



Schools Program Alliance

c/o Alliant Insurance Services
Corporation Insurance License No. 0C36861
2180 Harvard Street, Suite 460, Sacramento, CA 95815

AGENDA

- A Action**
- I Information**
- 1 Attached**
- 2 Hand Out**
- 3 Separate Cover**
- 4 Verbal**

MEETING: Board of Directors Meeting
Schools Program Alliance
Teleconference Meeting

DATE/TIME: May 24, 2021 at 1:00 PM PDT

LOCATION VIA TELECONFERENCE: Toll Free (888) 475 4499 or (669) 900-6833 US Toll Meeting number (access code): 971 6608 4049
<https://alliantinsurance.zoom.us/j/97166084049?pwd=bk45OHBIQIVqaHZWYk1odG1TVjdtzd09>

- PAGE* **A. CALL TO ORDER, ROLL CALL, QUORUM** **A 4**
- B. APPROVAL OF AGENDA AS POSTED** **A 4**
- C. PUBLIC COMMENTS**
The public is invited at this point to address the Board of Directors on issues of interest to them. **I 4**
- D. CONSENT CALENDAR**
The Board of Directors may take action on the items below as a group except a Board Member may request an item be withdrawn from the Consent Calendar for discussion and action. **A 1**
- Pg. 4* 1. Minutes of SPA Board Meeting May 10, 2021
- E. ADMINISTRATIVE REPORTS**
1. **Alliant Update**
The Board will receive an update on matters pertinent to SPA.
- F. GENERAL ADMINISTRATION**
- Pg. 9* 1. **Excess Liability Program**
Members will receive and may approve or provide direction regarding the following excess liability program items: **A 4**
- a. **Renewal Pre-Proposal**
 - b. **Excess Liability Memorandum of Coverage (MOC)**
 - c. **ABD Brokerage Service Agreement**
- Pg. 42* 2. **Property Program Update**
The Board will receive an update on pre-renewal activities for the renewal process for FY 21/22, provide direction, and delegate authority to approve proposals. . **A 1**
- G. INFORMATION ITEMS AND DISCUSSION**
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 4**
- Pg. 44* 1. **Yuba II Forest Resilience Bond**
SPA is a Partnership of California Public Entity Joint Powers Authorities



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H. ADJOURNMENT

A 4

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 Board Meeting May 10, 2021

SCHOOLS PROGRAM ALLIANCE

May 10, 2021 Teleconference Meeting Minutes

Members Present:

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

Consultants & Guests

Daniel Howell, Alliant Insurance Services	Dan Madej, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services	Dennis Mulqueeny, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services	Jaesa McCulligan, Sedgwick
Jim Wilkey, ABD	Ryan Telford, AmWins
Mark Stokes, ABD	George Magguy, AmWins

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Martin Brady called the meeting to order at 10:02 a.m. The above-mentioned members were present constituting a quorum.

B. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Janet Selby

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

A motion was made to approve the Consent Calendar as posted.

MOTION: Christy Patterson

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

E. ADMINISTRATIVE REPORTS

1. Alliant Update

Dan Madej presented the SPA Flyer related to New Construction and Newly Reported Locations related to the Auto Acquisition that can be used to remind your membership of items that need to be reported under the SPA program. After a discussion it was requested that the memo be revised to include less text to ensure membership is not overwhelmed and understands what is required. Lastly, it was noted that the flyer may need to be revised after July 1 due to changes in the renewal.

F. GENERAL ADMINISTRATION

F.1. Excess Liability Program Update

James Wilkey provided the Board with an update as it relates to the Excess Liability Program for the participating members which includes SIA and BASIC (not including SIG). He provided a review of the participating carriers while negotiations are being finalized. After a discussion it was noted a special meeting would need to be held May 24th in the afternoon to get authority to bind and then come back in June with the final MOC and pricing options for coverage in excess of \$25M.

