



CSURMA AORMA Officers Retreat 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 publicly accessible places, including the Internet, at least ten (10) days in advance of the meeting.

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

Date & Time:	July 26, 2023 – 11:00 AM to 4:00 PM July 27, 2023 – 8:00 AM to 11:00 AM
Location:	Sonoma Valley Inn (Vallejo Room) 550 2nd Street West Sonoma, CA 95476

A. Call to Order

- 1. **Approval of the Agenda** A p. 5
The Committee will be asked to approve the agenda order.

B. Public Comments

C. Topics for Discussion

- 1. **Long Range Action Plans** I p. 6
 - a. **AORMA Committee**
 - b. **CSURMA Executive Committee**
The Committee will hear a report on the tasks within the AORMA and Executive Committee long range action plans.
- 2. **AORMA Coverage Programs / Rating Plan Review** A
The Officers will discuss the AORMA Coverage Programs including changes to the reinsurance and excess insurance, current rating allocations, and recommendations for change, if any.
 - a. AORMA Liability Program p. 14
 - b. AORMA Workers’ Compensation Program p. 33
 - c. AORMA Property Program p. 38
 - d. AORMA Crime Program p. 49
 - e. AORMA Unemployment Insurance Program p. 54
 - f. AORMA Benefits Program p. 59
- 3. **AORMA Coverage Programs - Financial Report** I p. 99
The Officers will review and discuss the following financial exhibits for the AORMA coverage programs:
 - a. CSURMA financial statement
 - c. Target retained funds exhibits

- 4. **AORMA Coverage Programs - Loss Reports** I p. 114
The Committee will review loss reports for each AORMA pooled program.
 - a. Review of loss leaders
 - b. Discussion of loss control / risk management techniques

- 5. **Loss Control Vendor Utilization Reports** I p. 128
The Officers will discuss the current services provided by the various loss control vendors as well as reviewing the utilization reports:
 - a. Alliant Risk Control Consulting
 - b. Presidium
 - c. Employer Group

- 6. **Historical information on AORMA’s Funding Philosophy** I p. 136
The Committee will discuss AORMA’s historical funding philosophy for all of AORMA’s pooled programs.

- 7. **AOA Conference** I p. 139
The Committee will discuss the session topics as well as sponsorship for the upcoming AOA Conference.

- 8. **AORMA Liability Claims Administration – Results of Request for Proposal** A p. 141
The Committee will be asked to discuss the liability claims administration proposal received and provide a recommendation to the AORMA Committee.

D. AORMA Committee and Staffing

- 1. **CSURMA AORMA Communication** I p. 326
The Committee will discuss CSURMA’s current communication strategies.

- 2. **AORMA Committee Succession Planning** I p. 327
The Committee will review the current CSURMA AORMA Committee roster and discuss future open seats.

- 3. **CSURMA AORMA Program Staff** I p. 339
The Committee will review the current JPA Administration staffing roster.

E. New Programs and/or Services

- 1. **Recap of Ideas for Creation or Modification of CSURMA AORMA Program and/or Services** I p. 341
The Committee will discuss ideas for creation or modification of CSURMA AORMA programs and/or services.

- 2. **Recap of Projects to be Included on the AORMA Long Range Action Plan** I p. 342
The Committee will finalize its recommendations of projects to be included on the AORMA long range action plan.

F. Appendices

- 1. Liability Program** I *Separate*
 - a. List of member EPL deductibles
 - b. Total funding report
 - c. Policy & Procedure L-1 – Claims Reporting
 - d. Policy & Procedure L-2 – Liability Claims Administration and Litigation Management
 - e. Policy & Procedure L-3 – Legal Counsel Selection
 - f. Policy & Procedure L-4 – Employee Driving Standards
 - g. Policy & Procedure L-5 – Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations
 - h. Policy & Procedure L-6 – Requirement to Purchase PAI for all Activities Involving Minors
 - i. Policy & Procedure L-7 – Employment Practices Deductible
 - j. Policy & Procedure L-8 – Liability Program Member Allocation Formula

- 2. Workers’ Compensation Program**
 - a. Total funding report
 - b. W-1 - Workers' Compensation Member Allocation Formula
 - c. W-2 - Requirement of Members to Maintain Experience Modification Factor of 1.25 or Less
 - d. W-3 - Claims Handling Procedures and Guidelines
 - e. W-4 - Workers' Compensation Coverage Claims Settlement Authority
 - f. W-5 - Volunteer Coverage

- 3. Property Program**
 - a. Total funding report
 - b. P-1 – Property Program Member Allocation Formula

- 4. Crime Program**
 - a. Total funding report
 - b. C-1 – Crime Program Member Allocation Formula

- 5. Unemployment Insurance Program**
 - a. UI-1 - Formula for Determining Unemployment Insurance Program Annual Contributions

- 6. Target Retained Funds Policy / Dividends**
 - a. Policy & Procedure A-3 – Target Surplus Funding Policy
 - c. History of dividends declared
 - d. Policy & Procedure A-4 – Dividends and Assessments

- 7. AORMA Policies and Procedures**
 - a. Schedule for review of AORMA’s policies and procedures

- 8. CSURMA Financial Statement @ March 31, 2023**

CSURMA AORMA Officers Retreat Meeting Agenda “This is an Open Public Meeting”

9. CSURMA Financial Audit @ June 30, 2022

10. CSURMA AORMA Administrative Policies and Procedures

- Policy & Procedure A-1 Composition Elections and Terms Limits
- Policy & Procedure A-2 Committee Roles and Responsibilities
- Policy & Procedure A-3 AORMA Risk Pool Goal for Retained Funds
- Policy & Procedure A-4 Dividends & Assessments
- Policy & Procedure A-5 Annual Calendar of Reports, Audits and Filings
- Policy & Procedure A-6 Risk Reduction Matching Grant Program
- Policy & Procedure A-7 Travel Reimbursement Policy
- Policy & Procedure A-8 CSURMA AORMA Closed Session Policy
- Policy & Procedure A-9 Committee Member Professional Development

11. CSURMA Joint Powers Authority Agreement

12. CSURMA Bylaws

13. AORMA Participation Agreement

H. Adjournment

The next CSURMA AORMA Committee meeting is scheduled for Wednesday and Thursday, September 6 and 7, 2023. If you have questions regarding the agenda package, please contact:

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

APPROVAL OF THE AGENDA

ISSUE: The Committee will be asked to approve the agenda for today’s meeting.

RECOMMENDATION: Staff recommends that the Committee approve the agenda as presented.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

LONG RANGE ACTION PLANS

ISSUE: The Committee will be asked to review the AORMA Committee and CSURMA Executive Committee Long Range Action Plans providing direction to Staff as appropriate.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. AORMA Committee Long Range Action Plan for FY 22/23
- b. CSURMA Executive Committee Long Range Action Plan for FY 23/24

FY 2022/23 CSURMA AORMA LONG RANGE ACTION PLAN

Goal	#	Action / Task	Responsible Entity	Deadline	Status
LRP-1	Risk Management Considerations for Accepting Gifts				
	1	Compile list of gifts for review.	PA	Sep-22	Completed
	2	Create basic resource guide format.	PA	Oct-22	Completed
	3	Work with the subject matter experts to assist with the risk management considerations for each type of gift.	PA	Feb-23	In Process
	4	Finalize the resource guide for each type of gift.	PA	May-23	
	5	Upload to the CSURMA website.	PA	May-23	
	6	Notify members.	PA	May-23	
LRP-2	Use of Waivers Training including Recommended Technology for Online Waivers				
	1	Create training session.	PA, OGC	Jan-23	Completed
	2	Upload to the CSURMA website.	PA	Jan-23	Completed
	3	Notify members.	PA	Jan-23	Completed
LRP-3	Evaluate the addition of a sublimit within the AORMA Liability Program for injunctive relief and defense costs for Public Records Act requests				
	1	Create resource guide.	PA, SRM	Jan-23	In Process
	2	Upload to the CSURMA website.	PA	May-23	
	3	Notify members.	PA	May-23	
LRP-4	Evaluate the creation of an AORMA Renters Insurance Program for Student Housing				
	1	Evaluate renters insurance products currently available for students.	PA	Jan-23	Completed
	2	Assess the need for a separate AORMA program.	PA	Jan-23	In Process
	3	Create a resource guide to provide guidance for members, including required lines of coverage and recommended minimum limits for each.	PA	May-23	In Process
	4	Notify members.	PA	May-23	
LRP-5	Evaluate the Need for an Auxiliary Organization Specific Alcohol Policy				
	1	Review current CSU alcohol policy.	PA	Jan-23	Completed
	2	Evaluate the need for an Auxiliary Organization specific alcohol policy.	PA	Jan-23	Completed
	3	Provide recommendation to the AORMA Committee.	PA	May-23	Completed
	4	Take action as appropriate.	PA	May-23	Completed

FY 2022/23 CSURMA AORMA LONG RANGE ACTION PLAN

Goal	#	Action / Task	Responsible Entity	Deadline	Status
LRP-6		Publication of Guidelines and/or Training to Assist a Member in Recouping Property Damage Claim Costs from a Third-Party			
	1	Review procedures with Alliant's claims advocates.	PA (ARRC)	Sep-22	Completed
	2	Create resource guide.	PA	Nov-22	In Process
	3	Notify members.	PA	Jan-23	

BOD: CSURMA Board of Directors

PC: AORMA Programs Committee

CABO: CSU Chief Administrators and Business Officers

CO: Chancellor's Office

AORMA: AORMA Committee

EC: CSURMA Executive Committee

OGC: CSU Office of General Counsel

PA: CSURMA Program Administrator

SRM: CSU Systemwide Risk Management

AOA: Auxiliary Organizations Association



AORMA

Risk Management Consideration for Gift Acceptance

Annually, the California State University and its Auxiliary Organizations receive thousands of proposals for many types of private support including gifts. Because every potential gift is unique, each must be closely evaluated on an individual basis to address pertinent questions and concerns. For this reason, there can be no single policy for evaluating the acceptability of all gifts.

As each California State University Campuses has its own Gift Acceptance Policy, the information included in this Resource Guide is intended to provide additional risk management considerations.

Most gifts require very little review. Some, by their nature, require considerable scrutiny and demand full evaluation. Some of the more common reasons for not accepting gifts include:

- Prohibitive cost of future maintenance
- Inability to sell the gift in the future
- Acceptance would carry too much risk to the University
- The gift does not further the mission and purposes of the University
- The gift includes too many restrictions on the use, display or sale
- There are possible adverse legal consequences, and/or potential liabilities associated with ownership of the gift

In addition to following your own Campus' Gift Acceptance Policy, you are advised to also the following action:

- Discuss with your Campus Risk Manager, Systemwide Risk Management and/or Alliant Insurance Services who may have firsthand knowledge of potential risks.
- Collaborate with on-campus and off-campus resources.
- Brainstorm – what's the worst that could happen if the gift is accepted?
- Discuss with peer groups or professional associations. Has another Campus or Auxiliary Organization accepted a similar gift?
- Search the internet for unknown hazards?
- Check CSURMA's website for any applicable bulletins.

Each type of gift may have very specific risk management considerations. Show below are some to consider:

- Land or Real Property



- Has the property been examined for its usefulness, value, marketability, and limitations such as reservations or easements?
- Has an environmental survey been completed?
- Is there an existence of known pollutants, i.e., asbestos, lead, underground storage tanks, etc.?
- Is the property located off campus in a rural location which will limit insurance coverage?

- Art, artifacts, archives (including video library)
 - Are the materials perishable and therefore require a carefully controlled environment?
 - Are there flammability issues?
 -
- Watercraft
 - Has a boat appraisal been completed to determine the true market value?
 - Has the condition of the watercraft been evaluated by a marine expert?
 - What is the viable lifetime of the watercraft?
 - Have the maintenance requirements been analyzed.
 - What is the plan to eventually dispose of the boat?

- Solar panels
 - Has the structural integrity of the roof been examined by a qualified professional engineer?
 - Has the increase of risk of fire due to potential electrical arcing, electrical malfunction or faulty installation been evaluated?
 - Has a regular maintenance schedule been discussed – removing leaves and debris, trimming near by trees, inspecting wiring for rodent damage, etc.?
 - Who will install the solar panel? Has the electrical contractor been vetted?
 - Will the installation of solar panels increase the risk of falls due to regular maintenance?
 - What is lifespan and has a disposal plan been considered?

- Vehicles
- Electronics
- Software

FY 2023/24 CSURMA LONG RANGE ACTION PLAN				
GOAL	ACTION / TASK	STAFF	DEADLINE	STATUS
LRP-1	Explore the Addition of a Risk Reduction Discount/Surcharge within the Campus Liability Program Rating			
Mimi	1. Explore the addition of a discount or surcharge to be added to the Campus Liability Program rating plan.	PA	Aug-23	
	2. Incorporation discount / surcharge into the FY 24/25 Campus Liability Program rating. Review with EC .	PA, EC	Sep-23	
	3. Present to the BOD for adoption.	PA, BOD	Oct-23	
	4. If approved by the Board, notify the Campuses of the change to the Campus Liability Program rating plan.	PA	Oct-23	
LRP-2	Implement Revised Property Rating Plan			
Mimi	1. Revise the 23/24 Campus Property Rating plan in response to the RPTG's recommendation to add an experience modification, optional higher deductibles, and optional higher risk pool limits.	PA	Mar-23	Completed
	2. Review with the EC.	PA, EC	Mar-23	Completed
	3. Present to the BOD for adoption.	PA, BOD	Apr-23	Completed
	4. If approved by the Board, send out Campus Property Program deductible options.	PA	May-23	Completed
	5. Update the FY 23/24 Campus Property Rating, as appropriate, and finalize program costs.	PA	May-23	
LRP-3	CPDC Seismic Fund Review			
Shadi	1. Work with CPDC to develop a solution to take on the CA PCC Section 7105 risk financing as part of a new CSURMA Major Capital Project Seismic Fund (CSURMA Seismic Fund).	PA, SRM	May-23	In Process
	2. Evaluation the amount of funds required to capitalize the CSURMA Seismic Fund.	PA, SRM	Jun-23	in Process
	3. Determine the amount of remaining funds to be released back to the completed capital projects.			
	4. Evaluate commercial earthquake insurance options.	PA	Jul-23	Pending
	5. Create a rating plan for the CSURMA Seismic Fund.	PA	Jul-23	Pending
	6. Review commercial earthquake insurance options and rating plan with EC.	PA, EC	Sep-23	Pending
	7. Review commercial earthquake insurance options and rating plan with BOD.	PA, BOD	Oct-23	Pending
LRP-4	Cyber Liability Fines and Penalties			
Shadi	1. Evaluate the University's exposure to fines and penalties.	PA	Jun-22	In Process
	2. Evaluate how financial relief for fines and penalties may be distributed since the CSU will be viewed as a single entity.			In Process
	2. Create bulletin for the Campus ISO's explaining the level of coverage under the current CSURMA Cyber Liability Program.	PA, SRM	Jul-22	In Process
	3. Review potential fines and penalties with EC.	PA, EC	Sep-22	In Process
	4. Distribute Bulletin to all Campus ISO's.	PA	Oct-22	Pending

FY 2023/24 CSURMA LONG RANGE ACTION PLAN					
GOAL	ACTION / TASK		STAFF	DEADLINE	STATUS
	5.	Engage consultant to review Cyber Coverages and Exposures, and to provide loss control and prevention review.	SRM	Sep-23	
LRP-5	Crisis Response Resources Cheat Sheet and Resources Review				
Mimi	1.	Create a Cheat Sheet of current resources (Black Swan Solutions, cyber liability, deadly weapons response, foreign travel, etc.)	PA	Aug-23	
	2.	Update service calendar to review, update and forward annually the Cheat Sheet to the Campuses and Auxiliaries.	PA	Sep-23	
	3.	Post cheat sheet on the CSURMA website.	PA	Sep-23	
LRP-6	Beyond Crisis - a Program by Program Post Loss Resources Review				
Mimi	1.	Create a Program by Program post loss resource guide	PA	Aug-23	
	2.	Update service calendar to review, update and forward annually the Resource Guide to the Campuses and Auxiliaries.	PA	Sep-23	
	3.	Post Resource Guide on the CSURMA website.	PA	Sep-23	
LRP-7	Create Acceptance of Risk / Informed Consent Document to be Use When Students are Engaged in Experiential Learning				
SRM - Amy to Manage	1.	Review the use of the CSU liability waiver and provide clarification between (1) voluntary experiential learning with lack of CSU oversight, and (2) course required interships at the direction and control of faculty.	PA, SRM	Jun-21	Completed
	2.	Review Executive Order 1064 and provide clarification as to the statement included, "if the internship placement is not required as part of the student's academic program, the student must complete the liability waiver form..."	PA, SRM	Jul-21	In Process
	3.	Provide guidance at the campus level.	PA, SRM	Sep-22	Pending
	4.	Create acceptance of risk / informed content document to use when students are engaged in experiential learning.	PA, SRM		
	5.	Update the CSU Waiver Handbook.	PA, SRM	Oct-23	
	6.	Provide guidance at the campus level either in person or via announcement of updated resources available.	PA, SRM	Oct-23	
LRP-8	Property and Casualty - Identify the Top Good Things Impacting Risk and Top Wish List				
Amy	1.	Evaluate various programs using benchmarking, loss ratios and other metrics.	PA	Oct-23	
	2.	Identify efficiencies and potential shared resources across campuses.	PA	Jan-24	
	3.	Report out to stakeholders.	PA	Mar-24	

FY 2023/24 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	STAFF	DEADLINE	STATUS
BOD: CSURMA Board of Directors	CABO: CSU Chief Administrators and Business Officers	EC: CSURMA Executive Committee	OGC: CSU Office of General Counsel	PA: CSURMA Program Administrator
CO: Chancellor's Office	CPDC: CO Capital Planning Design & Construction	SRM: CSU Systemwide Risk Management		

AORMA COVERAGE PROGRAMS - LIABILITY

ISSUE: The Committee will discuss the program’s member allocation formula, historical premium, claims and dividends, as well as ideas for improvement.

RECOMMENDATION: The Officers will be asked to discuss the current member allocation formula, along with the accompanying exhibits, and if revisions to the allocation formula are warranted, provide a recommendation to the AORMA Committee.

FISCAL IMPACT: To be determined based on action taken by the AORMA Committee.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

1. Overview of the Liability Program Member Allocation
2. Total Estimated Funding for FY 24/25
3. Historical Premium, Claims and Dividends
4. Rating Exposure Comparison
5. Collared Premium Comparison
6. Property Schedule, with Liability Square Footage

Liability Program Member Allocation

Basic Rating Formula

1. **Exposure Rates:** Four basic rates are calculated by the CSURMA actuary based on the total losses incurred within the following categories:

- Auto liability (number of owned autos licensed for road use)
- Employment practices (payroll)
- Premises liability (square footage)
- All other (five-year rolling average expenditures)

2. **Experience Modification Factors**

(EMF): EMF's are currently capped at a minimum of .50 and a maximum of 2.00. *Within the FY 22/23 rating, one member is capped at the minimum and one member is capped at the maximum.*

3. **Excess insurance:** The excess insurance costs are allocated to each member based on its percentage of the total pooled layer premium. *Within the FY 23/24 rating, eight members are capped at the minimum and two members are capped at the maximum.*

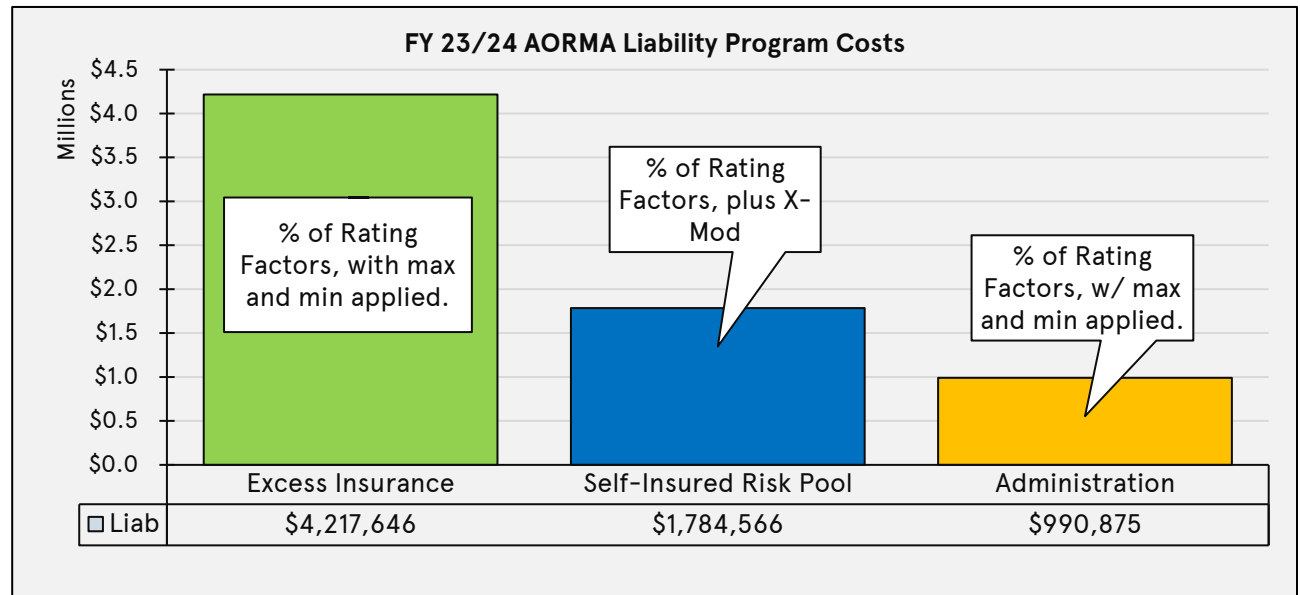


Table 1

Term	Maximum	Minimum
FY 20/21	98,398	1,000
FY 21/22	159,405	1,620
FY 22/23	318,810	2,025
FY 23/24	366,632	2,126

4. **Administrative Costs:** The program administrative costs are allocated to each member based on its percentage of the total pooled layer premium. Minimum and maximum costs are included in the amount of \$799 and \$60,000, respectively. *Within the FY 22/23 rating, twelve members are capped at the minimum and two are capped at the maximum.*
5. **Minimum Premium:** The program includes a minimum premium. *Within the FY 23/24, twenty-nine members are subject to the minimum premium.*

Table 2

Term	Minimum Premium
FY 20/21	3,272
FY 21/22	3,926
FY 22/23	4,908
FY 23/24	5,644

6. **Premium Collars:** The liability program member allocation formula was significantly modified effective July 1, 2016. Premium collars were added to minimize major premium fluctuations. When adding a premium collar, the goal is to phase them out within five-years. For FY 21/22 the minimum premium collar was removed and the maximum premium collar of 20% was added. Ten members were subject to the maximum 20% premium increase.

Due to the significant increase in the program’s reinsurance and excess insurance costs, the minimum and maximum premium collars continued to keep overall increases to a manageable amount.

Recommended Rating Revisions:

1. **Premium Collars** – As noted above, because collars continue to be included within the liability rating, costs are not able to float, up or down, based on member exposure changes. Therefore, Staff recommends collaring only the Excess Insurance and Administration Costs but letting the risk pool premium float based on exposures and X-Mod.
2. **Excess Insurance, Administrative Costs and Minimum Premium** – Include collars on the Excess Insurance and Administrative Costs only but not the Risk Pool costs. Increase the minimum and maximum charge on the Excess Insurance and Administration costs based on actual costs. As an example, the excess insurance increased by 19% between FY 22/23 and FY 23/24; therefore, its recommended that the maximum excess insurance per member and minimum premium be increase by 19% as well. Increase the Minimum Premium going forward based on overall increased to the program costs.
3. **Exposure Rate (Food Services Activities)** – The “Other” category within the allocation formula uses expenditures as its rating exposure. The other category includes all claims that are not Auto Liability, Premises Liability or Employment Practices Liability. Within the other category, Food Services Activities generates the largest total incurred claims amount. In the past ten-years, there have been seventeen “food services activities” claims. Only one of the claims is significate and it current has a total incurred value of 1.3MM. Staff recommends continuing to review the Food Services Activities, but not add a separate rate for the exposure at this time.

**AORMA Liability Program - Estimated Total Funding
July 1, 2024 to July 1, 2025**

Table 1 - 70% Confidence Level

A	B	C	D	E	F
Expense Item	FY 22/23 Actual Costs	FY 23/24 Paid by Members	FY 23/24 Actual Costs	FY 24/25 Proposed Costs	% Change
Pool Layer Funding	1,469,019	1,778,019	1,778,019	1,724,315	-3%
Claims Administration	17,000	17,000	17,000	17,000	0%
Program Administration	945,510	973,875	973,875	1,003,091	3%
Reinsurance / Excess Insurance	3,669,751	4,217,646	4,353,742	4,989,264	15%
Total Costs	6,101,280	6,986,540	7,122,636	7,733,671	9%
FY 23/24 Paid by Members vs. FY 24/25 Proposed:					11%

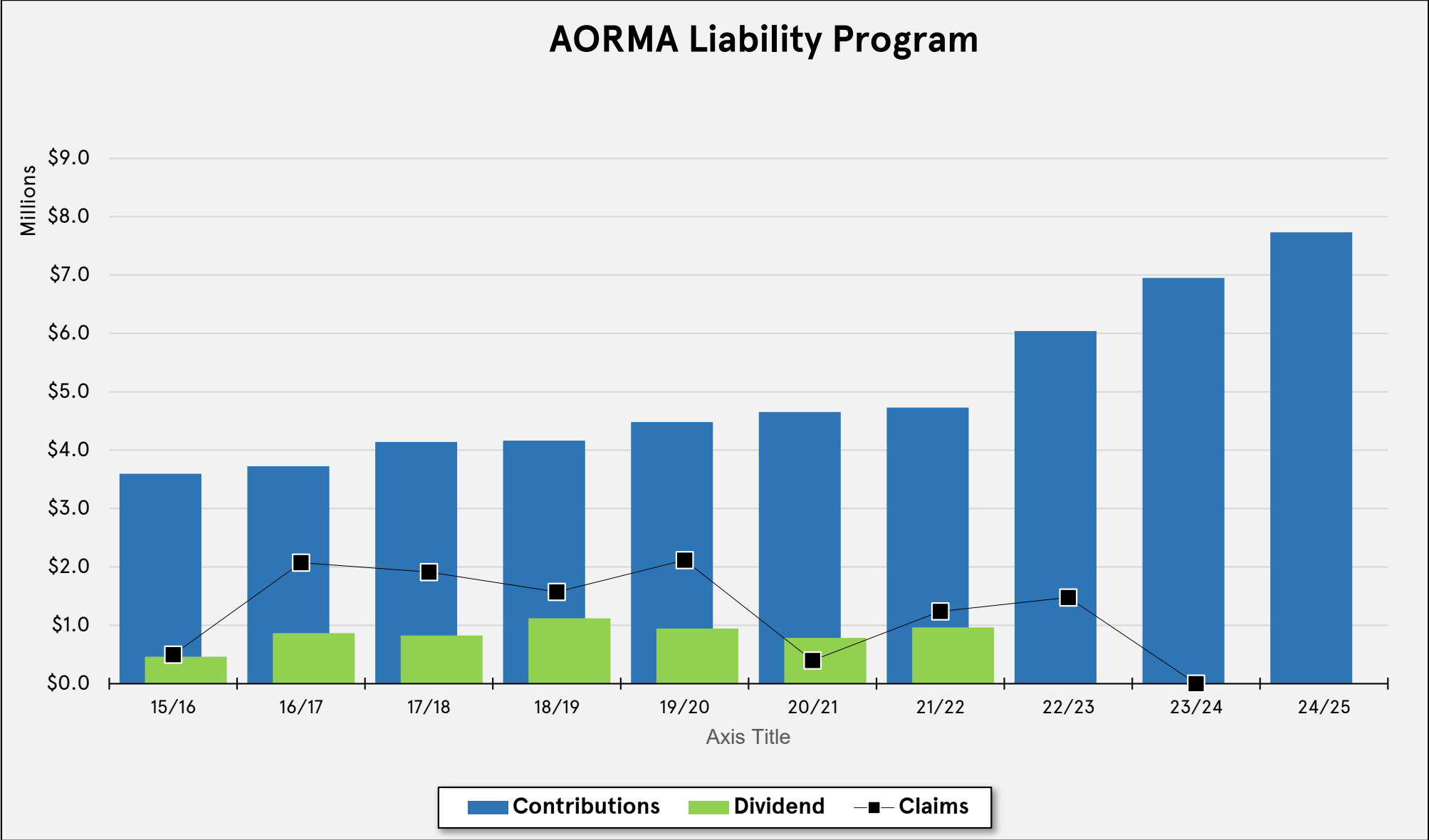
Table 2 - 75% Confidence Level

A	B	C	D	E	F
Expense Item	FY 22/23 Actual Costs	FY 23/24 Paid by Members	FY 23/24 Actual Costs	FY 24/25 Proposed Costs	% Change
Pool Layer Funding	1,469,019	1,778,019	1,778,019	1,808,320	2%
Claims Administration	17,000	17,000	17,000	17,000	0%
Program Administration	945,510	973,875	973,875	1,003,091	3%
Reinsurance / Excess Insurance	3,669,751	4,217,646	4,353,742	4,989,264	15%
Total Costs	6,101,280	6,986,540	7,122,636	7,817,676	10%
FY 23/24 Paid by Members vs. FY 24/25 Proposed:					12%

Table 3 - 80% Confidence Level

A	B	C	D	E	F
Expense Item	FY 22/23 Actual Costs	FY 23/24 Paid by Members	FY 23/24 Actual Costs	FY 24/25 Proposed Costs	% Change
Pool Layer Funding	1,469,019	1,778,019	1,778,019	1,912,958	8%
Claims Administration	17,000	17,000	17,000	17,000	0%
Program Administration	945,510	973,875	973,875	1,003,091	3%
Reinsurance / Excess Insurance	3,669,751	4,217,646	4,353,742	4,989,264	15%
Total Costs	6,101,280	6,986,540	7,122,636	7,922,313	11%
FY 22/23 Paid by Members vs. FY 23/24 Proposed:					13%

Historical Contributions, Claims & Dividends



**FY 23/24 AORMA Liability Program
Rating Exposure Comparison**

#	Campus	Auxiliary Organization	Basic Premium / Risk Pool			Expenditures		
			FY 22/23	FY 23/24	% Diff	FY 22/23	FY 23/24	Diff
01-A	Bakersfield	Associated Students, California State University, Bakersfield, Inc.	1,154	1,491	29%	3,854,157	3,964,948	3%
01-B	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration	4,721	5,368	14%	9,342,919	9,922,472	6%
01-C	Bakersfield	California State University, Bakersfield Foundation	2,673	3,930	47%	6,474,114	7,927,593	22%
01-D	Bakersfield	California State University, Bakersfield Student Union	6,289	5,597	-11%	5,179,774	5,353,263	3%
02-A	Chancellor's Office	California State University Foundation	1,920	2,602	36%	6,413,501	6,918,130	8%
02-B	Chancellor's Office	California State University Institute	842	1,006	19%	2,793,539	2,663,358	-5%
03-A	Channel Islands	Associated Students of California State University, Channel Islands, Inc.	1,657	1,734	5%	2,424,863	2,478,076	2%
03-B	Channel Islands	California State University Channel Islands Foundation	907	1,203	33%	3,028,324	3,198,404	6%
03-C	Channel Islands	CI University Auxiliary Services, Inc.	3,455	3,621	5%	6,234,141	5,910,371	-5%
04-A	Chico	Associated Students of California State University, Chico	22,430	23,523	5%	16,950,367	16,745,370	-1%
04-B	Chico	Chico State Enterprises	47,885	46,376	-3%	41,262,727	44,346,927	7%
04-C	Chico	The University Foundation, California State University, Chico	2,723	3,399	25%	9,093,587	8,869,046	-2%
05-A	Dominguez Hills	Associated Students, California State University, Dominguez Hills	2,064	2,149	4%	2,408,716	2,461,822	2%
05-B	Dominguez Hills	California State University, Dominguez Hills Toro Auxiliary Partners	16,916	17,623	4%	19,601,182	19,808,104	1%
05-C	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	6,681	5,057	-24%	2,726,987	2,904,794	7%
05-D	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation	1,035	1,422	37%	3,323,567	3,702,274	11%
06-A	East Bay	Associated Students, Inc. of California State University East Bay	1,618	2,395	48%	2,096,470	2,157,706	3%
06-B	East Bay	Cal State East Bay Educational Foundation	1,047	1,123	7%	3,498,229	2,984,893	-15%
06-C	East Bay	California State University, East Bay Foundation, Inc.	4,897	5,974	22%	12,746,555	13,712,013	8%
07-A	Fresno	Associated Students, Inc. of California State University, Fresno	2,159	1,869	-13%	1,135,056	1,366,831	20%
07-B	Fresno	California State University, Fresno Association, Inc.	60,426	40,094	-34%	26,903,836	26,543,770	-1%
07-C	Fresno	California State University, Fresno Foundation	54,991	50,178	-9%	62,930,898	65,813,992	5%
07-D	Fresno	Fresno State Programs for Children, Inc.	3,222	2,618	-19%	1,644,880	1,710,061	4%
07-E	Fresno	The Agricultural Foundation of California State University, Fresno	2,335	2,668	14%	6,237,694	6,225,020	0%
07-F	Fresno	The California State University, Fresno Athletic Corporation	36,726	37,396	2%	35,034,293	35,984,526	3%
08-A	Fullerton	Associated Students, Inc., California State University, Fullerton	21,528	21,133	-2%	17,082,318	20,694,920	21%
08-B	Fullerton	Cal State Fullerton Philanthropic Foundation	2,722	3,501	29%	9,091,843	9,308,390	2%

**FY 23/24 AORMA Liability Program
Rating Exposure Comparison**

#	Campus	Auxiliary Organization	Basic Premium / Risk Pool			Expenditures		
			FY 22/23	FY 23/24	% Diff	FY 22/23	FY 23/24	Diff
08-C	Fullerton	CSU Fullerton Auxiliary Services Corporation	67,838	62,484	-8%	65,999,509	65,257,873	-1%
09-A	Humboldt	Associated Students of Humboldt State University	766	669	-13%	863,670	800,963	-7%
09-B	Humboldt	Humboldt State University Foundation	3,637	6,901	90%	2,805,725	2,768,886	-1%
09-C	Humboldt	Humboldt State University Center Board of Directors	1,585	2,036	28%	1,000,000	1,000,000	0%
09-D	Humboldt	Humboldt State University Sponsored Programs Foundation	29,278	26,243	-10%	30,108,942	32,368,968	8%
10-A	Long Beach	Associated Students, California State University, Long Beach	22,553	22,370	-1%	14,754,519	14,967,685	1%
10-B	Long Beach	California State University, Long Beach Research Foundation	50,776	41,272	-19%	46,994,708	45,364,955	-3%
10-C	Long Beach	CSULB 49er Foundation	3,808	4,801	26%	12,616,631	12,705,026	1%
10-D	Long Beach	Forty-Niner Shops, Inc.	27,092	22,802	-16%	32,285,216	30,023,580	-7%
11-A	Los Angeles	Associated Students of California State University, Los Angeles, Inc.	508	582	15%	1,413,070	1,376,327	-3%
11-B	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	31,715	27,000	-15%	32,841,813	32,111,570	-2%
11-C	Los Angeles	California State University, Los Angeles Foundation	1,318	1,699	29%	4,403,139	4,518,318	3%
11-D	Los Angeles	University-Student Union Board, California State University, Los Angeles	7,770	7,364	-5%	5,019,796	5,159,442	3%
12-A	Maritime Academy	California Maritime Academy Foundation, Inc.	1,172	1,379	18%	2,728,622	2,953,157	8%
12-B	Maritime Academy	The Associated Students of the California Maritime Academy	127	123	-3%	207,769	197,404	-5%
12-C	Maritime Academy	Cal Maritime Corporation	6,674	5,806	-13%	1,000,000	2,617,057	162%
13-A	Monterey Bay	Foundation of California State University, Monterey Bay	283	416	47%	944,389	1,105,810	17%
13-B	Monterey Bay	University Corporation at Monterey Bay	121,269	104,878	-14%	52,764,496	56,829,973	8%
13-C	Monterey Bay	Otter Student Union at CSU Monterey Bay	2,502	2,044	-18%	1,008,820	1,010,691	0%
14-A	Northridge	Associated Students, California State University, Northridge, Inc.	9,311	9,284	0%	9,404,798	9,383,222	0%
14-B	Northridge	California State University, Northridge Foundation	4,099	5,172	26%	13,438,352	13,602,965	1%
14-C	Northridge	North Campus University Park Development Corporation	119	150	26%	398,020	399,360	0%
14-D	Northridge	The University Corporation	51,220	40,823	-20%	41,772,278	42,576,890	2%
14-E	Northridge	University Student Union of California State University, Northridge	28,741	25,250	-12%	15,592,868	15,740,313	1%
15-A	Pomona	Associated Students Inc., California State Polytechnic University, Pomona	20,564	27,450	33%	13,184,522	13,830,867	5%
15-B	Pomona	Cal Poly Pomona Foundation, Inc.	70,055	72,498	3%	70,952,218	68,730,027	-3%
15-C	Pomona	Cal Poly Pomona Philanthropic Foundation	956	2,961	210%	2,720,743	7,588,854	179%
16-A	Sacramento	Associated Students of California State University, Sacramento	12,149	11,470	-6%	8,940,346	9,017,500	1%
16-B	Sacramento	Capital Public Radio, Inc.	16,789	16,155	-4%	14,678,809	16,398,376	12%
16-C	Sacramento	The University Foundation at Sacramento State	1,853	2,556	38%	6,187,506	6,795,848	10%

**FY 23/24 AORMA Liability Program
Rating Exposure Comparison**

#	Campus	Auxiliary Organization	Basic Premium / Risk Pool			Expenditures		
			FY 22/23	FY 23/24	% Diff	FY 22/23	FY 23/24	Diff
16-D	Sacramento	University Enterprises, Inc.	119,267	102,860	-14%	93,331,752	95,370,041	2%
16-E	Sacramento	University Union Operation of CSUS, Inc.	15,451	13,510	-13%	10,650,932	11,079,595	4%
17-A	San Bernardino	Associated Students, California State University, San Bernardino	1,840	1,721	-6%	1,950,875	1,849,477	-5%
17-B	San Bernardino	CSUSB Philanthropic Foundation	1,852	2,113	14%	6,185,329	5,619,448	-9%
17-C	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	12,373	11,571	-6%	5,627,471	5,744,800	2%
17-D	San Bernardino	University Enterprises Corporation at CSUSB	35,725	33,172	-7%	34,371,820	36,799,820	7%
18-A	San Diego	Associated Students, San Diego State University	44,117	40,933	-7%	27,281,086	28,676,387	5%
18-B	San Diego	Aztec Shops, Ltd.	85,939	77,420	-10%	62,510,686	62,823,052	0%
18-C	San Diego	San Diego State University Research Foundation	202,446	187,479	-7%	169,630,687	169,880,419	0%
18-D	San Diego	The Campanile Foundation	8,492	13,442	58%	28,361,073	35,743,374	26%
19-A	San Francisco	Associated Students of San Francisco State University	11,234	9,562	-15%	8,152,527	8,428,032	3%
19-B	San Francisco	San Francisco State University Foundation, Inc.	316	415	31%	1,055,312	1,102,218	4%
19-C	San Francisco	The University Corporation, San Francisco State	11,602	11,617	0%	17,394,243	18,315,815	5%
20-A	San Jose	Associated Students San Jose State University	8,146	7,358	-10%	8,064,564	8,154,878	1%
20-B	San Jose	San Jose State University Research Foundation	65,406	56,192	-14%	57,900,046	57,795,031	0%
20-C	San Jose	Spartan Shops, Inc.	2,434	4,067	67%	6,604,454	5,722,101	-13%
20-D	San Jose	The Student Union of San Jose State University	23,379	22,439	-4%	12,925,387	12,273,036	-5%
20-E	San Jose	The Tower Foundation of San Jose State University	11,599	12,461	7%	27,740,038	25,832,319	-7%
21-A	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	23,898	22,174	-7%	17,332,316	18,281,685	5%
21-B	San Luis Obispo	Cal Poly Corporation	75,673	76,918	2%	85,477,697	85,339,895	0%
21-C	San Luis Obispo	California Polytechnic State University Foundation	9,873	14,570	48%	32,972,555	38,743,059	18%
22-A	San Marcos	The California State University San Marcos Foundation	1,748	2,050	17%	5,837,717	5,451,575	-7%
22-B	San Marcos	Associated Students, Inc. of California State University San Marcos	942	1,107	18%	1,789,423	1,866,072	4%
22-C	San Marcos	California State University San Marcos Corporation	37,273	31,514	-15%	22,442,301	25,420,897	13%
23-A	Sonoma	Associated Students of Sonoma State University	2,138	1,793	-16%	2,167,522	2,166,928	0%
23-B	Sonoma	Sonoma State Enterprises, Inc.	5,170	5,344	3%	9,997,082	8,949,036	-10%
23-C	Sonoma	Sonoma State University Foundation	62	77	24%	208,049	203,681	-2%
24-A	Stanislaus	Associated Students Incorporated of California State University, Stanislaus	1,514	1,331	-12%	1,257,520	1,292,281	3%
24-B	Stanislaus	California State University, Stanislaus Auxiliary and Business Services	2,609	2,044	-22%	1,275,488	1,227,900	-4%
24-C	Stanislaus	California State University, Stanislaus Foundation	605	797	32%	2,019,608	1,906,526	-6%
24-D	Stanislaus	University Student Center of California State University, Stanislaus	4,602	5,799	26%	2,061,335	2,895,353	40%
25-A	N/A	Auxiliary Organization Associations	199	243	22%	664,791	647,176	-3%
Total:			1,739,474	1,623,781	-7%	1,591,787,518	1,636,480,886	576%

**FY 23/24 AORMA Liability Program
Rating Exposure Comparison**

#	Campus	Auxiliary Organization	Payroll			Square Footage		
			FY 22/23	FY 23/24	Diff	FY 22/23	FY 23/24	Diff
01-A	Bakersfield	Associated Students, California State University, Bakersfield, Inc.	-	-	0%	-	-	0%
01-B	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration	1,011,191	1,294,063	28%	10,700	10,700	0%
01-C	Bakersfield	California State University, Bakersfield Foundation	-	-	0%	-	-	0%
01-D	Bakersfield	California State University, Bakersfield Student Union	-	-	0%	158,039	158,039	0%
02-A	Chancellor's Office	California State University Foundation	-	-	0%	-	-	0%
02-B	Chancellor's Office	California State University Institute	-	-	0%	200	200	0%
03-A	Channel Islands	Associated Students of California State University, Channel Islands, Inc.	-	-	0%	24,920	24,920	0%
03-B	Channel Islands	California State University Channel Islands Foundation	-	-	0%	-	-	0%
03-C	Channel Islands	CI University Auxiliary Services, Inc.	270,465	-	-100%	40,737	40,737	0%
04-A	Chico	Associated Students of California State University, Chico	4,710,115	8,499,190	80%	293,059	293,059	0%
04-B	Chico	Chico State Enterprises	17,857,262	19,671,315	10%	50,934	50,934	0%
04-C	Chico	The University Foundation, California State University, Chico	-	-	0%	-	2,800	0%
05-A	Dominguez Hills	Associated Students, California State University, Dominguez Hills	660,883	927,791	40%	9,840	9,840	0%
05-B	Dominguez Hills	California State University, Dominguez Hills Toro Auxiliary Partners	6,945,068	9,417,951	36%	1,201	1,201	0%
05-C	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	1,429,860	1,154,063	-19%	120,000	120,000	0%
05-D	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation	-	-	0%	1,313	1,313	0%
06-A	East Bay	Associated Students, Inc. of California State University East Bay	551,928	579,855	5%	3,828	42,300	1005%
06-B	East Bay	Cal State East Bay Educational Foundation	-	-	0%	-	-	0%
06-C	East Bay	California State University, East Bay Foundation, Inc.	-	-	0%	36,051	36,051	0%
07-A	Fresno	Associated Students, Inc. of California State University, Fresno	240,000	247,200	3%	48,001	48,001	0%
07-B	Fresno	California State University, Fresno Association, Inc.	4,711,405	5,131,437	9%	1,448,660	1,000,366	-31%
07-C	Fresno	California State University, Fresno Foundation	22,500,000	23,175,000	3%	9,813	9,813	0%
07-D	Fresno	Fresno State Programs for Children, Inc.	1,000,000	1,030,000	3%	38,149	38,149	0%
07-E	Fresno	The Agricultural Foundation of California State University, Fresno	295,000	303,850	3%	-	-	0%
07-F	Fresno	The California State University, Fresno Athletic Corporation	7,028,621	7,810,880	11%	240,039	231,596	-4%
08-A	Fullerton	Associated Students, Inc., California State University, Fullerton	4,910,185	6,905,712	41%	281,686	250,158	-11%
08-B	Fullerton	Cal State Fullerton Philanthropic Foundation	-	-	0%	-	-	0%

**FY 23/24 AORMA Liability Program
Rating Exposure Comparison**

#	Campus	Auxiliary Organization	Payroll			Square Footage		
			FY 22/23	FY 23/24	Diff	FY 22/23	FY 23/24	Diff
08-C	Fullerton	CSU Fullerton Auxiliary Services Corporation	17,521,866	20,668,547	18%	664,778	670,278	1%
09-A	Humboldt	Associated Students of Humboldt State University	121,775	120,351	-1%	10,500	10,500	0%
09-B	Humboldt	Humboldt State University Foundation	-	-	0%	93,283	258,391	177%
09-C	Humboldt	Humboldt State University Center Board of Directors	-	-	0%	-	-	0%
09-D	Humboldt	Humboldt State University Sponsored Programs Foundation	12,485,679	12,548,424	1%	3,356	3,356	0%
10-A	Long Beach	Associated Students, California State University, Long Beach	4,777,626	7,351,797	54%	315,497	326,208	3%
10-B	Long Beach	California State University, Long Beach Research Foundation	19,375,517	18,086,584	-7%	187,467	187,467	0%
10-C	Long Beach	CSULB 49er Foundation	-	-	0%	1,000	1,000	0%
10-D	Long Beach	Forty-Niner Shops, Inc.	8,560,000	7,704,939	-10%	110,172	110,172	0%
11-A	Los Angeles	Associated Students of California State University, Los Angeles, Inc.	-	-	0%	2,835	2,835	0%
11-B	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	11,046,186	10,159,573	-8%	133,500	154,500	16%
11-C	Los Angeles	California State University, Los Angeles Foundation	-	-	0%	-	-	0%
11-D	Los Angeles	University-Student Union Board, California State University, Los Angeles	2,051,102	2,917,057	42%	100,587	100,587	0%
12-A	Maritime Academy	California Maritime Academy Foundation, Inc.	-	-	0%	11,844	11,844	0%
12-B	Maritime Academy	The Associated Students of the California Maritime Academy	-	-	0%	2,161	2,161	0%
12-C	Maritime Academy	Cal Maritime Corporation	-	-	0%	212,638	212,638	0%
13-A	Monterey Bay	Foundation of California State University, Monterey Bay	-	-	0%	-	-	0%
13-B	Monterey Bay	University Corporation at Monterey Bay	11,326,109	14,170,891	25%	2,845,523	2,883,547	1%
13-C	Monterey Bay	Otter Student Union at CSU Monterey Bay	-	-	0%	73,386	73,386	0%
14-A	Northridge	Associated Students, California State University, Northridge, Inc.	3,132,977	3,813,356	22%	20,328	20,328	0%
14-B	Northridge	California State University, Northridge Foundation	-	-	0%	2,500	2,500	0%
14-C	Northridge	North Campus University Park Development Corporation	-	-	0%	-	-	0%
14-D	Northridge	The University Corporation	17,520,869	13,402,648	-24%	328,017	394,608	20%
14-E	Northridge	University Student Union of California State University, Northridge	8,912,164	9,003,684	1%	319,418	403,733	26%
15-A	Pomona	Associated Students Inc., California State Polytechnic University, Pomona	4,333,569	13,755,256	217%	325,086	327,617	1%
15-B	Pomona	Cal Poly Pomona Foundation, Inc.	13,107,223	20,884,161	59%	751,185	751,285	0%
15-C	Pomona	Cal Poly Pomona Philanthropic Foundation	-	-	0%	4,700	4,700	0%
16-A	Sacramento	Associated Students of California State University, Sacramento	4,378,158	4,743,007	8%	35,431	47,259	33%
16-B	Sacramento	Capital Public Radio, Inc.	7,041,794	8,349,820	19%	34,902	33,305	-5%
16-C	Sacramento	The University Foundation at Sacramento State	-	-	0%	-	-	0%

**FY 23/24 AORMA Liability Program
Rating Exposure Comparison**

#	Campus	Auxiliary Organization	Payroll			Square Footage		
			FY 22/23	FY 23/24	Diff	FY 22/23	FY 23/24	Diff
16-D	Sacramento	University Enterprises, Inc.	35,230,253	41,995,216	19%	1,121,799	854,526	-24%
16-E	Sacramento	University Union Operation of CSUS, Inc.	-	-	0%	409,000	411,985	1%
17-A	San Bernardino	Associated Students, California State University, San Bernardino	634,439	656,344	3%	2,200	3,587	63%
17-B	San Bernardino	CSUSB Philanthropic Foundation	-	-	0%	-	-	0%
17-C	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	2,213,093	3,450,263	56%	239,480	251,073	5%
17-D	San Bernardino	University Enterprises Corporation at CSUSB	13,106,800	14,963,728	14%	155,255	141,618	-9%
18-A	San Diego	Associated Students, San Diego State University	10,177,550	13,617,067	34%	630,237	630,237	0%
18-B	San Diego	Aztec Shops, Ltd.	8,644,348	13,642,674	58%	1,674,809	1,535,769	-8%
18-C	San Diego	San Diego State University Research Foundation	78,586,253	91,050,939	16%	676,195	737,469	9%
18-D	San Diego	The Campanile Foundation	-	-	0%	-	-	0%
19-A	San Francisco	Associated Students of San Francisco State University	3,960,528	4,168,453	5%	83,861	83,861	0%
19-B	San Francisco	San Francisco State University Foundation, Inc.	-	-	0%	-	-	0%
19-C	San Francisco	The University Corporation, San Francisco State	2,499,452	2,650,209	6%	81,100	82,600	2%
20-A	San Jose	Associated Students San Jose State University	3,058,059	3,326,379	9%	29,446	31,196	6%
20-B	San Jose	San Jose State University Research Foundation	26,047,054	26,652,915	2%	177,002	169,540	-4%
20-C	San Jose	Spartan Shops, Inc.	-	-	0%	15,234	84,440	454%
20-D	San Jose	The Student Union of San Jose State University	3,483,479	5,158,330	48%	466,500	540,900	16%
20-E	San Jose	The Tower Foundation of San Jose State University	1,961,427	2,328,718	19%	-	-	0%
21-A	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	5,892,492	7,077,399	20%	275,662	275,662	0%
21-B	San Luis Obispo	Cal Poly Corporation	23,621,825	27,431,798	16%	133,388	181,932	36%
21-C	San Luis Obispo	California Polytechnic State University Foundation	-	-	0%	-	-	0%
22-A	San Marcos	The California State University San Marcos Foundation	-	-	0%	-	-	0%
22-B	San Marcos	Associated Students, Inc. of California State University San Marcos	-	-	0%	7,410	7,410	0%
22-C	San Marcos	California State University San Marcos Corporation	8,305,381	8,408,119	1%	573,806	558,159	-3%
23-A	Sonoma	Associated Students of Sonoma State University	772,703	722,246	-7%	8,820	8,820	0%
23-B	Sonoma	Sonoma State Enterprises, Inc.	-	-	0%	66,475	76,778	15%
23-C	Sonoma	Sonoma State University Foundation	-	-	0%	-	-	0%
24-A	Stanislaus	Associated Students Incorporated of California State University, Stanislaus	618,583	674,665	9%	5,225	5,225	0%
24-B	Stanislaus	California State University, Stanislaus Auxiliary and Business Services	-	-	0%	74,297	69,774	-6%
24-C	Stanislaus	California State University, Stanislaus Foundation	-	-	0%	-	3,521	0%
24-D	Stanislaus	University Student Center of California State University, Stanislaus	1,002,959	1,142,802	14%	79,892	153,385	92%
25-A	N/A	Auxiliary Organization Associations	-	-	0%	-	-	0%
Total:			449,631,275	522,946,666	913%	16,394,357	16,263,849	1880%

**FY 23/24 AORMA Liability Program
Collared Premium Comparison**

#	Campus	Auxiliary Organization	FY 23/24	FY 23/24 Collared	\$ Diff	% Diff
01-A	Bakersfield	Associated Students, California State University, Bakersfield, Inc.	6,866	6,184	(682)	-10%
01-B	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration	23,970	20,179	(3,791)	-16%
01-D	Bakersfield	California State University, Bakersfield Student Union	25,252	16,070	(9,182)	-36%
03-A	Channel Islands	Associated Students of California State University, Channel Islands, Inc.	7,986	6,431	676	-19%
03-C	Channel Islands	CI University Auxiliary Services, Inc.	16,002	13,531	(2,471)	-15%
04-A	Chico	Associated Students of California State University, Chico	90,810	114,024	23,214	26%
04-B	Chico	Chico State Enterprises	150,993	246,681	95,688	63%
05-A	Dominguez Hills	Associated Students, California State University, Dominguez Hills	9,896	10,109	213	2%
05-B	Dominguez Hills	California State University, Dominguez Hills Toro Auxiliary Partners	72,953	76,786	3,833	5%
05-C	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	22,816	25,981	3,165	14%
05-D	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation	6,549	6,184	(365)	-6%
06-A	East Bay	Associated Students, Inc. of California State University East Bay	12,141	7,884	(4,257)	-35%
06-C	East Bay	California State University, East Bay Foundation, Inc.	26,120	17,798	(8,322)	-32%
07-A	Fresno	Associated Students, Inc. of California State University, Fresno	8,606	9,599	993	12%
07-B	Fresno	California State University, Fresno Association, Inc.	149,189	253,234	104,045	70%
07-C	Fresno	California State University, Fresno Foundation	156,371	191,912	35,541	23%
07-D	Fresno	Fresno State Programs for Children, Inc.	11,931	15,645	3,714	31%
07-E	Fresno	The Agricultural Foundation of California State University, Fresno	12,658	9,182	(3,476)	-27%
07-F	Fresno	The California State University, Fresno Athletic Corporation	135,671	147,561	11,890	9%
08-A	Fullerton	Associated Students, Inc., California State University, Fullerton	83,550	98,583	15,033	18%

**FY 23/24 AORMA Liability Program
Collared Premium Comparison**

#	Campus	Auxiliary Organization	FY 23/24	FY 23/24 Collared	\$ Diff	% Diff
08-C	Fullerton	CSU Fullerton Auxiliary Services Corporation	171,470	216,607	45,137	26%
09-C	Humboldt	Humboldt State University Center Board of Directors	8,994	6,401	(2,593)	-29%
09-D	Humboldt	Humboldt State University Sponsored Programs Foundation	106,195	106,195	-	0%
10-A	Long Beach	Associated Students, California State University, Long Beach	99,885	99,885	-	0%
10-B	Long Beach	California State University, Long Beach Research Foundation	174,689	210,285	35,596	20%
10-D	Long Beach	Forty-Niner Shops, Inc.	131,512	132,875	1,363	1%
11-B	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	184,607	142,250	(42,357)	-23%
11-D	Los Angeles	University-Student Union Board, California State University, Los Angeles	32,883	34,261	1,378	4%
12-A	Maritime Academy	California Maritime Academy Foundation, Inc.	6,349	6,184	(165)	-3%
12-C	Maritime Academy	Cal Maritime Corporation	26,735	27,898	1,163	4%
13-B	Monterey Bay	University Corporation at Monterey Bay	360,977	367,755	6,778	2%
13-C	Monterey Bay	Otter Student Union at CSU Monterey Bay	9,413	11,697	2,284	24%
14-A	Northridge	Associated Students, California State University, Northridge, Inc.	56,998	46,592	(10,406)	-18%
14-D	Northridge	The University Corporation	132,914	197,255	64,341	48%
14-E	Northridge	University Student Union of California State University, Northridge	99,826	116,490	16,664	17%
15-A	Pomona	Associated Students Inc., California State Polytechnic University, Pomona	113,630	139,971	26,341	23%
15-B	Pomona	Cal Poly Pomona Foundation, Inc.	286,622	390,103	103,481	36%
16-A	Sacramento	Associated Students of California State University, Sacramento	55,485	68,862	13,377	24%
16-B	Sacramento	Capital Public Radio, Inc.	68,379	59,099	(9,280)	-14%
16-D	Sacramento	University Enterprises, Inc.	239,212	387,599	148,387	62%
16-E	Sacramento	University Union Operation of CSUS, Inc.	57,182	59,455	2,273	4%

**FY 23/24 AORMA Liability Program
Collared Premium Comparison**

#	Campus	Auxiliary Organization	FY 23/24	FY 23/24 Collared	\$ Diff	% Diff
17-A	San Bernardino	Associated Students, California State University, San Bernardino	7,925	8,587	662	8%
17-B	San Bernardino	CSUSB Philanthropic Foundation	9,632	6,184	(3,448)	-36%
17-C	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	57,050	57,050	-	0%
17-D	San Bernardino	University Enterprises Corporation at CSUSB	182,064	158,616	(23,448)	-13%
18-A	San Diego	Associated Students, San Diego State University	354,120	232,475	(121,645)	-34%
18-B	San Diego	Aztec Shops, Ltd.	595,098	334,768	(260,330)	-44%
18-C	San Diego	San Diego State University Research Foundation	702,001	702,001	-	0%
19-A	San Francisco	Associated Students of San Francisco State University	50,701	45,235	(5,466)	-11%
19-C	San Francisco	The University Corporation, San Francisco State	49,709	40,921	(8,788)	-18%
20-A	San Jose	Associated Students San Jose State University	32,511	36,905	4,394	14%
20-B	San Jose	San Jose State University Research Foundation	282,269	244,366	(37,903)	-13%
20-C	San Jose	Spartan Shops, Inc.	17,404	8,835	(8,569)	-49%
20-D	San Jose	The Student Union of San Jose State University	89,758	128,274	38,516	43%
20-E	San Jose	The Tower Foundation of San Jose State University	57,960	21,775	(36,185)	-62%
21-A	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	162,954	109,211	(53,743)	-33%
21-B	San Luis Obispo	Cal Poly Corporation	332,719	332,719	-	0%
22-B	San Marcos	Associated Students, Inc. of California State University San Marcos	5,114	5,876	762	15%
22-C	San Marcos	California State University San Marcos Corporation	120,196	174,318	54,122	45%
23-A	Sonoma	Associated Students of Sonoma State University	8,255	7,101	(1,154)	-14%
23-B	Sonoma	Sonoma State Enterprises, Inc.	25,355	25,355	-	0%
24-A	Stanislaus	Associated Students Incorporated of California State University, Stanislaus	6,130	6,130	-	0%
24-B	Stanislaus	California State University, Stanislaus Auxiliary and Business Services	9,315	12,140	2,825	30%
24-D	Stanislaus	University Student Center of California State University, Stanislaus	26,432	20,910	(5,522)	-21%

**CSURMA-SF PROPERTY SCHEDULE
 SONOMA STATE UNIVERSITY
 ENTERPRISES (AUXILIARY)**

March 27, 2023

Includes B & M

Filter: Selected records

Real Property Trend Factor: 7.50%
 Personal Property Trend Factor: 7.50%

Loc #	2nd Id	Address, City, Zip	Occupancy	Construction	Auto Spklr	Year Built	Year Apprs	Zone	Real Prop	Pers Prop	BI / Rents	Year	Real Property	Personal Property	BI / Rents	Totals
1	A	BOOKSTORE UNIVERSITY STORE (STUDENT CENTER) 1801 EAST COTATI AVENUE ROHNERT PARK CA 94928 Stories: 1 Lat: 38.336152 Lng. -122.673155	10,486 SQ. FT. BOOKSTORE Pct. Sprnkl: 0%	Class: D ALL COMB (WOOD FRAME)	No	1990	2007	EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$1,078,011	\$779,204	\$390,833	\$2,248,048
												2023	\$1,158,862	\$837,644	\$390,833	\$2,387,339
1	C	RESIDENTIAL DINING HALL THE KITCHENS (STUDENT CENTER) 1401 EAST COTATI AVENUE ROHNERT PARK CA 94928 Stories: 1 Lat: 38.334119 Lng. -122.688299	10,187 SQ. FT. RESIDENTIAL DINING	Class: D ALL COMB (WOOD FRAME)	No	1972		EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$274,220	\$221,908	\$259,250	\$755,378
												2023	\$294,787	\$238,551	\$259,250	\$792,588
1	D	CENTRAL CAMPUS DINING 1801 EAST COTATI AVENUE ROHNERT PARK CA 94928 Stories: 1 Lat: 38.336152 Lng. -122.673155	18,500 SQ. FT. RETAIL DINING	Class: FR FIRE RESISTIVE	No	1968		EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$604,789	\$488,834	\$45,000	\$1,138,623
												2023	\$650,148	\$525,497	\$45,000	\$1,220,645
1	E	THE PUB 1801 EAST COTATI AVENUE ROHNERT PARK CA 94928 Stories: 2 Lat: 38.336152 Lng. -122.673155	2,230 SQ. FT. RETAIL DINING	Class: D ALL COMB (WOOD FRAME)	No	1978		EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$176,368	\$99,821	\$11,667	\$287,856
												2023	\$189,596	\$107,308	\$11,667	\$308,571
1	F	CSU SONOMA MAIN CAMPUS CHARLIE BROWN'S CAFÉ (SCHULZ INFO CENTER) 1801 EAST COTATI AVENUE ROHNERT PARK CA 94928 Stories: 3 Lat: 38.336152 Lng. -122.673155	3,795 SQ. FT. RETAIL DINING	Class: S ALL STEEL	No	2002	2016	EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$510,232	\$427,678	\$45,000	\$982,910
												2023	\$548,499	\$459,754	\$45,000	\$1,053,253

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**CSURMA-SF PROPERTY SCHEDULE
 SONOMA STATE UNIVERSITY
 ENTERPRISES (AUXILIARY)**

March 27, 2023

Includes B & M

Filter: Selected records

Real Property Trend Factor: 7.50%

Personal Property Trend Factor: 7.50%

Loc #	2nd Id	Address, City, Zip	Occupancy	Construction	Auto Spklr	Year Built	Year Apprs	Zone	Real Prop	Pers Prop	BI / Rents	Year	Real Property	Personal Property	BI / Rents	Totals
1	G	UNIVERSITY CLUB 1801 EAST COTATI AVENUE ROHNERT PARK CA 94928	900 SQ. FT. RESTAURANT	Class: D ALL COMB (WOOD FRAME)	No	1992		EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$11,396	\$9,214	\$5,000	\$25,610
												2023	\$12,251	\$9,905	\$5,000	\$27,156
		Stories: 1														
		Lat: 38.336152														
		Lng. -122.673155														
1	H	CSU SONOMA MAIN CAMPUS TOAST 1801 EAST COTATI AVENUE ROHNERT PARK CA 94928	180 SQ. FT. COFFEE KIOSK	Class: CB CONCRETE BLOCK	Yes	1999	2016	EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$48,610	\$0	\$20,833	\$69,443
												2023	\$52,256	\$0	\$20,833	\$73,089
		Pct. Sprinkl: None														
		Stories: 1														
		Lat: 38.336152														
		Lng. -122.673155														
3		LAND PARCEL # 045-201-003 5573 PETALUMA HILL ROAD SANTA ROSA CA 95404	0 SQ. FT. FOR LIABILITY ONLY	Class: UNKNOWN	No			EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$0	\$0	\$0	\$0
												2023	\$0	\$0	\$0	\$0
		Lat: 38.368308														
		Lng. -122.66707														
4		LAND PARCEL # 045-201-004 5565 PETALUMA HILL ROAD SANTA ROSA CA 95404	0 SQ. FT. FOR LIABILITY ONLY	Class: UNKNOWN	No			EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$0	\$0	\$0	\$0
												2023	\$0	\$0	\$0	\$0
		Lat: 38.368503														
		Lng. -122.667072														
5		PLACEMENT FOR LIABILITY COVERAGE WEYDEN AND BREWSTER'S (STUDENT CENTER) 1801 EAST COTATI AVENUE ROHNERT PARK CA 94928	12,000 SQ. FT. LIABILITY ONLY	Class: ZZ (N/A)	No			EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$0	\$0	\$0	\$0
												2023	\$0	\$0	\$0	\$0
		Lat: 38.336152														
		Lng. -122.673155														
6		PLACEMENT FOR LIABILITY COVERAGE LOBO'S (STUDENT CENTER) 1801 EAST COTATI AVENUE ROHNERT PARK CA 94928	2,500 SQ. FT. LIABILITY ONLY	Class: ZZ (N/A)	No			EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$0	\$0	\$0	\$0
												2023	\$0	\$0	\$0	\$0

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**CSURMA-SF PROPERTY SCHEDULE
 SONOMA STATE UNIVERSITY
 ENTERPRISES (AUXILIARY)**

March 27, 2023

Includes B & M

Filter: Selected records

Real Property Trend Factor: 7.50%

Personal Property Trend Factor: 7.50%

Loc #	2nd Id	Address, City, Zip	Occupancy	Construction	Auto Spklr	Year Built	Year Apprs	Zone	Real Prop	Pers Prop	BI / Rents	Year	Real Property	Personal Property	BI / Rents	Totals
Lat: 38.336152		Lng. -122.673155														
7		PLACEMENT FOR LIABILITY COVERAGE	2,500 SQ. FT.	Class: ZZ (N/A)	No			EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$0	\$0	\$0	\$0
		OVERLOOK (STUDENT CENTER)	LIABILITY ONLY									2023	\$0	\$0	\$0	\$0
Lat: 38.336152		Lng. -122.673155														
8		PLACEMENT FOR LIABILITY COVERAGE	500 SQ. FT.	Class: ZZ (N/A)	No			EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$0	\$0	\$0	\$0
		STOMPING GROUNDS (WINE SPECTATOR LEARNING CENTER)	LIABILITY ONLY									2023	\$0	\$0	\$0	\$0
Lat: 38.336152		Lng. -122.673155														
9		PLACEMENT FOR LIABILITY COVERAGE	13,000 SQ. FT.	Class: ZZ (N/A)	No			EQ: A3 Flood: X	No Yes	No Yes	No Yes	2022	\$0	\$0	\$0	\$0
		PRELUDE AND HOSPITALITY CENTER (GREEN MUSIC CENTE)	LIABILITY ONLY									2023	\$0	\$0	\$0	\$0
Lat: 38.336152		Lng. -122.673155														

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CSURMA-SF PROPERTY SCHEDULE SONOMA STATE UNIVERSITY ENTERPRISES (AUXILIARY)

March 27, 2023

Page 4
Includes B & M
Filter: Selected records
Real Property Trend Factor: 7.50%
Personal Property Trend Factor: 7.50%

Loc #	2nd Id	Address, City, Zip	Occupancy	Construction	Auto Spklr	Year Built	Year Apprs	Zone	Real Prop	Pers Prop	BI / Rents	Year	Real Property	Personal Property	BI / Rents	Totals
			Year	Real Property	Personal Property	BI / Rents	Totals					Year	Real Property	Personal Property	BI / Rents	Totals
		GRAND TOTALS:	2022	\$2,703,626	\$2,026,659	\$777,583	\$5,507,868					2023	\$2,906,399	\$2,178,659	\$777,583	\$5,862,641
		SPRINKLERED:	2022	\$48,610	\$0	\$20,833	\$69,443					2023	\$52,256	\$0	\$20,833	\$73,089
		UNSPRINKLERED:	2022	\$2,655,016	\$2,026,659	\$756,750	\$5,438,425					2023	\$2,854,143	\$2,178,659	\$756,750	\$5,789,552
		EARTHQUAKE:	2022	\$0	\$0	\$0	\$0					2023	\$0	\$0	\$0	\$0
		FLOOD:	2022	\$2,703,626	\$2,026,659	\$777,583	\$5,507,868					2023	\$2,906,399	\$2,178,659	\$777,583	\$5,862,641

SIGNED / ACCEPTED BY: _____

DATE: _____

AORMA COVERAGE PROGRAMS – WORKERS’ COMPENSATION

ISSUE: The Committee will discuss the program’s member allocation formula, historical premium, claims and dividends, as well as ideas for improvement.

RECOMMENDATION: The Officers will be asked to discuss the current member allocation formula, along with the accompanying exhibits, and if revisions to the allocation formula are warranted, provide a recommendation to the AORMA Committee.

FISCAL IMPACT: To be determined based on action taken by the AORMA Committee.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

1. Overview of the Workers’ Compensation Program Member Allocation
2. Total Estimated Funding for FY 24/25
3. Historical Premium, Claims and Dividends
4. Sample Payroll Audit Form

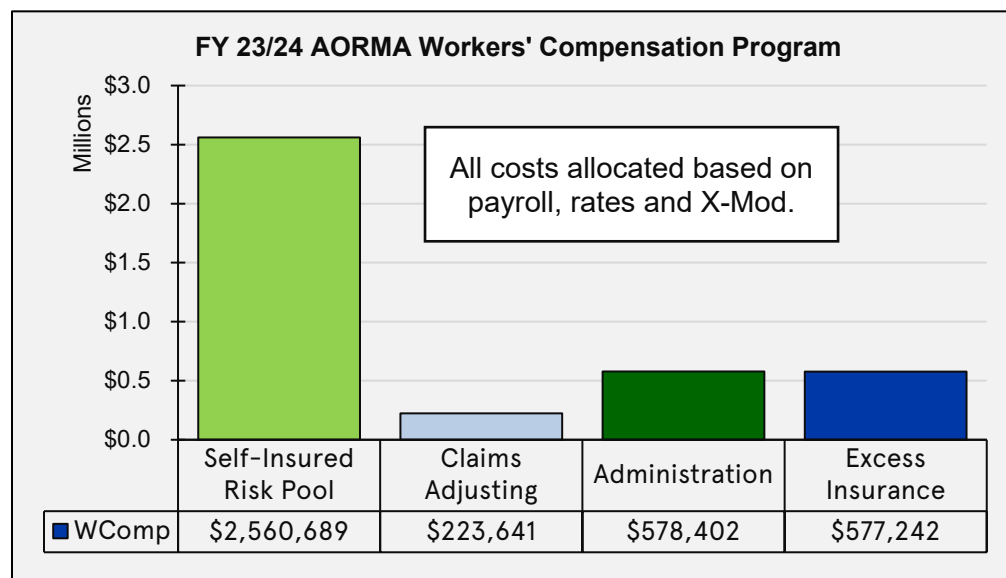
Workers' Compensation Program Member Allocation

Basic Rating Formula

1. **Rates:** The allocation uses an assigned WCIRB rate for each AORMA class code. A re-balancing factor is added to the WCIRB class code rates in order to achieve the total required program funding.

