

**AGENDA**

<b>MEETING:</b>	Board of Directors Meeting Schools Program Alliance Teleconference Meeting	<b>A Action</b> <b>I Information</b>
<b>DATE/TIME:</b>	October 11, 2021 at 10:00 AM PDT	<b>1 Attached</b> <b>2 Hand Out</b> <b>3 Separate Cover</b> <b>4 Verbal</b>
<b>LOCATION VIA TELECONFERENCE:</b>	Toll Free <a href="tel:8884754499">(888) 475 4499</a> or <a href="tel:6699006833">(669) 900-6833</a> US Toll Meeting number (access code): 947 4348 3369 <a href="https://alliantinsurance.zoom.us/j/94743483369?pwd=dzBFMWJzTVMyUjYvZmNtNGNJV216Zz09">https://alliantinsurance.zoom.us/j/94743483369?pwd=dzBFMWJzTVMyUjYvZmNtNGNJV216Zz09</a>	

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| <i>Pg. 3</i> | <p><b>A. CALL TO ORDER, ROLL CALL, QUORUM</b> <span style="float: right;"><b>A 4</b></span></p> <p><b>B. APPROVAL OF AGENDA AS POSTED</b> <span style="float: right;"><b>A 4</b></span></p> <p><b>C. PUBLIC COMMENTS</b> <span style="float: right;"><b>I 4</b></span><br/><i>The public is invited at this point to address the Board of Directors on issues of interest to them.</i></p> <p><b>D. CONSENT CALENDAR</b> <span style="float: right;"><b>A 1</b></span><br/><i>The Board of Directors may take action on the items below as a group except a Board Member may request an item be withdrawn from the Consent Calendar for discussion and action.</i></p> <p>1. Minutes of SPA Long Range Planning Meeting August 30-31, 2021</p>  |
|              | <p><b>E. ADMINISTRATIVE REPORTS</b></p> <p>1. <b>Alliant Update</b><br/><i>The Board will receive an update on matters pertinent to SPA.</i></p>  |
|              | <p><b>F. GENERAL ADMINISTRATION</b></p> <p><i>Pg. 11</i> 1. <b>Long Range Action Plan Approval</b> <span style="float: right;"><b>A 1</b></span><br/><i>The Board will review and may adopt the Action Plan from the recent August 30-31, 2021 Long Range Planning Meeting as presented or revised.</i></p> <p><i>Pg. 15</i> 2. <b>SPA Resolution – Shared Risk Layer</b> <span style="float: right;"><b>A 1</b></span><br/><i>The Board will review and may approve a resolution affirming SPA’s intent to risk share in the Property Program.</i></p> <p><i>Pg. 18</i> 3. <b>Policies Regarding New Members</b> <span style="float: right;"><b>A 1</b></span><br/><i>The Board will consider and may approve the requirements for adding a new member to SPA as well as adding a member to an underlying member of SPA.</i></p> <p><i>Pg. 29</i> 4. <b>Learning Management System (LMS) Comparison Matrix</b> <span style="float: right;"><b>A 1</b></span><br/><i>The Board will review a list of LMS vendors &amp; services for feedback and discussion regarding potential LMS group purchase.</i></p> |

<i>Pg. 32</i>	<b>5. Property Valuation Strategy</b> <i>Members will receive a table of the last ten years trend factors and will provide comments on the strategy of using accelerated appraisals.</i>	<b>A 1</b>
<i>Pg. 39</i>	<b>6. Alliant Connect Property Schedules</b> <i>The Board will review the timeline of events as we anticipate the renewal review.</i>	<b>A 1</b>
<i>Pg. 41</i>	<b>7. Loss Control Update</b> <i>Members will be provided with an update regarding loss control services and may approve additional activities.</i>	<b>A 1</b>
<i>Pg. 42</i>	<b>8. SPA Website Demo</b> <i>Members will receive a review of the SPA Website and request for feedback.</i>	<b>A 1</b>
	<b>G. INFORMATION ITEMS AND DISCUSSION</b> <i>This is an opportunity for a Board Member to discuss a topic of interest or seek guidance and input from the group about a current issue, risk management topic or exposure the Member is experiencing.</i>	<b>I 4</b>
	<b>H. ADJOURNMENT</b>	<b>A 4</b>

**IMPORTANT NOTICES AND DISCLAIMERS:**

*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 Michelle Minnick at Alliant Insurance at (916) 643-2715 twenty-four (24) hours in advance of the meeting.*

*The Agenda packet will be posted at each member's site. Documents and material relating to an open session agenda item that are provided to the SPA members less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815.*

*Access to some buildings and offices may require routine provisions of identification to building security. However, SPA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*

Item No: D.

**CONSENT CALENDAR****ACTION ITEM**

**ISSUE:** Items on the Consent Calendar are to be reviewed. If any item requires clarification, discussion, or amendment by any member of the Board, such item(s) may be pulled from Consent Calendar and placed on the agenda for separate discussion.

*Items pulled from the Consent Calendar will be placed on the agenda in an order determined by the President.*

**RECOMMENDATION:** Adoption of items presented on the Consent Calendar after review by the Board.

**FISCAL IMPACT:** As indicated on any item included.

**BACKGROUND:** Items of importance that may not require discussion are included on the Consent Calendar for adoption.

**ATTACHMENTS:**

1. Minutes of SPA Long Range Planning Meeting August 30-31, 2021

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## **SCHOOLS PROGRAM ALLIANCE**

### **August 30, 2021 Teleconference Board Meeting Minutes**

#### **Members Present:**

<b>Butte Schools Self-Funded Programs (BSSP)</b>	Christy Patterson
<b>North Bay Schools Insurance Authority (NBSIA)</b>	Janet Selby
<b>North Bay Schools Insurance Authority (NBSIA)</b>	Brandon Schlenker
<b>Redwood Empire Schools Insurance Group (RESIG)</b>	Rose Burcina
<b>Redwood Empire Schools Insurance Group (RESIG)</b>	Steven Fields
<b>Redwood Empire Schools Insurance Group (RESIG)</b>	Sandy Manzoni
<b>Schools Insurance Authority (SIA)</b>	Martin Brady
<b>Schools Insurance Authority (SIA)</b>	Debrah Sherrington
<b>Schools Insurance Authority (SIA)</b>	Brooks Rice
<b>Schools Insurance Group (SIG)</b>	Cindy Wilkerson
<b>Schools Insurance Group (SIG)</b>	Nancy Mosier (late)

#### **Consultants & Guests**

Dan Madej, Alliant Insurance Services	Jim Wilkey, ABD (now Newfront Insurance)
Michelle Minnick, Alliant Insurance Services	Mark Stokes, ABD (now Newfront Insurance)
Dennis Mulqueeny, Alliant Insurance Services	Ryan Telford, AmWins
Jaesa Cusamino, Sedgwick	

#### **A. CALL TO ORDER, ROLL CALL, QUORUM**

Mr. Martin Brady called the meeting to order at 11:01 a.m. The above-mentioned members were present constituting a quorum.

*A motion was made to approve the Agenda as posted.*

**MOTION: Christy Patterson      SECOND: Janet Selby      MOTION CARRIED UNANIMOUSLY**

Dennis Mulqueeny provided notice that we inadvertently omitted an item and we will discuss the Active Shooter item later in the agenda.

#### **B. PUBLIC COMMENT**

There were no public comments.

#### **C. CONSENT CALENDAR**

1. Minutes of SPA Board Meeting August 2, 2021
2. Conflict of Interest Code

*A motion was made to approve the Minutes.*

**MOTION: Janet Selby      SECOND: Christy Paterson      MOTION CARRIED UNANIMOUSLY**

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*A motion was made to approve the Conflict of Interest Code.*

**MOTION: Janet Selby**

**SECOND: Cindy Wilkerson**

**MOTION CARRIED  
UNANIMOUSLY**

## **D. TOPICS FOR DISCUSSION**

### **1. Potential Shared Services**

#### **a. Learning Management System (LMS) Shared Procurement**

Members generally discussed services that could be shared amongst the membership. The first topic was a Learning Management System or Online Training that could be purchased by the SPA group instead of individual members of SPA purchasing different software from different vendors. Program Administration was provided with direction to investigate the companies the members are currently using for services: HourZero, VectorSolutions (parent company of Safe Schools which is only available to Keenan members), Public School Works to determine what services are offered and if it would be possible to create a one-stop shop for all the training needs.

Another service needed by the SPA Members was an HR Hotline as it was noted that several members use Patty Ayres who will be retiring in the future, date unknown at this time – members discussed the potential cost to replace those services and noted that additional information about the timing of retirement would help determine the next steps.

Members discussed the need of Shared Services for Building Systems to have a better understanding of what is needed as well as a SPA Wildfire Checklist (what to do in response to approaching wildfire) as well as a shared library of resources on the SPA website.

