



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:	September 11, 2014	Location:	Alliant Insurance Services
Time:	9:00 a.m.		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. 5
- B. PUBLIC COMMENTS**
- C. CONSENT CALENDAR**
 - 1. **Approval of Minutes – June 30, 2014** A p.6
The Committee will be asked to approve the minutes from its last meeting.
 - 2. **FY 15/16 AORMA Liability and Workers’ Compensation Program Actuarial Studies** A p.17
The Committee will be asked to review and accept the FY 15/16 AORMA Liability Program and Workers’ Compensation actuarial reports

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.

1. **Jesus Clemente vs. The University Corporation at Monterey Bay**
2. **Juan Alonso vs. Forty-Niner Shops, Inc., CSU Long Beach**
3. **Natasha Hancock vs. CSU, East Bay Foundation, Inc.**
4. **Luis Vazquez vs. CSU Fullerton Auxiliary Services Corporation**
5. **Cahuilla Band of Indians vs. SDSU Research Foundation**
6. **Arce vs. Associated Students, CSU, Northridge, Inc.**
7. **LaShonna Goodman vs. The University Corporation, CSU Northridge**
8. **Lujan vs. CSU, Long Beach Research Foundation**
9. **Doerr vs. The Cal Poly Pomona Foundation, Inc.**
10. **Mendocino College Fund and The Charles & Margaret Dexter Charitable Remainder Unitrust vs. Sonoma State University Academic Foundation, Inc.**
11. **Lyons vs. The CSU, Chico Research Foundation**
12. **Caroline Calderon vs. Cesar Chavez Student Center, San Francisco State University**
13. **Estate of Michael Jabali vs. University Student Union of California State University, Northridge**
14. **Albert Torres vs. University Student Union of California State University, Northridge**
15. **Finley vs. The CSU, Chico Research Foundation**
16. **Trapper vs. Associated Students, CSU, Long Beach**
17. **Robert Brown vs. San Diego State University Research Foundation**
18. **Immigration & Customs Enforcement vs. San Diego State University Research Foundation**
19. **Gonzalez vs. The CSU, Chico Research Foundation**
20. **Unknown Child vs. Associated Students, CSU, Fullerton, Inc.**
21. **Bhatka vs. University Union Operation of CSUS, Inc.**
22. **Goodman vs. University Student Union of CSU, Stanislaus**
23. **Unknown Director of Sponsored Projects vs. San Marcos University Auxiliary and Research Services Corporation**

E. STANDING COMMITTEE REPORTS

- | | | |
|---|----------|--------------|
| 1. Programs Committee Report | I | <i>p. 19</i> |
| 2. Member Services, Loss Control and Training Committee Report | I | <i>p. 22</i> |
| 3. AOA Executive Committee Report | I | <i>p. 25</i> |

F. GENERAL ADMINISTRATION

- | | | |
|--|----------|---------------|
| 1. Insurance Renewal Report | I | <i>p. 26</i> |
| <i>The Committee will receive a report on the completion of insurance renewal negotiations</i> | | |
| 2. Target Surplus Funding Report and Dividend Calculation | A | <i>p. 28</i> |
| <i>The Committee will be asked to review the AORMA Target Surplus Funding Report and to approve a dividend for the Liability and Workers' Compensation programs to be released in July, 2015</i> | | |
| 3. Review and Approval of the FY 15/16 – Total Funding | | |
| <i>The Committee will be asked to approve the total FY 15/16 funding amount for the AORMA Programs:</i> | | |
| a. Liability Program | A | <i>p. 36</i> |
| b. Workers' Compensation Program | A | <i>p. 40</i> |
| c. Property Program | A | <i>p. 43</i> |
| d. Crime Program | A | <i>p. 45</i> |
| 4. Maximum Allowable Hourly Rate for Legal Counsel | A | <i>p. 47</i> |
| <i>The Committee will be asked to review the AORMA Approved Legal Counsel List and to approve the maximum allowable hourly rate for legal counsel</i> | | |
| 5. AORMA Workers' Compensation Program Claims Administration Audit Report | A | <i>p. 61</i> |
| <i>The Committee will be asked to accept the Workers' Compensation Claims Audit</i> | | |
| 6. Carl Warren & Company Claims Administration – Extension of Agreement | A | <i>p. 128</i> |
| <i>The Committee will be asked to raftify the Carl Warren & Company contract extension</i> | | |
| 7. Approval of Policy and Procedure Review Schedule | A | <i>p. 138</i> |
| <i>The Committee will be asked to approve the AORMA Policy and Procedure Review Schedule for 2015</i> | | |
| 8. Adoption of CSURMA AORMA 2015 Meeting Calendar | A | <i>p. 144</i> |
| <i>The Committee will be asked to review and approve the 2015 CSURMA AORMA meeting calendar</i> | | |
| 9. 2015 AOA Conference Sponsorship Amount and Attendees | A | <i>p. 145</i> |
| <i>The Committee will be asked to discuss and approve the 2015 AOA Sponsorship amount and to approve which AORMA members will utilize the six free conference registrations</i> | | |

- 10. Employment Litigation Proposal from Nixon Peabody** **A** *p. 146*
The Committee will be asked to review and take action as appropriate.

G. INFORMATION ITEMS

- 1.** CSURMA AORMA 2014 Meeting Calendar **I** *p. 157*
2. CSURMA AORMA Program Administrator’s Contact Lists **I** *p. 160*
3. AORMA’s Travel Reimbursement Policy **I** *p. 173*
4. AORMA Committee Members - Effective 7/01/14 **I** *p. 176*

H. ADJOURNMENT

The next meeting is scheduled for October 23rd at 10:00 am in Long Beach

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 – JUNE 30, 2014

ISSUE: The Committee will be asked to review and approve the draft minutes from its June 30, 2014 meeting.

RECOMMENDATION: It is recommended that the Committee approve the minutes from its June 30, 2014 meeting, including corrections as necessary.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA AORMA Committee Meeting Minutes – June 30, 2014

**MINUTES OF THE CSURMA AORMA
COMMITTEE MEETING**

JUNE 30, 2014

TELECONFERENCE MEETING

10:00 AM

MEMBERS PRESENT

- Kurt Borsting, Associated Students, Inc., CSU Fullerton
- Dwayne Brummett, Associated Students, Cal Poly San Luis Obispo
- Melinda Coil, San Diego State University Research Foundation (*left at 11:07am*)
- Guy Dalpe, Cesar Chaves Student Center, San Francisco State University
- Leslie Davis, University Union Operation of CSUS, Inc., Sacramento State University
- Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach
- Keith Kompsi, Fresno Association, Inc., CSU Fresno
- Haleh Minakary, The Cal Poly Pomona Foundation, Inc., Cal Poly Pomona
- Frank Mumford, CSU Fullerton Auxiliary Services Corporation, CSU Fullerton (*joined at 10:30am*)
- Brian Nowlin, CSULB Foundation, CSU Long Beach
- Patricia Worley, Associated Students Inc., Sacramento State University
- Gigi Kiama, University Corporation, CSU Monterey Bay

STAFF, GUESTS AND CONSULTANTS

- Daniel Howell, Alliant Insurance Services, Inc. (*joined at 10:07am*)
- Mimi Long, Alliant Insurance Services, Inc.
- William Hsu, CSU Office of General Counsel
- Mauri McGuire, Carl Warren and Co.
- Tevea Him, Alliant Insurance Services, Inc.

A. CALL TO ORDER

The meeting was called to order by the Chair, Dwayne Brummett at 10:01 AM.

B. APPROVAL OF THE AGENDA

A motion was made to approve the June 30, 2014 agenda.

- MOTION:** Keith Kompsi
- SECOND:** Haleh Minakary

NAME	AYE	ABSTAIN	NAY	ABSENT
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Dwayne Brummett	X			
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	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			
Pat Worley - Alternate				

MOTION CARRIED

C. PUBLIC COMMENTS

There were no public comments.

D CONSENT CALENDAR

D1. Approval of Minutes – May 8, 2014

A motion was made to approve the minutes of the May 8, 2014 meeting.

MOTION: Leslie Davis

SECOND: Haleh Minakary

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	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			
Pat Worley - Alternate				

MOTION CARRIED

E. GENERAL ADMINISTRATION

E1. Actuarial Proposal for Additional Scope of Services for FY 15/16 Liability Program

Mimi Long explained that the Programs Committee is working on finalizing a revised liability program member allocation formula for FY 15/16. The new calculation requires that two extra actuarial services be completed by Aon, the CSURMA actuary. The additional work will involve providing (1) four separate costs for AORMA’s auto liability, EPL, premises liability, and “all other” exposures, and (2) experience modification factors for each member.

Currently, AORMA pays \$3,500 for its liability program actuarial report. The cost of the FY 15/16 report would increase to \$9,500. This is an additional \$6,000 for the first year and an additional \$1,500 for all subsequent years so that the annual cost will be \$5,000 in subsequent years.

A motion was made to approve the actuarial proposal for additional scope of services for the FY 15/16 liability program.

MOTION: Guy Dalpe
SECOND: Leslie Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	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			
Pat Worley - Alternate				

MOTION CARRIED

E2 AORMA Liability Program Memorandum of Coverage Revisions

Non-Employment Harassment

The committee reviewed the following language which Staff has proposed should be added to the **Limitations upon CSURMA AORMA’s Liability** section within the MOC:

“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.”

The committee reviewed the following definition of Non-Employment Harassment which Staff has proposed should be added to the **Definitions** section of the MOC:

***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**.*

Mimi explained that Genesis, the reinsurer, will be adding the Non-Employment Harassment endorsement to its reinsurance agreement and that it’s important that the coverage wording within the MOC and the reinsurance agreement be concurrent in order to avoid gaps in coverages.

The non-employment harassment MOC changes do three things:

1. It establishes the “occurrence” date for the non-employment harassment as the date of the last contact. It is important that the MOC establishes an occurrence date as the offenses can often occur over more than one policy period.

2. It establishes that all actions by the same perpetrator or multiple perpetrators working together will be deemed to be one occurrence; therefore, only one \$350,000 self-insured retention applies. This benefits AORMA as only one \$350,000 self-insured retention will apply to the occurrence as opposed to each action by the perpetrator(s) being considered separate occurrences and therefore resulting in multiple SIR's being paid from the AORMA pooled layer.
3. It establishes that all actions by the same perpetrator or multiple perpetrators working together will be deemed to be one occurrence. This limits the coverage available for the actions of the perpetrator(s) to one limit. Because CSURMA AORMA has a liability program with total limits of \$200MM, this is not a concern.

A question was asked if this coverage amendment would change the actuary's projection of AORMA's ultimate limited losses. Because AORMA does not have a history of claims involving multiple perpetrators or multiple incidents occurring over a long period of time, Daniel Howell did not think this change would change the actuary's projection. But, he did state that this question would be asked of the actuary.

Daniel explained that if multiple lawsuits were filed due to several molestations committed by the same perpetrator, each of those suits would be defended separately as a completely separate claim; however, AORMA would only be on the hook for one self-insured retention of \$350,000 not \$350,000 for each lawsuit.

Coverage for Unmanned Aerial Vehicles (UAV)

The committee reviewed the following amendatory language which Staff has proposed should be added to the Aircraft Exclusion within the MOC in order to add back coverage for unmanned aerial vehicles:

*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**. ~~property damage to (1) property owned by the Member, or (2) aircraft in the care, custody, or control of the Member, including aircraft over which the Member is exercising physical control.~~*

The committee reviewed the following language which Staff has proposed should be added to the definitions section of the MOC:

***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 for the purpose of aerial surveillance.*

Mimi noted that Staff has asked the excess carriers to remove the wording, "... for the purpose of aerial surveillance" from the definition of UAV. Some carriers have agreed; however, some have proposed that the drones can be used only for "educational or research" purposes. A question was asked about use of UAVs for commercial purposes. Daniel stated that the FAA considers commercial use of drones to be illegal. Therefore, the use of drones in a fund raising venture would not be a covered activity. Another concern is use by law enforcement which would not be considered an education or research activity.

Willy Hsu suggested surveying members to see if they are using drones and for what purpose. Daniel stated that an AORMA bulletin would be sent out once the wording is finalized which explains the coverage limitations.

Exclusion of Cyber Liability

The committee reviewed the following language which Staff has proposed should be added to the Exclusions Section of the MOC:

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."

Mimi Long explained that this exclusion is for clarification only. The CSURMA AORMA Liability Program does not provide cyber liability coverage. CSURMA AORMA has a cyber-liability coverage program. Daniel states that the coverage for FY 14/15 was enhanced to include 2,000,000 notified individuals which would result in an approximately policy aggregate of \$15,000,000.

Medical Malpractice

The committee reviewed the following amendatory language which Staff has proposed should be deleted from the Exclusions Section of the MOC:

*“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.*
3. ~~*Experiments performed on human beings, clinical trials and/or medical trials.*~~

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.”*

Mimi explained that Genesis added the exclusion for “experiments performed on human beings, clinical trials and/or medical trials” at the inception of the reinsurance arrangement. Staff was able to add back the exceptions 1 through 5 above; however, effective July 1, 2014, Staff is

requesting that Genesis remove the “experiments performed on human beings, clinical trials and/or medical trials” wording completely. Genesis has not agreed to this exclusion yet.

Exclusion of Fines and Penalties, et al.

The committee reviewed the following language which Staff has proposed should be added to the definition of Damages:

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

Daniel stated that penalties, sanctions, taxes or fees assessed against a member are not covered under commercial liability policies as they are not considered third party tort liability. Punitive damages are not insurable under California law, though coverage can be purchase in off shore insurance markets. A question was asked if coverage is available under a separate insurance policy for fines and penalties. Daniel stated that coverage for fines and penalties is sometimes offered for specific exposures like PCI fines coverage under Cyber Liability Insurance or pollution liability fines for clean up of sudden and accidental pollutant leaks.

Daniel stated that the MOC does not specifically exclude taxes, fines and penalties; however, there has been this language in the coverage documents for the excess liability program in the past. In addition, the coverage was interpreted not to cover or defend an IRS action against a member in the past.

Domestic Hired Automobile Physical Damage Endorsement

The committee reviewed the following amendatory language which Staff has proposed should be included in Domestic Hired Automobile Physical Damage endorsement:

“CSURMA AORMA will not pay for loss to any expensive, exotic or ~~and~~ antique automobiles; 15- passenger vans; ~~vehicles that have an open cargo bed;~~ semi-trailer trucks; motorcycles, mopeds, or ~~and~~ motorbikes. ~~limousines; and recreational vehicles.~~ An 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. ~~Excluded are:~~ 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, Maeserati, Porsche and Rolls Royce. However, selected models of BMW, Mercedes-Benz, Cadillac and Lincoln are covered.”

Mimi explained that the AORMA Liability Program includes physical damage to hired autos, subject to a \$1,000 deductible and the terms of the endorsement. In most cases, the AORMA contract with Enterprise Rent-A-Car provides automatic physical damage coverage to hired vehicles; however, this endorsement was added to fill in those gaps in coverage when the collision damage waiver is not offered with the auto rental. Occasionally, an AORMA member

will rent a limousine or recreational vehicle. Enterprise will not provide physical damage coverage for these vehicles. In response, these two types of vehicles have been removed for the excluded auto section. Mimi stated that the wording on Page 29 of the agenda rather than on Page 55 will be utilized in the MOC.

A motion was made to (1) approve the proposed revisions to the AORMA liability memorandum of coverage, (2) to grant authority to Staff to negotiate the UAV definition with the excess carriers and finalize the UAV definition wording within the MOC, and (3) to adopt the revised wording within the Domestic Hired Automobile Physical Damage endorsement as noted on Page 29.

MOTION: Keith Kompsi
SECOND: Leslie Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	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				
Pat Worley - Alternate				

MOTION CARRIED

F. CLOSED SESSION

A motion was made to enter closed session.

MOTION: Brian Nowlin
SECOND: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Melinda Coil	X			
Guy Dalpe	X			
Leslie Davis	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				
Pat Worley - Alternate				

MOTION CARRIED

The AORMA Chair reported that action was taken on two items in closed session.

G. ADJOURNMENT

A motion was made to adjourn the meeting at 11:25 AM.

MOTION: Brian Nowlin

SECOND: Gigi Kiama

NAME	AYE	ABSTAIN	NAY	ABSENT
Dwayne Brummett	X			
Melinda Coil				X
Guy Dalpe	X			
Leslie Davis	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			
Pat Worley - Alternate				

MOTION CARRIED

**FY 15/16 AORMA LIABILITY AND WORKERS' COMPENSATION
PROGRAM ACTUARIAL STUDIES**

ISSUE: CSURMA's retains the services of an independent actuary to evaluate the liabilities of its major self-insured programs. The complete reports for the AORMA Liability Program and Workers' Compensation Program are included separately with the agenda packet. Staff has highlighted key findings. The information provided by the actuary is used to establish fiscal year-end financial reports and as the starting point in consideration of rates and funding for FY 15/16 as well as potential for dividends or assessments.

The actuary's findings and recommendations include:

AORMA Liability Program:

1. The Projected Ultimate Limited Losses for FY 15/16 (\$1,627,550) decreased 3% compared to FY 14/15 (\$1,675,550). The numbers shown are discounted and at a 70% confidence level.
2. The Outstanding Losses @ 6/30/14 (\$3,128,608) increased 1% compared to the Outstanding Losses @ 6/30/13 (\$3,094,446). The numbers shown are Undiscounted and at an expected confidence level.

AORMA Workers' Compensation Program:

1. The Projected Ultimate Limited Losses for FY 15/16 (\$3,208,750) increased 3% compared to FY 14/15 (\$3,108,750). The numbers shown are discounted and at an 80% confidence level.
2. The Outstanding Losses @ 6/30/14 (\$9,069,576) increased 10% compared to the Outstanding Losses @ 6/30/13 (\$8,219,524). The numbers shown are Undiscounted and at an expected confidence level.

RECOMMENDATION: It is recommended that the AORMA Committee review the Liability and Workers' Compensation actuarial studies and accept the reports for use in CSURMA's financial reporting, and AORMA's total funding and premium allocations.

FISCAL IMPACT: The overall program costs will be reviewed and approved separately. The action recommended will have the direct effect of establishing liabilities reported in CSURMA's financial statements and the overall funding estimates for the FY 15/16 Liability and Workers' Compensation programs.

BACKGROUND: Staff will be present at today's meeting to review and comment on the findings in the reports.

PUBLICATION: None.

ATTACHMENT(S):

- a. AORMA Liability Program Actuarial Study – Dated July 31, 2014 (Provided as a separate handout)
- b. AORMA Workers' Compensation Actuarial Study – Dated July 31, 2014 (Provided as a separate handout)

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 July 2, 2014.



PROGRAMS COMMITTEE MEETING “This is an Open Public Meeting”

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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

Meeting Date: July 2, 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 – June 5, 2014** **A** p. 4
The Committee will be asked to review and approve the minutes from the last Programs Committee meeting on June 5, 2014
3. **New Programs Committee Member(s)** **A** p. 14
The Committee will discuss prospective programs committee members
4. **Policy and Procedure W-1 – Workers’ Compensation Member Allocation Formula** **A** p. 15
The committee will be asked to recommend approval to the AORMA Committee of the revised version of Policy and Procedure W-1

D. INFORMATION ITEMS

- | | | |
|---|----------|--------------|
| 1. 2014 CSURMA AORMA Meeting Calendar | I | <i>p. 30</i> |
| 2. 2014 CSURMA Service Calendar and Long Range Action Plan | 1 | <i>p. 33</i> |

E. ADJOURNMENT

The next meeting date will be on Thursday, July 31, 2014, at 1:00 PM 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 July 28, 2014.



MEMBER SERVICES, LOSS CONTROL AND 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, July 28, 2014
Time: 11:00 a.m. (Teleconference)

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

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 – April 7, 2014** **A** pg. 4
The Committee will be asked to approve the minutes from its last meeting
3. **Alliant Risk Control Consulting Update** **A** pg. 11
The Committee will hear a verbal report from Alliant Risk Control Consulting
4. **SkillSoft Analysis Survey Tool** **A** pg. 21
The Committee will review the survey tool created by the Dennis Miller for the members to use when previewing the SkillPort platform

- 5. **Praesidium, Inc. – Contract for Services** I pg. 22
The Committee will hear an update regarding the Praesidium contract
- 6. **Vendor Survey** I pg. 23
The Committee will review the vendor survey

D. INFORMATION ITEMS

- 1. **Alliant Loss Control Services – Utilization Report** pg. 64
- 2. **Employers Group – Utilization Report** pg. 66
- 3. **Target Solutions – Utilization Report** pg. 68
- 4. **CSURMA AORMA 2014 Meeting Calendar** pg. 74
- 5. **AORMA Committee and Standing Committees - Roster** pg. 77

E. ADJOURNMENT

The next meeting date will be on Monday, November 17th, 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.

INSURANCE RENEWAL REPORT

ISSUE: CSURMA's insurance and reinsurance programs mainly renew on July 1. The Program Administrator executed the marketing plan to pursue competitive rates and terms. When possible staff involved CSU personnel in underwriting meetings to ensure underwriters were hearing directly about the plans of the university and auxiliary organizations and commitment to risk management. Overall, renewal results were good in a relatively stable insurance market. Major renewal lines are discussed below.

RECOMMENDATION: No action is requested on this item at today's meeting.

FISCAL IMPACT: No direct fiscal impact is expected at today's meeting. The negotiated insurance and reinsurance costs were included in the CSURMA budget.

BACKGROUND: The insurance market for CSU's risks is a global one that passes through soft and hard markets. A firming of the market began in 2012, but has begun to weaken in recent quarters. Following are comments specific to CSURMA's Programs:

- **Reinsurance (\$4,530,000 xs \$350,000)** – The reinsurance agreement with Genesis renewed with a 3% increase. This is the first year Genesis has asked for an increase and this is due to AORMA's large losses which have incurred amounts in excess of \$350,000. Staff expects that Genesis may insist on a higher self-insured retention for FY 15/16.
- **Excess Liability (Excess of \$5,000,000)** – This program stabilized with new underwriters following the CSU's withdrawal from the Schools Excess liability Fund at June 30, 2010. Last year, we replaced underwriters in the \$25 million excess \$25 million layer to avoid coverage restrictions and reduce cost. The program renewed with incumbent underwriters though there was a slight shuffling and increase in the upper layers to maintain the \$100 million coverage for claims involving traumatic brain injury (TBI). Coverage for small UAV (drones) was added to \$20 million. Overall, the excess premium cost increased 3%, with half of that increase due to the cost to add the UAV coverage.
- **Property** – CSURMA has had excellent results in recent years, and we were successful in obtaining proposals from competing markets. The decision was made to remain with the incumbent underwriters at a savings of 38% which will be reflected in FY 15/16 program costs.

- **Cyber** – CSURMA increased Cyber coverage with the addition of comprehensive coverage including the Breach Response services from Beazley underwriters of Lloyds. The program now includes notification coverage for up to 2 million persons affected by a breach. The cost of the increased coverage is included with the Property Program.
- **Workers' Compensation** – the California Workers' Compensation Insurance market is steadily firming. Safety National increased its rate by 7.5% but agreed to retained the same self-insured retention of \$500,000. After payroll increases, the cost of the AORMA program increased by 8.5%. We are looking at options for FY 15/16 as the State Fund is a pending new market entrant for excess workers' compensation. Also, there may be a possibility to reinstate the primary layer reinsurance program via the Excess Insurance Authority program, which is currently under evaluation.
- **Fidelity** – The program remains stable with incumbent underwriters who have recently approved amendments to accommodate research foundation grant funding exposures. The Campus Risk Pool program premium decreased 5% and the AORMA program increased 5% on renewal.
- **Foreign Travel** – The systemwide FTIP policy has an increased loss ratio and the premium was adjusted up 12% accordingly. Fortunately, member rates were maintained at a stable cost due to the travel utilization rate increase. Also, the Rating Plans Task Group proposed an overlay program for the rates that allows a reduced rate for students and other travelers who are required to purchase accident and health coverage via another program such as USAC.

PUBLICATION: Specific rates and costs have been noticed to each member.

ATTACHMENT(S): None.

TARGET SURPLUS FUNDING REPORT AND DIVIDEND CALCULATION

ISSUE: Staff will present an analysis of the financial position of the Liability and Workers' Compensation programs based on the surplus funding and dividend calculation formula set forth in Policy & Procedure A-3 Target Surplus Funding Policy. The analysis will show the current surplus fund amounts (at 6/30/14) as well as the estimated amounts available for dividend distribution.

RECOMMENDATION: The Committee will be asked to review the Target Surplus Funding report and approve a dividend amount for the Liability and Workers' Compensation programs to be distributed in July, 2015.

FISCAL IMPACT: The Committee will recommend the overall funding and dividend distribution amounts for each pooled program.

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

- Gross Premium to Surplus Ratio – at least 1.5 to 1: (Surplus should be at least 66% of the premium for the upcoming FY 15/16.) Should there be any inaccuracies in the pricing, it is desirable to have adequate surplus to borrow against.
- Surplus to Pool Retention Ratio \geq 5-10 to 1: Should AORMA have multiple significant losses in the same year, it is desirable to have between five and ten times the retention.
- Outstanding Reserves to Surplus Ratio - at least 1.5 to 1: (Surplus should be at least 66% of the reserve amounts for all open claims.) Should there be any inaccuracies in the reserve amounts for open claims, it is desirable to have adequate surplus to borrow against.

PUBLICATION: All AORMA members will receive an update in September, 2014 which summarizes the decisions made at this meeting regarding surplus funds at June 30, 2014 and approved dividends to be released in July, 2015.

ATTACHMENT(S):

- a. Surplus Funding and Dividend Calculation
- b. Policy & Procedure A-3 – Target Surplus Funding Policy

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

Gross Premium 2015/16 (at 80% CL)	\$3,946,750
Maximum Retention per loss:	\$500,000
O/S Reserves at 6/30/14:	\$3,803,264
*Surplus at 6/30/14:	\$4,800,263
Funding above 70% Conf Level:	\$4,489,379
Funding above 80% Conf Level:	\$3,861,899

* Surplus at 6/30/14 reflects the Fund Balance from the 6/30/14 Balance sheet including the \$845,387 FY 14/15 dividend

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium:Surplus	<1.5:1	\$2,631,167	0.82
Surplus:Retention	>5:1	\$2,500,000	9.60
O/S Reserve:Surplus	≤1.5:1	\$2,535,509	0.79

Maximum Dividend Available:	\$2,169,096
Dividend 50%:	\$1,084,548
Recommended Dividend 33%:	\$715,802
Dividend 25%:	\$542,274

Note: 2013 Dividend of \$845,387 was based on 33% of the Maximum Dividend Available

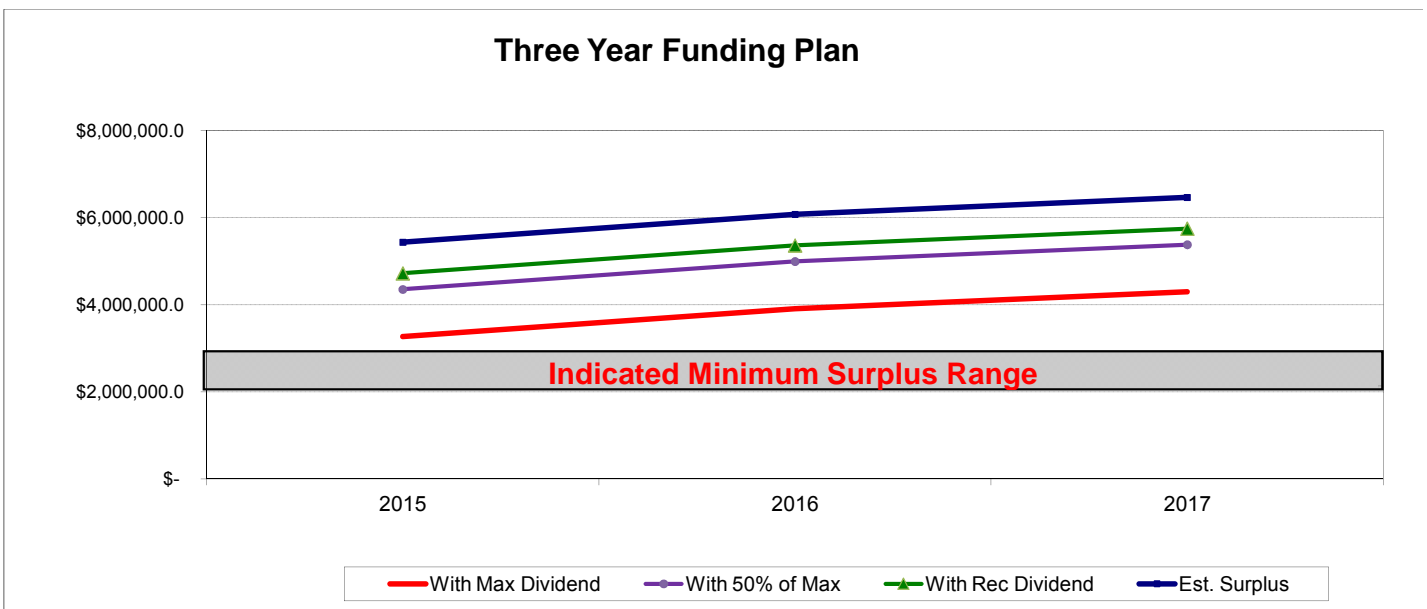
2015/16 Pool Funding Options - Does Not Include ULAE

Confidence levels	Factor	Pool Premium	Surplus
Expected	1.000	2,567,000	-
70%	1.150	2,952,050	385,050
80%	1.250	3,208,750	641,750
90%	1.500	3,850,500	1,283,500

Three Year Funding Plan

	Amount to Add To Surplus	Est. Surplus Balance	With Max Dividend	With Rec Dividend
Estimated Balance at 7/1/14	N/A	4,800,263	N/A	N/A
2015/16 - Collection @ 80% CL	641,750	5,442,013	3,272,917	4,726,211
2016/17 - Collection @ 80% CL	641,750	6,083,763	3,914,667	5,367,961
2017/18 - Collection @ 70% CL	385,050	6,468,813	4,299,717	5,753,011

Three Year Funding Plan



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

Gross Premium 2015/16 (at 80% CL)	\$3,272,850
Maximum Retention per loss:	\$350,000
O/S Reserves at 6/30/14:	\$1,745,719
*Surplus at 6/30/14:	\$4,356,346
Funding above 70% Conf Level:	\$4,101,214
Funding above 80% Conf Level:	\$3,733,109

* Surplus at 6/30/14 reflects the Fund Balance from the 6/30/14 Balance sheet including the \$978,346 13/14 dividend

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium:Surplus	<1.5:1	\$2,181,900	0.75
Surplus:Retention	>5:1	\$1,750,000	12.45
O/S Reserve:Surplus	≤1.5:1	\$1,163,813	0.40

Maximum Dividend Available:	\$2,174,446
Dividend 50%	\$1,087,223
Recommended Dividend 33%:	\$717,567
Dividend 25%:	\$543,612

Note: 2013 Dividend of \$978,346 was based on 33% of the Maximum Dividend Available

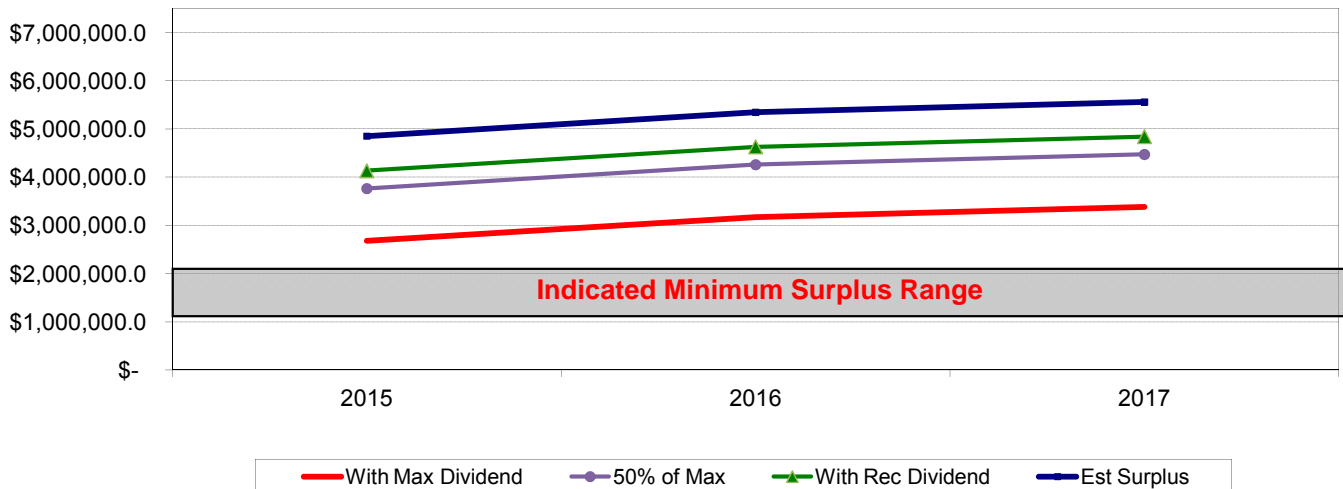
2015/16 Pool Funding Options - Does Not Include ULAE

Confidence levels	Factor	Pool Premium	Surplus
Expected	1.000	1,415,000	-
60%	1.040	1,471,000	56,000
70%	1.150	1,627,250	212,250
80%	1.350	1,910,250	495,250

