



SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY BOARD OF DIRECTORS MEETING AGENDA

LOCATION: Webex Meeting

A - Action
I - Information

DATE/TIME: June 11, 2020
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.

Page

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 – December 5, 2019

7-13

2. Financial Report for Quarter Ending March 31, 2020

14-15

3. Investment Report for Quarter Ending March 31, 2020



F. FINANCIAL

- | | | | |
|---------|---|---|---|
| 16 | 1. Excess Liability Renewal
<i>Staff will present the Excess Liability renewal for the period of July 1, 2020-2021.</i> | A | 1 |
| 17-21 | 2. Review and Adoption of Liability Memorandum of Coverage
<i>Staff will present the Liability Memorandum of Coverage for July 1, 2020-2021.</i> | A | 1 |
| 22-84 | 3. Excess Property and Boiler & Machinery Renewal
<i>Staff will present the Excess Property and Boiler and Machinery renewal for period of July 1, 2020-2021.</i> | A | 1 |
| 85-89 | 4. Review and Adoption of Property Memorandum of Coverage
<i>Staff will present the Property Memorandum of Coverage for July 1, 2020-2021.</i> | A | 1 |
| 90-100 | 5. Crime Policy Renewal
<i>Staff will present the renewal of the Crime Policy for period of July 1, 2020-2021.</i> | A | 1 |
| 101-112 | 6. Deadly Weapon Response Policy Renewal
<i>Staff will present the renewal of the Deadly Weapon Response Policy for period of July 1, 2020-2021.</i> | A | 1 |
| 113-114 | 7. CAJPA Tort Liability Data Analysis Project
<i>CAJPA is requesting financial support for its Tort Liability Data Analysis Project.</i> | A | 1 |
| 115 | 8. Revenue and Expense Budget for July 1, 2020-2021
<i>Staff will present the Revenue and Expense Budget for July 1, 2020 –2021.</i> | A | 2 |
| 116 | 9. SELF Assessment for AB 218 Claims Funding
<i>Staff will discuss the SELF assessment for AB 218 claims funding.</i> | I | 1 |

G. GENERAL ADMINISTRATION

- | | | | |
|-----|--|---|---|
| | | A | 4 |
| 117 | 1. SBASIA Election of Officers and Executive Committee
<i>The Executive Committee will present a slate of officers for July 1, 2020-2021.</i> | | |
| 118 | 2. Investment Authority
<i>Per Government Code, the Board will need to approve the delegation of authority to invest or reinvest SBASIA funds.</i> | A | 4 |



South Bay Area Schools Insurance Authority
Board of Directors
June 11, 2020

- | | | |
|----------------|--|------------|
| <i>119-124</i> | 3. Review of Investment Policy
<i>Per Government Code, the Board must review the Investment Policy annually.</i> | A 1 |
| <i>125-128</i> | 4. Review of Conflict of Interest Code
<i>Per Government Code, the Board must review the Conflict of Interest Code every even numbered year.</i> | A 1 |
| <i>129-130</i> | 5. Resolution Establishing Meeting Dates for Fiscal Year 2020-2021
<i>The Board will need to adopt meeting dates for July 1, 2020-2021.</i> | A 1 |

H. COMMENTS FOR THE GOOD OF THE ORDER

ADJOURNMENT

NEXT MEETING

The next Board of Directors Meeting is set for December 3, 2020 at 10:00 a.m.



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 – December 5, 2019**
- 2. Financial Report for Quarter Ending March 31, 2020**
- 3. Investment Report for Quarter Ending March 31, 2020**

ATTACHMENTS: Board of Directors Meeting Minutes – December 5, 2019
Financial Report for Quarter Ending March 31, 2020
Investment Report for Quarter Ending March 31, 2020



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
CAMPBELL, CALIFORNIA
December 5, 2019**

MEMBERS PRESENT

James Crawford, President, Campbell Union School District
Eric Dill, Vice President, Santa Clara Unified School District
Mike Mathiesen, Treasurer, Mountain View-Los Altos Union High School District
Wendy Zhang, Member at Large, Milpitas Unified School District
Kevin Franklin, Berryessa Union School District
Randy Kenyon, Los Altos School District
Rosemarie Pottage, Los Gatos-Saratoga Joint Union High School District
Ron Lebs, Metropolitan Education District

MEMBERS ABSENT

Delores Perley, Evergreen School District
Sean Joyce, Lakeside Joint School District
Rebecca Westover, Mountain View Whisman School District
James Novak, Santa Clara County Office of Education

GUESTS & CONSULTANTS

Matt Gowan, Alliant Insurance Services
Joan Crossley, Alliant Insurance Services
Traci Bonde, Los Gatos-Saratoga Joint Union High School District
Jennifer Zraick, Gilbert Associates, Inc.
Mike Manduca, James Marta & Company
Brandon Schlenker, Carl Warren & Company
Bob Savelli, Allied Reliability Group
Jim Condon, Allied Reliability Group
Michael Levitt, Allied Reliability Group

A. CALL TO ORDER

The meeting was called to order at 10:04 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.

MOTION: Ron Lebs	SECOND: Rosemarie Pottage	MOTION CARRIED
AYES: 8	NOES: 0	ABSTAIN: 0
		ABSENT: 4

AYES: Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs

NAYS: None

ABSENT: Perley, Joyce, Westover, Novak



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
CAMPBELL, CALIFORNIA
December 5, 2019**

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

- 1. Board of Directors Meeting Minutes – June 13, 2019**
- 2. Unaudited Financial Report for Quarter Ending June 30, 2019**
- 3. Investment Report for Quarter Ending June 30, 2019**
- 4. Financial Report for Quarter Ending September 30, 2019**
- 5. Investment Report for Quarter Ending September 30, 2019**

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

MOTION: Eric Dill	SECOND: Mike Mathiesen	MOTION CARRIED
AYES: 8	NOES: 0	ABSTAIN: 0
		ABSENT: 4

AYES: Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs

NAYS: None

ABSENT: Perley, Joyce, Westover, Novak

F. FINANCIAL

1. Audited Financial Report as of June 30, 2019

Mr. Mike Manduca of James Marta & Company presented the audited financial report as of June 30, 2019. Mr. Manduca stated net position increased by \$470,445 from the prior year bringing the net position to \$1,280,104. Claims expense decreased by 55.6% from the prior year. The IBNR (incurred but not reported) increased by 109%. The JPA's operating revenues increased by 8.4% from the prior year. Total expenses decreased by 19.5% and total assets increased by 15%. Total liabilities increased by 7.8%.

A motion was made to accept the Audited Financial Report as of June 30, 2019.

MOTION: Ron Lebs	SECOND: Mike Mathiesen	MOTION CARRIED
AYES: 8	NOES: 0	ABSTAIN: 0
		ABSENT: 4

AYES: Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs

NAYS: None

ABSENT: Perley, Joyce, Westover, Novak



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
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G. LOSS PREVENTION

1. Loss Control-Infrared Inspections

Mr. Jim Condon of Allied Reliability Group presented a summary of the infrared inspections performed for the JPA. A handout was distributed with examples of problems found. There were almost 100 infrared and visual problems. Infrared problems are electrical problems that generate heat. Visual problems are safety issues such as missing components on electrical panels. The inspectors notified district personnel of any critical issues while on site so the problem could be fixed immediately. Mr. Condon noted that Allied Reliability Group can offer a proposal for an electrician to fix the problems if district staff doesn't have time for the repairs. The cost for the entire JPA would be under \$30,000. Staff will contact the members to see if repairs have been made yet.

H. CLAIMS

1. Claims Stewardship Report

Mr. Brandon Schlenker of Carl Warren & Company presented a claims stewardship report for the JPA. The report presents an overview of claims for the last ten years. The claim count per year has been trending down for the last two years. The closing ratio for claims is 95%. The litigation rate is 11.2% which is average. 49% of claims have \$0 payments.

I. GENERAL ADMINISTRATION

1. Resolution to Approve Amendment to Schools Excess Liability Fund (SELF) JPA Agreement

Ms. Joan Crossley said SELF amended its joint powers agreement to comply with Government Code 6509 which means SELF has to designate one of its members as a contracting party so that SELF will have the same authority in law as that member. SELF designated Orange County Department of Education. The amendment has no financial impact and does not affect the liability coverage provided by SELF. Once the resolution is approved by SBASIA, each member will have to sign the amended joint powers agreement, but the members will not have to bring the amendment before their boards as it has already been approved by the SBASIA Board.

A motion was made to approve the amendment to the SELF JPA Agreement.

MOTION: Eric Dill	SECOND: Wendy Zhang	MOTION CARRIED
AYES: 8	NOES: 0	ABSENT: 4
	ABSTAIN: 0	

AYES: Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs

NAYS: None

ABSENT: Perley, Joyce, Westover, Novak



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
CAMPBELL, CALIFORNIA
December 5, 2019**

2. Election of Secretary

Mr. James Crawford said the former Secretary, Megan Reilly, has left Santa Clara County Office of Education so the position of Secretary is vacant. Mr. Crawford reached out to the Board representative at Santa Clara County Office of Education, but he is not interested in the position. Ms. Crossley noted the Secretary attends the five Executive Committee meetings each year and signs the meeting minutes after they are approved. Mr. Ron Lebs of Metropolitan Education District volunteered to serve as Secretary through June 2020.

A motion was made to elect Ron Lebs to the position of Secretary.

MOTION: Randy Kenyon	SECOND: Rosemarie Pottage	MOTION CARRIED
AYES: 8	NOES: 0	ABSTAIN: 0
		ABSENT: 4

AYES: Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs

NAYS: None

ABSENT: Perley, Joyce, Westover, Novak

3. Insurance Market Update

Mr. Matt Gowan gave a brief overview of the insurance market. Both the Liability and Property markets are hard. The Liability market is hard due to the increase in molestation claims and increase in payments awarded by juries. Over the last 5 years, the average jury award has doubled from \$27 million to \$54 million. The Property market is hard due to large losses caused by hurricanes, floods and wildfires.

Mr. Gowan discussed the passage of AB 218 which extends the statute of limitations to bring civil action for alleged child sexual abuse until the plaintiff is 40 years old. The law becomes effective January 1, 2020. New York State passed a similar law several years ago and had 27 claims within the first week. Staff has begun documenting the JPA's Liability insurance coverage history. Prior insurance coverage will most likely have lower Liability limits than the current \$55 million Liability limit. Ms. Crossley said the JPA formed in 1985 and JPA records show the current members have been part of SBASIA since 1985 with the exception of Santa Clara County Office of Education which joined 7/1/2007.

4. Target Surplus Funding Analysis as of June 30, 2019

Mr. Gowan said the JPA raised the loss funding to 80% confidence level and has established a minimum surplus requirement of \$2.5 million which is five times the JPA's Property SIR of \$500,000. As of June 30, 2019, the JPA is below the minimum surplus target by \$1,219,896. The three year funding plan shows that if the JPA continues funding at 80% confidence level, the minimum surplus of \$2.5 million will be met in 2021.



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
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5. Alternate Position on the Schools Excess Liability Fund (SELF) Board of Directors

Ms. Crossley said the JPA has Liability coverage with SELF from \$5 million to \$55 million limit. SELF has an open alternate position on its Board if anyone is interested. Mr. Eric Dill of Santa Clara Unified School District volunteered for the alternate position. Staff will notify SELF and the SELF Board will vote on the appointment.

J. COMMENTS FOR THE GOOD OF THE ORDER

There were no comments for the good of the order.

ADJOURNMENT

The meeting was adjourned at 11:22 a.m.

South Bay Area Schools Insurance Authority
Statement of Net Position
As of March 31, 2020 and March 31, 2019

	<u>March 31, '20</u>	<u>March 31, '19</u>
ASSETS		
Current Assets		
Checking/Savings		
WFB - Santa Clara County	\$ 3,954,412.80	\$ 3,870,710.60
WFB - Transfer Account	3,164.36	3,164.36
B of A Claims Trust Account	88,376.45	151,119.77
B of A - General Checking	1,960,827.75	1,860,677.83
Total Checking/Savings	<u>6,006,781.36</u>	<u>5,885,672.56</u>
Accounts Receivable		
Accounts Receivable		
Claim Recovery Receivable	1,043,293.51	400,251.57
Member Premiums	-	-
Claims Deductibles	335,416.58	240,543.18
Total Accounts Receivable	<u>1,378,710.09</u>	<u>640,794.75</u>
Total Accounts Receivable	<u>1,378,710.09</u>	<u>640,794.75</u>
Total Current Assets	<u>7,385,491.45</u>	<u>6,526,467.31</u>
Other Assets		
Interest Receivable	-	-
Prepaid Expenses		
Prepaid Contract Administration	59,500.00	58,750.00
Prepaid Excess Insurance	789,579.33	656,136.87
Total Prepaid Expenses	<u>849,079.33</u>	<u>714,886.87</u>
Total Other Assets	<u>849,079.33</u>	<u>714,886.87</u>
TOTAL ASSETS	<u>\$ 8,234,570.78</u>	<u>\$ 7,241,354.18</u>

South Bay Area Schools Insurance Authority
Statement of Net Position
As of March 31, 2020 and March 31, 2019

	<u>March 31, '20</u>	<u>March 31, '19</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	\$ -	\$ -
Dividends Payable	-	-
Claims Reserves	1,812,616.86	1,744,098.47
Deferred Revenue	1,289,669.96	1,039,889.35
Total Current Liabilities	<u>3,102,286.82</u>	<u>2,783,987.82</u>
Total Current Liabilities	3,102,286.82	2,783,987.82
Long Term Liabilities		
IBNR	3,135,672.70	2,404,733.43
Unallocated Loss Adjustment	495,000.00	415,000.00
Total Long Term Liabilities	<u>3,630,672.70</u>	<u>2,819,733.43</u>
Total Liabilities	<u>\$ 6,732,959.52</u>	<u>\$ 5,603,721.25</u>
NET POSITION		
Reserve for Shock Loss	2,500,000.00	2,500,000.00
Unrestricted Net Position	(1,219,894.78)	(1,690,339.25)
Net Revenue Over Expenditures	221,506.04	827,972.18
Total Net Position	<u><u>\$ 1,501,611.26</u></u>	<u><u>\$ 1,637,632.93</u></u>

South Bay Area Schools Insurance Authority
Statement of Revenue, Expenses, and Changes in Net Position
For the Quarter and Year to Date Ended March 31, 2020 and March 31, 2019

	<u>Jan '20 - Mar '20</u>	<u>Jul '19 - Mar '20</u>	<u>Jul '18 - Mar '19</u>
Revenue			
Member Contributions			
Liability Contributions	\$ 226,250.00	\$ 678,750.00	\$ 989,093.25
Property Contributions	372,106.75	1,116,320.25	954,424.52
Crime Policy	8,187.50	24,562.50	24,562.74
Deadly Weapon Response Program	3,800.75	11,402.25	-
Administration	128,481.25	385,443.75	271,087.51
Loss Funding	550,843.75	1,652,531.25	880,500.05
Member Contributions - Other			
Total Member Contributions	<u>1,289,670.00</u>	<u>3,869,010.00</u>	<u>3,119,668.07</u>
Interest Income	20,199.93	63,234.73	52,114.09
Total Income	<u>1,309,869.93</u>	<u>3,932,244.73</u>	<u>3,171,782.16</u>
Expense			
General & Administrative			
General Expenses			
Accounting Services	8,140.50	24,451.23	18,708.64
Accreditation Fee	-	-	-
Actuarial Study	5,700.00	5,700.00	-
Administrative Consulting	7,500.00	15,000.00	8,750.00
Audit Expense - Financial	1,490.00	13,490.00	13,035.00
Audit Expense - Claims	-	-	-
Bank Service Charges	-	10.25	68.01
Conference	-	-	-
Dues & Membership	-	1,250.00	4,500.00
Miscellaneous	-	-	-
Legal Expense - JPA	-	96.00	-
Loss Control	18,375.00	170,625.00	50,794.00
Supplies, Postage, Misc Expense	-	-	-
Website	168.00	168.00	-
Total Administration	<u>41,373.50</u>	<u>230,790.48</u>	<u>95,855.65</u>
Program Administration			
Claims Management Fees	19,500.00	58,500.00	60,626.06
Contract Administration	40,000.00	120,000.00	120,000.00
Total Program Administration	<u>59,500.00</u>	<u>178,500.00</u>	<u>180,626.06</u>
Total General and Administrative Expenses	<u>100,873.50</u>	<u>409,290.48</u>	<u>276,481.71</u>
Insurance Expense			
Excess Liability Policy	225,640.25	676,920.75	514,728.75
SELF Contributions	179,843.79	539,531.37	474,364.80
Excess Property Policy	372,106.95	1,116,320.85	944,102.76
Crime Policy	8,187.50	24,562.50	35,214.27
Deadly Weapons Response Program	3,800.86	11,402.58	-
Total Insurance Expense	<u>789,579.35</u>	<u>2,368,738.05</u>	<u>1,968,410.58</u>
Claims Expenses			
Claims Payments	162,715.87	821,085.95	418,014.44
Claims Adjustment Account	(544,627.53)	111,624.21	(319,096.75)
Total Claims Expenses	<u>(381,911.66)</u>	<u>932,710.16</u>	<u>98,917.69</u>
Dividends	-	-	-
Total Expenses	<u>508,541.19</u>	<u>3,710,738.69</u>	<u>2,343,809.98</u>
Net Revenue Over (Under) Expenses	<u><u>\$ 801,328.74</u></u>	<u><u>\$ 221,506.04</u></u>	<u><u>\$ 827,972.18</u></u>
Net Position, Beginning		<u><u>\$ 1,280,105.22</u></u>	<u><u>\$ 809,660.75</u></u>
Net Position, Ending		<u><u>\$ 1,501,611.26</u></u>	<u><u>\$ 1,637,632.93</u></u>

South Bay Area Schools Insurance Authority
Statement of Revenues and Expenses - Budget vs. Actual
Year to Date Ended March 31, 2020

	Jul '19 - Mar '20	Budget	\$ Over Budget	% of Budget
Revenue				
Member Contributions				
Liability Contributions	\$ 678,750.00	\$ 905,000.00	\$ (226,250.00)	75.0%
Property Contributions	1,116,320.25	1,488,427.00	(372,106.75)	75.0%
Crime Policy	24,562.50	32,750.00	(8,187.50)	75.0%
Deadly Weapons Response Program	11,402.25	15,203.00	(3,800.75)	75.0%
Administration	385,443.75	513,924.00	(128,480.25)	75.0%
Loss Funding	1,652,531.25	2,203,375.00	(550,843.75)	75.0%
Total Member Contributions	3,869,010.00	5,158,679.00	(1,289,669.00)	75.0%
Interest Income	63,234.73	-	63,234.73	0.0%
Total Income	3,932,244.73	5,158,679.00	(1,226,434.27)	76.2%
Expense				
General & Administrative				
General Expenses				
Accounting Services	24,451.23	32,516.00	(8,064.77)	75.2%
Actuarial Study	5,700.00	5,500.00	200.00	103.6%
Administrative Consulting	15,000.00	15,000.00	-	100.0%
Audit Expense - Financial	13,490.00	13,490.00	-	100.0%
Audit Expense - Claims	-	-	-	0.0%
Bank Service Charges	10.25	-	10.25	0.0%
Conference	-	2,500.00	(2,500.00)	0.0%
Contingency	-	5,000.00	(5,000.00)	0.0%
Dues & Membership	1,250.00	1,250.00	-	100.0%
Legal Expense - JPA	96.00	2,000.00	(1,904.00)	4.8%
Loss Control	170,625.00	198,000.00	(27,375.00)	86.2%
Meeting Expense	-	500.00	(500.00)	0.0%
Website	168.00	168.00	-	100.0%
Total Administration	230,790.48	275,924.00	(45,133.52)	83.6%
Program Administration				
Claims Management Fees	58,500.00	78,000.00	(19,500.00)	75.0%
Contract Administration	120,000.00	160,000.00	(40,000.00)	75.0%
Total Program Administration	178,500.00	238,000.00	(59,500.00)	75.0%
Total General and Administrative Expenses	409,290.48	513,924.00	(104,633.52)	79.6%
Insurance Expense				
Excess Liability Policy	1,216,452.12	2,636,375.00	(1,419,922.88)	46.1%
Excess Property Policy	1,116,320.85	1,960,427.00	(844,106.15)	56.9%
Crime Policy	24,562.50	32,750.00	(8,187.50)	75.0%
Deadly Weapons Response Program	11,402.58	15,203.00	(3,800.42)	75.0%
Total Insurance Expense	2,368,738.05	4,644,755.00	(2,276,016.95)	51.0%
Claims Expenses				
Claims Payments	821,085.95	-	821,085.95	0.0%
Claims Adjustment Account	111,624.21	-	111,624.21	0.0%
Total Claims Expenses	932,710.16	-	932,710.16	0.0%
Dividends	-	-	-	0.0%
Total Expenses	3,710,738.69	5,158,679.00	(1,447,940.31)	71.9%
Net Revenue Over (Under) Expenses	\$ 221,506.04	\$ -	\$ 221,506.04	0.0%

South Bay Area Schools Insurance Authority
Check Register - Carl Warren Trust Account
Jan 1, 2020 - Mar 31, 2020