#### **b. Enhanced Loss Control Services for Property Inspection**

Members discussed the potential for enhanced loss control services such as the use of drones to complete roof cleanup and members were encouraged to reach out to the Program Administration if there are any members seeking to purchase a drone for this type of purpose. It was also noted that XMR has completed some assessments but the reports have not been delivered so it may be prudent to seek another vendor to complete these inspections to ensure timely receipt of the corresponding report, a suggested vendor was IEC.

### **2. Coverage Program Reviews, Development and Marketing**

#### **a. Liability Program**

Jim Wilkey commended the board on their ability to launch the liability program and provided members with an opportunity to share thoughts about how the program is working for all participating members. Overall members expressed that they were very pleased with the outcome of the renewal due to the economies of scale and thanked the team for thinking of ways to keep dollars in our pockets.

Jim provided a review of the Excess Liability Program layers of coverage. Cindy Wilkerson noted that SIG group is thinking about approaching SPA to join the Excess Liability program excess of \$5M and members discussed if SPA can accommodate any new members for 2022 as the market is insisting upon aggregate limits and it is unclear if we are able to increase those at this time due to the hard market. After a general discussion, it was noted that SPA might need to create a Policy and Procedure that addresses the underwriting process. It was also noted that SPA may want to consider purchasing excess aggregates in addition to what is currently purchased. Lastly it was noted that SPA would need to develop an MOC which incorporates BASIC & SIA's MOC's so the market has just one MOC to review rather than 3 MOC's to review with a goal to complete by January 2023.

#### **b. Property, APD, & Terrorism Program**

Dan Howell noted that there are some losses that occurred but highlighted that we are not completely

through the fire season yet. Members discussed the valuation of buildings and it was noted that Marshall and Swift have provided trend factors of 13% for Real and 6% for Personal which may change as the next quarter of trend factors is released. However, members were reminded that these trend factors are related to the cost of lumber, cost of labor, as well as demand for contractors and this may be a new normal for the foreseeable future. As a potential remedy it was discussed to move up the scheduled appraisals so they are completed sooner (rather than later) and use those in place of trended data. It was noted that once Fire and Hurricane season conclude we will have a better idea of what the market is going to do.

After a discussion members requested that Program Administration work to move up the scheduled appraisals with the intent to possibly use the appraisal data in place of a trend factor. Members additionally requested to review the Marshall & Swift Trend Factors going back 10 years.

### **c. Alliant Connect Property Schedules & Vehicle Schedules**

It was noted that as we are still in a hard market the Program Administration would like to have consistency in the data to allow us to better market coverage for the coming year. After a discussion about the cost associated with Duff & Phelps trending the data in their system (while Alliant does not) members generally agreed to use the Alliant Connect Property Schedules to house the SPA Property Data and that members will transition to using the platform to make changes to their schedules. It was also noted that the Program Administration will be requesting the garaging addresses for all vehicles to help with marketing the coverage for FY 22/23.

### **d. Active Shooter Coverage/Alliant Deadly Weapons Response Program**

Dennis Mulqueeny provided a review of the current Active Shooter Coverage in SPA Property Program and commented that the Alliant Deadly Weapons Response Program was created to address all the issues that come along with Active Shooter is not comparable to the coverage that SPA purchases currently. Members were asked to consider if the current property program coverage is sufficient or if the group was seeking broader coverage for additional premium dollars. After a discussion members generally agreed that this should be brought back at a future meeting as a potential enhancement in coverage at the SPA level.

### **e. New Member Marketing**

Members discussed the potential to add new members to the SPA program and it was mentioned that it is always better if new members reached to the current membership rather than seeking out new members to join as loss history needs to be considered.

## **3. Financial Report**

### **a. Financials as of June 30, 2021**

### **b. Ownership of Funds in the Retained Layer**

### **c. Property Program Retained Layer Funding**

### **d. Administration of Property Program**

### **e. Administration of Liability Program**

Dan Howell provided the Board with the financial position of each member as of June 30, 2021 and members have asked about how the group would like to treat the Retained Risk Layer. The discussion centralized around the retained layer and if it is treated as a shared retained layer or a banking plan – as it stands funds are booked as an asset of each member and if treated as a shared layer then it would be booked as an expense. After a discussion, it was generally agreed that this would be a shared risk layer and a resolution would need to be drafted in the interim, to be presented to the Board for approval at the October meeting. It was also noted that the JPA Agreement could be restated to clarify the intent at a later date to include this change and so any additional changes can be incorporated, if needed, at that time. It was also note that the Program Administration will draft and send out a letter to all, including Gilbert & Associates to notify of this clarification and separately SPA should consider a Target Funding Plan.



## **4. Property Program Loss Control Allocation**

Dan Howell noted that members have been seeking a way to use more services and need to determine the amount available to members. Members were asked to consider if the Loss Control Fund is a shared bucket of funds available to any member who asks or if the funds should be member specific. It was asked if Alliant should track the overall expenses for the year, the overall general allocated expense of the loss control program and the amount delivered to members which would allow the group to annually amend, if needed, based on utilization rates. Members generally agreed that expenses should be tracked in this fashion. Lastly it was noted that the Appraisal budget was selected to ensure we had fund available to pay for the service but now that we are aware of the cost Program Administration would like to go back to see if the proposed allocation (based on TIV) is comparable to what was charged to members.

## **5. General Administration**

### **a. SPA FY 21/22 Board Meeting Schedule**

Members were notified that the meetings have not yet been set for the remainder of FY 21/22. After a discussion, it was generally agreed that the meetings shall occur on the second Monday of the month for the remainder of the fiscal year to be held via teleconference and cancelled if there is not enough substance. Program Administration agreed to send out teleconference invites after the meeting.

### **b. Discussion of Policies and Procedures, Roles and Responsibilities and Standing Committee/Task Groups**

IT was noted that Marcus Beverly has been working on this list to ensure there is a queue of items including SIA's Policy & Procedure for Target Funding. The members were reminded that the policy and procedure each member has exist separate from SPA but there may be some that we would want to establish as SPA specific policies that relate to the Roles & Responsibilities of standing committee/task groups such as the Risk Management Committee. It was noted that as SPA won't exist as a separate legal entity so it's not subject to the CAJPA standards but we used their Accreditation process as a guide to model some of the SPA Policy & Procedures that apply to SPA separately (e.g. record retention policy).

### **c. Emerging Risks and Potential for SPA to Support New Members**

Members were provided this time to discuss any potential emerging risks that members are concerned with. It was noted that Cyber is a large emerging risk as we are already seeing claims which is affecting the market. Members generally discussed drought/water issues, Pandemic, Fire and COVID-19. It was noted as we move toward the renewal members may be required to provide more detailed information (or items that should be addressed prior to 7/1) in order to quote coverages and avoid large premium increases. Members requested a task group be formed to identify the items that are mandatory and required for renewal so that information can be shared with the group as soon as possible. Members also were asked to consider the formation of a cyber pool, perhaps with a self-insured layer to help address the increases in the market that everyone is seeing and generally agreed this could address the issue. It was mentioned that Alliant is working on a common cyber application that can be used for all carriers.

## **E. SPA Committee and Staffing**

### **1. SPA Program Staff**

The Board was provided with a review of the staff servicing members for the SPA group.

## **F. New Programs and/or Services**

### **1. Ideas for Creation or Modification of SPA Program and/or Services**

The Board discussed ideas for creation or modification of SPA programs and/or services. Cyber coverage

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and/or cyber services was discussed as a potential new coverage or service that would benefit members. It was mentioned there are self-assessment tools that are available online as well as on-site assessments where security experts develop a list of recommendations, which the member can take action on, it was noted this may require more coordination with the IT Managers and security experts to identify the highest priority items that will be most impactful on premiums.

A recess was called at 3:25pm and the Board will re-convene on August 30, 2021 at 8am.

**NEXT MEETING DATE: Tuesday August 31, 2021 8 A.M.**

Respectfully Submitted,

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Martin Brady, Secretary

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Date

DRAFT



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## **SCHOOLS PROGRAM ALLIANCE**

### **August 31, 2021 Teleconference Meeting Minutes**

#### **Members Present:**

<b>Butte Schools Self-Funded Programs (BSSP)</b>	Christy Patterson
<b>North Bay Schools Insurance Authority (NBSIA)</b>	Janet Selby
<b>North Bay Schools Insurance Authority (NBSIA)</b>	Brandon Schlenker
<b>Redwood Empire Schools Insurance Group (RESIG)</b>	Rose Burcina
<b>Redwood Empire Schools Insurance Group (RESIG)</b>	Steven Fields
<b>Redwood Empire Schools Insurance Group (RESIG)</b>	Sandy Manzoni
<b>Schools Insurance Authority (SIA)</b>	Martin Brady
<b>Schools Insurance Authority (SIA)</b>	Debrah Sherrington
<b>Schools Insurance Authority (SIA)</b>	Brooks Rice
<b>Schools Insurance Group (SIG)</b>	Cindy Wilkerson
<b>Schools Insurance Group (SIG)</b>	Nancy Mosier (late)

#### **Consultants & Guests**

Dan Madej, Alliant Insurance Services	Jim Wilkey, ABD (now Newfront Insurance)
Michelle Minnick, Alliant Insurance Services	Jaesa Cusamino, Sedgwick
Dennis Mulqueeney, Alliant Insurance Services	Ryan Telford, AmWins

#### **A. CALL TO ORDER, ROLL CALL, QUORUM**

Mr. Martin Brady called the meeting to order at 8:30 a.m. The above-mentioned members were present constituting a quorum.

