



# SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY BOARD OF DIRECTORS MEETING AGENDA

**LOCATION:** Campbell Union School District  
155 N. Third Street  
Campbell, CA 95008

**A - Action**  
**I - Information**

**DATE/TIME:** December 6, 2018  
10:00 A.M.

**1 - Included**  
**2 - Hand Out**  
**3 - Separate**  
**4 - Verbal**

Per Government Code 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 Joan Crossley at Alliant Insurance Services, Inc. at (916) 643-2708.

Documents and material relating to an open session agenda item that are provided to the SBASIA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard St, Suite 460, Sacramento, CA 95815.

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## **A. CALL TO ORDER**

**B. ROLL CALL** **A 4**

**C. APPROVAL OF AGENDA** **A 1**

## **D. PUBLIC COMMENT**

*This time is reserved for members of the public to address the Board of Directors on SBASIA business.*

*1* **E. CONSENT CALENDAR** **A 1**

- 2-6* **1. Board of Directors Meeting Minutes – June 14, 2018**
- 7-13* **2. Financial Report for Quarter Ending September 30, 2018**

## **F. FINANCIAL**

*14* **1. Audited Financial Report as of June 30, 2018** **A 3**  
*A representative from James Marta & Company will present the Audited Financial Report for Year Ending June 30, 2018.*

## **G. LOSS PREVENTION**

*15* **1. Liability and Property Safety Inspections on Interior of Buildings (all rooms) to include Chemical Inspection** **I 2**  
*Mr. Anthony Poston of ESM Solutions will present a summary of the results of the safety inspections performed to date for the JPA.*



## H. CLAIMS

- 16-29      **1. Claims Stewardship Report**      **I    1**  
*Mr. Brandon Schlenker from Carl Warren & Company will present a claims stewardship report.*

## I. GENERAL ADMINISTRATION

- 30-39      **1. Insurance Market Update**      **I    4**  
*Staff will present an update on the insurance market.*

- 40-41      **2. Resolution for Withdrawal from Schools Excess Liability Fund (SELF) Effective July 1, 2019**      **A    1**  
*The Board will decide whether to adopt a resolution to withdraw from the SELF Program.*

- 42-44      **3. JPA President**      **A    1**  
*The JPA President retires in December 2018, but will continue work as a consultant for Campbell USD. The Board will decide if the JPA should contract with Campbell USD to allow the JPA President acting as a consultant to continue to serve as President.*

- 45-56      **4. Amendment to Bylaws**      **A    1**  
*The bylaws need to be amended so that if an independent contractor represents a member district on the Board of Directors, that independent contractor may be compensated.*

- 57-58      **5. Target Surplus Funding Analysis as of September 30, 2018**      **I    1**  
*Staff will present the Target Surplus Funding Analysis as of September 30, 2018.*

- 59      **6. CSAC EIA Loss Prevention Services**      **I    1**  
*Mr. Eric Lucero, Senior Loss Prevention Specialist in Education at CSAC EIA, will discuss loss control services.*

## J. COMMENTS FOR THE GOOD OF THE ORDER

### ADJOURNMENT

### NEXT MEETING

The next Board of Directors Meeting is set for June 13, 2019 at 10:00 a.m. The Location will be at Campbell Union School District, 155 N. Third Street, Campbell, CA 95008.



**Agenda Item E.1**

**CONSENT CALENDAR**

**ACTION ITEM**

**ISSUE:** The Board of Directors should review the Consent Calendar and pull any items that need discussion. Otherwise, the Board of Directors should adopt the Consent Calendar as presented.

**RECOMMENDATION:** The Program Administrator recommends adoption of the Consent Calendar items as presented.

**FISCAL IMPACT:** None.

**BACKGROUND:** The following items are placed on the Consent Calendar for adoption by the Board. The Board may accept the Consent Calendar as posted, or pull any item for discussion and separate action while accepting the remaining items.

- 1. Board of Directors Meeting Minutes – June 14, 2018**
- 2. Financial Report for Quarter Ending September 30, 2018**

**ATTACHMENTS:** Board of Directors Meeting Minutes – June 14, 2018  
Financial Report for Quarter Ending September 30, 2018



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY  
BOARD OF DIRECTORS MEETING MINUTES  
CAMPBELL, CALIFORNIA  
June 14, 2018**

**MEMBERS PRESENT**

James Crawford, President, Campbell Union School District  
Mark Allgire, Vice President, Santa Clara Unified School District  
Mike Mathiesen, Treasurer, Mountain View-Los Altos Union High School District  
Phuong Le, Berryessa Union School District  
Rosemarie Pottage, Los Gatos-Saratoga Joint Union High School District  
Robert Clark, Mountain View Whisman School District  
Megan Reilly, Santa Clara County Office of Education

**MEMBERS ABSENT**

Position Vacant at Evergreen School District  
Shameram Karim, Lakeside Joint School District  
Randy Kenyon, Los Altos School District  
Marie dela Cruz, Metropolitan Education District  
Wendy Zhang, Milpitas Unified School District

**GUESTS & CONSULTANTS**

Matt Gowan, Alliant Insurance Services  
Joan Crossley, Alliant Insurance Services  
Carole Schmitt, Evergreen School District  
Anthony Poston, ESM Solutions, Inc.

**A. CALL TO ORDER**

The meeting was called to order at 10:07 a.m.

**B. ROLL CALL**

The above-mentioned members were present constituting a quorum.

**C. APPROVAL OF AGENDA**

**A motion was made to approve the agenda.**

<b>MOTION:</b> Mark Allgire	<b>SECOND:</b> Megan Reilly	<b>MOTION CARRIED</b>
<b>AYES:</b> 7	<b>NOES:</b> 0	<b>ABSENT:</b> 5
	<b>ABSTAIN:</b> 0	

**AYES:** Crawford, Allgire, Mathiesen, Le, Pottage, Clark, Reilly  
**NAYS:** None  
**ABSENT:** Karim, Kenyon, dela Cruz, Zhang

**D. PUBLIC COMMENT**

There were no public comments.



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY  
BOARD OF DIRECTORS MEETING MINUTES  
CAMPBELL, CALIFORNIA  
June 14, 2018**

**E. CONSENT CALENDAR**

1. Board of Directors Meeting Minutes – December 7, 2017
2. Investment Report for Quarter Ending March 31, 2018

**A motion was made to approve the items on the Consent Calendar as presented.**

**MOTION:** Mike Mathiesen

**SECOND:** Robert Clark

**MOTION CARRIED**

**AYES:** 7

**NOES:** 0

**ABSTAIN:** 0

**ABSENT:** 5

**AYES:** Crawford, Allgire, Mathiesen, Le, Pottage, Clark, Reilly

**NAYS:** None

**ABSENT:** Karim, Kenyon, dela Cruz, Zhang

**F. LOSS CONTROL**

1. **Liability and Property Safety Inspections on Interior of Buildings (all rooms) to include Chemical Inspection**

Mr. Matt Gowan stated the Executive Committee developed a five year loss control plan. The loss control item for year one was completed. For year two, a Request for Proposal (RFP) was issued for Liability and Property Safety Inspections on Interior of Buildings (all rooms) to include Chemical Inspection. ESM Solutions, Inc. was selected to perform the inspections. Mr. Gowan introduced Mr. Anthony Poston, CEO of ESM Solutions. Mr. Poston presented an overview of the inspections and a preliminary schedule. A report will be issued for each JPA member as well as an Excel spreadsheet which can be sorted to prioritize tasks. The report will show trends by district and by the JPA as a whole. If an inspector finds anything that needs urgent attention, the inspector will notify the JPA member immediately.

**G. FINANCIAL**

Mr. Matt Gowan said he will go through the budget which will address action items G.1. through G.5 of the agenda.

The Liability funding has increased by 31.8%. The funding amount is determined by the actuary. The Excess Liability coverage with CSAC EIA from \$250,000 to \$5 million is increasing by 19.3%. The Excess Liability coverage with SELF from \$5 million to \$55 million is increasing by 33.5%. The Liability market for schools in California is extremely hard and this is reflected in the increase for both Liability funding and Excess Liability insurance. In addition, the JPA's loss ratio for the last six years in the Excess Liability insurance layer is 379%. The total Liability cost increased by 28% compared to last year.

The Property funding has increased by 7.9%. The funding amount is determined by the actuary. The Property rate decreased so the Property premium has decreased by 5.9%. The total Property cost decreased 3.2% compared to last year.



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY  
BOARD OF DIRECTORS MEETING MINUTES  
CAMPBELL, CALIFORNIA  
June 14, 2018**

The Crime policy has a two year policy period; it was approved last year and the premium is flat. The admin fees decreased by 22.9%; this is due to a decrease in loss control fees. The inspection performed last year on the exterior of buildings cost \$181,312 and the cost this year is \$69,594 for the inspection on the interior of buildings.

The overall budget increased by 7.99% from last year.

Mr. James Crawford stated that the Executive Committee reviewed an option that would have moved the Property insurance from PEPiP (Public Entity Property Insurance Program) to Travelers. A coverage comparison was reviewed and the PEPiP policy had broader coverage. Mr. Crawford stated the Executive Committee decided that with the broader coverage provided by PEPiP, the cost savings from Travelers is not large enough to justify moving the Property insurance. The Executive Committee recommends the JPA remain with PEPiP.

Ms. Joan Crossley said PEPiP is offering a new coverage called active shooter coverage effective 7/1/18. The limit is \$500,000 per claim with \$2.5 million aggregate limit for the JPA; the deductible is \$10,000. The coverage includes \$250,000 sublimits for crisis management, counseling services, funeral expenses and creation of a memorial. A crisis management hotline is available 24 hours a day. PEPiP will need to have a certain percentage of its insureds purchase the coverage in order to roll out the active shooter program. The additional premium for the JPA is \$13,762.

**A motion was made to remain with PEPiP and purchase the active shooter coverage and approve the rest of the budget (including items G.1 Excess Liability Renewal, G.2 Review and Adoption of Liability Memorandum of Coverage, G.3 Excess Property Insurance Options, G.4 Review and Adoption of Property Memorandum of Coverage, G.5 Revenue and Expense Budget for July 1, 2018-2019.)**

<b>MOTION:</b> Mark Allgire	<b>SECOND:</b> Phuong Le	<b>MOTION CARRIED</b>
<b>AYES:</b> 7	<b>NOES:</b> 0	<b>ABSENT:</b> 5
	<b>ABSTAIN:</b> 0	

**AYES:** Crawford, Allgire, Mathiesen, Le, Pottage, Clark, Reilly

**NAYS:** None

**ABSENT:** Karim, Kenyon, dela Cruz, Zhang

## **H. GENERAL ADMINISTRATION**

### **1. SBASIA Election of Officers and Executive Committee**

Mr. Crawford presented the slate of officers recommended by the Executive Committee for the 2018-2018 program year. They are as follows:

President: Mr. James Crawford, Campbell Union School District

Vice President: Ms. Megan Reilly, Santa Clara County Office of Education

Treasurer: Mr. Mike Mathiesen, Mountain View-Los Altos Union High School District

Secretary: Mr. Robert Clark, Mountain View Whisman School District



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY  
BOARD OF DIRECTORS MEETING MINUTES  
CAMPBELL, CALIFORNIA  
June 14, 2018**

Member at Large: Ms. Wendy Zhang, Milpitas Unified School District

Mr. Crawford stated he is retiring on October 31, 2018, but would be willing to continue to serve as President as an independent contractor if that would help the JPA which has several members that are new to Executive Committee duties.

**A motion was made to elect the Officers and Executive Committee per the slate presented.**

<b>MOTION:</b> Phuong Le	<b>SECOND:</b> Mark Allgire	<b>MOTION CARRIED</b>
<b>AYES:</b> 7	<b>NOES:</b> 0	<b>ABSTAIN:</b> 0
		<b>ABSENT:</b> 5

**AYES:** Crawford, Allgire, Mathiesen, Le, Pottage, Clark, Reilly

**NAYS:** None

**ABSENT:** Karim, Kenyon, dela Cruz, Zhang

**2. Investment Authority**

Mr. Gowan stated that Government Code requires the delegation of the authority to invest or reinvest funds of SBASIA to the Treasurer. The delegation cannot exist beyond one year so the Board will need to authorize the delegation for the period of July 1, 2018 to June 30, 2019.

**A motion was made to adopt the Investment Authority as presented.**

<b>MOTION:</b> Robert Clark	<b>SECOND:</b> Mark Allgire	<b>MOTION CARRIED</b>
<b>AYES:</b> 7	<b>NOES:</b> 0	<b>ABSTAIN:</b> 0
		<b>ABSENT:</b> 5

**AYES:** Crawford, Allgire, Mathiesen, Le, Pottage, Clark, Reilly

**NAYS:** None

**ABSENT:** Karim, Kenyon, dela Cruz, Zhang

**3. Review of Investment Policy**

Mr. Gowan said that Government Code requires annual review of the Investment Policy. There have been no changes to the policy since it was adopted in 2003.

**A motion was made to adopt the Investment Policy as presented.**

<b>MOTION:</b> Mark Allgire	<b>SECOND:</b> Phuong Le	<b>MOTION CARRIED</b>
<b>AYES:</b> 7	<b>NOES:</b> 0	<b>ABSTAIN:</b> 0
		<b>ABSENT:</b> 5

**AYES:** Crawford, Allgire, Mathiesen, Le, Pottage, Clark, Reilly

**NAYS:** None

**ABSENT:** Karim, Kenyon, dela Cruz, Zhang

**4. Review of Conflict of Interest Code**



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY  
BOARD OF DIRECTORS MEETING MINUTES  
CAMPBELL, CALIFORNIA  
June 14, 2018**

Mr. Gowan said that Government Code requires the Conflict of Interest Code to be reviewed and approved every even numbered year. There are no changes to the Conflict of Interest Code.

**A motion was made to adopt the Conflict of Interest Code as presented.**

<b>MOTION:</b> Mark Allgire	<b>SECOND:</b> Mike Mathiesen	<b>MOTION CARRIED</b>
<b>AYES:</b> 7	<b>NOES:</b> 0	<b>ABSENT:</b> 5
	<b>ABSTAIN:</b> 0	

**AYES:** Crawford, Allgire, Mathiesen, Le, Pottage, Clark, Reilly

**NAYS:** None

**ABSENT:** Karim, Kenyon, dela Cruz, Zhang

**5. Resolution Establishing Meeting Dates for Fiscal Year 2018-2019**

Per Government Code, the Board should adopt a resolution establishing regular meeting dates for the fiscal year.

