of the workers’ compensation proposal. CSAC EIA was formed in 1979 and is one of the oldest JPAs in California. The excess workers’ compensation program was the first CSAC

EIA program. Originally CSAC EIA was only available to counties; now all JPAs within California can join. CSAC EIA has been accredited with excellence by CAJPA since 1989. It has also been accredited by AGRIP since 2010. CSAC EIA currently has 55 county members and 254 public entity members (some of these members are JPAs.) There are 15 active committees which CSU would be able to join. The proposed premium is for an 18 month term beginning January 1, 2015. The financial terms of CSAC EIA’s proposal are summarized below. Mike Flemming mentioned that CSAC EIA has not approved the admin charge, so it’s possible that the premium could go up by \$3,000 to \$4,000. Also, the CSAC EIA underwriting committee would need to make the final approval; however, they have reviewed the original CSURMA submission and Mike does not anticipate any issues.

EIA Proposed Coverage Program Compared to CSURMA Actuarial Cost*

18 months	Campus	AORMA	Total
CSURMA Agreed			
Actuarial Funding:	\$ 42,336,525	\$ 4,781,875	\$ 47,118,400
CSAC EIA Primary:	\$ 22,237,435	\$ 2,287,055	\$ 24,524,490
CSAC EIA EWC:	\$ 13,981,931	\$ 1,438,001	\$ 15,419,932
CSAC EIA Total:	\$ 36,219,366	\$ 3,725,056	\$ 39,944,422

*actuarial cost from Aon studies valued at June 30, 2014.

Daniel noted that due to financial considerations, the AORMA WC program can only participate in this risk transfer if the Campus WC Risk Pool also participates.

The CSAC EIA excess workers’ compensation program has a minimum attachment point of \$125,000. CSAC EIA created a primary workers’ compensation program for CSURMA which will have a \$125,000 per accident limit. The primary workers’ compensation program will be reinsured through AmTrust. CSAC EIA has an existing relationship with AmTrust. CSAC EIA will retain the premium paid by CSURMA for the primary layer which will earn interest.

The cost of a primary reinsurance program would be paid from AORMA and Campus WC Risk Pool deposits that would otherwise be used to self-insure the claims. If claims develop as projected by the CSURMA actuary, the proposed EIA program would result in a lower cost to CSURMA. If CSURMA’s claims are less than the actuary’s projection or if CSAC EIA has negative experience in their excess workers’ compensation program, the cost of the proposed EIA program may be higher than CSURMA’s actuarial projection.

As a projection, if CSU remains in the EWC program for three years, then CSU’s percentage in the pool would be 4%. For ten years, CSU will receive 4% of the dividends paid or will be assessed 4% of the assessments. If CSU remains in the program for ten years, CSU’s premium

would be 11% of the total pool. This is an estimate which assumes that CSU premium would not change. CSAC EIA levied an assessment in FY 04/05 of \$8,000,000 and has not declared a dividend in many years.

Mike Flemming commented that the interest rate assumption is a hard number to estimate. CSAC EIA has to rely on CSU’s actuarial report.

The committee asked how CSAC EIA would be different from SELF. Daniel noted that CSAC EIA may assessment each member as well; however, the problems with SELF resulted from a number of issues. The excess workers’ compensation pool had an extremely low self-insured retention of \$250,000, and the rating did not include member experience modifications factors. Because of this, the members with the low loss ratios left the program and the members with the high loss ratios stayed. This created adverse selection. Also, SELF did not audit the members’ claims administrators and had only one claims consultant on staff to oversee the claims administration of all of the members. CSAC EIA does include an experience modification factor in each member’s premium calculation. CSAC EIA audits each member’s claims administrator to verify that the claims are being reserved appropriately and that claims are being administered effectively every other year. Also, SELF required a six month notice of cancellation which made leaving the program difficult. CSAC EIA requires only 60 days notice of cancellation and the notice of cancellation is rescindable. CSAC EIA also has seven staff members who are devoted to loss control.

A motion was made to delegated authority to the executive committee to make the final decision and to execute the participation documents if appropriate.

Motion: Guy Dalpe
Second: Brian Nowlin

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

The motion carried.

G. INFORMATION ITEMS

The committee reviewed the following information items.

- G1. CSURMA AORMA 2014 Meeting Calendar**
- G2. CSURMA AORMA Program Administrator's Contact Lists**
- G3. AORMA's Travel Reimbursement Policy**
- G4. AORMA Committee Members - Effective 7/01/14**

H. ADJOURNMENT

The meeting was adjourned at 2:56 PM.

PROGRAMS COMMITTEE REPORT

ISSUE: The Committee Members will hear a verbal report on recent activities.

RECOMMENDATION: This is an information item only; no action is required.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Agenda table of contents from Programs Committee meeting on November 4, 2014.



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. Guy Dalpe: Cesar Chavez Student Center, SFSU, 1650 Holloway Avenue Room C-134, San Francisco
2. Gigi Kiama: University Corporation at CSUMB, 100 Campus Center, Bldg. 201, Seaside
3. Haleh Minakary: Cal Poly Pomona Foundation, CSU Pomona, 3801 W. Temple Ave., Bldg. 55, Pomona
4. Mark Day: Santos Manuel Student Union, CSU San Bernardino, 5500 University Parkway, San Bernardino
5. Jun Reina: Capital Public Radio, Inc., CSU Sacramento, 7055 Folsom Boulevard, Sacramento

Meeting Date: November 4, 2014
Time: 1:00 p.m. (Teleconference)

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

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

A. CALL TO ORDER

B. PUBLIC COMMENTS

C. GENERAL ADMINISTRATION

- 1. Approval of the Agenda Order** A p. 3
The committee will be asked to approve today’s meeting agenda order
- 2. Approval of the Meeting Minutes – September 25, 2014** A p. 4
The Committee will be asked to review and approve the minutes from the last Programs Committee meeting on September 25, 2014
- 3. Liability Program Member Allocation Formula** A p. 9
The committee will be asked to review the draft liability program member allocation formula

D. INFORMATION ITEMS

- 1. 2014 CSURMA AORMA Meeting Calendar**

I p. 11

E. ADJOURNMENT

The next PC meeting is scheduled for December 11, 2014 at 1:00pm via teleconference

**MEMBER SERVICES, LOSS CONTROL AND TRAINING
COMMITTEE REPORT**

ISSUE: The Committee Members will hear a verbal report on recent activities.

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

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATIONS: None.

ATTACHMENT(S):

- a. Agenda table of contents from Member Services, Loss Control and Training Committee meeting on November 17, 2014.



**MEMBER SERVICES, LOSS CONTROL AND TRAINING
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 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. Debbie Adishian-Astone, CSU Fresno Association, 2271 East Shaw Avenue, Fresno
2. Arnecia Bryant, Loker University Student Union, 1000 East Victoria St., Carson
3. Melinda Coil, SDSU Research Foundation, 5250 Campanile Drive, San Diego
4. Leslie Davis, University Union Operation of CSUS, Inc., 6000 J Street, Sacramento
5. Kristin Kelly, Student Union of San Jose State University, 290 South 7th Street, San Jose
6. Dennis Miller, Cal Poly Pomona Foundation, 3801 West Temple Ave., #55, Pomona
7. Raven Tyson, Associated Students of San Diego State University, 5500 Campanile Drive, San Diego

Meeting Date: Monday, November 17, 2014

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

Time: 11:00 a.m. (Teleconference)

A. CALL TO ORDER

B. PUBLIC COMMENTS

C. GENERAL ADMINISTRATION

1. **Approval of the Agenda Order** A pg. 3
The committee will be asked to approve today’s meeting agenda order
2. **Approval of Meeting Minutes – September 29, 2014** A pg. 4
The Committee will be asked to approve the minutes from its last meeting
3. **Approval of the MSLCTC Long Range Planning Goals for FY 14/15** A pg. 10
The Committee will be asked to approve the long range planning goals that have been assigned to the MSLCTC by the AORMA Committee
4. **Risk Reduction Matching Grant Program** A pg.14
The Committee will be asked to discuss modifications to the grant program application process

5. SkillSoft Analysis Survey Tool **A** *pg. 21*
The Committee will be asked to approve the final version of the SkillPort survey tool

6. Approval of 2015 MSLCTC Meeting Dates **A** *pg. 25*
The Committee will be asked to approve their 2015 meeting dates

D. INFORMATION ITEMS

1. AORMA Committee and Standing Committees - Roster *pg. 28*

E. ADJOURNMENT

The next meeting date will be on Monday, January 26th, via teleconference.

AOA EXECUTIVE COMMITTEE REPORT

ISSUE: The AORMA Chair attends the AOA Executive Committee meetings and reports to the committee the recent AORMA activities. The AORMA Chair will provide a brief overview to the AORMA Committee as to the recent activities of the AOA Executive Committee.

Robert de Wit will provide a verbal report at today's meeting.

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

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

POLICY AND PROCEDURE L-1 - LIABILITY CLAIMS REPORTING

ISSUE: Staff has reviewed Policy and Procedure L-1 – Liability Claims Reporting and has made the following revisions:

1. The Policy and Procedure name was changed from Claims Reporting to Liability Claims Reporting
2. The Policy and Procedure wording has been changed to be consistent with the Liability Program memorandum of coverage
3. Paragraphs and sentences were moved to new sections of the Policy and Procedure so that the wording is consistent with the Liability Program memorandum of coverage
4. The late reporting penalties examples were deleted
5. The definitions of AORMA, CSURMA, Member, Memorandum of Coverage, TPA, and Participation Agreement were updated
6. The prior version of Policy and Procedure L-1 stated,

“... in no event shall payments be made by AORMA for any loss incurred more than 30 days prior to written notification of a claim to the TPA.”

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

7. Definitions for Occurrence and Unfair Employment Practices were added. Both definitions included are “as defined within the AORMA Liability Program Memorandum of Coverage”. The definitions of Occurrence and Unfair Employment Practices are too lengthy to include in the Policy and Procedure because they include additional definitions and coverage sections such as Coverage Period, Errors and Omissions, Personal Injury, Discrimination, to name just a few.

RECOMMENDATION: Staff recommends that the AORMA Committee approve the changes to Policy and Procedure L-1 with revisions as appropriate.

FISCAL IMPACT: None.

PUBLICATION: If approved, the revised Policy and Procedure will be uploaded to the CSURMA website.

ATTACHMENT(S):

- a. Policy and Procedure L-1 – Liability Claims Reporting (revised version)
- b. AORMA Liability Program memorandum of coverage



CSURMA AORMA

POLICY AND PROCEDURE NO. L -1

SUBJECT: LIABILITY CLAIMS REPORTING

ADOPTED: **DECEMBER 7, 2006**

AMENDED: **OCTOBER 8, 2009**
DECEMBER 4, 2014

EFFECTIVE: **JANUARY 1, 2007**

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

POLICY:

It is the policy of CSURMA AORMA that all MEMBERS will comply with the following conditions of the AORMA Liability Program MEMORANDUM OF COVERAGE.

A. Duties in the Event of an Accident, OCCURRENCE, Offense, Claim, Suit or Proceeding: The following provisions are precedent to coverage under the AORMA Liability Program MEMORANDUM OF COVERAGE. The COVERED PARTY's failure to comply with any of these provisions In the event of any CLAIM against a MEMBER, WRITTEN NOTICE regarding the CLAIM shall be given by the MEMBER to the THIRD PARTY CLAIMS ADMINISTRATOR (TPA) as soon as practicable. Failure to report a CLAIM as required will be cause for a reduction in or denial of coverage by CSURMA AORMA.

~~In no event shall any payments be made by AORMA for LOSS incurred more than 30 days prior to written notification of a CLAIM to the TPA. Moreover, no settlement of any claim shall be paid by AORMA without prior written authorization of the TPA.~~

Comment [A11]: Moved to "No Voluntary Payments" section.

PROCEDURE:

~~All claim communications shall be provided IN WRITING and directed to the TPA. Effective July 1, 2006, the TPA is Carl Warren and Company.~~

Comment [A12]: Included in section A.1.

WHAT NEEDS TO ACCOMPANY THE FIRST CLAIM REPORT:

1. In the event of any OCCURRENCE or offense which may result in a claim, suit or proceeding against a COVERED PARTY, written notice (includes e-mail correspondence, fax transmissions and original hard copy notifications) shall be given by the MEMBER to the TPA as soon as practicable.



CSURMA AORMA

POLICY AND PROCEDURE NO. L -1

2. When the **MEMBER** submits the first ~~CLAIM- claim~~ report, the following information shall be included, if available and applicable:

- ~~a. How, when and where the **OCCURRENCE** or offense took place;~~
- ~~b. The names and addresses of any injured persons and witnesses;~~
- ~~c. The nature and location of any injury or damage arising out of the **OCCURRENCE** or offense;~~
- ~~a-d. Incident R~~e~~ports;~~
- ~~b-e. Investigation reports;~~
- ~~e-f. Police reports;~~
- ~~d-g. Claims notices and **AORMA-MEMBER** and any other involved **COVERED PARTY** member-response(s)~~
- ~~1. Pleadings (i.e. Summons, Complaints and other legal papers received by the Member)~~
- ~~e-h. Medical reports~~
- ~~f-i. Request for Assignment of "Non-Approved" Legal Counsel (See **AORMA** Legal Counsel Selection Policy & Procedure)~~
- ~~g-i. Other information helpful to the **TPA**~~

Comment [A13]: Included in section A.3.

TPA – Contact Information

Regular Mail

Carl Warren & Company
P.O. Box 7059
Ventura, CA 93006-7059
Attn: Mauri McGuire
Phone: 805.650.7020, ext. 1003
Fax: 805.658.9950
Email: mmcguire@carlwarren.com

Express Mail

Carl Warren & Company
1000 South Hill Rd., Suite 215
Ventura, CA 93003-4455
Attn: Mauri McGuire
Phone: 805.650.7020, ext. 1003
Fax: 805.658.9950
Email: mmcguire@carlwarren.com

3. The **MEMBER** and any other involved **COVERED PARTY** shall provide immediate notice of any Pleadings, Summons, Complaints and any other legal papers received by the **MEMBER** or other involved **COVERED PARTY** to the **TPA** and authorize **CSURMA AORMA** to obtain records and other information;

- a. Late Reporting Penalties

LATE REPORTING OF CLAIMS:



~~As stated in the Policy section of this document, in no event shall any payments be made for any LOSS incurred more than 30 days prior to written notification of a CLAIM to the TPA.~~

Comment [A14]: Moved to "No Voluntary Payments" section.

If an ~~claim OCCURRENCE, offense, claim, suit or proceeding~~ is not reported by the MEMBER ~~to the TPA~~ within the timeframes set below, the following ~~LATE REPORTING SCHEDULE~~late reporting schedule will apply:

- i. If an ~~claim OCCURRENCE, offense, claim, suit or proceeding~~ is reported 1-6 months late as determined by the TPA, a 25% reduction of coverage ~~(LOSS)~~ will apply;
- ii. If an ~~claim OCCURRENCE, offense, claim, suit or proceeding~~ is reported 7-12 months late as determined by the TPA, a 50% reduction of coverage ~~(LOSS)~~ will apply;
- iii. If an ~~claim OCCURRENCE, offense, claim, suite or proceeding~~ 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~~.

~~3.4. The MEMBER and any other involved COVERED PARTY will cooperate with CSURMA AORMA in the investigation or settlement of the claim, suit or proceeding and defense against and assist CSURMA AORMA, in the enforcement of any right against any person or organization which may be liable to the MEMBER because of injury to which this coverage may also apply.~~

~~B. No Voluntary Payments: Except as stated below, no MEMBER will, except at that MEMBER's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without consent of CSURMA AORMA.~~

~~With respect to UNFAIR EMPLOYMENT PRACTICES, in no event shall any payments be made ~~by~~ CSURMA AORMA for any costs incurred to defend a covered claim more than thirty (30) days prior to written notification of any OCCURRENCE, offense, claim or suit to the TPA.~~

~~Moreover, no settlement of any claim shall be paid by CSURMA AORMA without prior written authorization of the TPA.~~

~~EXAMPLE OF LATE REPORTING SCHEDULE IMPLICATIONS:~~



CSURMA AORMA

POLICY AND PROCEDURE NO. L -1

Claim Amount	Deductible Amount	Recoverable Amount	Amount Recoverable if Reported Within 30 days of knowledge of claim as determined by TPA	Amount Recoverable if Reported one to six months late as determined by the TPA	Amount Recoverable if Reported seven to twelve months late as determined by the TPA	Amount Recoverable if Reported over one year late as determined by the TPA
\$100,000	\$25,000	\$75,000	\$75,000	\$56,250	\$37,500	\$0
\$500,000	\$25,000	\$475,000	\$475,000	\$356,250	\$237,500	\$0
\$1,000,000	\$25,000	\$975,000	\$975,000	\$731,250	\$487,500	\$0

MEMBER APPEAL PROCESS:

First Level Appeal

If a **MEMBER** wishes to appeal a decision resulting from the enforcement of this ~~p~~Policy & and ~~p~~Procedure, the **MEMBER** must present an appeal in writing to the **AORMA** Committee within thirty (30) days of the disputed decision. The **AORMA** Committee will review the appeal at its next regularly scheduled meeting and inform the **MEMBER** within five (5) business days of its final decision.

Second Level Appeal

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~~Executive Committee will then review the appeal at its next meeting or sooner. The **CSURMA** ~~EXECUTIVE COMMITTEE’S~~Executive Committee’s decision will be the final determination.

The TPA will involve the AORMA Committee Chair as appropriate to assist in resolving the claim or clarifying the issue.

DEFINITIONS:

~~AORMA – Auxiliary Organizations Risk Management Alliance - AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE (AORMA) — An insurance purchasing program for use exclusively by auxiliary organization members of the CSURMA. AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE (AORMA) COMMITTEE — A Committee of the CSURMA providing management and oversight to the~~



~~Auxiliary Organizations Risk Management Alliance. Comprised of the Chair, the Vice Chair, eight "At Large" members and two non-voting members.~~

~~CLAIM—An act or related series of acts causing injury to persons or damage to property.~~

~~CSURMA —The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its Auxiliary Organizations,~~

~~EXECUTIVE COMMITTEE— The CSURMA Executive Committee.~~

~~IN WRITING— The required manner for reporting a claim to the AORMA TPA. Written notice includes email correspondence, faxed transmissions and original, hard copy notifications and should only be directed to the TPA.~~

~~LATE REPORTING SCHEDULE— A detailed list of reductions in coverage and related claim payments resulting from the late reporting of a claim.~~

~~LOSS— Loss means the total amount of damages, including any punitive or exemplary damages when not against public policy and attorney fees awarded in favor of third parties, the Insured is legally obligated to pay because of a wrongful act(s). Loss also includes related claims expenses, back pay, and front pay. Loss will be established after a contested claim or by a compromise settlement which has previously been agreed to in writing. Loss will be reduced by any recoveries or salvages that have been paid or collected. Loss does not include any damages, costs, or expenses incurred by any Insured in making physical changes, modifications, alterations, or improvements as part of an accommodation or any cause of action of any person pursuant to the Individuals with Disabilities Education Act, American with Disabilities Act of 1990, Section 504 of the Rehabilitation Act or any similar federal, state or local law.~~

~~MEMBER – The MEMBER is a signatory to the CSURMA Joint Powers Authority and is named on the AORMA Liability Program MEMORANDUM OF COVERAGE Declarations Page. Any Auxiliary Organization participating in AORMA.~~

~~MEMORANDUM OF COVERAGE – The AORMA Liability Program MEMORANDUM OF COVERAGE is a governing document which of AORMA. 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, and none of the parties to the MEMORANDUM OF COVERAGE is entitled to rely on any contract interpretation principles which require interpretation of ambiguous language against the drafter of such agreement. This MEMORANDUM OF COVERAGE shall be applied according to the principles of contract law, giving full effect to the intent of the MEMBERS of the CSURMA.~~

~~OCCURRENCE – As defined within the AORMA Liability Program MEMORANDUM OF COVERAGE.~~



CSURMA AORMA

POLICY AND PROCEDURE NO. L -1

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

~~TPA - THIRD PARTY CLAIMS ADMINISTRATOR (TPA)~~ — Third party liability claims administrator ~~Claims TPA~~ whose responsibilities include claim handling, litigation management and excess liability carrier reporting.

UNFAIR EMPLOYMENT PRACTICES – As defined within the AORMA Liability Program MEMORANDUM OF COVERAGE.

~~SETTLEMENT~~ — ~~An agreement between a claimant and AORMA as to the amount and the method of payment of a claim. All settlements must be approved in writing by the TPA.~~



**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
(CSURMA AORMA)
LIABILITY PROGRAM
MEMORANDUM OF COVERAGE**

Throughout this Memorandum, words and phrases that appear in **boldface** type have special meanings. They are defined in SECTION VI, **DEFINITIONS** and/or with respect to **Covered Parties** in Section IV - **Covered Parties**.

The California State University Risk Management Authority Auxiliary Organizations Risk Management Alliance (hereinafter called CSURMA AORMA) is an intergovernmental agency, risk sharing, joint powers authority, duly formed pursuant to California Government Code Sections 6500-6512, and other provisions of law.

This Memorandum of Coverage does not provide insurance, but instead provides for pooled-insurance. This Memorandum is a negotiated agreement among the **Members** of the CSURMA AORMA, and none of the parties to the Memorandum is entitled to rely on any contract interpretation principles which require interpretation of ambiguous language against the drafter of such agreement. This Memorandum shall be applied according to the principles of contract law, giving full effect to the intent of the **Members** of the CSURMA AORMA.

In consideration of payment of the contribution and subject to the limit of liability set forth in the Declarations and other terms of this Memorandum, as follows:

SECTION I - COVERAGES

Subject to the **Member's retained limit**, the CSURMA AORMA agrees:

To pay on behalf of any **Covered Party** those sums for **ultimate net loss** which the **Covered Party** shall become obligated to pay as **damages**, by reason of liability imposed by law, because of **bodily injury, property damage, errors and omissions, unfair employment practices liability, and personal injury**, to which this Memorandum applies, caused by an **occurrence**.

SECTION II - DEFENSE AND SETTLEMENT

CSURMA AORMA shall assume charge of the control, negotiation, investigation, settlement, defense or appeal of any claims made, or suits brought, or proceedings instituted against the **Covered Party**, which in the opinion of the CSURMA AORMA is or may be covered by CSURMA AORMA under the terms of this Memorandum.

In accordance with the CSURMA AORMA Legal Counsel Selection Memorandum and Procedure, CSURMA AORMA shall appoint, through its' claims administrator, all legal counsel to represent the **Covered Parties** in defense of a covered claim. The **Covered Party** has the right to recommend legal counsel from the approved legal counsel list; however, CSURMA AORMA shall make the final selection of legal counsel. If the **Covered Party** disapproves of the selection as outlined in the CSURMA AORMA Legal Counsel Selection Memorandum and Procedure, the **Covered Party** may submit an appeal in writing.

In the event of an **occurrence** which involves more than one **Covered Party**, all **Covered Parties** involved agree to joint legal representation as selected by CSURMA AORMA.

The **Covered Party** may select and engage, at its own expense, monitoring counsel in addition to the legal counsel selected and engaged by CSURMA AORMA. However, legal counsel selected by CSURMA AORMA shall manage and control the litigation.

If there is a conflict of interest between CSURMA AORMA and a **Covered Party** which would be considered a “conflict of interest” between an insured and its insurer within the meaning of California Civil Code Section 2860, the **Covered Party** has the same rights to select and engage independent counsel as would an insured under Section 2860. CSURMA AORMA has all of the rights reserved to an insurer under Section 2860.

The **Covered Party** shall fully cooperate with the CSURMA AORMA in all matters pertaining to such claim, suit or proceeding. CSURMA AORMA shall have the right to settle any claim that in the CSURMA AORMA’s sole opinion may create indemnification obligations for the CSURMA AORMA under this Memorandum.

No claim, suit or proceeding shall be settled, whether by out of court settlement, stipulated judgment or otherwise, by a **Covered Party** wherein the **ultimate net loss** exceeds the **retained limit**, without the prior written consent of the CSURMA AORMA.

SECTION III - LIMITATIONS UPON CSURMA AORMA'S LIABILITY

Regardless of the number of (1) persons or entities covered under this document, or (2) persons or organizations who sustain injury or damage, or (3) claims made, proceedings or suits brought because of injury or damage, CSURMA AORMA’s liability for **damages** is limited as follows:

The CSURMA AORMA’s liability for **damages** shall only be for the **ultimate net loss** less the amount of the **Member’s Retained Limit** not to exceed the limit of coverage shown in Item 1 of the Declarations, as the result of any one **occurrence** or the amount shown in Item 4 because of all **occurrences** for any one **Member** during each **coverage period**.

However, in the event of an **occurrence**, which involves more than one CSURMA AORMA **Member**, only one **retained limit** and one limit of liability shall apply to such **occurrence**, irrespective of the number of CSURMA AORMA **Members** involved in that **occurrence**. Liability for the **retained limit** shall be apportioned among all of the involved **Members** according to the amounts of their respective **retained limits** under this Memorandum.

For the purpose of determining the CSURMA AORMA limit of liability and the **retained limit** of the **Member**, all **damages** arising out of continuous repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

This Memorandum applies to **occurrences**, which take place anywhere during the specified **coverage period** stated in the Declarations of this Memorandum. An **occurrence** with duration of more than one **coverage period** shall be treated as a single **occurrence** arising during the **coverage period** when the **occurrence** ends (which shall in no event be deemed later than the date on which the claimant files suit), and under no

circumstances shall the fact that said **occurrence** has a duration of more than one **coverage period** entitle a **Covered Party** to more than one limit of coverage.

With respect to liability for **damages** of the **Covered Party** arising from the conduct or activities of a third party, as between the **Member** and the CSURMA AORMA, the amount of the **Member's retained limit** as set forth in the Declarations of this Memorandum shall be satisfied in whole or in part (as applicable, depending on how much other coverage is available) by any insurance coverage of said third party/parties which is available and applicable to the liability for **damages** of the **Covered Party**. If such third-party insurance coverage exceeds the **Member's retained limit**, all of such third-party insurance coverage (whether written on a primary or an excess basis, or written as reinsurance) shall apply to the loss before the CSURMA AORMA's limits hereunder shall attach.

Bodily injury or **personal injury** damages resulting from **non-employment harassment** will be deemed to have occurred at the time of the last **non-employment harassment** and all such **bodily injury** or **personal injury** will be deemed to be a single occurrence whether committed by the same perpetrator or two or more perpetrators acting in concert and without regard to the number of (1) incidents of **non-employment harassment** taking place thereafter, (2) victims of **non-employment harassment**, or (3) locations where the **non-employment harassment** took place. Only the Memorandum of Coverage in effect during which such **non-employment harassment** last occurred will apply to such single occurrence of **non-employment harassment**. Coverage does not apply to any **covered party** who is found by a court of law to have committed a criminal act of **non-employment harassment**.

SECTION IV - COVERED PARTIES

The parties covered by this Memorandum are:

- A. The **Member** is a signatory to the CSURMA Joint Powers Authority and is named on the Declarations Page.
- B. The following individually and collectively are covered parties, when acting solely within the scope of their duties, office, or employment for the named **Member**:
 - 1. The governing board;
 - 2. Officers;
 - 3. **Employees**; and
 - 4. Authorized Individuals acting as volunteers.
- C. Any person while using an **owned automobile**, or **non-owned automobile**, or a **hired automobile** and any person or organization legally responsible for the use thereof, including garage operations, provided the actual use of the **automobile** is by or with permission of the named **Member**.

Coverage provided by this Memorandum with respect to any person or organization other than the named **Member** does not apply under this paragraph:

1. To any person or organization, or to any agent or **employee** thereof, engaged in selling, repairing, servicing, delivering, testing, road testing, parking or storing **automobiles**, with respect to any **occurrence** arising out of any such occupation, if there is other valid and collectible insurance available to such person as a named insured or as an agent or **employee** of the named insured under that other insurance Memorandum with limits at least equal to the requirements of the applicable Financial Responsibility Laws; or
 2. With respect to any **hired automobile**, to the owner, or a lessee thereof other than the **Member**, or to any agent or **employee** of such owner or lessee.
- D. **Additional Covered Party** as defined in Section VI A. of this Memorandum.
- E. Any employee pension benefits or employee welfare benefits trust, formed under U.S. Internal Revenue Code Section 501(c)(9), in which a **Member** participates, provided the trust only serves auxiliary organizations who are **Members**.

The board of trustees of the trust are covered parties, when acting solely within the scope of their duties, office, or employment for the trust.

Coverage provided by this Memorandum with respect to covered trusts will not extend to any third party service provider to the covered trust.

Fraternal organizations are not covered parties under this Memorandum of Coverage.

SECTION V – EXCLUSIONS

The coverage provided by this Memorandum does not apply to any of the following:

A. Aircraft

To any liability for **damages** arising out of the ownership, maintenance, loading or unloading, use or operation of any aircraft capable of flight, airfields, runways, hangers, buildings or other property in connection with aviation activities. This exclusion does not apply to static aircraft, or to an **unmanned aerial vehicle**.

B. Asbestos

To any liability for **damages** arising, in whole or in part, out of actual or alleged, threatened or suspected, inhalation of, ingestion or, contact with, exposure to, existence or, or presence of asbestos; or

Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, or disposing of or in any way responding to or assessing the effects of asbestos by any **Covered Party** or by any other person or entity.

C. Assault and Battery

To any liability for **damages** arising out of assaults and batteries, except for assault and battery committed or directed for the purpose of protecting persons or property or where same are not committed by or at the direction of the **Member**.

D. Aviation Activities

To liability for **damages** arising out of the ownership, maintenance, loading or unloading, use or operation of any:

1. **Aircraft**
2. Airfields;
3. Runways;
4. Hangars; or
5. Buildings of other properties in connection with aviation activities.

This exclusion shall not apply, however, to those areas open to the public for the purpose of entering, leaving, or using the airport facilities (including parking lots and garages).

This exclusion shall not apply, however, to the maintenance and operations of permanently stationary **aircraft** used for instructional purposes only.