Check	Payee	Check Date	DOL	Claim	Cov	Claimant	Action Code	Amount	Loss	Expense
11384	ESURANCE ASO GLENN AVILA	1/3/2020	6/13/2019	1997638	APD	1 ESURANCE, ASO GLENN AVILA	Payment	\$ 4,602.73	\$ 4,602.73	\$ -
11385	ROBERSON APPRAISAL ASSOC.	1/3/2020	6/28/2019	1996694	ACL	1 PASHAPOUR, YOUSSEF	Payment	\$ 105.00	\$ -	\$ 105.00
11386	LOS GATOS - SARATOGA UNION HIGH SCHOOL	1/3/2020	11/30/2017	1973698	FRC	1 SARATOGA HIGH SCHOOL, .	Payment	\$ 18,705.00	\$ 18,705.00	\$ -
11387	ADVANTAGE REPORTING SERVICES, LLC	1/3/2020	5/5/2016	1937203	LBI	1 AZARCON, JOMAR	Payment	\$ 449.59	\$ -	\$ 449.59
11388	HOGUE FENTON JONES & APPEL, INC. IN TRUST	1/7/2020	9/12/2015	1965487	LBI	1 DOE, JANE	Payment	\$ 40,000.00	\$ 40,000.00	\$ -
11389	DAVIS & YOUNG, APLC	1/10/2020	5/5/2016	1948331	LBI	1 AZARCON, JOMAR	Payment	\$ 1,237.50	\$ -	\$ 1,237.50
11390	DAVIS & YOUNG, APLC	1/10/2020	12/1/2014	1916921	LEP	1 ADAMS, MARK	Payment	\$ 5,721.30	\$ -	\$ 5,721.30
11391	DAVIS & YOUNG, APLC	1/10/2020	12/3/2016	1972826	LBI	1 GARNICA, JESUS	Payment	\$ 1,113.00	\$ -	\$ 1,113.00
11392	DAVIS & YOUNG, APLC	1/10/2020	1/9/2017	1954961	LBI	1 ZUSSMAN, RACHEL	Payment	\$ 236.71	\$ -	\$ 236.71
11393	DAVIS & YOUNG, APLC	1/10/2020	5/7/2018	1981763	LEP	1 CASERTA, DOMINIC	Payment	\$ 3,825.55	\$ -	\$ 3,825.55
11394	DAVIS & YOUNG, APLC	1/10/2020	2/1/2016	1988097	LPI	1 A.M., .	Payment	\$ 382.60	\$ -	\$ 382.60
11395	DAVIS & YOUNG, APLC	1/10/2020	11/20/2018	1988188	LEP	1 BANWART, MIA	Payment	\$ 1,290.20	\$ -	\$ 1,290.20
11396	DAVIS & YOUNG, APLC	1/10/2020	5/2/2019	1994990	LEP	1 FLOWERS-HAYWOOD, CRYSTI	Payment	\$ 2,445.00	\$ -	\$ 2,445.00
11397	DAVIS & YOUNG, APLC	1/10/2020	1/1/2018	1995092	LPI	1 LEAL & TREJO APC, .	Payment	\$ 832.50	\$ -	\$ 832.50
11398	DAVIS & YOUNG, APLC	1/10/2020	10/3/2018	1995198	LBI	1 DOE, JANE	Payment	\$ 2,029.30	\$ -	\$ 2,029.30
11399	DAVIS & YOUNG, APLC	1/10/2020	8/30/2018	1985104	LBI	1 GAMBOA, JOSEPHINE	Payment	\$ 1,762.90	\$ -	\$ 1,762.90
11400	DAVIS & YOUNG, APLC	1/20/2020	9/13/2018	1999558	LEP	1 ARIAS, ZAITHED	Payment	\$ 810.00	\$ -	\$ 810.00
11401	DAVIS & YOUNG, APLC	1/20/2020	1/1/2003	1993775	LPI	1 LEWIN, RACINE	Payment	\$ 157.50	\$ -	\$ 157.50
11402	ROBERSON APPRAISAL ASSOC	1/20/2020	11/18/2019	2004478	ACL	1 TRUCK #10, .	Payment	\$ 135.00	\$ -	\$ 135.00
11403	SANTA CLARA UNIFIED SCHOOL DISTRICT	1/21/2020	7/11/2019	1997233	ACL	1 SBASIA VEH, .	Payment	\$ 340.61	\$ 340.61	\$ -
11404	ROBERSON APPRAISAL ASSOC	1/23/2020	12/5/2019	2005073	APD	1 HEMINGWAY, KIMBERLY	Payment	\$ 105.00	\$ -	\$ 105.00
11405	DAVIS & YOUNG, APLC	1/28/2020	6/30/2018	1983756	LEP	1 ENGLISH, FRANCES	Payment	\$ 1,634.20	\$ -	\$ 1,634.20
11406	DAVIS & YOUNG, APLC	1/28/2020	1/27/2015	1908841	LBI	1 Maldonado, Adrian	Payment	\$ 67.50	\$ -	\$ 67.50
11407	DAVIS & YOUNG, APLC	1/28/2020	1/27/2015	1908841	LBI	1 Maldonado, Adrian	Payment	\$ 540.00	\$ -	\$ 540.00
11408	DAVIS & YOUNG, APLC	1/28/2020	1/27/2015	1908841	LBI	1 Maldonado, Adrian	Payment	\$ 337.50	\$ -	\$ 337.50
11409	DAVIS & YOUNG, APLC	1/28/2020	5/5/2016	1948331	LBI	1 AZARCON, JOMAR	Payment	\$ 1,990.20	\$ -	\$ 1,990.20
11410	DAVIS & YOUNG, APLC	1/28/2020	12/1/2014	1916921	LEP	1 ADAMS, MARK	Payment	\$ 465.33	\$ -	\$ 465.33
11411	DAVIS & YOUNG, APLC	1/28/2020	12/3/2016	1972826	LBI	1 GARNICA, JESUS	Payment	\$ 1,024.90	\$ -	\$ 1,024.90
11412	DAVIS & YOUNG, APLC	1/28/2020	5/7/2018	1981763	LEP	1 CASERTA, DOMINIC	Payment	\$ 3,956.07	\$ -	\$ 3,956.07
11413	DAVIS & YOUNG, APLC	1/28/2020	9/12/2015	1965487	LBI	1 DOE, JANE	Payment	\$ 428.30	\$ -	\$ 428.30
11414	DAVIS & YOUNG, APLC	1/28/2020	2/1/2016	1988097	LPI	1 A.M., .	Payment	\$ 1,000.36	\$ -	\$ 1,000.36
11415	DAVIS & YOUNG, APLC	1/28/2020	5/1/2018	1981380	LBI	1 MINHAS, GURMUKH	Payment	\$ 643.45	\$ -	\$ 643.45
11416	DAVIS & YOUNG, APLC	1/28/2020	11/20/2018	1988188	LEP	1 BANWART, MIA	Payment	\$ 888.50	\$ -	\$ 888.50
11417	DAVIS & YOUNG, APLC	1/28/2020	5/2/2019	1994990	LEP	1 FLOWERS-HAYWOOD, CRYSTI	Payment	\$ 421.50	\$ -	\$ 421.50
11418	DAVIS & YOUNG, APLC	1/28/2020	1/1/2018	1995092	LPI	1 LEAL & TREJO APC, .	Payment	\$ 112.50	\$ -	\$ 112.50
11419	DAVIS & YOUNG, APLC	1/28/2020	10/3/2018	1995198	LBI	1 DOE, JANE	Payment	\$ 2,805.00	\$ -	\$ 2,805.00
11420	DAVIS & YOUNG, APLC	1/28/2020	8/30/2018	1985104	LBI	1 GAMBOA, JOSEPHINE	Payment	\$ 202.50	\$ -	\$ 202.50
11421	DAVIS & YOUNG, APLC	1/28/2020	5/23/2018	1998764	LEP	1 SODER, TRACIE	Payment	\$ 1,059.70	\$ -	\$ 1,059.70
11422	ROBERSON APPRAISAL ASSOC	2/5/2020	10/8/2019	2003293	APD	1 Maldonado, Virginia	Payment	\$ 105.00	\$ -	\$ 105.00
11423	DAVIS & YOUNG, APLC	2/5/2020	8/19/2018	1990573	LPI	1 DAVILLA, MONIQUE	Payment	\$ 323.50	\$ -	\$ 323.50
11424	ROBERSON APPRAISAL ASSOC	2/7/2020	12/13/2019	2007731	APD	1 GARDIN, PAUL	Payment	\$ 105.00	\$ -	\$ 105.00

Check	Payee	Check Date	DOL	Claim	Cov	Claimant	Action Code	Amount	Loss	Expense
11425	KIMBERLY HEMINGWAY	2/21/2020	12/5/2019	2005073	APD	1 HEMINGWAY, KIMBERLY	Payment	\$ 1,809.70	\$ 1,809.70	\$ -
11426	MADSEN, KNEPPERS & ASSOCIATES, INC.	2/21/2020	11/30/2017	1973698	FRC	1 SARATOGA HIGH SCHOOL, .	Payment	\$ 660.00	\$ -	\$ 660.00
20000	PAUL GARDIN	2/25/2020	12/13/2019	2007731	APD	1 GARDIN, PAUL	Payment	\$ 2,287.97	\$ 2,287.97	\$ -
20001	IN N OUT BURGER	3/10/2020	10/7/2019	2003624	APD	1 IN-N-OUT, .	Payment	\$ 1,925.00	\$ 1,925.00	\$ -
20002	JUNE YU PALTZER, PHD, ABPP	3/17/2020	12/3/2016	1972826	LBI	1 GARNICA, JESUS	Payment	\$ 1,350.00	\$ -	\$ 1,350.00
20003	DAVIS & YOUNG, APLC	3/17/2020	5/5/2016	1948331	LBI	1 AZARCON, JOMAR	Payment	\$ 898.71	\$ -	\$ 898.71
20004	DAVIS & YOUNG, APLC	3/17/2020	1/9/2017	1954961	LBI	1 ZUSSMAN, RACHEL	Payment	\$ 640.00	\$ -	\$ 640.00
20005	DAVIS & YOUNG, APLC	3/17/2020	5/7/2018	1981763	LEP	1 CASERTA, DOMINIC	Payment	\$ 3,329.55	\$ -	\$ 3,329.55
20006	DAVIS & YOUNG, APLC	3/17/2020	2/1/2016	1988097	LPI	1 A.M., .	Payment	\$ 516.50	\$ -	\$ 516.50
20007	DAVIS & YOUNG, APLC	3/17/2020	8/19/2018	1990573	LPI	1 DAVILLA, MONIQUE	Payment	\$ 430.00	\$ -	\$ 430.00
20008	DAVIS & YOUNG, APLC	3/17/2020	5/1/2018	1981380	LBI	1 MINHAS, GURMUKH	Payment	\$ 860.80	\$ -	\$ 860.80
20009	DAVIS & YOUNG, APLC	3/17/2020	11/20/2018	1988188	LEP	1 BANWART, MIA	Payment	\$ 2,828.50	\$ -	\$ 2,828.50
20010	DAVIS & YOUNG, APLC	3/17/2020	5/2/2019	1994990	LEP	1 FLOWERS-HAYWOOD, CRYSTI	Payment	\$ 665.70	\$ -	\$ 665.70
20011	DAVIS & YOUNG, APLC	3/17/2020	10/3/2018	1995198	LBI	1 DOE, JANE	Payment	\$ 1,758.87	\$ -	\$ 1,758.87
20012	DAVIS & YOUNG, APLC	3/17/2020	8/30/2018	1985104	LBI	1 GAMBOA, JOSEPHINE	Payment	\$ 122.50	\$ -	\$ 122.50
20013	DAVIS & YOUNG, APLC	3/17/2020	5/23/2018	1998764	LEP	1 SODER, TRACIE	Payment	\$ 1,656.05	\$ -	\$ 1,656.05
20014	DAVIS & YOUNG, APLC	3/17/2020	6/1/2019	2002856	LPI	1 KHAZAEI, KIAN	Payment	\$ 1,400.10	\$ -	\$ 1,400.10
20015	DAVIS & YOUNG, APLC	3/17/2020	6/6/2019	2004147	LPI	1 BABAYEVA, AYGULINA	Payment	\$ 937.50	\$ -	\$ 937.50
20016	DAVIS & YOUNG, APLC	3/17/2020	3/15/2018	1985331	LBI	1 CHOI, JOUNG	Payment	\$ 3,298.17	\$ -	\$ 3,298.17
20017	DAVIS & YOUNG, APLC	3/17/2020	11/27/2019	2005066	LPI	1 SCHNEIDER, MATAN	Payment	\$ 1,307.20	\$ -	\$ 1,307.20
20018	DAVIS & YOUNG, APLC	3/17/2020	12/1/2014	1916921	LEP	1 ADAMS, MARK	Payment	\$ 4,130.35	\$ -	\$ 4,130.35
20019	DAVIS & YOUNG, APLC	3/17/2020	1/31/2019	1996777	LPI	1 SCHROEDER, JESSE	Payment	\$ 225.00	\$ -	\$ 225.00
20020	TRAN LAW FIRM AND LYNDEN IRONTEETH	3/18/2020	4/9/2018	1979002	ABI	2 IRONTEETH, Lynden	Payment	\$ 11,000.00	\$ 11,000.00	\$ -
20021	KIAN KHAZAEI. HAMID KHAZAEI, AND NASRIN	3/26/2020	6/1/2019	2002856	LPI	1 KHAZAEI, KIAN	Payment	\$ 40,000.00	\$ 40,000.00	\$ -
20022	MADSEN, KNEPPERS & ASSOCIATES, INC.	3/31/2020	11/30/2017	1973698	FRC	1 SARATOGA HIGH SCHOOL, .	Payment	\$ 420.00	\$ -	\$ 420.00
Total								\$ 188,856.17		

Claims Checking Account

Balance at beginning of the quarter	\$ 96,200.05
Deposits - Transfers from general account	158,054.57
Voided Checks	22,978.00
Recoveries	-
Claim Payments	(188,856.17)
Ending Bank Balance	\$ 88,376.45

South Bay Area Schools Insurance Authority
Transactions - Main Checking
Jan 1, 2020 - Mar 31, 2020

Type	Date	Num	Name	Memo	Clr	Split	Debit	Credit	Balance
									2,141,914.22
General Journal	1/13/2020		Campbell Union School District	200308				7,500.00	2,134,414.22
General Journal	1/14/2020		Carl Warren & Co - ATF SBASIA	1-6-20 Replenishment				51,524.08	2,082,890.14
General Journal	1/27/2020		Allied Reliability	1099665				8,750.00	2,074,140.14
Deposit	01/27/2020			Deposit	Ö	Undeposited Funds	10,000.00		2,084,140.14
General Journal	1/28/2020		Allied Reliability	1102269				875.00	2,083,265.14
General Journal	1/31/2020		Allied Reliability	1097445				8,750.00	2,074,515.14
Deposit	01/31/2020			Deposit	Ö	Undeposited Funds	2,657.73		2,077,172.87
General Journal	2/5/2020		James Marta & Company	645				1,490.00	2,075,682.87
General Journal	2/14/2020		Carl Warren & Company	Multiple				448.68	2,075,234.19
Deposit	02/14/2020			Deposit	Ö	-SPLIT-	3,466.57		2,078,700.76
General Journal	2/18/2020		Carl Warren & Co - ATF SBASIA	1-20 Replenishment				63,864.50	2,014,836.26
General Journal	3/11/2020		Gilbert Associates, Inc.	329203				8,140.51	2,006,695.75
General Journal	3/11/2020		WIX.com	610060481				168.00	2,006,527.75
General Journal	3/13/2020		Carl Warren & Co - ATF SBASIA	Prefund 3/11/20				40,000.00	1,966,527.75
General Journal	3/19/2020		Bickmore Actuarial	27610				5,700.00	1,960,827.75
							16,124.30	197,210.77	1,960,827.75
							16,124.30	197,210.77	1,960,827.75

County of Santa Clara




Finance Agency Controller-Treasurer Department

County Government Center
70 W. Hedding Street, East Wing, 2nd Floor
San Jose, California 95110-1705
(408) 299-5200 FAX (408) 288-9237

May 20, 2020

Submitted by: 
0F8E7F60DA764BD...
Alan Minato, Director of Finance

TO: BOARD OF TRUSTEES, SANTA CLARA COUNTY SCHOOL DISTRICTS
BOARDS OF DIRECTORS, SANTA CLARA COUNTY SPECIAL PURPOSE DISTRICTS

FROM: ANNIE TOM, ACTING ASSISTANT CONTROLLER-TREASURER 

SUBJECT: COUNTY OF SANTA CLARA TREASURY INVESTMENT PORTFOLIO STATUS

RECOMMENDATION

Receive and file the March 31, 2020 Detailed Investment Portfolio Listing.

DISCUSSION

In compliance with the State of California Government Code as amended by Chapters 783 and 784, Statutes of 1995 and in compliance with County Policy, the Santa Clara County Treasury Investment Portfolio Report as of March 31, 2020 is submitted for your review and acceptance.

The attached detailed investment reports list each investment of the County Treasury Pool as well as individual reports for specific investment funds that each school district or special district has in the County Treasury. The reports include the respective purchase and maturity dates, par value, amortized cost, market value, and yield to maturity for each investment.

A summary of market value versus cost is provided below for Commingled Investments of the County Pool.

	Cost	Market Value	Increase (Decrease)	Percent
Commingled Investments	\$8,494,222,830	\$8,577,676,049	\$83,453,219	0.98%

The yield of the Pool on March 31, 2020 was 1.80%. As a comparison, on March 31, 2020 the yield of a 6-month Treasury Bill was .14%. A two-year Treasury Note was .25%. The State of California Local Agency Investment Fund (LAIF) yield was 1.79%.

Attached with the current investment strategy is a schedule that lists the average weighted maturities and yield for the Commingled Treasury Pool. Charts outlining investment concentration and distribution of bond maturities are provided for the Pool. Also included is a chart showing the one-year history of the Pool along with interest rates offered by selected comparable instruments.

Securities are purchased with the expectation that they will generally be held to maturity, hence unrealized gains or losses are not reflected in the yield calculations.

The market values of Pool securities were taken from pricing services provided by Bank of New York Mellon, Bloomberg Analytics, dealer quotes, and an independent pricing service.

A combination of securities maturing, new revenues, and tax receipts will adequately cover the anticipated cash flow needs for the next six months. Cash flows are continually monitored and are considered paramount in the selection of securities purchased for the Pool.

Attachments:

March 31, 2020 Quarterly Investment Summary



Agenda Item F.1

EXCESS LIABILITY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Excess Liability insurance for SBASIA for the period of July 1, 2020 – July 1, 2021.

RECOMMENDATION: The Executive Committee recommends adoption of the Excess Liability renewal as presented.

FISCAL IMPACT: The CSAC EIA premium is \$1,088,000. The SELF premium is \$1,212,328.

BACKGROUND: For the 2020-2021 Liability program, the JPA will maintain its self-insured retention (SIR) of \$250,000 and will purchase coverage with CSAC-EIA, the current insurer, to a \$5 million limit, then attach to SELF (Schools Excess Liability Fund) from \$5 million to \$55 million limit. The total liability limit is \$55 million.

CSAC-EIA (California State Association of Counties-Excess Insurance Authority) was formed as a joint powers authority in 1979 and is California Association of Joint Powers Authorities (CAJPA) Accredited with Excellence.

SELF (Schools Excess Liability Fund) was formed as a joint powers authority in 1986 and is California Association of Joint Powers Authorities (CAJPA) Accredited with Excellence.

ATTACHMENTS: None



Agenda Item F.2

REVIEW AND ADOPTION OF LIABILITY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The Board of Directors should review the proposed Memorandum of Coverage and adopt the Memorandum for the coverage period of July 1, 2020 to July 1, 2021.

RECOMMENDATION: The Program Administrator recommends adoption of the Memorandum of Coverage.

FISCAL IMPACT: The adoption of the Memorandum better defines the coverage for which the cost is unknown until the claims incurred are closed at some time in the future. However, we have an estimate of the costs of liability claims covered under this Memorandum from the actuarial study. The amount is \$1,301,000 at 80% confidence level. This is reflected in the proposed budget.

BACKGROUND: The Memorandum of Coverage clarifies the losses to be covered by SBASIA and establishes certain procedures. The attached liability memorandum incorporates the excess insurance policy's terms and conditions provided by CSAC EIA for the period July 1, 2020 to July 1, 2021. The memorandum also defines the exceptions to those terms and conditions. These exceptions are only the terms of liability and the self-insured retention.

A declarations page will be provided to each member describing the term of coverage, the limits provided, etc. These will be distributed to the members, along with the corresponding Memorandum of Coverage, once adopted by the Board.

ATTACHMENTS: Liability Declarations Page
Liability Memorandum of Coverage

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

LIABILITY

UNDERLYING MEMORANDUM OF COVERAGE

DECLARATIONS

MEMORANDUM NO. SBASIALI 001-20

- 1. Member District:** Berryessa Union School District
1376 Piedmont Road
San Jose, CA 95132
- 2. Coverage Period:** July 1, 2020 through June 30, 2021
- 3. Member District Deductible:** \$ 10,000 Each Occurrence, offense or
wrongful act
- 4. Limits of Liability:**
a. Liability Coverage \$ 250,000 Each Occurrence, offense or
wrongful act*

*One limit applies regardless of the number of members involved

FORMS AND ENDORSEMENTS: Form LIAB-1
FORMING PART OF THE POLICY
AT INCEPTION

President, James Crawford

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
LIABILITY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. LIAB-1**

1. INSURING AGREEMENT

In consideration of the payment of the required contribution and subject to all the terms of this Memorandum of Coverage, SBASIA agrees to pay on behalf of the Member District **Loss** resulting from any occurrence, offense or wrongful act covered by the terms, except limits of liability and self-insured retentions, of the **Public Risk Innovation, Solutions, and Management (PRISM) Memorandum of Coverage No. EIA-PE 20 EL-80** as that Memorandum of Coverage applies to SBASIA, during the Coverage Period as stated on the Declarations.

2. MEMBER DISTRICT DEDUCTIBLE

The Member District deductible stated under Item 3 of the Declarations page applies to each occurrence, offense or wrongful act covered by the terms and conditions, except limits of liability and self-insured retentions, incorporated from the **Public Risk Innovation, Solutions, and Management (PRISM) Memorandum of Coverage No. EIA-PE 20 EL-80**.

3. LIMITS OF LIABILITY

The Limits of Liability stated under Item 4a of the Declarations applies to each occurrence, offense or wrongful act, regardless of the number of Member Districts involved, covered by the terms and conditions, except limits of liability and self-insured retentions, incorporated from the **Public Risk Innovation, Solutions, and Management (PRISM) Memorandum of Coverage No. EIA-PE 20 EL-80**.

4. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

5. DEFINITIONS

The conditions of this Memorandum of Coverage shall be applied as if the definition of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS – Means the ultimate net loss as defined in the Definitions section of the **Public Risk Innovation, Solutions, and Management (PRISM) Memorandum of Coverage No. EIA-PE 20 EL-80**.

MEMBER DISTRICT OR MEMBER ENTITY – means a signatory to the Joint Powers Agreement forming the South Bay Area Schools Insurance Authority. This meaning shall apply to the term Member District or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

6. OTHER INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member District and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

7. NOTICE OF OCCURRENCE

Upon the happening of any occurrence likely to involve SBASIA under this Memorandum of Coverage, the Member District shall give notice, either written or oral, as soon as practicable to the Claims Adjustor of SBASIA. Such notice shall contain particulars sufficient to identify the Member District and fullest information obtainable at the time. If legal proceedings are begun, the Member District shall forward to the SBASIA Claims Adjustor each paper therein, or a copy thereof, received by the Member District or the Member District's representative, together with copies of reports or investigations with respect to such claim proceedings.

8. DEFENSE

SBASIA shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member District, which in the opinion of SBASIA may create liability on the part of SBASIA under the terms of this Memorandum of Coverage.

9. PAYMENT OF LOSS

Upon final determination of **Loss**, SBASIA will promptly pay on behalf of the Member District the amount of **Loss** falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SBASIA will be subrogated to all the Member District's rights of recovery against any person or organization and SBASIA shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the **Loss** to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SBASIA.

To be valid, this Memorandum must be signed by SBASIA's President or Vice President.

President, James Crawford

Date



Agenda Item F.3

**EXCESS PROPERTY AND
BOILER & MACHINERY RENEWAL**

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Excess Property and Boiler & Machinery insurance for SBASIA for the period July 1, 2020 to July 1, 2021.