The following dates are proposed as Board meeting dates for the fiscal year 2018-2019:

December 6, 2018, 10:00 a.m., Campbell Union School District

June 13, 2019, 10:00 a.m., Campbell Union School District

**A motion was made to adopt the 2018-2019 Board meeting dates as presented.**

<b>MOTION:</b> Mark Allgire	<b>SECOND:</b> Mike Mathiesen	<b>MOTION CARRIED</b>
<b>AYES:</b> 7	<b>NOES:</b> 0	<b>ABSENT:</b> 5
	<b>ABSTAIN:</b> 0	

**AYES:** Crawford, Allgire, Mathiesen, Le, Pottage, Clark, Reilly

**NAYS:** None

**ABSENT:** Karim, Kenyon, dela Cruz, Zhang

**I. COMMENTS FOR THE GOOD OF THE ORDER**

There were no comments for the good of the order.

**ADJOURNMENT**

The meeting was adjourned at 11:20 a.m.



**South Bay Area Schools Insurance Authority**  
**Statement of Net Position**  
**As of September 30, 2018 and September 30, 2017**

	<u>Sep 30, '18</u>	<u>Sep 30, '17</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
WFB - Santa Clara County	\$ 3,834,709.16	\$ 3,780,046.42
WFB - Transfer Account	3,164.36	3,164.36
B of A Claims Trust Account	46,418.24	100,000.00
B of A - General Checking	2,229,461.41	1,903,871.75
<b>Total Checking/Savings</b>	<u>6,113,753.17</u>	<u>5,787,082.53</u>
<b>Accounts Receivable</b>		
Accounts Receivable		
Claim Recovery Receivable	749,732.09	502,294.33
Claims Deductibles	255,812.27	223,387.14
<b>Total Accounts Receivable</b>	<u>1,005,544.36</u>	<u>725,681.47</u>
<b>Total Accounts Receivable</b>	<u>1,005,544.36</u>	<u>725,681.47</u>
<b>Total Current Assets</b>	7,119,297.53	6,512,764.00
<b>Other Assets</b>		
Interest Receivable	-	-
<b>Prepaid Expenses</b>		
Prepaid Contract Administration	176,250.00	176,250.00
Prepaid Excess Insurance	1,968,410.59	1,792,206.64
<b>Total Prepaid Expenses</b>	<u>2,144,660.59</u>	<u>1,968,456.64</u>
<b>Total Other Assets</b>	<u>2,144,660.59</u>	<u>1,968,456.64</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,263,958.12</u>	<u>\$ 8,481,220.64</u>

**South Bay Area Schools Insurance Authority**  
**Statement of Net Position**  
**As of September 30, 2018 and September 30, 2017**

	<u>Sep 30, '18</u>	<u>Sep 30, '17</u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ -	\$ 1,467.00
Dividends Payable	-	-
Claims Reserves	2,166,686.75	2,113,052.61
Total Claims Reserves	<u>2,166,686.75</u>	<u>2,113,052.61</u>
Deferred Revenue	3,119,668.07	2,879,038.01
Total Current Liabilities	<u>5,286,354.82</u>	<u>4,993,557.62</u>
Total Current Liabilities	5,286,354.82	4,993,557.62
<b>Long Term Liabilities</b>		
IBNR	1,455,684.82	1,373,016.87
Total IBNR	<u>1,455,684.82</u>	<u>1,373,016.87</u>
Unallocated Loss Adjustment	434,000.00	349,000.00
Total Long Term Liabilities	<u>1,889,684.82</u>	<u>1,722,016.87</u>
Total Liabilities	<u>\$ 7,176,039.64</u>	<u>\$ 6,715,574.49</u>
<b>NET POSITION</b>		
Reserve for Shock Loss	2,500,000.00	2,500,000.00
Unrestricted Net Position	(1,690,339.25)	(903,445.25)
Net Revenue Over Expenditures	1,278,257.73	169,091.40
Total Net Position	<u>\$ 2,087,918.48</u>	<u>\$ 1,765,646.15</u>

**South Bay Area Schools Insurance Authority**  
**Statement of Revenue, Expenses, and Changes in Net Position**  
**For the Quarter and Year to Date Ended September 30, 2018 and September 30, 2017**

	<u>Jul '18 - Sep '18</u>	<u>Jul '18 - Sep '18</u>	<u>Jul '17 - Sep '17</u>
<b>Revenue</b>			
<b>Member Contributions</b>			
Liability Contributions	\$ 329,697.75	\$ 329,697.75	\$ 262,201.50
Property Contributions	318,141.50	318,141.50	334,562.25
Crime Policy	8,187.58	8,187.58	8,187.58
Administration	90,362.51	90,362.51	117,228.03
Loss Funding	293,500.01	293,500.01	237,499.98
Member Contributions - Other			
<b>Total Member Contributions</b>	<u>1,039,889.35</u>	<u>1,039,889.35</u>	<u>959,679.34</u>
Interest Income	16,112.65	16,112.65	10,613.26
<b>Total Income</b>	<u>1,056,002.00</u>	<u>1,056,002.00</u>	<u>970,292.60</u>
<b>Expense</b>			
<b>General &amp; Administrative</b>			
General Expenses			
Accounting Services	6,209.41	6,209.41	6,000.00
Accreditation Fee	-	-	-
Actuarial Study	-	-	-
Appraisal Services	-	-	-
Audit Expense - Financial	-	-	-
Audit Expense - Claims	-	-	-
Bank Service Charges	68.01	68.01	178.20
Conference	-	-	-
Dues & Membership	-	-	450.00
Miscellaneous	-	-	-
Legal Expense - JPA	-	-	-
Loss Control	25,443.00	25,443.00	-
Supplies, Postage, Misc Expense	-	-	-
Website	-	-	-
<b>Total Administration</b>	<u>31,720.42</u>	<u>31,720.42</u>	<u>6,628.20</u>
Program Administration			
Claims Management Fees	18,750.00	18,750.00	20,112.42
Contract Administration	40,000.00	40,000.00	40,000.00
<b>Total Program Administration</b>	<u>58,750.00</u>	<u>58,750.00</u>	<u>60,112.42</u>
<b>Total General and Administrative Expenses</b>	<u>90,470.42</u>	<u>90,470.42</u>	<u>66,740.62</u>
<b>Insurance Expense</b>			
Excess Liability Policy	171,576.25	171,576.25	145,704.15
SELF Contributions	158,121.60	158,121.60	110,845.94
Excess Property Policy	314,700.92	314,700.92	334,562.28
Crime Policy	11,738.09	11,738.09	8,187.50
<b>Total Insurance Expense</b>	<u>656,136.86</u>	<u>656,136.86</u>	<u>599,299.87</u>
<b>Claims Expenses</b>			
Claims Payments	(205,765.50)	(205,765.50)	194,128.29
Claims Adjustment Account	(763,097.51)	(763,097.51)	(58,967.58)
<b>Total Claims Expenses</b>	<u>(968,863.01)</u>	<u>(968,863.01)</u>	<u>135,160.71</u>
Dividends	-	-	-
<b>Total Expenses</b>	<u>(222,255.73)</u>	<u>(222,255.73)</u>	<u>801,201.20</u>
<b>Net Revenue Over (Under) Expenses</b>	<u><u>\$ 1,278,257.73</u></u>	<u><u>\$ 1,278,257.73</u></u>	<u><u>\$ 169,091.40</u></u>
 <b>Net Position, Beginning</b>		<u><u>\$ 809,660.75</u></u>	<u><u>\$ 1,596,554.75</u></u>
 <b>Net Position, Ending</b>		<u><u>\$ 2,087,918.48</u></u>	<u><u>\$ 1,765,646.15</u></u>

**South Bay Area Schools Insurance Authority**  
**Statement of Revenues and Expenses - Budget vs. Actual**  
**Year to Date Ended September 30, 2018**

	<u>Jul '18 - Sep '18</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Revenue</b>				
<b>Member Contributions</b>				
Liability Contributions	\$ 329,697.75	\$ 1,318,791.00	\$ (989,093.25)	25.0%
Property Contributions	318,141.50	1,272,566.00	(954,424.50)	25.0%
Crime Policy	8,187.58	32,750.00	(24,562.42)	25.0%
Administration	90,362.51	361,450.00	(271,087.49)	25.0%
Loss Funding	293,500.01	1,174,000.00	(880,499.99)	25.0%
<b>Total Member Contributions</b>	<u>1,039,889.35</u>	<u>4,159,557.00</u>	<u>(3,119,667.65)</u>	<u>25.0%</u>
Interest Income	16,112.65	-	16,112.65	0.0%
<b>Total Income</b>	<u>1,056,002.00</u>	<u>4,159,557.00</u>	<u>(3,103,555.00)</u>	<u>25.4%</u>
<b>Expense</b>				
<b>General &amp; Administrative</b>				
<b>General Expenses</b>				
Accounting Services	6,209.41	25,016.00	(18,806.59)	24.8%
Actuarial Study	-	-	-	0.0%
Audit Expense - Financial	-	13,035.00	(13,035.00)	0.0%
Audit Expense - Claims	-	3,700.00	(3,700.00)	0.0%
Bank Service Charges	68.01	-	68.01	0.0%
Conference	-	2,500.00	(2,500.00)	0.0%
Contingency	-	5,000.00	(5,000.00)	0.0%
Dues & Membership	-	4,950.00	(4,950.00)	0.0%
Legal Expense - JPA	-	2,000.00	(2,000.00)	0.0%
Loss Control	25,443.00	69,594.00	(44,151.00)	36.6%
Meeting Expense	-	500.00	(500.00)	0.0%
Website	-	155.00	(155.00)	0.0%
<b>Total Administration</b>	<u>31,720.42</u>	<u>126,450.00</u>	<u>(94,729.58)</u>	<u>25.1%</u>
<b>Program Administration</b>				
Claims Management Fees	18,750.00	75,000.00	(56,250.00)	25.0%
Contract Administration	40,000.00	160,000.00	(120,000.00)	25.0%
<b>Total Program Administration</b>	<u>58,750.00</u>	<u>235,000.00</u>	<u>(176,250.00)</u>	<u>25.0%</u>
<b>Total General and Administrative Expenses</b>	<u>90,470.42</u>	<u>361,450.00</u>	<u>(270,979.58)</u>	<u>25.0%</u>
<b>Insurance Expense</b>				
Excess Liability Policy	329,697.85	1,318,791.00	(989,093.15)	25.0%
Excess Property Policy	314,700.92	1,272,566.00	(957,865.08)	24.7%
Crime Policy	11,738.09	32,750.00	(21,011.91)	35.8%
<b>Total Insurance Expense</b>	<u>656,136.86</u>	<u>2,624,107.00</u>	<u>(1,967,970.14)</u>	<u>25.0%</u>
<b>Claims Expenses</b>				
Claims Payments	(205,765.50)	1,174,000.00	(1,379,765.50)	-17.5%
Claims Adjustment Account	(763,097.51)	-	(763,097.51)	0.0%
<b>Total Claims Expenses</b>	<u>(968,863.01)</u>	<u>1,174,000.00</u>	<u>(2,142,863.01)</u>	<u>-82.5%</u>
Dividends	-	-	-	0.0%
<b>Total Expenses</b>	<u>(222,255.73)</u>	<u>4,159,557.00</u>	<u>(4,381,812.73)</u>	<u>-5.3%</u>
<b>Net Revenue Over (Under) Expenses</b>	<u><u>\$ 1,278,257.73</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,278,257.73</u></u>	<u><u>0.0%</u></u>

South Bay Area Schools Insurance Authority  
Check Register - Carl Warren Trust Account  
July 1, 2018 - September 30, 2018