F.2. SPA Draft Financials

F.2.A. Draft Financial Statements as of April 30, 2021

Marcus Beverly presented a draft of the Financials as of April 30, 2021, which provides a breakdown of contributions from members and the administration cost allocations. It was mentioned that there were not a significant number of expenses at this time but there are bills pending for appraisals and the Paragon Risk Control reports. It was noted that this was presented in a draft format and would be brought back at the end of the year in an unaudited format so each member may share with their own auditor to show their net position. Lastly it was noted that Liability is not included as placement will be made by ABD and billing will be done through BASIC and SIA. Members discussed cost allocation for Loss Control funds and how SPA should treat the available funds. It was noted that SPA needs to find a balance between fair access for each members' share of the funds while also allowing for services that are more applicable to one member that eventually benefit the group as a whole. Program Administration was asked to put together options on how to allocate the Loss Control Funds and present at the next meeting.

F.2.B. Draft FY 21-22 Budget

Marcus Beverly provided a review of the FY 21-22 Budget and noted that we will add a beginning and ending balance. It was noted that the SPA Retained Layer deposit is a point of consideration for the Board as it could be used to offset premiums or could be kept on the books as a surplus in the event it is needed. Program Administration was provided with direction to bring this back at a future meeting once more details are available.

F.3. SPA Operating Processes, Policies and Procedures

F.3.A. P&P #2 Admin – Record Retention Policy

Marcus Beverly presented the draft Record Retention policy and noted all are using something similar from CAJPA Accreditation. This was updated after checking with a member regarding their current Record Retention policy.

F.3.B. P&P #3 Admin – Protection of Electronic Data Policy

Marcus Beverly presented the draft Protection of Electronic Data policy and noted again that all members seem to be using the CAJPA Accreditation standards as a guide.

F.3.C. P&P #4 Property – Claim Management & Resolution Policy

Marcus Beverly presented the draft Claims Management and Resolution policy. Due to some recent claims it was noted we wanted to create a procedure as well as a dispute resolution process.

A motion was made to approve and file P&P #2 Admin – Record Retention Policy, P&P #3 Admin – Protection of Electronic Data Policy and P&P #4 Property – Claim Management & Resolution Policy as presented.

MOTION: Cindy Wilkerson

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

F.4. Property Program Update

Dan Madej provided the Board with a summary of recent events related to the renewal of the property program. He noted that we are working on the potential addition of LAUSD to the APD program which could reduce the rate overall as a result of their size (we are looking at options that both include LAUSD and exclude LAUSD).

George Magguy from AmWins provided the Board with an update regarding the Property market, and noted that there are some parts are in negotiations but expects to be in a position to provide not to exceed numbers at the next meeting. At this time we are looking at approximately a 6% increase from last year. Wildfire Deductibles are expected to be \$5M for BSSP, \$2.5M for RESIG, \$250K for NBSIA and \$500k for SIG and SIA. It was noted that further discussion is needed to determine the purpose of the retained layer (surplus, risk sharing layer, etc.) and about where SPA is looking to head in the future and that could be a conversation to be had after renewal.

It was requested Program Administration present an item on the May 24th Board meeting agenda to delegate authority to the Chair to bind the primary layer.

F.5. Loss Control Services

Marcus Beverly noted that all of the Paragon proposals have been completed and the reports are being sent out to members upon receipt. XMR Fire has been provided with NBSIA and BSSP locations to get an estimate of cost and it will take until Mid-July to complete those reports. Marcus

noted there is another vendor IEC which provides similar reports and members were asked to consider obtaining a report from them to determine which vendor to use moving forward – SIG offered to have a Nevada City school be used as the test site so we could compare the report provided by XMR fire to IEC. It was also requested that Cindy and Marcus work together to provide an item for review at the June meeting.

A motion was made to approve the addition of

MOTION: Rose Burcina

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

F.6. SPA Logo

Marcus Beverly provided a review of the SPA's logo run off vote. After a discussion of the last round it was generally agreed that SPA select a logo and request from the vendor the different formats of the logo to be used digitally.

A motion was made to select the approve the logo that received the most votes.

MOTION: Janet Selby

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

F.7. SPA Website

Marcus Beverly provided a mockup of the website which now includes a more school and kid centered look. Members were informed that the vendor is working on getting the site built and we will soon provide content to update.

F.8. Rolling OCIP

Marcus Beverly provided a brief review of the items received from the OCIP team and mentioned that it will be sent out to members in an effort to share with the underlying members of the pool.