#### **A. Review of Meeting Discussion and Identification of Items for SPA Long Range Action Plan**

After a discussion of the items covered at the August 30, 2021 Long Range Planning the Board was asked to review the list of action items collected and confirm the timeline for the following items.

The Board provided the following direction to the Program Administration:

- 1) LMS Platform Matrix Possible joint procurement - 6 months for matrix
- 2) SPA Library of shared resources - within 90 days and continual build
  - a) Automated building system loss control matrix (technical devices and telemetry)
  - b) wildfire planning/respond
- 3) XS liability - aggregate and sideways agg evaluation - by 7/1/2022
- 4) Policy & Procedure - Liab & Prop on adding new members to SPA and members of SPA members - 90 days
- 5) Development of a SPA MOC with a target date of 2023

- 6) Unify the Vehicle & property databases in Oasys - vehicle garaging address project in the fall. need to determine when the appraisals will occur and update timeline
- 7) Develop and Execute Valuation Strategy - (Marshall & Swift, accelerate the appraisals) - within 90 days with outlook for 7/1/2022 and long term
- 8) Deadly Weapons Product Evaluation by April 1st
- 9) Document nature of shared funding layer (could be a resolution, change to treating as an “asset vs. liability” - talk with gilbert want them to provide direction (related to passing a resolution)) by October 2021
- 10) Self insure cyber - Dennis Mulqueeney & ABD April 1
- 11) Evaluation of coverage for school sponsored housing - preliminary information within 90 days (analysis and July 1 to have a firm stance)

After the timeline was established the Board generally discussed topics of interest to the members including the challenges and successes of the Board meeting the members agreed to adjourn.

## **B. Adjournment**

*A motion was made to adjourn at 9:57am.*

**MOTION: Cindy Wilkerson**

**SECOND: Janet Selby**

**MOTION CARRIED  
UNANIMOUSLY**

**NEXT MEETING DATE: Monday October 11, 2021 8 A.M.**

Respectfully Submitted,

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Martin Brady, Secretary

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Date

Item No: F.1.

**LONG RANGE ACTION PLAN APPROVAL****ACTION ITEM**

**ISSUE:** The Action Plan developed at SPA's recent Long Range Planning Meeting is attached for further review and approval by the Board.

A total of eleven goals were identified, ranging from identifying and sharing resources to evaluating coverage for school sponsored housing. Six of the goals contain action items that are addressed later in the agenda for this meeting.

**RECOMMENDATION:** Approve Action Plan as presented or revised.

**FISCAL IMPACT:** None expected from this item. Several of the goals have potential fiscal impacts that will be evaluated when addressed with the members.

**BACKGROUND:** SPA held its first long range planning meeting on August 30 and 31, 2021 and developed the attached Plan as a result. Key discussion points centered on the nature and extent of risk sharing among the members, growth of membership and coverage options, and identifying resources for sharing or group purchase.

**ATTACHMENTS:** FY 21/22 SPA Long Range Action Plan

FY 2021/22 SPA LONG RANGE ACTION PLAN					
GOAL	ACTION / TASK	STAFF	Assigned	DEADLINE	STATUS
<b>LRP-1</b>	<b>Learning Management System Evaluation of Systems and Potential Joint Procurement</b>				
	1. Identify leading LMS platforms suitable for SPA Member use	PA, BOD		Oct-21	
	2. Prepare and review with BOD comparison matrix of selected potential LMS platforms	PA		Dec-21	
	3. SPA BOD direction on whether to proceed to SPA coordinated procurement effort	BOD		Jan-22	
	4. Additional steps as identified in step 3	TBD		TBD	
<b>LRP-2</b>	<b>Library of Shared Resources via SPA Web Site</b>				
	1. Establish landing page at SPA web site	PA	MM & MB	Sep-21	
	2. Develop and approve scope of library content	PA, BOD	MB	Oct-21	
	3. Start populating library, send notices to Members as materials are posted	PA		Nov-21	
	4. Library status report to SPA BOD and further direction	PA, BOD		Mar-22	
	5. Library status report to SPA BOD at Long Range Planning meeting and further direction for PY 22/23	PA, BOD		Aug-22	
<b>LRP-3</b>	<b>Analysis of Liability Program Aggregate Limits and Options to Increase and Manage Aggregate Limits</b>				
	1. Analysis of current program aggregate limits and renewal expectations	NF		Feb-22	
	2. Report to BOD on likely renewal options to increase aggregate limits and direction from BOD	NF, BOD		Apr-22	
	3. Status report on marketing efforts	NF		May-22	
	4. Final marketing results report and direction from BOD on binding of renewals	NF		Jun-22	
<b>LRP-4</b>	<b>Policy and Procedure to Address Adding Members to SPA and Adding Members to Members of SPA</b>				
	1. Gather and review SPA Member approach to adding new members	PA	Marcus or DM?	Sep-21	
	2. Evaluate impact of adding new members to SPA members as well as new Members to SPA	AIS, NF		Oct-21	
	3. Proposed SPA P&P approach to adding new members to Members of SPA and new Members to SPA	PA		Nov-21	
	4. Monitor SPA approach to new members of Members and new Members to SPA, action as needed	BOD		Apr-22	
	5. Review SPA P&P approach to adding new members to Members of SPA and new Members to SPA	PA, BOD		Aug-22	
<b>LRP-5</b>	<b>Development of Unified SPA Liability Program Memorandum of Coverage</b>				
	1. Create side by side MOC comparison document for initial discussion with SPA BOD	NF		Jan-22	
	2. SPA BOD follow-up discussion and agreement on next steps, selection of counsel, etc.	BOD		Mar-22	
	3. Review of counsel's recommendations and comment draft at SPA LRP, direction to counsel & NF	BOD		Aug-22	
	4. Presentation of first draft proposed SPA Liability MOC for PY 23/24	GC, NF		Oct-22	
	5. Comment draft of proposed SPA Liability MOC for PY 23/24 sent to members response due Jan 2023	NF		Oct-22	
	6. Review of SPA Member comments and SPA counsel response in second draft MOC	GC, NF		Mar-23	
	7. 2cd Comment draft of proposed SPA Liability MOC for PY 23/24 sent to members response due May 2023	NF		Mar-23	
	8. Review of SPA Member comments and SPA counsel response in second draft MOC	GC, NF		May-23	
	9. Adoption of final draft SPA MOC effective PY 23/34	BOD		Jun-23	
<b>LRP-6</b>	<b>Unify Property and Vehicle Schedule Database in Alliant OASYS Database and Vehicle Garaging Location Project</b>				
	1. Define project process and timing for BOD approval	AIS	MM	Oct-21	

FY 2021/22 SPA LONG RANGE ACTION PLAN					
GOAL	ACTION / TASK	STAFF	Assigned	DEADLINE	STATUS
	2. Communicate to Members vehicle garaging project process, timeline and begin data update	AIS	MM	Nov-21	
	3. Complete APD database in OASYS with garaging information	AIS		Feb-22	
	4. Populate OASYS database with accepted appraisal reports, obtain updates from Members	AIS		Mar-22	
	5. Review property and APD database status with Board at LRP	AIS, BOD		Aug-22	
	6. Final transition of all members to OASYS as SPA property and APD database system	AIS		Dec-22	
<b>LRP-7</b>	<b>Develop and Execute Property Valuation Strategy for PY 22/23 and Beyond</b>				
	1. Report to Board on 10 year Marshall & Swift factors, potential appraisal strategy, BOD direction	AIS, BOD	MM & MB	Oct-21	
	2. Update on M&S Trend factors, appraisal progress and underwriter discussions	AIS		Dec-21	
	3. Adopt short and long term valuation plan and renewal approach	BOD		Jan-22	
	4. Review of report on valuation plan, provide direction to staff for PY 23/24 and beyond	AIS, BOD		Aug-22	
<b>LRP-8</b>	<b>Deadly Weapons Product Evaluation</b>				
	1. Review product offerings with SPA Board, and BOD direction on marketing plan	AIS		Jan-22	
	2. Presentation of renewal options, direction from BOD	AIS, BOD		Apr-22	
	3. Communication of coverage changes to SPA members in format suitable for distribution	PA		May-22	
	4. Implementation of new product if appropriate	PA		Jul-22	
<b>LRP-9</b>	<b>Document Nature of Shared Risk Layer of SPA Property Program</b>				
	1. Preparation of SPA BOD resolution, communication with member Finance Directors	PA, GC		Sep-21	
	2. Adoption of SPA BOD resolution	BOD	DH	Oct-21	
	3. Review of SPA joint powers agreement, potential action to amend and restate	PA, GC, BOD		Aug-22	
<b>LRP-10</b>	<b>Evaluate Self-Insurance of Cyber Exposure</b>				
	1. Gather and consolidate SPA member cyber program structures and underwriting information	PA		Nov-21	
	2. Review of information, development of program structure, report to BOD	AIS, NF		Jan-22	
	3. Identification and engagement of cyber services vendors, service plan and cost	PA		Mar-22	
	4. Final decision to proceed with self-insured cyber program	BOD		Apr-22	
	5. Evaluation and direction to bind any excess/reinsurance coverage	AIS, NF, BOD		May-22	
	6. Communication of program, vendors and services to SPA members in format suitable for distribution	PA		Jun-22	
<b>LRP-11</b>	<b>Evaluate Coverage of School Sponsored Housing</b>				
	1. Initial evaluation of coverage status and options for School Sponsored Housing	AIS, NF		Nov-21	
	2. SPA BOD direction on coverage intent for School Sponsored Housing for PY 22/23 and beyond	BOD		Jan-22	
	3. Communication on SPA BOD coverage position and options for coverage to SPA Members	PA		Jan-22	
	4. Effective date of SPA BOD action on coverage intent for School Sponsored Housing for PY 22/23	BOD		Jun-22	