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

FISCAL IMPACT: \$1,947,090 for the period of July 1, 2020 to July 1, 2021

BACKGROUND: The Excess Property policy, which provides Property coverage and Auto Physical Damage coverage (on premises coverage only), will be expiring on July 1, 2020. APIP (Alliant Property Insurance Program) has quoted the expiring limit of \$500,000,000 excess of \$500,000 deductible on the Excess Property.

On the Boiler & Machinery insurance, APIP has quoted the expiring limit of \$100,000,000 excess of \$10,000 self-insured retention.

ATTACHMENTS: 2020-2021 Excess Property and Boiler & Machinery Proposal

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

July 1, 2020 – July 1, 2021

EXECUTIVE SUMMARY

Attached please find the renewal summary of the Alliant Property Insurance Program (APIP) for the 2020-2021 period. An overview of the most significant issues concerning this year's renewal are discussed here.

The challenging market conditions that began in 2018 have worsened through the first half of 2020 and are expected to remain very difficult through the remainder of the year. Prior to the market change in 2018, the Property insurance market was in a "soft" cycle with record amounts of capacity entering the market in search of financial return. Historic natural catastrophe losses such as Hurricanes Harvey, Irma and Maria in 2017 and the California Wildfires in 2018 were key drivers of the shift in the market. These catastrophes along with increased attritional losses resulted in an unprofitable commercial insurance industry over the last several years. Lack of profitability resulted in carriers re-evaluating their books and seeking increased pricing while offering reduced terms and conditions. Rate increases were sought for most insureds in 2018 and 2019, but were more severe for insureds that experienced losses or had significant natural catastrophe exposure. This general trend has continued into early 2020; however, the market has recently become even more challenging due to the Coronavirus pandemic. As a result, insureds will continue to realize rate increases over expiring and, in many cases, a reduction in limits. Those insureds that have significant shock loss(es) or persistent attritional losses will experience even larger rate increases. In keeping with the programs' general history; however, we still expect overall rates to, in most cases, remain below that which can be achieved in the open market for similar coverage.

For the 2020/21 renewal, Lexington, Lloyd's and U.S. domestic underwriters will continue to provide coverage for the first \$25,000,000 of the program. Excess limits up to \$1,000,000,000 will be placed with London, Bermudian, European, and U.S domestic markets with all A.M. Best Rated at least A- VII. Insureds should note several key highlights for this year's renewal:

- Boiler & Machinery cover for participating insureds of the APIP Boiler Program will be maintained with Hartford Steam Boiler (HSB), who will also continue to perform required jurisdictional inspections.
- Cyber (Privacy Liability) Coverage for both 1st and 3rd parties from the Beazley Syndicate at Lloyd's, A.M. Best Rated A XV, (for those eligible insureds) with coverage as outlined on the following proposal will be maintained. Additional excess options are available, if requested. **Please note claims reporting timeframe limitations for this coverage**
- Pollution Coverage for both 1st and 3rd parties from Interstate Fire & Casualty Insurance Company, A.M. Best Rated A+ XV, (for those eligible insureds) with coverage as outlined on the following proposal will be maintained. **Please note claims reporting timeframe limitations for this coverage**
- Vehicles/Contractor's Equipment – please note on the attached proposal whether the vehicle/contractors equipment valuation is Replacement Cost (new) or Actual Cash Value (ACV). If Replacement Cost (new) valuation is needed, the insured must submit a schedule of vehicles or a vehicle valuation reporting form (provided in the pre-renewal packet) and vehicles must be valued at today's Replacement Cost (new). If values are not reported at Replacement Cost (new), the vehicle/contractor's equipment valuation basis will be ACV

Alliant Business Services (ABS) continues to play a significant role not only in providing various types of loss control services, but also in providing appraisal services. For the program, property valuations continue to be a key focus. As a reminder, it is underwriters' intent to have all buildings with a scheduled value of \$5,000,000 or more appraised once every seven years. This service is included in the total program cost. Insureds may also choose to have lower valued buildings appraised. The cost to have all, or specific buildings appraised that are valued on an insureds schedule between \$25,000 and \$5,000,000 will be quoted at the time the request is made.

Please review important Disclosure and Loss Notification information included in your renewal materials. Your review and acknowledgement of these documents are required via your signature, once you authorize a request to bind coverage with your Alliant representative.

The following table depicts key financial statistics relative to last year:

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

July 1, 2020 – July 1, 2021

EXECUTIVE SUMMARY

Year-over-Year Rate and Premium Comparison

<u>South Bay Area Schools Insurance Authority</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>Variance</u>
Total Insured Values:	\$ 2,795,956,924	\$ 2,871,674,818	2.70%
Account Rate (per hundred dollars):	0.0552045	0.0678033	22.82%
Earthquake TIV:	\$ 0	\$ 0	N/A
Earthquake Limit:	Not Covered	Not Covered	N/A
*Total Annual Cost:	\$ 1,543,494.49	\$ 1,947,090.00	26.14%

* TOTAL COST includes: all premiums (except Cyber BBR option, if purchased), underwriting fees, commissions, loss control expenses, program administration charges, and applicable taxes

The following pages are coverage items currently under review with the APIP markets to be effective on July 1, 2020.

Thank you for your continued support of APIP. We look forward to working with you this next year. Please let us know if you have any questions about your renewal.

APIP SUMMARY OF PROPOSED CHANGES

BELOW IS A SUMMARY OF PROPOSED CHANGES FOR THE 2020-2021 POLICY PERIOD AS OF MAY 19, 2020

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020 Sub-limit Wording	2020-2021 Proposed Changes	Status
Automatic Acquisition	\$25,000,000 Automatic Acquisition up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sub-limit of \$2,500,000 applies for Tier 1 Wind Counties, Parishes and Independent Cities for 60 days <u>for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii.</u> The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.	\$25,000,000 Automatic Acquisition up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally, <u>automatic coverage is granted for up to 60 days</u> , subject to a sub-limit of \$2,500,000 for <u>Tier 1 Wind Counties, Parishes and Independent Cities (as defined in the Policy).</u> The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.	Clarification
Communicable Disease	\$500,000 Per Occurrence and Annual Aggregate per Named Insured for Communicable Disease subject to an APIP Program aggregate of \$10,000,000 for all declarations combined except Hospital declarations.	Not Covered	Limitation
Unscheduled Infrastructure	Unscheduled infrastructure including but not limited to Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets (including guardrails), Sidewalks (including guardrails), Culverts, Channels, Levees, Dikes, Berms, Embankments, Street Lights, Traffic Signals, Meters, Roadway or Highway Fencing, and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.	Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, <u>landfills (as more fully defined in the Policy), docks, piers, wharves,</u> street lights, traffic signals, meters, roadway or highway fencing <u>(including guardrails),</u> and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.	Limitation
ISO CAT Deductible when applicable	Per Occurrence for ISO CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: ISO's Property Claims Service (PCS) declaration of a numbered catastrophic event.	Per Occurrence for CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: Property Claims Service (PCS) declaration of a numbered catastrophic event.	Update
Storm Deductible when applicable	Per Occurrence for Storm	Per Occurrence for Windstorm	Clarification
Program Declarations	Twenty four declarations	Twenty six declarations	Update
Pollution Policy	Summary of Proposed changes is provided with the Pollution Proposal for those who request the coverage.		
Cyber Policy	Summary of Proposed changes is provided with the Cyber Proposal for those who request the coverage.		

MASTER POLICY FORM WORDING PROPOSED CHANGES

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021	Status
Policy Period	July 1, 2019 to July 1, 2020	July 1, 2020 to July 1, 2021	Update
Section I, B Named Insured	Lessors <u>and other part(ies) of</u> interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability.	Lessors interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability.	Update
Section I, E., 2. o. Unscheduled Infrastructure	Unscheduled infrastructure including but not limited to Tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets (including guardrails), sidewalks (including guardrails), culverts, channels, levees, dikes, berms, embankments, street lights, traffic signals, meters, roadway or highway fencing, and all similar property unless specific values for such items have been reported as part of a Named Insured(s) schedule of values held on file in the offices of Alliant Insurance Services, Inc. Unscheduled infrastructure coverage is excluded for the peril of Earthquake, and for Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters, providing said declaration provides funding for repairs;	<i>Refer to the redline version of the Policy for full details.</i> Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, <u>landfills, docks, piers, wharves,</u> street lights, traffic signals, meters, roadway or highway fencing (<u>including guardrails</u>), and all similar property unless specific values for.....	Limitation
Section II, B. 4. Off Premises Service Interruption	It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing heat, light, power, gas, water, telephone or similar services to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page, <u>and Section 1 (General Provisions) of this form.</u>	It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing <u>incoming electricity, fuel,</u> gas, water, <u>steam or refrigeration or outgoing sewerage,</u> heat light, power, telephone or similar services to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page.	Clarification
Section II, B. 8. Building Laws	Included in first paragraph	Delete reference to " <u>local or state</u> "	Enhancement
Section II, B. 9. Demolition Cost	In the event of physical damage to property insured by a covered peril, this policy is extended to cover the cost of demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any <u>local or state</u> ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.	In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the cost of, <u>and the additional period of time required for,</u> demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.	Enhancement

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021	Status
Section II, B.10. Increased Cost of Construction	In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of repair or replacement <u>occasioned</u> by the enforcement of any <u>local or state</u> ordinance or law including written guidelines used by the department of corrections in any state regulating.....	<p>Refer to the redline version of the Policy for full details.</p> <p>In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of, <u>and the additional period of time required for repair or replacement caused by the enforcement of any ordinance or law (including written guidelines used by the department of corrections in any state) regulating.....</u></p> <p><u>Insurance under this section does not apply to:</u></p> <ol style="list-style-type: none"> a. <u>Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or</u> b. <u>Loss due to any ordinance or law that:</u> <ol style="list-style-type: none"> i. <u>The Named Insured was required to comply with before the loss even if the building was undamaged; and</u> ii. <u>The Named Insured failed to comply with.</u> <p><u>The coverage provided by this clause is sub-limited to USD as per Declaration Page.</u></p>	Enhancement /Clarification
Section II, B. 14 Transit	<p>This policy is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.</p> <p>The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E. of this form.</p>	<p>This Policy is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.</p> <p><u>Permission is hereby granted to the Named Insured without prejudice to this insurance to accept the ordinary Bill-of-Lading used by carriers, including released and/or under-valued Bill-of-Lading and/or Shipping or Messenger receipts; and the Named Insured may waive subrogation against railroads under side track agreements; and except as otherwise provided, the Named Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.</u></p> <p><u>This Policy also covers damage and loss of use:</u></p> <ol style="list-style-type: none"> a. <u>Occasioned by the acceptance by the Named Insured, Insured's agent, customer or consignee(s) or others of fraudulent Bill-of-Lading, Shipping or Messenger receipts;</u> b. <u>Obtained by fraud or deceit, perpetrated by any person(s) who may represent themselves to be the proper party or parties to receive the property for shipment or to accept it for delivery.</u> <p><u>The coverage provided by this clause is sub-limited to USD as per Declaration Page</u></p>	Update

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021	Status
Section II, B. 17 Protection and Preservation of Property	<p>Last paragraph:</p> <p>Due to the unique nature of Health Care Facilities and Jails where it is deemed necessary to evacuate patients or inmates from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, <u>all terms and conditions of this clause will apply to the expenses incurred as a result of the evacuation.</u></p>	<p>Due to the unique nature of Health Care Facilities, <u>Education Facilities</u> and Jails where it is deemed necessary to evacuate <u>designated persons</u> from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, <u>the company will pay reasonable and necessary evacuation expenses incurred by the Named Insured. The following additional definitions apply to this Additional Time Element Coverage:</u></p> <p>a. Designated persons means:</p> <p>(1) Patients, residents and lawful occupants at a covered location, and/or</p> <p>(2) Those employees who are essential to implement the mandatory evacuation order at a covered location.</p> <p>b. Evacuation expenses means expenses incurred during the evacuation period to:</p> <p>(1) Transport designated persons to another location;</p> <p>(2) House and maintain designated persons at another location;</p> <p>(3) Return designated persons to the covered location or, if the covered location is not habitable, to a suitable alternative location.</p>	Enhancement /Clarification
Section II, B. 19 Automatic Acquisition and Reporting Conditions	<p>End of first paragraph:</p> <p>Additionally a sub-limit of \$2,500,000 applies to Tier 1 wind counties, parishes and independent cities <u>for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii.</u></p>	<p>End of first paragraph:</p> <p>Additionally, <u>automatic coverage is granted</u> for up to 60 days, <u>subject to a sub-limit of \$2,500,000 for additional property and/or interests in</u> Tier 1 wind counties, parishes and independent cities.</p>	Clarification
Section II, B. 21 Accidental Contamination	<p>This Policy is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to Covered Property, including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sub-limited to USD as per Declaration page.</p> <p>If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this Policy.</p> <p>For the purposes of this Accidental Contamination clause only, the term "Covered Property", as covered by this Policy, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this Policy.</p>	<p><i>Refer to the redline version of the Policy for full details</i></p> <p>Coverage will be restricted to "cleanup, removal and disposal of the actual not suspected presence of Pollutants of Contaminant(s)."</p> <p>Pollutants or Contaminants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances listed in applicable environmental state, federal or foreign law or regulation, or as designated by the U.S. Environmental Protection Agency or similar applicable state or foreign governmental authority. Waste includes materials to be recycled, reconditioned or reclaimed. Pollutants or Contaminants does not include Fungus, Mold or Spore.</p>	Limitation

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021	Status
Section II, C. 2 Property Not Covered	Standing timber, <u>bodies of</u> water, growing crops.	Standing timber, growing crops, water, <u>except water which is normally contained within any type of tank, piping system or other process equipment.</u>	Update
Section II, C. 8 Property Not Covered	Offshore property, oilrigs, underground mines, caverns and their contents. Railroad track is excluded unless values have been reported by the Named Insured.	Offshore property, oilrigs, underground mines, caverns, <u>or underground storage facilities</u> and their contents. Railroad track is excluded unless values have been reported by the Named Insured.	Update
Section III, B. 1 Ingress/Egress	This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a <u>20</u> mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period.	This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a <u>10</u> mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period.	Pending
Section III, B. 2 Interruption by Civil Authority	This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a <u>20</u> mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.	This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a <u>10</u> mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.	Pending
Section III, B. 3 Demolition and Increased Time to Rebuild	The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any <u>local or state</u> ordinance or law regulating the construction, repair or demolition of buildings or structures and in force	The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force	Enhancement

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021	Status
Section III, B. 5 Tax Revenue Interruption	First paragraph Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured <u>caused by</u> damage or destruction to property which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.	Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured as a result of physical damage to or destruction of property, <u>by the perils insured against occurring during the policy period</u> which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.	Clarification
Section IV, B. 2 Exclusions	Physical loss or damage by normal settling, shrinkage or expansion in building or foundation.	Physical loss or damage by settling, <u>cracking</u> , shrinkage, <u>bulging</u> , or expansion of <u>pavements</u> , <u>foundations</u> , <u>walls</u> , <u>floors</u> , <u>roofs</u> or <u>ceilings</u> ; <u>all unless physical damage not otherwise excluded by this Policy ensues, in which event, this Policy will cover only such ensuing damage.</u>	Limitation
Section IV, B. 21 Exclusions		<p><i>Addition of the following exclusion to the General Conditions section:</i></p> <p>Lack of the following services:</p> <ul style="list-style-type: none"> a. incoming electricity, fuel, gas, water, steam or refrigeration; b. outgoing sewerage; or c. incoming or outgoing telephone or similar services; <p>all when caused by loss or damage to any property outside Insured Location(s).</p> <p>However, the above do not apply to OFF PREMISES SERVICE INTERRUPTION.</p>	Update
Section IV, New J. No Benefit to Bailee		<p><i>Addition of the following item to the General Conditions:</i></p> <p>NO BENEFIT TO BAILEE</p> <p>This Policy shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.</p>	Update

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021	Status
Section IV, L Arbitration of Value	<p><u>n case</u> the Named Insured and the Company <u>shall</u> fail to agree as to the amount of loss, <u>then</u>, on the written demand of <u>either, each shall</u> select a competent and disinterested appraiser and <u>notify the other of</u> the appraisers <u>selected</u>. <u>The appraiser</u> shall first select a competent and disinterested umpire, and failing to agree upon such umpire, then, on request of the Named Insured or the Company such umpire shall be selected by judge of a court of record in the state in which <u>the property covered is located</u>.</p> <p>The appraisers shall <u>as soon as practicable</u>, appraise the loss stating separately the <u>loss of each item</u> and failing to agree, shall submit their differences <u>only</u> to the umpire. An award in writing <u>so itemized</u>, of any two <u>appraisers when filed with the Company</u> shall determine the amount of loss. The <u>party selecting him</u> shall pay <u>each appraiser</u> and the expenses of appraisal and umpire <u>shall be paid by the parties equally</u>.</p>	<p>If the Named Insured and the company fail to agree as to the amount of loss, <u>each shall</u> on the written demand of <u>other, made within sixty (60) days after receipt of proof of loss by the Company</u>, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing <u>for fifteen (15) days</u> to agree upon such umpire, then on <u>the</u> request of the Named Insured or the company, such umpire shall be selected by <u>a</u> judge of a court of record in the state in which <u>such appraisal is pending</u>. The appraisers shall <u>then</u> appraise the loss, stating separately the <u>fair market value at the time of loss</u> and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. <u>The Named Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.</u></p>	Clarification
Section IV, N. Settlement of Loss	.	<p><i>Addition of the following item to the General Conditions section:</i></p> <p>SETTLEMENT OF LOSS</p> <p>All adjusted claims shall be paid or made good to the Named Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the company. No loss shall be paid or made good if the Named Insured has collected the same from others</p>	Update
Section IV, AG Service of Suit Clause (USA) Applicable to Excess Carriers	FLWA Service Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 (applicable to all markets except as noted below)	<p><u>Lloyd's America Inc., Attention: Legal Department, 280 Park Avenue, East Tower, 25th Floor, New York, NY 10017 in respect of Insurers identified in Security Details section as "Lloyd's Stamp:" followed by 4 digits.</u></p> <p><u>Mendes and Mount, 750 Seventh Avenue, New York, NY 10019-6829 are the nominee in respect of any non-Lloyd's participation on this Contract.</u></p> <p><u>Note: FLWA Service Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 are the nominee for CA (applicable to all markets except as noted</u></p> <p><u>XL Catlin Insurance Company UK Limited, LIRMA C7509: Sarah Mims, XL Global Services Inc, 505 Eagleview Boulevard, Exton, PA 19341</u></p>	Update

Master Policy Form Wording Proposed Changes Continued
PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021	Status
Section IV, AH. 5 Tier I Windstorm Counties	Tier 1 Windstorm Counties not listed in the Policy, but are a part of market agreement	<p><u>Tier 1 Windstorm Counties now defined in the policy:</u></p> <p><u>Connecticut: Fairfield, Middlesex, New Haven, New London</u></p> <p><u>Delaware: Entire State, All Counties</u></p> <p><u>Maine: Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York</u></p> <p><u>Maryland: Anne Arundel, Baltimore, Baltimore City, Calvert, Cecil, Dorchester, Harford, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester</u></p> <p><u>Massachusetts: Barnstable, Bristol, Dukes, Essex, Middlesex, Nantucket, Norfolk, Plymouth, Suffolk</u></p> <p><u>New Hampshire: Rockingham, Strafford</u></p> <p><u>New Jersey: Atlantic, Burlington, Cape May, Cumberland, Middlesex, Monmouth, Ocean, Salem, Union</u></p> <p><u>New York: Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk</u></p> <p><u>Rhode Island: Entire State, All Counties</u></p>	Update
Section IV, AH. 6 Tier II Windstorm Counties	Tier 2 Windstorm Counties not listed in the Policy, but are a part of market agreement	<p><u>Tier 2 Windstorm Counties now defined in the policy:</u></p> <p><u>Georgia: Brantley, Charlton, Effingham, Long, Wayne</u></p> <p><u>Louisiana: Acadia, Ascension, East Baton Rouge, Iberville, Jefferson Davis, Lafayette, St. Martin (North), Washington, West Baton Rouge</u></p> <p><u>Mississippi: George, Pearl River, Stone</u></p> <p><u>North Carolina: Bladen, Duplin, Gates, Hertford, Lenoir, Martin, Pitt</u></p> <p><u>South Carolina: Florence, Marion, Williamsburg</u></p> <p><u>Texas: Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jasper, Jim Wells, Wharton</u></p>	Update
Section V, D. 7. Special Conditions	Loss Clause: Any loss hereunder shall not reduce the amount of this Section, except in the event of payment of claim for total loss of an item specifically scheduled hereon.	Deleted in its entirety	Update
Section VIII, A. Coverage	This Policy insures <u>only Unmanned Aircraft</u> , that are usual to <u>your</u> business that <u>you</u> own or are required to insure, <u>to pay for any physical damage loss</u> sustained while not In Flight or In Motion and which are not the result of fire or explosion following crash or collision while the Unmanned Aircraft was In Flight or In Motion that are:	This Policy insures <u>against all risks of direct physical loss of or damage except as hereafter excluded occurring during the policy period to Unmanned Aircraft</u> , that are usual to <u>the Named Insured's</u> business <u>and</u> that <u>the Named Insured</u> own or are required to insure, sustained while not In Flight or In Motion and which are not the result of fire or explosion following crash or collision while the Unmanned Aircraft was In Flight or In Motion that are:	Clarification

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021	Status
Section IX General change		Added the word <u>Covered</u> before the word property throughout item 2	Clarification
Section IX, 6 Covered Property	Covered Property, as used in this Extension, means any property that:	Covered Property, as used in this Extension, means any property <u>not otherwise excluded in this Policy</u> that:	Clarification
Section IX, 10. D Conditions	In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risk s policy that this Extension attaches to, the deductible to be applied to the total loss shall be the applicable <u>Boiler & Machinery</u> deductible.	In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risk policy that this Extension <u>attached</u> to, the deductible to be applied to the total loss shall be the <u>highest</u> applicable deductible.	Clarification
Endorsement Section	Communicable Disease Endorsement 4	<i>Refer to the redline version of the Policy for full details.</i> The previous Endorsement 4 which granted coverage for Communicable Disease has been replaced with LMA5393 which excludes Communicable Disease	Limitation
Endorsement Section		<i>The following has been added to the Policy. Refer to the redline version of the Policy for full details.</i> Endorsement 5 – Property Cyber and Data Endorsement has been added to the policy. This Endorsement (LMA5400) is applicable only to capacity placed in the Lloyd's of London market and is a mandatory exclusion for all cyber. This exclusion extends to all damage (including ensuing physical damage) as a result of a malicious cyber act. Additionally, this endorsement restricts the valuation of Data processing Media to the cost of the media plus restoration from backup.	Limitation

ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)
PROPERTY PROPOSAL

TYPE OF INSURANCE: ☒ Insurance ☐ Reinsurance

NAMED INSURED: South Bay Area Schools Insurance Authority

DECLARATION: 23-Schools 3

POLICY PERIOD: July 1, 2020 to July 1, 2021

COMPANIES: See Attached List of Companies

**TOTAL INSURED
VALUES:** \$ 2,871,674,818 as of June 01, 2020

**ALL RISK
COVERAGES &
LIMITS:**

\$	500,000,000	Per Occurrence: all Perils, Coverages (subject to policy exclusions) and all Named Insureds (as defined in the policy) combined, per Declaration, regardless of the number of Named Insureds, coverages, extensions of coverage, or perils insured, subject to the following per occurrence and/or aggregate sub-limits as noted below.
	Not Covered	Flood Limit - Per Occurrence and in the Annual Aggregate (for those Named Insured(s) that purchase this optional dedicated coverage).
	Not Covered	Per Occurrence and in the Annual Aggregate for scheduled locations in Flood Zones A & V (inclusive of all 100 year exposures). This Sub-limit does not increase the specific flood limit of liability for those Named Insured(s) that purchase this optional dedicated coverage.
	Not Applicable	Per Occurrence for losses to locations in Tier 1 and/or Tier 2 Counties and resulting from a Named Windstorm.
	Not Covered	Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Named Insured(s) that purchase this optional dedicated coverage).
\$	100,000,000	Combined Business Interruption, Rental Income and Tuition Income (and related fees). However, if specific values for such coverage have not been reported as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc., this sub-limit amount is limited to \$500,000 per Named Insured subject to maximum of \$2,500,000 Per Occurrence, Per Declaration for Business Interruption, Rental Income and Tuition Income combined. Coverage for power generating plants is excluded, unless otherwise specified.
\$	50,000,000	Extra Expense.