Table 1

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



2. **Experience Modification Factor:** The actuary uses the current published WCIRB method to calculate each member's X-Mod. X-Mod's include a maximum increase collar of +20% year-over-year. Four X-Mod's are capped at +20%.
3. **Minimum Premium:** The rating allocation includes a minimum premium of \$1,000.
4. **Volunteer Coverage:** Seven members with no employees have chosen to join the AORMA workers' compensation program to cover their volunteers. The minimum premium of \$1,000 applies.

Recommended Rating Revisions: No changes are recommended. This allocation appears to be fair and equitable.

**AORMA Workers' Compensation Program - Estimated Total Funding
July 1, 2024 to July 1, 2025**

Table 1 - 70% Confidence Level

A	B	C	D	E	F
Expense Item	FY 22/23 Actual Costs	FY 23/24 Paid by Members	FY 23/24 Actual Costs	FY 24/25 Proposed Costs	% Change
Pool Layer Funding	2,130,845	0	0	1,583,395	
Claims Administration	218,186	223,641	223,641	230,350	
Program Administration	595,016	578,402	578,402	595,754	
Reinsurance / Excess Insurance	564,236	3,137,931	2,472,928	577,242	
Total Costs	3,508,283	3,939,974	3,274,971	2,986,741	-9%
FY 23/24 Paid by Members vs. FY 24/25 Proposed:					-24%

Table 2 - 75% Confidence Level

A	B	C	D	E	F
Expense Item	FY 22/23 Actual Costs	FY 23/24 Paid by Members	FY 23/24 Actual Costs	FY 24/25 Proposed Costs	% Change
Pool Layer Funding	2,130,845	0	0	1,633,322	
Claims Administration	218,186	223,641	223,641	230,350	
Program Administration	595,016	578,402	578,402	595,754	
Reinsurance / Excess Insurance	564,236	3,137,931	2,472,928	577,242	
Total Costs	3,508,283	3,939,974	3,274,971	3,036,668	-7%
FY 23/24 Paid by Members vs. FY 24/25 Proposed:					-23%

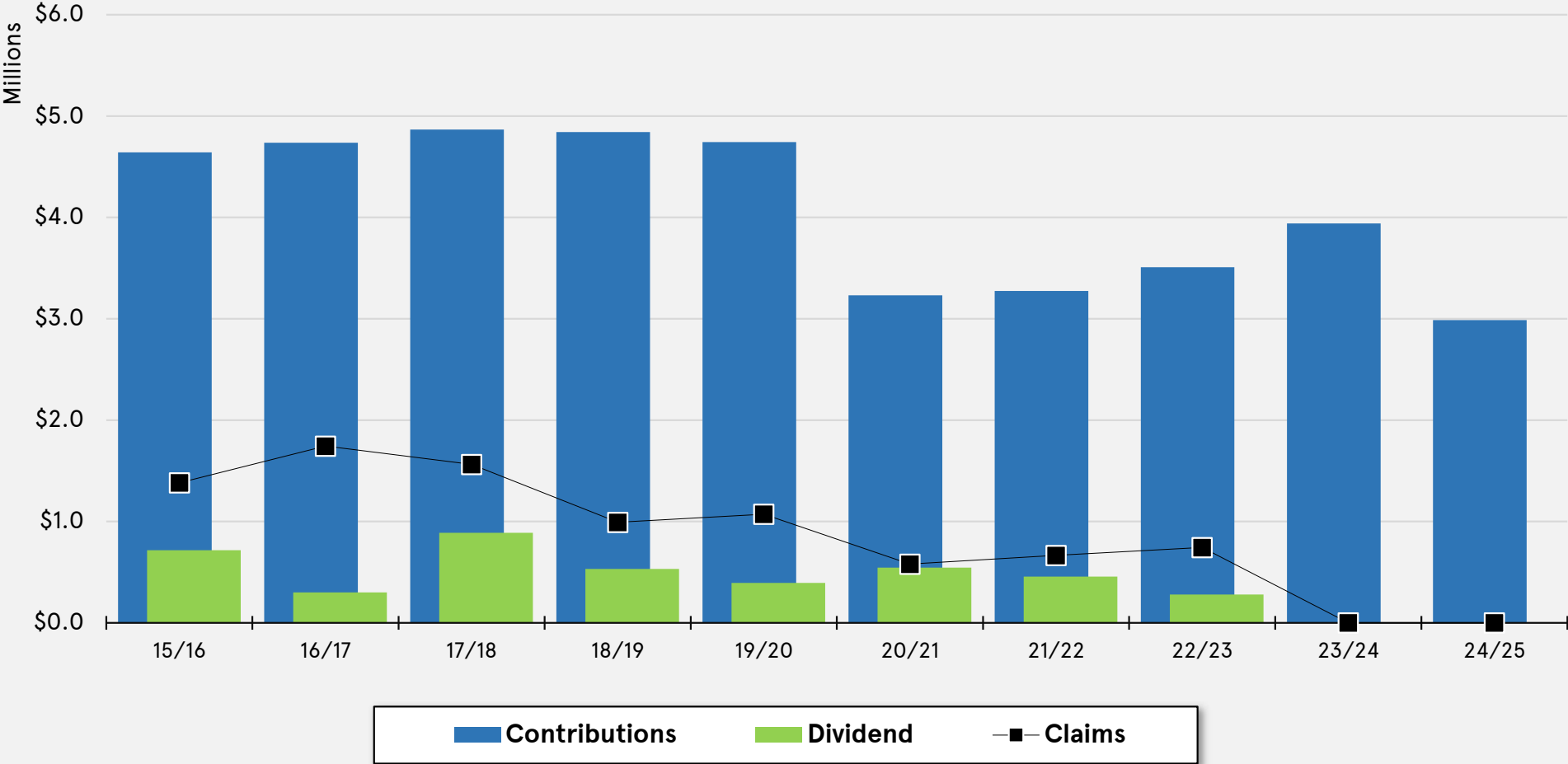
Table 3 - 80% Confidence Level

A	B	C	D	E	F
Expense Item	FY 22/23 Actual Costs	FY 23/24 Paid by Members	FY 23/24 Actual Costs	FY 24/25 Proposed Costs	% Change
Pool Layer Funding	2,130,845	0	0	1,713,205	
Claims Administration	218,186	223,641	223,641	230,350	
Program Administration	595,016	578,402	578,402	595,754	
Reinsurance / Excess Insurance	564,236	3,137,931	2,472,928	Included	
Total Costs	3,508,283	3,939,974	3,274,971	2,539,309	-22%
FY 22/23 Paid by Members vs. FY 23/24 Proposed:					-36%

Historical Contributions, Claims & Dividends



AORMA Workers' Compensation Program



AORMA Workers' Compensation Program
Final Payroll and Premium for FY 21/22 AND Estimated Payroll for FY 23/24

Auxiliary Organization Name: Capital Public Radio, Inc.
FY 21/22 Experience Modification Factor:

The final payroll for FY 21/22 is trended up by 6% to arrive at the estimated payroll for FY 23/24. You can change this estimate directly on this spreadsheet or via email.

You can change the % increase by entering a new number here.

Number of full-time salaried employees:
Number of part-time employees:

6%

Payroll and Premium - FY 21/22 ▲ **FY 23/24**

AORMA Consolidated Classifications	Code	Rate w/o Exp Mod	Rate w/ Exp Mod	Estimated Payroll	Estimated Premium	Final Payroll	Final Premium	Estimated Payroll
Clerical and Administrative, Non Manual, Non Instructional	1001	0.31	0.24	\$ 6,558,395	\$ 15,740	\$ 6,391,299	\$ 15,339	\$ 6,780,299
Primarily Professional/Student Activity Functions, Consulting, and Certain Aspects of Performing Arts, and Off-site Work Not Physical in Nature	1002	0.89	0.68	\$ -	\$ -	\$ 1,569,521	\$ 10,673	\$ 1,569,521
All retail operations, except food service	1004	1.56	1.19	\$ -	\$ -		\$ -	\$ -
Sports Activity (including Athletic Teams, coaches, trainers, ticket sales)/ Health Centers/ Swimming Activities/ Billiards/ Day Care Centers	1005	2.03	1.54	\$ -	\$ -		\$ -	\$ -
FOOD SERVICE – Preparation, delivery, stocking, clean-up. (Includes retail, residence hall, restaurant, concession)	1006	3.79	2.88	\$ -	\$ -		\$ -	\$ -
Primarily Involves Manual Labor and/or Use of Machinery or Chemicals, or Work is Largely of a Physical Nature	1007	5.82	4.42	\$ -	\$ -		\$ -	\$ -
TOTAL:				\$ 6,558,395	\$ 15,740	7,960,820	\$ 26,012	\$ 8,349,820
						Modified Audited Premium:	\$ 26,012	
						Less Deposit:	\$ 15,740	
						Net Due or (Return):	\$ 10,272	

AORMA COVERAGE PROGRAMS - PROPERTY

ISSUE: The Committee will discuss the program’s member allocation formula, historical premium, claims and dividends, as well as ideas for improvement.

RECOMMENDATION: The Officers will be asked to discuss the current member allocation formula, along with the accompanying exhibits, and if revisions to the allocation formula are warranted, provide a recommendation to the AORMA Committee.

FISCAL IMPACT: To be determined based on action taken by the AORMA Committee.

BACKGROUND: None.

PUBLICATION: None.

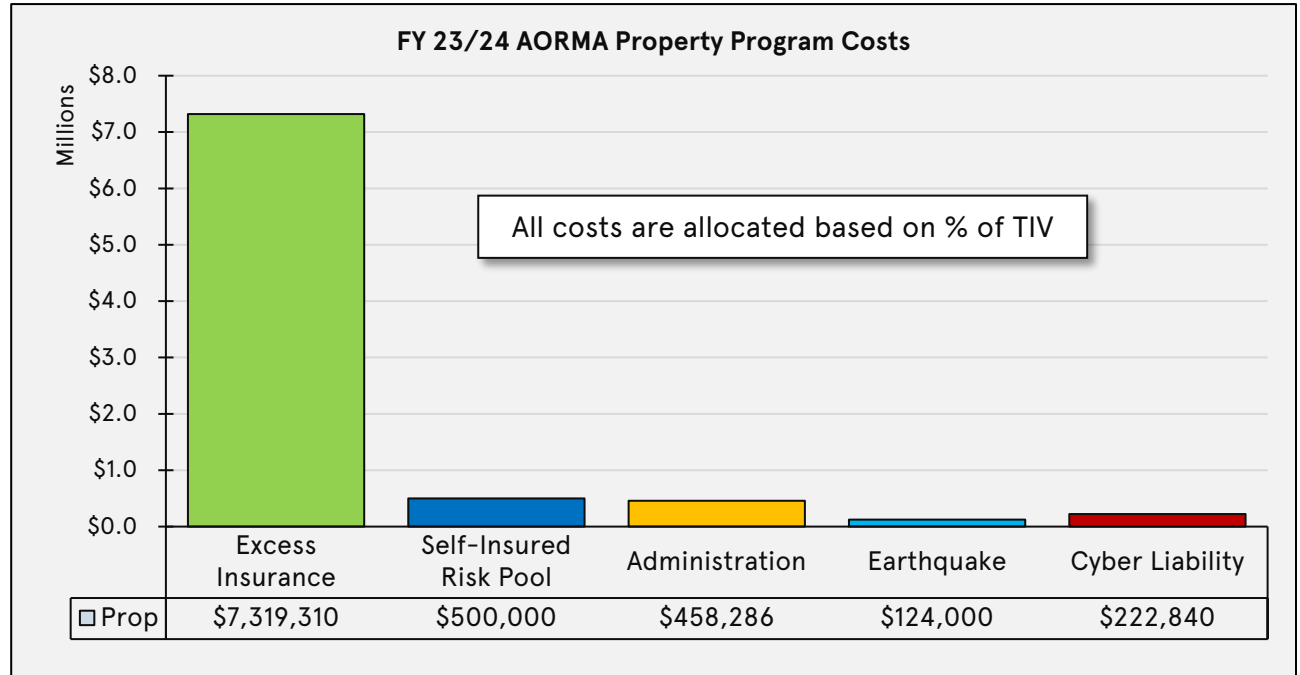
ATTACHMENT(S):

1. Overview of the Property Program Member Allocation
2. Total Estimated Funding for FY 24/25
3. Historical Premium, Claims and Dividends
4. Optional Deductible Credits
5. AORMA Property Schedule at July 1, 2023

Property Program Member Allocation

Basic Rating Formula

1. **Basic Rate:** The basic rates is applied to the member’s total insurable values (TIV):
2. **Size Credit:** The current allocation includes a maximum size credit of 40% and uses a “Maximum Premium for Calculating the Size Credit” (Maximum Premium) of \$1,300,000. A size credit is assigned based on the member’s basic premium compared to the Maximum Premium. Example: If the member’s premium is \$500,000 and the Maximum Premium is \$1,000,000. The member’s premium is 50% of the Maximum Premium; therefore, the member would receive 50% of the size credit (or 20%). Only one member receives the entire 40% size credit.
3. **Loss Rating:** A loss rating surcharge is applied to the member’s total losses, excess of its deductible, for a five-year period.



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

4. **Minimum Premium:** A minimum premium of \$600 is applied.

5. **Deductibles:** Shown below are the current deductibles:

Coverage	Deductible
Real Property	
▪ TIV less than \$10M	\$5,000
▪ TIV between \$10M and \$25M	\$10,000
▪ TIV between \$25M and \$50M	\$25,000
▪ TIV over \$50M	\$50,000
Business Personal Property, Business Interruption	\$5,000
Flood	\$100,000
Flood Zones A & V	\$500,000
Cyber Liability	\$15,000
Pollution	\$100,000

6. **Self-Insured Risk Pool / Deductible Credit:** Effective July 1, 2023, deductible options of \$10,000, \$25,000, \$50,000, and \$100,000 were offered. Because the deductible credits only reduced each member’s share of the self-insured risk pool funding costs of \$500,000, the savings amounts were quite low. Therefore, no member opted to increase its deductibles. (See Optional Deductible Credits exhibit attached.)

The AORMA Property Program has a \$100,000 self-insured risk pool and effective July 1, 2022, the \$250,000 aggregate was removed. So, now the excess insurance applies only after the risk pool has paid \$100,000 per occurrence. For FY 23/24, the risk pool funding is \$500,000. The table below shows the number of claims reported and the total claim payments made by the excess insurer.

Property Claims Claim Payments by Excess Insurance		
Fiscal Period	# of Claims	Total Paid
2013-2014	1	62,062
2014-2015	1	992,343
2015-2016	6	667,751
2016-2017	6	372,068
2017-2018	1	189,137
2018-2019	15	924,236
2020-2021	6	5,187,458
2021-2022	2	42,879
2022-2023	6	1,200,000

Recommended Rating Revisions:

1. **Review the Loss Rating Surcharge Schedule** for a possible increase. Six members have claims which are included in the rating. Slowly increasing the surcharges over the next three years may be considered.

Auxiliary Organization	Total Insurable Values	Premium w/ Size Credit	5 Year Loss Ratio	Claims Surcharge	Claims Surcharge
Cal Poly Corporation	42,037,791	191,230	7904%	40%	76,492
The University Foundation, California State University, Chico	1,178,305	5,727	621%	40%	2,291
Chico State Enterprises	14,082,963	67,077	177%	30%	20,123
Sonoma State Enterprises, Inc.	5,862,641	28,264	248%	30%	8,479
Associated Students Inc., California State Polytechnic University, Pomona	3,488,234	16,887	171%	30%	5,066
Associated Students of San Francisco State University	6,566,694	31,658	97%	10%	3,166
				Total:	115,617

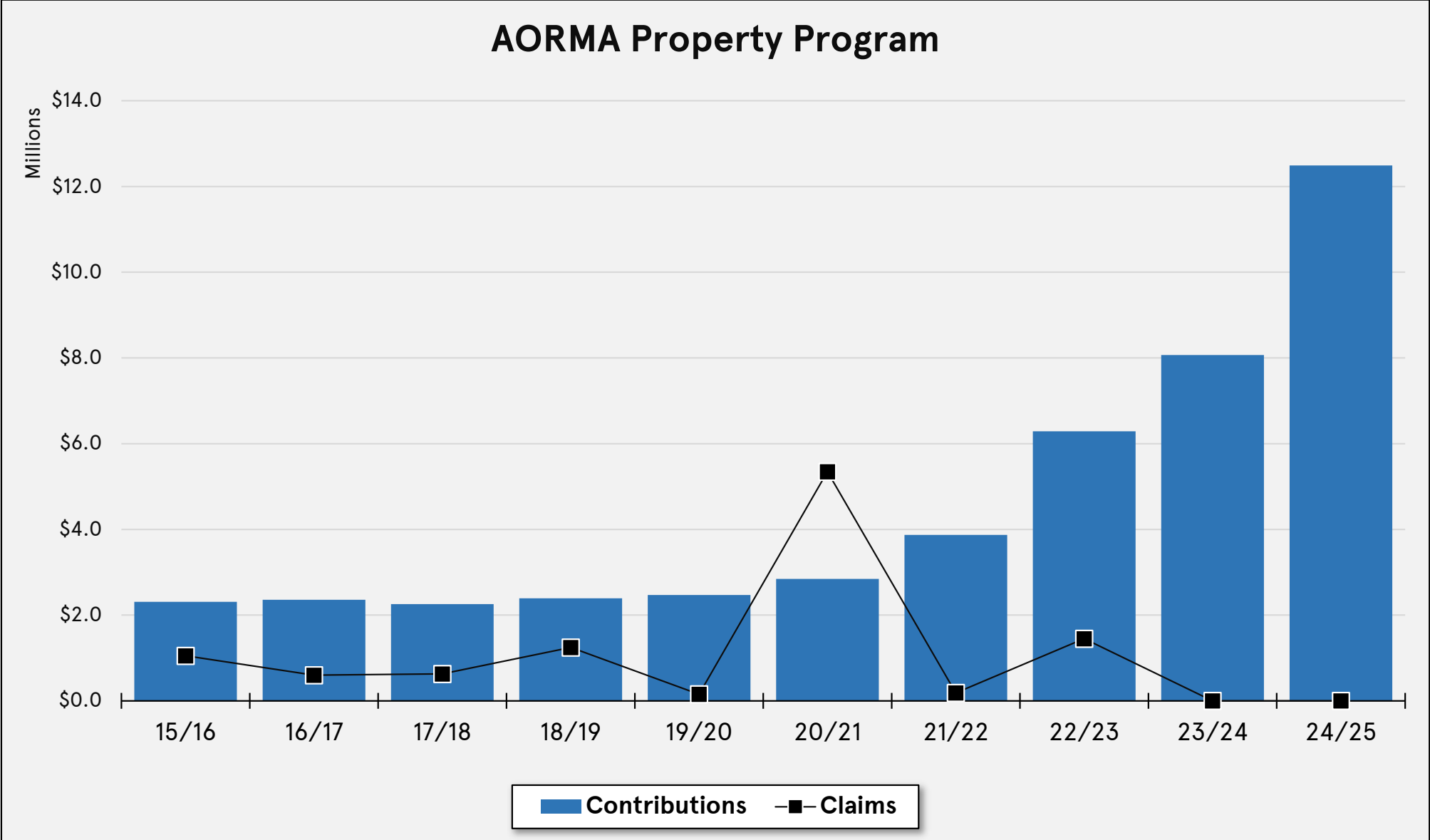
2. **Increase risk pool funding.** The current funding is \$500,000. Now that the aggregate has been removed additional funding may be necessary.
3. **Consider higher member deductibles.** The table below notes the current program deductibles. Seven buildings are subject to the \$50,000 deductible; eight buildings are subject to the \$25,000 deductible, and twenty-nine buildings are subject to the \$10,000 deductible. (See the AORMA Property Schedule Separated by Real Property Deductible exhibit attached.)

Coverage	Deductible
Real Property	
▪ TIV less than \$10M	\$5,000
▪ TIV between \$10M and \$25M	\$10,000
▪ TIV between \$25M and \$50M	\$25,000
▪ TIV over \$50M	\$50,000
Business Personal Property, Business Interruption	\$5,000
Flood	\$100,000
Flood Zones A & V	\$500,000
Cyber Liability	\$15,000
Pollution	\$100,000

**AORMA Property Coverage Program - Estimated Total Funding
July 1, 2024 to July 1, 2025**

A	B	C	D	E	F
Expense Item	FY 22/23 Actual Costs	FY 23/24 Paid by Members	FY 23/24 Actual Costs	FY 24/25 Proposed Costs	% Change
Pool Layer Funding	500,000	500,000	500,000	500,000	0%
Claims Administration	-	-	-	-	0%
Program Administration	444,938	458,286	458,286	472,035	3%
Reinsurance / Excess Insurance	5,960,373	7,666,150	9,622,161	11,518,037	20%
Total Costs	6,905,311	8,624,436	10,580,447	12,490,071	18%
FY 23/24 Paid by Members vs. FY 24/25 Proposed:					45%

Historical Contributions, Claims & Dividends



CSURMA AORMA

FY 23/24

Property Program Member Allocation - Optional Deductible Credits

9%	23%	38%	55%
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Campus	Auxiliary Organization	Basic Premium	% of Basic Premium	Risk Pool Premium	\$10,000 Deductible	\$25,000 Deductible	\$50,000 Deductible	\$100,000 Deductible
Bakersfield	Associated Students, California State University, Bakersfield, Inc.	466	0%	20	2	5	8	11
Channel Islands	Associated Students of California State University, Channel Islands, Inc.	670	0%	29	3	7	11	16
Chico	Associated Students of California State University, Chico	77,258	1%	3,334	300	767	1,267	1,834
Chico	Chico State Enterprises	68,443	1%	2,954	266	679	1,122	1,624
Chico	The University Foundation, California State University, Chico	5,727	0%	247	22	57	94	136
Dominguez Hills	Associated Students, California State University, Dominguez Hills	4,864	0%	210	19	48	80	115
Dominguez Hills	California State University, Dominguez Hills Toro Auxiliary Partners	5,093	0%	220	20	51	84	121
Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	11,527	0%	497	45	114	189	274
East Bay	Associated Students, Inc. of California State University East Bay	783	0%	34	3	8	13	19
East Bay	California State University, East Bay Foundation, Inc.	77,435	1%	3,342	301	769	1,270	1,838
Fresno	Associated Students, Inc. of California State University, Fresno	837	0%	36	3	8	14	20
Fresno	California State University, Fresno Association, Inc.	1,235,438	11%	53,313	4,798	12,262	20,259	29,322
Fresno	California State University, Fresno Foundation	6,595	0%	285	26	65	108	157
Fresno	Fresno State Programs for Children, Inc.	1,241	0%	54	5	12	20	29
Fresno	The Agricultural Foundation of California State University, Fresno	22,690	0%	979	88	225	372	539
Fresno	The California State University, Fresno Athletic Corporation	110,940	1%	4,787	431	1,101	1,819	2,633
Fullerton	Associated Students, Inc., California State University, Fullerton	106,098	1%	4,579	412	1,053	1,740	2,518
Fullerton	CSU Fullerton Auxiliary Services Corporation	700,015	6%	30,208	2,719	6,948	11,479	16,614
Humboldt	Associated Students of Humboldt State University	1,538	0%	66	6	15	25	37
Humboldt	Humboldt State University Foundation	7,782	0%	336	30	77	128	185
Humboldt	Humboldt State University Sponsored Programs Foundation	8,543	0%	369	33	85	140	203

CSURMA AORMA

FY 23/24

Property Program Member Allocation - Optional Deductible Credits

9%	23%	38%	55%
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Campus	Auxiliary Organization	Basic Premium	% of Basic Premium	Risk Pool Premium	\$10,000 Deductible	\$25,000 Deductible	\$50,000 Deductible	\$100,000 Deductible
Long Beach	Associated Students, California State University, Long Beach	59,753	1%	2,579	232	593	980	1,418
Long Beach	California State University, Long Beach Research Foundation	238,728	2%	10,302	927	2,369	3,915	5,666
Long Beach	Forty-Niner Shops, Inc.	112,580	1%	4,858	437	1,117	1,846	2,672
Los Angeles	Associated Students of California State University, Los Angeles, Inc.	182	0%	8	1	2	3	4
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	171,008	1%	7,380	664	1,697	2,804	4,059
Los Angeles	University-Student Union Board, California State University, Los Angeles	13,952	0%	602	54	138	229	331
Maritime Academy	California Maritime Academy Foundation, Inc.	10,671	0%	460	41	106	175	253
Maritime Academy	The Associated Students of the California Maritime Academy	636	0%	27	2	6	10	15
Monterey Bay	University Corporation at Monterey Bay	2,821,186	24%	121,744	10,957	28,001	46,263	66,959
Monterey Bay	Otter Student Union at CSU Monterey Bay	10,346	0%	446	40	103	170	246
Northridge	Associated Students, California State University, Northridge, Inc.	56,228	0%	2,426	218	558	922	1,335
Northridge	California State University, Northridge Foundation	1,969	0%	85	8	20	32	47
Northridge	The University Corporation	335,050	3%	14,459	1,301	3,325	5,494	7,952
Northridge	University Student Union of California State University, Northridge	40,673	0%	1,755	158	404	667	965
Pomona	Associated Students Inc., California State Polytechnic University, Pomona	16,953	0%	732	66	168	278	402
Pomona	Cal Poly Pomona Foundation, Inc.	195,162	2%	8,422	758	1,937	3,200	4,632
Pomona	Cal Poly Pomona Philanthropic Foundation	5,839	0%	252	23	58	96	139
Sacramento	Associated Students of California State University, Sacramento	86,436	1%	3,730	336	858	1,417	2,052
Sacramento	Capital Public Radio, Inc.	105,466	1%	4,551	410	1,047	1,729	2,503
Sacramento	University Enterprises, Inc.	1,009,869	9%	43,579	3,922	10,023	16,560	23,969
Sacramento	University Union Operation of CSUS, Inc.	59,188	1%	2,554	230	587	971	1,405
San Bernardino	Associated Students, California State University, San Bernardino	7,255	0%	313	28	72	119	172
San Bernardino	CSUSB Philanthropic Foundation	9,484	0%	409	37	94	156	225
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	485,664	4%	20,958	1,886	4,820	7,964	11,527

CSURMA AORMA

FY 23/24

Property Program Member Allocation - Optional Deductible Credits

9%	23%	38%	55%
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Campus	Auxiliary Organization	Basic Premium	% of Basic Premium	Risk Pool Premium	\$10,000 Deductible	\$25,000 Deductible	\$50,000 Deductible	\$100,000 Deductible
San Bernardino	University Enterprises Corporation at CSUSB	60,315	1%	2,603	234	599	989	1,432
San Diego	Associated Students, San Diego State University	174,853	2%	7,546	679	1,735	2,867	4,150
San Diego	Aztec Shops, Ltd.	1,284,599	11%	55,435	4,989	12,750	21,065	30,489
San Diego	San Diego State University Research Foundation	981,808	8%	42,368	3,813	9,745	16,100	23,303
San Francisco	Associated Students of San Francisco State University	31,914	0%	1,377	124	317	523	757
San Francisco	The University Corporation, San Francisco State	3,257	0%	141	13	32	53	77
San Jose	Associated Students San Jose State University	34,872	0%	1,505	135	346	572	828
San Jose	San Jose State University Research Foundation	104,270	1%	4,500	405	1,035	1,710	2,475
San Jose	Spartan Shops, Inc.	67,647	1%	2,919	263	671	1,109	1,606
San Jose	The Student Union of San Jose State University	64,560	1%	2,786	251	641	1,059	1,532
San Jose	The Tower Foundation of San Jose State University	2,988	0%	129	12	30	49	71
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	49,640	0%	2,142	193	493	814	1,178
San Luis Obispo	Cal Poly Corporation	204,304	2%	8,816	793	2,028	3,350	4,849
San Marcos	Associated Students, Inc. of California State University San Marcos	710	0%	31	3	7	12	17
San Marcos	California State University San Marcos Corporation	102,056	1%	4,404	396	1,013	1,674	2,422
Sonoma	Associated Students of Sonoma State University	720	0%	31	3	7	12	17
Sonoma	Sonoma State Enterprises, Inc.	28,492	0%	1,230	111	283	467	676
Stanislaus	California State University, Stanislaus Auxiliary and Business Services	7,169	0%	309	28	71	118	170
Stanislaus	University Student Center of California State University, Stanislaus	11,034	0%	476	43	110	181	262
N/A	Humboldt State University Real Estate Holdings	63,076	1%	2,722	245	626	1,034	1,497
		11,586,542	100%	500,000	45,000	115,000	190,000	275,000

AORMA Property Schedule at July 1, 2023 - Separated by Real Property Deductible				
Member Name	Occupancy	Site Description	Sq Feet	Building \$
Buildings w/ a \$50,000 Deductible				
CSU FRESNO - ASSOCIATION	Save Mart Center	CSU Fresno Main Campus	450,000	161,653,342
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	(8) UNIT RESIDENTIAL PROPERTY - 52 STRUCTURES	CSU Monterey Bay Employee Housing	8,800	109,091,918
CSU SAN BERNARDINO - STUDENT UNION	ADMIN OFFICE	SMSU STUDENT UNION NORTH	120,000	88,687,500
CSU SAN MARCOS UNIVERSITY CORPORATION (FORMALLY UARSC)	CLASSROOMS, LABS, OFFICE SPACE, AND RETA	EXTENDED LEARNING BUILDING	134,773	68,711,763
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	(8) UNIT RESIDENTIAL PROPERTY -31 STRUCTURES	CSU Monterey Bay Employee Housing	8,800	65,031,350
CSU SACRAMENTO - UNIVERSITY ENTERPRISES, INC,	FOLSOM HALL	CSU SACRAMENTO UEI MAIN CAMPUS	198,692	62,687,714
CSU FULLERTON - AUXILIARY SERVICES CORP.	BUILDING - COLLEGE PARK	CSU FULLERTON	211,429	62,477,219
Building w/ a \$25,000 Deductible				
CSU FULLERTON - AUXILIARY SERVICES CORP.	ADMINISTRATIVE OFFICE - TWO BLDGS		87,238	42,247,056
SAN DIEGO STATE UNIVERSITY - AZTEC SHOPS	RESIDENCE/UT APARTMENTS	UNIVERSITY TOWERS APARTMENT	99,366	41,541,560
SAN DIEGO STATE UNIVERSITY - RESEARCH FOUNDATION	GATEWAY CENTER	CSU SDSU MAIN CAMPUS	97,305	37,628,384
SAN DIEGO STATE UNIVERSITY - AZTEC SHOPS	STUDENT HOUSING	VIVA 5750 STUDENT APARTMENTS	60,480	37,000,000
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	(4) UNIT RESIDENTIAL PROPERTY - 13 STRUCTURES	CSU Monterey Bay Employee Housing	4,400	32,515,677
SAN DIEGO STATE UNIVERSITY - AZTEC SHOPS	STUDENT HOUSING/186 APARTMENT UNITS	STUDENT HOUSING	205,017	29,998,973
CSU SACRAMENTO - UNIVERSITY ENTERPRISES, INC,	PLACER HALL	CSU SACRAMENTO UEI MAIN CAMPUS	61,011	27,420,874
CSU SACRAMENTO - UNIVERSITY ENTERPRISES, INC,	MODOC HALL	CSU SACRAMENTO UEI MAIN CAMPUS	85,402	26,903,362
Buildings w/ a \$10,000 Deductible				
CSU LONG BEACH - RESEARCH FOUNDATION	OFFICE BUILDING	CSU LONG BEACH MAIN CAMPUS	63,464	23,356,978
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Office & Warehouse	CSUMB at Ryan Ranch	62,407	23,301,524
SAN DIEGO STATE UNIVERSITY - AZTEC SHOPS	RESIDENCE HOUSING	PIEDRO DEL SOL HOUSING	63,775	22,619,461
SAN DIEGO STATE UNIVERSITY - AZTEC SHOPS	STUDENT HOUSING	STUDENT HOUSING	99,682	22,423,022
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	(6) UNIT RESIDENTIAL PROPERTY - 14 STRUCTURES	CSU Monterey Bay Employee Housing	6,600	21,758,730
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Vineyard Suites *North Quad	CSU Monterey Bay Main Campus	72,527	21,558,445
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Pinnacles Suites *North Quad	CSU Monterey Bay Main Campus	71,146	21,147,946
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	(4) UNIT RESIDENTIAL PROPERTY- 20 STRUCTURES	CSU Monterey Bay Employee Housing	4,400	20,976,004

AORMA Property Schedule at July 1, 2023 - Separated by Real Property Deductible				
Member Name	Occupancy	Site Description	Sq Feet	Building \$
CSU SAN MARCOS UNIVERSITY CORPORATION (FORMALLY UARSC)	PARKING STRUCTURE	PARKING STRUCTURE	184,510	20,430,018
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	(6) UNIT TOWNHOUSE - 10 STRUCTURES	CSU Monterey Bay Employee Housing	8,400	20,031,635
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Building A	CSUMB-University Corporation	92,880	18,178,507
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Building C	CSUMB-University Corporation	92,880	18,178,507
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Building B	CSUMB-University Corporation	92,825	18,167,743
CSU SACRAMENTO - UNIVERSITY ENTERPRISES, INC,	DEL NORTE HALL	CSU SACRAMENTO UEI MAIN CAMPUS	46,012	18,129,781
CSU NORTHRIDGE - UNIVERSITY CORPORATION	CAMPUS POLICE AND PARKING	MAIN CAMPUS CSU NORTHRIDGE	25,917	17,414,573
SAN DIEGO STATE UNIVERSITY - RESEARCH FOUNDATION	OFFICE/LABORATORY	COASTAL WATERS LAB	39,544	17,239,160
CSU LOS ANGELES - UNIVERSITY AUXILIARY SERVICES	LABS, OFFICES, CONFERENCE SPACES	RONGXIANG XU BIOSCIENCE INNOVATION CENTER	21,000	17,127,481
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Salinas City Center/National Steinbeck Center	CSUMB Salinas City Center	32,314	15,391,039
SAN DIEGO STATE UNIVERSITY - RESEARCH FOUNDATION	SDSU PROJECT AND COMMERCIAL TENANTS	DeDe ALPERT COMMUNITY CENTER	56,921	15,196,518
SAN DIEGO STATE UNIVERSITY - RESEARCH FOUNDATION	OFFICE BUILDING	SKYPARK OFFICE COMPLEX	54,384	14,790,552
CSU SACRAMENTO - UNIVERSITY ENTERPRISES, INC,	NAPA HALL	CSU SACRAMENTO UEI MAIN CAMPUS - BLDG #88	33,932	14,750,409
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	(3) UNIT RESIDENTIAL PROPERTY - 18 STRUCTURES	CSU Monterey Bay Employee Housing	3,300	13,988,849
CSU EAST BAY - FOUNDATION	BOOKSTORE & OFFICES	CSU EAST BAY MAIN CAMPUS	36,051	13,454,588
CSU LONG BEACH - FORTY NINER SHOPS	BOOKSTORE, OFFICES, WAREHOUSE	CSU LONG BEACH MAIN CAMPUS	50,372	12,857,663
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Strawberry Apartments *North Quad	CSU Monterey Bay Main Campus	41,178	12,287,043
SAN DIEGO STATE UNIVERSITY - RESEARCH FOUNDATION	OFFICE BUILDING	OFFICE BUILDING	47,327	10,993,626
SAN DIEGO STATE UNIVERSITY - RESEARCH FOUNDATION	OFFICE BUILDING	OFFICE BUILDING	44,933	10,746,644
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Avocet Hall	CSU Monterey Bay Main Campus	34,134	10,745,505
CSU MONTEREY BAY - UNIVERSTIY CORPORATION	Sanderling Hall	CSU Monterey Bay Main Campus	33,440	10,527,030

AORMA COVERAGE PROGRAMS - CRIME

ISSUE: The Committee will discuss the program’s member allocation formula, historical premium, claims and dividends, as well as ideas for improvement.

RECOMMENDATION: The Officers will be asked to discuss the current member allocation formula, along with the accompanying exhibits, and if revisions to the allocation formula are warranted, provide a recommendation to the AORMA Committee.

FISCAL IMPACT: To be determined based on action taken by the AORMA Committee.

BACKGROUND: None.

PUBLICATION: None.

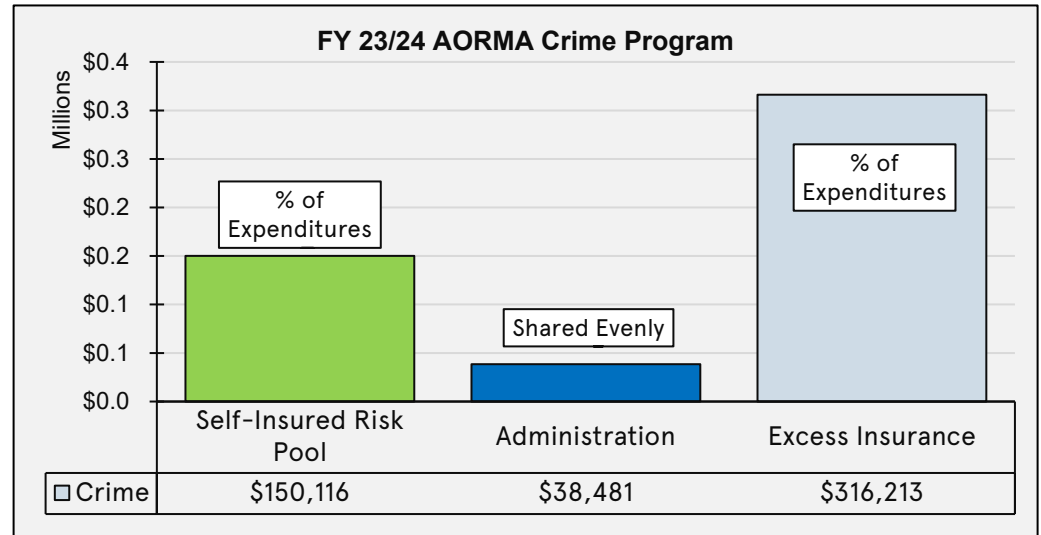
ATTACHMENT(S):

1. Overview of the Crime Program Member Allocation
2. Total Estimated Funding for FY 24/25
3. Historical Premium, Claims and Dividends

Crime Program Member Allocation FY 23/24 Program Contributions

Basic Rating Formula

1. **Basic Rate:** The basic rate is applied to the member’s rolling five-year average expenditures.
2. **Size Credit:** Currently, a 50% size credit is included in the allocation based on the member’s basic premium compared to the “Maximum Premium for Calculating the Size Credit” (Maximum Premium) which is \$20,000. Example: If the member’s basic premium is \$10,000 and the Maximum Premium is \$20,000. Then the member’s premium is 50% of the Maximum Premium; therefore, the member would receive 50% of the size credit (or 25%). FY 23/24, twelve members received the entire 50% credit.
3. **Loss Rating:** The loss rating is based on paid losses compared to program premium. Loss costs more than the member’s \$5,000 deductible within the past five years are included in the loss ratio.



Loss Rating Surcharge Schedule	
Surcharge Ratio	Surcharge
Less than 50%	0%
Over 50%	10%
Over 100%	20%
Over 200%	40%
Over 300%	50%

4. **Exposure Credit:** For FY 23/24, an exposure credit of 20% was added to the rating for all Philanthropic Foundations with no employees.
5. **Minimum Premium:** The FY 23/24 allocation has minimum premium of \$630, plus administration costs, or \$1,062. Thirteen members are subject to the minimum premium. As the excess insurance costs have increased over the past three years, the minimum premium has been increased accordingly.
6. **Administrative Costs:** The administrative costs are shared equally between all members rather than allocated based on premium size. The reason behind this decision is that the program does not require significant administrative effort due to the small number of claims filed each year.

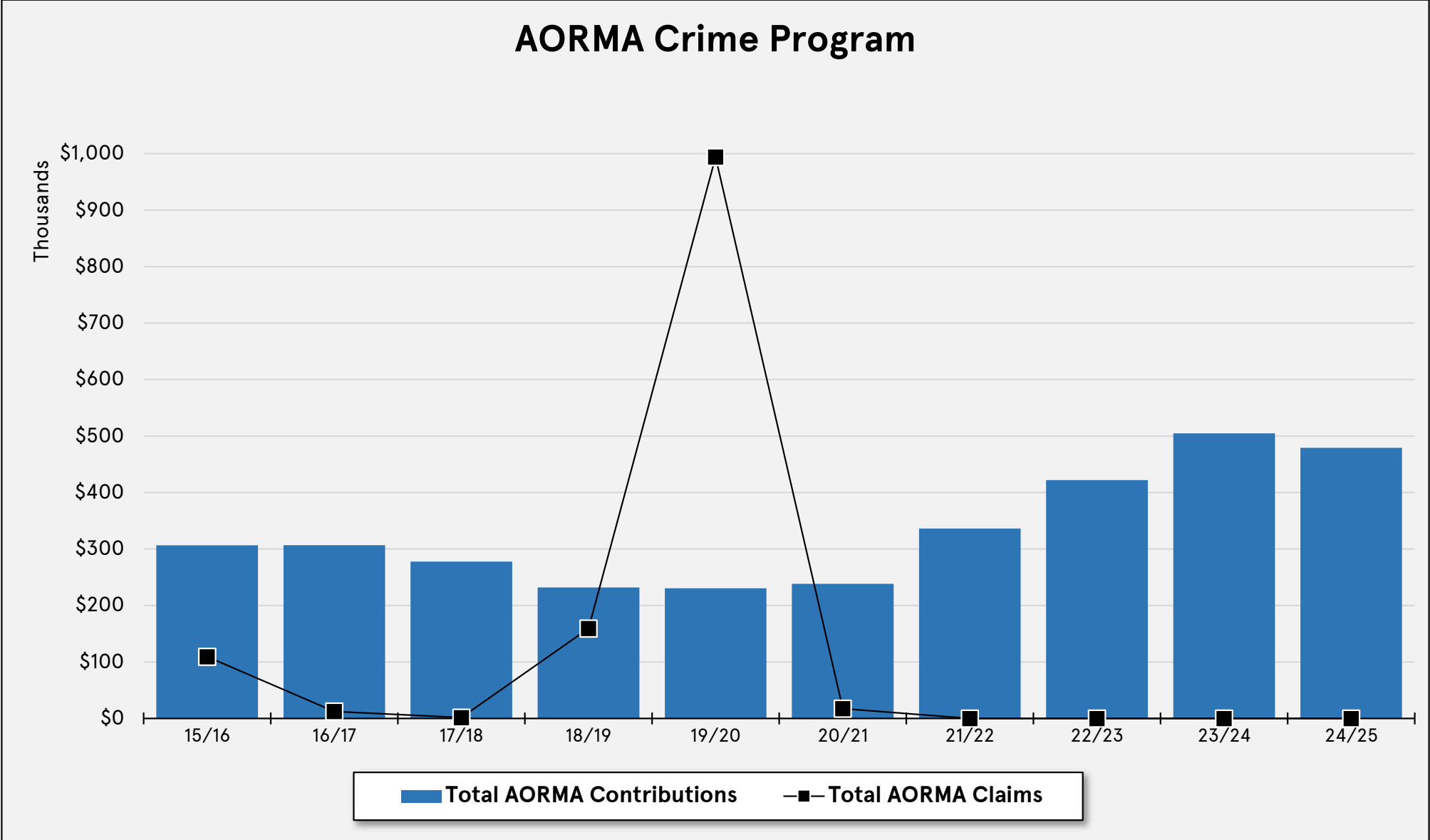
Recommended Rating Revisions:

1. **Loss Rating Surcharge Schedule** - All rating factors, other than the Loss Rating Surcharge Schedule, are subject to review and approval by the AORMA Committee each year. Staff recommends reviewing the Loss Rating Surcharge Schedule for a possible increase. Only two members have claims which are included in the rating. Because the Crime Program premium costs are relatively small compared to a typical crime claim, both members received the maximum surcharge of 50%. Slowly increasing the surcharges over the next three years may be considered.

**AORMA Crime Coverage Program - Estimated Total Funding
July 1, 2024 to July 1, 2025**

A	B	C	D	E	F
Expense Item	FY 22/23 Actual Costs	FY 23/24 Paid by Members	FY 23/24 Actual Costs	FY 24/25 Proposed Costs	% Change
Pool Layer Funding	100,000	150,000	150,000	150,000	0%
Claims Administration	-	-	-	-	0%
Program Administration	37,360	38,481	38,481	39,635	3%
Reinsurance / Excess Insurance	263,511	316,329	263,332	289,665	10%
Total Costs	400,871	504,810	451,813	479,301	6%
FY 23/24 Paid by Members vs. FY 24/25 Proposed:					-5%

Historical Contributions, Claims & Dividends



AORMA COVERAGE PROGRAMS – UNEMPLOYMENT INSURANCE

ISSUE: The Committee will discuss the program’s member allocation formula, historical premium, claims and dividends, as well as ideas for improvement.

RECOMMENDATION: The Officers will be asked to discuss the current member allocation formula, along with the accompanying exhibits, and if revisions to the allocation formula are warranted, provide a recommendation to the AORMA Committee.

FISCAL IMPACT: To be determined based on action taken by the AORMA Committee.

BACKGROUND: None.

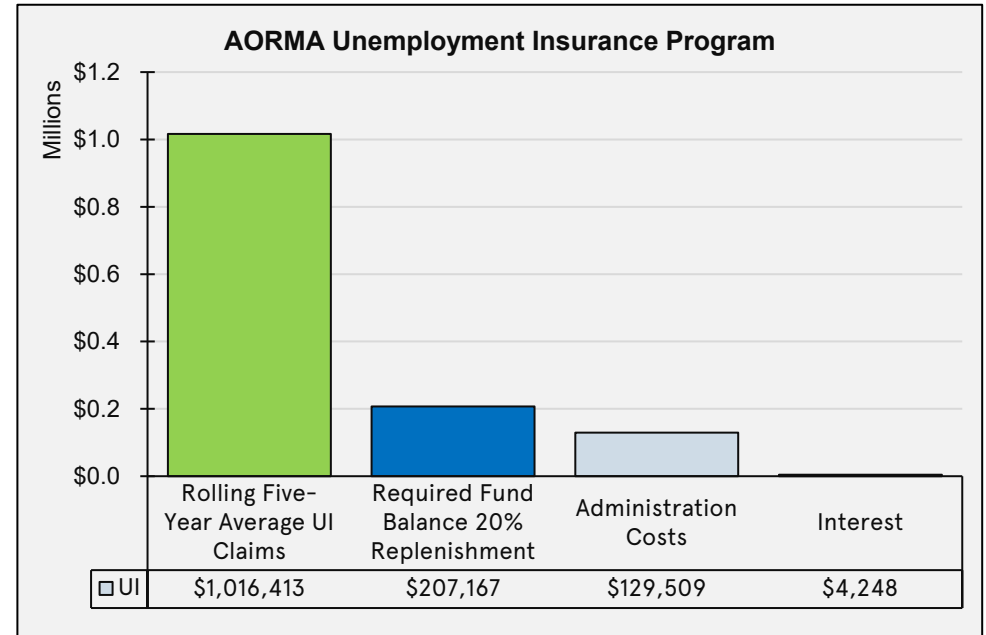
PUBLICATION: None.

ATTACHMENT(S):

1. Overview of the Liability Program Member Allocation
2. Historical Premium, Claims and Dividends
3. UI Fund Balance Report at March 31, 2023

Unemployment Insurance Program Member Allocation FY 23/24 Program Contributions

Expense Item	Expense
Rolling Five-Year Average UI Claims	\$1,016,413
Required Fund Balance 20% Replenishment	\$207,167
Administration Costs	\$129,509
Interest	\$4,248
Total Program Costs for FY 23/24:	\$1,357,337



Basic Rating Formula

The AORMA Unemployment Insurance Program does not include any loss sharing between its members. All members pay for their own claims. Members may borrow funds if their UI claims exceed their fund balance within the program. Members pay back borrowed funds over a five-year period. The UI program costs are allocated to each member as shown below:

1. **Average Annual Claims:** Each member pays into the program its five-year rolling average UI claims. For FY 23/24, claims from 4/1/18 to 3/31/23 are used in the average.
2. **Administrative Costs:** An administrative cost is allocated to each member based on its percentage of the total average annual claims. There is a minimum administrative cost of \$432.
3. **Minimum Fund Balance Required:** Each member is required to maintain a fund balance of two times its average annual claims. If the member's fund balance is less than required, 20% of the deficit is added to the member's contributions until the fund balance is at the required level.

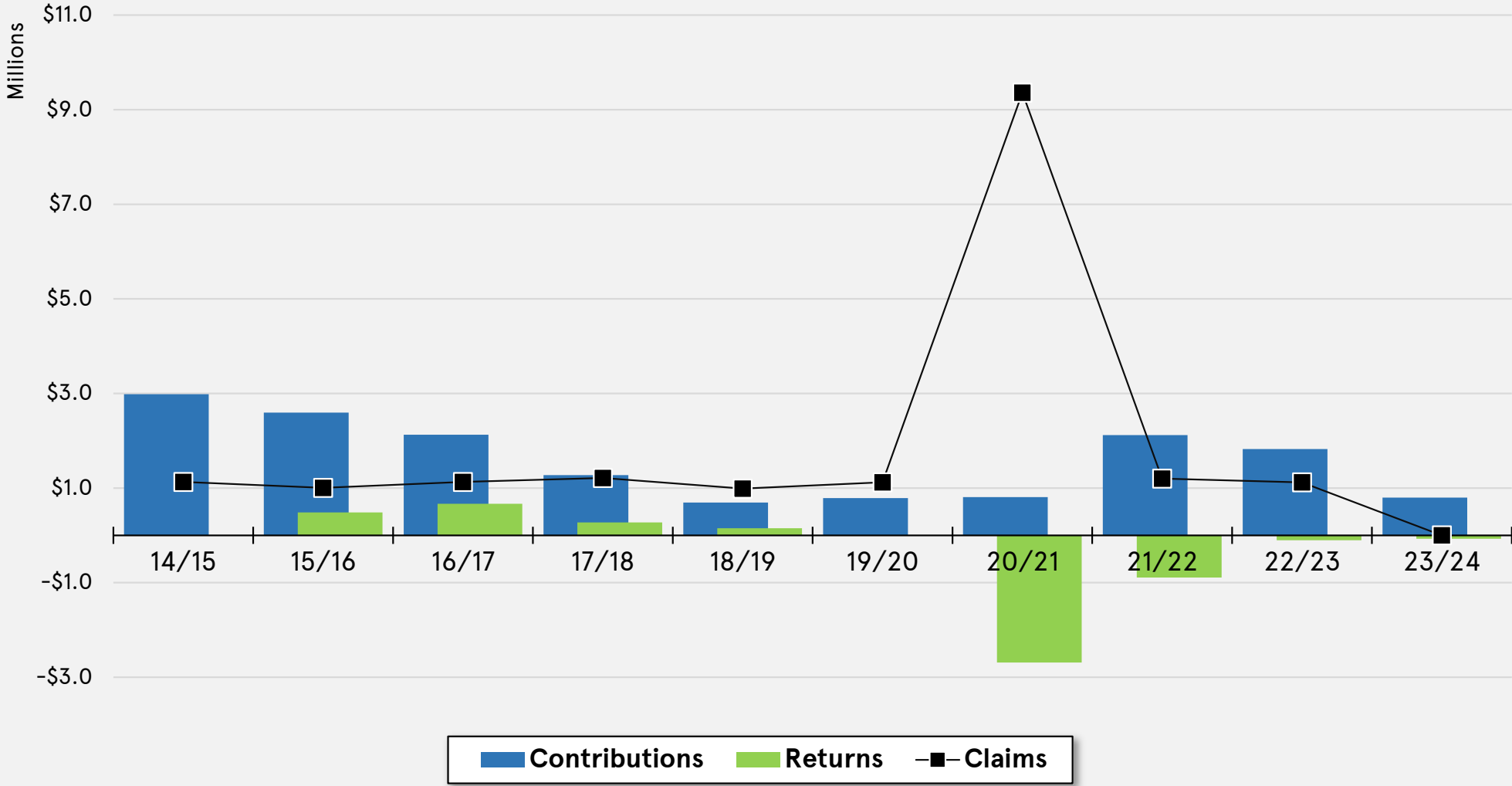
4. **Interest Charge:** If a member's ending fund balance for the prior year is in a negative position, then an interest charge is included until their ending fund balance is \$0 or above.

Recommended Rating Revisions: No revisions are recommended. The allocation formula appears to be fair and equitable.

Historical Contributions, Claims & Dividends



AORMA Unemployment Insurance Program



**CSURMA AORMA Unemployment Insurance Program (UIP)
Member Fund Balance Report @ March 31, 2023**

Campus	Member Organization	AORMA UIP	2023	2022	2022	2022	Claims Paid	Deposits Paid	Admin Costs -	Investment	Refunds or	AORMA UIP
		Fund Balance	Jan - Mar	Oct - Dec	Jul - Sep	Apr - Jun	During	During	subject to	Income	Reimbursement	Fund Balance
		@ 3/31/22					FY 22/23	FY 22/23	minimum of	FY 22/23	FY 22/23	@ 3/30/23
									\$432			
Bakersfield	California State University, Bakersfield Foundation	-	-	-	-	-	-	-	0	-	-	-
Chico	Associated Students of California State University, Chico	(99,724)	2,001	4,609	6,072	-	12,682	67,220	1,936	-	81,037	33,916
Chico	Chico State Enterprises	223,518	5,916	8,823	5,771	8,010	28,519	61,999	4,355	6,706	-	259,349
Dominguez Hills	Associated Students, California State University, Dominguez Hills	8,757	912	-	-	-	912	870	432	263	-	8,545
Dominguez Hills	California State University, Dominguez Hills Foundation	(0)	10,349	13,224	8,839	8,054	40,466	53,070	6,179	-	-	6,425
Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	(16,612)	486	-	-	-	486	7,671	432	-	-	(9,859)
East Bay	Associated Students, Inc. of California State University East Bay	65,239	-	196	3,150	6,300	9,646	-	1,473	1,957	-	56,077
Fresno	California State University, Fresno Association, Inc.	(0)	866	831	6,619	1,316	9,633	85,699	1,471	-	-	74,595
Fresno	California State University, Fresno Foundation	293,012	21,431	3,935	14,115	14,292	53,773	132,474	8,211	8,791	-	372,293
Fullerton	Associated Students, Inc., California State University, Fullerton	(95,182)	10,340	8,512	807	-	19,659	46,986	3,002	-	70,856	(0)
Fullerton	CSU Fullerton Auxiliary Services Corporation	91,914	10,622	12,711	7,715	2,428	33,475	104,884	5,112	2,758	11,900	172,869
Humboldt	Humboldt State University Center Board of Directors	14,424	-	340	1,356	231	1,927	-	432	433	-	12,497
Long Beach	Associated Students, California State University, Long Beach	(0)	1,117	1,170	975	-	3,261	32,135	498	-	-	28,375
Long Beach	California State University, Long Beach Research Foundation	174,282	14,624	10,607	9,219	9,425	43,875	42,372	6,700	5,229	-	171,308
Long Beach	Forty-Niner Shops, Inc.	(0)	-	873	7,059	2,432	10,364	33,108	1,583	-	-	21,161
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.	74,879	106	7,887	7,211	1,427	16,631	79,778	2,540	2,247	-	137,732
Los Angeles	University-Student Union Board, California State University, Los Angeles	13,768	-	-	-	326	326	19,374	432	413	-	32,797
Monterey Bay	University Corporation at Monterey Bay	0	16,352	20,317	20,914	10,590	68,173	95,117	10,410	-	-	16,534
Northridge	Associated Students, California State University, Northridge, Inc.	(18,453)	7,227	3,587	648	5,049	16,510	16,423	2,521	-	-	(21,062)
Northridge	The University Corporation	115,333	2,338	5,706	12,140	13,179	33,362	121,155	5,094	3,460	-	201,491
Northridge	University Student Union of California State University, Northridge	85,919	7,756	7,667	6,134	2,690	24,246	67,670	3,702	2,578	-	128,218
Pomona	Associated Students Inc., California State Polytechnic University, Pomona	(8,459)	8,473	4,877	1,174	5,380	19,904	28,577	3,039	-	-	(2,824)
Sacramento	Associated Students of California State University, Sacramento	28,352	2,781	355	989	781	4,906	9,217	749	851	-	32,764
Sacramento	Capital Public Radio, Inc.	48,329	1,951	1,874	1,952	-	5,777	18,708	882	1,450	-	61,827
Sacramento	University Enterprises, Inc.	(294,829)	35,738	34,450	33,912	32,841	136,941	408,408	20,911	-	-	(44,273)
San Bernardino	Associated Students, California State University, San Bernardino	(3,980)	-	-	-	-	-	6,703	432	-	-	2,291
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	(33,549)	1,231	289	449	-	1,968	11,933	432	-	-	(24,016)
San Bernardino	University Enterprises Corporation at CSUSB	71,788	31,169	14,013	20,509	22,967	88,657	64,811	13,538	2,154	-	36,557
San Francisco	Associated Students of San Francisco State University	(92,427)	3,763	14,055	11,058	3,607	32,483	69,125	4,960	-	-	(60,745)
San Francisco	The University Corporation, San Francisco State	75,481	-	5,102	4,672	3,022	12,796	-	1,954	2,265	-	62,995
San Jose	Associated Students San Jose State University	10,318	-	-	4,884	1,800	6,684	15,331	1,021	310	-	18,254
San Jose	San Jose State University Research Foundation	343,335	9,758	2,707	5,486	21,165	39,116	-	5,973	10,301	-	308,547
San Jose	Spartan Shops, Inc.	17,425	1,356	2,913	-	-	4,269	-	652	523	-	13,026
San Jose	The Student Union of San Jose State University	(0)	1,480	4,913	894	-	7,287	16,701	1,113	-	10,856	19,157
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	(175,663)	175	-	-	-	175	55,868	432	-	-	(120,401)
San Marcos	California State University San Marcos Corporation	31,916	8,583	21,267	4,671	8,976	43,497	50,897	6,642	958	-	33,632
Sonoma	Associated Students of Sonoma State University	14,020	-	-	51	-	51	-	432	421	-	13,958
Total		963,129	218,898	217,809	209,443	186,288	832,438	1,824,284	129,677	54,066	174,649	2,054,013

AORMA COVERAGE PROGRAMS – BENEFITS

ISSUE: The Committee will hear update regarding the CSURMA AORMA Benefits Program.

RECOMMENDATION: No action is recommended; this item is for discussion only.

FISCAL IMPACT: None at this point.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA AORMA Benefits Update



CSURMA AORMA Benefits Program

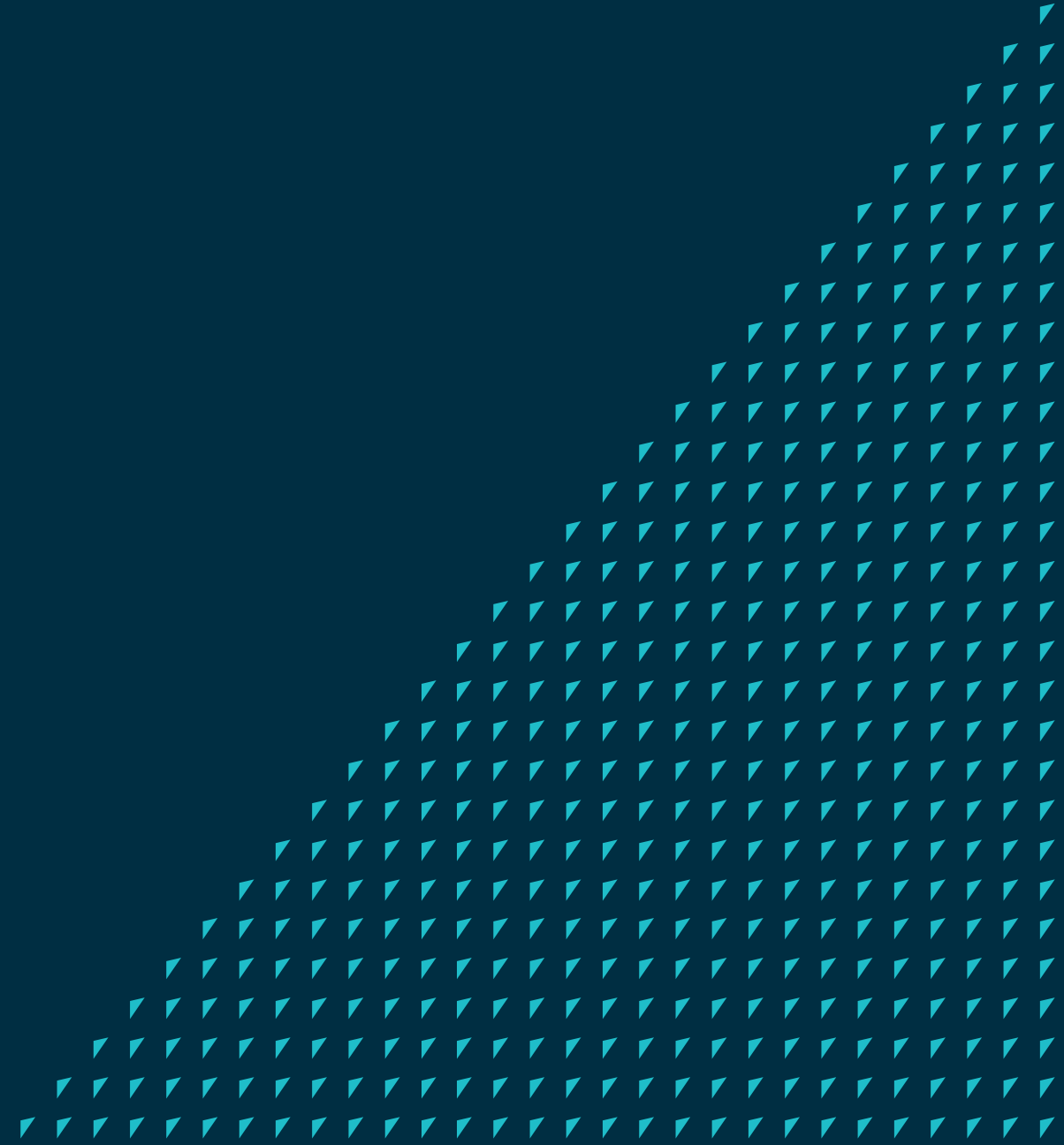
July 2023



Agenda

- I. Marketplace Dynamics
- II. CSURMA AORMA Program
- III. CSURMA AORMA Programs & Resources
- IV. CSURMA AORMA – Alternative to CalPERS
- V. Questions
 - I. How learn more
- VI. Appendix
 - I. CSURMA AORMA Plan Membership

Marketplace Dynamics



Healthcare costs indexing at **2x CPI** and **Rx costs are 5x**

~30% of healthcare spending may be considered **waste**

Specialty drugs **expected to increase 21-25%** YOY for the next 5 years, **encroaching on 50%** of total benefit spend.

40% of elective surgeries can be redirected to **non-surgical intervention**

Healthcare labor shortages projected in every state by 2026. Primary care, mental health and lower wage healthcare support roles are expected to reach critical capacity in the next 24 months.

70% of services sent for Expert Medical Opinions result in a change to the original treatment plan

75% of health insurers anticipate **higher or significantly higher** medical trend over the next 3 years



The pandemic caused the delay of preventive and low acuity elective care which will result in higher acuity needs

Inappropriate care or over-utilization of healthcare accounts for a quarter of total annual US healthcare spend (\$765 billion)

Healthcare costs approaching **18%** of GDP



Direct Market: Average Renewal by Carrier (Pooled Segment)

Pooled / Average Renewals 2023 Q2 and Q3						
	Aetna ¹	Anthem BC ²	Blue Shield ³	Cigna ⁴	Kaiser	United Healthcare ⁵
HMO	11.9% – 14.9%	12.9%	10.9% - 12.9%	10.9% - 17.5%	5% - 15%	15% – 20%
PPO	11.9% – 14.9%	12.9%	12.9% - 16%	12.9% - 17.5%	NA	17% - 25%
HSA	11.9% – 14.9%	12.9%	12.9% - 16%	12.9% - 17.5%	NA	17% - 25%

There are a number of factor that will be affecting the upcoming renewal cycle including:

- Unprecedented inflation, supply chain disruptions, and historic labor shortages.
- Rebounds in care as the COVID delay in care bubble continues resulting in rising outpatient services over the past year.
- To handle the shortage and surge, providers have turned to contracting with additional staff – who are commanding higher wages. The American Hospital Association indicates contract labor expenses rose by 258% from 2019 to 2022.
- Pandemic / COVID related governmental assistance payments have now ceased, resulting in unsustainable budgets. Many hospital systems are now reporting huge losses (Kaiser reported a \$1.5B loss for 2022).
- Specialty RX is driving up healthcare cost with 286 new high-cost medications expected to hit the market in 2023. For example, Hemgenix, for hemophilia, will cost \$3.5 million per treatment.

To address some the above challenges, providers are seeking higher capitation from carriers as their contracts come up for renewal. This often leads to stand off in negotiations between the carrier and provider group with your members caught in the middle and the premium increasing.

¹ Aetna pooled renewal outliers start at +20.9%.

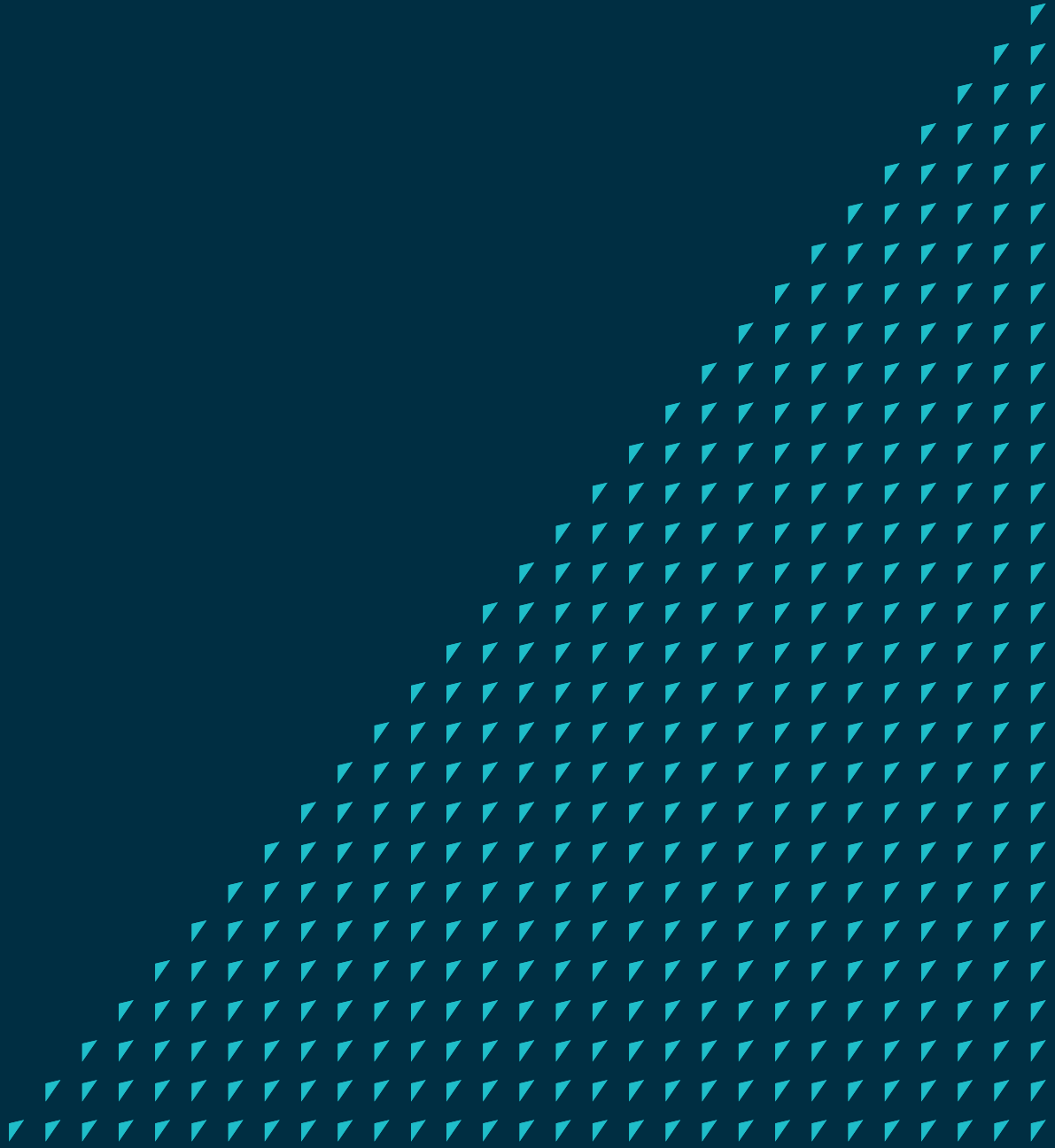
² Anthem substandard and outliers will range between +24.8% and +45%

³ Blue Shield Trio ACO HMO pooled renewal is 10.9%; outlier pool renewals are +24.9% or +49.0%.