Three Year Funding Plan

	Amount to Add To Surplus	Est. Surplus Balance	With Max Dividend	With Rec Dividend
Estimated Balance at 7/1/14	N/A	4,356,346	N/A	N/A
2015/16 - Collection @ 80% CL	495,250	4,851,596	2,677,150	4,134,029
2016/17 - Collection @ 80% CL	495,250	5,346,846	3,172,400	4,629,279
2017/18 - Collection @ 70% CL	212,250	5,559,096	3,384,650	4,841,529

Three Year Funding Plan



AORMA SIR Liability Fund Program Target Surplus Funding Analysis at \$500,000 SIR

Gross Premium 2015/16 (at 80% CL)	\$3,336,715
Maximum Retention per loss:	\$500,000
O/S Reserves at 6/30/14:	\$1,745,719
*Surplus at 6/30/14:	\$4,356,346
Funding above 70% Conf Level:	\$4,101,214
Funding above 80% Conf Level:	\$3,733,109

* Surplus at 6/30/14 reflects the Fund Balance from the 6/30/14 Balance sheet including the \$978,346 13/14 dividend

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium:Surplus	<1.5:1	\$2,224,477	0.77
Surplus:Retention	>5:1	\$2,500,000	8.71
O/S Reserve:Surplus	≤1.5:1	\$1,163,813	0.40

Maximum Dividend Available:	\$1,856,346
Dividend 50%	\$928,173
Dividend 33%:	\$612,594
Recommended Dividend 25%	\$464,087

Note: 2013 Dividend of \$978,346 was based on 33% of the Maximum Dividend Available

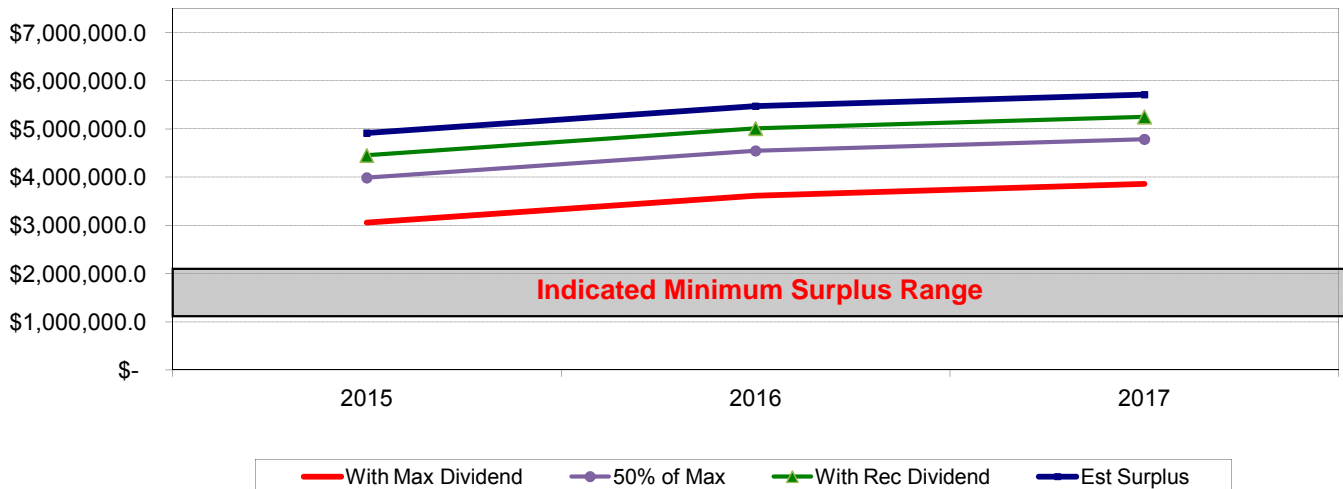
2015/16 Pool Funding Options - Does Not Include ULAE

Confidence levels	Factor	Pool Premium	Surplus
Expected	1.000	1,535,275	-
60%	1.045	1,604,362	69,087
70%	1.156	1,774,778	239,503
80%	1.364	2,094,115	558,840

Three Year Funding Plan

	Amount to Add To Surplus	Est. Surplus Balance	With Max Dividend	With Rec Dividend
Estimated Balance at 7/1/14	N/A	4,356,346	N/A	N/A
2015/16 - Collection @ 80% CL	558,840	4,915,186	3,058,840	4,451,100
2016/17 - Collection @ 80% CL	558,840	5,474,026	3,617,680	5,009,940
2017/18 - Collection @ 70% CL	239,503	5,713,529	3,857,183	5,249,443

Three Year Funding Plan



SUBJECT: TARGET SURPLUS FUNDING POLICY

ADOPTED: JANUARY 10, 2007

**AMENDED: OCTOBER 29, 2009
SEPTEMBER 16, 2010**

EFFECTIVE: JANUARY 1, 2007

POLICY & PROCEDURE NO.: (FORMERLY) 7-AORMA

In an effort to assure the long term financial strength of the Workers' Compensation, Liability, Property and Crime Programs (Programs), the AORMA Committee desires to fund the Programs in a responsible manner. Furthermore, in recognition that there is a high degree of uncertainty in actuarial estimates due to the possibility of occasional catastrophic claims and inconsistent or inaccurate case reserving, the AORMA Committee desires to establish a Target Surplus Goal that will guide them in making annual funding decisions for the Programs.

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

POLICY

The Target Surplus Goal is hereby established to be, at a minimum, the actuarially determined 70% confidence level, discounted for investment. In evaluating the Programs' funding position relative to the Target Surplus Goal as a part of each year's ratemaking process, the Committee shall take into consideration the following ratios: Gross Premium to Surplus Ratio, Surplus to Pool Retention Ratio and Outstanding Reserves to Surplus Ratio.

The AORMA Committee may take action to set higher or lower confidence levels based on AORMA goals to retain more or less risk.

PROCEDURE

- 1. Annual Actuarial Study** - Each year the Program Director will engage CSURMA's accredited independent actuary to perform an actuarial analysis of the Workers' Compensation and Liability Programs. This analysis shall include estimates of the outstanding losses (including IBNR) at various confidence levels as well as estimates of ultimate losses for the upcoming year(s). The analysis shall also compare the current program funding against the outstanding liabilities and determine the confidence level to which the program is currently funded. Because the Property and Crime Programs have an annual aggregate retention, an actuarial analysis is not performed.

- 2. Calculation of Industry Ratios** - The Program Administrator Director will also calculate certain insurance industry ratios to help determine the Program's current financial position as follows:

Gross Premium to Surplus Ratio: **Target <1.5:1**

This ratio is a measure of how surplus is leveraged against possible pricing inaccuracies. A low ratio is desirable.

Surplus to Pool Retention Ratio: **Target >5-10:1**

This ratio is a measure of the maximum amount that surplus could decline due to a single loss. A high ratio is desirable.

Outstanding Reserves to Surplus Ratio: **Target \leq 1.5:1**

This ratio is a measure of how surplus is leveraged against possible reserve inaccuracies. A low ratio is desirable.

- 3. Application of Target Surplus Criteria** – After an annual review of the Target Surplus Ratios, the PROGRAMS COMMITTEE will determine whether it is desirable to increase, decrease, or stabilize surplus. Their recommendations will be forwarded to the AORMA COMMITTEE. If the AORMA COMMITTEE desires to decrease surplus, it may approve a funding level below the 70% confidence level. Conversely, a funding decision above the 70% confidence level will indicate a bias toward increasing surplus. A determination to fund at the 70% confidence level will reflect the AORMA COMMITTEE'S desire to keep surplus at the current level.

Because the Property and Crime Programs have annual aggregate retentions, and therefore no actuarial study is performed, the Target Surplus Funding shall be the amount of funds that exceed the maximum liability retained by the program for all program years. The AORMA COMMITTEE will approve the annual funding for each program.

The Program Target Surplus Funding and Dividend Calculation Report will be prepared for each self-funded program and presented to the AORMA Committee after the end of each fiscal year.

- 4. Dividends** – Dividends may be available from the amount of surplus exceeding the Target Surplus amount established by the AORMA COMMITTEE. The allocation of any dividend shall be pursuant to the Dividends and Assessments Policy and Procedure detailed in Policy & Procedure AORMA # A-4.
- 5. Assessments** – Assessments may be required when the AORMA COMMITTEE determines that the amount of surplus is not sufficient and can best be remedied by an extraordinary assessment. The allocation of any assessment shall be pursuant to the Dividends and Assessments Policy and Procedure detailed in Policy & Procedure AORMA # A-4.

MEMBER APPEAL PROCESS

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

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

DEFINITIONS:

AORMA COMMITTEE - Auxiliary Organizations Risk Management Alliance Committee, a committee of the CSURMA providing management and oversight to the Auxiliary Organizations Risk Management Alliance. The AORMA COMMITTEE is comprised of the Chair, the Vice Chair, eight “At Large” members, and two non-voting members.

PROGRAMS COMMITTEE - A standing committee appointed by the AORMA COMMITTEE Chair responsible for oversight of the AORMA Liability, Worker’s Compensation, Property, Crime, Unemployment Insurance, Participant Accident Insurance and other programs.

AORMA - AORMA - The Auxiliary Organizations Risk Management Alliance, a group of programs under the California State University Risk Management Authority.

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

GROSS PREMIUM - Includes pool premium and reinsurance/excess insurance premium but does not include administrative costs.

IBNR – Incurred but Not Reported losses

OUTSTANDING RESERVES - The sum total of unpaid case reserves in the pool layer as determined by the various claims examiners.

POOL RETENTION - The maximum amount of exposure to a single loss retained by the pool over the most recent 5 years.

SURPLUS - The amount of cash equivalent available to pay claims in excess of actuarial expected losses discounted for investment income.

CONFIDENCE LEVEL: A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, an 80% confidence level means that the actuary believes funding will be sufficient in eight years out of ten.

FY 15/16 LIABILITY PROGRAM - TOTAL FUNDING

ISSUE: Based on the information within the FY 15/16 actuarial study, staff has prepared the attached exhibits which show the pooled layer funding requirements along with the costs for the claims administration, program administration and excess insurance at both a 70% and 80% confidence level as well as two different pooled layer limits - \$350,000 and \$500,000.

RECOMMENDATION: Staff recommends approving the FY 15/16 liability program total costs with the \$500,000 pooled layer option at a 70% confidence level. This would result in a 3% increase over the forecasted FY 14/15 liability costs.

FISCAL IMPACT: Four pool layer funding options are being presented. See the charts below for a comparison of the FY 14/15 and FY 15/16 funding options.

Total Estimated Funding Options for FY 15/16			
\$350,000 Pooled Layer			
Expense Item	Forecasted for FY 14/15 – 70%	Proposed FY 15/16 – 80%	Proposed FY 15/16 – 70%
Actuarial Recommended Pooled Layer Funding	\$1,675,550	\$1,910,250	\$1,627,250
Claims Administration	\$12,600	\$12,600	\$12,600
Program Administration	\$730,000	\$730,000	\$730,000
Excess insurance	\$1,226,444	\$1,350,000	\$1,350,000
Total liability program funding	\$3,644,594	\$4,002,850	\$3,719,850

Total Estimated Funding Options for FY 15/16			
\$500,000 Pooled Layer			
Expense Item	Forecasted for FY 14/15 – 70%	Proposed FY 15/16 – 80%	Proposed FY 15/16 – 70%
Actuarial Recommended Pooled Layer Funding	\$1,675,550	\$2,094,115	\$1,774,778
Claims Administration	\$12,600	\$12,600	\$12,600
Program Administration Fee	\$730,000	\$730,000	\$730,000
Excess insurance	\$1,226,444	\$1,230,000	\$1,230,000
Total liability program funding	\$3,644,594	\$4,066,715	\$3,747,378

BACKGROUND: The liability program has historically been funded at an 80% confidence level. However, for the FY 14/15 coverage term, the liability program was funded at a 70% confidence level. This decision was made by the AORMA Committee due to (a) the high level of surplus in the Liability Program and (2) the choice that the program did not need to grow its surplus. Staff will continue to provide funding options at both a 70% and 80% confidence level for the committee to review.

PUBLICATION: The funding option approved by the AORMA Committee will be included in the “September Update Letter” which will be sent to all of the AORMA members.

ATTACHMENT(S):

- a. FY 15/16 Liability Program – Total Funding 80% Confidence Level
- b. FY 15/16 Liability Program – Total Funding 70% Confidence Level

DRAFT

CSURMA AORMA FY 2015/2016 Liability Program Total Estimated Funding 70% Confidence Level					
Expense Item	Actual Program Costs FY 11/12 \$350,000 SIR	Actual Program Costs FY 12/13 \$350,000 SIR	Actual Program Costs FY 13/14 \$350,000 SIR	Forecasted Costs FY 14/15 \$350,000 SIR	Proposed FY 15/16 \$350,000 SIR
Actuarial Recommended Estimated					
Pooled Layer - Funding	2,198,750	1,618,750	1,565,000	1,675,550	1,627,250
Claims Administration	12,600	12,600	12,600	12,600	12,600
Program Administration Fees	728,993	742,383	727,678	730,000	730,000
Reinsurance / Excess Liability Insurance	1,147,931	1,207,471	1,193,751	1,226,444	1,350,000
Total Costs:	4,088,274	3,581,204	3,499,029	3,644,594	3,719,850
Difference from prior year:	15.49%	-12.40%	-2.29%	4.16%	2.06%
Expense Item	Actual Program Costs FY 11/12 \$350,000 SIR	Actual Program Costs FY 12/13 \$350,000 SIR	Actual Program Costs FY 13/14 \$350,000 SIR	Forecasted Costs FY 14/15 \$350,000 SIR	Proposed FY 15/16 \$500,000 SIR
Actuarial Recommended Estimated					
Pooled Layer - Funding	2,198,750	1,618,750	1,565,000	1,675,550	1,774,778
Claims Administration	12,600	12,600	12,600	12,600	12,600
Program Administration Fees	728,993	742,383	727,678	730,000	730,000
Reinsurance / Excess Liability Insurance	1,147,931	1,207,471	1,193,751	1,226,444	1,230,000
Total Costs:	4,088,274	3,581,204	3,499,029	3,644,594	3,747,378
Difference from prior year:	15.49%	-12.40%	-2.29%	4.16%	2.82%

Actuarial Recommended Estimated Pooled Layer Funding (based on the actuarial report dated July 31, 2014)
 Claims Administration (an increase or decrease is not contemplated)
 JPA Program Administration Fee (an increase or decrease is not contemplated)
 Reinsurance / Excess Liability (a 10% increase is included to maintain the \$350,000 SIR / no increase to increase SIR to \$500,000)

DRAFT

CSURMA AORMA FY 2015/2016 Liability Program Total Estimated Funding 80% Confidence Level					
Expense Item	Actual Program Costs FY 11/12 \$350,000 SIR	Actual Program Costs FY 12/13 \$350,000 SIR	Actual Program Costs FY 13/14 \$350,000 SIR	Forecasted Costs (70%) FY 14/15 \$350,000 SIR	Proposed FY 15/16 \$350,000 SIR
Actuarial Recommended Estimated Pooled Layer - Funding	2,198,750	1,618,750	1,565,000	1,675,550	1,910,250
Claims Administration	12,600	12,600	12,600	12,600	12,600
Program Administration Fees	728,993	742,383	727,678	730,000	730,000
Reinsurance / Excess Liability Insurance	1,147,931	1,207,471	1,193,751	1,226,444	1,350,000
Total Costs:	4,088,274	3,581,204	3,499,029	3,644,594	4,002,850
Difference from prior year:	-1.88%	-11.56%	-0.34%	4.16%	9.83%
Expense Item	Actual Program Costs FY 11/12 \$350,000 SIR	Actual Program Costs FY 12/13 \$350,000 SIR	Actual Program Costs FY 13/14 \$350,000 SIR	Forecasted Costs (70%) FY 14/15 \$350,000 SIR	Proposed FY 15/16 \$500,000 SIR
Actuarial Recommended Estimated Pooled Layer - Funding	2,198,750	1,618,750	1,565,000	1,675,550	2,094,115
Claims Administration	12,600	12,600	12,600	12,600	12,600
Program Administration Fees	728,993	742,383	727,678	730,000	730,000
Reinsurance / Excess Liability Insurance	1,147,931	1,207,471	1,193,751	1,226,444	1,230,000
Total Costs:	4,088,274	3,581,204	3,499,029	3,644,594	4,066,715
Difference from prior year:	-1.88%	-11.56%	-0.34%	4.16%	11.58%

Actuarial Recommended Estimated Pooled Layer Funding (based on the actuarial report dated July 31, 2014) - All years show except FY 14/15 are at an 80% confidence level
 Claims Administration (an increase or decrease is not contemplated)
 JPA Program Administration Fee (an increase or decrease is not contemplated)
 Reinsurance / Excess Liability (a 10% increase is included to maintain the \$350,000 SIR / no increase to increase SIR to \$500,000)

FY 15/16 WORKERS' COMPENSATION PROGRAM - TOTAL FUNDING

ISSUE: Based on the information within the FY 15/16 actuarial study, staff has prepared the attached exhibits which show the pooled layer funding requirements along with the costs for the claims administration, program administration and excess insurance at both a 70% and 80% confidence level.

RECOMMENDATION: Staff recommends approving the FY 15/16 workers' compensation program total costs with the \$500,000 pooled layer option at an 80% confidence level. This would result in a 3% increase over the forecasted FY 14/15 workers' compensation costs.

FISCAL IMPACT: Two pool layer funding options are being presented. See the chart below for a comparison of the FY 14/15 and FY 15/16 funding options.

Total Estimated Funding Options for FY 15/16			
Expense Item	Forecasted for FY 14/15 – 80%	Proposed FY 15/16 – 80%	Proposed FY 15/16 – 70%
Recommended Pooled Layer Funding	\$3,108,750	\$3,208,750	\$2,952,050
Claims Administration	\$208,000	\$208,000	\$208,000
Program Administration Fee	\$540,000	\$540,000	\$540,000
Excess insurance	\$483,420	\$530,000	\$530,000
Total liability program funding	\$4,340,170	\$4,486,750	\$4,230,050

BACKGROUND: The workers' compensation program has historically been funded at an 80% confidence level. Staff will continue to show funding options at both a 70% and 80% confidence level.

PUBLICATION: The funding option approved by the AORMA Committee will be included in the "September Update Letter" which will be sent to all of the AORMA members.

ATTACHMENT(S):

- a. FY 15/16 WC Program – Total Funding 80% Confidence Level
- b. FY 15/16 WC Program – Total Funding 70% Confidence Level

DRAFT

CSURMA AORMA FY 2015/2016 Workers' Compensation Program Total Estimated Funding 70% Confidence Level					
Expense Item	Actual Program Costs FY 11/12 \$500,000 SIR	Actual Program Costs FY 12/13 \$500,000 SIR	Actual Program Costs FY 13/14 \$500,000 SIR	Forecasted Costs (80%) FY 14/15 \$500,000 SIR	Proposed FY 15/16 \$500,000 SIR
Actuarial Recommended Estimated Pooled Layer - Funding	\$2,541,000	\$2,928,900	\$3,149,900	\$3,108,750	\$2,952,050
Claims Administration	\$207,089	\$207,089	\$207,089	\$208,000	\$208,000
JPA Program Administration Fee	\$503,866	\$538,104	\$539,787	\$540,000	\$540,000
Excess Insurance	\$441,617	\$477,508	\$467,704	\$483,420	\$530,000
Total Expenses:	\$3,693,572	\$4,151,601	\$4,364,480	\$4,340,170	\$4,230,050
Difference from prior year:	-7.08%	11.03%	4.88%	-0.56%	-2.54%
Actuarial Recommended Estimated Pooled Layer - Rate	\$0.83	\$0.95	\$1.03	\$0.95	\$0.99

Actuarial Recommended Estimated Pooled Layer Funding (per the actuarial report dated July 31, 2014)
 Claims Administration (no increase or decrease is contemplated)
 JPA Program Administration Fee (no increase or decrease is contemplated)
 Excess Insurance (includes a 10% increase)

DRAFT

CSURMA AORMA FY 2015/2016 Workers' Compensation Program Total Estimated Funding 80% Confidence Level					
Expense Item	Actual Program Costs FY 11/12 \$500,000 SIR	Actual Program Costs FY 12/13 \$500,000 SIR	Actual Program Costs FY 13/14 \$500,000 SIR	Forecasted Costs FY 14/15 \$500,000 SIR	Proposed FY 15/16 \$500,000 SIR
Actuarial Recommended Estimated Pooled Layer - Funding	\$2,541,000	\$2,928,900	\$3,149,900	\$3,108,750	\$3,208,750
Claims Administration	\$207,089	\$207,089	\$207,089	\$208,000	\$208,000
JPA Program Administration Fee	\$503,866	\$538,104	\$539,787	\$540,000	\$540,000
Excess Insurance	\$441,617	\$477,508	\$467,704	\$483,420	\$530,000
Total Expenses:	\$3,693,572	\$4,151,601	\$4,364,480	\$4,340,170	\$4,486,750
Difference from prior year:	-6.61%	12.40%	5.13%	-0.56%	3.38%
Actuarial Recommended Estimated Pooled Layer - Rate	\$0.83	\$0.95	\$1.03	\$1.04	\$1.08

Actuarial Recommended Estimated Pooled Layer Funding (per the actuarial report dated July 31, 2014)
 Claims Administration (no increase or decrease is contemplated)
 JPA Program Administration Fee (no increase or decrease is contemplated)
 Excess Insurance (includes a 10% increase)

FY 15/16 PROPERTY PROGRAM - TOTAL FUNDING

ISSUE: Staff has prepared the attached exhibit which shows the proposed costs for the FY 15/16 Property Program.

RECOMMENDATION: Staff recommends that the Committee approve the FY 15/16 Total Property Program costs of \$2,157,000.

FISCAL IMPACT: The total property program funding of \$2,157,000 includes the following items:

Pooled Layer Funding:	\$350,000
Administrative Costs:	\$307,000
Excess Insurance Premium:	\$2,357,000
 Total Proposed Costs:	 \$2,357,000

Because the actual excess insurance premiums for FY 14/15 were significantly lower than what was estimated and paid (\$1,600,000 vs. \$2,500,000), the property program has, at 6/30/14, a surplus of \$891,988.

BACKGROUND: The AORMA Property Program pooled layer has an aggregate limit of \$250,000. Because of this, AORMA’s property losses, within the pooled layer, in any one year cannot exceed \$250,000; therefore, an actuarial study is not necessary. AORMA funds the entire \$250,000 pooled layer because annually losses always exceed the \$250,000 pooled layer aggregate limit. The marketing of the excess property placement resulted in a 38% reduction in premium for the FY 14/15 policy term. Therefore, the FY 15/16 excess premium estimate is \$1,600,000 which is significantly lower than last year’s estimate of \$2,500,000.

When the premiums and rates are sent out to the members in January 2013, Staff will include actual premiums and/or rates for the property program as well as the other AORMA programs.

PUBLICATION: The funding option approved by the AORMA Committee will be included in the “September Update Letter” which will be sent to all of the AORMA members.

ATTACHMENT(S):

- a. FY 15/16 Property Program – Total Funding

DRAFT

CSURMA AORMA FY 2015/2016 Property Program Total Estimated Funding \$100,000 SIR / \$250,000 Aggregate SIR					
Expense Item	Actual Program Costs FY 11/12	Actual Program Costs FY 12/13	Actual Program Costs FY 13/14	Forecasted Costs FY 14/15	Proposed FY 15/16
Estimated Pooled Layer Funding	\$240,000	\$240,000	\$250,000	\$250,000	\$350,000
Excess Insurance Premium	\$2,481,083	\$2,717,248	\$2,849,135	\$1,566,584	\$1,700,000
Program Administrative Costs	\$345,411	\$303,307	\$306,692	\$307,000	\$307,000
Total Expenses:	\$3,066,494	\$3,260,555	\$3,405,827	\$2,123,584	\$2,357,000
Difference from prior year:	12.38%	6.33%	4.46%	-37.65%	10.99%

Estimated Pooled Layer Funding - no change is contemplated

Excess Insurance Premium - AORMA received a 38% decrease in premium for FY 14/15; most of the decrease was contemplated in the estimate for FY 15/16

Administrative costs - no increase or decrease is contemplated.

FY 15/16 CRIME PROGRAM – TOTAL FUNDING

ISSUE: Staff has prepared the attached exhibit which shows the proposed costs for the FY 15/16 Crime Program.

RECOMMENDATION: Staff recommends that the Committee review and approve the FY 15/16 Crime Program costs of \$331,000.

FISCAL IMPACT: The total crime program funding of \$330,000 includes the following items:

Pooled Layer Funding:	\$50,000
Administrative Costs:	\$30,000
Excess Insurance Premium:	\$230,000
Total Crime Program Expenses:	\$310,000

BACKGROUND: The AORMA Crime Program pooled layer has a \$25,000 per claim limit and an aggregate limit of \$100,000. Because of this, AORMA’s crime losses, within the pooled layer, in any one year cannot exceed \$100,000; therefore, an actuarial study is not necessary. AORMA does not fund the entire \$100,000 pooled layer because AORMA has never reach the aggregate limit of \$100,000 or four claims exceeding \$25,000 in any one year. At June 30, 2014, the crime program has a fund balance of \$124,002 which is enough to fund the aggregate pooled layer limit. Therefore, \$50,000 is being proposed for the pooled layer funding in order to maintain a surplus in the program.

PUBLICATION: The funding option approved by the AORMA Committee will be included in the “September Update Letter” which will be sent to all of the AORMA members.

ATTACHMENT(S):

- a. FY 15/16 Crime Program – Total Funding

DRAFT

CSURMA AORMA FY 2015/2016 Crime Program Total Estimated Funding \$25,000 SIR / \$100,000 Aggregate SIR					
Expense Item	Actual Program Costs FY 11/12	Actual Program Costs FY 12/13	Actual Program Costs FY 13/14	Forecasted Costs FY 14/15	Proposed FY 15/16
Estimated Pooled Layer Funding	\$75,000	\$75,000	\$75,000	\$50,000	\$50,000
Excess Insurance Premium	\$160,017	\$183,702	\$225,436	\$218,621	\$230,000
Program Administrative Costs	\$30,207	\$29,067	\$29,640	\$30,000	\$30,000
Total Expenses:	\$265,224	\$287,769	\$330,076	\$298,621	\$310,000
Difference from prior year:	6.68%	8.50%	14.70%	-9.53%	3.81%

Estimated Pooled Layer Funding - At June 30, 2014, the crime program has a fund balance of \$124,002 which is enough to fund the aggregate limit of \$100,000; \$50,000 is being proposed for the pooled layer funding in order to maintain a surplus in the program.
 Excess Insurance Premium (a 5% increase is contemplated)
 Administrative Costs (no increase or decrease is contemplated)

MAXIMUM ALLOWABLE HOURLY RATE FOR LEGAL COUNSEL

ISSUE: The AOA HR Committee met in August, 2014 and suggested that the AORMA Committee discuss the current \$225 maximum allowable hourly rate for legal counsel. Policy and Procedure L-3 – Legal Counsel Selection, stipulates that Carl Warren & Company (AORMA’s liability third party claims administrator) will survey legal counsel compensation, at least every 36 months, and recommend to the AORMA Committee a fair and equitable maximum allowable hourly rate. Carl Warren believes that they have an acceptable list of employment attorneys at who are willing to work at a rate of \$225 per hour. Currently, most non-employment attorneys are billing \$185 per hour. Occasionally, AORMA will be involved in a complex or high profile case where Carl Warren & Co. would feel comfortable recommending that AORMA authorize a slightly higher hourly rate.

CSU Systemwide Risk Management reiterates that if Legal Counsel is handling the defense of any University case, then Legal Counsel must be retained at the University’s hourly rate. The AORMA Committee has accepted this caveat and has included it in Policy and Procedure L-3.

RECOMMENDATION: Mauri McGuire, from Carl Warren & Co., and Zachary Gifford, from CSU Systemwide Risk Management, both believe that there are a sufficient numbers of attorneys on AORMA’s list of approved attorneys who will work at the \$225 rate. However, AORMA’s maximum rate has not been increased in several years and therefore, a discussion of increasing the maximum hourly rate for legal counsel is appropriate.

FISCAL IMPACT: To be determined. Increasing the maximum hourly rate for legal counsel will increase AORMA’s overall claim costs.

BACKGROUND: Policy and Procedure L-3 – Legal Counsel Selection, states the following:

The TPA shall maintain and update the AORMA APPROVED LEGAL COUNSEL LIST of attorneys (not firms) to which claims will be assigned. [The TPA shall at least every 36 months survey LEGAL COUNSEL Compensation and recommend to AORMA a fair and equitable MAXIMUM ALLOWABLE HOURLY RATE for LEGAL COUNSEL](#) which will address partner rates, associate rates and blended rates. The AORMA Committee shall consider and take action at a regularly scheduled meeting to establish the MAXIMUM ALLOWABLE HOURLY RATE. However, if LEGAL COUNSEL is handling the defense of any University case, then LEGAL COUNSEL will be retained at the University’s hourly rate.

PUBLICATION: If an increase to the maximum allowable hourly rate for legal counsel is approved, this information will be included in the annual or quarterly update letter that is distributed to the AORMA members.

ATTACHMENT(S):

- a. Approved legal counsel list, including hourly rate
- b. AORMA P&P L-3 Legal Counsel Selection

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CSURMA AORMA

POLICY AND PROCEDURE NO. L-3

SUBJECT: LEGAL COUNSEL SELECTION

ADOPTED: DECEMBER 7, 2006

**AMENDED: OCTOBER 8, 2009
SEPTEMBER 16, 2010
MAY 10, 2012**

EFFECTIVE: JANUARY 1, 2007

POLICY & PROCEDURE NO.: (FORMERLY) 3C-LIAB

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

POLICY

1. The TPA shall appoint all LEGAL COUNSEL to represent AORMA and its MEMBERS in defense of a covered liability claim. All appointed LEGAL COUNSEL shall be selected from the AORMA APPROVED LEGAL COUNSEL LIST and subject to the MAXIMUM ALLOWABLE HOURLY RATE for LEGAL COUNSEL. The TPA will send to LEGAL COUNSEL an engagement letter which the LEGAL COUNSEL will be asked to acknowledge and accept.
2. The CSURMA Secretary approves the selection of defense counsel to be added to the AORMA APPROVED LEGAL COUNSEL LIST.
3. To avoid any appearance of a conflict of interest, actual or potential, any attorney who has advised a MEMBER in any capacity (such as serving as general or labor counsel) shall not be engaged as LEGAL COUNSEL for a matter on which that attorney previously advised the MEMBER without prior approval of the CSURMA Secretary.

PROCEDURE

The TPA shall maintain and update the AORMA APPROVED LEGAL COUNSEL LIST of attorneys (not firms) to which claims will be assigned. The TPA shall at least every 36 months survey LEGAL COUNSEL Compensation and recommend to AORMA a fair and equitable MAXIMUM ALLOWABLE HOURLY RATE for LEGAL COUNSEL which will address partner rates, associate rates and blended rates. The AORMA Committee shall consider and take action at a regularly scheduled meeting to establish the MAXIMUM ALLOWABLE HOURLY RATE. However, if LEGAL COUNSEL is handling the defense of any University case, then LEGAL COUNSEL will be retained at the University's hourly rate.

MEMBERS shall have the right to recommend LEGAL COUNSEL from the AORMA APPROVED LEGAL COUNSEL LIST; however, the CSURMA Secretary shall make the final selection of LEGAL COUNSEL.

If the MEMBER disapproves of the selection of LEGAL COUNSEL for a particular matter, the MEMBER may submit an appeal in writing to the AORMA COMMITTEE. The following information may be considered on the appeal:

1. The AORMA APPROVED LEGAL COUNSEL.
2. Any MEMBER wishing to recommend LEGAL COUNSEL for inclusion on the AORMA APPROVED LEGAL COUNSEL LIST may do so by submitting background information on the individual attorney to the TPA. The TPA will then review the information and, if appropriate, request that the CSURMA Secretary approve inclusion of the attorney on the AORMA APPROVED LEGAL COUNSEL LIST.
3. Due to the potential conflict of interest, attorneys who serve regularly as general counsel, in-house counsel or labor counsel for that MEMBER may not defend that MEMBER unless prior written approval is granted by the CSURMA Secretary.
4. Except as permitted by Paragraph Nos. 6, 7, and 8 below, the CSURMA Secretary and the TPA shall have the sole responsibility to select and engage LEGAL COUNSEL to represent members of AORMA as to any matters tendered by a MEMBER through AORMA for DEFENSE and INDEMNITY. A MEMBER may request selection of LEGAL COUNSEL from the AORMA APPROVED LEGAL COUNSEL LIST for a specific claim.
5. The TPA shall assign claims to LEGAL COUNSEL within five days after receipt of notice from the MEMBER that a Summons and Complaint has been received by the TPA.
6. If there is a conflict of interest between AORMA and a MEMBER (which would be a conflict of interest between an insured and its insurer within the meaning of California Civil Code Section 2860) then that MEMBER has the same rights to select and engage INDEPENDENT COUNSEL as would an insured under Section 2860. AORMA also has all of the rights reserved to an insurer under Section 2860, and all of the provisions of Section 2860 shall apply as if AORMA was an insurer and the MEMBER was an insured.
7. A MEMBER may recommend LEGAL COUNSEL to defend an action if all of the following conditions apply:
 - a. Recommended LEGAL COUNSEL is selected from the AORMA APPROVED LEGAL COUNSEL LIST;

- b. The CSURMA Secretary approves the recommendation. (The recommendation will be approved by the CSURMA Secretary unless the MEMBER's selection is found to be imprudent, i.e., LEGAL COUNSEL proposed by the MEMBER does not have sufficient experience, expertise or other qualifications required to competently undertake the defense assignment).
- c. One or more of the following circumstances exists:
 - (i) The MEMBER has significant exposure to a claim which the AORMA Committee has either denied coverage for, or has reserved its rights to deny coverage for, but which claims there may not be a conflict of interest between AORMA and MEMBER of the kind referred to in Paragraph No. 6 above. If the MEMBER chooses to avail itself of the privilege of selecting LEGAL COUNSEL under this No. 7 c.i., the MEMBER shall affirmatively waive its rights under No. 6 above.
 - (ii) The case involves legal or factual issues which merit handling by LEGAL COUNSEL with specialized expertise.
 - (iii) The case involves unusual ancillary factors, which justify retaining LEGAL COUNSEL having special sensitivity in dealing with those factors.
- 8. The MEMBER always may select and engage, *at its own expense*, MONITORING COUNSEL in addition to the LEGAL COUNSEL. However, the LEGAL COUNSEL selected by the CSURMA Secretary or the TPA shall manage and control the litigation.
- 9. AORMA will pay for INDEPENDENT COUNSEL and LEGAL COUNSEL selected and engaged pursuant to Paragraph Nos. 6 and 7 above. AORMA *will not pay for* MONITORING COUNSEL engaged pursuant to Paragraph 8, above.
- 10. In conjunction with LEGAL COUNSEL, selected pursuant to No. 6, above, the AORMA Committee and the TPA shall have the right to manage and control the conduct of the litigation. INDEPENDENT COUNSEL selected pursuant to No. 6, above, may participate in the defense of the litigation but shall not interfere with AORMA's right of control.
- 11. If a MEMBER has concerns regarding the selected LEGAL COUNSEL, they must communicate with the CSURMA Secretary prior to initiating the Member Appeal Process as described below.