Check	Payee	Check Date	DOL	Claim	Cov	Claimant	Action Code	Amount	Loss	Expense
11115	DANNIS WOLIVER KELLEY	7/20/2018	1/26/2016	1941513	LBI	001	MIZE, JULIA	Payment	\$ 49,231.69	\$ - \$ 49,231.69
11116	FORENSIC PSYCHIATRIC ASSOCIATES MED CO	7/20/2018	1/26/2016	1941513	LBI	001	MIZE, JULIA	Payment	\$ 2,250.00	\$ - \$ 2,250.00
11117	SANTA CLARA UNIFIED SCHOOL DISTRICT	7/24/2018	8/14/2017	1968692	FPT	001	Santa Clara Unified, School District	Payment	\$ 2,275.87	\$ 2,275.87 \$ -
11118	DAVIS & YOUNG, APLC	8/7/2018	8/1/2015	1927820	LEP	001	OCHOA, MICAELA	Payment	\$ 3,789.30	\$ - \$ 3,789.30
11119	DAVIS & YOUNG, APLC	8/7/2018	8/1/2015	1927820	LEP	001	OCHOA, MICAELA	Payment	\$ 14,853.22	\$ - \$ 14,853.22
11120	DAVIS & YOUNG, APLC	8/7/2018	8/1/2015	1927820	LEP	001	OCHOA, MICAELA	Payment	\$ 12,125.50	\$ - \$ 12,125.50
11121	DAVIS & YOUNG, APLC	8/7/2018	8/1/2015	1927820	LEP	001	OCHOA, MICAELA	Payment	\$ 5,845.78	\$ - \$ 5,845.78
11122	DAVIS & YOUNG, APLC	8/7/2018	8/1/2015	1927820	LEP	001	OCHOA, MICAELA	Payment	\$ 8,126.05	\$ - \$ 8,126.05
11123	DAVIS & YOUNG, APLC	8/7/2018	8/1/2015	1927820	LEP	001	OCHOA, MICAELA	Payment	\$ 660.60	\$ - \$ 660.60
11124	VJB VENTURES, INC.	8/7/2018	4/4/2016	1934380	FPT	001	SANTA CLARA HIGH SCH.,	Payment	\$ 3,264.00	\$ 3,264.00 \$
11125	VJB VENTURES, INC.	8/7/2018	4/4/2016	1934380	FPT	001	SANTA CLARA HIGH SCH.,	Payment	\$ 2,448.00	\$ 2,448.00 \$
11126	DAVIS & YOUNG, APLC	8/7/2018	8/4/2014	1935623	LPI	001	GIBBS, JAMES	Payment	\$ 1,945.95	\$ - \$ 1,945.95
11127	DAVIS & YOUNG, APLC	8/7/2018	8/26/2016	1957920	LBI	001	PIPA, KATELYN	Payment	\$ 2,290.32	\$ - \$ 2,290.32
11128	DAVIS & YOUNG, APLC	8/7/2018	8/4/2014	1935623	LPI	001	GIBBS, JAMES	Payment	\$ 110.00	\$ - \$ 110.00
11129	DAVIS & YOUNG, APLC	8/7/2018	8/4/2014	1935623	LPI	001	GIBBS, JAMES	Payment	\$ 40.00	\$ - \$ 40.00
11130	DAVIS & YOUNG, APLC	8/7/2018	3/21/2017	1965253	LBI	001	ANDERSON, NICHOLAS	Payment	\$ 402.50	\$ - \$ 402.50
11131	DANNIS WOLIVER KELLEY	8/14/2018	1/26/2016	1941513	LBI	001	MIZE, JULIA	Payment	\$ 76,405.57	\$ - \$ 76,405.57
11132	DAVIS & YOUNG, APLC	8/17/2018	6/13/2017	1966024	LPI	001	TOMBLIN, TYLER	Payment	\$ 9,430.55	\$ - \$ 9,430.55
11133	DAVIS & YOUNG, APLC	8/17/2018	8/4/2014	1935623	LPI	001	GIBBS, JAMES	Payment	\$ 3,517.95	\$ - \$ 3,517.95
11134	DAVIS & YOUNG, APLC	8/17/2018	8/4/2014	1935623	LPI	001	GIBBS, JAMES	Payment	\$ 4,787.70	\$ - \$ 4,787.70
11135	DAVIS & YOUNG, APLC	8/17/2018	8/4/2014	1935623	LPI	001	GIBBS, JAMES	Payment	\$ 1,542.50	\$ - \$ 1,542.50
11136	FORENSIC PSYCHIATRIC ASSOCIATES MED CO	8/27/2018	1/26/2016	1941513	LBI	001	MIZE, JULIA	Payment	\$ 13,000.00	\$ - \$ 13,000.00
11137	FORENSIC PSYCHIATRIC ASSOCIATES MED CO	8/27/2018	1/26/2016	1941513	LBI	001	MIZE, JULIA	Payment	\$ 12,000.00	\$ - \$ 12,000.00
11138	Lyndon Ironteeth	8/29/2018	4/9/2018	1979002	APD	001	IRONTEETH, Lynden	Payment	\$ 4,455.99	\$ 4,455.99 \$
11139	AAA as subrogee of Livia Santos Veria	8/29/2018	3/30/2018	1978712	APD	001	SANTOS, LIVIA	Payment	\$ 1,907.04	\$ 1,907.04 \$
11140	DAVIS & YOUNG, APLC	9/6/2018	1/27/2015	1908841	LBI	002	Quevedo, Emiliano	Payment	\$ 220.20	\$ - \$ 220.20
11141	DAVIS & YOUNG, APLC	9/7/2018	3/21/2017	1965253	LBI	001	ANDERSON, NICHOLAS	Payment	\$ 542.50	\$ - \$ 542.50
11142	SANTA CLARA UNIFIED SCHOOL DISTRICT FOH	9/13/2018	43014	1971475	FRB	001	HUGHES SCHOOL.,	Payment	\$ 2,975.00	\$ 2,975.00 \$
11143	SANTA CLARA UNIFIED SCHOOL DISTRICT FOH	9/13/2018	43014	1971475	FRB	001	HUGHES SCHOOL.,	Payment	\$ 12,214.23	\$ 12,214.23 \$
11144	GETRUDE RAMOS	9/13/2018	43284	1984170	LPD	001	RAMOS, GETRUDE	Payment	\$ 9,950.00	\$ 9,950.00 \$
11145	GRACE BEVERLY	9/13/2018	43315	1983998	APD	001	BEVERLY, GRACE	Payment	\$ 2,003.32	\$ 2,003.32 \$
11146	BERRYESSA UNION SCHOOL DISTRICT FOR CH	9/20/2018	42719	1954932	FRB	001	CHERRYWOOD ES.,	Payment	\$ 47,147.59	\$ 47,147.59 \$
11147	DAVIS & YOUNG, APLC	9/21/2018	42217	1927820	LEP	001	OCHOA, MICAELA	Payment	\$ 4,894.05	\$ - \$ 4,894.05
11148	SECOND IMAGE NATIONAL, LLC	9/21/2018	42495	1937203	LBI	001	AZARCON, JOMAR	Payment	\$ 150.84	\$ - \$ 150.84
11149	DAVIS & YOUNG, APLC	9/21/2018	42608	1957920	LBI	001	PIPA, KATELYN	Payment	\$ 662.80	\$ - \$ 662.80
11150	FORENSIC PSYCHIATRIC ASSOCIATES MED CO	9/27/2018	42395	1941513	LBI	001	MIZE, JULIA	Payment	\$ 2,494.35	\$ - \$ 2,494.35
11151	FORENSIC PSYCHIATRIC ASSOCIATES MED CO	9/27/2018	42395	1941513	LBI	001	MIZE, JULIA	Payment	\$ 25,000.00	\$ - \$ 25,000.00
11152	DAVIS & YOUNG, APLC	9/27/2018	42031	1908841	LBI	002	Quevedo, Emiliano	Payment	\$ 225.60	\$ - \$ 225.60
									345,186.56	88,641.04 256,545.52

Check	Payee	Check Date	DOL	Claim	Cov	Claimant	Action Code	Amount	Loss	Expense
<b>Claims Checking Account</b>										
				Balance at beginning of the quarter				\$ 10,549.39		
				Deposits - Transfers from general account				380,895.41		
				Voided Checks				-		
				Recoveries				160.00		
				Claim Payments				(345,186.56)		
				<b>Ending Bank Balance</b>				<b>\$ 46,418.24</b>		

South Bay Area Schools Insurance Authority  
Transactions by Account  
July 1, 2018 - September 30, 2018

Type	Date	Num	Name	Split	Debit	Credit	Balance
General Journal	07/06/2018	JLZ 40	Alliant Insurance Services, Inc.	Bill.com Money Out Clearing			<b>872,826.48</b>
Deposit	07/10/2018		Deposit	-SPLIT-	846,367.21	32,750.00	840,076.48
General Journal	07/12/2018	JLZ 42	Carl Warren & Co - ATF SBASIA	Bill.com Money Out Clearing		99,450.61	1,686,443.69
Check	07/15/2018		Service Charge	Bank Service Charges		13.03	1,586,993.08
General Journal	07/17/2018	JLZ 41	Schools Excess Liability Fund	Bill.com Money Out Clearing		632,486.40	1,586,980.05
General Journal	07/18/2018	JLZ 43	ESM Solutions, Inc.	Bill.com Money Out Clearing		8,451.00	954,493.65
Deposit	07/23/2018		Deposit	-SPLIT-	1,922,834.81		946,042.65
General Journal	07/27/2018	JLZ 45	Alliant Insurance Services, Inc.	Bill.com Money Out Clearing		1,258,803.67	2,868,877.46
General Journal	07/27/2018	JLZ 45	Alliant Insurance Services, Inc.	Bill.com Money Out Clearing		14,202.38	1,610,073.79
General Journal	08/01/2018	JLZ 44	CSAC Excess Insurance Authority	Bill.com Money Out Clearing		686,305.00	1,595,871.41
General Journal	08/02/2018	JLZ 46	Alliant Insurance Services, Inc.	Bill.com Money Out Clearing		160,000.00	909,566.41
Deposit	08/07/2018		Deposit	-SPLIT-	1,401,794.79		749,566.41
General Journal	08/09/2018	JLZ 48	Carl Warren & Co - ATF SBASIA	Bill.com Money Out Clearing		76,405.57	2,151,361.20
General Journal	08/14/2018	JLZ 49	Carl Warren & Co - ATF SBASIA	Bill.com Money Out Clearing		51,481.69	2,074,955.63
General Journal	08/14/2018	JLZ 49	Carl Warren & Company	Bill.com Money Out Clearing		75,000.00	2,023,473.94
Check	08/15/2018		Service Charge	Bank Service Charges		54.98	1,948,473.94
General Journal	08/17/2018	JLZ 47	ESM Solutions, Inc.	Bill.com Money Out Clearing		8,541.00	1,948,418.96
General Journal	09/10/2018	JLZ61	Carl Warren & Co - ATF SBASIA	Bill.com Money Out Clearing		47,174.59	1,939,877.96
General Journal	09/12/2018	JLZ64	Carl Warren & Co - ATF SBASIA	Bill.com Money Out Clearing		106,382.95	1,892,703.37
General Journal	09/14/2018	JLZ62	Gilbert Associates, Inc.	Bill.com Money Out Clearing		6,209.41	1,786,320.42
General Journal	09/18/2018	JLZ63	ESM Solutions, Inc.	Bill.com Money Out Clearing		8,451.00	1,780,111.01
Deposit	09/18/2018		Deposit	Recoveries	457,801.40		1,771,660.01
Total Bank of America - 61312					4,628,798.21	3,272,163.28	2,229,461.41
<b>TOTAL</b>					<b>4,628,798.21</b>	<b>3,272,163.28</b>	<b>2,229,461.41</b>



**Agenda Item F.1**

**AUDITED FINANCIAL REPORT AS OF JUNE 30, 2018**

**ACTION ITEM**

**ISSUE:** The Board of Directors should review and, if appropriate, approve the audited financial report.

**RECOMMENDATION:** The Program Administrator recommends approval of the audited financial report.

**FISCAL IMPACT:** None

**BACKGROUND:** SBASIA is required to have an audit performed each year and to file such audit with the County in which its primary office is located. It must also file the audit with the State Controller. SBASIA had James Marta & Company perform its audited financials for the year ending June 30, 2018.

A representative from James Marta & Company will be present to review the report with the Board and answer any questions.

**ATTACHMENTS:** None





South Bay Area Schools Insurance Authority  
Board of Directors  
December 6, 2018

**Agenda Item G.1**

**LIABILITY AND PROPERTY SAFETY INSPECTIONS  
ON INTERIOR OF BUILDINGS (ALL ROOMS) TO INCLUDE  
CHEMICAL INSPECTION**

**INFORMATION ITEM**

**EXPLANATION:** The JPA selected ESM Solutions, Inc. to perform Liability and Property Safety Inspections on Interior of Buildings (all rooms) to include chemical inspection. Mr. Anthony Poston, CEO of ESM Solutions, will provide a summary of the results of the inspections performed to date.

**ATTACHMENTS:** None



South Bay Area Schools Insurance Authority  
Board of Directors  
December 6, 2018

**Agenda Item H.1**

**CLAIMS STEWARDSHIP REPORT**

**INFORMATION ITEM**

**EXPLANATION:** Mr. Brandon Schlenker from Carl Warren & Company will present a claims stewardship report. This will provide an overview of claim frequency and severity, claim count by year, claims by cause and claims by member.

**ATTACHMENTS:** Claims Stewardship Report

# Stewardship Report for South Bay Area Schools Insurance Authority

December 2018



**CARL WARREN & COMPANY**

Claims Management and Solutions

**A Proud Partner of SBASIA Since 2009**



# Introduction

## **SBASIA Claims Team**

- Donald Chang, Claims Examiner
- Anthony Villanueva, Back Up Examiner
- Joyce Fairley Ray, Claims Supervisor
- Brandon Schlenker, AVP/Account Manager

## **Overview of Program**

- Collaborative team approach to claim handling
- Resolving remaining large misconduct claims
- Litigation Management
- Seamless interaction with multiple schools and districts
- Staffing Challenges – Getting back to local adjuster/Supervisor

## **Why Carl Warren?**

- Customized Services
- Quality & Performance
- Risk Management Information System

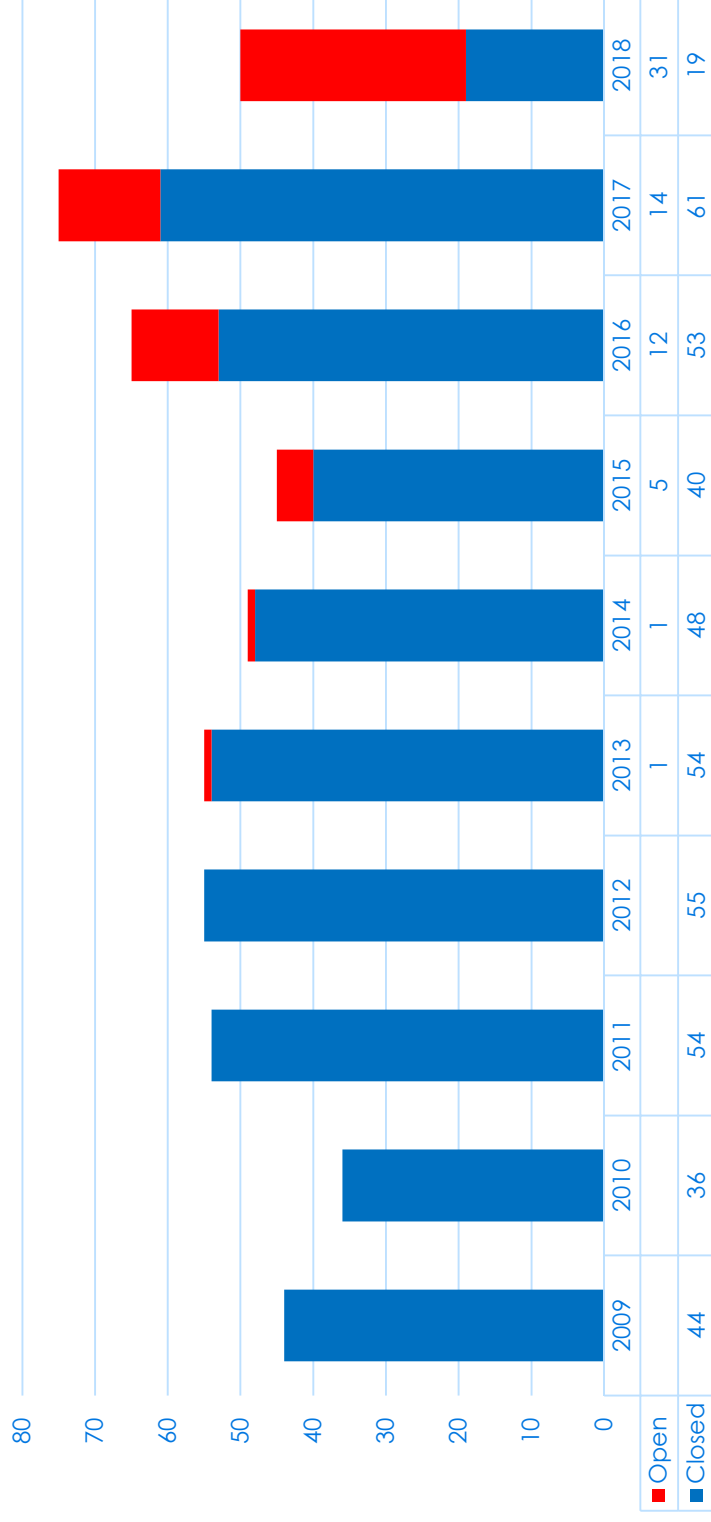


# What's in your report?

- Claim Frequency and Severity
- Closed Claim Performance
- Average Paid
- Cause and Location Statistics
- Litigation Frequency and Severity
- Stratification Report
- All Data as of 6/30/18 and last 10 policy years (2008-2018)