⁴ Cigna outliers will range between +25% and +45%

⁵ United HealthCare high utilizers and outliers will range between +20% and +50%

CSURMA AORMA Program



CSURMA AORMA Program

Background of CSURMA AORMA Program

2019 AOA Bug (Benefits User Group) formed the CSURMA AORMA Benefits Program and is now part of a much larger purchasing pool: PRISM

About CSURMA AORMA Program today

- 13 Auxiliaries participating in the Medical Program
- 27 Auxiliaries participating in Ancillary program
- A la carte offering, Auxiliaries can join one or more program
- Auxiliaries can join anytime
 - January 1 – December 31 plan year
 - Simple quoting process

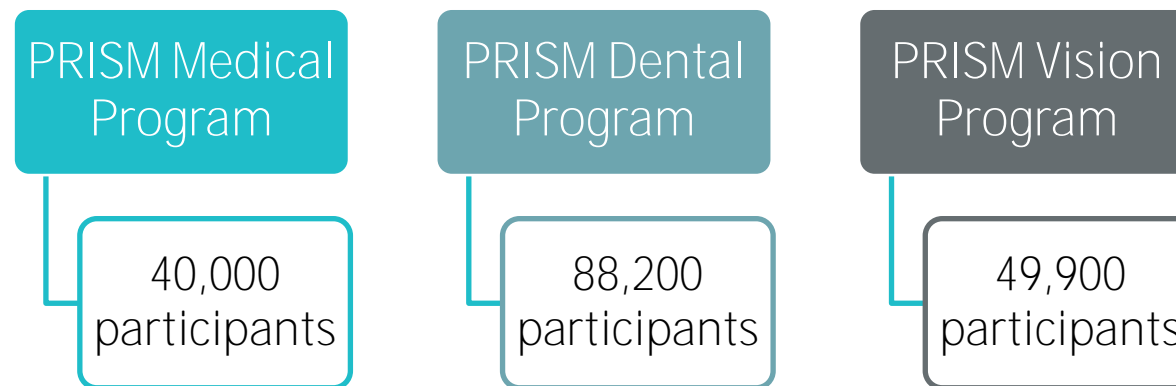
CSURMA AORMA Program

- Benefit Plans Offered include:
 - Medical (Kaiser and Anthem PPO, EPO, HMO, HDHP)
 - Dental (Delta HMO and PPO)
 - VSP Vision
 - Hartford Life & Disability (basic and supplemental/free EAP)
 - Anthem EAP (includes 10 hours onsite or virtual employee seminars)
 - Talkspace Behavior Health – digital therapy
 - Mass Mutual Supplemental Whole Life (includes LTC rider)
 - **New** - MetLife Voluntary Pet Insurance
- Optional resources including:
 - Flexible Spending Account Administration
 - Cobra Administration
 - Sage Financial Wellness
 - GotZoom Student Loan Relief program
 - Online Benefits Administration
 - Employee Self-Service Administration or HR Administration



CSURMA AORMA Benefits Program

The CSURMA-AORMA Benefits Program joined a larger purchasing pool, PRISM, via the CSURMA JPA in 2019 to provide more flexibility and greater cost stability for our members.



Pooled Renewals

- CSURMA-AORMA gets the pooled PRISM Medical Renewal, subject to performance based adjustments
- CSURMA-AORMA gets the pooled PRISM Dental Renewal, subject to performance based adjustments
- CSURMA-AORMA gets the pooled PRISM Vision Renewal



PRISM Health Renewal History

RENEWAL HISTORY CHART			
Plan Year	PRISMHealth	California PPO (Trend)	PERS Platinum PPO (Previously PERS Choice) ^{1,2}
2011	11.8%	12.0%	9.9%
2012	6.40%	10.0%	1.9%
2013	3.8%	10.0%	16.2%
2014	2.87%	10.0%	1.5%
2015	8.0%	9.0%	-0.5%
2016	9.10%	9.0%	11.7%
2017	2.4%	9.0%	3.5%
2018	3.61%	9.0%	-2.3%
2019	4.0%	9.0%	5.6%
2020	2.83%	7.0%	2.9%
2021	5.2%	7.0%	7.9%
2022	-1.69%	7.0%	11.5%
2023	8.9%	8.0%	14.5%
2024	12.26%	8.0%	Pending
AVERAGE	5.7%	8.9%	6.5%

¹ PERS Choice plan PPO terminated in 2022 and members moved to PERS Platinum (formerly called PERS Care), thus 2022 rate change represents movement from PERS Choice to the higher cost, richer benefit PERS Platinum plan, Statewide rates.

² 2023 rate change represents 2022 PERS Platinum vs 2023 PERS Platinum, Statewide rates.



PRISM Dental & Vision Renewal History

Fixed Premium - January Cycle			
	Under 250	250-1,000	1000+
1/1/2011	6.50%	6.50%	Experience rated
1/1/2012	4.25%	4.25%	Experience rated
1/1/2013	Rate Pass	Rate Pass	Experience rated
1/1/2014	Rate Pass	Rate Pass	Experience rated
1/1/2015	-4.50%	-0.80%	Experience rated
1/1/2016	-3.70%	-5.80%	Experience rated
1/1/2017	Rate Pass	Rate Pass	Experience rated
1/1/2018	-3.90%	-4.80%	Experience rated
1/1/2019	-3.40%	-1.40%	Experience rated
1/1/2020	Rate Pass	-0.90%	Experience rated
1/1/2021	-1.30%	-0.70%	Experience rated
1/1/2022	3.90%	3.30%	Experience rated
1/1/2023	0.0%	0.50%	Experience rated
1/1/2024	-3.10%	-3.10%	Experience rated

VSP	
	Vision Renewal
2009 – 2011	Rate Pass
2011-2013	Rate Pass
2013-2015	4.0%
2015-2018	Rate Pass
2018-2020	Rate Pass
2021	Rate Pass Extended Another Year
2022-2025	Rate Pass 4 Year Guarantee

Next scheduled renewals are
1/1/2026 & 7/1/2026



CSURMA AORMA Medical Renewal History

Medical	2020	2021	2022	2023	2024	Average
CSURMA	2.8%	-1.9%	-8.8%	9.7%	13.0%	3.7%
<i>Kaiser</i>	7.0%	-1.9%	-8.8%	9.7%	13.0%	4.8%
<i>Anthem</i>	0.0%	-1.9%	-8.8%	9.7%	13.0%	3.0%
PRISM Health	2.8%	5.2%	-1.7%	8.9%	12.3%	6.9%
California PPO (Trend)	7.0%	7.0%	7.0%	7.0%	8.0%	9.0%
PERS Choice/Platinum PPO ^{1,2}	2.9%	7.9%	11.5%	14.5%	<i>Pending</i>	9.2%

¹ 2022 PERS Choice plan PPO terminated in 2022 and members moved to PERS Platinum (formerly called PERS Care), thus 2022 rate change represents movement from PERS Choice to the higher cost, richer benefit PERS Platinum plan, statewide rates.



CSURMA AORMA Ancillary Renewal History

Dental (PRISM)	2020	2021	2022	2023	2024	Average
DHMO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPPO	4.9%	-3.5%	-3.8%	-1.7%	-1.8%	-1.5%

VSP (PRISM)	2020	2021	2022	2023	2024	Average
Vision	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

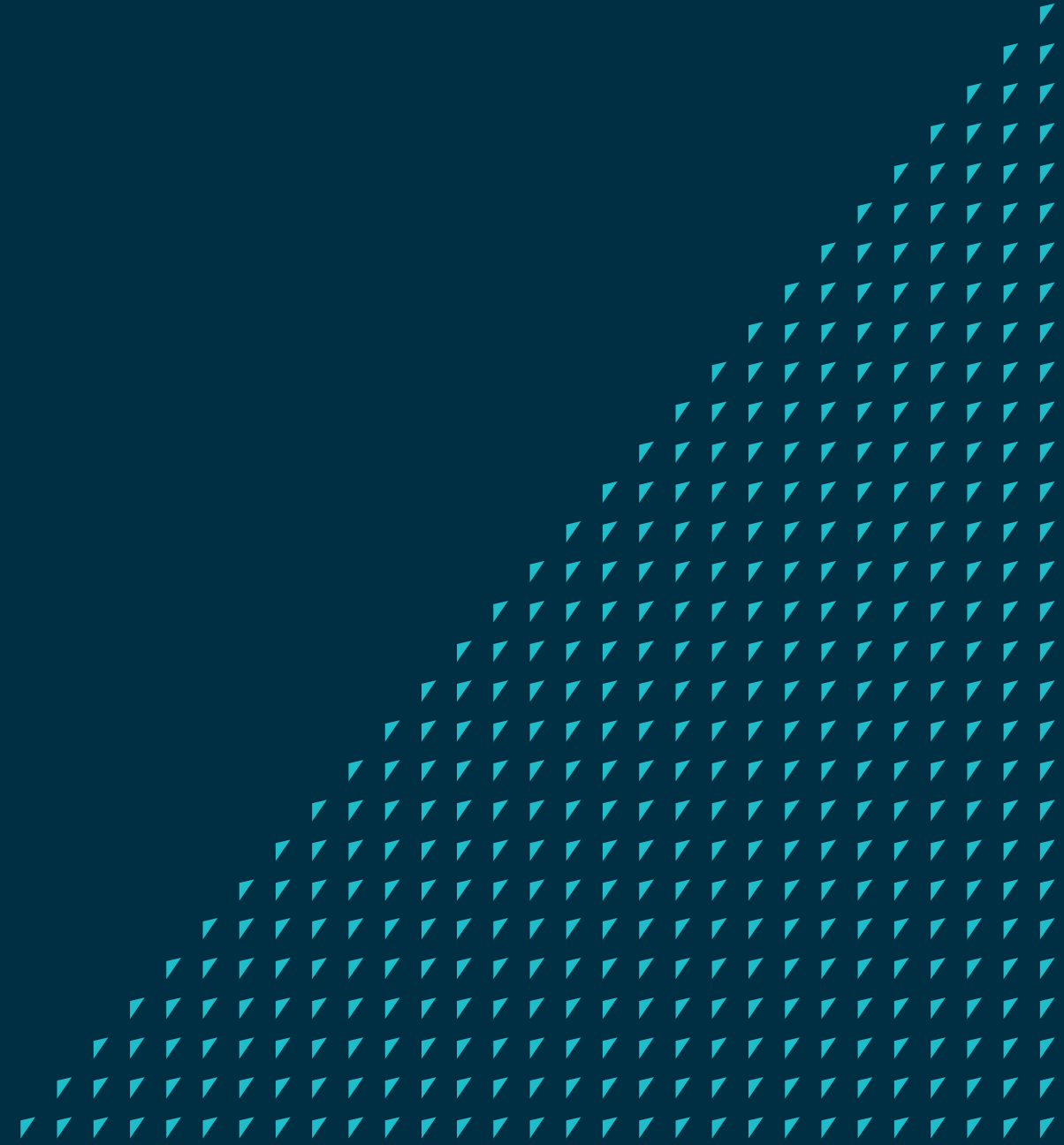
Hartford (Direct)	2020	2021	2022	2023	2024	Average
Life and Disability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



PRISMHealth Overview – Value Added Services & Point Solutions

- LiveHealth Online - (Anthem members) LiveHealth Online lets you talk face-to-face with a doctor through your mobile device or a computer with a webcam. No appointments, no driving and no waiting at an urgent care center. Use LiveHealth Online for common health concerns, mental health care and more.
- Livongo (Now Teledoc Health) – (Anthem members) Diabetes Management Program: Offers cellular glucose meter, unlimited strips, 24/7 Live Monitoring, 1:1 Coaching.
- Hinge Health – (Anthem members) Digital Musculoskeletal Physical Therapy program: Offers free wearable devices Available for preventative, acute, and chronic needs. No member expense to participate.
- Carrum Health Surgery Benefit: (Anthem members) - Surgery benefit waives co-insurance and deductibles for hip/knee replacements and many spine surgeries when utilizing Scripps “Center of Excellence”.
 - Travel Expenses covered for patient and one companion
 - January 1, 2023 Expansion includes Oncology for breast cancer
- Lark– Diabetes Prevention Program: (Anthem members) No cost program to help members with prediabetes reduce their risk of developing diabetes.
- PRISM Wellness Dollars: PRISM carriers provided the pool with wellness dollars for PRISMHealth members.

CSURMA AORMA Programs and Resources





HR Workplace Services (HRWS)

Founded in 2009,
dedicated team for
Alliant with 20+ years
of HR and related
industry experience

Provided by Alliant,
available to CSURMA
Medical HR Teams -
No cost to employer



Advisory Services ONLY

Client calls or emails requesting support

- HR Q&A support
- Handbook review
- Option to add buy-up services including handbook creation, non-discrimination testing and more



Comprehensive Services

Client self-service through portal (desktop or mobile)

Includes all services provided under Advisory plus:

- Learning Management System (LMS)/training (unlimited state specific harassment and buy-up best practices series)
- HR educational video vault
- Sample policies, checklists, workplace posters
- Weekly legislative updates
- Compliance calendar
- Secure/tracked document distribution and more



Alliant Medicare Solutions

72% of people surveyed wish they understood Medicare better

Source: Nationwide Retirement Institute

Provided by Alliant, available to CSURMA members employees and families – no cost

A white-glove, concierge approach to Medicare with agents licensed in all 50 States

- ▶ Leading carriers, large number of options, proprietary technology
- ▶ Medicare Education, conduct needs analysis, support finding best fit, enrollment, ongoing support
- ▶ Referral flyer, education materials, Toll Free Number, open enrollment guide information, support for family and friends

Complimentary Program

- ▶ Referral flyer, education materials, Toll Free Number, open enrollment guide information, support for family and friends

Financial Wellness Resources

Available to CSURMA
members participating in
any of the benefits
programs – no cost to
employer



**PATHWISE
GROUP**
FINANCIAL WELLNESS

What's included in your CSURMA Financial Wellness Benefit?

Complimentary financial planning appointments
as needed about topics including:

- Retirement Planning
- Estate Planning
- Investment Planning
- Tax Planning
- Healthcare Planning
- Protection Planning

Student Loan Relief gotzoom

Available to CSURMA members participating in any of the benefits programs – no cost to employer

STUDENT LOAN RELIEF SUPPORT



Available Options



The Facts

70% of college graduates have student loan debt

Recent college graduates carry an average of **\$37,000** in student loan debt

Student loan debt **exceeds** credit card debt and auto loan debt

www.gotzoom.com

Approach



Advisory Support

The Pathwise Group works in tandem with Got Zoom to ensure that your student loan savings can be a part of your overall financial strategy.

Key features

Voluntary Group Whole Life Insurance



Guaranteed
level premium



Guaranteed cash-value
growth



Guaranteed
death benefit



Guaranteed Issue /
Express Issue¹



Dividend eligible²



Permanent
& portable

Available to CSURMA
members participating in any
of the benefits programs –
no cost to employer

¹ Subject to minimum participation limits.

² Dividends are not guaranteed. The certificate is eligible to earn dividends beginning on the second anniversary

* Also includes Chronic Care Benefit for Long Term Care Benefits

Voluntary Pet Insurance

Available to CSURMA members participating in any of the benefits programs – no cost to employer

Know what your plan covers...

MetLife Pet Insurance helps cover the costs of vet visits, accidents, illness and more.



Get regular check-ups to help protect your pet



Be better prepared for unexpected accidents



Help cover the costs of unplanned illness

Your benefit in action

Take advantage of how simple it is to get – and use – MetLife Pet Insurance:



Select and enroll in the coverage that's right for you and your pet and download our mobile app.



Take your pet to the vet and pay the bill; manage your pet's health and wellness using the app.




Send the bill and your claim to us and receive reimbursement² by check or direct deposit if the claim expense is covered under the policy.



Mental Well Being Benefits









Employee Assistance Program Service Summary PRISM - CSURMA

Effective: 01/01/2023



Available 24/7, 365 days a year
Everything you share is confidential*

Life can be full of challenges. Your Employee Assistance Program (EAP) is here to help you and your household members. EAP offers a wide range of no-cost support services and resources, including:

<div style="margin-bottom: 10px;">  <p>Counseling</p> <ul style="list-style-type: none"> • Up to 8 visits per issue • In-person or online visits • Call EAP or use the online Member Center to initiate services </div> <div style="margin-bottom: 10px;">  <p>Legal consultation</p> <ul style="list-style-type: none"> • 30-minute phone or in-person meeting • Discounted fees to retain a lawyer • Free legal resources, forms, and seminars online </div> <div style="margin-bottom: 10px;">  <p>Financial consultation</p> <ul style="list-style-type: none"> • Phone meeting with financial professionals • Regular business hours; no appointment required • Free financial resources and budgeting tools online </div> <div style="margin-bottom: 10px;">  <p>ID recovery</p> <ul style="list-style-type: none"> • Help reporting to consumer credit agencies • Assistance with paperwork and creditor negotiations </div> <div style="margin-bottom: 10px;">  <p>Emotional Well-being Resources</p> <ul style="list-style-type: none"> • Digital tools to improve emotional well-being • Team up with an experienced clinical coach • Practice mindfulness on the go </div>	<div style="margin-bottom: 10px;">  <p>Dependent care and daily living resources</p> <ul style="list-style-type: none"> • Online information about child care, adoption, elder care, and assisted living • Phone consultation with a work-life specialist • Help with pet sitting, moving, and other common needs </div> <div style="margin-bottom: 10px;">  <p>Other anthemEAP.com resources</p> <ul style="list-style-type: none"> • Well-being articles, podcasts, and monthly webinars • Self-assessment tools for emotional health issues </div> <div style="margin-bottom: 10px;">  <p>Crisis consultation</p> <ul style="list-style-type: none"> • Toll-free emergency number; 24/7 support • Online critical event support during crises </div>
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We are ready to support you
You can call us at 833-854-1067, or go to anthemEAP.com and enter your company code: PRISM

When something unexpected happens, EAP can help you figure out your next steps. Contact us today.

* To guarantee confidentiality and data security, Anthem EAP uses a secure, encrypted connection to provide confidential services to you. All information is stored on secure servers and is not shared with any third party. All information is stored on secure servers and is not shared with any third party. All information is stored on secure servers and is not shared with any third party.

Language Access Services: (711) 781-1234
 Spanish: (800) 800-2247
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 Hindi: (800) 800-2247
 Urdu: (800) 800-2247
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 Malayalam: (800) 800-2247
 Marathi: (800) 800-2247
 Odia: (800) 800-2247
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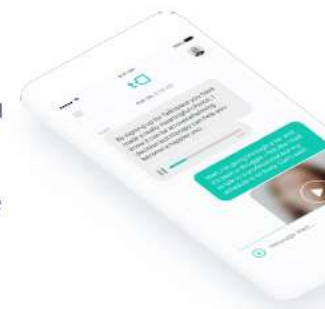


WELCOME TO TALKSPACE!

We have partnered with Talkspace to offer you complimentary access to Talkspace online therapy.

What is Talkspace?

Talkspace is an online therapy platform that makes it easy and convenient for you to connect with a licensed behavioral therapist from anywhere, at any time. With Talkspace, you can send unlimited text, video, and audio messages to your dedicated therapist via web browser or the Talkspace mobile app. No commutes, appointments, or scheduling hassles.



How Talkspace Works

Tell us what you're looking for

First, we need to know your needs and preferences for therapy. Keep in mind that Talkspace is confidential, secure, and private.

Get matched

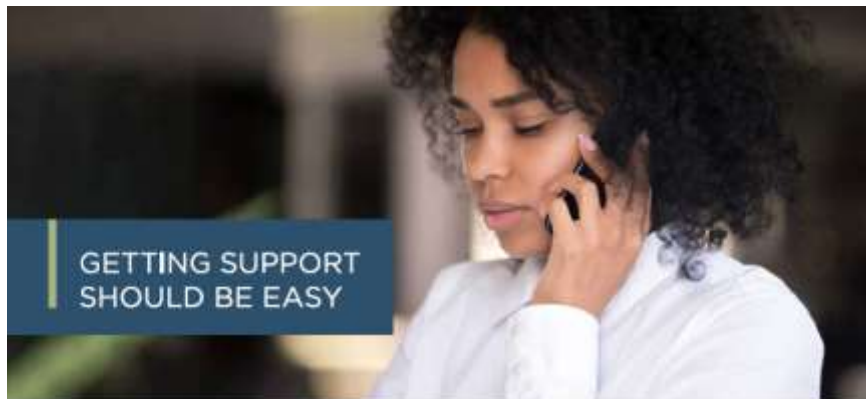
Our algorithm suggests 3 potential therapists based on your preferences. Select your ideal match, and begin therapy the very same day.

Message with your therapist - on your schedule

Send unlimited text, video, and audio messages to your therapist, whenever works best for you. Your therapist will check in daily, 5 days per week. Remember that you'll always connect with the same therapist, unless you request to switch.



Mental Well Being Benefits



EXTRAS THAT SUPPORT AND ASSIST

For access over the phone, simply call toll-free

800-96-HELPS
(800-964-5377)

Visit guidance.resources.com to access hundreds of personal health topics and resources for child care, elder care, attorneys or financial planners.

If you're a first-time user, click on the Register tab.

1. In the Organization Web ID field, enter: HLP902
2. In the Company Name field at the bottom of persona@action page enter: AR111
3. After selecting "Ability Assist program", create your user confidential username and password.

 Scan a photo with a mobile device to capture information about.

For employees covered under a fully-insured group policy or Leave Management services with The Hartford.

Life presents complex challenges. If the unexpected happens, you should have simple solutions to help cope with the stress and life changes that may result. That's why The Hartford Ability Assist® Counseling Services, offered by ComPsych®, can play such an important role. Our straightforward approach takes the complexity out of benefits when life throws you a curve.

COMPASSIONATE SOLUTIONS FOR COMMON CHALLENGES

From everyday issues like job pressures, relationships and retirement planning to highly impactful issues like grief, loss, or a disability, Ability Assist is your resource for professional support.

You and your family, including spouse and dependents can access Ability Assist at any time, as long as you are covered under a fully-insured group policy or Leave Management services with The Hartford.

SERVICE FEATURES

The service includes up to three face-to-face emotional counseling sessions per occurrence per year. This means you and your family members won't have to share visits. You can each get counseling help for your own unique needs. Work-life services and counseling for your legal, financial, medical and benefit-related concerns are also available by phone.



ESTATEGUIDANCE® WILL SERVICES

CREATE A SIMPLE WILL FROM THE CONVENIENCE OF YOUR DESKTOP

Having a will is important no matter the size of your estate. A will ensures that your intentions will be honored in the event of your death, including your wishes about who will inherit your property, serve as guardian of your children, and manage your estate. Without a will, those decisions may be left to others.

AN EASY AND EMPOWERING SOLUTION

As an employee with a Group Life insurance policy from The Hartford, you have access to EstateGuidance® Will Services provided by ComPsych®. This free service helps you create a simple, legally binding will online, saving you the time and expense of a private legal consultation. Other advantages include:

- Online assistance from licensed attorneys should you have questions
- Unlimited revisions at no additional charge
- Additional estate planning services are also available for purchase, including the creating of a living will or a final arrangements document that allows you to specify burial or cremation preferences; funeral or memorial services options

ABILITY ASSIST COUNSELING SERVICES

Financial Information and Resources

Provides unlimited telephonic support for the complicated financial decisions you or your dependents may face. Speak by phone with a Certified Public Accountant and Certified Financial Planners on a wide range of financial issues. Topics may include:

- Managing a budget
- Retirement
- Getting out of debt
- Tax questions
- Saving for college

Available to CSURMA members participating in Long Term Disability – no additional cost

CSURMA AORMA – Alternative to CaIPERS



CSURMA AORMA Program – Alternative to CalPERS

- Retain advantage of a Large purchasing pool
 - Large claims pooled across entire program
 - Consistent proven rate stability
 - Rating region based on Northern or Southern CA for Kaiser, blended for others
- Flexibility in plan design
 - Menu of plans
 - CSURMA benefits committee can elect to make changes to menu
- Flexibility in setting employer contributions
 - No required amount for retirees
 - Each auxiliary sets their own contribution rules (withing PRISM guidelines)
- PRISM Shared Governance
 - Governance by Members enrolled in the Program
- Transparency



CSURMA AORMA Program – Alternative to CalPERS

- Alliant broker service team
 - Supports HR with compliance questions, carrier issues, benefit questions, etc.
 - Access to informational webinars on various topics
 - Wellness newsletters, compliance updates
 - Template communication materials and legal notices
- Online Benefits Administration
 - Includes option for employee self-service
- Full Cobra Administration
- Full FSA Administration
- Your feedback matters
 - CSURMA AORMA Benefits program is managed by a committee of your peers
 - We recently sent out several surveys, we want your input!



PRISM Health Renewal Methodology

“Good Risk Pool”

Rating Methodology

- Fully-pooled risk arrangement
- Underwritten and renewed as a single pool
- New business opportunities are rated appropriately based on their risk profile
- Members are brought in at the “right” rate
- PRISMHealth Committee ensures suitable risk characteristics through new member approval process
- New groups receive the pool renewal for a specified period
- After the guarantee period, member groups are allocated the pool renewal with an adjustment based on their own performance (CPRA adjustment)



CalPERS Update – 2024 Preliminary Rates – Region 1

- CalPERS released their preliminary rates in June , this year there were 3 options
 - CalPERS Staff is recommending a three-year phase-in to a single risk pool for HMO and PPO.

- Here are the regional rate change ranges for a 3-year phase-in to a single risk pool like PRISM Health:
 - PERS Gold: 10.81% to 15.42%
 - PERS Platinum: 9.1% to 13.99%
 - Kaiser: 11.78% to 19.67%
 - UHC Alliance HMO: 4.51% to 5.58%
 - Blue Shield Access Plus HMO: 2.49% to 4.02%
 - Kaiser Senior Advantage: 14.67%
 - UHC Medicare Advantage PPO: 14.03%
 - PERS Platinum Medicare: 6.7%



CalPERS Update – 2024 Expected Changes & Next Steps

- CSURMA AORMA Benefits program has a simplified quoting process
 - January 1, 2024 rates available now
 - Alliant can run preliminary quotes early in the year if your auxiliary wants to review or consider a change in a future year

- PRISM approval required for CSURMA AORMA Medical quote to retain good risk pool
 - Preferred Prospect Demographics:
 - Kaiser enrollment: No more than 50%
 - Early Retiree (Under 65yrs): No more than 20% of total enrolled
 - Medicare Retirees (65+): They need to be enrolled in Medicare parts A&B.
 - Employer Contributions should not incentivize enrollment into Kaiser



CalPERS Update – 2024 Expected Changes & Next Steps

- Possible Changes in 2024:
 - Increase in out of network (OON) for PERS Gold and PERS Platinum PPOs
 - All plans pooled for rating purposes

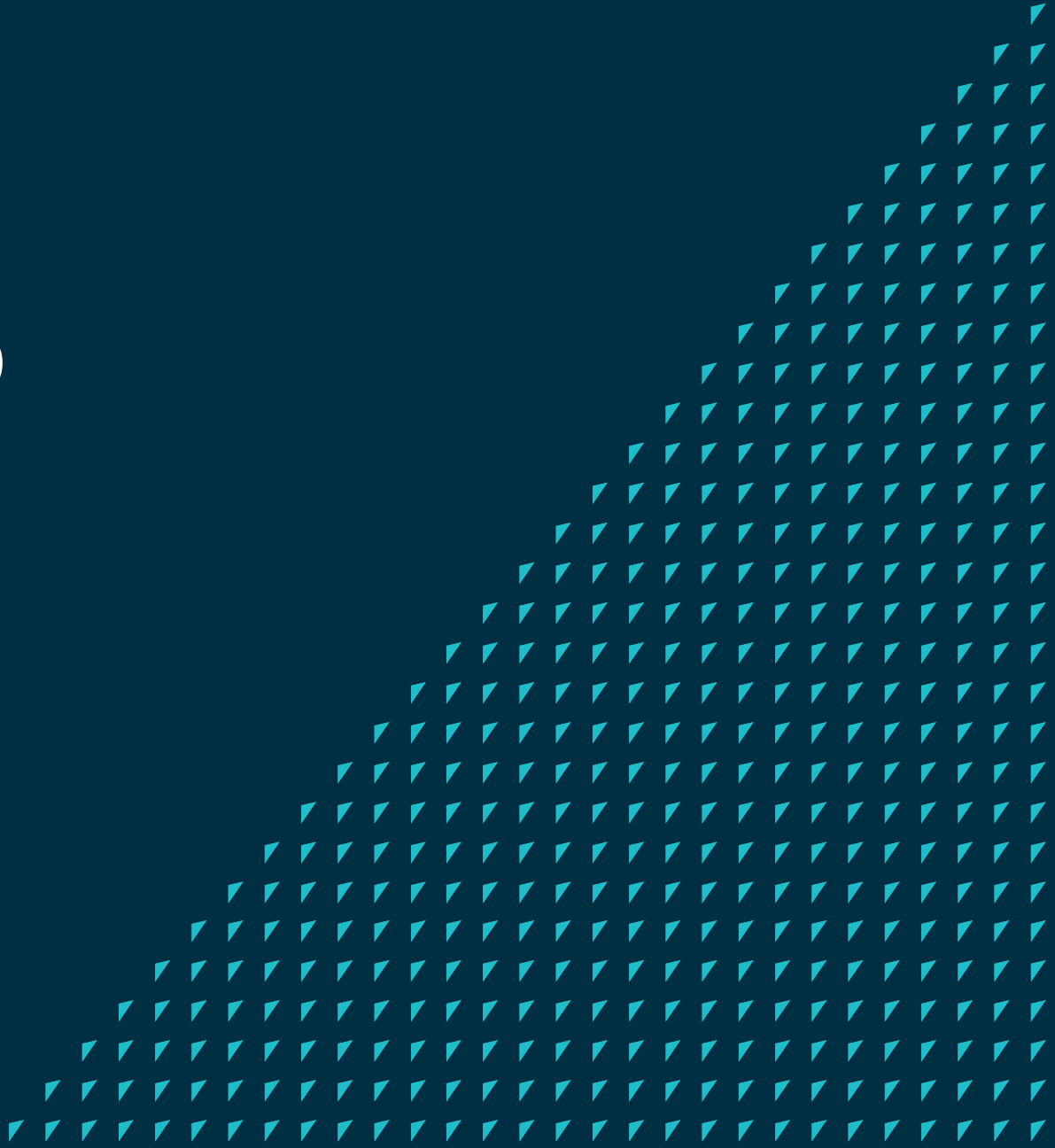


- Alliant can run preliminary quotes early in the year if your auxiliary wants to review or consider a change
- Important Milestones & Road Map for transition is outlined on the next slide

Important Milestones CalPERS and CSURMA

- April
 - Preliminary Review based on current CalPERS rates compared to CSURMA comparable plans
- June
 - Health Plan Rate Renewal Negotiation Strategy (closed session)
 - Preliminary Health Maintenance Organization and Preferred Provider Organization Plan Rates estimated date 6/21
- July Board Offsite
 - Health Plan Rate Renewal Negotiation Strategy (closed session)
 - Approval of Health Plan Rates and Benefit Designs (Action Item) –Estimated date of release 7/13-7/20
- IMPORTANT DEADLINE: CalPERS requires 60-day notice from the date the final renewal rates are released of your intent to leave – **estimated deadline 8/13-8/20**
- September / October
 - CSURMA AORMA plan education and Open Enrollment
 - **All enrollments/changes due by October 31**

Questions & How to Learn More





Questions

Interested in learning more?

Please contact:

Tom Quirk

Vice President

Alliant Employee Benefits Tom.Quirk@alliant.com

Direct: 949.660.5952

Mobile: 949.933.7228

OR

Chloe Smith

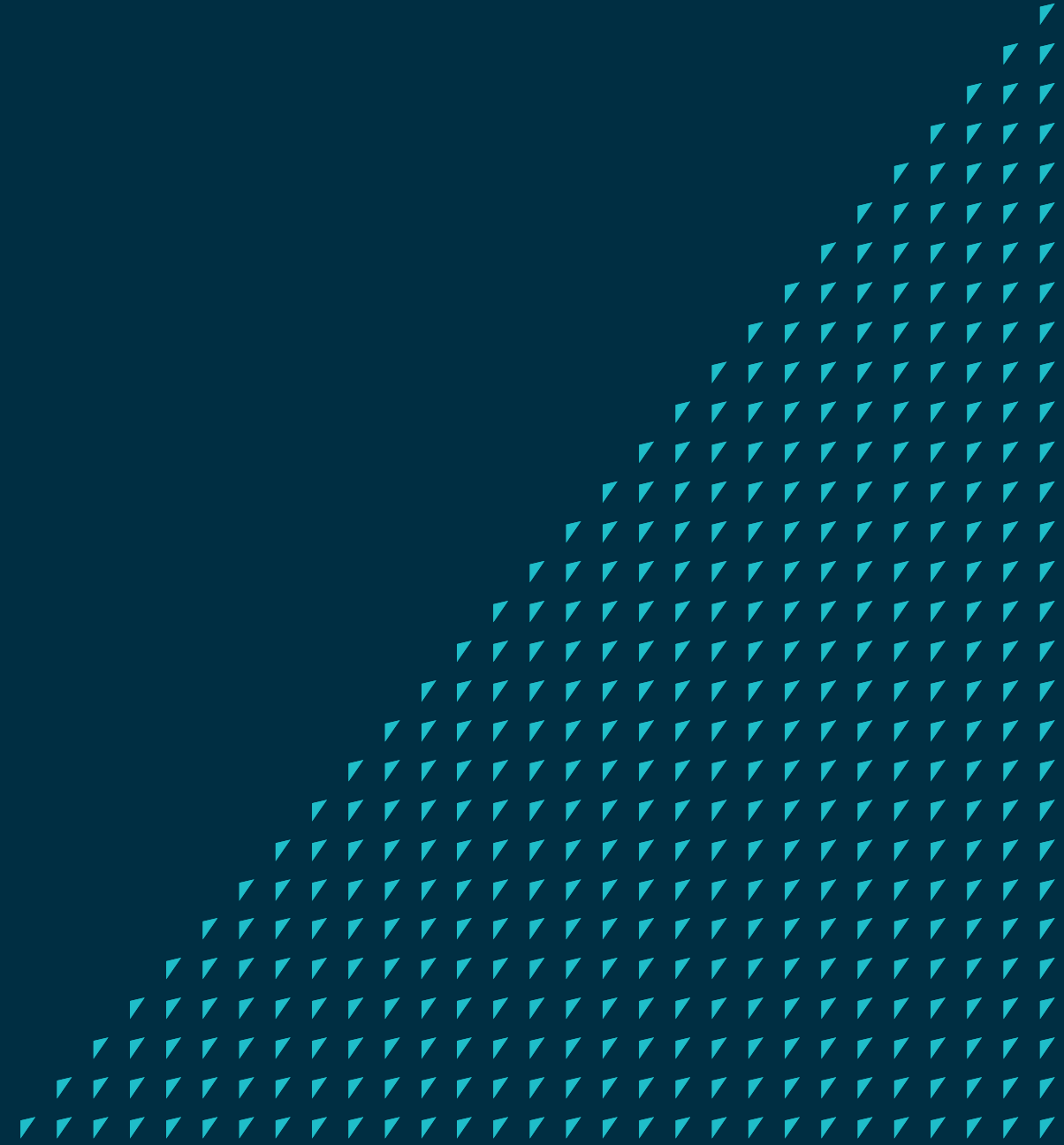
VP, Account Executive

Alliant Employee Benefits Chloe.Smith@alliant.com

Direct: 415.403.1437

Mobile: 707.799.4730

Appendix





CSURMA AORMA Plan Membership



CSURMA AORMA Participating Auxiliaries

- Current auxiliaries participating in the CSURMA AORMA program include:

Medical/Ancillary

Associated Students Inc., CSULB
 Associated Students Inc. (SJSU)
 Associated Students of San Diego State
 Aztec Shops, LTD (SDSU)
 Cal State Fullerton University Auxiliary Services Corp.
 Cal State Los Angeles University Auxiliary Services Inc.
 Cal State University Dominguez Hills Foundation
 California State University San Marcos Corporation CSUSM
 CSU Sacramento University Enterprises, Inc.
 CSULB Research Foundation
 Forty-Niner Shops, Inc. (CSULB)
 University Corporation at Monterey Bay
 Associated Students of CSU Chico

Ancillary Only

Associated Students Inc. at CSLA
 Spartan Shops, Inc. (SJSU)
 Associated Students Inc. (CSUSB)
 Associated Students Inc., Incorporated of California State University Stanislaus
 Associated Students of CSU Fullerton
 CSU Bakersfield Auxiliary for Sponsored Plans Administration
 CSU Bakersfield Foundation
 CSUDH Associated Students Inc.
 CSUDH Donald P. & Katherine B. Loker Univ. Student Union Inc.
 Santos Manuel Student Union (CSUSB)
 Student Union at Cal State LA
 Student Union of San Jose State University
 The University Corporation (CSUN)
 University Student Union of CSU Stanislaus
 Associated Students Inc. (CSUN)
 Associated Students Inc. (SFSU)
 Associated Students Inc., Cal Poly Pomona
 Towers Foundation (SJSU)
 Associated Students Inc., CSU Fresno
 Auxiliary at Fresno – Bulldog Foundation
 CI University Auxiliary Services, Inc
 (formerly Univ GlenCorp at Channel Islands)
 CSU Fresno Association
 CSU Fresno Foundation
 Fresno State Programs for Children
 SJSU Research Foundation
 The Agricultural Foundation of CSU Fresno



CSURMA AORMA Medical Plan Membership

Anthem Enrollment	2020	2021	2022	#Δ
Anthem EPO				
Actives	n/a	35	35	0
Non-Medicare Retirees	n/a	0	0	0
Medicare Retirees	n/a	0	0	0
<i>Subtotal</i>	<i>0</i>	<i>35</i>	<i>35</i>	<i>0</i>
PRISM Anthem HMO Select \$15				
Actives	31	17	21	4
Non-Medicare Retirees	2	2	2	0
Medicare Retirees	0	0	0	0
<i>Subtotal</i>	<i>33</i>	<i>19</i>	<i>23</i>	<i>4</i>
PRISM Anthem HMO Full \$20				
Actives	165	194	199	5
Non-Medicare Retirees	14	16	13	-3
Medicare Retirees	0	0	0	0
<i>Subtotal</i>	<i>179</i>	<i>210</i>	<i>212</i>	<i>2</i>
PRISM Anthem PPO 80				
Actives	110	152	162	10
Non-Medicare Retirees	14	16	23	7
Medicare Retirees	6	7	0	-7
<i>Subtotal</i>	<i>130</i>	<i>175</i>	<i>185</i>	<i>10</i>
PRISM Anthem PPO 90				
Actives	65	57	77	20
Non-Medicare Retirees	0	1	0	-1
Medicare Retirees	0	0	0	0
<i>Subtotal</i>	<i>65</i>	<i>58</i>	<i>77</i>	<i>19</i>
PRISM Anthem HDHP I				
Actives	n/a	8	4	-4
Non-Medicare Retirees	n/a	1	0	-1
Medicare Retirees	n/a	0	0	0
<i>Subtotal</i>	<i>0</i>	<i>9</i>	<i>4</i>	<i>-5</i>
PPO Medicare COB EGWP				
Actives	0	0	0	0
Non-Medicare Retirees	0	0	0	0
Medicare Retirees	62	71	78	7
<i>Subtotal</i>	<i>62</i>	<i>71</i>	<i>78</i>	<i>7</i>
Anthem Total	469	577	614	37

Kaiser Enrollment	2020	2021	2022	#Δ
PRISM Kaiser 15 Traditional				
Actives	478	414	463	49
Non-Medicare Retirees	15	19	21	2
Medicare Retirees	6	3	0	-3
<i>Subtotal</i>	<i>499</i>	<i>436</i>	<i>484</i>	<i>48</i>
PRISM Kaiser 20 Traditional				
Actives	37	160	147	-13
Non-Medicare Retirees	0	8	7	-1
Medicare Retirees	0	3	0	-3
<i>Subtotal</i>	<i>37</i>	<i>171</i>	<i>154</i>	<i>-17</i>
KPSA				
Actives	0	0	0	0
Non-Medicare Retirees	0	0	0	0
Medicare Retirees	29	72	82	10
<i>Subtotal</i>	<i>29</i>	<i>72</i>	<i>82</i>	<i>10</i>
Kaiser Total	565	679	720	41

	2020	2021	2022	#Δ
Medical Grand Total	1034	1256	1334	78



CSURMA AORMA Ancillary Plan Membership

Dental

PRISM Delta Dental DHMO	2020	2021	2022	#Δ
Option 10A	75	157	187	30
Option 11A	0	0	0	0
Option 12A	0	0	0	0
Total	75	157	187	30

PRISM Delta Dental Premier PPO	2020	2021	2022	#Δ
Option A	210	199	190	-9
Option B	1138	1060	1078	18
Option C	294	335	371	36
Total	1642	1594	1639	45

	2020	2021	2022	#Δ
Dental Grand Total	1717	1751	1826	75

Vision

PRISM VSP Vision	2020	2021	2022	#Δ
Option A - Signature Enhanced Plan B	250	230	239	9
Option B - Signature Plan C	854	933	951	18
Option C - Choice A with Tints	328	384	434	50
Option D - Choice Plan C with Tints & CVC	269	319	320	1
Total	1701	1866	1944	78

Life and Disability

The Hartford Life and Disability	2020	2021	2022	#Δ
Basic Life	1396	1235	1403	168
Voluntary Life	142	164	167	3
Long Term Disability	1202	914	1026	112
Short Term Disability	107	76	84	8



AORMA COVERAGE PROGRAMS - FINANCIALS

ISSUE: The Committee will review and discuss the following exhibits:

- a. CSURMA Financial Statement @ March 31, 2023
- b. Estimated Fund Balance and Dividends

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Financial Statement @ March 31, 2023
- b. Estimated Fund Balance and Dividends

CSURMA QUARTERLY REPORT

MARCH 31, 2023

California State University Risk Management Authority
Accounts Receivable Aging by Member
As of March 31, 2023

	Member	Current	31-60	61-90	Over 121	Balance
a	ASSOC STUDENTS INC - CSU FULLERTON	36,039.00				36,039.00
a	ASSOC STUDENTS INC - CSU LONG BEACH	19,375.50				19,375.50
a	ASSOC STUDENTS INC - CSU MARITIME ACADEM	4,522.00				4,522.00
a	ASSOC STUDENTS INC - CSU NORTHRIDGE	56,391.00				56,391.00
a	ASSOC STUDENTS INC - CAL POLY POMONA	52,475.00	11,522.00			63,997.00
a	ASSOC STUDENTS INC - SAN DIEGO STATE	68,380.00				68,380.00
a	ASSOC STUDENTS INC - SAN FRANCISCO STATE	50,000.00				50,000.00
a	ASSOC STUDENTS INC - CSU SONOMA			1,158.00		1,158.00
a	CSU FULLERTON AUXILIARY SERVICES CORP	9,900.00				9,900.00
a	THE UNIVERSITY CORPORATION	31,506.00				31,506.00
a&b	UNIVERSITY CORP AT MONTEREY BAY	1,938.00		354.00	790,832.00	793,124.00
a	UNIVERSITY ENTERPRISES INC	44,682.00		25,324.00		70,006.00
a	CSU CHANNEL ISLANDS SITE AUTHORITY	91,672.00				91,672.00
a	SAN JOSE STATE UNIV RESEARCH FOUNDATION	975.00				975.00
a	CAL POLY POMONA FOUNDATION INC.	134,158.00				134,158.00
a	AZTEC SHOPS LTD	1,174.00				1,174.00
a	HUMBOLDT SU SPONSORED PROGRAM FOUNDATION	1,515.00				1,515.00
a	CSU FRESNO ATHLETIC CORPORATION	2,132.00				2,132.00
a	CSU FRESNO FOUNDATION	1,454.00				1,454.00
a	SAN DIEGO STATE UNI RESEARCH FOUNDATION	88,065.02				88,065.02
a	CSU LONG BEACH RESEARCH FOUNDATION	3,320.00				3,320.00
a	UNIVERSITY CORPORATION, SF STATE			354.00		354.00
a	CHICO STATE ENTERPRISES	1,776.00				1,776.00
a	FORTY-NINER SHOPS INC, CSU LONG BEACH	12,579.00				12,579.00
a	CSU SAN MARCOS CORPORATION	164,619.00				164,619.00
c	SONOMA STATE UNIVERSITY ENTERPRISES, INC				51.00	51.00
a	STUDENT UNION INC., SJSU	66,646.00				66,646.00
a	UNIV. STUDENT CENTER OF CSU STANISLAUS	68,742.00				68,742.00
a&b	CAPITAL PUBLIC RADIO			9,606.00	42,009.68	51,615.68
a	CSULB FORTY-NINER FOUNDATION	1,410.00				1,410.00
a	CSUMB OTTER STUDENT UNION	77,807.00				77,807.00
a	CSUSB PHILANTHROPIC FDN	1,110.00				1,110.00
	AR Accrual PRISM March	1,210,835.85				1,210,835.85
	AR Accrual AIG March	12,069.58				12,069.58
	AR Accrue Campus Deductible Recovery Q3	934,408.77				934,408.77
	Accrued AR OCIP				2,370,553.57	2,370,553.57
Totals \$		3,251,676.72 \$	11,522.00 \$	36,796.00 \$	3,203,446.25 \$	6,503,440.97

Notes pertaining to AORMA invoices over 60 days old:

- a Members have indicated that payment will be processed.
- b Invoice is being paid by installment.
- c Campus will reissue the check

California State University Risk Management Authority
Outstanding Member Loan Status
As of March 31, 2023

Loan Pool: 15% of the overall average cash and investment for the preceding 12 months (April 2022 - March 2023) \$ 18,291,762

Member	Maturity Date	Original Issue Date	Original Issue Amount	Outstanding Loan Balance 3/31/2023	Outstanding Loan Balance PYE 6/30/2022
California State Polytechnic University, Humboldt	March 2023 ¹	Jun 2017	\$ 1,800,000	\$ 1,497,091	\$ 1,497,091
Total Loans			\$ 1,800,000	\$ 1,497,091	\$ 1,497,091

¹ On 10/31/2022, CSURMA approved extended due date of March 31, 2023. Pending another extension.

Remaining Amount Available for Member Loans **\$ 16,794,671**

Per CSURMA P&P No. 10:

Loans to a single Member Campus (and its associated Member Auxiliary Organizations) shall not exceed 5% of the overall average cash and investments for the preceding 12 months.

\$ 6,097,254

**California State University Risk Management Authority
Travel Expense Report
Processed between July 1, 2022 and March 31, 2023**

Travel Dates	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Concur Fees	Total Amount
7/19/22-7/21/22	Stephanie Kim	Los Angeles -> Humboldt, CA round trip	Emergency management conference (at Cal Poly Humboldt)	\$ 141.00	\$ 14.88	\$ 75.03	7.00	\$ 237.91
7/19/22-7/21/22	Jenny Novak	Los Angeles -> Humboldt, CA round trip	Emergency management conference (at Cal Poly Humboldt)	\$ —	\$ 55.00	\$ 133.84	7.00	\$ 195.84
8/2/22-8/26/22	Scott Boudon	Various Campus	Campus visit	\$ —	\$ —	\$ —	—	\$ 84.00
10/19/22-10/21/22	Zachary Gifford	Los Angeles -> San Francisco, CA	Speech at San Francisco State University and meeting with San Jose State University Athletics	\$ —	\$ —	\$ 137.27	—	\$ 137.27
7/14/22-7/14/22	Jenny Novak	Arcata, CA	CSUEM Conference 2022	\$ —	\$ —	\$ 358.05	—	\$ 358.05
09/28/22-09/28/22	Jenny Novak	6U6C - Ontario California	CESA Fall 2022 Program	\$ —	\$ —	\$ 51.88	—	\$ 51.88
12/5/22-12/5/22	Jenny Novak	Cal State Maritime	Maritime Chiefs Meeting	\$ —	\$ —	\$ 270.27	—	\$ 270.27
11/30/22-12/2/22	Scott Boudon	Santa Ana	UC Training and Stan Visit	\$ —	\$ —	\$ 313.01	7.00	\$ 320.01
10/19/22-10/19/22	Zachary Gifford	San Francisco	SFSU Youth Protection & SJSU Ath	\$ —	\$ —	\$ 61.75	31.00	\$ 92.75
11/30/2022-12/01/2022	Stephanie Kim	Sacramento	Meeting at the State Office of Emergency Services	\$ —	\$ —	\$ 199.01	—	\$ 199.01
12/5/22-12/5/22	Jenny Novak	Oakland	Maritime Chiefs Meeting	\$ —	\$ —	\$ 46.96	—	\$ 46.96
1/11/23-1/11/23	Jenny Novak	Sacramento	CABO Jan23	\$ —	\$ —	\$ 314.86	21.00	\$ 335.86
	Jenny Novak			\$ —	\$ —	\$ —	—	\$ 253.20
11/30/22-12/1/22	Stephanie Kim	Sacramento	SWEPC Meeting @ CalOES	\$ 110.36	\$ 29.50	\$ 87.22	7.00	\$ 234.08
1/8/23-1/10/23	Zachary Gifford	Sacramento	Trip from Los Angeles to Sacramento- Conference	\$ 260.77	\$ —	\$ 105.16	7.00	\$ 372.93
2/8/23-2/8/23	Zachary Gifford	Sacramento	EFO Workshop - Oakland	\$ —	\$ 7.00	\$ 94.56	—	\$ 101.56
	Zachary Gifford	Out of state		\$ —	\$ —	\$ —	—	\$ 3,607.84
10/26/22-10/27/22	Scott Boudon	Fresno	CSU Fresno SRM Campus Visit	\$ —	\$ —	\$ 120.80	—	\$ 120.80
11/30/22-12/2/2022	Scott Boudon	San Jose	UC Training and Stan Visit	\$ —	\$ —	\$ 184.41	—	\$ 184.41
1/8/23-1/10/23	Scott Boudon	Sacramento	AOA Conference	\$ —	\$ —	\$ 567.64	—	\$ 567.64
2/8/23-2/10/23	Scott Boudon	Sacramento	East Bay EFO and Chico	\$ —	\$ —	\$ 232.30	—	\$ 232.30
2/15/23-2/17/23	Scott Boudon	Sacramento	Higher Ed Benchmarking and Sac S	\$ —	\$ 24.00	\$ —	33.00	\$ 57.00
	Scott Boudon			\$ —	\$ —	\$ —	—	\$ 300.06
10/27/22-10/27/22	Zachary Gifford	Sacramento	PRISM Reim: Underwriting Meeting Expense	\$ —	\$ —	\$ (57.46)	—	\$ (57.46)
2/1/23-2/1/23	Zachary Gifford	Sacramento	PRISM Reim: Underwriting Meeting Expense	\$ —	\$ —	\$ (77.23)	—	\$ (77.23)
				\$ —	\$ —	\$ —	—	\$ —
				\$ 512.13	\$ 130.38	\$ 3,219.33	\$ 120.00	\$ 8,226.94
TOTAL				\$ 512.13	\$ 130.38	\$ 3,219.33	\$ 120.00	\$ 8,226.94

California State University Risk Management Authority
Balance Sheets - Campus Programs as of 3/31/2023
(Unaudited)

		Workers'				Auto	Total
	Liability	Compensation	IDL/NDI/UI	Property	AIME	Liability	Campus Programs
Assets:							
Current assets:							
Cash and Investments	\$ 13,294,816	943,997	14,351,602	4,764,083	1,906,939	(1,270,264)	33,991,173
Accounts receivable	934,409	1,161,052	—	623,779	—	—	2,719,240
Loans receivable, current	—	—	—	—	—	—	—
Accrued interest receivable	—	—	—	—	—	—	—
Reinsurance receivable	—	—	—	—	—	—	—
Prepaid insurance	—	—	—	—	—	—	—
Prepaid expense	—	1,001,213	—	—	700,090	—	1,701,302
Noncurrent assets:							
Loans receivable, noncurrent	—	—	—	—	—	—	—
Other long-term investments	17,707,819	34,228,562	4,114,344	1,647,665	3,263,679	—	60,962,069
Total assets:	\$ 31,937,043	37,334,824	18,465,946	7,035,527	5,870,707	(1,270,264)	99,373,784
Liabilities:							
Current liabilities:							
Accounts payable	\$ 428,102	455,281	3,346,000	—	438,107	—	4,667,491
Unearned revenue	—	—	—	—	—	—	—
SELF assessment liability, current	—	—	—	—	—	—	—
Reported claims, current	5,509,864	2,922,942	—	—	32,289	—	8,465,095
Claims incurred but not reported, current	8,849,393	1,039,162	—	—	807,238	—	10,695,793
Noncurrent liabilities:							
SELF assessment liability, noncurrent	—	—	—	—	—	—	—
Reported claims, noncurrent	10,486,262	5,562,885	—	—	61,453	—	16,110,600
Claims incurred but not reported, noncurrent	16,841,987	1,977,712	—	—	1,536,318	—	20,356,017
Total liabilities:	42,115,608	11,957,982	3,346,000	—	2,875,405	—	60,294,996
Fund balance	(10,178,565)	25,376,842	15,119,946	7,035,527	2,995,302	(1,270,264)	39,078,788
Total liabilities and fund balance	\$ 31,937,043	37,334,824	18,465,946	7,035,527	5,870,707	(1,270,264)	99,373,784

California State University Risk Management Authority
Balance Sheets - AORMA Programs as of 3/31/2023
(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs
Assets:						
Current assets:						
Cash and Investments	2,517,543	879,799	(1,621,791)	397,885	(1,386,342)	787,093
Accounts receivable	332,785	93,265	642,463	7,095	14,577	1,090,184
Loans receivable, current	—	—	—	—	—	—
Accrued interest receivable	—	—	—	—	—	—
Reinsurance receivable	—	—	—	—	—	—
Prepaid insurance	—	—	—	—	—	—
Prepaid expense	150,456	155,000	—	—	—	305,456
Noncurrent assets:						
Loans receivable, noncurrent	—	—	—	—	—	—
Other long-term investments	4,914,774	3,101,665	1,113,807	259,575	3,059,756	12,449,577
Total assets:	7,915,558	4,229,729	134,479	664,554	1,687,991	14,632,310
Liabilities:						
Current liabilities:						
Accounts payable	13,095	33,863	—	—	235,968	282,926
Unearned revenue	—	—	—	—	—	—
SELF assessment liability, current	—	—	—	—	—	—
Reported claims, current	463,647	165,144	—	—	—	628,791
Claims incurred but not reported, current	430,629	109,768	—	—	—	540,397
Noncurrent liabilities:						
SELF assessment liability, noncurrent	—	—	—	—	—	—
Reported claims, noncurrent	882,405	314,300	—	—	—	1,196,705
Claims incurred but not reported, noncurrent	819,564	208,909	—	—	—	1,028,473
Total liabilities:	2,609,340	831,984	—	—	235,968	3,677,292
Fund balance	5,306,217	3,397,745	134,479	664,554	1,452,023	10,955,018
Total liabilities and fund balance	7,915,558	4,229,729	134,479	664,554	1,687,991	14,632,310

California State University Risk Management Authority
Balance Sheets - Miscellaneous Programs as of 3/31/2023
(Unaudited)

	Misc Purchased	Club Sports	OCIP II	OCIP II B	Loans	Total Miscellaneous Programs	Grand Total All Programs
Assets:							
Current assets:							
Cash and Investments	(33,417)	728,687	2,471,777	835,275	(1,497,091)	2,505,231	37,283,498
Accounts receivable	20,724	302,740	2,370,554	—	—	2,694,017	6,503,441
Loans receivable, current	—	—	—	—	1,497,091	1,497,091	1,497,091
Accrued interest receivable	—	—	—	—	—	—	—
Reinsurance receivable	—	—	—	—	—	—	—
Prepaid insurance	—	—	—	3,351,508	—	3,351,508	3,351,508
Prepaid expense	—	55,713	—	534,712	—	590,425	2,597,183
Noncurrent assets:							
Loans receivable, noncurrent	—	—	—	—	—	—	—
Other long-term investments	—	100,957	—	—	—	100,957	73,512,602
Total assets:	(12,693)	1,188,096	4,842,331	4,721,495	—	10,739,229	124,745,323
Liabilities:							
Current liabilities:							
Accounts payable	—	—	—	—	—	—	4,950,417
Unearned revenue	—	—	—	3,969,343	—	3,969,343	3,969,343
SELF assessment liability, current	—	—	—	—	—	—	—
Reported claims, current	—	—	—	—	—	—	9,093,886
Claims incurred but not reported, current	—	—	—	—	—	—	11,236,190
Noncurrent liabilities:							
SELF assessment liability, noncurrent	—	—	—	—	—	—	—
Reported claims, noncurrent	—	—	—	—	—	—	17,307,305
Claims incurred but not reported, noncurrent	—	—	—	—	—	—	21,384,490
Total liabilities:	—	—	—	3,969,343	—	3,969,343	67,941,630
Fund balance	(12,693)	1,188,096	4,842,331	752,152	—	6,769,887	56,803,692
Total liabilities and fund balance	(12,693)	1,188,096	4,842,331	4,721,495	—	10,739,229	124,745,323

California State University Risk Management Authority
Income Statements - Campus Programs as of 3/31/2023

(Unaudited)

	Workers'					Auto	Total
	Liability	Compensation	IDL/NDI/UI	Property	AIME	Liability	Campus Programs
OPERATING REVENUES:							
Contributions	\$ 36,173,156	38,313,553	16,916,091	30,350,955	4,863,149	1,199,836	127,816,740
Reinsurance premiums	(2,031,171)	—	—	(18,184,510)	—	—	(20,215,681)
Total operating revenues:	34,141,985	38,313,553	16,916,091	12,166,445	4,863,149	1,199,836	107,601,059
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	12,052,940	10,625,292	11,333,981	1,511,498	2,912,007	—	38,435,719
Deductible recoveries	(3,583,836)	—	—	—	—	—	(3,583,836)
Claims administrators	—	3,550,855	72,000	—	138,150	—	3,761,005
Claims management information systems	59,792	96,716	11,726	13,124	3,324	—	184,682
Program administrator	213,218	584,985	137,059	233,239	8,388	—	1,176,889
Brokerage commissions	2,161,686	1,192	521	851,933	3,030	—	3,018,361
Insurance premiums	16,258,742	28,086,905	—	4,324,377	21,286	1,960,600	50,651,910
Taxes, assessments & fees	—	—	—	—	—	—	—
Actuarial services	11,191	11,986	—	1,518	1,505	—	26,200
Miscellaneous program services	2,590	203	89	145	26	—	3,052
Workshops/training	56,569	57,088	24,621	36,342	20	—	174,640
Loss control	609,624	227,696	—	51,175	—	—	888,495
Reinsurance/excess recoveries	—	(10,565,603)	—	—	—	—	(10,565,603)
Program committee	—	—	—	—	—	—	—
Dividend distributions	(5,000,000)	7,445,298	—	—	—	—	2,445,298
Total direct program expenses:	22,842,516	40,122,614	11,579,996	7,023,351	3,087,735	1,960,600	86,616,812
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	9,500	10,175	4,445	7,246	1,278	—	32,643
Executive Committee & Board expenses	601	643	281	458	81	—	2,064
JPA insurance	10,098	10,815	4,724	7,702	1,358	—	34,697
Memberships, associations & dues	3,336	28,205	1,477	2,417	431	—	35,865
Chancellor's office accounting services	100,938	108,106	47,225	76,990	13,577	—	346,835
Risk management expenses	229,484	242,206	105,864	172,587	30,435	—	780,576
Miscellaneous indirect services	4,459	6,384	836	451	615	—	12,745
Total general & administrative expenses:	358,415	406,533	164,852	267,851	47,774	—	1,245,425
Total operating expenses:	23,200,931	40,529,147	11,744,848	7,291,202	3,135,509	1,960,600	87,862,237
NON-OPERATING REVENUES:							
Investment income (loss)	238,240	557,466	28,862	(53,163)	49,511	—	820,917
Miscellaneous fee revenue	2,430	—	—	—	—	—	2,430
Total non-operating revenues:	240,670	557,466	28,862	(53,163)	49,511	—	823,347
BEGINNING RETAINED EARNINGS	(21,360,290)	27,034,970	9,919,841	2,213,447	1,218,151	(509,500)	18,516,619
NET SURPLUS(DEFICIT)	11,181,724	(1,658,128)	5,200,105	4,822,080	1,777,152	(760,764)	20,562,169
ENDING RETAINED EARNINGS	\$ (10,178,565)	25,376,842	15,119,946	7,035,527	2,995,302	(1,270,264)	39,078,788

California State University Risk Management Authority
Income Statements - AORMA Programs as of 3/31/2023

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs
OPERATING REVENUES:						
Contributions	6,656,784	2,983,122	6,288,848	422,045	1,525,343	17,876,142
Reinsurance premiums	(2,397,463)	—	(5,537,152)	—	—	(7,934,615)
Total operating revenues:	4,259,322	2,983,122	751,696	422,045	1,525,343	9,941,528
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	692,483	740,823	90,985	—	657,304	2,181,594
Deductible recoveries	(375,739)	—	—	—	—	(375,739)
Claims administrators	12,250	217,127	—	—	26,507	255,884
Claims management information systems	3,379	9,413	2,748	242	1,919	17,700
Program administrator	876,230	240,453	81,560	6,677	36,237	1,241,157
Brokerage commissions	425,583	94	234,446	25,535	65	685,723
Insurance premiums	1,028,141	2,517,051	387,301	237,989	—	4,170,483
Taxes, assessments & fees	—	30,400	—	—	—	30,400
Actuarial services	1,868	950	332	—	—	3,150
Miscellaneous program services	32	16	32	2	11	93
Workshops/training	32,497	22,953	26,901	2,320	7,838	92,510
Loss control	49,469	29,397	11,361	—	—	90,227
Reinsurance/excess recoveries	—	(576,229)	—	—	—	(576,229)
Program committee	881	448	880	62	307	2,577
Dividend distributions	—	—	—	—	—	—
Total direct program expenses:	2,747,074	3,232,895	836,546	272,826	730,188	7,819,529
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	1,586	807	1,585	111	552	4,641
Executive Committee & Board expenses	100	51	100	7	35	293
JPA insurance	1,686	857	1,685	118	587	4,932
Memberships, associations & dues	—	2,755	—	—	—	2,755
Chancellor's office accounting services	16,852	8,569	16,842	1,178	5,865	49,306
Risk management expenses	37,777	19,209	37,754	2,641	13,147	110,528
Miscellaneous indirect services	923	573	234	49	563	2,343
Total general & administrative expenses:	58,924	32,821	58,200	4,104	20,749	174,798
Total operating expenses:	2,805,998	3,265,716	894,747	276,930	750,936	7,994,327
NON-OPERATING REVENUES:						
Investment income (loss)	78,564	51,883	3,292	3,828	54,066	191,633
Miscellaneous fee revenue	—	—	—	—	—	—
Total non-operating revenues:	78,564	51,883	3,292	3,828	54,066	191,633
BEGINNING RETAINED EARNINGS	3,774,330	3,628,456	274,237	515,611	623,550	8,816,184
NET SURPLUS(DEFICIT)	1,531,887	(230,711)	(139,759)	148,943	828,473	2,138,834
ENDING RETAINED EARNINGS	5,306,217	3,397,745	134,479	664,554	1,452,023	10,955,018

California State University Risk Management Authority
Income Statements - Miscellaneous Programs as of 3/31/2023

(Unaudited)

	Misc					Total	Grand Total
	Purchased	Club Sports	OCIP II	OCIP II B	Loans	Miscellaneous Programs	All Programs
OPERATING REVENUES:							
Contributions	604,882	615,282	79,376	4,379,978	—	5,679,518	151,372,400
Reinsurance premiums	—	—	—	—	—	—	(28,150,295)
Total operating revenues:	604,882	615,282	79,376	4,379,978	—	5,679,518	123,222,105
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	—	14,580	—	—	—	14,580	40,631,892
Deductible recoveries	—	—	—	—	—	—	(3,959,574)
Claims administrators	—	8,000	—	—	—	8,000	4,024,889
Claims management information systems	—	233	—	3,354	—	3,587	205,969
Program administrator	—	—	—	483,884	—	483,884	2,901,930
Brokerage commissions	63,105	5,958	—	27,361	—	96,424	3,800,508
Insurance premiums	374,146	34,536	—	3,708,111	—	4,116,793	58,939,185
Taxes, assessments & fees	—	—	—	—	—	—	30,400
Actuarial services	—	—	—	—	—	—	29,350
Miscellaneous program services	—	2	—	52	—	54	3,199
Workshops/training	—	1	—	40	—	42	267,192
Loss control	—	—	—	—	—	—	978,721
Reinsurance/excess recoveries	—	—	—	—	—	—	(11,141,832)
Program committee	—	—	—	—	—	—	2,577
Dividend distributions	—	—	—	—	—	—	2,445,298
Total direct program expenses:	437,251	63,310	—	4,222,803	—	4,723,363	99,159,704
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	—	89	—	2,628	—	2,716	40,000
Executive Committee & Board expenses	—	6	—	166	—	172	2,529
JPA insurance	—	94	—	2,793	—	2,887	42,516
Memberships, associations & dues	—	—	—	—	—	—	38,620
Chancellor's office accounting services	—	942	—	27,917	—	28,859	425,000
Risk management expenses	—	2,112	—	62,666	—	64,778	955,882
Miscellaneous indirect services	—	20	—	56	—	76	15,164
Total general & administrative expenses:	—	3,263	—	96,225	—	99,488	1,519,711
Total operating expenses:	437,251	66,573	—	4,319,028	—	4,822,851	100,679,415
NON-OPERATING REVENUES:							
Investment income (loss)	—	950	—	—	—	950	1,013,500
Miscellaneous fee revenue	—	—	—	—	—	—	2,430
Total non-operating revenues:	—	950	—	—	—	950	1,015,929
BEGINNING RETAINED EARNINGS	(180,324)	638,438	4,762,955	691,202	—	5,912,271	33,245,074
NET SURPLUS(DEFICIT)	167,631	549,659	79,376	60,950	—	857,616	23,558,618
ENDING RETAINED EARNINGS	(12,693)	1,188,096	4,842,331	752,152	—	6,769,887	56,803,692

California State University Risk Management Authority

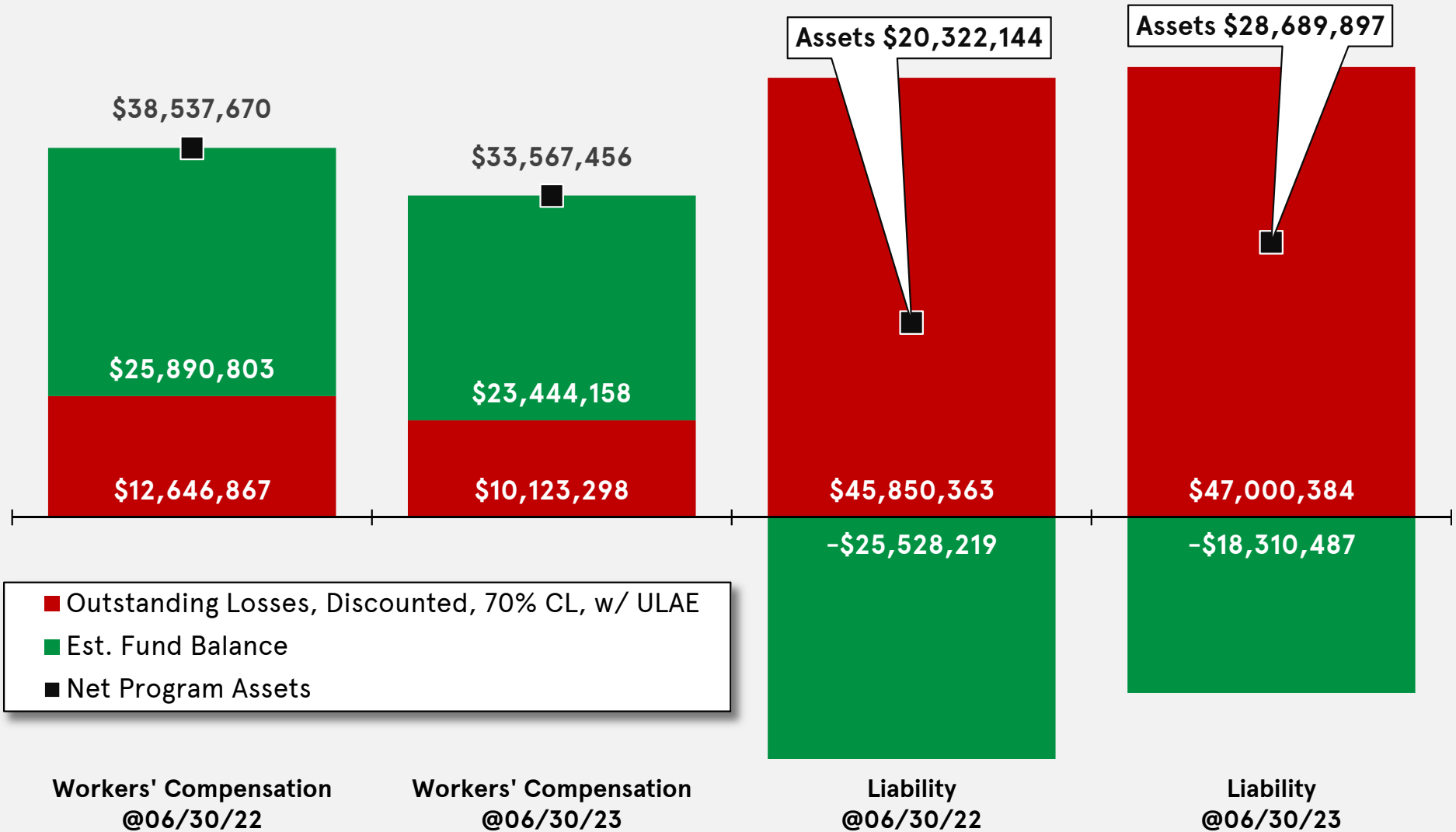
Income Statement as of 03/31/2023

(Unaudited)