G. INFORMATION ITEMS AND DISCUSSION

It was noted that RESIG is holding another Fire and Smoke Remediation June 16-17th and there are approximately 40 seats still available in the class (Per member cost is about \$750-\$800). It was requested that SPA consider covering the cost of the training to be presented at a meeting in the future and for Program Administration to update the announcement flyer. AmWins also notified members that they are attempting to change the threshold for Auto Acquisition and will be reaching out to members to determine if there are any projects that are coming on in the next year to help them design a better fit for the program as a whole.

H. ADJOURNMENT

A motion to adjourn was made at 12:10 P.M.



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MOTION: Cindy Wilkerson

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

The meeting was adjourned at 12:10 P.M.

NEXT MEETING DATE: Monday May 24, 2021 1 P.M.

Respectfully Submitted,

Martin Brady, Secretary

Date

DRAFT

Item No: F.1.

EXCESS LIABILITY PROGRAM

ACTION ITEM

ISSUE: SPA members will receive the following information and request for feedback and/or approval of the following excess liability program documents and proposals.

a. Renewal Pre-Proposal

Please see attached Renewal Pre-Proposal from ABD that provides an overview of member coverage options for PY 21/22. Members may approve and/or provide direction regarding some or all of the proposed terms and pricing and delegate authority to the Chair to execute necessary documents.

b. Excess Liability Memorandum of Coverage (MOC)

The attached draft SPA Excess Liability MOC has been reviewed by counsel and is ready for approval or direction after review by the members.

c. ABD Brokerage Service Agreement

A draft of an ABD Brokerage Service Agreement will be provided for review, discussion, and direction if needed for approval at the June 14, 2021 SPA Board meeting.

RECOMMENDATION: Review and provide direction and/or approval of each of the elements of the Excess Liability Program listed above:

- a. Bind coverage as appropriate and *provide authority to the Chair to execute documents as needed.*
- b. MOC - approve as presented or revised.
- c. Review and *provide direction and/or authority for Chair to execute Agreement.*

FISCAL IMPACT: No impact to SPA from today's agenda item. Participating members will be billed directly by ABD for any premiums, broker fees, or other costs associated with the coverage

BACKGROUND: SPA members agreed to form a Liability Program for PY 21/22 and ABD insurance brokers are marketing the coverage on behalf of all SPA members except SIG.

ATTACHMENTS:

1. Renewal Pre-Proposal
2. Excess Liability Program – Illustration of Proposed Coverage Layers
3. Excess Liability MOC – *draft*
4. ABD Brokerage Service Agreement – *draft, handout*



Renewal Pre-Proposal

Prepared for: Schools Program Alliance
July 1, 2021 to July 1, 2022

Presented by:

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About ABD. ABD is a consulting firm providing risk management, insurance brokerage, human resources, and retirement consulting services. Our advisors offer guidance and craft innovative solutions to help address risk for clients of varying sizes, growth stages and industries.

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This is an overview of your insurance program. Policy conditions, exclusions and/or terms in this summary may be limited. Refer to your policy for all conditions, exclusions and/or terms. In the event they differ, the policy will prevail. Higher limits may be available upon request.

Common Policy Exclusions

THIS IS NOT MEANT TO ENCOMPASS ALL EXCLUSIONS. The below list is intended to provide an overview of common exclusions. Please refer to your policy for all exclusions, terms and conditions. Some exclusions can be removed, modified or obtained through an additional policy. Please contact our office if you are interested in discussing your options.

Property Exclusions:	General Liability Exclusions:
Earth movement	Aircraft
Electrical Disturbance	Employee Bodily Injury
Explosion of Steam Boilers	Employment Related Practices
Flood, Surface Water, Tidal Waves	Electronic Privacy Violations / Cyber Liability
Mechanical Breakdown	Intentional or Illegal Acts
Mold, Virus, Pollution and/or Asbestos	Mold, Virus, Pollution and/or Asbestos
Mysterious Disappearance	Nuclear Hazard, War
Nuclear Hazard	Professional Services
Vacancy	Watercraft over 26' in length
War, Military or Government Action	Workers Compensation Exclusions:
Wear & Tear	Aircraft Flight Crews
Automobile Exclusions:	Domestic Servants
Depleted Value	USL&H
Employee Bodily Injury	Crime Exclusions:
Loss of Use	Fraudulent Acts by Insured and/or Partner
Mold, Virus, Pollution and/or Asbestos	Loss discovered by inventory
Nuclear Hazard, War	Voluntary Surrender of Property
Umbrella/Excess Exclusions:	Boiler Exclusions:
ERISA	Earth Movement
Employment Related Practices	Flood, Surface Water, Tidal Waves
Mold, Virus, Pollution and/or Asbestos	Mold, Virus, Pollution and/or Asbestos
Nuclear Hazard, War	Nuclear Hazard, War
Property in your Care, Custody and Control	
Uninsured motorists	
Inland Marine Exclusions:	
Earth Movement	
Flood, Surface Water, Tidal Waves	
Mysterious Disappearance	
Mold, Virus, Pollution and/or Asbestos	
Nuclear Hazard, War	