NOTIFICATION

The TPA shall notify the MEMBER of LEGAL COUNSEL assigned to a claim, and confirm by sending the MEMBER a copy of the TPA's engagement letter. Before AORMA will pay any costs for LEGAL COUNSEL fees, selected LEGAL COUNSEL must confirm IN WRITING to

the TPA that the engagement is between LEGAL COUNSEL and AORMA, not LEGAL COUNSEL and MEMBER.

MEMBER APPEAL PROCESS

First Level Appeal

If a MEMBER wishes to appeal a decision resulting from the enforcement of this policy & procedure, the MEMBER must present an appeal in writing to the AORMA COMMITTEE within 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 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 business days of receipt of the AORMA'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.

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

DEFINITIONS:

1. **APPROVED LEGAL COUNSEL LIST** - A list of pre-approved attorneys approved by the CSURMA Secretary and the TPA to handle defense and litigation of AORMA member claims.
2. **AORMA** – Auxiliary Organizations Risk Management Alliance, an insurance purchasing program of the California State University Risk Management Authority, a California Joint Powers Authority.
3. **AORMA COMMITTEE** - A Committee of the CSURMA providing management and oversight to the Auxiliary Organizations Risk Management Alliance. The AORMA COMMITTEE is comprised of the Chair, the Vice Chair, eight “At Large” members, and two non-voting members.
4. **CSURMA** - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its Auxiliary Organizations.
5. **DEFENSE** - Legal costs incurred as the result of defending a covered claim. These may include claimant’s and defense counsel’s attorney fees.
6. **EXECUTIVE COMMITTEE** – The CSURMA Executive Committee.
7. **INDEMNITY** - Compensation for an incurred injury, loss or damage
8. **INDEPENDENT COUNSEL** – Legal Counsel selected if a potential conflict of interest exists between AORMA and a MEMBER. INDEPENDENT COUNSEL may participate in the defense of the litigation but shall not interfere with LEGAL COUNSEL’S right of control.
9. **IN WRITING** - The required manner for reporting a claim to the AORMA TPA. Notification in writing includes email correspondence, faxed transmissions, and original, hard copy notifications.
10. **LEGAL COUNSEL** - Any attorney selected to represent an AORMA member. Legal Counsel is selected from the approved legal counsel list maintained by the TPA.
11. **MAXIMUM ALLOWABLE HOURLY RATE** – The maximum hourly fee for which AORMA will pay for an attorney to defend a covered claim. There are two separate maximum allowable hourly rates – one for Employment Practices liability claims, and one for all other claims. The TPA will survey the legal counsel marketplace to determine the maximum allowable hourly rate for AORMA in accordance with this Policy and Procedure.
12. **MEMBER** – Any Auxiliary Organization participating in AORMA.
13. **MEMORANDUM OF COVERAGE** - A governing document of AORMA. This document outlines the AORMA program definitions, coverages, exclusions and provisions.
14. **MONITORING COUNSEL** – Legal Counsel hired by the Member to monitor. **PARTICIPATION AGREEMENT** – The participation Agreement, which is a governing document, outlines the roles and responsibilities of AORMA and its membership.
15. **THIRD PARTY CLAIMS ADMINISTRATOR (TPA)** - A claims administrator whose responsibilities include claim handling, litigation management, and excess liability carrier reporting.

AORMA WORKERS' COMPENSATION PROGRAM
CLAIMS ADMINISTRATION AUDIT REPORT

ISSUE: In accordance with Policy and Procedure A-5, Jacki Graf, CSURMA's workers' compensation claims consultant, has completed an independent claims administration audit of Sedgwick, CSURMA AORMA's workers' compensation third party claims administrator. Jacki will be at today's meeting and will present the results of her audit.

RECOMMENDATION: Staff recommends that the committee accept the claims administration audit.

FISCAL IMPACT: None

BACKGROUND: Two prior Workers' Compensation claims audits were conducted in 2009 and 2011; the third audit was completed in March 2014. The intent of this audit is to evaluate the program's performance in accordance with the Claims Handling Procedures and Guidelines established by AORMA and documented in Policy and Procedure W-4 – Workers' Compensation Claims Handling Procedures and Guidelines.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA AORMA Workers' Compensation TPA Audit Report (2014)
- b. Auxiliary Organization Open Claim Summary
- c. Sedgwick's Response to the Audit Report
- d. AORMA P&P W-4 Claims Handling



California State University Risk Management Authority
Auxiliary Organizations Risk Management Alliance



CSURMA AORMA WORKERS' COMPENSATION CLAIMS TPA AUDIT REPORT (2014)



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1. INTRODUCTION

The California State University Risk Management Authority (CSURMA) is a joint powers authority between the CSU and its 88 not-for-profit auxiliary organizations joined to protect member resources by providing broad coverage and quality risk management services that stabilize risk cost in a reliable, economical and beneficial manner.

Currently, all auxiliary organizations participate in the Auxiliary Organization Risk Management Alliance known as AORMA. 55 of these AORMA members have employees of which 48 participate in the AORMA Workers' Compensation program.

In May 2004, two auxiliary organizations, Associated Students, San Diego State University and University Center, Humboldt State University, formed AO-COMP, Inc., a mutual benefit corporation, to self-insure its workers' compensation liabilities. AO-COMP was the state's first self-insured group (SIG) for not-for-profit organizations. AO-COMP, Inc. grew to include 44 auxiliary organizations. In 2006, AO-COMP, Inc. received permission from the State of California's Manager of Self-Insured Plans, to sell all outstanding liabilities to the CSURMA, a Joint Powers Authority comprised of the CSU and its Auxiliary Organizations in Good Standing. The AORMA WC Program continues to operate as a self-insured program of the CSURMA JPA.

Sedgwick, formerly Octagon, has been the Third Party Administrator (TPA) since the inception of the AORMA's Workers Compensation program.

Two prior Worker's Compensation claims program audits took place in 2009 and 2011 respectively pursuant with CSURMA Policy and Procedure No. 5.

The third audit of the AORMA Workers' Compensation claims program was undertaken in March 2014. The intent of this audit is to evaluate the program's performance in accordance with the Claims Handling Procedures and Guidelines per Policy and Procedure W-4.

This report contains the result of the audit. It has been a pleasure to provide claims auditing services on behalf of AORMA Workers' Compensation program.

ALLIANT INSURANCE SERVICES

Jacki Graf

Introduction

2. EXECUTIVE SUMMARY

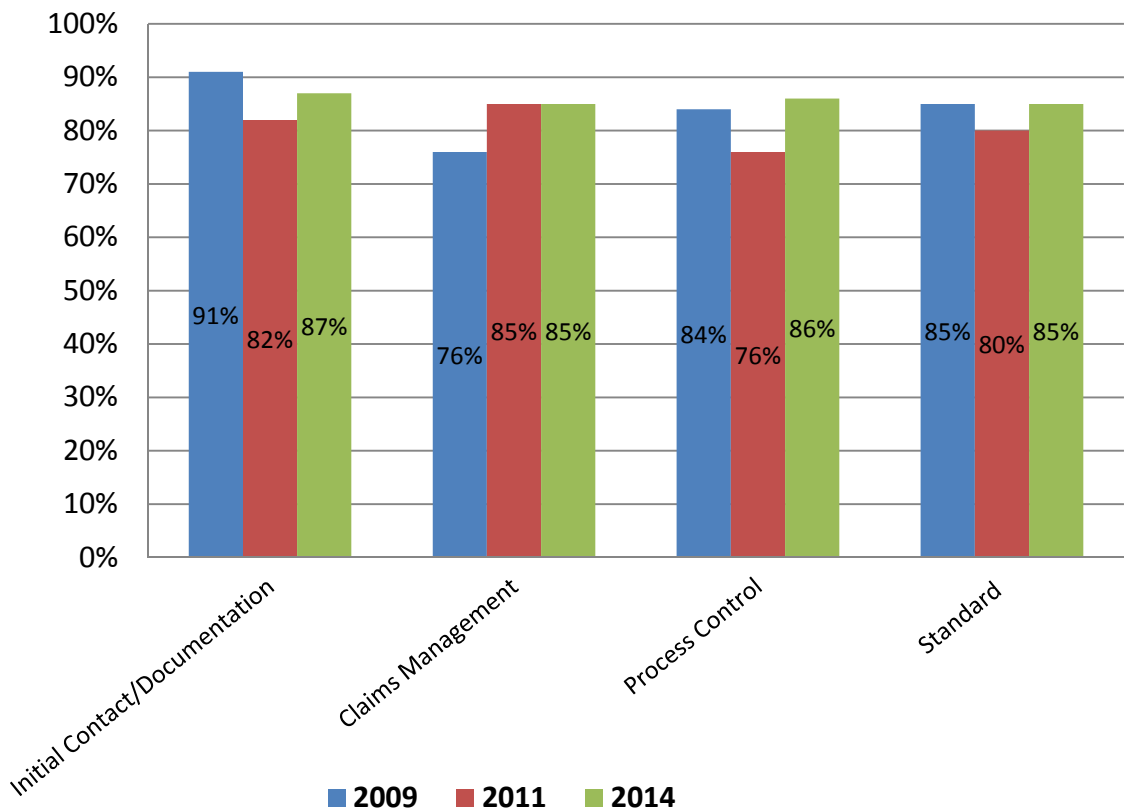
2.1 OVERVIEW

An audit of 25 workers' compensation files was performed in March 2014 through the iVOS claims system. The claim files were viewed on line in the iVOS claims management system and documentation compared, as needed, to the scanned paper file in SIR (Scanned Information Retrieval).

The files were selected from the following claim populations, new claims, high dollar value claims, disability management claims and complex claims

Sedgwick's audit score for this review was 86% overall. This is an increase of 6% over the 2011 audit and a return to the performance level documented in the 2009 audit. The Audit results are summarized in three categories: Initial Contact/Documentation, Claims Management and Process Control. The chart below illustrates the 2014 audit result and compares same with the 2009 and 2011 findings.

Table 1: 2009/2011/2014 AORMA Performance Results



2.2 FINDINGS

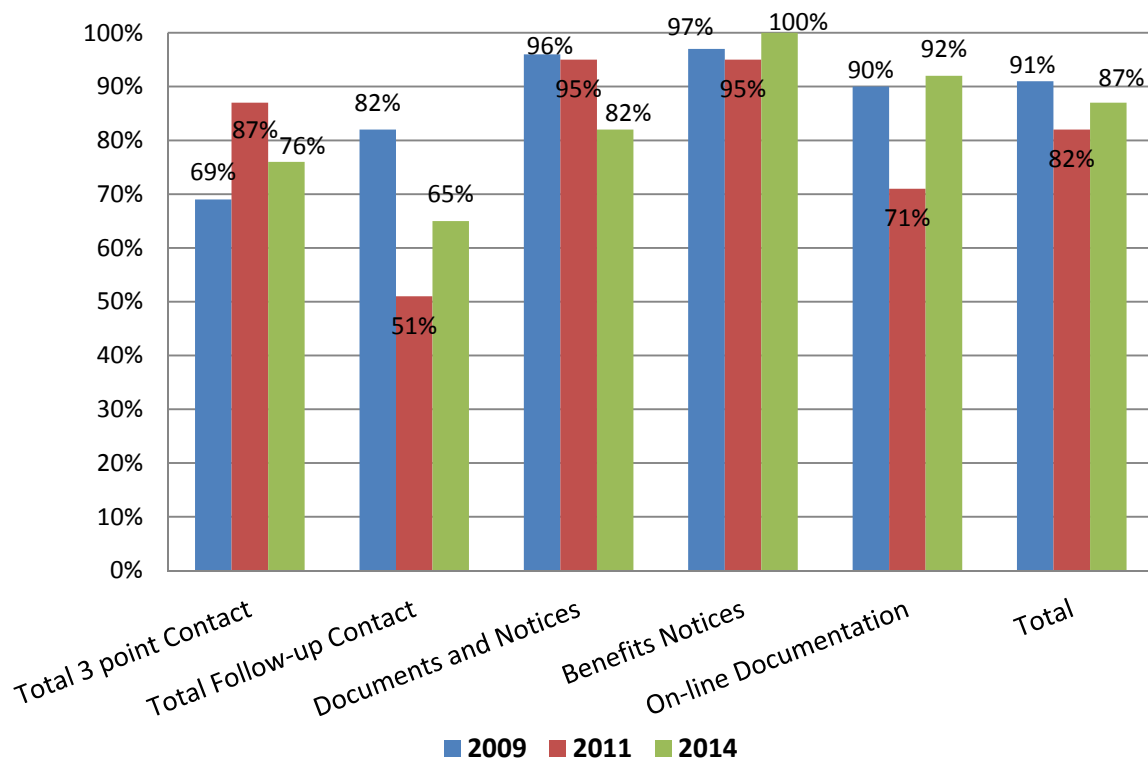
This section will address the findings in the major audit areas of Initial Contact and Documentation, Claims Management and Process Control.

2.2.1 FINDINGS – INITIAL CONTACT AND DOCUMENTATION

The overall result in this category was 87%. This represents a 5% point improvement from 2011 result, while trailing the 2009 result of 91%.

The chart below illustrates the subcategories within this section and compares the 2014 with the 2009 and 2011 results.

Table 2: Initial Contact and Documentation



Subcategories meeting the standard of performance (85%) are: Documents and Benefit Notices: 100% and On-line Documentation 92%.

The areas where the result was below standard are: 3 Point Contact 76%, Follow-up Contact 65%, and Documents and Notices 82%.

Initial Contact and Documentation Comments:

Benefit Notices attained a perfect score of 100%.

On-Line Documentation demonstrated significant improvement with a rise in score of 21% to achieve a 92% result.

3 Point Contact fell by 11%. A refocus of efforts on initial contact categories within the 3 Point Contact parameters is needed. While the initial effort to reach the injured worker is nearly at acceptable levels at 83%, completion of injured worker contact was found in 67% of the files reviewed. Supervisory contact had been a strong area of performance in the past, and is now at a 50% initial contact with 25% completed. Should direct supervisor contact be deemed unnecessary, the file documentation should reflect this. There were a number of files that converted to indemnity from medical only status that would have benefited from a fuller investigation once the claim was recognized to be beyond a medical only scope.

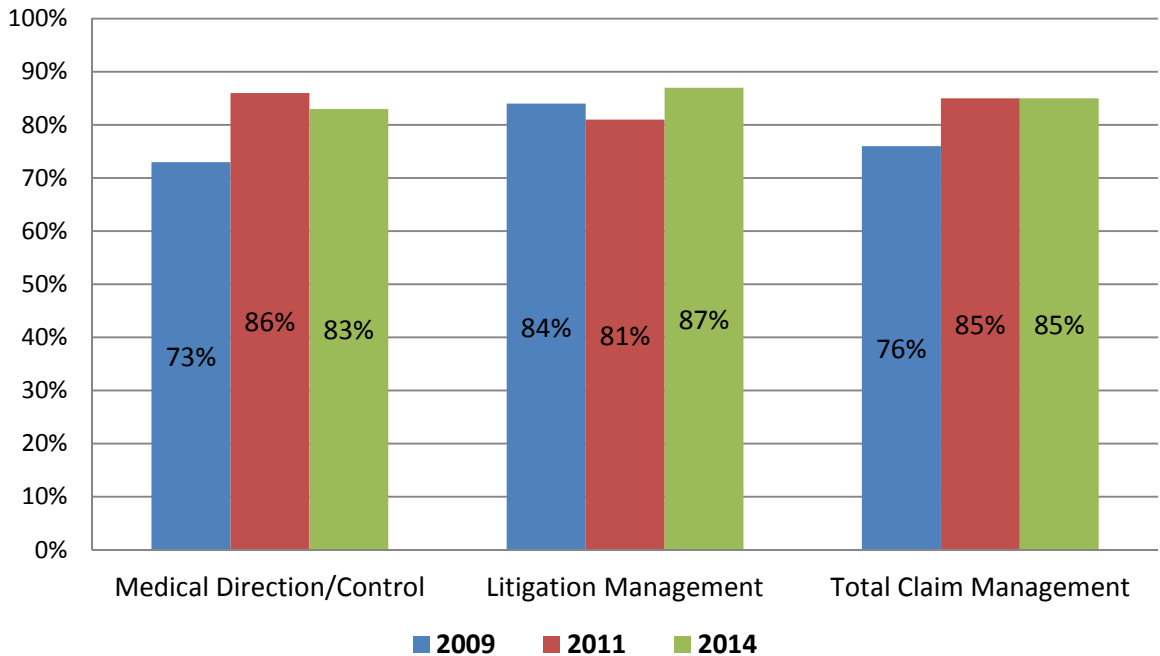
Follow - up contact increased by 14%, although this category remains well below the performance standard at 65%. On-going employee contact will resolve questions/concerns from the injured worker about the worker's' compensation process, will provide the examiner with information to better handle the claim file and is believed to reduce litigation. There was a percentage of litigation in the files reviewed in this audit.

Good claims practices would support ongoing employee contact would positively impact and therefore lessen litigation in this inventory.

Documents and Notices dropped by 13% points to 82%. The initial documents were not found in the Scanned Information Retrieval system in all cases, although the notepad may have indicated receipt of same. The examiner advised that she retains copies of the initial documents outside of the claim file. These documents are not consistently captured in SIR. This process needs to conform to Sedgwick's practices.

2.2.2 FINDINGS – CLAIMS MANAGEMENT

Table 3: Claims Management



The category of Claims Management is composed of two subcategories: Medical Direction/Control and Litigation Management.

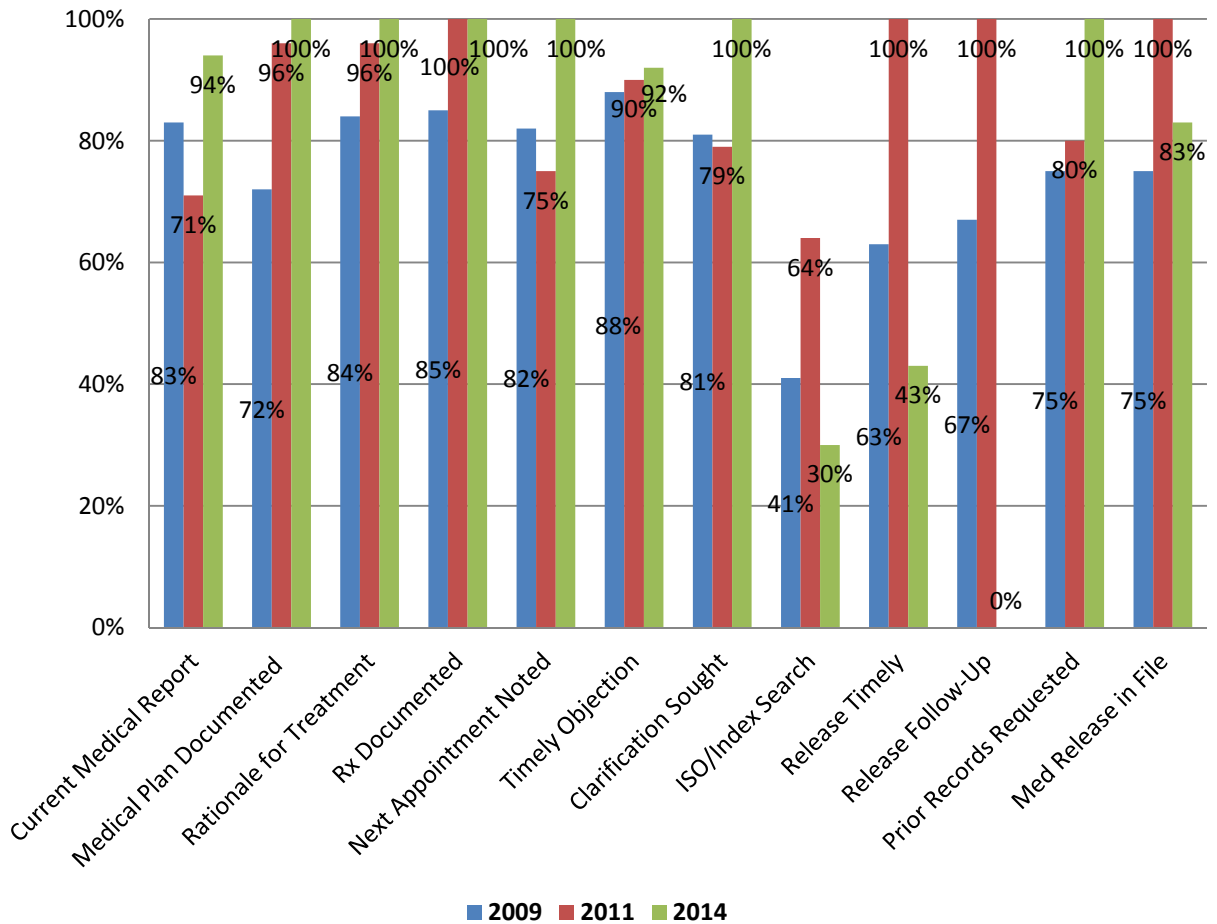
Sedgwick achieved 85% in the overall Claims Management category. In the respective subcategories, the scores achieved were: 83% in Medical Direction and 87% in Litigation Management.

The Claims Management audit result in 2011 was also 85%, with scores of 86% in Medical Management and 81% in Litigation Management.

Executive Summary

The breakdown within each sub category is displayed in the charts below:

Table 4: Medical Direction/Control



Comments:

Medical Direction/Control: 83

There was some fluctuation in the sub categories. The following areas scored at goal or above:

Perfect 100% scores were achieved in the following categories: Medical Plan Documented, Rationale for Treatment, Rx Documented, Next Appointment Noted,

Executive Summary

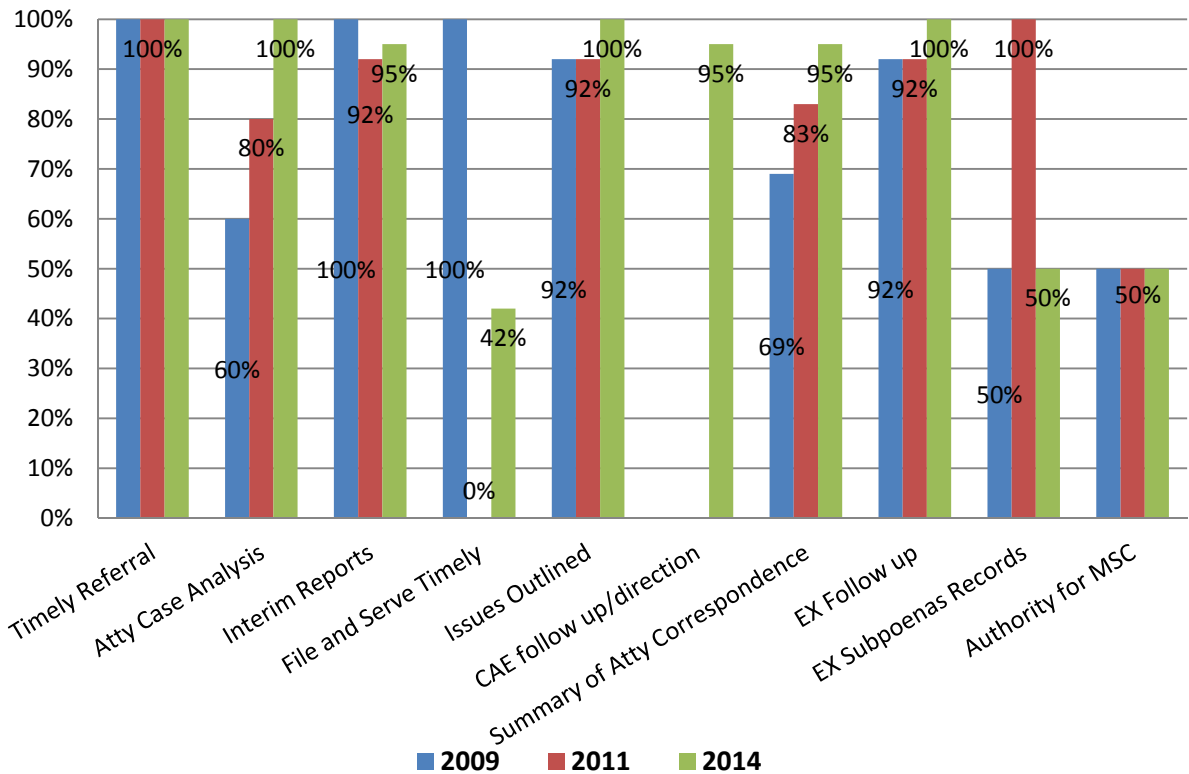
Clarification Sought and Prior Records Requested. Excellent scores were also obtained in the categories of: Current Medical report (94%) and Timely Objection 92%.

The improvements in Current Medical Report, Next Appointment Noted, and Clarification sought are noteworthy with improvements of 23%, 25% and 21% percentage points respectively.

The areas that scored below goal are: ISO/Index Search (30%), Release Timely (43%), Release Follow-up (0%) and Med Release in file (83%). The medical documentation has improved significantly over last audit. The management and direction on medical issues is strong in this inventory,

The processing of providing initial medical releases is inconsistent, particularly if the file was initially a medical only case. Follow-up with the injured worker to ensure receipt of the medical release is lacking. When the medical release is received however, the records are obtained. The initial letters should always include a medical release and medical history form. The letters should indicate these attachments are included in the mailing.

Table 5: Litigation Management



Executive Summary

Litigation Management: The overall score in this category rose from 81% to 87%; a solid improvement. Excellent scores were achieved in the areas of: Timely Referral (100%), Attorney Case Analysis (100%), Interim Reports (95%), Issues outlined (100%), Summary of Attorney Correspondence (95%), Examiner Follow-Up (100%), and Examiner Sets Medical appointment (100%).

Three areas fell below standard: File and Serve Timely (42%), Examiner Subpoenas Records (50%) and Authority for MSC (50%).

The legal events, strategy and correspondence were well documented in the files reviewed with marked improvement in the areas of Attorney Case Analysis and Summary of Attorney Correspondence.

The audit in 2011 identified that the File and Serve process was not documented in the claim file. This continues to be an area where process improvement is needed. The process for serving medical reports on the Attorneys is inconsistently documented in the file. It is done in a variety of ways; email by examiner, a claim assistant process that appears to be outside of the correspondence section in the claims file and, on occasion, through the correspondence masters. There needs to be a consistent timely service of medical reports that is documented and housed in a single location within the claim file. I would recommend that the correspondence feature in iVOS be used for this purpose, as it is intended. This was also the recommendation in the 2011 audit.

The audit in 2011 found that the examiner subpoenaed the records in 100% of the cases reviewed. In the current review this was found in 50% of the cases. When the attorney requested records there was no documentation in the file to determine whether the examiner approved this action or why it was necessary for the attorney to do so instead of the examiner. Obtaining records by the examiner or claims assistant is more cost efficient than by the Attorney. This should be the norm and on the occasion where it is not, the reasons for the attorney involvement in this task shall be documented in the notepad.

Obtaining timely authority for Mandatory Settlement Conference remains below standard at 50%. This score remains unchanged from the 2009 finding. All parties in the approval chain; examiner, supervisor and operations manager need to timely review the Settlement Authorization Requests 30 days before a Mandatory Settlement Conference.

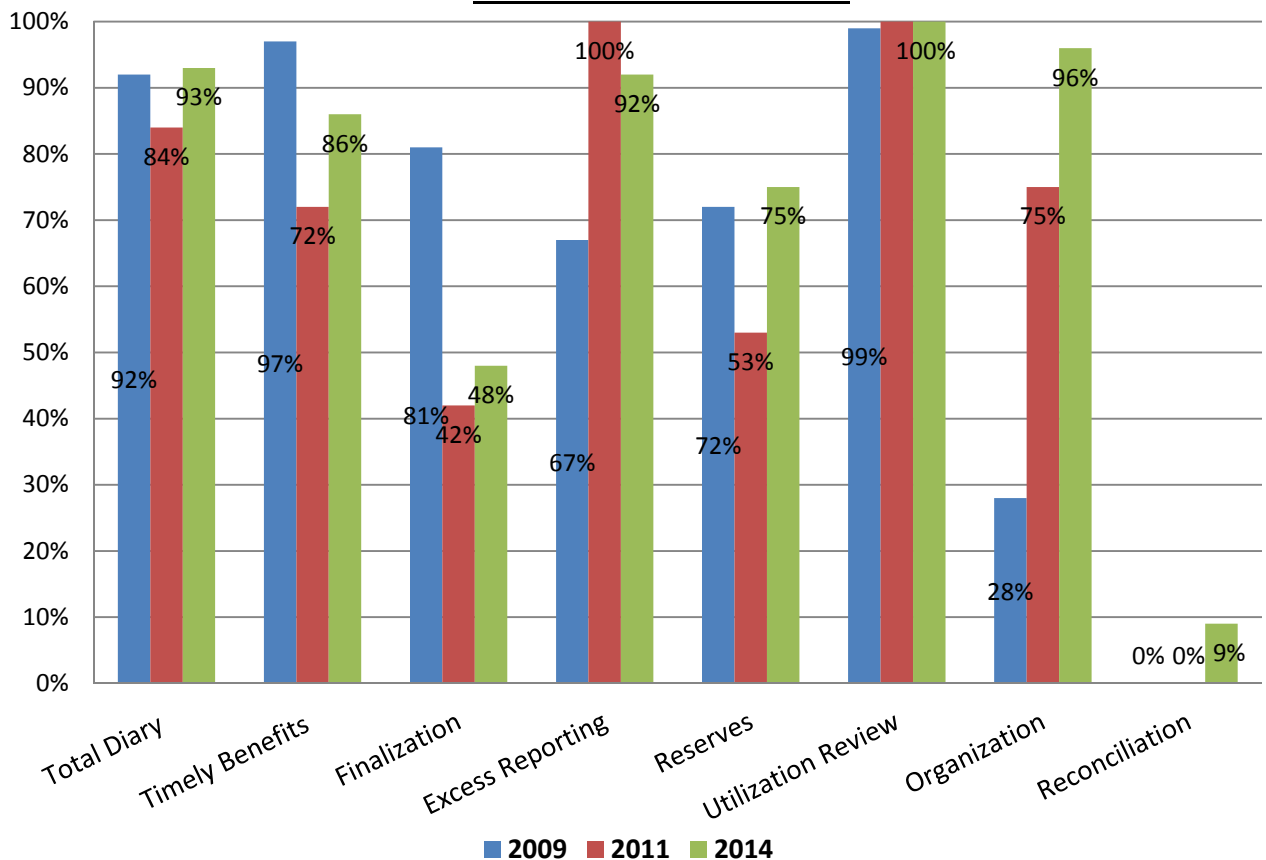
There did appear to be a high percentage of litigated files in the audit sample. 84% of the files reviewed were litigated. This is a higher percentage than normally anticipated. Further exploration of this observation will be undertaken

In addition, it was determined that a single attorney was handling 76% of the files reviewed. While the attorney work product was good, the assignments were not within a reasonable geographic area in all cases. 19% of the files were outside of the reasonable geographic area. The costs of travel outside a reasonable area are unnecessary when there are other geographically appropriate attorneys available for use. The program would benefit from more diversity in the selection of the attorney referrals.

2.2.3 FINDINGS – PROCESS CONTROL

In the area of process control, Sedgwick achieved a result of 86%. This reflects an improvement of 10% points.

Table 6: Process Control



Comments:

- Total Diary: The audit revealed that the examiner regularly reviewed the files at 30 day intervals 92% of the time. The supervisor involvement in the files was strong at 97%. Excellent result.