	Budget vs. Actual			
	FY22-23 Budget	YTD Actual	Variance Favorable (Unfavorable)	Actual as % of Budget
OPERATING REVENUES:				
Contributions	153,908,343	151,372,400	(2,535,943)	98 %
Reinsurance premiums	(29,698,533)	(28,150,295)	1,548,237	95 %
Total operating revenues:	124,209,811	123,222,105	(987,706)	99 %
OPERATING EXPENSES:				
DIRECT PROGRAM EXPENSES:				
Claims payment & legal expenses	63,241,936	40,631,892	22,610,044	64 %
Deductible recoveries	(5,222,342)	(3,959,574)	(1,262,768)	76 %
Claims administrators	4,143,968	4,024,889	119,079	97 %
Claims management information systems	180,171	205,969	(25,798)	114 %
Program administrator	3,961,704	2,901,930	1,059,774	73 %
Brokerage commissions	3,839,672	3,800,508	39,164	99 %
Insurance premiums	70,034,791	58,939,185	11,095,606	84 %
Taxes, assessments & fees	75,152	30,400	44,752	40 %
Actuarial services	23,750	29,350	(5,600)	124 %
Claims audit	8,100	—	8,100	— %
Coverage counsel	15,000	—	15,000	— %
Program legal	24,500	—	24,500	— %
Miscellaneous program services	12,000	3,199	8,801	27 %
Workshops/training	436,436	267,192	169,244	61 %
Loss control	2,075,885	978,721	1,097,163	47 %
Appraisals	132,000	—	132,000	— %
Reinsurance/excess recoveries	(17,880,429)	(11,141,832)	(6,738,597)	62 %
Program committee	18,000	2,577	15,423	14 %
Dividend distributions	9,129,883	2,445,298	6,684,585	27 %
Total direct program expenses:	134,250,176	99,159,704	35,090,472	74 %
GENERAL & ADMINISTRATIVE EXPENSES:				
Financial audit	40,000	40,000	—	100 %
Executive committee & board expenses	10,000	2,529	7,471	25 %
JPA insurance	61,250	42,516	18,734	69 %
Memberships, associations & dues	44,001	38,620	5,381	88 %
Chancellor's office accounting services	425,000	425,000	—	100 %
Risk management expenses	1,528,280	955,882	572,398	63 %
JPA legal	199,432	—	199,432	— %
Miscellaneous indirect services	41,000	15,164	25,836	37 %
Total general & administrative expenses:	2,348,963	1,519,711	829,252	65 %
Total operating expenses:	136,599,139	100,679,415	35,919,724	74 %
NON-OPERATING REVENUES:				
Investment income (loss)	1,000,000	1,013,500	13,500	101 %
Miscellaneous fee revenue	—	2,430	2,430	— %
Total non-operating revenues:	1,000,000	1,015,929	15,929	102 %
NET SURPLUS(DEFICIT)	(11,389,329)	23,558,618	34,947,947	(207)%

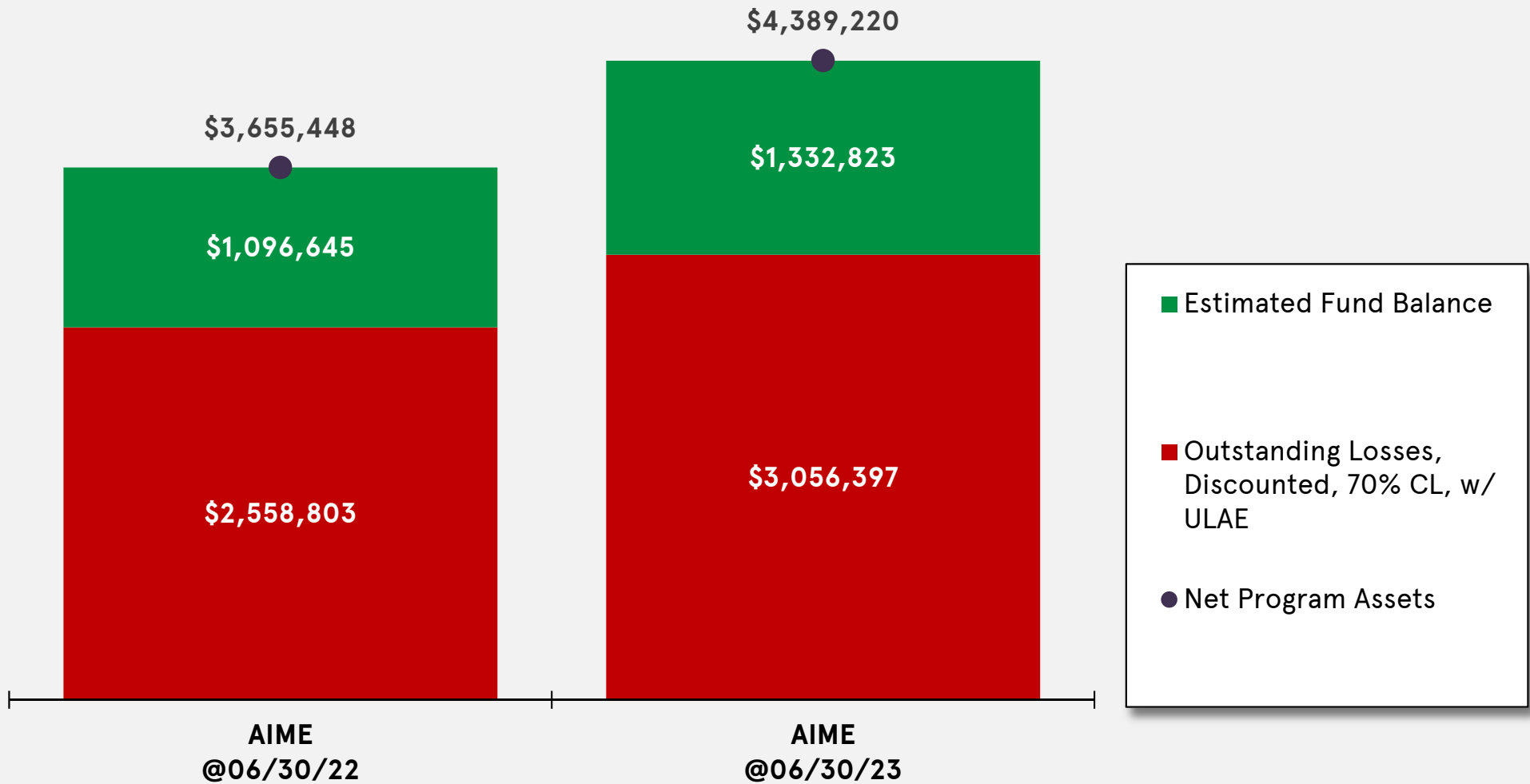
Estimated Fund Balance at June 30

Campus Workers' Compensation & Liability Self-Insured Risk Pools



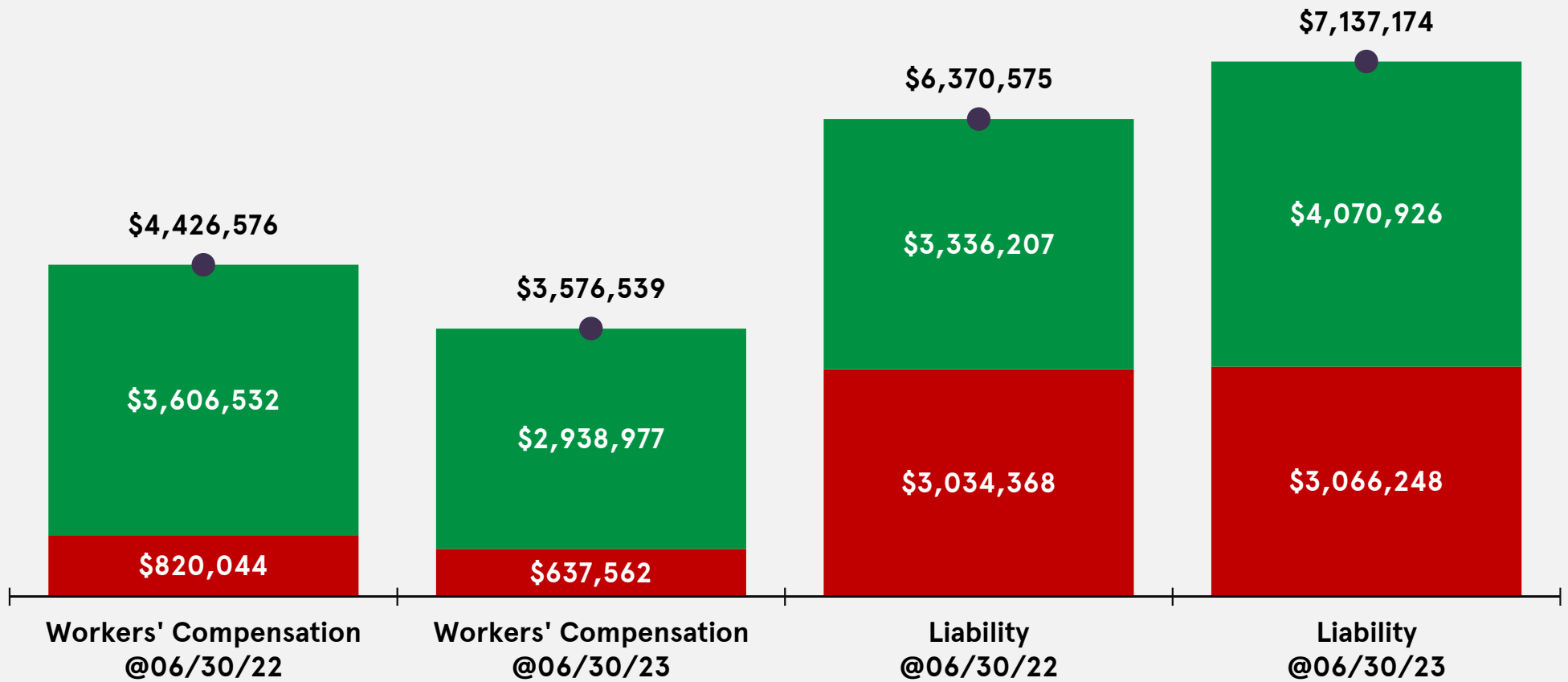
Estimated Fund Balance at June 30

Athletic Injury Medical Expense (AIME) Self-Insured Risk Pool



Estimated Fund Balance at June 30

AORMA Workers' Compensation & Liability Self-Insured Risk Pools



■ Outstanding Losses, Discounted, 70% CL, w/ ULAE
 ■ Est. Fund Balance
 ● Net Program Assets

AORMA COVERAGE PROGRAMS – LOSS REPORTS

ISSUE: The Committee will review and discuss the following exhibits:

- a. Liability
- b. Workers’ Compensation
- c. Property

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

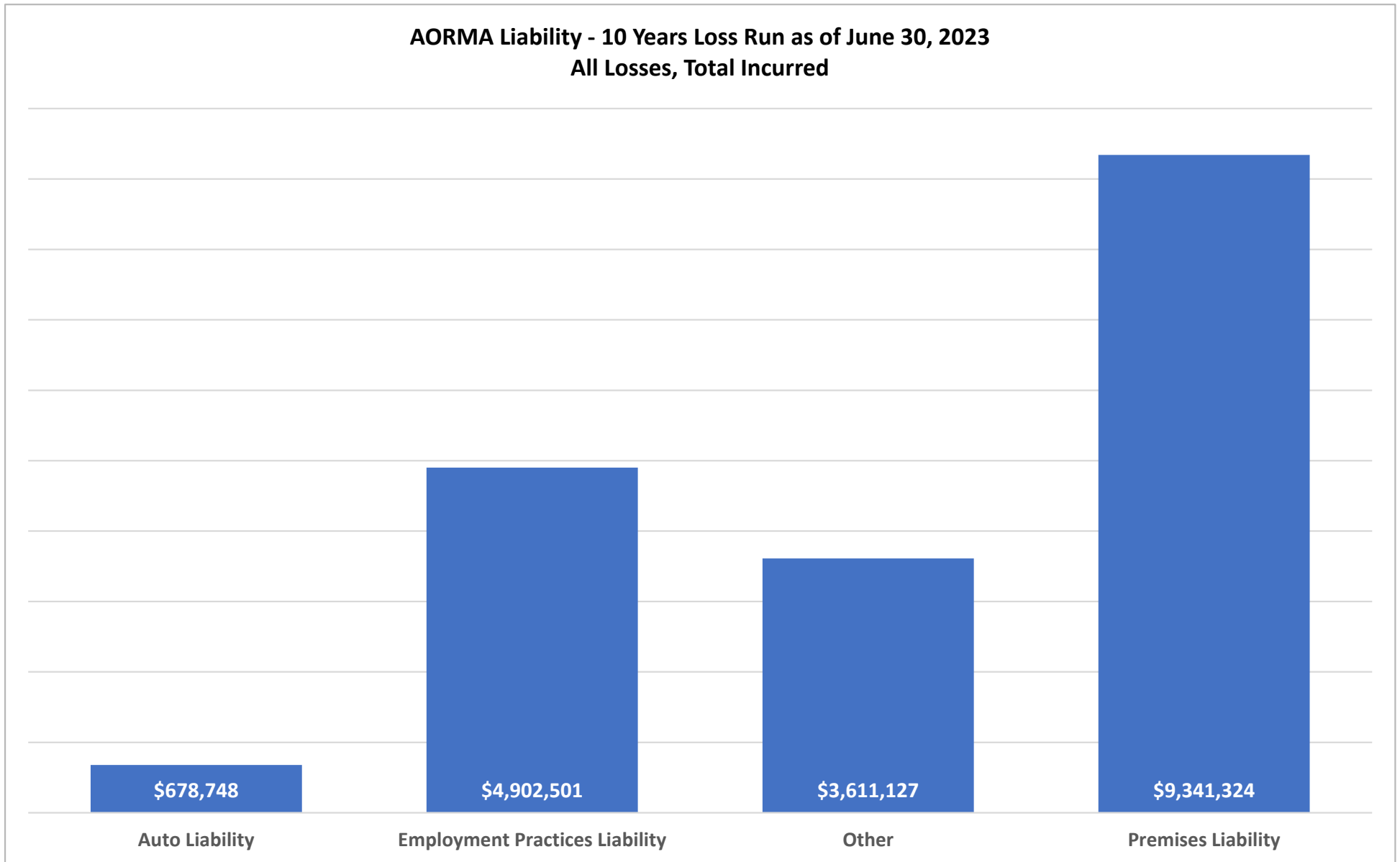
PUBLICATION: None.

ATTACHMENT(S):

- a. Loss Exhibits

AORMA Liability Losses

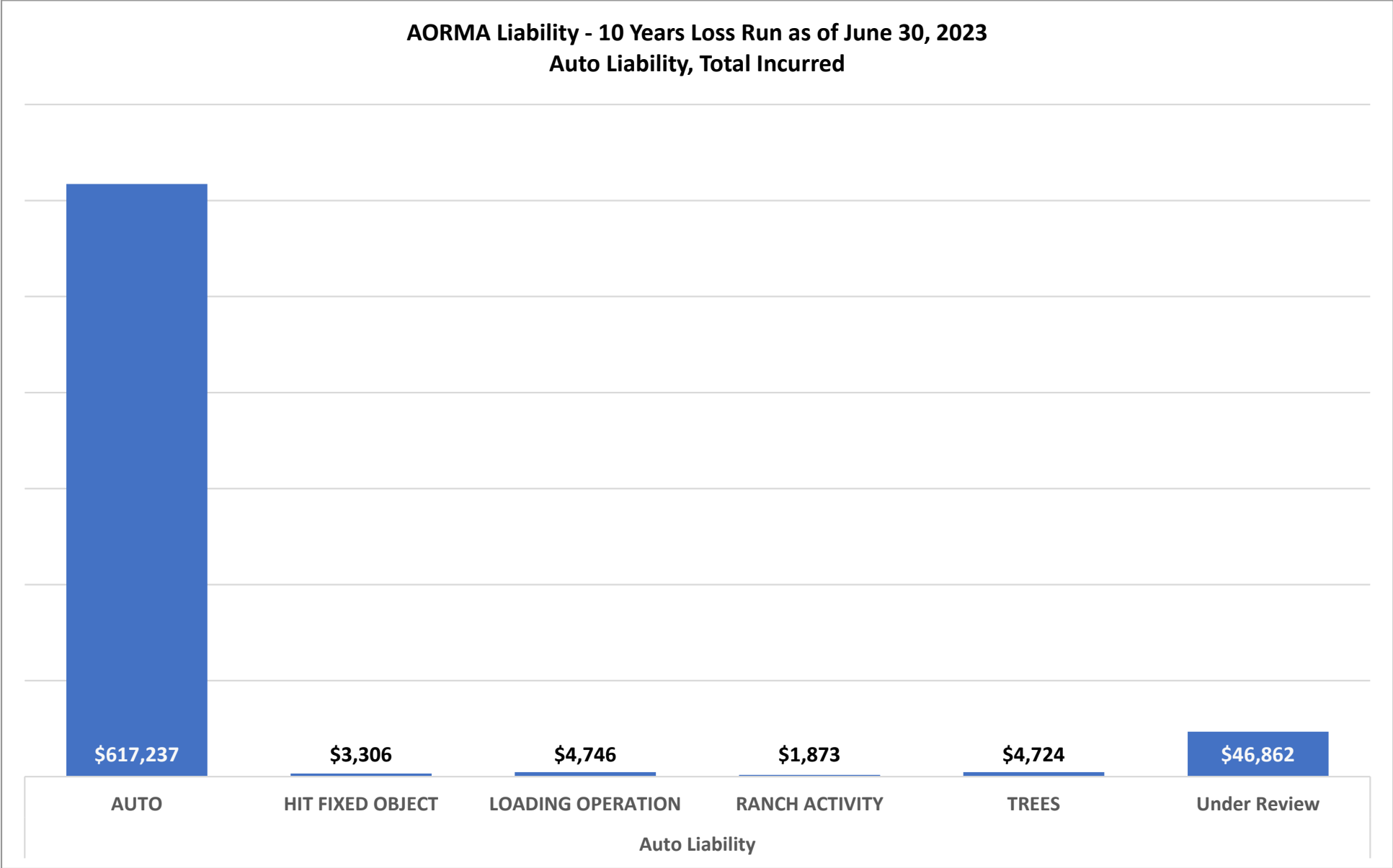
AORMA Liability - 10 Years Loss Run as of June 30, 2023
All Losses, Total Incurred



AORMA Liability Losses – Auto Liability



AORMA Liability - 10 Years Loss Run as of June 30, 2023
Auto Liability, Total Incurred



AORMA Liability Program – Auto Liability Exposure Claim Ratios



AORMA Liability Program - Exposure Claim Ratios

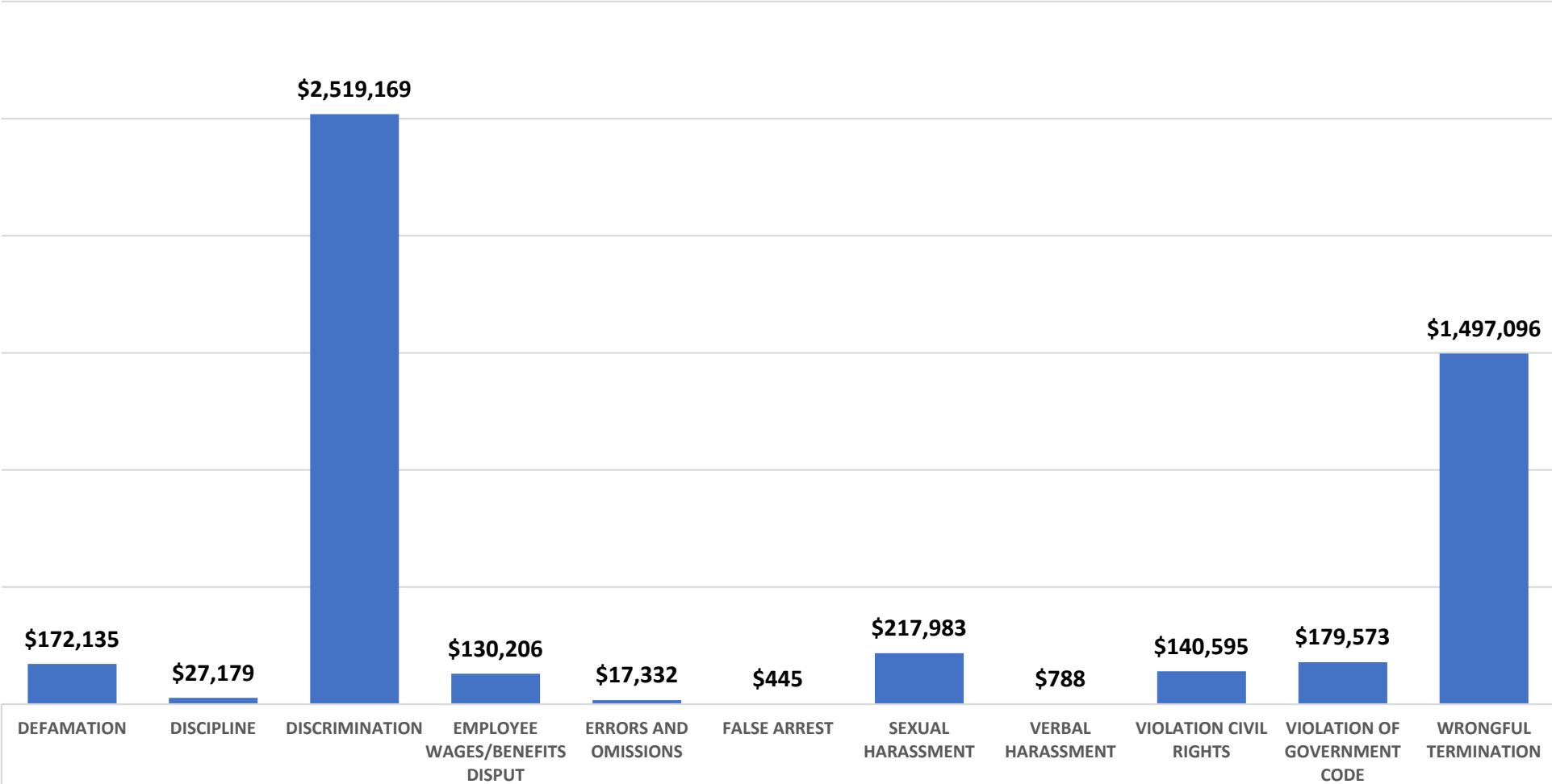
Auto Liability

Campus	Auxiliary Organization	# of Auto	Claims	\$ per Auto
Long Beach	Forty-Niner Shops, Inc.	3	16,821	5,607
Fullerton	CSU Fullerton Auxiliary Services Corporation	2	4,423	2,212
Humboldt	Humboldt State University Sponsored Programs Foundation	2	4,291	2,145
Sonoma	Sonoma State Enterprises, Inc.	1	1,956	1,956
Sacramento	Associated Students of California State University, Sacramento	8	14,502	1,813
San Diego	Aztec Shops, Ltd.	18	31,287	1,738
Northridge	University Student Union of California State University, Northridge	2	3,285	1,643
Chico	Associated Students of California State University, Chico	6	7,309	1,218
Pomona	The Cal Poly Pomona Foundation, Inc.	30	34,120	1,137
Fresno	California State University, Fresno Association, Inc.	8	7,513	939
Monterey Bay	University Corporation at Monterey Bay	12	8,008	667
Fresno	The California State University, Fresno Athletic Corporation	43	26,786	623
San Diego	San Diego State University Research Foundation	37	22,874	618
Northridge	Associated Students, California State University, Northridge, Inc.	5	2,995	599
Northridge	The University Corporation	6	2,768	461
Humboldt	Humboldt State University Center Board of Directors	7	2,706	387
San Luis Obispo	Cal Poly Corporation	47	15,846	337
Sacramento	University Enterprises, Inc.	10	2,649	265
San Jose	San Jose State University Research Foundation	8	1,136	142
Chico	Chico State Enterprises	31	2,326	75
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	6	158	26

AORMA Liability Losses – EPL



AORMA Liability - 10 Years Loss Run as of June 30, 2023
 Employment Practices Liability, Total Incurred



Employment Practices Liability

AORMA Liability Program - EPL Exposure Claim Ratios



AORMA Liability Program - Exposure Claim Ratios

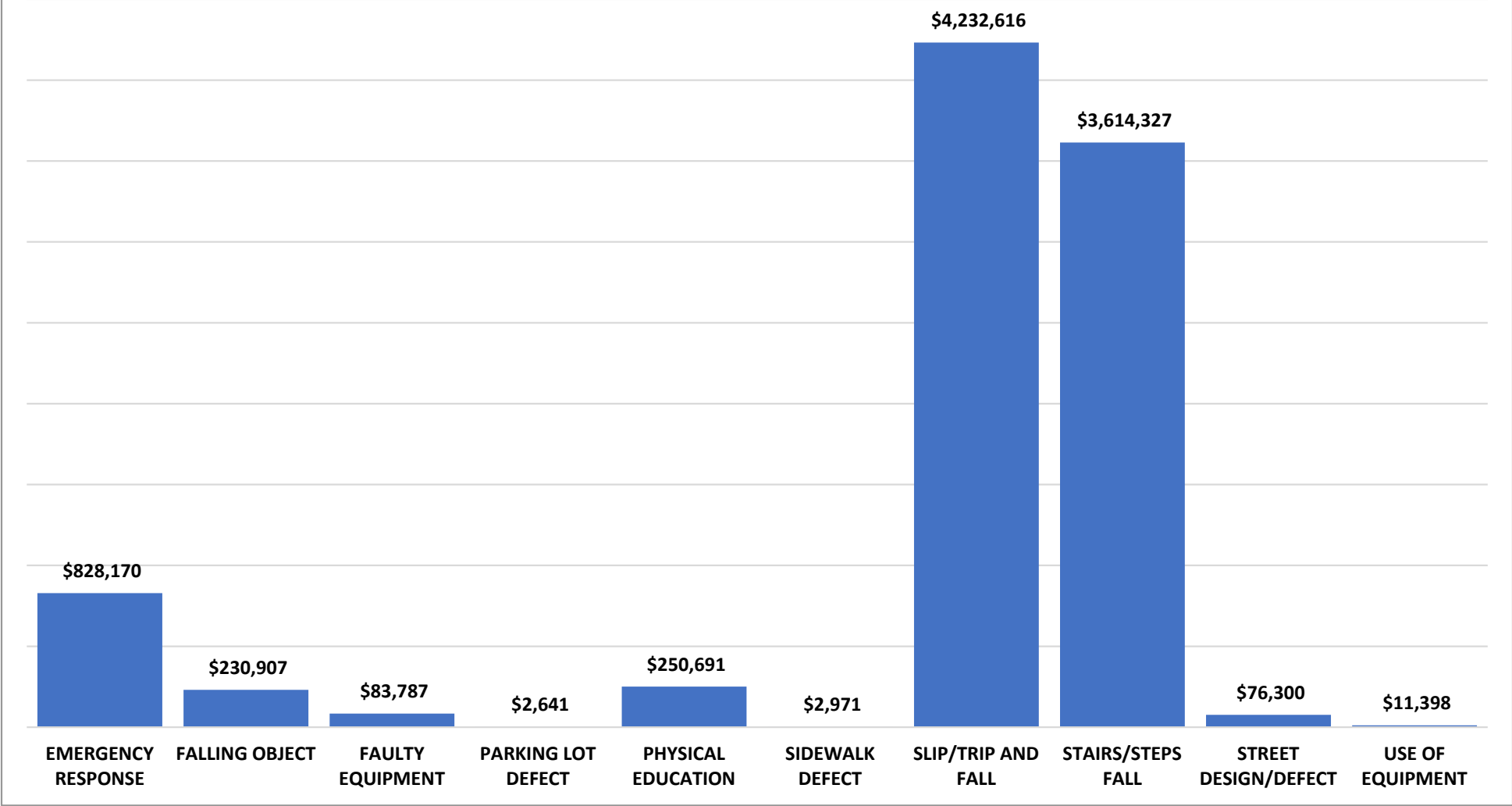
Employment Practices Liability

Campus	Auxiliary Organization	Payroll	Claims	Total Incurred Per \$1M in Payroll
Sacramento	Associated Students of California State University, Sacramento	4,378,158	114,917	2,625
San Marcos	California State University San Marcos Corporation	8,305,381	164,573	1,982
Dominguez Hills	California State University, Dominguez Hills Foundation	6,945,068	75,158	1,082
Pomona	The Cal Poly Pomona Foundation, Inc.	13,107,223	133,406	1,018
Long Beach	California State University, Long Beach Research Foundation	19,375,517	190,110	981
San Diego	Associated Students, San Diego State University	10,177,550	76,404	751
Chico	Chico State Enterprises	17,857,262	110,889	621
Sacramento	Capital Public Radio, Inc.	7,041,794	36,599	520
San Diego	San Diego State University Research Foundation	86,715,180	304,788	351
San Diego	Aztec Shops, Ltd.	8,644,348	10,292	119
Fullerton	CSU Fullerton Auxiliary Services Corporation	17,521,866	17,332	99
Fresno	California State University, Fresno Association, Inc.	4,711,405	2,108	45
Sacramento	University Enterprises, Inc.	35,230,253	14,703	42
Monterey Bay	University Corporation at Monterey Bay	11,326,109	4,180	37
Long Beach	Associated Students, California State University, Long Beach	4,777,626	542	11
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	2,213,093	151	7
Humboldt	Humboldt State University Sponsored Programs Foundation	12,485,679	505	4
San Jose	San Jose State University Research Foundation	26,047,054	772	3

AORMA Liability Losses – Premises Liability



AORMA Liability - 10 Years Loss Run as of June 30, 2023
Top 10 Premises Liability Losses; Total Incurred



AORMA Liability Program – Premises Liability Exposure Claim Ratios



AORMA Liability Program - Exposure Claim Ratios

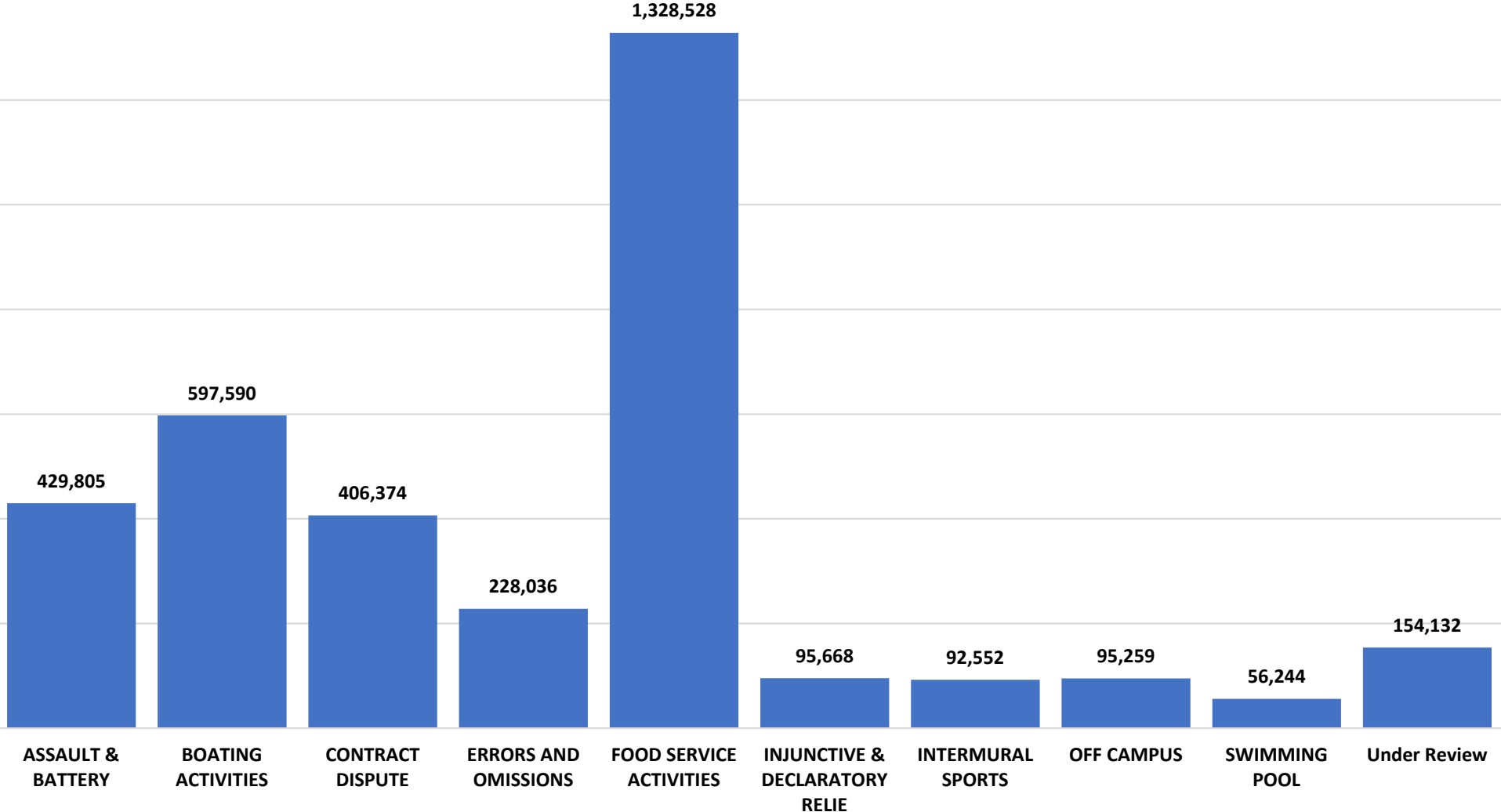
Premises Liability

Campus	Auxiliary Organization	Square Footage	Claims	Total Incurred Claims Per 1,000 in Sq Ft
Chico	Chico State Enterprises	50,934	3,613,106	70,937
Dominguez Hills	California State University, Dominguez Hills Foundation	1,201	53,211	44,306
San Francisco	The University Corporation, San Francisco State	82,600	3,079,692	37,284
Sacramento	Associated Students of California State University, Sacramento	47,259	103,844	2,197
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino	251,073	60,529	241
Pomona	Associated Students Inc., California State Polytechnic University, Pomona	327,617	51,628	158
Fullerton	Associated Students, Inc., California State University, Fullerton	281,686	34,020	121
San Jose	Associated Students San Jose State University	31,196	2,498	80
Channel Islands	CI University Auxiliary Services, Inc.	40,737	2,971	73
San Francisco	Associated Students of San Francisco State University	83,861	3,179	38
Long Beach	Associated Students, California State University, Long Beach	326,208	11,521	35
Long Beach	Forty-Niner Shops, Inc.	110,172	1,576	14
San Diego	Associated Students, San Diego State University	630,237	6,692	11
Northridge	The University Corporation	396,993	3,749	9
San Diego	San Diego State University Research Foundation	748,334	4,780	6
San Bernardino	University Enterprises Corporation at CSUSB	157,873	963	6
Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	120,000	687	6
Fresno	California State University, Fresno Association, Inc.	775,367	3,766	5
Pomona	The Cal Poly Pomona Foundation, Inc.	751,285	2,808	4
Chico	Associated Students of California State University, Chico	293,059	530	2
Northridge	University Student Union of California State University, Northridge	403,733	550	1
San Diego	Aztec Shops, Ltd.	1,674,809	1,775	1

AORMA Liability Losses – All Others



AORMA Liability - 10 Years Loss Run as of June 30, 2023
Top 10 Other Liability Losses, Total Incurred



AORMA Liability Program - All Others Exposure Claim Ratios

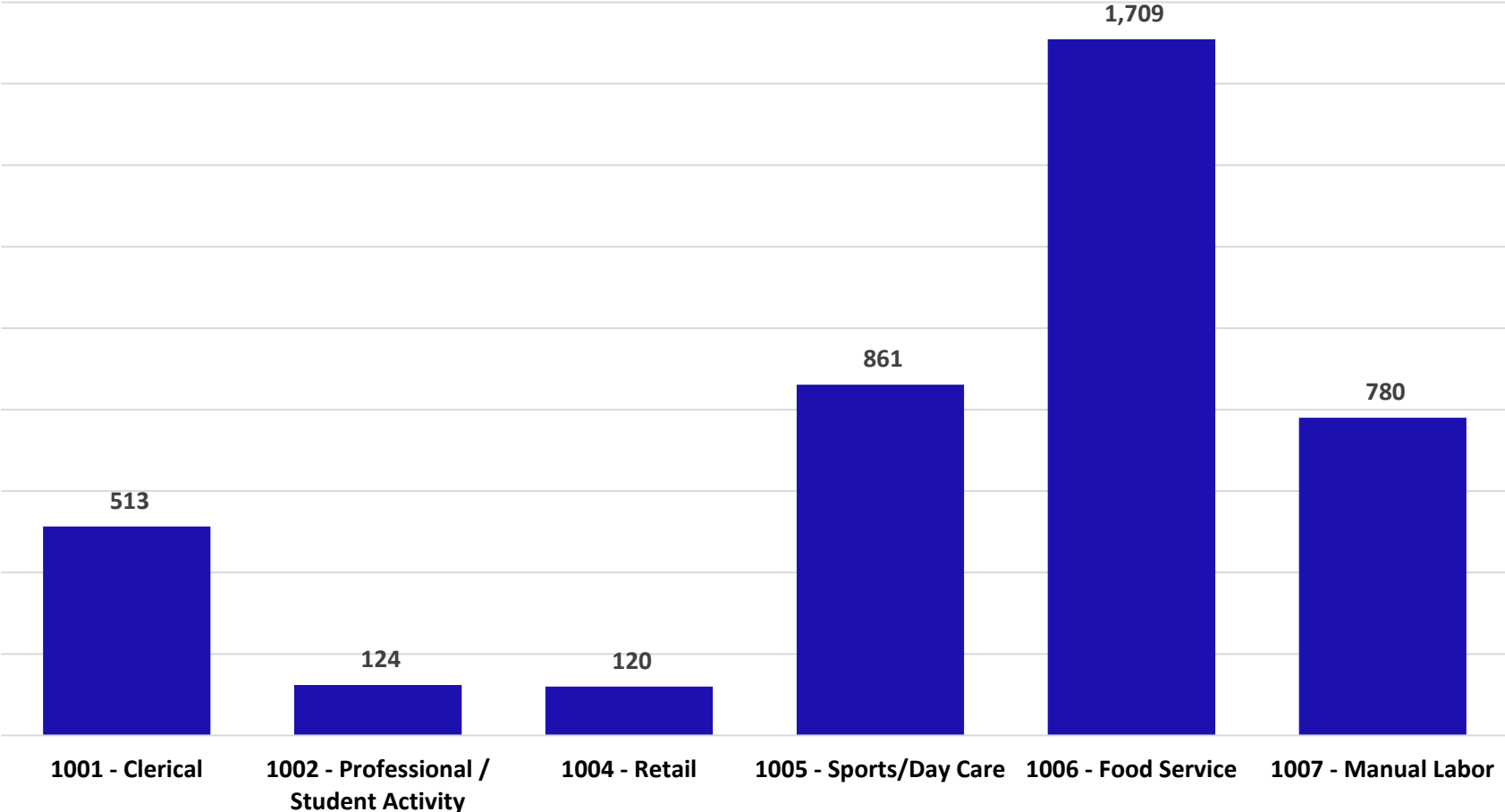


AORMA Liability Program - Exposure Claim Ratios

Campus	Auxiliary Organization	Other		
		Expense	Claims	Total Incurred Per \$1M in Expenditures
San Marcos	Associated Students, Inc. of California State University San Marcos	1,980,514	309,958	15,650
San Jose	The Student Union of San Jose State University	10,427,784	74,170	711
Northridge	University Student Union of California State University, Northridge	15,390,536	101,571	660
San Diego	Associated Students, San Diego State University	33,577,778	207,303	617
San Jose	Spartan Shops, Inc.	3,075,042	9,853	320
Fresno	The Agricultural Foundation of California State University, Fresno	6,129,815	11,956	195
San Jose	Associated Students San Jose State University	8,590,922	13,166	153
Pomona	Associated Students Inc., California State Polytechnic University, Pomona	14,783,425	15,430	104
Chico	Chico State Enterprises	53,001,205	53,708	101
Fullerton	Associated Students, Inc., California State University, Fullerton	27,611,311	27,170	98
Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated	3,250,429	1,909	59
San Diego	San Diego State University Research Foundation	178,071,512	95,984	54
Sacramento	Associated Students of California State University, Sacramento	9,205,395	2,768	30
Sacramento	University Union Operation of CSUS, Inc.	12,705,575	2,715	21
Pomona	The Cal Poly Pomona Foundation, Inc.	64,143,448	12,516	20
Channel Islands	CI University Auxiliary Services, Inc.	5,198,186	475	9
San Diego	Aztec Shops, Ltd.	67,195,862	6,063	9
Sonoma	Sonoma State Enterprises, Inc.	5,936,779	377	6
San Francisco	Associated Students of San Francisco State University	8,980,697	484	5
Fresno	California State University, Fresno Association, Inc.	24,373,200	991	4
Long Beach	California State University, Long Beach Research Foundation	42,001,232	1,580	4
Humboldt	Humboldt State University Sponsored Programs Foundation	36,487,486	1,092	3
Long Beach	Forty-Niner Shops, Inc.	27,041,112	629	2
Monterey Bay	University Corporation at Monterey Bay	69,651,539	1,063	2
San Luis Obispo	Cal Poly Corporation	91,960,799	1,302	1
Northridge	The University Corporation	43,088,778	317	1

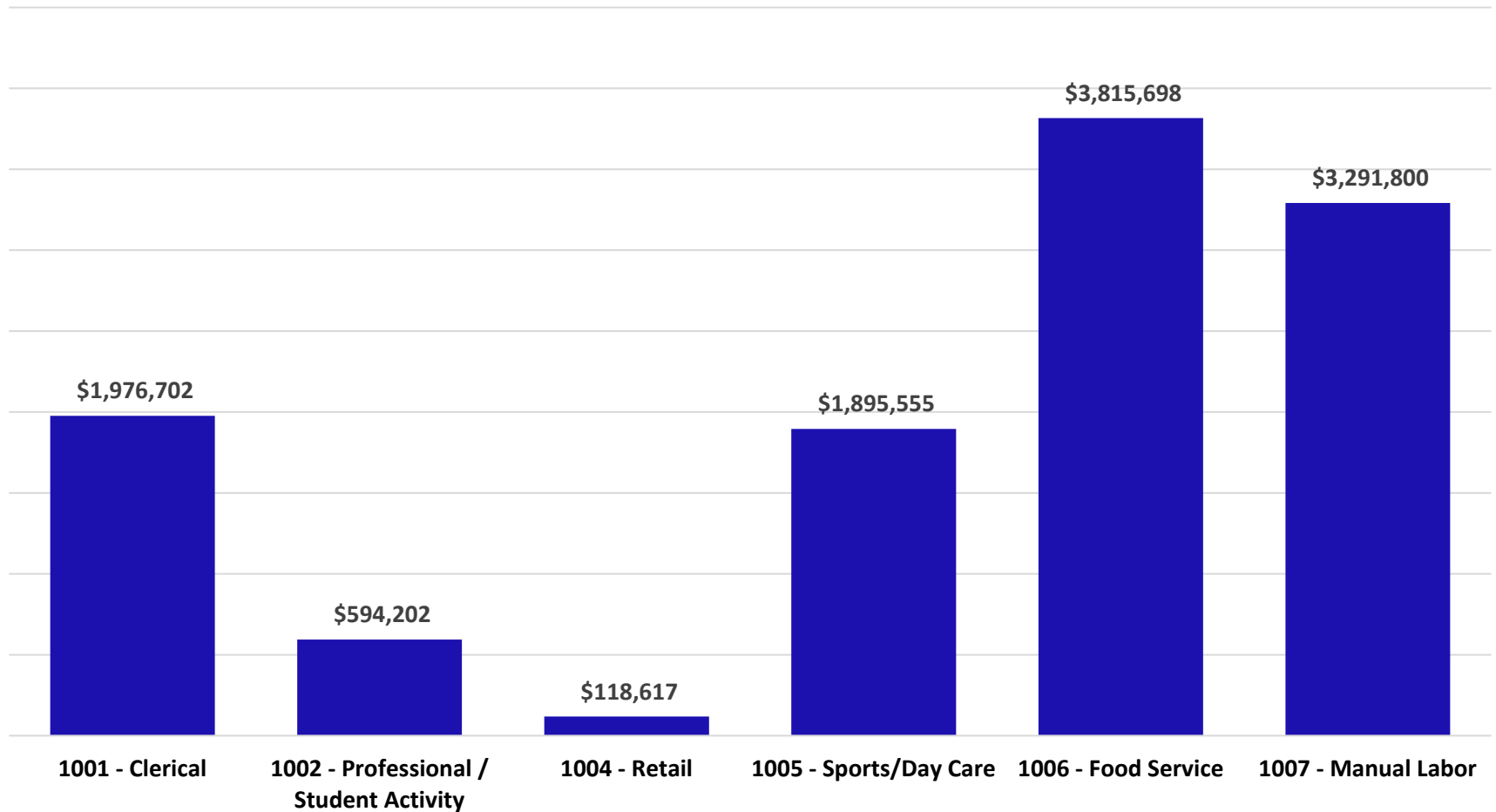
AORMA Workers Comp Losses

AORMA Workers Compensation - 10 Years Loss Run as of June 30, 2023
Class Code by Frequency



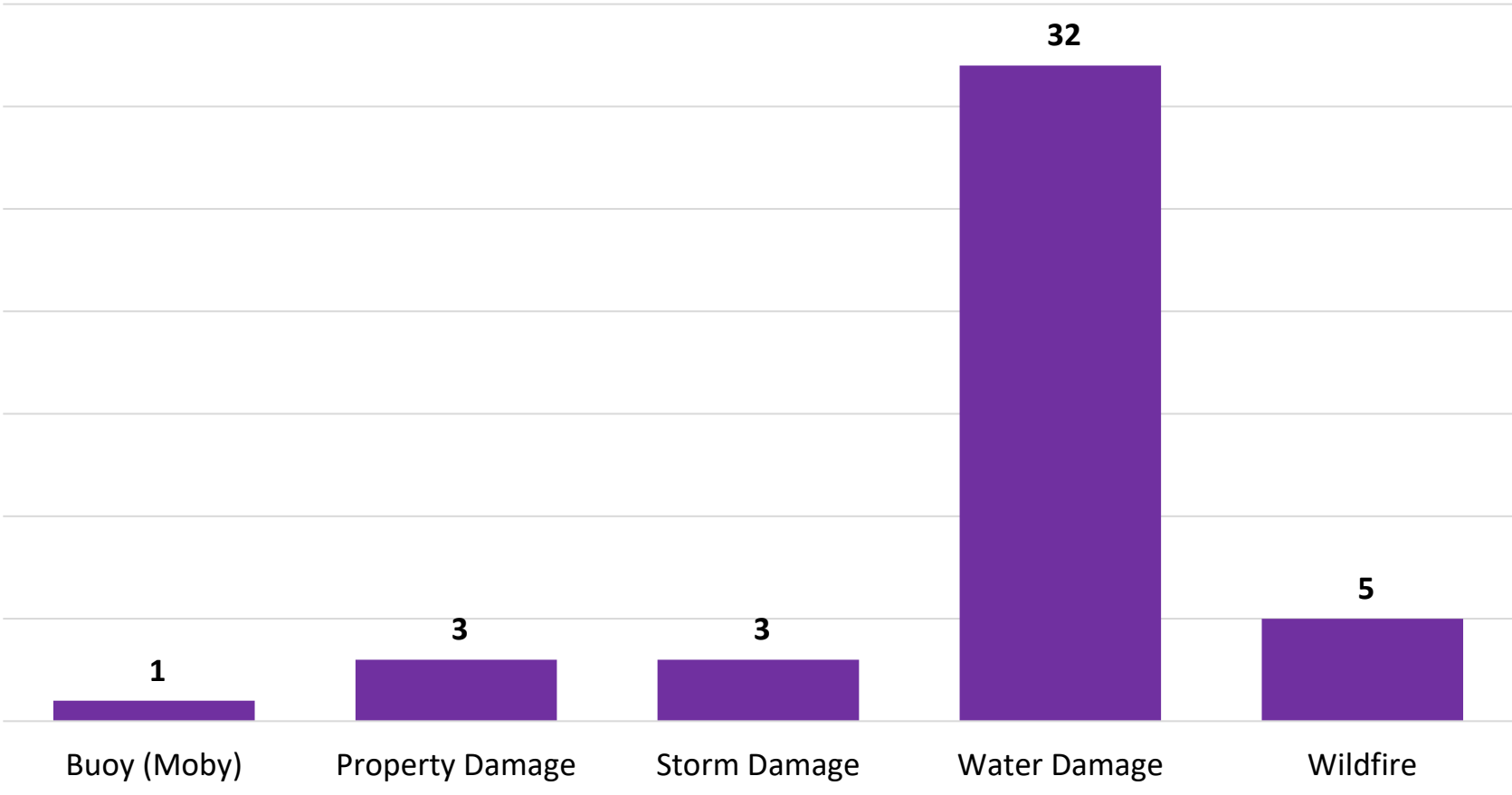
AORMA Workers Comp Losses

AORMA Workers Compensation - 10 Years Loss Run as of June 30, 2023
Total Incurred, Class Code by Severity



AORMA Property Losses

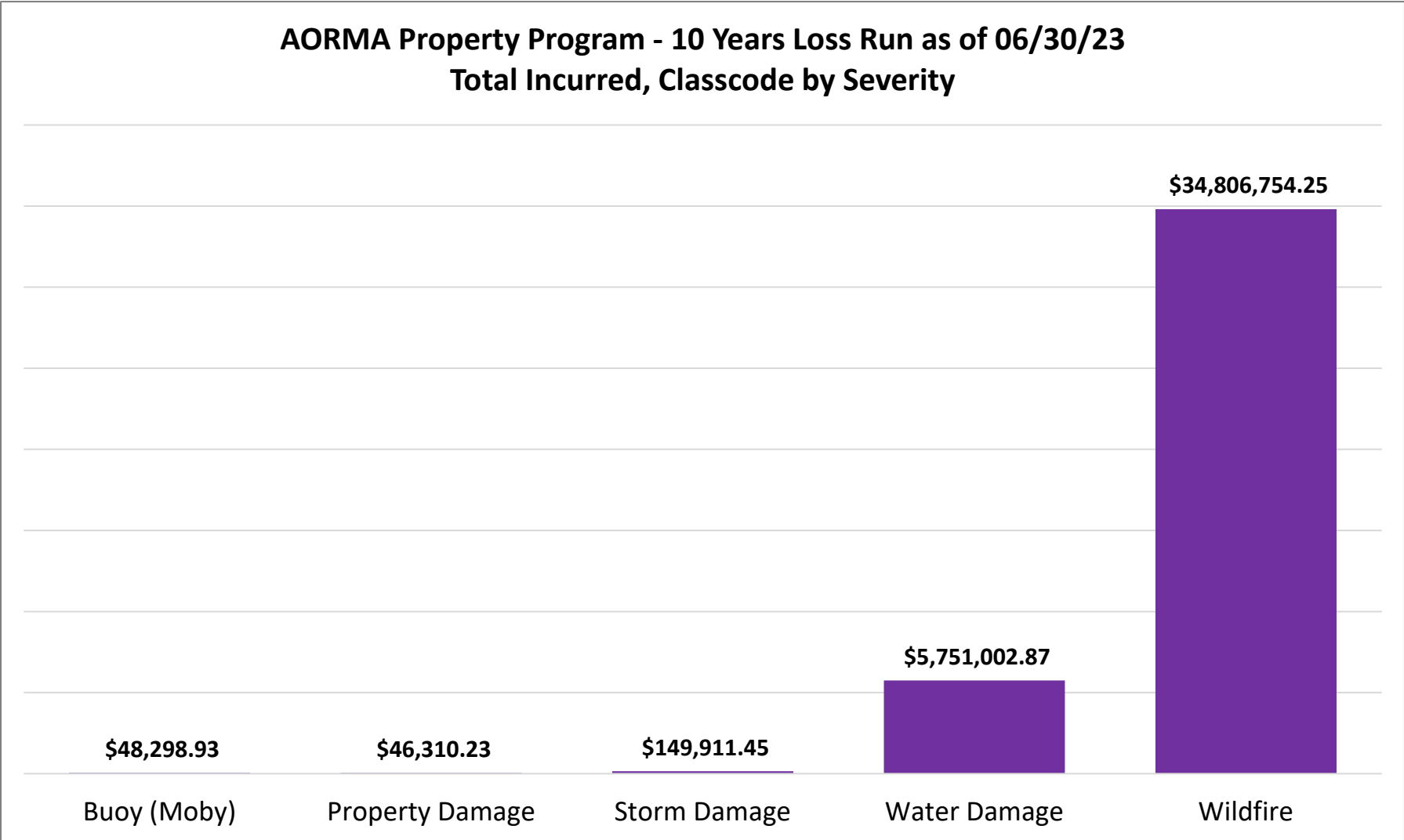
AORMA Property Program - 10 Years Loss Run as of 06/30/23
Class Code by Frequency



AORMA Property Losses



AORMA Property Program - 10 Years Loss Run as of 06/30/23
Total Incurred, Classcode by Severity



LOSS CONTROL VENDOR UTILIZATION REPORTS

ISSUE: The Officers will be asked to review the Utilization Reports from the Loss Control Vendors.

- Alliant Risk Control Consulting (Term: 7/01/22 to 6/30/25)
- Presidium (Term: 7/01/23 to 6/30/26)
- Employer Group (Term: 7/01/23 to 6/30/26)

RECOMMENDATION: No direction action is recommended; however, the Officers may provide direction to Staff.

FISCAL IMPACT: None.

BACKGROUND: See the attached report for detailed information.

PUBLICATION: Periodically, Staff will send out reminders, to all Members, outlining the program services.

ATTACHMENT(S):

- a. Alliant Risk Control Consulting
- b. Presidium
- c. Employers Group

Policy Period 2022–2023

AORMA ARCC Highlight Summary



Key Deliverables	<ul style="list-style-type: none">• AORMA Webinar 22–23’ Kickoff Series (5 sessions)• 7 Auxiliary trainings<ul style="list-style-type: none">• Ergonomics(4), Kitchen Safety, Supervisor Hazard Assessment, Supervisor Accident Investigation• 16 Loss Review and Planning sessions• 22 Research & Program review requests<ul style="list-style-type: none">• EAP, Emotional Support Animals, Evacuation, Safety Training Matrix, Kitchen Safety, IIPP (6), Youth/Visitor Safety, Standardized Ergonomic Equipment• 4 Worksite Safety Surveys• 24 Ergo evaluations with reports and resources• 3 Training Material Development• 7 CPR/First Aid training<ul style="list-style-type: none">• total of 120 certified• 2 AoA presentations
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ARCC Hours	Used: 361 129	Remaining:448* *note: includes 163 hours unused from 2021–2022 Policy Year
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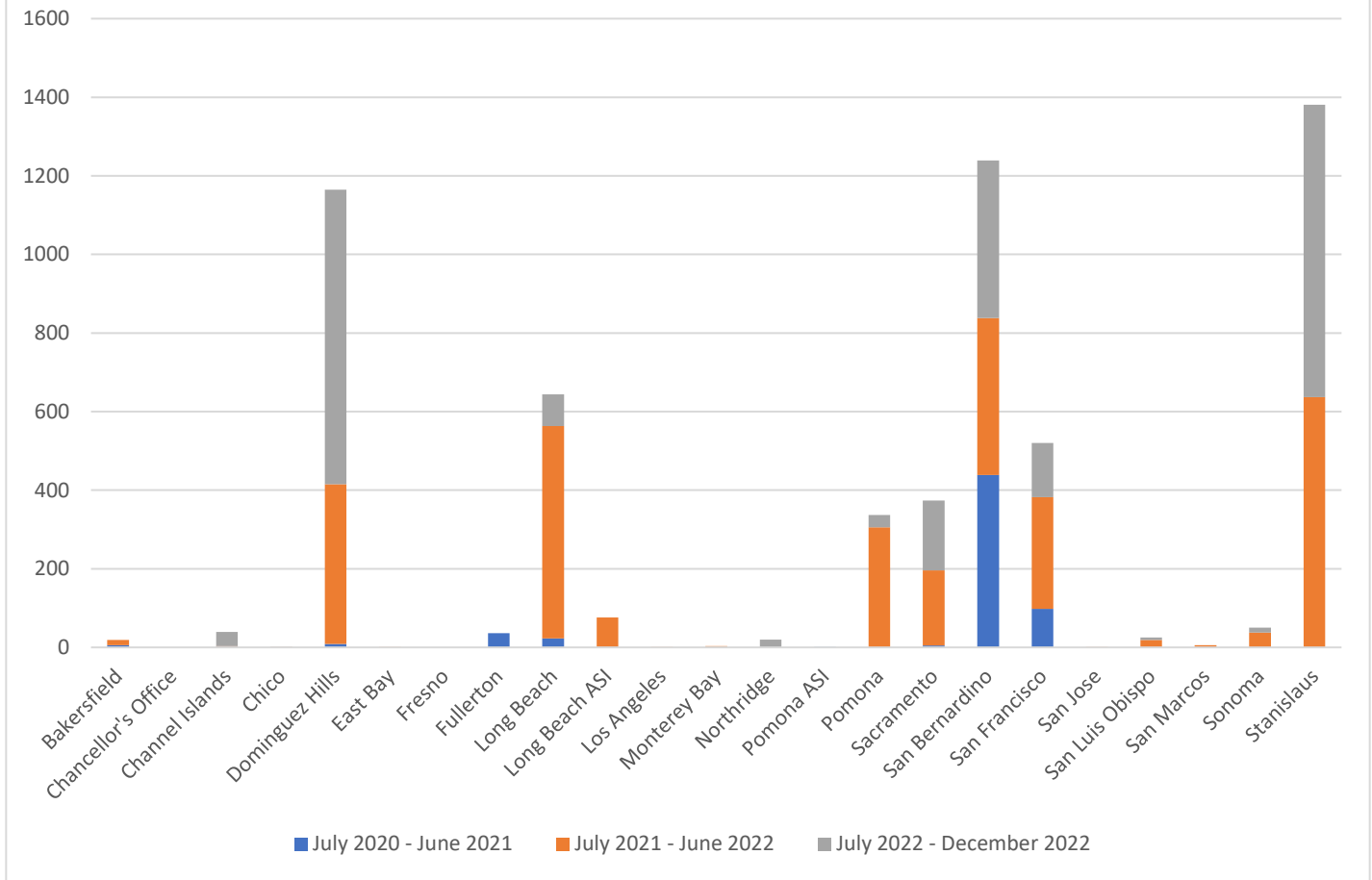
EXHIBIT A

Utilization of Online Training

The following table and chart display the online training course completions by campus/auxiliary during the contract period to date: July 1, 2020 to December 31, 2022. Data is separated by academic calendar year to coincide with the three-year contract period.

CAMPUS	July 2020 – June 2021	July 2021 – June 2022	July 2022 – December 2022	Total Completions July 2020 - December 2022
Bakersfield	6	13	0	19
Chancellor's Office	0	0	0	0
Channel Islands	2	1	36	39
Chico	0	1	1	2
Dominguez Hills	9	406	750	1165
East Bay	0	1	0	1
Fresno	0	0	0	0
Fullerton	36	0	0	36
Long Beach	23	540	81	644
Long Beach ASI	1	75	0	76
Los Angeles	0	1	0	1
Monterey Bay	1	2	0	3
Northridge	0	0	20	20
Pomona ASI	1	0	0	1
Pomona	0	306	31	337
Sacramento	5	191	178	374
San Bernardino	439	399	401	1239
San Francisco	98	284	138	520
San Jose	0	1	0	1
San Luis Obispo	0	19	6	25
San Marcos	0	6	0	6
Sonoma	0	38	12	50
Stanislaus	0	637	744	1381
Total Course Completions	621	2921	2398	5940

July 2020 - December 2022 Online Training Course Completions
 Combined Data from Sum Total + Praesidium Academy



Limitations of the Data and Access to Online Training

In reviewing the above utilization data, keep in mind COVID-19 significantly impacted youth programs across the CSU system and around the world at the start of the contract period. During the initial contract year (July 2020 to June 2021), it was not unexpected to see a pause of programs and traditional activities that would trigger usage of abuse prevention training. In its 2021 annual report ([available at https://praesidium.lpages.co/praesidium-report-2021/](https://praesidium.lpages.co/praesidium-report-2021/)), Praesidium took a closer look at how the pandemic impacted organizations and provided guidance for next steps. As programs resumed in 2021, the data reflects a natural increase in usage (with 85% of campuses accessing training in the 2021-2022 period) that ultimately tapers off the following year.

It is also important to note Praesidium’s online training was originally scheduled for access in two locations: Praesidium’s system (previously called Armatus Learn to Protect and now known as Praesidium Academy) *plus* CSU’s learning management platform. Soon after publishing 21 courses to CSU’s learning management platform, Praesidium was informed a wide range of accessibility updates were needed to

finalize the publication and extend access to all courses on CSU's learning management platform.

Praesidium worked closely with CSU Compliance to address the training content and redevelop a suite of courses for placement on CSU's learning management platform. This redevelopment process delayed the availability of Praesidium's online training on the CSU platform (although all of Praesidium's online training courses remained available to the campuses and auxiliaries on Praesidium's learning management system during this period).

Praesidium will continue to collaborate with CSU Compliance on the continued availability of courses in future contract periods.

EXHIBIT B

Utilization of Other Prevention Resources

In addition to the availability of online abuse prevention training, all of Praesidium’s prevention and responses resources remain available to the CSU campuses and auxiliaries, most of which are available at discounted rates. Below is a summary of the utilization of these additional resources.



Risk Assessment

Praesidium Consultants conduct a comprehensive risk assessment of all programs offered by the organization including a review of policies, on-site architectural inspections, interviews with employees and volunteers at all levels, interviews with administrators, analysis of claims and incident data, and direct observations of programs in operation. Praesidium compiles and analyses the information collected during the assessment process against hundreds of best practices, program specific standards to systematically identify where potential abuse risk exposures may exist across the organization.

San Bernardino: 2022 Completed campus-wide risk assessment of youth programs and conducted leadership presentation with roll out of support services from Risk Management including campus policies, online training, and reporting structures.

San Luis Obispo: Risk Assessment scheduled for Summer and Fall of 2023.



Consultation and Model Policies

Essential to effective abuse risk management, written policies set the stage for safe environments. Policies communicate an organization’s commitment to abuse prevention to its employees, volunteers, consumers, and the community in general. Policies also set the bandwidth of acceptable behavior between adults and vulnerable populations within organizational programs. Praesidium provides model policies to an individual campus, auxiliary, or program as requested, with additional consultation services and review of existing materials available.

Dominguez Hills: Supported development of campus-wide policies for working with minors.

Stanislaus: Supported development of campus-wide procedures and guidelines for the safety and protection of youth.

Sacramento: Supported development of campus-wide Youth Protection Program and assisted in development of youth protection polices for campus recreation program: The WELL.

Humboldt: Supported development of campus-wide program registration and youth-activity survey.

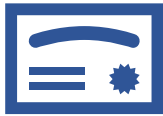


On-Site Training

In addition to the online training programs available, Praesidium also offers an array of workshops and seminars for front-line employees and volunteers, supervisors, administrators, senior leadership teams, and board members covering a range of abuse prevention and response topics. Workshops can be tailored to meet the needs of each audience and are available in on-site and virtual formats.

San Francisco: Conducted onsite presentations for campus and CSU leadership as part of the campus' 2022 Youth Protection Risk Symposium.

Dominguez Hills: Conducting leadership presentation on youth protection and new campus-wide policies in March 2023.



Certified Praesidium Guardian Workshop

The Praesidium Guardian program is an individual certification program in abuse risk management where participants learn best practices in organizational abuse prevention, including specific steps to take to prevent incidents of abuse by employees, volunteers, or program participants, and how to respond effectively if an allegation or incident occurs. Participants also learn how to ensure an organization stays current and consistent in the implementation of abuse prevention best practices. This experience includes three main components: online preparation activities; a multi-day instructor-led workshop; and an Impact Project (an individually designed skills-application exercise).

The following individuals achieved certification status:

Sacramento State: Todd Dangott
Director of Risk Management

Erica Wood
Assistant Director of Special Events & Informal Recreation

Kate Smith
Director of The WELL

Stanislaus: Malinda Simao
Risk Analyst

Dominguez Hills: Lawrence "Larry" Kimaara
Senior Director of Risk Management & Internal Controls

Humboldt State: Kimberly Comet
Director of Risk Management & Safety Services

**AORMA - HR Consulting
Employers Group Utilization Report**

Activity Over the Three-Year Contract Period	
Helpline Calls	298
Resource Library	122
LMS Activated	1
Comp/Benefits Survey Participation/Purchase	0
Roundtable/Webinar Attendance	4
Public Workshop Trainings*	4
Registration - Workplace/Employment Law Update	57
Inquiry/Proposed – On-Site Training*	0
Contracted - On-Site Training	1
Inquiry/Proposed - On-Line training	0
Contracted - On-Line Training	0
Inquiry/Proposed Affirmative Action Planning	8
Contracted - Affirmative Action Planning	7
Contracted - Affirmative Action Plan Audit Support	0
Employee Handbook Reviews	3
Inquiry/Proposed – Employee Handbook*	1
New Employee Handbooks Developed	0
Inquiry/Proposed – E.O.S.*	3
Contracted - EOS	4
Inquiry/Proposed – Consulting*	4
Contracted - Consulting	2
Inquiry/Proposal - Unemployment Insurance Management	0
Contracted - Unemployment Insurance Management	0
Inquiry/Proposal - Comp.Benefits Planning	8
Contracted - Research, Comp/Benefits Planning	6
Predictive Index Behavioral Assessment	0
Other (Books, CD ROMs, Posters, etc.	1

Yellow = Extra cost incurred for the service.

HISTORICAL INFORMATION ON AORMA’S FUNDING PHILOSOPHY

ISSUE: At its September, 2017 long range planning meeting, the AORMA Committee discussed the importance of an annual discussion of AORMA’s historical funding philosophy. As members term-out of the AORMA Committee, and executive staff retire from the Auxiliary Organizations, institutional knowledge is lost. Committee members may not remember the difficult days before the creation of CSURMA. Policy and Procedure A-3 – AORMA Risk-Pool Goal for Retained Funds was revised to include the following annual requirement:

Discussion and Documentation of Historical Funding – As part of the Goal for Retained Funds review process, annually, the AORMA COMMITTEE will discuss and document its historical funding philosophy and the factors involved in its decision making process. It will also consider whether the factors remain relevant, taking action to amend, if necessary.

RECOMMENDATION: The Committee will be asked to discuss this item and provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: The AORMA liability and workers’ compensation programs have historically been conservatively funded. The goal of the conservative funding, and conservative return of dividends, has been to preserve surplus in the funds in order reduce the possibility of assessments.

Due to the nature of a self-insured risk pool, a few consecutive bad years, could reduce surplus by several million dollars. The liability program has a \$500,000 risk pool. Effective July 1, 2022, the primary reinsurance (\$4.5MM xs \$500,000) includes a one-time additional \$500,000 deductible excess of AORMA’s \$500,000 risk pool. This means one claim could have a \$1MM payout from the risk pool. The remaining claims would be limited to \$500,000. Therefore, three bad claims could potentially reduce surplus by \$2,000,000. The workers’ compensation program’s \$750,000 self-insured risk pool has been 100% insured by PRISM since January 1, 2015, so catastrophic claims will not reduce the program’s surplus, but adequate funds need to remain in the program so that AORMA can transition back to fully self-insured when prudent.

PUBLICATION: None.

ATTACHMENT(S):

- a. Historical funding exhibit

AORMA Historical Funding

AORMA Liability Program			
Fiscal Year	Risk Pool Funding	Pooled Layer	Estimated Fund Balance at June 30
FY 10/11 (@6/30/09)	80%	\$250,000 / \$500,000	\$3,029,148
FY 11/12 (@6/30/10)	80%	\$350,000	\$2,915,936
FY 12/13 (@6/30/11)	80%	\$350,000	\$5,542,116
FY 13/14 (@6/30/12)	80%	\$350,000	\$5,681,484
FY 14/15 (@6/30/13)	70%	\$350,000	\$4,381,917
FY 15/16 (@6/30/14)	70%	\$350,000	\$3,815,805
FY 16/17 (@6/30/15)	70%	\$500,000	\$5,359,468
FY 17/18 (@6/30/16)	70%	\$500,000	\$6,109,518
FY 18/19 (@6/30/17)	75%	\$500,000	\$6,560,272
FY 19/20 (@6/30/18)	75%	\$500,000	\$5,671,403
FY 20/21 (@6/30/19)	80%	\$500,000	\$5,080,219
FY 21/22 (@6/30/20)	75%	\$500,000	\$5,737,050
FY 22/23 (@6/30/21)	75%	\$500,000 + One \$500,000	\$4,939,302
FY 23/24 (@6/30/22)	75%	\$500,000 + One \$500,000	\$3,336,207
FY 24/25 (@6/30/23)	TBD	TBD	Est. \$4,070,926

AORMA Historical Funding

AORMA Workers' Compensation Program			
Fiscal Year	Risk Pool Funding	Pooled Layer	Estimated Fund Balance at June 30
FY 10/11 (@6/30/09)	80%	\$500,000	\$7,190,949
FY 11/12 (@6/30/10)	80%	\$500,000	\$7,482,115
FY 12/13 (@6/30/11)	80%	\$500,000	\$4,685,912
FY 13/14 (@6/30/12)	80%	\$500,000	\$3,836,451
FY 14/15 (@6/30/13)	80%	\$500,000	\$4,481,623
FY 15/16 (@6/30/14)	80%	\$500,000	\$3,112,899
FY 16/17 (@6/30/15)	70%	\$500,000	\$2,261,155
FY 17/18 (@6/30/16)	70%	\$500,000	\$5,334,431
FY 18/19 (@6/30/17)	70%	\$750,000	\$5,486,764
FY 19/20 (@6/30/18)	75%	\$750,000	\$4,939,588
FY 20/21 (@6/30/19)	75%	\$750,000	\$5,128,037
FY 21/22 (@6/30/20)	80%	\$750,000	\$5,305,896
FY 22/23 (@6/30/21)	70%	\$750,000	\$4,815,441
FY 23/24 (@6/30/22)	80% + (PRISM costs as funding basis)	\$750,000	\$3,606,532
FY 24/25 (@6/30/23)	TBD	TBD	Est. \$2,938,977

2024 AOA CONFERENCE

ISSUE: The AORMA Committee Officers are asked to discuss Risk Management Session topics to propose to the conference planning committee as well as the current CSURMA AORMA.

Shown below are the Risk Management sessions discussed by the AORMA Committee at its last meeting in May 2023.

1. Additional information on Property Appraisals (what’s included in the appraisal and what’s not).
2. Impacts of accepting gifts.
3. Explanation of the AORMA claims handling process.
4. Keeping Minors Safe While on Campus.
5. Alcohol training.

Praesidium has proposed its Keeping Minors Safe While on Campus presentation already.