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RECOMMENDATIONS

The coverages checked below are included in your current Insurance program. This is intended to be a summary and may not include all coverages. Please see your policy(s) for all conditions, coverages, exclusions and/or limitations. To obtain information or a quote for any coverage, please contact your Account Representative.

PROPERTY:

- Tenant Improvements
- Blanket Coverage
- Agreed Amount
- Building Ordinance or Law
- Back Up Sewers or Drain
- Accounts Receivable
- Valuable Papers
- Property of Others
- Pollution Cleanup
- Equipment Breakdown

BUSINESS AUTO:

- Owned Auto Liability
- Hired Non-Owned Liability
- Hired Auto Physical Damage
- Uninsured/Underinsured Motorist
- Drive Other Car Coverage
- Rental Reimbursement
- Towing
- Garage Liability
- Garage Keepers Legal Liability

CRIME:

- Employee Dishonesty
- Money & Securities
- Forgery or Alteration
- Computer Fraud Coverage
- ERISA
- Social Engineering Fraud

INDIRECT LOSS:

- Business Interruption
- Credit Insurance
- Loss of Rental Income & Extra Expense
- Contingent Business Income
- Off Premises Power/Utility Interruption
- Extended Period of Indemnity

SURETY BONDS:

- Performance Bonds
- Maintenance Bonds
- License & Permit Bonds
- Court Bonds
- Notary Bonds
- Utility Bonds

LIABILITY:

- Employee Benefits Liability
- Umbrella/Excess Liability
- Per Location or Per Project Aggregate
- Liquor Legal Liability
- Pollution Legal Liability
- Special Event(s)
- Foreign Liability & Auto Liability
- Product Recall Liability
- Construction Liability
- Non-owned Watercraft up to 26'
- Product / Completed Operations Liability
- Personal Advertising Liability
- Medical Payments
- Active Shooter / Workplace Violence
- Intellectual Property Liability
- Student Accident
- Volunteer Accident

INLAND/OCEAN MARINE:

- Owned Equipment
- Rented/Leased Equipment
- Employee Tool Floater
- Installation Floater
- Builders Risk/Course of Construction
- Property In Transit
- Motor Truck Cargo
- Computer Hardware/Software
- Fine Arts Floater
- Exhibition Floater
- Signs
- Ocean Cargo

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RECOMMENDATIONS

WORKERS COMP:

- Occupational Accident Program
- Foreign Workers' Comp including
Endemic Disease & Repatriation Expense
- Voluntary Workers' Comp
- Stop Gap
- Defense Base Act

PROFESSIONAL / MANAGEMENT LIABILITY:

- Professional Liability/Errors & Omissions
- Directors & Officers Liability
- Employment Practices Liability
 - Wage and Hour Defense Only
- Fiduciary Liability
- Kidnap & Ransom/ Extortion
- Employed Lawyers Liability
- Cyber Liability/Network Security/Data

Breach

CATASTROPHE:

- Flood
 - Building
 - Business Income
 - Contents
 - Tenant Improvements
- Wind
- Earthquake
- Earthquake Sprinkler Leakage
- Terrorism

FOREIGN LOCAL PLACEMENTS:

- Compulsory or compliance policies

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Premium Overview

Coverage / Carrier	Renewal
Excess liability \$3.25M xs \$5M / Everest Re	\$2,488,111.00
Excess liability \$1.75M xs \$8.25M / Upland Specialty	\$738,231.00
Excess liability \$10M xs \$10M / Allied World (AWAC)	\$936,993.75
Excess liability \$5M xs \$20M / Hallmark Specialty	\$320,075.00
Total cost \$20M xs \$5M Primary	\$4,483,410.75