**ALL RISK
COVERAGES &
LIMITS: (continued)**

\$	25,000,000	Miscellaneous Unnamed Locations for existing Named Insured's excluding Earthquake coverage for Alaska and California locations. If Flood coverage is purchased for scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
	180 Days	Extended Period of Indemnity
	See Policy Provisions	\$25,000,000 Automatic Acquisition up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally, automatic coverage is granted for up to 60 days, subject to a sub-limit of \$2,500,000 for Tier 1 Wind Counties, Parishes and Independent Cities (as defined in the Policy). The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
\$	1,000,000	Unscheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf and further subject to \$25,000 / 25 gallon maximum per item for existing Named Insureds excluding Earthquake coverage for Alaska and California locations. If Flood coverage is purchased for scheduled locations, this extension includes Flood coverage for any location not situated in Flood Zones A or V.
\$	5,000,000	or 110% of the scheduled values, whichever is greater, for Scheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf and further subject to \$25,000 / 25 gallon maximum per item.
\$	50,000,000	Errors & Omissions - This extension does not increase any more specific limit stated elsewhere in this policy or Declarations.
\$	25,000,000	Course of Construction and Additions (including new) for projects with completed values not exceeding the sub-limit shown.
\$	2,500,000	Money & Securities for named perils only as referenced within the policy.
\$	2,500,000	Unscheduled Fine Arts.
\$	250,000	Accidental Contamination per occurrence and annual aggregate per Named Insured with \$500,000 annual aggregate for all Named Insureds per Declaration.

**ALL RISK
COVERAGES &
LIMITS: (continued)**

\$	750,000	Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, landfills (as more fully defined in the policy), docks, piers, wharves, street lights, traffic signals, meters, roadway or highway fencing (including guardrails), and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.
\$	50,000,000	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery).
\$	25,000,000	Transit.
\$	2,500,000	Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence.
\$	2,500,000	Unscheduled Watercraft up to 27 feet.
	Not Covered	Per Occurrence for Off Premises Vehicle Physical Damage.
\$	25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations.
\$	5,000,000	Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Earthquake Shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc..
\$	5,000,000	Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc..
\$	3,000,000	Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately.

ALL RISK COVERAGES & LIMITS: (continued)	\$	3,000,000	Tax Revenue Interruption – Per Policy Provisions. However, if specific values for such coverage have not been reported as part of the Named Insured’s schedule of values held on file with Alliant Insurance Services, Inc., this sub-limit amount is limited to \$1,000,000 Per Occurrence – Per Policy Provisions.
	\$	500,000	Jewelry, Furs, Precious Metals and Precious Stones Separately.
	\$	1,000,000	Claims Preparation Expenses.
	\$	50,000,000	Expediting Expenses.
	\$	1,000,000	Personal Property Outside of the USA.
		Not Covered	Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit.
		Not Covered	for Communicable Disease.
	\$	100,000	Per Occurrence while in Storage and In Transit coverage subject to \$10,000 Deductible for Unmanned Aircraft as more fully defined in the Policy. Not Covered while in Flight.
	\$	100,000	Per Occurrence with a \$1,000,000 Annual Aggregate per Declaration for Mold/Fungus Resultant Damage as more fully defined in the policy.

VALUATION:

- Repair or Replacement Cost
- Actual Loss Sustained for Time Element Coverages
- Contractor’s Equipment /Vehicles either Replacement Cost or Actual Cash Value (ACV) as declared by each member. If not declared, valuation will default to Actual Cash Value (ACV)

**EXCLUSIONS
(Including but not limited to):**

- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

Deductibles: If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable. (The Deductible amounts set forth below apply Per Occurrence unless indicated otherwise).

“ALL RISK”

DEDUCTIBLE:	\$	500,000	Per Occurrence, which will apply in the event a more specific deductible is not applicable to a loss.
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**DEDUCTIBLES FOR
SPECIFIC PERILS
AND COVERAGES:**

Not Covered	All Flood Zones Per Occurrence excluding Flood Zones A & V.
Not Covered	Per Occurrence for Flood Zones A & V (inclusive of all 100 year exposures).

**DEDUCTIBLES FOR
SPECIFIC PERILS
AND COVERAGES:
(continued)**

Not Applicable for losses to locations in Tier 1 and/or 2 Counties and resulting from a Named Windstorm.

Not Covered Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the minimum deductible per occurrence.

\$ 1,000 Per Occurrence for Specially Trained Animals.

\$ 500,000 Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, landfills (as more fully defined in the policy), docks, piers, wharves, street lights, traffic signals, meters, roadway or highway fencing (including guardrails), and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.

\$ 10,000 Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Earthquake for Named Insured(s) who do not purchase dedicated Earthquake limits.

\$ 50,000 Per Occurrence Per Named Insured for this Declaration for Fine Arts for the peril of Earthquake for Named Insured(s) who do not purchase dedicated Earthquake limits.

\$ 10,000 Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits.

\$ 50,000 Per Occurrence Per Named Insured for this Declaration for Fine Arts for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits.

24 Hour Waiting Period for Service Interruption for All Perils and Coverages.

2.5% of Annual Tax Revenue Value per Location for Tax Interruption.

Not Covered Per Occurrence for Off Premises Vehicle Physical Damage. If Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off-premises on a Per Occurrence basis, unless otherwise stated. If Off-Premises coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk (Basic)

deductible.

\$ 500,000 Per Occurrence for Contractor's Equipment.

SPECIAL TERMS 1: COC Project for Mtn View-Los Altos UHSD
Los Altos High School Classroom and Gym Project

Start Date Scheduled - August 19, 2019
Completion Date Scheduled - April 20, 2021

\$ 49,503,394 Special Terms Limit

\$ 25,000 Special Terms Deductible

SPECIAL TERMS 2: COC Project for Mtn View-Los Altos UHSD
for Mountain View High School Classroom Project

Start Date Scheduled - August 19, 2019
Completion Date Scheduled - April 20, 2021

\$ 43,532,597 Special Terms Limit

\$ 25,000 Special Terms Deductible

The following stand-alone coverages are provided by the APIP program but are not covered in the Limit of Liability or the Sub-Limits of Liability above or attached to the Master Policy Form Wording. However, the coverage costs are included in the APIP Total Cost noted below. Carriers providing these coverages are included in the Schedule of Carriers.

\$ 100,000,000 Per Named Insured Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 18-30 and 32-35 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer).

\$ 500,000 Per Occurrence Deductible for Primary Terrorism.

\$ 600,000,000 Per Named Insured for Terrorism (Excess Layer) subject to;

\$ 1,100,000,000 Per Occurrence, All Named Insureds combined in Declarations 1-14, 18-21, 23-30 and 32-35 for Terrorism (Excess Layer) subject to;

\$ 1,400,000,000 Annual Aggregate shared by all Named Insureds combined in Declarations 1-14, 18-21, 23-30 and 32-35, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer).

\$ 500,000 Per Occurrence Deductible for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted).

Included Information Security & Privacy Insurance with Electronic Media Liability Coverage. See attached Cyber Coverage Summary for applicable Limits. (Cyber Liability) If, insured purchases such coverage.

Included Pollution Liability Insurance Coverage. See attached Pollution Liability Insurance Coverage Document for applicable limits and deductibles. If, insured purchases such coverage.

TERMS & CONDITIONS:

Sub-limits, terms and conditions are subject to change.

25% Minimum Earned Premium and cancellations subject to 10% penalty

Except Cyber Liability Premium is calculated on a pro-rata basis, unless there is a claim in which case the premium is deemed fully earned. If, insured purchases such coverage.

Except Pollution Liability Premium is 25% Earned at Inception, unless there is a claim in which premium is deemed fully earned. If, insured purchases such coverage.

NOTICE OF CANCELLATION:

90 Days except 10 Days for non-payment of premium

	Annual Cost*
Total Property Premium:	\$ 1,833,563.00
Excess Boiler:	\$ 32,498.00
ABS Fee:	\$ 20,382.00
SLT&F's (Estimate)	\$ 60,647.00
Broker Fee:	\$ 0.00
TOTAL COST †: (Including Taxes and Fees)	\$ 1,947,090.00
*Premiums are based on valid selectable options and the TIV's above. Changes in TIV's will require a premium adjustment.	
† TOTAL COST includes: premiums, underwriting fees, commissions, loss control expenses, program administration charges, and applicable taxes (excluding the Cyber Enhancement premium - should you have elected to purchase this coverage)	

PRINT DATE: June 1, 2020

PROPOSAL VALID UNTIL: July 1, 2020

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861

Matthew Gowan
Senior Vice President

Joan Crossley
Assistant Vice President

NOTES:

- *Some coverage, limits, sub-limits, terms and conditions could change. Changes will be documented and accompany the Binder Confirmation for July 1, 2020 bound terms.*
- *Maximum All Risk limits estimated to bind between \$500,000,000 and \$1,000,000,000. If your All Risk limits are less than \$500,000,000 they are not expected to change.*
- *Major pending and approved changes to the APIP Program are described in the Executive Summary for renewing insureds.*
- *This indication is based on the current loss experience and is subject to change if this insured's loss ratio deteriorates further and/or if the markets suffer a catastrophic event*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy.*
- *Please refer to Policy for specific terms, conditions and exclusions*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Each line of coverage is rated separately therefore increases in TIV's on highly rated coverages such as Vehicles, CE, EQ or 100 year Flood Zones, etc may increase the member average account rate*
- *The flood zones provided on the Schedule of Values (SOVs) are for rating purposes only. The actual flood zone will be determined at the time of loss.*

**ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

BOILER & MACHINERY PROPOSAL

NAMED INSURED: South Bay Area Schools Insurance Authority

POLICY PERIOD: July 1, 2020 to July 1, 2021

COMPANIES: See Attached List of Companies

TOTAL INSURED VALUES: \$ 2,871,674,818 as of June 1, 2020

STATUS/RATING: See Attached List of Companies

COVERAGES & LIMITS:	\$	100,000,000	Boiler Explosion and Machinery Breakdown, (for those Named Insureds that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:
		Included	Jurisdictional and Inspections.
	\$	10,000,000	Per Occurrence for Service/Utility/Off Premises Power Interruption.
		Included	Per Occurrence for Consequential Damage/Perishable Goods/Spoilage.
	\$	10,000,000	Per Occurrence for Electronic Data Processing Media and Data Restoration.
	\$	2,000,000	Per Occurrence, Per Named Insured and in the Annual Aggregate per Declaration for Earthquake Resultant Damage for Named Insureds who purchase Dedicated Earthquake Coverage.
	\$	10,000,000	Per Occurrence for Hazardous Substances / Pollutants / Decontamination.
		Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes.

**NEWLY ACQUIRED
LOCATIONS:**

\$ 25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 120 days and must have prior underwriting approval prior to binding

VALUATION:

Repair or Replacement except Actual Loss sustained for all Time Element coverages

**EXCLUSIONS
(Including but not limited to):**

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

**OBJECTS EXCLUDED:
(Including but not limited to):**

- Insulating or refractory material
- Buried Vessels or Piping

**NOTICE OF
CANCELLATION:**

90 days except 10 days for non-payment of premium

DEDUCTIBLES:

\$ 10,000	Except as shown for Specific Objects or Perils.
\$ 10,000	Electronic Data Processing Media.
\$ 10,000	Consequential Damage.
\$ 10,000	Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface.
\$ 50,000	Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface.
\$ 100,000	Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface.
\$ 250,000	Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface.
\$ 350,000	Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface.
\$ 10 per foot / \$2,500 Minimum	Deep Water Wells.
24 Hour Waiting Period	Utility Interruption.
24 Hours	Business Interruption/Extra Expense Except as noted below.
30 Days	Business Interruption - Revenue Bond.
5 x 100% of Daily Value	Business Interruption - All objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 square feet heating surface.
5 x 100% of Daily Value	Business interruption - All Objects at Waste Water Treatment Facilities and All Utilities.

Annual Cost

COST: Cost is included on Property Proposal

PRINT DATE: June 1, 2020

PROPOSAL VALID UNTIL: July 1, 2020

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861

Matthew Gowan
Senior Vice President

Joan Crossley
Assistant Vice President

NOTES:

- **Some coverage, limits, sub-limits, terms and conditions could change. Changes will be documented and accompany the Binder Confirmation for July 1, 2020 bound terms.**
- **Major pending and approved changes to the APIP Program are described in the Executive Summary for renewing insureds.**
- **This indication is based on the current loss experience and is subject to change if this insured's loss ratio deteriorates further and/or if the markets suffer a catastrophic event**
- **Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy.**
- **Please refer to Policy for specific terms, conditions and exclusions**
- **Change in Total Insurable Values will result in adjustment in premium**
- **Each line of coverage is rated separately therefore increases in TIV's on highly rated coverages such as Vehicles, CE, EQ or 100 year Flood Zones, etc may increase the member average account rate**
- **The flood zones provided on the Schedule of Values (SOVs) are for rating purposes only. The actual flood zone will be determined at the time of loss.**

ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)
CYBER INSURANCE SUMMARY PROPOSAL
CORE COVERAGE

TYPE OF COVERAGE: Information Security & Privacy Insurance with Electronic Media Liability Coverage

PROGRAM: **Alliant Property Insurance Program (APIP) inclusive of Public Entity Property Insurance Program (PEPIP), and Hospital All Risk Property Program (HARPP)**

NAMED INSURED: Any member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s), attaching to each Declaration insured under the ALLIANT PROPERTY INSURANCE PROGRAM (APIP), inclusive of PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP) and HOSPITAL ALL RISK PROPERTY PROGRAM (HARPP) as their respective rights and interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern (all hereinafter referred to as Member(s) / Entity(ies)).

DECLARATION: Various Declarations as on file with Insurer

POLICY PERIOD: July 1, 2020 to July 1, 2021

POLICY #: TBD

TERRITORY: WORLD-WIDE

RETROACTIVE DATE: **APIP/PEPIP**
For new members – the retro active date will be the date of addition
 July 1, 2020 For existing members included on the July 1, 2020/21 policy
 July 1, 2019 For existing members included on the July 1, 2019/20 policy
 July 1, 2018 For existing members included on the July 1, 2018/19 policy
 July 1, 2017 For existing members included on the July 1, 2017/18 policy
 July 1, 2016 For existing members included on the July 1, 2016/17 policy
 July 1, 2015 For existing members included on the July 1, 2015/16 policy
 July 1, 2014 For existing members included on the July 1, 2014/15 policy
 July 1, 2013 For existing members included on the July 1, 2013/14 policy
 July 1, 2012 For existing members included on the July 1, 2012/13 policy
 July 1, 2011 For existing members included on the July 1, 2011/12 policy
 July 1, 2010 For existing members included on the July 1, 2010/11 policy

CSU
 July 1, 2008 California State University and CSU Auxiliary Organizations

INSURER: Lloyd's of London - Beazley Syndicate:
 Syndicates 2623 - 623 - 100%

COVERAGES & LIMITS:	Ai.	\$	25,000,000	Annual Policy and Program Aggregate Limit of Liability (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverage's combined, including Claims Expenses), subject to the following limits and sub-limits as noted.
	Aii.	\$	2,000,000	Insured/Member Annual Aggregate Limit of Liability (subject to policy exclusions) for each Insured/Member, within the Annual Policy and Program Aggregate Limit of Liability (Aggregate for all coverages combined, including Claim Expenses) subject to the following limits and sub-limits as noted.

BREACH RESPONSE

Breach Response Costs:	\$	500,000	Aggregate Limit of Liability for each Insured/Member (Limit is increased to \$1,000,000 if Beazley Nominated Services Providers are used)
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FIRST PARTY LOSS

Business Interruption Loss Resulting from Security Breach:	\$	2,000,000	Aggregate Limit of Liability for each Insured/Member
Business Interruption Loss Resulting from System Failure:	\$	500,000	Aggregate Limit of Liability for each Insured/Member
Dependent Business Loss Resulting from Security Breach:	\$	750,000	Aggregate Limit of Liability for each Insured/Member
Dependent Business Loss Resulting from System Failure:	\$	100,000	Aggregate Limit of Liability for each Insured/Member
Cyber Extortion Loss:	\$	2,000,000	Aggregate Limit of Liability for each Insured/Member
Data Recovery Costs:	\$	2,000,000	Aggregate Limit of Liability for each Insured/Member

LIABILITY

Data & Network Liability:	\$	2,000,000	Aggregate Limit of Liability for each Insured/Member for all Damages and Claims Expenses
Regulatory Defense & Penalties:	\$	2,000,000	Aggregate Limit of Liability for each Insured/Member
Payment Card Liabilities & Costs:	\$	2,000,000	Aggregate Limit of Liability for each Insured/Member
Media Liability:	\$	2,000,000	Aggregate Limit of Liability for each Insured/Member for all Damages and Claims Expenses

eCRIME

Fraudulent Instruction:	\$	75,000	Aggregate Limit of Liability for each Insured/Member
Funds Transfer Fraud:	\$	75,000	Aggregate Limit of Liability for each Insured/Member
Telephone Fraud:	\$	75,000	Aggregate Limit of Liability for each Insured/Member

CRIMINAL REWARD

Criminal Reward:	\$	25,000	Aggregate Limit of Liability for each Insured/Member
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COVERAGE ENDORSEMENT(S)

Reputation Loss:	\$	50,000	Aggregate Limit of Liability for each Insured/Member
Claims Preparation Costs for Reputation Loss Claims Only:	\$	50,000	Aggregate Limit of Liability for each Insured/Member
Computer Hardware Replacement Costs:	\$	75,000	Aggregate Limit of Liability for each Insured/Member
Invoice Manipulation:	\$	100,000	Aggregate Limit of Liability for each Insured/Member
Cryptojacking:	\$	25,000	Aggregate Limit of Liability for each Insured/Member
RETENTION:	\$	25,000	CSU Auxiliary Organizations only
	\$	50,000	Per Claim or Incident for each Insured/Member with TIV up to \$500,000,000 at the time of policy inception
		8	Hour waiting period for Dependent/Business Interruption Loss
	\$	100,000	Per Claim or Incident for each Insured/Member with TIV greater than \$500,000,000 at the time of policy inception
		8	Hour waiting period for Dependent/Business Interruption Loss

**Each Insured/Member with TIVs below \$262,500,000 will have the option to buy-down the retention from \$50,000 to \$5,000 with an additional premium of \$2,500 per Insured/Member. JPAs/Pool and members with larger TIVs may request a quote for a retention buy down option, quotes will be provided on a case by case basis.*

NOTICES:

Policy coverage of this policy provides coverage on a claims made and reported basis; except as otherwise provided, coverage under noted coverage schedule applies only to claims first made against the Insured/Member and reported to underwriters during the policy period. Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.

This is a shared limit policy among the Named Insureds. The per Insured/Member policy limits are on a per claim or incident for each Insured/Member basis, sub-limits listed are aggregated per Insured/Member and are within the total Insured/Member aggregate limit. In the event of a claim/incident with multiple Insureds/Members exhausting the program aggregate limit provided by the Insurer to Insureds/Members, payment to all Insureds/Members for the claim/incident will be determined by the Insurer. Where coverages are aggregated, sub-limit and limits apply to all Insureds/Members for the entire Policy Period unless specifically stated otherwise. The policy aggregate limit is not a per Insured/Member maximum limit.

EXTENDED REPORTING PERIOD:

For Named Insured - To be determined at the time of election (additional premium will apply)

SPECIFIC COVERAGE PROVISIONS:

A. Breach Response indemnifies the Insured/Member for Breach Response Costs incurred by the Insured/Member because of an actual or reasonably suspected Data Breach or Security Breach that the Insured first discovers during the Policy Period.

B. First Party Loss

Business Interruption Loss indemnifies the Insured/Member for a Business Interruption Loss sustained as a result of a Security Breach or System Failure that the Insured first discovers during the Policy Period.

Dependent Business Interruption Loss indemnifies the Insured/Member for a Dependent Business Interruption Loss sustained as a result of a Security Breach or a System Failure that the Insured first discover during the Policy Period.

Cyber Extortion Loss indemnifies the Insured/Member for a Cyber Extortion Loss incurred as a result of an Extortion Threat first made against the Insured/Member during the Policy Period.

Data Recovery Costs indemnifies the Insured/Member for Data Recovery Costs incurred as a direct result of a Security Breach or System Failure that the Insured first discovers during the Policy Period.

C. Liability

Data & Network Liability pays Damages and Claims Expenses, which the Insured is legally obligated to pay because of any Claim first made against any Insured during the Policy Period for a Data Breach, a Security Breach, the Insured's failure to disclose a Data Breach or Security Breach, or failure of the Insured to comply with the part of a Privacy Policy that specifically is related to disclosure, access or procedures related to Personally Identifiable Information.

Regulatory Defense & Penalties pays Penalties and Claims Expenses, which the Insured is legally obligated to pay because of a Regulatory Proceeding first made against any Insured during the Policy Period for a Data Breach or a Security Breach.

Payment Card Liabilities & Costs indemnifies the Insured/Member for PCI Fines, Expenses and Costs which it is legally obligated to pay because of a Claim first made against any Insured during the Policy Period.

Media Liability pays Damages and Claims Expenses, which the Insured is legally obligated to pay because of any Claim first made against any Insured during the Policy Period for electronic Media Liability.