Executive Summary

- Timely benefits were identified in 86% of the files, an improvement over the last audit finding of 72% of the claims reviewed.
- The Finalization Result is composed of 3 factors: Obtaining a rating within 30 days of a Permanent and Stationary report: 63%, Completing a Settlement Authorization Request within 30 days of the rating: 18% and Accuracy in paying the award: 83%.
- Excess reporting evaluates three aspects of the reporting process: Timely initial notification (Carrier Notified): 100%, whether reports were timely (Notified Timely): 83% and Report Current: 100%. There was one late report identified in the claims review and this was not an initial report, but an update report.
- Reserves are evaluated for adequacy: 83% and whether they were adjusted timely (within 30 days of a change in circumstances affecting the monetary exposure): 67%. While these scores are not at standard they demonstrate an improvement in this area over the last audit finding of 52% and 53% respectively.
- The Utilization Review result was 100%.
- The Organization result was 96%. This demonstrates a marked improvement from 75% in the last audit.
- Only one file contained a reconciliation/claims balance worksheet. This requirement was started in July of 2009. This practice has not been integrated into the work process in this caseload.

2.3 RECOMMENDATIONS

Listed below are recommendations by category:

2.3.1 General Recommendations & Comments

An annual review of the Claims Handling procedures in light of the audit findings is recommended.

2.3.2 Initial Contact and Documentation

Initial Contact – While initial contact category overall has had an improvement over the prior audit, there are still strides to be made in completing the employee contact and in the supervisor contact. Sedgwick’s first knowledge of a WC claim often comes from the physician’s office, rather than the employer. An annual reminder on the requirements for timely reporting of WC claims is recommended for AO members.

AORMA WC Reporting and Contact Review – Annual review of the WCC contact sheet should continue.

Follow-up Contact – Maintaining follow-up contact with the injured worker throughout the life of a claim is a critical component of the investigation and claims management.

Whether this is due to contacts not being made or lack of documentation of the follow up contact cannot be determined accurately due to the absence of such documentation. Claims practices support ongoing employee contact to mitigate litigation. This finding may be having an impact on the litigation rate in this inventory.

Documents and Notices – It was noted that the 5020 and Claim form did not consistently reside in the scanned document repository in use by Sedgwick. The examiner retains a set of the initial documents outside of the claims file and SIR. The documents shall be retained in SIR at all times.

A review of the timeliness of reporting requirement for employers is also necessary. The member has 5 days from date of knowledge of an injury to report claim to Sedgwick via an Employer's report of Injury.

2.3.3 Claim Management

Overall claim management met standard.

Medical Direction/Control

Institute the following procedures:

1. Review the index process and ensure that indexing is completed at claim inception and annually thereafter. Should a claim close and a subsequent request for treatment be received, indexing should also take place. The results of the index check should be reviewed by the examiner and documented in notepad for relevancy to the claim.
2. Review the medical release and medical history process and ensure that proper follow-up is completed and the file documented to reflect the same.

Litigation Management

1. Review the File and Serve work flow process and document the same in Correspondence.
2. Remind the attorneys that Sedgwick shall routinely request records via the subpoena process. Exceptions to this process will be documented for proper approval and need.
3. Claims examiner will timely seek settlement authority prior to all mandatory settlement conferences.
4. Seek to diversity the attorney referral assignments within a reasonable geographic area.

2.3.4 Process Control

Settlement Authorization Requests: shall be completed within 30 days of the informal or private permanent disability rating. This category has only demonstrated a 50% compliance since the audits began in 2009. It is important for Sedgwick to determine what is preventing compliance in this area and correct and sustain standard in this area.

Reserves: Timely respond to changes in a claim file's financial exposure within 30 days of knowledge of an event that affects the potential claim cost.

Re-Institute a Claims Balance Worksheet Analysis: This process was instituted in July of 2009 but has fallen by the wayside. This procedure should be done annually, and at the following points in time; changing from one benefit type to another, SAR preparation and at file closing.

This recommendation remains unchanged from the last audit.

3. AUDIT

As the AORMA WC unit went paperless in January 2010, an online audit of the AO WC claims files was conducted by Alliant in February and March of 2014. A total of 25 files were reviewed; representing 19% of the current open inventory

Criteria for the audit encompassed the following three major categories:

- **INITIAL CONTACT AND DOCUMENTATION**
- **CLAIMS MANAGEMENT**
- **PROCESS CONTROL**

Results in each category were compared against the AORMA Claim Service Instructions which reflect good claims handling practice.

4. AUDIT FORMAT

Detailed findings for each major category, as well as each criterion, are presented in the following pages of this section. The presentation follows the format below:

MAJOR CATEGORY

CRITERION: (1 through X)

OVERVIEW: A brief statement describing the importance of this criterion.

ASSESSMENT: Statement of performance requirement for this criterion as called for in the Service Agreement. Description of approach used to assess compliance.

SCORE: Numerical findings.

SUMMARY AND RECOMMENDATIONS: Suggestions for improved performance in this major category.

5. AUDIT RESULTS

5.1 INITIAL CONTACT AND DOCUMENTATION

5.1.1 THREE POINT CONTACT

OVERVIEW: To make a determination on compensability for each claim, the claim examiner must investigate all the facts of the injury. This requires communication with the injured worker, the employer/supervisor and the physician. The injured worker relates the facts of the injury, the employer verifies these facts and the physician gives an opinion as to whether the injury is consistent with the facts as related by the injured worker.

The initial contact with the injured worker is the most significant step in the claim process. Speaking directly to the injured worker is the best way to obtain the details of the claimed injury directly from the source of the claim. Proper investigation is critical to making an informed compensability decision. Direct contact also provides the opportunity to provide the employee accurate information regarding the Workers' Compensation process. When necessary a professional interpreter should be used to communicate with a non-English speaking injured worker.

Most injured workers have a very limited understanding of the workers' compensation process. Personal contact by the claims examiner can relieve anxiety and provide the employee confidence that their claim will be handled professionally and in a timely manner.

Contacting the employer at the time a new report of injury is equally crucial to the compensability decision process. Employer contact enables the examiner to validate pertinent information, as well as provide an opportunity for the employer to air any concerns about the facts as claimed by the employee and to share additional pertinent information from the employer's point of view that is not addressed in the Employer's Report of Injury form 5020.

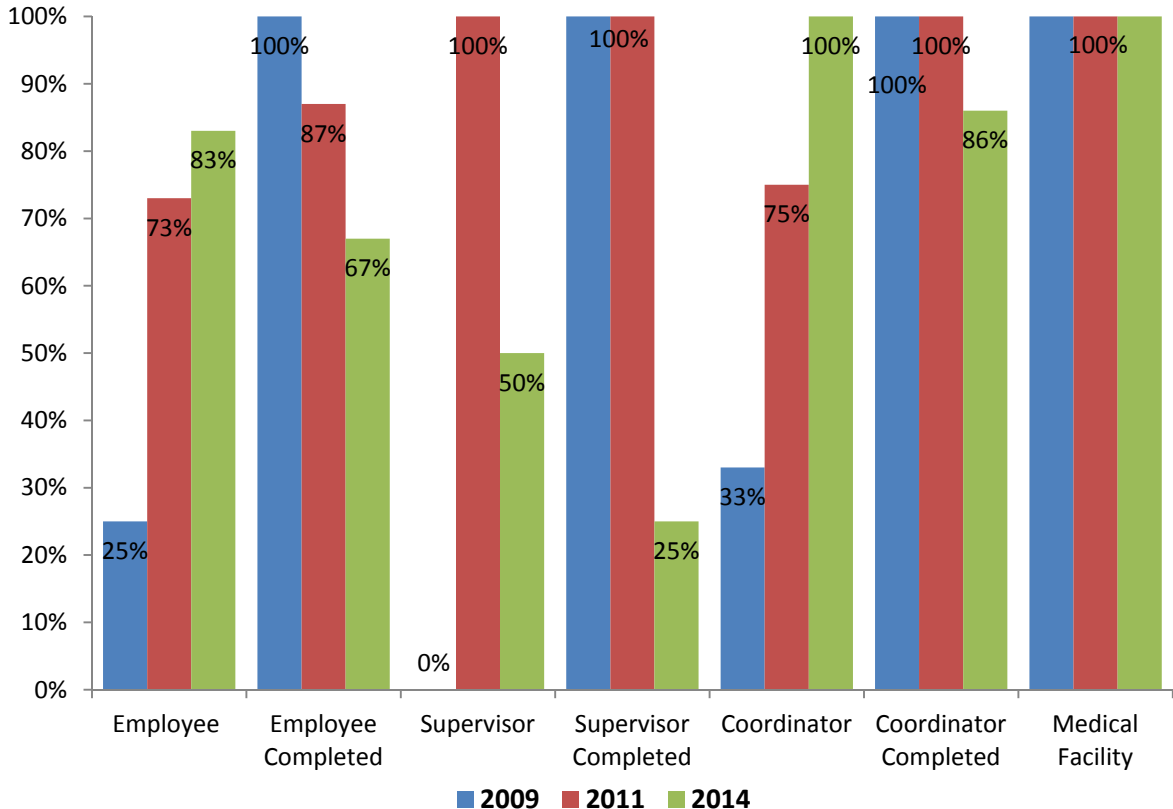
Additional Contact with the direct supervisor allows an another opportunity to validate the injured workers history of events, gather information about the physical requirements of the job and possible modified duty options and give a broader picture of the injured worker as an employee.

Medical verification of industrial injury is the third component in the investigation process. While physician contact may not be feasible within one day of notice of the claim, contact or verification of medical status via a Doctor's First Report of Injury (Form 5021) provides necessary information on diagnosis, work status and treatment.

The Audit Results

ASSESSMENT: The audit sought to validate that contacts with the employee and employer were initiated within one day of the TPA's first date of knowledge. The chart below displays the findings. This audit demonstrated a significant improvement in the 3 Point Contact category. The score 76% fell from the prior result of 87%.

Table 7: 3P Contact



RECOMMENDATION: The Supervisor initial contact attempt needs to be carried out on the files. Should the WC Coordinator or examiner believe supervisory contact is not required employee the reasons for the deviation shall be documented in Notepad.

The employer shall be engaged to assist when employee contact has not been achieved. Timely employee contact on converted claims is necessary.

Employer notification procedures for new claims should enable notice to the TPA within five days of employer's knowledge.

5.1.2 FOLLOW-UP CONTACT

OVERVIEW: Client Service Instructions and good claims practice promote ongoing contact with the injured worker throughout the life of their WC claim. The follow-up contact expectation is phone contact every 14 days while employees are losing time and at 60 day intervals once they return to work. Contact is limited to unrepresented workers. This is a key information gathering opportunity for the examiner and an educational opportunity for the injured worker. Informed employees understand the WC process better and are more satisfied with the claims outcome. It is generally held that ongoing communication with the injured workers results in a decrease in litigation.

ASSESSMENT: The notepad was reviewed for documentation of the required ongoing employee contact.

SCORE: Contact was documented in 65% of files meeting the criteria. If contact attempts were made, they were not consistently documented at the required intervals. This category demonstrated improvement, but remains below standard. Compliance in this area can benefit the claim handling in all areas: return to work, medical management, resolution and decrease litigation.

RECOMMENDATION: Maintain regular efforts to keep in contact with unrepresented injured workers and document same. The supervisor should review files for compliance in this area. It is recommended that Sedgwick conduct periodic audits for compliance in this category.

5.1.3 INITIAL DOCUMENTS REQUIRED BY THE AUDIT UNIT

OVERVIEW: The Audit Unit (formerly identified as the Office of Benefit Administration and Enforcement, OBAE) requires that the Employee Claim Form (DWC-1), the Employer's First Report of Injury (5020) and the Doctor's First Report of Injury (5021) be present in the claim file. A penalty is assessed if these forms are not in the claim file.

The DWC-1 confirms the employee's request to report a claim. This form identifies the body part alleged to be injured, briefly describes how the injury occurred, and verifies the date of injury. The date the claim form is received by the employer tolls the time limitations for denial and collection of benefits. It is completed by the employee and signed by the employer as well.

The 5020 is completed by the employer upon knowledge of injury. The 5021 is completed by the physician the first office visit after injury or alleged work related illness.

ASSESSMENT: The online file was reviewed to determine the presence of these documents.

SCORE: 82%

RECOMMENDATION: In the last audit, the performance in this category was at 95%. The process for scanning initial documents needs to be reviewed and enforced by Sedgwick management. The Supervisor should check SIR for these documents at the initial review of the file and continue to do so until compliance is achieved.

Documents and Notices

5.1.4 BENEFIT NOTICES REQUIRED BY THE REGULATION/AUDIT UNIT

OVERVIEW: The Labor Code together with Regulatory Rules require that the TPA send specific Explanation of Benefit to the Employee notices to the injured worker through each step of the process. A penalty is assessed for each notice not contained in the claim file and for each notice that is not timely. The performance standard expectation is 85%

The file was reviewed for the following notices:

- Beginning:** First payment of Temporary Disability (TD) notice
- Delay:** A delay of benefits based on insufficient information to accept a claim
- Denial:** A notice of denial of benefits based on factual evidence and/or medical opinion (must be sent within 90 days of knowledge of injury)
- Ending:** Termination of TD benefits
- PD Delay:** When temporary disability benefits are terminated and the medical condition is not permanent and stationary
- PD Denial:** Permanent disability benefits denied based on medical opinion
- PD Advances:** First payment of permanent disability benefits once medical condition is permanent and stationary and there is medical verification of a permanent disability
- Ending PD:** Termination of permanent disability advances or permanent disability benefits

Supplemental Job Displacement Notices:

Notices are required upon RTW and at specified intervals regarding potential entitlement to this benefit.

ASSESSMENT: The online correspondence section of the claim file was reviewed to determine if appropriate notices were timely sent. The performance standard expectation is 85%.

SCORE: Appropriate benefit notices were sent in 100% of the situations that required a notice.

RECOMMENDATION: Excellent result. No recommendations.

5.1.5 ONLINE DOCUMENTATION

OVERVIEW: Sedgwick uses AON'S iVOS system as their claims management system. Detailed information regarding each claim is entered by the examiner and supervisor. All financial transactions are recorded as well. Access to this information is available to the WC designee at the auxiliary organization upon request.

The on-line claims management system is the primary source of claim information. It allows multiple partners to view the claim information at the same time. It is more efficient to utilize the on-line information system than to rely solely on hard copy files. Good claims practices require that all entries contain appropriate detail, identify the issues of the claim and describe the plan of action being taken to resolve these issues. An Action Plan will be documented in the notepad every 90 days on indemnity files and at 180 day intervals on Future Med files. An effective Action Plan should seek to move the claim status forward to resolve any outstanding issues and ultimately bring the claim to a final conclusion.

An additional on-line documentation area reviewed in the audit is the documentation of the summary of medical records received and reviewed.

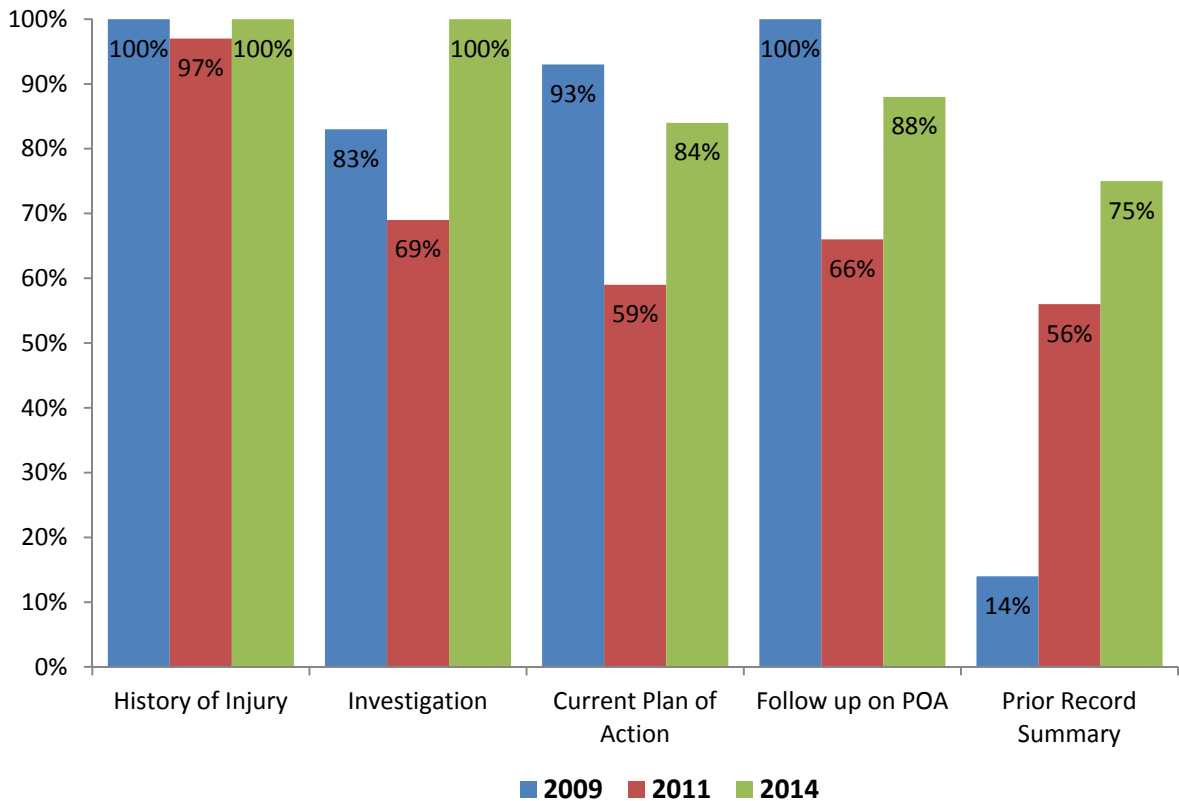
ASSESSMENT: The claim file was evaluated for proper documentation of all developments in the claim. This includes a history of injury and issues, investigation, documentation of critical deadlines, a detailed plan of action and the steps taken to complete the plan of action. The file documentation was reviewed to determine if there was a clear picture of claim events. The file was also reviewed for documentation summarizing subpoenaed med records and how these records impact the claim exposure. The CSURMA Client Service Agreement expectation is 85%.

SCORE: 92%

The Audit Results

RECOMMENDATION: Strong result. Improvement noted. The only area below standard in this area is that of Prior Record Summary. When records are obtained, a review of same shall be documented in notepad.

Table 8: On-line Documentation



5.1.6 SUMMARY AND RECOMMENDATIONS: INITIAL CONTACT AND DOCUMENTATION

The overall performance in the Initial Contact and Documentation has risen above standard in this audit period to 87%. Nice improvement.

5.2 CLAIMS MANAGEMENT

5.2.1 MEDICAL DIRECTION AND CONTROL

OVERVIEW: While effective and efficient management of all aspects of the case is the key to lowering the cost of the claim, medical management can be the most critical. This is because the merits of the claim are primarily based upon the medical

evidence. In addition, if treatment is not authorized promptly, the recovery period for the injured employee is prolonged. If there is not a current medical report in the file, the case cannot move to finalization.

Treating and evaluating physicians must have a complete medical picture to properly assess an employee's workers' compensation injury. If an employee has had prior injuries to the same body part, the physician needs those records to evaluate the disability of the current injury. In addition, Reform Legislation allows apportionment for pre-existing conditions and prior awards. This can mitigate the financial exposure of the claim. The claims examiner shall provide the physician a clear and complete presentation of the medical issues affecting case exposure.

ASSESSMENT: The examiner is responsible for coordinating the provision of prompt, appropriate and effective medical treatment for the injured employees. To ensure that the medical aspect of the claim file is appropriately handled the audit reviewed both the notepad and SIR for evidence of the following:

Current medical report: The file shall contain documentation of a medical report following each office visit. The examiner will exercise all reasonable efforts to obtain current physician reports in accordance with regulation 9785 on all claims where medical treatment is active.

Med Plan Documented: The treatment plan will be documented in the iVOS Notepad. This entry will also include the next treatment date and the name of any medication prescribed.

Next Appointment: See above

Timely Objection: the claim file was reviewed to determine whether appropriate/timely treatment objections were made, and appropriate steps taken to utilize panel QME options when objections to the treatment or lack of P & S status are made.

Clarification Sought: Does the claim file have documentation by way of letters or phone calls to clarify issues regarding treatment, body parts or other questions that may arise in the medical reports?

Index Search: Sedgwick will index all disputed and indemnity claims to discover prior claims history. Indexing will take place at claim set up, and annually thereafter. The claim file was reviewed for documentation of same.

Medical Releases (Release/Timely, Release/Follow-up, Med Release in File): Medical releases will be sent to the employee within five working days of

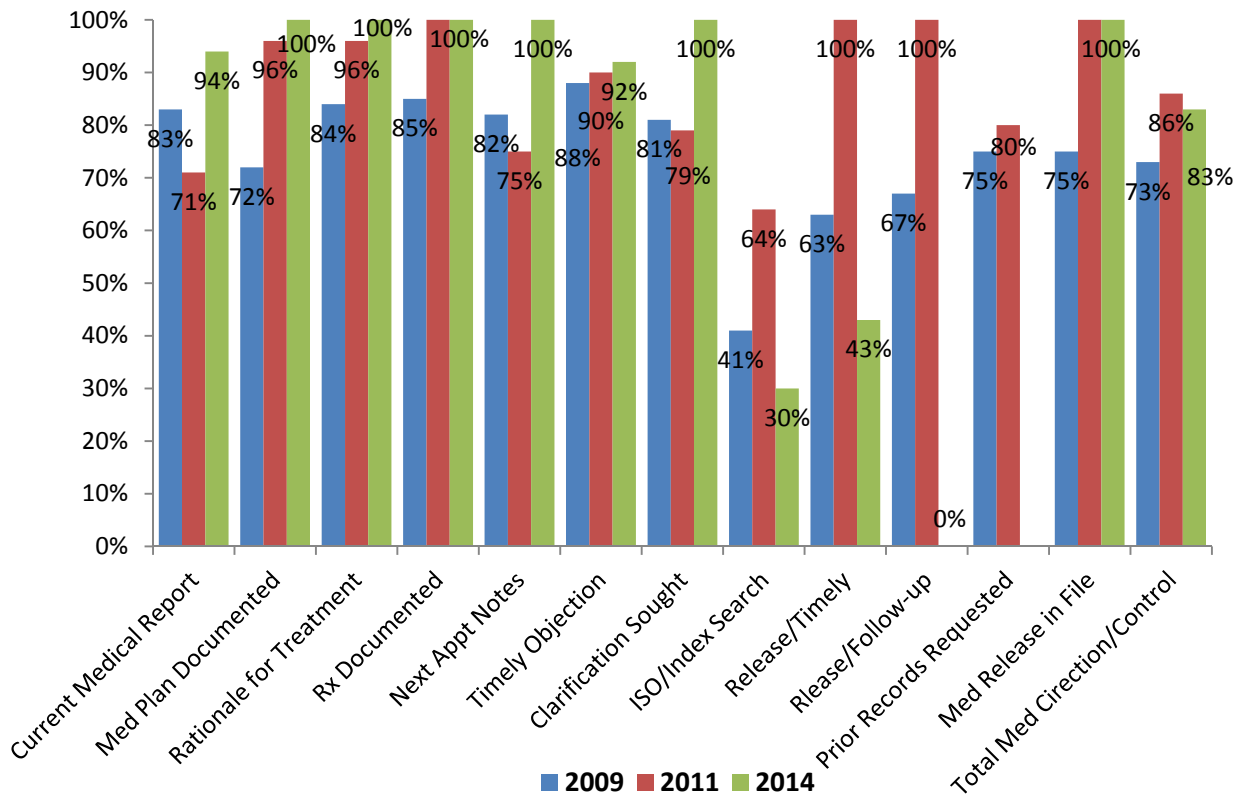
The Audit Results

file make-up with a follow-up every fourteen calendar days until received. Upon receipt of the release, the appropriate medical records shall be ordered by the adjuster.

Prior Records Requested: Upon receipt of signed medical releases, the examiner will request medical records as identified through the employee's statement and/or medical history form.

SCORE: 83%

Table 9: Med Direction/Control



RECOMMENDATIONS: Medical Direction and Control:

This category is 3 percentage points below standard. With the exception of the items listed below, the results are excellent.

- The index process does not comply with claims handling guidelines for this program. Indexing occurs at claim set up per audit findings but the procedure for re-indexing annually thereafter or once the claim reopens needs review. A

The Audit Results

review of this process and procedure with the Supervisor and examiner is necessary. The supervisor should ensure compliance at the time of the regular diary review.

- The medical release process and follow up needs review and compliance. In the majority of the files reviewed the documentation did not demonstrate that the releases were going out with the first letters to the injured worker. This is a process conducted by the claims assistant. The process and the reasons for same need to be reviewed with the team to improve in this category

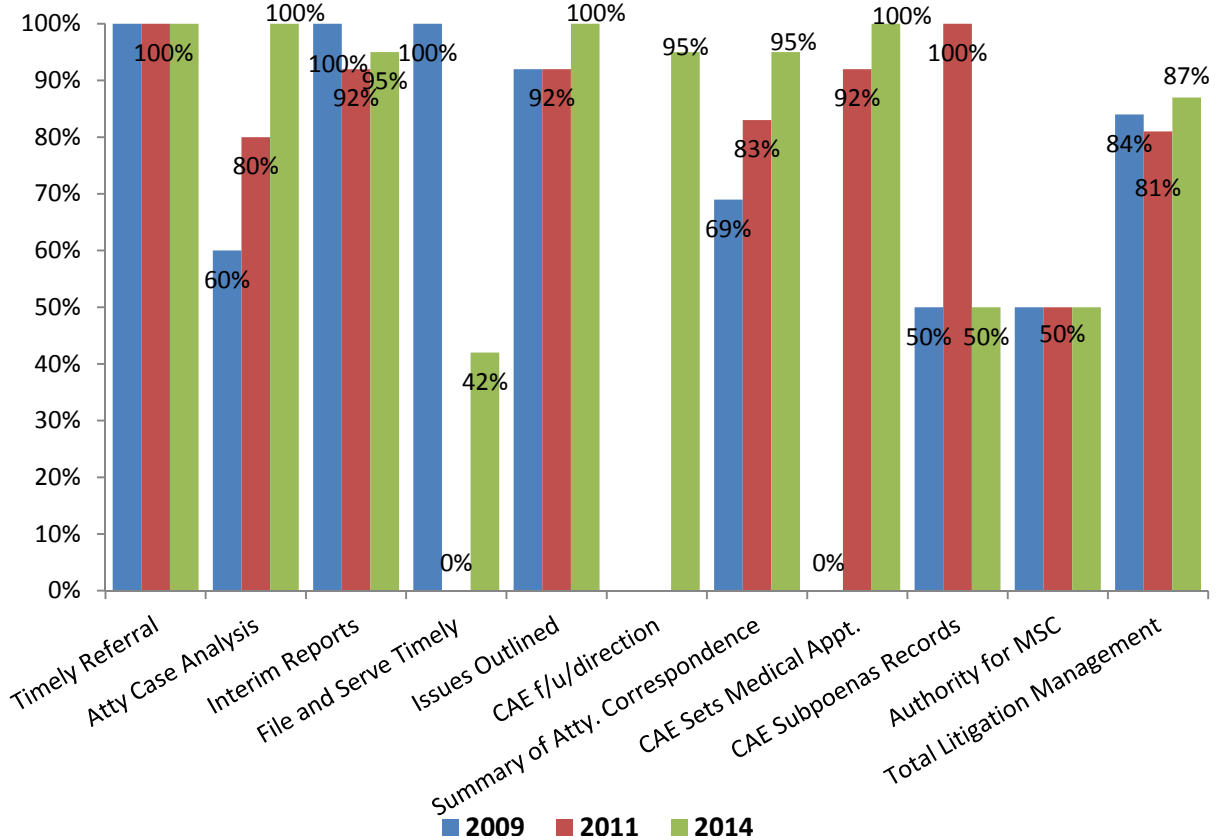
5.2.2 LITIGATION MANAGEMENT

OVERVIEW: Once an applicant's (employee) attorney becomes involved in a claim, the average cost of the claim rises, due both to the cost of defending the case and the higher average settlement values obtained. When an attorney does become involved, legal costs can be minimized by involving the adjuster in performing as many tasks as possible that lead to the defense of the claim and final resolution. Complex issues can benefit by defense attorney involvement to direct the case appropriately. Proactive management on the claim examiner's part is essential in controlling legal costs.

SCORE: 87%

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Table 10: Litigation Management



ASSESSMENT:

Timely Referral: Sedgwick is to select attorneys with the approval of the AORMA WC coordinator. The claims examiner's supervisor also approves the referral. The use of defense counsel should be determined by complexity of the claim, the claim supervisor's judgment, the need for deposition, the need for WCAB appearance, and/or the desire of the campus.

SCORE: 100%

RECOMMENDATION: Although the attorney referrals were timely and the approvals were appropriately documented for same, there should be more diversity in the selection of defense attorneys in this inventory. Referrals shall also consider geographic reasonableness in the case assignment.

ASSESSMENT Attorney Case Analysis: Defense counsel is required to submit a case analysis within 30 days of assignment.

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SCORE: 100%:

RECOMMENDATION: Excellent result. No recommendations.

ASSESSMENT Interim Reports: The attorney will submit regular interim reports until the claim is finalized per the litigation guidelines. The examiner must monitor these requirements. The claim file was reviewed for receipt of attorney interim reports.

SCORE: 95%

RECOMMENDATION: None

ASSESSMENT File and Serve: The claims examiner is required to serve the medical reports on all parties timely. The on-line correspondence section was reviewed for documentation of the filing and serving of medical reports.

SCORE: 42%

RECOMENDATION: Last audit no File and Serve documentation was identified in the audit sample. This result has improved but is far below standard in performance. A review of this work flow is needed, as well as, a review of the requirements for serving medicals. It was noted that Defense attorneys also commented on the lack of receipt of treating physician medical reports. Supervisory oversight on this process and compliance to same is necessary.

ASSESSMENT Issues Outlined: Outstanding issues must be identified in the notepad with a plan for resolving same. The claim file was reviewed for documentation of issues and strategy for resolution of identified issue.

SCORE: 100%

RECOMMENDATION: None

ASSESSMENT Examiner Follow-Up Attorney with Direction: This category evaluates whether the claims examiner carries out the defense attorney's instructions for handling the claim appropriately. The claim file was reviewed to see that the claims examiner followed up on suggestions for handling or contact the attorney to discuss recommendation if the examiner disagreed.

SCORE: 95%

RECOMMENDATION: None. Improvement is noted to bring category above standard.

The Audit Results

Summary of DA Correspondence: A summary of the defense attorney correspondence will be posted to the notepad entry of the claims system under the heading "legal". The on-line notepad documentation was reviewed against the hard copy legal correspondence in the claim file.

SCORE: 95% - There was noted improvement in this category.

RECOMMENDATION: None

ASSESSMENT Examiner Sets Med Appt: Once a case is referred to counsel, the claims examiner will continue to manage the file, including performing administrative tasks, such as setting medical appointments, appointment letters and medical record requests. These tasks are to be completed by Sedgwick staff with few exceptions. Files were reviewed to determine if the examiner set the medical legal appointment rather than the defense attorney.

SCORE: 100%

ASSESSMENT RECOMMENDATION: A single file fit this category.

ASSESSMENT Examiner Subpoenas Records: Examiners should request the copy service issued subpoenas on litigated files, rather than the defense counsel as it is more cost effective to do so. If there is a particular reason in a specific file why this cannot or should not occur, it shall be documented on the claim notepad.

SCORE: 50% -

RECOMMENDATION: Attorney education on this requirement and documentation of any deviation with explanation is necessary.

ASSESSMENT Authority for MSC: Settlement authority must be obtained well before the mandatory settlement conference date. The WCAB procedures require that a Declaration for Readiness to Proceed (DOR) be filed to seek a hearing date before the Board. The timing of the SAR, therefore is tied to the timing of the DOR or rating of permanent & stationary report. AORMA WC Program prohibits settlement negotiations without a Settlement Authority Request authorized by the TPA's Director, the AORMA WC Committee or AORMA Committee pursuant to AORMA's policy and procedure. The SAR must be presented to CSU 30 days prior to the defense attorney filing of a DOR. If the DOR is filed by the applicant, the SAR must be submitted within five days of receipt of notification. The claim files and claim notes were reviewed for documentation of same.

SCORE: 50%

RECOMMENDATION: Adhere to Claims Handling timeframes for SAR process. If the SAR cannot be completed, the file notes must reflect the reasons for same. It is recommended that Sedgwick audit for compliance in this area.

5.2.3 SUMMARY AND RECOMMENDATIONS: CLAIMS MANAGEMENT

Overall CLAIMS MANAGEMENT: The Claims Management category directs and controls the path of the claim to resolution. Directing the medical process determines compensability of injury and subsequent eligibility for indemnity benefits. The goal of claim management is to resolve treatment issues, bring the medical condition to a stable status, return the employee to work, and finalize PD benefits. This is done through a process of diary management and issue resolution. The claim management requires effective communication with employee, the physician, the employer and attorney. Effective claims management requires competency in WC laws, strong analytical skills, effective time management and good communication.

The Service Agreement sets the standard of compliance at 85%.

ASSESSMENT – Assessment has been described in the individual category in the procedure section.

SCORE: 83%, Medical Control: 86%, Litigation Management 87%

RECOMMENDATIONS: Recommendations have been outlined in line items above.