RECOMMENDATION: The Officers will be asked to recommend three Risk Management sessions to propose to the AOA Conference Planning Committee.

FISCAL IMPACT: Shown below are the historical AOA Conference sponsorship amounts for Alliant and CSURMA AORMA.

Year	Alliant	AORMA
2024	\$30,000	\$30,000
2023	\$30,000	\$30,000
2022	\$0 – Conference was Cancelled	
2021	\$20,000	\$20,000
2020	\$30,000	\$30,000
2019	\$25,500	\$20,000
2018	\$25,000	\$20,000
2014-17	\$20,000	\$20,000
2013	\$18,000	\$18,000
2012	\$15,000	\$15,000

BACKGROUND: The 2013 sponsorship increased from \$15,000 to \$18,000 to backfill the sponsorship lost due to the termination of the AOUIT trust. The 2018, 2019 and 2020 sponsorships increased because;

1. The AOA Benefits User Group (BUG) chose Alliant to be its broker of record and the AORMA Benefits Program was formed,
2. Wells Fargo, the prior BUG broker of record greatly reduced its AOA Conference sponsorship, and,
3. The commercial insurers providing benefits to the BUG terminated their sponsorship as the commercial insurers were replaced by CSAC-EIA (now called PRISM) as the AORMA Benefits Program insurer.
4. The 2021 sponsorship was decreased to \$20,000 because the conference format was changed to virtual and the leading conference expense, meals, disappeared.
5. The 2022 conference was cancelled and it was agreed that the \$30,000 sponsored would be used to fund the 2023 conference.

PUBLICATION: None.

ATTACHMENT(S): None.

**AORMA LIABILITY CLAIMS ADMINISTRATION – PROPOSALS
RECEIVED**

ISSUE: CSURMA has had a contract with Carl Warren & Company (CWC) since July 1, 2005. Because competitive bids via a Request for Proposal (RFP) had not been requested within the last 10-years, Staff sent out an RFP. The RFP was sent to seven qualified Claims Administrators. Responses were received from CWC and George Hills Company.

RECOMMENDATION: The Officers will be asked to review the two Claims Administration proposals and decide if oral interviews are needed and to recommend approval of one of the Claims Administrators to the AORMA Committee.

FISCAL IMPACT: The current CWC contract includes an hourly service rate of \$68 as well as miscellaneous office expenses which are allocated to the Member’s claim as Allocated Loss Adjustment Expenses (ALAE). CWC also charges a flat fee of \$17,000 annually for data and account management. CWC will maintain these same costs for 2024 and has proposed a slight increase for 2025 and 2026. Based on the last six years, CWC’s annual claims administration costs are \$67,889.

George Hills Company (GH) offered three pricing options:

1. **Time and Expense** using an hourly fee of \$122 (supervisor), \$97 (adjuster) and \$84 (claims processing) all costs would be allocated to the Member’s claim as ALAE.
2. **Time and Expense with a Cap** using the same fees in (1) above and adding an \$80,000 annual cap.
3. **Fixed Fee** of \$65,000 per year.

All three options are based on the current average of 21 new claims annually. If claims increase more than 10% in severity or frequency, GH will reevaluate its pricing. Pricing also includes additional miscellaneous office expenses.

BACKGROUND: Staff will be on hand at the meeting to discuss each proposal.

PUBLICATION: None currently.

ATTACHMENT(S):

- a. Carl Warren & Company Claims Administration Proposal
- b. George Hill Company Claims Administration Proposal



CARL WARREN & COMPANY

A VENBROOK COMPANY

**California State University Risk Management Authority (CSURMA)
Auxiliary Organizations Risk Management Alliance (AORMA)**

Liability Claims Administration Services Proposal

560 Mission Street, 6th Floor
San Francisco, California 94105

June 1st, 2023

ORIGINAL
142

June 1st, 2023

California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance
560 Mission Street, 6th Floor

Attention: Mimi Long, Vice President
Regarding: Third Party Administration Services for California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance

Dear Mimi,

We appreciate the opportunity to be considered the Third-Party Administrator (TPA) for California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's liability program. For the past 48 years, Carl Warren & Company, LLC ("Carl Warren") has been a trusted TPA in the insurance industry. Our success and longevity are based on differentiators that stand out from competing TPAs; our staff, customized services, and innovation. As a TPA partner, we act as an extension of California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's risk management team and provide an adjusting staff with a high level of skills and knowledge that help increase back-end savings, lower the total cost of claims, and help you minimize risk.

Through prompt investigations, documentation, and liability analyses, Carl Warren has a reputation for achieving excellent results for our clients in the public sector. Our 98% average attests this for client/carrier audit scores in 2022. We have built long-term relationships with many of our self-insured clients, 26 of which have been with us for 26-49 years! 70+ carriers approve Carl Warren as the TPA including Markel, with whom we have multiple clients and are familiar with their requirements.

The following information provides our company's background, the custom services we provide, and the service costs California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's liability claims program. If I may clarify or provide any additional information, please do not hesitate to contact me directly. We look forward to your response.

Kind Regards,

Richard McAbee

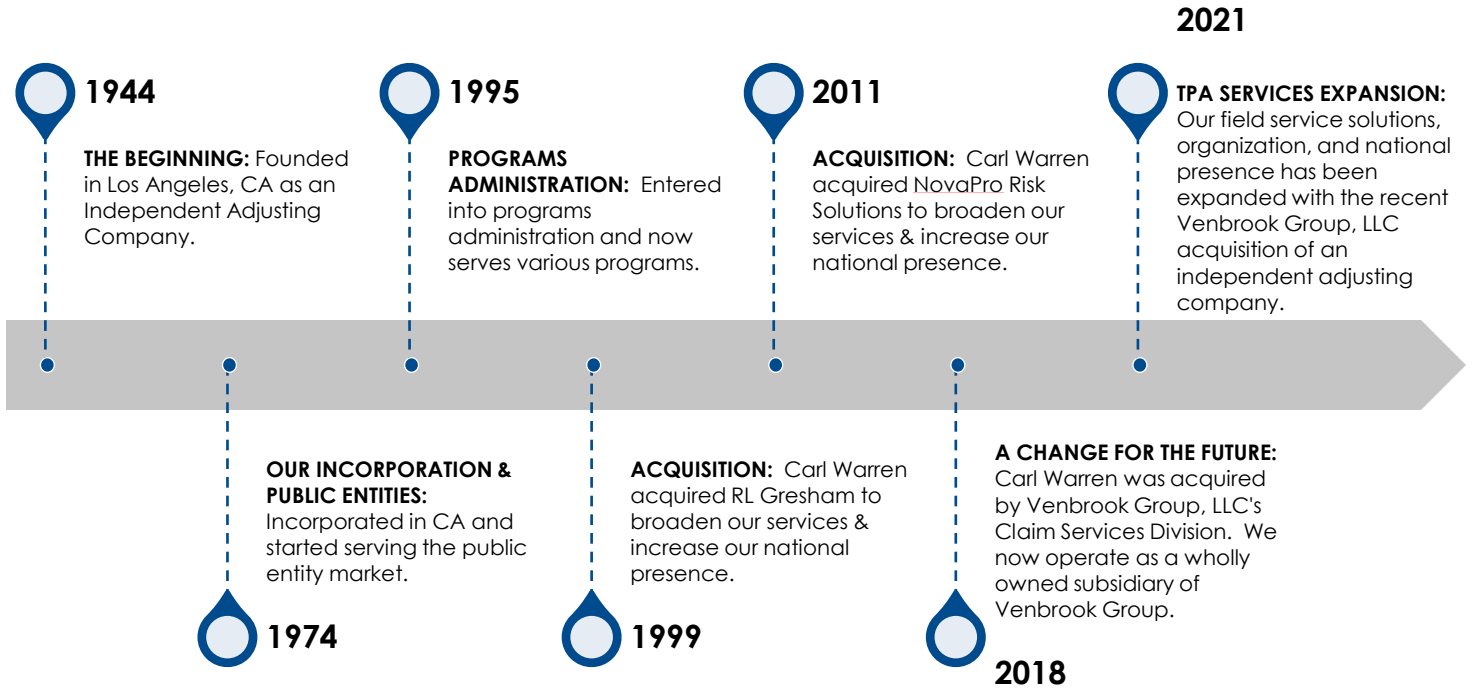
Chief Marketing Officer of Carl Warren & Company, LLC
(602) 723-5610
rmcabee@carlwarren.com

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REFERENCES AND EXPERIENCE

Our History



Carl Warren was founded in Los Angeles, California, in 1944 and was incorporated in 1974. In 2019, the stock of Carl Warren was acquired by Venbrook Group, LLC Claims Services. We now operate as a wholly owned Limited Liability Company, a subsidiary of Venbrook Group, led by CEO, Jason Turner.

Originally an independent adjusting company specializing in liability claims, we have developed into one of the leading third-party claim service providers where personalized service, experienced staff, and custom solutions are the key to our success. We have been servicing claims in the public sector since 1974. While our work, structure, and leadership have evolved throughout the years, our values remain the same - to provide exceptional service and develop and maintain long-term client/partner relationships. We have 26 clients that have been with us between 26-49 years.

We continue to invest in our staff's growth and improve the tools and services. We have extensive litigation management experience with In-house Certified Subrogation Paralegals & Specialists that achieve maximum recoveries; in 2022, over \$4 million was recovered for our clients!

C) Number of California Offices and Locations

Carl Warren & Company currently has three offices in California:

- Anaheim – Headquarters
- Glendale
- San Jose

The claims for AORMA's account will be administered out of our Anaheim office.

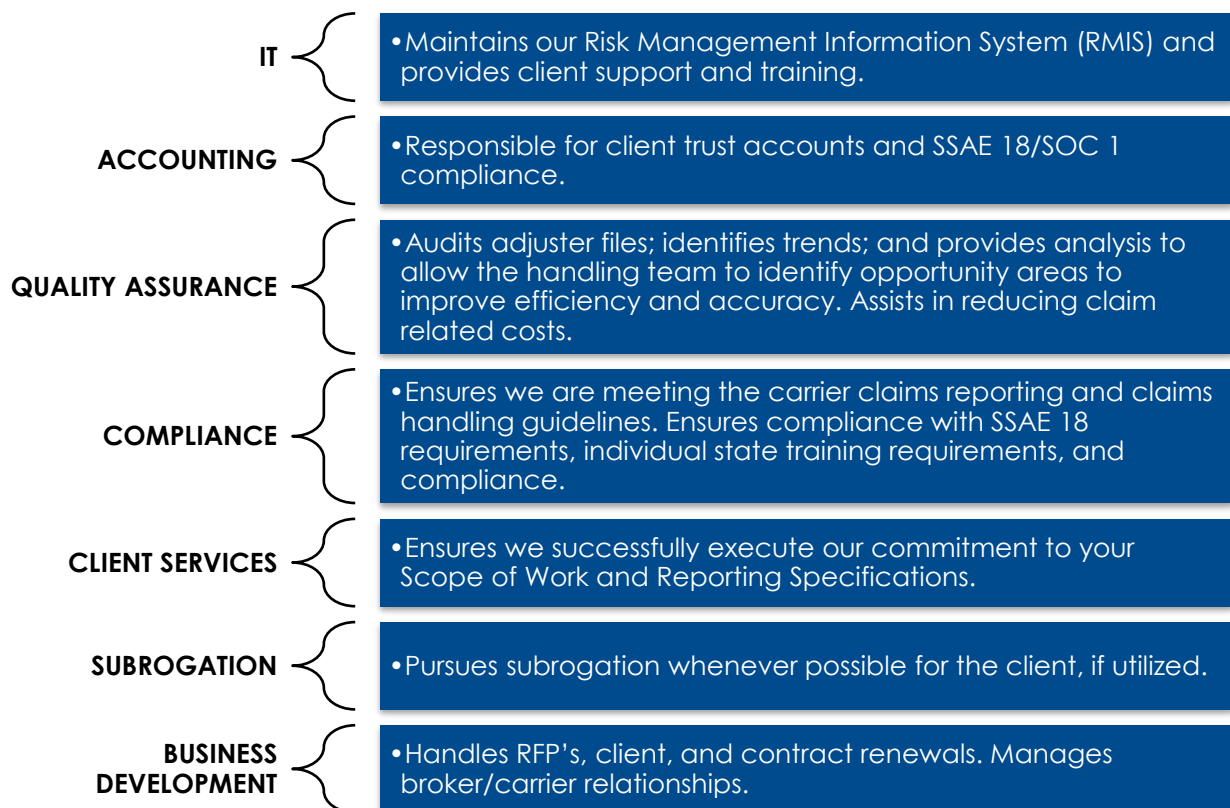
E) Our office in Anaheim, California would service AORMA for loss data and/or functions other than claims adjusting.

3) No major changes or relocations are planned for Carl Warren & Company, LLC or Venbrook Group, LLC.

4) Staffing & Locations

Headquartered in Orange County, CA, we operate nationwide and have an Adjuster License in states that require a license. Our claim experts have successfully managed accounts with unique challenges that most [industry] face. They all hold the proper experience to execute our commitment to meeting California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's Scope of Work, needs, and carrier requirements. We will assign a Claims Manager/Supervisor who is well versed in all aspects of liability claims management, litigation management, expense control, etc. They will serve as the point of contact for California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance and oversee the designated claims adjuster(s). Carl Warren is a diverse employer and employs bilingual staff should California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance need translation services. Our VP of Claims, Angelique King, will oversee the designated claims team and implement protocols and training for file quality and cost containment.

California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance will also have direct access and communication within our entire company from our Executive Leadership, Accounting, Quality Assurance/Compliance, IT, Client Services, and Business Development Departments.



Assigned Personnel

As the incumbent TPA, Carl Warren & Company will maintain it's current staffing model with AORMA.

Sharon 'Shari' Huff

Litigation Manager | Anaheim, CA
Carl Warren & Company, LLC | Employee Since 2010

EXPERIENCE & WORK HISTORY

Shari has over 20 years of professional and supervisory insurance experience to include 12 years of public entity claims management. Shari has a proven track record of managing the successful resolution of multi-line, high severity and complex losses for Government Pool and School District clients. She handles multi-jurisdictional litigated claims for a wide range of business lines to include non-profit social services, sexual abuse, general liability, product liability, professional liability, employment liability, public entity, tort, class action, pollution, auto and heavy equipment and property.

As Carl Warren's Litigation Manager, Shari will create and maintain efficient workflow amongst her team to provide consistent claims service to our clients. She communicates with brokers, agents, clients and external business partners to improve profitability and deliver customer experience. Shari will be responsible for the following:

- Leading, coaching and developing a team of claim supervisors and adjusters.
- Executing on client/Carl Warren strategies in order achieve claims quality, customer service and operational objectives.
- Managing claim expenses for clients and the company.
- Preparing and developing presentations and stewardship reports for clients.
- Communicating regularly with staff regarding latest legislation, client changes and changes in claim practices and procedures to ensure compliance.
- Providing insurance carriers with coverage analysis and recommendations.
- Conducting internal company audits.
- Conducting investigations, attending settlement conferences and monitoring trials.

Shari was employed at Carl Warren for 10 years prior leaving to pursue an extraordinary limited-time opportunity with *Halo Claims Solutions* to excel her career within the industry. Prior to joining the Carl Warren team, Shari worked as a Claims Manager for *Permanent General Assurance Corporation* in Mission Viejo where she managed the Northern California and Southern California claims offices and a team of 75-100 personnel.



EDUCATION & LICENSES

Shari is a licensed adjuster in California and holds an Associate in Claims Management (AIC-M). She attended Saddleback College in Mission Viejo and the University of California, Santa Barbara.

Shari also volunteers as an Action Team Member at Red Cross Disaster and a Disaster Relief Team Leader at Local, National & International CASA (Court Appointed Special Advocate) for Children.

Beth Tavares

Senior Claims Examiner | Anaheim, CA
Carl Warren & Company, LLC | Employee Since 2018

EXPERIENCE & WORK HISTORY

Beth is an accomplished insurance professional with a proven track record of success in large severity liability and property damage claims. She has 23 years of experience involving all stages of the claims life cycle from inception to resolution. Her key competencies include large loss injury claims, training/facilitation, negotiation, field investigations/SIU, CDI complaints/resolutions, premium and non-standard policies, material damage estimating, litigation/mediation, and coverage files and denials. She is experienced with Mitchell Medical, Mitchell Estimating, and ISO.

Prior to joining the Carl Warren team, her professional development started at:

- *AFA Claims Services* where she developed and supervised a staff of 6 examiners, 4 of which were remote adjusters. She oversaw and concluded coverage issues, including material misrepresentations. Pre-litigated file handling. Conducted file reviews for DOI compliance.
- *Access General Insurance* – Unit Manager, where she handled staffing duties including interviews, personnel performance reviews, hiring and firing. Oversees and concludes coverage issues on claim.
- *Sterling Casualty* – BI Unit Manager / Senior Claims Examiner
BI Unit Manager - Staffing duties include interviews, personnel performance reviews, hiring and firing. Oversees and concludes coverage issues on claim, including denial and Material Misrepresentation of policies. Handles all litigated files, attends MSC's, mediations, arbitrations, and trial readiness.

Senior Claims Examiner - Handled resolution of bodily injury claims and litigation in non-standard claim environment. SIU investigation person in office of 12 examiners

- *AAA-NCNU/Western United* – Senior Claims Examiner
Handled all aspects of large severity (fatalities, loss of limb, surgical candidates) and complex claims, including investigation, evaluation of liability and damages to negotiation and settlements, in an office setting. Excellent Customer Service skills.

- Point person for New York Personal Injury Protection, Optional Basic Economic Loss Coverage and Med Pay, regulatory training.
- Responsible for successfully mediating large loss exposures in New York, California, Arizona, Indiana and Ohio
- Met and or/exceeded Closing Ratio and Bodily Injury Severity targets
- Resolved claims more than \$500K
- Received several STAR (Service, Teamwork, Achievement, & Recognition) awards, including monthly and quarterly.
- Participated in team building and office morale groups.
- Developed program for mentoring claim representatives in time management and negotiation skills
- Participated in the Business Process Redesign III (BRP3) team aimed in streamlining the claims process.
- Expedited in the closure of departing examiners backlogs (SWAT)
- Assisted supervisor with unit duties regarding training, claims best practices and DOI adherence
- Facilitated numerous insurance training classes, including: Art of Negotiation, ISO, and Material Damage Estimating
- Controlled file handling and expenses with use of independent adjusting firms.
- Assisted supervision in claimant dispute resolution
- Successful Special Investigations/fraudulent claim resolution
- Appointed Ambassador from Southern California Regional office that required bi-monthly meeting to main office to communicate issues/policies back to regional staff
- Field territories included San Diego, Orange County, Los Angeles, Imperial, San Bernardino and Riverside Counties.



EDUCATION & LICENSES

Beth is certified in Material Damage Estimating, Bodily Injury Negotiations, and is AIC accredited.

5) References

See below for our three references with similar claims related services.

- California Joint Powers Insurance Authority (CJPIA)
 - Contact: Alex Smith – Chief Financial Officer
 - Phone: 562-467-8787
 - Email: asmith@cjpia.org

- Independent Cities Risk Management Association
 - Contact John Nielsen – Interim Executive Director
 - Phone: 216-654-9386
 - Email: john_nielsen@ajg.com

- California Schools Risk Management
 - Contact: Edwin Lee – JPA Claims Manager
 - Phone: 909-763-4900
 - Email: elee@csjpa.org

6) Terminated Contracts

See below for a list of clients that have terminated their contract in the last two years.

- San Francisco Unified School District
 - Termination Date: June 13, 2021
 - Reason for Termination: They terminated their contract to get into ASCIP Pool.

- The Bicycle Casino, L.P.
 - Termination Date: April 2022
 - Reason for Termination: They were acquired by another company, Parkwest Casinos.

- American Pacific Industries, Inc.
 - Termination Date: September 2021
 - Reason for Termination: They were acquired by another company, Big Brand Tires.

7) Fee Structure

TIME & EXPENSE

Claims Administration Services	Year 2024	Year 2025	Year 2026
Service Rate	\$68 per hour	\$71.50 per hour	\$75 per hour
Incident Only/Record Only	N/A	N/A	N/A
Take Over Claims	N/A	N/A	N/A
Telephone	10%	10%	10%
Copy Work	Included	Included	Included
Stenographs	Included	Included	Included
Postage	Included	Included	Included
Office Expense	\$13.50	\$14.50	\$15
Claims Set-Up Fee	Included	Included	Included
Data Processing	Included	Included	Included
Index Bureau (ISO Claims Search and OFAC)	\$20 per submission	\$20 per submission	\$20 per submission
MMSEA Filing Fee (liability claims)	\$5 per submission	\$5 per submission	\$5 per submission
Miscellaneous/Allocated Loss Adjustment Expenses; i.e., police reports, medical records, etc.	At Cost	At Cost	At Cost
Field Work Services			
Mileage	IRS rate	IRS rate	IRS rate
Photographs	Included	Included	Included
Duplicate Photographs	Included	Included	Included
Ancillary Services			
Subrogation Setup Fee (one-time charge)	Included	Included	Included
Subrogation	18% of net recovery	18% of net recovery	18% of net recovery
Outside Investigations	At Cost	At Cost	At Cost
Appraisals	At Cost	At Cost	At Cost
Surveillance/Fraud Unit	At Cost	At Cost	At Cost
Annual Administration Services			
<ul style="list-style-type: none"> • Data Management • Account Management • Annual Stewardship • Quarterly Claims Review 	\$17,000	\$18,000	\$19,000

Claims Administration Services	Year 2024	Year 2025	Year 2026
Risk Management Information System Services			
<ul style="list-style-type: none"> • Setup (one-time charge) • RMIS Training/Technical Support • Data Conversion(s) • 3 Users RMIS Access • Standard Monthly Loss Runs • Report Programming • Carrier TPA Oversight (Data Extract, Feeds, Audits, Compliance & Reporting) 	Included	Included	Included
Data Intake of Existing Claims (one-time charge)	N/A	N/A	N/A
Additional Users	\$250/user per year	\$250/user per year	\$250/user per year
Custom Report Development	\$250 per hour	\$250 per hour	\$250 per hour
Exit IT Services	\$250 per hour	\$250 per hour	\$250 per hour
Banking/Trust Account Services			
Trust Account Maintenance	Included	Included	Included
Check Issuance and Reconciliations	Included	Included	Included
1099 Reporting, including IRS File	Included	Included	Included

Other pricing alternatives are available upon request.

FLAT RATE PER CLAIM

Claims Administration Services	Year 2024	Year 2025	Year 2026
Bodily Injury*	\$875* per suffix	\$900 per suffix*	\$925 per suffix*
Property Damage*	\$600 per suffix*	\$630 per suffix*	\$665 per suffix*
Incident Only/Record Only	\$50 each	\$50 each	\$50 each
Take Over Claims	\$350 per suffix	\$200 per suffix	\$150 per suffix
*surcharge if open 24 months or enters litigation	50%	50%	50%
Telephone	10%	10%	10%
Copy Work	Included	Included	Included
Stenographs	Included	Included	Included
Postage	Included	Included	Included
Office Expense	Included	Included	Included
Claims Set-Up Fee	Included	Included	Included
Data Processing	Included	Included	Included
Index Bureau (ISO Claims Search and OFAC)	Included	Included	Included
MMSEA Filing Fee (liability claims)	Included	Included	Included
Miscellaneous/Allocated Loss Adjustment Expenses; i.e., police reports, medical records, etc.	At Cost	At Cost	At Cost
Field Work Services			
Mileage	IRS rate	IRS rate	IRS rate
Photographs	Included	Included	Included
Duplicate Photographs	Included	Included	Included
Ancillary Services			
Subrogation Setup Fee (one-time charge)	Included	Included	Included
Subrogation	18% of net recovery	18% of net recovery	18% of net recovery
Outside Investigations	At Cost	At Cost	At Cost
Appraisals	At Cost	At Cost	At Cost
Surveillance/Fraud Unit	At Cost	At Cost	At Cost
Annual Administration Services			
<ul style="list-style-type: none"> • Data Management • Account Management • Annual Stewardship • Quarterly Claims Review 	\$17,000	\$18,000	\$19,000

Claims Administration Services	Year 2024	Year 2025	Year 2026
Risk Management Information System Services			
<ul style="list-style-type: none"> • Setup (one-time charge) • RMIS Training/Technical Support • Data Conversion(s) • 3 Users RMIS Access • Standard Monthly Loss Runs • Report Programming • Carrier TPA Oversight (Data Extract, Feeds, Audits, Compliance & Reporting) 	Included	Included	Included
Data Intake of Existing Claims (one-time charge)	N/A	N/A	N/A
Additional Users	\$250/user per year	\$250/user per year	\$250/user per year
Custom Report Development	\$250 per hour	\$250 per hour	\$250 per hour
Exit IT Services	\$250 per hour	\$250 per hour	\$250 per hour
Banking/Trust Account Services			
Trust Account Maintenance	Included	Included	Included
Check Issuance and Reconciliations	Included	Included	Included
1099 Reporting, including IRS File	Included	Included	Included

Other pricing alternatives are available upon request.

8) Statement of Auditing Standards Report

Please see the attached SOC audit report for the year of 2022.

9) Owned and/or Affiliated Ancillary Services, Companies, etc.

Carl Warren & Company, LLC was acquired by Venbrook Group, LLC in 2019. DMA Claims Inc. is also a subsidiary of Venbrook Group, LLC. When our adjusters are unavailable for emergency field investigations or in remote areas throughout the nation, we utilize DMA Claims Inc.

10) Open File Transfer

As the incumbent TPA, Carl Warren & Company will continue to handle the claim files with the same service standards we have given CSURMA, AORMA for the past seven years.

11) Transition Plan

As the incumbent TPA, Carl Warren & Company would not need to transition any data or open claims files since all CSURMA, AORMA's data is already in our RMIS system, FileHandler Enterprise (FHE).

12) Scope of Work

Carl Warren & Company has reviewed the "Scope of Work" outlined in the RFP and confirms that we will continue to comply with the performance objectives outlined.

13) Services of Value

Custom Client Service Instructions

The Client Service Instructions (CSI's) that our Client Services Department develops for California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance will serve as the specialized instructions for claims handling, account administration, and statistical reporting. It identifies the areas of greatest focus with input from Alliant, California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance, and Markel/Great American. The CSI's is an overlay to our internal process (Client Profile) and Best Practices, thus establishing a benchmark for our claims handling. Target areas include:

- Identifying key contacts at California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance, [broker], [carrier], and Carl Warren (Team Directory, bilingual adjusters if needed)
- Inclusion of California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's Scope of Work for claims handling
- Reserving, settlement, and pre-funding procedures/authority
- Reporting requirements (client and carrier)
- Specifications for accounting/invoicing/billing matters along with key contacts
- Litigation management, investigations, and handling expectations
- Policies

Diary Review

Our files are on a strict diary and are reviewed at pre-established intervals to ensure the timely investigation and completion of work and the adequacy of the established reserves. Our online RMIS portal is customized per the client. After the initial supervisor diary review, supervisors review files every 30 – 45 days or as the file needs warrant. The adjusters receive a system-generated assignment notification diary; another system diary is set for the 5th business day for the initial investigation; after that, diaries are set for every 30 days, or depending on file needs. The supervisor receives weekly reports as to late diaries. Any trends or problems found are addressed internally. The supervisor approves all reserve changes and payments and ensures the files are in the diary. The client can review files as often as they feel necessary.

Investigations

Our investigation focuses on the timely gathering of critical information and the preservation of potential evidence. The investigation results are analyzed, and a liability determination is made, considering possible comparative or contributory fault, applicable immunities, contractual indemnity provisions, tender potential, and State Statutes. The initial investigation findings are reported to California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance no later than five (5) days with a complete investigative report and a Plan of Action within 30 days. The goal is to complete a comprehensive investigation and analysis and advise California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance of liability exposure. We then act on California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's authority to deny or resolve the claim quickly, reasonably, and efficiently. When our adjusters are unavailable for emergency field investigations or in remote areas throughout the nation, we utilize our preferred Independent Adjusting partner company, DMA Claims Inc.

For our investigations, we use subjective factors, including recorded statements of parties involved and witnesses. Objective factors include pictures, videos, damage estimates, local media news articles related to the loss, venue analysis of similar losses, social media searches, Subrosa, and experts as warranted.

SIU/Fraud

If fraud is suspected, the claim team will promptly notify California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance and work directly with key contacts to discuss a Plan of Action. We recommend a preferred SIU/Fraud Vendor Partner, G4S Compliance & Investigations Inc., for compliance purposes when there is a need for surveillance or fraud statements to be taken. Carl Warren has partnered with G4S for the past five years for SIU/Fraud Investigations. We currently use G4S for 15 of our clients as they are the required SIU vendor for most excess carriers.

Litigation Management: A Two-Prong Approach, Strategy & Cost Containment

When a claim enters litigation, our claims team works with California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's Risk Management, Legal Department, and your approved counsel to outline a litigation plan and strategy to meet cost-containment goals. We understand some clients require the claims to be handled by a specific attorney at a defense firm. Once an approved defense firm has been assigned by California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance, we work with the defense counsel to ensure compliance with the litigation management guidelines by confirming that California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's Risk Management is copied on all legal correspondences. A strong working relationship between the claims adjuster and the defense attorney is essential since both bring different claims handling and resolution skills.

Once the adjuster completes their investigation and evaluation of the damages, a settlement authority request will be submitted to the client. The authority document will outline the basis of the amount requested and the proposed settlement range. A complete copy of the investigative file is transmitted to the defense counsel. We will then secure a Litigation Budget, an evaluation of the claim, and a timeline to complete the items outlined and work with California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance and Markel/Great American throughout the litigation process under the clients' and carrier guidelines.

The adjuster is responsible for driving the resolution plan with the defense counsel. They review the defense bills for reasonable and warranted charges by comparing the tasks billed against the resolution plan for appropriateness. The adjuster will attend trials, hearings, arbitrations, mediations, settlement conferences, and other legal proceedings when requested to assist. The supervisor monitors the file to ensure proactive litigation handling and maintain quality expectations. Most of our clients have the adjuster handle all non-legal work and actively participate in settlement negotiations.

Insurance Carrier Reporting/Relationship

Carl Warren is an approved TPA partner to 70+ insurance carriers/pools and has a thorough understanding of their excess reporting standards as we partner with them on many of our other public entity clients. Our claims staff work with excess reporting on many of our other client accounts and ensures compliance with all reporting instructions and guidelines. If reporting to a carrier/pool is needed, Carl Warren will work very closely with California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance and your insurance carrier/pool to ensure we are complying with all reporting guidelines. We submit to scheduled carrier audits to ensure we are compliant with all carrier guidelines and expectations set forth.

Quality Assurance

We have an internal multi-level quality assurance process to reduce claim length and costs and see them through resolution. Our internal Quality Assurance (QA) & Compliance team continually completes our claim files, process, and staff audits. All audits are completed in our online claims system, where we track results by the adjuster, supervisor, client, location, and/or companywide. Monthly management reports are generated to identify claims which might fall outside of agreed-upon handling guidelines.

Our supervisory and management staff has a set monthly requirement of audits to be completed in addition to the QA team. This approach allows us to monitor trends and areas of opportunity for improvement. Our staff is constantly evaluated for compliance with internal metrics and client instructions. Subpar performance requires a formal action plan, including corrective action. Our QA Department also ensures we are current and compliant with state licenses, MMSEA, excess carrier guidelines, and reporting requirements.

External Audit Compliance (Third Party Audits)

In addition to our internal multi-level quality assurance process, our QA Department ensures we are current and compliant with state licenses, MMSEA, and the excess carrier guidelines and reporting requirements. Carl Warren will comply with any external auditor California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance chooses and submit to scheduled excess carrier audits to ensure we meet the expectations. ***In 2022, Carl Warren averaged over 98% on external audits on our client's accounts and had maintained an average of 97% over the last three years.***

Claim Reviews

California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's Claim Team will be available to attend claim reviews either in-person or virtually via teleconference or virtual meetings. Claim Reviews allow for open dialog and discussion on the current file status and resolution plans. Claim reviews are generally conducted based on California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's frequency needs or the file parameters to be reviewed. Claim summaries and Status Reports are prepared and presented during the claim reviews.

Meetings

Our Executive Leadership and Client Services team will be available to attend any meetings either in-person, via teleconference, or virtually via virtual meetings. Meetings are generally conducted based on California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's frequency needs. We recommend weekly discussions during the onboarding period of a new contract, then monthly for the first year to ensure a smooth transition and that everyone agrees with the process.

As partners, it is essential to have regular meetings that allow for open dialogue, idea sharing, and discussion so that everyone agrees with the measures that will be used to improve our service for a long-term partnership.

Annual Stewardship

Carl Warren provides a Stewardship Report annually. The report provides California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance with meaningful metrics and analytics that focus on past year goals and objectives, the year in review (results, successes, challenges, and opportunities), financials (savings, benchmarking, the total cost of claims), and our approach and recommendations for the upcoming year to help reduce your loss exposure.

Subrogation Services

Carl Warren can provide subrogation services in a timely and cost-effective manner for California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance as an ancillary service. Each claim is investigated to determine if subrogation recovery potential exists. Evaluations are posted to the claim file in our online claim system. California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance will be contacted for approval to pursue subrogation. Once approval is obtained, our subrogation department will aggressively pursue recovery from responsible third parties. Most revenue recoveries happen within the first 30-45 days.

14) Agreement to Provide Services

Carl Warren & Company agrees to be bound by the proposal and will enter into an agreement to provide services in a form approved by AORMA upon confirmation that AORMA has selected Carl Warren & Company as the TPA.

15) Sample Reports

As the incumbent TPA, Carl Warren & Company will continue to utilize the same RMIS system, FileHandler Enterprise, that we currently use for AORMA.

Risk Management Information System – FileHandler Enterprise

Carl Warren uses FileHandler Enterprise (FHE) powered by JW Software to deliver claims data. No software installation is required – only access to the internet with a standard internet browser (Internet Explorer, Edge, Chrome, Safari, or Firefox) is necessary. FHE is structured as a risk management tool with customizable client dashboards that provide metrics and analytics in easy-to-read charts and graphs. In addition to providing real-time claims data in an easy-to-use online system, California State University Risk Management Authority, Auxiliary Organizations Risk Management Alliance will have direct read-only access to claim information (adjuster file notes, claimant information, notes and attachments, claim reserve, financial data, financial summary, and payment detail) 24/7/365. We will work with California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance to identify the data fields (loss location, IDs, cause of loss, various customer types, etc.) and metrics necessary to capture information critical to producing predictive analytics. FHE has built-in statistical reporting features that will allow the client to better track expenses and claims by the department for internal meetings and budgets and training opportunities.

RMIS Access, Training, & Support

Users can log in through our secure portal to access the online application – 24/7/365 – via a desktop, laptop, tablet, Smartphone, etc. It functions in real-time with updates every few hours. Each approved client user will be provided with a direct link and a unique user ID, and a HIPPA compliant password to access FHE. Multifactor Authentication (MFA) is enabled as a security system that requires more than one authentication method to create a layered defense and makes it more difficult for an unauthorized person to access your information. FHE can also be accessed through the System Login button on our company's website at www.carlwarren.com. Users can access the system to view client dashboards, review claims data, sort data, and generate reports. Dashboards, reports, and claims data can be exported into various formats, including, but not limited to, Excel, PDF, and TXT.

Support and training are available to California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance throughout the contract, at no additional cost, to new and existing users. They are typically an hour and can be conducted via teleconference/webinar or on-site at a California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance location or a Carl Warren office. If the client decides to add new staff users or requires additional training, this can be completed by contacting your supervisor or our client services department (clientsupport@carlwarren.com). Please refer below for sample screenshots of FHE. An RMIS demo can be provided if requested.

Statistical Reports

Standard loss run reports are included with our annual administration. Ad hoc reporting is fully supported, as are subscription services for emailed reports. There are four standard report templates available to our clients online that can be customized and scheduled for email delivery. Frequency options for delivery include daily, weekly, monthly, quarterly, and yearly. Below are our standard reports. A sample of these reports can be provided if requested.

- Claim Register – Claim Level
- Claim Register – Feature Level
- Check Register
- Monthly Reconciliation Report (our Trust Manager provides this report)

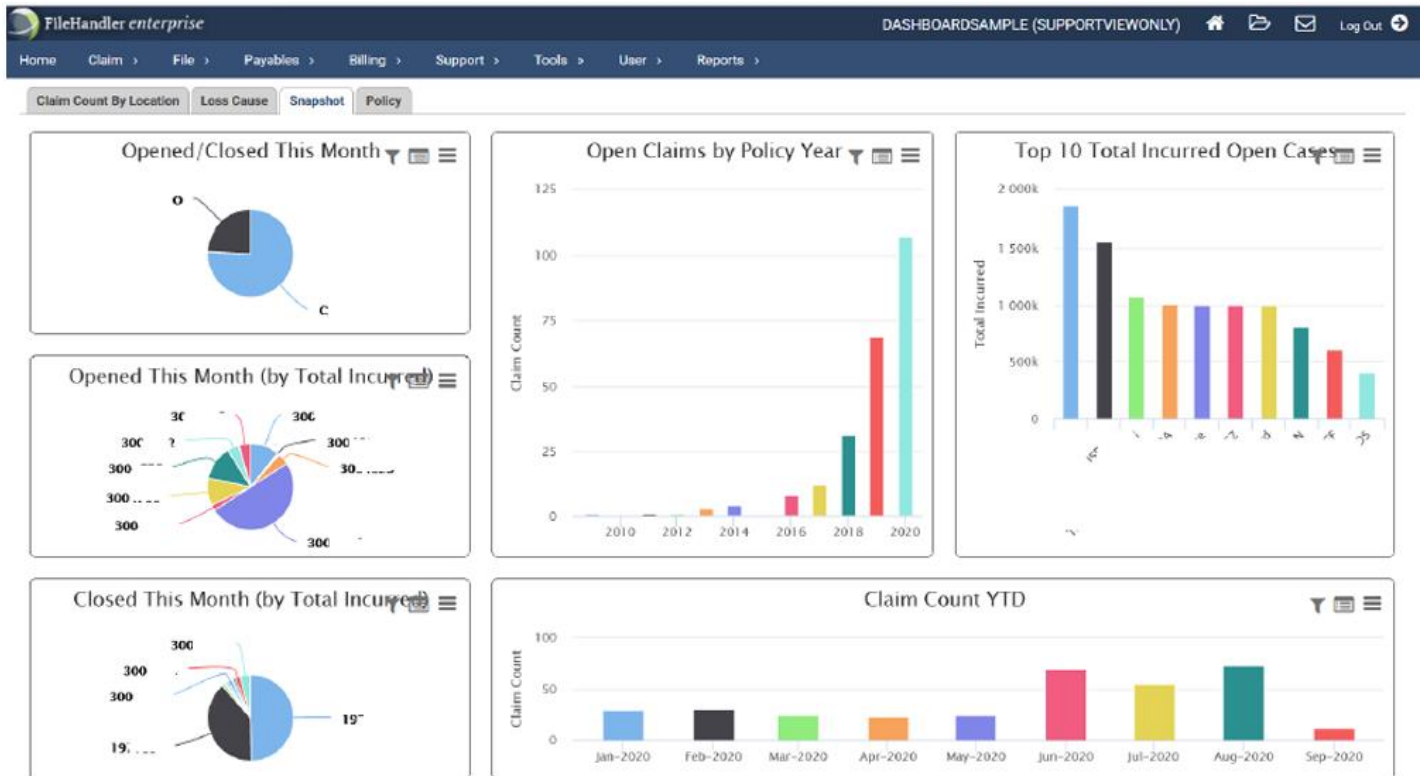
Report Customization

While we have four standard loss run templates, our clients have different needs. Should California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance require custom reports, our staff can complete simple customizations to our standard loss runs to meet the client's requirements and needs at no additional charge. We can sort, filter, add fields (even custom fields), subtotal, or total within the system, and we save this template so that all future reports are set up to the client specifications.

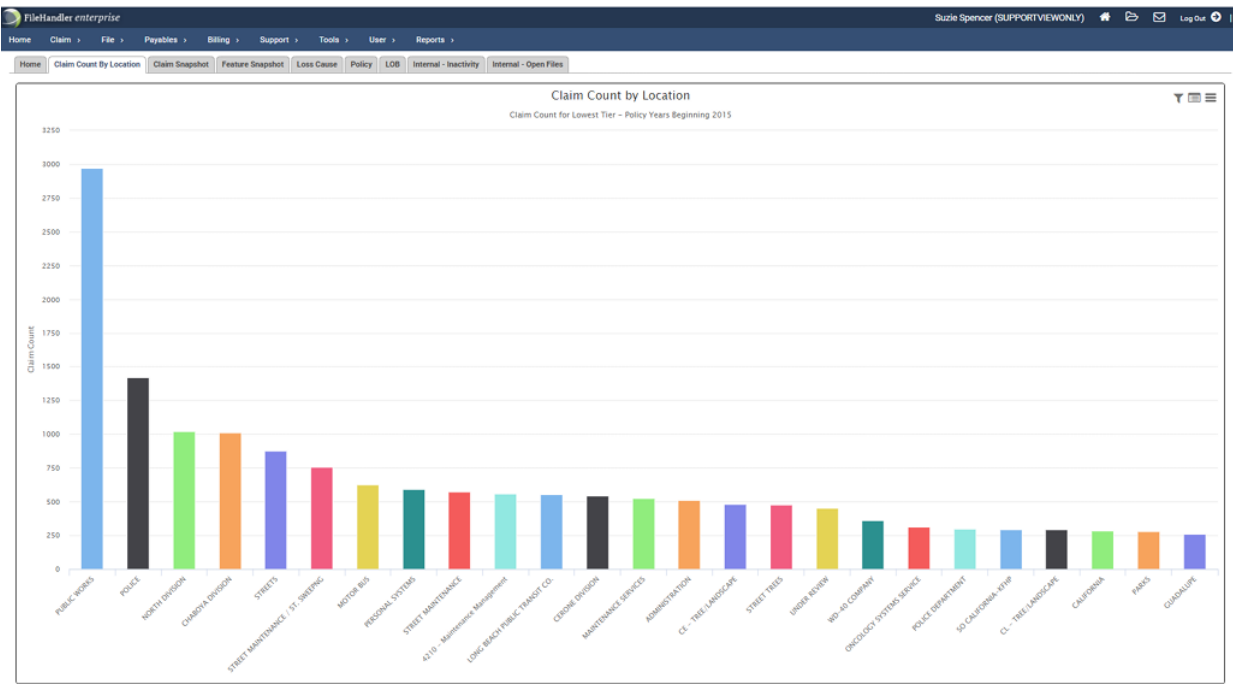
FHE captures all data elements required by clients and carriers, allowing us to replicate any report California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance. Suppose the data elements in the custom reports have not previously been collected and require complex hours to develop and produce. In that case, additional fees may be applied, as specified in our pricing structure. Should customization be necessary, our Client Services and IT Specialists will work directly with the client to determine the level of customization required and the project's complexity and confirm if any additional fees may apply. Before beginning any custom report project, we will provide a project estimate for California State University Risk Management Authority - Auxiliary Organizations Risk Management Alliance's review and approval.

Below are some sample reports of claim data in our RMIS software, FileHandler Enterprise (FHE).

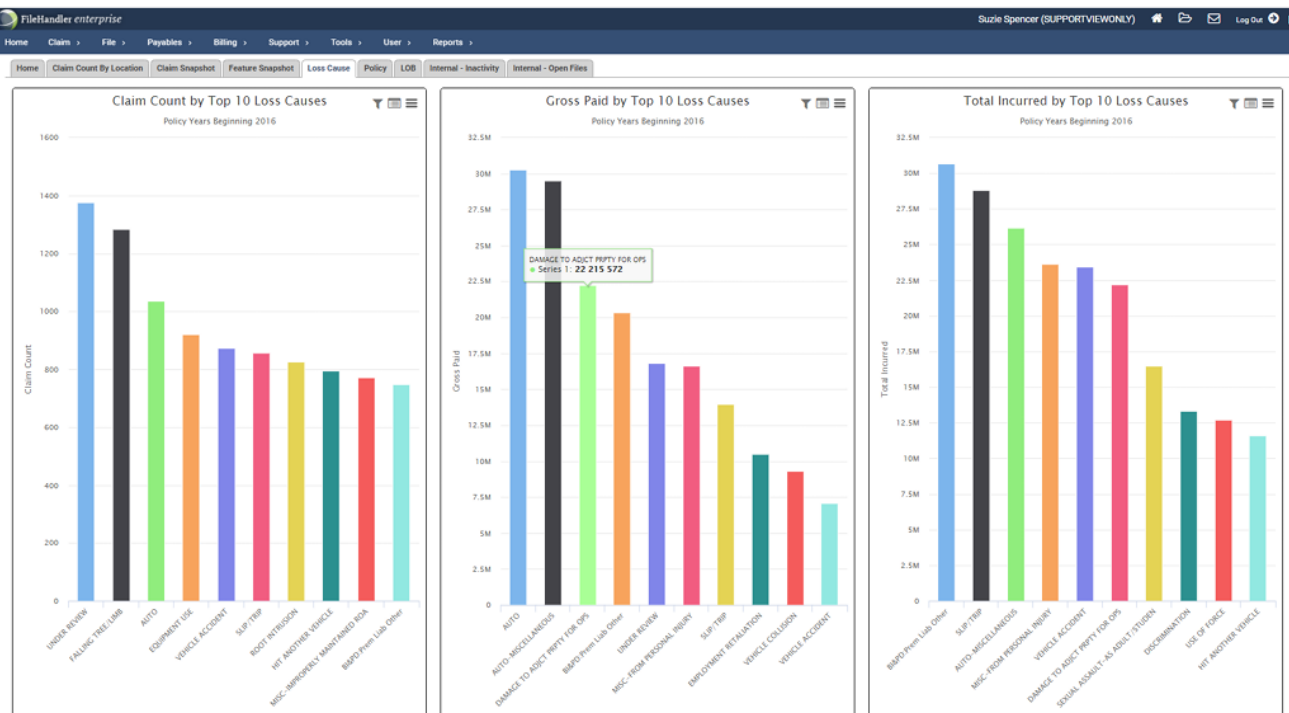
Day-to-day Activity:



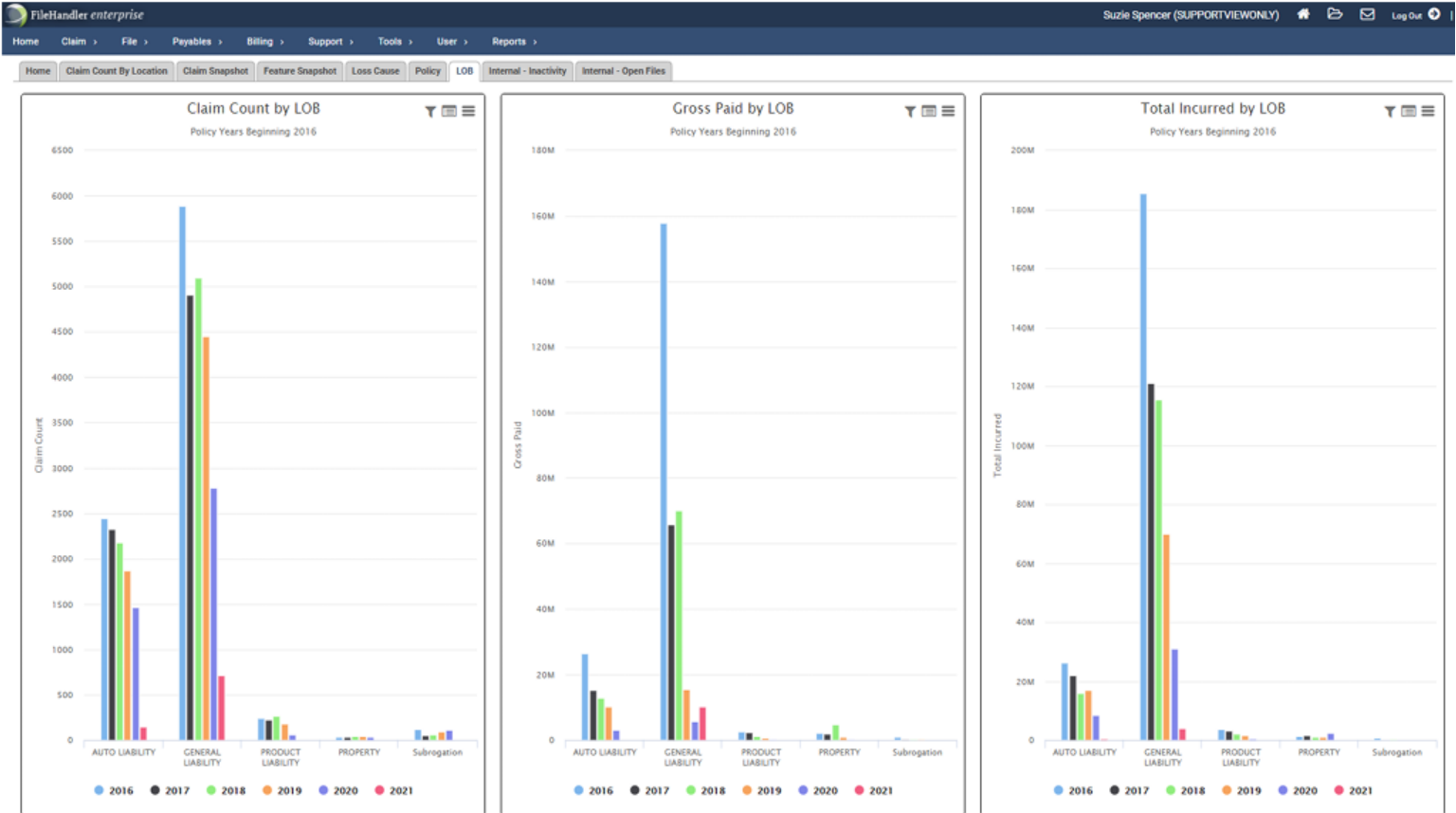
Claim Count by Location (lowest Client Tier Level in FileHandler):



Claims Count by Top 10 Causes of Loss:



Claim Count by Line of Business at Feature/Coverage Level:





CARL WARREN & COMPANY

Claims Management and Solutions

Report on
Carl Warren & Company's Description of the FileHandler Enterprise,
Claims Management and Transaction Processing Systems
and the Suitability of the Design and
Operating Effectiveness of Controls for the Period
January 1, 2021 – March 31, 2022

Prepared pursuant to Statement on Standards for Attestation Engagements No. 18:
*AT-C Section 320, Reporting on an Examination of Controls at a Service Organization
Relevant to User Entities' Internal Control over Financial Reporting*



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CARL WARREN & COMPANY
Claims Management and Solutions

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I. INDEPENDENT SERVICE AUDITOR’S REPORT

To the Management of Carl Warren & Company:

Scope

We have examined Carl Warren & Company’s (“CWC” or “the Company”) description of the FileHandler Enterprise, claims management and transaction processing systems, for processing user entities’ transactions throughout the period January 1, 2021 to March 31, 2022 and the suitability of the design and operating effectiveness of controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in Carl Warren & Company’s assertion. The controls and control objectives included in the description are those that management of Carl Warren & Company believes are likely to be relevant to user entities’ internal control over financial reporting, and the description does not include those aspects of the FileHandler Enterprise, claims management and transaction processing systems that are not likely to be relevant to user entities’ internal control over financial reporting.

The information in section VI, “Other Information Provided by Carl Warren & Company,” is presented by management of Carl Warren & Company to provide additional information and is not part of Carl Warren & Company’s description of its system made available to user entities during the period January 1, 2021 to March 31, 2022. Information about Carl Warren & Company’s business continuity and disaster recovery plans has not been subjected to the procedures applied in the examination of the description of the system and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description of the system and, accordingly, we express no opinion on it.

Carl Warren & Company uses subservice organizations: Zayo Colocation (“zColo”), to provide data center services to its business-critical data, and JW Software, to provide its customers access to FileHandler Enterprise. The description includes only the control objectives and related controls of Carl Warren & Company and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified by Carl Warren & Company can be achieved only if complementary subservice organization controls assumed in the design of Carl Warren & Company’s controls are suitably designed and operating effectively, along with the related controls at Carl Warren & Company. Our examination did not extend to controls of the subservice organizations, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of Carl Warren & Company’s controls are suitably designed and operating effectively, along with related controls at the service organization. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

Service Organization's Responsibilities

In section II, Carl Warren & Company has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. Carl Warren & Company is responsible for preparing the description and assertion, including the completeness, accuracy and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, the description is fairly presented, and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period January 1, 2021 to March 31, 2022. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves:

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion.
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description.
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion.

Inherent Limitations

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization may become ineffective.

Description of Tests of Controls

The specific controls tested and the nature, timing, and results of those tests are listed in section IV.

Opinion

In our opinion, in all material respects, based on the criteria described in Carl Warren & Company's assertion

- a. the description fairly presents the FileHandler Enterprise, claims management and transaction processing systems that were designed and implemented throughout the period January 1, 2021 to March 31, 2022.
- b. the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period January 1, 2021 to March 31, 2022, and subservice organizations and user entities applied the complementary controls assumed in the design of Carl Warren & Company's controls throughout the period January 1, 2021 to March 31, 2022.
- c. the controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period January 1, 2021 to March 31, 2022 if complementary subservice organization and user entity controls assumed in the design of Carl Warren & Company's controls operated effectively throughout the period January 1, 2021 to March 31, 2022.

Restricted Use

This report, including the description of tests of controls and results thereof in section IV, is intended solely for the information and use of management of Carl Warren & Company, user entities of Carl Warren & Company's claims processing systems during some or all of the period January 1, 2021 to March 31, 2022, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding



to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatement of user entities' financial statements. This report is not intended to be, and should not be, used by anyone other than the specified parties.

IS Partners, LLC

IS Partners, LLC
Dresher, Pennsylvania
August 23, 2022



II. SERVICE ORGANIZATION'S ASSERTION

We have prepared the description of Carl Warren & Company's FileHandler Enterprise, claims management and transaction processing systems for user entities of the systems during some or all of the period January 1, 2021 to March 31, 2022, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves, when assessing the risks of material misstatement of user entities' financial statements.

Carl Warren & Company uses subservice organizations: Zayo Colocation ("zColo"), to provide data center services to its business-critical data, and JW Software, to provide its customers access to FileHandler Enterprise. The description includes only the control objectives and related controls of Carl Warren & Company and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified in the description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively, along with the related controls. The description does not extend to controls of the subservice organizations.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of Carl Warren & Company's controls are suitably designed and operating effectively, along with related controls at the service organization. The description does not extend to controls of the user entities.

We confirm, to the best of our knowledge and belief, that:

- a. The description fairly presents the FileHandler Enterprise, claims management and transaction processing systems made available to user entities of the systems during some or all of the period January 1, 2021 to March 31, 2022 for processing their transactions as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description:
 - i. Presents how the systems made available to user entities of the systems were designed and implemented to process relevant user entity transactions, including, if applicable:
 - 1) the types of services provided including, as appropriate, the classes of transactions processed.
 - 2) the procedures, within both automated and manual systems, by which services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to reports and other information prepared for user entities of the system.
 - 3) the information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and



- supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.
- 4) how the system captures and addresses significant events and conditions, other than transactions.
 - 5) the process used to prepare reports and other information for user entities.
 - 6) services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them.
 - 7) the specified control objectives and controls designed to achieve those objectives, including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the service organization's controls.
 - 8) other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.
- ii. includes relevant details of changes to the service organization's system during the period covered by the description.
 - iii. does not omit or distort information relevant to the service organization's system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and their user auditors, and may not, therefore, include every aspect of the FileHandler Enterprise, claims management and transaction processing systems that each individual user entity of the systems and its auditor may consider important in its own particular environment.
- b. the controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period January 1, 2021 to March 31, 2022 to achieve those control objectives, if subservice organizations and user entities applied the complementary controls assumed in the design of Carl Warren & Company's controls throughout the period January 1, 2021 to March 31, 2022. The criteria we used in making this assertion were that:
- i. the risks that threaten the achievement of the control objectives stated in the description have been identified by management of the service organization.
 - ii. the controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved.
 - iii. the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

III. DESCRIPTION OF SERVICE ORGANIZATION'S SYSTEM

A) Overview of the Organization

Overview of Operations

Carl Warren & Company was founded in Los Angeles, California in 1944. Originally an independent adjusting company specializing in liability claims, CWC has subsequently developed into a national claims administration firm. CWC was initially formed as a sole proprietorship and then a three-person partnership. The Company incorporated in 1974 and shortly thereafter was purchased by its employees using an Employee Stock Ownership Plan. Effective July 16, 2011, Carl Warren acquired the claims management assets of NovaPro Risk Solutions, LP and affiliates, Spectrum Managed Care and SubroNet ("the transaction").

CWC's experience with self-insured programs began in the early 1970s. At that time, the Company initiated programs for many governmental agencies as well as public and private corporations to establish more affordable liability coverage. Within the State of California, CWC administers liability claims for over 200 public entities. Many of these entities and districts are also members of Joint Powers Authorities for which CWC administers the overall program as well as the individual members and their SIR programs. The Company currently has in excess of 300 clients in the United States and works with each client individually to provide a customized program for their particular needs.

CWC has experience managing and administering retention programs ranging from \$5,000 to the pool's memorandum of coverage, or any other indicia of insurance or coverage. For each valid claim, a determination is made regarding the severity of the injuries alleged to have been sustained and the Company works closely with the client and the claimant on an acceptable resolution. Some over one million dollars. CWC provides fair and effective claims resolutions to its clients. The Company assesses the validity of each claim being presented following a review of the policy wording, of the tools which CWC utilizes include alternative dispute resolution procedures and structured settlements (tax free annuities), especially in catastrophic accidents or claims involving minors.

Managing litigation is one of the most important functions that a third-party administrator can perform for a client. It is the philosophy of Carl Warren & Company to manage litigation from a two-pronged approach: strategy and cost containment. The Company assists the client in providing an objective analysis of those cases that should be vigorously defended, as contrasted to those that should be settled once limited discovery has been conducted.

One tool that distinguishes Carl Warren & Company from its competition is CWC's information technology (IT) systems. Carl Warren & Company can deliver claim information to clients over a secure Internet-based application called FileHandler Enterprise ("FHE"). The FileHandler Enterprise system is a fully operational Claims

Administration platform with RMIS functionality that allows clients customized access to their financial and claim information. FileHandler Enterprise is hosted by Databank LLC in an SSAE 18 SOC, HIPAA, PCI-DSS, and FedRAMP compliant datacenter. CWC integrates with ODG for reserve and return to work guidelines and can integrate with any third party that can communicate electronically. We have integrated with several predictive modeling applications. CWC also utilizes the FileHandler Enterprise application to process, store and report claims entered, adjudicated and paid. The FileHandler Enterprise application processes on multiple Windows servers.

CWC's control environment clearly reflects the overall attitude, awareness and actions communicated by management, the CWC executive team members, and others concerning the importance of controls and the emphasis given to controls in CWC policies, procedures, practices, methods and organizational structure. The following is a description of the components of CWC's system of internal control:

CONTROL ENVIRONMENT

CWC's management has established a tone-from-the-top that values integrity and honesty as the pillars of daily conduct. This is critical for CWC to achieve its goal of building long-term client relationships based on mutual trust and respect. The Company has an established and robust set of business ethics and rules of conduct in the employee handbook. The Company also maintains policies and procedures for its key business processes.

Organization Structure

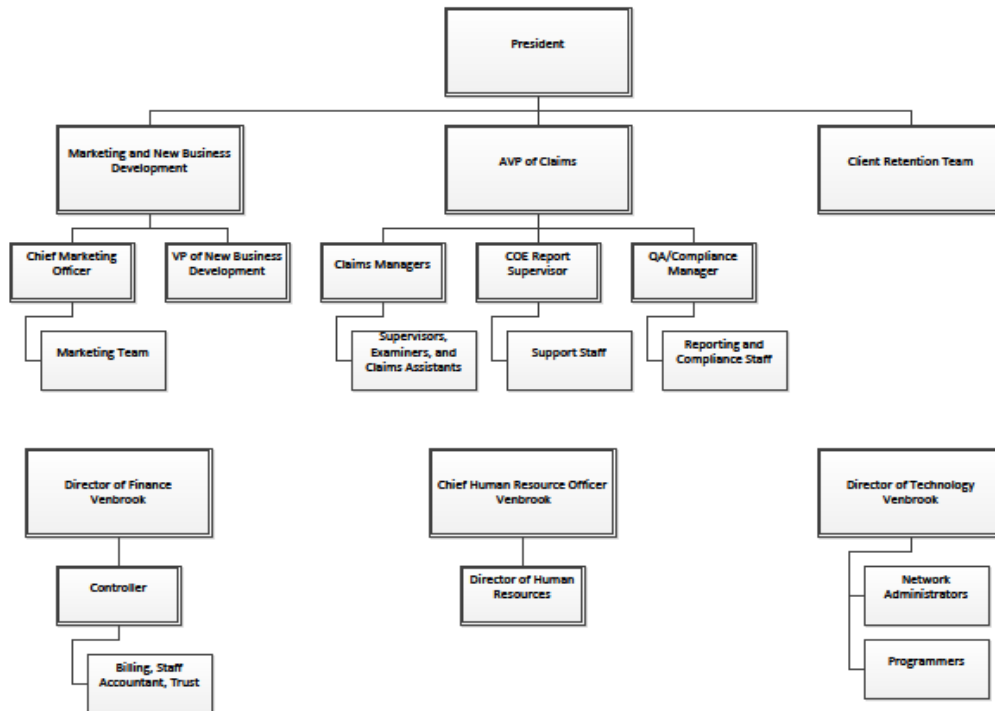
CWC is a client-facing organization. The Company is organized as a streamlined hierarchy where Finance, Information Technology, Claims, Compliance and Training report to various Officers of the Company. This group provides the infrastructure and support that those in the field need to service the business. The AVP of Claims, Chief Marketing Officer (CMO) and Director of IT each report to the Chief Executive Officer (CEO), while the Developers/Programming team report to the Director of IT. This separates each of these functions while keeping them in high profile and business critical roles. The Network Administrator and System Administrator report to the Director of IT, and in his absence, to the CEO, so that continuous management oversight is provided.

The Trust Manager, who reports to the Controller, is responsible for providing replenishment level reports to the Controller. She is also responsible for trust deposits. The Controller reports to the Chief Accounting Officer (CAO) of Venbrook Group. If the CAO is out for an extended period of time, the responsibilities fall to the CFO of Venbrook Group.

The business is structured into client groups: a Public Entity Client Group, an Insurance Client Group, and a National Accounts Client Group. Each Group has a Director accountable for developing new business and assuring profitability. Each client is assigned a Claims Manager and has access to various Examiners who handle the client's claims

based on the type of claim and the required expertise. This establishes a single point of contact to oversee quality in the delivery of services and to assure client satisfaction is achieved.

Below is the organizational structure for Carl Warren & Company:



Supporting the client groups are two support leaders and a team of support specialists. The duties of these support specialists are divided into centers of excellence (new loss, report, vendor, check control/print and invoicing centers of excellence) providing for appropriate separation of duties.

Controls Related to Personnel

CWC personnel are committed to demonstrating competency, integrity, client service, a commitment to excellence and respect for all individuals. CWC creates and retains a diverse staff which is reflective not only of the clientele served, but also the communities in which it does business. All California CWC Managers and Examiners directly involved in the claims process receive annual training on the “California Unfair Claims Practices Regulations” and certify under penalty of perjury that they received the training, understand the regulations and will abide by them. In other states, similar training is provided.

Examiners and support personnel are assigned by expertise and generally come to CWC by referral because of its reputation as an industry leader. There is a Rewards &

Recognition Program wherein employees can nominate one another for awards for going above and beyond, providing superb service, and positively impacting clients and the business.

CWC has established a robust New Hire Process which includes a candidate screening process, an interview profile, a background check, and a review by a member of the senior leadership team before any employment offer can be extended. New hire training is conducted within the first two weeks that an employee is on board. The Carl Warren & Company handbook is provided, and an acknowledgement letter is signed by all employees regarding protocol and policy. Policies on harassment, paid time off, appropriate workplace conduct, and similar issues are addressed in the handbook.

Annually, all Managers receive training regarding workplace harassment and civil treatment.

Based upon professional level or job band, formal performance reviews are conducted on an annual basis. The reviews are based upon quantitative and qualitative standards, goals and objectives. All Managers then calibrate with one another to be sure equal standards are applied across the employee population. This then results in a rating which determines the merit increase and/or bonus awarded to each employee for the prior calendar year's performance.

RISK ASSESSMENT PROCESS

CWC believes that it understands the risks to which it is most susceptible. Process maps were completed in the following areas: access and system controls, system developments, banking deposits, check issuance, petty cash, travel by senior management in large groups, employee hiring, employee terminations, compliance issues (licensing, vendor relations and authority levels) and general workplace safety due to the number of physical sites. Additionally, enterprise risks such as business continuity, business concentration, client relations and satisfaction, and employee morale are reviewed on a regular basis. The Company performs surveys of its clients and employees on a periodic basis, maintains incident and issue logs, has standing policies and procedures on travel and entertainment, and regularly reviews best practices. Models have been developed to fine tune certain areas and the Company believes in the continual improvement process.

INFORMATION AND COMMUNICATION SYSTEMS

Information

CWC utilizes the FileHandler Enterprise application to process, store, and report claims entered, adjudicated, and paid. FileHandler Enterprise application is processed on multiple Windows servers. The hosting facility for the FileHandler Enterprise application production environment is located in Kansas City, MO.

The databases used to store transactions and transfer data between applications are secured with a username/password with Multi-Factor Authentication. Access is granted on a per user basis on a per field basis. The FileHandler Enterprise application is designed to maintain audit trails of transactions processed. The systems also support segregated functional roles. FileHandler Enterprise applications and configurations are reviewed on an on-going basis for enhancements that are relevant to the CWC business model and system of internal controls.

Communication

Management encourages open communication at all levels. The Leadership Team has an informational web page on the CWC intranet site, which provides regular updates to employees on events around the organization, Company performance and results, and other items of interest. E-mails from senior management are distributed regularly to announce business events, promotions, licensing requirements, items of interest, system changes, pricing changes and other important information. Information is openly shared across the Company to embrace ideas that help the organization excel.

MONITORING CONTROLS

Internal Controls

Management and supervisory personnel monitor the quality of internal control performance as a routine part of their responsibilities. Monitoring activities in CWC's daily operations include:

- Monitoring and reviewing access to CWC facilities, IT infrastructure and claims processing areas.
- Monitoring and restricting access within CWC Systems.
- Performing periodic reviews of employee performance.
- Automatic system notifications as noted as part of the check issuance process.

In addition, annual financial statement audits are performed by the external independent auditor in accordance with generally accepted auditing standards.

Third-Party Management

Management reviews the SOC 1 or SOC 2 report and gap letter (if applicable) on the effectiveness of the controls at the primary data center located at a third-party colocation, zColo, in Las Vegas, Nevada, to determine if there were any exceptions or issues and how they may impact the Company. In addition, IT personnel make periodic site visits to ensure environmental and physical access controls are appropriate as described in the report.

B) Description of Information Technology Processes

Application Implementation and Maintenance

Control Objective 1: *Controls provide reasonable assurance that changes to the FileHandler Enterprise application are authorized, tested, approved, and documented.*

FileHandler Enterprise application change control is completed through a Local TFS server to JW Software. Quality control is provided through JW Software's support team providing testing on all application revisions. The changes go through a Quality Assurance (QA) process to ensure each change produces the desired outcome. After QA testing is complete, Carl Warren Management approves the change to be moved to production.

Physical Security and Environmental Controls

CWC's servers and IT infrastructure are located at the zColo co-location data center in Las Vegas, Nevada.

Logical Access

Control Objective 2: *Controls provide reasonable assurance that logical access to FileHandler Enterprise (e.g., programs, data files and system parameters) is restricted to properly authorized individuals and programs.*

Internal Users - New or Modified Access and Remote Access

To request access for a new employee or to request modification to a current employee's access to FileHandler Enterprise, CWC uses an automated help desk tool developed by Spiceworks. When an employee creates a new help desk ticket, the system automatically populates the name and e-mail address of the user creating the help desk ticket. Typically, requests for user access come from Human Resources (HR). The help desk administrator is familiar with the office leads or department managers who are authorized to request access and ensures the access request is originated by one of these authorized individuals.

Attached to the help desk ticket is the "New User Setup Document" form that is required to set up a new user. This form identifies the name of the employee needing access, their position, organization, starting date, the required application access levels and if remote access is required. The system administrator reviews the access request to ensure the access requested is appropriate based on the job responsibilities of the employee. If the access is appropriate, the administrator creates the new user account as specified.

Once the system administrator grants the access requested, they notify the employee of the user name and initial password. The system forces the user to change their password upon initial log-on to the Windows network.

Internal Users - Terminated Access

Upon an employee's termination of employment, HR or Department Manager initiates a help desk ticket to disable or remove their access to the CWC network and applications. Accounts are typically disabled and not deleted to allow the Company to access the former employee's files and e-mail to ensure client and claim data is available as needed. Help desk tickets are assigned to a technician who removes users from any security or e-mail distribution groups, and VPN access.

External Users

CWC uses the help desk application to request access for clients and/or client employees to the FileHandler Enterprise application. When a new help desk ticket is created, it is automatically populated with the name and e-mail address of the user creating the help desk ticket. Help desk tickets for client access requests must come from or be approved by a Claims Manager or Client Services Team. The help desk administrators know who the Claims Managers or Client Services Team are and will not process requests for client access from those not authorized to request access. Attached to the help desk ticket is the Setup Form for FileHandler Enterprise that is required to set up a new user. This form lists the name of the requestor, the Client Services Team, Claims Director or Claims Manager's approval, due date and specifics about the access required.

The IT Team grants access as specified and notifies the requestor once they have set up the client account. The system forces the user to change their password upon initial log-on and their access will automatically expire one year after the initial access is granted unless terminated earlier.

The FileHandler Enterprise application is configured to allow only clients access to their data.

Network and Application Security

FileHandler Enterprise uses username/password with Multi-Factor Authentication. Carl Warren users must authenticate inside the Carl Warren network.