D. eCrime indemnifies the Insured/Member for any direct financial loss sustained resulting from:

- *Fraudulent Instruction*
- *Funds Transfer Fraud*
- *Telephone Fraud*

That the Insured first discovers during the Policy Period.

E. Criminal Reward indemnifies the Insured/Member for Criminal Reward Funds.

**Coverage
Endorsement(s)**

Reputational Loss indemnifies the Insured Organization for Reputation Loss that the Insured Organization sustains solely as a result of an Adverse Media Event that occurs during the Policy Period, concerning: a Data Breach, Security Breach, or Extortion Threat that the Insured first discovers during the Policy Period

Computer Hardware Replacement Costs indemnifies the Insured Organization for reasonable and necessary expenses incurred by the Insured Organization during the Period of Restoration to minimize, reduce or avoid Income Loss, over and above those expenses the Insured Organization would have incurred had no Security Breach, System Failure, Dependent Security Breach or Dependent System Failure occurred; which includes reasonable and necessary expenses incurred by the Insured Organization to replace computers or any associated devices or equipment operated by, and either owned by or leased to, the Insured Organization that are unable to function as intended due to corruption or destruction of software or firmware directly resulting from a Security Breach.

Invoice Manipulation indemnifies the Insured Organization for Direct Net Loss resulting directly from the Insured Organization's inability to collect Payment for any goods, products or services after such goods, products or services have been transferred to a third party, as a result of Invoice Manipulation that the Insured first discovers during the Policy Period. Invoice Manipulation means the release or distribution of any fraudulent invoice or fraudulent payment instruction to a third party as a direct result of a Security Breach or a Data Breach.

Cryptojacking indemnifies the Insured Organization for any direct financial loss sustained resulting from Cryptojacking that the Insured first discovers during the Policy Period. Cryptojacking means the Unauthorized Access or Use of Computer Systems to mine for Digital Currency that directly results in additional costs incurred by the Insured Organization for electricity, natural gas, oil, or internet.

EXCLUSIONS:
(Including but not limited to)

Coverage does not apply to any claim or loss from:

- Bodily Injury or Property Damage
- Trade Practices and Antitrust
- Gathering or Distribution of Information
- Prior Known Acts & Prior Noticed Claims
- Racketeering, Benefit Plans, Employment Liability & Discrimination
- Sale or Ownership of Securities & Violation of Securities Laws
- Criminal, Intentional or Fraudulent Acts
- Patent, Software Copyright, Misappropriation of Information
- Governmental Actions
- Other Insureds & Related Enterprises
- Trading Losses, Loss of Money & Discounts
- Media-Related Exposures – Contractual liability or obligation
- Nuclear Incident
- Radioactive Contamination
- First Party Loss – with respects: 1. seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority; 2. costs or expenses incurred by the Insured to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect or enhance data or Computer Systems to a level beyond that which existed prior to a Security Breach, System Failure, Dependent Security Breach, Dependent System Failure or Extortion Threat; 3. failure or malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the Insured Organization's direct operational control; or 4. fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event.

NOTICE OF CLAIM:

- **IMMEDIATE NOTICE** must be made to Beazley NY of all potential claims and circumstances (assistance, and cooperation clause applies)
- Claim notification under this policy is to:
 Beazley Group
 Attn: TMB Claims Group
 1270 Avenue of the Americas
 New York, NY 10020
tmbclaims@beazley.com

NOTICE OF CANCELLATION: 10 days for non-payment of premium

CYBER COST: Cost is included in Total Property Premium
 Premium is pro-rata as of July 1, 2020

OTHER SERVICES Unlimited Access to Beazley Breach Solutions website

BROKER: ALLIANT INSURANCE SERVICES, INC.

License No. 0C36861

NOTES:

- ***Some coverage, limits, sub-limits, terms and conditions could change. Changes will be documented and accompany the Binder Confirmation for July 1, 2020 bound terms***
- ***Major pending and approved changes to the APIP Cyber Program are described below in the Summary of Proposed Changes***
- ***This proposal is based on the current loss experience and is subject to change if this insured's loss ratio deteriorates further and/or if the markets suffer a catastrophic event***
- ***Coverage outlined in this Summary are subject to the terms and conditions set forth in the policy***
- ***Please refer to Policy for specific terms, conditions and exclusions***
- ***Change in Total Insurable Values will result in adjustment in premium***

SUMMARY OF CYBER INSURANCE CHANGES

THE FOLLOWING ITEMS ARE PROPOSED CHANGES FOR THE 2020-2021 POLICY TERM

Coverage	2019-2020	2020-2021 Proposed Changes	Status
Claims Preparation Costs for Reputation Loss Claims Only	N/A	\$50,000	New Coverage
Cryptojacking	N/A	\$25,000	New Coverage
Reinstatement Option	125% of Total Annual Program Premium	Not offered	Option Removed
Reputation Loss	Consequential reputational loss coverage for Data Breach and Security Breach	Expanded to include additional perils, replaced consequential reputational loss coverage	Enhancement

ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

POLLUTION LIABILITY COVERAGE PROPOSAL

TYPE OF INSURANCE: ☒ Insurance ☐ Reinsurance

TYPE OF COVERAGE: Claims Made and Reported Pollution Liability

PROGRAM: Alliant Property Insurance Program (APIP)

NAMED INSURED: Any member(s), entity(ies), agency(ies), organization(s), enterprise(s), pool(s), Joint Powers Authority(ies) and/or individual(s) attached to each Declaration insured as per Named Insured Schedule on file with Insurer, listed below.

POLICY PERIOD: July 1, 2020 to July 1, 2021

RETROACTIVE DATE: July 1, 2011 for existing insureds included on the 2011-2012 policy at inception; For all other insureds the retroactive date is the date of addition to the Program.

COMPANY: Interstate Fire & Casualty Insurance Company

A.M. BEST INSURANCE RATING:: A+, Superior, Financial Category XV
(\$2 Billion or greater)
Effective September 5, 2019

STANDARD & POORS RATING: AA (Very Strong) as of May 30, 2019

ADMITTED STATUS: Non-Admitted in all states

INSURED'S OWN SITES: Per the following SOVs submitted and on file with carrier:

1. PEPIC DEC 1 – SOVs
2. PEPIC DEC 2 – SOVs
3. PEPIC DEC 3 – SOVs
4. PEPIC DEC 4 – SOVs
5. PEPIC DEC 5 – SOVs
6. PEPIC DEC 11 – SOVs
7. PEPIC DEC 12 – SOVs
8. PEPIC DEC 14 – SOVs
9. PEPIC DEC 19 – SOVs
10. PEPIC DEC 23 – SOVs
11. PEPIC DEC 24 – SOVs
12. PEPIC DEC 25 – SOVs
13. PEPIC DEC 26 – SOVs
14. PEPIC DEC 27 – SOVs
15. PEPIC DEC 28 – SOVs
16. PEPIC DEC 29 – SOVs
17. PEPIC DEC 30 – SOVs
18. PEPIC DEC 32 – SOVs (Excludes SPIP, except as endorsed)
19. PEPIC DEC 33 – SOVs
20. PEPIC DEC 34 – SOVs
21. PEPIC DEC 35 – SOVs

INSURED'S OWN SITES: Covered locations include any real property owned, managed, leased, maintained or operated by the Insured at policy inception. Covered locations also include any subsurface potable water, wastewater or storm water pipes that are located within a one thousand (1,000) foot radius of such covered location as of policy inception.

CONTINUED

COVERAGES & LIMITS:	\$25,000,000	Policy Program Aggregate (all insureds combined)
	\$ 2,000,000	Per Pollution Incident
	\$ 2,000,000	Per Named Insured Aggregate
	\$ 2,000,000	Per JPA/Pool Aggregate
SUBLIMITS:		
	\$ 500,000	Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sublimit*
	\$ 500,000	Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*
	\$ 100,000	Per Named Insured Per Pollution Incident Dedicated Legal Defense Sublimit*
	\$ 250,000	Per Named Insured Crisis Management Response Costs Sublimit
	\$ 500,000	Per Named Insured Crisis Management Response Costs Aggregate
	\$ 50,000	Per Named Insured Crisis Management Loss Sublimit
<p>*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Crisis Management sub-limits and aggregate, which are in addition to the limits of liability.</p>		
EXTENDED REPORTING PERIOD:	For First Named Insured - To be determined at the time of election (additional premium can apply); Ninety (90) day basic extended reporting period available without additional premium.	
SPECIFIC COVERAGE PROVISIONS:	<p>CLAIMS MADE AND REPORTED</p> <p>Coverage A – Own Site Clean-up Costs: Coverage for claims for clean-up costs resulting from a pollution condition on or under the insured's own site that first commenced on or after the retro date, provided that the claim is first made and reported during the policy period and is legally obligated to pay for cleanup costs..</p> <p>Coverage B – Off-Site Clean-Up Costs: Coverage for third-party claims resulting from a pollution condition migrating from or through and beyond the boundaries of the Insured's own site that first commenced on or after the retro date, provided that the claim is first made and reported during the policy period and is legally obligated to pay for cleanup costs.</p> <p>Coverage C – Third-Party Claims for Bodily Injury or Property Damage: Coverage for third-party claims for bodily injury or property damage resulting from a pollution condition on, under or migrating from or through and beyond the boundaries of the Insured's own site that first commenced on or after the retro date, provided that the claim is first made and reported during the policy period and is legally obligated to pay.</p>	
SPECIFIC COVERAGE PROVISIONS (cont.):	<p>Coverage D – Emergency Response Costs: Coverage for emergency response costs incurred by or on behalf of the Insured in response to a pollution condition on, under or migrating from or through and beyond the boundaries of an Insured's own site or arising from transportation or resulting from a covered operation, provided that the emergency response costs be incurred within one hundred sixty-eight (168) hours of the commencement of such pollution condition, and reported to the Insurer within fourteen (14) days of commencement of such a pollution condition.</p>	

Coverage E – Transportation: Coverage for third-party claims for bodily injury, property damage, or clean-up costs resulting from a pollution condition caused by transportation that first commenced on or after the retro date, provided that the claim is first made and reported to the Insurer during the policy period and is legally obligated to pay.

Coverage F – Non-Owned Locations: Coverage for third-party claims for bodily injury, property damage, or clean-up costs resulting from a pollution condition on, under or migrating from any non-owned location that first commenced on or after the retro date, provided that the claim is first made and reported to the Insurer during the policy period and is legally obligated to pay.

Coverage G – Covered Operations: Coverage for third-party claims for bodily injury, property damage, or clean-up costs resulting from a pollution condition caused by covered operations on or after the retro date, provided that the claim is first made and reported to the Insurer during the policy period and is legally obligated to pay. Covered operations are defined as any operations within the capacity of a public entity which are performed by or on behalf of a named insured outside the physical boundaries of a covered location. Covered operations do not include Transportation.

Coverage H – Business Interruption: Coverage for the Insured's business interruption expense and extra expense during the interruption period, caused directly by a pollution condition on or under the Insured's own site, on or after the retro date, provided such pollution condition results in clean-up costs covered under this policy, and the first-party claim is made and reported to the Insurer during the policy period.

Coverage I – Cyber Events: Coverage for third-party claims for bodily injury, property damage or clean-up costs resulting from a pollution condition arising from a cyber event, provided that the claim is first made and reported to the Insurer during the policy period.

A Cyber Event is defined as any unauthorized processing of data by an Insured; any breach of laws and infringement of regulations pertaining to the maintenance, or protection of data; and any network security failure in any system or device leased, owned, operated or lost by or which is made available or accessible to the Insured for the purpose of processing data. Insured must take reasonable precautions to prevent or cease any activity which may result in a claim, and take all reasonable steps to observe and comply with all statutory or local authority laws obligations and requirements.

SPECIFIC COVERAGE PROVISIONS (cont.):

Coverage for crisis management response costs (including medical expenses, funeral expenses, psychological counseling, travel expenses temporary living expenses, expenses to secure the scene of a crisis management event) included, provided that the costs have been pre-approved by the insurer and are associated with damages that would be covered by this policy.

Supplemental coverage for Products Pollution is included for potable, reclaimed and recycled water processed at any covered location that is also a potable water or wastewater treatment plant. This coverage covers third-party claims arising out of product pollution, provided the claim is first made and reported during the policy period. The Insured's product must have been manufactured, sold, handled or distributed on or after the retro date and the clean-up costs, bodily injury or property damage must be unexpected and unintended from the standpoint of the Insured. Coverage of lead contamination of potable water is excluded.

All Named Insureds scheduled on this policy have the same rights as the First Named Insured (except for those rights specifically reserved to the first named insured); this includes any member of a pool or Joint Powers Authority specifically scheduled onto this policy.

Automatic Acquisition – Coverage for mid-term transactions for values that are less than \$25,000,000 shall be added as a covered location, upon the closing date of such acquisition, or the effective date of such lease, management, operation or maintenance right or obligation, respectively, for no additional premium, automatically.

Property valued at more than \$25,000,000 but less than \$100,000,000, purchased, leased or otherwise acquired by the Insured needs to be reported to the Insurer within 180 days, along with two (2) years of currently valued property loss runs and shall be added as a covered location upon the closing date of such acquisition for an additional premium.

Property valued at more than \$100,000,000, purchased, leased or otherwise acquired by the Insured needs to be reported to the Insurer immediately, along with two (2) years of currently valued property loss runs. Additional premium applies. For acquired locations that have underground storage tanks, the Insured must determine that all operational underground storage tanks are in material compliance with all applicable environmental laws and regulations and must obtain the most recent tank tightness testing or leak detection data conducted within sixty (60) days prior to the effective date that the Insured acquires or leases the subject location.

Illicit Abandonment is included in the definition of pollution condition.

Microbial matter and legionella pneumophila are included in the definition of Pollutant. Microbial matter is defined as mold, mildew and fungi, whether or not such microbial matter is living.

Defense Costs and Expenses are within Limits of Liability.

SPECIFIC COVERAGE PROVISIONS (cont.):

The insurance afforded by this Policy shall apply as primary to any other valid, collectible insurance, with the exception of the following: policies specifically written to be in excess of this policy, any stand-alone pollution insurance purchased by a named insured, losses due to or associated with products pollution, any tank fund, or any loss arising in whole or in part due to microbial matter or legionella pneumophila.

Blanket Underground Storage Tank coverage included, with a self-insured retention of \$750,000. **Note: Does not meet financial assurance requirements.**

Loss covered pursuant to any state storage tank fund, state administered insurance program or restoration funding for any underground storage tank(s) whose owners qualify for reimbursement, or any self-insurance fund established for the purpose of funding clean-up costs for pollution conditions from any underground storage tank(s), shall be considered primary insurance, to which the coverage afforded pursuant to this policy shall apply in excess. Under such primary insurance policy shall erode the \$750,000 per pollution condition self-insured retention.

Blanket Coverage included for Non-Owned Locations. Includes any transfer, storage, treatment or disposal facilities which are used by the Insured, but not owned or operated by the Insured, provided that:

- The waste materials are generated from the Insured's own site, transportation, or covered operations;
- The transfer, storage, treatment or disposal facility is properly licensed and permitted to accept and dispose of such waste and has not filed for bankruptcy as of the date of the transfer, storage, treatment or disposal of such waste;
- The transfer, storage, treatment or disposal facility is not listed or proposed to be listed on the Federal National Priorities List, or any equivalent state or local list as of policy inception.

EXCLUSIONS
(including but not
limited to):

Coverage does not apply to any claim or loss from:

- Asbestos and Lead Based Paint – *This exclusion does not apply to claims for bodily injury or property damage, or clean-up costs for the remediation of soil, surface water, or groundwater, or clean-up costs that arise out of the inadvertent disturbance of asbestos or asbestos containing materials or lead-based paint.*
- Contractual Liability – *Does not apply liability that the Insured would have had in the absence of the contract or agreement, or the contract or agreement is an insured contract.*
- Employer Liability
- Criminal fines, penalties or assessments
- Internal Expenses - *Does not apply internal expenses incurred in response to emergency response costs, or pursuant to environmental laws that require immediate remediation of a pollution condition.*
- Insured vs. Insured

EXCLUSIONS
(including but not
limited to, cont.):

Coverage does not apply to any claim or loss from:

- Intentional Noncompliance – *does not apply to noncompliance based upon the Insured's good faith reliance upon the written advice of qualified outside counsel received in advance of such noncompliance, or the insured's reasonable response to mitigate a pollution condition or loss, provided that such circumstances are reported in writing to the Insurer within three (3) days of commencement.*
- Virus and Communicable Disease
- Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) and Related Chemicals or Products – *includes any precursors, additives, daughter compounds or degradation by-products.*
- Prior Knowledge / Non-Disclosure
- Known Claims
- Landfills, Recycling Facilities, or Oil and/or Gas Producing or Refining Facilities
- Ports – *Defined as an Insured's own site on the coast or any other body of water where ships or watercraft can dock and transfer cargo to or from land and engages in the business of importing/exporting of goods.*
- Airports – *Defined as an Insured's own site whereby enplanement occurs and/or cargo is moved for a fee and the following operations are conducted: storage, transportation and dispensing of fuel and/or de-icing solutions.*
- Change in Intended Use or Operation – *Loss arising from a material change in use or operations. For purposes of determining whether a change is material, any change in use that results in more stringent remediation standards than those imposed on the insured's own site at the effective date of the period of insurance shall be considered material. This exclusion does not apply to covered operations that are performed with respect to uses and operations that are within the capacity of a public entity.*
- Professional Liability
- Regulatory Compliance – *Does not apply to any such non-compliance that occurs subsequent to release from a covered underground storage tank.*
- Cyber Event – *Does not apply to losses covered by the Cyber Event coverage in this policy.*
- Work Product – *Does not apply to covered operations.*
- Sewage Backup – *Does not apply to an Insured's own site.*
- Nuclear fuel, assemblies and components
- Offshore operations
- Property Damage to Conveyances – *does not apply to loss or claims arising from the Insured's negligence*
- Workers Compensation
- Lead Contaminated Water
- War

RETENTION:

\$150,000	Per Pollution Incident retention except for specific retentions below
\$450,000	Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below
\$ 50,000	Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below
5 Days	Waiting Period for Business Interruption

**SPECIFIC
RETENTION:**

\$250,000	Per Named Insured retention applicable to microbial matter for K-12 school districts only – <i>does not erode the Aggregate retention</i>
\$750,000	Underground Storage Tanks Specific – <i>does not erode the Aggregate retention</i>

CLAIMS REPORTING NOTICE

PLEASE NOTE THAT POLLUTION LIABILITY POLICIES CONTAIN EXTREMELY STRICT CLAIM REPORTING PROCEDURES. Below please find your policy specific claim reporting requirements - Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

THIS IS A CLAIMS MADE POLICY

This claims-made policy contains a requirement stating that this policy applies only to any claim first made against the Insured and reported to the insurer during the policy period or applicable extended reporting period. Claims must be submitted to the insurer during the policy period, or applicable extended reporting period, as required pursuant to the Claims/Loss Notification Clause within the policy in order for coverage to apply. Late reporting or failure to report pursuant to the policy's requirements could result in a disclaimer of coverage by the insurer.

LOSS REPORTING REQUIREMENTS:

Written notice of any claim or pollution condition, within seven (7) days of discovery for pollution conditions requiring immediate emergency response. Concurrently, please send to:

- 1) Allianz Global Corporate & Specialty
Attn: FNOL Claims Unit
1 Progress Point Parkway, 2nd Floor
O'Fallon, MO 63368
In emergency, call: (800) 558-1606
Fax: (800) 323-6450
Email: NewLoss@agcs.allianz.com
Online Claims Reporting form available at:
www.agcs.allianz.com/global-offices/united-states
- 2) Akbar Sharif
Alliant Insurance Services, Inc.
1301 Dove Street, Suite 200
Newport Beach, CA 92660
949 260-5088
949 756-2713 – fax
Akbar.Sharif@alliant.com

NOTICE OF CANCELLATION:

90 days except 10 days for non-payment of premium

REINSTATEMENT PROVISIONS:

Not Provided.

POLLUTION LIABILITY COST:

Cost is included in Total Property Premium
25% Earned Premium at Inception; deemed 100% fully earned in the event of claim or loss

QUOTE VALID UNTIL:

July 1, 2020

BROKER:

ALLIANT INSURANCE SERVICES, INC.
License No. 0C36861

NOTES:

- *Some coverage, limits, sub-limits, terms and conditions could change. Changes will be documented and accompany the Binder Confirmation for July 1, 2020 bound terms*
- *Major pending and approved changes to the APIP Pollution Program are described below in the Summary of Proposed Changes*
- *This proposal is based on the current loss experience and is subject to change if this insured's loss ratio deteriorates further and/or if the markets suffer a catastrophic event*

- ***Coverage outlined in this Summary are subject to the terms and conditions set forth in the policy***
- ***Please refer to Policy for specific terms, conditions and exclusions***
- ***Change in Total Insurable Values will result in adjustment in premium***

Policyholder Information Environmental Emergency Response and Claim Investigation Services

**(RETAIN FOR YOUR
RECORDS)**

Please read the information below, the Coverage Form and all attached endorsements in their entirety. If you have any questions, please contact your broker.

FOR EMERGENCY RESPONSE TO ENVIRONMENTAL INCIDENTS

As part of our commitment to customer service Allianz Global Corporate & Specialty (Allianz) has named HETI as an approved provider of environmental emergency response and claim investigation services to our insureds.

HETI is a full-service environmental company founded in 1986. Their staff of environmental engineers, industrial hygienists, geologists, hydrogeologists and remedial experts has developed specific expertise in environmental incidents.

As an Allianz insured, you can call on **HETI** twenty-four hours a day, seven days a week for emergency response services for environmental incidents.

HETI's 24/7, toll-free, emergency response hotline number is:

(1-800-347-HETI)

HETI can also respond to your questions about regulatory reporting issues/requirements, spill containment and remediation techniques. HETI will contact you directly with additional information.

ALWAYS REPORT THE INCIDENT TO US AND YOUR AGENT OR BROKER

In the event of any incident that may be covered under this policy, whether or not the HETI has been contacted, the incident should be reported to us by phone or email as soon as practicable by phone or email.