FY 2021/22 SPA LONG RANGE ACTION PLAN					
GOAL	ACTION / TASK	STAFF	Assigned	DEADLINE	STATUS
<b>BOD:</b> SPA Board of Directors <b>PA:</b> SPA Program Administrator <b>MM:</b> Managing Member <b>CFO:</b> SPA Accounting and Finance			<b>AIS:</b> Alliant Ins. Svcs.(Property Program) <b>NF:</b> Newfront Insurance (Liability Program) <b>GC:</b> SPA General Counsel		

Item No: F.2.

**SPA RESOLUTION – SHARED RISK PROGRAM****ACTION ITEM**

**ISSUE:** At the recent Board planning meeting the members agreed the intent of the Property Program retained layer was to share risk among its members, rather than treat it as a banking layer. Members discussed the accounting and governing document implications of making this clear and agreed to pass a resolution to establish a risk sharing program for the members.

The attached Resolution No 21-01 was drafted by SPA formation counsel, Rob Cutbirth establishes a third SPA program for the purposes of risk sharing.

**RECOMMENDATION:** Staff Recommends that the Board adopt the attached Resolution No. 21-01 as presented.

**FISCAL IMPACT:** No direct fiscal impact is expected from action on this item at today's meeting. Accounting treatment of retained layer funds has been discussed with the Managing Member and SPA's independent financial auditor.

**BACKGROUND:** SPA was originally conceived as a group purchase program. When marketing was completed of the initial Property Insurance Program, it became clear that it was beneficial to the members to retain risk in a deductible corridor with an annual aggregate maximum exposure to the Members. As the Board discussed how the corridor deductible would apply, it became clear that the Members intended to treat the corridor deductible as a shared risk layer. The proposed resolution confirms and memorializes this intent.

**ATTACHMENTS:** *Draft* Resolution 21-01: Risk Pooling Activities



## **RESOLUTION 21-01**

### **RESOLUTION OF THE SPA BOARD OF DIRECTORS**

#### **RISK POOLING ACTIVITIES**

**WHEREAS**, The Board of Directors of the Schools Program Alliance Joint Powers Authority (“SPA”) met on October 11, 2021, and made the following finding and determinations:

**NOW THEREFORE, BE IT RESOLVED,**

1. The Schools Program Alliance Joint Powers Agreement (“Agreement”) presently permits its Members to engage in Programs, including Contracting Activities and Shared Activities, as those terms are defined in the Agreement;
2. The Agreement, as already reviewed and approved by the individual Members’ governing Boards or Representatives, also permits SPA to engage in any lawful act permitted to be conducted on a joint powers basis as approved by its Board of Directors (*Agreement, Paragraph 4*);
3. SPA’s Members have previously determined that sharing of certain risks was in their mutual and best interests, and they now wish to potentially expand into additional opportunities for the sharing and/or transfer of rights, particularly including more formalized risk-pooling or risk sharing activities, in which Members will jointly agree to share in the costs and expenses of risk-retained or risk shared liability and/or property exposures, whether such risk pooling is undertaken on a primary or excess loss basis; and
4. It would not be harmful to SPA, as a joint powers authority, to further expand its functions into broader and additional risk-pooling or risk sharing programs and/or opportunities.

Therefore, be it Resolved that:

- A. SPA and its Members may further facilitate the exploration of suitable risk pooling and/or shared risk activities, with the Board of Directors hereby formally adding a comprehensive third approved Program, to be titled “Risk Pooling Activities,” which does not require individual Member approval given the existing authorizations in Paragraph 4, with SPA and its Members authorized to engage in all lawful activities permitted on a joint powers basis for the Risk Pooling Activities Program; and

- B. The Risk Pooling Activities Program may, as Members may so choose, engaged in the sharing of risks, on a jointly retained or shared basis, whether such risks are retained in whole or in part, and whether on a primary or an excess basis, subject to the participating Members agreeing on a coverage or indemnity agreement(s), that would include reasonable or necessary terms and provisions to ensure compliance with all applicable standards.

\*\*\*\*\*

I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 21-01 duly and regularly adopted and passed at a regular meeting of the Board of Directors of the Schools Program Authority held on the 11<sup>th</sup> day of October 2021, by the following vote:

**AYES:**

**NAYS:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
Martin Brady – SPA Chairperson

Item No: F.3.

## **POLICIES REGARDING NEW MEMBERS**

### **ACTION ITEM**

**ISSUE:** SPA members have requested a review of policies regarding the addition of new members to establish policies for the SPA programs. The SPA Property MOC and APD coverages contain some limitations on *current* members adding new properties or vehicles, summarized below:

**No action** (other than reporting) is needed by any of the SPA Member pools if they add a member that (1) has **no** location(s) > 25M and (2) **no** vehicle schedule > 10M. If the new member **DOES** have properties > 25M or a vehicle schedule > 10M, then:

1. Properties > 25M but vehicle schedule < 10M: All properties/vehicles are automatically added with only a reporting requirement at binding “but for” the property(ies) greater than 25M, which need to be approved.
2. Properties > 25M but vehicle schedule > 10M: Same as above, with the exception that the vehicle schedule must be approved also.
3. Properties < 25M but vehicle schedule > 10M: All properties are automatically added with only a reporting requirement at binding and only vehicles must be submitted for approval

The policies for SIA and NBSIA for adding new members are attached for discussion.

As for adding new JPA members to SPA, the Board has approved the attached Property Program Underwriting Procedures (P&P #1-Property) that includes a section on evaluating new members that could serve as a basis for a broader policy for any of the SPA programs.

**RECOMMENDATION:** Review and provide direction regarding addition of new members to SPA or to an underlying member JPA.

**FISCAL IMPACT:** None expected from this item at this time.

**BACKGROUND:** At the recent Board planning meeting members identified the need for policies regarding the addition of new members to their underlying JPAs as well to SPA. Consideration is given to the requirements of the SPA underwriters, as expressed in the Property MOC, as well as the impact adding new members could have in potentially reducing the aggregate limits available to incumbent members.

### **ATTACHMENTS:**

1. Sample policies from NBSIA and SIA
2. SPA Property Program Underwriting Procedures – P&P #1-Property

*SPA is a Partnership of California Public Entity Joint Powers Authorities*

## **POLICY 2.3: UNDERWRITING POLICY**

### **Purpose**

North Bay Schools Insurance Authority (NBSIA) has established underwriting criteria for marketing to and evaluating prospective members. Underwriting information is also used for rate development, contribution calculation and allocation, measuring member performance, and calculating dividends or assessments based upon equity levels. Underwriting standards and guidelines are outlined in various governing and policy documents, including the JPA Agreement, Bylaws, and Board Policies and Procedures.

Establishing underwriting criteria ensures that all NBSIA coverage programs are analyzed for risk exposures, funding requirements, dividend and assessment calculations, risk retention levels, compatibility between members, and serviceability by staff. Adherence to these Board-approved standards and guidelines safeguards the financial viability and security of NBSIA.

### **Commitment to Principles of Risk Management**

Members are expected to adhere to and take part in NBSIA's Vision, Mission and Values. Members must also demonstrate a commitment to the principles of prudent risk management as defined in NBSIA policies, including Board Policy and Procedure 1.11: Risk Management, and established practices.