The following password parameters are set for Windows authentication:

- Maximum Password Age = 90 days
- Minimum Password Length = 8 characters
- Password History = 10 passwords
- Lockout after 5 bad log-on attempts

Firewall and lockout controls have been implemented to restrict and/or prevent against unauthorized access to system resources. Security events from network devices and servers are logged and reviewed as necessary.

Administrative level privileges and special authorities on the Windows systems and applications are granted to a limited number of individuals based on job functions.

Additionally, Windows and application user access rights are reviewed periodically to verify users are granted the appropriate rights and access levels.

Control Objective 3: *Controls provide reasonable assurance that custom data transmissions from FileHandler Enterprise to its user organizations are complete, accurate and secure.*

Two types of data are transmitted to clients -

The first is FileHandler Enterprise reports. FileHandler Enterprise is secured by SSL. HTTP requests are all routed to HTTPS. Users are required to authenticate with a user account, password with multi-factor authentication.

The second is custom data. Custom data is provided to a small number of clients that have specific data needs outside of the core FileHandler Enterprise reports. In many cases, this data is required by a third party that handles data for the client. Custom data is put into a file by using a custom program or FileHandler Enterprise reports that are not accessible to normal users. The file(s) that are produced are then e-mailed or transmitted via File Transfer Protocol to the third party or client in the method that they prefer. Some are also sent to a CWC employee who will then e-mail the files to the customer or third party.

FileHandler Enterprise reports and custom data follow CWC's SDLC development and project process the same as any other development effort. Documented procedures exist for the generation and transmission of custom data.

Additional detail on FileHandler Enterprise is discussed in Control Objective #11 for client output and reporting.

Computer Operations

Control Objective 4: *Controls provide reasonable assurance that FileHandler Enterprise program and data files are routinely backed up and stored in a secure location.*

CWC's servers and IT infrastructure is located at the zColo co-location data center facility in Las Vegas, Nevada. The Company uses Datto local and cloud backup to manage and schedule the backup process. This application requires Windows authentication a unique email address for the username with multi-factor authentication and is only accessible by the System Administrator and Network Administrators. Network Administrators may also access the application remotely via Remote Desktop Meeting. By accessing the Job Monitor tab in the application, the System Administrator monitors the jobs that are running. Backup logs are maintained as a record of all backups. Logs are reviewed daily to identify and resolve backup failures. If a job fails, the System Administrator will assess the criticality of the job and decide upon the appropriate action. If the same job fails twice in a row, the System Administrator acts immediately to resolve the matter.

FileHandler Enterprise application backups are handled by JW Software. Backups are taken of each server daily. SQL backups are taken every 2 hours. Storage for server and SQL backups are separated physically and logically. The entire environment is kept synced over to the DR facility in Dallas, TX. Data is kept withing 5-10 of production at all times.

C) Description of Claims Administration Processes

As part of the claims management services provided to clients, there are several key processes that include: client setup, claims receipt, entry, adjudication and payment, client trust account management, client billing and client and management reporting. These processes are described further in the following sections.

Client Setup

Control Objective 5: *Controls provide reasonable assurance that customer data setup is authorized, complete and accurate.*

Access to Client Setup within FileHandler Enterprise is restricted to only a designated staff, located in Anaheim, CA. For new accounts, an agreement is negotiated between both the client and CWC defining the scope of work and fees in a timely manner within activation date. After contracts are made, the Chief Marketing Officer (CMO) or member of the marketing team is responsible for creating a Profile Sheet that summarizes client information and fees. The Chief Marketing Officer (CMO) or member of the marketing team will e-mail or fax the client Profile Sheet to the relevant Contract Supervisor (CS) of the client group the client will be included in. The CS reviews the Profile Sheet and if not approved, sends the Profile Sheet back to the preparer for modifications to the agreement. If the client Profile Sheet is approved by the CS for the associated client group, the Profile Sheet is e-mailed to the AVP of Claims and President for review and sign off depending on set approval levels. The CMO, AVP of Claims, or President then sends the Profile Sheet to the authorized individual for setup in FileHandler Enterprise.

Once the authorized individual receives the approved Profile Sheet, the Billing and Contract Supervisor assigns a client code from a log of sequential client codes and the new client is assigned the next available code. Only the Billing and Contract Supervisor can assign the client code. The client data is then entered into FileHandler Enterprise.

A FileHandler Enterprise account record is required if the Company is making payments for the customer and manages their trust account. In FileHandler Enterprise, account setup is required for all companies. For clients who do not have a trust account, a “dummy account record” is setup.

Claims Processing – Receipt

Control Objective 6: *Controls provide reasonable assurance that claims and attachments received are properly sorted, scanned and filed in a timely manner.*

Policies and procedures have been established for the proper receipt, sorting and distribution of claims. To process a claim, formal notification must be given to CWC by the client. The claim does not have to be an actual claim, but a probable claim in which an incident has occurred where there could be a potential claim or possibilities of a claim arising.

The methods for delivering claim notifications to CWC include mail, phone, fax or e-mail. All received hardcopy documentation is scanned into an electronic format and placed in folders on the network or the FileHandler Enterprise system. The claims are sorted into three shared folders on the network:

- 1) Public Entity
- 2) Insurance
- 3) National Accounts

Claims sent via mail are delivered to a designated location. The Support Specialist sorts, stamps a receive date, scans and places the claim into the shared network folder.

Claims sent via fax are sent to an e-Fax number. The Support Specialist receives the e-Fax and places it into the appropriate assigned Outlook folder.

Claims sent via e-mail are sent to a shared e-mail account in which the Support Specialists can access and place into the shared network folder.

Support Leaders monitor the shared e-mail folders daily to ensure claims have been entered timely into FileHandler Enterprise.

Claims Processing – Entry

Control Objective 7: Controls provide reasonable assurance that claim data entered into FileHandler Enterprise is complete, accurate, and recorded in a timely manner.

Once the Support Specialist receives a claim, they perform a search by claimant's name; date of loss and by incident code under the client name to ensure that the claim has not been previously entered into the system. If the system does not locate another claim under these characteristics, it is very unlikely that the claim has been previously entered. The Support Specialist enters claim data into FileHandler Enterprise after April 20, 2020 using the "Occurrence Setup" menu option. The claim is entered into the FileHandler Enterprise system under the client, listing the billing client, claimant information, the occurrence code, report date, date of loss, and a nominal claim reserve amount. When a new claim is created, the system automatically generates the next sequential number for a File Claim number to prevent duplicate claim numbers and generates an e-mail to the Lead Examiner notifying the Lead Examiner of the claim.

The Lead Examiner is the user responsible for investigating the claim. If the investigation needs to be split among more than one Examiner, additional Examiners can be entered into the "Occurrence Assignment" tab before April 20, 2020. In the FileHandler Enterprise system, secondary examiners can be assigned. The system auto-populates the claim entry date and it cannot be modified. The system requires certain fields such as Lead Examiner and client information fields to be entered; otherwise, the system will not process the claim.

The system performs an auto-complete and drop-down menu for critical fields, such as Client Name and Lead Examiner. The application has edit checks and business rules for each type of claim entered.

Claims Processing - Adjudication

Control Objective 8: Controls provide reasonable assurance that claims are adjudicated accurately.

Once the initial claim has been entered into FileHandler Enterprise, the Claims Manager assigns a Lead Examiner to perform the investigation of the claim. Within FileHandler Enterprise, the Claims Manager can go into the claim and select a Lead Examiner on the assignments tab. Once a Lead Examiner has been entered and the claim is confirmed in FileHandler Enterprise, an automatic e-mail is sent to the Lead Examiner to notify that he/she has a new assignment, along with the file number, occurrence number and claimant name. Lead Examiners are selected based on their specializations and location. Occasionally, a claim may have more than one Examiner, which is input into FileHandler Enterprise as a secondary adjuster. Similar to a Lead Examiner, the Claims Manager selects a secondary adjuster in FileHandler Enterprise and selects an additional Examiner. Split Examiners are also given the same automatic e-mail notification. Secondary adjusters in FileHandler Enterprise receive an email notification.

The Examiner creates a response letter to the client, acknowledging receipt of the claim, the background of the claim received, and the type of action that should be addressed regarding the claim.

The action steps may include proceeding with adjudication of the claim, rejecting the claim or performing additional research of the claim. A letter is also sent to the claimant acknowledging receipt of the claim and identifying the Supervisor and Examiner assigned. After all the documents are created, a Support Specialist creates a claims file containing the claim letter and other documentation received relating to the claim and sends the claim file to the assigned Examiner. In FileHandler Enterprise, the documents are added to the claim file.

Once an Examiner is assigned, an e-mail notification is generated by FileHandler Enterprise, and the examiner receives a diary notification. An Examiner cannot enter a new claim into FileHandler Enterprise programs or modify the loss reported date, but the Examiner can modify, claim description, incident code, claim suffix, and claim reserve amount after reviewing a claim. The FileHandler Enterprise application restricts access only to clients to which the Examiner has been assigned.

The Examiner reviews the claim and performs their investigation. When appropriate per the contract, hours, mileage, and expenses incurred for the investigation are tracked and entered into the iAdjuster application when using FileHandler Enterprise applications after April 20, 2020. All Examiners are given an Examiner Technical Procedures handbook, which illustrates the Company's guidelines for billing time incurred for investigations.

After performing the investigation, the Examiner determines whether a claim needs to be settled or rejected. Each client has established limits to the amount an Examiner can settle or make claimant payments, based on contractual requirements.

If a claimant is to be paid, the Examiner creates a series of documents which are filed in the claim file.

First, the Examiner creates a Preliminary Report or an electronic File Notes Report to the client summarizing the claim information, recommended action on the claim, facts, reserves, evaluation and work to be completed.

The Claims Manager/Supervisor or client reviews the Preliminary Report or the electronic File Notes Report. When the Claims Manager concurs with the Examiner's recommended resolution of the claim, a correspondence is sent to the client summarizing the course of action that will be taken on the claim. Each client has a contractually established limit regarding the amount a claim can be settled or paid without additional client approval. The Claims Manager obtains agreement from the client to pay claims in excess of contractual limits. The Examiner then sends a correspondence to the client with the course of action that will be taken on the claim. The Examiner also sends a letter to the claimant summarizing the actions taken and the reimbursable payments. Included in the letter is a release form that the claimant must sign to forfeit and discharge all rights of collecting future damages.

Upon completing the documents and receiving the release from the client, the Examiner creates a Closing Status Report or an electronic File Notes Report summarizing the claim and settlement.

Copies of all correspondences and documents are filed in the claim file. Description of the payment is included in the system with supporting documentation available for review in the claim file. CWC invoices are also included in the claim file. In FileHandler Enterprise, system access is restricted to examiners assigned to the account and the Claims Manager/Supervisor. The client has read only access. Each month the Claims Manager reviews a percentage of each Examiner's open claims ensuring that claims are processed in accordance with Company policies and procedures. Additionally, the Company has a Quality Assurance Manager who reports directly to the AVP of Claims and works with the Claims Managers to perform cross audits of files.

Claims Processing - Payment

Control Objective 9: *Controls provide reasonable assurance that claim payments are complete, accurate and distributed to authorized recipients.*

Policies and procedures exist for the claims payment and check signing processes to ensure claim payments are complete, accurate and timely. Once an Examiner reaches a settlement with the claimant, or has an expense payment to make, the Examiner generates a draft request

within the FileHandler Enterprise application to make a claim payment. The draft request includes the claim information, payment amount and payee information. The system requirements to accept a draft payment request include approval of a payment by another user with the authority to cover the check amount, and sufficient claim reserve for the requested payment. Payment meeting these criteria will be included in the printing queue. The program requires approval from management or supervisor with the appropriate approval authority for payments above the Examiner's authorized limit. A W9 tax form is required for all vendors annually (i.e., doctor, specialist, investigator, etc.) in order to report earnings based on the vendor's tax ID. The Lead Examiner, Claims Manager reviews and approves payment of expenses with descriptions associated with a claim in the FileHandler and FileHandler Enterprise application module.

Claim payments are generated using the FileHandler Enterprise application. In FileHandler Enterprise, the Examiner will access the claim file and go into the Payments screen. The Examiner will then select the action to issue a computer check and enter the claim amount. FileHandler Enterprise does not allow a payment amount higher than the claim reserve. Also, the application does not allow payment to a non-existent claim.

The Examiner reviews the details tab of the claims payment screen to verify the payments are to be made to the payee, and that no duplicate payments are made. The application provides a warning for duplicate claim payments. A duplicate payment warning enhancement for FileHandler Enterprise is in process. Prior to this implementation, a search for all duplicate payments is conducted by exporting a payment report to Microsoft Excel and using the find duplicate function within that application.

After the draft request is entered into FileHandler Enterprise and approved for printing, the Support Specialist generates the checks. The designated check printing Support Specialist, the Staff Accountant (backup), and the lead support specialist are the only three individuals with access to print checks. The FileHandler Enterprise application restricts users who enter and/or adjudicate claims from having check printing privileges. Before the checks are printed, the Support Specialist reviews the checks to be printed in FileHandler Enterprise to make sure that there are no duplicate payments. Claim checks are printed daily from the check printing module in FileHandler Enterprise. The check amount and payee information are automatically populated by the application and cannot be overridden by the Support Specialist.

The checks are laser printed and include two signatures from authorized signers. Two signatures are required in order for the check to tender. The check is then mailed along with any backup to the claimant. When the final payment is made, the Examiner sets the "request to close" flag and the claim is closed automatically when the closing invoice is generated. When a check is issued, the amount is automatically deducted from the reserve in FileHandler Enterprise. Currently, the copy of the claimant check is not included in the claim file, but a copy is available to be printed from the FileHandler Enterprise system.

Client Trust Account Management

Control Objective 10: *Controls provide reasonable assurance that client trust account management deposits and disbursements are valid, authorized and properly recorded.*

CWC manages trust account relationships with clients who have agreed to have CWC issue payments to settle claims. When a trust account relationship is established, the client and CWC set a target account balance and replenishment level. The replenishment level is the target dollar amount to maintain the bank account balance after claim payments have been made. The Controller or Trust Manager coordinates with the client to obtain the necessary documentation to open an account. Signature cards are prepared designating the authorized signers on the account which are CWC personnel, or upon client request a combination of a CWC signer along with an authorized signer of the client. Deposits and check payments are centralized at the corporate office. Check payments are made with laser printers and blank check stock. All checks issued require two signatures. The corporate office prints all checks.

Blank check stock is stored in a secured locked cabinet in the Finance department with restricted access to the Finance team. There are only two keys to the cabinet containing the blank check stock. One key is with the Trust Manager and the other key is held by the Controller. A Master Check log maintained by the Trust Manager lists the document numbers (numbered by the check printer) of the check stock issued along with the date and individual receiving the blank check stock.

Deposits

Deposits are primarily initiated when CWC submits a replenishment request to the client for a deposit amount that funds the bank account to the target replenishment level. Replenishment requests are initiated by the Trust Manager or Controller. If there are insufficient funds to process a batch of claim payments, the Trust Manager or Controller requests immediate replenishment. Otherwise, on a monthly basis the Trust Manager or Controller requests replenishment after the trust account has been reconciled to return the account to set bank account balances. A replenishment request form is submitted to the client indicating the replenishment amount needed. Only Finance personnel and CEO are authorized to submit a replenishment form.

When a client receives a replenishment notification, they will either perform a wire transfer, ACH or send a check to CWC's corporate office in Anaheim, California. If the client chooses to use a wire transfer, the client generally notifies the Trust Manager when the wire transfer is complete. The Trust Manager also monitors the trust account on-line and identifies funds received in client trust accounts. The Trust Manager maintains a Daily Deposit Log. The log is maintained on an excel spreadsheet and lists the deposits received into client trust accounts on any given day. Once the account has been replenished, the Trust Manager notifies the Support Specialist Leader and the Check Printing Support Specialist of the available funds via e-mail. Upon notification, the Support Specialist Leader manually posts the additional funds in the client's account in the FileHandler Enterprise application.

The client may send a check to CWC for deposit to their trust account. These are generally recovery or replenishment payments. The physical checks are given to the Controller, Accountant or Trust Manager who prepares a list of checks received. The Trust Manager prepares a Daily Deposit Log (Excel spreadsheet) for all the checks received. This is compared with the total checks received list by the Controller. Any discrepancy is immediately investigated and resolved. Designated members of the finance team deposit the checks electronically using remote deposit service. This password is secured, and only designated employees have access to the remote deposit system. A listing of checks deposited is e-mailed to Trust Deposit Support and is posted into FileHandler Enterprise. The next day, The Trust Manager reviews the deposit activity to insure all deposits were recorded properly in FileHandler Enterprise. Checks not deposited the same day are held in a locked safe while they are researched. They will be deposited using the same procedure as above, once any issues are resolved.

Monthly, the Controller reconciles the Daily Deposit Log to the Trust Deposit Report generated from FileHandler Enterprise.

Bank Reconciliation

The Trust Manager or other member of accounting staff reconciles the bank statement of each of the trust accounts to the FileHandler Enterprise daily cash balance report for accuracy each month. Reconciling items are identified and resolved. The monthly bank reconciliations are reviewed when the accounts checkbook balance is above the threshold of \$300,000. The review is performed by either the Controller, Accountant or Trust Manager and sent to the clients. Clients are responsible for reviewing the bank reconciliations for appropriateness. Deposits and disbursements inputted by the Support Specialist into FileHandler Enterprise feeds into the FileHandler Enterprise reporting module.

Trust accounts have inbound wire transfers as part of the replenishment process. The Trust Manager, Controller, and staff accountant are the only authorized people to initiate and send the wire (under dual control).

Client Output and Reporting

Control Objective 11: *Controls provide reasonable assurance that output data, reports and documents are complete, accurate and distributed to authorized recipients on a timely basis.*

FileHandler Enterprise can be accessed by authorized users utilizing valid usernames and passwords and multi-factor authentication. Security access is granted on a per user basis on a per field basis.

Client Billing

Control Objective 12: *Controls provide reasonable assurance that client bills are properly recorded and approved.*

In order to properly invoice clients, time and expenses incurred for a claim must be accurately recorded and calculated within the system. The Claims Manager and Lead Examiner use the billing module within FileHandler Enterprise to calculate and track all hours and expenses incurred within a specific claim.

To ensure proper recording of time and expenses, CWC has developed billing policies and procedures within the “Examiner Technical and Procedures Guideline.” This document provides instructions to the Examiner regarding how to estimate and record time in the FileHandler Enterprise system and iAdjuster to determine the Examiner assigned to each claim and allows Examiners only to access and charge time against claims to which they have been assigned.

As a claim is investigated, Examiners submit their time and related expenses into the FileHandler Enterprise system. Examiners may enter hours, photo expenses, mileage and miscellaneous expenses. The Examiner is required to enter a description for all time and expense entries. After the Examiner enters their time and expenses, the Support Specialist records any office expenses incurred in support of the claim. Office expenses can include setup fees, photocopies and allocated time.

The Claims Manager is responsible for reviewing all time and expenses prior to invoicing. The billing rate for time and expenses is based upon the negotiated contract with the client and entered into the FileHandler Enterprise application during the client setup from the approved Profile sheet and modified when contract updates were entered.

The FileHandler Enterprise application automatically populates the invoice with the negotiated fee for each type of expense.

Once the hours and expense report have been reviewed and approved, the Senior Billing Specialist generates the invoice. The invoice is then printed and then mailed to the client. CWC invoices are not paid through the trust accounts. Clients are responsible for payment through their own bank accounts.

D) Complementary User Entity Controls

Carl Warren & Company's controls over the FileHandler Enterprise, claims management and transaction processing systems are designed with the assumption that certain controls are in operation at user organizations. In certain instances, the application of specific controls at user organizations is necessary to help support certain control objectives included in this report.

The following list outlines controls that should be in operation at user organizations to complement the controls listed in section IV. The list does not represent a comprehensive set of all controls that should be employed by user organizations. User organizations' auditors should consider whether the following controls have been placed in operation at user organizations:

General

- User organizations are responsible for evaluating and monitoring CWC delivery of service to determine conformity with contractual obligations.
- User organizations should designate their own internal client representative to interface with CWC and to monitor performance with service level agreements.
- Clients should determine that proper segregation of duties exists at their facilities.

Physical Access

- Clients should establish procedures to ensure that physical access to computer workstations and terminals is limited to authorized personnel.

Logical Access

- CWC has built-in features to manage user access to the production systems. A client normally performs the daily user administration. Clients administering access security have the responsibility for ensuring the adequacy of logical security over their environments.
- Clients should establish procedures and documentation for authorizing user access to terminals and application functions. Periodically, access granted to users should be reviewed to confirm that such access remains appropriate based on users' job functions.
- Clients should establish procedures to prohibit the use of shared user IDs or user IDs where passwords are not changed on a regular basis.
- Client employees should be regularly advised of the importance of security and to report suspicious personnel, transactions, or activity to management.

Data Transmissions

- Clients should provide CWC with data transmission guidelines such as security and control total specifications.
- Clients should review and monitor the data being transmitted to CWC to identify issues and ensure the accuracy and completeness of the transferred data.

Computer Operations

- Clients should provide CWC with current contact information in the event a problem is identified with processing.
- Clients should establish procedures to notify CWC in the event they identify a problem with processing.
- Clients should establish and enforce complementary controls to ensure the completeness and accuracy of output.
- Clients should review and reconcile the results of transaction processing on a regular basis.

Backup and Recovery

- Clients should define backup schedules for data and retention periods for off-site storage.

Client Setup

- Client should review contractual agreement and Profile Sheets to ensure fee arrangements are correct.

Claims Processing – Receipt

- Clients should reconcile claims submitted to the loss run and response letters received to verify all claims sent have been processed.

Claims Processing – Entry

- Clients should review course of action letters to verify the correct course of action is being taken on each claim.

Claims Processing – Payment

- Clients should verify claim payments within FileHandler Enterprise to ensure payments are sent to authorized recipients.
- Clients should reconcile payments from trust accounts to bank statements to ensure all payments are accurate and complete.

Client Trust Account Management

- Clients should review trust account bank reconciliations for completeness and accuracy.
- Clients should determine target replenishment levels for trust accounts.
- Clients should notify the Finance Specialists when wire transfers are complete.
- Clients should ensure wire transfers to trust accounts are accurate and complete.
- Clients should review transaction and replenishment activity on trust accounts for accuracy.

Client Output and Reporting

- Clients should determine which authorized users should have access to FileHandler Enterprise.
- Clients should determine if additional Security Filters need to be established to restrict users from accessing specific data or reports within FileHandler Enterprise.

Client Billing

- Clients should review invoices to determine whether time and expenses charged are reasonable and accurate according to contractual agreements.

E) Scope and Applicability of the Report

This report has been prepared in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Attestation Engagements No. 18 (SSAE 18): AT-C Section 320, *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control over Financial Reporting*. The report is intended to provide the user organizations and their independent auditors with an understanding of the claims processing and provider certification system in order for user organizations' independent auditors to plan their audit. This report describes the controls in place and operating during the period January 1, 2021 through March 31, 2022.

This report is intended to focus on features relevant to specific controls; it does not encompass all aspects of the procedures followed by Carl Warren & Company. If a user organization does not have an effective internal control structure in place, the controls and related control objectives presented in this report may not compensate for such a weakness.

F) Subservice Organizations

Carl Warren & Company uses subservice organizations to provide certain levels of expertise. The performance of the subservice organizations is routinely evaluated by Carl Warren & Company to ensure quality, and each organization’s SOC 2 examination report is reviewed for compliance.

The principal subservice organizations used by Carl Warren & Company, along with a description of the services provided, are as follows:

Zayo Colocation (aka “zColo”)
zColo provides data center services to Carl Warren’s business critical data.

JW Software
JW Software provides access to the complete claims system, FileHandler Enterprise.

Monitoring of Subservice Organizations

In addition to reviewing the annual SOC reports, CWC monitors the subservice organizations by maintaining a close working relationship with the entities. CWC reviews subservice performance to ensure contract compliance, effectiveness and cost-beneficial acquisition of the contracted services. Any discrepancies noted between actual performance and management’s expectations are investigated and addressed with the subservice providers for additional action.

Complementary Subservice Organization Controls (Carve-Out Method)

The following table presents controls that are assumed to be implemented by the subservice organizations, which CWC has identified as necessary to achieve certain control objectives stated in the CWC system description.

CWC Control Objectives	Complementary Subservice Organization Controls
<p>Control Objective 2: <i>Controls provide reasonable assurance that logical access to FileHandler Enterprise (e.g., programs, data files and system parameters) is restricted to properly authorized individuals and programs.</i></p>	<ul style="list-style-type: none"> • An Information Security Policy includes the standards for logical security tools and techniques restricting access to applications, systems and data. • Access to applications, systems and data is restricted to users with a valid business need and supported by a documented approval.

CWC Control Objectives	Complementary Subservice Organization Controls
<p><i>Control Objective 3:</i> <i>Controls provide reasonable assurance that custom data transmissions from FileHandler Enterprise to its user organizations are complete, accurate and secure.</i></p>	<ul style="list-style-type: none">• Privileged access to applications, systems and data is restricted to users with a valid business need.• Access to applications, systems and data is reviewed on a periodic basis.• Users must authenticate to systems prior to accessing Company resources, using passwords that comply with corporate security standards related to minimum length, expiration, complexity, and account lockout.• System access rights of terminated users are removed upon notification.• Daily, IT Enterprise Security performs monitoring of suspicious activity for the IT environment. Formal incident response procedures have been established in the event that intrusive activity is found.• Internal and external penetration testing is performed annually.

IV. INDEPENDENT SERVICE AUDITOR’S DESCRIPTION OF TESTS OF CONTROLS AND RESULTS

Application Implementation and Maintenance

Control Objective 1: Controls provide reasonable assurance that changes to the FileHandler Enterprise application are authorized, tested, approved and documented.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
1.1	Management has established formal policies and procedures that require changes to existing applications to be authorized, tested, approved and documented.	Inspected the application development and change management policies and procedures to determine that changes to existing applications are authorized, tested, documented, and properly approved prior to migration to production.	No exceptions noted.

Logical Access – Applications

Control Objective 2: Controls provide reasonable assurance that logical access to FileHandler Enterprise (e.g., programs, data files and system parameters) is restricted to properly authorized individuals and programs.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
2.1	Policies and procedures are documented to restrict access to CWC systems and data to authorized individuals. All requests for new user access must be approved by the appropriate level of management.	Inspected supporting documentation for policies and procedures related to restricting access to Carl Warren systems and data to authorized individuals for data security, including: <ul style="list-style-type: none"> • Defining access security procedures for new users • Granting access to computer resources • Revoking terminated employees’ user accounts Inspected a sample of employees who had been hired or transferred during the audit period to determine that access to significant platforms was properly authorized.	No exceptions noted.
2.2	Employee terminations are reported to IT Management and access is deleted or disabled in a timely manner.	Inspected a sample of employees who had been terminated during the period of examination to determine that access to the significant platforms was deleted or disabled timely.	No exceptions noted.
2.3	Users authenticate through Windows to gain access to network and applications. The Windows passwords are required to have a minimum length of 8 characters, expire every 90 days, users can not use the previous 10 passwords, and users are locked out the user after 5 failed login attempts.	Inquired of management to determine that both applications and the network use Windows authentication. Inspected the Windows password requirements to determine the existence of management-specified password settings for minimum length, expiration interval, password history, and account lockout based on failed login attempts.	No exceptions noted.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
2.4	Firewall has been implemented to prevent unauthorized access to system resources. Security events from network devices and servers are logged and reviewed on a monthly basis.	<p>Inspected firewall configuration settings to determine that firewall policies are in place to prevent unauthorized access to system resources.</p> <p>Inspected a sample of security reviews performed to determine that security events from network devices and servers are logged and reviewed on a monthly basis.</p>	No exceptions noted.
2.5	Only authorized personnel are given administrative privileges or special authorities on the Windows systems and applications.	Inspected the application and system user access lists to determine that individuals with administrative privileges were authorized and authorization was reasonable based on their job function.	No exceptions noted.
2.6	The Windows and application user access rights are reviewed semi-annually to verify users are granted the appropriate rights and access levels.	Inspected the results of the semi- annual Windows and application access rights review to determine that user accounts are reviewed for appropriate access permissions.	No exceptions noted

Logical Access – Data Transmissions

Control Objective 3: Controls provide reasonable assurance that custom data transmissions from FileHandler Enterprise to its user organizations are complete, accurate and secure.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
3.1	Custom data transmission programs and jobs for new clients are required to be tested and approved prior to implementation.	Inspected a log of application software modifications to determine if data transmission programs and jobs occurred during the audit period.	No exceptions noted.
3.2	All data transmissions via File Transfer Protocol (FTP) are encrypted based on the security level requested from the client.	Inquired of management that FTP transmissions are encrypted based on client instruction. Inspected the FTP configuration for a sample of clients to determine if data transmissions are encrypted based on the security level requested from the client.	No exceptions noted.
3.3	Policies and procedures are established and documented for the receipt of data transmissions from the client.	Inspected relevant documentation to ascertain that policies and procedures have been established and documented regarding the receipt of data transmissions from clients.	No exceptions noted.
3.4	Data received from new clients or existing clients with new data are confirmed for completeness of the file and accuracy of the content. Control totals are used to validate that all contents have been received.	Inspected a log of data transmissions from clients to determine if data was received from the client during the audit period and validated for completeness.	No exceptions noted.

Computer Operations – Backups and Storage

Control Objective 4: Controls provide reasonable assurance that FileHandler Enterprise programs and data files are routinely backed up and stored in a secure location.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
4.1	Policies and procedures are documented for the backup and recovery of programs and data.	Inspected the backup and recovery policies and procedures to determine that procedures for the backup, tape storage, recovery and retrieval of files are documented.	No exceptions noted.
4.2	Production programs and data necessary for a successful restoration are identified and included within defined backup job streams.	Inspected the backup schedule to determine if production programs and data necessary for a successful restoration have been identified and included within defined backup job streams.	No exceptions noted.
4.3	Backup logs are properly maintained as a record of all backups. The backup system is configured to send email notification in the event of a backup failure to IT personnel to review logs and resolve backup failures.	Inspected a sample of backup logs to determine that appropriate backups were completed during the audit period. Inspected the backup job configuration to determine if automated job failure notifications are sent to the operator to identify and resolve backup failures.	No exceptions noted.
4.4	A test is run at least annually to verify backups are recoverable and complete. Test results are documented and retained.	Inspected the results of a tape restore performed during the audit period to determine whether the backup files were successfully recovered, and the results were documented and retained.	No exceptions noted.
4.5	Backups are copied and/or moved to an off-site location.	Inspected backup configuration settings to determine that backups were scheduled to be copied to an off-site location. Inspected a screen print of backup files at off-site location to determine backups are copied to the off-site location.	No exceptions noted.

Client Setup

Control Objective 5: Controls provide reasonable assurance that customer data setup is authorized, complete and accurate.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
5.1	<p>Policies and procedures are documented and are followed for the customer setup process and require the following:</p> <ul style="list-style-type: none"> • Profile Sheets are completed and documented for all clients by either hard copy or electronically. • New customers and client contract updates require management approval before contracts are activated. 	<p>Inspected relevant documentation to ascertain that policies and procedures have been established and documented for the customer setup process and require completed profile sheets for all clients and approval of contract updates by management in a timely manner.</p> <p>Inspected a sample of clients to determine that Profile Sheets are documented completely and accurately and that contract updates are approved by management before contracts are activated.</p>	No exceptions noted.
5.2	<p>Access to change customer setup data within FileHandler Enterprise is restricted to the appropriate individuals based on business requirements.</p>	<p>Inspected all user accounts with access to change customer setup to determine if access to these accounts in FileHandler Enterprise is restricted to appropriate individuals based on their job responsibilities.</p>	No exceptions noted.
5.3	<p>Fee rates for each client are setup in the system according to the terms of the contract and/or the service level agreement. The rates documented in the contract and maintained electronically or in hard copy are compared to the applicable system menu by management.</p>	<p>Inspected a sample of clients to determine that fee rates are setup in the system according to the terms of the contract and/or the service level agreement and reviewed in the applicable system menu by management.</p>	No exceptions noted.
5.4	<p>The system has required fields and edit checks to ensure that the customer record is complete and duplicate customers are not entered into FileHandler Enterprise.</p>	<p>Inspected a series of system fields and edit checks showing error messages for missing data.</p>	No exceptions noted.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
5.5	The client Profile Sheets used for client and contract setup within the system are updated and reviewed by senior management, even when the term of the service contract exceeds one year.	For a sample of client Profile Sheets, inspected the evidence of review by senior management for profile updates.	No exceptions noted.

Claims Processing – Receipt

Control Objective 6: Controls provide reasonable assurance that claims and attachments received are properly sorted, scanned and filed in a timely manner.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
6.1	Policies and procedures are documented for the proper receipt, sorting and distribution of claims.	Inspected relevant documentation to ascertain that policies and procedures have been established and documented for the receipt, sorting and distribution of claims.	No exceptions noted.
6.2	In all cases, an acknowledgement of the receipt of a claim is made to the clients. The acknowledgment may be in the form of an e-mail, letter or verbal conversation documented in the electronic File Notes.	Inspected a sample of claim files to determine that verbal communication, response letters or e-mails are sent to the client on a timely basis, acknowledging receipt of the claim.	No exceptions noted.
6.3	Support Leaders monitor claim entries to determine that claims are entered timely based on the claims receipt date.	Inspected a sample of claims to determine if claims are entered timely based on the receipt date.	No exceptions noted.

Claims Processing – Entry

Control Objective 7: Controls provide reasonable assurance that claim data entered into FileHandler Enterprise is complete, accurate, and recorded in a timely manner.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
7.1	Policies and procedures are documented for the claims entry process.	Inspected relevant documentation to ascertain that policies and procedures have been established for the claims entry process.	No exceptions noted.
7.2	CWC File Number is automatically generated by the system to avoid duplicate claim files.	Observed the FileHandler Enterprise application to determine if it automatically generates a CWC file number which cannot be altered, deleted or duplicated.	No exceptions noted.
7.3	FileHandler Enterprise has required fields and edit checks for claim data entered.	Observed the FileHandler Enterprise application to determine if the application uses required fields and edit checks for claim data entered.	No exceptions noted.
7.4	Claims are numbered, documented and tracked. Claims received (e-mail, fax, letter and phone) are accounted for and entered into the FileHandler Enterprise application.	Inspected a sample of claims to determine if claims are numbered, documented and tracked. Observed the incoming claims shared folder to determine if incoming claims are accounted for and entered timely.	No exceptions noted.
7.5	Claims transactions can only be processed on an "Active" client.	Observed the FileHandler Enterprise application to determine that claim transactions can only be processed for an active client.	No exceptions noted.
7.6	The FileHandler Enterprise system restricts Examiners from adding charges to claims and accounts they are not responsible for, to help prevent accidental or inappropriate charges to other clients.	Observed access permissions in the FileHandler Enterprise application to determine that Examiners can only add charges to claims and accounts they have been assigned responsibility.	No exceptions noted.

Claims Processing – Adjudication

Control Objective 8: Controls provide reasonable assurance that claims are adjudicated accurately.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
8.1	<p>Policies and procedures are documented for the adjudication of claims and require electronic or hardcopy documentation as to the following:</p> <ul style="list-style-type: none"> An analysis summarizing the facts, recommendation and evaluation of the claim will be summarized in a Preliminary Report or the electronic File Notes Report. Claimant communication is documented within the claim file. Claimant communication is based on approved templates from the client. At closing, a summary of the claim and the overall conclusion or settlement will be evident in a Closing Report or the electronic File Notes Report. 	<p>Inspected relevant documentation to ascertain that policies and procedures have been established and documented for the adjudication of claims.</p> <p>Inspected a sample of claims to determine the following:</p> <ul style="list-style-type: none"> A Preliminary Report or electronic File Notes Report was completed by the Examiner. Claimant communication is documented within the claim file and based on approved templates from the client. <p>At closing, a summary of the claim and overall conclusion or settlement was documented in a Closing Report or the electronic File Notes Report.</p>	No exceptions noted.
8.2	<p>CWC employees are limited in the amount of claim payment limits they are allowed to approve.</p>	<p>Observed the FileHandler Enterprise system to determine if the application allows approval of a claim payment that exceeds the amount the user account is configured to approve.</p> <p>Inspected all active users with approver rights to determine if the approval amount setup in the application matched the amount management authorized the employee to approve.</p>	No exceptions noted.
8.3	<p>Access to claims is restricted within the application to designated Claims Managers, Supervisors, Examiners within each client group, and selected support specialists.</p>	<p>Inspected a sample of active user accounts to determine if access to claims is restricted to designated Claims Managers, Supervisors, Examiners within each client group and selected support specialists.</p>	No exceptions noted.

Claims Processing – Payment

Control Objective 9: Controls provide reasonable assurance that claim payments are complete, accurate and distributed to authorized recipients.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
9.1	<p>Policies and procedures are documented for the claims payment process and require the following:</p> <ul style="list-style-type: none"> • A draft request entry with the claim information and amount to be paid to the claimant is completed by the Examiner. • Authorized signatures on checks. 	<p>Inspected relevant documentation to ascertain that policies and procedures have been established and documented for the claims payment process including completion of the draft request by the Examiner and authorized check signing.</p> <p>Inspected a sample of claim payments to determine that a draft request was entered into the application and completed by the Examiner and the claim payment check included the appropriate authorized signatures.</p>	<p>Exception noted – Signature cards supporting the authorized check signers could not be provided.</p>
9.2	<p>The application does not allow the claim payment to be higher than the claim reserve.</p>	<p>Inspected screen shots of the claim payments process in the application to determine that it disallows claim payments that are higher than the claim reserve.</p>	<p>No exceptions noted.</p>
9.3	<p>The application does not allow payment to a non-existent claim.</p>	<p>Inspected screen shots of the claim payments process in the application to determine that it disallows payments to a non-existent claim.</p>	<p>No exceptions noted.</p>
9.4	<p>The application warns user in the event of possible duplicate payments by identifying payments with the same payment amounts.</p>	<p>Inspected screen shots of the claim payments process in the application to determine that it identifies payments with the same payment amount and warns users of a possible duplicate payment event.</p>	<p>No exceptions noted.</p>

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
9.5	The application requires each claim payment to be approved by a designated individual. The application restricts the approval based on authority levels set in the system. The printing of the checks is also restricted by the system which restricts the personnel who can request a payment from accessing the checking printing function.	Observed that the application disallows a user who entered and/or adjudicated the claim from requesting payment and initiating check printing beyond the check authority levels approved and established in the system. Compared personnel system’s access to the checking printing function to personnel who can request a payment to determine that personnel who can request a payment do not have access to checking printing.	No exceptions noted.
9.6	CWC sends a secure FTP file to the bank; the bank in turn sends an acknowledgement to CWC, which indicates if there was any problem processing checks. If there is an issue with a transmission, IT will work with the Bank to correct the problem. For its in-house check printing, CWC check payment distributions are mailed in a controlled manner to prevent theft or loss of checks by reconciling the number of checks produced to the number of checks mailed.	Inspected the acknowledgement notification email from the bank to determine if it indicates if there were any problems processing checks. Inquired of IT Management to determine if there were any issues with secure FTP files sent to the bank during the audit period. Inspected a sample of Daily Check Control logs to determine that the checks produced were reconciled to the number of checks mailed.	No exceptions noted.
9.7	FileHandler Enterprise automatically populates the payee and check amount data once the check draft request is approved. The Check Printer Support Specialist does not have the access in FileHandler Enterprise to modify the check data.	Observed the claim payment process in FileHandler Enterprise to determine that the application automatically populates the check data from the approved check draft request and the Check Printer Support Specialist is unable to modify the check data in FileHandler Enterprise.	No exceptions noted.

Management Response to control exception 9.1:

Regarding the results to Control No. 9.1, due to the COVID pandemic, our Tustin office was closed in early 2020. The Tustin office was never re-opened before its lease expired in mid-2021, whence the Company moved its office to Anaheim. Due to office move and staff turnover during the pandemic, we could not locate where the previous staff saved the check signature cards. Management does not expect this to be an issue in the next examination.

Client Trust Account Management

Control Objective 10: Controls provide reasonable assurance that client trust account management deposits and disbursements are valid, authorized and properly recorded.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
10.1	<p>Policies and procedures are in place for the management of trust accounts. The policies include the following:</p> <ul style="list-style-type: none"> • Account setup procedures • Deposit and replenishment procedures • Check printing procedures • Void check and stop payment procedures 	<p>Inspected relevant documentation to ascertain that policies and procedures have been established and documented for the management of trust accounts and include account setup procedures, deposit and replenishment procedures, check printing procedures, and void check and stop payment procedures.</p>	No exceptions noted.
10.2	<p>Check stock are stored in a file cabinet to prevent unauthorized users from accessing checks.</p>	<p>Observed the check storage to determine that checks are stored in a secured file cabinet to prevent unauthorized access.</p>	No exceptions noted.
10.3	<p>Only finance personnel and the President/CEO are authorized to submit a Replenishment Form to clients requesting additional funds in their trust accounts.</p>	<p>Inquired of management to determine that only finance personnel and President/CEO are authorized to submit a Replenishment Form.</p> <p>Inspected access of replenishment forms located on the network drive and confirmed only appropriate finance personnel have access.</p>	No exceptions noted.
10.4	<p>Only designated finance personnel or Kansas City Support Manager are authorized to deposit checks using Remote Deposit System.</p>	<p>Inquired of management that only designated members of the finance team or Kansas City Support Manager are authorized to deposit checks using Remote Deposit System.</p> <p>Inspected active user accounts to the Remote Deposit System to determine that access is restricted to designated members of the finance team or Kansas City Support Manager office.</p>	No exceptions noted.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
10.5	Trust account bank reconciliations are performed monthly. Results are reviewed and approved by management.	Inspected a sample of trust account bank reconciliations to determine that they were performed monthly, and the results were approved by management.	Exception noted – For 1 trust account reconciliation out of 8 accounts sampled in each of 3 months (1 of 24 occurrences), there was no indication of the approver or date of approval.
10.6	All trust accounts under CWC tax ID are setup with a target replenishment level to prevent large unauthorized withdrawals.	Inspected a sample of replenishment forms to determine that they are setup with a target replenishment level approved by the client.	No exceptions noted.

Management Response to control exception 10.5:

Regarding the results to Control No. 10.5, due to temporary staffing issues related to the COVID pandemic, one of the trust account reconciliations did not indicate an approved review. Management does not expect this to be an issue in the next examination.

Client Output and Reporting

Control Objective 11: Controls provide reasonable assurance that output data, reports and documents are complete, accurate and distributed to authorized recipients on a timely basis.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
11.1	Output reports are available to clients through a secure website. Access to FileHandler Enterprise is restricted and can only be accessed by authorized individuals.	Observed the output reports available to clients to determine if access is through a secure website requiring a user ID and password. Inspected a sample of external client users on FileHandler Enterprise to determine that access is restricted and only accessible by authorized individuals.	No exceptions noted.
11.2	Security filters are designed within FileHandler Enterprise to restrict and limit clients from accessing other client’s claim information.	Inspected screen shots of access to FileHandler Enterprise and noted that security filters prevent clients from accessing other client’s claim information.	No exceptions noted.

Client Billing

Control Objective 12: Controls provide reasonable assurance that client bills are properly recorded and approved.

<i>Control No.</i>	<i>Control Activities</i>	<i>Tests of Operating Effectiveness Performed by IS Partners, LLC</i>	<i>ISP Results of Tests</i>
12.1	Billing policies and guidelines are documented to ensure proper recording of time and expenses.	Inspected relevant documentation to ascertain that policies and procedures have been established and documented for billing and recording of time and expenses.	No exceptions noted.
12.2	The FileHandler Enterprise application requires the Claims Manager approve the Examiner’s timesheet and expenses before the time and expenses can be billed.	Inspected screen shots of the billing process in FileHandler Enterprise to determine that the application does not allow the billing of time and expenses without approval from the Claims Manager.	No exceptions noted.
12.3	FileHandler Enterprise will not close a claim if outstanding expenses or hours have not been reviewed.	Inspected screen shots of the closure of claims within FileHandler Enterprise to determine that the application will not close a claim if outstanding expenses or hours have not been reviewed.	No exceptions noted.
12.4	Contractual rates automatically populate the invoice and cannot be modified or overridden by the billing Support Specialist.	Inspected screen shots of the invoice process to determine that the application automatically populates the invoice with contractual rates that cannot be modified or overridden by the billing Support Specialist.	No exceptions noted.

V. ADDITIONAL INFORMATION PROVIDED BY THE INDEPENDENT SERVICE AUDITOR

A) Introduction

This report is intended to provide Carl Warren & Company's user organizations, and the independent auditors of Carl Warren & Company's user organizations, with information regarding the controls placed in operation at Carl Warren & Company, for the period January 1, 2021 to March 31, 2022, related to the claims processing systems that may be relevant to a user organization's internal controls as it relates to an audit of financial statements. The information contained in this report should assist the independent auditors of user organizations in planning an audit of their financial statements, in accordance with guidance provided by the AICPA. The report is not intended to provide the independent auditors of user organizations with a basis for reducing their assessment of control risk.

Our examination was conducted in accordance with the applicable AICPA standards. Our examination was restricted to those control objectives and related control activities outlined by Carl Warren & Company's Management in section IV, which Management believes are the relevant key controls for the stated objectives.

Our responsibility is to express an opinion as to whether the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and that the controls were operating effectively during the period covered by the report. It is each interested party's responsibility to evaluate this information in relation to internal controls in place at each user organization. If an effective internal control structure is not in place at a user organization, the controls within Carl Warren & Company may not compensate for such a weakness. It is each user organization's responsibility to evaluate this information in relation to internal control policies and procedures in place at their organization to obtain an understanding of the internal controls and assess control risk.

B) Responsibilities of the Independent Service Auditor

Fairness of the Presentation of Carl Warren & Company's Description of Controls

As part of our review of Carl Warren & Company's controls, we performed procedures to determine whether the control activity descriptions presented fairly, in all material respects, the relevant aspects of Carl Warren & Company's controls that were in operation for the period January 1, 2021 to March 31, 2022.

The following procedures were completed, all or in part, to establish our understanding:

- Discussion with Management and/or other key personnel.
- Observation of procedures and controls being performed.
- Walkthroughs of selected functions, processes, and controls.
- Review of policy and procedural documents/manuals.
- Gaining an understanding of who the users of the report are and how the services provided are likely to affect them.

Suitability of the Design of Controls to Achieve Specified Control Objectives

As part of our review of Carl Warren & Company's controls, we performed procedures to determine if the control activities were suitably designed to achieve the specified control objectives for the period January 1, 2021 to March 31, 2022.

The following considerations were given, all or in part, in making our determination:

- Linkage between the control activities and the specified control objectives.
- Ability of the control activities to prevent or detect errors related to the specified control objective.

Tests of Operating Effectiveness

As part of our review of Carl Warren & Company's controls, we performed a variety of tests, each of which provided different levels of audit satisfaction. The combined results of these tests provided the basis for our understanding of the framework for control and whether the controls represented in section IV were in place and operating effectively during the period from January 1, 2021 to March 31, 2022.

The following test procedures were performed, all or in part, as deemed appropriate, in making our determination.

Test Procedure	Description
<i>Inquiry</i>	Interviewed relevant personnel about the details surrounding the controls to obtain an understanding of the controls.
<i>Observation</i>	Visually observed the execution of the controls.
<i>Inspection</i>	Physically reviewed/inspected documentation/evidence utilized in completing the controls or supporting the existence thereof.
<i>Re-performance</i>	Re-performed the controls.

C) Consideration of Relevant Aspects of Internal Control

Carl Warren & Company's internal control environment is comprised of various elements designed to enhance the effectiveness of its internal control system. These elements include:

- Organizational structure
- Tone at the top
- Risk assessment
- Management control and oversight
- Information and communication
- Human Resources policies and procedures
- Code of professional conduct
- Monitoring

Our tests of the internal control environment included the completion, in part or in combination, of various inquiry and observation procedures as deemed necessary to provide the basis for our understanding of the design of the internal control system for the period January 1, 2021 to March 31, 2022, and the rendering of our opinion in accordance with the requirements set forth in SSAE 18.

VI. OTHER INFORMATION PROVIDED BY CARL WARREN & COMPANY

Business Continuity and Disaster Recovery

Clients should perform adequate business continuity planning activities to ensure that critical business processes can be restored in the event of a disaster or business interruption. Such plans should be updated regularly and periodically tested for viability.

CWC continues an intensive effort to document Business Continuity Plans for critical systems. This is an overview of the plan and identifies critical systems and locations. Emergencies, disasters, accidents and injuries can occur any time without warning. Being prepared physically and mentally to handle emergencies will facilitate an orderly response to any such emergency or event. Carl Warren & Company has established Evacuation Procedures for employees to follow to provide a safe environment for employees to work within. Employee safety is Carl Warren & Company's main focus.

The Business Continuity Plan provides an organized approach for the employee-owners in which to respond to an outage which interrupts the normal business operations.

The Business Continuity Plan is implemented when the event has escalated beyond control utilizing normal business operations procedures. Business Continuity Planning is not "business as usual". It requires extraordinary procedures being put into place to begin to control the outcome of the event.

The following services are considered critical to CWC operations: E-mail and FileHandler Enterprise.

This plan is maintained by the CWC IT and Quality Assurance Departments. Any changes or modification requests will be made by the IT or Quality Assurance Departments in writing.

In the event of any type of disaster, there is a requirement for prompt notification of the associated business interruption (if any). A list of personnel will be notified, using a Call Tree, in the event of a business interruption and includes the help desk, key IT personnel and alternative office locations.

Employee safety is the main concern in the event of any type of disaster. Associates should immediately evacuate the building but may collect personal items ONLY if it is safe to do so. They should close, but not lock doors as they leave and direct anyone they may contact to leave the building. Associates should not use any elevators and use the stairway when possible and assemble at pre-determined evacuation sites.

After ensuring employee safety, Disaster Recovery leaders should follow the Business Continuity Plan to ensure down time is minimal. The plan includes employees who have access to top key customers and list of vendors that would need to be contacted. It also lists Claims files, Client Contacts, and Vendor Contracts as vital records that would need to be restored in the event of any type of disaster. If the system is unavailable, new claims will be captured manually.

FileHandler Enterprise is located in Kansas City, MO. Backups are taken of each server daily. SQL backups are taken every 2 hours. Storage for server and SQL backups are separated physically and logically. The entire environment is kept synced over to a DR facility in Dallas, TX. Data is kept within 5-10 of production at all times.

In the event of WAN failure, CWC has backup media standing by that can duplicate these databases to CD/DVD to be shipped overnight via priority mail cloud backup and FileHandler Enterprise environment is a cloud-based application sync over a DR facility in Dallas, TX.

CWC mail server is with Microsoft Office 365. Office 365 safeguards data with geo-redundant and disaster recovery with multiple data centers and automatic failovers and a strict privacy policy. In the event of Internet connectivity failure, Office 365 keeps CWC e-mail flowing.



Proposal for Third Party Liability Claims Administration Services

June 1, 2023

PREPARED FOR:

California State University Risk Management Authority (CSURMA)
Auxiliary Organizations Risk Management Alliance (AORMA)
c/o Alliant Insurance Services, Inc.
Attn: Mimi Long
560 Mission Street, 6th Floor
San Francisco, CA 94105





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TECHNICAL PROPOSAL



Exceeding Expectations Since 1954

June 1, 2023

California State University Risk Management Authority (CSURMA)
Auxiliary Organizations Risk Management Alliance (AORMA)
c/o Alliant Insurance Services, Inc.
Attn: Mimi Long
560 Mission Street, 6th Floor
San Francisco, CA 94105

Dear Ms. Long:

As Chief Executive Officer of George Hills, a California corporation, I thank you for the opportunity to submit a proposal for Third Party Administration services for the California State University Risk Management Authority (CSURMA) for the Auxiliary Organizations Risk Management Alliance's (AORMA) self-insured liability program. Our services will exceed AORMA's expectations and requirements and believe our team will bring the best value to AORMA for the following reasons.

- 1. Our Ability to Execute the Scope of Work:** George Hills has reviewed AORMA's scope of work for this contract and is confident that we can perform the specific deliverables and expectations of AORMA. We provide **TPA services for over 200 California public entities including large school districts such as LAUSD, Ventura County Schools Self-Funding Authority, Schools Insurance Group**, among others. Our team is very knowledgeable of the applicable services, applications, hardware, laws and regulations, customer service standards, and needs assessment required of AORMA.
- 2. We Are a Reputable TPA Firm with a Long History:** Our long-term relationships with our clients are a testament to the first-rate, valued services we provide. A boutique organization by design, we provide customized services to meet your needs. We have been providing TPA services for 68 years and have been focused on California public entities since the mid-70s.
- 3. Our Claims Unit Assigned to the Contract:** A knowledgeable and experienced claims team makes all the difference. We are proposing a designated team with school district experience and effective claim resolution practices.
- 4. Our Management Information System:** George Hills' use of our Claims Management Information System (CMIS) and our iMetrics reports, give our clients unique access to the claims process at every stage and allow clients to run customized reports. Although some TPAs have their own claims system, that is multi-line and private sector, our CMIS provides enhanced, customizable system reporting that is specific to public entities and unparalleled to other firms' capabilities.
- 5. Our Proposed Cost and Value of Services:** George Hills offers flexible, competitive pricing options. They reflect our firm's commitment to delivering a strong return on investment in all economic environments.
- 6. Our References:** We include California school district references in which we provide similar scope of work. These clients attest that our services have been completed on time and within contract budget. They also certify that our team demonstrates responsiveness, knowledge, and a high degree of accuracy.

Our key benefits outlined on the following page further define what sets our firm apart from our competition. While you are reviewing our response, ask yourself—when was the last time your TPA updated on innovative changes or training of staff? At George Hills our Value of Continuous Improvement is always evident.

Our excellent claims handling and success is always with a focus on the protection of your assets. We have been in business for 69 years, and throughout that time we have developed a best-in-class reputation for being highly responsive, proactive, effective communicators, and driven to achieve the best possible claims outcome.

Our commitment to superior customer service and expert performance is driven by our core values of **honesty/accountability, customer satisfaction, loyalty/commitment, financial stewardship, continuous improvement, and resiliency**. My commitment to you is that you will see and feel the difference.

Respectfully submitted,



John E. Chaquica, CPA, MBA, ARM
Chief Executive Officer, George Hills Company

Company Contacts: John Chaquica, Owner & CEO & Chris Shaffer, Chief Operating Officer

Office: (916) 859-4824 & (916) 859-4826

Email: john.chaquica@georgehills.com & chris.shaffer@georgehills.com

BENEFITS OF GEORGE HILLS

George Hills	Comparable Firms
 <p>George Hills selectively recruits and retains the industry’s best of the best public entity claims adjusters.</p>	<p>Other TPAs have experienced adjusters that may focus on private entities or are not as experienced in public entity claims adjusting.</p>
 <p>A boutique organization by design, we provide customized services to meet your needs, not have you fit into our system. George Hills has one owner, who is involved, available, and committed to meeting regularly.</p>	<p>Several TPA firms are large companies that may not have the time and focus on providing customized services to meet the needs of AORMA. Our Public Entity Management team is comprised of leaders in the industry.</p>
 <p>Providing expert liability, property, med-mal, and subrogation services for Public entities is our one and only focus. George Hills has 200+ California public entities including over half a dozen JPAs. George Hills is the TPA for the second largest School District in the United States.</p>	<p>Many other TPA firms provide multi-line services to a variety of private and public entities therefore don’t specialize in the specific needs that public entities require.</p>
 <p>George Hills developed our own comprehensive and effective public entity claims training program, George Hills Claims University (GHCU).</p>	<p>George Hills is the first and only TPA to launch its own learning program. Managed through a Learning Management System, GHCU provides continuous matriculation for our current and future employees and will soon be open to any clients as well as the general public.</p>
 <p>George Hills’ use of our Claims Management Information System (CMIS) and our Trademarked iMetrics reports, give our clients unique access to the claims process at every stage and allow clients to run customized reports.</p>	<p>Although some TPAs have their own claims system, that is multi-line and private sector, our CMIS provides enhanced, customizable system reporting that is specific to public entities and unparalleled to other firms’ capabilities.</p>
 <p>George Hills has developed a client facing portal, which provides dashboards and secure online areas for file sharing and collaboration.</p>	<p>We are one of the few TPAs that offer a resourceful, web-based portal that our clients can customize to fit their risk management and reporting needs.</p>
 <p>George Hills has two in-house attorneys that serve as our Litigation Managers, as well as assist clients and adjusting staff by applying their extensive public entity experience.</p>	<p>Although a couple of larger TPAs may have legal resources, our in-house attorneys are readily accessible and are routinely utilized by our claims adjusters and are available to our clients.</p>



"Best practice delivery of needed services and demonstrable customer-focused flexibility; that's what drives every George Hills engagement."

John E. Chaquica, MBA, CPA, ARM
George Hills' Chief Executive Officer



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2. References and Experience



REFERENCES AND EXPERIENCE

Principal Owner: John Chaquica, George Hills' chief executive officer and sole owner is well known for his industry knowledge, team building and inspiring leadership, he applies a virtually unmatched level of experience and talent to every problem. Before joining George Hills in 2008, John was CEO of Bickmore Risk Services and a partner at Gilbert Accountancy Corporation. Under his guidance at George Hills, the firm continues to grow and build a solid reputation as the preferred TPA of California public entities.

Public Entity Experience: George Hills Company, Inc. was founded in 1954 and has **provided liability and property claims administration services to the public sector for nearly four decades.** In addition to third-party claims administration, we provide industry-leading litigation management services, subrogation recovery, investigative services, and JPA Management.

George Hills has made public entity casualty claims adjusting its focus. We put forth considerable effort in recruiting, retaining, and training of employees. **We partner with 200+ California public entities including school districts and academic JPAs.**

George Hills provides third-party claims administration services for several academic public entities including:

- **Los Angeles Unified School District (LAUSD)**
- **Ventura County Self-Funding Authority (VCSSFA)**
- **Oakland Unified School District (OUSD)**
- **Schools Insurance Group (SIG)**
- **Bay Area Schools Insurance Cooperative (BASIC)**
- **Manteca Unified School District (MUSD)**

**George Hills
has a client
retention rate
of over 90%**

George Hills emphasis on high quality public entity adjusters and our reputation for excellent client service has led us to the forefront for California Public Entities property and liability claims management. **For over half a century, George Hills has specialized in California public entity multi-line claims adjusting (property and liability) while also providing litigation management and investigative services.**

Our approach as a third-party administrator is based on our commitment to protect your assets. Our goal is to reduce the number of claims and claims paid amounts by identifying cost drivers, performance gaps, and opportunities for cost reduction. Our project approach centers on transparency and frequent communication with internal and external stakeholders. At the onset, we seek to determine your expectations, which will refine our methodology. Our approach to fulfilling AORMA's needs stems from our company's experience, values, personnel, and our best practices approach to claims handling. Customer satisfaction is paramount and one of our core values—one which guides us in all we do. Our commitment to superior customer service is bolstered by our exceptional, highly qualified staff supported by our unparalleled training and certification program.

Offices: George Hills' corporate headquarters is in Folsom, CA near Sacramento. We also have offices in Agoura Hills, Ontario, and Redding. Our adjusting staff is located all throughout California. Our claims staff proposed for this contract is either located in our Folsom or Agoura Hills office. These offices would service AORMA for loss data or functions other than claims adjusting.

GH

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3. Corporation Changes



Driven by Innovation

CORPORATION CHANGES

George Hills confirms that there are not any major changes (e.g., relocation of firm/consolidation, legal name change, etc.) planned during the next twelve months.

GH

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4. Personnel



PROPOSED TEAM MEMBERS

George Hill’s proposed AORMA team is a strong differentiator. We selected the professionals to service AORMA because they have decades’ worth of experience, training, and knowledge in dealing with claims and litigation against public entities—including academic agencies.

Most adjusters hold BA or MA degrees, and/or certifications and designations including Associate in Risk Management (ARM); Registered Professional Adjuster (RPA); Casualty Claim Law Associate (CCLA); Workers' Compensation Claims Professional (WCCP); California Self-Insured Administrator Workers' Compensation (SIA); American Institute of Certified Public Accountants (AICPA).

Each proposed GHC/AORMA team member’s workflow and case load is collaborative, balanced, and supported at the primary and investigative levels, as well as checked at the supervisory and quality control levels. All members of the team have extensive relations with defense/plaintiff counsel throughout California, are highly experienced in issues involving the coordination of ADA claims, as well as fire, police, and public works. George Hills requires that client TPA members receive ongoing updates (via emails, webinars, newsletters, as well as conference and forum participation) on current California Government Codes and Legislation, and changing regulations at local, state, and federal levels having direct effect on George Hills’ client base.

The table below identifies the following details of our proposed team:

- A. The position each individual currently occupies and is being proposed to occupy;
- B. The education, years, and type of experience of each individual
- C. The experience adjusting California permissibly public agency
- D. The length of time each individual has been with the proposer;
- E. The percentage of time each individual is in the office, remotely, and the field;
- F. The caseload for every person assigned to handle any portion of AORMA’s claims

Name and Title	Years of Experience + With George Hills	Current Position and Role for AORMA
<p>John Chaquica, MBA, CPA, ARM CEO/Owner</p>	<p>Experience: 35+ With GH:</p>	<p>Role: Executive Contact Contract liaison for AORMA’s total satisfaction of George Hills’ services, and steward of George Hills’ values throughout the engagement.</p> <p>Qualifications: John Chaquica has over 35 years of experience in risk management and is highly respected in the industry. He has led the strategic growth of George Hills to where it is today.</p>
<p>Chris Shaffer Chief Operating Officer</p>	<p>Experience: 27 With GH:</p>	<p>Role: Manages supervisors and provides executive oversight of all claims related activities for AORMA, as needed.</p> <p>Qualifications: Chris Shaffer has an exceptional, 27-year record of achievement in the management of corporate client, risk management, and information systems operations.</p>

<p>Chris Hunt Claims Manager</p>	<p>Experience: 27 With GH: 5 years</p>	<p>Role: Mr. Hunt is a VP of Claims Administration for George Hills. For this contract, his supervisory role will include managing the claims adjusters and claims process and ensuring quality control.</p> <p>Qualifications: Chris Hunt has 27 years of experience with a strong background in school district claims management. He attended and received degrees from multiple learning institutions and earned his Associate in Risk Management.</p> <p>Percentage Working Remote/the Field: 20% office, 80 remote</p>
<p>Marizel Bajao Senior Claims Adjuster</p>	<p>Experience: 36 With GH: 24</p>	<p>Role: Lead adjuster and primary point of contact for all claims-related matters for AORMA.</p> <p>Qualifications: Marizel Bajao earned her BA Business Administration from San Jose State University. She has 36 years of experience in multi-line claims adjusting.</p> <p>Percentage Working Remote/the Field: 90% remote, 10% field</p> <p>Caseload: 125-150 open claims</p>
<p>Tina Wolf Back-Up Claims Adjuster</p>	<p>Experience: 15 With GH: 1</p>	<p>Role: Claims adjuster handling claims; additional point of contact for all claims-related matters for AORMA.</p> <p>Qualifications: Ms. Wolf is a highly qualified claim professional with over 15 years of experience in claims management. She holds a California Independent Insurance License.</p> <p>Percentage Working Remote/the Field: 90% remote, 10% field</p> <p>Caseload: 125-150 open claims</p>
<p>Tammy Hunt Subrogation Supervisor</p>	<p>Experience: 26 With GH: 10 years</p>	<p>Role: Supervises subrogation specialist an oversees the subrogation process and ensures quality control. Primary point of contact for the design and overall operation of the recovery program.</p> <p>Qualifications: Tammy Hunt earned an AA and BA from Humphreys College. She is a Certified Paralegal and holds a Certified Legal Secretary Designation. After working on the City of Stockton’s subrogation recovery for 11 years, Tammy joined George Hills in 2013 and has been providing exceptional subrogation recovery services for public agencies clients.</p>

<p>Edie Yamamura Subrogation Specialist</p>	<p>Experience: 22 With GH: 20</p>	<p>Role: Identify, analyze, and evaluate subrogation potential and then coordinates the recovery of claims payments on behalf of AORMA.</p> <p>Qualifications: Edie Yamamura has 22 years of experience as a senior adjuster handling claims and litigation. She has a remarkable small claims court win ratio and investigation is her forte.</p>
<p>TBD Claims Processor</p>	<p>-</p>	<p>Role: Responsible for support for the liability claims team. Enters all new claims into the OUR CMIS system and general claims processing. Instrumental in our quality assurance reporting.</p>

John Chaquica, CPA, MBA, ARM,
CEO/Owner

Mr. Chaquica has over 32 years of management experience and JPA leadership. He is known for his exceptional public-sector knowledge, and his ability to put together efficient and productive cross-functional teams. Before joining George Hills, Mr. Chaquica was the CEO of Bickmore, a leading US-based risk management company servicing both the public and private sector. At Bickmore, he led the strategic plan of the firm and was accountable for 100+ employees and five office locations. In addition to his role as CEO, Mr. Chaquica served as Executive Director for several California public entity self-insurance pools and as a strategic advisor to several other entities. Before joining Bickmore, Mr. Chaquica was Partner in Gilbert Accountancy Corporation, specializing in small and medium-sized private business, non-profit organizations and governmental agencies. At Gilbert Accountancy Corporation Mr. Chaquica served as Audit Partner and was Industry Team Leader on public entity self-insured groups. Mr. Chaquica is a CPA, MBA, ARM, CGMA, and a licensed Independent Insurance Adjuster and Property/Casualty Agent.

Education:

- Golden Gate University, MA Business Administration, Finance

- California State University, Sacramento, BS, Accounting
- Insurance Institute of America- Associate in Risk Management (ARM)

Chris Shaffer, ARM/P, Chief Operating Officer

Mr. Shaffer has an exceptional, 27-year record of achievement in the management of corporate client, risk management, business systems, and information systems operations. He has proven his ability to improve business performance, increase capabilities and efficiency, reduce costs, minimize risk, and streamline workflow by implementing technology and process enhancement solutions. Mr. Shaffer has special expertise in automating manual procedures, selecting and deploying enterprise-level applications, and implementing technologies to keep pace with industry and business needs. Mr. Shaffer excels at building and leading top-performing teams. His outstanding project management and decision-making skills make him an asset to George Hills and those with whom we partner.

Education:

- University of Utah, BA History
- Insurance Institute of America- Associate in Risk Management – Public Entity (ARM/P)

Chris Hunt, Claims Manager

Mr. Hunt is a highly qualified individual with a strong background in claims management. He attended and received degrees from multiple learning institutions and earned his Associate in Risk Management certification as well. Mr. Hunt started his career in claims as a casualty adjuster and has since moved up to program manager and supervisor. Mr. Hunt has experience managing large clientele portfolios and has supervised employees in the administration of general liability and subrogation claims, with an emphasis on public entity claims. As a member of the team, he will supervise the claims adjusters and ensure quality control of the claims process.

Education:

- Insurance Educational Association, Associate in Risk Management (ARM)
- Cal Poly Pomona, B.S. in Behavioral Science
- Riverside City College, Associate of Arts

Marizel Bajao, Senior Claims Adjuster

Ms. Bajao has been with George Hills since 1998 as a Senior Claims Adjuster. She is a Multi-line Claims Adjuster, specializing in adjusting and investigations of minor to complex casualty, property, and professional liability claims for public entity clients and insurance company clients. Previously she worked for Crawford & Company as a Liability Claims Adjuster and Liability Claims Supervisor. She has provided risk management services for self-insured and national accounts.

Education:

- San Jose State University, BA

Tina Wolf, Back-Up Claims Adjuster

Ms. Wolf is a high-impact claims specialist with a significant ability to identify initiatives and facilitate action-driven plans to support financial growth and insurance objectives. She has 15 years of multi-line claims experience including

commercial and general liability, property and casualty, employment liability claims. She is responsible for the review, analysis, and process of moderate to complex public entity third-party claims in multiple jurisdictions. Ms. Wolf holds a California Independent Adjuster license.

Tammy Hunt, Subrogation Supervisor

Tammy Hunt came to George Hills from the City of Stockton where she worked on criminal and civil litigation cases in the City Attorney's office for 11 years. Her work at the City of Stockton included the handling of the city's subrogation cases—a little more than 1,000 cases at any given time. She also maintained property, general liability, auto, crime, council bonds, notary public, and numerous other insurance programs for the City. Ms. Hunt is highly knowledgeable and experienced in both public and private sector claims administration and litigation management processes and procedures.

Education:

- Humphreys College, AA and BA
- Certified Paralegal
- California Certified Legal Secretary Designation

Edie Yamamura, Subrogation Specialist

Ms. Yamamura has over 20 years of experience as a senior adjuster handling claims and litigation. She has a remarkable small claims court win ratio and investigation is her forte. Ms. Yamamura enjoys site visits and working directly with the clients, as well as preparing client employees for testimony and in-person witness statements.



5. List of Current Clients



Public Entity Experience: George Hills has made public entity casualty claims adjusting its focus. We put forth considerable effort in recruiting, retaining, and training of employees. **We partner with more than 200 California public entities including school districts and academic JPAs. Below is a short list of public agency clients, the number of years served, and descriptions of the services provided.**

Name of Entity + Number of Employees	Point of Contact	Years Served	Description of Services
Los Angeles Unified School District (LAUSD)	Robert Reider, Director of Risk Management (LAUSD) (213) 241-1843 robert.reider@lausd.net	4	Third Party Liability Claims Management Services
Oakland Unified School District (OUSD)	Rebecca R. Littlejohn, Risk Management Officer (510) 879-1611 rebecca.littlejohn@ousd.org	1	Third Party Liability Claims Management Services
Manteca Unified School District (MUSD)	Dante Alvarez, Director of Certificated Human Resources (209) 858-0794 dalvarez@mUSD.net	25	Third Party Claims Management Services
Ventura County Schools Self-Funding Authority (VCSSFA)	Elizabeth Atilano-Melvin, Executive Director (VCSSFA) (805) 383-1969 eatilano@vcoe.org	3	Third Party Liability and Property Claims Administration Services
County of Sacramento	Mike Daily, Risk Manager (916) 876-5017 daily@m@saccounty.net	39	Third Party Liability Claims Adjusting Services and Subrogation Recovery Services
County of Alameda	Lucretia Akil, Risk Manager (510) 520-8887 lucretia.akil@acgov.org	30	Third Party Liability and Property Claims Administration Services



6. Terminated Agreements



Exceeding Expectations Since 1954

TERMINATED AGREEMENTS

George Hills has not had any contracts terminated during the past twenty-four months.