Phone: 1-800-557-1606
Email: NewLoss@agcs.allianz.com

**REFER TO THE CLAIM AND NOTICE REQUIREMENTS WITHIN THE CONDITIONS OF YOUR
POLICY WITH RESPECT TO ANY POLLUTION CONDITION THAT MAY RESULT IN A CLAIM.**

SUMMARY OF PROPOSED CHANGES

THE FOLLOWING ITEMS ARE PROPOSED CHANGES FOR THE 2020-2021 POLICY TERM

Coverage	2019-2020	2020-2021 Proposed Changes	Status
Pollution Liability Policy Term	July 1, 2018 to July 1, 2019	July 1, 2020 to July 1, 2021	Update
Sub-limits:	<p>\$ 500,000 Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sub-limit*</p> <p>\$ 500,000 Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*</p> <p>\$ 100,000 Per Named Insured Per Pollution Incident Dedicated Legal Defense Sub-limit*</p> <p>\$ 250,000 Per Named Insured Crisis Management Response Costs Sub-limit</p> <p>\$ 50,000 Per Named Insured Crisis Management Loss Sub-limit</p> <p>*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability.</p>	<p>\$ 500,000 Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sub-limit*</p> <p>\$ 500,000 Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*</p> <p>\$ 100,000 Per Named Insured Per Pollution Incident Dedicated Legal Defense Sub-limit*</p> <p>\$ 250,000 Per Named Insured Crisis Management Response Costs Sub-limit</p> <p>\$ 500,000 Per Named Insured Crisis Management Response Costs Aggregate</p> <p>\$ 50,000 Per Named Insured Crisis Management Loss Sub-limit</p> <p>*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Crisis Management sub-limits and aggregate, which are in addition to the limits of liability.</p>	Enhancement
Other Insurance	The insurance afforded by this Policy shall apply as primary to any other valid, collectible insurance, with the exception of the following: policies specifically written to be in excess of this policy, losses due to or associated with products pollution, any tank fund, or any loss arising in whole or in part to microbial matter or legionella pneumophila.	The insurance afforded by this Policy shall apply as primary to any other valid, collectible insurance, with the exception of the following: policies specifically written to be in excess of this policy, any stand-alone pollution insurance purchased by a named insured, losses due to or associated with products pollution, any tank fund, or any loss arising in whole or in part due to microbial matter or legionella pneumophila.	Update

SUMMARY OF PROPOSED CHANGES

THE FOLLOWING ITEMS ARE PROPOSED CHANGES FOR THE 2020-2021 POLICY TERM

Coverage	2019-2020	2020-2021 Proposed Changes	Status
Exclusions:	<i>Not Excluded</i>	Virus and Communicable Disease	Update
	<i>Not Excluded</i>	Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) and Related Chemicals or Products – <i>includes any precursors, additives, daughter compounds or degradation by-products.</i>	Update
Retention:	<p>\$ 100,000 Per Pollution Incident retention except for specific retentions below</p> <p>\$ 300,000 Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below</p> <p>\$ 50,000 Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below</p> <p>5 days Waiting Period for Business Interruption</p>	<p>\$ 150,000 Per Pollution Incident retention except for specific retentions below</p> <p>\$ 450,000 Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below</p> <p>\$ 50,000 Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below</p> <p>5 days Waiting Period for Business Interruption</p>	Update
Minimum Earned Premium	25% Earned Premium at Inception	25% Earned Premium at Inception; deemed 100% fully earned in the event of claim or loss	Enhancement

ALLIANT PROPERTY INSURANCE PROGRAM
2020-2021

NAMED INSURED SCHEDULE
AS OF 06/01/2020

THE NAMED INSURED IS:

South Bay Area Schools Insurance Authority
c/o Alliant Insurance Services, Inc.
2180 Harvard St Ste 460
Sacramento, CA 95815

Named Insured shall be deemed the sole agent of each and every Named Insured for the purpose of:

- (1) Giving notice of cancellation,
- (2) Giving instructions for changes in the Policy and accepting changes in this Policy
- (3) The payment of assessments / premiums or receipt of return assessments / premiums.

Member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured has extended coverage is as follows:

NAMED INSURED MEMBER(S):

South Bay Area Schools Insurance Authority
(SBASIA)

Berryessa Union School District

Campbell Union School District

Evergreen School District

Lakeside Joint School District

Los Altos School District

Los Gatos-Saratoga Joint Union High School
District

Metropolitan Education District

Milpitas Unified School District

Mountain View-Los Altos Union High School
District

Mtn. View Whisman School District

Santa Clara County Office of Education

Santa Clara Teacher Housing Foundation

Santa Clara Unified School District

**Alliant Property Insurance Program
2020-2021 Policy Year
Schedule of Insurers (Prospective)**

Company	A.M. Best's I.D. #	A.M. Best's Guide Rating	Standard and Poor's	State of California
Allied World National Assurance Company	012526	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 02/28/20)	A- (As of 04/03/20)	Non-Admitted
Arch Specialty Insurance Company	012523	A+, Superior; Financial Size Category 15; \$2,000,000,000 to greater (As of 10/17/19)	A+ (As of 03/26/20)	Non-Admitted
Aspen Specialty Insurance Company	012630	A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 04/01/20)	Not Rated (As of 05/06/20)	Non-Admitted
Ategrity Specialty Insurance Company	020603	A-, Excellent; Financial Size Category 8; \$100,000,000 to \$250,000,000 (As of 10/25/19)	Not Rated (As of 05/06/20)	Non-Admitted
Chubb European Group Limited	086485	A++ , Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 12/11/19)	AA (As of 06/24/16)	Non-Admitted
Endurance Worldwide Insurance Limited	083234	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 08/16/19)	A+ (As of 04/26/18)	Non-Admitted
Evanston Insurance Co.	003759	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/13/19)	A (As of 07/27/17)	Non-Admitted
Everest Indemnity Insurance Company	012096	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 05/02/19)	A+ (As of 12/22/15)	Non-Admitted
Hallmark Specialty Insurance Co.	010838	A- u, (Excellent); Financial Size Category 9; \$250,000,000 to \$500,000,000 (As of 03/02/20)	Not Rated (As of 05/06/20)	Non-Admitted
Homeland Insurance Company of New York (OneBeacon)	010604	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 04/23/20)	Not Rated (As of 05/06/20)	Non-Admitted
Interstate Fire and Casualty Ins. Co. (Pollution)	002267	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 09/05/19)	AA (As of 12/02/19)	Non-Admitted
Ironshore Specialty Insurance Company	013866	A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 05/30/19)	A (As of 05/02/17)	Non-Admitted

**Alliant Property Insurance Program
2020-2021 Policy Year
Schedule of Insurers (Prospective)**

Company	A.M. Best's I.D. #	A.M. Best's Guide Rating	Standard and Poor's	State of California
Lancashire Insurance Company (UK) Ltd.	078390	A, Excellent; Financial Size Category 12; \$1,000,000,000 to \$1,250,000,000 (As of 09/26/19)	A- (As of 02/28/18)	Non-Admitted
Landmark American Insurance Co.	012619	A+, Superior; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 10/30/19)	A+ (As of 04/18/18)	Non-Admitted
Lexington Insurance Company	002350	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 07/12/19)	A+ (As of 05/17/19)	Non-Admitted
Liberty Mutual Fire Insurance Company	002282	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 05/30/19)	A (As of 07/17/14)	Admitted
Lloyd's of London	085202	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 07/10/19)	A+ (As of 06/14/19)	Non-Admitted
National Union Fire Insurance Co.	002351	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 07/12/19)	A+ (As of 05/17/19)	Admitted
PartnerRe Ireland Insurance Ltd.	088621	A+ u, (Superior); Financial Size Category 15; \$2,000,000,000 or Greater (As of 03/05/20)	A+ (As of 03/03/20)	Non-Admitted
RSUI Indemnity Company	012603	A+, Superior; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 10/30/19)	A+ (As of 04/18/18)	Admitted
QBE Specialty Insurance Company	012562	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 07/05/19)	A+ (As of 06/30/18)	Non-Admitted
Westport Insurance Corporation	000347	A+, Superior; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/20/19)	AA- (As of 10/28/11)	Admitted
XL Insurance America Inc.	002423	A+, Superior; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/12/19)	AA- (As of 11/19/18)	Admitted

IMPORTANT NOTICE:

- 1. The insurance policy that you are applying to purchase is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**
- 6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC’s**

International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or “surplus line” broker to obtain more information about that insurer.

7. California maintains a “List of Approved Surplus Line Insurers (LASLI).” Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.

8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker’s fee charged for this insurance will be returned to you.

Date: _____

Insured: _____

D-1 (Effective January 1, 2020)

ALLIANT INSURANCE SERVICES

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

June 1, 2020

Named Insured: **South Bay Area Schools Insurance Authority**

We are required to send you this notice pursuant to federal legislation concerning terrorism insurance. The below is for TRIA coverage as issued by the United States of America and is not tied to or representative of the Terrorism coverage offered in our property insurance program.

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. *As defined in Section 102(1) of the Act:* The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury--in consultation with the Secretary of Homeland Security, and the Attorney General of the United States--to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS, WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES [85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020]OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE CAN BE REQUESTED BELOW AND WILL NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

**SELECTION OR REJECTION OF THE TERRORISM RISK INSURANCE ACT, as AMENDED
(A.K.A.: TRIA, TRIEA, TRIPRA, TRIP OR TRIPA. We refer to these collectively as "TRIA".)**

THIS COVERAGE IS OUTSIDE OF THE PROGRAM'S TERRORISM COVERAGES AND LIMITS. IT IS PROVIDED AND OVERSEEN BY THE U.S. GOVERNMENT.

THIS COVERAGE IS CONSIDERED RESTRICTIVE COMPARED TO THE APIP TERRORISM LIMITS AND COVERAGES AVAILABLE. THIS ACT DOES NOT FOLLOW OUR PROGRAM'S TERRORISM POLICIES.

HOWEVER IF YOU'D LIKE A QUOTE FOR TRIA COVERAGE, PLEASE CHECK THE "I AM INTERESTED" BOX. OTHERWISE, PLEASE CHECK THE "DECLINE" BOX. YOUR SIGNATURE FOR CONFIRMATION OF RECEIPT IS REQUIRED. ANY QUESTIONS? PLEASE CALL YOUR SERVICE TEAM MEMBER.

<input type="checkbox"/>	I am interested in receiving a quote for Terrorism Risk Insurance Act coverage as required by law to be offered under the last amended Act. Please provide me with a quote.
<input type="checkbox"/>	I hereby decline to purchase Terrorism Risk Insurance Act coverage as required by law to be offered under the last amended Act.

Policyholder/applicant signature

Print Name

Date

South Bay Area Schools Insurance Authority

Disclosures / Disclaimers

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by your organization. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal, whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them via this [AmBest Consumer Web link](#). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY Regulation 194 and General Broker Compensation Disclosure

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York and other States. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including 71

the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

Privacy

At Alliant, one of our top priorities is making sure that the information we have about you is protected and secure. We value our relationship with you and work hard to preserve your privacy and ensure that your preferences are honored. At the same time, the very nature of our relationship may result in Alliant's collecting or sharing certain types of information about you in order to provide the products and services you expect from us. Please take the time to read our full Privacy Policy posted at www.alliant.com, and contact your Alliant service team should you have any questions.

Other Disclosures / Disclaimers Cont.

FATCA:

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

NRRA:

(Applicable if the insurance company is non-admitted)

The Non-Admitted and Reinsurance Reform Act (NRRA) went into effect on July 21, 2011. Accordingly, surplus lines tax rates and regulations are subject to change which could result in an increase or decrease of the total surplus lines taxes and/or fees owed on this placement. If a change is required, we will promptly notify you. Any additional taxes and/or fees must be promptly remitted to Alliant Insurance Services, Inc.

Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Mergers and/or acquisition and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

Loss Notification Requirements:

Your policy will come with specific claim reporting requirements. Please make sure your organization understands these obligations and time limitations which are outlined in the attached Loss Notification documents. Contact your Alliant Service Team with any questions.

Coverages, limits, sub-limits, terms and conditions could change. All changes will be advised prior to binding and accompany the Binder Confirmation for July 1, 2020 bound terms.

Binding Requirements Recap

Required no later than June 28, 2020:

- Signed and dated Request to Bind Coverage form (below)
- Signed and dated Surplus Lines forms as required by your state and attached to this proposal*
- Signed and dated APIP Claims Reporting Acknowledgement(s) Receipt Form
- Signed and dated Terrorism Risk Insurance ACT of 2002 as amended (a.k.a. TRIPRA 2015)

*- only required for coverage in the following states: AR, CA, CT, FL, KS, MA, MT, NE, NY, NC, ND, OH, RI, WV, WY

Request to Bind Coverage

South Bay Area Schools Insurance Authority

We have reviewed the proposal and agree to the terms and conditions of the coverages presented.

This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers, disclosures, and loss notification requirements including exposures used to develop insurance terms, contained within this proposal.

Signature of Authorized Insured Representative

Date

Title

Printed / Typed Name

This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval. *The actual terms and conditions of the policy will prevail.*

Did you know that Alliant works with premium financing companies?

Are you interested in financing your annual premium?

**Yes, please provide us with
a financing quote.**

**No, we do not wish to
finance our premium.**

☐
☐

LOSS NOTIFICATION REQUIREMENT

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

Claim notifications need to be sent to Robert Frey, Diana Walizada and Sandra Doig. In the event this is a *Cyber* loss please include item III contact, for a *Pollution* loss please include item IV contact in addition to Alliant Insurance Services contacts.

- I. During regular business hours (between 8:30 AM and 5:00 PM PST), First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Robert A. Frey, RPA
Senior Vice President, Regional Claims Director
Voice: (415) 403-1445 Cell: (415) 518-8490
Email: rfrey@alliant.com

Diana L. Walizada, AIC, CPIW, RPA, AINS
Vice President, Claims Unit Manager
Voice: (415) 403-1453
Email: dwalizada@alliant.com

Address: Alliant Insurance Services, Inc.
100 Pine St, 11th Floor
San Francisco CA 94111
Toll Free Voice: (877) 725-7695 Fax: (415) 403-1466

- II. Please be sure to include APIP's Claim Administrator as a CC on all Claims correspondence:

Sandra Doig
McLaren's Global Claims Services
1301 Dove St., Suite 200
Newport Beach, CA 92660
Voice: (949) 757-1413 Fax: (949) 757-1692
Email: sandra.doig@mclarens.com

Address:

- III. Cyber Liability Carrier Beazley NY needs to also be provided with Notice of Claim immediately (if purchased):

Beth Diamond
Beazley Group
1270 Avenue of the America's, Suite 1200
New York, NY 10020
Fax: (546) 378-4039
Email: tmbclaims@beazley.com

Address:

Elaine G. Tizon, CISR
Assistant Vice President, Claims Advocate
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1458 Fax: (415) 403-1466
Email: elaine.tizon@alliant.com

Address:

- IV. Pollution Liability Carrier Allianz Global Corporate & Specialty (if purchased):

Allianz Global Corp. & Specialty Att: FNOL Claims Unit
1 Progress Point Parkway, 2nd Floor
O'Fallon, MO 63368
In emergency call: (800) 558-1606
Fax: (800) 323-6450
Email: NewLoss@agcs.allianz.com

Address:

Akbar Sharif
Claims Advocate
1301 Dove St. Ste. 200
Newport Beach, CA 92646
Voice: (949) 260-5088 Fax: (415) 403-1466
Email: Akbar.Sharif@alliant.com

Address:

Please include the Insured /JPA name along with the following information when reporting claims:

- Time, date and specific location of property damaged
- A description of the incident that caused the damage (such as fire, theft or water damage)
- Estimated amount of loss in dollars
- Contact person for claim including name, title, voice & fax numbers
- Complete and return the Property Loss Notice for processing.
- Mortgagee or Loss Payee name, address, and account number

APIP Claims Reporting Acknowledgement(s) Receipt Form

The Claims Reporting Forms are being included with your packet to ensure claims reporting procedures are known and available for future reference. Please review the information. We ask that you share these critical documents with all members of your team (and Pool Members and their staffs where applicable.)

We request that you review the items indicated as attached, then complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned e-mail or mail to have it be included in your insurance records.

- ☐ APIP Property Claims Reporting
- ☐ Cyber Claims Reporting (*this is a claims made policy*) if coverage is purchased
- ☐ Pollution Liability Claims Reporting (*this is a claims made policy*) if coverage is purchased

Acknowledgement for Claims reporting procedures under Alliant Property Insurance Programs In effect: July 1, 2020 until further notice

I have read and been informed about these separate reporting requirements under the coverage parts that apply to our entity as indicated above and provided through APIP by Alliant.

Insured Entity Name: South Bay Area Schools Insurance Authority

Authorized Signature:

Print Name

Date

Title:

**IN THE EVENT OF A
PROPERTY LOSS:**

- 1) Follow your organization procedures for reporting and responding to an incident*
- 2) Alert local emergency authorities, as appropriate*
- 3) Report the incident to Alliant Insurance Services immediately at:*

877-725-7695

All property losses must be reported as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) Report the incident to McLarens Global Claims Services AND your Alliant representative*

PROPERTY FIRST NOTICE OF LOSS FORM

SEND TO: Alliant Insurance Services, Inc.

BY MAIL: 100 Pine Street, 11th Floor, San Francisco, CA 94111

BY FAX: (415) 403-1466

BY EMAIL: rfrey@alliant.com AND dwalizada@alliant.com

Carbon Copy APIP Claims Administrator: sandra.doig@mclarens.com and your Alliant representative

Today's Date: _____

Type of Claim: (check all that apply)

☐ Real Property ☐ Vehicles

☐ Personal Property ☐ Other

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____ Email Address: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Robert A. Frey & Diana L. Walizada

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Fax #: 415-403-1466

Policy Information

Policy Number: _____ Policy Period: _____

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible: _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss:

Please list all attached or enclosed documentation: ☐ (check if none provided) _____

Name of Person Completing This Form: _____

Signature: _____

Per the PEPIP USA Form Master Policy Wording, Section IV General Conditions;

J. NOTICE OF LOSS

In the event of loss or damage insured against under this Policy, the Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11th Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

IN THE EVENT OF A CYBER LOSS:

- 1) *Follow your organizations procedures for reporting and responding to an incident*
- 2) *Alert authorities, as appropriate*
- 3) *Report the incident to Beazley Group immediately at:*

tmbclaims@beazley.com

All Cyber losses must be reported as soon as practicable upon knowledge by the insured that a loss has occurred.

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to Alliant Claims Department and your Alliant representative*

SPECIAL NOTE REGARDING PRIVACY NOTIFICATION COSTS:

The policy provides a \$500,000 Aggregate Limit for Privacy Notification Costs. If you utilize a Beazley vendor, the limit is increased to \$1,000,000.

Please contact Beazley for a list of approved vendors.

CYBER FIRST NOTICE OF LOSS FORM**SEND TO:** Beazley Group**BY MAIL:** 1270 Avenue of the America's, Suite 1200, New York, NY 10020**BY FAX:** (546) 378-4039**BY EMAIL:** tmbclaims@beazley.com**CC Alliant Claims Department:**
elaine.tizon@alliant.com , and your Alliant representative

Today's Date: _____

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____ Email Address: _____

Broker/Agent's Name & Contact InformationCompany Name: Alliant Insurance Services – Claims Point of Contact: Elaine TizonAddress: 100 Pine Street, 11th Floor, San Francisco, CA 94111Phone #: 877-725-7695 Fax #: 415-403-1466**Policy Information**

Policy Number: _____ Policy Period: _____

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss: _____

Please list all attached or enclosed documentation: ☐ (check if none provided) _____

Name of Person Completing This Form: _____

Signature: _____

A. NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM

1. If any **Claim** is made against the **Insured**, the **Insured** shall, as soon as practicable upon knowledge by the **Insured**, forward to the Underwriters through persons named in Item 9.A. of the Declarations written notice of such **Claim** in the form of a telecopy, or express or certified mail together with every demand, notice, summons or other process received by the **Insured** or the **Insured's** representative; provided that with regard to coverage provided under Insuring Agreements I.A. and I.C., all **Claims** made against any **Insured** must be reported no later than the end of the **Policy Period**, in accordance with the requirements of the **Optional Extension Period** (if applicable), or within thirty (30) days after the expiration date of the **Policy Period** in the case of **Claims** first made against the Insured during the last thirty (30) days of the **Policy Period**.
2. With respect to Insuring Agreement I.B. for a legal obligation to comply with a **Breach Notice Law** because of an incident (or reasonably suspected incident) described in Insuring Clause I.A.1 or I.A.2, such incident or reasonably suspected incident must be reported as soon as practicable during the **Policy Period** after discovery by the **Insured**. For such incidents or suspected incidents discovered by the **Insured** within 60 days prior to expiration of the Policy, such incident shall be reported as soon as practicable, but in no event later than 60 days after the end the **Policy Period**, provided; if this Policy is renewed by Underwriters and covered **Privacy Notification Costs** are incurred because of such incident or suspected incident reported during the 60 day post **Policy Period** reporting period, then any subsequent **Claim** arising out of such incident or suspected incident is deemed to have been made during the **Policy Period**.
3. With respect to Insuring Agreements I.A. and I.C., if during the **Policy Period**, the **Insured** first becomes aware of any circumstance that could reasonably be the basis for a **Claim** it may give written notice to Underwriters in the form of a telecopy, or express or certified mail through persons named in Item 9.A. of the Declarations as soon as practicable during the **Policy Period** of:
 - a. the specific details of the act, error, omission, or **Security Breach** that could reasonably be the basis for a **Claim**;
 - b. the injury or damage which may result or has resulted from the circumstance; and
 - c. the facts by which the **Insured** first became aware of the act, error, omission or **Security Breach**

Any subsequent **Claim** made against the **Insured** arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to the Underwriters.

4. A **Claim** or legal obligation under section X.A.1 or X.A.2 above shall be considered to be reported to the Underwriters when written notice is first received by Underwriters in the form of a telecopy, or express or certified mail or email through persons named in Item 9.A. of the Declarations of the **Claim** or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a **Claim** if provided in compliance with sub-paragraph X.A.3. above.

ALLIANZ GLOBAL CORPORATE & SPECIALTY

IN THE EVENT OF AN

ENVIRONMENTAL EMERGENCY:

- 1) *Follow your organization procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident immediately at:*

800-558-1606

- 4) *Report the incident to Alliant*

Akbar Sharif
Claims Advocate
949-260-5088
415-403-1466 – fax
Akbar.Sharif@alliant.com

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

DO follow your organization's detailed response plan
DO contact your management as well as appropriate authorities
DO ensure anyone who could come in contact with a spill or release is kept away

DO NOT ignore a potential spill or leak
DO NOT attempt to respond beyond your level of training or certification

SEND TO: ALLIANZ GLOBAL CORPORATE & SPECIALTY

BY MAIL: 1 Progress Point Parkway, 2nd Floor

BY FAX: (800) 323-6450

BY EMAIL: NewLoss@agcs.allianz.com

CC Alliant Insurance: Akbar.Sharif@alliant.com and your Alliant Representative

Today's Date: _____

Notice of: (check all that apply)

- ☐ Pollution Incident ☐ Potential Claim ☐ Other _____
- ☐ Third-Party Claim ☐ Litigation Initiated

Insured's Name & Contact Information

Company Name: _____ **Point of Contact:** _____

Address: _____

Phone #: _____ **Email Address:** _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims **Point of Contact:** Akbar Sharif

Address: 1301 Dove St. Ste. 200 Newport Beach, CA 92660

Phone #: 1-949-260-5088

Policy Information

Policy Number: _____ **Policy Period:** _____

Limits of Liability: _____ per _____ agg **Self-Insured Retention/Deductible** _____

Loss Information

Date of Incident/Claim: _____ **Location:** _____

Claimant Name/Address: _____

Description of Loss: _____

Please list all attached or enclosed documentation: ☐ (check if none provided) _____

Name of Person Completing This Form: _____ **Signature:** _____



Agenda Item F.4

REVIEW AND ADOPTION OF PROPERTY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The Board of Directors should review the proposed Memorandum of Coverage and adopt the Memorandum for the coverage period of July 1, 2020 to July 1, 2021.