### **New Members**

The guidelines for admittance of new members to NBSIA are set forth in the JPA Agreement and Bylaws. These rules and guidelines may also apply to existing members that have applied to participate in an additional pooled risk program, i.e., a Member currently in the WC program that would like to begin participating in the Property/Liability program.

Potential members for NBSIA programs are those Public Educational Agencies as defined in the NBSIA Bylaws who meet the membership criteria as set forth herein and in the NBSIA Bylaws, Article II. Beyond the broad eligibility standards, the NBSIA Board of Directors have the discretion to define additional criteria if it is determined necessary to protect the pooled risk programs and existing member service relationships. For example, such criteria may include geographic distance from NBSIA's office that limits the ability to ensure response times or regular service schedules, or a history of applicant's failure to pay contributions in a timely manner.

### **Application Process**

Eligible agencies interested in becoming a member of NBSIA must comply with the requirements as stated in NBSIA Bylaws, Article II Membership. This includes completion of an application form and assessment of an applicant's risk exposures and commitment to risk management. In addition to the form, applicants will be required to provide detailed claims, exposure, and financial information as requested by NBSIA, including but not limited to:

1. Underwriting data for the current year, including payroll, audited financial statements, budget, average daily attendance (per California Lottery reports) and other financial data as requested;
2. Payroll for the previous five years;
3. Loss history for the previous five years;
4. For employee benefit programs, a census of all full-time employees and retirees, including number of covered family members and current plan elections; and
5. Any recent claim or actuarial studies completed for the applicant on the coverage programs the applicant wishes to join.

## NBSIA Policies for Admission of New Members

In addition to providing the above information, the applicant may be required to undergo an actuarial study using a consultant approved by NBSIA. The applicant will pay for any actuarial study completed for the underwriting process.

### **Guidelines**

Applicants will be required to provide detailed claims, exposure, and financial information as requested by NBSIA in order to facilitate appropriate and thorough underwriting. Depending upon the program desired, applicants should be prepared to provide the required information for a period of not less than five (5) years. Applicants that are unable to provide detailed historical claims information may be charged a supplemental contribution or other charge to help ensure adequate funding.

For those agencies interested in participating in a benefits program (i.e., dental, vision) and that do not have sufficient claims history to provide, NBSIA staff will rely on demographic information and proposed benefit package information to develop the necessary underwriting. However, adjustments should be expected until utilization normalizes, which may take several years.

Any prospective member, including existing members that have applied to participate in an additional pooled risk program, must meet the following minimum underwriting guidelines:

1. Have a loss rate calculated for the past three years that does not exceed the average loss rate of the current members;
2. Demonstrate a commitment to support and actively participate in risk management and safety programs to control or prevent claims;
3. Accept the minimum deductibles in place for the property and liability programs then in force, as well as any other deductibles included in the JPA Agreement, Bylaws and Board Policies.

NBSIA staff will evaluate the exposures and loss history to determine if there is an unusual frequency or severity of claims that warrant extra attention. In addition, NBSIA may evaluate the prospective member's safety records and other documentation, including training logs and the Injury and Illness Prevention Plan (IIPP). Additional information may be requested as determined necessary (i.e., actuarial study or claim audit).

Upon completion of the evaluation, a report will be presented to the Executive Committee for review and recommendation regarding further action (i.e. rejection or approval). The Executive Committee's recommendation is made to the Board of Directors for final approval, in accordance with the JPA Agreement and Bylaws.

The NBSIA Board reserves the right to exercise its judgment in waiving certain elements of the above policy/process if circumstances so warrant and it is determined to be in the best interests and long term success of NBSIA and its existing members.

### **Rate Setting and Funding Requirements**

All self-funded programs will be fully funded each year after completion of data analysis and an independent actuarial study. Funding includes consideration of:

- Ultimate losses and allocated loss adjustment expenses (ALAE)
- Investment income (Discounting)
- Operating and administrative expenses

## NBSIA Policies for Admission of New Members

- Self-insured retention and deductibles
- Reinsurance and excess coverage
- Pool financial position and target equity

The Board reserves the right to modify the manual or base rate for any self-funded program based on market conditions or other factors.

### **Property/Liability Program**

Property/Liability Program contribution rates are set by the Board of Directors in April or June, and are effective July 1. Rates are established based upon multiple factors, including:

- Payroll exposure
- Loss rates and experience modification factors
- Member deductibles
- Pool self-insured retention
- Average Daily Attendance (ADA)
- Total Insured Values (TIV)

Loss funding is developed for both the property and liability funds using the confidence level and reserve funds as established in Board Policy 3.1 Capital Target, and based upon the projections provided in the annual actuarial study.

### Excess Coverage

NBSIA participates in an excess pool to provide property, general liability, crime, cyber, and possibly other coverages. The costs of these coverages are allocated among members in the excess pool, and those amounts are then provided to NBSIA to be allocated among NBSIA members. Allocation may be based on an available rate or other distribution models as recommended by staff and approved by the Board of Directors.

Excess exposure data collected annually includes:

- Estimated payroll for prospective policy period
- Total Insured Values (TIV)
- Updated vehicle and other property listings
- Average Daily Attendance (ADA)
- Claims data
- Actuarial study
- Self-insured retention values

### Allocation

Allocation of the general liability loss fund is based upon claims experience as calculated by the actuarial consultant and ADA. Allocation of the property loss fund is based on TIV. All distribution formulas, including self-funding and excess funding, are provided on the annual rate spreadsheet.

### Payment Schedule

Property and liability contributions are paid in accordance with the schedule established by Board Policy and Procedure 3.3 Delinquent Contributions. Safety Credit funds are due and payable no later than July 20 of each year.

## NBSIA Policies for Admission of New Members

### Safety Credit Funds

Safety Credit Funds are deposited by member districts at the rate of \$2/ADA and are used to reimburse the cost of expenditures that meet the criteria established in the NBSIA Safety Credit Program.

### **Workers' Compensation**

Workers' Compensation Program contribution rates are set by the Board of Directors in April or June, and are effective July 1. Rates are established based upon multiple factors, including:

- Payroll exposure
- Loss rates and experience modification factors
- Pool self-insured retention

Loss funding is developed for workers' compensation using the confidence level and reserve funds as established in Board Policy 3.1 Capital Target, and based upon the projections provided in the annual actuarial study.

### Excess Coverage

NBSIA purchases excess workers' compensation coverage for this program and pools losses up to the retention amount of that coverage.

Excess exposure data collected annually includes:

- Estimated payroll for prospective policy period
- Employee concentration survey
- Claims data
- Actuarial study
- Self-insured retention value

### Experience Modification Factors (Ex-Mods)

Experience Modification Factors are calculated by the actuary each year and follow the formula used by the Workers Compensation Insurance Rating Bureau (WCIRB). These factors are not limited in terms of increase or decrease from one year to the next.

### Allocation Formula

The allocation formula for workers' compensation contributions applies the manual base rate per \$100 of payroll, adjusted for Ex-Mod. Formula: Estimated member payroll/100 x manual rate x Ex-Mod = contribution payable.

### Payment Schedule

Contributions are paid monthly in accordance with Board Policy and Procedure 3.3 Delinquent Contributions. Contributions are based on actual payroll. Safety Credit funds are due and payable no later than July 20 of each year.

### Safety Credit Funds

Safety Credit Funds are deposited by member districts at the rate of \$.08/\$100 payroll and are used to reimburse the cost of expenditures that meet the criteria established in the NBSIA Safety Credit Program.



## **Dental**

NBSIA provides pooled, self-funded dental benefits as part of a dental coalition. Keenan manages the eligibility and enrollment, with claims paid by Delta Dental. Rates are adjusted annually to reflect enrollment exposure and other factors. An actuarial study is performed every three years, in accordance with Board Policy 3.6.

Exposure data collected annually includes:

- Total enrollment
- Claims experience data
- Benefit adjustments as determined by members (if any)
- Benefit limits

Program funding is determined using estimated claims based on prior calendar year enrollment and paid claims figures, along with the pooled loss ratio, a trend adjustment, IBNR, interest earnings, and administration fees or other projected expenses for the program. Funding also factors in the confidence level and reserve funds as established in Board Policy 3.1 Capital Target, and projections provided in the most recent actuarial study.

### Allocation Formula

Total contributions are calculated based on estimated enrollment and claims, modified by the blended experience rating and including a factor for trend (inflation) and administrative fees/expenses.

### Payment Schedule

Contributions are paid monthly based on monthly eligibility reports developed by Members and are due on the 20<sup>th</sup> of the month in which coverage is provided.

## **Vision Program**

NBSIA provides pooled vision benefits through its membership in Schools Insurance Authority (SIA). Claims are administered by Vision Service Plan (VSP). This coverage typically renew annually, and rates are adjusted to reflect enrollment exposure and other factors.