5.3 PROCESS CONTROL

OVERVIEW: An active diary will facilitate claim resolution in a reasonable time frame. It enables the file handler to meet statutory deadlines, and prepare for anticipated events such as medical exams or hearings. Routine diary for review purposes ensures that the file is moving toward conclusion and ensures that reserves are adequately set as the file complexity changes. It is a widely accepted opinion in the WC industry that the longer the claim is left open, the more likely it will increase in costs. Frequent reviews of the claim allow the adjuster to assess its true value and adjust reserves accordingly.

In addition, management oversight of the claim can assist the adjuster in reaching the best possible conclusion. Supervision provides technical direction and oversight to ensure proper claim management.

ASSESSMENT: The on-line documentation was reviewed for the following:

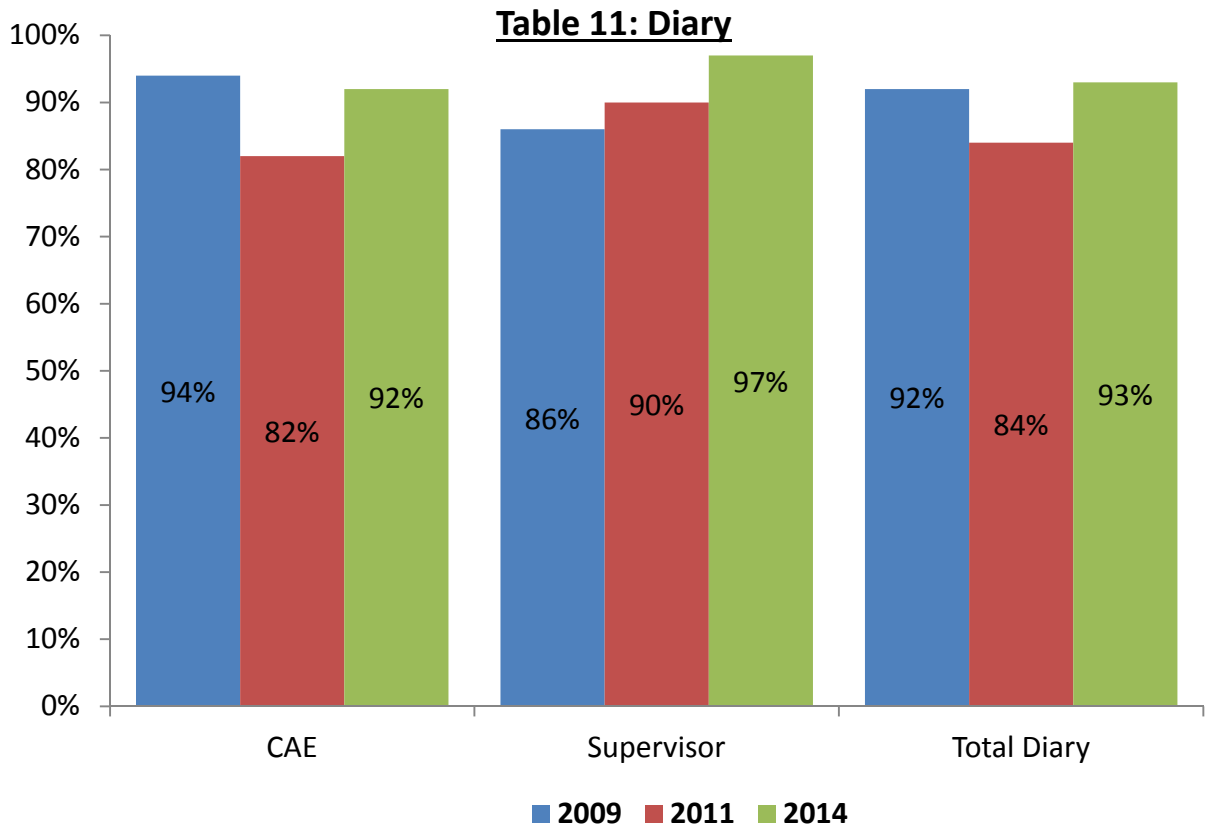
5.3.1 Diary

Claim files are reviewed by the examiner at 30 day intervals 92% of the time. The supervisor consistently documents files upon review and exceeds standard in this category with a score of 97%.

SCORE: 93%

RECOMMENDATIONS: None

The Audit Results



5.3.2 TIMELY BENEFITS

OVERVIEW: The labor code sets forth the time frames for paying all indemnity benefits. Late payment results in penalties and can increase litigation.

ASSESSMENT: Payments were reviewed to determine that they were both timely and correct.

SCORE: 86% of all files reviewed were paid timely.

RECOMMENDATION: None; Goal met.

5.3.3 FINALIZATION

OVERVIEW: The finalization process begins upon receipt of a medical report stating the employee's medical condition is permanent and stationary. This report should prompt immediate action by the examiner. Either the employee has been discharged as cured, or the employee is left with permanent residuals. Each case requires

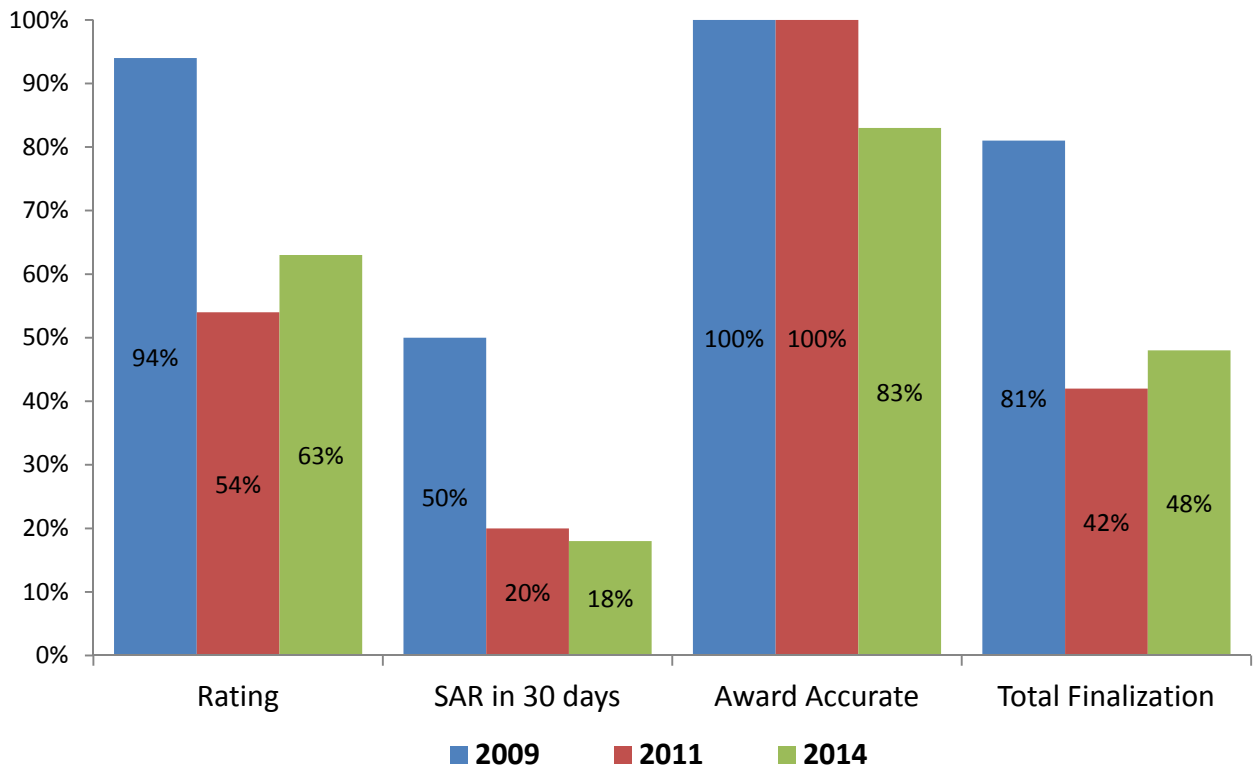
The Audit Results

appropriate notification and further handling by the examiner, but in both situations, the adjuster must act quickly. There are time restrictions to object to the final medical report and there are penalties associated for late payment of permanent disability.

ASSESSMENT: An aggressive approach to resolution is required. The examiner is required to request settlement authority within 30 calendar days from receipt of the rating of a permanent and stationary report. In litigated cases, the adjuster is required to request authority 30 days prior to defense counsel filing a DOR to Proceed (to trial) or five calendar days after receipt of the DOR from applicant's counsel.

SCORE: 48%

Table 12: Finalization



In this audit sample, there was a lack of timely pursuit of a rating once a permanent and stationary report was received. Settlement Authority Requests were requested timely in 18% of the claims reviewed where there was a P & S report.

Accurate award payment was identified in the one case where this category applied.

RECOMMENDATION: The P & S report should serve as the catalyst for file resolution. Identification of the P & S report and the timeframes to achieve standard performance in this area needs to be developed by Sedgwick.

5.3.4 EXCESS

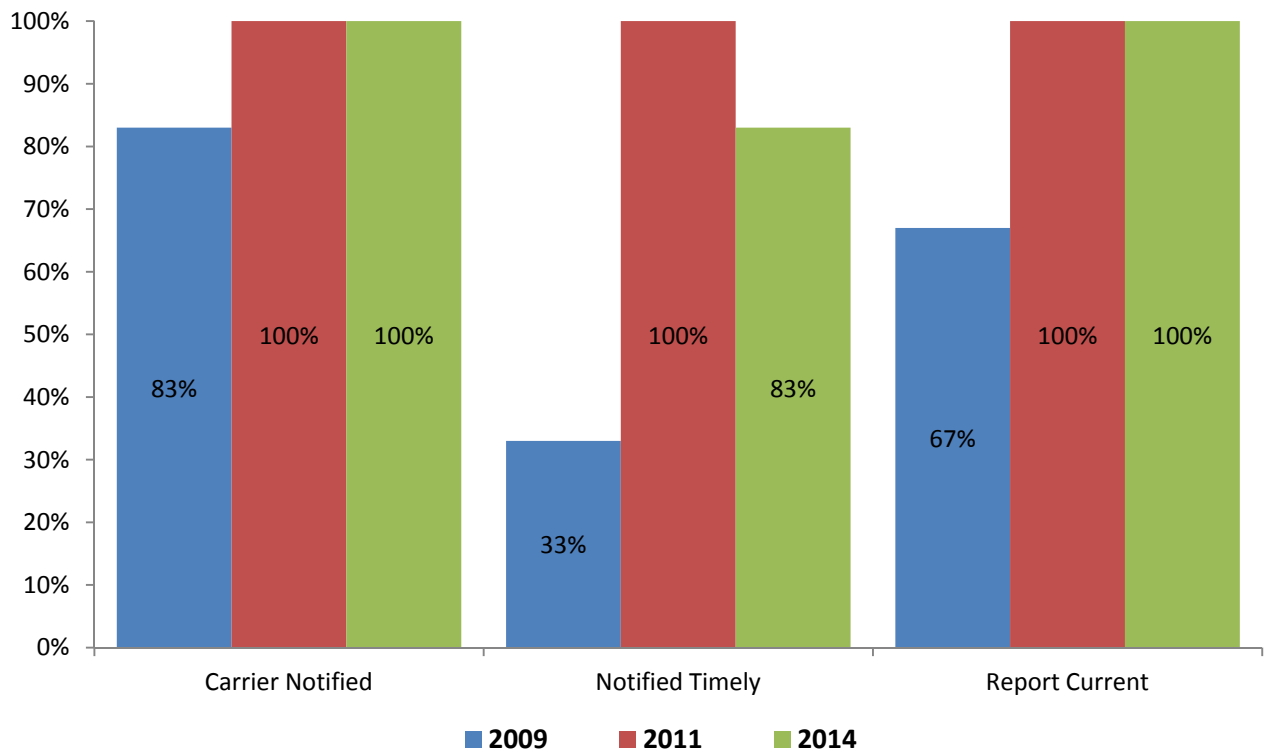
OVERVIEW: Excess reports are required on a contractual basis by AORMA excess carriers. Thresholds for reporting are based on incurred value and injury severity. Reports are updated at six month intervals.

ASSESSMENT: The audit evaluated whether the carrier was notified when the claim crossed a reporting threshold, whether this notification was timely and whether there was a current report on file.

SCORE: 92%

RECOMMENDATION: Met goal, maintain vigilance.

Table 13: Excess Reporting



5.3.5 RESERVES

OVERVIEW: Reserves should reflect the most probable outcome of the claim based on information readily available at any point in time. As that information changes, reserves should be adjusted accordingly. All reserve calculations should be clearly reflected in the file.

ASSESSMENT: Reserves should be evaluated and adjusted on a regular basis, but at a minimum, any time the medical prognosis changes or new exposures are identified through the litigation process. The on-line reserve screen was reviewed for adequacy, and timeliness. A reserve change is considered timely if it is posted 30 days from the event causing the change in the financial outlook of the claim. The rationale should also be documented on the reserve screen, PD ratings should be adjusted for age in occupation to support the PD estimate.

SCORE: 75%; the audit found that reserves were adequate in 83% of the files reviewed and adjusted timely in 67% of the cases.

RECOMMENDATION: Adequacy of reserves has markedly improved and is nearly at standard. The timing of the reserve change / awareness of the need to change needs focus. The expected window for an appropriate reserve change based upon new information, ongoing benefits or change in exposure is 30 days.

5.3.6 UTILIZATION REVIEW

OVERVIEW: Utilization review requirements became effective in 2004 as part of the Reform Legislation. Treatment authorization requests must now be in accordance with treatment guidelines for treatment to be certified. The time frame to respond to initial treatment authorization requests is five days. If additional information is needed to make a decision, an additional 10 days is allowed.

ASSESSMENT: The audit sought evidence of treatment authorization requests by physicians and timely response to same.

SCORE: Performance in this area is outstanding at 100%.

RECOMMENDATION: None

5.3.7 ORGANIZATION

OVERVIEW: The organization of file material allows the reader to understand the facts of a claim in a systematic order and to find critical documents easily when required.

ASSESSMENT: Effective claims management requires that all claim files be maintained in an organized, chronological order with appropriate separation of material.

Sedgwick has gone to a paperless claims system since the last audit. This presents challenges in the organization of the scanned documents so that duplicates are eliminated, important correspondence is noted and the correspondence that is in SIR is noted in the claim file.

SCORE: 96% of the files met standard in this area. The files are now well organized.

RECOMMENDATION: Continue with this good result.

5.3.8 RECONCILIATION

OVERVIEW: Accurate calculation of benefits and payments is required by the Labor Code. Reconciliation of payments is necessary to ensure that the injured employee receives what is due. A claim balance worksheet compares what benefits were due and payable on the claim against what was actually paid.

ASSESSMENT: Proper accounting of benefits provided requires balancing of each file annually and at time of closing.

At the last audit, it was determined that the reconciliation process was implemented in July 2009, so this area was not included in the final score at the last review.

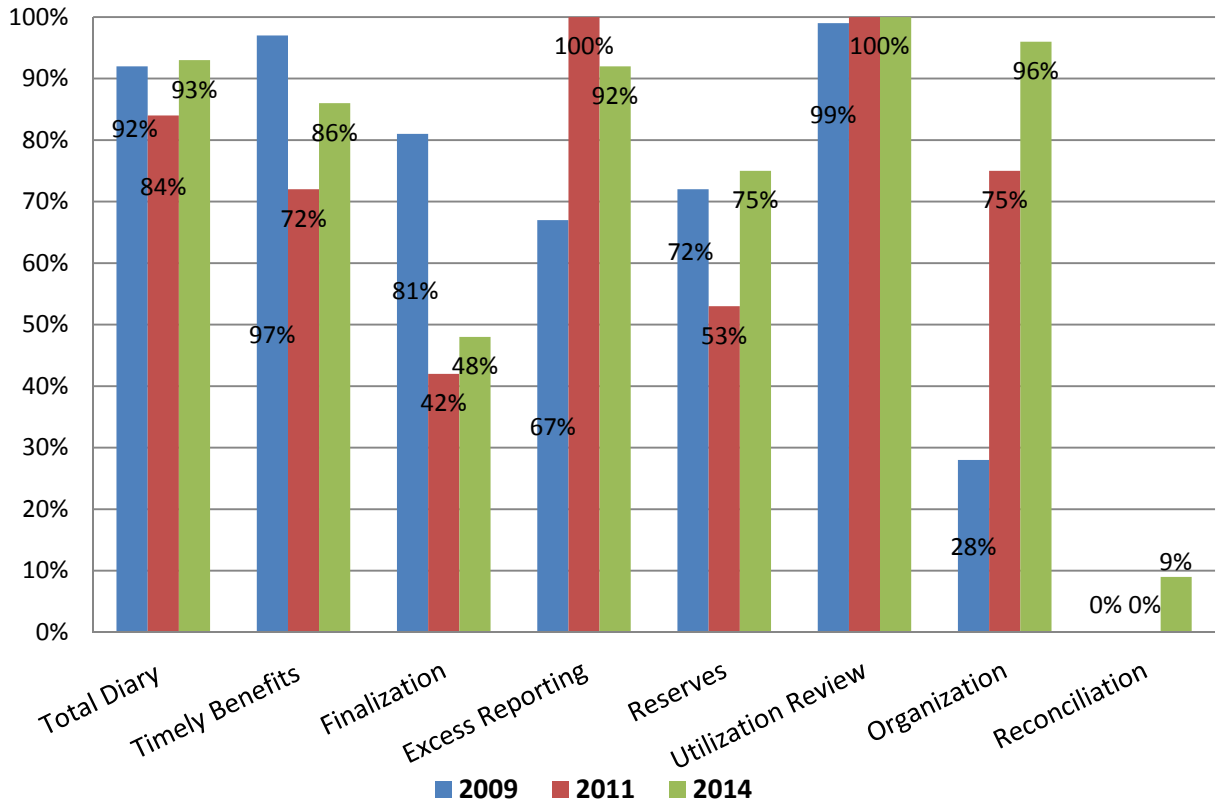
This review demonstrated only one file with a claims balance worksheet

SCORE: 9%

RECOMMENDATION – The claims balance worksheet reconciliation procedure needs to be re-introduced to the AORMA program. Training and ongoing supervision of this process shall be provided. The supervisory diary should be addressing compliance in this area.

5.3.9 SUMMARY AND RECOMMENDATIONS: PROCESS CONTROL

Table 6: Process Control



Overall PROCESS CONTROL:

The overall score in the process control category is 86%.

Excellent performance in the areas of diary management, excess reporting, utilization review and file organization has been documented by this audit.

It is recommended that the areas identified below be a focus for improvement:

- Finalization** – Timely rating, settlement evaluation and authority for MSC is required whenever there is a P & S report indicating permanent disability. If there is a reason that a SAR is not appropriate, a discussion with the supervisor is necessary with documentation to reflect the reasons for same on notepad. It is recommended that this area be included in Sedgwick’s internal audit review.

The Audit Results

- **Reserves** -Reserve adequacy review should be incorporated into diary oversight by the claims examiner and the claims supervisor.
- **Reconciliation** The claims files did not contain any claims balance worksheets. This process needs to be reintroduced into the program and monitored for compliance by the Supervisor and Operations Manager.

6. STAFFING

OVERVIEW: The current staffing model allows for a dedicated examiner and assistant located in the Rancho Cordova office. The Supervisor assigned to the AORMA claims also has supervisory duties over the campus claims unit in Rancho Cordova.

ASSESSMENT: The claims examiner assigned to the AORMA WC claim files possesses a SIP certificate. All three major areas are at or exceed the 85% compliance standard.

The current supervisor has been in place over 3 years. The examiner was made permanent December 2010, following a several months as a temporary examiner on the desk. The examiner has established strong working relationships with the WC Coordinators in the AO program based upon positive feedback from the members.

AORMA WC 2014 Claims Audit

• Comparison: AO Open Summary

	AO Summary	AO Open DM	AO open new	AO Open Complex	AO High dollar
Initial Contact/Documentation					
3 pt. Contact:					
Employee	83%	-	100%	0%	-
Employee Completed	67%	-	60%	100%	-
Supervisor	50%	-	50%	50%	-
Supervisor Completed	25%	-	0%	50%	-
Coordinator	100%	-	100%	100%	-
Coordinator Completed	86%	-	80%	100%	-
Medical Facility (opt)	100%	-	100%	-	-
Total 3 pt. Contact:	76%	-	79%	70%	-
Total Follow Up Contact:	65%	100%	58%	83%	100%
Documents and Notices:					
DWC-1	88%	100%	60%	75%	100%
5020	71%	100%	60%	100%	100%
5021	91%	100%	75%	100%	100%
Total Documents:	82%	100%	64%	91%	100%
Benefit Notices:					
# Accurate	100%	100%	100%	86%	100%
#Timely	100%	-	100%	86%	-
Total Benefit Notices:	100%	100%	100%	86%	100%
On-line Documentation:					
History of Injury	100%	100%	100%	100%	100%
Investigation	100%	100%	100%	100%	100%
Current Plan of Action	84%	80%	80%	100%	80%
Follow Up on POA	88%	80%	80%	100%	100%
Prior Records Summary	75%	50%	-	0%	0%
Total On-line Document.	92%	86%	90%	91%	95%
Totals:	87%	94%	79%	86%	97%

AORMA WC 2014 Claims Audit

• Comparison: AO Open Summary

	AO Summary	AO Open DM	AO open new	AO Open Complex	AO High dollar
Med Direction/Control					
Current Medical Report	94%	75%	100%	100%	100%
Med Plan Documented	100%	100%	100%	100%	100%
Rationale for treatment	100%	100%	100%	100%	100%
Rx Documented	100%	100%	100%	100%	100%
Next appt. Noted	100%	-	100%	100%	100%
Timely Objection	92%	67%	-	100%	100%
Clarification Sought?	100%	100%	100%	100%	100%
ISO/Index Search	30%	20%	100%	13%	0%
Release/Timely	43%	0%	60%	0%	0%
Release/Follow Up	0%	-	0%	-	-
Prior records requested	-	-	-	-	-
Med Release in File	100%	-	100%	-	-
Total Med Dir/Control	83%	76%	88%	84%	79%
Litigation Mgmt.					
Timely Referral	100%	100%	100%	100%	0%
Atty Case Analysis	100%	100%	100%	100%	0%
Interim Reports	95%	80%	100%	100%	100%
File and Serve timely	42%	33%	0%	67%	0%
Issues Outlined	100%	100%	100%	100%	100%
CAE follow up/direction	95%	80%	100%	100%	100%
Summary of atty corres.	95%	80%	100%	100%	100%
CAE sets medical appt.	100%	-	100%	-	-
CAE subpoenas records	50%	50%	0%	100%	0%
Authority for MSC	50%	100%	-	67%	0%
Total Lit. Mgmt	87%	79%	87%	94%	78%
Totals:	85%	78%	88%	90%	79%

AORMA WC 2014 Claims Audit

• Comparison: AO Open Summary

Process Control	AO Summary	AO Open DM	AO open new	AO Open Complex	AO High dollar
Diary:					
CAE	92%	88%	97%	91%	90%
Supervisor	97%	100%	92%	100%	100%
Total Diary:	93%	89%	96%	93%	91%
Timely Benefits Total	86%	88%	100%	80%	83%
Finalization:					
Rating	63%	50%	-	50%	50%
SAR in 30 days	18%	0%	-	40%	0%
Award Accurate	83%	100%	-	100%	67%
Total Finalization:	48%	43%	-	56%	44%
Excess Reporting					
Carrier Notified	100%	-	-	100%	100%
Notified Timely	83%	-	-	50%	100%
Report Current	100%	-	-	100%	100%
Total Excess:	92%	-	-	80%	100%
Reserves:					
Adequate	83%	100%	60%	80%	100%
Adjusted Timely	67%	100%	60%	50%	75%
Total Reserves	75%	100%	60%	65%	88%
Total UR:	100%	100%	100%	100%	100%
Organization:					
File Organized	96%	100%	100%	90%	100%
Reconciliation:					
Balance Sheet	9%	0%	-	33%	0%
Totals:	86%	83%	93%	85%	82%
Grand Total:	86%	84%	86%	87%	84%

**AORMA WC Claims Audit
AO Summary Data Sheet – March 2014**

Initial Contact/Documentation				Claims Management				Process Control			
3 pt. Contact:	Yes	Total	%	Med Direction/Control	Yes	Total	%	Diary:	Yes	Total	%
Employee	5	6	83%	Current Medical Report	17	18	94%	CAE	145	158	92%
Employee Completed	4	6	67%	Med Plan Documented	18	18	100%	Supervisor	36	37	97%
Supervisor	2	4	50%	Rationale for treatment	18	18	100%	Total Diary:	181	195	93%
Supervisor Completed	1	4	25%	Rx Documented	16	16	100%	Timely Benefits Total	19	22	86%
Coordinator	7	7	100%	Next appt. Noted	8	8	100%	Finalization:			
Coordinator Completed	6	7	86%	Timely Objection	11	12	92%	Rating	5	8	63%
Medical Facility (opt)	4	4	100%	Clarification Sought?	15	15	100%	SAR in 30 days	2	11	18%
Total 3 pt. Contact:	29	38	76%	ISO/Index Search	7	23	30%	Award Accurate	5	6	83%
Total Follow Up Contact:	11	17	65%	Release/Timely	3	7	43%	Total Finalization:	12	25	48%
Documents and Notices:				Release/Follow Up	0	2	0%	Excess Reporting			
DWC-1	15	17	88%	Prior records requested	0	0	-	Carrier Notified	2	2	100%
5020	12	17	71%	Med Release in File	1	1	100%	Notified Timely	5	6	83%
5021	10	11	91%	Total Med Dir/Control	114	138	83%	Report Current	5	5	100%
Total Documents:	37	45	82%	Litigation Mgmt.				Total Excess:	12	13	92%
Benefit Notices:				Timely Referral	5	5	100%	Reserves:			
# Accurate	35	35	100%	Atty Case Analysis	5	5	100%	Adequate	20	24	83%
#Timely	1	1	100%	Interim Reports	20	21	95%	Adjusted Timely	16	24	67%
Total Benefit Notices:	36	36	100%	File and Serve timely	5	12	42%	Total Reserves	36	48	75%
On-line Documentation:				Issues Outlined	22	22	100%	Total UR:	38	38	100%
History of Injury	25	25	100%	CAE follow up/direction	21	22	95%	Organization:			
Investigation	25	25	100%	Summary of atty corres.	20	21	95%	File Organized	24	25	96%
Current Plan of Action	21	25	84%	CAE sets medical appt.	1	1	100%	Reconciliation:			
Follow Up on POA	22	25	88%	CAE subpoenas records	2	4	50%	Balance Sheet	1	11	9%
Prior Records Summary	3	4	75%	Authority for MSC	4	8	50%	Totals:	323	377	86%
Total On-line Document.	96	104	92%	Total Lit. Mgmt	105	121	87%	Grand Total:	751	876	86%
Totals:	209	240	87%	Totals:	219	259	85%				

**AORMA WC Claims Audit
AO Open New Data Sheet – March 2014**

Initial Contact/Documentation					Claims Management					Process Control				
3 pt. Contact:					Medical Direction/Control					Diary:				
Employee	5	of	5	100%	Current Medical Report	4	of	4	100%	CAE	37	of	38	97%
Employee Completed	3	of	5	60%	Med Plan Documented	4	of	4	100%	Supervisor	12	of	13	92%
Supervisor	1	of	2	50%	Rationale for treatment	4	of	4	100%	Total Diary:	49	of	51	96%
Supervisor Completed	0	of	2	0%	Rx Documented	4	of	4	100%	Timely Benefits Total	3	of	3	100%
Coordinator	5	of	5	100%	Next appt. Noted	3	of	3	100%	Finalization:				
Coordinator Completed	4	of	5	80%	Timely Objection	0	of	0	–	Rating	0	of	0	–
Medical Facility (opt)	4	of	4	100%	Clarification Sought?	2	of	2	100%	SAR in 30 days	0	of	0	–
Total 3 pt. Contact:	22	of	28	79%	ISO/Index Search	5	of	5	100%	Award Accurate	0	of	0	–
Total Follow Up Contact:	7	of	12	58%	Release/Timely	3	of	5	60%	Total Finalization:	0	of	0	–
Documents and Notices:					Release/Follow Up	0	of	2	0%	Excess Reporting				
DWC-1	3	of	5	60%	Prior records requested	0	of	0	–	Carrier Notified	0	of	0	–
5020	3	of	5	60%	Med Release in File	1	of	1	100%	Notified Timely	0	of	0	–
5021	3	of	4	75%	Total Med Dir/Control	30	of	34	88%	Report Current	0	of	0	–
Total Documents:	9	of	14	64%	Litigation Mgmt.					Total Excess:	0	of	0	–
Benefit Notices:					Timely Referral	2	of	2	100%	Reserves:				
# Notices required	9	of	9	100%	Atty Case Analysis	2	of	2	100%	Adequate	3	of	5	60%
# Accurate	1	of	1	100%	Interim Reports	2	of	2	100%	Adjusted Timely	3	of	5	60%
Total Benefit Notices:	10	of	10	100%	File and Serve timely	0	of	1	0%	Total Reserves	6	of	10	60%
On-line Documentation:					Issues Outlined	2	of	2	100%	Total UR:	12	of	12	100%
History of Injury	5	of	5	100%	CAE follow up/direction	2	of	2	100%	Organization:				
Investigation	5	of	5	100%	Summary of atty corres.	2	of	2	100%	File Organized	5	of	5	100%
Current Plan of Action	4	of	5	80%	CAE sets medical appt.	1	of	1	100%	Reconciliation:				
Follow Up on POA	4	of	5	80%	CAE subpoenas records	0	of	1	0%	Balance Sheet	0	of	0	–
Prior Records Summary	0	of	0	–	Authority for MSC	0	of	0	–	Totals:	75	of	81	93%
Total On-line Document.	18	of	20	90%	Total Lit. Mgmt	13	of	15	87%	Grand Total:	184	of	214	86%
Totals:	66	of	84	79%	Totals:	43	of	49	88%					

**AORMA WC Claims Audit
AO Open DM Data Sheet – March 2014**

Initial Contact/Documentation				Claims Management				Process Control			
3 pt. Contact:	Yes	Total	%	Med Direction/Control	Yes	Total	%	Diary:	Yes	Total	%
Employee	0	0	–	Current Medical Report	3	4	75%	CAE	28	32	88%
Employee Completed	0	0	–	Med Plan Documented	4	4	100%	Supervisor	5	5	100%
Supervisor	0	0	–	Rationale for treatment	4	4	100%	Total Diary:	33	37	89%
Supervisor Completed	0	0	–	Rx Documented	4	4	100%	Timely Benefits Total	7	8	88%
Coordinator	0	0	–	Next appt. Noted	0	0	–	Finalization:			
Coordinator Completed	0	0	–	Timely Objection	2	3	67%	Rating	2	4	50%
Medical Facility (opt)	0	0	–	Clarification Sought?	4	4	100%	SAR in 30 days	0	2	0%
Total 3 pt. Contact:	0	0	–	ISO/Index Search	1	5	20%	Award Accurate	1	1	100%
Total Follow Up Contact:	2	2	100%	Release/Timely	0	1	0%	Total Finalization:	3	7	43%
Documents and Notices:				Release/Follow Up	0	0	–	Excess Reporting			
DWC-1	5	5	100%	Prior records requested	0	0	–	Carrier Notified	0	0	–
5020	5	5	100%	Med Release in File	0	0	–	Notified Timely	0	0	–
5021	4	4	100%	Total Med Dir/Control	22	29	76%	Report Current	0	0	–
Total Documents:	14	14	100%	Litigation Mgmt.				Total Excess:	0	0	–
Benefit Notices:				Timely Referral	1	1	100%	Reserves:			
# Accurate	13	13	100%	Atty Case Analysis	1	1	100%	Adequate	5	5	100%
#Timely	0	0	–	Interim Reports	4	5	80%	Adjusted Timely	5	5	100%
Total Benefit Notices:	13	13	100%	File and Serve timely	1	3	33%	Total Reserves	10	10	100%
On-line Documentation:				Issues Outlined	5	5	100%	Total UR:	6	6	100%
History of Injury	5	5	100%	CAE follow up/direction	4	5	80%	Organization:			
Investigation	5	5	100%	Summary of atty corres.	4	5	80%	File Organized	5	5	100%
Current Plan of Action	4	5	80%	CAE sets medical appt.	0	0	–	Reconciliation:			
Follow Up on POA	4	5	80%	CAE subpoenas records	1	2	50%	Balance Sheet	0	4	0%
Prior Records Summary	1	2	50%	Authority for MSC	2	2	100%	Totals:	64	77	83%
Total On-line Document.	19	22	86%	Total Lit. Mgmt	23	29	79%	Grand Total:	157	186	84%
Totals:	48	51	94%	Totals:	45	58	78%				