E. Contractual Obligations

1. To any liability for **damages** of non-tort causes of action related to breach of contract proceedings; or
2. To any liability for which the **Member** is obligated to pay **damages** by reason of assumption of liability in any contract or agreement. This exclusion does not apply to liability for **damages**:
 - a. Assumed in a contract or agreement that is an executed **Member** contract as that term is defined herein, provided the **bodily injury** or **property damage** occurs subsequent to the execution of the contract or agreement: or
 - b. Liability for **damages** that the **Member** would have in the absence of the contract or agreement.

F. Cyber Liability

Damages, or loss, costs or expenses because of **bodily injury, personal injury, property damage or errors and omissions** arising directly or indirectly out of:

1. Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or

2. The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if **damages** are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, costs or expenses incurred by any **covered party** or others arising out of that which is described in Paragraphs 1 and 2 above.

G. Electronic Communication

1. Arising out of electronic or other publication, transmission, dissemination or storage of material, if done by or at the direction of the **Member** with knowledge of its falsity;
2. Arising out of electronic or other publication, transmission, dissemination or storage of material whose first publication, transmission, dissemination or storage took place before the beginning of the policy period; or,
3. Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the **Member**.

This exclusion does not apply to:

1. Personal injury arising from a **Member's** broadcasting activities; or,
2. Liability arising from the managerial, advisory, supervisory or controlling obligation of one **Covered Party** over the actions of another **Covered Party**.

H. Employment Benefit

To any obligation for which the **Member** may be held liable under any Workers' Compensation or disability benefits law or under any similar law, plan or agreement; except as provided within the Fiduciary Liability Coverage endorsement.

I. Employment Liability

To **bodily injury**, to any **employee** of the **Member** arising out of and in the course of his/her employment by any **Member**; but this exclusion does not apply to liability assumed by any **Member** under any written contract.

J. ERISA

To any obligation of the **Member** under the "Employment Retirement Income Security Act of 1974" and any law amendatory thereto or any similar federal, state or local statute; except as provided within the Fiduciary Liability Coverage endorsement.

K. Fiduciary Liability

To liability arising out of;

1. The purchase, or sale, or offer of sale, or solicitation of any security, debt, bank deposit or financial interest or instrument;
2. Any representation made at any time in relation to the price or value of any security, debt, bank deposit or financial interest or instrument; or
3. Any depreciation or decline in price or value of any security, debt, bank deposit or financial interest or instrument;

Except as provided within the Fiduciary Liability Coverage endorsement.

L. Funds, Grants or Appropriations

To any liability for **damages** for either the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations, nor for the return of such funds, grants, or appropriations for any reason(s).

However, CSURMA AORMA will defend any action or suits brought against any **Covered Party** for the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations or for the return of such funds, grants or appropriations for such causes of action, unless their alleged conduct was outside the scope of employment, subject to the CSURMA AORMA SIR program sublimit of \$250,000 per **occurrence**.

M. Intentional Conduct

Any liability arising out of criminal, fraudulent, known false or dishonest acts or omissions committed by or at the direction of the **Covered Party**. CSURMA AORMA may at its sole discretion, agree to waive this exclusion in order to supply certain payments under Section II. Defense and Settlements if the judgment or final adjudication is adverse to the participating **Covered Party**, the **Covered Party** will reimburse CSURMA AORMA for all defense costs.

This exclusion does not apply to liability arising from the managerial, advisory, supervisory, or controlling obligations of any **Covered Party** over the actions of another **Covered Party**.

N. Lack of Occurrence

To injuries or **damages** which do not arise out of an **occurrence** as defined in this Memorandum.

O. Land Use

To any liability for **damages** arising from any claim, suit or proceeding arising from allegations related to land use, land planning or land development. However, CSURMA AORMA shall defend the **Covered Party** up to an amount not exceeding \$250,000 **ultimate net loss** for such liability.

This exclusion shall not apply, however, to any land use litigation where suits or claims for land use litigation are a result of negligence proven on the part of a **Covered Party**. Nothing herein shall act to increase the limit of liability.

P. Lead

Any loss or liability arising out of, or contributed to or caused by lead as described below:

1. **Bodily injury, property damage or personal injury** arising out of , resulting from, caused by or contributed to by the toxic or pathological properties of lead, lead compounds or lead contained in any materials;
2. Any cost or expense to abate, mitigate, remove or dispose of lead, lead compounds or materials containing lead;
3. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with parts 1 or 2 above; or
4. Any obligation to share damages with or repay someone else who much pay damages in connection with parts 1, 2 or 3 above.

Q. Medical Malpractice

Liability arising out of the operation of any hospital, clinic, or health care facility, owned or operated by any **Member** including individuals providing professional medical services (Professional Medical Services include anyone engaged in the practice of medicine and whose operations are not exempted elsewhere in this exclusion). This includes, but is not limited to:

1. The rendering or failure to render:
 - a. Medical, surgical, dental, x-ray or nursing services or treatment, or the furnishing of food or beverages in connection therewith;
 - b. Any service or treatment related to physical or mental health or of a professional nature; or
 - c. Any cosmetic or tonsorial service or treatment.
2. The furnishing of or dispensing of drugs or medical, dental or surgical supplies or appliances.

This exclusion does not apply to any liability arising out of:

1. Ambulance operations, occupational physical examinations, student nursing programs, other student medical training programs, infirmaries, non-clinic nursing services or services of the **Member's employees** who are nurses, paramedics, emergency medical technicians, speech therapists, speech pathologists, nutritionists, psychologists, audiologists, or physical therapists;
2. **Unfair employment practices** liability;
3. First Aid to any person;
4. Any medical services clinic that does not perform invasive surgery of any kind; or
5. Operations performed by coroners.

R. Mold

Any **bodily injury, personal injury, advertising injury** or **property damage** arising directly or indirectly out of, resulting from, caused by or contributed to by:

1. Any fungus(es) or spore(s);
2. Any solid, liquid, vapor, or gas produced by or arising out of any fungus(es) or spore(s);
3. Any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any fungus(es) or spore(s);
4. Any intrusion, leakage, or accumulation of water or any other liquid that contains, harbors, nurtures or acts as a medium for fungus(es) or spore(s);
5. The actual or threatened abatement, mitigation, removal or disposal of fungus(es) or spore(s) or any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any fungus(es) or spore(s);
6. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with subparagraphs 1, 2, 3, 4 or 5 above; or

For the purpose of this exclusion fungus(es) includes, but is not limited to, any form or type of mold, mushroom or mildew and spore(s) include any reproductive body produced by or arising out of any fungus(es).

However, CSURMA AORMA will provide coverage up to an amount not exceeding \$600,000 each occurrence and each **Member**, subject to an \$850,000 aggregate limit, per **Member**.

S. Nuclear Material

To any liability for **damages** arising out of injury, sickness, disease, death or destruction:

1. With respect to which a **Member** is insured under a nuclear energy liability memorandum issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be a **Covered Party** under any such memorandum but for its termination upon exhaustion of its limit of liability; or
2. Resulting from the hazardous properties of nuclear material and with respect to which:
 - a. Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - b. The **Member** is, or had such coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
3. Resulting from the hazardous properties of nuclear material, if:

- a. The nuclear material is at any nuclear facility owned by, or operated by or on behalf of a **Member**, or has been discharged or dispersed therefrom;
- b. The nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a **Member**; or
- c. The injury, sickness, disease, death or destruction arises out of the furnishing by a **Member** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operations or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this part c. applies only to injury to or destruction of property at such nuclear facility.

However, this Exclusion shall not apply to liability arising from the use of radioactive materials in instructional laboratories operated by the **Member** and/or research activities sponsored by the **Member**, but only to a sublimit of \$250,000 each **occurrence**.

T. Pollution

To any liability for **damages**, loss, cost or expense:

1. Arising out of, or that would not have occurred in whole or in part but for, the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** anywhere in the world;
2. Arising out of any claim, suit, governmental direction or request, demand or order, whether by or on behalf of a governmental direction that any **Covered Party** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of pollution or **pollutants**; or
3. Arising from the cost of investigation or attorney's fees, incurred by a governmental unit or any other person or organization to test for, monitor, clean-up, remove, contain, treat, detoxify, neutralize, or in any way respond to **pollutants**.

However, this exclusion does not apply to liability arising out of:

- a. Water, whether recycled, reconditioned or reclaimed;
- b. Any discharge, dispersal, seepage, migration, release or escape directly or indirectly caused by fire, explosion, lightning, windstorm, vandalism, or malicious mischief, riot and civil commotion, flood, collision, or upset of a motor vehicle, railroad vehicle, mobile equipment, automatic sprinkler leakage or **aircraft**;
- c. Any liability arising out of police use of mace, oleoresin capsicum (o.c.), pepper gas or tear gas;
- d. Any liability arising from weed abatement or spraying;
- e. The products hazard or the completed operations hazard; and

- f. Any discharge, dispersal, seepage, migration, release or escape of **pollutants** that meets all of the following conditions:
 - i. It was accidental and neither expected nor intended by the **Covered Party**. This condition would not serve to deny coverage for a specific incident where such discharge, dispersal, seepage, migration, release or escape of **pollutants** was a result of an attempt by any **Covered Party** to mitigate or avoid a situation where substantial third party **bodily injury, property damage** or **personal injury** could occur; and
 - ii. It was demonstrated as having commenced on a specific date during the **coverage period**; and
 - iii. Its commencement became known to any **Covered Party** within seven (7) calendar days and was further reported to the person responsible for risk management at the **Member** within a reasonable time frame; and
 - iv. Its commencement was reported in writing to CSURMA AORMA within forty (40) calendar days of becoming known to the person responsible for risk management for the **Member**; and
 - v. Reasonable effort was expended by the **Member** to terminate the situation as soon as conditions permitted.

However, nothing contained in this provision f., shall operate to provide any coverage with respect to:

- a. Any site or location principally used by any **Member**, or by others on the **Member's** behalf, for the handling, storage, disposal, dumping, processing, or treatment of waste material;
- b. Any fines or penalties;
- c. Any clean-up costs ordered by the superfund program, or any federal, state or local governmental authority. However, this paragraph shall not serve to deny coverage for third party clean-up costs otherwise covered by this exception to this exclusions simply because of the involvement of a governmental authority;
- d. Acid rain;
- e. Clean up, removal, containment, treatment, detoxification or neutralization of **pollutants** situated on premises the **Member** owns, rents or occupies at the time of the actual discharge, dispersal, seepage, migration, release or escape of said **pollutants**; or
- f. Water pollution caused by oil or its derivatives.

U. Silica

Any loss or liability arising out of, or contributed to or caused by silica as described below:

1. Bodily injury, property damage or personal injury arising out of, resulting from, caused by, or contributed to by silica, exposure to silica or the use of silica;
2. Any damages or any loss, cost or expense arising out of any (1) claim or suit by or on behalf of any governmental authority or any other alleged responsible party because of, or (2) request, demand, order or statutory or regulatory requirement that any covered party or any other person or entity should be, or should be responsible for:
 - a. Assessing the presence, absence or amount or effects of silica;
 - b. Identifying, sampling or testing for, detecting, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, abating, disposing of or mitigating silica; or
 - c. Responding to silica in any way other than as described in (a) or (b) above;
3. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with any of the subsections above; or
4. Any obligation to share damages with or repay someone else in connection with any of the subsections above.

V. Subsidence

To **property damage** arising out of subsidence for any reason.

W. War

Any loss or damage arising directly or indirectly, out of war, including undeclared civil war; warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

X. Watercraft

For liability for **damages** arising out of the ownership, maintenance, operation, use, entrustment to others, loading or unloading of any watercraft owned or operated by or rented or loaned by any **Member**, but this exclusion does not apply to:

1. Watercraft while ashore; or
2. Watercraft less than fifty (50) feet in length at the waterline.

Y. Under Errors and Omissions Liability

1. **Bodily injury** or **property damage** or **unfair employment practices** or **personal injury** as defined in the Memorandum;
2. The refund of taxes, fees or assessments;

3. a. Liability of any **Member** arising in whole or in part, out of any **Covered Party** obtaining remuneration or financial gain to which the **Covered Party** was not legally entitled;
- b. Liability arising out of the willful violation of a penal statute, code or ordinance committed by or with the knowledge or consent of any **Member**; except that any act for which a **Covered Party** is responsible shall not be imputed to any other **Covered Party** for purposes of this subpart 3.

This exclusion does not apply to liability arising from the managerial, advisory, supervisory, or controlling obligations of any **Covered Party** over the action of another **Covered Party**;

4. Liability for any **Member** arising out of estimates of probable costs or cost estimates being exceeded or faulty preparation of bid specifications or plans or failure to award contracts in accordance with statute or ordinance which under law must be submitted for bids;
5. Injury to, destruction or disappearance of any tangible property (including money) or the loss of use thereof; or
6. Liability arising out of the failure to perform or breach of a contractual obligation.

Nothing contained in this exclusion shall limit the **Covered Party's** right of recovery, where applicable, under **bodily injury, property damage, unfair employment practices liability, and personal injury** coverages as provided in this Memorandum.

SECTION VI – DEFINITIONS

- A. **Additional Covered Party** means any person(s), entity(ies), or organization(s) to whom the **Member** is obligated by virtue of any written contract to provide coverage solely with respect to **bodily injury, property damage and personal injury** arising out of the **Member's** operations or premises owned by or rented to the **Member**; and

For which a certificate of coverage has been issued to such person(s), entity(ies) or organization(s) and is on file with CSURMA AORMA evidencing their status as an additional insured under this coverage.

The coverage provided does not apply to any **occurrence** taking place:

1. Prior to the **Members'** operations or occupation of the premises; or
2. After the **Members'** operations have been completed or occupation of the premises has ceased.

The limits of coverage will be limited to the limits required within the terms of the written contract of the limits of liability of this Memorandum, whichever is less, and will apply in excess of the **Members' retained limit** shown in the Declarations. CSURMA AORMA will not be obligated for limits of coverage shown in the written contract that are greater than the limits of liability of this Memorandum.

- B. **Aircraft** means a vehicle designed for the transport of persons or property principally in the air, but does not include **unmanned aerial vehicle**.

- C. **Automobile** or **Auto** shall mean a land motor vehicle, trailer, or semi-trailer, subject to motor vehicle registration, including any attached machinery or equipment and including Mobile Equipment.

Mobile equipment means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises you own or rent;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers;
5. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers;
6. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

- D. **Bodily Injury** means bodily harm, sickness, disability or disease. **Bodily injury** shall also mean mental injury, mental anguish, humiliation, shock or death if directly resulting from **bodily injury**, sickness, disability or disease. **Bodily injury** shall include cause and loss of services resulting at any time from the **bodily injury** of any person or persons.

- E. **Completed Operations Hazard** – includes **bodily injury** and **property damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **bodily injury** or **property damage** occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the Named Member. Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

1. When all operations to be performed by or on behalf of the **Additional Covered Party** under the contract have been completed; or
2. When all operations to be performed by or on behalf of the **Additional Covered Party** at the site of the operations have been completed; or

3. When the portion of the work out of which the injury or **damages** arise has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations as a part of the same project.

Operations with may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete shall be deemed completed.

The completed operations hazard does not include liability arising out of the existence of tools, uninstalled equipment or abandoned or unused materials.

- F. Coverage Period** means the period beginning with the effective date shown in the Declarations and ending on the expiration date shown in the Declarations, unless terminated.
- G. Damages** mean compensation in money which a **Covered Party** is legally obligated to pay as a result of a claim. **Damages** include: (1) attorney fees not based on any contract awarded against the **Covered Party**, (2) interest on judgments, or (3) costs, for which the **Covered Party** is liable either by adjudication or by compromise with the prior, written consent of the CSURMA AORMA, if the fees, interest or costs arise from an **occurrence** to which this coverage applies.

Damages shall not include those sums determined to be owed by a **Covered Party** as contract **damages**, including, but not limited to retroactive or prospective benefits, or any **damages** determined to be owed for breach of an express contract of employment or under an express obligation to make payments in the event of termination of employment.

Damages shall not include sums paid pursuant to any judgment or agreement, whether injunctive or otherwise, to undertake actions to correct past discriminatory or unlawful conduct or to establish practices or procedures designed to eliminate or prevent future discriminatory or other unlawful conduct, or any non-monetary relief.

Damages shall not include fines, penalties, sanctions, taxes or fees assessed against any **covered party**.

- H. Discrimination**, as respects **unfair employment practices**, means the actual or alleged failure to employ, failure to promote, or transfer, or the suspension, demotion or termination of, any **employee** because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy.
- I. Employee**, as respects **unfair employment practices** and when appearing in boldface type in this Memorandum, means any present or former **employee** of the named **Member** or any applicant for employment by the named **Member**, including independent contractors and /or persons working on retainer, while acting for or on behalf of the named Member but only as respects unfair employment practices.
- J. Errors and Omissions** means any actual or alleged misstatement or misleading statement or act or omission or neglect or breach of duty including misfeasance, malfeasance or nonfeasance by any **Covered Party** individually or collectively in the discharge of their duties with the **Member**, or any matter claimed against them solely by reason of their being or having been public officials.

K. Hired Automobile shall mean an **automobile** used under contract on behalf of the **Member** provided such **automobile** is not owned in full or in part by or registered in the name of (1) the **Member**, or (2) any **Covered Party** who is granted an operating allowance of any sort for the use of such **automobile**.

L. Member Contract means:

1. A contract for a lease of premises including but not limited to premises rented or loaned to you;
2. A sidetrack agreement;
3. Any easement or license agreement;
4. An obligation, as required by ordinance;
5. An elevator maintenance agreement; or
6. That part of any contract or agreement pertaining to the **Member's** business under which the **Member** assumes tort liability of another party to pay for **bodily injury, property damage or personal injury** to a third party or organization or **unfair employment practices**. Tort liability means liability that would be imposed by law in the absence of any contract or agreement.

However, it does not include that part of any contract or agreement:

- a. That indemnifies an architect, engineer, or surveyor, his agents or “**employees**”, for injury or damage arising out of preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs, or specifications or giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.
- b. To any claim, judgment or agreement from any arbitration proceeding wherein CSURMA AORMA is not entitled to exercise with the **Covered Party**, the **Covered Party's** rights in the choice of arbitrators, and in the conduct of such proceedings.

M. Non-Owned Automobile shall mean an **automobile** not owned by or furnished for the regular use of the **Member**.

N. Non-employment harassment means actual or alleged unwelcome or offensive;

- a. Physical conduct, including sexual molestation; or
- b. Verbal or written conduct or conduct using visual images, including such conduct by electronic means,

against anyone other than a present or former employee of, or an applicant for employment with, the **Member** and shall include any actual or alleged breach of duty by a **covered party** causing, contributing or leading to such **non-employment harassment**.

O. Occurrence means an accident or event, during the **coverage period** including continuous or repeated exposure to conditions, which result in injury or damage to which this coverage applies; provided, such injury or damage is neither expected nor intended from the standpoint of the **Member**.

With respect to **personal injury**, "**occurrence**" means an offense described in the definition of that term in this "Section VI - Definitions," that is committed during the **coverage period**.

With respect to **Errors & Omissions**, "**occurrence**" means an offense described in the definition of that term in this "Section - VI Definitions" that is committed during the **coverage period**, provided that the injury is neither expected nor intended from the standpoint of the **Member**.

P. Owned Automobile shall mean an **automobile** owned in full or in part by or registered in the name of the **Member**. **Automobile** furnished by the **Member** for driver education purposes shall be considered an **owned automobile**.

Q. Personal Injury means:

1. False arrest, detention, or imprisonment or malicious prosecution;
2. Publication or utterance of libel or slander or of other defamatory or derogatory material, or a publication or utterance in violation of an individual's right of privacy;
3. Wrongful entry or eviction or other invasion of the right of private occupancy;
4. **Discrimination** or violation of civil rights other than **unfair employment practices**, not intentionally committed by or at the direction of the **Member**;
5. Sexual harassment not intentionally committed by or at the direction of the **Member**; or
6. **Unfair Employment Practices**.

R. Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and **waste**. **Waste** includes materials to be recycled, reconditioned or reclaimed. The term **pollutants** as used herein are not defined to mean potable water or agricultural water or water furnished to commercial users.

S. Property Damage means:

1. Physical injury to or destruction of tangible property which occurs during the **coverage period**, including the loss of use thereof at any time resulting there from; or
2. Loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an **occurrence** during the **coverage period**.

T. Retained Limit, as contained in the Declarations of this Memorandum, means the amount of paid claim liability for **damages** covered by this Memorandum, for which the **Member** is responsible on a per **occurrence** basis, and which the **Member** actually pays in cash, after making proper deduction for all recoveries and salvages collectible. The **Member's retained limit** also includes defense fees and costs expended by the **Member** in defense of a claim to the extent that the claim is potentially covered under this Memorandum, and also includes court costs, allocated loss adjustment expenses and other associated costs and expenses, but does not include any salaries of the **Member's** regular **employees**, nor any defense fees or costs incurred in the defense of claims for which there was never any potential for coverage under this Memorandum.

U. **Ultimate Net Loss** as contained in the Declarations of this Memorandum, means the amount of paid claims liability for **damages** for which the **Covered Party** is liable, on a per **occurrence** basis, either by (1) adjudication, or (2) compromise with the prior written consent of the CSURMA AORMA, and which the **Member** actually pays in cash, after making proper deduction for all recoveries and salvages collectible. The **ultimate net loss** also includes defense fees and costs incurred by the **Member** in defense of the claim and also includes court costs, allocated loss adjustment expenses, and other associated costs and expenses, but does not include any salaries of the **Member's** regular **employees**. **Ultimate net loss** shall not include any **damages** recovered against a **Member** or defense expenses incurred because of liability that is not covered by this Memorandum.

V. **Unfair Employment Practices** means:

1. Any circumstance relating to a past, present or prospective **employee** of the **Member** (and the spouse, child, parent, brother or sister of that person as a consequence of **unfair employment practices** that person at whom any of the employment-related practices described below is directed) for or arising out of any actual or alleged wrongful dismissal, discharge, or termination either actual or constructive, of employment, employment related misrepresentation, retaliation, wrongful failure or refusal to employ or promote, wrongful deprivation of career opportunity or reassignment, wrongful discipline, failure to grant tenure or negligent **employee** evaluations; or
2. Sexual or workplace harassment or humiliation of any kind, including but not limited to, the alleged operation of a workplace harassing workplace environment, or
3. Actual or alleged negligence resulting in **damages** to a person that is a “whistle blower”, unlawful **discrimination**, whether direct, indirect, intentional or unintentional, or
4. Failure to provide adequate **employee** policies and procedures.

Unfair employment practices shall include actions brought under state, local, or federal law, whether common or statutory, and shall include, but not be limited to allegations of violations of the following federal laws, as amended, including regulations promulgated there under:

1. Americans with Disabilities Act of 1992 (ADA);
2. Civil Rights Act of 1991;
3. Age **Discrimination** in Employment Act of 1967 (ADEA), including the Older Workforce Benefit Protection Act of 1990;
4. Title VII of the Civil Rights Law of 1964, as amended (1983), including the Pregnancy **Discrimination** Act of 1978;
5. Civil Rights Act of 1866, Section 1981; and
6. Fifth and Fourteenth Amendments of the U.S. Constitution.

W. **Unmanned Aerial Vehicle** means any vehicle without a human pilot aboard capable of flight principally in the air that is designed for the transport of equipment and weighing no more than 100 lbs maximum take-off weight.

X. The following definitions are applicable only to Exclusion I:

Hazardous properties include radioactive, toxic or explosive properties;

Nuclear material means source material, special nuclear material or byproduct material;

Source material, special nuclear material and byproduct material have the meaning given in the Atomic Energy Act of 1954 or in any law amendatory thereof;

Spent fuel means fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

Waste means any **waste** material, (a) containing a byproduct material and (b) resulting from the operation by any person or organization of any nuclear facility included within the definition of **nuclear facility** under paragraph a. or b. thereof:

Nuclear Facility means:

- a. Any **nuclear reactor**;
- b. Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging **waste**;
- c. Any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the **Member** at the premises where such equipment or device is located consists of or contains more than 25 grams plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or
- d. Any structure, basin, excavation site premises or place prepared or used for the storage or disposal of **waste** and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

Nuclear Reactor means any apparatus designed or used to sustain nuclear fission in a supporting chain reaction or to contain a critical mass of fissionable material.

With respect to injury to or destruction of property, the word injury or destruction includes all forms of radioactive contamination of property.

SECTION VII – CONDITIONS

- A. Contribution Payment: The annual contribution payment shall be due and payable upon inception of coverage and each renewal thereafter. The amount of the annual contribution will be computed in accordance with CSURMA AORMA’s rules and rates. CSURMA AORMA shall not be required to perform any obligations under this Memorandum if contributions are not paid.
- B. Termination: Coverage provided under this Memorandum, may be terminated by the CSURMA Board of Directors at any time in accordance with the JPA Agreement Section 23 Termination.

- C. Statutory Provisions: Terms of the Memorandum which are in conflict with the statutes of the State of California are amended to conform to such statutes.
- D. Other Coverage: If other valid and collectible coverage is available to the **Covered Party** for a covered claim, CSURMA AORMA's obligations are limited as follows:

1. Primary Coverage

This coverage is primary except when Paragraph 3 below applies. If this coverage is primary, CSURMA AORMA's obligations are not affected unless any of the other coverage is also primary. Then, CSURMA AORMA will share with all other coverage by the method described in Paragraph 3 below.

2. Excess Coverage:

- a. With respect to liability for **damages** of the **Covered Party** arising from the conduct or activities of a third party, as between the **Member** and the CSURMA AORMA, the amount of the **Member's retained limit** as set forth in the Declarations of this Memorandum shall be satisfied in whole or in part (as applicable, depending on how much other coverage is available) by any insurance coverage of said third party/parties which is available and applicable to the liability for **damages** of the **Covered Party**. If such third-party insurance coverage exceeds the **Member's retained limit**, all of such third-party insurance coverage (whether written on a primary or an excess basis, or written as reinsurance) shall apply to the loss before the CSURMA AORMA's limits hereunder shall attach.
- b. When this coverage is excess, CSURMA AORMA will have no duty to defend the **Covered Party** against any suit if any other coverage provider has a duty to defend the **Covered Party** against that suit. If no other coverage provider defends, CSURMA AORMA will undertake to do so, but CSURMA AORMA will be entitled to the **Covered Party's** rights against all those other coverage providers.
- c. CSURMA AORMA will share the remaining **ultimate net loss**, if any, with any other coverage that is not described in this provision and was not bought specifically to apply in excess of the limits of liability shown in the Declarations.

3. Method of Sharing:

- a. If all of the other coverage permits contribution by equal shares, CSURMA AORMA will also permit contribution by equal shares. Under this approach, each coverage provider contributes equal amounts until the applicable limit of liability has been paid or none of the **ultimate net loss** remains, whichever comes first; or
- b. If any of the other coverage providers does not permit contribution by equal shares, CSURMA AORMA will contribute by limits. Under this method, each coverage

provider's share is based on the ratio of its applicable limit of liability to the total applicable limits of liability of all coverage providers.

E. Duties in the Event of an Accident, Occurrence, Offense, Claim, Suit or Proceeding: The following provisions and the provisions of the CSURMA AORMA Memorandum and Policy and Procedure on claims reporting and Claims Administration and Litigation Management are conditions precedent to coverage under this Memorandum. The **Covered Party's** failure to comply with any of these provisions will be cause for a reduction in or denial of coverage by CSURMA AORMA.

1. In the event of any **occurrence** or an offense which may result in a claim, suit or proceeding against a **Covered Party**, written notice (includes e-mail correspondence, fax transmissions and original hard copy notifications) shall be given by the **Member** to the Third Party Claims Administrator (TPA) as soon as practicable.

2. When the **Member** submits the first claim report, the following information shall be included, if available and applicable:

a. How, when and where the **occurrence** or offense took place;

b. The names and addresses of any injured persons and witnesses;

c. The nature and location of any injury or damage arising out of the **occurrence** or offense;

d. Incident reports;

e. Investigation reports;

f. Police reports;

g. Claim notices and **Member** and any other involved **Covered Party** response(s);

h. Medical reports; and

i. Other information helpful to CSURMA AORMA.

3. The **Member** and any other involved **Covered Party** shall provide immediate notice of any Pleadings, Summons, Complaints and any other legal papers received by the **Member** or other involved **Covered Party** to the TPA and authorize CSURMA AORMA to obtain records and other information;

a. Late Reporting Penalties

i. If an **occurrence**, offense, claim, suit or proceeding is not reported by the **Member** to the TPA within the timeframes set below; the following late reporting schedule shall apply;

ii. 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;

- iii. 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
 - iv. 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**.
4. The **Member** and any other involved **Covered Party** will cooperate with CSURMA AORMA in the investigation or settlement of the claim, suit or proceeding or defense against and assist CSURMA AORMA, in the enforcement of any right against any person or organization which may be liable to the **Member** because of injury or damage to which this coverage may also apply.
- F. No Voluntary Payments: Except as stated below, no **Member** will, except at that **Member**'s own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without the consent of CSURMA AORMA.
- With respect to **unfair employment practices**, as stated in CSURMA AORMA Policy and Procedure on Claims Reporting, in no event shall any payments be made by CSURMA AORMA for any costs incurred to defend a covered claim more than thirty (30) days prior to written notification of an **occurrence**, offense, claim or suit to the TPA.
- Moreover, no settlement of any claim shall be paid by CSURMA AORMA without prior written authorization of the Liability Claims Administrator.
- G. Bankruptcy or Insolvency: Bankruptcy or insolvency of the **Covered Party** shall not relieve CSURMA AORMA of any of its obligations hereunder.
- H. Separation of Insureds: Except with respect to the Section III – Limitations Upon CSURMA AORMA's Liability, and any rights or duties specifically assigned to this Memorandum, this coverage applies:
- 1. As if each **Covered Party** were the only **Covered Party**; and
 - 2. Separately to each **Covered Party** against whom the claim is made or suit is brought.
- I. Limit of Liability: As provided in the Declarations.
- J. Assignment: No purported assignment of rights or interests under this Memorandum shall bind CSURMA AORMA without its written consent.
- K. Changes: This Memorandum may not be amended or changed in any respect, nor shall any provision of this Memorandum be deemed to have been waived by the CSURMA AORMA, unless and until a written endorsement which expressly so amends this Memorandum or waives a provision thereof has been duly issued by the CSURMA AORMA and made a part of the Memorandum, or unless the CSURMA AORMA Policies and Procedures regarding claims reporting and claims administration and litigation management have been amended by the CSURMA AORMA.