# Claim Counts By Policy Year

Open vs. Closed



# Closed Claim Performance

Average Paid Per Claim	
Claim Status = Closed	
Policy Year	Average of Gross Loss Payments
2009	\$19,586
2010	\$4,306
2011	\$135,516
2012	\$170,336
2013	\$54,384
2014	\$46,276
2015	\$11,927
2016	\$1,708
2017	\$995
2018	\$12,343
<b>Grand Total</b>	<b>\$51,129</b>

Closing Ratio		
Claims Opened/Closed in Period		
Policy Year	Claim Count Reported	Claim Count Closed
2009	53	47
2010	28	35
2011	61	30
2012	47	43
2013	63	74
2014	57	81
2015	33	24
2016	66	52
2017	71	65
2018	67	66
<b>Grand Total</b>	<b>546</b>	<b>517</b>
<b>Closing Ratio</b>	<b>94.7%</b>	

Good ratio.

# Claim Count by Cause

Top 25

2008-2018

CAUSE	CLAIM COUNT	CAUSE	CLAIM COUNT
STUDENT INJURED - MISCELLANEOUS	56	MOTOR VEH DAMAGE TO BUILDING	11
TRIP AND FALL INJURY	32	AC - BACKING	10
STUDENT INJ BY ANOTHER STUDENT	27	AP - VANDALISM	10
AUTO P.D. COLLISION MISC	24	SEXUAL ASSAULT	10
STUDENT INJ DURING ATHLETIC AX	22	TREE OR LIMB FELL ON OTHERS PROP	10
DISCRIMINATION	21	STUDENT INJURED BY DISTRICT EMPL	9
AUTO LIABILITY MISCELLANEOUS	19	AC - FAILURE TO YIELD	7
DIST DRVR AT FAULT-REAR-ENDED	18	DISTR DRVR AT FAULT - SIDESWIPE	7
ADVERSE HIT DISTRICT VEHICLE	17	FALLING OBJECT	7
DISTRICT DRIVER HIT PARKED VEH	15	HIT STATIONARY OBJECT	7
GENERAL LIABILITY - MISCELLANEOUS	14	WATER DAMAGE TO BUILDING	7
STUDENT INJ-ALLGD LACK OF SUPERVISION	14	WRONGFUL TERMINATION	7
VEH. AT FAULT FOR DIST VEH DMG	13		

Remains  
#1



# Total Incurred by Cause

## Top 25 by Gross Payments

2008-2018

CAUSE	GROSS PAYMENT	RESERVES	NET TOTAL INCURRED	CAUSE	GROSS PAYMENT	RESERVES	NET TOTAL INCURRED
SEXUAL ASSAULT	\$13,690,345	\$108,012	\$1,043,362	STUDENT INJ-PROP FELL ON STUDENT	\$93,715	\$50,266	\$143,981
RAPE OR SEXUAL ABUSE	\$4,475,668	\$595,358	\$1,189,860	WATER DAMAGE TO BUILDING	\$93,326	\$35,500	\$128,826
STUDENT INJURED BY DISTRICT EMPL	\$2,686,993	\$150,000	\$638,329	DAMAGE TO NEIGHBORS PROPERTY	\$85,441	\$0	\$84,784
TEACHER INJURED STUDENT	\$2,619,764	\$0	\$300,102	STUDENT INJ-ALLGD LACK OF SUPERVISION	\$77,724	\$55,000	\$132,724
WRONGFUL TERMINATION	\$1,366,475	\$188,726	\$1,555,202	ARSON FIRE DAMAGE	\$71,114	\$0	\$71,114
FIRE DAMAGE TO BUILDING	\$514,197	\$500,000	\$1,014,197	STUDENT RAN INTO OBJECT	\$70,033	\$0	\$70,033
DISCRIMINATION	\$406,376	\$67,656	\$472,095	AUTO LIABILITY MISCELLANEOUS	\$57,986	\$29,939	\$87,925
AP - FLOOD	\$400,713	\$35,000	\$435,713	STUDENT INJ DURING ATHLETIC AC	\$54,800	\$646,929	\$701,729
TRIP AND FALL INJURY	\$377,877	\$46,631	\$423,813	DISTR PERSONAL PROPERTY STOLEN	\$53,877	\$0	\$53,877
BUILDING-FIRE ALL OTHER	\$210,850	\$635,746	\$846,595	DIST DRVR AT FAULT-REAR-ENDED	\$53,148	\$0	\$52,598
ERRORS AND OMISSIONS MISC	\$207,042	\$75,000	\$282,042	ALL RISKS BUILDINGS MISC	\$51,489	\$0	\$17,321
STUDENT INJURED - MISCELLANEOUS	\$149,057	\$24,718	\$173,774	VEH. AT FAULT FOR DIST VEH DMG	\$48,537	\$0	\$48,147
STUDENT INJ BY ANOTHER STUDENT	\$146,572	\$10,043	\$156,615				

Misconduct claims are 63%  
of Total Payments

# Claims & Incurred

## By Coverage – Property & Liability

2008-2018

First Party Coverage	Claim Count	Gross Pmt	Reserves	Net Total Incurred
FIRST PARTY PROPERTY	38	\$827,179	\$635,746	\$1,410,758
ALL RISK BUILDINGS	12	\$529,014	\$570,500	\$1,088,843
ALL RISK CONTENTS	4	\$0	\$45,000	\$45,000
VANDALISM, MAL MISCHIEF	1	\$19,412	\$0	\$19,412
<b>Grand Total</b>	<b>55</b>	<b>\$1,375,605</b>	<b>\$1,251,246</b>	<b>\$2,564,013</b>

Liability Coverage	Claim Count	Gross Pmt	Reserves	Net Total Incurred
AUTO BODILY INJURY	23	\$54,265	\$34,939	\$89,204
AUTO COLLISION	15	\$66,472	\$0	\$63,260
AUTO PROPERTY DAMAGE	106	\$174,092	\$29,556	\$202,273
AUTO PERSONAL INJURY	2	\$10,000	\$0	\$10,000
INCIDENT	1	\$0	\$0	\$0
LIABILITY BODILY INJURY	197	\$24,397,546	\$1,661,963	\$4,904,326
LIABILITY ERRORS & OMISSIONS	5	\$122,818	\$0	\$122,818
LIABILITY EMPLOYMENT PRACTICES	18	\$1,406,866	\$513,590	\$1,920,456
LIABILITY PROPERTY DAMAGE	52	\$313,435	\$1,000	\$313,778
LIABILITY PERSONAL INJURY	30	\$570,319	\$359,102	\$927,484
SUBROGATION	22	\$14,624	\$0	-\$2,477
<b>Grand Total</b>	<b>473</b>	<b>\$27,130,437</b>	<b>\$2,600,150</b>	<b>\$8,551,121</b>

Misconduct claims driving this number

# Claims & Incurred

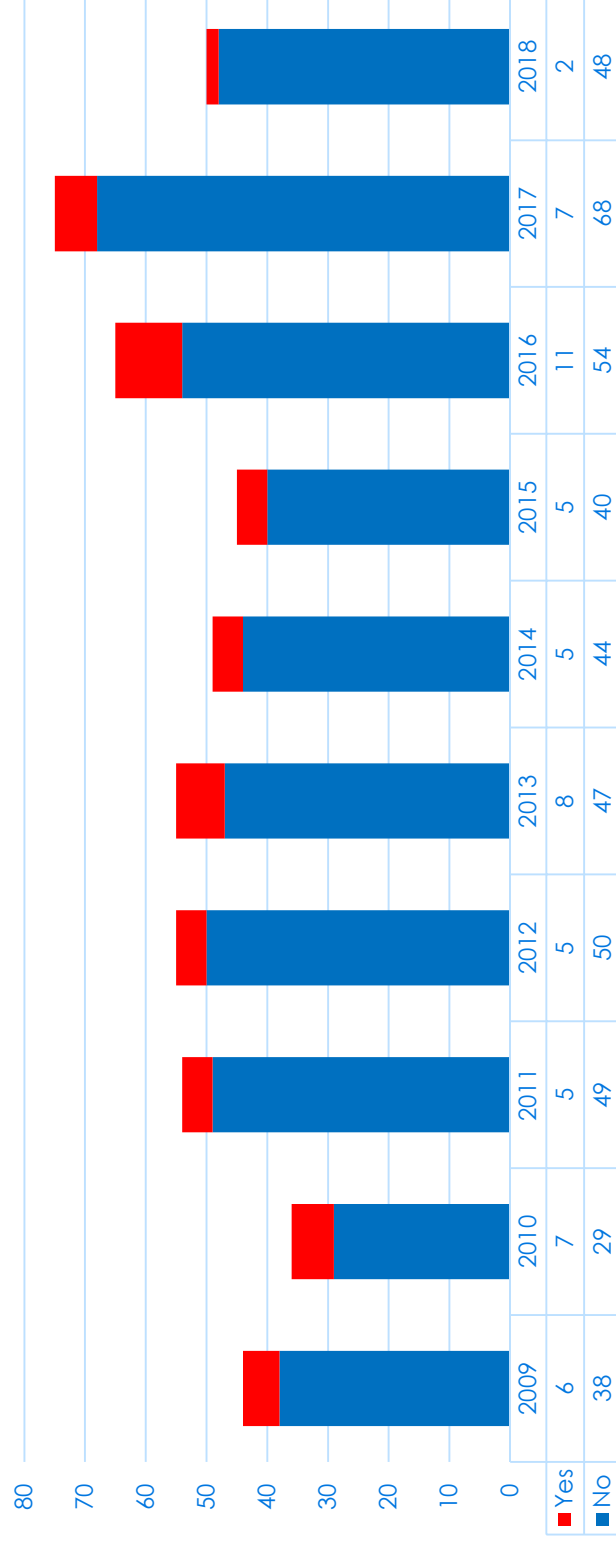
## By School District Member

2008-2018

School District	Claim Count	Gross Pmt	Reserves	Net Total Incurred
BERRYESSA UNION ELEMENTARY SCHOOL DIST.	59	\$486,228	\$62,107	\$534,143
CAMPBELL UNION ELEMENTARY SCHOOL DIST.	37	\$65,742	\$1,000	\$66,742
EVERGREEN ELEMENTARY SCHOOL DIST.	64	\$18,066,210	\$81,931	\$1,511,154
LAKESIDE JOINT SCHOOL DISTRICT	3	\$168,537	\$0	\$134,369
LOS ALTOS ELEMENTARY SCHOOL DIST.	39	\$420,708	\$899,075	\$1,319,126
LOS GATOS JT. UNION HIGH SCHOOL DIST.	23	\$181,933	\$418,994	\$600,928
METROPOLIAN EDUCATION DISTRICT	5	\$34,657	\$141,864	\$176,521
MILPITAS UNIFIED SCHOOL DISTRICT	70	\$198,671	\$475,127	\$656,398
MOUNTAIN VIEW-LOS ALTOS UNION HIGH DIST.	18	\$127,662	\$165,012	\$292,674
MT. VIEW - WHISMAN SCHOOL DISTRICT	25	\$193,283	\$160,753	\$353,000
SANTA CLARA COUNTY OFC OF EDUCATION	45	\$4,773,501	\$575,804	\$3,149,118
SANTA CLARA UNIFIED SCHOOL DIST., P.O. BOX 397	140	\$3,788,910	\$869,728	\$2,320,960
<b>Grand Total</b>	<b>528</b>	<b>\$28,506,041</b>	<b>\$3,851,396</b>	<b>\$11,115,133</b>

# Litigation Claim Count

Yes vs. No



Overall Litigation  
Rate is 11.6%

# Financial Summary

## Litigated vs. Non Litigated

Legal	Pol Year End	Claim Count	Total Reserves	Gross Payments	Net Total Incurred
No	2009	38	\$0	\$677,646	\$675,954
	2010	29	\$0	\$80,336	\$76,570
	2011	49	\$0	\$80,445	\$80,445
	2012	50	\$0	\$88,787	\$76,534
	2013	47	\$0	\$382,229	\$377,099
	2014	44	\$0	\$170,172	\$124,933
	2015	40	\$7,781	\$477,766	\$466,863
	2016	54	\$647,413	\$294,653	\$942,065
	2017	68	\$147,678	\$65,226	\$212,904
	2018	48	\$937,318	\$242,997	\$1,179,960
	<b>Grand Total</b>	<b>467</b>	<b>\$1,740,189</b>	<b>\$2,560,258</b>	<b>\$4,213,326</b>

1 years in 10  
Total  
Incurred  
over 1mil

Legal	Pol Year End	Claim Count	Total Reserves	Gross Payments	Net Total Incurred
Yes	2009	6	\$0	\$602,450	\$601,501
	2010	7	\$0	\$186,950	\$186,950
	2011	5	\$0	\$7,892,657	\$446,525
	2012	5	\$0	\$9,839,790	\$649,760
	2013	8	\$5,788	\$2,888,732	\$574,857
	2014	5	\$266	\$2,711,782	\$513,638
	2015	5	\$401,018	\$340,412	\$741,430
	2016	11	\$1,122,939	\$1,467,708	\$2,590,647
	2017	7	\$381,196	\$15,304	\$396,500
	2018	2	\$200,000	\$0	\$200,000
	<b>Grand Total</b>	<b>61</b>	<b>\$2,111,207</b>	<b>\$25,945,784</b>	<b>\$6,901,807</b>