**AORMA WC Claims Audit
AO Open Complex Data Sheet – March 2014**

Initial Contact/Documentation				Claims Management				Process Control						
3 pt. Contact:				Medical Direction/Control				Diary:						
Employee	0	of	1	0%	Current Medical Report	6	of	6	100%	CAE	53	of	58	91%
Employee Completed	1	of	1	100%	Med Plan Documented	6	of	6	100%	Supervisor	14	of	14	100%
Supervisor	1	of	2	50%	Rationale for treatment	6	of	6	100%	Total Diary:	67	of	72	93%
Supervisor Completed	1	of	2	50%	Rx Documented	6	of	6	100%	Timely Benefits Total	4	of	5	80%
Coordinator	2	of	2	100%	Next appt. Noted	3	of	3	100%	Finalization:				
Coordinator Completed	2	of	2	100%	Timely Objection	8	of	8	100%	Rating	1	of	2	50%
Medical Facility (opt)	0	of	0	–	Clarification Sought?	7	of	7	100%	SAR in 30 days	2	of	5	40%
Total 3 pt. Contact:	7	of	10	70%	ISO/Index Search	1	of	8	13%	Award Accurate	2	of	2	100%
	0				Release/Timely	0	of	1	0%	Total Finalization:	5	of	9	56%
Total Follow Up Contact:	2	of	3	83%	Release/Follow Up	0	of	0	–	Excess Reporting				
					Prior records requested	0	of	0	–	Carrier Notified	1	of	1	100%
Documents and Notices:					Med Release in File	0	of	0	–	Notified Timely	1	of	2	50%
DWC-1	6	of	6	75%	Total Med Dir/Control	43	of	51	84%	Report Current	2	of	2	100%
5020	3	of	6	100%	Litigation Mgmt.					Total Excess:	4	of	5	80%
5021	2	of	2	100%	Timely Referral	2	of	2	100%	Reserves:				
Total Documents:	11	of	14	91%	Atty Case Analysis	2	of	2	100%	Adequate	8	of	10	80%
					Interim Reports	10	of	10	100%	Adjusted Timely	5	of	10	50%
Benefit Notices:					File and Serve timely	4	of	6	67%	Total Reserves	13	of	20	65%
# Notices required	6	of	6	86%	Issues Outlined	10	of	10	100%	Total UR:	16	of	16	100%
# Accurate	0	of	0	86%	CAE follow up/direction	10	of	10	100%	Organization:				
Total Benefit Notices:	6	of	6	86%	Summary of atty corres.	10	of	10	100%	File Organized	9	of	10	90%
					CAE sets medical appt.	0	of	0	–	Reconciliation:				
On-line Documentation:					CAE subpoenas records	1	of	1	100%	Balance Sheet	1	of	3	33%
History of Injury	10	of	10	100%	Authority for MSC	2	of	3	67%	Totals:	119	of	140	85%
Investigation	10	of	10	100%	Total Lit. Mgmt	51	of	54	94%					
Current Plan of Action	9	of	10	100%	Totals:	94	of	105	90%	Grand Total:	279	of	320	87%
Follow Up on POA	9	of	10	100%										
Prior Records Summary	2	of	2	0%										
Total On-line Document.	40	of	42	91%										
Totals:	66	of	75	86%										

**AORMA WC Claims Audit
AO High dollar Data Sheet – March 2014**

Initial Contact/Documentation					Claims Management				Process Control					
3 pt. Contact:					Medical Direction/Control				Diary:					
Employee	0	of	0	–	Current Medical Report	4	of	4	100%	CAE	27	of	30	90%
Employee Completed	0	of	0	–	Med Plan Documented	4	of	4	100%	Supervisor	5	of	5	100%
Supervisor	0	of	0	–	Rationale for treatment	4	of	4	100%	Total Diary:	32	of	35	91%
Supervisor Completed	0	of	0	–	Rx Documented	2	of	2	100%	Timely Benefits Total	5	of	6	83%
Coordinator	0	of	0	–	Next appt. Noted	2	of	2	100%	Finalization:				
Coordinator Completed	0	of	0	–	Timely Objection	1	of	1	100%	Rating	2	of	2	50%
Medical Facility (opt)	0	of	0	–	Clarification Sought?	2	of	2	100%	SAR in 30 days	0	of	4	0%
Total 3 pt. Contact:	0	of	0	–	ISO/Index Search	0	of	5	0%	Award Accurate	2	of	3	67%
Total Follow Up Contact:	0	of	0	100%	Release/Timely	0	of	0	0%	Total Finalization:	4	of	9	44%
Documents and Notices:					Release/Follow Up	0	of	0	–	Excess Reporting				
DWC-1	1	of	1	100%	Prior records requested	0	of	0	–	Carrier Notified	1	of	1	100%
5020	1	of	1	100%	Med Release in File	0	of	0	–	Notified Timely	4	of	4	100%
5021	1	of	1	100%	Total Med Dir/Control	19	of	24	79%	Report Current	3	of	3	100%
Total Documents:	3	of	3	100%	Litigation Mgmt.					Total Excess:	8	of	8	100%
Benefit Notices:					Timely Referral	0	of	0		Reserves:				
# Notices required	7	of	7	100%	Atty Case Analysis	0	of	0		Adequate	4	of	4	100%
# Accurate	0	of	0	–	Interim Reports	4	of	4	100%	Adjusted Timely	3	of	4	75%
Total Benefit Notices:	7	of	7	100%	File and Serve timely	0	of	2	0%	Total Reserves	7	of	8	88%
On-line Documentation:					Issues Outlined	5	of	5	100%	Total UR:	4	of	4	100%
History of Injury	5	of	5	100%	CAE follow up/direction	5	of	5	100%	Organization:				
Investigation	5	of	5	100%	Summary of atty corres.	4	of	4	100%	File Organized	5	of	5	100%
Current Plan of Action	4	of	5	80%	CAE sets medical appt.	0	of	0	–	Reconciliation:				
Follow Up on POA	5	of	5	100%	CAE subpoenas records	0	of	0		Balance Sheet	0	of	4	0%
Prior Records Summary	0	of	0		Authority for MSC	0	of	3	0%	Totals:	65	of	79	82%
Total On-line Document.	19	of	22	95%	Total Lit. Mgmt	18	of	23	78%	Grand Total:	131	of	156	84%
Totals:	29	of	30	97%	Totals:	37	of	47	79%					



Response to CSURMA AORMA Workers' Compensation Audit 2014 Report

Prepared by
Trish Daniels
Operations Manager

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May 23, 2014

Jacki Graf
Senior Claims Consultant
Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco CA 94111

Dear Jacki:

It is our pleasure to provide you with a response to your report memorializing the results of the CSURMA AORMA Audit, completed in March 2014.

We are pleased that the overall score of 86% exceeds the established performance standard of 85%. While the current score is within the acceptable range of performance, it is our desire to continue to strengthen the CSURMA AORMA program by responding to those categories identified as areas of opportunity to improve processes and performance. This report includes our action plan to bring these areas into compliance.

We appreciate the thoughtful feedback provided in your audit report and we are eager to incorporate the action plans within our response to further bolster performance and results on the CSURMA AORMA worker's compensation program.

Should you have any questions, please don't hesitate to contact me.

Sincerely,

Trish Daniels
Operations Manager
Sedgwick CMS

Cc: Zachary Gifford, Associate Director, Systemwide Risk Management and Public Safety, California State University
Cindy Parker, Sedgwick CMS



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Response to Findings/Recommendations:

5.1 Initial Contact and Documentation (87%)

Three point contact

Categories below performance standard: Employee Contact (83%), Employee Completed (67%). Supervisor (50%), Supervisor Completed (25%)

Auditor's Recommendation: The Supervisor initial contact attempt needs to be carried out on the files. Should the WC Coordinator or examiner believe supervisory contact is not required, the reasons for the deviation shall be documented in Notepad.

The employer shall be engaged to assist when employee contact has not been achieved. Timely employee contact on converted claims is necessary.

Sedgwick's Action Plan for Compliance: The importance of contact with all parties, including the supervisor, will be enforced with the examiner. The examiner's supervisor will incorporate review of this metric into file reviews.

Follow up Contact (65%)

Auditor's Recommendation: Maintain regular efforts to keep in contact with unrepresented injured workers and document same. The supervisor should review files for compliance in this area. It is recommended that Sedgwick conduct periodic audits for compliance in this category.

Sedgwick's Action Plan for Compliance: Evaluation of timely follow up contact with unrepresented injured workers will be added to supervisor reviews to promote improvement in this area. An internal audit of this requirement will be performed by Sedgwick in September 2014 to ensure ongoing compliance.

Documents and Notices

Category below performance standard: 5020 (71%)



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Auditor's Recommendation: In the last audit, performance in this category was at 95%. The process for scanning initial documents needs to be reviewed and enforced by Sedgwick management. The Supervisor should check SIR for these documents at the initial review of the file and continue to do so until compliance is achieved.

Sedgwick's Action Plan for Compliance: Training will be provided to reinforce the importance of uploading these documents into the claim file. Supervisor reviews will track receipt of the 5020 and confirmation of receipt will be required before file closure.

Online Documentation

Category below performance standard: Prior Records Summary (75%)

Auditor's Recommendation: Strong result. Improvement noted. The only area below standard in this area is that of Prior Record Summary. When records are obtained, a review of same shall be documented in notepad.

Sedgwick's Action Plan for Compliance: The importance of documenting a summary of records will be reinforced with the examiner. If prior records do not contain history pertinent to the claim, the notepad will be documented accordingly.

5.2 Claims Management (85%)

Medical Direction/Control

Categories below performance standard: ISO/Index Search (30%), Release/Timely (43%), Release/Follow up (0%)

Auditor's Recommendation: The index process does not comply with claims handling guidelines for this program. Indexing occurs at claim set up per audit findings but the procedure for re-indexing annually thereafter or once the claim reopens needs review. A review of this process and procedure with the supervisor and examiner is necessary. The supervisor should ensure compliance at the time of regular diary review.



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The medical release process and follow up needs review and compliance. In the majority of the files review, the documentation did not demonstrate that the releases were going out with the first letters to the injured worker. This is a process conducted by the claims assistant.. The process and the reasons for same need to be reviewed with the team to improve in this category.

Sedgwick's Action Plan for Compliance: The importance of re-indexing files annually and at the time of reopening will be emphasized with the team. We are also working with the IT department to implement a automatically generated ISO searches annually.

The medical release process has been reevaluated and amended to ensure that releases are sent on all applicable claims and that the receipt of such is pursued diligently. A diary will be set for the clerical staff to send a medical release on each new claim. A follow up diary will also be scheduled to follow up for the release if it has not been received within fourteen days.

Litigation Management

Categories below performance standard: File and Serve Timely (42%), CAE Subpoena Records (50%) and Authority for MSC (50%)

Auditor's Recommendation: Although the attorney referrals were timely and the approvals were appropriately documented for same, there should be more diversity in the selection of defense attorneys in the inventory. Referrals shall also consider geographic reasonableness in the case assignment.

Last audit, no File and Serve documentation was identified in the audit sample. This result has improved but is far below standard in performance. A review of this work flow is needed, as well as, a review of the requirements for serving medicals. It is noted that Defense attorneys also commented on the lack of receipt of treating physician medical reports. Supervisory oversight on this process and compliance to same is necessary.

Attorney education on the requirement of the examiner to subpoena medical records and documentation of any deviation with explanation is necessary.



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Adhere to Claims Handling timeframes for SAR process. If the SAR cannot be completed, the file notes must reflect the reasons for same. IT is recommended that Sedgwick audit for compliance in this area.

Sedgwick's Action Plan for Compliance: Diversity in attorney assignment has been discussed with the examiner and has been implemented on several assignments subsequent to the audit.

The File and Serve process has been modified to require the use of the Correspondence section of iVOS when serving items on counsel.

Defense attorneys will be reminded of the protocol in regard to subpoenaing records. If it is determined that there is a need for the attorney to subpoena records, rather than the examiner, rationale for such will be documented in notepad.

Significant focus has been placed on the timeliness of SARs. This will be monitored closely through supervisor diary. Additionally, we are working with IT to develop tracking for timeframes between P&S report receipt date and drafting of a SAR in Correspondence

5.3 Process Control (86%)

Finalization

Categories below performance standard: Rating (63%), SAR in 30 days (18%), Award Accurate (83%)

Auditor's Recommendation: The P&S report should serve as the catalyst for file resolution. Identification of the P&S report and the timeframes to achieve standard performance in this area needs to be developed by Sedgwick.

Sedgwick's Action Plan for Compliance: The action plan for these items was incorporated into the action plan above in reference to timely authority for MSCs: Significant focus has been placed on the timeliness of SARs. This will be monitored closely through supervisor diary. Additionally, we are working with IT to develop tracking for timeframes between P&S report receipt date and drafting of a SAR in Correspondence. Once this feature is



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available, an auto generated diary will also be implemented to ensure timely ratings of the P&S report.

Reserves

Category below performance standard: Adequate (83%), Adjusted Timely (67%)

Auditor's Recommendation: Adequacy of reserves has markedly improved and is nearly at standard. The timing of the reserve change/awareness of the needs to change needs focus. The expected window for an appropriate reserve change based upon new information, ongoing benefits or change in exposure is 30 days.

Sedgwick's Action Plan for Compliance: The importance of timely reserve changes based on the facts and evolution of the case have been discussed with the examiner and will be monitored by the supervisor through ongoing diaries. This criteria will also be a focus for Sedgwick internal audits.

Reconciliation

Category below performance standard: Balance Sheet (9%)

Auditor's Recommendation: A claims balance worksheet reconciliation procedure needs to be re-introduced to the AORMA program. Training and ongoing supervision of this process shall be provided. The supervisory diary should be addressing compliance in this area.

Sedgwick's Plan of Action for Compliance: Thorough training of this process was provided during team meetings in March and compliance is being monitored closely through supervisory diary. We are working to implement an annual diary to serve as a reminder of this requirement. The claims balance worksheet has been added to the closing checklist as a required document prior to closure.



CSURMA AORMA**POLICY AND PROCEDURE NO. W-4**

SUBJECT: CLAIMS HANDLING PROCEDURES AND GUIDELINES

ADOPTED: DECEMBER 8, 2009

EFFECTIVE: DECEMBER 8, 2009

AMENDED: SEPTEMBER 16, 2010
MARCH 20, 2014

PURPOSE:

The purpose of this Policy & Procedure is to describe the roles and responsibilities of the Workers' Compensation Third Party Claims Administrator (**TPA**) and the participants in the CSURMA Auxiliary Organizations Risk Management Alliance (**AORMA**) in the reporting and handling of claims.

POLICY:

It shall be the policy of the **AORMA** to ensure that Workers' Compensation claims are administered by the following general guidelines.

PROCEDURE:

- In the event of a Workers' Compensation occurrence likely to involve **AORMA**, written or verbal notice regarding the occurrence shall be given by the Member to the **AORMA** Third Party Administrator no later than five calendar days from the date of the Member's knowledge. Such notice shall include the Employer's First Report of Occupational Injury or Illness (Form 5020). Be sure to include circumstances of the occurrence, and the names and addresses of any injured parties, and witnesses.
- As outlined in **AORMA** Policy & Procedure W-5, failure to report occurrences as required may be cause for denial of coverage if **AORMA** is prejudiced due to the lack of timely reporting. The following will serve as the **AORMA** Workers' Compensation Program procedures and guidelines and are based upon the current contract with **TPA**.

Claim Reporting Procedures

The auxiliaries report all claims to **TPA** via e-mail or fax within five calendar days of notice as required by California Statute by completion of a Form 5020. The Claims Supervisor assigns new losses to appropriate handler for contact and investigation. After an initial investigation, the Claims Examiner makes a determination -as to the appropriate claim type.

Indemnity claims will be managed by the Claims Examiner. Medical First Aid Only claims will be managed by the Claims Support Associate. Medical First Aid Only claims are defined as



claims estimated at less than \$2,500 in medical costs, no anticipated permanent disability and with no loss of work.

Record Only claims will be closed by the Claims Examiner as soon as all the appropriate claim information is completed.

All new indemnity claims will be reviewed by the Claims Supervisor within 5 (five) working days of receipt by **TPA** or within 5 (five) days of conversion to indemnity claim.

Initial Investigation

The Claims Examiner will conduct a thorough investigation to determine compensability immediately upon receipt of the claim. The Claims Examiner makes all the initial contacts necessary to make this determination and will follow the question format provided by **TPA** management which outlines the information to be requested for each of the contacts. The Claims Examiner **TPA** will contact the Auxiliary Organization Workers' Compensation Claim Coordinator (**Coordinator**), the injured employee, and the injured employee's supervisor and physician. Physician contact is not necessary if (1) a Doctor's First Report of Occupation Injury or Illness (Form 5021) is in the file, (2) there is no lost time, and (3) there are no disputes.

3-Point Contact – Employee, Employer and Physician

The Claims Examiner will make 3-Point Contact on all "pending" claims within one business day after receiving notice of the claim. Communication with the injured employee will be available in the employee's primary language or with translation upon request.

Notice of claim is defined as:

- Notice of a pending claim in iVOS
- Phone call, fax or e-mail from the **Coordinator** (Form 5020)
- Doctor's First Report of Occupational Injury or Illness (Form 5021)
- Notice of Representation (no contact with injured employee)
- Application of Adjudication of Claim (no contact with injured employee)
- DWC-1 Claim Form

If the **TPA** receives the first notice of claim, **TPA** will notify the **Coordinator** of the details of the claim, request additional information from the **Coordinator** as needed and set up the claim in iVOS. The **Coordinator** will complete the Form 5020.

If it is determined after initial contact that a claim is a Record Only or a First Aid, the claim will be closed. If later a bill is received, the file will be reopened for payment of the bill and closed.

If the Claims Examiner/Claims Support Assistant is unable to complete all the initial contacts, the Claims Examiner will continue contact attempts for three days. Should the contact attempts be unsuccessful a "Call Me Card" or e-mail will be sent to contact the respective party. All attempts at communication will be documented in Notepad. Documentation of a "Call Me Card"



will be stored in Correspondence. Assistance from the **Coordinator** must be requested if contact with the injured employee cannot be made after three unsuccessful attempts. The work and home telephone number of the injured employee is a required field for a “pending” claim and therefore needs to be made available to the Claims Examiner. Alternative contact numbers, email addresses or a mailing address can be requested if the Claims Examiner is unable to make contact.

No claim will be accepted without completion of the 3-point contact unless there is concurrence from the Coordinator.

3-Point Contact will be documented in iVOS on the day the contact occurs.

The **Claims Supervisor** review of all new claims at five days will ensure that contact is completed and documented. If contact is complete, the **Claims Supervisor** will so note in Notepad. If contact is not complete, the **Claims Supervisor** will document in Notepad the contacts that need completion and require that the Claims Examiner continue contacts until all have been completed. The **Claims Supervisor** will keep the file on close diary until all contacts are made.

Acceptance/Denial Issues

If the Claims Examiner determines that a claim should be denied, the Claims Examiner will notify the **Coordinator** of the investigation results and recommendation to deny benefits prior to notifying the injured employee. All recommendations for denials must be approved by the **Claims Supervisor** and documented in Notepad. All denied claims will have a reason for the denial entered in the claim system.

If the injured worker does not pursue a claim, **TPA** will not delete the claim. The Claims Examiner/Claims Support Assistant will notify the employee in writing of Sedgwick’s confirmation and understanding that the employee does not wish to pursue the claim. The claim will be coded with an appropriate claim type (e.g., Record Only, Medical Only, Indemnity, etc.)

The Claims Examiner has fourteen (14) days to determine if a claim will be delayed. Medical treatment will continue to be provided during the ninety (90) day discovery period up to a limit of \$10,000, per labor code statute, or until the case is denied.

The Claims Examiner has up to ninety (90) days to make a compensability decision. The ninety (90) days starts with the employer’s knowledge of injury.

Initial Documents

The DWC-1, 5020 and 5021 forms are required documents in the claim file. If the DWC-1 is not in the file, evidence of attempts to solicit the DWC-1 form must be in the file. All are required in every claim file prior to closure.



If the **Claims Examiner/Claims Support Assistant** does not have the DWC-1 form when completing set-up of the claim, a claim form will be forwarded to the employee's home address immediately upon receipt of the notice of injury unless it is noted that a DWC-1 claim form was not provided by the **Coordinator**.

If the DWC-1 is not received within sixty days, the **Claims Examiner/Claims Support Assistant** will notify the **Coordinator** via email. This process applies to accepted claims only.

A copy of the 5020 DWC-1, and the 5021 will be clearly documented in SIR (Scanned Information Retrieval system).. If a 5021 has not been submitted, the file must contain a copy of a request for the 5021. The 5021 request will be saved to the claim in iVOS Correspondence.

A claim must not be closed without these documents, or proof that the DWC-1 was provided to the employee, in the claim file.

Medical Releases

TPA will request Medical Releases within five (5) working days of file make-up on all files. If the signed release is not returned within fourteen (14) days, and the injury has not resolved (such as in a Medical Only claim), the **Claims Examiner/Claims Support Assistant** will contact the **Coordinator** and request assistance. The process applies to Indemnity files as well as Medical Only files where treatment is continuing beyond the fourteen days.

Upon receipt of the medical release, **TPA** will order appropriate medical records as needed.

Medical Direction and Control

The **Claims Examiner/Claims Support Assistant** is responsible for coordinating the provision of prompt, appropriate and effective medical treatment for auxiliary employees. The **Claims Examiner/Claims Support Assistant** will exercise all reasonable efforts to obtain current physician reports in accordance with CCR 9785 (California Code of Regulations concerning treating physicians) on all claims where medical treatment is active.

Within fourteen calendar days of notification of change of treating physician, the **Claims Examiner/Claims Support Assistant** will send the complete medical file with CCR 9785 notification to the treating physician.

If the injured employee is absent from work, notification of the auxiliary organization's return to work policy, and the injured worker's job description, if necessary, will be sent to the treating physician. Notification will be by letter and available in Correspondence.

A copy of CCR 9785 will be sent to the treating physician within five working days upon any request made by the workers' compensation auxiliary **Coordinator**.



The Claims Examiner will request updated medical reports on Future Medical (FM) claims where treatment is being sought. On non-active FM claims, the Claims Examiner will document a strategy for administrative closure.

The Claims Examiner will document requests for authorization of treatment procedures in the iVOS Notepad. The **Claims Examiner/Claims Support Assistant** will respond to requests for authorization of treatment and surgery on accepted cases in accordance with Utilization Review guidelines and requirements.

The treatment plan will be documented in iVOS Notepad including the next treatment date. The **Claims Examiner/Claims Support Assistant** will document any medication, by name, which has been authorized by the physician for the employee in iVOS Notepad. Updates will be requested as medication changes.

No agreement to utilize an AME will be made without the approval of the Claims Examiner. In litigated cases, the Claims Examiner will notify the defense attorney of this requirement.

All bills will be paid or objected to within thirty (30) calendar days from date-stamp receipt.

Documentation

TPA will caption all iVOS Notepad entries using appropriate iVOS system-defined headings. All entries will contain documentation with appropriate detail, identify the issues of the claim, and describe the plan of action being taken to resolve these issues. An Action Plan will be documented in iVOS Notepad every ninety (90) days on Indemnity files and every one hundred eighty (180) days on Future Medical files.

Medically authorized restrictions will be documented in the iVOS Notepad and updated every time the restrictions are modified by the physician.

Medical records that are received via medical release or subpoena must be summarized in iVOS Notepad.

Diary

CLAIMS EXAMINER DIARY

Every active indemnity file will be reviewed at least once every thirty (30) days. Diary activity will include contact with unrepresented injured employees, at minimum, every sixty (60) days.

Claims with ongoing temporary disability benefits will be reviewed every fourteen (14) calendar days. Review includes a phone call to the treating physician to determine return to work capability. Documentation of the review and verification of disability will appear in Notepad.

Future medical diary is no less than one hundred eighty (180) days as warranted by activity on the claim. Future Medical cases are defined as claims where the only benefit obligations are the payment of awarded permanent disability and undisputed future medical care.

Follow-up telephone contact will be made with unrepresented injured employees who are losing time from work every fourteen (14) calendar days. Follow-up telephone contact with all other unrepresented injured employees must occur at a minimum every sixty (60) days (Future Medical file excluded).

CLAIMS SUPPORT ASSISTANT DIARY

Medical Only claims will be reviewed at minimum at sixty days. At ninety (90) days, the Claims Support Assistant will review for conversion to Indemnity or closure.

SUPERVISOR DIARY

Claims Supervisor will review all new indemnity claims five (5) days after receipt. The Claims Supervisor will re-set a diary on each new claim as appropriate depending on the severity of the issues or medical treatment but no less than one hundred eighty (180) days. Delayed claims will be reviewed at forty-five (45) and eighty (80) days within the first ninety (90) days. Acceptance after delay and denials will be reviewed and approved by the manager. These reviews will be documented under the Management Review heading in the claim Notepad.

Supervisors will effectively manage assignments of **Claims Examiner/Claims Support Assistant** personnel to ensure caseloads are meeting the claims handling standards. An inventory count by claim type will be kept for each Claims Examiner's caseload on a monthly basis.

Temporary Disability

Temporary disability is paid every two weeks.

Verification of the employee's disability is the responsibility of the Claims Examiner. The Claims Examiner must verify with the treating physician that the employee is unable to work his/her customary job duties, or able to return to work either in a modified position, or at his/her regular job duties.

The Claims Examiner should contact the physician, if necessary, and/or confirm through medical reporting medical verification of disability every two weeks to coincide with the temporary disability check issuance. Potential for return to work must be discussed and documented. Restrictions will be clarified and discussed with the **Coordinator** for return to work possibilities.

Litigation

TPA is to utilize approved auxiliary organization defense counsel in every case. The Claims Examiner will make the selection of counsel on each claim in coordination with the **Coordinator**. **TPA** recommends use of defense counsel as required by its defense counsel referral criteria. However, referrals will be made at the request of the **Coordinator** as well. **TPA** requires that defense counsel adhere to **AORMA's** Defense Counsel Guidelines. These guidelines will be included with each litigation referral.

TPA will notify the **Coordinator** upon receipt of an Application for Adjudication of Claim within five (5) working days. **TPA** will assign claims to Counsel within five days after receipt of notice of approval from the **Coordinator**. **TPA** will notify the **Coordinator** by telephone or email of assignment to Counsel on a claim, and confirm by sending the **Coordinator** a copy of the letter to the selected Counsel confirming engagement.

Case analysis is to be provided by counsel within thirty days of referral. A copy of the initial case analysis will be sent to the **Coordinator** and documented in the iVOS Notepad. The Claims Examiner will follow up with the defense attorney if a case analysis is not received within thirty (30) calendar days from date of referral. Subsequent reports will be sent to **TPA** and the **Coordinator** depending on the activity of the claim, but no less frequently than ninety (90) days.

The Claims Examiner will continue to manage the file, including performing administrative tasks, such as setting medical appointments, appointment letters and medical record requests. These tasks are to be completed by **TPA** staff with few exceptions.

The Claims Examiner will audit all attorney bills for appropriateness of payment.

The Claims Examiner and the **Coordinator** will determine who should attend hearings.

Mandatory Settlement Conference at WCAB

Upon notification of the Mandatory Settlement Conference (MSC) date, the following procedure will occur:

In litigated cases, a request for authority will be sent to **AORMA** thirty (30) days prior to defense counsel filing a Declaration of Readiness to proceed, or five (5) days after receipt of the Declaration of Readiness to proceed from applicant's counsel. Thirty (30) days prior to defense counsel filing a Declaration of Readiness to Proceed, **TPA** will provide **AORMA** and Member with a comprehensive case review and/or SAR (settlement authorization request).

TPA will attend an MSC as deemed necessary.

Subrogation will be pursued when appropriate unless otherwise indicated by the **Coordinator**. If any legal action must be filed in any court other than the Workers' Compensation Appeals Board on behalf of the auxiliary organization, **TPA** must have approval from the CSURMA **AORMA** Committee.

Communications

TPA Supervisor and Claims Examiner for **TPA** will utilize professional, courteous and effective communication skills at all times and will respond to telephone and email inquiries within one (1) working day. All e-mail communications that are pertinent to a particular claim should be placed in the iVOS Notepad.

Index System

TPA will index all disputed or lost time injury claims at claim setup and annually thereafter relying on Sedgwick's account number with the Index System.

Reserving

The initial reserve will be set up within five (5) working days of the receipt of the claim. Claims are to be reserved on a "most probable ultimate cost" basis from the date the claim is set up. Reserve amounts will be evaluated and adjusted on a regular basis, but at a minimum, within thirty (30) days of any event or change in medical prognosis that will affect the ultimate outcome of the claim. Reserves should also be reviewed concurrent with Diary and Action Plan review. "Stair-stepping" is to be avoided. All reserve calculations will be clearly reflected in the claim file.

Sedgwick Claims Supervisors will review all reserve changes above the authority of each Claims Examiner.

Reserves will be reviewed with each action plan.

Investigations

TPA recommends use of outside investigators as required by their claim investigation criteria and best practices. In addition to manager approval, assignment of an outside investigator requires prior contact, approval and coordination with the **Coordinator**.

OSHA Reporting –The members bear the responsibility to complete a manual OSHA log as required by California law.

Resolution

Upon receipt of any permanent and stationary report, the Claims Examiner will determine if the disability described in the report is appropriate for the circumstances of the injury. The Claims Examiner may self-rate if the disability is clear. However, **AORMA** prefers that the Claims Examiner solicit an independent rating prior to issuing advances. Based on what is learned from the rating, additional clarification may be needed from the physician. The Claims Examiner will seek clarification from the physician or object as appropriate.

Upon receipt of the supplemental report with the clarifying information, the Claims Examiner may need to solicit an additional independent rating in order to ensure that the Claims Examiner is confident of the total value of permanent disability. If the dollar amount of the rating and/or the dollar value of the total amount of permanent disability advance to be made exceed(s) \$25,000, the Permanent Disability Benefit letter requires approval from a supervisor.

Within five (5) calendar days after the Claims Examiner has determined that the report is appropriate, the Claims Examiner will submit the report to the Disability Evaluation Unit (DEU) for a Summary Rating.



A Settlement Authority Request (SAR) must be submitted to the Operations Manager at **TPA**, the **CSURMA AORMA** Workers' Compensation Committee or the **CSURMA AORMA** Committee depending on the level of the settlement value requested in accordance with the Claims Settlement Policy and Procedure. This requires timeliness in getting the independent rating in order to avoid penalties for not issuing a timely permanent disability advance.

Upon receipt of the Summary Rating from the Disability Evaluation Unit (DEU), the Claims Examiner verify the rating used in the SAR and amend the SAR, if necessary.

If the claim is litigated, the Claims Examiner must notify the defense attorney that negotiations cannot begin without authority. The Claims Examiner is responsible for getting that authority to the attorney within two (2) working days of receipt of authority. If applicant's attorney files the Declaration of Readiness to Proceed (DOR) for settlement purposes, the SAR must be submitted within five (5) days of receipt of the notification.

Settlement Authority

Various levels of settlement authority have been established as respects this **AORMA** coverage under **AORMA** Policy & Procedure W-5. The Member has no authority to settle claims.

All settlement authority requests must be presented using the Settlement Authorization Request (SAR) form.

The **SAR** must be complete and thorough. It must include a brief history of the injury, a description of the permanent disability and its dollar value, the medical prognosis and its dollar value, and any other costs that are included in the proposed settlement. It must include a complete outline of all issues and defenses. All ratings, both applicant and defense must be stated. It must state the Claims Examiner opinion regarding settlement versus taking the case to trial.

Managers must approve all requests for authority.

If a response from the authorizing body is not received in thirty (30) days, the Claims Examiner will notify the Claims Consultant via email. If timing is **urgent**, this will be indicated in the email along with a deadline date, as well as notifying the Claims Consultant by voicemail.

Return to Work Issues

The Claims Examiner will provide all information to the **Coordinator** regarding return to work restrictions and permanent modifications immediately upon knowledge.

Excess Carrier Reporting and Settlement Requirements

Any claim with a date of injury after May 1, 2004 must be reported by **TPA** to the respective excess carrier immediately, but in no event later than ten (10) calendar days from the date the **Coordinator** is notified or becomes reasonably aware of such accident or disease which may involve the excess carrier or includes any of the following:

- a. Injuries to spinal cord (including Cauda Equina), paraplegia, or quadriplegia;
- b. Fatality;
- c. Amputation of a major extremity;
- d. Blindness;
- e. Second degree burns on 25% or more of the body or third degree burns on 10% or more of the body
- f. Serious head or brain injuries (including skull fracture);
- g. Multiple fractures – involving more than one member or any non union of any part of the body;
- h. Nerve damage causing paralysis and loss of sensation in arm and hand (brachial plexus nerve damage);
- i. Massive internal injuries affecting body organs;
- j. Any occurrence which causes serious injury or death to two or more employees
- k. Any occurrence, which results in disability exceeding one (1) year.
- l. Any occurrence that results in permanent and total disability 100% - (including but not limited to 100% by statute: loss of both eyes/sight, loss of both hands (or the use thereof), “practically total paralysis,” brain injury resulting in incurable imbecility or insanity.
- m. Any occurrence that involves unusual exposure to the coverage—examples include sexual molestation, HIV, AIDS, rape, class actions and bad faith allegations, or other serious violation, which may involve excess;
- n. Total incurred in excess of 50% of the Self Insured Retention (Currently \$250,000)

Attachments to the first report will include:

- Face sheet to include summary of case, pertinent claimant information such as claim number, date of injury, date of birth, date of hire, average weekly wages, TTD, PD rate. The Claims Examiner must list all the issues and the plan of action recommended in order resolving these issues. Any subrogation aspects must be described and discussed.
- Reserve breakdown
- Printout of all payments, sorted by category
- AME, QME, P&S and/or current medical reports advising status of claim (AME = Agreed Medical Evaluator; QME = Qualified Medical Evaluator; P&S= Permanent and Stationary)
- Copies of all Applications filed, Workers’ Compensation Appeals Board (WCAB) Awards & Findings & Awards (F&As)
- Defense attorney evaluation
- Copies of investigation reports
- All notices and legal papers relating to the claim or suit
- Any other pertinent data

Subsequent reports will be made on a quarterly basis (unless excess carrier advises otherwise).