5. Proposed Cost of Services



FEE SECTION TERMS

One Time Start-up Fee—The process of on-boarding a new client covers many areas, from establishing expectations, policies and procedures to designing the infrastructure to meet the needs of risk management, council, and department heads. It also involves time and effort in establishing the Trust Account or check writing, W-9 and all federal and state reporting requirements. Most importantly claims triage. This is not time spent on the actual data conversion.

Annual Administration Fee—George Hills' has determined it takes a company wide effort to ensure we exceed the expectations of our clients. As such we feel it transparent to separately identify and charge for those critical function that are not directly tied to claims handling. As such we include an annual administration fee which includes the following activities:

- Access to CMIS and training
- A monthly listing of open claims, showing expense categories, reserves, and total incurred
- Monthly claim summary reports
- Providing loss run data and required reports
- Providing annual reports to outside agencies
- Filing of regulatory reports (such as 1099, W-9, etc.)
- Establish and maintain a trust fund to pay indemnity and expenses that may be due on claims. The amount to be maintained in the trust fund shall be determined in the on-boarding process. (Note: if trust fund is not set-up with the George Hills preferred bank, there may be an additional set-up fee)
- New bank account set up (signature cards, test checks, online access, set up bank in the CMIS)-- George Hills' preferred bank is California Bank & Trust. Should another bank be selected, an additional setup fee may be charged due to the complexities and amount of time and effort
- Approval process shall be documented in George Hills Special Claims Handling Standards and Instruction form
- Process checks weekly
- Submit positive pay if applicable/monitor positive pay (review daily emails from bank for exceptions)
- Maintain a copy of all checks drawn by George Hills to pay claims and claims related expenses
- Submit monthly check registers of all transactions made for the period
- Monitor account balance, prepare replenishment requests as needed (customize request for each client's need)
- Monthly bank reconciliation (prepared and sent to assigned client personnel)
- Special reports that requested to go with billing invoices (by member, claim type, etc.)
- Payment of invoices that are pass-throughs (i.e., invoices for medical record copies, ExamWorks, etc.)
- Certificates of insurance
- The handling of paper file expenses during conversion, if applicable

Mileage - Adjuster—Mileage is paid at the current IRS rate.

MMSEA—Both the one-time setup fee and the annual reporting fee are paid directly to ExamWorks.

Adjuster Travel Expenses—for mediations, settlement conferences, trials, etc.; subject to prior approval and submitted with receipts.

CMIS Access Fee—Included in the annual administration fee is the setup and management of five (5) user accounts through our CMIS.

iMetrics Report Fee—There will be no charge for our iMetrics business intelligence reports with executive in-person debriefs.

Custom Reports—Additional charges for custom reporting shall be defined as, requiring a third-party programmer for three hours or more and is client specific.

Conversion Fees—This fee is intended to cover costs associated with data conversion, transition, and contract closeout. The data conversion fee is dependent on many factors which will need to be discussed. If George Hills is retained for five years, then we will absorb 100 percent of the conversion fee. If George Hills is not retained for the full length of the proposed contract, then the client shall be subject to a fee of 20 percent each year not retained (this does not include shipping, storing, scanning, copying, or otherwise handling open or closed paper claims files, this shall be a separate charge based on the Scope of Services).

George Hills will charge for any agreed services related to conversion storage, copying, scanning, shipping, and disposal.

Catastrophic Pricing—Applicable only to fixed fee and time and expense, with a cap fee agreement. George Hills recognizes that in the event of a catastrophe, additional hours will need to be applied to the handling of such claims. As such, to preserve the quality and efficiency of service for which we have been known, George Hills proposes that should a catastrophic event occur resulting in 10 or more claimants or claims from a single occurrence, the client shall be billed at the current hourly rate.

Annual Fee Escalator—The Annual Fixed Fee and all hourly rates in this Contract shall be adjusted at the beginning of each of the remaining years of the term by the lesser of, 5% or in accordance with the changes in the Consumer Price Index (CPI-U) for all Urban Consumers for the Western Region using the most recently published annual percentage change, but in any event such increase shall not be less than 3%.

Termination Fee—In the event of contract termination, George Hills' procedures and cost for run-off claims will be billed at the current hourly rate; no charge for historical loss summaries. George Hills believes that the successful transition of claims requires preparation, so we ask for 90 days' notice if the contract is terminated without cause, to properly and efficiently facilitate the transition of claims management.

General File—A general administrative file shall be established and maintained to track effort related to services necessary to fulfill our contractual obligations and not otherwise associated with a claim.

Storage—George Hills will charge for any services related to storage, retrieval, copying, scanning, shipping, and disposal of paper files.

ADJUSTING SERVICES FEES

Option A1: Time and Expense—George Hills believes, as in the legal field, services surrounding claims and potential litigation are best captured by directed effort. In this case, the client only pays for the services requested. In a time and expense environment, George Hills applies its best practice approach to all claims; unless the client adjusts, restricts, or expands such services. A general administrative file will be established and maintained to track effort related to services necessary to fulfill our contractual obligations not otherwise associated with a claim.

Time and Expense for Adjusting Services	
Supervisor	\$122/hour *
Adjuster	\$97/hour *
Claims Processing	\$84/hour *

Option A2: Time and Expense with a Cap—George Hills believes that this can be the best of both worlds. It allows the realities of the unknown to dictate service results but has some budget certainty. The cap will always be more than the fixed fee to protect the unknown but often can result in less cost too. The cap is a movable target and really should be adjusted annually until the services and relationship have settled.

The above hourly rates by position are the same for both options A1 and A2. The only difference shall be that George Hills commits to an annual maximum of \$80,000.00 on adjusting services for option A2. Please note the catastrophic pricing is applicable.

**Subject to the Annual Fee Escalator*

Option B: Fixed Fee—George Hills believes this is a workable solution for public agencies seeking budget certainty. Unfortunately, it has its challenges. First, every other significant component of a claim (settlement and legal fees) are not predictable and, as such, making the adjusting costs fixed will ensure that 100 percent of the time the fee will be wrong. Secondly, the result could be that the client is receiving far more resources than they are paying for, or the client is paying for far more resources than they are receiving in services on any one claim. Either outcome is wrong.

In this environment, George Hills makes every effort to be resource sensitive in applying our best practices to ensure we balance the economics. No matter what, we put forth the right effort to resolve the claim. We do, however, adjust practices that can and should be adjusted to meet our clients budget goals.

Fixed Fee	
Fixed Fee	\$65,000

GENERAL ADMINISTRATIVE FEES—ADDITIONAL TO ADJUSTING FEES

All pricing is based on the current average of 21 new claims annually. Should the claim volume change more than 10% in severity or frequency in a year, we request reevaluation of our pricing agreement.

General Administrative Fee Section – Applicable to each fee option.	
One Time Start-Up Fee	\$5,000
Annual Administration Fee	\$3,500
Mileage - Adjuster	Current IRS Rate
One Time MMSEA Setup Fee (paid to ExamWorks)- if applicable. Annual Reporting Fee (paid to ExamWorks)	\$300/one-time \$500/year
Adjuster travel expenses for mediations, settlement conferences, trials; subject to prior approval.	Actual
CMIS access fee (up to 5 users)	Included
Custom reports, if exceeds three hours and is client specific	\$185/hour
Allocated File Expenses (see attached details)	At cost
Conversion Fee (waived if client for 5 years, see below "Conversion Fees")	See Notes
Storage – if applicable	TBD – Actual cost
Catastrophic Pricing	Current hourly rate

Allocated Expenses

Typically, allocated expenses are those expenses that are generated by a claim (by outside vendors other than George Hills) that cannot be foreseen nor included in an agreement. These are generally allocated back to the specific claim file for which the cost was incurred and then charged back to the entity whose claim incurred that cost. In most situations are pass-through costs (with processing fees) for services and/or fees not directly generated by the TPA, but rather by a third-party consultant where the TPA has acted as an agent on behalf of the entity to necessarily outsource services to a third-party consultant and/or miscellaneous fees applicable to the specific claim applied by an outside entity, such as a court or copy service. Below, George Hills has provided a list, by no means an exhaustive list, of typical allocated expenses.

- Fees of outside counsel for claims in suit, coverage opinions, and litigation, and for representation and hearings or pretrial conferences;
- Fees of court reporters;
- All court costs, court fees, and court expenses;
- Fees for service of process;
- CMS reporting costs and fees (ExamWorks);
- Costs of undercover operatives and detectives;
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, or diagrams;
- Costs for employing experts for the advice, opinions, or testimony concerning claims under investigation or in litigation of for which a declaratory judgment is sought;
- Costs for independent medical examination or evaluation for rehabilitation;
- Costs of legal transcripts of testimony taken at coroner's inquests, or criminal or civil proceeding;
- Costs for copies of any public records or medical records;
- Costs of depositions and court reporting;
- Costs and expenses of subrogation, (if not George Hills);
- Costs of engineers, handwriting experts, or any other type of expert used in the preparation of litigation or used in a one-time basis to resolve disputes;
- Witness fees and travel expenses;
- Costs of photographers and photocopy services (if not George Hills—our costs for this is included in our rate);
- Costs of appraisal fees and expenses not included in flat fee or performed by others;
- Costs of indexing claimants;
- Services performed outside the TPA's normal geographical regions;
- Costs and time for attending board / TPA meetings;
- Costs associated with Medicare Set-Aside analysis and submission or Medicare Conditional Lien negotiation;
- Investigation of possible fraud including SIU services and related expenses; and/or
- Any other similar cost, fee, or expense that is not otherwise included in the TPA's service fees that is reasonably chargeable to the investigation, negotiation, settlement, or defense of a claim or loss or to the protection or perfection of the subrogation rights of the entity. (includes time, travel and lodging).



8. Statement of Auditing Standards Report



STATEMENT OF AUDITING STANDARDS REPORT

George Hills has provided our most recent Statement of Auditing Standards Report in the Appendix.



9. Owned and/or Affiliated Ancillary Services or Companies



OWNED AND/OR AFFILIATED ANCILLARY SERVICES OR COMPANIES

George Hills does not have any owned nor affiliated ancillary services or companies.

GH

GEORGE HILLS

Our minds over your matters.

10. Cost of Adjusting Existing Open Files



COST OF ADJUSTING EXISTING OPEN FILES

George Hills understands that there will be approximately 21 open files that will be transferred. We have included the cost of handling these existing open files in the fee quoted in Section 7: Fee Structure.



11. Transition Plan



TRANSITION PLAN

George Hills will seamlessly transition AORMA from a former TPA. Once we have been awarded the contract, we will assemble our Onboarding Team which will be led by Chris Shaffer and Todd Mershon. Either can be the point of contact for AORMA, George Hills, and the exiting TPA. We begin this process by meeting with AORMA to establish the Client Transition Team, review our onboarding process, set activity target dates, and confirm our onboarding meeting schedule. The next step is for George Hills to discuss our TPA Transfer Instructions with the exiting TPA. Finally, our Transition and Implementation Plan is our roadmap to direct us through the steps necessary to complete the transition successfully. The majority of the action items listed in this document will be completed before our contract begins. We encourage weekly meetings to discuss the transition progress. These weekly meetings will include a brief update from each member of our Onboarding team. Our transition process concludes 90 days after our contract begins, and after we meet with AORMA to discuss the implementation process and solicit feedback. **There is no charge for electronic data conversion if AORMA stays with George Hills for five years.**

Project Transition Schedule: See an example of our Transition and Implementation Plan below.

Client Name:		Contract Award Date:		Contract Start Date:	
George Hills Transition Team		Title	Phone Number	Email	
Jamie Feld	Accounting Supervisor	(916) 233-1944	jamie.feld@georgehills.com		
Chris Shaffer	VP Claims Administration	(916) 859-4824	chris.shaffer@georgehills.com		
Chris Hunt	Claims Supervisor	(909) 763-7373	chris.hunt@georgehills.com		
Client Transition Team					
John Doe	Risk Manager	(888) 646-8547	name@city.com		
Account Information		Task Owner	Target Date	Completion Date	Notes and Comments
Informal Notification of Win	John Chaquica				
Contract Award Date (Board)	John Chaquica				
Contract Start Date	Account Manager				
Transition Start Date	Account Manager				
Transition End Date	Account Manager				
Takeover/Historical Claim Count	Account Manager				
Prior TPA - Transition Team: CW	Account Manager				
Client W9					
Obtain Policies, MOC, and Reporting Guidelines					
Broker/Consultant & Excess Carrier Info					
Onboarding Prep, Contract, and Meetings					
Task Name	Task Owner	Target Date	Completion Date	Notes and Comments	
Meeting with Client Transition Team	Account Manager				
Create New Client Profile Sheet	Account Manager				
Contract/Pricing Finalization	John Chaquica				
Schedule Weekly Status Meetings (15 min)	Account Manager				
Reminder: Send Client our W9 and COI	Account Manager				
Task Name	Task Owner	Target Date	Completion Date	Notes and Comments	
Initial Meeting with Exiting TPA					
Schedule /hold call with exiting TPA					
Provide TPA with transfer instructions					
Obtain Client RRE#					
Confirm # of physical closed files, notify storage vendor and estimate storage/scanning cost					
Finance-Banking					
Client call to discuss banking & route signature card	Jamie Feld				
Accounting/Invoicing (Internal)					
Client ID - B (Finance)	Jamie Feld				
Contract review with Finance	John/Jamie				
Confirm who is responsible for invoicing	Jamie Feld				

Data Conversion and Testing	
Client ID -A (CXP)	IT Team
Schedule meeting with client to discuss org structure, custom coding fields and report needs	IT Team
Test Phase I	
Request/receive/load data test files	IT Team
Policies, claims, organization structure, mapping review/client approval, data clean-up, notepad	IT Team / Chris Shaffer
Test Phase II	
Payments and reserves	IT Team
Test Phase III	
Correspondence and Imaging	IT Team
Final Data Load Phase IV	
Complete final data conversion	IT Team
System Access, Custom Requirements and Reports	
Schedule meeting to review organization structure and custom cosign requirements	
Set up sample loss run once data is in to secure any special fields client will need for loss run	
Set up system access for client & setup training	
Confirm client report and frequency	
Claims Operations	
Confirm Lead Adjuster/Litigation Manager/Supprting Adjuster/Claim Processor	
Special handling , claims review frequency, new loss reporting/intake, set-up, excess reporting, client reporting, CXP alerts, special coding	
Provide client GH contact sheet & welcome kit	
Prioritize review of open transfer claims	
Triage open "hot" claims and open transfer claims	
Schedule meet and greet with client and GH team	
Post Implementation Phase	
Project completion meeting with client	
3-month post conversion meeting with client	



12. Ability to Execute Scope of Work



SCOPE OF SERVICES

1. General Services: George Hills will supervise and administer the AORMA Liability Program in conformance with all applicable CSURMA policies and procedures, including Policy and Procedure Nos, L-1, L-2 and L-3. (Attached). Our team will represent AORMA in all matters related to the investigation, adjustment, processing, supervision and resolution of liability claims for money damages asserted by third parties against the AORMA (and other participants in the Program) and all other claims falling within the scope and coverage of the AORMA Liability Program Memorandum of Coverage; and

2. Investigative Services: George Hills will 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 AORMA to George Hills; and

(b) the investigation of such accidents, incidents, claims or cases where examination warrants such investigation or when requested by AORMA, 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.

3. Claims Administration: George Hills will provide complete claims adjustment services on each accident, event or incident that may be the subject of a claim or potential claim against the AORMA which is reported to George Hills by the AORMA. Including;

- A. The maintenance of a claim file on each potential or actual claim reported to George Hills;
- B. Processing any claim or potential claim for settlement in accordance with the AORMA's instructions for settlement of the claims;
- C. Obtaining all release agreements or proofs of loss on settlement of any claim or potential claim;
- D. Performing an analysis of all claims and lawsuits for potential liability apportionment between a CSU Campus or other CSU Auxiliary Organization.

4. Administrative Services and Financial Reporting: George Hills will provide the following administrative services:

- A. Assign a AORMA Account Adjuster to the AORMA;
- B. Provide electronic access to all claims including the status of each reported open claim assigned to George Hills, the details of each such claim, the outstanding reserves for each claim, and details of all claim payments;
- C. Perform periodic reviews and adjustments of reserves on all open claims.
- D. Provide account specific reports and attend meetings as requested by AORMA.
- E. Maintain a record of all checks, money orders, and cash it receives for reimbursement on or refund of any claim expenditures. George Hills will furnish a copy of the record to AORMA on a monthly basis, including bank statements and any other appropriate financial records;
- F. Maintain a record of all checks issued, cashed, voided or cancelled. George Hills will furnish a copy of the record to AORMA on a monthly basis, including bank statements and any other appropriate financial records; and,
- G. George Hills will operate all of AORMA's accounts on a positive pay basis. We will provide AORMA with a reconciliation at least once a month.

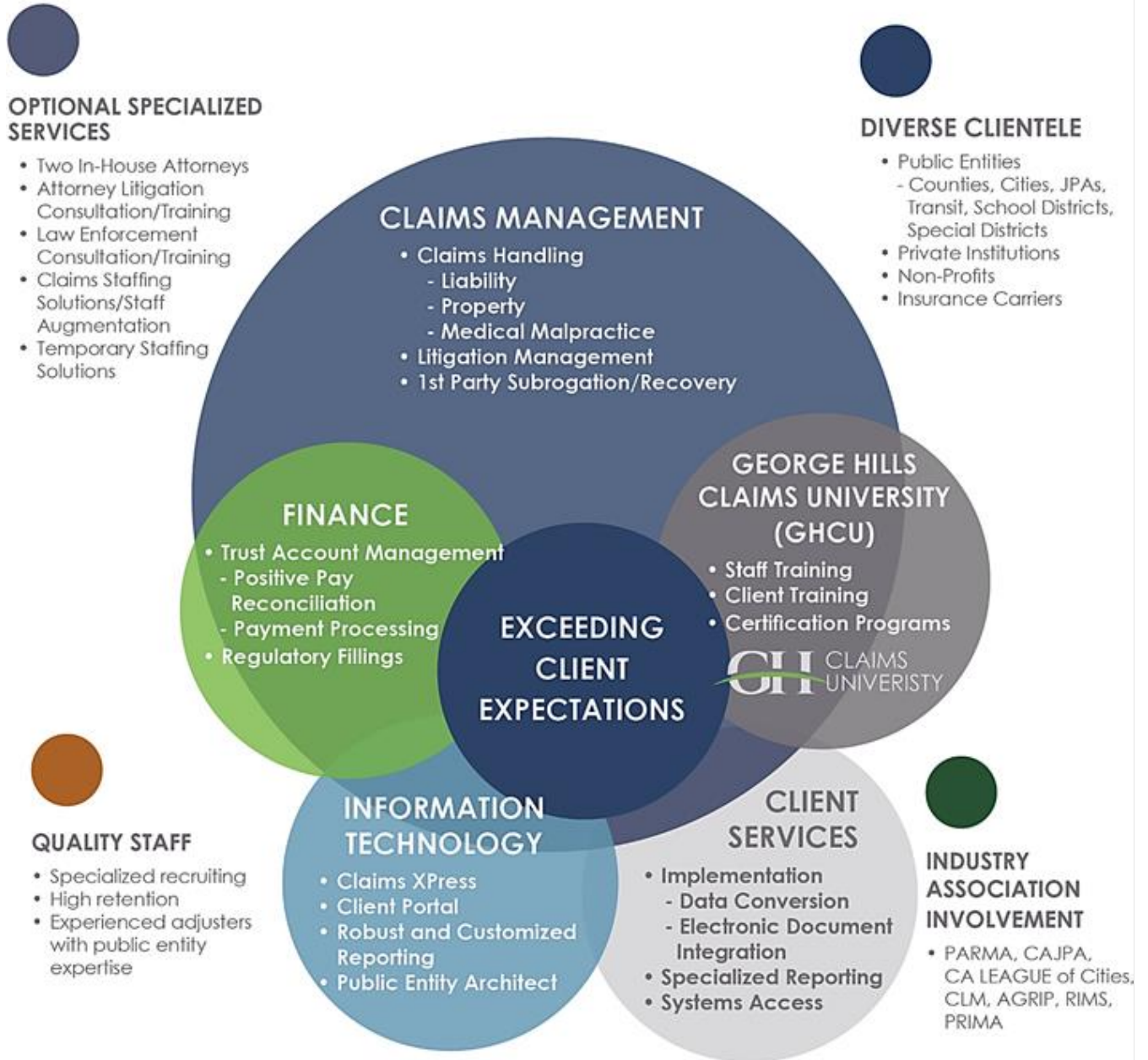
5. Legal Support Services: George Hills will provide legal support services on each claim wherein a claimant has commenced litigation.

6. Subrogation Services: George Hills will supervise and administer the subrogation program for AORMA in all matters related to the investigation, collection, processing, supervision and resolution of the subrogated claims against third parties.

7. Statistical Reporting: George Hills will record all claims in a Claims Management System or Risk Management Information System. Records will contain all pertinent claim information, including claim number, date of loss, date of claim, claimant name, claimant address, impacted department, location of loss, description of incident, loss reserves, loss payments, expense reserves, reinsurance recoveries, and deductible recoveries. We will provide computerized loss run at the end of each quarter.

George Hills' Claims Administration Services

George Hills focus on public entities and each individual client has allowed us to create both a comprehensive and adaptable claims management structure and methodology. This allows us to customize a Work Plan and Approach to each and every client yet provide a structure of success that encompasses more than claims processing functions and focuses on efficient, cost-effective, and strategic claims resolutions. With the staffing and management approach, discussed in the preceding section, we are able to partner together for our success. Below is the diagram depicting the tenets of success for each client, displaying each key area of our work plan and approach.



Approach to Services

George Hills’ best practices approach to claims management centers around early communication and transparency of information. Early communication with claimants leads to a faster claim resolution, and our transparency of information gives AORMA insight to the claims process from inception to close.

George Hills’ *Best Practices General Liability Claims Handling Manual* and *Best Practices General Liability Litigation Manual*—both of which all George Hills claims processors, adjusters, and supervisors must follow in accordance with the specific rules, regulations, and requirements of an individual client—fully support the scope of work, procedures, processes, and requests of AORMA. George Hills’ stated mission is always “to provide the highest level of quality, customer-focused claims service.” We accomplish this by assigning teams

of experienced individuals, who have managed similar accounts for many years. We will make our Best Practices manual available to AORMA for review.

Communication: George Hills values steady, quality communication with our clients. We will maintain top-notch communication with AORMA through various methods such as monthly financial reports and loss runs, status reports, captioned reports, reserve and settlement authorizations, regular claim reviews, and returning phone calls and email inquiries in a timely manner. **Phone calls and e-mails receive a response within 24 hours. All other written communication receives a response within three business days.**

We will meet quarterly to discuss the status of all open litigated claims and develop a plan to evaluate liability effectively, including costs for defense. Loss run reports are provided no later than the fifth business day of each month. Reports will be made available upon request. Every month AORMA will receive a report of all open, reopened, and closed claims. Status reports will include a synopsis of the loss, status of the loss, proposed action plan, and current financial totals.

George Hills will maintain a general file of all of AORMA's documents including, but not limited to, correspondence, reports, insurance policies (and Memorandums of Coverage), notices, agendas, minutes, and all governing documents. We will also maintain a general claims file to track all activity and time to meet the non-claims specific requirements.

Best Practice Quality Control: George Hills' processes, procedures, and methodologies center around adjuster accuracy and customer satisfaction. Quality control comes at the technological (automated) level and at the human (adjuster/supervisor) level by George Hills' supervisors.

Contacts:

- 24-hour emergency contact is made within one hour of assignment or phone call.
- Initial contact will be made with insured/client, claimant and witnesses within one business day of receipt of their information. If no contact is made with the claimant, two subsequent contact attempts via telephone will be made within the first 48 hours after receipt of the claim. If we do not have contact information for the claimant, or have incorrect information, extra attempts will be made to secure correct contact information, such as a Google or online "white pages" search. If the AORMA's protocols are such that claimant is not to be contacted, that will be documented in the adjuster's file notes.
- An acknowledgment letter or email will be sent to all pertinent parties containing the adjuster's contact information and claim number unless instructed otherwise.

Best Practice Claim Data and Information Management: George Hills' ability to develop and maintain AORMA's data metrics for decision-making as well as provide accurate statistical reporting is due solely to our commitment to best practices in our Information Technology processes. Our CMIS provides George Hills and our clients with much greater expert resources. Additionally, George Hills can rely on our system's commitment to security to ensure your data is safe. To illustrate this commitment, our team completes an annual disaster recovery exercise to safeguard against potential data loss.

Timely resolution of claims is another best practice we employ. Generally speaking, the longer a file is open, the costlier it is for our clients. Superfluous open reserves on our client's book of business can negatively affect financial results. As such, one of the items reviewed by the supervisors when they are auditing files is timeliness of closures. The supervisor will also review whether the adjuster is continuing to update the claim diary. Every time an adjuster picks up a file, they should do everything necessary to get the file closer to resolution.

Reporting New Claims: Depending on the nature and urgency of an incident, new claims can be reported to George Hills in several ways.

- Routine, non-urgent tort claims can be sent via email through our dedicated intake portal which is monitored by our claims support team to assure timely set up in the claims systems within one business day.
- More urgent matters can be reported directly by phone through your designated adjuster, supervisor or claims processor.
- After-hours critical incident response - AORMA will be provided with the after-hours contact information for your primary designated adjuster who can usually respond to the scene of a critical incident within one hour of contact.

File Set-Up: Within one business day receiving notification of a new claim, (usually the same day) the claims processor will take the following steps:

- Enter the data into CMIS, including assignment of the adjuster
- Attach any paperwork received with the claim to CMIS
- Notify the assigned adjuster of the newly assigned claim
- These actions trigger the CMIS to set an automatic diary for the adjuster and their supervisor.
- Send an acknowledgment of new assignment to AORMA, with the claim number and assigned adjuster
- Make initial phone contact with the claimant or their attorney, if so instructed, with the claim number and contact information for the adjuster, with a follow up acknowledgment letter

Adjuster initial review and contacts: Upon notification of a new assignment, the adjuster will:

- Review the information in CMIS for accuracy
- Review all attached documents and notes in the file
- Review the tort claim for timeliness and sufficiency and take appropriate action, including recommendations for sending tort claims notices
- Set initial reserves
- Plan and initiate the investigation
- Make Initial contact with insured/client, claimant and witnesses within one business day of receipt of their information. If no contact is made with the claimant, two subsequent contact attempts via telephone will be made within the first 48 hours after receipt of the claim.

Investigation: An investigation plan is developed for each claim to effectively and efficiently assess the liability and damages exposure. Applying their experience and expertise, the adjuster tailors the scope of investigation to the nature and exposure of the claim. The investigation may include:

- Gathering all internal documents from AORMA, including reports, maintenance logs, photos, contracts, easements, certificates of insurance, etc.
- Conducting a scene inspection with photos and diagrams as warranted
- Interviewing AORMA staff
- Obtaining official reports
- Interviewing and obtaining statements from the claimant and witnesses
- Obtaining damage estimates, invoices and/or damage appraisals
- Obtaining all pertinent medical records

George Hills will identify and engage an interpreter /translator that is acceptable to AORMA. When possible, we will use one of our Spanish-speaking employees to assist with translation. Where warranted, we will seek authority from AORMA to engage experts.

Risk Transfer and Indemnity Rights: In the course of our investigation, we actively seek to identify any and all risk transfer and indemnity/defense rights owed to AORMA through contracts, agreements, additional insured status, easements, etc. With AORMA's approval, we promptly and vigorously pursue tenders/cross complaints on behalf of the AORMA against all potentially responsible parties and/or their insurance carriers.

Electronic File Management

- **Claims Progress Notes** – All file activity is documented in the Notepad of the electronic claim file as it occurs. Dropdown boxes for notepad types allow the adjuster to be specific as to the type of activity (i.e., phone call, correspondence received or sent, claim filed). The subject line allows for further specific yet brief information for an at-a-glance review in CMIS. Notepads are important to document phone conversations or receipt of materials; they serve as a chronological "outline" of what activity has taken place.
- **Claim Documents-** All claim documents are attached to the electronic claims files as they are obtained. This includes text/pdf, spreadsheets, photos, audio and video files, in all electronic media formats. Each document is annotated with a description and a corresponding Notepad entry.
- **Diaries-** Upon set up in CMIS, a file review diary is automatically set for the adjuster. Our best practices ensure that each assigned case is reviewed *at least* once every 30 days on active files, extended diaries up to 90 days on those waiting activity by others, and up to 180 days on those files in which the adjuster is awaiting the expiration of the statute of limitations. All diaries are maintained through CMIS. All activity during the diary review is documented in the Notepad. No claim is re-diaried without indicating specifically why no further action was taken.
 - George Hills' claims supervisor will maintain separate diaries and other audit controls necessary to review and ensure timeliness in handling as well as ensuring other claims standards and reporting requirements are being met.
- **Plan of Action (POA)** – The Plan of Action (POA) is a special Notepad document that provides the current summary of the claim including current financials (payments and reserves), investigation findings, assessment of the exposure, status of the litigation (if applicable) and the plan for moving the claim to resolution. The POA is reviewed and regularly updated at each diary review, or when there are material changes in the claim. The POA has proven to be an effective tool for managing the file and a valuable resource for our clients, auditors and in conducting file reviews. The AORMA will have online access to the POA entries in the claim summary view.

Reserving of Claims: The establishment of reserves is one of the most important tasks we perform for our clients as it impacts critical areas such as funding levels and budgets. George Hills' philosophy is to set reserves on a "most probable outcome" basis. Our best practice is to establish separate reserves for indemnity and expense; however, we will reserve according to AORMA's policy. Adjusters are required to set initial file reserves for indemnity and expenses (legal and adjusting) within five days of assignment. Adjusters review claim reserves each time they touch the file, and specifically on each diary date. Reserves take into consideration liability as to AORMA and comparative fault of the claimant/plaintiff, type of injury, damages, prognosis, expenses (e.g., medical and wage), and any anticipated general damages. Litigated files include separate reserves for legal expenses based on a current litigation plan and budget.

- **Reserve Authority and Approvals** - Our best practices dictate that all reserve changes be entered as soon as the adjuster becomes aware of the need for a change Reserve authority for George Hills claims staff is set and managed in the CMIS according to their title. Approvals for reserve changes are escalated electronically to the supervisor and claims leadership before they can be posted to the financials on the claim. We are also careful to honor any approvals or notifications our clients may require prior to posting reserve increases. AORMA will receive monthly reports which include reserves and/or reserve changes. The CMIS will send push notifications when the reserve change meets the threshold that George Hills and AORMA has established.

Payments and Settlements: George Hills has extensive experience managing trust accounts for our clients from which all claim payments can be processed and issued and captured in financials for the claim. We are also able to record any payments made directly by our clients with the same level of detail. All payments through live checks or manual transactions require sufficient approved reserves prior to processing. Additionally, we record all recoveries including payments by excess carriers.

We will obtain the proper authority from AORMA and secure all supporting documents (releases, settlement agreements, dismissals, invoices, W9-forms, OFAC checks, etc.) prior to issuing or recording any payments.

Notification and Updating of Excess Insurers: It is the responsibility of the adjuster to promptly report (within 30 days after receipt of notice of a reportable claim) any case meeting the reporting requirements of the excess carrier or as instructed by the client. The adjuster will also provide status reports to the excess carrier/ pool (including reports from defense counsel) at the required intervals.

George Hills will notify AORMA's excess carrier in any number of situations according to the requirements of the excess policy carrier's stipulations.

- When reserves are set on any reportable claim or suit involving multiple claims or suits arising out of one occurrence or any claims or reserves amounting to 50 percent or more of the retained limit.
- Allegations under Title 42 USC 1983 cases in which a complaint has been served, and the plaintiff is represented by legal counsel or with reserves of 25 percent or more of the retained limit.
- Regardless of the reserve, notification is typically sent for any claim involving the following:
 - One or more fatalities
 - Loss of a limb
 - Loss of use of any sensory organ
 - Quadriplegia or paraplegia
 - Third-degree burns involving ten percent or more of the body
 - Serious facial disfigurement
 - Paralysis
 - Closed head injuries

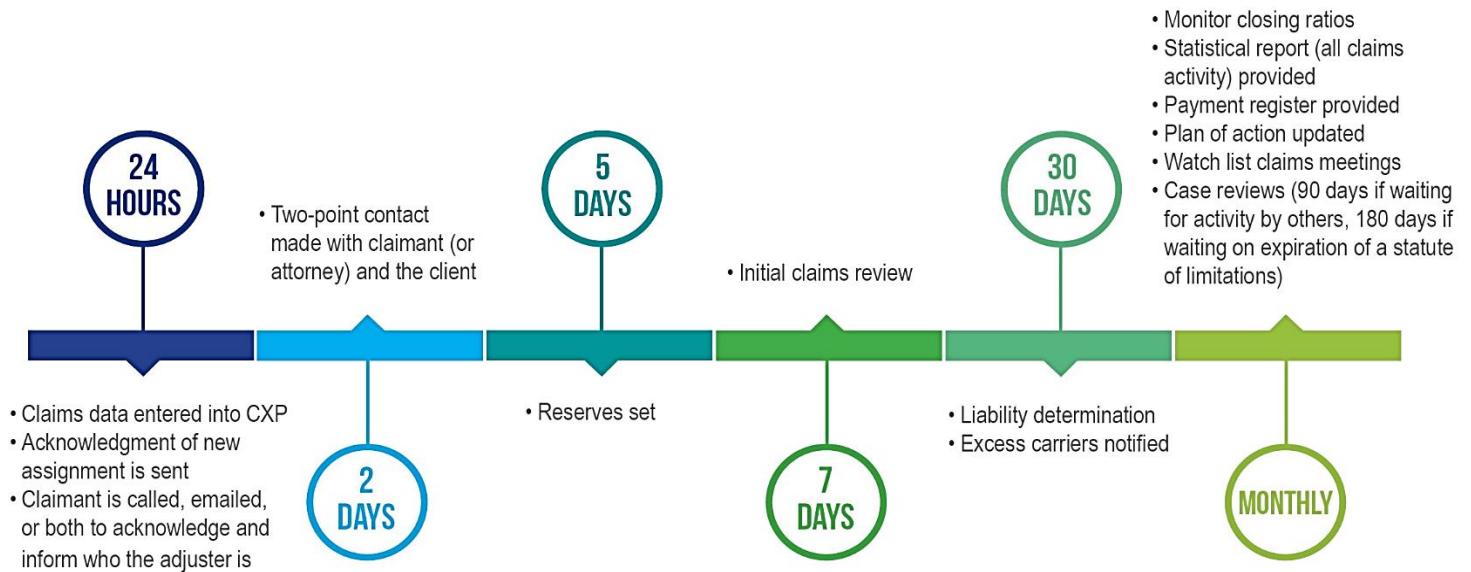
Diaries and Claim Progress Notes: Diary systems are established to ensure that each assigned case is reviewed at least once every 30 days on active files, extended diaries up to 90 days on those waiting activity by others, and up to 180 days on those files in which the adjuster is awaiting the expiration of the statute of limitations. All diaries are maintained through our CMIS.

File notes indicate the prompt establishment of an initial diary date and subsequent follow-up diary dates at intervals dependent on claim activity. Notes include action taken from the previous note entry and an updated Plan of Action documenting the adjuster's plan for future activity to move the claim towards resolution. No claim is re-diaried without indicating specifically why no further action was taken.

George Hills' claims supervisor will maintain separate diaries and other audit controls necessary to review and ensure timeliness in handling as well as ensuring other claims standards and reporting requirements are being met.

Timeline of the Claims Handling Process

The following takes place from receipt of a new claim:



Cost Saving Methods: Through our efficient and thorough investigation, there is a two-point contact within one business day of receipt of each claim, we ensure the liability investigation is completed early, and many claims are not pursued when they are denied or rejected early on. In these instances:

- **Attorneys Will Likely Pass on the Case:** Attorneys are less likely to take a case that has already been denied.
- **Establishing Defense Early:** By not establishing your defense position early, a claimant is often more likely to think they will get a settlement.
- **Securing Witness and Claimant Statements Early on:** This action is essential, lest they forget the details or have the opportunity to revise the facts to help their position.
- **Indexing Claimants Pursuing Injury Claims:** We verify if they have made similar claims in the past and/or have prior injuries that are unrelated to our matter.
- **Secure Complete Medical Records:** If there is liability, and injuries are claimed, we secure complete medical records to check for pre-existing conditions.
- We explore all tender possibilities based on the claimant's allegations because allegations trigger coverage regardless of liability.

Small Claims: George Hills claims adjusters have extensive experience successfully representing our clients in Small Claims courts. When served with a notice of a Small Claims hearing, the adjuster will work closely with the City staff and legal counsel to prepare the case for presentation at the hearing, including witnesses and supporting documents.

Litigation Management: Through our extensive experience managing claims for hundreds of different public agencies, George Hills has developed the expertise to adapt our litigation management services to fit a wide range of litigation management program structures. This ranges from full litigation management responsibility, including retention and direction of defense counsel, and management of defense costs, to basic litigation support for the client's in-house defense team.

George Hills' philosophy and guidelines for providing litigation management services are focused on achieving the best result for our client while aggressively managing costs. This is driven by our litigation best practices which include:

- Securing the initial case analysis, litigation plan and litigation budget within 45 days of assignment to defense counsel. The adjuster reviews defense counsel bills in detail to ensure they are reasonable and in line with the litigation budget.
- Training adjusters to perform a risk-weighted analysis early on in litigation to establish a target settlement number before incurring extensive defense costs, pursuant to AORMA's risk protocols.
- Our belief that adjusters should complete tasks rather than an attorney wherever possible.
- Effective use of statutory settlement offers such as 998's when appropriate to possibly recover costs if a more favorable judgement is obtained.

When a claim becomes litigated, George Hills' claims adjusters do not simply assign a file to defense counsel and disappear but operate as true litigation managers. We believe it is the responsibility of our claims adjusters to work closely with defense counsel until the case is resolved and the claim file is closed. A good early investigation, coupled with an experienced litigation manager, helps bring the case to earlier resolution. We strategize early and often with the client and defense counsel and monitor the case to be certain counsel stays on track.

Our full litigation management services include the following:

- Within five days of the assignment by AORMA, contact will be made by the lead claims adjuster and with any assigned defense counsel. An appropriate plan of action will be discussed, and initial case analysis will be reviewed to determine what course of discovery and motion/defense strategy to implement.
- Within 60 days following assignment of a case, defense counsel will complete and return a complete case analysis to AORMA, the George Hills adjuster, and the claims supervisor. The case analysis will include a comprehensive evaluation of the case and formalize the defense strategy crafted by the team.
- In addition to the initial case analysis, counsel will provide an accurate estimate of defense costs for all litigated cases as set forth in the exhibits. Defense counsel is expected to stay within the estimated case budget throughout the litigation and to report on fees expended in relation to the budget as requested.
- After an initial case analysis, defense counsel will provide mandatory written status reports at 60-day intervals, setting forth all substantive developments. The defense attorney handling the claim will prepare the status reports. Defense counsel will report only on new developments since the last report because it is not necessary to repeat case facts or information previously reported. Status reports will be as straightforward and as objective as possible to allow the George Hills adjuster and claims supervisor to meaningfully analyze the case and determine the course of action to be taken.

- Additionally, George Hills monitors defense counsel to ensure that counsel stays true to the plan of action and within the defense budget. This includes monitoring defense counsel procedures, mandating regular reporting by defense counsel, and reviewing legal bills for appropriateness as directed by the American Bar Association standards or by AORMA's instructions to ensure the claim is resolved in the most cost-efficient manner.
- Furthermore, George Hills has developed specific guidelines that include creating and monitoring a watch list of any claims that, because of allocated expenses, expense reserves, case reserves, or a combination thereof, present a threat to pooled funds or have already reached pooled funds. Though AORMA may wish to assign claims to their watch list for the Litigation Manager, George Hills' watch list typically starts at the primary level. If chosen to provide third-party administration services, George Hills will continue to follow these guidelines to create a watch list of claims that have the potential to exceed AORMA's SIRs and monitor those claims until the case resolves.

GH

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Our minds over your matters.

13. Additional Services



Driven by Innovation

OPTIONAL SERVICES

Full In-House Litigation Management

Name and Title	Years of Experience	Role for AORMA
Neil Callahan, Esq. Litigation Manager	20	Will be the lead for all mediations and settlements and authorizing all settlement decisions for AORMA.
Benjamin Oram, Esq. General Counsel/Litigation Manager	15	Serves as a Litigation Manager for several clients, monitoring counsel, and as a resource to our claims staff.

Cornelius (Neil) Callahan, Esq., Litigation Manager: Mr. Callahan has over 25 years of experience defending public entities on high profile claims in state and federal courts. Mr. Callahan commenced his career practicing law in New York, New Jersey and Connecticut. In 1999 he began practicing law in California where he served as lead trial counsel for public entities in the areas of civil rights, police practices and dangerous condition defense. He has tried multiple cases to jury verdict in both state and federal court having been the lead defense attorney in 13 Trials, with 12 Defense verdicts. His emphasis has been on defending and advising public entities involved in civil litigation. Past cases include officer involved shootings, excessive force, unlawful seizure, dangerous condition, discrimination, and harassment. He is experienced in all aspects of litigation including discovery, depositions, motion practice, arbitrations, administrative hearings, mediations, and trials.

Benjamin Oram, Esq. General Counsel/Litigation Manager: Ben serves as George Hills' General Counsel/Litigation Manager. He currently serves as a Litigation Manager for several clients, monitoring counsel, and as a resource to our claims staff.

George Hills' proactive approach is founded on our commitment to the preservation of your assets. Early contact with all involved parties maintains lines of communication and rapport (not only with the insured but also with the claimant); hence, cost-saving opportunities to resolve claims efficiently are more plentiful.

Here is an outline of their role and how it would work for AORMA:

- 1) Serve as Litigation Manager (specifics of the role below)
 - i. Actively manage all watchlist files (parameters of a watchlist to be agreed upon through subsequent discussions)
 - ii. Manage and Supervise all litigated files— claims adjusters will track the non-serious and/or non-active litigated files, with the support of Claims Processor, and report to Robert.
 - iii. Accessible to the entire GH adjuster team to advise and instruct as needed.
- 2) Serve as Outside General and Special Counsel

- i. Work closely with JPA with confidential analysis and problem-solving for managing risk and avoiding unnecessary litigation.
 - ii. Provide immediate access to legal advice to AORMA, which includes analyzing coverage issues, Public Records Act Requests, tort claim handling and strategy, conflicts of interest, oversight of outside litigation counsel and providing legal opinions on potential and active litigation.
 - iii. Advise on sensitive and political issues/claims.
- 3) Coverage Counsel Consultation
- i. Review and analysis of memorandums of coverage and excess/umbrella policies to address and offer advice and consultation regarding coverage issues.
 - ii. Advise on potential changes to all coverage documents.
 - iii. Assist the JPA and GH staff in interpretation of coverage issues.
 - iv. Resource to a broker of record for coverage needs.
- 4) Trial/Mediation/Board Meetings Attendance
- i. Attend Board/Executive/Coverage/Claims meetings (as necessary).
 - ii. Attend trials, mediations, and other court hearings, including appearing before Courts of Appeal as needed
 - iii. Provide analysis and consultation before, during, and after these significant litigation events--to reduce exposure and maximize opportunities for resolution.
- 5) Legal Training and Seminars
- i. Provide customized seminars and training upon request—to AORMA staff, brokers, members, and GH staff.
 - ii. Subject areas include memorandums of coverage, all aspects of risk management, claims handling and litigation, employment law, and general liability claims.
 - iii. Courses are customized to address the client’s specific needs and to work closely with Safety and Loss staff, Defense firms, and others.

Rates for Optional Legal Service	
Litigation Management	\$225/hour*
Legal Services	\$190/hour*
*These rates are subject to an annual escalator.	

1ST PARTY SUBROGATION RECOVERY

George Hills provides subrogation recovery services to many of our academic clients. In 2013, George Hills created a dedicated Subrogation Recovery Unit to handle recovery opportunities for our clients who have requested or contracted with us for subrogation recovery services. A sample list of our academic subrogation claims include:

- Fences
- Buses
- Vehicles
- Vandalism
- Light poles
- Walls
- Signs (monument and other)

Quick Stats on George Hills' Subrogation Recovery Results

605 - Average number of subrogation claims George Hills has handled per year for the last five years.

91% - of claims handled result in a Recovery

73% - of claims result in a full recovery (including GH Fees)

88% - of amounts sought for our clients are recovered

Average recovery: \$5,077/claim

George Hills has a dedicated employee with extensive experience in the public entity environment who handles all 1st party subrogation matters for our clients who chose this service.

Below are testimonials from a few of George Hills' subrogation clients:

PUBLIC ENTITY

TESTIMONIAL STATEMENT

Los Angeles Unified School District (LAUSD)

"George Hills services are very good. The work is completed on time with knowledge and accuracy within the parameters set by the District.

Risk Management

Manteca Unified School District

"George Hills services provided are nearly excellent. Their services demonstrate responsiveness, knowledge and a high degree of accuracy."

Risk Management

County of Sacramento

"We have utilized the George Hills Subrogation unit for several years, and simply put - they get results. They have a wealth of knowledge and expertise. Our 1st and 3rd party claims are always handled promptly and professionally. Partnering with George Hills for subrogation has proven to be a wise decision for our County."

Risk & Loss Control

City of Oakley

Kevin Rohani, Public Works Director/City Engineer

"The City of Oakley has utilized the services of George Hills Subrogation Team for several years, and we have been very happy with this service and the professional approach that the George Hills Team brings towards the subrogation process. The knowledge and expertise of the George Hills Team has been invaluable for the City of Oakley, and we are very grateful for their great work in resolving our assortment of third-party claims and we are looking to many more years of successful collaboration with the George Hills Team."

City of Oakland

Human Resources Management/Risk Management Unit

"We have utilized the George Hills Subrogation unit for several years, and they get excellent results. They have a wealth of knowledge and expertise, and their professionalism and prompt attention to our needs is second to none. There's no better service out there that can beat them, and the rates are below the typical rates offered by other vendors. Our third-party claims are always handled promptly and professionally. Our partnership has proven itself to be the best decision for our City."



Our standard subrogation fee is 30% of the amount collected. The minimum amount to be paid to George Hills will be \$250 per claim. However, George Hills also has the authority to reject any claim for any reason, dismissing the County of any financial responsibility for rejected claims only.

Generally, no recovery shall be agreed to involving payment plans if the recovery is less than \$5,000 and/or greater than one-year term. Exceptions can be made on a case-by-case basis. If a recovery is agreed to above this amount, subrogation fee shall be 45%. In the event a payment plan is authorized and entered into, the subrogation fee will be based upon the total amount of the lien and will be invoiced to the County.

If authorized, small claims court appearances for recovery of funds will be priced at \$150 per appearance.

The benefits of George Hills' subrogation recovery:

- High-level expertise of subrogation recovery
- Recover damage to AORMA property, utilities, hazardous materiel cleanup
- Small claims
- Prepare proofs of loss statements
- Claim reporting activity, demand letters, final demand to claimant with suspended license, closing and-or payment transmittal
- Settlements
- File retention
- Development of policy and procedures
- Provide account manager and lead subrogation adjuster

**George Hills'
Subrogation
Recovery Unit has
performed
spectacularly,
recovering several
million dollars on
behalf of our clients.**

George Hills Claims University (GHCU)



It is George Hills's philosophy to deliver a comprehensive and effective training program for our Claims Administration Division (CAD) that aligns with the Vision, Values, and Goals of the Company. By utilizing internal and external resources, our program is cost-effective and presents relevant technical information. The genesis of GHCU was the reality that students were not going to college to seek a career in insurance claims adjusting and even less in claims adjusting in the public sector. We felt an obligation to attempt to establish a sustainable education forum to continue to have knowledgeable and experienced public entity adjusters.



Currently, we use the University to train all staff in order to get the Public Entity Claims Professional Certificate. This is used upon the hiring of all new staff to ensure each client will have a trained adjuster on their team. Our next phase will be to expand for the use of our clients, and eventually the use of the public. Our training ensures all of our claims staff receive the information and skills to perform the duties of their position successfully.

GHCU was launched using a Learning Management System (LMS) to provide continuous matriculation for our current and future employees. Upon completion of the training courses and successfully passing the exam, individuals will be awarded a certificate and Public Entity Claims Professional (PECP) designation.

George Hills Claims University is available to our clients. If AORMA expresses interest in our training program, we are pleased to make the courses available to them.

George Hills Additional Training programs includes:

- Monthly training sessions facilitated by industry experts on current and emerging claims related topics like legislative changes, new case laws, and claim trends. We also use this monthly session to refresh our claims administration staff on industry and internal best practices.
 - The recent CA Supreme Court decision on the City of Oroville sewer loss/inverse condemnation case was a recent topic for one of our sessions
- Annual two-day, in-person event for all claims staff, targeted at technical training, overall staff development, and team building. This annual session includes in-depth training and panel discussions on claims technical topics, claim system utilization, and corporate issues. A sample event included discussion about AB 218 - the recent legislation extending the statute of limitations for childhood sexual abuse and molestation claims.
- Online resources and training through George Hills Learning Management System. This Learning Management System is a robust resource/reference library for a wide variety of claims and risk management technical topics as well as structured training courses ranging from entry-level to advanced.
- Company-paid training courses leading to Associate in Claims (AIC) and other pertinent professional designations.
- Active participation in industry associations such as PARMA, CAJPA, League of California Cities, CSAC, AGRiP, and CLM. George Hills encourages employee attendance at their annual conferences and other training events throughout the year.

George Hills is ready and willing to adjust our training program to meet the specific needs and goals of the District.

LAW ENFORCEMENT SERVICES

George Hills has a law enforcement professional available to assist established and prospective law enforcement agencies with all aspects of public safety and police protection.

Jamie Lewis, Retired Sacramento County Undersheriff: Mr. Lewis served more than 30-years with the Sacramento County Sheriff's department in Sacramento California before retiring in March 2016 as the department's 2nd in command. As the Undersheriff, he led the day-to-day operations of the 2,000+ member department that serviced the 944 square miles of unincorporated Sacramento County. Prior to his appointment to the role of Undersheriff, he served almost seven years as the Chief of Corrections for Sacramento County where he oversaw the day-to-day operations of 2-jail facilities with an average daily population of 4,000 inmates as well as the operation of a full-service, county operated Correctional Health division, alternative sentencing program, civil operations and court security.

Prior to appointment to the Sheriff's Executive Staff, Jamie commanded a patrol division that serviced a diverse unincorporated portion of Sacramento with more than 100,000 residents over 20 square miles. In addition to a patrol command, he's held commands in narcotics, air operations and security services, management positions in special operations, sheriff's staff and supervisory positions in media, investigations, court security and corrections. This breadth of experience has provided opportunities to experience all aspects of professional law enforcement, giving him a unique perspective of the challenges agencies and their municipalities face. Audits of law enforcement policies, procedures, practices and training to advise as to best practices. This includes review of loss data, risk assessment, and recommendations as to best practices.

- Risk identification and mitigation,
- Employee and personnel issues, including background investigations, Workers' Compensation, and Labor Relations;
- Employee discipline;
- Internal Affairs investigations;
- The creation and formation of new police departments;
- Critical Incident Response and Crisis Management;
- Public Information response;
- Review and analysis of high profile, high exposure criminal, administrative and civil claims;
- Training seminars tailored to issues faced by individual agencies.

Jamie's long and distinguished career has included working with law enforcement agencies across California and helping to solve their most difficult problems.



14. Sample Agreement



SAMPLE AGREEMENT

George Hills agrees to be bound by the proposal and will enter into an agreement to provide services in a form as approved by AORMA.

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Our minds over your matters.

15. Sample Reports



Building Trusted Relationships

SAMPLE REPORTS

As part of your onboarding process, George Hills will hold a training session with all potential client-side CMIS users, ensuring that everyone has the desired level of access and understanding of the system. Our CMIS has a set of standard claims handling reports available our clients, but the system can also be customized to produce unique reports specific to your needs. AORMA can safely and securely access their reports via an automated encrypted email from their point of contact. All of these reports are available for export to Microsoft Excel or PDF formats on demand. There may be additional charges for custom reporting if a third-party programmer is needed for three hours or more and is client specific.

Our CMIS is an entirely paperless system. All of the claim files are stored electronically using our CMIS Cloud storage system, available to any authorized user using any browser at any time. George Hills’ ability to maintain data and provide enhanced statistical reporting is due to our long use of best practice technology to maintain data and provide enhanced statistical reporting. George Hills’ proprietary iMetrics™ Business Intelligence Reporting service provides optimum targeted, on-demand data for liability and property claims decision-making.

The use of our CMIS increases our firm’s service capabilities by streamlining our workflow and allowing for customization of reporting capabilities. The alignment of these technologies with George Hills’ services provides real-time access to decision-making data, metrics, and trends. When it comes to read-only access, reporting, and modification abilities, our technology offering is unmatched. The following exhibits feature examples of Claims Reports including an iMetrics report from our CMIS.

 **SEXUAL ASSAULT AND HARASSMENT CLAIMS SUMMARY AS OF 1/31/2022**

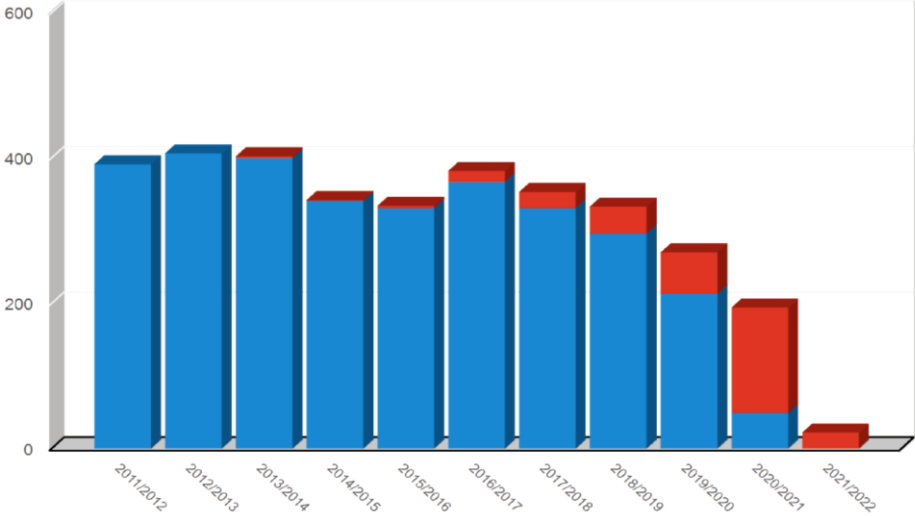
Insurer:
Insured:

AS OF DATE	IN LITIGATION FILES	PRE-LITIGATION CLAIMS	MONTHLY CHECK REGISTER					TOTAL PAYMENTS SINCE 10/1/2018				
			LOSS PAYMENT		EXPENSE PAYMENT		MONTHLY TOTAL	LOSS PAYMENT		EXPENSE PAYMENT		TOTAL
			COMPUTER CHECK	CLIENT CHECK	COMPUTER CHECK	CLIENT CHECK		COMPUTER CHECK	CLIENT CHECK	COMPUTER CHECK	CLIENT CHECK	
10/31/2018	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/2018	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12/31/2018	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02/28/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/31/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04/30/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
05/31/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
06/30/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
08/31/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/30/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10/31/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12/31/2019	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02/29/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/31/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04/30/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
05/31/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
06/30/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
08/31/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/30/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10/31/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12/31/2020	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02/28/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/31/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04/30/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
05/31/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
06/30/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
08/31/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/30/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10/31/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12/31/2021	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/2022	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

FREQUENCY - Fiscal Year Historical Summary

Valued as of 09/30/2021

Total Open Claims Total Closed Claims



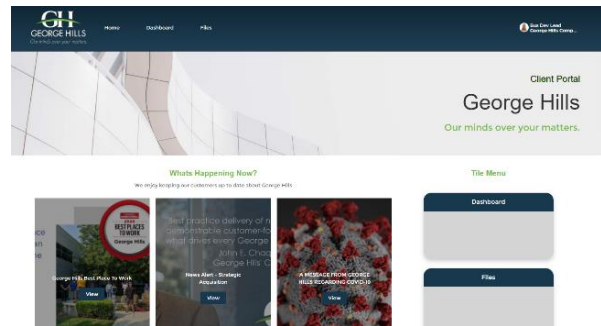
Insured FY	Expense Paid	Expense Outstanding Reserve	Expense Incurred	Legal Paid	Legal Outstanding Reserve	Legal Incurred	Total Paid	Total Outstanding Reserve	Total Incurred	Total Recovered	Net Incurred
Briggs Elementary School District - 2017/2018											
Briggs Elementary School District - 2019/2020											
Conejo Valley Unified School District - 2017/2018											
Conejo Valley Unified School District - 2018/2019											
Conejo Valley Unified School District - 2019/2020											
Conejo Valley Unified School District - 2020/2021											
Conejo Valley Unified School District - 2021/2022											
Fillmore Unified School District - 2021/2022											
Golden Valley Charter School - Mesa Union School District - 2020/2021											
Golden Valley Charter School - Mesa Union School District - 2021/2022											
Hueneme Elementary School District - 2016/2017											
Hueneme Elementary School District - 2017/2018											
Hueneme Elementary School District - 2018/2019											
Hueneme Elementary School District - 2019/2020											
Hueneme Elementary School District - 2020/2021											

Report Types:

- **Check Register Report:** provides individual or multiple payments on a claim; is a payment transaction record for each claim.
- **Claim Log Financial Report:** provides line reports for each claim, including the “totals” to date paid
- **Claim Register Report:** provides multi-line information for each claim with different “buckets” of payments and reserves broken out for optimum detail.
- **Transaction Register Report:** provides all payment within a specific time period for a claim.
- **Diary Report:** provides all work completed and/or in process of being completed on a claim.

Client Portal: George Hills is thrilled to launch our self-service client portal. AORMA will have its own dedicated Portal for all members and staff to access. We can tailor it so its complimentary to AORMA’s members only website access. This new web-based platform provides our clients exclusive access to the following features:

- Secure file sharing and document management
- Quick reporting and metrics on dashboard
- Simple user interface
- George Hills’ news and alerts



George Hills’ claims software has robust, state-of-the art efficiencies and capabilities as well as enhanced client reporting capabilities. Our CMIS’s best practices hosting service solution, CMIS Cloud, (and its mobile app, CMIS Mobile) enables client claims data to be accessed from anywhere, at any time with solid data security. Along with its exceptional data security/disaster recovery core, CMIS Cloud hosting provides a world class infrastructure for all data it hosts and maintains—i.e., it is demonstrably responsive, reliable, scalable, and high performance. Other benefits of our CMIS Cloud include 100% network uptime guarantee; commitment to security at the physical, operational, and system levels; a full coverage service hosting and operating environment; primary and disaster recovery sites; and backup solutions that ensure your data availability and security.

As mentioned previously, George Hills can offer through our CMIS enhanced iMetrics Reports – including charts from the client’s data, valued at a defined point in time in consideration of different metrics. We can also provide the claims dashboard from within the claims system itself that gives clients real time data at their fingertips—displayed in pie charts and bar graphs—such as closing ration, new claims per month, current claims inventory. For additional cost, we can provide a Risk Management Annual Reports, summarizing a client’s entire Risk Management Program—i.e., fiscal year’s losses and costs for Client’s General Liability, Property and Subrogation Recovery Programs. All George Hills’ generated monthly reports, including our monthly loss reports, help our clients manage their programs by providing real-time technology-based visibility and control of their processes and procedures. George Hills is very happy to provide information on individual cases on request and discuss any statistical reports needed by AORMA.

APPENDIX

Please find George Hills' confidential Statement of Auditing Standards Report on the following pages.



Proprietary & Confidential



Claims Processing and Trust Accounting System

SOC 1

Report on George Hills Company, Inc. Management's Description of Its System and the Suitability of the Design and Operating Effectiveness of Controls



OCTOBER 1, 2021 TO SEPTEMBER 30, 2022



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I. Independent Service Auditor's Report

George Hills Company, Inc.
P.O. Box 278
Rancho Cordova, CA 95741

To the Management of George Hills Company, Inc.:

Scope

We have examined George Hills Company, Inc.'s description of its system titled "Description of George Hills Company, Inc.'s Claims Processing and Trust Accounting System" for processing user entities' transactions throughout the period October 1, 2021 to September 30, 2022 (description) and the suitability of the design and operating effectiveness of controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in "George Hills Company, Inc.'s Assertion" (assertion). The controls and control objectives included in the description are those that management of George Hills Company, Inc. believes are likely to be relevant to user entities' internal control over financial reporting, and the description does not include those aspects of the Claims Processing and Trust Accounting System that are not likely to be relevant to user entities' internal control over financial reporting.

The information included in Section V, "Other Information Provided by the Service Organization" is presented by management of George Hills Company, Inc. to provide additional information and is not a part of George Hills Company, Inc.'s description of its Claims Processing and Trust Accounting System made available to user entities during the period October 1, 2021 to September 30, 2022. Information about George Hills Company, Inc.'s management responses to identified testing exceptions has not been subjected to the procedures applied in the examination of the description of the Claims Processing and Trust Accounting System and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description of the Claims Processing and Trust Accounting System and, accordingly, we express no opinion on it.

George Hills Company, Inc. uses Insurity and Spear Technologies Software, Inc. for hosting the claims processing system (subservice organizations). The description includes only the control objectives and related controls of George Hills Company, Inc. and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified by George Hills Company, Inc. can be achieved only if complementary subservice organization controls assumed in the design of George Hills Company, Inc.'s controls are suitably designed and operating effectively, along with the related controls at George Hills Company, Inc. Our examination did not extend to controls at the subservice organizations, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.



The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of George Hills Company, Inc.'s controls are suitably designed and operating effectively, along with related controls at the service organization. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

Service Organization's Responsibilities

In Section II, George Hills Company, Inc. has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. George Hills Company, Inc. is responsible for preparing the description and its assertion, including the completeness, accuracy, and method of presentation of the description and assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period October 1, 2021 to September 30, 2022. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves:

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion.
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description.
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.



Inherent Limitations

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization may become ineffective.

Description of Tests of Controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section IV.

Basis for a Qualified Opinion

The accompanying description of George Hills Company, Inc. Claims Processing and Trust Accounting System states on pages 18-19 that monthly statement reconciliations are performed by an Accounting Finance Technician who does not have access to generate checks. However, the Accounting Finance Technician performs monthly bank reconciliations and has access to generate checks. As a result, the controls were not suitably designed or operating effectively to achieve the following control objectives:

- *Control Objective 7:* Controls provide reasonable assurance that claim payments are complete, accurate, and distributed to authorized recipients.
- *Control Objective 8:* Controls provide reasonable assurance that client trust account management deposits and disbursements are valid, authorized and properly recorded.

Opinion

In our opinion, except for the matter referred to in the preceding paragraph, in all material respects, based on the criteria described in George Hills Company, Inc.'s assertion:

- the description fairly presents the Claims Processing and Trust Accounting System that was designed and implemented throughout the period October 1, 2021 to September 30, 2022.
- the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period October 1, 2021 to September 30, 2022, and the subservice organizations and user entities applied the complementary controls assumed in the design of George Hills Company, Inc.'s controls throughout the period October 1, 2021 to September 30, 2022.
- the controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period October 1, 2021 to September 30, 2022, if complementary subservice organization and user entity controls assumed in the design of George Hills Company, Inc.'s controls operated effectively throughout the period October 1, 2021 to September 30, 2022.



Restricted Use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of George Hills Company, Inc., user entities of George Hills Company, Inc.'s Claims Processing and Trust Accounting System during some or all of the period October 1, 2021 to September 30, 2022, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Rancho Cordova, California
May 11, 2023

II. George Hills Company, Inc.'s Assertion

We have prepared the description of George Hills Company, Inc.'s system titled "Description of George Hills Company, Inc.'s Claims Processing and Trust Accounting System" for processing user entities' transactions throughout the period October 1, 2021 to September 30, 2022 (description) for user entities of the system during some or all of the period October 1, 2021 to September 30, 2022, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves, when assessing the risks of material misstatements of user entities' financial statements.

George Hills Company, Inc. uses Insurity and Spear Technologies Software, Inc. for hosting the claims processing system. The description includes only the control objectives and related controls of George Hills Company, Inc. and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified in the description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively, along with the related controls. The description does not extend to controls of the subservice organizations.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of George Hills Company, Inc.'s controls are suitably designed and operating effectively, along with related controls at the service organization. The description does not extend to controls of the user entities.

We confirm, to the best of our knowledge and belief, that:

- a. The description fairly presents the Claims Processing and Trust Accounting System made available to user entities of the system during some or all of the period October 1, 2021 to September 30, 2022 for processing their transactions as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description
 - i. presents how the system made available to user entities of the system was designed and implemented to process relevant transactions, including, if applicable,
 - (1) the types of services provided, including, as appropriate, the classes of transactions processed.
 - (2) the procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.



- (3) the information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.
 - (4) how the system captures and addresses significant events and conditions other than transactions.
 - (5) the process used to prepare reports and other information for user entities.
 - (6) services performed by a subservice organization, if any, including whether the inclusive method or the carve-out method has been used in relation to them.
 - (7) the specified control objectives and controls designed to achieve those objectives, including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the service organization's controls.
 - (8) other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.
- ii.* includes relevant details of changes to the service organization's system during the period covered by the description.
 - iii.* does not omit or distort information relevant to the service organization's system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and the user auditors, and may not, therefore, include every aspect of the Claims Processing and Trust Accounting System that each individual user entity of the system and its auditor may consider important in its own particular environment.
- b. Except for the matter described in the following paragraph, the controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period October 1, 2021 to September 30, 2022 to achieve those control objectives if subservice organizations and user entities applied the complementary controls assumed in the design of George Hills Company, Inc.'s controls throughout the period October 1, 2021 to September 30, 2022. The criteria we used in making this assertion were that
- i.* the risks that threaten the achievement of the control objectives stated in the description have been identified by management of the service organization.
 - ii.* the controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved.
 - iii.* the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.



As noted on pages 18-19, the control related to monthly statement reconciliations being performed by an Accounting Finance Technician who does not have access to generate checks was not implemented. As a result, the controls are not suitably designed or operating effectively to achieve the following control objectives:

- *Control Objective 7:* Controls provide reasonable assurance that claim payments are complete, accurate, and distributed to authorized recipients.
- *Control Objective 8:* Controls provide reasonable assurance that client trust account management deposits and disbursements are valid, authorized and properly recorded.



III. Description of George Hills Company, Inc.'s Claims Processing and Trust Accounting System

A. Overview of George Hills Company, Inc.

George Hills Company, Inc. (George Hills Company or GHC) is located in Rancho Cordova, California, and provides claims management services to cities, counties, and other government agencies across California. These services are provided using a proprietary ClaimsXPress (CXP) application developed and maintained by Insurity, Inc. (Insurity).

Services provided as part of its claim processing and trust accounting system services include the following:

- Establishing claims
- Tracking and maintaining the progress of claims
- Payment of any claims
- Reporting of claims
- Closing of claims

The system stores and serves customer claim details and work product including the liability assessment with the paperless claim documentation environment contained in the application centric computing environment with the objective of achieving claim resolutions in a more efficient and transparent manner.

B. Scope of the Description

This description of George Hills Company's Claims Processing and Trust Accounting System addresses only George Hills Company's Claims Processing and Trust Accounting System provided to its user entities and excludes other services provided by George Hills Company. The description is intended to provide information for user entities of the Claims Processing and Trust Accounting System and their independent auditors who audit and report on such user entities' financial statements to be used in obtaining an understanding of the Claims Processing and Trust Accounting System and the controls over that system that are likely to be relevant to user entities' internal control over financial reporting. The description of the system includes certain business process controls and IT general controls that support the delivery of George Hills Company's Claims Processing and Trust Accounting System.

George Hills Company uses the following subservice organizations:

- Insurity for hosting the CXP claims software through March 2022
- Spear Technologies Software, Inc. for hosting the CXP claims software after March 2022

The description includes only the control objectives and related controls of George Hills Company and excludes the control objectives and related controls of the subservice organizations.



C. Internal Control Framework

This section provides information about the five interrelated components of internal control at George Hills Company, including George Hills Company's:

- Control Environment
- Risk Assessment Process
- Monitoring Activities
- Information and Communications
- Control Activities

1. Control Environment

The control environment sets the tone of an organization, influencing the control awareness of the organization. The control environment is embodied by the organization's awareness of the need for controls and the emphasis given to the appropriate controls through management's actions supported by its policies, procedures, and organizational structure.

The following are the primary elements of the service organization's control environment:

- Commitment to integrity and ethical values
- Oversight responsibility of the Chief Executive Officer (CEO) and executive management
- Assignment of authority and responsibility
- Commitment to competence
- Accountability

COMMITMENT TO INTEGRITY AND ETHICAL VALUES

The service organization operates in a highly regulated environment. To this end, the service organization has developed a formal code of ethics available on its intranet that contains rules about employee conduct while under the employ of George Hills Company.

Management requires employees to sign a confidentiality agreement at the time of initial employment, as a deterrent to openly sharing any case/client information, unless absolutely required based on their assigned job responsibilities. Employees are also required to attend ethics training and self-audits are performed by George Hills Company staff. Audits are reviewed to confirm personnel are following processes and procedures, and communications are sent as required.

OVERSIGHT RESPONSIBILITY OF THE BOARD OF DIRECTORS

The control environment at George Hills Company originates with, and is the responsibility of, the board of directors (board), CEO, and executive management. The CEO and executive management provide oversight of George Hills Company operations and activities.



George Hills Company's assignment of authority and responsibility include factors such as how authority and responsibility for operating activities are assigned and how reporting relationships and authorization hierarchies are established. It also includes policies relating to business practices, knowledge, and experience of key personnel and resources provided for carrying out duties. In addition, it includes policies and communications to help ensure that personnel understand the entity's objectives, know how their individual actions interrelate and contribute to those objectives, and recognize how and for what they will be held accountable. Organizational charts are in place to communicate key areas of authority, responsibility, and lines of reporting to personnel. The organizational charts are communicated to employees and updated as needed.