Negative  
experience in  
sexual  
misconduct  
claims

# Stratification Report

Count and NET Total Incurred by Policy Year

Policy Year	Claim Count						
	\$0	\$1-\$25,000	\$25,000-\$50,000	\$50,000-\$100,000	\$100,000-\$250,000	\$250,000-\$500,000	\$500,000 or Greater
07/01/08	18	17	2	3	3	1	
07/01/09	19	14	2		1		
07/01/10	38	13	1		2		
07/01/11	25	26	1		3		
07/01/12	28	17	6	2	1	1	
07/01/13	22	22	2	2		1	
07/01/14	17	20		1	5	1	
07/01/15	27	28	3		1	4	2
07/01/16	45	24	2	2	2		
07/01/17	17	24	4	1	3	1	
<b>Total</b>	<b>256</b>	<b>205</b>	<b>23</b>	<b>11</b>	<b>21</b>	<b>9</b>	<b>2</b>

Policy Year	Total Incurred						
	\$0	\$1-\$25,000	\$25,000-\$50,000	\$50,000-\$100,000	\$100,000-\$250,000	\$250,000-\$500,000	\$500,000 or Greater
07/01/08	\$0	\$61,758	\$72,139	\$245,499	\$474,980	\$423,079	
07/01/09	\$0	\$70,694	\$78,992		\$113,834		
07/01/10	\$0	\$58,890	\$37,522		\$430,558		
07/01/11	\$0	\$87,390	\$39,784		\$599,119		
07/01/12	\$0	\$135,025	\$198,066	\$168,278	\$150,485	\$300,102	
07/01/13	\$0	\$98,532	\$59,353	\$180,686		\$300,000	
07/01/14	\$0	\$92,949		\$80,429	\$787,089	\$253,884	
07/01/15	\$0	\$103,495	\$106,128		\$130,000	\$1,633,693	\$1,559,397
07/01/16	\$0	\$138,904	\$85,500	\$130,000	\$255,000		
07/01/17	\$0	\$136,245	\$165,000	\$75,000	\$503,715	\$500,000	
<b>Total</b>	<b>\$0</b>	<b>\$983,880</b>	<b>\$842,484</b>	<b>\$879,892</b>	<b>\$3,444,781</b>	<b>\$3,410,758</b>	<b>\$1,559,397</b>

48% of claims have \$0 payments



On behalf of the Employee-Owners of Carl  
Warren.....THANK YOU!!





South Bay Area Schools Insurance Authority  
Board of Directors  
December 6, 2018

**Agenda Item I.1**

**INSURANCE MARKET UPDATE**

**INFORMATION ITEM**

**EXPLANATION:** Staff will update the Board of Directors on insurance market conditions.

**ATTACHMENTS:** State of the Insurance Market 2018



# STATE OF THE MARKET



In the **first half of 2018** Global natural disaster losses reached just **\$36B** (billion), considerably **lower than the 10-year average of \$125B**. Insurance payouts are estimated at only \$20B, according to a Swiss Re report.

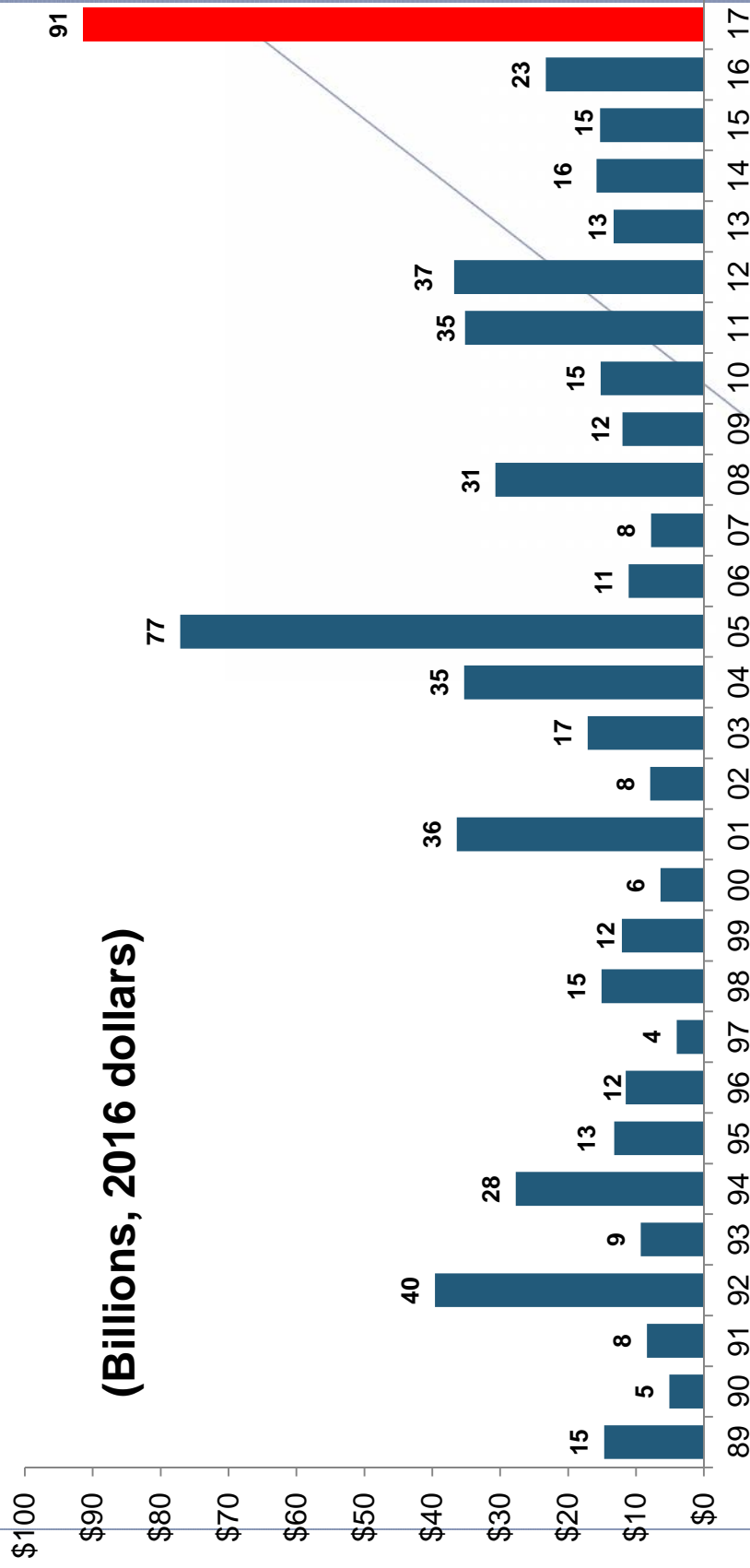
The **second half** of the year usually brings higher losses; in 2017 hurricanes, Harvey, Irma and Maria, pushed overall economic losses for the year to \$340B. In **2018, Hurricane Florence** *insured* losses are estimated at up to \$5B, and the early estimates for **Michael** are at least \$10B.

## Key Industry Metrics

- The U.S. property & casualty industry posted a **combined ratio of 94.8%** in the first-quarter 2018, the lowest three-month combined ratio of the last five years, according to AM Best. The combined ratio for 2017 was 103.7.
- **Policyholder surplus was \$752.5B as of 12/31/17 -- A record high.**
- Private U.S. property/casualty insurers saw their **net income more than double** to \$17.1 billion in first-quarter 2018, helped by lower catastrophe losses and reserve releases.

Weather extremes, **wildfires**, catastrophic losses and investment earnings remain areas of **concern for insurers**.

# U.S. Insured Catastrophe Losses

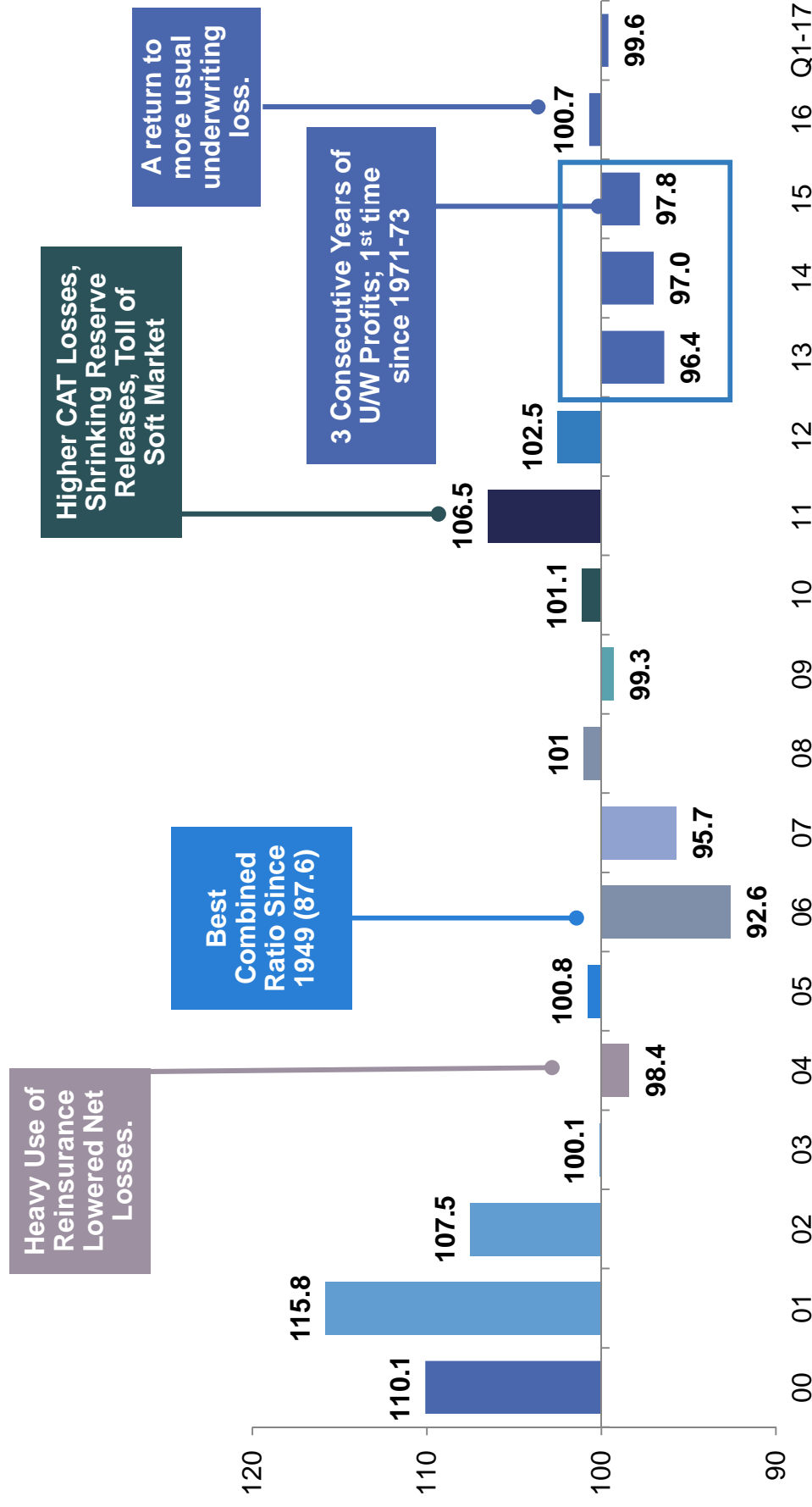


Harvey, Irma and Maria (“HIM”) Made 2017 a Record Cat Year.

Sources: Property Claims Service, a Verisk Analytics business; Insurance Information Institute.



# P/C Insurance Industry Combined Ratio, 2001-2017\*



\*\*Excludes Mortgage & Financial Guaranty insurers 2008-2014.  
Including M&FG, 2008=105.1, 2009=100.7, 2010=102.4, 2011=108.1, 2012=103.2, 2013=96.1, 2014=97.0.  
Sources: A.M. Best; ISO, a Verisk Analytics company; I.I.I.

# 2017 - a Record Year for Catastrophic Losses

Natural Disasters have greater impacts due to increased concentration of exposures on the coasts and fire-prone areas.

Cyber risks grow as we become more interconnected.



Flooding events spurred 73% of federal disaster declarations



Thunderstorm related losses 2<sup>nd</sup> highest ever in U.S.