L. Transfer of Rights of Recovery Against Others to CSURMA AORMA: If the **Member** or any other **Covered Party** has rights to recover all or part of any payment CSURMA AORMA has made under this coverage, those rights are transferred to CSURMA AORMA. The **Member** or any other **Covered Party** shall do nothing after the loss to impair the recovery. At CSURMA AORMA’s request, the **Member** or any other **Covered Party** will bring suit or transfer the rights to CSURMA AORMA and help CSURMA AORMA enforce them.

M. Claims Settlement: As stated in the CSURMA AORMA Policy and Procedures regarding Claims Reporting and Claims Administration and Litigation Management:

1. Claim Settlement Authority

The following guidelines apply to settlement authority of CSURMA AORMA, within this Memorandum:

a. \$0 to 25,000 – Claims Administrator

The Liability Claims Administrator has authority to settle claims up to, and including, \$25,000 per claim.

b. Up to the **Pooled Layer Limit** – AORMA Committee

The AORMA Committee has authority to authorize claims settlement up to the **Pooled Layer Limit**.

2. Claims Settlement Responsibility:

AORMA Committee shall have the primary responsibility to control and direct settlement negotiations and to determine the terms of any settlement. However, before effecting any settlement, AORMA Committee shall give notice to the **Member** of the terms of the proposed settlement.

3. Member Appeal Process:

First Level Appeal

If a **Member** wishes to appeal a decision regarding whether or not coverage is provided or to appeal a settlement decision, the **Member** must present an appeal in writing to the AORMA Committee within thirty (30) days of the disputed decision. The AORMA Committee will review the appeal at its next regularly scheduled meeting and inform the **Member** within five (5) business days of its final decision.

Second Level Appeal

If a **Member** wishes to appeal the AORMA Committee’s decision, the **Member** will notify the CSURMA Secretary 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.



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- N. Action Against CSURMA AORMA: No action shall lie against CSURMA AORMA unless, as a condition precedent thereto, the **Covered Party** shall have fully complied with all the terms of this Memorandum or until the amount of the **Covered Party's** obligation to pay shall have been finally determined whether by judgment against the **Covered Party** after actual trial or by written agreement of the **Covered Party**, the claimant and CSURMA AORMA. Said judgment shall not be deemed final, if an appeal is prosecuted there from, until the suit has been finally determined on appeal. Any person or organization or legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Memorandum to the extent of the coverage afforded by this Memorandum. Nothing contained in this Memorandum shall give any person or organization any right to join CSURMA AORMA as a co-defendant in any action against the **Covered Party** to determine such **Covered Party's** liability.



**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
(CSURMA AORMA)
LIABILITY PROGRAM
MEMORANDUM OF COVERAGE**

**DOMESTIC HIRED AUTOMOBILE PHYSICAL DAMAGE
AMENDATORY ENDORSEMENT - #1**

***THIS ENDORSEMENT CHANGES THE MEMORANDUM OF COVERAGE
PLEASE READ IT CAREFULLY***

The term “auto(s)” as used in this endorsement means a land motor vehicle designed for travel on public roads, but does not refer to those types of automobiles excluded under Exclusion # 1 below or to mobile equipment.

The term “loss” as used in this endorsement means direct and accidental loss or damage.

SECTION I - COVERED AUTOS

Domestic Hired Autos Only – Only “autos” the **Covered Party** may hire, lease, rent or borrow for no more than thirty (30) consecutive days by execution of a contract within the coverage territory. This does not include any **automobile** a **Covered Party** may lease, hire, rent or borrow from any of **Member employees** or **members** of their household.

SECTION 2 - PHYSICAL DAMAGE COVERAGE

A. Coverage Extensions

1. CSURMA AORMA will pay for “loss” to a covered auto or its equipment under Comprehensive and Collision coverage.
2. The coverage provided by this Endorsement is excess over any other collectible coverage
3. For **Hired Auto** Physical Damage, CSURMA AORMA will pay expenses for which a **Covered Party** becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver under a written rental contract or agreement. However, the most CSURMA AORMA will pay for any expenses for loss of use is \$60 per day, to a maximum of \$1,800.

CSURMA AORMA will pay up to the limits shown in the Declarations for towing and labor costs incurred each time a covered auto of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

B. Limit of Coverage

1. The most CSURMA AORMA will pay for “loss” in any one “accident” is the lesser of:
 - (1) The actual cash value of the damaged or stolen property at the time of the “loss”; or
 - (2) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

C. Deductible

For each covered auto, CSURMA AORMA’s obligation to pay for repair, return or replace damaged or stolen property will be reduced by the applicable deductible of \$1,000.

D. Coverage Territory

Under this Endorsement, CSURMA AORMA will cover accidents and losses occurring:

1. During the Memorandum period shown in the Declarations Page.
2. Within the coverage territory.

The coverage territory is:

- a. The United States of America;
- b. The territories and possessions of the United States of America; and Puerto Rico.

SECTION 3 – EXCLUSIONS

- A. CSURMA AORMA will not pay for loss to any expensive, exotic or antique automobile, 15- passenger vans; semi-trailer trucks; motorcycles, mopeds, or motorbikes. Antique automobile is defined as any vehicle over twenty (20) years old or any vehicle that has not been manufactured for ten (10) years or more. Examples of excluded expensive or exotic automobiles include but are not limited to those manufactured by Aston Martin, Bentley, Bricklin, Daimler, DeLorean, Excalibur, Ferrari, Jensen, Lamborghini, Lotus, Maaserati, Porsche and Rolls Royce. However, selected models of BMW, Mercedes-Benz, Cadillac and Lincoln are covered.
- B. CSURMA AORMA will not pay for loss to any covered auto while used in any professional or organized racing or demolition contest or stunt activity, or while practicing for such contest or activity. CSURMA AORMA will also not pay for loss to any covered auto while that covered auto is being prepared for such contest or activity.
- C. CSURMA AORMA will not pay for loss caused by or resulting from any of the following unless caused by other loss that is covered by this coverage:

1. Wear and tear, freezing or mechanical or electrical breakdown; or
 2. Blowouts, punctures or other road damage to tires.
- D. CSURMA AORMA will not pay for loss to any of the following:
1. Tapes, records, discs, or other similar audio, visual data electronic devices designed for use with audio, visual or data electronic equipment.
 2. Any device designed or used to detect speed measuring equipment such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed measuring equipment.
 3. Any electronic equipment, without regard to whether the equipment is permanently installed, that receives or transmits audio, visual, or data signals and that is not designed solely for the reproduction of sound.
 4. Any accessories used with the electronic equipment described in Paragraph c. above Exclusions 2.c. and 2.d. do not apply to:
 - a. Equipment designed solely for the reproduction of sound and accessories, provided such equipment is permanently installed in the covered auto at the time of the loss or such equipment is removable from a housing unit which is permanently installed in the covered auto at the time of loss, and such equipment is designed to be solely operated by use of the power from the auto's electrical system, in or upon the covered auto
 - b. Any other electronic equipment that is:
 - 1) Necessary for the normal operation of the covered auto or the monitoring of the covered auto's operating system
 - 2) An integral part of the same unit housing any sound reproducing equipment described above in i. above and permanently installed in the opening of the dash or console of the covered auto normally used by the manufacturer for installation of a radio.
- E. CSURMA AORMA will not pay for loss to a covered auto due to diminution of value.
- F. CSURMA AORMA will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provisions of this Endorsement.
- G. CSURMA AORMA will not pay for loss arising out of any violation of the rental car agreement.
- H. CSURMA AORMA will not cover damage to **autos** that are hired, rented or borrowed for more than thirty (30) consecutive days.
- I. CSURMA AORMA will not pay for loss or theft of personal belongings.
- J. CSURMA AORMA will not pay for loss caused by or resulting from the use of **auto** by **Member** volunteers.
- K. CSURMA AORMA will not pay for damages resulting from any **Covered Party's** personal liability.
- L. CSURMA AORMA will not pay for depreciation of the rental **auto** caused by loss or damage including but not limited to "diminished value".
- M. CSURMA AORMA will not pay for loss due to intentional acts, or due to the driver(s) being under the influence of alcohol, intoxicants, or drugs, or due to contraband or illegal activities.



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- N. CSURMA AORMA will not cover loss due to off-road operation of the rented **auto**, except when the off-road operation is authorized by a **Covered Party** and is used for an appropriate business operation.
- O. CSURMA AORMA will not pay for confiscation by authorities.
- P. CSURMA AORMA will not pay for **autos** that do not meet the definition of covered **autos**.
- Q. CSURMA AORMA will not pay for losses reported more than forty-five (45) days from the date of loss.

All other terms and conditions in the Memorandum remain unchanged.

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
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LIABILITY PROGRAM
MEMORANDUM OF COVERAGE**

**MEDICAL PAYMENTS
AMENDATORY ENDORSEMENT - #2**

***THIS ENDORSEMENT CHANGES THE MEMORANDUM OF COVERAGE
PLEASE READ IT CAREFULLY***

It is agreed that this Memorandum will pay medical expense limit of \$5,000 per any one person as described below for **bodily injury** caused by an accident:

1. On premises the **Member** owns or rents,
2. On ways next to premises the **Member** owns or rents, or
3. Because of the **Member's** operations;
4. Provided that:
 - a. The accident takes place in the covered territory and during the **coverage period**;
 - b. The expenses are incurred and reported to CSURMA AORMA within one (1) year or the date of the accident; and
 - c. The injured person submits to examination, at CSURMA AORMA's expense, by physicians of the CSURMA AORMA's choice as often as CSURMA AORMA reasonably require.

CSURMA AORMA will make these payments regardless of fault. These payments will not exceed the applicable limit of coverage. CSURMA AORMA will pay reasonable expenses for:

1. First aid administered at the time of an accident;
2. Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
3. Necessary ambulance, hospital, professional nursing and funeral services.

The Program will not pay expenses for **bodily injury**:

1. To any **Member**;
2. To a person hired to do work for or on behalf of any **Member** or a tenant of any **Member**;
3. To a person injured on that part of premises the **Member** owns or rents that the person normally occupies;



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4. To a person, whether or not an employee of any **Member**, if benefits for **bodily injury** are payable or must be provided under workers' compensation or disability benefits law or a similar law;
5. To a person injured while taking part in athletics;
6. To a person who is a student of the California State University or a participant enrolled in a CSU sponsored program;
7. Included with the products-completed operations hazard; and
8. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

All other terms and conditions in the Memorandum remain unchanged.



**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
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**CALIFORNIA UNINSURED OR UNDERINSURED MOTORISTS
COVERAGE BODILY INJURY
AMENDATORY ENDORSEMENT - #3**

***THIS ENDORSEMENT CHANGES THE MEMORANDUM OF COVERAGE
PLEASE READ IT CAREFULLY***

For a covered **automobile** licensed or principally garaged in or with operations conducted in California this endorsement modifies the Memorandum provided under the following:

Bodily injury to which this additional coverage applies.

With respect to the additional coverage provided by this endorsement, the provisions of the Memorandum apply unless modified by this endorsement. This endorsement changes the Memorandum effective on the inception date unless another date is indicated below.

SCHEDULE: Limit of Liability - \$250,000 per **occurrence**

A. Coverage

1. CSURMA AORMA will pay all sums the **Covered Party** is legally entitled to recover as compensatory damages from the owner or driver of an **uninsured or underinsured motor vehicle**. The damages must result from “**bodily injury**” sustained by the **Covered Party** caused by an **occurrence**. The owner’s or driver’s liability for these damages must result from the ownership, maintenance or use of the **uninsured or underinsured motor vehicle**.
2. CSURMA AORMA will pay only after the limits of liability under any liability bonds or policies have been exhausted by payment of judgments or settlements.
3. Any judgment for damages arising out of a claim, suit or proceeding brought without the written consent of CSURMA AORMA is not binding.

B. Exclusions

This additional coverage does not apply to any of the following:

1. Punitive or exemplary **damages**.

2. Any claim settled without consent of the CSURMA AORMA. However, this exclusion does not apply to a settlement made with the insurer of an **auto** described in Paragraph b. of the definition of **uninsured or underinsured motor vehicle**.
3. The direct or indirect benefit of any insurer or self-insurer under any worker's compensation, disability benefits or similar law or to the direct benefit of the United States, a state or its political subdivisions.
4. **Bodily injury** sustained by any **Covered Party** while occupying or when struck by any **auto** owned by that **Covered Party** that is not a covered **automobile** for **uninsured or underinsured motorists** Coverage under this Coverage Form;

However, Exclusion 4 shall not apply to **bodily injury** sustained by any **Covered Party** when struck by an **auto** owned by the **Member** and operated or caused to be operated by a person without that **Member's** consent in connection with criminal activity that has been documented in a police report and to which that **Covered Party** is not a party to.
5. Anyone using an **automobile** without a reasonable belief that the person is entitled to do so.
6. **Bodily injury** sustained by a **Covered Party** while occupying any **automobile** that is rented or leased to that **Covered Party** for use as a public or livery conveyance.
7. **Bodily injury** arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. Limit of Liability

1. Regardless of the number of covered **automobiles**, the **Member**, premiums paid, claims made or **automobiles** involved in the **occurrence**, the most CSURMA AORMA will pay for all damages resulting from any one **occurrence** is the limit of liability for **uninsured or underinsured motorists** coverage shown in the schedule of declarations.
2. For an **automobile** described in Paragraph b. of the definition of **uninsured motor vehicle**, our limit of liability shall be reduced by all sums paid because of **bodily injury** by or for anyone who is legally responsible, including all sums paid or payable under this policy's liability coverage.
3. No one will be entitled to receive duplicate payment under this coverage for any element of **damages** for which payment has been made by or for anyone who is legally responsible.
4. CSURMA AORMA will not make a duplicate payment under this coverage for any element of **damages** for which payment has been made by or for anyone who is legally responsible.
5. CSURMA AORMA will not pay for any element of **damages** if a person is entitled to receive payment for the same element of **damages** under any workers' compensation, disability benefits or similar law.

D. Changes in Conditions

The conditions are changed for California **uninsured motorist's** coverage – **bodily injury** as follows:

1. Duties in the Event of Accident, Claim, Suit or Proceeding is changed by adding the following:
 - a. Promptly notify the police if a hit-and-run driver is involved; and
 - b. Send CSURMA AORMA copies of the legal papers if a claim, suit or proceeding is brought. In addition, a person seeking coverage under Paragraph b. of the definition of **uninsured motor vehicle** must:
 - (1) Provide CSURMA AORMA with a copy of the complaint by personal service or certified mail if the **Covered Party** brings an action against the owner or operator of such **uninsured motor vehicle**;
 - (2) Within a reasonable time, make all pleadings and depositions available for copying by CSURMA AORMA or furnish CSURMA AORMA copies at the expense of CSURMA AORMA; and
 - (3) Provide CSURMA AORMA with proof that the limits of liability under any applicable liability bonds or policies have been exhausted by payment of judgments or settlements.
2. Action Against CSURMA AORMA is replaced by the following:

No legal action may be brought against CSURMA AORMA under this endorsement until there has been full compliance with all the terms of this endorsement and with respect to Paragraphs a., c. and d. of the definition of **uninsured motor vehicle** unless within two (2) years from the date of the **occurrence**:

 - a. Agreement as to the amount due under this Memorandum has been concluded;
 - b. The **Covered Party** has formally instituted arbitration proceedings against CSURMA AORMA. In the event that the **Covered Party** decides to arbitrate, the **Covered Party** must formally begin arbitration proceedings by notifying CSURMA AORMA in writing, sent by certified mail, return receipt requested; or
 - c. Claim, suit or proceeding, for **bodily injury** has been filed against the **uninsured motorist** in a court of competent jurisdiction.
3. Transfer of Rights of Recovery Against Others to CSURMA AORMA is replaced by the following:
 - a. With respect to Paragraphs a., c. and d. of the definition of **uninsured or underinsured motor vehicle**, if CSURMA AORMA makes any payment, CSURMA AORMA is entitled to recover what CSURMA AORMA paid from other parties. Any person to or for whom CSURMA AORMA makes payment must transfer to CSURMA AORMA his or her rights of recovery against any other party. This person must do everything necessary to secure these rights and must do nothing that would jeopardize them.
 - b. With respect to Paragraph b. of the definition of **uninsured or underinsured motor vehicle**, if CSURMA AORMA makes any payment and the **Covered Party** recovers from another party, the **Covered Party** shall hold the proceeds in trust for CSURMA AORMA and pay back the amount CSURMA AORMA has paid.
4. Other Insurance is replaced by the following:

If there is other applicable insurance available under one or more policies or provisions of coverage:

- a. The maximum recovery under all endorsements and the memorandum combined may equal but not exceed the highest applicable limit for any one **automobile** under any endorsement and the memorandum providing coverage on either a primary or excess basis.
- b. Any coverage CSURMA AORMA provides with respect to an **automobile** the **Member** does not own shall be excess over any other collectible **uninsured or underinsured motorists** insurance providing coverage on a primary basis.
- c. If the coverage under this endorsement is provided:
 - (1) On a primary basis, CSURMA AORMA will pay only the share of the **damages** that must be paid under this Memorandum providing coverage on a primary basis. CSURMA AORMA's share is the proportion that the limit of liability bears to the total of all applicable limits of liability for coverage on a primary basis.

E. Additional Definitions

- 1. **Occupying** means in, upon, getting in, on, out or off.
- 2. **Uninsured or underinsured motor vehicle** means a land motor **automobile** or trailer:
 - a. For which no liability bond or policy at the time of an **occurrence** provides at least the amounts required by the applicable law where a covered **automobile** is principally garaged;
 - b. That is an **underinsured motor vehicle**. An **underinsured motor vehicle** is a land motor vehicle or for which the sum of all liability bonds or policies at the time of an **occurrence** provides at least the amounts required by the applicable law where a covered **automobile** is principally garaged but that sum is less than the limit of liability for this coverage;
 - c. For which an insuring or bonding company denies coverage or refuses to admit coverage except conditionally or with reservation or becomes insolvent;
 - d. That is a hit-and-run **automobile** and neither the driver nor owner can be identified. The **automobile** must make physical contact with a **Covered Party**, a covered **automobile** or an **automobile** a **Covered Party** is occupying; or
 - e. That is owned by the **Member** and operated or caused to be operated by a person without the owner's consent in connection with criminal activity that has been documented in a police report.

However, **uninsured motor vehicle** does not include any **automobile**:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
- b. Owned by a governmental unit or agency; or
- c. Designed or modified primarily for use off public roads while not on public roads.

All other terms and conditions in the Memorandum remain unchanged.



**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
(CSURMA AORMA)
LIABILITY PROGRAM
MEMORANDUM OF COVERGE**

**NON-SALARIED EMPLOYEE AUTO LIABILITY
AMENDATORY ENDORSEMENT - #4**

***THIS ENDORSEMENT CHANGES THE MEMORANDUM OF COVERAGE
PLEASE READ IT CAREFULLY***

The following is added to Section IV – COVERED PARTIES, Section C.

As respects motor vehicles operated by a **Non-Salaried Employee** of the California State University, CSURMA AORMA agrees to provide coverage directly in excess of the Motor Vehicle Liability Self-Insurance Program as defined by the State Administrative Manual of the State of California, section 2420 including any amendment or successor thereto, subject to all other terms and conditions of this Memorandum of Coverage. The coverage added does not involve the AORMA pooling layer of liability.

The coverage provided herein includes liability arising from the use of any owned, non-owned or hired vehicle operated by a **Non-Salaried Employee** while on **State** business.

For the purpose of the coverage provided by this endorsement, the following definitions are added:

1. **Non-Salaried Employee:** Means anyone, including but not limited to a student assistant or volunteer, operating a motor vehicle while on **State** business.
2. **State:** Means the State of California; the Trustees of the California State University; the California State University, and its campuses.

2420 MOTOR VEHICLE LIABILITY SELF-INSURANCE PROGRAM (Revised 12/04)

The ORIM administers the State Motor Vehicle Liability Self-Insurance Program (VELSIP), which provides unlimited self-insured liability coverage for the state, agencies, and employees who operate covered self-propelled land vehicles on state business (California Vehicle Code Sections 17000 and 17001). Effective January 1, 2004, liability coverage is limited to \$1 million per occurrence/accident when the state vehicle is operated by a non-salaried employee (i.e. student assistant, volunteer, etc.) on state business. The driver's employing department/agency will be financially responsible for the payment of any claims, settlements, judgments or verdicts in excess of \$1 million. The VELSIP provides excess liability coverage for state employees on state business while driving non-state vehicles, but only after the vehicle owner's liability policy limits have been paid. The VELSIP does not provide coverage for injury to state employees nor for damage to state vehicles. Employee injuries are handled through Workers' Compensation coverage. Damage to state vehicles are handled through the budget of the owning state agency.

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
(CSURMA AORMA)
LIABILITY PROGRAM
MEMORANDUM OF COVERAGE**

**FIDUCIARY LIABILITY
AMENDATORY ENDORSEMENT - #5**

***THIS ENDORSEMENT CHANGES THE MEMORANDUM OF COVERAGE
PLEASE READ IT CAREFULLY***

This is claims made and reported coverage; therefore, the coverage is limited to Claims that are first made against the Member during the coverage period and are reported to CSURMA AORMA during the coverage period.

With respect to the additional coverage provided by this endorsement, the provisions of the Memorandum of Coverage apply unless modified by this endorsement.

A. SUBJECT TO THE LIMIT STATED BELOW CSURMA AORMA AGREES:

To pay on behalf of any **Covered Party** those sums for **loss** including **Claims Expenses** incurred in the defense and settlement of any **Claim** first made against the **Covered Party** and reported to Underwriters during the **Policy Period**, alleging a **Wrongful Act(s)** of any Covered Party, first committed, or allegedly committed on or subsequent to the **Retroactive Date** shown herein, in the **administration** of **Covered Party's Employee Benefit Plans or Covered Party's Trusts**.

B. LIMIT OF LIABILITY: \$350,000 ANY ONE CLAIM

For the purpose of determining the limit of liability of CSURMA AORMA under this endorsement, all **damages** arising out of continuous repeated exposure to substantially the same general conditions shall be considered as arising out of one **loss**.

Loss, with duration of more than one **policy period** shall be treated as a single **loss** arising during the **policy period** when the **Claim** is first made, and under no circumstances shall the fact that said **loss** has duration of more than one **policy period** entitle a **Covered Party** to more than one limit of coverage.

C. EXCLUSIONS

Exclusions H - Employee Benefits; J – ERISA; and L - Fiduciary Liability do not apply to the **administration** of the **Covered Party's Employee Benefit Plans or Covered Party's Trusts**, but only up to the limit of liability stated above for CSURMA AORMA .

Underwriters shall not be liable to make any payment for that part of **Loss**, other than Defense Expenses:

1. Which constitutes civil or criminal fines or penalties, taxes, or the multiple portion of any multiplied damage award;
2. Which constitutes payments due under the terms of the Benefit Plan or Trust , unless recovery is based upon a covered **Wrongful Act**;
3. **Loss made against the Covered Party:**
 - a. For libel, slander, bodily injury, emotional distress, disease, sickness or death of any person. Or any damage to or destruction of any tangible property including loss of use thereof;
 - b. For liability of others assumed by the **Covered Party** under any oral, written or implied contract or agreement; however, this exclusion shall not apply to the extent the **Covered Party** would have been liable in the absence of such contract or agreement; or the liability was assumed in accordance with or under the **Benefit Plan or Trust** agreement or equivalent document pursuant to which the plan was established;
 - c. Any **Insured's** gain of any profit, remuneration or advantage to which they were not legally entitled; or
 - d. For discrimination in violation of any law.
4. CSURMA AORMA shall not be liable to make any payment for **Loss** in connection with any claim based upon, arising out of, directly or indirectly resulting from or in consequence of:
 - a. Any fact, circumstance, situation, transaction event or **Wrongful Act** which was the subject to any notice given under any prior coverage for fiduciary liability or other similar insurance;
 - b. Any litigation or administrative or regulatory proceeding against any **Insured** pending on or before the effective date of this endorsement, or any actual, alleged fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged therein which was known to the **Covered Party** prior to the inception of this endorsement, or
 - c. Any deliberately fraudulent or dishonest act or omission or any willful violation of any statute or regulation by any **Insured**; however, this exclusion shall not apply unless a judgment or other final adjudication adverse to such **Insured** establishes such a deliberately fraudulent or dishonest act or omission or willful violation.

D. DEFINITIONS

For the purpose of the coverage provided by this endorsement, the following definitions are added:

1. **Administration** means:

- a. Providing information, advice, counsel or notice to employees or **Trust** beneficiaries, with respect to the **Employee Benefits Plan** or **Trust**;
 - b. Providing interpretations of the **Employee Benefits Plan** or **Trust**;
 - c. Handling records in connection with the **Employee Benefits Plan** or **Trust**, or
 - d. Effecting enrollment, termination or cancellation of employees, participants, or beneficiaries under the **Employee Benefit Plan**.
2. **Claim** means:
- a. A written demand for specific monetary, non-pecuniary, or injunctive relief;
 - b. A criminal or civil proceeding for monetary, non-pecuniary or injunctive relief which is commenced by:
 - i. Service of a complaint or similar pleading; or
 - ii. Return of an indictment (in the case of criminal proceeding); or
 - iii. Receipt or filing of a notice of changes; or
 - c. A formal agency or regulatory proceeding to which a **Covered Party** is subject
Made against a Covered Party alleging a **Wrongful Act**.
3. **Claims Expenses** mean reasonable expenditures incurred by a **Covered Party** in defense of a Claim covered under this endorsement, including but not limited to, cost of investigations, experts, adjustment services, legal services, court costs and similar expenses; provided however that **Claims Expenses** does not include wages or salaries of a **Covered Party**, or cost of attachment or similar bonds.
4. **Covered Party** means any natural person who was, is now, or becomes:
- a. A trustee, member of the board of directors, officer, in-house general counsel or an employee of the Member of an **Employee Benefit Plan** or **Trust**, while acting in his or her capacity as a fiduciary of an **Employee Benefit Plan** or **Trust** or as a person performing **Administration** for an **Employee Benefit Plan** or **Trust**, or who is;
 - b. Assigned to act as a trustee, or an agent for finances of an **Employee Benefit Plan** or **Trust**.
5. **Employee Benefit Plan** means a program providing some or all of the following benefits to employees:
- a. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts, provided that no one other than an employee may

subscribe to such benefits and such benefits are made generally available to those employees who satisfy the plan's eligibility requirements;

- b. Pension plans, provided that no one other than an employee may subscribe to such benefits and such benefits are made generally available to all employees who are eligible under the plan for such benefits;
 - c. Unemployment insurance, social security benefits, workers' compensation and disability benefits; and
 - d. Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family and civil leave, tuition assistance plans; transportation and health club subsidies.
6. **Insured** means:
- a. **Member**
 - b. CSU and CSU Campus Auxiliary Organizations
 - c. Elected/Appointed Officials: all past, present and future, including the Member Designated Professional Fiduciary
 - d. Employees: all past, present, and future
7. **Loss** means the amount which a **Covered Party** is legally and personally liability to pay on account of a **Claim** first made or instituted during the coverage period covered under and not excluded by this additional coverage endorsement.
8. **Member** means the signatory to the CSURMA Joint Powers Authority
9. **Retroactive Date** shall mean any Claim or Loss reported pursuant to the terms and conditions herein and rendered on or after the date set forth herein:

For all Members other than those Members specifically listed below the retroactive date for this endorsement is: July 1, 2010. For all Members listed below the retroactive date is as stated.

<u>Campus</u>	<u>AORMA Member</u>	<u>Retroactive Date</u>
Chico	Associated Students of CSU Chico	July 1, 2005
Long Beach	CSU Long Beach Foundation	July 1, 2008
Los Angeles	Associated Students Inc. CSU Los Angeles	July 1, 2007
Northridge	The University Corp., CSU Northridge	October 1, 1991
Northridge	University Student Union, CSU Northridge	October 1, 1999
Sacramento	Capital Public Radio, CSU Sacramento	April 15, 2010
San Jose	San Jose University Research Foundation	July 1, 2002
San Jose	Spartan Shops, Inc.	February 1, 1998

10. **Trust(s)** means charitable remainder trusts, charitable lead trusts, pooled income funds, or any combination thereof, or any employee pension benefits or employee welfare benefits trust, formed under U.S. Internal Revenue Code Section 501(c)(9), in which a **Member** participates, provided the trust only serves auxiliary organizations who are **Members**.
11. **Wrongful Act** means:
 - a. Any actual or alleged breach of the responsibilities, obligations or duties imposed upon **Covered Party** for the **Trusts** by common or statutory law or regulation of the United States or any state;
 - b. Any other actual or alleged matter claimed against a **Covered Party** solely because of his or her service as the designated fiduciary of any **Employee Benefit Plans** or **Trusts**; or
 - c. Any actual or alleged negligent act, error or omission solely in the **Administration** of any **Employee Benefit Plan** or **Trust**, and
 - d. Any actual or alleged breach of duties, obligations and responsibilities imposed by ERISA or by COBRA or by any similar or related federal, state or local law or regulation in the discharge of the **Covered Party's** duties with respect to any **Employee Benefit Plans** or **Trust**.

All other terms and conditions in the Memorandum remain unchanged.

PARTICIPANT ACCIDENT INSURANCE LIMITS

ISSUE: Policy and Procedure L-6 – Requirement that Participant Accident Insurance (PAI) be Purchased for all Child Care and Camp Operations Involving Minors – requires that the PAI policy has a minimum limit of \$10,000. At the October 24th meeting, the AORMA Committee discussed the minimum limit and questioned if the limit should be increased.