*Premiums noted above are excluding TRIA (additional cost to include TRIA is \$37,712.06)

Marketing Results

A thorough marketing effort of your policies has been conducted; results can be found below:

Insurer / Risk taker	AM Best Rating	Results
<i>Excess liability</i>		
Everest Re	A+ XV	Quoted \$2,488,111.00 \$13M (4x Layer) SPA Pool Aggregate Limit <i>Aggregate does not apply to auto liability</i>
Upland Specialty	A-VIII	Quoted \$738,231.00 \$7M (4x Layer) SPA Pool Aggregate Limit <i>Aggregate does not apply to auto liability</i>
Allied World (AWAC)	A XV	Quoted \$936,993.75 \$40M (4x Layer) SPA Pool Aggregate Limit <i>Aggregate does not apply to auto liability</i>
Hallmark Specialty	A-VIII	Quoted \$320,075.00 \$10M (2x Layer) SPA Pool Aggregate Limit <i>Aggregate does not apply to auto liability</i>

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Named Insured

The first named insured will be the prime contact for all transactions to your policy. If you need to specify another First Named Insured, please alert a member of your ABD team.

Named Insured & Covered Members

Schools Program Alliance (SPA)
Schools Insurance Authority (SIA)
Bay Area Schools Insurance Cooperative (BASIC)
<ul style="list-style-type: none">• Butte Schools' Self-Funded Programs (BSSFP)
<ul style="list-style-type: none">• North Bay Schools' Insurance Authority (NBSIA)
<ul style="list-style-type: none">• Redwood Empire Schools' Insurance Group (RESIG)

Mailing Address

Address	City	State	Zip Code
2180 Harvard St. #460	Sacramento	CA	95815

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Commercial excess liability - \$3.25M xs \$5M

Insurance Carrier:	Everest Re
Carrier Rating:	A+ XV Admitted
Term:	7/1/2021 – 7/1/2022
Premium:	\$2,488,111 (rate \$5.443431747)
Coverage:	Casualty including Educators Legal Liability, Personal Injury Liability, Products & Completed Operations, Premises Liability, Automobile Liability, Employment Practices Liability, Employee Benefits Liability, Professional Liability, and Errors & Omissions Liability
Policy form:	Occurrence
Limits of coverage:	\$3,250,000- Educators Legal Liability \$3,250,000- Personal Injury Liability \$3,250,000- Products & Completed Operations \$3,250,000- Premises Liability \$3,250,000- Automobile Liability \$3,250,000- Employment Practices Liability \$3,250,000- Professional Liability \$3,250,000- Errors & Omissions Liability
Retained & aggregate limits:	\$5,000,000 Primary \$13,000,000 (4x layer) Annual SPA pool aggregate limit (Aggregate does not apply to auto liability)
Terms & conditions:	Reinsurance coverage applies to SPA's underlying Memoranda of Coverage. Pandemic exclusion Cyber exclusion War exclusion Terrorism exclusion Wage & hour exclusion DJ, ECO/XPL excluded PFAS exclusion (<i>Polyfluoroalkyl Substances</i>) Any new member requires reinsurer approval Significant changes to SPA's underwriting guidelines &/or MOC would require acceptance of reinsurer Review of any change in the SAM language 100% minimum earned Everest will not drop down below \$5M regardless of u/l erosion
ADA:	457,085

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Commercial excess liability - \$1.75M xs \$8.25M