Exposure data collected annually includes:

- Total enrollment
- Claims experience
- Benefit adjustments as determined by members (if any)
- Benefit limits

Contributions are determined using estimated claims based on prior calendar year enrollment and paid claims figures, along with the pooled loss ratio, a trend adjustment, IBNR, interest earnings, and administration fees or other projected expenses for the program. Funding also factors in the confidence level and reserve funds as established in Board Policy 3.1 Capital Target.

### Allocation Formula

Total contributions are calculated based on estimated enrollment and claims, modified by the blended experience rating and including a factor for trend (inflation) and administrative fees/expenses.

### Payment Schedule

Contributions are paid monthly based on monthly eligibility reports developed by Members and are due on the 20<sup>th</sup> of the month in which coverage is provided.

**Review**

The Board shall review this Underwriting Policy at least once every three years following its initial approval, to consider whether the policy is adequately measuring risks and exposures, as well as adequately and equitably allocating costs.

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**POLICY 1.11: RISK MANAGEMENT**

The pooling of member risks is a basic philosophy of all risk management joint powers authorities. The North Bay Schools Insurance Authority Board of Directors strongly endorses the principles of risk management and loss control as a means of controlling the costs of risk. Each member entity of NBSIA is expected to commit to the principles of Risk Management and to take such action as is necessary to reduce its risks to a reasonable level. It is the intent of the Board of Directors that Members meet all applicable legal and regulatory standards, and that no one member entity poses a significantly higher risk for damage or injury than any other member entity.

It shall therefore be the policy of NBSIA that non-compliance with the above statement or unreasonable failure to take corrective action on discrepancies identified in inspection reports or for which a member entity receives a notice that a safety or health hazard exists can result in sanctions being imposed upon the entity. Sanctions shall be imposed at the discretion of the Executive Committee and may include, among others, a risk assessment modification factor added to the entity's contribution, or under certain circumstances, involuntary termination.

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**POLICY 2.1: GROWTH AND MEMBERSHIP**

It shall be the policy of North Bay Schools Insurance Authority that the availability of its programs to school districts and county offices of education not currently members shall be open as the opportunity/need is determined by the Board of Directors using the following considerations:

1. The Board of Directors will be selective when considering requests for membership with a view to geographic location, size and loss history.
  2. Potential members will be evaluated in accordance with Underwriting Policy 2.3 and must comply with application procedures specified in the then current JPA Agreement.
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**Bylaws**

All public educational agencies located within the State of California with statutory authority to self-fund their workers' compensation, liability, property, automobile, medical, dental, and vision benefits, or any other risk or program authorized by law for which the agency may otherwise be required or allowed to obtain may apply for membership in NBSIA. Membership is contingent upon being a party to the Joint Exercise of Powers Agreement. Should any Member reorganize in accordance with State statutes, the successor-in-interest or successors-in-interest to the rights or obligations of any such reorganized Member shall be substituted as a member.

## NBSIA Policies for Admission of New Members

Public educational agencies applying for membership in NBSIA shall be subject to the following conditions:

- Submission of a formal letter requesting membership together with a \$700.00 non-refundable application fee. If the applicant becomes a member of NBSIA, the \$700.00 shall be credited against the new member's first year's contribution.
- Review of applicant's past claims experience by the Executive Committee. If the Executive Committee determines an actuarial study is necessary to determine the effect of the applicant's membership on NBSIA's then current members, the applicant will be requested to obtain such a study to be conducted at its own expense. The actuary shall be selected by NBSIA.
- Determination of acceptance by the Executive Committee and the conditions and terms under which the new applicant may be recommended to the Board of Directors for admission to Membership.
- Following the above determination, the Executive Committee will request an executed copy of the Joint Exercise of Powers Agreement together with a resolution formally adopted by the applicant's governing body.
- Formal recommendation to NBSIA's Board of Directors will be made by the Executive Committee.
- The Public Educational Agency shall become a Member upon approval of three-fourths (3/4) of the Board of Directors.
- Upon approval for membership in NBSIA, each new Member agency shall become eligible to appoint a representative and an alternate to represent it on the Board of Directors according to the procedures outlined herein.
- Any existing Member may join a Program or Plan by obtaining the approval of the designated representatives of two-thirds (2/3) of the Members which are then participants in the Program or Plan.
- Any Member may join or transfer from one Plan within a Program to another Plan within a Program, or join another Program within NBSIA in accordance with rules and regulations approved by the Board of Directors.
- Members are responsible for having their designated representative and/or alternate:
  - Review agendas, minutes and back-up materials prior to attending Board or Executive Committee meetings.
  - Attend Board meetings and, when appropriate, attend Executive Committee meetings.
  - Disseminate information to appropriate personnel within member entity.

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### JPA Agreement

#### **NBSIA Membership**

Each party to this Agreement must be eligible for membership in NBSIA as defined in the Bylaws. Those public educational agencies belonging to NBSIA on the effective date of this Agreement, shall automatically become Members without having to apply for membership. All Members are entitled to the rights and privileges, and are subject to the liabilities and obligations of membership, all as are provided in this Agreement, Bylaws and any Program Addendum(s). Public educational agencies desiring membership after the effective date of this Agreement, shall apply for membership under the provisions of the Bylaws and Program Addendum(s).

## SIA NEW MEMBER APPROVAL PROCESS

Here is a simple overview of the process steps for consideration of a new member into our pool. Of course, some of these steps are likely to change with the addition of SPA approvals needed.

Overview of SIA's process to evaluate a potential new member:

- SIA receives notice/letter in intent/RFP from potential new member
- SIA's Executive team will:
  - Identify which programs are of interest
  - Review claim data – loss runs for past 5 years
  - Compare OSIP claim data for entity/JPA/TPA
  - PAR audit report results
  - Check in with management regarding impact to department staffing
- Determine SIA's initial level of interest
- Respond to entity with preliminary response
- Evaluate timeline
- Meet with requester to discuss SIA program requirements/philosophy
- Finalize SIA's response

If moving forward:

- Receive resolution from requesters board
- Present to SIA's Executive Committee
- Approval by full board in June
- Establish transition team

### Policy & Procedure No. P&P #1-Property

**ADOPTED:** January 11, 2021

**EFFECTIVE:** January 11, 2021

**SUBJECT:** Property Program Underwriting Procedures

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*Should there be any discrepancy between this documents and the JOINT POWERS AGREEMENT, the JOINT POWERS AGREEMENT will govern.*

#### **PURPOSE:**

The Schools Program Alliance (SPA) has developed a **Property Program** for its **Members**. SPA has established rating plans and operating practices conditions for its **Property Program**. This Policy and Procedure describes Underwriting Procedures intended to maintain **Member** confidence in the funding and viability of SPA's **Property Program** as well as guidelines for adding prospective members to the **Property Program**.

#### **POLICY:**

It is the policy of the SPA **Board** that the **Property Program** Underwriting Procedures balance and achieve the following underwriting goals

- Rate Stability over time so that **Members** can plan for SPA **Property Program** Costs;
- Loss Accountability so that **Members** are incentivized to prevent and reduce losses; and,
- Relationship of loss exposure, including professional appraisals of insurance to value within every five program years, so that rates reflect each **Member's** relative exposure to loss.

#### **PROCEDURE:**

The following underwriting procedures are followed in establishing the **Property Program** funding and rates.

1. Underwriting Guidelines /Funding Requirements/Rating Plan

Rates are established and adopted by the **Board** based upon multiple factors including, but not limited to, the following:

- The **Program Administrator** shall gather and analyze information on **Member** exposure including but not limited to the schedule of values, loss history, loss control reports, and exposure modelling.
- The **Program Administrator** shall project funding requirements for retained layers and reinsurance costs. An actuary may be engaged to assist as needed.
- The **Program Administrator** shall present to the **Board** for each year's renewal a rating plan cost allocation and review the methodology for calculating member contributions and reinsurance premiums.

2. New Members

A prospective member eligible under the joint powers agreement shall engage with the **Program Administrator** in an evaluation of potential participation in the **Property Program**. The **Program Administrator** shall conduct an initial underwriting review including but not limited to the underwriting factors described above and may confer with insurance and reinsurance underwriters for additional evaluation. New Members shall be scheduled to have a property insurance appraisal within 5 years of the new Member's most recent appraisal or as soon as practicable after joining if the most recent appraisal has not been within 5 years. The **Program Administrator** shall prepare a report to the **Board** summarizing the prospective member's application. **Board** considerations may include but are not limited to additional considerations such as:

- Prospective member's risk profile relative to existing **Members'** risk profile.
- SPA's ability to serve effectively the prospective member.

3. Periodic Review

This Policy and Procedure shall be reviewed by the **Board** and amended as needed.

**DEFINITIONS:**

**"Board"** means the Board of Directors of the SPA Joint Powers Authority.

**"Member"** means the signatories to the SPA Joint Powers Authority.

**"Program Administrator"** means the person or organization designated by the Board to administer the SPA Property Program.

**"Property Program"** means the program established by the Board to provide a combination of self-insured, insured and reinsured coverages and services designated by the Board as elements of the SPA Joint Powers Authority property program offering.