\$14 billion insured wildfire losses; California damage estimated ~\$11 billion

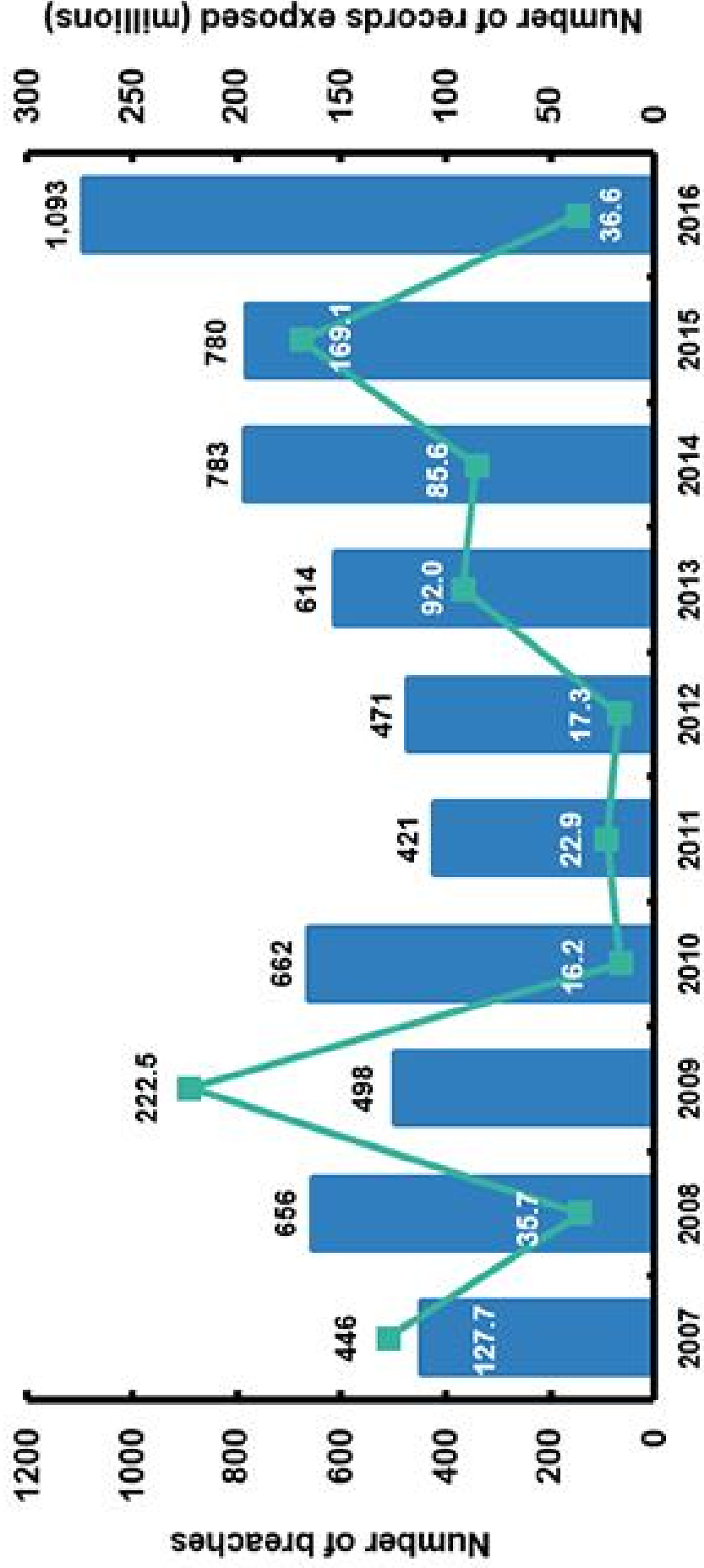


N.A. hurricane season record-breaking insured & economic losses; disasters affected >25 million Americans



Cyber: Risk continuing to increase  
Auto: Reaching epidemic proportions

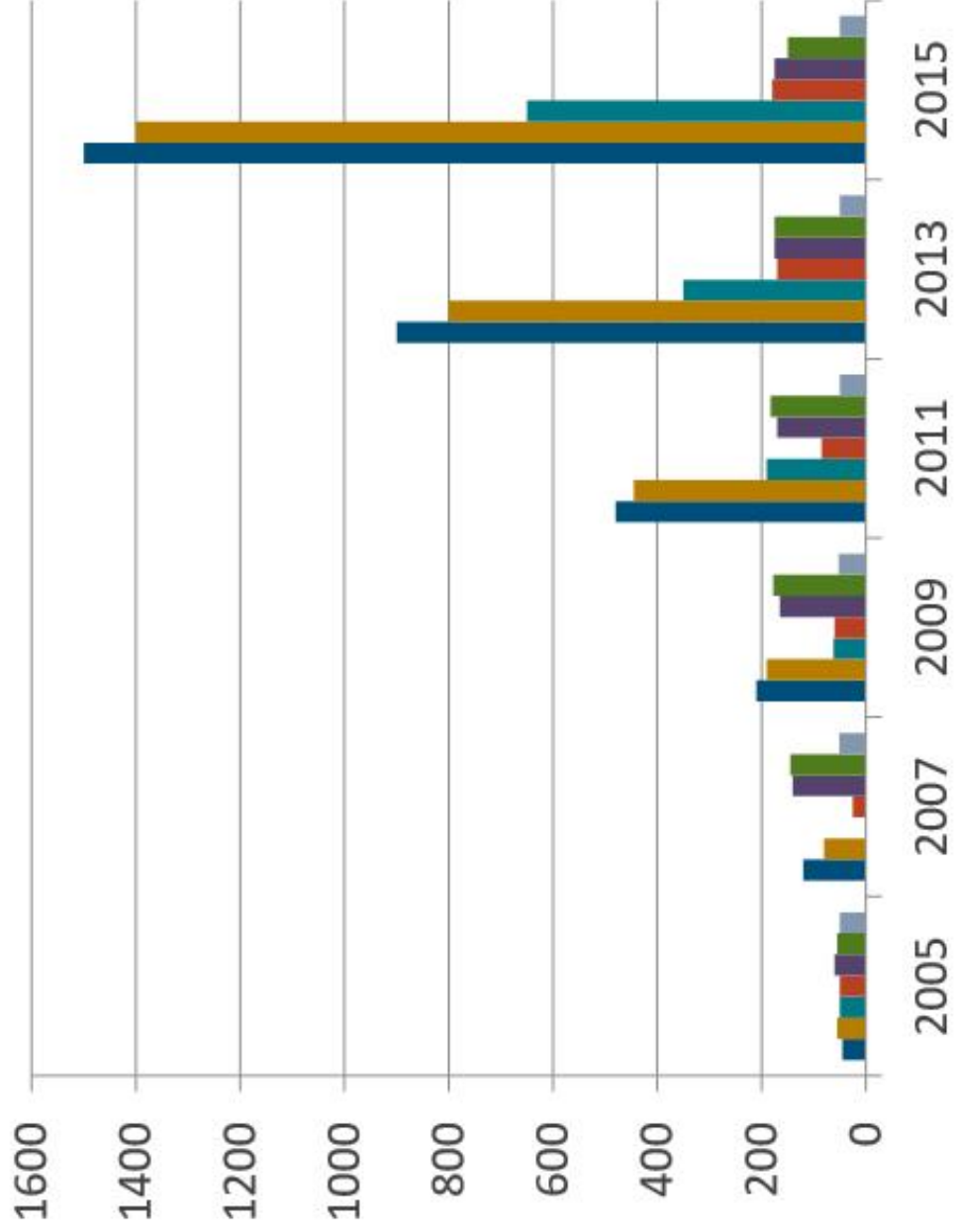
# Data Breaches 2007-2016, by Number of Breaches and Records Exposed



The Identity Theft Resource Center says there have been 956 breaches in 2017 so far (as of August 30) with 19.3 million records exposed. The business sector accounted for 57 percent of the 2017 breaches. These figures do not include the many attacks that go **unreported**. In addition, many attacks go **undetected**.

Source: Identity Theft Resource Center

# Data Breaches and Cyber Attacks are Increasing in Costs and Frequency



\*Source: Verizon 2016 Data Breach Report

**89%** of breaches in 2015 had a financial or espionage motive.  
~ Verizon 2016 Data Breach Report

Cybercrime already costs the global economy approximately **\$445 billion** a year.

~ McAfee; CSIS (2014)

- Hacking
- Malware
- Social
- Error
- Misuse
- Physical
- Environmental

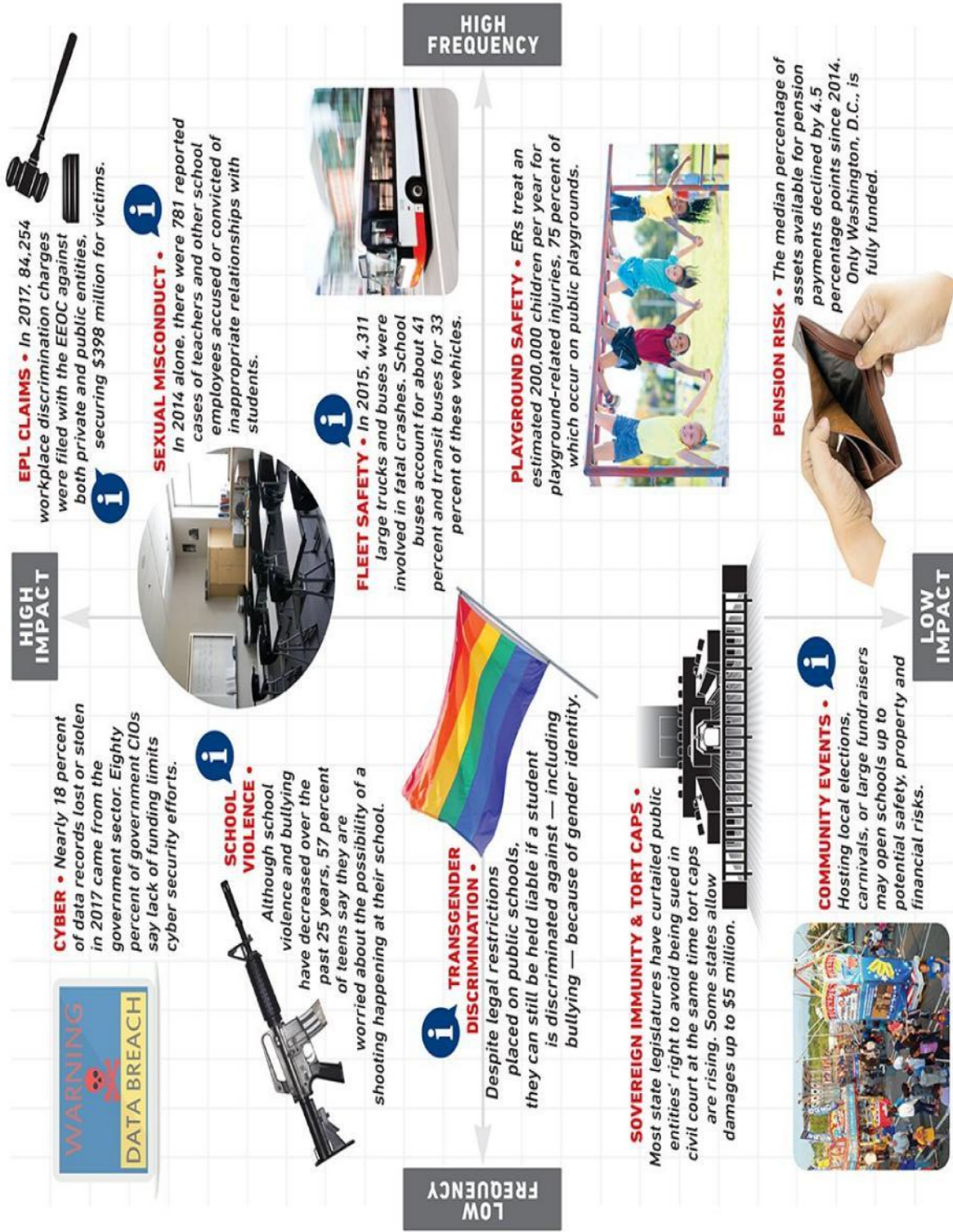


## EVOLVING: Active Shooter



The United States Department of Homeland Security defines the **active shooter** as "an individual actively engaged in killing or attempting to kill people in a confined and populated area; in most cases, **active shooters** use firearms(s) [sic] and there is no pattern or method to their **Alliant** selection of victims."

# 10 Emerging Risks Affecting Public Entities



Note: The Risk Matrix is produced by the Risk and Insurance® editorial team. Liberty Mutual Insurance is the presenting sponsor and has no responsibility for the content.



# Looking Ahead



Looking ahead, expectations are that property rates will firm. It's too early to tell how the market will react to the recent natural disasters, but buyers of property insurance should budget conservatively, especially those with Cat exposure and large losses.

Liability market in Education Sector continues to harden. Increasing sexual misconduct claims and settlement inflation is affecting underwriting models. California schools have seen rate increases as high as 90%.



**Agenda Item I.2**

**RESOLUTION FOR WITHDRAWAL FROM SCHOOLS EXCESS LIABILITY FUND  
(SELF) EFFECTIVE JULY 1, 2019**

**ACTION ITEM**

**ISSUE:** The Board of Directors will decide if the JPA should withdraw from SELF effective July 1, 2019.

**RECOMMENDATION:** The Executive Committee will make a recommendation to the Board.

**FISCAL IMPACT:** To be determined

**BACKGROUND:** Due to the hardening of the Liability market, staff will market the Excess Liability coverage to find the most competitive rate. Withdrawing from SELF will allow SBASIA to move its Excess Liability coverage should a better rate be found.

Per SELF's Joint Powers Agreement, any member who would like to withdraw from a SELF Program shall adopt a resolution stating that it is going to withdraw from SELF effective July 1 for the following program year. The resolution of withdrawal should be received by SELF before the close of business on December 31.

**ATTACHMENTS:** Resolution No. R18-02 Withdrawal from SELF Excess Liability Program Effective July 1, 2019

**RESOLUTION NO. R18-02**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE  
SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY (SBASIA)  
WITHDRAWAL FROM SELF  
EXCESS LIABILITY PROGRAM  
EFFECTIVE JULY 1, 2019**

WHEREAS, the Joint Exercise of Powers Agreement of Schools Excess Liability Fund (SELF) reads under VII. Withdrawal of a Party

- B. Resolution of Withdrawal: To effect withdrawal from this Agreement, or from any program (e.g., Liability or Workers' Compensation) in which a party is participating, such party, by its governing body, shall adopt a resolution stating that it is going to withdraw from SELF or from the SELF program, effective July 1 of that year or the following year.

BE IT RESOLVED THAT:

In accordance with the Schools Excess Liability Fund (SELF) Joint Exercise of Powers Agreement, South Bay Area Schools Insurance Authority is withdrawing from the SELF Excess Liability Program effective July 1, 2019.

**This Resolution of the Board of Directors was adopted this 6<sup>th</sup> day of December 2018 in Campbell, California by the following vote:**

Votes In Favor	_____
Votes Against	_____
Votes Abstaining	_____
Votes Absent	_____

Signed:

Attest:

\_\_\_\_\_  
James Crawford, President

\_\_\_\_\_  
Megan Reilly, Vice President



**Agenda Item I.3**

**JPA PRESIDENT**

**ACTION ITEM**

**ISSUE:** The JPA President, Mr. James Crawford, officially retires on December 12, 2018. Mr. Crawford will continue to work for Campbell USD as a consultant. The Board of Directors will decide if the JPA should contract with Campbell USD so Mr. Crawford can continue to serve as JPA President.

**RECOMMENDATION:** The Executive Committee will make a recommendation to the Board.

**FISCAL IMPACT:** \$15,000 per year

**BACKGROUND:** The JPA President, Mr. James Crawford, retires on December 12, 2018. The majority of the Executive Committee is comprised of new representatives. Mr. Crawford has significant experience after working with the JPA for almost twenty years. Mr. Crawford will continue to work for Campbell USD as a consultant. Campbell USD can adopt a resolution to have Mr. Crawford remain as their Board representative. The JPA can contract with Campbell USD so Mr. Crawford can continue to serve as JPA President allowing the new Executive Committee members time to gain knowledge and experience.