Attachments to the subsequent reports will include:

- Face sheet to include summary of case, pertinent claimant information such as claim number, Date of Injury, Date of Birth, Date of Hire, Average Weekly Wage, Total Temporary Disability and Permanent Disability Rate. The report must provide the status of the case and the steps proposed to resolve all the remaining issues.



- Reserve breakdown
- Printout of all payments, sorted by category
- Current medical report(s)
- Any of the prior reporting requirements that occur subsequent to the initial excess report.

The Claims Manager will review and authorize all excess reports. The reports will be submitted to the Excess carrier with a hard copy of all attachments. The hard copy attachments are to be submitted only to Excess carrier.

The process is the same for interim status reports and final reporting.

Once confirmation is received from Excess carrier, the Claims Examiner will make a copy of the confirmation for the claim file and update the system that confirmation was received from the Excess Carrier.

If the employee files a Serious and Willful claim, defense costs are not reimbursable by the Excess Carrier. Requests for reimbursement must exclude these costs.

Fraud Claims

Suspected fraudulent activity (material misrepresentation by the employee) must be reviewed with the Claims Supervisor, the **Coordinator** and the **AORMA** Claims Consultant to determine the merits of the case. The case will be prepared for submission to the District Attorney and Department of Insurance once a decision to refer the case to the authorities has been made. Fraud referral activity will be documented on the claim in iVOS Management Review Notepad.

Balance Sheet

TPA will complete a Balance Sheet on all open files at one year from date of injury, annually at the anniversary of claim set up and annually thereafter on each file at SAR evaluation and at closing of the claim. The Balance Sheet will be kept in Correspondence or a hard copy in the claims file.

Escrow Fund

The Oakland Corporate office of **TPA** administers a trustee account on behalf of **AORMA** from which benefit payments and expenses will be made. The Claims Accounting Department at Sedgwick will issue all checks. The Claims Accounting Department will also prepare monthly bank reconciliations.

Checks issued over \$10,000.00 require funding verification. Such requests should be forwarded to the **AORMA** Accountant at the CSU Chancellor's Office, along with supporting documentation.

TPA will submit replenishment requests **monthly or as needed**.



Check Issuance

All checks are issued by Sedgwick. Bob Blankenship, **TPA** Treasury Director's facsimile signature will be used for all checks. **AORMA** staff and consultants are not authorized to sign checks. There will be no manual checks under any circumstances.

Reports

The Claims Manager will provide a monthly report of **TPA** and **AORMA** penalties no later than the 10th of each month.

TPA will also provide reports to the **Coordinator** for each Member as follows:

Quarterly claim summary report - inception to date

- Claim summary report of all claims created in the last quarter
- Ad hoc reports by client request

CARL WARREN & COMPANY
CLAIMS ADMINISTRATION - EXTENSION OF AGREEMENT

ISSUE: The Third Party Claims Administration contract for the term July 1, 2011 to June 30, 2014, includes a provision that allows CSURMA the option of renewing the contract for two additional years. The contract was extended to June 30, 2016, per the authority delegated to the CSURMA Secretary-Auditor in 2011.

RECOMMENDATION: Staff recommends that the AORMA Committee ratify the action taken by the CSURMA Secretary-Auditor in exercising the two one-year contract options.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Third Party Claims Administration Contract – between CSURMA and Carl Warren & Company for the term 7/01/11 to 6/20/2014
- b. Amendment No. 1 to Agreement between CSURMA and Carl Warren & Company

AMENDMENT NO. 1
TO AGREEMENT BETWEEN
CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
AND
CARL WARREN & COMPANY
FOR
THIRD PARTY CLAIMS ADMINISTRATION CONTRACT ENTERED INTO ON JULY 1, 2011

In accordance with Paragraph 7 of the Agreement entered into on July 1, 2011 by and between CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY ("Principal") and CARL WARREN & COMPANY ("Contractor"), Principal hereby exercises its option to authorize two one-year extensions, extending the Agreement through June 30, 2016.

Accordingly, pursuant to this Amendment No. 1, Principal and Contractor agree that Paragraph 7 "TERM OF AGREEMENT" is hereby amended as of July 1, 2014 to add the following: "Principal hereby exercises its option to authorize two one-year extensions, extending the agreement through June 30, 2016."

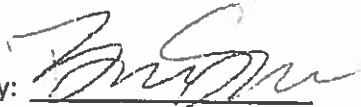
All other terms and conditions of the July 1, 2011 Agreement as well as any amendments and addendums thereto, including the Addendum to Third Party Claims Administration Contract, shall remain in full force and effect.

California State University
Risk Management Authority

By: 
Robert Eaton
Secretary Auditor of CSURMA

Date: 6/24/14

Carl Warren & Company

By: 
Brandon Schlenker
Assistant Vice President

Date: 6/15/14



California State University Risk Management Authority
Auxiliary Organizations Risk Management Alliance



THIRD PARTY CLAIMS ADMINISTRATION CONTRACT

THIS AGREEMENT, entered into on **July 1, 2011** by and between **CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**, hereinafter called "PRINCIPAL," and **CARL WARREN & COMPANY**, hereinafter called "CONTRACTOR," is for certain services as outlined in connection with the duties and responsibilities of administering a program of self-insurance.

WITNESSETH

WHEREAS, PRINCIPAL has undertaken to self-insure and is in need of a qualified third party to whom to delegate the responsibilities and duties of administering said partially or totally self-insured insurance program ("the Program"), and

WHEREAS, CONTRACTOR is engaged in the supervision and administration of programs for self-insurance and first dollar claims with deductibles,

NOW, THEREFORE, PRINCIPAL and CONTRACTOR mutually understand and agree as follows:

1. GENERAL

CONTRACTOR shall: (a) supervise and administer the Program for PRINCIPAL; (b) represent the PRINCIPAL in all matters related to the investigation, adjustment, processing, supervision and resolution of liability claims for money damages asserted by third parties against the PRINCIPAL (and other participants in the Program as specified); and (c) provide to PRINCIPAL during the term of this Agreement all the services more particularly set forth hereinafter.

2. INVESTIGATIVE SERVICES

CONTRACTOR shall provide complete investigative and analytical services including, but not limited to: (a) receipt and examination of all reports of accidents, incidents, claims or cases which are or may be the subject of such claims reported by PRINCIPAL to

CONTRACTOR; and (b) the investigation of such accidents, incidents, claims or cases where examination warrants such investigation or when requested by PRINCIPAL, such investigation to include on-site investigation, photographs, interviewing of witnesses, determination of losses and other such investigative services necessary to determine liability and loss but not to include Allocated Expenses and extraordinary professional services set forth below.

Regarding Allocated Expenses, PRINCIPAL agrees to pay for the cost of all reasonable and supportable extraordinary services and costs, including but not limited to, professional photography, police reports, independent medical examinations, professional engineering services, laboratory services, bulk copy jobs, private investigators, legal costs and fees and work performed by accountants. CONTRACTOR shall charge PRINCIPAL for non-staff investigators or adjusters when, in the opinion of CONTRACTOR, such assistance is necessary and reasonably related to the monetary exposure.

3. SETTLEMENT AUTHORITY

CONTRACTOR shall have discretionary settlement authority up to \$25,000 (Twenty Five Thousand Dollars).

4. CLAIMS ADJUSTMENT SERVICES

CONTRACTOR shall provide complete claims adjustment services on each accident, occurrence or incident that may be the subject of a claim or potential claim against the PRINCIPAL which is reported to CONTRACTOR by the PRINCIPAL. Such services shall include, but not be limited to (a) the maintenance of a claim file on each potential or actual claim reported to CONTRACTOR; (b) whenever its investigation results in a determination that PRINCIPAL has sustained a liability to a third party, CONTRACTOR shall process any such claim or potential claim for settlement in accordance with the PRINCIPAL'S instructions for settlement of such claims; and (c) obtaining all release agreements or proofs of loss on settlement of any claim or potential claim. Specific service instructions will be added to this contract as an exhibit. If subrogation is pursued, the rates in Section 8 will apply unless a separate contingency fee agreement is agreed to by PRINCIPAL and CONTRACTOR.

5. ADMINISTRATIVE SERVICES

CONTRACTOR shall provide at least the following administrative services: (a) assignment of a Principal Account Adjuster and Account Manager to the PRINCIPAL; (b) providing PRINCIPAL with electronic access to all reported claims during the term of this Agreement, indicating the status of each reported open claim assigned to CONTRACTOR, the details of each such claim, the outstanding reserves for each claim and details of all claim payments; and (c) periodic review and adjusting of reserves on all open claims.

6. LEGAL SUPPORT SERVICES

CONTRACTOR shall provide at least the following legal support services on each claim wherein the claimant has commenced litigation: (a) Upon notification by PRINCIPAL that litigation has been filed on an open claim, CONTRACTOR shall notify PRINCIPAL and, in accordance with PRINCIPAL'S instructions, the PRINCIPAL'S excess insurance carrier and/or excess reporting authority, pool or group (the "excess entity") and/or trial attorney assigned by PRINCIPAL to handle the case and provide such excess entity and/or trial attorney with all information and files concerning claim; (b) maintain liaison with PRINCIPAL'S excess entity and/or trial attorney and provide such investigation services as are required by such attorney during pre-trial and trial stages; and (c) assist PRINCIPAL'S excess entity and/or trial attorney with discovery and other legal processes.

7. PERIOD OF AGREEMENT

This Agreement is for a period of Thirty-Six (36) months commencing **July 1, 2011** and ending June 30, 2014, after which PRINCIPAL will have two separate one-year options for fiscal years 2015 and 2016.

8. CONSIDERATION

PRINCIPAL agrees to pay, effective **July 1, 2011** the following claim handling fees for CONTRACTOR'S services:

Administration

CONTRACTOR shall be compensated an annual administration fee according to the below "RMIS and Administration" schedule for the following services:

- (a) Administrative services pursuant to Section 5.
- (b) Check writing and reconciliation of expenses as necessary.
- (c) Handle the deductible recovery activities.
- (d) File set up and data processing for reported claims.
- (e) Time and expense to attend five CSURMA committee meetings per fiscal year.
- (f) Other administrative services necessarily required to be provided by CONTRACTOR in order to perform the obligations specified in this Agreement.

Time & Expense

Services for July 1, 2011 through June 30, 2016 will be billed on a time and expense basis as follows:

	Current As of 7/1/2011	July 1, 2011- 2014	July 1, 2014- 2015 Option Yr 1	July 1, 2015- 2016 Option Yr 2
Adjuster Service Rate per Billable Hour/Unit	\$58	\$54	\$56	\$58
Telephone / Fax	10%	10%	10%	10%
Office Expense (including regular postage)	20%	20%	20%	20%
Cassettes	Included	Included	Included	Included
Stenographic	4.50/page	4.50/page (Waived)	Waived	Waived
Photocopies	\$0.25 ea	\$0.25 ea (Waived)	Waived	Waived
Mileage (each way)	IRS Rate	IRS Rate	IRS Rate	IRS Rate
Photos	\$2.25	\$2.25 (Waived)	Waived	Waived
File Set Up	Included	Included	Included	Included
Data Processing	Included	Included	Included	Included
Indexing / OFAC *	\$15	\$18	\$18	\$18
MMSEA Search** (pass through)	\$0.00	\$4.85	\$4.85	\$4.85
Reporting Purposes Only	Included	Included	Included	Included
RMIS & Administration	\$14,000.00	\$12,600.00	\$13,300.00	\$14,000.00

* Index includes Insurance Services Office (ISO) Claims Search and OFAC (a/k/a “pay no terrorist”).

** Medicare Mandatory Reporting is scheduled to start 1/1/12.

Charges for non-file-related professional services performed at the specific request of PRINCIPAL will be billed on an as quoted basis.

PRINCIPAL agrees to pay charges for outside adjusters other than CONTRACTOR’S adjusters and file related expenses such as medical reports, police reports, etc. on a pass

through basis with no additional fees added.

9. DATA PROCESSING

(a) The following standard services are included in the annual administrative fee; claims data electronically for up to three recipients and access to mycarlwarren.com for up to three users. For security purposes, access to mycarlwarren and any subscriptions will automatically terminate at the end of twelve (12) months. PRINCIPAL shall be responsible for notifying CONTRACTOR to renew user subscriptions and access or to substitute users.

(b) Additional users or recipients shall be charged on a per person basis at an annual fee of \$250 which includes training of said users as to mycarlwarren.com and each users report subscriptions.

(c) Special reports, new reports and data feeds can also be requested. They are subject to a cost per quote at a rate per project or per hour once the scope has been agreed upon. CONTRACTOR does not possess any interest, title, lien or right to any client data or records. Therefore, upon termination of the contract, CONTRACTOR is relieved of all obligations to provide data processing services to PRINCIPAL and will deliver to PRINCIPAL all data and records in a readily available excel or PDF format. If a different format is desired by PRINCIPAL, CONTRACTOR will provide it to PRINCIPAL at an agreed upon and reasonable cost and timeline.

10. PRINCIPAL'S RESPONSIBILITIES

PRINCIPAL shall provide CONTRACTOR with copies of all relevant documents upon request and without charge and shall make available any PRINCIPAL employee for interviews by CONTRACTOR at reasonable times concerning any investigation of a claim or incident pursuant to this Agreement.

CONTRACTOR shall bill PRINCIPAL and furnish PRINCIPAL with invoices for services rendered in accordance with the fee schedule set forth in the Agreement. Each invoice will include the claim or other matters for which a fee is being charged and the amount of the associated fee for that claim or matter. Payment shall be due and payable within thirty (30) days of receipt. PRINCIPAL shall report all billing discrepancies in writing to CONTRACTOR within thirty (30) days and adjustments will be promptly considered. PRINCIPAL will become delinquent when any undisputed invoice has been outstanding for over ninety (90) days. CONTRACTOR may elect to limit access to data and/or suspend and/or terminate this Agreement in the event PRINCIPAL fails to pay CONTRACTOR. Good faith disputed amount(s) will not be considered in establishing delinquency. CONTRACTOR will notify PRINCIPAL of such failure to pay and if PRINCIPAL does not cure such failure, excluding any good faith disputed amount, within ten (10) banking days after the date of such notice ("the cure period"), CONTRACTOR may immediately limit access to data and/or suspend and/or terminate this Agreement as of the first business day

following expiration of the cure period, and/or send the outstanding invoices to a collection agency to pursue recovery of outstanding amounts plus fees and interest.

11. CONFLICT OF INTEREST

In the event a claim or incident is reported to CONTRACTOR by PRINCIPAL and it is determined that the actual or potential claimants therein are also clients of CONTRACTOR, then CONTRACTOR shall immediately notify PRINCIPAL of such potential conflict of interest so PRINCIPAL may have the option to choose an independent investigator and adjuster.

12. CANCELLATION OF AGREEMENT

This Agreement may be terminated by either party with or without cause upon giving other party written notice at least ninety (90) days prior to the date of termination.

13. DISPOSITION OF FILES ON TERMINATION OF AGREEMENT

(a) All files on each claim shall be property of the PRINCIPAL.

(b) In the event of expiration of the Agreement, non-renewal thereof, or cancellation, CONTRACTOR shall bill the PRINCIPAL, subject to the rates quoted in Section 8 herein above, for work completed by CONTRACTOR on each claim. Upon receipt of payment of outstanding invoices (including those in 13c below), CONTRACTOR shall promptly forward all completed and pending claim files to the PRINCIPAL unless PRINCIPAL requests CONTRACTOR to continue to process any files on a time and expense basis as provided for in the CONTRACTOR'S Rate Manual at the time such services are rendered.

(c) PRINCIPAL agrees to pay CONTRACTOR for the internal and/or external cost of retaining, storing, retrieving, logging, packing and shipping files which are stored on or off premises by CONTRACTOR.

14. HOLD HARMLESS

PRINCIPAL agrees to defend any legal action commenced against CONTRACTOR caused directly or indirectly by the alleged wrongful or negligent acts, errors or omissions of PRINCIPAL; and indemnify CONTRACTOR against any liability, loss, cost or damage including attorneys' fees resulting therefrom.

CONTRACTOR agrees to defend any legal action commenced against PRINCIPAL caused directly or indirectly solely by the wrongful or negligent acts, errors or omissions of the CONTRACTOR, employees, agents or others engaged by CONTRACTOR and to indemnify PRINCIPAL against any liability, loss, cost or damage including attorneys' fees resulting therefrom.

15. AUDITS

The CONTRACTOR'S files shall be made available for audits at any time upon reasonable notice. Reasonable notice shall be defined as thirty (30) days or as otherwise agreed by the parties. If special retrieval or shipment of the requested files is necessary, PRINCIPAL shall reimburse CONTRACTOR at cost. The CONTRACTOR reserves the right to reject an auditor proposed by PRINCIPAL if the proposed auditor may gain an unfair competitive advantage over CONTRACTOR by conducting such an audit.

IN WITNESS WHEREOF, the parties hereto have caused these present to be signed by the duly authorized Officers effective as of the day and year first above written.

(CONTRACTOR)
CARL WARREN & COMPANY

(PRINCIPAL)
**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

BY: *Caryn Siebert*
Caryn Siebert
President

BY: *Charlene Minnick*
Charlene Minnick
Assistant Vice Chancellor

DATE: 5/16/11

DATE: 5-12-2011



June 13, 2011

Alliant Insurance Services
Attn: Mimi Long
100 Pine Street, 11th Floor
San Francisco, CA 94111

RE: Carl Warren & Company Service Agreement 2011-2016

Dear Mimi:

Please find attached CSURMA's original executed copy of the service agreement for your records.

Thank you and let me know if you have any questions.

Sincerely,

Brandon Schlenker
Service & Retention Leader
CARL WARREN & COMPANY
Bschlenker@carlwarren.com

CARL WARREN & CO.

CLAIMS MANAGEMENT • CLAIMS ADJUSTERS

PO Box 3975 • Walnut Creek, CA 94598

Phone: (800) 998-4763 • Fax: (925) 825-5964

APPROVAL OF POLICY AND PROCEDURE REVIEW SCHEDULE

ISSUE: Policy and Procedure A-5 – Annual Calendar of Reports, Audits and Filings – stipulates that;

- 1) During the AORMA Committee long range planning meeting, the AORMA policy and procedure review schedule will be approved for the upcoming fiscal year
- 2) All policies and procedures will be reviewed at least every two years

As noted on the attached review schedule, the following policies and procedures are due for review in FY 14/15:

- A-3 Target Surplus Funding Policy
- A-4 Dividends and Assessments
- A-7 Travel Reimbursement Policy
- L-1 Claims Reporting
- L-2 Liability Claims Administration and Litigation Management
- L-3 Legal Counsel Selection (including Carl Warren retention letters, legal bill suspension letter and maximum allowable hourly rate for legal counsel)
- L-4 Employee Driving Standards
- L-5 Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations
- L-6 Requirement to Purchase PAI for all Activities Involving Minors
- L-7 Employment Practices Deductible Options

Also, the revisions to W-1 – Workers’ Compensation Deposit Development Plan – have been reviewed by the Program Committee, but the changes were not approved. The Programs Committee requested that the policy and procedure be reviewed again in December after the FY 15/16 workers’ compensation calculation is completed.

RECOMMENDATION: Staff recommends that the committee review the policy and procedure review schedule and approved the schedule as presented.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. AORMA Policy and Procedure Review Schedule
- b. Policy and Procedure A-5 – Annual Calendar of Reports, Audits and Filings

AORMA Policies and Procedures

Review Schedule

Policy and Procedure		Adopted	Amended / Reviewed	Scheduled for Review
A-1	AORMA Committee Composition, Elections and Terms Limits	4/18/2003	3/20/2014	2016
A-2	AORMA Committee and Standing Committee Roles and Responsibilities	8/19/2003	5/8/2014	2016
A-3	Target Surplus Funding Policy	1/10/2007	9/16/2010	2014
A-4	Dividends and Assessments	3/8/2007	9/16/2010	2014
A-5	Annual Calendar of Reports, Audits and Filings	10/29/2009	3/20/2014	2016
A-6	Risk Reduction Matching Grant Program	5/9/2013	3/20/2014	2016
A-7	Travel Reimbursement Policy	5/21/2013	5/21/2013	2015
C-1	Crime Program Member Allocation Formula	11/6/2013		2015
L-1	Claims Reporting	12/7/2006	5/10/2012	2014
L-2	Liability Claims Administration and Litigation Management	12/7/2006	5/10/2012	2014
L-3	Legal Counsel Selection	12/7/2006	5/10/2012	2014
Attachment	Carl Warren Retention Letter	N/A	9/12/2013	2014
Attachment	Carl Warren Legal Bill Suspension Letter	N/A	9/12/2013	2014
Approval	Approval of Maximum Allowable Hourly Rate for Legal Counsel	N/A	9/12/2013	2014
L-4	Employee Driving Standards	7/1/2002	6/17/2010	2014
L-5	Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations	8/19/2003	3/21/2013	2015
L-6	Requirement to Purchase PAI for all Activities Involving Minors	6/17/2010	6/17/2010	2014
L-7	Employment Practices Deductible Options	5/12/2011	12/5/2013	2015
P-1	Property Program Member Allocation Formula	11/6/2013		2015
UI-1	Formula for Determining Unemployment Insurance Program Annual Contributions	5/12/2010	5/8/2014	2016
W-1	Workers' Compensation Deposit Development Plan	5/15/2008	12/8/2009	2014
W-2	Contribution Payments	12/9/2004	3/20/2014	2016
W-3	Requirement of Members to Maintain Experience Modification Factor of 1.25 or Less	9/9/2003	3/20/2014	2016
W-4	Claims Handling Procedures and Guidelines	12/8/2009	3/20/2014	2016
W-5	Workers' Compensation Coverage Claims Settlement Authority	9/16/2010	3/20/2014	2016

W-6	Volunteer Coverage	1/12/2005	3/20/2014	2016
W-7	Workers' Compensation Safety Program Award - Safety	10/27/2005	3/20/2014	2016
W-8	Workers' Compensation Program Payroll Reporting	12/8/2009	3/20/2014	2016



CSURMA AORMA

POLICY AND PROCEDURE NO. A-5

SUBJECT:	CALENDAR OF REPORTS, AUDITS, FILINGS AND REVIEWS
ADOPTED:	OCTOBER 29, 2009
EFFECTIVE:	OCTOBER 29, 2009
AMENDED:	SEPTEMBER 12, 2013 NOVEMBER 6, 2013 MARCH 20, 2014

PURPOSE:

This policy and procedure outlines the various audits, reports and filings compiled by CSURMA AORMA on an annual basis.

POLICY:

It shall be the policy of the CSURMA AORMA to take the following action on an annual or semi-annual basis:

Reports and Audits:

1. Actuarial Study. Annually, an actuarial study will be performed on both the workers' compensation and liability programs to ascertain (1) the necessary funding for the upcoming fiscal year and (2) the outstanding liabilities for the prior fiscal years as detailed in CSURMA Policy & Procedure #4.
2. Claims Administration Audits for both the Liability and Workers' Compensation Program. These audits will be performed by an independent outside auditor in accordance with CSURMA Policy and Procedure #5. The AORMA Liability Program shall be audited in every odd numbered calendar year. The AORMA Workers' Compensation Program shall be audited in every even number calendar year.
3. Financial Audit. This audit will be performed annually by an independent outside auditor.

State of California Regulatory Required Filings:

1. Form 700 - Statement of Economic Interests. All designated and alternate AORMA Committee members will annually file with the FPPC the Form 700 - Statement of Economic Interests by April 1. All designated and alternate AORMA Committee members will also file with the FPPC the Form 700 upon becoming or retiring as a Committee designated or alternate member.

Policy and Procedure Review Schedule:

1. Every year during the annual AORMA Committee Long Range Planning meeting, the AORMA Policy and Procedure Review Schedule will be evaluated and approved.
2. In the absence of other reasons to review a policy and procedure more frequently, all policies and procedures will be reviewed at least every two years.

ADOPTION OF CSURMA AORMA 2015 MEETING CALENDAR

ISSUE: Noted below are the proposed 2015 AORMA Committee meeting dates.

Description	Date	Day	Time	Location
AORMA Committee	3/19	Thursday	10:00 AM	TBD
AORMA Committee	5/07	Thursday	10:00 AM	Long Beach
New Member Orientation	9/09	Wednesday	9:00 AM	TBD
AORMA Committee – LRP	9/09	Wednesday	10:00 AM	TBD
AORMA Committee	9/10	Thursday	9:00 AM	TBD
AORMA Committee	10/22	Thursday	10:00 AM	Long Beach
AORMA Committee	12/03	Thursday	10:00 AM	TBD

RECOMMENDATION: Staff recommends approving the proposed 2015 AORMA Committee meeting dates, with changes as appropriate.

FISCAL IMPACT: None.

BACKGROUND: After the meeting dates are approved, Staff will research hotel rates. If reasonably priced accommodations are available, the AORMA Committee meetings will be held in San Francisco. If not, the meetings will be held in either the Chancellor’s Office or the Alliant offices in Newport Beach.

PUBLICATION: The approved calendar will be posted on the CSURMA website and will be included in all of the agenda packets.

ATTACHMENT(S): None.

2015 AOA CONFERENCE SPONSORSHIP AMOUNT AND ATTENDEES

ISSUE: The annual Auxiliary Organizations Association (AOA) Conference will be held February 8 - 11, 2015 in Pasadena, CA. CSURMA AORMA provided sponsorship in the amount of \$20,000 for the 2014 conference.

RECOMMENDATION: It is recommended that the Committee review AORMA's participation in the upcoming AOA Conference and provide direction to Staff with regard to (a) amount of sponsorship and (b) which AORMA members will utilize the free conference registrations. AORMA will have six free registrations available.

FISCAL IMPACT: For the 2014 conference, CSURMA increased its sponsorship to \$20,000 and Alliant matched the \$20,000 sponsorship. Prior to 2013, CSURMA provided \$15,000 in sponsorship. For the 2013 conference, CSURMA increased its sponsorship to \$18,000. The additional \$3,000 was due to the termination of the AOUIT trust. Up until its termination, the Trust provided sponsorship in the amount of \$3,000.

BACKGROUND: The AOA Conference is a great opportunity for the AORMA Committee to remind the membership of the many ways they have benefited by joining the program. The conference is also a good venue for providing risk management training to a large number of its members at one time.

PUBLICATION: None.

ATTACHMENTS: None.

EMPLOYMENT LITIGATION PROPOSAL FROM NIXON PEABODY

ISSUE: Richard Bromley from Nixon Peabody has provided a proposal to AORMA for employment litigation legal defense.

RECOMMENDATION: Staff recommends that the Committee review the proposals and provide direction as appropriate.

FISCAL IMPACT: A fixed fee of \$100,000 per single plaintiff litigation matters, with a 10% collar has been proposed. The hourly rate charged for the employment litigation would be \$380.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Nixon Peabody Proposal dated August 26, 2014
- b. Nixon Peabody Proposal dated July 10, 2014



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Los Angeles, CA 90013-1010
213-629-6000

August 26, 2014

Robert de Wit
Auxiliary Organization Risk Management Alliance Committee Chair
California State University Risk Management Authority
c/o Alliant Insurance Service, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111

Dear Robert:

Thank you for the opportunity to present the CSURMA-AORMA Committee with additional information to clarify and support our original proposal.

Since 1997, Nixon Peabody has provided employment advice and defended many lawsuits for the AOA, CSURMA-AORMA, and their respective members. Through our long-standing relationship, we have gained a deep knowledge of your organization. This familiarity has given us the ability to work swiftly and efficiently on lawsuits for CSURMA-AORMA and its auxiliaries, such as *Pierotti v. Cal Poly Corporation, et al.*; *Peterson v. Aztec Shops, Ltd.*; *Kapusta v. Cal Poly Pomona Foundation*); and a class action *Nelson, et al., v. CSU East Bay Foundation*.

We know that CSURMA-AORMA and its member organizations are mindful of their legal budgets and count on high-value service that also is cost-efficient. As we illustrated in our initial proposal, and based on the great success we have had using similar fee arrangements for other clients, we have developed a fee proposal for CSURMA-AORMA's single-plaintiff litigation matters that is based on sharing risk and designed as a cost-saving model.

For your reference, our proposal for single-plaintiff **litigation** is as follows:

- i. **A fixed fee of \$100,000 per matter with a 10% collar**; the fixed-fee proposal reflects only NP attorney time—disbursements will be billed separately.
- ii. To explain the collar, if the project costs more than \$110,000 (\$100,000 fixed fee plus 10% collar), then all fees above \$110,000 will be billed at 80% of the agreed client rate; we will not bill you for services between \$100,000 and \$110,000.
- iii. If the project is delivered at less than \$90,000 (\$100,000 fixed fee less 10% collar), then 80% of the savings below \$90,000 will be shared back to you as a credit on the next matter.

- iv. Time will be recorded in the system using approved rates for identified timekeepers.
- v. Pricing reflects guaranteed minimum of 10 single-plaintiff litigation matters over the next 12 months; at the end of 12 months, we will meet to evaluate this program and discuss possible renewal terms. Although CSURMA-AORMA pays a rate of \$225/hr, we have based our flat fee and collar on a heavily discounted rate of \$380/hr, and we believe that our pricing model would still deliver an overall cost savings to CSURMA-AORMA's members.

The chart below illustrates how this proposed model would work in matters from \$80,000 to \$200,000 and the cost-savings accrued to CSURMA-AORMA.

Final Fees	Flat Rate	Variance	Additional Fees	Actual Payment	Future Credit	Total Cost	Per Hour Charge	Savings/Loss
\$ 80,000	\$ 100,000	\$ 20,000	\$ -	\$ 100,000	\$ 8,000	\$ 92,000	\$ 80,000	\$ (12,000)
\$ 90,000	\$ 100,000	\$ 10,000	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 90,000	\$ (10,000)
\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
\$ 110,000	\$ 100,000	\$ (10,000)	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 110,000	\$ 10,000
\$ 120,000	\$ 100,000	\$ (20,000)	\$ 8,000	\$ 108,000	\$ -	\$ 108,000	\$ 120,000	\$ 12,000
\$ 130,000	\$ 100,000	\$ (30,000)	\$ 16,000	\$ 116,000	\$ -	\$ 116,000	\$ 130,000	\$ 14,000
\$ 140,000	\$ 100,000	\$ (40,000)	\$ 24,000	\$ 124,000	\$ -	\$ 124,000	\$ 140,000	\$ 16,000
\$ 150,000	\$ 100,000	\$ (50,000)	\$ 32,000	\$ 132,000	\$ -	\$ 132,000	\$ 150,000	\$ 18,000
\$ 160,000	\$ 100,000	\$ (60,000)	\$ 40,000	\$ 140,000	\$ -	\$ 140,000	\$ 160,000	\$ 20,000
\$ 170,000	\$ 100,000	\$ (70,000)	\$ 48,000	\$ 148,000	\$ -	\$ 148,000	\$ 170,000	\$ 22,000
\$ 180,000	\$ 100,000	\$ (80,000)	\$ 56,000	\$ 156,000	\$ -	\$ 156,000	\$ 180,000	\$ 24,000
\$ 190,000	\$ 100,000	\$ (90,000)	\$ 64,000	\$ 164,000	\$ -	\$ 164,000	\$ 190,000	\$ 26,000
\$ 200,000	\$ 100,000	\$ (100,000)	\$ 72,000	\$ 172,000	\$ -	\$ 172,000	\$ 200,000	\$ 28,000

As an example, if a case required 404.4 hours of attorney billable time, CSURMA-AORMA's cost without the alternative fee model we propose would be \$153,672. Under our proposed model, CSURMA-AORMA's cost would be reduced to \$134,938—a cost-savings of \$18,734.

Based on our prior litigation experience with the AOA and CSURMA-AORMA, the above-rates are comparable to the overall costs that CSURMA-AORMA currently pays for its employment litigation cases. Indeed, we believe that our experience with CSURMA-AORMA and its member organizations and our overall approach to litigation reveals that we are more efficient and will produce an overall better work product than what CSURMA-AORMA currently receives.

I look forward to continuing our relationship and hearing back from you after your September 11 meeting.

Best regards,

Richard E. Bromley, Esq.



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July 10, 2014

Robert W. de Wit
Chair
Auxiliary Organizations Association
Risk Management & Insurance Programs Committee
6049 East Seventh Street
Long Beach, California 90840

Dear Robert:

Thank you for the opportunity to present the AORMA Committee with this proposal to provide employment litigation services to the AOA.

It has been a privilege to work with the AOA for more than 17 years as its employment counsel. Over the years, we have provided general employment advice and employee benefits counseling to AOA members while defending some employment lawsuits. We are excited about the opportunity to expand our relationship in the area of employment litigation. Our firm is familiar with the AOA and its members, and that knowledge makes us uniquely well-suited to handle employment litigation matters relating to the AOA and its auxiliaries.

Set forth below is a brief summary of our California presence, employment litigation capabilities, and representative experience, along with a proposed fee structure for handling the AOA's employment litigation matters in addition to the advice work that we currently provide. I hope this brief snapshot of our proposed services and relevant experience is helpful to you and the Committee. If you would like additional information, please don't hesitate to reach out. I would be happy to discuss this proposal in more detail at any time.