Item No: F.4.

**LEARNING MANAGEMENT SYSTEM MATRIX****ACTION ITEM**

**ISSUE:** Attached is a spreadsheet comparing the key criteria of various Learning Management Systems. Members requested a means to compare various LMS platforms with the goal of determining whether a group purchase of a system makes sense.

**RECOMMENDATION:** Review and provide direction regarding the criteria and request feedback from members to complete the analysis and determine if group purchase makes sense.

**FISCAL IMPACT:** None expected at this time. Possible group purchase discount for members.

**BACKGROUND:** Members identified this item as a goal during the recent planning meeting

**ATTACHMENTS:** *Draft* LMS Matrix



**LEARNING MANAGEMENT SYSTEM (LMS) EVALUATION**

<b>NAME</b>	<b>Member(s) Using Now</b>	<b>Member Support</b>	<b>Assign Courses to Specific Users</b>	<b>Variety of School Focused Topics</b>	<b>Ongoing Updates of Courses</b>	<b>Add Own Courses With All Functions</b>	<b>Run Reports, Dashboards, at Member &amp; Pool Levels</b>	<b>Ability to Link to Online Courses</b>
Vector (Target) Solutions								
Persidium								
Acu Train								
Hour Zero								
Public School Works						x		
Others?								

<b>Rating Scale</b>	
None	0
Some Functions	1
Most Functions	2
Full Function	3

**LEARNING MANAGEMENT SYSTEM (LMS) EVALUATION**

<b>NAME</b>	<b>Interactive Courses - Tests, checks, Video, etc.</b>	<b>ADA Accessible All Content</b>	<b>Courses in Multiple Lanaguages</b>	<b>New Law Updates and Training</b>	<b>Training Email Notices</b>	<b>Training Reporting to Mgmt</b>	<b>Auto Data Transfer &amp; Updates</b>	<b>Pricing</b>
Vector (Target) Solutions								
Persidium								
Acu Train								
Hour Zero								
Public School Works				x	x	x	x	
Others?								

<b>Rating Scale</b>	
None	0
Some Functions	1
Most Functions	2
Full Function	3

Item No: F.5.

**PROPERTY VALUATION STRATEGY****ACTION ITEM**

**ISSUE:** The trend factors issued by Marshall and Swift (M&S) that are used by underwriters to increase insured values to keep up with inflation are attached for review and discussion.

Duff and Phelps uses the M&S factors and trends the values at the end of the calendar year based on 4<sup>th</sup> quarter factors, as does the Alliant property program, APIP. The appraisals for Butte have been completed and values will be uploaded before the end of the year. D&P has confirmed they can complete all the assigned appraisals, except for SIA, by the end of calendar year 2022.

The appraised values will not need to be trended this year, though the properties not appraised will be subject to trending. The remaining appraisals will be uploaded when received without trending.

**RECOMMENDATION:** Review and provide direction regarding use of the trend factors for the SPA FY 22/23 property renewal.

**FISCAL IMPACT:** Trending the values of insured property will tend to increase the premium, though perhaps not as much as the percentage increase in the values, given target premiums.

**BACKGROUND:** Members have requested an overview of the trend factors used to update the property values and an update on how those factors may impact the FY 22/23 property renewal.

**ATTACHMENTS:** Marshall Swift Trend Factors - annually as of 4<sup>th</sup> Quarter, quarterly for the last four years, and most recent Product Bulletin.

**Marshall Swift Trend Factors (4th Quarter - October)**

<b>Year</b>	<b>Real Property</b>	<b>Personal Property</b>
2011	2.23%	3.33%
2012	2.80%	0.99%
2013	3.88%	2.00%
2014	2.07%	2.11%
2015	0.90%	0.36%
2016	0.25%	0.04%
2017	3.66%	2.33%
2018	4.62%	3.82%
2019	0.50%	2.04%
2020	3.10%	0.91%
2021	PENDING	PENDING

✓	Q	📄	Quarter	Region	Year	Real Property	Personal Property	States (USA)	Provinces (Canada)
	1		January	... Western Region	2018	4.08 %	2.41 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
	2		April	... Western Region	2018	4.17 %	2.62 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
	3		July	... Western Region	2018	4.84 %	2.57 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
	4		October	... Western Region	2018	4.62 %	3.82 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
▲ Year : 2019 (4)									
	1		January	... Western Region	2019	4.04 %	3.98 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
	2		April	... Western Region	2019	3.09 %	4.10 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
	3		July	... Western Region	2019	1.23 %	2.90 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
	4		October	... Western Region	2019	0.50 %	2.04 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
▲ Year : 2020 (4)									
	1		January	... Western Region	2020	0.57 %	1.35 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
	2		April	... Western Region	2020	1.20 %	0.70 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
	3		July	... Western Region	2020	2.19 %	1.44 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
	4		October	... Western Region	2020	3.10 %	0.91 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	
▲ Year : 2021 (3)									
	1		January	... Western Region	2021	6.31 %	2.44 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	AB,BC,NT,YT
	2		April	... Western Region	2021	7.07 %	3.79 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	AB,BC,NT,YT
	3		July	... Western Region	2021	12.43 %	6.73 %	AK,AZ,CA,CO,HI,ID,MT,NM,NV,OR,UT,WA,WY	AB,BC,NT,YT

# Commercial Product Bulletin

## 3rd Quarter 2021

[Overview](#)

[United States](#)

[Canada](#)

## Overview

### Commercial Bulletin Highlights

CoreLogic® monitors a wide variety of construction materials for the commercial and agricultural building industry. A few of this quarter's highlights are:

- In Q2 2021, the average for U.S. building materials increased by 15.8%. For labor, the average wage rate increased by 0.8%, based on construction trade contracts that were renewed during the quarter. The average change for Canadian building materials increased by 8.8% over the quarter, for labor, the average wage rate increased by 0.9%, based on construction trade contracts that were renewed during the quarter.

CoreLogic® monitors a wide variety of construction materials for the residential building industry. A snapshot of some of the most common material elements is listed below:

	United States		Canada	
	Quarter	Year	Quarter	Year
<b>Aluminum Conduit</b>	7.2%	10.6%	4.5%	5.2%
<b>Asphalt Shingles</b>	1.1%	2.3%	0.9%	1.1%
<b>Concrete Block</b>	0.5%	1.4%	0.6%	1.9%
<b>Drywall</b>	1.5%	2.0%	0.2%	1.2%
<b>Felt Paper</b>	0.9%	1.6%	0.8%	2.5%
<b>Galvanized Pipe</b>	2.3%	3.2%	1.9%	6.5%
<b>Lumber</b>	33.3%	89.5%	24.3%	109.4%
<b>Plywood</b>	49.3%	100.6%	31.5%	76.6%
<b>Ready Mix</b>	1.7%	4.2%	2.3%	8.6%
<b>Rebar</b>	3.2%	4.4%	2.0%	1.8%
<b>Steel Deck</b>	2.6%	4.2%	2.7%	5.6%
<b>Steel Stud</b>	5.4%	7.3%	1.7%	3.8%

<b>Structural Steel</b>	5.6%	6.5%	3.6%	4.4%
<b>1/2" Copper Pipe</b>	11.6%	12.7%	2.2%	3.3%

## National Average

### Building Construction Index Q2 2021

<b>National Average</b>	<b>Commercial</b>	<b>Agricultural</b>
<b>United States</b>	6.3%	5.3%
<b>Canada</b>	5.5%	5.1%

We monitor demographics and econometric statistics, government indicators, and localization requirements, including market trends from nearly 3,000 unique economies in the United States, and over 100 in Canada.

## About CoreLogic® Data Research

To ensure that our clients receive the most current building material and labor costs, the CoreLogic data team continuously researches hard costs such as labor, material and equipment , including mark-ups. Our research also covers soft cost such as taxes and fringes for reconstruction work performed for the insurance industry in the United States and Canada. We monitor demographics and econometric statistics, government indicators, and localization requirements, including market trends from nearly 3,000 unique economies in the United States, and over 100 in Canada.

- Other factors in this process include the following:
- Wage rates for more than 85 union and non-union trades
- Over 100,000 line items of construction data
- Productivity rates and crew sizes
- Local cost concerns, such as building code requirements and other localized variables

In addition, we validate cost data by analyzing field inspection records, contractor estimates, phone surveys and partial and full loss claim information. For more information, or for further explanation, please contact your sales consultant or account manager. NOTE: The cost information in this bulletin is only intended to give you a general sense of reconstruction cost trends in North America. You should NOT advocate using these factors when adjusting renewal values for specific locations or across your book of business. Please note that the building material and labor cost trends presented in this bulletin are broad averages derived from our research of construction trades and building materials.