**ATTACHMENTS:** Compensation Reimbursement Agreement

**COMPENSATION REIMBURSEMENT AGREEMENT  
BETWEEN CAMPBELL UNION SCHOOL DISTRICT AND SOUTH BAY  
AREA SCHOOLS INSURANCE AUTHORITY**

This Agreement is entered into as of December 12, 2018 (“Effective Date”) through June 30, 2020, by and between the Campbell Union School District (“District”) and the South Bay Area Schools Insurance Authority (“Authority”) (collectively, “Parties”).

**RECITALS**

**WHEREAS**, James Crawford is retiring from his position as Deputy Superintendent for the District; and

**WHEREAS**, because of his significant experience working with the Authority over a number of years, the District and the Authority wish for Mr. Crawford to continue serving as President of the Authority; and

**WHEREAS**, on October 25, 2018, the District’s Board of Trustees approved an agreement with Crawford School Business Consulting LLC titled “Independent Contractor Services Agreement: School Business Consulting Services,” (“Independent Contractor Agreement”), effective December 12, 2018, whereby Mr. Crawford (“Consultant”) shall provide various school business services, including serving as President of the Authority, and the District shall compensate Consultant for such services.

**AGREEMENT**

**NOW, THEREFORE**, the Parties agree as follows:

1. The District shall compensate Crawford School Business Consulting for Consultant’s services in accordance with the Independent Contractor Agreement of said agreement.
2. In accordance with the Independent Contractor Agreement, the total amount of Authority’s reimbursement to the District for Consultant’s services shall not exceed \$15,000 per year, payable in two annual installments, and due on March 15 and October 15 of each year of this Agreement.
3. Unless earlier terminated in writing by mutual agreement of the Parties, this Agreement shall terminate when a) the Independent Contractor Agreement has terminated, and b) the District has completed all payments to the Consultant for services rendered to the Authority, and c) the Authority has fulfilled all payment obligations arising under this Agreement.
4. While performing services under this Agreement, Consultant, on behalf of himself and the Authority, will be acting as an independent contractor and not as an officer or employee of the District. The Consultant will comply with all federal and state laws and regulations for payment of all applicable taxes and benefits.

5. Consultant is responsible for complying with any/all CalPERS, CalSTRS or any other comparable requirement before initiating work. Consultant hereby agrees that he is confirming his eligibility to participate as an independent contractor.
6. Consultant, on behalf of himself and the Authority, will treat all information received during the performance of this Agreement as confidential. Confidential information is information obtained solely as a result of work for an individual member and not available in the public domain. Such information may include, but is not limited to, attorney-client or attorney work product, personnel matters and other confidential information provided to Consultant in the performance of services pursuant to this Agreement that the District deems confidential.
7. Consultant, on behalf of the Authority, agrees that he presently has no interest and shall not acquire any interest, direct or indirect, in the subject of the Agreement, nor any other interest which would conflict in any manner or degree with the performance of services under the Agreement. Should any actual or apparent conflict arise during the term of services, Consultant agrees to disclose such conflicts in writing to the District. The District shall have the option to terminate the Agreement should it deem such conflicts disqualifying.
8. The District agrees it will not assign, transfer, convey or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, without the prior written consent of the Authority.

**WHEREFORE**, the Parties hereto, by their signatures below, enter into the Agreement as of the Effective Date.

CAMPBELL UNION SCHOOL DISTRICT

SOUTH BAY AREA SCHOOLS  
INSURANCE AUTHORITY

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**Agenda Item I.4**

**AMENDMENT TO BYLAWS**

**ACTION ITEM**

**ISSUE:** The Board of Directors should review and adopt the proposed change to the Bylaws.

**RECOMMENDATION:** The Executive Committee recommends amending the Bylaws as presented.

**FISCAL IMPACT:** None.

**BACKGROUND:** The Bylaws, in Article II Section C, prohibit anyone serving on the Board of Directors from receiving any compensation from South Bay Area Schools Insurance Authority. A member of the Board, Mr. James Crawford, is retiring from his position at the Campbell Union School District, but shall continue to serve on the Board as a consultant and it is necessary to amend the Bylaws to permit him to be compensated.

Article II Section C shall be amended as follows:

No one serving on the Board of Directors shall receive any salary or compensation from the Authority while they are regularly employed by a member district. A member may be represented on the Board of Directors by an independent contractor, and in that case the Authority may compensate the independent contractor for service on the Board of Directors, either by paying the independent contractor directly or by reimbursing the member district for the services of the independent contractor.

The proposed amendment appears in bold lettering on the attached Bylaws.

**ATTACHMENTS:** Bylaws

BYLAWS  
SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

AS AMENDED: June 24, 2004

PREAMBLE

The South Bay Area Schools Insurance Authority (“Authority”) is established for the purpose of providing the services and other items necessary and appropriate for the establishment, operation, and maintenance of a self-insurance joint protection program for liability and property damage protection for the public educational agencies who are members hereof, and to provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding self-insurance.

ARTICLE I  
BOARD OF DIRECTORS

- A. A Board of Directors is hereby established to direct and control the Authority.
- B. The Board of Directors may delegate any and all of its authority except:
  - 1. Adopting the annual revenue and expense budget,
  - 2. Elect officers and Executive Committee members  
and
  - 3. Amending these Bylaws.
- C. The Board of Directors delegates all of its authority to the Executive Committee except those authorities listed in Item B above.
- D. Each member of the Authority shall appoint to the Board of Directors one representative and one alternate. Said appointments shall be made by the governing boards of the member’s district and acknowledged by written confirmation of such appointment. Said representative must be employees or trustees of the member. The representative and alternate shall serve at the pleasure of the member by whom appointed. Only the designated representative or designated alternate may represent a member, and each shall be invited to attend all meetings of the Board of Directors. The designated representatives and designated alternates may invite members of their agencies’ staffs, consultants, or governing boards to attend meetings of the Board of Directors in an advisory capacity only.
- E. Each member shall have one vote, which may be cast only by the designated representative who is in physical attendance or by the designated alternate who is in physical attendance if the designated representative is absent. No proxy or absentee votes shall be permitted. Except as otherwise provided by law or in these Bylaws, a vote of the majority of



those members constituting the Board of Directors and attending the meeting shall be sufficient to constitute action, provided that a quorum is present.

F. The Board of Directors may conduct regular, adjourned regular, special, and adjourned special meetings, provided, however, that it will hold at least one (1) regular meeting a year. The date, time, and place for each such regular meeting shall be fixed annually by the Board of Directors, which shall be publicly posted prior to the meeting at the principal office of the Authority and filed with each member of the Authority. All meetings of the Board of Directors shall be called, held, and conducted in accordance with the terms and provisions of the Ralph M. Brown Act (Sections 54950, et seq.) of the California Government Code, as said Act may be modified by subsequent legislation, and as the same may be augmented by rules of the Board of Directors not inconsistent therewith. Except as otherwise provided or permitted by law, all meetings of the Board of Directors shall be open and public. The Board of Directors shall cause minutes of its meetings to be kept, and shall promptly transmit to the members of the Authority true and correct copies of the minutes of such meetings.

G. The Board of Directors, by resolution, shall designate the principal office at which it will receive notices, correspondence, and other communications. The Secretary shall be the designated officer for the purpose of receiving service on behalf of the Authority and the Board of Directors. The Board of Directors shall comply with the provisions of Sections 6503.5 and 53051 of the Government Code requiring the filing of a statement with the Secretary of State and with the County Clerk.

H. The Board of Directors may appoint and dissolve working committees from its active membership or may contract for services of others in keeping with the Joint Powers Agreement and these Bylaws.

I. The Board of Directors shall approve an annual revenue and expense budget including the determination of contributions from the members in accordance with the parameters as described in Article VI, and the method by which contributions will be paid to the fund.

J. The Board of Directors shall also provide for additional assessments during the year, if necessary or appropriate, to allow for increased costs and expenses as may occur or for dividend payments to member districts if the level of the General Fund is deemed more than adequate to cover expected costs and expenses.

K. The Board of Directors shall insure that a complete and accurate system of accounting of the fund shall be maintained at all times consistent with the established auditing standards and accounting procedures.

L. The Board of Directors shall determine the manner in which liability and property damage claims shall be processed.

## ARTICLE II

### RULES OF THE BOARD OF DIRECTORS

A. The Board of Directors may establish rules governing its own conduct and procedure, and have such expressed or implied authority as is not inconsistent with, or contrary to, federal, state, or local laws, these Bylaws, or the Joint Powers Agreement.

B. A quorum for the transaction of business by the Board of Directors shall consist of a majority of the active members of the Authority then in current status.

C. No one serving on the Board of Directors shall receive any salary or compensation from the Authority **while they are regularly employed by a member district. A member may be represented on the Board of Directors by an independent contractor, and in that case the Authority may compensate the independent contractor for service on the Board of Directors, either by paying the independent contractor directly or by reimbursing the member district for the services of the independent contractor.** The Board of Directors may provide and establish procedures for the reimbursement of reasonable expenses incurred in connection with the official business of the Authority.

## ARTICLE III

### OFFICERS

A. The officers of the Authority shall be elected at a regular meeting of the Board of Directors immediately preceding July 1<sup>st</sup> of each year. The Executive Committee may offer a slate of officers for the Board to adopt, but only after accepting and considering the nominations from the floor for each office.

B. The officers of the Authority shall be President, Vice President, Secretary, and Treasurer/Fiscal Agent. The term of each office shall be one (1) year or until their successor is elected or appointed. The length of term does not limit an individual from serving successive terms if elected. The term of office shall start on July 1<sup>st</sup> of each year and conclude on June 30<sup>th</sup> of the following year. All vacancies, however arising, may be filled by the affirmative vote of a majority of the Board of Directors at a regular or special meeting.

C. The President shall be the chief executive officer and shall have general supervision and direction of the business of the Authority, shall see that all orders and resolutions of the Board of Directors are carried into effect, and shall be a member of all committees appointed by the Board of Directors. He/she shall give, or cause to be given, notice of all

meetings of the Board of Directors when notice is required by these bylaws. The President shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors.

D. The Vice President shall serve in the absence or disability of the President and shall be vested with all the powers and authorization to perform all the duties of the President, as well as such other powers and duties as may be prescribed from time to time by the Board of Directors or the President.

E. The Secretary shall retain records of all votes and the minutes of all proceedings of the Board of Directors in a book to be kept for that purpose. He/she shall have such other power and perform such other duties as may be prescribed from time to time by the Board of Directors or the President.

F. The Treasurer/Fiscal Agent shall be the chief financial officer of the Authority and shall assume the duties described in Section 6505.5 of the California Government Code, and shall:

1. Receive and receipt for all money of the Authority and place it in a designated financial institution, to the credit of the Authority.
2. Be responsible for the safekeeping and disbursement of all money of the Authority held by him.
3. Pay, when due, out of money of the Authority so held by him, all sums payable by the Authority only upon warrants authorized by him or his authorized representative.
4. Verify and report in writing each quarter to the Board of Directors and to the members of the Authority the amount of money he holds for the Authority, the amount of receipts since his last report, and the amount paid out since his last report.

G. The Treasurer/Fiscal Agent shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors or the President.

#### ARTICLE IV EXECUTIVE COMMITTEE

A. An Executive Committee shall consist of the President, Vice President, Treasurer/Fiscal Agent, Secretary, and one Member-at-Large elected by and from the Board of Directors at the time of the election of officers.

B. The Executive Committee shall be responsible for the ongoing operations of the South Bay Area Schools Insurance Authority and shall meet at least four times a year. It shall have the authority to administer the Authority and its programs except to the extent that such authority is reserved exclusively to the Board.

C. The Executive Committee shall enforce the Bylaws of this organization, and be responsible for the implementation of rules, regulations, and directions of the Board.

D. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business. The Secretary shall take and maintain minutes of the committee meetings and copies of all minutes shall be forwarded to the Full Board members.

## ARTICLE V INDEMNIFICATION OF OFFICIALS

A. The Authority agrees to indemnify and hold the representative and the alternates to the Board of Directors, the members of the Executive Committee and any and all the officers or employees of the Authority, and each of them harmless against and free from all claims, expenses, demands, penalties, fines, forfeitures, judgments, settlements, attorney fees, and any other amount whatsoever actually and reasonably incurred or threatened by reason of, or as a result of, their official participation and actions in pursuance of the execution and administration of the Agreement and the operation of the Authority created thereunder, including but not limited to amounts arising out of or by any judicial or quasi-judicial action or proceeding, whether civil, criminal, administrative or investigative, on condition that it appear to the satisfaction of the Board that the indemnitee acted in good faith and in a manner reasonably believed by him or her to be in the best interest of the Authority, or that such a person had no reasonable cause to believe that his or her conduct under the circumstances was unlawful.

B. This provision of indemnity shall not be construed to obligate the Authority to pay any liability, including but not limited to, punitive damages, which by law would be contrary to public policy or itself unlawful.

C. The Board, at its discretion, may self-fund or provide for errors and omissions insurance policy coverage for the directors and officers and employees of the Authority, at the expense of the Authority.

## ARTICLE VI FINANCE

A. The Authority shall operate on a fiscal year from July 1st to June 30th.

B. The Board of Directors shall annually, prior to June 30th, adopt a budget showing each of the purposes for which the Authority will need money and the estimated amount of money that will be needed for each such purpose for the ensuing fiscal year. A copy of the budget shall be transmitted to each of the participating members, and the members of the governing boards.

C. Each member shall pay to the Authority each fiscal year the annual contribution calculated in accordance with the Program Document and adopted by the Board of Directors.

D. The Board of Directors may declare an assessment for any shortfall in contributions, in accordance with the Program Document.

E. An adequate reserve account within the General Fund shall be maintained. The Authority shall accept and deposit in the Authority's General Fund all monies received by it including monies from any of the following sources:

1. Member contributions, including deposit premiums, assessments, and any other charges;
2. Interest and other investment income;
3. Refund of insurance premiums;
4. Subrogation recoveries; and
5. Grants from any public agency or private company;

F. The General Fund shall be established and maintained out of monies received and deposited in the General Fund. Monies shall be for the purpose of paying for the following:

1. Insurance premiums;
2. Claims expenses;
3. Claims management expenses;
4. Salaries of administrators, if any;
5. Safety engineering;
6. Data processing costs;
7. Investigative costs;
8. Legal costs; and
9. Miscellaneous operating expenses and any other duly authorized obligations of the Authority.