Insurance Carrier:	Upland Specialty Insurance Company
Carrier Rating:	A-VIII Admitted
Term:	7/1/2021 – 7/1/2022
Premium:	\$738,231 (rate \$1.615084722)
Coverage:	Casualty including Educators Legal Liability, Personal Injury Liability, Products & Completed Operations, Premises Liability, Automobile Liability, Employment Practices Liability, Employee Benefits Liability, Professional Liability, and Errors & Omissions Liability
Policy form:	Occurrence
Limits of coverage:	\$1,750,000- Educators Legal Liability \$1,750,000- Personal Injury Liability \$1,750,000- Products & Completed Operations \$1,750,000- Premises Liability \$1,750,000- Automobile Liability \$1,750,000- Employment Practices Liability \$1,750,000- Professional Liability \$1,750,000- Errors & Omissions Liability
Retained & aggregate limits:	\$3.25M each occurrence excess of \$5M each occurrence Pool retention \$7,000,000 (4x layer) Annual SPA pool aggregate limit (Aggregates does not apply to auto liability)
Terms & conditions:	Reinsurance coverage applies to SPA's underlying Memoranda of Coverage. Communicable disease exclusion Cyber exclusion Access or disclosure of confidential or personal information exclusion War exclusion Terrorism exclusion Nuclear exclusion DJ, ECO/XPL excluded OFAC notice Service of suit 100% minimum earned Any change to the Draft MOC must be approved by Reinsurer prior to binding Reinsurer will recognize erosion of u/l aggregates, but in no circumstances will Reinsurer's attachment drop below the \$5M per occurrence pool retention
ADA:	457,085

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Commercial excess liability - \$10M xs \$10M

Insurance Carrier:	Allied World (AWAC)
Carrier Rating:	A XV Non-Admitted
Term:	7/1/2021 – 7/1/2022
Premium:	\$936,993.75 including w/l taxes & fees (rate \$2.049933273)
Coverage:	Casualty including Educators Legal Liability, Personal Injury Liability, Products & Completed Operations, Premises Liability, Automobile Liability, Employment Practices Liability, Employee Benefits Liability, Professional Liability, and Errors & Omissions Liability
Policy form:	Occurrence
Limits of coverage:	\$10,000,000- Per occurrence for all Members \$10,000,000- Personal Injury Liability \$10,000,000- Products & Completed Operations \$10,000,000- Premises Liability \$10,000,000- Automobile Liability \$10,000,000- Employment Practices Liability \$10,000,000- Professional Liability \$10,000,000- Errors & Omissions Liability
Retained & Aggregate limits:	\$5M each occurrence excess of \$5M each occurrence Pool retention \$40,000,000 (4x layer) Annual SPA pool aggregate limit (Aggregates does not apply to auto liability)
Terms & conditions:	Reinsurance coverage applies to SPA's underlying Memoranda of Coverage. Communicable disease & infectious agent exclusion Asbestos exclusion OFAC notice No material change in risk 25% minimum earned at inception
ADA:	140,558

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Commercial excess liability - \$5M xs \$20M

Insurance Carrier:	Hallmark Specialty
Carrier Rating:	A-VIII Non-Admitted
Term:	7/1/2021 – 7/1/2022
Premium:	\$320,075.00 including w/l taxes & fees (rate \$.0700252688)
Coverage:	Casualty including Educators Legal Liability, Personal Injury Liability, Products & Completed Operations, Premises Liability, Automobile Liability, Employment Practices Liability, Employee Benefits Liability, Professional Liability, and Errors & Omissions Liability
Policy form:	Occurrence
Limits of coverage:	\$5,000,000- Per occurrence for all Members \$5,000,000- Personal Injury Liability \$5,000,000- Products & Completed Operations \$5,000,000- Premises Liability \$5,000,000- Automobile Liability \$5,000,000- Employment Practices Liability \$5,000,000- Professional Liability \$5,000,000- Errors & Omissions Liability
Retained & Aggregate limits:	\$15M each occurrence excess of \$5M each occurrence Pool retention \$10,000,000 (2x layer) Annual SPA pool aggregate limit (<i>Aggregates does not apply to auto liability</i>)
Terms & conditions:	Reinsurance coverage applies to SPA's underlying Memoranda of Coverage. Communicable disease exclusion PFAS exclusion (<i>Polyfluoroalkyl Substances</i>) Fungi or bacteria exclusion Asbestos exclusion Access or disclosure of confidential or personal information exclusion Lead exclusion OFAC notice No material change in risk Final review & approval of SPA, SIA & BASIC MOC's 25% minimum earned at inception
ADA:	140,558

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Subjectivities

- Signed acceptance page
- Currently valued losses prior to binding with no material loss development
- Copy of final 2021 – 2022 MOLC
- Signed D1 notice
- Signed offer of terrorism, either accepting or rejecting the coverage

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Proposal Acceptance

This proposal contains proprietary confidential information. Reproduction or disclosure of this material is prohibited without the written consent of ABD Insurance & Financial Services, Inc.