# United States

## U.S. Regional Weighted Commercial Cost Changes

In Q2 2021, the average for U.S. building materials increased by 15.8%. For labor, the average wage rate increased by 0.8%, based on construction trade contracts that were renewed during the quarter. CoreLogic monitors a wide variety of construction materials for the commercial and agricultural building industry. A snapshot of some of the most common material elements is listed below:

### U.S. State by State

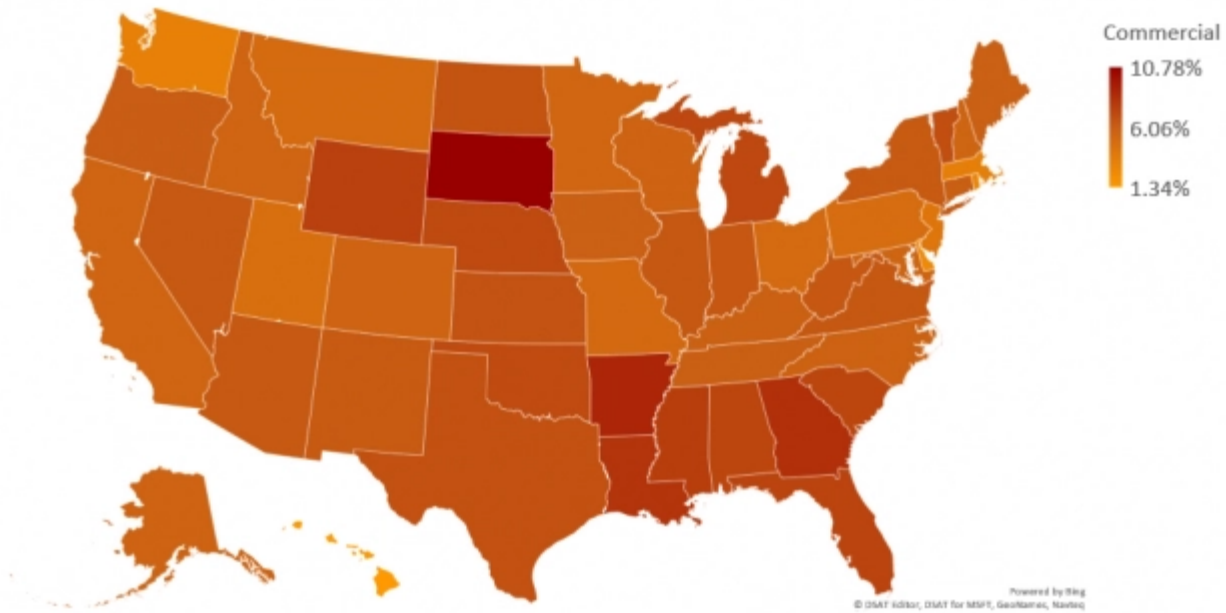
#### Building Construction Index Q2 2021

The table below provides a state by state snapshot of the changes in reconstruction costs for commercial and agricultural buildings.

State	Commercial	Agricultural
Alabama	7.33%	5.75%
Arizona	6.40%	6.27%
Arkansas	8.87%	7.93%
California	5.59%	4.53%
Colorado	5.67%	5.19%
Connecticut	6.07%	5.79%
Delaware	2.54%	2.50%
District Of Columbia	5.46%	4.40%
Florida	7.40%	5.47%
Georgia	8.40%	6.51%
Idaho	5.59%	4.84%
Illinois	6.44%	5.73%
Indiana	6.43%	5.37%
Iowa	6.03%	4.76%
Kansas	6.69%	5.70%
Kentucky	5.96%	4.78%
Louisiana	8.21%	6.50%
Maine	6.00%	5.30%
Maryland	5.62%	4.93%
Massachusetts	3.48%	2.88%
Michigan	7.15%	5.47%
Minnesota	5.51%	4.53%
Mississippi	7.72%	6.60%
Missouri	5.24%	4.48%
Montana	5.11%	4.06%
Nebraska	7.10%	6.24%
Nevada	6.37%	5.89%
New Hampshire	5.64%	4.63%
New Jersey	4.21%	3.97%
New Mexico	6.33%	5.33%
New York	6.33%	5.61%
North Carolina	5.83%	4.61%

North Dakota	6.64%	5.69%
Ohio	5.21%	4.08%
Oklahoma	7.07%	6.35%
Oregon	6.19%	4.92%
Pennsylvania	4.94%	4.47%
Rhode Island	2.89%	2.30%
South Carolina	7.29%	6.09%
South Dakota	10.78%	10.21%
Tennessee	6.08%	4.60%
Texas	6.76%	5.72%
Utah	4.79%	4.11%
Vermont	6.88%	7.51%
Virginia	6.45%	5.34%
Washington	3.38%	2.89%
West Virginia	6.42%	5.51%
Wisconsin	5.77%	4.22%
Wyoming	7.58%	6.31%
Alaska	5.78%	4.69%
Hawaii	1.34%	1.10%

### Q2 2021 United States Commercial Building Construction Index



Item No: F.6.

**ALLIANT CONNECT PROPERTY SCHEDULES****ACTION ITEM**

**ISSUE:** The Board is asked to confirm the use of Alliant Connect Property Schedules or Alliant Connect Vehicle Schedules to house the SPA Data.

**RECOMMENDATION:** Review and approve timeline of events as it relates to the use Alliant Connect Property Schedules or Alliant Connect Vehicle Schedules.

**FISCAL IMPACT:** None. There is no cost associated with use of Alliant Connect Property Schedules or Alliant Connect Vehicle Schedules.

**BACKGROUND:** Members previously received a demo of the Alliant Connect Property Schedules on December 4, 2020 where members were shown the live website where edits can be made to property schedule as well as the reports that can be generated by users. The website allows for annual trending and there is no cost to use the service.

**ATTACHMENTS:** None.

LRP-6

Define project process and timing for Board approval

**Goal: Fully functioning exposure management process via Alliant Connect; single-source creation of data needed for submission and binding process for SPA**

**Step 1:** Assure in-force SOVs are populated in Alliant Connect for each SPA Member

- Verify if SPA Member is already using Alliant Connect as their exposure management platform
- Verify if appropriate SOV is populated in Alliant Connect
- Verify if existing SOV in Alliant Connect is being actively managed/updated
- Confirm with each SPA Member if data entry and updates will be at Pool level or Pool's member level
- Alliant to obtain access/log-ins based on decision above

**Step 2:** Changes to SOVs made on a go-forward basis within Alliant Connect

- Confirm with each SPA Member if data entry and updates will be at Pool level or Pool's member level
- Alliant to obtain access/log-ins based on decision above

**Step 3:** Renewal Submission SOV run from Alliant Connect (Feb 2022); Binding SOV run from Alliant Connect (June 2022)

- Alliant to run submission SOV and verify with SPA Members
- Alliant to run True-up SOV and verify with SPA Members

**By December 2021**

**By February 2022**

**By Feb and June 2022**

Item No: F.7.

## **LOSS CONTROL UPDATE**

### **ACTION ITEM**

**ISSUE:** The following is an update on loss control activities

**Industrial Emergency Council (IEC)** – this consultant has been the most responsive and least expensive in their ability to schedule assessments and produce reports for membership. In addition to assessments for Butte and SIG, the primary consultant has provided an assessment of the factors of the River Fire that combined to avoid damage to several schools near Colfax.

**XMR Fire** – they provided a very comprehensive assessment of Nevada City schools earlier in the year and recently delivered a report for Butte. We are awaiting additional reports for NBSIA that have been delayed due to the active fire season, since the principal consultants are firefighters.

**Fireline Defense** – currently working with this consultant for the first time to conduct assessments for NBSIA.

The Program Managers suggest sending the fire assessment recommendations separately to each district with a diary for follow up, like is done with Boiler & Machinery inspections.

**Drone Surveys** – members were provided an overview of a drone survey program for a large Florida school pool, to document property conditions pre and post loss as well as thermal imaging. Members are encouraged to provide feedback on this program as well as other suggestions for risk control services. <https://vimeo.com/user132276943/download/529348186/5413ae2aaa>

**RECOMMENDATION:** Review and provide direction regarding current and prospective loss control services.

**FISCAL IMPACT:** None expected from this item.

**BACKGROUND:** Members have dedicated a portion of their annual property funding to loss control services. So far the focus has been on mitigating wildfire risk through assessments of properties identified as most at risk.

**ATTACHMENTS:** None

Item No: F.8.

**SPA WEBSITE DEMO****INFORMATION ITEM**

**ISSUE:** The SPA website is now active, and the Program Administrators should have the ability to update its contents by the time of the meeting. The members will receive an overview of the site and be asked to provide input on the current and desired content.

**RECOMMENDATION:** Review and provide feedback regarding current and proposed content.

**FISCAL IMPACT:** None expected from this item.

**BACKGROUND:** The SPA website has been in production for several months, with feedback from the Members and Program Administrators to set up the basic format. Once complete updates will be made on a regular basis, including posting of agendas, by the administrators.

**ATTACHMENTS:** None