G. The Reserve Account shall be established and maintained out of monies received by and deposited in the General Fund. Monies shall be maintained in the Reserve Account for the purpose of funding the General Reserves, i.e., monies for claims which have been incurred by the members but remain unpaid, and the Catastrophe Reserves, i.e., monies for claims which have not been incurred and other unexpected expenses.

## ARTICLE VII

### PROGRAM DOCUMENT AND MEMORANDUM OF COVERAGE

A. A Program Document shall be adopted by the Board of Directors establishing the policies and procedures for, among other concerns, the pooling of funds to pay claims retained by the Authority, purchase of insurance and participation in other joint powers authorities.

B. The Program Document shall contain:

1. The plan for allocation of costs;
2. The definition of a Program Year;
3. The authority to adopt or change the scope of coverage provided for any Program Year;
4. The ability to purchase reinsurance, excess insurance, group purchase insurance or participate in other risk pooling organizations, including participation in other joint powers authorities;
3. The manner in which liability and property damage claims will be reported and paid; and
4. Other terms and conditions which the Board of Directors may consider necessary.

C. A Memorandum of Coverage (MOC) shall be adopted by the Board of Directors for each Program Year. The MOC will provide the scope of coverage, including limits and deductibles, assumed by the Authority. All coverage decisions of the Authority shall adhere to the MOC. Disputes involving coverage decisions of the Authority shall be resolved in the manner provided by Joint Powers Agreement section 14.

## ARTICLE VIII

### ACCOUNTS AND RECORDS

A. The person or entity described in the Agreement, section 3 is the designated depository of the Authority.

B. The Authority is strictly accountable for all funds received and disbursed by it and, to that end, the Authority shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of law or any resolution of the Authority. Books and records of the Authority in the hands of the Administrator shall be open to inspection at all reasonable times by the representatives of the members. The Authority, as soon as practical after the close of each fiscal year, shall give, or cause to be given, a complete written report of all financial activities for such fiscal year to each member of the Board of Directors and to the chief administrative officer of each member of the Authority.

C. The Board of Directors shall make, or contract with a Certified Public Accountant to make, an annual audit of the accounts, records, and financial affairs of the Authority. In each case, the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the California Government Code and shall conform to generally accepted auditing standards and accounting principles as promulgated by the Governmental Accounting Standards Board. When such an audit of accounts and reports is made by a Certified Public Accountant, a report thereof shall be filed as a public record with the county in which the principal office resides. Such reports shall be filed within twelve (12) months of the end of the fiscal year under examination. In addition, a copy of the report shall be sent to each of the members. Any costs of the audit, including contracts with, or employment of,

Certified Public Accountants in making the audit(s) provided for herein, shall be appropriate charges against the funds of the Authority.

## ARTICLE IX RISK MANAGEMENT

A. The Board of Directors of the Authority shall develop suggested guidelines or risk management practices and encourage the implementation of the Authority's risk management program.

B. Each of the members hereby agrees to consider the implementation in its district of risk management guidelines developed by the Board of Directors.

## ARTICLE X MEMBERSHIP

A. Application for membership in the Authority shall be in writing and shall be reviewed by the Administrator regarding claims experience and acceptability by the current insurance carrier. The Administrator will make recommendations of acceptability or non-acceptability.

- B. The members shall have the following responsibilities:
1. To report claims as soon as practicable and to cooperate fully with the Authority in the investigation and settlement of claims;
  2. To cooperate and assist the Authority and any insurer, claims adjuster or legal counsel retained by the Authority;
  3. To pay deposit premiums, contributions, assessments or other charges and any adjustment thereto promptly to the Authority when due;
  4. To provide the Authority with statistical and loss experience data and other information as may be necessary for the Authority to carry out the purposes of the Agreement; and
  5. To comply with the Agreement, these Bylaws, and any and all other governing documents adopted by the Board of Directors.

## ARTICLE XI WITHDRAWAL FROM OR TERMINATION OF MEMBERSHIP

A. Any member having completed three complete consecutive years as a member of the Authority may withdraw from its status as a member and party to the Joint Powers Agreement by providing the Board with a written notice of preliminary intent to withdraw by October 1 of the calendar year prior to the effective date of withdrawal; and by providing the

Board with a written final notice of withdrawal by December 15 following the preliminary notice. In all cases withdrawal shall be effective on the following June 30.

B. A withdrawn member shall remain responsible for any and all liabilities arising out of the Program Years, as defined in the Program Document, for which the member participated.

C. Upon the withdrawal of any member, the Board of Directors shall establish a reserve account for claims pending against the withdrawing member in an amount to be determined by the Board of Directors, and fund that account with any equity held for the withdrawing member. The Board of Directors shall establish an additional reserve account for possible liability and property damage claims against the withdrawing member arising out of facts occurring while the withdrawing member was a member of the Authority but submitted after said member has withdrawn from same, and fund that account with any equity held for the withdrawing member. The amount of said reserve accounts shall be set by the Board of Directors. On written demand from the Authority, the withdrawing member shall promptly make payment to the Authority of any additional monies the Authority deems necessary to fund said accounts. For the purposes of this Article X, "equity" means the net, if any, of contributions made by the withdrawing member over claims payments and any related cost paid on its behalf. No refund or repayment shall be given to any withdrawing member.

D. In the event of any cost, liabilities, assessments, or contingencies required because of pending or potential future claims against the withdrawing or withdrawn member which exceed the amount set aside in the reserve accounts established pursuant to subparagraph B of this Article, on written demand from the Authority the withdrawing member shall promptly make payment to the Authority of all funds the Authority deems necessary to cover such additional cost, assessment or contingency.

E. A member may be involuntarily terminated from the Authority upon a majority vote of all the remaining members of the Board of Directors. Involuntary termination shall have the effect of eliminating the party as a signatory of the Joint Powers Agreement and as a member of the Authority, effective at the end of the fiscal year in which the action is taken or upon such other date as the Board of Directors may specify, but in no case less than sixty (60) days after notice of involuntary termination is given. Should a member be involuntarily terminated, reserve accounts shall be established pursuant to subparagraphs B and C of this Article as though the member were voluntarily withdrawing and the member shall continue to be responsible for the amount of any costs, liabilities, assessments, or contingencies required because of liability and property damage claims against the member which are needed for the reserve accounts established pursuant to subparagraph B of this Article. No refund or repayment shall be given to any involuntarily terminated member. Grounds for involuntary termination include, but are not limited to, the following:



1. Failure or refusal of a member to abide by an amendment which has been adopted by the Board of Directors or by the members of the Authority as provided in the Agreement or Bylaws;
  2. Failure or refusal to pay contributions or assessments to the Authority as provided in the Agreement or Bylaws;
  3. Failure to comply with the obligations as defined in Article X, Section B,
- or
4. Such other grounds as determined by the Board of Directors.

## ARTICLE XII

### DISPOSITION OF PROPERTY AND FUNDS

A. In the event of the dissolution of the Authority, the complete recession, or other final termination of the Joint Powers Agreement by all members or other public educational agencies then a party to the Agreement, any property interest remaining in the Authority following a discharge of all obligations shall be disposed of as the Board of Directors shall then determine, with the objective of returning to each member or other agency which is then or was theretofore a party during the six-month period immediately preceding the termination of the Agreement, a proportionate return on the contributions made to such properties by such parties, which shall be determined in the manner as provided in subparagraph B below.

B. In the event the Authority is dissolved, the Board of Directors shall pay to the members their pro rata share of the total tangible assets less obligations. A member's pro rata share of tangible assets is defined as the total contributions paid by the member divided by the total contributions paid by all members from the inception of the Authority to the date of termination, less claims paid. The Board of Directors shall determine whether the obligation to pay a member's pro rata share of tangible assets shall be discharged through a transfer of property or through a payment of funds. Said transfer or payment shall be made within a reasonable time following termination.

C. The current fair value of Authority properties shall be determined by the Board of Directors. If a member disagrees with the current fair value of Authority properties as determined by the Board of Directors, the current fair value of said properties shall be determined by an independent appraiser selected by the Board of Directors.

## ARTICLE XIII

### INVESTMENT OF SURPLUS FUNDS

A. The Board of Directors shall have the power to invest or cause to be invested in compliance with Section 5609.5 of the California Government Code such reserve surplus funds as are not necessary for the immediate operation of the Authority in such securities as allowed by Section 53601 of the California Government Code.

B. The level of cash to be retained for the actual operation of the Authority shall be determined by the Board of Directors.

#### ARTICLE XIV AMENDMENT

A. Amendment of these Bylaws may be proposed by any designated representative of a member in writing and sent to the Secretary thirty (30) days prior to the next regularly scheduled Board meeting.

B. All amendments to these Bylaws must be approved by a two-thirds vote of the members of the Board of Directors before the amendment shall become effective. Such amendments shall be binding upon all members of the Authority. Amendments shall specify an effective date.

#### ARTICLE XV SEVERABILITY

Should any portion, term, condition, or provision of these Bylaws be decided by a court of competent jurisdiction to be illegal or in conflict with any applicable state or federal law, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

#### ARTICLE XVI EFFECTIVE DATE

These Bylaws shall become effective immediately upon the effective date of the Joint Powers Agreement, and any amendments upon their effective date as specified in Article XIV.



**Agenda Item I.5**

**TARGET SURPLUS FUNDING ANALYSIS AS OF SEPTEMBER 30, 2018**

**INFORMATION ITEM**

**EXPLANATION:** The Board of Directors annually reviews the Target Surplus Funding Analysis. The Target Surplus Funding Analysis indicates at what confidence level claims liabilities are being funded and how many full limit losses SBASIA can absorb. The ratios shown are similar to those used by the insurance companies to evaluate their financial strength, but altered to more appropriately reflect the strength of a self-insured pool. SBASIA established the Target Surplus goal to be the actuarially determined 70% confidence level, discounted for investment, subject to a minimum surplus of \$2.5 million.

**ATTACHMENTS:** Target Surplus Funding Analysis as of September 30, 2018

## South Bay Area Schools Insurance Authority

### Target Surplus Funding Analysis at Current SIR as of September 30, 2018

Net Contribution 2018/19:	\$1,535,450
Maximum Retention:	\$500,000
O/S Reserves at 9/30/18:	\$7,176,039
Surplus at 9/30/18:	\$2,087,918

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Net Contribution:Surplus	≤1.5:1	\$1,023,633	0.74
Surplus:Retention	≥5:1	\$2,500,000	4.18
O/S Reserve:Surplus	≤1.5:1	\$4,784,026	3.44

<b>Target Surplus Funding</b>	
<b>Minimum Surplus Requirement</b>	\$2,500,000
<b>Surplus Available for Dividend</b>	-\$412,082

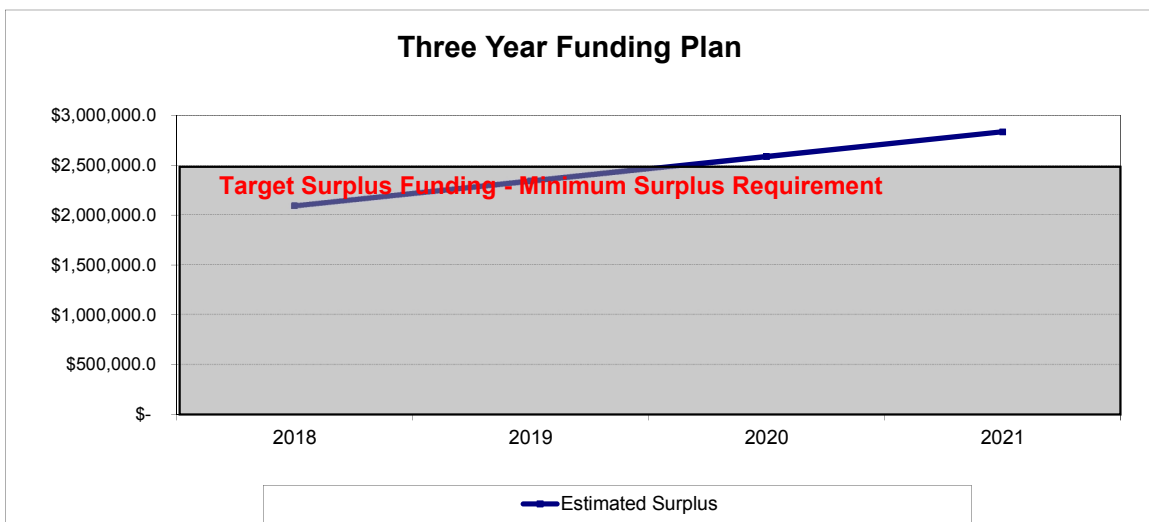
History of Surplus Available for Dividend	Dividend Declared
6/30/2008 - \$798,141	\$783,579
6/30/2009 - \$652,067 projected	\$400,000
3/31/2011 - \$704,950 projected	\$150,000
3/31/2012 - \$500,000 projected	\$250,000

#### 2019/20 Pool Funding Options

Confidence levels	Factor	Pool Premium	Surplus
Expected	1.000	1,256,000	-
70%	1.198	1,505,000	249,000
75%	1.314	1,650,000	394,000
80%	1.451	1,823,000	567,000

#### Three Year Funding Plan

	Amount to Add To Surplus	Max Available Dividend	Est. Surplus Balance
Estimated Balance at 9/30/18	N/A	0	\$2,087,918
2019/20 - Collection @ 70% CL	249,000	249,000	\$2,336,918
2020/21 - Collection @ 70% CL	249,000	498,000	\$2,585,918
2021/22- Collection @ 70% CL	249,000	747,000	\$2,834,918





South Bay Area Schools Insurance Authority  
Board of Directors  
December 6, 2018

**Agenda Item I.6**

**CSAC EIA LOSS PREVENTION SERVICES**

**INFORMATION ITEM**

**EXPLANATION:** Mr. Eric Lucero, Senior Risk Control Specialist in Education at CSAC EIA, will discuss loss control services available to the JPA.

**ATTACHMENTS:** None