RECOMMENDATION: The Program Administrator recommends adoption of the Memorandum of Coverage.

FISCAL IMPACT: The adoption of the Memorandum better defines the coverage for which the cost is unknown until the claims incurred are closed at some time in the future. However, we have an estimate of the costs of property claims covered under this Memorandum from the actuarial study. The amount is \$489,000 at 80% confidence level. This is reflected in the proposed budget.

BACKGROUND: The Memorandum of Coverage clarifies the losses to be covered by SBASIA and establishes certain procedures. The attached property memorandum incorporates the Excess Property insurance policy's terms and conditions provided for the period July 1, 2020 to July 1, 2021. The memorandum also defines the exceptions to those terms and conditions. These exceptions are the limits of liability, sub-limits of liability, deductible and Auto Physical Damage coverage.

A declarations page will be provided to each member describing the term of coverage, the limits provided, etc. These will be distributed to the members, along with the corresponding Memorandum of Coverage, once adopted by the Board.

ATTACHMENTS: Property Declarations Page
Property Memorandum of Coverage

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

PROPERTY

UNDERLYING MEMORANDUM OF COVERAGE

DECLARATIONS

MEMORANDUM NO. SBASIAPR 001-20

- 1. Member District:** Berryessa Union School District
1376 Piedmont Road
San Jose, CA 95132
- 2. Coverage Period:** July 1, 2020 through June 30, 2021
- 3. Member District Deductible:**
 - a. Property or Auto Physical Damage \$ 10,000 Each Occurrence
- 4. Limits of Liability:**
 - a. Property \$ 500,000 Each Occurrence
 - b. Auto Physical Damage \$ 500,000 Each Occurrence
- 5. Sub-limits of Liability:**
 - a. Claim Preparation Expenses \$ 20,000 Each Occurrence

FORMS AND ENDORSEMENTS: Form PROP-1
FORMING PART OF THE POLICY
AT INCEPTION

President, James Crawford

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
PROPERTY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. PROP-1**

1. INSURING AGREEMENT

In consideration of the payment of the required contribution and subject to all the terms of this Memorandum of Coverage, SBASIA agrees to pay the Member District for **Loss** covered by the terms, except limits of liability and deductibles, of the **Alliant Property Insurance Program (APIP) Policy No. 20-21** as that Policy applies to SBASIA, during the Coverage Period as stated on the Declarations.

2. MEMBER DISTRICT DEDUCTIBLE

The Member District Deductible stated under Item 3 of the Declarations page applies to each **Loss** covered by the terms and conditions, except limits of liability and deductibles, incorporated from the **Alliant Property Insurance Program (APIP) Policy No. 20-21**.

3. LIMITS OF LIABILITY

The Limits of Liability stated under Item 4 of the Declarations applies to each **Loss** covered by the terms and conditions, except limits of liability and deductibles, incorporated from the **Alliant Property Insurance Program (APIP) Policy No. 20-21**, except those Sub-Limits of Liability stated under Item 5.

4. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

5. AUTO PHYSICAL DAMAGE

- A. The terms and conditions of the APIP policy are amended to include **Auto Physical Damage Coverage**.
- B. As respects **Auto Physical Damage Coverage**, SBASIA will pay for **Loss** using the valuation, either actual cash value or replacement cost, provided in the **Alliant Property Insurance Program (APIP) Policy No. 20-21**.

- C. As respects **Auto Physical Damage Coverage**, the following are excluded:
- (1) Towing
 - (2) Diminution in Value
 - (3) Wear and tear, freezing, mechanical or electrical breakdown
 - (4) Blowouts, punctures or other road damage to tires
 - (5) Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment

6. DEFINITIONS

The conditions of this Memorandum of Coverage shall be applied as if the definition of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS – means direct physical loss or damage to covered property and loss resulting from interruption of business, services or rental value caused by direct physical loss or damage to covered property as defined in the **Alliant Property Insurance Program (APIP) Policy**. As respects **Auto Physical Damage Coverage**, **Loss** means direct and accidental physical loss or damage to an **auto**.

AUTO – means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment or any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

AUTO PHYSICAL DAMAGE COVERAGE – covers **Loss** of an owned or hired **auto** under **Collision** and **Comprehensive Coverage**.

COLLISION COVERAGE – covers **Loss** caused by an **auto's** collision with another object or **auto's** overturn.

COMPREHENSIVE COVERAGE – covers **Loss** from any cause except **Collision**.

MEMBER DISTRICT OR MEMBER ENTITY – means a signatory to the Joint Powers Agreement forming the South Bay Area Schools Insurance Authority. This meaning shall apply to the term Member District or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

7. OTHER INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member District and applicable to any part of the loss, whether such other insurance or coverage is stated to be primary, excess, contingent or

otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

8. NOTICE OF LOSS

Upon the happening of any **Loss** likely to involve SBASIA under this Memorandum of Coverage, the Member District shall give notice, either written or oral, as soon as practicable to the Claims Adjustor of SBASIA. Such notice shall contain particulars sufficient to identify the Member District and fullest information obtainable at the time.

9. PAYMENT OF LOSS

Upon final determination of **Loss**, SBASIA will promptly pay the Member District the amount of **Loss** falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SBASIA will be subrogated to all the Member District's rights of recovery against any person or organization and SBASIA shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the **Loss** to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SBASIA.

To be valid, this Memorandum must be signed by SBASIA's President or Vice President.

President, James Crawford

Date



Agenda Item F.5

CRIME POLICY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Crime insurance for SBASIA for the period July 1, 2020 to July 1, 2021.

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

FISCAL IMPACT: \$34,388 for the period of July 1, 2020 to July 1, 2021

BACKGROUND: The Crime policy will be expiring on July 1, 2020. The Alliant Crime Insurance Program (ACIP) with National Union Fire Insurance Company of Pittsburgh, PA as the insurance carrier has quoted the expiring limit of \$3,000,000 per occurrence and \$5,000 deductible.

The Crime policy provides coverage for Employee Theft-Per Loss, Forgery or Alteration, Inside the Premises-Theft of Money & Securities, Inside the Premises-Robbery or Safe Burglary of Other Property, Outside the Premises, Computer Fraud, Funds Transfer Fraud and Money Orders & Counterfeit Money

ATTACHMENTS: 2020-2021 Crime Proposal

2020-2021 Alliant Crime Insurance Program Government Crime Insurance Proposal South Bay Area Schools Insurance Authority

Named Insured / Additional Named Insureds

First Named Insured(s)

South Bay Area Schools Insurance Authority

Additional Named Insured(s)

See attached Named Insured List

NAMED INSURED DISCLOSURE

- The first named insured is granted certain rights and responsibilities that do not apply to other policy named insureds and is designated to act on behalf of all insureds for making policy changes, receiving correspondence, distributing claim proceeds, and making premium payments.
- **Are ALL entities listed as named insureds?** Coverage is **not** automatically afforded to all entities unless specifically named. Confirm with your producer and service team that all entities to be protected are on the correct policy. Not all entities may be listed on all policies based on coverage line.
- Additional named insured is (1) A person or organization, other than the first named insured, identified as an insured in the policy declarations or an addendum to the policy declarations. (2) A person or organization added to a policy after the policy is written with the status of named insured. This entity would have the same rights and responsibilities as an entity named as an insured in the policy declarations (other than those rights and responsibilities reserved to the first named insured).
- Applies to Professional Liability, Pollution Liability, Directors & Officers Liability, Employment Practices Liability, Fiduciary Liability policies (this list not all inclusive). Check your Policy language for applicability. These policies provide protection to the Named Insured for claims made against it alleging a covered wrongful act. Coverage is not afforded to any other entities (unless specifically added by endorsement or if qualified as a "Subsidiary" pursuant to the policy wording) affiliated by common individual insured ownership or to which indemnification is otherwise contractually owed. If coverage is desired for affiliated entities or for contractual indemnities owed, please contact your Alliant Service Team with a full list of entities for which coverage is requested. With each request, include complete financials and ownership information for submission to the carrier. It should be noted, that the underwriter's acceptance of any proposed amendments to the policy, including expansion of the scope of "Insureds" under the policy could result in a potential diminution of the applicable limits of liability and/or an additional premium charge.

2020-2021 Alliant Crime Insurance Program Government Crime Insurance Proposal South Bay Area Schools Insurance Authority

Line of Coverage Government Crime Coverage

INSURANCE COMPANY:	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	
A.M. BEST RATING:	A (Excellent); Financial Size Category: XV (\$2 Billion or greater) Verified on May 14, 2020	
STANDARD & POOR'S RATING:	A+, Strong Financial Security Verified on May 14, 2020	
STATE STATUS:	Admitted	
PROGRAM POLICY/COVERAGE TERM:	July 1, 2020 – July 1, 2021	
RETROACTIVE DATE:	N/A	
COVERAGE:	<p>Government Crime Policy on Discovery form including the following coverages:</p> <ul style="list-style-type: none"> • Employee Theft – Per Loss Coverage - including Faithful Performance of Duty • Forgery or Alteration - including Credit, Debit, or Charge Card Forgery • Inside the Premises – Theft of Money and Securities • Inside the Premises – Robbery & Safe Burglary of Other Property • Outside the Premises - Money, Securities and Other Property • Computer Fraud • Funds Transfer Fraud • Money Orders & Counterfeit Money 	
	<u>2019-2020 CURRENT</u>	<u>2020-2021 PROPOSED</u>
LIMITS:	\$3,000,000	\$3,000,000
DEDUCTIBLE:	\$5,000	\$5,000
ANNUAL PREMIUM:	\$32,750	\$34,388

2020-2021 Alliant Crime Insurance Program Government Crime Insurance Proposal South Bay Area Schools Insurance Authority

Line of Coverage

Government Crime Coverage - Continued

MINIMUM EARNED PREMIUM:	None
POLICY AUDITABLE:	No
DESIGNATED AGENTS AS ENDORSED:	<p>None Reported</p> <p>If your entity has a written agreement in place with any person, partnership or corporation to act as your Designated Agent and needs to be included for coverage, please contact Alliant to request approval.</p> <p>If your entity has a written agreement in place with any person, partnership or corporation to act as your Designated Agent and needs to be included for coverage, please contact Alliant to request approval.</p>
ENDORSEMENTS (including but not limited to):	<ul style="list-style-type: none"> • California Changes • Additional Named Insured – Identifies individual member limit and deductible • Add Faithful Performance of Duty Coverage for Government Employees – Employee Theft Per Loss Limit • Revision of Discovery and Prior Theft or Dishonesty \$25,000 Sub-Limit, Risk Management Department or other department designated to handle insurance matters for the named insured. • Cancellation of Policy Amended –120 Days • Bonded Employees Exclusion Deleted endorsement • Add Credit, Debit or Charge Card Forgery • Include Specified Non-Compensated Officers as Employees - ALL • Include Chairperson and Members of Specified Committees – ALL • Include Designated Persons or Classes of Persons as Employees – Any Directors or Trustees of any of those named as insured; Any board members of any of those named as insured, Any elected or appointed officials • Include Volunteer Workers as Employees • Include Treasurers or Tax Collectors as Employees • Include Expenses Incurred to Establish Amount of Covered Loss - \$75,000 Sub-limit • Employee Post Termination Coverage – 90 Days • Cancellation Amendatory (Return Pro-Rata) • Include Leased Workers as Employees Endorsement • Notice of Claim Reporting by Email

2020-2021 Alliant Crime Insurance Program Government Crime Insurance Proposal South Bay Area Schools Insurance Authority

ENDORSEMENTS (including but not limited to) Cont.:

- Economic Sanctions (excludes loss payments in violation of economic or trade sanctions)
- Omnibus Named Insured
- Vendor Theft - \$1,000,000 Limit excess of vendor insurance policy limit (\$500,000 minimum) required by contract Coverage not applicable if crime insurance is not required in a written agreement.
- Conditions Amended – Subrogation of Faithful Performance of Duty Claims
- Third Party Coverage – Loss of or damage to ‘Client Property’– Sublimit \$250,000 with a \$25,000 Deductible.
- Impersonation Fraud Endorsement –Sublimit \$250,000 with \$25,000 Retention – Does not apply to any losses prior to 07/01/2015- **Updated**
- Blanket Joint Loss Payable- Where legally permissible

EXCLUSIONS (Including but not limited to):

- Unauthorized disclosure of confidential information
- Governmental Action
- Indirect or Consequential Loss- **new**
- Protected Information (Carveback)- **new**
- Legal Fees and Expenses
- Nuclear Hazard
- Pollution
- War and Military Action
- Inventory Shortages
- Trading losses
- Accounting or Arithmetical Errors or Omissions
- Exchanges or Purchases
- Fire
- Money Operated Devices
- Motor Vehicles or Equipment and Accessories
- Transfer or Surrender or Property
- Vandalism
- Voluntary Parting of Title to Possession of Property

PROPOSAL VALID UNTIL:

June 30, 2020

**2020-2021 Alliant Crime Insurance Program
Government Crime Insurance Proposal
South Bay Area Schools Insurance Authority**

CLAIMS REPORTING PROCEDURE:

AIG
Financial Lines Claims
P.O. Box 25947
Shawnee Mission, KS 66225
Fax: 866-227-1750
Email: c-claim@aig.com

Please forward a copy of the loss to the following Alliant Claim Advocates:

Alliant Insurance Services, Inc.
Attn: Robert Frey, Senior Vice President
100 Pine Street, 11th Floor
San Francisco, CA 94111
Phone: 415-403-1400
Fax: 415-403-1466
E-Mail: rfrey@alliant.com

Alliant Insurance Services, Inc.
Attn: Elaine Tizon, Assistant Vice President
100 Pine Street, 11th Floor
San Francisco, CA 94111
Phone: 415-403-1400
Fax: 415-403-1458
E-Mail: etizon@alliant.com

SUBJECTIVITIES:

- Signed and currently dated "Request to Bind" page.
- Payment to Alliant is due within 25 Days of Binding

BROKER:

ALLIANT INSURANCE SERVICES, INC.
Newport Beach, CA

Tom E. Corbett, Senior Vice President
Mariana C. Salyer, CISR, Program Specialist- Lead

See Disclaimer Page for Important Notices and Acknowledgement

**2020-2021 Alliant Crime Insurance Program
Government Crime Insurance Proposal
South Bay Area Schools Insurance Authority**

Disclosures

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal, whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

2020-2021 Alliant Crime Insurance Program Government Crime Insurance Proposal South Bay Area Schools Insurance Authority

NY Regulation 194

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

Other Disclosures / Disclaimers

FATCA:

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

Certificates / Evidence of Insurance

A certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.

You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

2020-2021 Alliant Crime Insurance Program Government Crime Insurance Proposal South Bay Area Schools Insurance Authority

Other Disclosures / Disclaimers - Continued

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.

See Request to Bind Coverage page for acknowledgment of all disclaimers and disclosures.

2020-2021 Alliant Crime Insurance Program Government Crime Insurance Proposal South Bay Area Schools Insurance Authority

Request to Bind Coverage

South Bay Area Schools Insurance Authority

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

Coverage Line	Bind Coverage for:	Annual Premium
ACIP Government Crime Program Policy Period: July 1, 2020- July 1, 2021	<input type="checkbox"/> \$5,000 Deductible \$3,000,000 Limit	\$34,388

This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal.

Signature of Authorized Insurance Representative

Date

Title

Printed / Typed Name

This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval. *The actual terms and conditions of the policy will prevail.*

**ALLIANT CRIME INSURANCE PROGRAM (ACIP)
GOVERNMENT CRIME POLICY
JULY 1, 2020 TO JULY 1, 2021**

COVERAGE EFFECTIVE DATE: 07/01/2020

INSURED: **South Bay Area Schools Insurance Authority**
C/O Alliant Insurance Services
2180 Harvard, St, Ste. 460
Sacramento, CA 95815

NAMED INSURED:

South Bay Area Schools Insurance Authority;
Berryessa Union School District
Campbell Union School District
Evergreen School District
Lakeside Joint School District
Los Altos School District
Los Gatos-Saratoga Joint Union High School District
Metropolitan Education District
Milpitas Unified School District
Mountain View-Los Altos Union High School District
Mountain View Whisman School District
Santa Clara County Office of Education
Santa Clara Unified School District



Agenda Item F.6.

DEADLY WEAPON RESPONSE POLICY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Deadly Weapon Response insurance for SBASIA for the period July 1, 2020 to July 1, 2021.

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

FISCAL IMPACT: \$16,155.53 for the period of July 1, 2020 to July 1, 2021

BACKGROUND: The Deadly Weapon Response policy will be expiring on July 1, 2020. The insurance carrier, Beazley, a Lloyds of London syndicate, has quoted the expiring limit of \$500,000 per claim, \$2,500,000 aggregate and \$10,000 deductible. This is a claims made and reported policy with a retroactive date of 7/1/18.

The Deadly Weapon Response policy provides sublimits of \$250,000 each for Crisis Management Services, Counseling Services, Funeral Expenses, First Party Property Damage, Business Interruption and Demo/Clearance/Memorialization. These sublimits are part of the overall limit and not in addition to the overall limit.

ATTACHMENTS: 2020-2021 Deadly Weapon Response Program Proposal

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL

INSURED	South Bay Area Schools Insurance Authority
INSURANCE COMPANY:	Underwriters at Lloyd's of London
A.M. BEST RATING:	A (Excellent) XV; Greater than \$2,000,000,000
STANDARD AND POOR'S RATING:	A+, Strong Financial Security
STATE LICENSE STATUS:	Non-Admitted
POLICY TERM:	July 1, 2020 – July 1, 2021
COVERAGE FORM:	Claims Made & Reported
COVERAGE TYPE:	Third Party Bodily Injury Liability, First Party Property Damage, Business Interruption & Crisis Management for events occurring at a location appearing on your Schedule of Values on file with Alliant Insurance Services, Inc.
LIMITS:	
Per Occurrence	\$ 500,000
Aggregate (Shared by Members of Pool/JPA)	\$ 2,500,000
DEDUCTIBLE:	\$10,000 Each Event including Claims Expenses
RETROACTIVE DATE:	7/1/2018

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

SUB-LIMITS:

(Each Sublimit is part of the Overall Limit of Liability and not in addition to it)

\$ 250,000	Crisis Management Services - specified in endorsement
\$ 250,000	Crisis Management Services – unspecified
\$ 250,000	Counseling Services
\$ 250,000	Funeral Expenses
\$ 250,000	Business Interruption
\$ 250,000	Demo/Clearance/Memorialization
\$ 250,000	Extra Expense
\$ 250,000	Threat
\$ 25,000	Per Person for Medical Expenses with a \$500,000 annual aggregate
\$ 50,000	Per Person Accidental Death and Dismemberment with a \$500,000 annual aggregate

ENDORSEMENTS:

(Including But Not Limited To)

- Deadly Weapon & Security Vulnerability Post Underwriting Review
- Deadly Weapon Safety Action Plan Seminar
- Crisis Management Services
- Circumstance Extension
- Property Damage Extension
- Counselling Services
- Funeral Expenses
- Short Rate Cancellation Table
- Premium Payment Clause
- Reinsurers Liability Clause
- Lloyd's Privacy Policy
- Sanction Limitation & Exclusion Clause
- Notice of Terrorism Insurance Coverage
- Business Interruption (*if applicable*)

EXCLUSIONS:

(Including But Not Limited To)

- Loss of market, loss of use or any other consequential loss at property physically lost or damaged
- Confiscation, nationalization, requisition or destruction of or damage to property by government, public or local authority

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

EXCLUSIONS - CONTINUED:

(Including But Not Limited To)

- Euthanasia
- Any explosive devices unless used in conjunction with a Deadly Weapon Event.
- Fraudulent Claims
- Any actual or alleged negligent act, error, omission, misstatement, misleading statement, neglect or breach of duty by the Directors or Officers, in the discharge of their duties solely in their capacity as Directors or Officers of the Named Insured
- Any vehicle not defined as a road vehicle
- Any weapon mounted (or designed to be mounted) on a vehicle
- Any weapon, device or substance delivered by an airborne weapon delivery system including, but not limited to, fixed wing aircraft, helicopter or drone
- Injury or death to any employees of any third party whom the Named insured has contracted for services.
- Any claim or claims made by or on behalf of an Assailant.
- Use or operation as a means to inflict harm of any computer, computer system, computer software, malicious code, computer virus or any other electronic system.
- Workers Compensation
- Employment Practices
- Ionizing radiations or contamination by radioactivity from nuclear waste or fuel
- Radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor, assembly or component
- Mercy Killing(s)
- Cross Suits
- Strikes, labor unrest, riots or civil commotion
- Suicide
- War, insurrection, civil commotion

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

EXCLUSIONS - CONTINUED:

(Including But Not Limited To)

- Mental injury or mental anguish related claim where no Bodily Injury occurred to claimant (Except as included by endorsement for counselling services)
- Any weapon or device employing atomic or nuclear fission, fusion or other like reaction or force or matter
- Loss, injury or damage caused by or resulting from Named Insured's recklessness or deliberate misconduct
- Chemical, biological, bio-chemical or electromagnetic weapon
- Nuclear reaction, radiation or contamination, however caused
- Any Pollutant or Contaminant however introduced or arisen
- Property Damage in care, custody or control of Named Insured or person under contract (except as maybe provided by the 1st Party Property coverage)
- Punitive or exemplary damages, sanctions or additional damages
- COVID19
- Any Deadly Weapon Event that occurs at a Location(s) which has been specifically leased or loaned by the Named Insured to any other entity or individual to host a permitted event planned and ticketed for more than 500 attendees over the duration of the event, except with the prior written agreement of the Underwriters. Upon notification of any such permitted event, the Underwriters may, at their discretion, charge an additional premium and/or impose additional conditions specifically for that event.