RECOMMENDATION: Staff recommends that the committee review the PAI limits again next year after the majority of the policies are renewed in July and evaluate whether the minimum PAI limit should be increased from \$10,000 to \$15,000 or \$20,000. At renewal, Staff will offer optional higher limits in \$5,000 increments.

FISCAL IMPACT: None.

BACKGROUND: 47 PAI policies are purchased for a variety of activities, most involving minors. Noted below is table showing the number of policies and the corresponding limits:

# of Policies	Limit
1	\$5,000
13	\$10,000
2	\$12,500
14	\$15,000
1	\$20,000
14	\$25,000
1	\$50,000
1	\$2,000,000

PUBLICATION: None.

ATTACHMENT(S):

- a. List of PAI policies
- b. Policy and Procedure L-6 - Requirement that Participant Accident Insurance (PAI) be Purchased for all Child Care and Camp Operations Involving Minors

2014-2015 AORMA Members with PAI Coverage

Campus	Policyholder	Activities / Events	Policy Number w/ QBE	Renewal Date	Coverage	AMED Limit	AD&D Limit	Deductible	Policy Auditable (X)
Fresno	CSU Fresno Association / CSU Fresno Courtyard	Various Program	NHH000160	1-Jul	Full Excess	5,000	10,000	0	X
Bakersfield	CSU Bakersfield Foundation	Children Center	NHH000335	1-Jan	Primary				
Chico	CSU Chico Research Foundation	Various Program	NHH000149	1-Jul	Excess - \$100	10,000	10,000	0	
Humboldt	University Center, Humboldt State Univ	Various Youth Activities	NHH000150	1-Jul	Full Excess	10,000	10,000	50	
Los Angeles	University Student Union, CSU Los Angeles	Various Trips	NHH000163	1-Jul	Full Excess	10,000	15,000	0	
Monterey	The University Corporation at Monterey Bay	Camp Sea Lab	NHH000366	14-Feb	Full Excess	10,000	15,000	25	X
Northridge	Associated Students, Inc CSU Northridge	Childcare Center	NHH000247	17-Nov	Full Excess	10,000	5,000	0	
San Jose	Associated Students, Inc SJSU	Children Center	NHH000118	1-Jul	Full Excess	10,000	10,000	50	
San Jose	SJSU Research Foundation	Various Program	NHH000114	23-Jun	Full Excess	10,000	15,000	0	
San Marcos	University Auxiliary & Research Services Corp, CSU San Marcos	Upward Bound	NHH000171	1-Jul	Primary	10,000	10,000	0	
Sonoma	Associated Students, Inc Sonoma State University	Various Program	NHH000164	1-Jul	Full Excess	10,000	15,000	50	
Sonoma	Associated Students, Inc Sonoma State University	Childcare Center	NHH000117	1-Jul	Full Excess	10,000	10,000	0	
Stanislaus	Associated Students Inc, CSU Stanislaus	Various Program	NHH000159	1-Jul	Full Excess	10,000	10,000	100	
Stanislaus	University Student Union, CSU Stanislaus	Outdoor Activities	NHH000168	1-Jul	Full Excess	10,000	15,000	0	
San Diego	Associated Students, SDSU	Children Center	NHH000120	1-Jul	Full Excess	12,500	10,000	0	
San Diego	Associated Students, SDSU	Mission Bay	NHH000152	1-Jul	Full Excess	12,500	10,000	0	
Chico	Associated Students Inc, CSU Chico	Adventure Outing	NHH000158	1-Jul	Full Excess	15,000	10,000	25	
Dominguez Hills	Associated Students Inc., CSU Dominguez Hills	Recreational Activities	NHH000166	1-Jul	Full Excess	15,000	10,000	0	X
Dominguez Hills	CSU Dominguez Hills Foundation	Children Center	NHH900000	1-Jul	Full Excess	15,000	5,000	0	
East Bay	Associated Students, Inc CSU East Bay	Various Program	NHH000167	1-Jul	Full Excess	15,000	10,000	0	
Fullerton	Associated Students CSU Fullerton	Various Program	NHH000151	1-Jul	Full Excess	15,000	15,000	50	
Long Beach	Associated Students, CSU Long Beach	Children Center	NHH000122	1-Jul	Full Excess	15,000	10,000	100	
Northridge	Associated Students, Inc CSU Northridge	Outdoor Adventure	NHH000372	1-Jul	Full Excess	15,000	10,000	25	X
Northridge	The University Corporation, CSU Northridge	Various Activities	NHH000126	1-Jul	Full Excess	15,000	10,000	50	
Northridge	University Student Union, CSU Northridge	Various Activities	NHH000054	1-Jul	Full Excess	15,000	10,000	50	
Pomona	Associated Students, Inc, CSPU Pomona	BEAT Program	NHH000162	1-Jul	Full Excess	15,000	10,000	0	
Sacramento	Associated Students Inc, Sacramento	Aquatic Center / Peak Adventures	NHH000139	30-Jun	Full Excess	15,000	10,000	50	
Sacramento	Associated Students Inc, Sacramento	Day Care Center	NHH000140	1-Jul	Full Excess	15,000	15,000	50	
San Francisco	ASI, SFSU / SFSU Student Center	Various Retreats / Activities	NHH000161	1-Jul	Full Excess	15,000	10,000	50	
San Luis Obispo	Cal Poly Corporation	Various Program	NHH000130	1-Jul	Primary	15,000	10,000	0	
Fullerton	Associated Students CSU Fullerton	Day Care	NHH000123	1-Jul	Primary	20,000	10,000	100	
Chico	Associated Students Inc, CSU Chico	Children Center	NHH000124	1-Jul	Full Excess	25,000	10,000	50	
Dominguez Hills	Associated Students Inc., CSU Dominguez Hills	Child Development Center	NHH000142	1-Jul	Full Excess	25,000	10,000	0	
Fresno	CSU Fresno Association	BARK Camp	NHH000100	10-Jun	Full Excess	25,000	15,000	0	
Fresno	Fresno State Programs for Children	Infant Toddler Center / Preschool / Huggins EEC	NHH000121	1-Jul	Full Excess	25,000	15,000	50	
Fullerton	Cal State Fullerton Auxiliary Services Corp	Various Program	NHH000046	3-Apr	Full Excess	25,000	15,000	0	X

2014-2015 AORMA Members with PAI Coverage

Campus	Policyholder	Activities / Events	Policy Number w/ QBE	Renewal Date	Coverage	AMED Limit	AD&D Limit	Deductible	Policy Auditable (X)
Long Beach	Associated Students, CSU Long Beach	Outdoor Adventure Program	NHH000619	16-Oct	Full Excess	25,000	25,000	50	X
Long Beach	CSU Long Beach Research Foundation	Various Programs	NHH000551	27-Sep	Full Excess	25,000	25,000	50	
Long Beach	Forty-Niner Shops, CSU Long Beach	Retreats	SRG0009133187-A	27-Jan	Full Excess	25,000	25,000	50	
Los Angeles	CA State LA Univ Auxiliary Services	Day Care Center / Upward Bound	NHH000154	1-Jul	Full Excess	25,000	15,000	0	
Monterey	The University Corporation at Monterey Bay	Early Outreach Program	NHH000271	18-Oct	Full Excess	25,000	15,000	0	X
Pomona	Associated Students, Inc, CSPU Pomona	Day Care Center	NHH000141	1-Jul	Full Excess	25,000	15,000	0	
Pomona	Associated Students, Inc, CSPU Pomona	Intramurals Sports	BAD270577	1-Jul	Full Excess	25,000	25,000	0	
San Bernardino	UEI, CSU San Bernardino	Children Center	NHH000119	1-Jul	Primary	25,000	10,000	0	
San Francisco	The University Corp, SFSU	Youth Sailing / Kayaking Activities	NHH000087	1-Jun	Full Excess	25,000	15,000	50	
San Marcos	CSU San Marcos University Corporation	Various Excursions	BAP271557	13-Feb	Full Excess	50,000	10,000	0	
San Luis Obispo	Associated Students Inc., CPSU San Luis Obispo	Intramurals	NHH900003	1-Jul	Full Excess	2,000,000		25,000	
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CSURMA AORMA**POLICY AND PROCEDURE NO. L-6**

SUBJECT: **REQUIREMENT THAT PARTICIPANT ACCIDENT INSURANCE BE PURCHASED FOR ALL CHILD CARE AND CAMP OPERATIONS INVOLVING MINORS**

ADOPTED: **JUNE 17, 2010**

AMENDED: **OCTOBER 23, 2014**

EFFECTIVE: **JUNE 17, 2010**

PURPOSE:

The purpose of this Policy and Procedure is to describe the conditions under which a MEMBER must purchase PARTICIPANT ACCIDENT INSURANCE.

Coverage provided under the CSURMA AORMA Self-Insured Liability program is governed solely by the Liability Memorandum of Coverage and excess insurance policies providing coverage under that program. This Policy and Procedure shall not be construed to broaden or restrict coverage in any way. Rather, this Policy and Procedure is intended to guide Auxiliary Organizations as respects coverage.

POLICY:

It is the policy of the AORMA that MEMBERS will protect the CSURMA program assets by purchasing a separate PARTICIPANT ACCIDENT INSURANCE policy for all child care and camp operations involving minors.

PROCEDURE:

MEMBERS will purchase PARTICIPANT ACCIDENT INSURANCE for all child care and camp operation involving minors. The each accident limit shall be no less than \$10,000; however, higher limits may be purchased. The coverage may be purchased on a primary or excess basis.

DEFINITIONS:

- 1. AORMA** – Auxiliary Organizations Risk Management Alliance, an insurance purchasing program of the California State University Risk Management Authority, a California Joint Powers Authority.
- 2. MEMBER** – Any auxiliary organization participating in AORMA.



CSURMA AORMA

POLICY AND PROCEDURE NO. L-6

- 3. PARTICIPANT ACCIDENT INSURANCE** – This coverage pays for medical and dental expenses incurred by a participant in a MEMBER sponsored activity as a result of bodily injury sustained without regard to negligence. The MEMBER has no requirement of legal liability in order for coverage to exist.

REVISED LIABILITY PROGRAM MEMBER ALLOCATION FORMULA

ISSUE: The Programs Committee, working with Staff, has modified the AORMA liability program member allocation formula from an ISO based allocation to an actuarially recommended loss based allocation formula. The AORMA Committee will be asked to review and approve the revised allocation formula at today’s meeting to be utilized in the FY 15/16 allocation.

RECOMMENDATION: The Programs Committee recommends that the AORMA Committee adopt the revised liability program member allocation formula.

FISCAL IMPACT: Noted below is a comparison of the FY 15/16 rates recommended by the actuary, the rates used for the FY 14/15 calculation and the recommended collared rates for the FY 15/16 calculation.

AORMA Pooled Layer – Rates and Premium

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

BACKGROUND: Since inception of the liability program, AORMA has used an ISO based rating allocation formula in order to allocate the total program costs to each member. ISO (Insurance Services Office, Inc.) is an organization that collects statistical data, promulgates rating information and develops standard policy forms. ISO rates are often adopted by insurance companies as the starting point for their rating own rating plan.

Within the current AORMA ISO rating formula, most members are rated using the Schools and Colleges classification with the addition of maybe one to three supplementary classifications

codes. Many of the classifications, including Schools and Colleges, use square footage as the rating exposure basis. Therefore, the formula is heavily weighted based on premises liability types of losses, i.e., slip, trip and fall, deck collapse, unsafe conditions. In addition, members are charged \$20 per FTE for employment practices liability (EPL). The current AORMA ISO rating formula caps all member increases to 10% even if the member had a major exposure change, i.e., construction of a new recreation center, or assuming responsibility for a day care center. The current AORMA ISO formula allows for credits or debits for loss experience and/or changes in operations but only up to 10%, and subject to the underwriter's discretion.

After several years, AORMA now has enough loss information to create a loss based allocation formula which tracks more closely to the member's actual loss experience. The CSURMA actuary has reviewed AORMA's loss history for ten years and has provided recommended rates for AORMA's four major loss categories – Auto Liability, Premises Liability, Employment Practices Liability and All Other. Based on the actuary's report, it is clear that AORMA needs to increase its rate for employment practices liability and lower its rate for premises liability.

The revised liability program member allocation formula includes the following factors:

1. **Exposure Information** – The total premium is allocated based on four exposure categories:
 - a. Expenditures (used to calculate the “all other losses” premium) – *Rate \$564 per \$1,000,000 in expenditures*
 - b. Payroll (used to calculate employment related losses) – *Rate \$1,065 per \$1,000,000 in payroll*
 - c. Square Footage (used to calculate the premise liability, i.e., slip, trip and fall, faulty stairs premium) – *Rate \$50 per 1,000 in square feet*
 - d. Number of Owned Autos (used to calculate the auto liability premium) – *Rate \$150 per auto*
2. **Size Credit** – Similar to the property and crime allocations, a size credit is included. *The current formula includes a maximum 30% credit based on the auxiliary's basic premium compared to the maximum premium of \$65,000. Seven members receive the full 30% reduction.*
3. **Loss Rating** – The actuary has calculated each member's experience modification factor. *To provide greater premium stability to the members, the experience modification factors are subject to a minimum of .75 and a maximum of 2.00.*
4. **Excess Premium** – The excess premium is allocated based on each member's percentage of the total basic premium (excluding size credit and loss rating). *A maximum premium cap of \$85,000 is included. One member is subject to the maximum excess premium maximum.*
5. **Admin Costs** – The admin costs are allocated based on each member's percentage of the total basic premium (excluding size credit and loss rating). *A minimum of \$600 and maximum of \$60,000 is included. 17 members receive the minimum admin costs and one member receives the maximum admin costs.*

6. **Collars** – Maximum and minimum premium collars are included to stabilize premium variations. *A 30% maximum increase and a 13% maximum decrease compared to the Member’s FY 14/15 premium are included. Most members are subject to the minimum or maximum collar. Minimum premiums are not subject to the collars.*
7. **Minimum Premium** – A \$2,500 will be included. *Eight members are subject to the minimum premium.*

Noted below are the ISO class codes currently being used:

Class Code	Description	Rating Basis
16723	Rental Stores	Gross Sales
40067	Athletic Programs	Number of Games
41422	Camps - Not For Profit	Number of Camp Days
41668	Clubs - Civic or Social	Square Footage
41716	Day Care Center	Per Person - Average Daily Attendance
48638	Stadiums Operated by Insured	Sales
48925	Swimming Pools	Each Pool
49185	Theaters	Admissions
49452	Vacant Land	Number of Acres
56760	Meat, Fish, Poultry or Seafood Processing	Gross Sales
60010	Apartment Buildings	Number of Units
61216	Bldg or Premises - Not for Profit (LRO)	Square Footage
63010	Dwellings - One Family (LRO)	Number of Dwellings
63216	Exhibition or Convention Bldg.	Square Footage
67509	Schools, Colleges	Square Footage
67511	Schools - Dormitory Facilities	Square Footage
91581	Contractors - Subcontracted Work	Total Costs

PUBLICATION: The new rating plan and premium will be published in the “January” letter and a detailed explanation will be included in the campus member presentation. A Policy and Procedure will be created for the AORMA Committee’s approval which outlines the allocation formula.

ATTACHMENT(S):

- a. The FY 15/16 Liability Program Member Allocation Rating Formula will be viewed as a separate excel attachment
- b. Actuary’s FY 15/16 Liability Rate and Experience Modification Factors report



September 22, 2014

331415

CSU Auxiliary Organizations Risk Management Alliance
c/o Alliant Insurance Services, Inc.
600 Montgomery Street, Suite 900
San Francisco, California 94111-2711

Attn: Ms. Amber Anderson
JPA Program Coordinator

**CSU Auxiliary Organizations
Risk Management Alliance
Liability Program
2015/16 Rates and Experience Modification Factors**

Introduction

Aon Risk Consultants, Inc. (Aon) conducted an actuarial study of the CSU Auxiliary Organizations Risk Management Alliance Liability Program (AORMA) based on data valued as of June 30, 2014 (the "Actuarial Study", report dated September 15, 2014). We were subsequently asked to allocate the projected 2015/16 loss rate by coverage (automobile, premises, employment practices, and other liability) and to develop an experience modification plan. This letter presents the results of this additional analysis.

Each section and exhibit of the study is an integral part of the whole. We recommend a review of the entire study prior to reliance upon this study. No key personnel have a relationship with the AORMA that may impair our objectivity.

Data

The exposure data provided for this study by Alliant Insurance Services, Inc. (Alliant) consisted of 2009/10 through 2015/16 vehicles, square feet, payroll, and expenditures by member. The square footage varied significantly by year for many members and in some cases appeared to be incomplete. As such, we relied only on the 2015/16 amount and estimated the prior years' square footage assuming a 0% annual trend. **The exposure used in this study materially affects the experience modification factors and projected premium for each member. Therefore, we highly recommend that the exposure on Exhibits LI-XMOD-2 through LI-XMOD-5 be carefully reviewed and any changes be communicated to us.**

We also relied on the claim data valued as of June 30, 2014 provided by Alliant for the Actuarial Study. In addition, Alliant mapped the coverage codes in the claim detail to the four requested coverages and provided the projected 2015/16 program expenses.

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Aon Risk Solutions | Global Risk Consulting | Actuarial and Analytics



In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis. Any material discrepancies discovered in the loss data by the AORMA or any other parties should be reported to us immediately, and if warranted, we will make appropriate amendments to the report.

Conclusions

1. Loss Rates by Coverage

The projected 2015/16 loss rates by coverage are shown in Table 1.

Table 1
Projected Limited Loss Rates
Gross of Deductibles
2015/16

Coverage (1)	Projected Exposure (2)	Full Value		Present Value	
		Projected Losses (3)	Loss Rate (4)	Projected Losses (5)	Loss Rate (6)
(A) Automobile Liability	438 Vehicles	\$65,730	\$150.07	\$62,755	\$143.28
(B) Premises Liability	14,682,014 Square Feet	544,620	37.09	519,970	35.42
(C) Employment Practices Liability	\$420,828,583 Payroll	1,079,850	2,566.01	1,030,975	2,449.87
(D) Other Liability	\$1,419,490,726 Expenditures	187,800	132.30	179,300	126.31
(E) Total		\$1,878,000		\$1,793,000	

Note: All amounts are from Exhibit LI-ALLOC-1.
Automobile loss rates are per vehicle.
Premises loss rates are per 1,000 square feet.
Employment practices loss rates are per \$1 million of payroll.
Other liability loss rates are per \$1 million of expenditures.

The foregoing total projected limited losses were developed in the Actuarial Study (Exhibit LI-14, page 2). We allocated the ultimate amounts by coverage based on the 2009/10 through 2013/14 reported claim experience valued as of June 30, 2014 and actuarial judgment, as shown in Exhibit LI-ALLOC-1, Section I. The amounts reflect an assumed self-insured retention of \$350,000 per claim and are gross of applicable EPL, D&O, and E&O member deductibles. The estimates are at the expected (i.e. approximately 50-55%) confidence level.

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



2. Experience Modification Plan

Experience modification factors are based on actuarial principles and incorporate some judgment that reflects a pool's philosophy on sharing and pooling of risks. The experience rating factor formula aims to balance responsiveness and stability. The proposed plan uses a five year experience period to provide responsiveness to each member's claims, while losses are capped at \$100,000 to dampen the annual change for each member and provide stability.

The experience rating factors are calculated in Exhibits LI-XMOD-1 through LI-XMOD-7. For each member, the indicated experience rating factor was based on its portion of the total losses compared to its portion of risk-adjusted exposure. The risk-adjusted exposure is a composite of each member's vehicle count, square footage, payroll, and expenditures. Compared to using only expenditures, the risk-adjusted exposure better reflects each member's true exposure to losses and thus provides a better basis for comparing the claim experience among members. The risk adjustment factors are shown in Exhibit LI-ALLOC-1, Section IV.

For example, member #15 accounted for 0.24% of all losses and 0.36% of all risk-adjusted exposure during the 2009/10 to 2013/14 experience period (Exhibit LI-XMOD-7, Columns 3 and 4), giving an indicated experience modification factor of 0.671 ($= 0.24\% / 0.36\%$).

We then incorporated credibility weights to reflect the various member sizes. This method assumes that the historical claim experience of members with relatively large exposure is more predictive of future claim experience compared to that of smaller members. The two largest members were assigned a weight of 75%, and the remaining members were given proportionally lower weights. The balance of the credibility weight was assigned 1.000. Continuing the example from above, the credibility weight for member #15 was estimated to be 14.7%, resulting in a credibility-weighted experience modification factor of 0.952 ($= 0.671 \times 14.7\% + 1.000 \times [1 - 14.7\%]$), as shown in Columns 6 and 7.

To provide greater stability to the members' premiums, we suggest setting minimum and maximum experience rating modification factors. In the attached exhibits, as an example, we limited the factors to be between 0.75 and 2.00.

3. Sample Premium Calculation

The 2015/16 premium for each member can then be calculated based on the projected loss rates, exposure, indicated experience modification factors, and projected program expenses. Doing so for each member was beyond the scope of this project; however, a sample member premium calculation is provided in Exhibit LI-XMOD-8. The projected losses are calculated as the product of the member's 2015/16 exposure and loss rate by coverage, as shown in Section A of the exhibit. Note that applicable deductible credits are applied to the employment practices liability amounts. The total projected losses are then adjusted by the credibility-weighted experience rating factor and adjusted for any off-balance, so that the total of the member projected losses equals the total for the program (net of deductibles). Program expenses are allocated to the member based on the projected losses, as directed by Alliant. The sample premium calculation includes minimum and maximum expense amounts, as discussed with Alliant. These caps are for illustrative and discussion purposes only and have not been confirmed by Alliant. Imposition



of such caps may require an additional off-balance adjustment, so that the premium collected equals the required funding amount. The sum of the projected losses and expenses yields the indicated premium by member.

◆ ◆ ◆ ◆ ◆

We appreciate the opportunity to be of service to AORMA, and are available to answer any questions.

Respectfully submitted,

Aon Risk Consultants, Inc.

Mujtaba Dattoo, ACAS, MAAA, FCA
Actuarial Practice Leader

Tracy Fleck, ACAS, MAAA
Consultant and Actuary

MD/TF

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Projected Ultimate Limited Losses and Loss Rates
Allocated by Coverage

I. Allocation of Losses by Coverage

Claim Period (1)	Automobile Liability (2)	Premises Liability (3)	Employment Practices Liability (4)	Other Liability (5)	Total (6)
A. Reported Limited Incurred Loss as of 6/30/14					
2009/10	\$32,891	\$159,042	\$284,320	\$74,399	\$550,652
2010/11	36,619	116,071	1,019,957	42,097	1,214,744
2011/12	57,272	664,915	1,749,084	219,912	2,691,182
2012/13	18,645	15,827	86,981	204,488	325,941
2013/14	73,370	742,558	138,100	123,410	1,077,438
Total	\$218,798	\$1,698,413	\$3,278,440	\$664,306	\$5,859,958
B. Percentage of Reported Limited Incurred Loss as of 6/30/14					
2009/10	6.0%	28.9%	51.6%	13.5%	100.0%
2010/11	3.0%	9.6%	84.0%	3.5%	100.0%
2011/12	2.1%	24.7%	65.0%	8.2%	100.0%
2012/13	5.7%	4.9%	26.7%	62.7%	100.0%
2013/14	6.8%	68.9%	12.8%	11.5%	100.0%
Total	3.7%	29.0%	55.9%	11.3%	100.0%
Selected	3.5%	29.0%	57.5%	10.0%	

II. Projected Ultimate Losses Allocated by Coverage

Coverage (1)	Selected Allocation (7)	2015/16 Projected Ultimate Limited Losses (8)	Present Value of 2015/16 Projected Ultimate Limited Losses (9)
Automobile Liability	3.5%	\$65,730	\$62,755
Premises Liability	29.0%	544,620	519,970
Employment Practices Liability	57.5%	1,079,850	1,030,975
Other Liability	10.0%	187,800	179,300
Total	100.0%	\$1,878,000	\$1,793,000

III. 2015/16 Loss Rates by Coverage

Coverage (1)	Exposure (10)	Projected 2015/16 Exposure (11)	Projected 2015/16 Loss Rate (12)	Present Value of Projected 2015/16 Loss Rate (13)	Exposure Units in Loss Rate (14)
Automobile Liability	Vehicles	438	\$150.07	\$143.28	1
Premises Liability	Square Feet	14,682,014	37.09	35.42	1,000
Employment Practices Liability	Payroll	\$420,828,583	2,566.01	2,449.87	1,000,000
Other Liability	Expenditures	\$1,419,490,726	132.30	126.31	1,000,000

IV. Exposure Risk Adjustment Factors

Coverage (1)	2015/16 Loss Rate per \$Million Expenditures (15)	Risk Adjustment Factor (16)
Automobile Liability	\$46.31	0.113
Premises Liability	383.67	0.028
Employment Practices Liability	760.73	1.940
Other Liability	132.30	0.100
Total	\$1,323.01	

All amounts are gross of member deductibles.

(7) is based on Section I.

(8) = (7) x Total (8)

(9) = (7) x Total (9)

Total (8) and (9) are from the CSU AORMA Liability Actuarial Study dated September 15, 2014.

(11) was provided by Alliant Insurance Services, Inc.

(12) = (8) / [(11) / (14)]

(13) = (9) / [(11) / (14)]

(15) = (8) / [2015/16 Expenditures / 1,000,000]

(16) = Total (15) / (12)

AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
LIABILITY

2015/16 Experience Modification Factors

Member Number	Member Name	2009/10 - 2013/14 % of Total		Indicated Experience Modification Factor (5)	Credibility Weight (6)	Credibility-Weighted Experience Modification Factor (7)	Capped Experience Modification Factor (8)
		Reported Incurred Losses as of 06/30/14 - Capped at \$100,000 per Claim (3)	Total Risk-Adjusted Exposure (4)				
1	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration	0.00%	0.28%	0.000	11.9%	0.881	0.881
2	Associated Students, California State University, Bakersfield, Inc.	0.00%	0.06%	0.000	2.7%	0.973	0.973
3	California State University, Bakersfield Foundation	0.00%	0.25%	0.000	10.8%	0.892	0.892
4	California State University, Bakersfield Student Union	0.00%	0.24%	0.000	10.2%	0.898	0.898
5	California State University Foundation	0.00%	0.02%	0.000	0.7%	0.993	0.993
6	California State University Institute	0.00%	0.02%	0.000	1.0%	0.990	0.990
7	Associated Students of California State University, Channel Islands	0.00%	0.03%	0.000	1.4%	0.986	0.986
8	California State University, Channel Islands Foundation	0.00%	0.03%	0.000	1.2%	0.988	0.988
9	University Glen Corporation, CSU Channel Islands	2.84%	0.47%	6.087	18.4%	1.935	1.935
10	Associated Students of California State University, Chico	0.57%	2.23%	0.254	51.9%	0.613	0.750
11	The University Foundation, California State University, Chico	0.05%	0.14%	0.381	6.2%	0.962	0.962
12	The CSU Chico Research Foundation	9.30%	2.38%	3.914	53.4%	2.556	2.000
13	Auxiliary Organization Associations c/o CSU Chico Research Foundation	0.00%	0.00%	0.000	0.2%	0.998	0.998
14	Associated Students, California State University, Dominguez Hills	0.01%	0.09%	0.068	4.2%	0.961	0.961
15	The Donald P. and Katherine B. Loker University Student Union, Inc.	0.24%	0.36%	0.671	14.7%	0.952	0.952
16	California State University, Dominguez Hills Foundation	0.26%	0.90%	0.285	30.2%	0.784	0.784
17	California State University, East Bay Foundation, Inc.	0.40%	0.73%	0.544	26.0%	0.881	0.881
18	Associated Students, California State University, East Bay	0.03%	0.39%	0.087	15.8%	0.856	0.856
19	Cal State East Bay, Educational Foundation, Inc.	0.00%	0.00%	1.000	0.0%	1.000	1.000
20	Associated Students, California State University, Fresno	0.00%	0.03%	0.000	1.4%	0.986	0.986
21	California State University, Fresno Association, Inc.	2.05%	3.30%	0.621	61.4%	0.767	0.767
22	California State University, Fresno Foundation	5.60%	2.51%	2.234	54.7%	1.676	1.676
23	Fresno State Programs for Children, Inc.	0.00%	0.13%	0.000	6.0%	0.940	0.940
24	The Agricultural Foundation of California State University, Fresno	0.00%	0.10%	0.000	4.6%	0.954	0.954
25	The California State University, Fresno Athletic Corporation	1.55%	2.37%	0.654	53.3%	0.816	0.816
26	Associated Students, California State University, Fullerton, Inc.	0.12%	1.24%	0.100	37.4%	0.664	0.750
27	CSU Fullerton Auxiliary Services Corporation	1.55%	3.72%	0.418	64.2%	0.626	0.750
28	Cal State Fullerton Philanthropic Foundation	0.00%	0.06%	0.000	2.7%	0.973	0.973
29	CSU Fullerton Housing Authority	0.02%	0.45%	0.056	17.8%	0.832	0.832
30	Associated Students, Humboldt State University	0.00%	0.06%	0.000	2.7%	0.973	0.973
31	Humboldt State University Advancement Foundation	0.00%	0.21%	0.000	9.4%	0.906	0.906
32	Humboldt State University Sponsored Programs Foundation	0.00%	0.00%	0.000	0.0%	0.928	0.928
33	Humboldt State University Center	0.07%	0.91%	0.074	30.5%	0.696	0.928
34	Associated Students, California State University, Long Beach	2.98%	1.01%	1.837	43.9%	1.368	1.368
35	California State University, Long Beach Foundation	6.00%	3.01%	1.996	59.2%	1.590	1.590
36	Forty-Niner Shops, Inc., CSU Long Beach	0.50%	1.58%	0.317	43.3%	0.704	0.750
37	CSULB 49er Foundation	0.00%	0.01%	0.000	0.7%	0.993	0.993
38	Associated Students, California State University, Los Angeles, Inc.	0.42%	0.19%	2.186	8.5%	1.101	1.101
39	Cal State L.A. University Auxiliary Services, Inc.	0.46%	2.10%	0.217	50.4%	0.606	0.750
40	California State University, Los Angeles Foundation	0.00%	0.01%	0.000	0.5%	0.995	0.995
41	University Student Union Board, California State University, Los Angeles	0.00%	0.00%	0.000	22.7%	0.773	0.773
42	The Associated Students of the California Maritime Academy	0.00%	0.00%	0.000	0.0%	1.000	1.000
43	California Maritime Academy Foundation, Inc.	0.00%	0.00%	0.000	0.2%	0.998	0.998
44	Foundation of California State University, Monterey Bay	0.00%	0.00%	0.000	0.0%	1.000	1.000
45	The University Corporation at Monterey Bay	0.17%	5.91%	0.028	74.0%	0.281	0.750
46	Associated Students, California State University, Northridge, Inc.	1.08%	0.51%	2.133	19.6%	1.223	1.223
47	California State University, Northridge Foundation	0.00%	0.04%	0.000	2.0%	0.980	0.980
48	North Campus University Park Development Corporation	0.00%	0.01%	0.000	0.4%	0.996	0.996
49	The University Corporation, CSU Northridge	2.94%	3.30%	0.892	61.4%	0.934	0.934
50	University Student Union of California State University, Northridge	5.63%	1.01%	5.593	32.7%	2.502	2.000