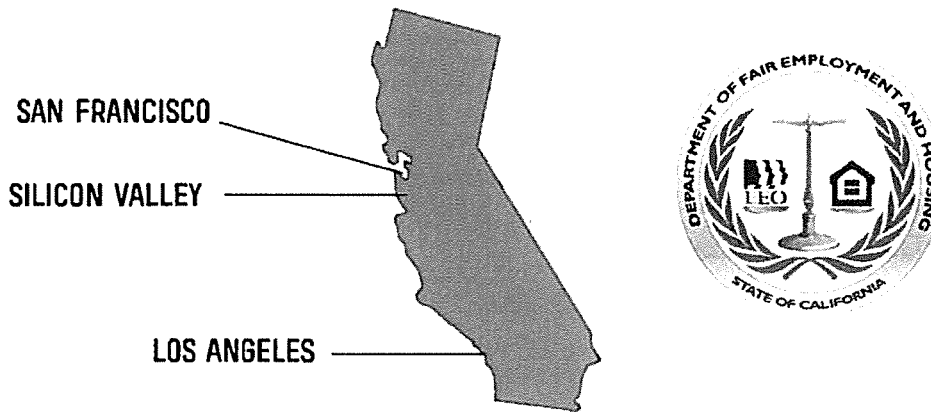
I look forward to continuing our relationship, and hope to have the opportunity to provide these additional services to the AOA.

Best regards,

Richard E. Bromley, Esq.

A strong California base

We have three California offices – in Los Angeles, Palo Alto, and San Francisco. More than 30 of Nixon Peabody’s Labor and Employment attorneys work in California and understand the state’s unique employment laws.



California labor & employment issues

In addition to being the nation’s most populous state, California is also home to many of the most vexing employment laws, aggressive administrative agencies, and employee-friendly court rulings. Our California Labor & Employment team is a group of skilled and tenacious litigators who have defeated numerous motions for class certification, won motions to dismiss and/or for summary judgment on the merits, and successfully leveraged creative procedural and substantive defenses to negotiate settlements covering tens of thousands of class members at steep discounts to our clients, often saving those clients millions of dollars in potential damages.

Some California-specific issues include:

- Unique wage-hour protocols and procedures.
- State regulations that differ from the FLSA regarding exempt employees.
- Domestic partner issues and protections.
- Vacation time accrual.
- Additional leave allowances.
- Trade secret and protective covenant exclusions.
- City issues: San Francisco’s health care and sick leave ordinances.

With offices in both northern and southern California, staffed by labor and employment law leaders, we are uniquely qualified to represent clients with employees and former employees who are spread across the state. We are where you need us to be in California.

Labor & employment litigation

Our team has provided employment advice and has defended many lawsuits for the AOA and its members since 1997. We have gained a deep knowledge of your organization and we are focused on helping to manage any workplace issue you or your auxiliaries may encounter. We get how important it is for your employees, and the employees of the auxiliaries, to have strong working relationships to keep your business, and the campuses of CSU, moving forward.

We have worked with you to show the benefits of proactive planning and training, and have helped develop best practices for your workplace to help protect you from costly disputes. However, we continue to see an increase in the filing of employment-related lawsuits year after year. When litigation is unavoidable, our deep bench of seasoned trial lawyers is here to help.

We are recognized for our significant track record, and *U.S. News* ranked us at the prestigious National Tier One Level in their 2013–2014 “Best Law Firms” rankings for both “Employment Law – Management” and “Litigation – Labor & Employment.”

We are committed to working with the AOA to help manage all of its employment litigation needs. Whether facing single-plaintiff cases or class actions involving hundreds of claimants, for every case, we field an experienced team made up of seasoned lawyers who have a reputation as skilled and tenacious advocates – a very effective tool in resolving the cases on terms under which our clients come out the “winner.” We regularly appear in federal and state trial and appellate courts throughout the United States, including the Supreme Court.

Our team has seen it all. We have defended clients in nearly every type of employment litigation case imaginable, including:

- wage-hour and FLSA claims
- discrimination, harassment, and Title VII allegations
- whistleblowing and retaliation claims
- OSHA cases
- complex class actions and multi-jurisdictional cases
- single-plaintiff wrongful discharge suits

Indeed, we successfully resolved several lawsuits for AOA members during the past four years (*i.e.*, *Pierotti v. Cal Poly Corporation, et al.*; *Peterson v. Aztec Shops, Ltd.*; and *Kapusta v. Cal Poly Pomona Foundation*), including a wage-hour class action (*Nelson, et al., v. CSU East Bay Foundation*).

Class action defense

We resolve even the most complex class actions predictably, efficiently, and cost-effectively, but what our clients most value is the edge we give them because we counsel ahead of developing trends. We represent clients facing all manner of aggregate actions, including classic opt-out class actions, non-opt-out class actions, quasi-class mass tort cases, “private attorney general” matters, securities litigation, shareholder derivative suits, and class arbitrations.

In the past five years alone, we have successfully defended more than 100 class and other aggregate actions (involving more than 100 million class members) in a variety of forums across the nation. We aggressively challenge plaintiffs’ attempts to aggregate the case. From early evidentiary hearings on class certification to making law on enforcing class waivers in arbitration agreements, we work the strategy necessary for maximum advantage. By tenaciously chasing success on these threshold issues, we set our clients up for favorable settlement negotiations.

We put our clients first. You will always work with experienced trial lawyers as well as members of our cross-disciplinary team, who possess deep insight into their respective industries. We are also committed to reducing client costs, through early resolution strategies and smart use of cutting-edge litigation technology.

Wage-hour class actions

Class and collective action litigation over wage-hour violations is one of the greatest threats for employers today. In the last few years, the number of wage-hour class actions has skyrocketed, outpacing the frequency and severity of all other employment-related litigation. Even minor mistakes can expose a business, and its individual managers, to millions of dollars in damages.

Our Wage-Hour Litigation team is made up of experienced, savvy litigators who understand the unique issues in wage-hour cases and have successfully resolved disputes involving thousands of class members with high damages exposure. We have decades of experience in representing clients in state and federal courts, before administrative agencies, and on a multi-jurisdictional basis. These cases have involved an array of issues, including allegations of misclassification of exempt/non-exempt employees, “off-the-clock” work, miscalculated commissions, unpaid meal periods (arising from auto-deduction policies), regular rate calculations, and improper use of “comp time.”

Our wage-hour litigation strategy sets us apart. We have developed an effective, analytical framework to defend against these unique actions. Our methodology often includes conducting an early case assessment to evaluate the underlying merits of the case and potential procedural and substantive defenses, including well-developed tactics to defeat class certification. Our goal is to determine the most cost-effective approach to defending the action to achieve either net settlement or trial advantage, while remaining attentive to your overall business objectives.

Representative experience

- *DeMattio v. SolarCity Corp.*, California Superior Court, County of Los Angeles—Defending one of the nation’s largest solar energy providers in a class action brought against it by sales representatives working for the company in California. The case involves allegations that the sales reps were not paid the full amount of the commissions owed to them under the company’s commission plans. In fact, the company overpaid commissions, and has counterclaimed to recover such overpayments. The firm currently has filed its opposition to the plaintiffs’ Motion for Class Certification.
- *Alvarado and Cruz v. Sun World International, LLC, et al.*, Superior Court of the State of California, County of Kern—Won a complete denial of class certification in a wage-hour class action filed by two plaintiffs seeking an estimated \$40 million from our client, Sun World International, for a putative class of approximately 8,000 farm workers harvesting table grapes and tree fruits either directly for Sun World or through farm labor contractors. The case involved meal and rest period claims, off-the-clock and expense claims, and failure to pay for time allegedly spent washing *bandejas* (grape harvest trays), and sought a determination under a “joint employer” theory that the farm labor contractors’ employees be treated as employees of Sun World. Our bilingual team interviewed and obtained more than 220 declarations from mostly Spanish-speaking putative class members working in fields located all over Central and Southern California, directly disputing the Plaintiffs’ claims and establishing an overwhelming lack of commonality and typicality, which led to a complete denial of the Motion to Certify.
- *Kerber v. Kforce Inc.*, California Superior Court, County of San Mateo—Represented a national staffing company in a putative class action lawsuit filed by a former consultant in California Superior Court. The lawsuit alleged wage-hour claims under California law, including failure to pay minimum wages and overtime, meal and rest period violations, itemized wage payment statements claims, secret underpayment of wages, and waiting time penalties, and for civil penalties under California’s Labor Code Private Attorney General Act. The putative class consisted of non-exempt consultants employed in California throughout a four-year time period, totaling more than 10,000 employees. During Plaintiff’s deposition, our legal team successfully got Plaintiff to admit away most of his claims through highlighting his repeated lawsuits against numerous other defendants, about which he claimed to recall nothing; the plaintiff’s repeated falsities on his résumé and application; and the fact he knew nothing about other employees. Plaintiff was also caught in lies about his claims. The deposition also disclosed likely spoliation of evidence by Plaintiff. Following the deposition, Plaintiff agreed to dismissal of his case and the class action for a nominal amount.
- *Nelson v. Hertz*, Superior Court of the State of California, County of Orange—Defeated class certification in a meal-and-rest-period class action brought on behalf of about 1,500 Hertz Local Edition Corp. employees throughout California.

- *Nelson, et al., v. CSU East Bay Foundation, Inc.*—Represented the language institute at CSU East Bay in response to a class action brought by instructors for unpaid preparation time. After investigating Plaintiff’s claims, we quickly managed a strategy in which the foundation settled claims with every one of the instructors except four. The latter four eventually settled once they saw that class certification was futile, given the prior settlements.
- *Turow v. Gump’s*—Represented San Francisco luxury retailer Gump’s in age discrimination claim. A long-term employee in her 70s terminated in a layoff claimed her termination was based on unlawful age discrimination. Gump’s was able to demonstrate that it retained many workers even older than Plaintiff and that business in Plaintiff’s department had significantly decreased due to her lack of initiative and the recession. We obtained a very favorable settlement and avoided the filing of a lawsuit.
- *Bran v. Sun Pacific Farming Cooperative, Inc.*, Kern County Superior Court—Defended a class action suit by farm workers alleging claims for unpaid overtime, off-the-clock violations, failure to provide meal and rest periods, waiting time penalties, etc. The Complaint alleged violations of the California Labor Code, applicable Wage Order, and Business & Professions Code Section 17200. We pursued an aggressive defense of the case and blocked Plaintiff’s efforts to secure class certification. On the eve of trial, Plaintiff dropped the case without prejudice, and without any payment by our client.
- *Flanagan v. Epson America, Inc.*, LA Superior Court—First-ever electronic mail privacy case filed against an employer anywhere in the United States. Class certification was denied because the court held that there was no cause of action that could be stated against an employer for reviewing emails sent and/or received on the employer’s system.
- *Andrade v. Dollar Tree Stores*, Orange County, CA—Defended Dollar Tree Stores in a state-wide class action alleging meal/rest break violations. After mediation and discovery, case was settled on terms favorable to Dollar Tree Stores.
- *West v. Bechtel Corp.*, San Francisco Superior Court—Represented Bechtel Corp. in an EEO (age) and employment contract matter. Plaintiff verdict was reversed and judgment directed for our client.
- *Howe, et al., v. BTC Laboratories, Inc., et al.*, Superior Court of the State of California, County of Ventura—Successfully represented the defendant in a hearing involving the factual and legal issues presented in a wage-hour class action. Following the hearing, the judge issued a written decision substantially in favor of the Defendant, holding that the employees were not under the employer’s control for the missed meal periods, the work was not on prevailing wage projects, and they were on-call employees, and therefore the employer was not subject to the failure to pay wages upon termination at the end of each project.

- *Badger v. Crosscheck Inc.*, Sonoma County Superior Court, Case No. 235610—Defended an employer in a class action case in which a group of current and former customer service representatives sought damages for numerous alleged violations of the California Labor Code, including denial of meal and rest breaks, unpaid wages, failure to furnish accurate itemized wage statements, and failure to afford the opportunity to inspect payroll records. Plaintiffs also alleged violations of B&P Code Section 17200, and sought recovery for such violations under Section 17203. After filing a demurrer and taking advantage of the undecided state of the law as to whether recovery for missed meal periods was a wage or a penalty, and a motion to strike Plaintiffs’ Section 17200 allegations, the case settled for less than a quarter of Plaintiffs’ claim.
- *Brown, et al., v. Albertsons, Inc., et al.*, Los Angeles Superior Court—Defended Cendant Corporation and Cache in class action case alleging that they and over 100 other national companies used improper employment applications in violation of the California Labor Code. Demurrer sustained and case dismissed.
- *George Malak, et al., v. Union Bank of California, N.A.*, California Superior Court, County of San Francisco, Case No. CGC 08-474278—Defended bank in class action alleging that home mortgage loan officers were misclassified as exempt and should be entitled to overtime and waiting time penalties. After discovery, the case settled for \$250,000, a small fraction of Plaintiffs’ claim. The court approved the settlement.
- *Gerardo Ortego, et al., v. CR&R Incorporated, et al.*, Superior Court of the State of California, County of Los Angeles, Central District, Case No. BC414624—Currently representing CR&R Incorporated, one of Southern California’s most innovative and successful recycling and waste collection companies, in a wage-hour class action lawsuit. Plaintiff is attempting to certify a class of 700 solid-waste-disposal drivers in the company’s Los Angeles and Orange County operations. The Complaint alleges that Defendant failed to provide the class members with meal and rest periods as required by California law. The Complaint also seeks recovery penalties for alleged wage statement violations, waiting time penalties, and other relief.

Fee proposal & project management

We offer clients best-in-class project management disciplines and tools—all supported by a dedicated team of MBA-educated finance, accounting, and strategy professionals. We will track each AOA matter using NP Project Management, our legal project management software, so that we can effectively manage each engagement and provide real-time updates to you as needed.

We know our clients are mindful of their legal spend and count on high-value service that is cost-efficient. To that end, we staff leanly, monitor all bills, and work closely with clients to keep expenses down. We also offer a variety of fee options—including capped rates, blended rates, fixed fees, phased fees, success fees, monthly retainers, and contingency agreements—to meet the unique needs of our clients.

For hourly based matters, we propose a discounted, capped hourly rate of \$380/hour. That rate reflects an increase in the AOA's current hourly rate of \$320/hour, which we have left unchanged since 2007.

For AOA's single-plaintiff litigation, we have developed the fee proposal below based on the great success we have had in using similar fee arrangements for other clients. In our experience, this model can significantly save clients on litigation costs and provides greater efficiency in how we handle cases. The model is based on sharing risk, with the assumption that we will profit on some matters and take a loss on others. We are willing to take this risk because we are excited about the possibility of expanding our relationship with the AOA, and we believe that the model can bring significant value to both of us. Our fee proposal for single-plaintiff litigation is as follows:

- i. A fixed fee of \$100,000 per matter with a 10% collar; the fixed-fee proposal reflects only NP attorney time—disbursements will be billed separately.
- ii. To explain the collar, if the project costs more than \$110,000 (\$100,000 fixed fee plus 10% collar), then all fees above \$110,000 will be billed at 80% of the agreed client rate; we will not bill you for services between \$100,000 and \$110,000.
- iii. If the project is delivered at less than \$90,000 (\$100,000 fixed fee less 10% collar), then 80% of the savings below \$90,000 will be shared back to you as a credit on the next matter.
- iv. Time will be recorded in the system using approved rates for identified timekeepers.
- v. Pricing reflects guaranteed minimum of 10 single-plaintiff litigation matters over the next 12 months; at the end of 12 months, we will meet to evaluate this program and discuss possible renewal terms.

Our long-standing relationship with the AOA is important to us, and we aim to please. We offer flexibility in terms of our proposed fee structures and would be happy to discuss the above fee structures, or alternatives, in more detail at any time.

CSURMA AORMA 2014 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 – 2014 Meeting Calendar



California State University Risk Management Authority
 Auxiliary Organizations Risk Management Alliance

2014 CSURMA • AORMA MEETING CALENDAR

JANUARY, 2014	FEBRUARY, 2014	MARCH, 2014
12-15 AOA Conference: Sacramento	3 MSLCTC: Teleconference, 11:00 a.m. 6 PC: Teleconference, 2:00 p.m. 18 Liab claim review: Teleconference, 10:00 AM Only the AORMA Chair and Vice Chair attend the liab claim review	3 MSLCTC: Teleconference, 11:00 a.m. 6 PC: Teleconference, 1:00 p.m. 20 AORMA: Newport Beach, 10:00 a.m. 20 EC: Newport Beach: 2:30 p.m. 21 EC LRP: Newport Beach, 8:00 a.m. 21 AOA EC: Pasadena: 8:30 a.m. Only the AORMA Chair and Vice Chair attend the EC meetings Only the AORMA Chair attends to AOA EC meeting
APRIL, 2014	MAY, 2014	JUNE, 2014
3 PC: Teleconference, 1:00 p.m. 7 MSLCTC: Teleconference, 11:00 a.m. 8 Liab claim review: Teleconference, 10:00 AM 10 PC: Teleconference, 2:00 p.m. Only the AORMA Chair and Vice Chair attend the liab claim review	1 PC: Teleconference, 1:00 p.m. 8 AORMA: Long Beach, 10:00 a.m. 9 EC: Long Beach, 8:00 a.m. 9 BOD: Long Beach, 10:30 a.m. 26 MSLCTC: Teleconference, 11:00 a.m. 27 MSLCTC: Teleconference, 11:00 a.m. Only the AORMA Chair and Vice Chair attend the EC meetings All AORMA Committee members attend the BOD	5 PC: Teleconference, 1:00 p.m. 20 AOA EC: Long Beach 26 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



California State University Risk Management Authority
Auxiliary Organizations Risk Management Alliance

2014 CSURMA • AORMA MEETING CALENDAR

JULY, 2014	AUGUST, 2014	SEPTEMBER, 2014
<p>02 PC: Teleconference, 1:00 p.m. 15/16 AORMA Officers Retreat, Sonoma 28 MSLCTC: Teleconference, 11:00 a.m. 31 PC: Teleconference, 1:00 p.m.</p> <p>Only the AORMA Chair, Vice Chair, Past Chair and Ex Officio attend the AORMA Officers Retreat</p>	<p>13 Liab claim review: Telecon, 10:00 a.m. 15 AOA EC: San Diego 21 PC: Teleconference, 1:00 p.m.</p> <p>Only the AORMA Chair and Vice Chair attend the liab claim review</p> <p>Only the AORMA Chair attends to AOA EC meeting</p>	<p>10 AORMA New Committee Member Orientation: Newport Beach, 9:00 a.m. 10 AORMA LRP: Newport Beach, 10:00 a.m. 11 AORMA: Newport Beach, 9:00 a.m. 12 EC: Newport Beach, 8:30 a.m. 29 MSLCTC: Teleconference, 11:00 a.m.</p> <p>Only the AORMA Chair and Vice Chair attend the EC meetings</p>
OCTOBER, 2014	NOVEMBER, 2014	DECEMBER, 2014
<p>23 AORMA: Long Beach, 10:00 a.m. 24 EC: Long Beach, 9:00 a.m. 24 BOD: Long Beach, 10:30 a.m.</p> <p>Only the AORMA Chair and Vice Chair attend the EC meetings</p> <p>All AORMA Committee members attend the BOD</p>	<p>12 Liab claim review: Teleconference, 10:00 AM 17 MSLCTC: Teleconference, 11:00 a.m. 21 AOA EC: Pasadena</p> <p>Only the AORMA Chair and Vice Chair attend the liab claim review</p> <p>Only the AORMA Chair attends to AOA EC meeting</p>	<p>4 AORMA: TBD, 10:00 a.m. 5 EC: TBD, 8:30 a.m. 11 PC: Teleconference, 1:00 p.m.</p> <p>Only the AORMA Chair and Vice Chair attend the EC meetings</p>

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

CSURMA AORMA PROGRAM ADMINISTRATOR CONTACT LISTS

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

RECOMMENDATION: No action is requested on this item.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

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

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Hsan Htein Van Rin	hhhtein@alliant.com vrin@alliant.com	415-403-1452 415-403-1408	415-874-4810 415-874-4810
General CSURMA Coverage Questions	Robert Leong Van Rin Hsan Htein Daniel Howell	rleong@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
General AORMA Coverage Questions	Mimi Long Van Rin Hsan Htein Daniel Howell Melissa Diaz	mlong@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com mdiaz@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426 415-403-1444	415-874-4810 415-874-4810 415-874-4810 415-874-4810 415-874-4810
Inland Marine	Van Rin Hsan Htein Mimi Long	vrin@alliant.com hhhtein@alliant.com mlong@alliant.com	415-403-1408 415-403-1452 415-403-1423	415-874-4810 415-874-4810 415-874-4810
Participant Accident Insurance (PAI)	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Foreign Travel Program	Stacey Weeks Van Rin	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
General Risk Management Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Alliant Claims Consulting	Robert Frey Diana Walizada Michelle Maffei Martin Fox-Foster Elaine Kim	rfrey@alliant.com dwalizada@alliant.com mmaffei@alliant.com martin.fox-foster@alliant.com ekim@alliant.com	415-403-1445 415-403-1453 415-403-1418 415-403-1417 415-403-1458	415-403-1466 415-403-1466 415-403-1466 415-403-1466 415-403-1466
Form 700	Tevea Him	thim@alliant.com	415-403-1416	415-402-0773
Website and Technology Questions	Melissa Diaz Myron Leavell	mdiaz@alliant.com mleavell@alliant.com	415-403-1444 415-403-1404	415-874-4810 415-874-4810

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
CSU Chancellor's Office				
CSU Chancellor's Office	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Rebecca Skidmore	rskidmore@calstate.edu	562-951-4574	562-951-4859
	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Alice Kim	akim@calstate.edu	562-951-4627	562-951-4865
	Kelly Cox	kcox@calstate.edu	562-951-4611	562-951-4865
	Mandy Wong	mwong@calstate.edu	562-951-4578	562-951-4865
	Rima Tanuwidjaja	rtanuwidjaja@calstate.edu	562-951-4621	562-951-4856
	Robert Eaton	reaton@calstate.edu	562-951-4572	562-951-4971
	Audra Reed	areed@calstate.edu	562-951-4564	562-951-4971
	William Hsu	whsu@calstate.edu	562-951-4500	562-951-4956

Loss Control Consultants – Alliant Risk Control

Alliant Risk Control Consulting	Brent Escoubas	bescoubas@alliant.com	949-260-5013	
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Online Training - TargetSolutions

Business Manager	Kelly Zielinski	kelly.zielinski@targetsolutions.com	858-683-7229	858-487-8762
Account Manager	Ashley Cole Clair Miller	ashley.cole@targetsolutions.com claire.miller@targetsolutions.com	858-638-7176 858-976-1629	

Unemployment Insurance Claims Administrator – Employers Edge

Client Services	Angie Hansen	ahansen@employersedge.com	720-891-4900 x116	720-420-7356
Unemployment Claims Operations, Claim Specialist	Reina Gonzales	rgonzales@employersedge.com	720-891-4900 x139	720-420-7390
Tax Analyst	Larry Blankenship	lblankenship@employersedge.com	720-891-4900 x108	720-420-7430
Appellate Level	Jen Venable Jamie Clark	jvenable@employersedge.com jclark@employersedge.com	720-891-4900 x114 720-891-4900 x122	720-420-7354 720-420-7396
Account Management	Steve Bell	sbell@employersedge.com	720-891-4900 x101	720-420-7431

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
Human Resources Consulting – Employers Group				
Helpline	Mark Nelson Kimberly Nwamanna	mnelson@employersgroup.com knwamanna@employersgroup.com	213-765-3952 213-765-3982	
Client Service	Bill Stephens	bstephens@employersgroup.com	805-807-9922	213-226-0216
Reference Library	Robert Campbell	rcampbell@employersgroup.com	800-748-8484 Ext. 3430	
Unemployment Questions	Mark Nelson	mnelson@employersgroup.com	213-765-3952	
Affirmative Action Plans	Suzanne Oliva	soliva@employersgroup.com	213-765-3918	
Leave Management	Kimberly Nwamanna	knwamanna@employersgroup.com	213-765-3982	
Research and Surveys	Juan Garcia	jgarcia@employersgroup.com	213-765-3969	
Employer Advocacy	Ken Tiratira	ktiratira@employersgroup.com	213-765-3915	



LIABILITY – CLAIMS REPORTING CONTACT

In the event of a loss, please contact:

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

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

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



POLLUTION – CLAIMS REPORTING CONTACT

(All pollution incidents must be reported within **seven days of discovery)**

Report the incident immediately to:

ACE Environmental Risk
888-310-9553

AND:

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

Tel: 877-725-7695
Fax: 415-403-1466

OR:

Diana Walizada, Claims Unit Manager **OR** **Michelle Maffei, Senior Claims Advocate**

Alliant Insurance Services, Inc.
E-mail: dwalizada@alliant.com
Tel: 415-403-1453
Fax: 415-403-1466
Cell: 415-693-8714

Alliant Insurance Services, Inc.
E-mail: mmaffei@alliant.com
Tel: 415-403-1418
Fax: 415-403-1466
Cell: 415-693-8864

After hours claims reporting number:

Robert Frey, First Vice President

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

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



CYBER LIABILITY – CLAIMS REPORTING CONTACT

Report the incident immediately to:

Beazley Group
1270 Avenue of the America's, Suite 1200
New York, NY 10020

tmbclaims@beazley.com
Tel: 646-943-5900
Fax: 546-378-4039

AND COPY TO:

Elaine Kim, Claims Advocate
Alliant Insurance Services, Inc.
E-mail: ekim@alliant.com
Tel: 415-403-1453
Fax: 415-403-1466
Cell: 415-693-8714

OR Diana Walizada, Claims Unit Manager
Alliant Insurance Services, Inc.
E-mail: mmaffei@alliant.com
Tel: 415-403-1453
Fax: 415-403-1466
Cell: 415-693-8714

OR:

After hours claims reporting number:

Robert Frey, First Vice President
Alliant Insurance Services, Inc.

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



SPECIAL LIABILITY INSURANCE PROGRAM (SLIP) CLAIMS REPORTING CONTACT

Report the incident immediately to:

Elaine Kim, Claims Advocate
Alliant Insurance Services, Inc.
E-mail: ekim@alliant.com
Tel: 415-403-1453
Fax: 415-403-1466
Cell: 415-693-8714

OR Diana Walizada, Claims Unit Manager
Alliant Insurance Services, Inc.
E-mail: mmaffei@alliant.com
Tel: 415-403-1453
Fax: 415-403-1466
Cell: 415-693-8714

OR:

After hours claims reporting number:

Robert Frey, First Vice President
Alliant Insurance Services, Inc.

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



AUTO PHYSICAL DAMAGE (APD) CLAIMS REPORTING CONTACT

Report the incident immediately to:

Elaine Kim, Claims Advocate
Alliant Insurance Services, Inc.
E-mail: ekim@alliant.com
Tel: 415-403-1453
Fax: 415-403-1466
Cell: 415-693-8714

OR Diana Walizada, Claims Unit Manager
Alliant Insurance Services, Inc.
E-mail: mmaffei@alliant.com
Tel: 415-403-1453
Fax: 415-403-1466
Cell: 415-693-8714

OR:

After hours claims reporting number:

Robert Frey, First Vice President
Alliant Insurance Services, Inc.

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



PROPERTY / BOILER & MACHINERY CLAIMS REPORTING CONTRACT

Report the incident immediately to:

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

Tel: 877-725-7695
Fax: 415-403-1466
Cell: 415-693-8714

OR:

Diana Walizada, Claims Unit Manager	OR	Michelle Maffei, Senior Claims Advocate
Alliant Insurance Services, Inc.		Alliant Insurance Services, Inc.
E-mail: dwalizada@alliant.com		E-mail: mmaffei@alliant.com
Tel: 415-403-1453		Tel: 415-403-1418
Fax: 415-403-1466		Fax: 415-403-1466
Cell: 415-693-8714		Cell: 415-693-8864

AND COPY TO:

Cathryn O'Meara
McLaren's
1301 Dove Street, Suite 200
Newport Beach, CA 92660
cathryn.omeara@mclarens.com
Tel: 949-757-1413
Fax: 949-757-1692

After hours claims reporting number:

Robert Frey, First Vice President
Alliant Insurance Services, Inc.

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



WORKERS' COMPENSATION – CLAIMS REPORTING CONTACT

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

Brian Montagnese - Supervisor
Sedgwick CMS
P.O. Box 14629
Lexington, KY 40512-4629

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

YOUR CLAIM WILL BE ASSIGNED TO EITHER:

Katie Brandt, Adjuster
Sedgwick CMS
P.O. Box 14629
Lexington, KY 40512-4629

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

OR:

Biba Olson, Claims Assistant
Sedgwick CMS
P.O. Box 14629
Lexington, KY 40512-4629

E-mail: biba.olson@sedgwickcms.com
Tel: 916-851-8059
Fax: 916-851-8079



PARTICIPANT ACCIDENT INSURANCE (PAI)

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

Health Special Risk, Inc.

HSR Plaza II
4100 Medical Parkway
Carrollton, TX 75007

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



UNEMPLOYMENT INSURANCE PROGRAM (UIP)

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

Reina Gonzales, Claim Specialist

Employers Edge
P.O. Box 351567
Westminister, CO 80035

Email: rgonzales@employersedge.com

Tel: (720) 891-4900 x139

Steve Bell, Account Management

Employers Edge
P.O. Box 351567
Westminister, CO 80035

Email: s.bell@employersedge.com

Tel: (720) 891-4900 x101

AORMA TRAVEL REIMBURSEMENT POLICY

ISSUE: Reasonable expenses associated with your travel to and from this meeting are reimbursable by CSURMA. Attached for your review is Policy & Procedure A-7 – CSURMA AORMA Travel Reimbursement Policy.

RECOMMENDATION: No action is requested on this item.

FISCAL IMPACT: None.

BACKGROUND: Please contact Mimi Long should you have any questions regarding your travel expenses.

PUBLICATION: None.

ATTACHMENT(S):

- a. Policy & Procedure A-7 – CSURMA AORMA Travel Reimbursement Policy



CSURMA AORMA

POLICY AND PROCEDURE NO. A-7

SUBJECT: CSURMA AORMA TRAVEL REIMBURSEMENT
POLICY

ADOPTED: MARCH 21, 2013

EFFECTIVE: MARCH 21, 2013

PURPOSE:

CSURMA AORMA members benefit from the work of their elected and appointed representatives who give their time to participate in the governance and development of CSURMA programs. Committee Member in person attendance at the AORMA Committee, standing committee meetings and task group meetings is preferred. This Policy and Procedure is intended to formalize the prior existing practices of CSURMA.

POLICY:

It is the policy of the CSURMA AORMA Committee that reasonable and actual expenses incurred by AUTHORIZED TRAVELERS for COVERED PURPOSES related to operation of CSURMA's programs shall be reimbursed. The method of approving travel, and reporting and calculating the reimbursable amount shall be in accordance with the travel reimbursement policy of the California State University or the AUTHORIZED TRAVELER's member auxiliary organization at the time of the travel.

PROCEDURE:

1. Reimbursement requests will be reported on the AUTHORIZED TRAVELER's completed State of California – Travel Expense Claim form or the form utilized by the AUTHORIZED TRAVELER'S member auxiliary organization. The claim form should be forwarded to the AUTHORIZED TRAVELER's member auxiliary organization accounting department for reimbursement. The member auxiliary organization's accounting department should then seek reimbursement from CSURMA.
2. The AORMA Committee Member's accounting department should send the following documents to CSURMA c/o the Systemwide Office of Risk Management:
 - a) Invoices for all reasonable expenses
 - b) Completed State of California (or AUTHORIZED TRAVELER's member auxiliary organization) – Travel Expense Claim form
 - c) Documentation of the purpose of the travel such as a copy of the agenda, presentation, etc. for the COVERED PURPOSE that the COVERED TRAVELER attended.



DEFINITIONS:

AUTHORIZED TRAVELERS – includes AORMA Committee members and officers, standing committee members and participants in duly established task groups. Other persons traveling on CSURMA AORMA related travel shall be reimbursed pursuant to this P&P No. A-7 as agreed under separate agreement in advance of the travel. Independent consultants shall not be considered **AUTHORIZED TRAVELERS** under this P&P No. A-7 and any travel expenses incurred by independent consultants may be reimbursed as provided under separate consulting agreements.

COVERED EXPENSES – includes reasonable expenses incurred by the **AUTHORIZED TRAVELER** as provided under the travel reimbursement policy of the California State University or the traveler's CSURMA member auxiliary organization travel reimbursement policy requirements.

COVERED PURPOSES – covered purposes shall include attendance at meetings of the CSURMA AORMA Committee, standing committees, task group meetings, program presentations, member meetings, and approved professional development trainings. Any other **COVERED PURPOSES** must be approved for reimbursement by the AORMA Committee. The AORMA Committee Chair or designee is expected to attend the AOA Executive Committee meetings as the representative of the AORMA Committee and therefore reasonable expenses associated with travel to and from as well as participation in the AOA Executive Committee meetings are reimbursable by CSURMA. If there is travel to an event that would otherwise be a **COVERED PURPOSE** in conjunction with another event the **AUTHORIZED TRAVELER** would otherwise attend such as the AOA Annual Conference or the CSURMA Fitting the Pieces Together Conference, the **AUTHORIZED TRAVELER** is eligible for reimbursement of **COVERED EXPENSES** to attend the **COVERED PURPOSE** meeting only and there will be no CSURMA reimbursement of the expenses the **AUTHORIZED TRAVELER** would have normally incurred to attend the AOA Annual Conference or the CSURMA Fitting the Pieces Together Conference.

CSURMA AORMA COMMITTEE CONTACT LIST

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
OPEN SEAT							