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

**ADDITIONAL EXCLUSIONS RELATING TO
PROPERTY & BUSINESS INTERRUPTION:**
(Including But Not Limited To)

- Land or land values
- Aircraft, watercraft or any vehicle licensed for highway use
- Animals
- Money, currency, checks, coins, stamps, securities, valuable papers, evidences of debt, precious stones, precious metals (unless forming an integral part of Insured Property), jewelry, furs, fine arts and antiques
- Electronic data
- Any property in Transit
- Increase in loss caused by suspension, lapse, cancellation of any lease, license, contract or order, unless loss results directly from the insured Interruption of Business
- Fines, penalties or damages incurred by or imposed upon the Named Insured at order of any Government Agency, Court or other Authority

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

ANNUAL PREMIUM:	\$ 15,647.00 Premium \$ 469.41 Surplus Lines Taxes \$ <u>39.12</u> Surplus Lines Fees \$ 16,155.53 Total Cost
DEFENSE INSIDE/OUTSIDE THE LIMITS:	Inside
MINIMUM EARNED PREMIUM:	25% Minimum Earned Premium
PROPOSAL VALID UNTIL:	30 Days From Date Issued
SUBJECTIVITIES:	<ul style="list-style-type: none"> • Completed and Signed Request to Bind Coverage Form (See last page) • Completed and Signed Surplus Lines Document(s) (If applicable) • Complete Schedule of Values on file to share with the carrier. • No known or reported losses or incidents likely to give rise to a claim over the last 12 months.

See Disclaimer Page for Important Notices and Acknowledgement

Disclosures

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal, whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

Other Disclosures / Disclaimers - Continued

NY Regulation 194

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

FATCA:

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

NRRA:

The Non-Admitted and Reinsurance Reform Act (NRRA) went into effect on July 21, 2011. Accordingly, surplus lines tax rates and regulations are subject to change which could result in an increase or decrease of the total surplus lines taxes and/or fees owed on this placement. If a change is required, we will promptly notify you. Any additional taxes and/or fees must be promptly remitted to Alliant Insurance Services, Inc.

Other Disclosures / Disclaimers - Continued

Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another states, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

Certificates / Evidence of Insurance

- A certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.
- You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.

Other Disclosures / Disclaimers - Continued

Commercial Property Coverage

***Property Co-insurance:** Most property insurance policies contain a co-insurance clause. In exchange for a reduced rate, the insured agrees to carry at least the stated percentage of insurance to the total insurable value of the property. If, at the time of loss, the amount of insurance carried is less than this percentage, the loss payment will be reduced proportionately.

Glossary of Insurance Terms

Below are a couple of links to assist you in understanding the insurance terms you may find within your insurance coverages:

<http://insurancecommunityuniversity.com/UniversityResources/InsuranceGlossaryFREE.aspx>

<http://www.ambest.com/resource/glossary.html>

<http://www.irmi.com/online/insurance-glossary/default.aspx>

Optional Coverages

The following represents a list of insurance coverages that are not included in this proposal, but are optional and may be available with further underwriting information. Note some of these coverages may be included with limitations or insured elsewhere. This is a partial listing as you may have additional risks not contemplated here or are unique to your organization.

- Crime / Fidelity Insurance
- Directors & Officers Liability
- Earthquake Insurance
- Employed Lawyers
- Employment Practices Liability
- Event Cancellation
- Fiduciary Liability
- Fireworks Liability
- Flood Insurance
- Foreign Insurance
- Garage Keepers Liability
- Kidnap & Ransom
- Law Enforcement Liability
- Media and Publishers Liability
- Medical Malpractice Liability
- Network Security / Privacy Liability and Internet Media Liability
- Pollution Liability
- Owned/Non-Owned Aircraft
- Owned Watercraft
- Special Events Liability
- Student Accident
- Volunteer Accidental Death & Dismemberment (AD&D)
- Workers' Compensation
- Workplace Violence

Request to Bind Coverage

South Bay Area Schools Insurance Authority

We have reviewed the proposal and agree to the terms and conditions of the coverages presented.
We are requesting coverage to be bound as outlined by coverage line below:

Coverage Line	Annual Premium	Bind	Decline
DEADLY WEAPON RESPONSE PROGRAM			
Limit \$500,000 Aggregate (Shared by Members of Pool/JPA) \$2,500,000	\$16,155.53	<input type="checkbox"/>	<input type="checkbox"/>
<i>Premium will be prorated based on join date</i>			

This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal.

_____ Signature of Authorized Insurance Representative	_____ Date
_____ Title	
_____ Printed / Typed Name	

This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval. *The actual terms and conditions of the policy will prevail.*



Agenda Item F.7

CAJPA TORT LIABILITY DATA ANALYSIS PROJECT

ACTION ITEM

ISSUE: The Board of Directors should decide whether to provide financial support for CAJPA's Tort Liability Data Analysis project.

RECOMMENDATION: None.

FISCAL IMPACT: To be determined. CAJPA has requested financial support in the amount of \$5,000.

BACKGROUND: The increase in tort liability costs continues to be an issue for public entities. California Association of Joint Powers Authorities (CAJPA) commissioned a Tort Liability Data Analysis project. The data from this project will be used to educate policymakers and to lobby for reform of the tort system in California.

ATTACHMENTS: CAJPA Letter

Joan Crossley
South Bay Area Schools Insurance Authority
2180 Harvard Street, Ste. 460
Sacramento, CA 95815

Dear Joan:

I am contacting you on behalf of the California Association of Joint Powers Authorities (CAJPA) as a valued member and risk sharing pool advocate. As you know, tort liability costs are a growing issue facing public entities in California which can threaten both the long-term financial stability of an agency as well as the ability to secure essential coverages at a reasonable price. The cost of claims, driven by unexpectedly high jury verdicts, social inflation, settlements and defense costs has created a hard liability insurance market and are placing severe financial pressures on California public entities.

As these challenges became apparent, CAJPA's leadership knew they needed to step up and be not only a resource to our pool members but the loud voice of advocacy for California's risk sharing pools.

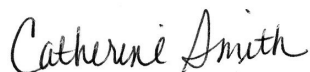
After two years of thoughtful dialogue and research, CAJPA has commissioned a California statewide public sector "Tort Liability Data Analysis Project". After an RFP process was conducted, Aon was selected which began in early 2020. Julie Theirl from Aon is serving as the Project Manager and will be supported by others from Aon including Craig Bowlus and Mujtaba Datoo. In addition, Aon is partnering with Bickmore Actuarial who will assist with the actuarial portion of the project. The goal is to have the results of the project available by the end of 2020. An Advisory Committee is guiding the project through to its conclusion.

Phase One of the project is coming to a conclusion and has been primarily funded by the generous financial support of some of CAJPA members. We are now reaching out to other CAJPA members asking for their consideration of financial support for the remainder of the project.

CAJPA's data analysis project was started prior to the pandemic and we are certainly sensitive to the timing of our request. But with the passage of AB 218, the social inflation that is driving up litigation costs and the unknown impact of COVID-19, we feel this project is more important now than ever. We are asking South Bay Area Schools Insurance Authority to consider financial support in the amount of \$5000. We will be greatly appreciative of any financial support of this essential project to help us continue to move forward.

If you have any questions or need additional information, please do not hesitate to contact me. The full completion of this project will provide the data that CAJPA will need to educate policymakers and ultimately reform the tort system for public entities in California.

Most sincerely,



Catherine Smith
Executive Director



Agenda Item F.8

REVENUE AND EXPENSE BUDGET FOR JULY 1, 2020-2021

ACTION ITEM

ISSUE: The Board of Directors should adopt a Budget as well as review and approve the member contributions based on the allocation of anticipated expenses for the fiscal year July 1, 2020- June 30, 2021.

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

FISCAL IMPACT: To be determined. The final effect on SBASIA's financial condition is unknown due primarily to the unforeseen actual costs of claims assumed during the 20-21 fiscal year. However, funding of these claims at 80% confidence level is conservative and in accord with general joint powers authority sound funding practices. Using the 80% confidence level, the anticipated loss funding is \$1,790,000. Last year the anticipated loss funding was \$1,484,000 with 80% confidence level.

The administrative expenses are projected to be \$447,899.

BACKGROUND: Government Code Section 6508 requires the governing board of a joint powers authority to adopt an annual budget prior to the inception of the fiscal year.

ATTACHMENTS: None



South Bay Area Schools Insurance Authority
Board of Directors
June 11, 2020

Agenda Item F.9

SELF ASSESSMENT FOR AB 218 CLAIMS FUNDING

INFORMATION ITEM

EXPLANATION: The JPA has Liability insurance with SELF (Schools Excess Liability Fund) from \$5 million to \$55 million limit. SELF will be hit hard by AB 218 which became law on January 1, 2020. Staff will discuss the SELF assessment to fund for AB 218 claims.

ATTACHMENTS: None



Agenda Item G.1

SBASIA ELECTION OF OFFICERS AND EXECUTIVE COMMITTEE

ACTION ITEM

ISSUE: The Board of Directors should review the slate of Officers and Executive Committee Member at Large presented by the Executive Committee and take nominations from the floor. The Board should elect officers and the Executive Committee Member at Large.

RECOMMENDATION: The Executive Committee presents the following slate of officers for consideration by the Board:

President: Mr. Eric Dill, Santa Clara Unified School District
Vice President: Ms. Delores Perley, Evergreen School District
Treasurer: Mr. Mike Mathiesen, Mountain View-Los Altos Union High School District
Secretary: Mr. Ron Lebs, Metropolitan Education District
Member at Large: Ms. Wendy Zhang, Milpitas Unified School District

FISCAL IMPACT: None

BACKGROUND:

Under the Bylaws – Article III - Officers reads as follows:

- A. The officers of the Authority shall be elected at a regular meeting of the Board of Directors immediately preceding July 1st 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.

Under the Bylaws – Article IV – Executive Committee reads as follows:

- 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.

ATTACHMENTS: None



South Bay Area Schools Insurance Authority
Board of Directors
June 11, 2020

Agenda Item G.2

INVESTMENT AUTHORITY

ACTION ITEM

ISSUE: The Board of Directors should renew the delegation of the authority to invest or reinvest funds of SBASIA to the Treasurer for the period July 1, 2020 to June 30, 2021.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board regarding the delegation of authority to invest funds to the Treasurer.

FISCAL IMPACT: None.

BACKGROUND: Government Code 53607 provides for the delegation of the authority of the legislative body of a local agency to invest funds to the Treasurer. Such delegation cannot exist beyond one year so the Board will need to authorize the newly elected/appointed treasurer to invest the funds of SBASIA.

ATTACHMENTS: None



Agenda Item G.3

REVIEW OF INVESTMENT POLICY

ACTION ITEM

ISSUE: The Board of Directors should review the Investment Policy and make any changes, if necessary.

RECOMMENDATION: The Program Administrator recommends the Investment Policy as presented.

FISCAL IMPACT: None.

BACKGROUND: The JPA adopted an investment policy in 2003. Government Code 53646 requires annual review of the investment policy by the governing body of a local agency. There are no recommended changes to the Investment Policy.

ATTACHMENTS: Investment Policy

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
(SBASIA)**

INVESTMENT POLICY

Adopted March 27, 2003

I. POLICY STATEMENT

The Policy of the South Bay Area Schools Insurance Authority (the "Authority") shall be to invest all funds under the Authority's control in a manner that complies with all laws of the State of California; all applicable Government Code Sections including but not limited to Government Code Section 53601, and the policies of the Authority.

II. SCOPE OF POLICY

This policy sets forth guidance for all funds and investment activities under the direction and control of the Authority.

III. AUTHORITY

The Authority's Treasurer is responsible for the investment activities for those funds under his/her control. The Authority may delegate its investment decision making and execution authority to an investment advisor. The advisor shall follow the policy and such other written instructions as are provided.

IV. OBJECTIVES

- A. Safety: The primary objective of this policy is to protect, preserve and maintain cash and investments of the Authority. Preservation of capital is the primary objective of the Authority. Every investment transaction shall strive to avoid capital losses arising from securities default and/or broker/dealer default.
- B. Liquidity: An adequate percentage of the portfolio will be maintained in liquid short-term securities which can be converted to cash as necessary to meet disbursement requirements. The liquidity requirements will be determined from time to time from projected cash flow reports. Investments will be made in securities with active secondary or resale markets. Securities with low market risk will be emphasized.
- C. Yield: Within the constraints of safety and liquidity, the highest and best yield will be sought. The maximization of return will not transcend the objective of capital preservation.
- D. Market-Average Rate of Return: The Authority's portfolio shall be structured to achieve a market-average rate of return through various economic cycles. The benchmark for "market-average rate" shall be the rate of return on the three-month Treasury Bill.
- E. Diversification: The portfolio will be diversified to avoid incurring unreasonable and avoidable risk regarding specific security types or individual financial institutions.
- F. Prudence: Those persons authorized to make investment decisions on behalf of the Authority will be considered trustees and subject to the prudent investor standard that states, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency." (California Government Code 53600.3)
- G. Public Trust: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall investment return.

V. REPORTING

The Authority's Treasurer shall submit a quarterly investment report to the Board of Directors that is in compliance with the Government Code.

VI. INVESTMENT INSTRUMENTS AND MATURITIES

A. Included Investments:

Type	Minimum Credit Rating	Maximum Maturity**	Maximum Portfolio Percentage *	Maximum Individual Holding*
1. U.S. Treasury		5 years	100%	100%
2. Government Agency		5 years	100%	100%
3. California Municipals	AAA	5 years	20%	20%
4. Negotiable Certificates of Deposit	A-1 or P-1/AA	3 years	30%	\$1,000,000
5. Bankers Acceptances	A-1 or P-1	180 days	30%	\$1,000,000
6. Commercial Paper	A-1, P-1, or F-1	270 days	25%	\$1,000,000
7. Local Agency Investment Fund (LAIF)			100%	100%***
8. Santa Clara County Investment Pool			100%	100%
9. Repurchase Agreements		1 year	100%	\$1,000,000
10. Medium Term Notes	AA	5 year	30%	\$1,000,000

* Excluding U.S. Government, agency securities, LAIF and the County Investment Pool no more than 10% of the portfolio may be invested in any one institution. The maximum percentages/amounts are determined at time of purchase. Amount refers to par value.

**Maximum term unless expressly authorized by the Board of Directors and within the prescribed time frame for the approval (Government Code ☐53601)

*** Subject to a deposit limit imposed by LAIF of \$40,000,000.

B. Excluded Investments: The following investments or investment practices are not permitted under this Statement of Investment Policy:

1. Purchase or sale of securities on margin
2. Reverse Repurchase Agreements
3. Financial Futures and financial options
4. Guaranteed Small Business Administration (SBA) Notes
5. Government National Mortgage Association (GNMA) Notes
6. Mutual Funds

C. The following sections define in detail the parameters of each approved investment type.

1. U.S. Treasury and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

There are no limits on the dollar amount or percentage that the Agency may invest in U.S. Treasuries.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

There are no limits on the dollar amount or percentage that the Authority may invest in U.S. Agency obligations.

3. Obligations issued by the State of California or any local agency within the state which are rated "AAA" by Moody's Investors Service, Inc. (Moody's) or Standard & Poor's Corporation (Standard & Poor's). Purchases of California Municipals may not exceed 5 years in maturity or 20% of the Agency's portfolio.
4. Negotiable certificates of deposit or deposit notes with a remaining term to maturity of two years or less, issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's. Maximum maturity is restricted to three years from date of purchase.

Purchases or negotiable certificates of deposit may not exceed three years in maturity or 30 percent of the Agency's investment portfolio. No more than \$1 million may be invested in any one issuer.

5. Banker's Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by Moody's (P-1) or by Standard & Poor's (A-1).

Purchases of Banker's Acceptances may not exceed 180 days maturity or 30 percent of the Authority's investment portfolio. No more than \$1 million or 40 percent of the Authority's investment portfolio may be invested in the Banker's Acceptances of any one commercial bank.

6. Commercial Paper rated in the highest short-term rating category, as provided by Moody's Investors Services, Inc. (P-1), Standard & Poor's (A-1), or Fitch Financial Services (F-1). The issuing corporation must be organized and operating within the United States, having total assets in excess of \$500 million, and having an "A" or higher rating for its long-term debt, if any, as provided by Moody's, Standard & Poor's, or Fitch.

Purchases of eligible commercial paper may not exceed 270 days maturity and may not exceed 25 percent of the Authority's investment portfolio. No more than \$1 million may be invested in any one issuer. Purchases shall not exceed 10% of the outstanding paper of the issuing corporation.

7. Repurchase Agreements are subject to the following collateral restrictions: Only U.S. Treasury securities or Federal Agency securities, as described in VI. C. 1 and 2 will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be reviewed on a regular basis and adjusted no less than weekly. Market value of underlying collateral must be reviewed regularly or each time there is a substitution of collateral.

The Authority may enter into repurchase agreements only with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York. The Authority will have specific written agreements with each firm with which it enters into repurchase agreements. Reverse repurchase agreements are not allowed.

Purchases or repurchase agreements may not exceed one year in maturity and no more than \$1 million may be invested in any one issuer.

8. Medium-term corporate notes defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued only by corporations operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. shall be permitted. Medium-term corporate notes shall be rated in a rating category of "AA-" or its equivalent or better by a nationally recognized rating service.

Purchases or medium term corporate notes may not exceed five years in maturity or 30 percent of the Agency's investment portfolio. No more than \$1 million may be invested in any one issuer.

9. Local Agency Investment Fund (*L.A.I.F.*) - There are no limits on the dollar amount or percentage that the Agency may invest in LAIF.
10. Santa Clara County Investment Pool – There is no limit on the dollar amount or percentage that the Agency may invest in the County Pool.

Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased.

VII. INTERNAL CONTROLS

The system of internal control shall be established and maintained in written form. The controls are designed to prevent losses of public funds arising from fraud, error, misrepresentations of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Authority. The most important controls are: control of collusion; separation of duties; separation of transaction authority from accounting and bookkeeping; custodial safekeeping; delegation of authority; limitations regarding securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and annual review of controls by the Treasurer.

VIII. TRANSFER OF FUNDS

The Treasurer shall have authority to transfer to and from the investment accounts in the ordinary course of operations.

IX. BANKS AND SECURITIES DEALERS

In selecting financial institutions for the deposit or investment of Authority funds, the Treasurer shall consider the credit worthiness of institutions. To be eligible to receive local agency deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which Agency funds are deposited or invested. A commercial rating or bank watch may be used to accomplish this objective.

X. INVESTMENT RISKS

- A. **General Policy:** The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary liquidity. Portfolio diversification is employed as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. As needed, the Treasurer shall periodically meet with the Board of Directors to establish guidelines and strategies to control credit risk, market risk, and liquidity.
- B. **Specific Policy:** In addition to these general policy considerations, the following specific policies will be followed:
1. All transactions will be executed on a delivery versus payment basis
 2. A competitive bid process, when practical, will be used to place all investments

XI. SAFEKEEPING AND CUSTODY

Securities purchased from broker/dealers will be held in a third-party custodian/safekeeping account except the collateral for time deposits in banks and savings and loans institutions. Collateral for time deposits of thrifts is held by the Federal Home Loan Bank or an approved Agent of Depository. Collateral for time deposits in banks will be held in the Authority's name in the bank's Trust Department of the Federal Reserve Bank.

XII. REVIEW OF INVESTMENT POLICY

The objectives and the performance of the portfolio will be reviewed annually by the Executive Committee, which will submit to the Board of Directors recommendations for changes, if any, to the Investment Policy.



Agenda Item G.4

REVIEW OF CONFLICT OF INTEREST CODE

ACTION ITEM

ISSUE: The Board of Directors should review the Conflict of Interest Code and make any changes, if necessary.

RECOMMENDATION: The Program Administrator recommends the Conflict of Interest Code as presented.

FISCAL IMPACT: None.

BACKGROUND: The Political Reform Act, Government Code Sections 81000, et. Seq., requires state and local government agencies to adopt Conflict of Interest Codes. The Conflict of Interest Code for the public agency must be reviewed by the governing Board every even numbered year. Any changes, or a statement that it has been reviewed and no changes required, must be filed with FPPC prior to October 1st.

ATTACHMENTS: Conflict of Interest Code

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

CONFLICT OF INTEREST CODE

The Political Reform Act (Government Code Section 81000, et. seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Sec. 18730) that contains the terms of the standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest code of the **South Bay Area Schools Insurance Authority (Authority)**.

Individuals holding designated positions shall file their statements of economic interests with the **Authority**, which will make the statements available for public inspection and reproduction. (Gov. Code Sec. 81008.) Upon receipt of the statements, the **Authority** shall make and retain copies and forward the originals to the **Fair Political Practices Commission**. All original statements will be retained by the **Fair Political Practices Commission**.

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

APPENDIX A-DESIGNATED POSITIONS

<u>Designated Positions</u>	<u>Disclosure Category</u>
Members and Alternates of the Board of Directors	1, 2, 3, and 4
Administrator	1, 2, 3, and 4
Accountant	1, 2, 3, and 4
Consultants/New Positions	*

Note: The positions of Administrator and Accountant are filled by outside consultants, but act in a staff capacity.

*Consultants/New positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following:

The Administrator may determine in writing that a particular consultant/new position, although in a “designated position”, is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant/new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Administrator’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.(Gov. Code Sec. 81008)

The following positions are not covered by the conflict-of-interest code because they must file under Government Code Section 87200 and, therefore, are listed for informational purposes only:

Treasurer

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Section 87200.

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

APPENDIX B-DISCLOSURE CATEGORIES

DISCLOSURE CATEGORIES:

Disclosure Category 1

Investments and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) from entities of the type to contract with the Authority to supply materials, commodities, supplies, books, machinery, vehicles or equipment utilized by the Authority.

Disclosure Category 2

Investments and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) from entities that are contractors engaged in the performance of work or services of the type utilized by the Authority, including but not limited to, insurance companies, carriers, holding companies, underwriters, agents or accounting firms.

Disclosure Category 3

Investments and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) from entities that have filed claims, or have claims pending against the Authority.

Disclosure Category 4

Investments and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) from entities that are banks or savings and loans institutions.



Agenda Item G.5

**RESOLUTION ESTABLISHING MEETING DATES
FOR FISCAL YEAR 2020-2021**

ACTION ITEM

ISSUE: The Board of Directors should adopt a resolution establishing regular meetings for the 2020-2021 fiscal year as presented in the attachment or as amended.

RECOMMENDATION: The Executive Committee will make a recommendation regarding the adoption of the resolution establishing meeting dates.

FISCAL IMPACT: None.

BACKGROUND: Section 54954(a) of the Government Code states that regular meetings of the governing body of a local agency be established by the bylaws or resolution.

The Bylaws do not establish days or dates for the regular meetings. Although the Bylaws require that the Board hold at least 1 regular meeting a year, it is intended to have more meetings than the minimum to facilitate the business of the JPA.

ATTACHMENTS: Resolution Establishing Meeting Dates for the Fiscal Year 2020 – 2021



RESOLUTION NO.: **R20-01**

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
ESTABLISHING MEETING DATES
FOR THE FISCAL YEAR THROUGH JUNE 2021**

BE IT RESOLVED THAT:

The following Board of Directors meeting dates are hereby established for the Fiscal Year through June 2021:

December 3, 2020 10:00 A.M.

June 10, 2021 10:00 A.M.

This Resolution of the Board of Directors was adopted this 11th day of June 2020 in Campbell, California by the following vote:

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

Signed:

Attest:

James Crawford, President

Ron Lebs, Secretary