AUXILIARY ORGANIZATIONS RISK MANAGEMENT ALLIANCE
LIABILITY

2015/16 Experience Modification Factors

Member Number	Member Name	2009/10 - 2013/14 % of Total							
		Reported Incurred Losses as of 06/30/14 - Capped at \$100,000 per Claim	Total Risk-Adjusted Exposure	Indicated Experience Modification Factor	Credibility Weight	Credibility-Weighted Experience Modification Factor	Capped Experience Modification Factor		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
51	Associated Students Inc., California State Polytechnic University, Pomona	0.32%	0.69%	0.46%	24.9%	0.867	0.867		
52	The Cal Poly Pomona Foundation, Inc.	8.80%	5.46%	1.612	72.5%	1.443	1.443		
53	Associated Students of California State University, Sacramento	0.38%	0.75%	0.504	26.7%	0.868	0.868		
54	Capital Public Radio, Inc., CSU Sacramento	0.34%	0.48%	0.703	18.7%	0.944	0.944		
55	The University Foundation at Sacramento State	0.00%	0.01%	0.000	0.5%	0.995	0.995		
56	University Enterprises, Inc., CSU Sacramento	3.64%	6.22%	0.586	75.0%	0.689	0.750		
57	University Union Operation of CSUS, Inc.	0.40%	0.76%	0.521	26.8%	0.872	0.872		
58	Associated Students Inc., California State University, San Bernardino	0.00%	0.06%	0.000	3.0%	0.970	0.970		
59	Santos Manual Student Union of California State University, San Bernardino	0.01%	0.49%	0.021	19.0%	0.814	0.814		
60	University Enterprises Corporation at CSUSB	0.29%	1.23%	0.232	37.2%	0.714	0.750		
61	CSUSB Philanthropic Foundation	0.00%	0.33%	0.000	13.7%	0.863	0.863		
62	Associated Students, San Diego State University	4.86%	3.29%	1.476	61.4%	1.292	1.292		
63	Aztec Shops, Ltd., San Diego State University	1.34%	3.74%	0.357	64.3%	0.587	0.750		
64	San Diego State University Research Foundation	18.45%	14.07%	1.311	75.0%	1.234	1.234		
65	Associated Students, Inc., San Francisco State University	0.09%	0.43%	0.200	17.0%	0.864	0.864		
66	San Francisco State University Foundation	0.00%	0.11%	0.000	5.0%	0.950	0.950		
67	Cesar Chavez Student Center, San Francisco State University	4.39%	0.65%	6.754	23.9%	2.372	2.000		
68	The University Corporation, San Francisco State	0.46%	0.37%	1.252	15.1%	1.038	1.038		
69	Associated Student, San Jose State University	0.34%	0.51%	0.672	19.8%	0.935	0.935		
70	San Jose State University Research Foundation	4.47%	3.59%	1.245	63.4%	1.155	1.155		
71	Spartan Shops, Inc., San Jose State University	0.83%	1.32%	0.625	38.9%	0.854	0.854		
72	The Student Union of San Jose State University	0.35%	1.50%	0.236	41.9%	0.680	0.750		
73	The Tower Foundation, San Jose State University	0.00%	0.47%	0.000	18.8%	0.814	0.814		
74	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	2.28%	1.42%	1.600	40.7%	1.244	1.244		
75	Cal Poly Corporation	2.06%	4.46%	0.461	68.3%	0.632	0.750		
76	California Polytechnic State University Foundation	0.00%	0.13%	0.000	5.8%	0.942	0.942		
77	Associated Students of California State University, San Marcos	0.00%	0.03%	0.000	1.5%	0.985	0.985		
78	The California State University San Marcos Foundation	0.01%	0.01%	0.000	0.6%	0.994	0.994		
79	The University Corporation of CSU San Marcos	0.25%	0.03%	8.139	1.5%	1.104	1.104		
80	University Auxiliary and Research Services Corporation	0.00%	0.92%	0.000	30.7%	0.693	0.750		
81	Associated Students of Sonoma State University	0.10%	0.12%	0.834	5.6%	0.991	0.991		
82	Sonoma State Enterprises, Inc.	0.02%	0.29%	0.054	12.4%	0.882	0.882		
83	Sonoma State University Academic Foundation, Inc.	0.00%	1.05%	0.000	33.6%	0.664	0.750		
84	Associated Students, Inc., California State University, Stanislaus	0.00%	0.06%	0.000	3.0%	0.970	0.970		
85	California State University, Stanislaus Auxiliary and Business Services	0.00%	0.09%	0.000	4.1%	0.959	0.959		
86	California State University, Stanislaus Foundation	0.00%	0.08%	0.000	3.9%	0.961	0.961		
87	University Student Union of California State University, Stanislaus	0.00%	0.16%	0.000	7.0%	0.930	0.930		
Total		100.00%	100.00%						

(3) is from Exhibit LI-XMOD-1.

(4) is from Exhibit LI-XMOD-6.

(5) = (3) / (4)

(6) is based on (4). San Diego State University Research Foundation is the largest member based on expenditures and was given 75% credibility. The next largest member was given 75% weight and the remaining members proportionately less.

(7) = [(6) x (5)] + [(1 - (6))] x 1.0]

(8) = (7), subject to a minimum of 0.750 and a maximum of 2.000.

RISK REDUCTION INNOVATION MATCHING GRANT PROGRAM

ISSUE: Approving / recommending funds for the Risk Reduction Matching Grants projects have proven to be a challenge for both the MSLCT Committee and Brent Escoubas from Alliant Loss Control Consulting. In response, Policy and Procedure A-6, has been revised as follows:

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

RECOMMENDATION: The Member Services, Loss Control and Training Committee recommends;

1. Posting the grant application on the CSURMA website so that the members can access it at any time
2. Approval of the changes to Policy and Procedure A-6
3. Approval of the grant application
4. Removal of the due date for grant application submissions

FISCAL IMPACT: Annually, \$40,000 is set aside for grant projects. The funds are set aside on a "use it or loss it" basis. Within the FY 14/15 budget term, \$40,000 remains available.

BACKGROUND: None.

PUBLICATION: Changes to the Policy and Procedure will be uploaded onto the CSURMA website. The revised grant application will be added to the CSURMA website and notice of the new procedure will be sent to all members in the form of an AORMA Bulletin.

ATTACHMENT(S):

- a. Revised Policy and Procedure A-6 – Risk Reduction Innovative Matching Grant Incentive Program
- b. Grant application



CSURMA AORMA

POLICY AND PROCEDURE NO. A-6

SUBJECT: RISK REDUCTION INNOVATION MATCHING GRANT INCENTIVE PROGRAM

ADOPTED: MAY 9, 2013

EFFECTIVE: JULY 1, 2013

AMENDED: SEPTEMBER 12, 2013
MARCH 20, 2014
DECEMBER 4, 2014

PURPOSE:

The Risk Reduction Innovation Matching Grant Program (**Program**) makes funds available to AORMA Members (**Members**), ~~in both the Liability and Workers' Compensation programs.~~ It funds ~~specialized original and inventive training programs, the purchase of cutting edge safety equipment, innovative modernization of the Member's premises physical improvements~~ or any other unique or creative safety related ~~item project~~ that ~~will may~~ lead to a documentable reduction in claims costs. The purpose of this type of *matching grant program* is to encourage **Members** to enhance existing risk reduction efforts and to inspire ingenious safety ideas that the other Members may employ.

POLICY:

1. Annually, the following activities will be completed ~~:-~~
 - a. The Member Services, Loss Control and Training Committee (**MSLCTC**) will propose to the AORMA Committee a budget amount for the **Program**.
 - b. The **MSLCTC** will approve the maximum grant amount.
 - ~~c. The MSLCTC will review the Liability and Workers' Compensation loss information to identify patterns and claims which may be preventable with the (1) purchase, replacement or upgrade of physical property or (2) development of specialized training.~~
 - ~~d. The AORMA Loss Control Consultant will perform Member site inspections. Risk reduction projects or training needs may be identified.~~
 - ~~e. The AORMA Loss Control Consultant, in coordination with the Member, will complete the grant application.~~
 - ~~f.c.~~ The **MSLCTC** along with the Program Administrator will review the grant applications, and if found to be appropriate and consistent with the purpose of the **Program** may be approved by the **MSLCTC**.

2. To access funds under the **Program**, the ~~AORMA Loss Control Consultant, in coordination with the Member~~, must complete the grant application which is located on the CSURMA website (LOCATION WILL BE ADDED), and will include the following information:
 - a. A description of the proposed risk reduction project
 - b. The anticipated timeline for completion of the risk reduction project.
 - ~~b.c.~~ An estimate of the total costs for the proposed risk reduction project.
 - ~~e.~~ Develop benchmarks to evaluate the success of the Program.
3. The **Member** will be expected to complete the proposed risk reduction project within the timeline provided within the grant application. Upon review, the **MSLCTC** may rescind the grant if the **Member** has not started, or completed, the risk reduction project within the timeframe proposed.
4. Fifty percent (50%) of the **Member's** risk reduction project costs (up to the maximum grant amount approved for that **Member**) will be reimbursed under the **Program**. The **Member** will submit to the **MSLCTC** the final paid receipt to be used to calculate the **Program** reimbursement amount.
5. After the grant funds are utilized, the **Member** will provide a brief report providing information that will assist the **MSLCTC** in monitoring this **Program's** effectiveness and the merits of future **Program** funds.
- ~~6. The MSLCTC, in coordination with the AORMA Loss Control Consultant, will review the historical benchmarks to evaluate the success of the Program.~~

The AORMA Member Services, Loss Control and Training Committee (MSLCTC) invite you to apply for the **\$10,000** AORMA Risk **Innovation** Reduction Matching Grant

Application Deadline — Friday, July 26, 2013

The **AORMA Risk Reduction Matching Grant Incentive Program** makes funds available to AORMA Members to fund ~~specialized original and inventive training programs, the purchase of cutting edge~~ safety equipment, ~~innovative modernization of the Member's premises physical improvements or any other~~ safety unique or creative safety related item project that will may lead to a documentable reduction in claims costs. The purpose of this program is to encourage Members to enhance their existing risk reduction efforts and to inspire ingenious safety ideas that other Members may employ.

~~Annually, the MSLCTC will establish a focus for Risk Reduction Program. For FY 13/14, the Program Focus is prevention of workers' compensation losses within Class Code 1007 — Manual Labor, with an emphasis on (1) lifting and carrying, and (2) slip, trip and fall. The Program Focus will change every year so that all Members are eligible to apply for the Grant.~~

To access funds under the Risk Reduction Program, you must complete ~~and submit the attached~~ Risk Reduction Innovation Matching Grant Incentive Program application. ~~The deadline for completion is July 26, 2013.~~

The MSLCTC will review all of the grant applications and if your project is found to be appropriate and consistent with the Program Focus it may be approved. You will be notified by the MSLCTC immediately after your application has been approved. (Note, the MSLCTC meets quarterly, so a final decision may take a few months.) ~~by August 9, 2013.~~

You will be expected to complete the proposed risk reduction project within the timeline provided within your application. The MSLCTC may reevaluate the grant award if your project has not been started, or completed, within the timeframe proposed.

Fifty percent (50%) of your project costs, up to \$10,000, will be reimbursed. When your project is completed, you will be asked to submit to the MSLCTC the final paid receipt which will be used to calculate the reimbursement amount.

After completing your project, the MSLCTC may request a brief report to assist the MSLCTC in monitoring the Program's effectiveness and the merits of future Program funds.

Please email your completed application to:

Mimi Long
mlong@alliant.com

**RISK REDUCTION INNOVATION MATCHING GRANT INCENTIVE
PROGRAM APPLICATION
~~FY 13/14 APPLICATION~~**

~~**Application Deadline – Friday, July 26, 2013**~~

Per Member Grant Amount: **\$10,000**

Name of Auxiliary Organization:

Total anticipated costs for the risk reduction project: \$ _____

~~**Focus for Type of Loss Reduction:**~~

~~**Workers' compensation losses within Class Code 1007 – Manual Labor – with emphasis on (1) lifting and carrying, and (2) slip, trip and fall.**~~

Description of your proposed risk reduction project:

Anticipated start date and completion date of your risk reduction project:

Informational attachments (optional):

*Please email your completed application to Mimi Long
m.long@alliant.com*

EARTHQUAKE COVERAGE FOR CONDOMINIUM OWNERS

ISSUE: The AORMA Long Range Action Plan includes Item P-2 – Earthquake Coverage for Condominium Owners (when the HOA does not purchase earthquake coverage). Alliant Insurance Services did have a program for this type of product, but it was discontinued a few years ago.

The California Earthquake Authority (CEA) does offer insurance specifically for condominium owners. It provides the following earthquake coverages:

1. Assessment by HOA: The policy covers any earthquake assessments charged by the HOA.
2. Reduction in Value of Your Ownership Interest: If there is a physical loss to structures or other real property at the common interest development directly caused by earthquake and the HOA elects not to repair or replace that property or is permanently prevented by a government authority or court order from repairing or replacing the property, the policy will cover the resulting reduction in value of the condo owners interest in the dwelling unit and the common interest development.

The CEA coverage program must be purchased through to condo owner's property carrier. It is not available to be purchased on a commercial basis.

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

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CEA – Policy information for owners of Condominiums
- b. CEA – Specimen policy form

California Earthquake Authority

Your Guide to Earthquake Insurance

**Peace of mind
that no earthquake
can shake.**

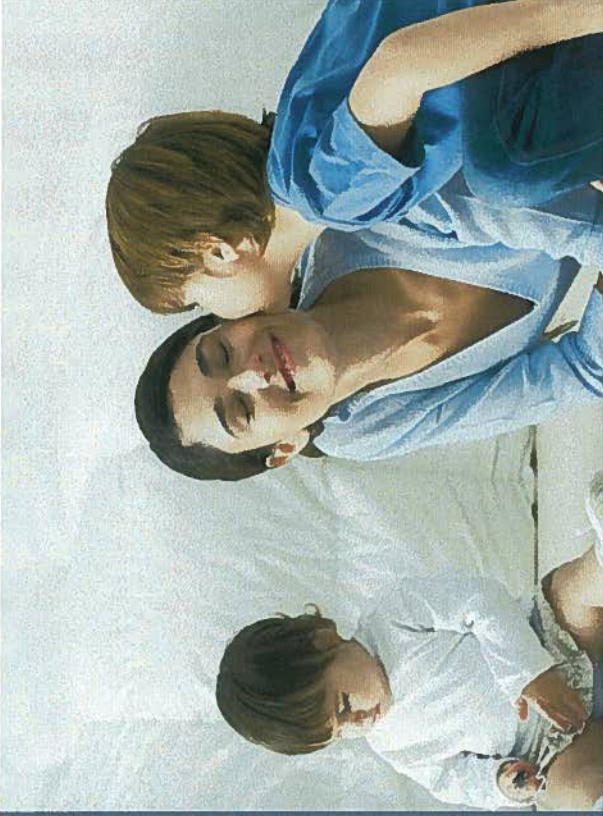
*Policy information for owners
of Condominiums.*

CEA CALIFORNIA
EARTHQUAKE
AUTHORITY™

**THE STRENGTH
TO REBUILD®**

Five reasons to buy a CEA policy.

- 1. Excellent financial ratings.**
CEA's financial strength is rated A- (Excellent) by A.M. Best Company (a company that rates insurance companies).
- 2. Expert service.**
CEA policies are available exclusively through CEA's participating insurance companies, which handle CEA-policy applications, renewals, billing, and claims.
- 3. Rates based on science, not profit.**
CEA rates are based on the best available science for assessing earthquake risk and do not include any amount for profit.
- 4. Not tied to government budgets.**
California's budget issues have no impact on the CEA's ability to pay its claims, because the CEA is a privately financed entity and receives no money from the state budget.
- 5. Without earthquake insurance, the cost of any damage is your cost.**
If your CEA policy claim exceeds your deductible, you don't have to pay the deductible before claim-payment eligibility is triggered.



Prepare to survive and recover.

After a damaging earthquake, your personal strength to recover can come from many places, like a California Earthquake Authority policy from the insurance agent you already know and trust. Earthquake insurance from the CEA—it will help get your life back to normal after the ground stops shaking.

Why earthquake insurance?

Most residential policies do not cover earthquake damage.

In most cases, a separate earthquake policy is required. Without earthquake insurance to help you recover from catastrophic damage, you will be responsible for all costs to repair or rebuild your home and replace your personal property, and to live and eat elsewhere while your home is being repaired or rebuilt.

Government assistance may not work for you.

State and federal government residential disaster-assistance programs, if available, adhere to strict eligibility criteria—and may not always be available. If disaster grants are available, and if you qualify, you may not receive funds sufficient to repair or rebuild your home and/or replace your damaged property. And if government loans are available, they may be limited, and you must repay them.

EARTHQUAKE FACT

20 – The number of seconds it took the 1994 Northridge earthquake to cause the largest dollar loss of any earthquake in California history.



Get the strength to rebuild.

If your home suffers catastrophic earthquake damage, the CEA can provide you with the strength to rebuild. With nearly \$10 billion in claim-paying power, supported by the service expertise of its participating insurance companies, the CEA could cover all of its claims if the 1906 San Francisco, 1989 Loma Prieta, or 1994 Northridge earthquake reoccurred today.

How do I buy CEA earthquake insurance?

CEA policies are sold and serviced exclusively through CEA's participating insurance companies. A list of participating insurers is available at www.EarthquakeAuthority.com. Call your broker, agent, or residential insurer for more information about coverages and policy limitations.

Only your broker, agent, or residential insurer can give you an accurate premium quote. But you can use CEA's online Premium Calculator at www.EarthquakeAuthority.com to get an estimate.

CEA Policies

The CEA offers insurance policies to help homeowners, mobilehome owners (written under a homeowners policy), condominium owners, and renters recover from damaging earthquakes.



EARTHQUAKE FACT

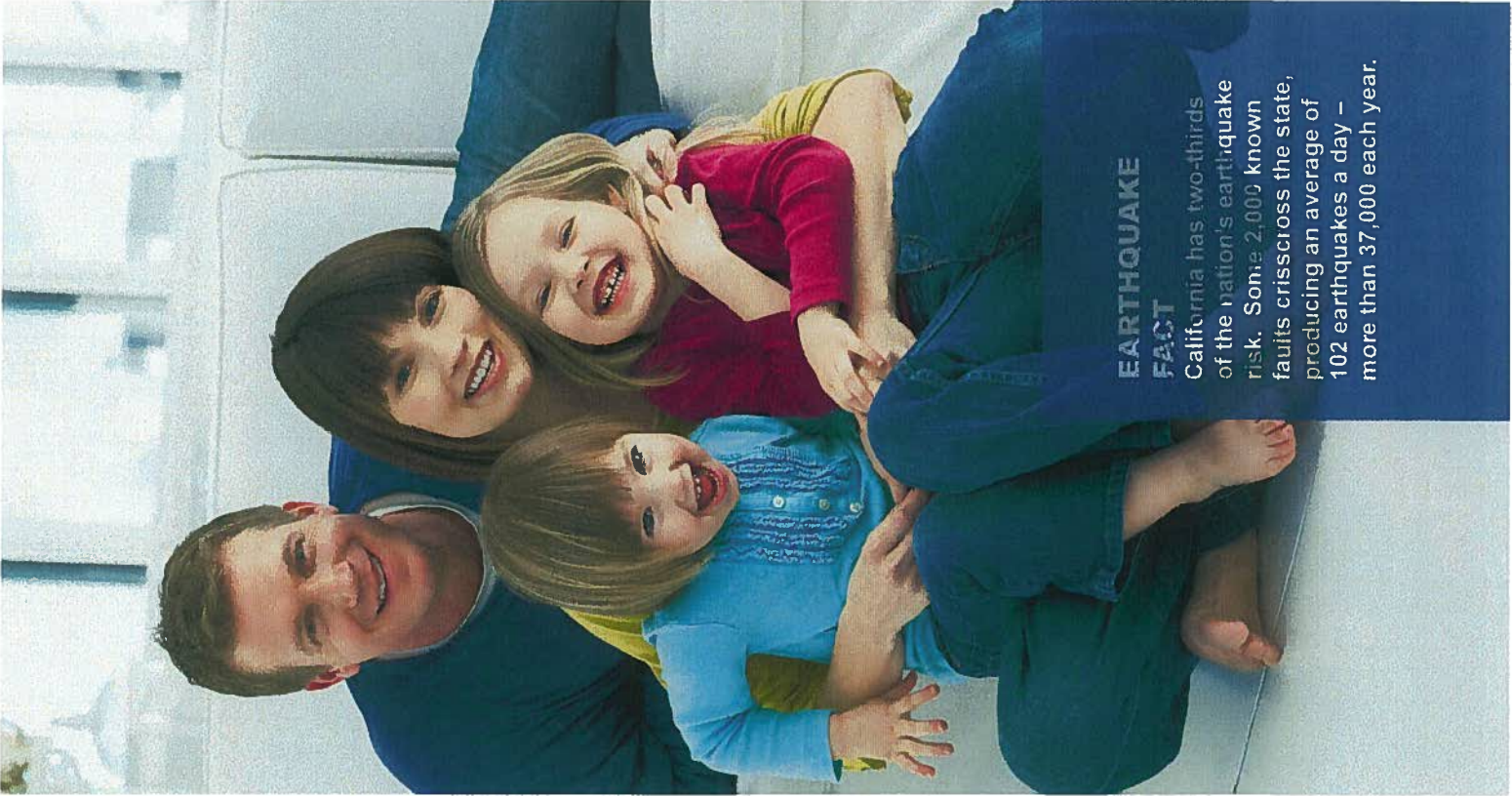
California law requires you to have a residential insurance policy in-force with a CEA participating insurance company in order to have a CEA earthquake policy. If your residential insurance policy cancels, your CEA policy cancels at the same time. It is important to make sure your CEA policy remains in-force and is updated anytime you make a change to your residential insurance policy.

CEA coverages for condominium owners

Most condominium associations maintain the exterior and structural components of the buildings that house individual units and common areas. But association earthquake-insurance policies may not cover damage to your personal property, or compensate you for loss of use or provide funds for a post-earthquake assessment by your association. The CEA offers earthquake insurance coverage tailored to the unique needs of condominium owners.

- **Building Property (Coverage A):**
This coverage provides up to \$25,000 to repair or replace interior structural components and fixtures such as cabinets, built-in appliances, wall-to-wall carpeting, and some heating and plumbing equipment. Loss payments are subject to the policy's Coverage A (\$3,750) deductible.
- **Personal Property (Coverage C):**
If covered damage to your personal property exceeds your \$750 deductible, your CEA policy will repair or replace personal property such as electronics, furniture, and many household items, up to your policy's Coverage C limit.
- **Loss of Use (Coverage D):**
 - > If you are unable to live in your home because of earthquake damage or if a civil authority prohibits you from occupying your home after an earthquake, you may be eligible for Loss-of-Use coverage, up to your policy limit.
 - > Loss-of-Use coverage never has a deductible.
- **Loss Assessment (Coverage E):**
 - > If your condominium owners association imposes an assessment to repair damage caused by an earthquake, Loss-Assessment Coverage may help pay your share of certain assessments. Your CEA policy has the details.
 - > You can buy CEA Loss-Assessment Coverage even if your condominium owners association does not have a "master" earthquake policy in force.

Sublimits for certain specifically covered items apply. For a complete list of coverages, exclusions, and conditions, talk to your broker, agent, or residential insurer, or you can download a specimen policy on the CEA Web site at www.EarthquakeAuthority.com.



EARTHQUAKE FACT

California has two-thirds of the nation's earthquake risk. Some 2,000 known faults crisscross the state, producing an average of 102 earthquakes a day – more than 37,000 each year.

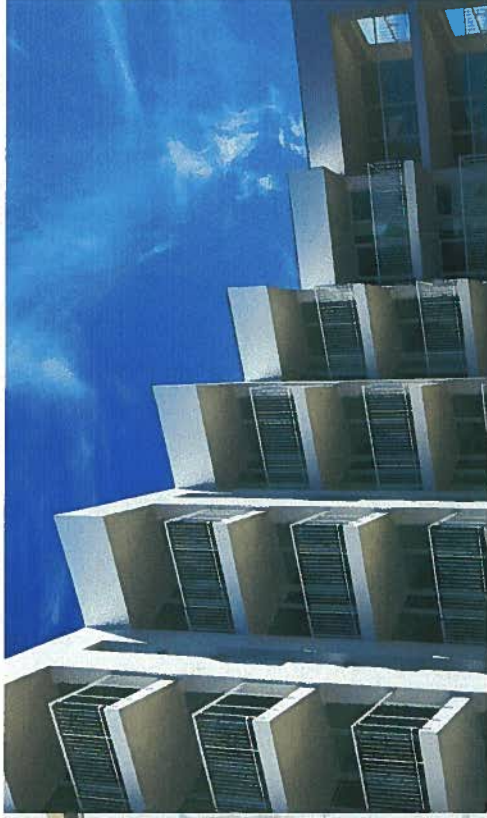
California Earthquake Authority Condominium Policy

Coverages		Available Limits
Coverage A - Building Property Coverage for repair or replacement of interior structural components when earthquake damage exceeds the deductible. Property covered includes built-in appliances, fixtures, some improvements, wall-to-wall carpeting, as well as other items.		Optional Coverage
Coverage Limit		\$25,000
Deductible		15% of your Building Property limit - \$3,750
Coverage C - Personal Property Coverage to replace personal property such as furniture and household items, when damage exceeds the coverage deductible, up to the policy limit.		Optional Coverage
Coverage Limit Options		\$5,000 \$25,000 \$50,000 \$75,000 \$100,000
Deductible		\$750
Coverage D - Loss of Use Coverage for additional living expenses, if you are unable to live in your home as a result of earthquake damage, up to the policy limit. There is no deductible for Loss-of-Use Coverage.		Optional Coverage
Coverage Limit Options		\$1,500 \$10,000 \$15,000 \$25,000*
Deductible		No deductible
Coverage E - Loss Assessment Coverage for certain assessments an association may impose on all property owners to pay for exterior or structural repairs for earthquake damage when damage exceeds the deductible, up to the policy limit.		Optional Coverage
Coverage Limit Options		\$25,000, \$50,000, or \$75,000
Deductible		Your loss-assessment deductible is 15% of the coverage limit chosen
Building Code Upgrade Coverage Additional coverage which provides funds for bringing your home up to current building codes when repairing or replacing a home.		Included Coverage
Coverage Limit Options		\$10,000
Deductible		Building Code Upgrade Coverage is paid if your covered dwelling loss exceeds your Coverage A deductible
Emergency Repairs Coverage for reasonable emergency repairs following an earthquake.		Included Coverage
Coverage Limit		Coverage A - Building Property: Up to \$1,500* Coverage C - Personal Property: The lesser of \$1,000 or 5% of Coverage C Coverage A - Building Property: \$3,750 Coverage C - Personal Property: \$750
Deductible		

CEA's rates are based on science, not profit, and your premium is calculated according to your condominium's location and your coverage choices.

Note: For claims that exceed your CEA policy deductible, you needn't spend money out-of-pocket before becoming eligible for payment on your claim.

*Available for policyholders beginning with new and renewal policies that are effective on or after January 1, 2012.