ASSIGNMENT OF AUTHORITY AND RESPONSIBILITY

Executive management recognizes its responsibility for directing and controlling operations, managing risks, and establishing, communicating, and monitoring control policies and procedures. Management recognizes its responsibility for establishing and maintaining sound internal control and promoting integrity and ethical values to all personnel on a day-to-day basis.

COMMITMENT TO COMPETENCE

The service organization's commitment to employee competence begins with background checks for all employee candidates and formal hiring practices designed to ensure that new employees are qualified for their job responsibilities. Management has established written competence and performance levels for each job function, including formal promotion and development criteria that help foster professional development for its employees. These criteria are also used to measure employee performance and identify areas for improvement and additional training.

The service organization follows regulatory rules concerning the licensing of personnel in the securities business. Compliance teams monitor license renewals and send update reminders to employees and their supervisors regarding license renewal dates.

ACCOUNTABILITY

George Hills Company's management philosophy and operating style encompasses a broad range of characteristics. Such characteristics include management's approach to taking and monitoring business risks, and management's attitude toward information processing, accounting functions and personnel. Additionally, George Hills Company management holds individuals accountable for their internal control responsibilities in the pursuit of business objectives. Interaction between senior management and operation management occur frequently both formally and informally.

2. Risk Assessment Process

George Hills Company manages its regulatory risk exposure through a dedicated team of professionals. Special attention is given to the license requirements of the George Hills Company entities and employees for all jurisdictions, assuring the proper licenses are maintained for the professional services rendered.



Management is responsible for identifying the risks that threaten achievement of the control objectives stated in management's description of the service organization's system. Management has implemented a process for identifying relevant risks. This process includes estimating the significance of identified risks, assessing the likelihood of their occurrence, and determining actions to address them. In addition, because control objectives relate to risk that controls seek to mitigate, management thoughtfully identified control objectives when designing, implementing, and documenting their system.

George Hills Company has practices in place to assist management in identifying and managing risks that could affect the organization's ability to provide reliable claims management services. These practices are used to identify and measure the significant risks for the respective organization, identify and implement the risk mitigation measures, and assist management in monitoring risk and remediation activities. During the new client pricing, negotiation, or contracting phases, George Hills Company performs a risk assessment to help ensure that accepting a client will not place the company at an unacceptable level of financial risk or in a conflict of interest. Additionally, the needs of the client are carefully assessed to help ensure that George Hills Company will be able to successfully process the information and provide the necessary resources required to support the new client without risking the loss or interruption of services to its entire client base.

OBJECTIVES

The service organization's risk assessment approach involves an iterative process for identifying and assessing risks to the achievement of the service organization's objectives. This approach forms the basis for determining how risks will be managed by the service organization.

IDENTIFICATION AND ANALYSIS OF RISKS

Risk management is primarily the responsibility of individual business units, which perform periodic risk assessments that identify and document the significant risks facing the service organization, including any fraud risks. The results of these risk assessments determine how the business units develop and implement controls, operating procedures, and compliance processes for addressing and mitigating such risks. Service organization policies require that any instances of suspected or actual fraud be brought to the immediate attention of senior management, the internal audit department, and the service organization's legal department.

INTEGRATION WITH CONTROL OBJECTIVES

Along with assessing risks, management has identified and put into effect actions needed to address those risks. In order to address risks, control objectives have been defined for each significant risk area. Control activities are then defined to serve as mechanisms for managing the achievement of those objectives and help ensure that the actions associated with those risks are carried out properly and efficiently.



3. Monitoring Activities

Monitoring is a process that assesses the quality of internal control performance over time. It involves assessing the design and operation of controls and taking necessary corrective actions. This process is accomplished through ongoing activities, separate evaluation, or a combination of the two. Monitoring activities also include using information from communications from external parties such as customer complaints and regulatory comments that may indicate problems or highlight areas in need of improvement.

George Hills Company's management and internal audit personnel monitor the quality of internal control performance as a routine part of their activities, and the organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management, as appropriate. Exceptions to normal or scheduled processing related to hardware, software, or procedural problems are logged, reported, and action is taken as necessary.

ONGOING MONITORING

By monitoring the risks and the effectiveness of control measures on a regular basis, George Hills Company can react dynamically to changing conditions. Periodically, controls are evaluated by George Hills Company's management team to help ensure effectiveness. Monitoring is effective when it leads to the identification and correction of control weaknesses before they materially affect the achievement of the George Hills Company objectives.

SEPARATE EVALUATIONS

Management's close involvement in operations helps to identify significant variances from expectations regarding internal controls. Members of management use various tools including reports, email messages generated by the system, and other company developed decision support services provided to identify exceptions and trends that warrant investigation above and beyond typical technical claim-level supervision. Upper management immediately evaluates the specific facts and circumstances related to any suspected control breakdowns.

A decision for addressing any control weakness is made based on whether the incident was isolated or requires a change in the company's procedures or personnel.

MONITORING OF SUBSERVICE ORGANIZATIONS

Data center hosting services are monitored on a regular basis as part of day-to-day business operations. On a more formal basis, George Hills Company performs an annual review of subservice organizations.

REPORTING DEFICIENCIES

Management has developed protocols to help ensure findings of internal control deficiencies are reported to the relevant and appropriate individual(s) responsible for the function or activity involved, who are in the position to take corrective action. This process enables that individual to provide needed support or oversight for taking corrective action, and to communicate with others in the organization whose activities may be affected. Any deficiencies found via the ongoing monitoring activities are further investigated by George Hills Company's internal audit and management teams.



4. Information and Communications

Information is necessary for George Hills Company to carry out internal control responsibilities to support the achievement of its objectives related to the claims processing and trust accounting system. Management obtains or generates and uses relevant and quality information from both internal and external sources to support the functioning of internal control.

George Hills Company communicates its policies and procedures and other information necessary to help achieve the service organization's business objectives through several means, including the service organization's intranet, emails, newsletters, memoranda, meetings, and training sessions. The service organization's policies and procedures enforce the importance of adherence to and compliance with rules and regulations that govern its business and operations.

For information provided to user entities, such as reports, statements, data, and other information provided to user entities, service organization policies and procedures require that all such information be tested to ensure it is sufficiently complete and accurate.

5. Control Activities

The service organization has developed a variety of policies and procedures including related control activities to help ensure the service organization's objectives are carried out and risks are mitigated. These control activities help ensure that claims are administered in accordance with the service organization's policies and procedures.

Control activities are performed at a variety of levels throughout the organization and at various stages during the relevant business process. Controls may be preventive or detective in nature and may encompass a range of manual and automated controls, including authorizations, reconciliation, and IT controls. Duties and responsibilities—such as duties related to the processing and recording of transactions, investment trading, reconciliation activities, application development, compliance, and control monitoring—are allocated among personnel to ensure that a proper segregation of duties is maintained.

a) System and Report Changes

Controls provide reasonable assurance that CXP report changes are tested, documented, and system changes are tracked to completion.

If a change to a report is requested, testing may be done in a production environment with the condition that a template is not updated until testing of the report has been completed and verified. Report changes go through a QA process to ensure that each change results in consistent and accurate results and produces the desired outcome.

The IT Development Staff are the only persons with access to update report templates.

All change requests related to operating system, network, applications and servers are tracked within GHC's IT service provider's (Direct Technology) ticketing system.

Separate development and production environments are maintained.



b) Logical Access

Controls provide reasonable assurance that logical access to CXP, network, and other applicable systems is restricted.

George Hills Company maintains a security policy that is used to guide employees on the requirements and standards related to logical access and acceptable use. Employees must acknowledge the security policy on an annual basis as part of the Code of Conduct certification process, which is electronically tracked and maintained by HR personnel.

Logical access requests are formally documented by operations personnel in the ticketing system and indicate the systems and level of access rights requested. Logical access is role-based. Access for new employees and contractors is granted based upon job role after approval.

Access changes for employees and contractors are sent from GHC to the IT Service provider to implement. Requests for temporary access control by non-GHC staff (clients, contractors, consultants) are approved by management. The client must indicate who will have access. These users are granted read-only access for their accounts in the CXP system.

Upon an employee's or contractor's termination of employment, the HR Department initiates an exit checklist and distributes it to IT and the MSP to disable or remove access to the GHC network and applications. Accounts are revoked within two business days.

Authentication to the database is granted based on the user's domain credentials. Authentication controls are governed by the network domain's account policies. Administrator privileges to the database are restricted to authorized IT and systems administration personnel.

Access to CXP requires a password. Adjusting staff is excluded from administrative access within CXP.

In addition, the application is configured to restrict client users from accessing other clients' data by utilizing data limits and levels within the application

Password to access the network include the following:

- Minimum length of seven characters
- Passwords expire after 90 days
- Complexity is enabled
- Four passwords were remembered

c) Computer Operations

Controls provide reasonable assurance that CXP claims processing is scheduled, and that deviations from scheduled processing are identified and resolved.

GHC systems utilize the SQL reporting server to monitor automated jobs and SQL queries to verify the internal database integrity. These jobs are monitored by the IT Department.



George Hills Company utilizes various monitoring tools to capture significant events and conditions related to the services provided including, but not limited to, the monitoring of network performance, device availability, utilization, and capacity. The tools are configured to send automated alerts to operations personnel in the event that predefined thresholds are exceeded. Significant events or conditions are documented within an incident ticket, investigated, and tracked to resolution. The related accounting records, supporting information, and specific accounts include the customer claim files used in the adjudication and payment of authorized claims provided by the customers. Customers have the ability to view the claims processing and reporting via an online web portal.

d) Client Setup

Controls provide reasonable assurance that customer data setup is complete and accurate.

Upon establishment of a service contract with a new client, standardized checklists and worksheets are used to guide the client setup process. The checklists and worksheets track the completion of the required steps for each phase of the implementation process, which include, but are not limited to, the following: pre-implementation phase, meetings and communication phase, implementation phase and the post-implementation phase. For each task to be completed during each respective phase, a resource department (e.g., sales, client services, operations, banking) is assigned to help ensure completion and to provide for accountability. The VP of Claims Admin or the Client Service Manager creates a New Client Checklist that summarizes client information. The VP of Claims Admin or the Client Service Manager reviews the checklist and sets up the Client in CXP in accordance with the instruction sheet.

During the client setup process, each client is assigned a unique client number by the CXP application. Access to the client setup function in the CXP application is restricted to authorized personnel.

After clients are provisioned in the system, implementation meetings are held with client personnel to help ensure that the client was provisioned completely and accurately within the system. During these meetings, clients are provided with general information regarding their system account, which includes, but is not limited to, the following: key contact information, client service instructions, data export/conversion procedures, claim intake procedures, financial / bank account setup requirements, and guidance for system access and training. George Hills Company management documents the occurrence of this meeting and the content described as part of the client implementation meeting and agenda summary documentation.

Internal George Hills Company IT staff perform all incoming data conversions. Control totals from the prior administrator are used to balance the conversion. George Hills Company tests key functionality, report generation, and data mapping in the CXP QA environment before having the vendor promote and migrate the data to production environment.



e) Claims Processing

Controls provide reasonable assurance that claim data entered into CXP is complete, accurate, valid, and recorded in a timely manner.

Incoming claim loss notices are monitored by the Claims Administrative Assistant. Claims Adjustors proactively monitor dedicated email boxes, phone queues, and electronic folders for incoming loss notices. Loss notices are labeled with a claim number, the time the claim was set up, as well as the associate who set up the claim. For claims received by mail from the claimant, the claims adjuster scans the claim into the system, labels the claim with the client name and a unique claim number for identification, and routes the loss notices to an email box accessible by CXP personnel for claim preparation.

- New claims are processed within one business day of being received.
- Upon receipt of the claim/incident report, a setup sheet is filled out by the claims processor.
- When the claimant name and the date of loss is entered into the system, a check for duplication of a claim is performed by the claim system. Possible duplicates are flagged in a system dialogue box. CXP also has system edit checks, which verifies that all required data fields are completed (Required Fields). During the claims entry process, the CXP application is configured to perform data entry and validation checks including, but not limited to, the following:
 - Required claim fields are complete.
 - Data is entered/uploaded in an approved format.
 - The loss date falls within the coverage policy period (for claims where the client has provided George Hills Company with policy information).
 - Potential duplicate claims are identified by comparing the claim entered into the claims database.

For claims data manually entered via the website, once the claim has been established in the system, a new claim number is generated and a message prompt is generated to the website user indicating that the submission has been completed and a new claim has been opened on the system.

Prior to processing a claim, an assigned adjuster reviews each claim file to confirm that claim was set up completely and accurately. The adjuster documents in the claim file work history that they have verified claimant details, description of loss, date of loss, and that the claim falls within the policy limits and period of coverage. Once the adjuster's review of the claim file is completed, the handling adjuster or supervisor reviews the claim setup to ensure that all data has been entered correctly.

Actions taken during processing, including any approvals received, are documented within the claim file's work history. The CXP application is configured to enforce diary activities, which serve as a checklist to help ensure required processing activities are completed by adjusters and available for review by supervisory personnel. Supervisory personnel are alerted when diary activities are completed during the claims processing process and have the ability to review and approve processing activities completed by the adjuster.



The diary activities on open or pending claims are proactively monitored within the CXP application via onscreen alerts by the designated supervisors, to help ensure claims are processed in a timely manner. Additionally, exception reports are communicated to supervisory personnel on a weekly basis and include details on each open or outstanding claims including, but not limited to, the adjuster, due date, file number, and the insured and claimant information.

Access controls are in place within the CXP application to restrict the ability to reopen claims to authorized personnel. If an individual without the sufficient access privileges attempts to reopen a claim, the action will be flagged for management review within the CXP application and will not be processed unless approved by a designated manager. Additionally, the CXP application is configured to enforce authority limits to prevent adjusters from entering/assigning a reserve above their authority limit. If an adjuster attempts to assign a reserve above their authority limit, the CXP application suspends the reserve change transaction pending approval from a manager or supervisor. Claims processors cannot approve reserves or payments.

f) Claims Adjudication

Controls provide reasonable assurance that claims are adjudicated accurately.

Within one business day of receipt of assignment/receipt of a claim assignment, GHC will attempt contact with all known claimants and begin a thorough claims investigation. Within two business days of receipt of assignment, all files will be created, reserved, and necessary data input into the claims information system. The assigned GHC adjuster completes an initial review of a claim within five business days.

Each assigned case uses a claim note pad and document modules to document all reserves and payments.

A Plan of Action for each claim is included in CXP and outlines specific steps, including timeframes, being taken to determine the liability and evaluate extent of damage. The report includes recommendation, facts, liability, and injury.

Each adjuster has their own authority level (based upon either contractual limits or limits set by their respective Branch Manager).

Once the adjuster has obtained a signed Release of Claims from the claimant or their attorney, the adjuster does a final note in the claims systems followed by a Closing Report.

A monthly loss run report is completed with a detailed breakdown of reserves and provided to clients.



g) Claims Payment

Controls provide reasonable assurance that claim payments are complete, accurate, and distributed to authorized recipients.

The CXP application is configured to enforce payment authorization limits for users based upon their job responsibilities. Authorization limits are set by the employee's manager. If an individual attempts to enter a payment request exceeding their assigned authority level, the transaction is flagged within the application and requires approval by an associate with sufficient authority. Check requests over an adjusters threshold need to be approved by the Supervisor.

The CXP application is configured to prevent the issuance of an indemnity or expense payment when the requested payment, plus any other payments requested but not issued, exceeds the related reserve set on the claim. If a payment in excess of the related reserve set on the claim is requested, an on-screen alert appears notifying the requester that the reserves on the claim must be increased prior to processing the payment.

CXP application security roles are configured to prevent users with the ability to request payments from processing payments to help ensure segregation of duties. Client banking personnel reconcile the check output file to the check print listing to verify that requested checks were completely printed. The frequency of the reconciliations is determined on a client-by-client basis. The CXP application is configured to prevent medical and expense payments to vendors not established within the application. If a medical or expense payment is attempted to be made to an unknown vendor, an error message appears, and the transaction is not processed. Additionally, expense checks that attempt to issue to an address that differs from the vendor or claim file are automatically submitted to the supervisory approval queue and must be approved by a supervisor before payment is disbursed.

Checks are printed by the Finance Operations Supervisor, which also serves as the storage location of blank check stock. Access to the check print room is restricted to authorized personnel by physical lock and key. The ability to access the check printing application is restricted to authorized personnel. To help ensure segregation of duties, adjusters who are responsible for requesting payments based on claims processed do not have the ability to access the check printing application. The blank check stock utilized for issuing claims payments contains a sequence number. Logs are maintained that document the check stock sequence numbers, check numbers, and client number to account for the check stock used when check runs are processed. Each check run, the check register is reviewed by the Chief Operating Officer. The reviews are documented and retained. Monthly statement reconciliations are performed by an Accounting Finance Technician who does not have access to generate checks.



h) Claims Trust Account Management

Controls provide reasonable assurance that client trust account management deposits and disbursements are valid, authorized and properly recorded.

A check register is sent to clients at least on a monthly basis.

Monthly statement reconciliations are performed by an Accounting Finance Technician who does not have access to generate checks.

i) Client Output and Reporting

Controls provide reasonable assurance that output data, reports, and documents distributed to authorized recipients through a secure process and on a timely basis.

CXP can be accessed by authorized users utilizing valid user IDs and passwords. Clients can access claims and reports on demand by logging into the application with read-only access.

CXP has roles and groups to limit access to data.

Only administrators can set/remove security settings in CXP. Security settings are applied at both the viewing and reporting capabilities.

D. Control Objectives and Related Controls

George Hills Company has specified the control objectives and identified the controls that are designed to achieve the related control objective. The specified control objectives and related controls are presented in Section IV, "Description of George Hills Company, Inc.'s Control Objectives and Related Controls, and Independent Service Auditor's Description of Tests of Controls and Results," and are an integral component of George Hills Company's Claims Processing and Trust Accounting System.



E. Complementary Subservice Organization Controls

George Hills Company's controls related to the Claims Processing and Trust Accounting System cover only a portion of overall internal control for each user entity of George Hills Company. It is not feasible for the control objectives related to the Claims Processing and Trust Accounting System to be achieved solely by George Hills Company. Therefore, each user entity's internal control over financial reporting must be evaluated in conjunction with George Hills Company's controls and the related tests and results described in Section IV of this report, taking into account the types of controls expected to be implemented by the subservice organization as described below.

Complementary Subservice Organization Controls		Related Control Objective
Insurity and Spear Technologies Software, Inc.		
1	Subservice organizations test application updates before deploying to George Hills Company.	➤ Control Objective 1: System and Report Changes
2	Subservice organizations perform backups for the claims processing system.	➤ Control Objective 3: Computer Operations

F. Complementary User Entity Controls

George Hills Company's controls related to the Claims Processing and Trust Accounting System cover only a portion of overall internal control for each user entity of George Hills Company. It is not feasible for the control objectives related to the Claims Processing and Trust Accounting System to be achieved solely by George Hills Company. Therefore, each user entity's internal control over financial reporting should be evaluated in conjunction with George Hills Company's controls and the related tests and results described in Section IV of this report, taking into account the related complementary user entity controls identified below, where applicable.

In order for user entities to rely on the controls reported on herein, each user entity must evaluate its own internal control to determine whether the identified complementary user entity controls have been implemented and are operating effectively. User entities are responsible for:

Complementary User Entity Controls		Related Control Objective
1	User entities are expected to implement controls to ensure that the setup information provided to George Hills Company is accurate and complete and provide in a timely manner.	➤ Control Objective 4: Client Setup
2	User entities are expected to implement controls that ensure that user entity personnel attend client implementation meetings and provide timely feedback regarding accuracy and completeness of claims data.	➤ Control Objective 4: Client Setup
3	User entities are expected to implement controls to ensure that valid and approved vendors are utilized for claim settlement and investigation support.	➤ Control Objective 6: Claims Adjudication



IV. Description of George Hills Company, Inc.’s Control Objectives and Related Controls, and Independent Service Auditor’s Description of Tests of Controls and Results

A. Information Provided by the Independent Service Auditor

This SOC 1 Type 2 report was prepared in accordance with the AICPA attestation standards and, when combined with an understanding of the controls at user entities, is intended to assist auditors in planning the audit of user entities' financial statements or user entities' internal control over financial reporting and in assessing control risk for assertions in user entities' financial statements that may be affected by controls at George Hills Company.

Our examination was limited to the control objectives and related controls specified by George Hills Company in Sections III and IV of the report, and did not extend to controls in effect at user entities.

It is the responsibility of each user entity and its independent auditor to evaluate this information in conjunction with the evaluation of internal control over financial reporting at the user entity in order to assess total internal control. If internal control is not effective at user entities, George Hills Company's controls may not compensate for such weaknesses.

George Hills Company’s internal control represents the collective effect of various factors on establishing or enhancing the effectiveness of the controls specified by George Hills Company. In planning the nature, timing, and extent of our testing of the controls to achieve the control objectives specified by George Hills Company, we considered aspects of George Hills Company's control environment, risk assessment process, monitoring activities, and information and communications.

The following table clarifies certain terms used in this section to describe the nature of the tests performed:

Test Procedure	Description
Inquiry	➤ Inquiry of appropriate personnel and corroboration with management.
Observation	➤ Observation of the application, performance, or existence of the control.
Inspection	➤ Inspection of documents and reports indicating performance of the control.
Reperformance	➤ Reproduction of the control.

In addition, we evaluated whether the information was sufficiently reliable for our purposes by obtaining evidence about the accuracy and completeness of such information and evaluating whether the information was sufficiently precise and detailed for our purposes.



B. Test of Controls and Results

1. System and Report Changes

Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP		Test Results
<p>Control Objective 1: Controls provide reasonable assurance that CXP report changes are tested, documented, and system changes are tracked to completion.</p>				
<p>1. If a change to a report is requested, testing may be done in a production environment with the condition that a template is not updated until testing of the report has been completed and verified. Report changes go through a QA process to ensure that each change results in consistent and accurate results and produces the desired outcome.</p>	<p>Inquired of the Business Intelligence Specialist about report changes noting that if a change to a report was requested, testing could be done in a production environment with the condition that a template was not updated until testing of the report had been completed and verified. Also noted that report changes went through a QA process to ensure that each change resulted in consistent and accurate results and produced the desired outcome.</p> <p>Inspected report change requests and QA results for randomly selected report changes during the examination period noting that if a change to a report was requested, testing could be done in a production environment with the condition that a template was not updated until testing of the report had been completed and verified. Also noted that report changes went through a QA process to ensure that each change resulted in consistent and accurate results and produced the desired outcome.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
<p>2. The IT Development Staff are the only persons with access to update report templates.</p>	<p>Inquired of the Software Developer about access to update reports noting that the IT Development Staff were the only persons with access to update report templates.</p> <p>Inspected the administrative user access listing for CXP noting that the IT Development Staff were the only persons with access to update report templates.</p> <p>Inspected report change requests and QA results for randomly selected report changes during the examination period noting that only IT Development Staff were able to update report templates.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>



Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP		Test Results
Control Objective 1: Controls provide reasonable assurance that CXP report changes are tested, documented, and system changes are tracked to completion.				
3.	All change requests related to operating system, network, applications and servers are tracked within GHC's IT service provider's (Direct Technology) ticketing system.	Inquired of the SQL Server Developer about change requests noting that all change requests related to operating system, network, applications, and servers were tracked within GHC's IT service provider's (Direct Technology) ticketing system. Inspected change request query and log during the examination period noting that all change requests related to operating system, network, applications, and servers were tracked within GHC's IT service provider's (Direct Technology) ticketing system.		No exceptions noted. No exceptions noted.
4.	Separate development and production environments are maintained.	Inquired of the SQL Software Developer about separate environments noting that separate development and production environments were maintained. Inspected the separate environments noting that separate development and production environments were maintained.		No exceptions noted. No exceptions noted.



2. Logical Access

Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP	Test Results
Control Objective 2: Controls provide reasonable assurance that logical access to CXP, network, and other applicable systems is restricted.			
1. Access changes for employees and contractors are sent from GHC to the IT Service provider to implement.	Inquired of the SQL Server Developer about access changes noting that access changes for employees and contractors were sent from GHC to the IT Service provider to implement.	Inspected access request query and log during the examination period noting that access changes for employees and contractors were sent from GHC to the IT Service provider to implement.	No exceptions noted.
2. Access to CXP requires a password. Adjusting staff is excluded from administrative access within CXP.	Inquired of the SQL Server Developer about CXP password configurations and administrative access noting that access to CXP required a password. Also noted that adjusting staff was excluded from administrative access within CXP.	Inspected the password configurations for CXP noting that access to CXP required a password. Inspected the administrative and user access listing for CXP noting that adjusting staff was excluded from administrative access within CXP.	No exceptions noted. No exceptions noted.



Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP		Test Results
Control Objective 2: Controls provide reasonable assurance that logical access to CXP, network, and other applicable systems is restricted.				
<p>3. Upon an employee's or contractor's termination of employment, the HR Department initiates an exit checklist and distributes it to IT and the MSP to disable or remove access to the GHC network and applications. Accounts are revoked within two business days.</p>	<p>Inquired of the SQL Server Developer about terminations noting that upon an employee's or contractor's termination of employment, the HR Department initiated an exit checklist and distributed it to IT and the MSP to disable or remove access to the GHC network and applications. Noted that accounts were revoked within two business days. Also noted that there were no contractors terminated during the examination period.</p> <p>Inspected termination check list and system access lists for all terminated employees during the examination period noting that upon an employee's termination of employment, the HR Department initiated an exit checklist and distributed it to IT and the MSP to disable or remove access to the GHC network and applications. Also noted that accounts were revoked within two business days.</p>	<p>No exceptions noted.</p> <p>One out of seven terminated users did not have a termination checklist in place and still had access to CXP.</p> <p>See Section V - Other Information Provided by the Service Organization That Is Not Covered by the Service Auditor's Report for management response to the noted exception.</p>	<p>No exceptions noted.</p>	<p>No exceptions noted.</p>
<p>4. Requests for temporary access control by non-GHC staff (clients, contractors, consultants) are approved by management. The client must indicate who will have access. These users are granted read-only access for their accounts in the CXP system.</p>	<p>Inquired of the Chief Operating Officer about temporary access requests noting that requests for temporary access control by non-GHC staff (clients, contractors, consultants) were approved by management. Noted that the client must indicate who would have access. Also noted that these users were granted read-only access for their accounts in the CXP system.</p> <p>Inspected approval documentation and user listings for randomly selected temporary CXP access requests during the examination period noting that requests for temporary access control by non-GHC staff (clients, contractors, consultants) were approved by management. Noted that the client must indicate who would have access. Also noted that these users were granted read-only access for their accounts in the CXP system.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>	<p>No exceptions noted.</p>	<p>No exceptions noted.</p>



Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP		Test Results
Control Objective 2: Controls provide reasonable assurance that logical access to CXP, network, and other applicable systems is restricted.				
5.	Access for new employees and contractors is granted based upon job role after approval.	Inquired of the SQL Server Developer about new access provisioning noting that access for new employees and contractors was granted based upon job role after approval. Also noted that there were no new contractors during the examination period.		No exceptions noted.
		Inspected new access requests for randomly selected new employees during the examination period noting that access for new employees was granted based upon job role after approval.		No exceptions noted.
6.	Password to access the network include the following: <ul style="list-style-type: none"> • Minimum length of seven characters • Passwords expire after 90 days • Complexity is enabled • Four passwords were remembered 	Inquired of the SQL Server Developer about passwords noting that password to access the network included the following: <ul style="list-style-type: none"> • Minimum length of seven characters • Passwords expired after 90 days • Complexity was enabled • Four passwords were remembered Inspected the network password configurations noting that password to access the network included the following: <ul style="list-style-type: none"> • Minimum length of seven characters • Passwords expired after 90 days • Complexity was enabled • Four passwords were remembered 		No exceptions noted.



3. Computer Operations

Controls Specified by George Hills Company	Tests Performed by Moss Adams LLP	Test Results
<p>Control Objective 3: Controls provide reasonable assurance that CXP claims processing is scheduled, and that deviations from scheduled processing are identified and resolved.</p>	<p>Inquired of the SQL Developer about scheduled jobs noting that GHC systems utilized the SQL reporting server to monitor automated jobs and SQL queries to verify the internal database integrity. Noted that these jobs were monitored by the IT Department.</p> <p>Inspected the SQL reporting server and SQL queries noting that GHC systems utilized SQL reporting server to monitor automated jobs and SQL queries to verify the internal database integrity. Noted that these jobs were monitored by the IT Department.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>



4. Client Setup

Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP		Test Results
Control Objective 4: Controls provide reasonable assurance that customer data setup is complete and accurate.				
1. The VP of Claims Admin or the Client Service Manager creates a New Client Checklist that summarizes client information. The VP of Claims Admin or the Client Service Manager reviews the checklist and sets up the Client in CXP in accordance with the instruction sheet.	Inquired of the Business Intelligence Analyst about new client onboarding noting that the VP of Claims Admin or the Client Service Manager created a New Client Checklist that summarized client information. Also noted that the VP of Claims Admin or the Client Service Manager reviewed the checklist and set up the Client in CXP in accordance with the instruction sheet.	Inspected new client checklists for randomly selected new clients during the examination period noting that the VP of Claims Admin or the Client Service Manager created a New Client Checklist that summarized client information. Also noted that the VP of Claims Admin or the Client Service Manager reviewed the checklist and set up the Client in CXP in accordance with the instruction sheet.	No exceptions noted.	No exceptions noted.
2. Internal George Hills Company IT staff perform all incoming data conversions. Control totals from the prior administrator are used to balance the conversion. George Hills Company tests key functionality, report generation, and data mapping in the CXP QA environment before having the vendor promote and migrate the data to production environment.	Inquired of the Business Intelligence Analyst about data conversions noting that internal George Hills Company IT staff performed all incoming data conversions. Noted that control totals from the prior administrator were used to balance the conversion. Also noted that George Hills Company tested key functionality, report generation, and data mapping in the CXP QA environment before having the vendor promote and migrate the data to production environment.	Inspected client data conversion documentation for randomly selected client data conversions during the examination period noting that internal George Hills Company IT staff performed all incoming data conversions. Noted that control totals from the prior administrator were used to balance the conversion. Also noted that George Hills Company tested key functionality, report generation, and data mapping in the CXP QA environment before having the vendor promote and migrate the data to production environment.	No exceptions noted.	No exceptions noted.



5. Claims Processing

Controls Specified by George Hills Company	Tests Performed by Moss Adams LLP	Test Results
<p>Control Objective 5: Controls provide reasonable assurance that claim data entered into CXP is complete, accurate, valid, and recorded in a timely manner.</p>	<p>Inquired of the Claims Supervisor about new claims noting that new claims were processed within one business day of being received.</p> <p>Inspected claim processing dates for randomly selected claims during the examination period noting that new claims were processed within one business day of being received.</p>	<p>No exceptions noted.</p> <p>One of 40 randomly selected claims were not processed in CXP within one business day.</p> <p><i>See Section V - Other Information Provided by the Service Organization That Is Not Covered by the Service Auditor's Report for management response to the noted exception.</i></p>
<p>1. New claims are processed within one business day of being received.</p> <p>2. Upon receipt of the claim/incident report, a setup sheet is filled out by the claims processor.</p>	<p>Inquired of the Claims Supervisor about setup sheets noting that upon receipt of the claim/incident report, a setup sheet was filled out by the claims processor.</p> <p>Inspected setup sheets for randomly selected claims during the examination period noting that upon receipt of the claim/incident report, a setup sheet was filled out by the claims processor.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>



Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP		Test Results
Control Objective 5: Controls provide reasonable assurance that claim data entered into CXP is complete, accurate, valid, and recorded in a timely manner.				
3.	When the claimant name and the date of loss is entered into the system, a check for duplication of a claim is performed by the claim system. Possible duplicates are flagged in a system dialogue box. CXP also has system edit checks, which verifies that all required data fields are completed (Required Fields).	Inquired of the Claims Supervisor about claim system inputs noting that when the claimant name and the date of loss was entered into the system, a check for duplication of a claim was performed by the claim system. Noted that possible duplicates were flagged in a system dialogue box. Also noted that CXP had system edit checks, which verified that all required data fields were completed (Required Fields). Observed the claim entry process in CXP noting that when the claimant name and the date of loss was entered into the system, a check for duplication of a claim was performed by the claim system. Noted that possible duplicates were flagged in a system dialogue box. Also noted that CXP had system edit checks, which verified that all required data fields were completed (Required Fields).	No exceptions noted. No exceptions noted.	No exceptions noted. No exceptions noted.
4.	The handling adjuster or supervisor reviews the claim setup to ensure that all data has been entered correctly.	Inquired of the Claims Supervisor about claim reviews noting that the handling adjuster or supervisor reviewed the claim setup to ensure that all data had been entered correctly. Inspected handling adjuster reviews for randomly selected claims during the examination period noting that the handling adjuster or supervisor reviewed the claim setup to ensure that all data had been entered correctly.	No exceptions noted. No exceptions noted.	No exceptions noted. No exceptions noted.
5.	Claims processors cannot approve reserves or payments.	Inquired of the Claims Supervisor about reserves and payments noting that claims processors could not approve reserves or payments. Inspected the payment and reserve limits in the system noting that claims processors could not approve reserves or payments.	No exceptions noted. No exceptions noted.	No exceptions noted. No exceptions noted.



6. Claims Adjudication

Controls Specified by George Hills Company	Tests Performed by Moss Adams LLP	Test Results
<p>Control Objective 6: Controls provide reasonable assurance that claims are adjudicated accurately.</p>	<p>Inquired of the Claims Supervisor about receipt of new claims noting that within one business day of receipt of assignment/receipt of a claim assignment, GHC would attempt contact with all known claimants and begin a thorough claims investigation. Noted that within two business days of receipt of assignment, all files would be created, reserved, and necessary data input into the claims information system. Also noted that the assigned GHC adjuster completed an initial review of a claim within five business days.</p> <p>Inspected claim documentation for randomly selected new claims during the examination period noting that within one business day of receipt of assignment/receipt of a claim assignment, GHC would attempt contact with all known claimants and begin a thorough claims investigation. Noted that within two business days of receipt of assignment, all files would be created, reserved, and necessary data input into the claims information system. Also noted that the assigned GHC adjuster completed an initial review of a claim within five business days.</p>	<p>No exceptions noted.</p> <p>Exceptions noted that:</p> <ul style="list-style-type: none"> • Three of 40 randomly selected new claims did not have a GHC representative reach out to known claimants within one business day of receipt. • Seven of 40 randomly selected new claims did not have a reserve set in CXP within two business days. • Five of 40 randomly selected new claims did not have an adjusters review in CXP within five business days. <p>See Section V - Other Information Provided by the Service Organization That Is Not Covered by the Service Auditor's Report for management response to the noted exception.</p>



Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP		Test Results
Control Objective 6: Controls provide reasonable assurance that claims are adjudicated accurately.				
2.	Each assigned case uses a claim note pad and document modules to document all reserves and payments.	Inquired of the Claims Supervisor about assigned cases noting that each assigned case used a claim note pad and document modules to document all reserves and payments. Inspected claim documentation for randomly selected new claims during the examination period noting that each assigned case used a claim note pad and document modules to document all reserves and payments.	No exceptions noted.	No exceptions noted.
3.	A Plan of Action for each claim is included in CXP and outlines specific steps, including timeframes, being taken to determine the liability and evaluate extent of damage. The report includes recommendation, facts, liability, and injury.	Inquired of the Claims Supervisor about the Plan of Actions noting that a Plan of Action for each claim was included in CXP and outlined specific steps, including timeframes, being taken to determine the liability and evaluate extent of damage. Also noted that the report included recommendation, facts, liability, and injury. Inspected Plans of Action for randomly selected new claims during the examination period noting that a Plan of Action for each new claim was included in CXP and outlined specific steps, including timeframes, being taken to determine the liability and evaluate extent of damage. Also noted that the report included recommendation, facts, liability, and injury.	No exceptions noted.	No exceptions noted.
4.	Each adjuster has their own authority level (based upon either contractual limits or limits set by their respective Branch Manager).	Inquired of the Claims Supervisor about authority levels noting that each adjuster had their own authority level (based upon either contractual limits or limits set by their respective Branch Manager). Observed the Claims Supervisor attempt to process a reserve/payment over their authority level noting that the CXP claims system blocked the attempt. Inspected the payment and reserve limits noting that each adjuster had their own authority level (based upon either contractual limits or limits set by their respective Branch Manager). Inspected the CXP user and group list noting that the ability to issue payments was limited to the Accounting Finance Technician	No exceptions noted.	No exceptions noted.



Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP		Test Results
Control Objective 6: Controls provide reasonable assurance that claims are adjudicated accurately.				
5.	Once the adjuster has obtained a signed Release of Claims from the claimant or their attorney, the adjuster does a final note in the claims systems followed by a Closing Report.	Inquired of the Claims Supervisor about Closed Claims noting that once the adjuster had obtained a signed Release of Claims from the claimant or their attorney, the adjuster did a final note in the claims systems followed by a Closing Report.	Inquired of the Claims Supervisor about Closed Claims noting that once the adjuster had obtained a signed Release of Claims from the claimant or their attorney, the adjuster did a final note in the claims systems followed by a Closing Report.	No exceptions noted.
6.	A monthly loss run report is completed with a detailed breakdown of reserves and provided to clients.	Inquired of the Claims Supervisor about monthly loss runs noting that a monthly loss run report was completed with a detailed breakdown of reserves and provided to clients.	Inquired of the Claims Supervisor about monthly loss runs noting that a monthly loss run report was completed with a detailed breakdown of reserves and provided to clients.	No exceptions noted.



7. Claims Payment

Controls Specified by George Hills Company	Tests Performed by Moss Adams LLP	Test Results
<p>Control Objective 7: Controls provide reasonable assurance that claim payments are complete, accurate, and distributed to authorized recipients.</p>		
<p>1. Check requests over an adjusters threshold need to be approved by the Supervisor.</p>	<p>Inquired of the Accounting Technician about check requests noting that check requests over an adjuster's threshold needed to be approved by the Supervisor.</p> <p>Observed the Claims Processor attempt to process a payment over their authority level noting that the CXP claims system blocked the attempt.</p> <p>Inspected the adjuster payment threshold amount and next level approvals during the examination period noting that check requests over an adjuster's threshold had to be approved by the supervisor.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
<p>2. Each check run, the check register is reviewed by the Chief Operating Officer. The reviews are documented and retained.</p>	<p>Inquired of the Chief Operating Officer about check registers noting that each check run, the check register was reviewed by the Chief Operating Officer. Also noted that the reviews were documented and retained.</p> <p>Inspected check run approvals for randomly selected check runs during the examination period noting that each check run, the check register was reviewed by the Chief Operating Officer. Also noted that the reviews were documented and retained.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>



Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP		Test Results	
<p>Control Objective 7: Controls provide reasonable assurance that claim payments are complete, accurate, and distributed to authorized recipients.</p>					
<p>3. Monthly statement reconciliations are performed by an Accounting Finance Technician who does not have access to generate checks.</p>	<p>Inquired of the Accounting Technician about statement reconciliations noting that monthly statement reconciliations were performed by an Accounting Finance Technician who did not have access to generate checks.</p> <p>Observed the check printer, check stock, and the CXP user listing noting that the ability to issue payments was restricted.</p>	<p>No exceptions noted.</p>	<p>The Accounting Finance Technician who reconciled the monthly bank statements also had access to generate checks.</p> <p>See Section V - Other Information Provided by the Service Organization That Is Not Covered by the Service Auditor's Report for management response to the noted exception.</p>	<p>No exceptions noted.</p>	<p>No exceptions noted.</p>
	<p>Inspected statement reconciliations for randomly selected clients on a monthly basis during the examination period noting that monthly statement reconciliations were performed by an Accounting Finance Technician.</p>				



8. Claims Trust Account Management

Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP	Test Results
Control Objective 8: Controls provide reasonable assurance that client trust account management deposits and disbursements are valid, authorized and properly recorded.			
1. A check register is sent to clients at least on a monthly basis.	Inquired of the Chief Operating Officer and the Accounting Technician about check registers noting that a check register was sent to clients at least on a monthly basis. Inspected check registers for randomly selected clients on a monthly basis during the examination period noting that a check register was sent to clients at least on a monthly basis.	No exceptions noted. No exceptions noted.	No exceptions noted. No exceptions noted.
2. Monthly statement reconciliations are performed by an Accounting Finance Technician who does not have access to generate checks.	Inquired of the Accounting Technician about statement reconciliations noting that monthly statement reconciliations were performed by an Accounting Finance Technician who did not have access to generate checks. Observed the check printer, check stock, and the CXP user listing noting that the ability to issue payments was restricted.	No exceptions noted.	The Accounting Finance Technician who reconciled the monthly bank statements also had access to generate checks. See Section V - Other Information Provided by the Service Organization That Is Not Covered by the Service Auditor's Report for management response to the noted exception.
	Inspected statement reconciliations for randomly selected clients on a monthly basis during the examination period noting that monthly statement reconciliations were performed by an Accounting Finance Technician.	No exceptions noted.	No exceptions noted.



9. Client Output and Reporting

Controls Specified by George Hills Company		Tests Performed by Moss Adams LLP	Test Results
<p>Control Objective 9: Controls provide reasonable assurance that output data, reports, and documents are distributed to authorized recipients through a secure process and on a timely basis.</p>			
<p>1. CXP can be accessed by authorized users utilizing valid user IDs and passwords. Clients can access claims and reports on demand by logging into the application with read-only access.</p>	<p>Inquired of the Business Intelligence Analyst about the CXP system noting that CXP could be accessed by authorized users utilizing valid user IDs and passwords. Noted that clients could access claims and reports on demand by logging into the application with read-only access.</p> <p>Inspected the CXP user list and role-based access listing noting that users had unique user IDs and customized roles.</p> <p>Inspected the password configurations for CXP noting that access to CXP required a password.</p> <p>Observed the client read only configurations noting that clients could access claims and reports on demand by logging into the application with read-only access.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>	
<p>2. CXP has roles and groups to limit access to data.</p>	<p>Inquired of the Business Intelligence Analyst about roles and groups noting that CXP had roles and groups to limit access to data.</p> <p>Inspected the CXP user list, roles and groups noting that CXP had roles and groups to limit access to data.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>	
<p>3. Only administrators can set/remove security settings in CXP. Security settings are applied at both the viewing and reporting capabilities.</p>	<p>Inquired of the Business Intelligence Analyst about CXP administrators noting that only administrators could set/remove security settings in CXP. Also noted that security settings were applied at both the viewing and reporting capabilities.</p> <p>Inspected the administrator menu noting that only administrators could set/remove security settings in CXP. Also noted that security settings were applied at both the viewing and reporting capabilities.</p> <p>Inspected the administrative and user access listing for CXP noting that adjusting only administrators could set/remove security settings in CXP.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>	



V. Other Information Provided by the Service Organization

The following information is provided for informational purposes only and has not been subjected to the procedures applied in the examination. Accordingly, Moss Adams expresses no opinion on the following information.

A. Management's Response to Identified Testing Exceptions

Control #	Controls Specified by George Hills Company	Exception Noted by Moss Adams LLP	George Hills Company Management Response
2.3	Upon an employee's or contractor's termination of employment, the HR Department initiates an exit checklist and distributes it to IT and the MSP to disable or remove access to the GHC network and applications. Accounts are revoked within two business days.	One out of seven terminated users did not have a termination checklist in place and still had access to CXP.	<p>Moving forward, for all terminations, HR resources will immediately contact our MSP (Direct Technology or their successor) and internal IT resources via email to turn off all accesses promptly (within the same business day of the termination).</p> <p>It should be noted that we were able to verify that the terminated employee did not access the system from the time of his termination to the time we terminated his access to the system.</p>
5.1	New claims are processed within one business day of being received.	One of 40 randomly selected claims were not processed in CXP within one business day.	<p>A claim was found to not conform to the practice of processing in CXP within one business day.</p> <p>It should be noted that this did not result in any negative consequence to our clients or incurred any adverse consequences to any financial control currently in place.</p>



Control #	Controls Specified by George Hills Company	Exception Noted by Moss Adams LLP	George Hills Company Management Response
6.1	<p>Within one business day of receipt of assignment/receipt of a claim assignment, GHC will attempt contact with all known claimants and begin a thorough claims investigation. Within two business days of receipt of assignment, all files will be created, reserved, and necessary data input into the claims information system. The assigned GHC adjuster completes an initial review of a claim within five business days.</p>	<p>Exceptions noted that:</p> <ul style="list-style-type: none"> Three of 40 randomly selected new claims did not have a GHC representative reach out to known claimants within one business day of receipt. Seven of 40 randomly selected new claims did not have a reserve set in CXP within two business days. Five of 40 randomly selected new claims did not have an adjusters review in CXP within five business days. 	<p>Several claim entries were found to not conform to the standard practice of untimely claimant contact not being reserved within two business days or having an untimely adjuster initial review.</p> <p>It should be noted that these misses in process did not result in any negative consequence to our clients or incurred any adverse consequences to any financial control currently in place.</p>
7.3 and 8.2	<p>Monthly statement reconciliations are performed by an Accounting Finance Technician who does not have access to generate checks.</p>	<p>The Accounting Finance Technician who reconciled the monthly bank statements also had access to generate checks.</p>	<p>The Account Finance Technician who reconciles bank statements was assigned a claims system application role, which could have allowed that individual to process payment records, including the generation of checks. A new application role has been developed and applied to this individual's profile, so they cannot process payment records of any kind.</p> <p>It should be noted that while this application role made it possible for the technician to process checks, the technician had not received the training nor had been exposed to the process of check generation.</p>



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GH
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Our minds over your matters.

Purpose	Protecting and enhancing the assets of our clients.	
Vision	To be California's leading TPA and JPA management company.	
Values	Honesty, Integrity, and Accountability	Inherent in our everyday actions
	Customer Satisfaction	Exceeding expectations is our goal
	Financial Stewardship	Critical to our collective success
	Loyalty and Commitment	Earned through trust between employee and employer
	Continuous Improvement	Encouraged and supported as leaders in the industry
	Resiliency	Turning challenges into positive opportunities



CSURMA AORMA COMMUNICATION

ISSUE: AORMA has implemented the following communication strategies to keep the Members apprised of important information.

1. Quarterly AORMA Updates to all AOA Members (via AOA distribution list)
2. AOA Executive Committee AORMA Updates
3. January Budgeting Letter
4. September Pre-Budgeting Letter
5. Annual Invoices including Coverage Summary (for major programs)
6. CSURMA Website
7. AOA Annual Conference Presentations
8. AOA Annual Conference Booth
9. Campus Visits (in person or via Zoom)

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

AORMA COMMITTEE SUCCESSION PLANNING

ISSUE: See the AORMA Committee Terms of Office below:

<i>Election Date:</i>	<i>Apr-21</i>	<i>Apr-22</i>	<i>Apr-23</i>	<i>Apr-24</i>
Position (election year)	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Chair - (even year)	Brummett / Lee	Lee	Lee / Kissel	Kissel
First Vice-Chair - (even year)	Lee / Kissel	Kissel	Kissel / Olmsted	Olmsted
Second Vice-Chair (even year)	Kissel / Olmsted	Olmsted	Olmsted / Levinson	Levinson
At Large Seat #1 - (odd year)	Newberg / Open	Open / Lane	Lane	Lane
At Large Seat #2 - (even year)	Marchese	Marchese	Marchese / OPEN	
At Large Seat #3 - (odd year)	Ortiz	Ortiz	Ortiz	Ortiz
At Large Seat #4 - (even year)	Tyson	Tyson	Tyson	Tyson
At Large Seat #5 - (odd year)	Melikian	Melikian	Melikian	Melikian
At Large Seat #6 - (even year)	Levinson	Levinson	Levinson / OPEN	
At Large Seat #7 - (odd year)	Olmsted / Open	Open / Crawford	Crawford	Crawford

Each of the Officers may serve two two-year terms per position. Terms limits do not apply to at-large members. During the September 2023 meeting, the Chair will be asked to appoint a Nominations Committee to recommend nominations for the Officer seats as well at-large seats which are open or expected to be open on July 1, 2024. At the December 2023 AORMA Committee meeting, the Nominations Committee will announce their nominations for Chair, First Vice Chair and Second Vice Chair and an election will be held.

Committee Member Prospects:

Current Consideration

- Janelle Temnick – San Marcos Commercial Associate ED
- Jared Ceja – Pomona Commercial CEO
- Joanne Mathew – Pomona Commercial CFO

Future Consideration

- Grace Slavik – Northridge Commercial Associate ED

RECOMMENDATION: The Officers will be asked to discuss and recommend Auxiliary Organization employees to join the AORMA Committee to fill the two open seats.

FISCAL IMPACT: None.

BACKGROUND: None.

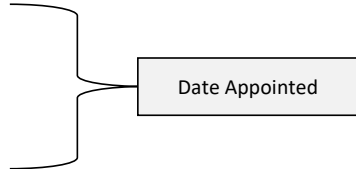
PUBLICATION: None at this time.

ATTACHMENT(S):

- a. AORMA Terms of Office
- b. AORMA Committee Roster
- c. Policy and Procedure A-1
- d. Policy and Procedure A-2

**CSURMA AORMA Committee
Terms of Office**

	<i>Election Date:</i>				
	<i>Apr-21</i>	<i>Apr-22</i>	<i>Apr-23</i>	<i>Apr-24</i>	
Position (election year)	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Terms Out
Chair - (even year)	Brummett / Lee	Lee	Lee / Kissel	Kissel	
First Vice-Chair - (even year)	Lee / Kissel	Kissel	Kissel / Olmsted	Olmsted	6/30/26
Second Vice-Chair (even year)	Kissel / Olmsted	Olmsted	Olmsted / Levinson	Levinson	6/30/26
At Large Seat #1 - (odd year)	Newberg / Open	Open / Lane	Lane	Lane	4/12/22
At Large Seat #2 - (even year)	Marchese	Marchese	Marchese / OPEN		
At Large Seat #3 - (odd year)	Ortiz	Ortiz	Ortiz	Ortiz	3/5/18
At Large Seat #4 - (even year)	Tyson	Tyson	Tyson	Tyson	7/1/20
At Large Seat #5 - (odd year)	Melikian	Melikian	Melikian	Melikian	7/1/20
At Large Seat #6 - (even year)	Levinson	Levinson	Levinson / OPEN		3/12/18
At Large Seat #7 - (odd year)	Olmsted / Open	Open / Crawford	Crawford	Crawford	3/7/23



AORMA Committee
Effective at July 1, 2023

Seat	Member	Position	Campus	Auxiliary Name	E-Mail	Telephone Number	Location	Type of Auxiliary	Size of Campus	Type of Campus	Term
Chair	Chuck Kissel	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	ckissel@fullerton.edu	657-278-4101	South	COMM SP HSG RP	Large	Urban	7/1/20 - 6/30/22
First Vice Chair	Bill Olmsted	Executive Director	Sacramento	University Union Operation of CSUS, Inc.	olmsted@csus.edu	916-278-2242	North	SU	Large	Urban	7/1/21 - 6/30/23
Second Vice Chair	Leslie Levinson	Chief Financial Officer	San Diego	San Diego State University Research Foundation	llevinson@sdsu.edu	619-594-1076	South	HSG PHIL SP COMM RP	Large	Urban	7/1/20 - 6/30/22
Seat 1	Nicole Lane	Director of Human Resources	Fresno	Fresno State Auxiliary Services	nicolel@csufresno.edu	559-278-0860	Central		Medium	Urban	4/12/22 - 06/30/23
Seat 2	<i>Vacant</i>										
Seat 3	Cecilia Ortiz	Executive Director	Dominguez Hills	Loker Student Union	cortiz@csudh.edu	310-243-3854	South	SU	Medium	Urban	7/1/21 - 6/30/23
Seat 4	Raven Tyson	Associate Director of Business Operations	San Diego	Associated Students, San Diego State University	rtyson@sdsu.edu	619-594-3760	South	AS SU	Large	Urban	7/1/20 - 6/30/22
Seat 5	John Melikian	General Counsel and Risk Manager	Sacramento	University Enterprises, Inc., CSU Sacramento	john.melikian@csus.edu	916-278-7150	North	COMM SP	Large	Urban	7/1/21 - 6/30/23
Seat 6	<i>Vacant</i>										
Seat 7	Keith Crawford	Risk Manger	Chico	Associated Students of CSU, Chico	tkcrawford@csuchico.edu	530-898-3447	North		Small	Suburban	07/01/23 - 06/30/25

SUBJECT: AORMA COMMITTEE COMPOSITION,
ELECTIONS & TERM LIMITS

ADOPTED: APRIL 18, 2003

EFFECTIVE: JULY 1, 2003

AMENDED: JANUARY 15, 2005
OCTOBER 27, 2005
JANUARY 16, 2008
OCTOBER 29, 2009
JANUARY 11, 2010
SEPTEMBER 16, 2010
DECEMBER 8, 2011
SEPTEMBER 13, 2012
MARCH 20, 2014
DECEMBER 10, 2015
MARCH 9, 2017
SEPTEMBER 6, 2018
DECEMBER 5, 2019
MAY 4, 2023

PURPOSE:

This policy and procedure outlines the process by which members of the Auxiliary Organizations Risk Management Alliance (AORMA) Committee are nominated and elected to serve. This policy and procedure addresses the desire of the CSURMA to ensure broad organizational representation among AORMA Committee members, acknowledging the AORMA Committee's need for stability of leadership while encouraging participation from qualified candidates.

POLICY:

It is the policy of the CSURMA that, in accordance with the Bylaws, the AORMA Committee shall adopt the procedure outlined in this document for purposes of generating continuity of leadership, encouraging opportunity for diverse committee representation and participation and continuing effective administration of established insurance programs and services.

PROCEDURE:

The following steps will be taken to affect the policy:

1. The AORMA Committee will be elected from representatives of the auxiliary organization members of the CSURMA, effective July 1 of every year. No auxiliary organization will have multiple representatives serving simultaneously on the AORMA Committee. Terms are staggered to create a rotation of the at-large Committee members each year.

2. The AORMA Committee will be comprised of seven at-large members and three Officers (Chair, First Vice Chair and Second Vice Chair). Each Officer may serve two two-year terms per position. Term limits do not apply to at-large members.

3. The AORMA Committee will review its membership annually to strive for diversity on the Committee based on the following criteria:

- Type of Auxiliary Organization (Foundation, ASI/Student Union or Commercial)
- Mix of personnel (Executive Director, CFO, HR, etc.)
- Campus size (small – less than 10,000 FTE, medium – between 10,000 and 20,000 FTE, or large – more than 20,000 FTE)

4. The First Vice Chair and Chair shall serve as AORMA Committee representatives to the CSURMA Executive Committee.

AORMA Committee Chair and / First Vice Chair Qualifications

- Served on AORMA Committee for at least two years
- Demonstrated leadership abilities in group settings
- Ability to serve as primary advocate and spokesperson for AORMA Committee
- Ability to lead the AORMA Committee

5. Annually, the Chair shall appoint a Nominations Committee, consisting of at least two AORMA Committee members to seek nominations for available positions on the AORMA Committee. The Nominations Committee shall consider the following as minimum qualification criteria for individuals seeking nomination to the AORMA Committee:

AORMA Committee Representative

- Participating professional member of CSURMA AORMA for at least two years
- Served in a CSURMA auxiliary organization management position for at least two years
- Demonstrated leadership abilities
- Ability to attend meetings regularly and contribute to the AORMA Committee’s work agenda, as described in Policy & Procedure A-2.

6. Timeline for nominations:

September

The Chair shall appoint a Nominations Committee.

October/November

The Nominations Committee shall poll the AORMA Committee members, including the Chair, First Vice Chair and Second Vice Chair to identify which of the incumbents whose terms expire the following June 30 are interested in seeking re-election.

At the December AORMA Committee meeting, the Nominations Committee will announce their nominations for Chair, First Vice Chair and Second Vice Chair. The Chair, First Vice Chair and Second Vice Chair shall be elected by the AORMA Committee from its members. All ballots will be tallied by the CSURMA Secretary-Auditor.

January

The current AORMA Committee Chair will announce to the membership, changes to the Chair, First Vice Chair and Second Vice Chair as well as the opening of the nominations period for open committee positions (for July 1 appointments). The AORMA Committee Chair will indicate which types of auxiliary representations are needed on the AORMA Committee (to ensure broad representation). Nominations will remain open through the end of February, and self-nominations will be accepted as well as nominations by others.

February

The Nominations Committee will continue to solicit nominations, especially if specific types of auxiliary organizations are not being represented.

March

A nominations slate will be forwarded to the AOA Executive Committee for review and comment. The slate, with comments, will be returned to the AORMA Committee no later than March 31.

April

All CSURMA member auxiliary organizations will be sent a ballot with the names of the nominated individuals. Each member auxiliary can vote for the representatives. Completed ballots will be due to the CSURMA by April 30.

May

Announcement at the CSURMA Board of Directors meeting of the outcomes of the election process to be effective July 1.



CSURMA AORMA

POLICY AND PROCEDURE NO. A-2

SUBJECT: AORMA COMMITTEE AND STANDING COMMITTEE ROLES AND RESPONSIBILITIES

ADOPTED: AUGUST 19, 2003

EFFECTIVE: JULY 1, 2003

AMENDED: DECEMBER 7, 2005 MAY 14, 2009
OCTOBER 29, 2009 JANUARY 11, 2010
SEPTEMBER 16, 2010 SEPTEMBER 13, 2012
MAY 8, 2014 DECEMBER 10, 2015
SEPTEMBER 8, 2016 SEPTEMBER 7, 2017
SEPTEMBER 6, 2018 MAY 7, 2020
MAY 4, 2023

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

PURPOSE:

The purpose of this policy is to describe the roles and responsibilities of participants in the CSURMA AORMA COMMITTEE and its Standing Committee.

POLICY:

It is the policy of the CSURMA to encourage AORMA members' participation in the AORMA COMMITTEE and Standing Committee(s) that oversee operation of AORMA insurance programs. To that end, CSURMA AORMA has adopted Policy and Procedure A-1 that describes the process of AORMA COMMITTEE elections and representation. This policy further describes the roles and responsibilities of Committee members and officers. It is expected that AORMA COMMITTEE members will commit to meeting attendance and participation needed to conduct CSURMA business.

PROCEDURE:

The AORMA COMMITTEE will conduct elections and appointments in accordance with the CSURMA Joint Powers Agreement, Bylaws and AORMA Policy and Procedure A-1. A copy of Policy and Procedure A-1 describing roles and responsibilities of Committee members will be provided to Committee nominees and participants.

AORMA COMMITTEE Participation in General - The AORMA COMMITTEE holds regularly scheduled meetings in person approximately four times per year with additional teleconference meetings as necessary. Following are considerations as respects AORMA COMMITTEE participation:

1. In person attendance at regularly scheduled AORMA COMMITTEE meetings is preferred. While virtual attendance can be arranged, the Committee business is best conducted at in-person meetings. Any Committee member or Officer who is not present, either in person or virtual, at two or more AORMA COMMITTEE meetings in any one fiscal year, may be removed from the AORMA COMMITTEE upon a majority vote of the AORMA Officers unless that AORMA Officer is the subject of the vote and then that AORMA Officer will be recused.
2. AORMA COMMITTEE at-large member terms are for two years. It is expected that members be prepared to serve for at least one complete term because the learning curve on CSURMA's coverage programs is steep.
3. Reasonable travel expenses associated with participation on the AORMA COMMITTEE are reimbursable as provided under CSURMA AORMA's Policy and Procedure A-7 Travel Reimbursement Policy.
4. Representatives elected to the AORMA COMMITTEE are individually elected, not as direct representatives of their respective auxiliary organizations. It is expected that AORMA COMMITTEE members will approach their responsibilities from the perspective of the good of the CSURMA Auxiliary Organizations programs as a whole, rather than just their individual organization's benefit.
5. AORMA COMMITTEE members are expected to attend two (2) CSURMA Board of Directors meetings annually (one in the fall; one in the spring). State law requires timely completion of appropriate paperwork, such as Fair Political Practices Commission Form 700.
6. Develop recommendations for the AORMA COMMITTEE and take action within delegated authority.

AORMA Committee Chair - In addition to the roles and responsibilities of AORMA COMMITTEE participation, in general, the AORMA Committee Chair has the following roles and responsibilities:

1. Representative of the AORMA Committee to the AOA Executive Committee and attendance at AOA Executive Committee meetings.
2. Attendance and participation in CSURMA Executive Committee meetings (approximately five times per year).

3. Availability for regular communication with, and direction of CSURMA Program Administrator staff.
4. Availability to respond to CSURMA Auxiliary Organizations member questions and concerns.
5. A commitment toward professional development in the area of risk management and representation of CSURMA at conferences and meetings, such as the AOA Annual Conference, the CSURMA Fitting the Pieces Together Conference and other conferences as appropriate.
6. Authority to appoint an at-large AORMA Committee member or the First Vice Chair or Second Vice Chair if that seat on the AORMA Committee is vacated mid-term.
7. Authority to establish task groups / ad hoc committees as necessary.
8. Authority to appoint the Standing Committee Chair, members of the AORMA Standing Committee(s) and task groups (in consultation with the AORMA Standing Committee Chair(s).)
9. Service on Standing Committee(s), task groups and ad hoc committees as appropriate.
10. Attend and present at CSURMA Board of Directors meetings.
11. Authority to call meetings from time to time and in compliance with applicable open meeting regulations to conduct business and planning for the AORMA program including an AORMA Officer's Retreat.
12. Authority to invite additional attendees to meetings as the Chair deems appropriate and to authorize reimbursement of invitee travel expenses provided the expenses are within amounts budgeted for AORMA expenses and in compliance with AORMA travel expense reimbursement Policy and Procedure.
13. In accordance with Policy and Procedure L-2 and W-4, if time is of the essence in a specific matter, the AORMA COMMITTEE Chair, First Vice Chair and Second Vice Chair, on the advice of the liability or workers' compensation third party claims administrator, shall have authority to determine the terms of an emergency settlement up to the Pooled Layer Limit upon the agreement of a majority consisting of at least two officers, provided that no officers involved in the specific matter may participate in the determination.

AORMA Committee First Vice Chair - In addition to items 1 thru 5 and items 9 and 13 of the roles and responsibilities of the AORMA Committee Chair, it is expected that the AORMA Committee First Vice Chair will also;

1. Be prepared to serve in the Chair position should the Chair vacate its seat mid-term.
2. Attend and participate in the CSURMA Executive Committee meetings.

AORMA Committee Second Vice Chair - In addition to items 1 thru 5 and items 9 and 13 of the roles and responsibilities of the AORMA Committee Chair, it is expected that the AORMA Committee Second Vice Chair will also;

1. Be prepared to serve in the First Vice Chair position should the First Vice Chair vacate its seat mid-term.

AORMA Standing Committees

1. The AORMA Committee reserves the right to create and dissolve any or all Standing Committees at any time. The AORMA Committee shall appoint Standing Committees to provide support to the AORMA Committee. These Standing Committees are as follows:
 - a. Executive Officers
 - b. AORMA Benefits Committee
2. Standing Committee membership will be as follows:
 - a. Executive Officers – The AORMA Committee Chair, First Vice Chair and Second Vice Chair.
 - b. AORMA Benefits Committee – A minimum of five members, at least one of whom shall be an AORMA Committee member.
3. Reasonable travel expenses associated with participation on AORMA Standing Committees are reimbursable as provided in CSURMA’s travel reimbursement policy.
4. Representatives are individually appointed, not direct representatives of their respective auxiliary organizations. It is expected that representatives will approach their responsibilities from the perspective of the good of the CSURMA Auxiliary Organizations programs as a whole, rather than just their individual organization’s benefit.
5. Standing Committee(s) shall develop recommendations for the AORMA Committee and take action within delegated authority.
6. Standing Committee(s) shall be responsible for overseeing the completion of special projects as determined by the AORMA Committee. Standing Committees will be asked to present recommendations for discussion and approval by the full AORMA Committee.
7. Any Standing Committee member who is not present, either in person or via teleconference, at two or more Standing Committee meetings in any one fiscal year, may be removed from the Standing Committee upon a majority vote of the AORMA Officers unless that AORMA Officer is the subject of the vote and then that AORMA Officer will be recused.

ADDENDUM

AORMA STANDING COMMITTEE DESCRIPTIONS

This addendum to CSURMA AORMA Policy and Procedure A-2 will summarize the primary roles and responsibilities of the Committees appointed by the AORMA Committee Chair. The Committees will from time to time provide reports on their activities to the AORMA Committee, making recommendations on their areas of expertise.

This addendum may be updated from time to time as the need for changes to the Committee structure are desired by the AORMA Committee.

Executive Officers Committee

The AORMA Executive Officers Committee will provide executive management oversight of AORMA operations and AORMA staff. Comprised of the AORMA Chair, First Vice Chair and Second Vice Chair, the Executive Officers Committee will develop relationships between the CSURMA AORMA and the AOA, manage Committee appointments, leadership and succession planning, and work with staff to develop and update miscellaneous financial, legal, governing and coverage documents. The Executive Committee shall also have claims settlement authority as outlined in AORMA Policies and Procedures L-2 and W-5.

AORMA Benefits Committee

The Benefits Committee will oversee the management of all benefits programs not otherwise assigned to another committee. The Committee will assist in the evaluation of benefit administration, employee benefits initiatives, CSURMA AORMA program offerings, guidelines and related services. Members will review the annual CSURMA AORMA Benefit Plan renewals, associated financials and alternatives. RFP development and selection will also be handled by this Committee.

CSURMA AORMA PROGRAM STAFF

ISSUE: Staff will provide a basic overview of the current staffing on the CSURMA AORMA Programs.

RECOMMENDATION: No action is recommended; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

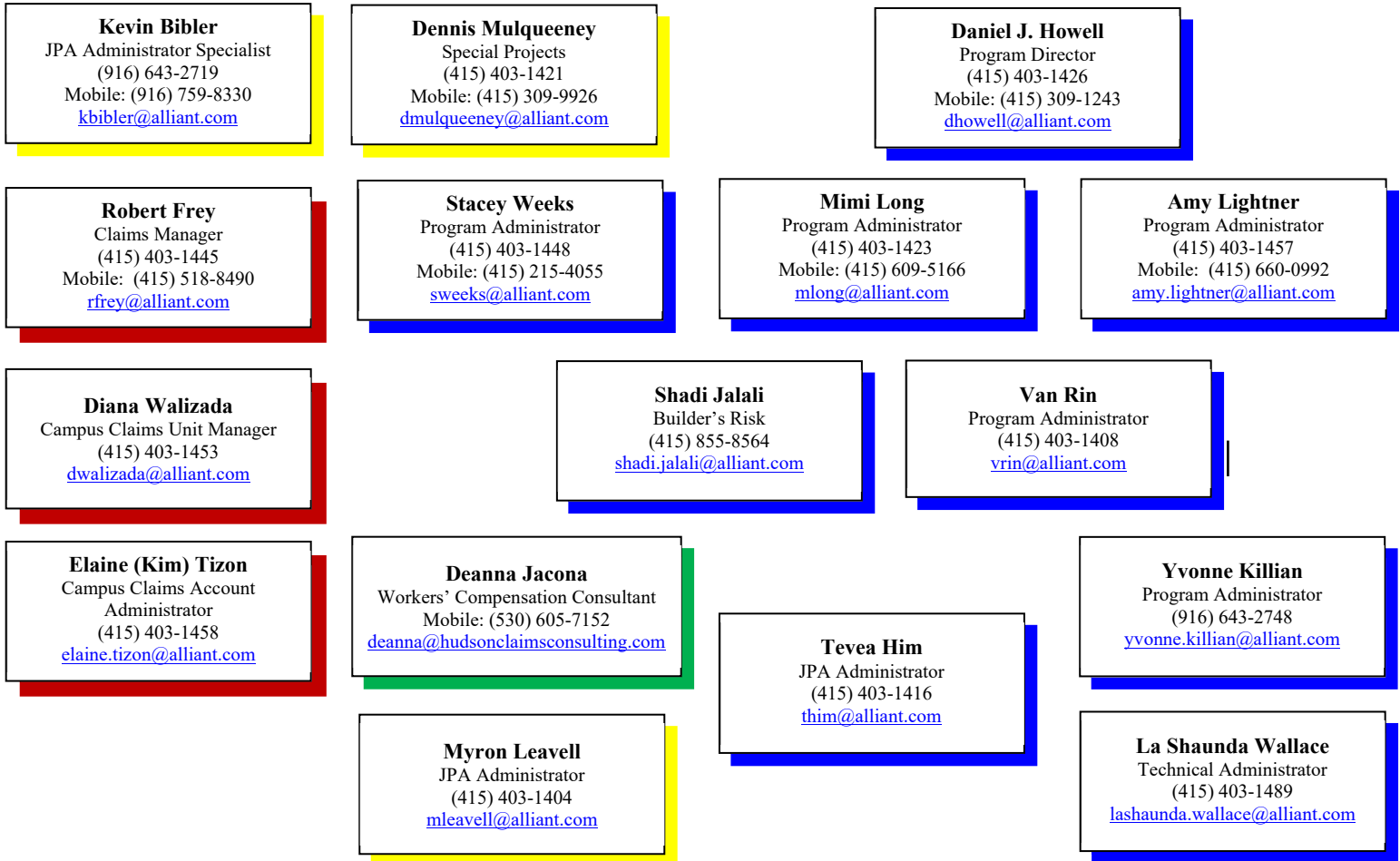
BACKGROUND: None.





PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Program Administration Org Chart

CSURMA CORE SERVICE TEAM – ORGANIZATIONAL CHART – AS OF JULY 2023



	CSURMA Core Service Team
	Claims Consulting
	Workers' Comp / Risk Analysis
	Special Projects / Peer review

**RECAP OF IDEAS FOR CREATION OR MODIFICATION OF CSURMA
AORMA PROGRAMS AND/OR SERVICES**

ISSUE: The Officers will be asked to discuss ideas for new AORMA coverage programs and/or services to be offered to the Members in FY 23/24 and beyond.

RECOMMENDATION: Staff recommends that the Officers discuss ideas for new AORMA coverage programs and/or services.

FISCAL IMPACT: None at this time.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

**RECAP OF PROJECTS TO BE INCLUDED ON THE FY 23/24 AORMA
LONG RANGE ACTION PLAN**

ISSUE: During the AORMA Officer’s Retreat, the Officers will suggest items to be included and/or discussed during the AORMA Committee’s Long Range Action Planning meeting in September 2023. These ideas will be recapped by Staff at today’s meeting.

RECOMMENDATION: This is a discussion item only but the Officers may provide direction to Staff.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.