**Claim example:
Condominium owners**

A major earthquake near one of California's urban centers could cause unprecedented damage. Condominium owners who need to repair earthquake damage may be presented with unique challenges. If you have to replace personal belongings, repair earthquake damage to the inside of your condominium, and pay a post-earthquake assessment by your homeowners association, you may be eligible for the following claim payment:

Coverage Type	Condominium Policy
Building Property (Coverage A)	\$25,000, with a 15% building property deductible (\$3,750)
Personal Property (Coverage C)	\$50,000, with a \$750 deductible
Loss of Use (Coverage D) - No Deductible	\$10,000, no deductible
Loss Assessment (Coverage E)	\$75,000 with a 15% deductible (\$11,250)
Damage Scenario	
Damage to Building Property (Condo)	\$8,750
Damage to Personal Property	\$25,750
Loss Assessment	\$61,250
Payments by CEA after deductible	
Building Property	\$5,000 (After application of \$3,750 deductible)
Personal Property	\$25,000 (After application of \$750 deductible)
Loss Assessment	\$50,000 (After application of 15% deductible)
Total CEA Claim Payment	\$80,000



**THE STRENGTH
TO REBUILD®**

About the CEA

*The CEA can provide you
with the strength to rebuild.*

*The CEA has nearly \$10 billion
in claim-paying power, combined
with the service expertise provided
by its participating insurance
companies.*

*The CEA is a publicly managed,
privately funded organization
that provides catastrophic
residential earthquake insurance
and encourages Californians to
reduce their risk of earthquake loss.*

*State budget issues have no
impact on the CEA's ability to pay
claims, because the CEA receives
no money from the state budget.*

*About 70% of all residential
earthquake insurance policies sold
in California are sold by the CEA.*

For more information, visit the CEA online:

www.EarthquakeAuthority.com

California Earthquake Authority
801 K Street, Suite 1000
Sacramento, California 95814
TOLL FREE (888) 423-2322

www.EarthquakeAuthority.com

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**CALIFORNIA EARTHQUAKE AUTHORITY
 BASIC EARTHQUAKE POLICY
 COMMON INTEREST DEVELOPMENT**

DECLARATIONS

POLICY NUMBER:

POLICY PERIOD: 12:01a.m. Pacific Time **FROM:** **TO:**

NAMED INSURED AND MAILING ADDRESS:

The **dwelling unit** covered by this policy is located at the above address unless otherwise stated:

We provide coverage at the indicated **limits of insurance**, subject to the applicable deductibles:

COVERAGE:	LIMIT OF INSURANCE:	DEDUCTIBLE
A. BUILDING PROPERTY	\$ <u>25,000</u>	\$ <u>3,750</u>
C. PERSONAL PROPERTY	\$ <u>5,000 to 100,000</u>	\$ <u>750.00</u>
D. LOSS OF USE	\$ <u>1,500 to 25,000</u>	<u>No deductible</u>
E. LOSS ASSESSMENT	\$ <u>25,000, 50,000, or 75,000</u>	\$ <u>3,750, 7,500, or 11,250</u>

NOTE: If you choose not to purchase "COVERAGE E: LOSS ASSESSMENT," then "NO LOSS ASSESSMENT COVERAGE" will appear under the **limit of insurance** for "COVERAGE E: LOSS ASSESSMENT."

PREMIUM SUMMARY:

Option One:	Coverage A - Building Property	\$ _____
Option Two:	Coverage C - Personal Property and Coverage D - Loss of Use	\$ _____
Option Three:	Coverage E - Loss Assessment	\$ _____
TOTAL ANNUAL POLICY PREMIUM:		\$ _____

NOTE: THIS POLICY MAY BE SURCHARGED
 (Please read the Surcharge Clause of this policy)

Mortgagee/Lienholder/Additional Insured (Name and Address):

PLEASE READ YOUR POLICY

NOTICE: THIS DOCUMENT DOES NOT PROVIDE ANY INSURANCE COVERAGE TO ANY PERSON OR ENTITY. THIS DOCUMENT IS NOT AN ACTUAL INSURANCE CONTRACT OR POLICY; RATHER, IT IS A SPECIMEN COPY OF A CEA POLICY FORM PROVIDED FOR INFORMATIONAL PURPOSES ONLY. IT IS POSSIBLE THAT ANY ACTUAL POLICY ISSUED BY THE CEA TO A PARTICULAR POLICYHOLDER MAY VARY IN FORM OR LANGUAGE FROM THIS SPECIMEN COPY.

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IMPORTANT NOTICES

Many of the terms of this policy are substantially different from the terms of **your companion policy** and most other policies that cover a condominium unit or other **dwelling unit**. The following items, among others, are unique to this policy; these are not the only terms, however, that are different from the terms of **your companion policy** and other policies—there are many others. Therefore, **we urge you** to read the entire policy.

The terms that appear in bold type appear frequently in this policy and are defined below under DEFINITIONS.

1. **Deductible.** No payment will be made for any property loss until the deductible shown on the DECLARATIONS has been exceeded by the amount of covered loss to the type of covered property for which **you** make a claim under this policy. Because of the way the deductible is determined, **you** could have substantial uninsured loss. Please read the deductible provisions relating to each type of covered property.
2. **Companion Policy Requirement.** This policy and California law require that, during the entire policy period of this **earthquake** policy, **you** must keep a **companion policy** in force. That **companion policy** must provide fire insurance for the property that is the subject of this CEA policy. That **companion policy** must be issued by a **participating insurer** of the **California Earthquake Authority**. If at the time of loss no **companion policy** is in effect, this **earthquake** policy is void and no payment will be made under this **earthquake** policy.
3. **This is Limited Coverage.**
 - (a) This policy covers only some parts of **your dwelling unit** and does not cover many other components of **your** interest in **your common interest development**. **You** may wish to determine if **your association of owners** has purchased an **association master policy** that includes **earthquake** coverage.
 - (b) Unlike some fire insurance policies, this policy does not have a “guaranteed replacement cost” feature. This policy will not provide full repair or replacement of covered property when the loss exceeds the applicable **limit of insurance** stated in the DECLARATIONS or the applicable **sublimit(s)** set forth in the policy.
4. **Pro-rata or Installment Claims Payments.** In accordance with California Insurance Code section 10089.35, if at any time the available capital of the **California Earthquake Authority** is insufficient to meet anticipated losses and there are no additional funds from specified sources available to pay claims, the **California Earthquake Authority** may pay claims on a pro-rata basis from the remaining funds available, or claims may be paid on an installment basis, based on a plan approved by the California Insurance Commissioner. If this occurs, **you** might not be paid the full amount of **your** claim. Under no circumstances will the State of California be responsible for the payment of claims. Please read the Pro-rata or Installment Claims Payments Clause on page ____.
5. **Surcharge in the Event of Earthquake.** In the event of an **earthquake** or series of **earthquakes** that partially or completely exhausts the **California Earthquake Authority’s** claims-paying capacity, California Insurance Code section 10089.29, subdivision (b), paragraph (1), authorizes **us** to impose a surcharge of up to 20% of **your** annual policy premium. Please read the Surcharge Clause on page ____.

**THE LANGUAGE OF THIS POLICY HAS BEEN SUBMITTED TO AND
APPROVED BY THE CALIFORNIA INSURANCE COMMISSIONER**

BASIC EARTHQUAKE POLICY COMMON INTEREST DEVELOPMENT

Please note that terms that appear frequently in this policy are defined below under DEFINITIONS and appear in bold type.

AGREEMENT

This policy is issued by the **California Earthquake Authority (CEA)**, a public instrumentality of the State of California established and authorized by law to transact insurance in California as necessary to sell policies of basic residential earthquake insurance.

1. Covered Losses.

a. This policy insures the following property for accidental, direct physical loss from an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, subject to all of the terms, conditions, deductibles, **limits of insurance**, and **sublimits** of the policy:

1. The property described under "COVERAGE A: BUILDING PROPERTY," but only if a **limit of insurance** is shown for COVERAGE A on the DECLARATIONS page of this policy;
2. The property described under "COVERAGE C: PERSONAL PROPERTY," but only if a **limit of insurance** is shown for COVERAGE C on the DECLARATIONS page of this policy; and
3. **Your** portion of those loss assessments and reductions in value described under "COVERAGE E: LOSS ASSESSMENT," but only if a **limit of insurance** is shown for COVERAGE E on the DECLARATIONS page of this policy.

b. In addition, if a **limit of insurance** is shown for "COVERAGE D: LOSS OF USE" on the DECLARATIONS page of this policy, we insure for loss of use of the **dwelling unit** resulting from an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, subject to all of the terms, conditions, and **limits of insurance** of the policy.

2. Deductible. Except as otherwise explicitly stated in this policy, we will pay only when a covered loss to property exceeds the deductible amount shown on the DECLARATIONS page applicable to that category of property. We will then pay only the amount in excess of the applicable deductible amount, up to the applicable **limit of insurance**. The deductible will be applied one time for each **seismic event**. There is a one deductible that applies to COVERAGE A: BUILDING PROPERTY, a separate deductible that applies to COVERAGE C: PERSONAL PROPERTY, and a separate deductible that applies to COVERAGE E: LOSS ASSESSMENTS. We will pay no amount for any loss under COVERAGE A: BUILDING PROPERTY until the amount of the loss exceeds the amount of the deductible for COVERAGE A: BUILDING PROPERTY shown on the DECLARATIONS page; we will pay no amount for any loss under COVERAGE C: PERSONAL PROPERTY until the amount of the loss exceeds the amount of the deductible for COVERAGE C: PERSONAL PROPERTY shown on the DECLARATIONS page; and we will pay no amount for any loss under COVERAGE E: LOSS ASSESSMENT until the amount of the loss exceeds the amount of the deductible for COVERAGE E: LOSS ASSESSMENT shown on the DECLARATIONS page. For further information and what will be applied to meet each deductible, see "Deductible—Coverage A" on page _____, "Deductible—Coverage C" on page _____ and "Deductible—Coverage E" page _____.

3. Premium Payment. We will provide the insurance described in this policy in return for **your** payment of the premium and **your** compliance with all applicable provisions of this policy.

4. **Policy Period.** The policy period as shown on the DECLARATIONS page will begin and end at 12:01 a.m. Pacific Standard Time or Pacific Daylight Savings Time, whichever is in effect on the inception or termination date.
5. **Companion Policy.** You agree to keep in effect a **companion policy** written by the **participating insurer** that services this policy. If at the time of loss no **companion policy** is in effect, this **earthquake** policy is void and no payment will be made under this **earthquake** policy.
6. **Policy Services.** Policy services and claims adjusting will be provided by the **participating insurer**. All inquiries and correspondence regarding this policy should be directed to the **participating insurer**.

DEFINITIONS

Throughout this policy, the words “you” and “your” refer to the named **insured** shown in the DECLARATIONS and the named **insured’s** spouse or **domestic partner** if that spouse or **domestic partner** is a resident of the same household. The words “we,” “us,” and “our” refer to the **California Earthquake Authority**. Additional words and phrases are defined as follows.

1. **“Actual cash value”** means **replacement cost** less depreciation.
2. **“Association governing documents”** means the declaration and any other documents, such as bylaws, operating rules of the **association of owners**, articles of incorporation, or articles of association, that govern the operation of the **common interest development** or the **association of owners**.
3. **“Association master policy”** means an insurance policy (1) insuring against the perils of fire, **earthquake**, or both, (2) purchased by or issued to the **association of owners**, and (3) covering, in whole or in part, the **dwelling unit**, other real property located at the **common interest development**, or both.
4. **“Association of owners”** means a nonprofit corporation or unincorporated association created for the purpose of governing and managing the **common interest development** in which the **dwelling unit** is located.
5. **“Business property”** means property pertaining to or intended for use in any (a) full-time or part-time trade, profession, or occupation, or (b) other activity intended for economic gain.
6. **“California Earthquake Authority”** or **“CEA”** means the entity that issued this policy. The **CEA** is a public instrumentality of the State of California created and authorized by law to transact insurance in California as necessary to sell policies of basic residential earthquake insurance. The authorization appears in the California Insurance Code, beginning at section 10089.5.
7. **“Chimney”** means the flue or vent and the building code-required structure that surrounds the flue or vent, including exterior chimney facings, from the firebox to the outside of that structure. **Chimney** does not include a hearth, a mantel, or the firebox where combustion takes place.
8. **“Common interest development”** means any of the following:
 - A community apartment project, as defined in California Civil Code section 1351, subdivision (d);
 - A condominium project, as defined in California Civil Code section 1351, subdivision (f);
 - A planned development, as defined in California Civil Code section 1351, subdivision (k); or
 - A stock cooperative, as defined in California Civil Code section 1351, subdivision (m).
9. **“Companion policy”** means the fire insurance policy that provides fire coverage on the **dwelling unit** or personal property, or both, that is the subject of this **CEA** policy, and that is issued by the same **participating insurer** that services this **CEA** policy. **“Companion policy”** does not include the **association master policy**.

10. **“Domestic partner”** means a party to a two-person domestic relationship registered by the California Secretary of State through the filing of a Declaration of Domestic Partnership, pursuant to California Family Code section 298.5.
11. **“Dwelling unit”** means **your** individual unit in a residential structure located within the **common interest development** at the location specified in the DECLARATIONS.
12. **“Earthquake”** means a vibration-generating rupture event caused by displacement within the earth’s crust through release of strain associated with **tectonic processes** and includes effects such as ground shaking, liquefaction, and damaging amplification of ground motion. While land sliding, including seismically-induced land sliding, is not itself an **earthquake**, we cover, subject to “LOSSES EXCLUDED” item 5 and subject to all other terms and conditions of this policy, loss to covered property arising out of a seismically-induced landslide if that landslide is induced by, and would not have occurred in the absence of, an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period. **Earthquake** does not mean or include tsunami or volcanic eruption.
13. **“Insured”** means **you** and the following **persons** if they are permanent residents of **your** household:
 - a. **your** relatives, whether related by blood, marriage or adoption; **and**
 - b. anyone under the age of 21 who is in the care or custody of **you** or of any of **your** relatives who are permanent residents of **your** household.
14. **“Limit of insurance”** means the most we will pay for covered loss arising from any **seismic event**.
15. **“Nuclear hazard”** means any nuclear reaction, radiation, or radioactive contamination, or any consequence of any of these.
16. **“Participating insurer”** means the insurance company that issued the **companion policy**, meets the legal requirements to offer residential earthquake coverage by participating in the CEA, and provides claims and policyholder services for this policy on behalf of the CEA.
17. **“Person”** means any human, association, organization, governmental entity, partnership, business trust, limited liability company, or corporation.
18. **“Replacement cost”** means:
 - a. With respect to structures, the lesser of the reasonable cost at the time of loss to repair or replace covered damaged or destroyed property, without deduction for depreciation, (i) at the location of the **dwelling unit**, (ii) for the same use, and (iii) with materials of like kind and quality.
 - b. With respect to personal property and wall-to-wall carpeting, the cost, without deduction for depreciation, of (i) new property identical to the damaged property or, (ii) if identical property is not obtainable, of new property of like quality and of comparable usefulness as the damaged property.
19. **“Seismic event”** means one or more **earthquakes** that occur within a 360-hour period. The **seismic event** commences upon the initial **earthquake**, and all **earthquakes** or aftershocks that occur within the 360 hours immediately following the initial **earthquake** are considered for purposes of this policy to be part of the same **seismic event**.
20. **“Sublimit”** means a dollar limit on a coverage for a specific type of property within a category of property that is subject to a higher total **limit of insurance**. Payment under a **sublimit** will reduce the amount available under the total **limit of insurance**.
21. **“Tectonic processes”** means natural adjustments of the earth’s crust that are wholly in response to regional stress conditions caused by natural dynamic forces within the earth’s interior, and not initiated, in whole or in any part, by any human activity.

COVERAGES

COVERAGE A: BUILDING PROPERTY

If a **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” is shown on the DECLARATIONS page of this policy, we provide the following coverage, subject to that **limit of insurance**, the application of the “Deductible—Coverage A” clause, and all of the terms and conditions of this policy.

If no **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” is shown on the DECLARATIONS page of this policy, this policy does not provide any coverage under “COVERAGE A: BUILDING PROPERTY.”

Property Covered—Coverage A

We cover:

1. The following property:
 - a. Built-in appliances, fixtures, alterations, and improvements that are part of the structure in which the **dwelling unit** is located and are contained within the **dwelling unit**;
 - b. Wall-to-wall interior carpeting attached to the **dwelling unit**;
 - c. Items of real property, other than **chimneys**, that pertain exclusively to the **dwelling unit**.
2. The following property, but only to the extent that you are obligated to repair or maintain the property under the terms of the **association governing documents**:
 - a. Plumbing pipes and utility service structures and equipment that are enclosed within the walls, ceiling, or floor of the **dwelling unit**, extending to the exterior surface of the perimeter walls of the **dwelling unit**;
 - b. Equipment and utility service structures for electric, telephone, natural or bottled gas, heating, oil, water, septic, and sanitary sewage systems that (1) are located outside of the perimeter walls of the **dwelling unit** but within the **common interest development** and (2) directly affect the habitability of the **dwelling unit**;
 - c. **Chimneys** that are attached to or part of the **dwelling unit**, up to a **sublimit** of \$5,000, regardless of the number of **chimneys** covered.

Other Coverages—Coverage A

We provide the following other coverages, but only to the extent that the loss or expense is not covered under an **association master policy** or the deductible of that **association master policy** has not been exceeded:

1. **Emergency Repairs**. If covered damage occurs to property covered under “COVERAGE A: BUILDING PROPERTY,” we will pay the cost you incur for reasonable and necessary emergency measures you take to protect against further damage to that property, to remove from covered property in the **dwelling unit** the residue of broken glass, or to repair or replace covered broken windows in the **dwelling unit** or other covered structural glass that is part of the **dwelling unit**, if such emergency measures are made necessary as the result of an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period.
 - a. This Emergency Repairs coverage provides coverage up to a **sublimit** of \$1500. The applicable total

limit of insurance for the “COVERAGE A: BUILDING PROPERTY” will be reduced by any amount we pay for this coverage.

- b. **Your** taking reasonable and necessary emergency measures to protect covered property from further damage does not relieve **you** of your responsibilities outlined in “Your Duties After Loss” (CONDITIONS, item no. 3).
2. **Debris Removal.** We will pay the reasonable expense **you** incur in removing from the **common interest development** the debris of property covered under “COVERAGE A: BUILDING PROPERTY” that is damaged by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period. This coverage provides up to 5% of the **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” as additional insurance.
3. **Building Code Upgrades.** If, as a result of an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, there is a covered loss to property specified under “Property Covered—Coverage A” and **you** or the **association of owners** repair that property, then **we** will pay as additional insurance up to \$10,000 for the cost of reconstruction to bring that property up to local residential building code standards in effect on the date of the **earthquake** that caused the loss, but only so much of the reconstruction costs attributable to requirements of securing governmental approval of the reconstruction permit process for repair of that covered property.

Property Not Covered—Coverage A

We do not cover:

1. Land, including land underlying the **dwelling unit** or any other structure.
2. Detached garages, outbuildings, structures other than the residential structure containing the **dwelling unit**, fences, and masonry fences and walls that are not integral to the stability of the residential structure containing the **dwelling unit**.
3. Awnings and patio coverings, and their support structures.
4. Antennas and satellite dishes and any towers, brackets, or attachments that support or secure them.
5. Any decorative or artistic features of any property, including but not limited to works of art; items such as murals; stained or leaded glass; mirrors; chandeliers; mosaics; statuary or sculpture; carvings, inlays, and reliefs or bas reliefs; and fountains, aquariums, and their systems. If at the time of loss a decorative or artistic feature is serving a utilitarian purpose, the cost to repair or replace the decorative or artistic feature is not covered to the extent the cost of repair or replacement exceeds the cost of replacing it with a non-decorative, non-artistic functional replacement.
6. Exterior masonry veneer. For purposes of this exclusion, stucco and exterior chimney facings are not exterior masonry veneers.
7. Plaster, to the extent the cost to repair or replace it exceeds the value of its replacement with sheetrock or drywall.
8. Except as provided under “COVERAGE A: BUILDING PROPERTY, Property Covered,” item 2.b, exterior water supply systems including, but not limited to, irrigation systems, sprinkler systems, and water reclamation systems.
9. Except as provided under “COVERAGE A: BUILDING PROPERTY, Other Coverages—Coverage A,” Item 3, “Building Code Upgrades,” any added costs of repair or replacement of covered property resulting from enforcement of any ordinance, law, or residential building code that regulates the use, construction, repair, or demolition of a building or other structure.

10. Except as provided under "COVERAGE A: BUILDING PROPERTY, Property Covered," item 2.b, underground structures or equipment located outside the perimeter walls of the **dwelling unit**, including but not limited to underground pipes, cables, flues, drains, electrical supply systems and electrical lighting systems.
11. Walkways, driveways, decks, and patios that are not necessary for regular pedestrian ingress to and or egress from the **dwelling unit**.
12. Fences, bulkheads, piers, and outside walls including retaining walls.
13. Landscaping, trees, shrubs, lawns, or plants, even if damaged by necessary repairs to covered property.
14. Swimming pools, spas, and hot tubs including the tile or other material linking or attaching the pool, spa or hot tub to a deck or to a structure.

Deductible—Coverage A

We will pay no amount for any loss under "COVERAGE A: BUILDING PROPERTY" until the amount of the loss exceeds the amount of the deductible for "COVERAGE A: BUILDING PROPERTY" shown on the DECLARATIONS page. The deductible will be applied one time for each **seismic event**. Only losses that are covered under "COVERAGE A: BUILDING PROPERTY," as limited by the application of any **sublimits** that apply to those losses, can be applied to meet this deductible requirement.

COVERAGE C: PERSONAL PROPERTY

If a **limit of insurance** for "COVERAGE C: PERSONAL PROPERTY" is shown on the DECLARATIONS page of this policy, we provide the following coverage, subject to that **limit of insurance**, the application of the "Deductible—Coverage C" clause, and all of the terms and conditions of this policy. If no **limit of insurance** for "COVERAGE C: PERSONAL PROPERTY" is shown on the DECLARATIONS page of this policy, this policy does not provide any coverage under "COVERAGE C: PERSONAL PROPERTY."

Property Covered—Coverage C

We cover (1) personal property owned or used by an **insured** and located at the **common interest development**, and (2) at **your** request and subject to a **sublimit** of \$2,500, personal property owned by others while that property is on any part of the **dwelling unit** occupied by an **insured**.

Special Limits of Insurance—Coverage C

The special **limits of insurance** shown below are **sublimits** of the **limit of insurance** for "COVERAGE C: PERSONAL PROPERTY" and do not increase the **limit of insurance** for "COVERAGE C: PERSONAL PROPERTY" shown on the DECLARATIONS page of this policy. The **sublimit** for each numbered category, immediately below, is the total **limit of insurance** for all loss in that category. For property that falls into more than one category, the lowest applicable **sublimit** will apply.

1. \$250 on money, bank notes, coins and medals, including any of these that are part of a collection.
2. \$250 on securities, checks, cashier's checks, traveler's checks, money orders, and other negotiable instruments; accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, and tickets.
3. \$3,000 on computers and other electronic data processing equipment, including storage media and software used with that equipment, whether or not it is **business property**. Storage media or software that cannot be replaced with other property of like kind and quality on the current consumer retail market is not covered.

4. \$1,000 on **business property** other than computers and other electronic data processing equipment, storage media and software.

Other Coverages—Coverage C

We provide the following other coverages:

1. **Emergency Repairs.** If covered damage occurs to property covered under “COVERAGE C: PERSONAL PROPERTY,” we will pay the cost you incur for reasonable and necessary emergency measures you take to protect against further damage to that property.
 - a. This Emergency Repairs coverage provides coverage up to a **sublimit** of the lesser of (i) 5% of the policy **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” or (ii) \$1,000. The applicable total **limit of insurance** for the “COVERAGE C: PERSONAL PROPERTY” will be reduced by any amount we pay for this coverage.
 - b. **Your** taking reasonable and necessary emergency measures to protect covered property from further damage does not relieve you of your responsibilities outlined in “**Your Duties After Loss**” (CONDITIONS, item no. 3).
2. **Debris Removal.** We will pay the reasonable expense you incur in removing from the **common interest development** the debris of property covered under “COVERAGE C: PERSONAL PROPERTY” that is damaged by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period. This coverage provides, as additional insurance, up to the lesser of (i) 5% of the **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” or (ii) \$1,000.

Property Not Covered—Coverage C

We do not cover:

1. Pets, birds, fish, livestock, or other animals.
2. Motor vehicles, riding lawn mowers, or any motorized land conveyance, including their parts or accessories while in or on the motor vehicle, lawn mower, or conveyance. This exclusion does not apply to motorized land conveyances not licensed for use on public roads that are designed to assist and are used by the handicapped, or to the parts and accessories of those conveyances.
3. Any electronic equipment that is designed for operation by the electrical system of a motor vehicle, motorized land conveyance, or a camp or home trailer while any of this equipment is in, on, or installed in a motor vehicle, motorized land conveyance, or a camp or home trailer, including but not limited to: computers, citizens band and other two-way mobile radios, satellite and cellular telephones, radio receivers, transceivers, and transmitters, scanners and scanning monitor receivers, radar detectors, tape or disc players and recorders, MP3 players, televisions, video players, recorders, and monitors, global positioning satellite (GPS) devices, personal digital assistants and other handheld devices, and any accessories, antennas, speakers, tapes, discs, cartridges, media, carrying cases, charging devices, batteries, or other devices and accessories used with that equipment.
4. Aircraft, including their parts and equipment.
5. Property of roomers, boarders and other tenants, except roomers and boarders related to any **insured**.
6. Valuable papers, records or data, including:
 - a. books of account, drawings, card index systems and other records; and

- b. data stored on electronic data storage devices, including processing tapes, wires, records, discs, computer drives, portable storage devices or media, or other magnetic or optical media.

We do, however, cover the cost of blank recording or storage media and of prerecorded computer programs that are available on the retail market, subject to the **sublimit** set forth in "Special Limits of Insurance—Coverage C," item 3.

7. Artwork, including but not limited to paintings, drawings, framing, sculpture, photographs, handmade tapestries and rugs, pottery, and ceramics.
8. Glassware, crystal, china, and porcelain.
9. Watercraft, including their furnishings, equipment, and inboard, outboard, or inboard-outboard motors.
10. Trailers.
11. Trees, shrubs, or plants, or their containers.
12. Swimming pools, spas, and hot tubs.
13. Antennas and satellite dishes and any towers, brackets, or attachments that support or secure them.

Deductible—Coverage C

We will pay no amount for any loss under "COVERAGE C: PERSONAL PROPERTY" until the amount of the loss exceeds the amount of the deductible for "COVERAGE C: PERSONAL PROPERTY" shown on the DECLARATIONS page. The deductible will be applied one time for each **seismic event**. Only losses that are covered under "COVERAGE C: PERSONAL PROPERTY," as limited by the application of any **sublimits** that apply to those losses, can be applied to meet this deductible requirement.

COVERAGE D: LOSS OF USE

If a **limit of insurance** for "COVERAGE D: LOSS OF USE" is shown on the DECLARATIONS page of this policy, then subject to that **limit of insurance** and subject to all the terms and conditions of this policy, we provide the following coverage, not subject to any deductible. If no **limit of insurance** for "COVERAGE D: LOSS OF USE" is shown on the DECLARATIONS page of this policy, this policy does not provide any coverage under "COVERAGE D: LOSS OF USE."

1. **Additional Living Expense.** If the part of **dwelling unit** that **you** occupy becomes unfit to live in and **you** are forced to vacate the **dwelling unit** as a result of either (1) damage to the **dwelling unit** caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period or (2) the process of repairing damage at the **common interest development** caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, then **we** cover the necessary increase in living expenses **you** actually incur to maintain **your** normal standard of living. **We** will pay Additional Living Expenses for the shortest time reasonably needed (a) to repair the damage that makes the parts of the **dwelling unit you** occupy unfit to live in, or (b) for **you** to permanently relocate elsewhere if **you** do not elect to repair or replace the **dwelling unit**.
2. **Loss of Rent.** If the part of the **dwelling unit** that **you** rent to others or that **you** actually hold for rental becomes unfit to live in as a result of either (1) damage to the **dwelling unit** caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period or (2) the process of repairing damage at the **common interest development** caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, **we** cover the fair rental value of that part of the **dwelling unit** that is rented to others or that **you** actually held for rental prior to the loss, less any expenses that do not continue while the rental portion of the **dwelling**

unit is unfit to live in. Fair rental value means the average rental amount immediately before the **earthquake** in your rental market for a residential unit similar to that covered under this policy.

We will pay for the shortest time reasonably needed to repair the damage that makes the parts of the **dwelling unit** rented or held for rental unfit to live in. **Your** loss of rents due to cancellation of a lease or rental agreement is not covered.

3. If a civil authority prohibits **you** from occupying the **dwelling unit** because of direct damage to the **common interest development** in which the **dwelling unit** is located caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, we cover the resulting Additional Living Expense or Loss of Rent, subject to the "COVERAGE D: LOSS OF USE" **limits of insurance**.

COVERAGE E: LOSS ASSESSMENT

If a **limit of insurance** for "COVERAGE E: LOSS ASSESSMENT" is shown on the DECLARATIONS page of this policy, we provide the following coverage, subject to that **limit of insurance**, the application of the "~~Deductible—Coverage E~~" clause, all of the terms and conditions of this policy.

The **limit of insurance** shown on the DECLARATIONS page for "COVERAGE E: LOSS ASSESSMENT" is the most we will pay under this coverage for all claims arising out of any one **seismic event**, regardless of the number of assessments that are assessed against **you** or the number or amount of claims **you** make under this coverage. If no **limit of insurance** for "COVERAGE E: LOSS ASSESSMENT" is shown on the DECLARATIONS page of this policy, this policy does not provide any coverage under "COVERAGE E: LOSS ASSESSMENT."

Losses Covered—Coverage E

1. **Assessment By Association of Owners:** We cover your share of any assessment charged by the **association of owners** against all property owners in the **common interest development**, if all of the following three requirements are satisfied:
 - a. **Requirement One:** You have a legal obligation to pay the amounts assessed against **you** by the **association of owners**, and the assessment is properly and legally made as a result of a loss that is directly caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period;
 - b. **Requirement Two:** The assessment is not made as a result of a loss specified in "~~Losses Not Covered—Coverage E~~"; and
 - c. **Requirement Three:** The assessment is made as a result of a loss to structures or other real property, and those structures or other real property are owned by one or any combination of the following three categories: (i) all members of the **association of owners** collectively, (ii) the **association of owners**, or (iii) **you**.

If an assessment is made as a result of a combination of (a) losses that are not covered, including but not limited to losses specified in "~~Losses Not Covered—Coverage E~~" or in "LOSSES EXCLUDED," and (b) loss to property that is covered under "COVERAGE E: LOSS ASSESSMENT," then we will pay only that pro rata portion of **your** share of the assessment equal to that percentage of the entire assessment that is based on covered loss that is not excluded.

There is a **sublimit** of \$10,000 under this coverage for **your** share of any portion of an assessment resulting from the cost of reconstruction to bring the property up to local residential building code standards in effect on the date of the **earthquake** that caused the loss, as required as part of the approval of the reconstruction permit process for repair of the covered property. Any amount we pay for losses that are subject to this **sublimit** will reduce the applicable total **limit of insurance** for "COVERAGE E: LOSS ASSESSMENT."

2. **Reduction In Value Of Your Ownership Interest:**

a. What Reduction In Value We Cover:

If there is physical loss to structures or other real property at the **common interest development** directly caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, and the **association of owners** elects not to repair or replace that property or is permanently prevented by a government authority or court order from repairing or replacing the property, **we** cover the resulting reduction in the value of **your** ownership interest in the **dwelling unit** and the **common interest development**, if both of the following requirements are satisfied:

- i. As a result of the unrepaired damage, the **dwelling unit** either is unfit to live in or cannot legally be occupied; and
- ii. The reduction in the value of **your** ownership interest in the **dwelling unit** is not the result of a loss to property specified in "Losses Not Covered—Coverage E."

b. Partially Covered Losses

If the reduction in the value of **your** ownership interest in the **dwelling unit** and the **common interest development** is the result of a combination of (a) losses that are not covered, including but not limited to losses specified in "Losses Not Covered—Coverage E" or in "LOSSES EXCLUDED," and (b) loss to property that is covered under "COVERAGE E: LOSS ASSESSMENT," **then we** will pay that portion of the reduction in the value of **your** ownership interest in the **dwelling unit** and the **common interest development** that directly results from covered loss.

c. How the Value of the Loss Is Calculated

The amount of reduction in the value of **your** ownership interest in the **dwelling unit** and the **common interest development** under this coverage for "Reduction Of Value Of Your Ownership Interest" will be calculated by determining the dollar amount of that portion of the loss in fair market value of **your** ownership interest that is directly attributable to physical loss to covered property directly caused by the **earthquake** upon which **your** claim under this coverage is based, reduced by the following amounts:

- i. Any payments that **we** make, under "COVERAGE A: BUILDING PROPERTY" or "COVERAGE E: LOSS ASSESSMENT" of this policy, for losses arising out of the same **seismic event** upon which the claim for this coverage under "Reduction Of Value Of Your Ownership Interest" is based;
- ii. Payments made under any other insurance policy, including the **companion policy** or an **association master policy**, to **you** or to holders of mortgages or deeds of trust secured by **your** ownership interest in the **dwelling unit** and the **common interest development**, for damage or loss to the **dwelling unit** or the **common interest development** arising out of the same **seismic event** upon which the claim for this coverage under "Reduction Of Value Of Your Ownership Interest" is based;
- iii. Payments made to **you** or to holders of mortgages or deeds of trust secured by **your** ownership interest in the **dwelling unit** and the **common interest development** by any government agency arising out of the same **seismic event** upon which the claim for this coverage under "Reduction Of Value Of Your Ownership Interest" is based, including but not limited to disaster relief payments;
- iv. Payments made by the **association of owners** to **you** or to holders of mortgages or deeds of trust secured by **your** ownership interest in the **dwelling unit** and the **common interest development** arising out of the same **seismic event** upon which the claim for this coverage under "Reduction Of Value Of Your Ownership Interest" is based, as a result of the following:
 - (A) The collection of any insurance proceeds relating to damage to the **dwelling unit** or the property of the **common interest development**; or
 - (B) The liquidation or sale of any asset or capital that is not included in the calculation of the fair market value of **your** interest in the **dwelling unit** and the **common interest development**.

Losses Not Covered—Coverage E

We do not cover any losses under "COVERAGE E: LOSS ASSESSMENT" that arise out of any of the following:

1. Loss or damage to land, including land underlying any structure.

2. Loss or damage to detached garages, outbuildings, structures other than residential structures, fences, and masonry fences and walls that are not integral to the stability of the residential structure containing the **dwelling unit** or integral to the stability of other residential structures at the **common interest development**.
3. Loss or damage to awnings or patio coverings or their support structures.
4. Loss or damage to antennas or satellite dishes, or to any towers, brackets, or attachments that support or secure them.
5. Loss or damage to any decorative or artistic features of any property at the **common interest development**, including but not limited to works of art; items such as murals; stained or leaded glass; mirrors; chandeliers; mosaics; statuary or sculpture; carvings, inlays, and reliefs or bas reliefs; and fountains, aquariums, and their systems. If at the time of loss a decorative or artistic feature is serving a utilitarian purpose, the cost to repair or replace the decorative or artistic feature is not covered to the extent the cost of repair or replacement exceeds the cost of replacing it with a non-decorative, non-artistic functional replacement.
6. Loss or damage to exterior masonry veneer. For purposes of this exclusion, stucco and exterior chimney facings are not exterior masonry veneers.
7. Loss or damage to plaster, to the extent the cost to repair or replace it exceeds the value of its replacement with sheetrock or drywall.
8. Loss or damage to exterior water supply systems including, but not limited to, irrigation systems, sprinkler systems, and water reclamation systems.
9. Loss or damage to underground structures or equipment located outside the perimeter of the **dwelling unit** foundation, including but not limited to underground pipes, cables, flues, drains, electrical supply systems and electrical lighting systems.
10. Loss or damage to walkways, driveways, decks, or patios, except that portion of those walkways, driveways, decks, or patios that are necessary for regular pedestrian ingress to and or egress from the residential structure containing the **dwelling unit** by the occupants of that residential structure.
11. Loss or damage to fences, bulkheads, piers, and outside walls including retaining walls.
12. Loss or damage to landscaping, trees, shrubs, lawns, or plants, even if damaged by necessary repairs to covered property.
13. Loss or damage to swimming pools, spas, and hot tubs, whether part of the **dwelling unit** or not, including the tile or other material linking or attaching the pool, spa or hot tub to a deck or to a structure.
14. Assessments that do not relate directly to the reconstruction of structures or other real property damaged or destroyed as a direct result of an earthquake that commences during the policy period as part of a seismic event that commences during the policy period.
15. Assessments made for the purpose of improving, bettering, or updating covered property to a condition or status better or more costly than the condition and status of the property as it existed immediately preceding the **earthquake** causing loss to the property. This exclusion does not apply to **your** share of any portion of assessment resulting from the cost of reconstruction to bring the property up to local residential building code standards in effect on the date of the **earthquake** that caused the loss, as required as part of the approval of the reconstruction permit process for repair of the covered property, subject to the applicable **sublimit** of \$10,000.
16. Assessments that follow or relate in any way to the payment or distribution to **you**, or any other member of the **association of owners**, of capital or assets of the **association of owners**, unless the payment or

distribution of capital (a) is made as a result of a loss that is directly caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period and (b) is made for the purpose of payment or reimbursement for the repair or replacement of covered loss to property at the **common interest development**.

Deductible—Coverage E

We will pay no amount for any loss under “COVERAGE E: LOSS ASSESSMENT” until the amount of the loss exceeds the amount of the deductible for “COVERAGE E: LOSS ASSESSMENT” shown on the DECLARATIONS page. The deductible will be applied one time for each **seismic event**. Only losses that are covered under “COVERAGE E: LOSS ASSESSMENT” can be applied to meet this deductible requirement.

LOSSES EXCLUDED

We do not insure for any loss that is not directly caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period.

Without limiting the above, even if a loss directly or indirectly is caused by, is contributed to by, results from, or is aggravated by an **earthquake**, we do not insure for any loss that is caused directly or indirectly by, or that in any way results from, is contributed to by, or is aggravated by, any of the following:

1. Fire or explosion.
2. Water damage, including damage resulting from:
 - a. flood, rain, or surface water; waves, tsunami, or tidal water; rupture of a dam, levee, berm, or sea wall; overflow of a natural or man-made body of water; or spray from any of these; or
 - b. water below the surface of the ground, whether natural or not, including water that exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, or other structure.

This water damage exclusion, however, does not exclude loss that results from water damage to covered property that is a result of any of the following directly resulting from an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period:

- (i) the release of water from water heaters, refrigerators, or water supply pipes within the **dwelling unit**;
 - (ii) the displacement of water from a swimming pool, decorative pool, spa, or hot tub; or
 - (iii) the release of water from municipal or other water supply lines on or off the premises of the **common interest development** or the release of water or sewage from sewers or drains on or off the premises of the **common interest development**.
3. Controlled or uncontrolled **nuclear hazard** or any act or condition incident to any **nuclear hazard**.
 4. Pollution of groundwater, land, and personal property, including all loss, damage, costs, and expenses that arise out of or are caused by pollution or pollutants, and any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize pollutants. The terms “pollutants” and “pollution” mean any solid, liquid, gaseous, or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, asbestos, and waste. The term “waste” includes but is not limited to material to be recycled, reconditioned, or reclaimed.
 5. Earth movement, settling of land, land sliding, subsidence, mudflows, or earth sinking, rising or shifting, unless the earth movement, settling of land, land sliding, subsidence, mudflow, or earth sinking, rising or shifting:
 - a. is induced by, and would not have occurred in the absence of, an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period; and

- b. causes loss that manifests within one year after the **earthquake** that caused the loss.
6. Theft, vandalism or other human conduct causing loss following an **earthquake**.
 7. Required compliance with any ordinance, law, or residential building code that regulates the use, construction, repair, or demolition of a building or other structure, except as specifically provided under this policy, under the following provisions:
 - a. "~~Other Coverages—Coverage A~~," Item 3, "Building Code Upgrades," subject to the applicable \$10,000 **limit of insurance**, or
 - b. "~~Losses Covered—Coverage E~~," Item 1, "Assessment By Association of Owners," subject to the applicable \$10,000 **sublimit**.
 8. Power failure, meaning the failure of delivery of electrical power to the **dwelling unit** or to the **common interest development**.
 9. **Your** neglect to take all reasonable action to save and preserve covered property at the time of and after a covered loss.
 10. Declared or undeclared war, acts of terrorism, insurrection, rebellion, revolution, warlike act by a military force or military personnel or any person, destruction or seizure or use for a military purpose, and any consequence of any of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.
 11. Intentional acts, meaning any loss arising out of any act committed:
 - a. by **you** or at **your** direction, or at the direction of any **insured** or of any **person** named as an additional **insured**; and
 - b. with the intent to cause, aggravate or increase a loss.

YOUR RIGHTS CONCERNING CLAIMS INVESTIGATION

The law provides certain rights and protections to policyholders who are involved in the presentation of a claim. Included among these are the following:

1. Specific rights to privacy under California and Federal law which may protect **you** during the claims process;
2. The right to have **your** claim handled in accordance with the California Insurance Code and Subchapter 7.5 of Chapter 5 of Title 10 of the California Code of Regulations, which impose fair claims handling procedures and requirements on insurers; and
3. The right to be represented by an attorney at **your** expense.

CONDITIONS

1. **Insurable Interest and Limit of Insurance**. Even if more than one **person** has an insurable interest in the property covered, **we** will not be liable:
 - a. to **you** for an amount greater than **your** interest; nor
 - b. for more than the applicable **limit of insurance**.
2. **Concealment or Fraud**. The entire policy will be void if, before or after a loss, any **insured**:
 - a. intentionally conceals or misrepresents any material fact or circumstance;
 - b. engages in fraudulent conduct relating to this insurance; or

- c. intentionally makes false statements relating to this insurance.
3. **Your Duties After Loss.** If a loss occurs to covered property, **you** must perform the following duties:
- a. Give written notice to the **participating insurer** without delay.
 - b. Protect the property from further damage. Make any emergency repairs that are necessary and reasonable to protect the property from further damage. Keep records of all costs **you** incur to repair or replace covered property or to protect covered property from further damage.
 - c. Make and keep a list of all damaged or destroyed personal property, showing in detail the quantity, description, and amount of covered loss. Keep all bills, receipts, and related records that support **your** figures.
 - d. If requested, provide the **participating insurer** with copies of all **association governing documents**.
 - e. As often as reasonably required:
 - (i) exhibit damaged property to the **participating insurer**;
 - (ii) provide the **participating insurer** with the records and documents that are necessary to support **your** claim under the policy and which the **participating insurer** may request, including bills, receipts, canceled checks, and related records that support **your** figures, and permit the **participating insurer** to make copies; and
 - (iii) while not in the presence of any other **insured**, submit to examination under oath and sign a transcript of the examination.
 - f. Send the **participating insurer**, within 60 days of **our** or the **participating insurer's** request, **your** signed, sworn proof of loss that contains, to the best of **your** knowledge and belief:
 - (i) the time, date, and cause of loss;
 - (ii) **your** interest and the interest of all others in the property that sustained a loss, and evidence of all liens or encumbrances on the property;
 - (iii) a detailed description of all legal claims against the property that sustained a loss;
 - (iv) evidence of other insurance that may cover the loss;
 - (v) a description of changes in title to or occupancy of the property during the term of the policy;
 - (vi) descriptions and detailed repair estimates for any covered damage to the **dwelling unit** or other items of real property;
 - (vii) the list of damaged or destroyed personal property covered under this policy; and
 - (viii) all receipts and records that support any claim for additional living expense or fair rental value.
4. **Loss Settlement: Coverages A and C.**
- In case of loss to a pair or set we can elect to:
- a. Repair or replace any part to restore the pair or set to its value before the loss; or
 - b. Pay the difference between **replacement cost** of the pair or set before and after the loss.
5. **Loss Settlement: Coverage A.**
- a. **Our** liability for any loss to property insured under "COVERAGE A: BUILDING PROPERTY" will not exceed the smallest of the following:
 - (i) the **replacement cost** at the time of loss;
 - (ii) if the damaged property has been actually repaired or replaced, the amount actually and necessarily spent to repair or replace the damaged property; or
 - (iii) the applicable **limit of insurance** or any applicable **sublimit(s)**.

- b. If the **dwelling unit** is rebuilt or replaced at another location, **we** will settle a loss to the property at an amount no more than the **replacement cost** of the covered loss to the property at the original **dwelling unit** location, up to the applicable **limit of insurance**.
 - c. **We** will not pay for increased costs resulting from enforcement of any ordinance, law, or residential building code that regulates the use, construction, repair, or demolition of a building or other structure, except as specifically provided under this policy in "COVERAGE A: BUILDING PROPERTY, Other Coverages—Coverage A," Item 3, "Building Code Upgrades."
 - d. **We** will pay for the cost to repair or replace only that portion of any walkway, driveway, deck, or patio covered under this policy that is necessary to restore (i) regular pedestrian ingress to and egress from the **dwelling unit** or (ii) regular ingress to and egress from the **dwelling unit** by any non-ambulatory **insured**.
 - e. To repair or replace plaster, **we** will not pay more than the cost to repair or replace the plaster with sheetrock or drywall.
 - f. **We** will replace covered glass with safety glazing material when required by ordinance or law.
 - g. To repair or replace a **chimney**, **we** will not pay more than the least of the following amounts:
 - (i) the **sublimit** of \$5,000 that applies to **chimneys**;
 - (ii) the cost of replacement of a masonry **chimney** or **chimneys** with a non-masonry, earthquake-resistant **chimney** or **chimneys**; or
 - (iii) the necessary amount actually spent to repair the damaged **chimney** or **chimneys**.
6. Loss Settlement: Coverage C.
- a. **We** will settle losses to covered property described under "COVERAGE C: PERSONAL PROPERTY" at **replacement cost**, except that **we** will settle losses to property in items (i), (ii), and (iii) of this paragraph, below, at **actual cash value** only.
 - (i) Property which by its inherent nature cannot be replaced;
 - (ii) Property not maintained in good or workable condition; or
 - (iii) Property that is outdated or obsolete, or property not useful for its intended purpose.
 - b. **Our** liability for loss to any property insured under "COVERAGE C: PERSONAL PROPERTY" will not exceed the smallest of the following:
 - (i) The **replacement cost** at the time of loss;
 - (ii) The amount actually and necessarily spent to repair or replace the damaged property; or
 - (iii) The applicable **limit of insurance** or any applicable **sublimit(s)**.
7. Appraisal. If **you** and **we** fail to agree on the amount of loss, either of us may demand an appraisal of the loss. In this event, each party will choose a competent and disinterested appraiser within 20 days after receiving the written demand from the other. The two appraisers will choose a neutral and independent umpire. If they cannot agree on an umpire within 15 days, **you** or **we** may request that a judge of a California court of competent jurisdiction in the county where the insured **dwelling unit** is located appoint an umpire. The two appraisers will separately appraise the amount of loss under this policy. If the appraisers submit an agreed written report to **us**, the amount they agree on will be the amount of loss under this policy. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two of the three appraisers will set the amount of loss under this policy. Each party will (a) pay its own appraiser, and (b) bear the other expenses of the appraisal and of the umpire equally.

8. Other Insurance.
- a. If **you** have other insurance, not including the **association master policy**, that covers **earthquake** loss to the **dwelling unit** or other property covered under this policy, **we** will pay **our** share of the covered loss or damage. **Our** share is the proportion that the applicable **limit of insurance** under this policy bears to the combined **limits of insurance** of all policies that cover the same property.
 - b. If there is other insurance that covers the same loss or damage, other than as described in 8.a above, **we** will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, but **we** will not pay more than the applicable **limit of insurance**.
9. Subrogation. **You** may waive in writing before a loss under this policy all **your** rights of recovery against any **person**. If **you** do not waive those rights, **we** may require an assignment of **your** rights of recovery for a loss to the extent that **we** make payment for that loss. If **we** seek an assignment, the **insured** must sign and deliver all related papers to **us** and cooperate with **us**.
10. Legal Action. No action can be brought under this policy by any **person** unless the policy provisions have been fully complied with and the action is started within one year after the date of inception of the loss.
11. Our Option to Repair or Replace Property. If **we** give **you** written notice within 30 days after **we** receive **your** proof of loss, **we** may repair or replace any part of the damaged property with like property.
12. Loss Adjustment: **We**, through the **participating insurer**, will adjust all losses with **you**. At **our** option, **we** may select and retain adjusters, consultants, contractors, engineers, or other experts to inspect **your** property or to perform tests, including destructive tests, to determine the extent or cause of loss with respect to any claim **you** make under this policy. **We** will bear the cost of performing any tests (including the cost of repair of damage necessitated by any destructive tests) that **we** elect to perform to determine the extent or cause of loss. If, however, it is the opinion of the **CEA** that **your** property (or some particular part of **your** property) has not sustained covered **earthquake** damage over the deductible amount of this policy, and despite **our** opinion **you** request additional testing of **your** property or that part of **your** property, then if additional testing is performed, **you** are solely responsible for the costs of performing the additional testing and of repairing the damage to **your** property that was caused by any additional destructive testing, unless the additional testing establishes the existence of covered **earthquake** damage that, either alone or combined with other covered **earthquake** damage, exceeds the deductible amount of this policy.
13. Loss Payment. As to all claims **we** determine to be covered under this policy, **we** will pay **you** unless some other **person** is named in the policy or is legally entitled to receive payment. That portion of a claim that is not in dispute will be payable within 30 days after **we** receive **your** proof of loss. All other losses will be payable within 30 days after **we** receive **your** proof of loss and:
- a. **we** reach an agreement with **you**;
 - b. there is an entry of a final judgment; or
 - c. there is a filing of a final appraisal award with **us**.
14. Mortgagee Clause.
- a. The word “mortgagee” as used in this policy includes trustee or beneficiary under a trust deed.
 - b. If a mortgagee is named as a loss payee in this policy and, as a condition for making a loan to **you** secured by the **dwelling unit** or by **your** interest in the **common interest development**, that mortgagee either (1) required **you** to purchase **earthquake** insurance that covers the **dwelling unit** or **your** interest in the **common interest development**, or (2) required that the mortgagee be named as a loss payee under any coverage on the **dwelling unit** or on **your** interest in the **common interest development**, then any loss payable under “COVERAGE A: DWELLING” or “COVERAGE E: LOSS ASSESSMENT” will be paid to

- the mortgagee, to the extent of its interest, and to **you**. If more than one mortgagee is so named and otherwise qualifies, the order of payment will be the same as the order of preference of the mortgagees.
- c. If **we** deny **your** claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee does all of the following:
- (i) notifies the **participating insurer** of any change in ownership of any insured property or change in occupancy of the **dwelling unit**, or of any substantial change in risk of which the mortgagee is aware;
 - (ii) pays any premium due under this policy on demand if **you** have neglected to pay the premium; and
 - (iii) submits a signed, sworn statement of loss within 60 days after it receives notice from **us** of **your** failure to do so.
- d. If **we** decide to cancel or not to renew this policy, **we** will take reasonable steps to notify any mortgagee named as a loss payee under this policy at least 10 days before the date cancellation or nonrenewal takes effect.
- e. If **we** pay the mortgagee for any loss and deny payment to **you**:
- (i) **We** are subrogated to all the rights of the mortgagee granted under the mortgage on the property, which will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim, or
 - (ii) At **our** option, **we** may pay to the mortgagee the whole principal on the mortgage plus any accrued interest, in which event, **we** will receive a full assignment and transfer of the mortgage and all security held as collateral for the mortgage debt.
- f. Policy conditions relating to loss settlement and payment, including, but not limited to, the Appraisal, Legal Action, Loss Adjustment, and Loss Payment conditions, apply to the mortgagee.
15. **No Benefit to Bailee.** **We** will not recognize any assignment or grant any coverage that benefits a **person** that holds, stores, or moves property for a fee, regardless of any other provision of this policy, unless that **person** is named as an **insured** under this policy.
16. **Payment.** If **you** pay the initial premium for **your** first policy period by check, draft, or any remittance other than cash, **we** will credit **you** with that payment only if the check, draft, or remittance is honored on presentation. If **your** check, draft, or remittance is not honored on presentation, this policy is void from its inception. "Void from its inception" means that **we** will not be liable under this policy for any claims or damages that would otherwise have been covered had the check, draft, or remittance been honored on presentation and had the policy remained in effect.
17. **Automatic Termination.** If **we** offer to renew **your** policy and **we** do not receive **your** required premium payment on or before the end of the then current policy period, **your** policy will terminate automatically at the expiration of the then current policy period. This means that **you** will have elected not to accept **our** offer to renew the policy, and no notice will be sent to **you**. **Your** failure to accept **our** offer to renew the policy is not a cancellation or non-renewal by **us**.
18. **Cancellation.**
- a. When the **companion policy** is canceled for any reason, this policy is canceled effective on the same date the **companion policy** cancellation takes effect, and any unearned premiums will be returned to **you** on a pro rata basis. This policy will not provide coverage if there is no **companion policy** in effect at the time of loss.
 - b. **You** may cancel this policy at any time by returning it to the **participating insurer** and by notifying the **participating insurer** in writing of the date cancellation is to take effect. **You** may return the policy and submit the cancellation date to the agent of the **participating insurer**.

- c. We may cancel this policy for the reasons stated in this condition or for any other grounds permitted by law, by notifying **you** in writing of the date cancellation takes or took effect. The cancellation notice may be delivered to **you**, or mailed to **you** at **your** mailing address shown in the DECLARATIONS. Proof of mailing will be sufficient proof of notice.
- (i) When **you** have not paid the premium when due and payable, we may cancel at any time by notifying **you** at least 10 days before the cancellation takes effect.
 - (ii) When this policy has been in effect for less than 60 days and is not a renewal with **us**, the policy may be cancelled if it is discovered that the risk does not meet the eligibility standards of the CEA by notifying **you** at least 10 days before the date cancellation takes effect.
 - (iii) When this policy has been in effect 60 or more days, or is a renewal policy, we may cancel at any time by notifying **you** at least 30 days before the date of cancellation takes effect, based on the occurrence of one or more of the following:
 - (A) **your** conviction of a crime having as one of its necessary elements an act increasing any hazard insured against; or
 - (B) **our** discovery of fraud or material misrepresentation by either the **insured** or the **insured's** representative in obtaining the insurance, or by **you** or **your** representative in pursuing a claim under the policy; or
 - (C) **our** discovery of grossly negligent acts or omissions by the **insured** or his or her representative that have substantially increased any of the hazards insured against; or
 - (D) failure of the **insured** to pay an **earthquake** policy surcharge imposed and authorized by the **California Earthquake Authority**, in accordance with California Insurance Code Section 10089.29, subdivision (d).
- d. When this policy is cancelled, any premium paid for the period from the effective date of the cancellation to the expiration date will be refunded. When the policy is cancelled, the return premium will be pro rata.
- e. If, when we cancel this policy, we do not refund the return premium with the notice of cancellation, we will refund it within 25 days after the date cancellation takes effect. If you cancel this policy, you may return the policy to us, and we will refund the return premium within 25 days after the date the cancellation takes effect.
19. Conditional Reinstatement. If we mail a cancellation notice because you did not pay required premium when due and you then tender payment of the premium by check, draft, or other remittance that is not honored on presentation, your policy will terminate on the date and time shown on the cancellation notice and any notice we issue that states that it waives the cancellation or reinstates the coverage is void. This means we will not be liable under this policy for claims or damages after the date and time stated on the cancellation notice.
20. Non-Renewal. We may elect not to renew this policy by delivering to you or mailing to you at your mailing address shown in the DECLARATIONS, written notice of non-renewal at least 45 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.
21. Waiver or Change of Policy Provisions. No waiver or change of a policy provision is valid unless it is in writing and signed by us. Our request for an appraisal or examination does not waive any of our rights.
22. Assignment. Your assignment of this policy will not be valid unless we give written consent.
23. Death. If you die during the policy term, each of the following persons will be deemed an **insured** with respect to the property insured under this policy:
- a. the legal representatives or person who by law succeeds to the ownership of the insured property, but only with respect to the property of the deceased covered under this policy at the time of death until the termination date of this policy; and
 - b. with respect to the property covered under this policy at the time of death, the **person** that has proper temporary custody of the property until appointment and qualification of a legal representative.

24. **Recovered Property.** If **you** or **we** recover any property for which **we** have made payment under this policy, **you** or **we** will notify the other of the recovery. At **your** option, the property will be returned to or retained by **you** or it will become **our** property. If the recovered property is returned to or retained by **you**, the loss payment will be adjusted based on the amount of the payment **we** made for the recovered property.
25. **Abandonment of Property.** **We** need not accept any property abandoned by an **insured**.
26. **Surcharge Clause.** In the event of an **earthquake** or series of **earthquakes**, **we** can impose a surcharge, as permitted by law, up to 20% of **your** annual policy premium within any one year, in accordance with California Insurance Code section 10089.29, subdivision (b), paragraph (1).
27. **Pro-rata or Installment Claims Payments.** In accordance with California Insurance Code Section 10089.35, if, at any time, the available capital of the **California Earthquake Authority** is insufficient to meet anticipated losses and there are no additional funds from assessments, reinsurance, or private capital markets available to pay claims, the **California Earthquake Authority** may pay claims on a pro-rata basis from the remaining funds available, or claims may be paid on an installment basis, based on a plan approved by the California Insurance Commissioner. If this occurs, **you** may not be paid the full amount of **your** claim. If **we** submit a pro rata or installment plan to the Insurance Commissioner, deadlines in this policy that apply to **our** payment of **your** claim may, at **our** sole option, be extended by the length of time the Insurance Commissioner has the plan under consideration; the deadlines will be reinstated and recomputed no later than the date an approved plan is in place. Also, with respect to **California Earthquake Authority** claims payments, California Insurance Code section 10089.25, subdivision (d), reads as follows: "The State of California shall have no liability for payment of claims in excess of funds available pursuant to this chapter. The State of California, and any of the funds of the State of California, shall have no obligations whatsoever for payment of claims or costs arising from this act, except as specifically provided in this act."
28. **Changes to Policy Terms in the Event of an Earthquake.** If an **earthquake** occurs during the policy period, and the **dwelling unit** identified in the DECLARATIONS page is located in a United States Postal Service ZIP Code that lies, in whole or in part, within a 50-mile radius of the epicenter of that **earthquake**, **we** have the rights, at **our** option, to do either or both of the following:
- To refuse any request **you** make from the time of that **earthquake** until thirty days after the **earthquake** to alter the terms or coverages of this policy, including any request that **you** make to change the limits of any of the coverages of this policy, purchase additional coverages from **us**, or lower the deductible of this policy; and
 - To inspect the insured property prior to granting any request **you** make from the time of that **earthquake** until the expiration of the term of this policy to alter the terms or coverages of this policy, including any request that **you** make to change the limits of any of the coverages of this policy, purchase additional coverages from **us**, or lower the deductible of this policy, and to deny **your** request to alter the terms of this policy if **our** inspection reveals the existence of any **earthquake**-related damage to the insured property.
29. **Renewal of Policy in the Event of an Earthquake.** In the event an **earthquake** occurs during the policy period and the **dwelling unit** identified in the DECLARATIONS page is located in a United States Postal Service ZIP Code that lies, in whole or in part, within a 50-mile radius of the epicenter of that **earthquake**, **we** have the following rights with respect to the renewal of this policy:
- If the expiration date of this policy is between the date of the **earthquake** and 30 days after the **earthquake**, **we** have the right, at **our** option, to refuse to renew this policy on terms different from those contained in this policy. This means that **we** have the right to refuse any request **you** make from the time of the **earthquake** until thirty days thereafter to change the limits of any of the coverages of this policy on renewal, purchase additional coverages from **us** on renewal, or lower the deductible of this policy on renewal.
 - We** have the right, at **our** option, to inspect the insured property prior to granting any request **you** make to

renew this policy on terms different from those contained in this policy, including any request that **you** make on renewal to change the limits of any of the coverages of this policy, purchase additional coverages from **us**, or lower the deductible of this policy. **We** have the right to deny **your** request to alter the terms of this policy on renewal if **our** inspection reveals the existence of any **earthquake**-related damage to the insured property.

30. Liberalization Clause. If **we** make a change that broadens coverage under this edition of **our** policy without additional premium charge to **you**, that change will automatically apply to **your** insurance as of the date **we** implement the change.

This Liberalization Clause does not apply to changes implemented through **our** introduction of a subsequent edition of **our** policy.

Specimen Copy

CSURMA AORMA 2015 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 – 2015 Meeting Calendar

2015 CSURMA • AORMA MEETING CALENDAR

JANUARY, 2015		FEBRUARY, 2015		MARCH, 2015	
26	AIME: Northridge: 10:30 a.m.	8	EC: Pasadena: 3:00 p.m.	19	AORMA: Newport Beach: 10:00 a.m.
26	MSLCTC: Teleconference: 10:00 a.m.	8-11	AOA Conference: Pasadena	19	EC: Newport Beach: 2:30 p.m.
		26	PC: Teleconference: 1:00 p.m.	20	EC LRP: Newport Beach: 8:00 a.m.
APRIL, 2015		MAY, 2015		JUNE, 2015	
20	MSLCTC: Teleconference: 10:00 a.m.	7	AORMA: Long Beach; 10:00 a.m	25	PC: Teleconference: 1:00 p.m.
23	BOD Orientation: Teleconference: 2:00 p.m.	8	EC: Long Beach: 8:00 a.m	29	MSLCTC: Teleconference: 10:00 a.m.
27	BOD: San Diego: 4:00 p.m.	18	AIME: TBD – 10:30 a.m.		
28-29	Fitting the Pieces Conference: San Diego				

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

2015 CSURMA • AORMA MEETING CALENDAR

JULY, 2015	AUGUST, 2015	SEPTEMBER, 2015
14-15 AORMA Officers Retreat, TBD		9 AORMA New Member Orientation: 9 AORMA LRP: Newport Beach: 10:00 a.m. 10 AORMA: Newport Beach: 9:00 a.m. 10 EC Orientation: Newport Beach: 4:00 pm 11 EC: Newport Beach: 8:30 a.m.
OCTOBER, 2015	NOVEMBER, 2015	DECEMBER, 2015
1 PC: Teleconference: 1:00 p.m. 5 MSLCTC: Teleconference: 10:00 a.m. 22 AORMA: Long Beach: 10:00 a.m. 22 BOD Orientation: Teleconference: 2:00 p.m. 23 EC: Long Beach: 9:00 a.m. 23 BOD: Long Beach: 10:30 a.m. <i>AIME: TBD – 10:30 a.m.</i>		3 AORMA: Long Beach: 10:00 a.m. 4 EC: Long Beach: 8:30 a.m. 10 PC: Teleconference: 1:00 p.m.

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

AORMA COMMITTEE MEMBERS ROSTER

ISSUE: Attached for the Committee's review are the AORMA Committee and Standing Committee Membership Roster Contact List.

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

FISCAL IMPACT: None.

BACKGROUND: Contact lists are provided at every meeting.

PUBLICATION: None.

ATTACHMENT(S):

- a. AORMA Committee Roster - Effective at 7-01-14

AORMA Committee
Ten voting members - two alternates - twelve members total
Effective at July 1, 2014

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number
AORMA	Chair	Robert de Wit	Chief Financial Officer	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach	rdewit@csulb.edu	562-985-5549
AORMA	Vice Chair	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101
AORMA	Past Chair	Dwayne Brummett	Director of Business Services	San Luis Obispo	Associated Students, Inc., Cal Poly San Luis Obispo	dbrummet@calpoly.edu	805-756-5768
AORMA	Ex Officio	Kurt Borsting	Director, Titan Student Centers	Fullerton	Associated Students, California State University, Fullerton, Inc.	kborsting@fullerton.edu	657-278-4214
AORMA	At Large	Brian Nowlin	Chief Operating Officer	Long Beach	California State University, Long Beach Research Foundation	Brian.Nowlin@csulb.edu	562-985-4690
AORMA	At Large	Gigi Kiama	Human Resources Manager	Monterey Bay	The University Corporation at Monterey Bay	gkiama@csumb.edu	831-582-4301
AORMA	At Large	Guy Dalpe	Managing Director	San Francisco	Associated Students, Inc., San Francisco State University	gdalpe@sfsu.edu	415-338-1044
AORMA	At Large	Haleh Minakary	General Business Manager	Pomona	The Cal Poly Pomona Foundation, Inc.	hminakary@csupomona.edu	909-869-2910
AORMA	At Large	Keith Kompsi	Director, Foundation Financial Services	Fresno	Fresno Association, Inc., CSU Fresno	kkompsi@csufresno.edu	559-278-0838
AORMA	At Large	Leslie Davis	Executive Director	Sacramento	University Union Operation of CSUS, Inc.	leslied@saclink.csus.edu	916-278-2904
AORMA	At Large	Mark Day	Executive Director	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	mday@csusb.edu	909-537-7201
AORMA	At Large	Melinda Coil	Chief Financial Officer	San Diego	San Diego State University Research Foundation	mcoil@foundation.sdsu.edu	619-594-1076

Member Services, Loss Control & Training Committee

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

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number
MSLCTC	Chair	Melinda Coil	Chief Financial Officer	San Diego	San Diego State University Research Foundation	mcoil@foundation.sdsu.edu	619-594-1076
MSLCTC	At Large	Arnecia Bryant	Associate Director, Operations	Dominguez Hills	The Donald P. and Katherine B. Loker University Student Union, Inc.	abryant@csudh.edu	310-243-3854
MSLCTC	At Large	Debbie Adishian-Astone	Executive Director	Fresno	CSU Fresno Association, Inc.	debbiea@csufresno.edu	559-278-0802
MSLCTC	At Large	Dennis Miller	Director, Employment Services	Pomona	The Cal Poly Pomona Foundation, Inc.	dennismiller@csupomona.edu	909-869-2958
MSLCTC	At Large	Kristin Kelly	Associate Director	San Jose	The Student Union of San Jose State University	kristin.kelly@sjsu.edu	408-924-6315
MSLCTC	At Large	Leslie Davis	Executive Director	Sacramento	University Union Operation of CSUS, Inc.	leslied@saclink.csus.edu	916-278-2904
MSLCTC	At Large	Raven Tyson	Contracts & Risk Management Coordinator	San Diego	Associated Students of San Diego State University	raven.tyson@sdsu.edu	619-594-3760

Programs Committee

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

Committee	Seat	Member	Position	Campus	Type of Auxiliary	E-Mail	Telephone Number
PC	Chair	Guy Dalpe	Managing Director	San Francisco	Associated Students, Inc., San Francisco State University	gdalpe@sfsu.edu	415-338-1044
PC	At Large	Gigi Kiama	Human Resources Manager	Monterey Bay	University Corporation, CSU Monterey Bay	gkiama@csumb.edu	831-582-4301
PC	At Large	Haleh Minakary	General Business Manager	Pomona	The Cal Poly Pomona Foundation, Inc.	hminakary@csupomona.edu	909-869-2910
PC	At Large	Mark Day	Executive Director	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	mday@csusb.edu	909-537-7201
PC	At Large	Jun Reina	Chief Operations Officer/ Chief Financial Officer	Sacramento	Capital Public Radio, Inc., CSU Sacramento	jreina@csus.edu	916-278-8925

FY 2014 AORMA SERVICE CALENDAR

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

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

FISCAL IMPACT: None.

BACKGROUND: None.

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

ATTACHMENT(S):

- a. AORMA Service Calendar

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
JANUARY 2014				
01/01/14	Preview on-line training platform and provide recommendation to the MSLCTC for future utilization.	AORMA Members	Mimi Long	On-Going
01/01/14	Review loss runs and recommend three to five risk reduction grant project for FY 14/15	Staff	Mimi Long	Completed
01/01/14	Review all workers' compensation policies and procedures and recommend revisions as necessary.	Staff (Alliant)	Mimi Long	Completed
01/02/14	FORM 700 - JPA ADMIN finalizes current year member listing	Alliant Staff	Tevea Him	Completed
01/06/14	Statement of Facts – Roster of Public Agencies - file with State & County	Alliant Staff	Myron Leavell	Completed
01/07/14	Announce the new AORMA Committee Vice Chair as well as open seats on the AORMA Committee	Nominations Committee	Mimi Long	Completed
01/10/14	Form 700 - mail to BOD and Committee members – return deadline 03/21/14	Alliant Staff	Tevea Him	Completed
01/12/14	CSURMA AOA CONFERENCE			Completed
01/12/14	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
01/15/14	FORM 700 - JPA ADMIN sends Form 700 to CSURMA FILERS, including EC, BOD, AORMA, Standing Committees, and designated consultants, including identified Alliant personnel	Alliant Staff	Tevea Him	Completed
01/31/14	Final premium / rate letter to all AORMA members	Alliant Staff	Mimi Long	Completed
01/31/14	Notify AO's of their new premium allocation	Staff (Alliant)	Mimi Long	Completed
FEBRUARY 2014				
02/01/14	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff		Completed
02/02/14	PC: Review all workers' compensation policies and procedures and recommend approval to the AORMA Committee, with revisions as appropriate.	PC	Mimi Long	Completed
02/03/14	AORMA MSLCTC Meeting	Alliant Staff	Mimi Long	Completed
02/03/14	MSLCTC: Announce the formation of the Shoes for Crews program and distribute information to the AORMA members	Staff	Mimi Long	Completed
02/03/14	MSLCTC: Review grant project ideas for FY 14/15. Approve grant for FY 14/15	MSLCTC	Mimi Long	Project Revised
02/06/14	AORMA PC Meeting			Completed
02/06/14	PC: Review alternative Liability member allocation formula (first review)	PC	Mimi Long	Completed
02/06/14	PC: Review revisions to the FY 14/15 MOC for the Property and Crime Programs	PC	Mimi Long	Completed
02/14/14	Send out watch list for the liability claims review on February 18, 2014	Liability TPA		Completed
02/15/14	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff		Completed
02/17/14	Reminder - Form 700s to Board and Alternate Members	Alliant Staff	Tevea	Completed
02/18/14	AORMA liability claims review	Liability TPA		Completed
02/28/14	Schedule the AORMA liability claims audit (every odd year)	Alliant Staff	Mimi Long	N/A
02/28/14	Schedule the AORMA workers' compensation claims audit (every even year)	Alliant Staff	Mimi Long	Completed
02/28/14	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 12/31	Alliant Staff	Tevea Him	Completed
MARCH 2014				
03/01/14	Alliant begins contact with various contractors regarding renewal terms	Alliant Staff		
03/01/14	AORMA Excess Workers' Compensation Renewal Specs	Alliant Staff	Hsan	Completed
03/01/14	AORMA ID Fraud Renewal Specs	Alliant Staff	Van	
03/01/14	AORMA Re-Insurance Renewal Specs	Alliant Staff	Mimi	Completed
03/01/14	FORM 700 - Follow up No. 3 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea	Completed
03/11/14	Prepare AORMA summary for AOA Executive Committee meeting on March 21, 2014	AORMA Chair/Alliant Staff		Completed
03/14/14	Completion of the claims audit of the Liability program (every odd-numbered year)	Liability Claims Auditor		N/A
03/15/14	FORM 700 - Follow up No. 4 - JPA ADMIN follows up with FILER, prepares status report for CSURMA EC review at Long Range Planning meeting	Alliant Staff	Tevea	Completed
03/20/14	AORMA Committee Meeting			Completed
03/20/14	CSURMA EC Meeting			Completed

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
03/20/14	Forward slate of nominees to fill the open seats on the AORMA Committee to the AOA Executive Committee for review and comment	Alliant Staff		Completed
03/21/14	CSURMA EC LRP Meeting			Completed
03/21/14	Form 700's - receive from Board Members and Alternates	Alliant Staff	Tevea	Completed
03/31/14	Begin the claims audit of the Workers' Compensation program (every even-numbered year)	WC Claims Consultant	Mimi	Completed
03/31/14	Completion of the Form 700 – Statement of Economic Interest	BOD and Alliant Staff	Tevea	Completed
APRIL 2014				
04/01/14	Campus Risk Pool Administrator verifies Campus Primary and Alternate representative remain in place by contacting campus representatives (i.e. ensure no leave of absence, retirement, change in duties, etc.)	Alliant Staff	Mimi/Tevea	Completed
04/01/14	FORM 700 - JPA ADMIN sends all forms received to FPPC for processing	Alliant Staff	Tevea	Completed
04/01/14	Form 700's - file with FPPC	Alliant Staff	Tevea	Completed
04/01/14	Send out ballot for AORMA Committee term beginning on July 1, 2014	Alliant Staff	Tevea	Completed
04/04/14	Send out watch list for the liability claims review on April 8, 2014	Liability TPA	Tevea	Completed
04/07/14	AORMA MSLCTC Meeting	Alliant Staff	Mimi Long	Completed
04/08/14	AORMA liability claims review (Every Odd Year)	Liability TPA	Mimi	Completed
04/10/14	AORMA PC Meeting	Alliant Staff	Mimi Long	Completed
04/10/14	PC: Review alternative Liability member allocation formula (second review)	PC	Mimi Long	Completed
04/15/14	Send annual renewal certificate spreadsheet to members - due 1 month	Alliant Staff	Van	
04/30/14	Receive back all AORMA Committee ballots for the term beginning on July 1, 2014	Alliant Staff	Tevea	Completed
MAY 2014				
05/01/14	Campus Risk Pool Administrator confirms replacement appointees with campus president, reports changes to JPA ADMIN, JPA ADMIN sends entering and leaving office notices to FILER, Campus Risk Pool Administrator conducts BOD orientation	Alliant Staff	Mimi/Tevea	pending
05/08/14	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
05/08/14	CSURMA BOD NMO Meeting	Alliant Staff	Mimi Long	Completed
05/09/14	CSURMA BOD Meeting	Alliant Staff	Mimi Long	Completed
05/09/14	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
05/15/14	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea	pending
05/15/14	Send Member Vehicle Schedule/APD Proposal for review	Alliant Staff	Hsan	
05/27/14	AORMA MSLCTC Teleconference	Alliant Staff	Mimi Long	Canceled
05/30/14	Send out appointment letters to the newly appointed AORMA Standing Committee Chairs for the term beginning on July 1, 2014	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/14	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2014	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/14	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 3/31/14	Alliant Staff	Tevea Him	Completed
05/30/14	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2014	Alliant Staff	Tevea Him	Completed
05/30/14	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2014	Alliant Staff	Mimi Long	Completed
JUNE 2014				
06/01/14	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi	Completed
06/01/14	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea	Pending
06/05/14	AORMA PC Meeting	Alliant Staff	Mimi Long	Completed
06/20/14	AOA EC Meeting - Long Beach	AORMA Chair	AORMA Chair	Completed

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
06/30/14	PC: Code all losses on the workers' compensation loss run @12/31/13 using the new WCIRB class code and AORMA class code.	Staff (Alliant)	Mimi Long	Completed
JULY 2014				
07/01/14	Financial audit prep with KPMG	Alliant Staff / RM	Van	
07/01/14	FORM 700 - JPA ADMIN sends entering and leaving office notices to AORMA FILERS who will be taking office on AORMA and Standing Committees	Alliant Staff	Tevea	Completed
07/01/14	Send to CSU Accounting the approved dividends and allocation of program costs for invoicing	Alliant Staff	Van Rin	Completed
07/02/14	AORMA PC Meeting	Alliant Staff	Mimi Long	Completed
07/04/14	Send out AORMA binder, insurance summary and invoice to all members	Alliant Staff		Completed
07/05/14	Request a review of the claims activity within the UIP – claims activity variations of more than 10% above or below pricing levels used will resulting in a pricing adjustment	Alliant Staff	Mimi Long	Completed
07/05/14	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	Alliant Staff	Mimi Long	Completed
07/07/14	Request Liability (EPL check register) for minimum EPL deductible calculation for upcoming fiscal year	Alliant Staff	Tevea Him	Completed
07/14/14	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	
07/15/14	AORMA Officers Retreat – Sonoma	AORMA Officers	Mimi Long	Completed
07/15/14	Final FY Payroll - request from Chancellor's Office	Alliant Staff	Rob	
07/15/14	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	CSU Accounting	Van Rin	Completed
07/21/14	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	
07/21/14	Upon receipt of loss data begin semi-annual loss charts for RM meeting in October and to be sent to members	Alliant Staff	Rob	
07/28/14	AORMA MSLCTC Meeting	Alliant Staff	Mimi Long	Completed
07/28/14	FORM 700 - FORMS DUE TO FPCC ON THIS DATE [ASSUMING/LEAVING	Alliant Staff	Tevea	Completed
07/31/14	Actuarial Study - receive draft and forward to RM	Alliant Staff	Rob	Completed
07/31/14	Distribute the Liability and Workers' Compensation dividend checks	Alliant Staff	Van Rin	Completed
07/31/14	Request final audited payroll from all Workers' Compensation program members for expired year	Alliant Staff	Hsan Htein	
07/31/14	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate	Liability TPA	Mimi Long	
AUGUST 2014				
08/01/14	Completion of draft actuarial studies for Workers' Compensation and Liability programs	Actuary		Completed
08/01/14	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi Long	Completed
08/15/14	AOA EC Meeting - San Diego	Alliant Staff	Mimi Long	Completed
08/31/14	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll	Alliant Staff		
08/31/14	Calculate each member's minimum EPL deductible for the upcoming program term	Alliant Staff		
08/31/14	Complete CSURMA's portion of the Public Self-Insurer's Annual Report for CSURMA – then forward to Sedgwick for TPA completion	Alliant Staff		
08/31/14	Complete Target Surplus Funding Report	Alliant Staff		
08/31/14	Completion of Financial Audit	CSU Accounting		
08/31/14	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 6/30	Alliant Staff		
SEPTEMBER 2014				
09/01/14	Annual Report of Financial Transactions - start process	Alliant Staff / Accounting	Van	
09/01/14	Stewardship Report	Alliant Staff	Rob	Completed
09/10/14	AORMA Long Range Plan meeting	Alliant Staff	Mimi Long	Completed
09/10/14	AORMA New Committee Member Orientation meeting	Alliant Staff	Mimi Long	Completed
09/10/14	Completion of the AORMA UIP Financial Statement	Alliant Staff		Completed

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
09/11/14	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
09/12/14	Begin preparation of CAJPA Standards review (2014 and every 3 years thereafter)	Alliant Staff	Mimi	Pending
09/15/14	Prepare invoices or checks for the Workers' Compensation payroll audit	CSU Accounting		
09/23/14	Completion of the Public Self-Insurer's Annual Report for CSURMA (must be filed with the state by Oct 1st.)	Sedgwick		
09/30/14	Completion of the AORMA Committee (September Letter) updating all AORMA members on the funding and dividends approved for the upcoming fiscal year	Alliant Staff/AORMA Chair		
09/30/14	Completion of workers' compensation claims audit (every even year)	Alliant Staff	Mimi Long	
09/30/14	Completion of Workers' Compensation payroll desk audits	Alliant Staff		
09/30/14	Send out invoices or checks for the Workers' Compensation payroll audit	Alliant Staff		
09/11-13/14	CAJPA Fall Conference and Training Seminar			Completed
N/A this year	Completion of Liability claims audit (every odd year)	Alliant Staff	Mimi Long	
OCTOBER 2014				
10/01/14	Annual Report of Financial Transactions - File	Alliant Staff / Accounting	Van	
10/01/14	Request completion of the Liability application	Alliant Staff		
10/01/14	Request estimated Workers' Compensation payroll	Alliant Staff		
10/15/14	Poll eligible AORMA Committee members to determine which members are willing to be nominated for the Vice Chair position	Nominations Committee		
10/23/14	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
10/23/14	CSURMA BOD NMO Meeting	Alliant Staff	Mimi Long	Completed
10/24/14	CSURMA BOD Meeting	Alliant Staff	Mimi Long	Completed
10/24/14	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
10/31/14	Send out notification of minimum Employment Practices Liability deductibles	Alliant Staff/AORMA Chair		
NOVEMBER 2014				
11/01/14	AOA EC Meeting: Send out AORMA Summary	Alliant Staff		Completed
11/01/14	FORM 700 - Campus Risk Pool Administrator sends request to campus president to confirm appointments of primary and alternate representative to BOD (Note: AORMA Representatives are maintained through their election process)	Alliant Staff		Completed
11/01/14	MSLCTC: Provide recommendation to the AORMA Committee regarding renewal of the current TargetSolutions contract or utilization of SkillSoft / LawRoom effective July 1, 2015.	MSLCTC	Mimi Long	
11/01/14	Prepare AORMA summary for AOA Executive Committee meeting on November 15, 2014	AORMA Chair/Alliant Staff		
11/12/14	AORMA liability claims review	Liability TPA		
11/15/14	Send out Program Manuals	Alliant Staff		
11/17/14	AORMA MSLCTC Meeting	Alliant Staff	Mimi Long	Completed
11/21/14	AOA EC Meeting - Pasadena	Alliant Staff		Completed
11/28/14	Campus Risk Pool Deductible - Confirm (every 3 years - 2014, 2017, 2020)	Alliant Staff	Rob	
11/28/14	Confirm BOD Member and Alternate on file	Alliant Staff	Tevea Him	Completed
11/28/14	Confirm holdres of Campus Claims Settlement Authorities	Alliant Staff	Tevea Him	Completed
11/28/14	Email program manual to members	Alliant Staff	Van	
11/28/14	Send campus risk pool renewal budget	Alliant Staff	Rob	
11/30/14	Completion of the Crime program member allocation for FY 14/15	Alliant Staff		
11/30/14	Completion of the Liability and Workers' Compensation dividend allocation for distribution in July, 2014	Alliant Staff		
11/30/14	Completion of the Liability program member allocation for FY 14/15	Alliant Staff		
11/30/14	Completion of the Property program member allocation for FY 14/15	Alliant Staff		
11/30/14	Completion of the Unemployment Insurance Program member allocation for FY 14/15	Alliant Staff		
11/30/14	Completion of the Workers' Compensation program member allocation for FY 14/15	Alliant Staff		

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
11/30/14	Review volunteer losses within the Workers' Compensation program	Alliant Staff		
11/30/14	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30/13	Alliant Staff	Tevea Him	Completed
DECEMBER 2014				
12/01/14	Send out member survey	Risk Management	Zachary	
12/04/14	AORMA Committee Meeting	Alliant Staff	Mimi Long	
12/05/14	CSURMA EC Meeting	Alliant Staff	Mimi Long	
12/11/14	AORMA PC Meeting	Alliant Staff	Mimi Long	
12/15/14	FORM 700 - Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	Alliant Staff		
12/15/14	Property Schedules to Members for review - deadline 30 days	Alliant Staff	Van	
12/27/14	Prepare AORMA summary for AOA Executive Committee meeting on January 11, 2014	AORMA Chair/Alliant Staff		
12/30/14	Financial Audit - mail to Secretary of State and County of Official Address	Alliant Staff/Accounting	Myron	

CSURMA Committee Meeting Check-List		
Committee:	AORMA Meeting	
Date:	12/04/14	
Time:	10:00 AM	
Meeting Location:	Alliant Office, Newport Beach	
Hotel:	Fairmont Hotel, \$120 room rate	
Agenda Meeting Date:	11/24/14	
Dinner, if applicable:		
1st Night	N/A	
2nd Night		
3rd Night		
Lunch:		
1st Day		
2nd Day		
3rd Day		
Agenda Preparation		
Item	Due Date	Actual Date
Schedule Agenda Prep Meeting <i>(due date – 4 weeks prior to agenda mailing)</i>	10/27/14	11/11/14
Finalize TOC and Assign items <i>(due date – 4 weeks prior to agenda mailing)</i>	10/27/14	11/11/14
Send TOC to Systemwide RM <i>(due date – 3 weeks prior to agenda mailing)</i>	11/03/14	11/12/14
Confirm Quorum and Teleconference Locations – List Members <i>(3 weeks prior to agenda mailing)</i>	11/03/14	10/27/14
Item	Due Date	Actual Date
Request Quarterly Financials from CO <i>(due date – 4 weeks prior to agenda mailing)</i>	10/27/14	N/A
Request Treasurer's Report from CO <i>(due date – 4 weeks prior to agenda mailing)</i>	10/27/14	N/A
Update Long Range Plan (LRP) <i>(due date – 10 days prior to agenda mailing)</i>	11/14/14	11/10/14
Update Service Calendar <i>(due date – 10 days prior to agenda mailing)</i>	11/14/14	11/24/14
Receive Closed Session Claims List <i>(due date – 1 week prior to agenda mailing)</i>	11/17/14	N/A

Item	Due Date	Actual Date
Forward Closed Session Claims List to CSURMA Legal Counsel <i>(due date – 1 week prior to agenda mailing)</i>	11/17/14	N/A
Receive Closed Session Memo From CSURMA Legal Counsel <i>(due date – 3 days prior to agenda mailing date)</i>	11/21/14	N/A
Create list of items to be signed at meeting <i>(due date – 9 days prior to meeting)</i>	11/25/14	N/A
Forward extra agendas and handouts to the meeting location <i>(due date – 3 days prior to meeting)</i>	12/01/14	
Print items to be signed at meeting <i>(due date – 3 days prior to meeting)</i>	12/01/14	
Prepare Meeting Minutes <i>(due date – 1 weeks after meeting)</i>	12/11/14	
Send Draft Meeting Minutes to Chair and Systemwide Risk Mgmt <i>(due date – 2 weeks after meeting)</i>	12/18/14	
TOC Check-List		
Verify meeting date, time and location	x	
Verify that all teleconference locations are listed	x	
Verify if the TOC correctly states A, I or V	x	
Spell check the TOC	x	
Verify that “next” meeting date, time and location is correct	x	
Double check that all closed session items are listed	x	
TOC Comparison to Item Check-List		
Check the committee name and meeting date on each agenda item – make sure they are all accurate	x	
Check item number on the TOC against each agenda item	x	
Check item title on the TOC against each agenda	x	
Verify that each item includes Issue, Recommendation, Fiscal Impact, Background, Publication and Attachment(s)	x	
Verify that all attachments are included in the correct order	x	
Proof read and spell check each agenda item	x	
Verify that page numbers on the TOC match the page numbers on the agenda items. (Page 1 should appear on the TOC; this is so that the pdf number on the iPad will match the hard copy numbering.)	x	

FY 14/15 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 14/15 AORMA Long Range Action Plan

CSURMA AORMA FY 14/15 - LONG RANGE ACTION PLAN

#	RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
AORMA COMMITTEE				
A-1 WORKERS' COMPENSATION POLICIES AND PROCEDURES				
	Staff (Alliant)	Review all workers' compensation policies and procedures and recommend revisions as necessary.	January, 2014	Completed
	PC	Review all workers' compensation policies and procedures and recommend approval to the AORMA Committee, with revisions as appropriate. All workers' compensation policies and procedures have been reviewed.	February 2, 2014	Completed
	AORMA Committee	Review and approve revisions to the workers' compensation policies and procedures.	March 20, 2014	Completed
	PC	The PC did not approve the recommended revisions to policy and procedure WC-1 at its July 2, 2014. The approval item has been tabled until the December 11, 2014 meeting.	December 11, 2014	
	AORMA Committee	Approval of the revisions to policy and procedure WC-1.	March, 2015	
A-2 CLOSED SESSION POLICY AND PROCEDURE				
	AORMA Committee	Review and approve the new policy and procedure	October 23, 2014	Completed
A-3 MEMBER ALLOCATION FORMULA – RATING PLAN REVIEW POLICY AND PROCEDURE				
	AORMA Committee	Review and approve the new policy and procedure	October 23, 2014	Completed

CSURMA AORMA FY 14/15 - LONG RANGE ACTION PLAN

	RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
PROGRAMS COMMITTEE				
P-1	LIABILITY PROGRAM MEMBER ALLOCATION FORMULA (for FY 15/16 term)			
	PC	Discuss current liability program member allocation formula and alternative allocation formulas	December 12, 2013	Completed
	PC	Review alternative member allocation formula (first review)	February 6, 2014	Completed
	PC	Review alternative member allocation formula (second review)	April 10, 2014	Completed
	AORMA Officers	Review alternative member allocation formula	July, 2014	Completed
	PC	Receipt of supplemental actuarial reports – based rates and experience modification factors. Review draft alternative member allocation formula with actuarial factors included.	August 28, 2014	Completed
	AORMA Committee	Discuss modifications to the liability program member allocation formula.	September 10, 2014	Completed
	PC	Approval of FY 15/16 liability program member allocation formula	November, 2014	Completed
	AORMA Committee	Approval of FY 15/16 liability program member allocation formula	December, 2014	
P-2	EARTHQUAKE COVERAGE FOR CONDOMINIUM OWNERS (WHEN HOA DOES NOT PURCHASE EARTHQUAKE COVERAGE)			
	Staff	Secure exposure information from the members	November, 2014	
	Staff	Obtain and review earthquake proposals	February, 2015	
	Programs Committee	Review and recommend revisions, as required	February, 2015	
	AORMA Committee	Review final earthquake proposals	March 19, 2015	

CSURMA AORMA FY 14/15 - LONG RANGE ACTION PLAN

#	RESPONSIBLE ENTITY	ACTION/RESPONSIBILITY	DEADLINE	STATUS
MEMBER SERVICES, LOSS CONTROL AND TRAINING COMMITTEE				
M-1	RISK REDUCTION INNOVATIVE MATCHING GRANT PROGRAM			
	MSLCT Committee	Review revisions to grant criteria within policy and procedure A-6; recommend approval to the AORMA Committee	November, 2014	
	AORMA Committee	Review and approve revisions to grant criteria within policy and procedure A-6	December, 2014	
M-2	AORMA INSURANCE HANDBOOK – IS THIS COVERED?			
	Staff	Complete the AORMA – Is This Covered Handbook	January, 2015	
	MSLCT Committee	Review handbook and recommend revisions as appropriate	January, 2015	
	Staff	Present the handbook during the AOA Session – AORMA What’s Covered and What’s Not	February 9, 2015	
M-3	REAL PROPERTY ACQUISITIONS - CHECKLIST			
	Staff	Complete the AORMA Real Property Acquisitions - Checklist	January, 2015	
	MSLCT Committee	Review checklist and recommend revisions as appropriate	February, 2015	
	AORMA Committee	Review final checklist	March, 2015	
M-4	KEEPING MINORS SAFE WHILE ON CAMPUS - HANDBOOK			
	Staff	Complete the Keeping Minors Safe While on Campus Handbook	January, 2015	
	MSLCT Committee	Review handbook and recommend revisions as appropriate	February, 2015	
	AORMA Committee	Review final handbook	March, 2015	