The intent of this proposal is to provide an overview of our suggested insurance program. Policy terms and conditions and/or exclusions outlined in this summary do not represent the full extent of such terms and conditions and/or exclusions. Refer to your policy for all such terms and conditions, limitations, exclusions, sub-limits and definitions. In the event this summary and the policy language differ, the policy language will prevail.

Higher policy limits may be available upon request.

This proposal was created based on our understanding of the information provided by you. The information provided should be carefully reviewed for accuracy. If any of the information you provided is no longer accurate, the policy terms and conditions may be subject to change. Changes in your business may also affect your insurance program; please advise ABD as soon as possible if your business operations have now changed or change at any point during the policy term.

I have read and understand the terms and conditions of this proposal.

- After careful review, we accept your proposal dated 5/18/2021 as presented
- After careful review, we accept your proposal dated 5/18/2021 with changes noted below

- 1.
- 2.
- 3.

Named Insured: _____ Title: _____

Signature: _____ Date: _____

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International Local Insurance Policy Placement Guidelines

Where Coverage Is Compulsory

- We recommend placing all policies that are required locally by law or regulation.
- Client is responsible for placing compulsory automobile liability and other compulsory government administered coverage.

Where U.S. Policies Are Prohibited

- We recommend placing locally admitted policies where U.S. policies are prohibited, specifically:
 - General Liability – When you have a local legal entity with contracts, leases and/or employees.
 - Employers Liability – When you have local employees.
 - Workers Compensation – When benefits are due to local employees, even if coverage is not compulsory (i.e. China, India, the UAE).
 - Property - If property values exceed \$250,000 or coverage is required by contract, we recommend that you insure locally.
 - *If property values are below \$250,000, we recommend the local entity self-insure. The primary named insured will be indemnified for a loss under your global master controlled policy subject to any applicable sub-limits and deductibles. Funds can be repatriated to the entity suffering the loss subject to applicable taxes and fees*

Where U.S. Policies Are Not Prohibited

- It is our recommendation not to place a local policy where a U.S. policy is not specifically prohibited as valid insurance.
- We may recommend coverage be placed locally even though it is not specifically prohibited in the scenarios below:
 - Where insurance is customary for the area, but not compulsory
 - If the level of exposure and activity is significant
 - If the coverage requested is only available locally (i.e. UK Terrorism)
 - To allow for payment of insurance premium taxes
 - Local evidence of insurance required by contract or lease

Compliance

- Domestic Corporations doing business abroad are required to comply with laws and/or regulations which are outside the scope of ABD Insurance and Financial Services.
- We recommend the engagement of legal counsel and tax professionals to assure compliance with laws and/or regulations of the countries in which business is transacted.

If you establish a small local presence after the global master controlled policy term renewal and there are no requirements for proof of insurance from local leases or customer contracts, we may recommend you consider having the local entity self-insure non-compulsory coverage until the next global master controlled program renewal. The USA parent corporation will be indemnified for a loss under your global master program subject to the terms and conditions of that policy. Any repatriation of insurance proceeds may be subject to applicable taxes, penalties and fees.

Terms You Need to Know

Admitted: Insurance written by an insurer licensed to do business in the state or country in which the insured exposure is located.

Compulsory: Coverage required by law.

Non-Admitted: Insurance written by an insurance company not licensed to do business in a certain state or country.

Not Prohibited: Local insurance regulations are not specific regarding the requirement for US based insureds to use only admitted insurers.

Prohibited: Local insurance regulations are clear that non-admitted insurance is not allowed.

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International Service Fee

Insurance regulations are changing daily and continue to increase in complexity for countries with established insurance systems and those with newly emerging insurance systems. Most companies will place policies in foreign countries in an effort to be compliant with these regulations around the world.

While ABD supports our clients in placing local coverage, we do not receive commissions on these local policies. Any commissions paid by insurance carriers on local policies are remitted to the local broker and are not sufficient to cover their costs of managing a policy.

In order to off-set the costs of managing a global program, ABD charges an annual fee that is equal to \$1,800 per country in which local placements are arranged.

This fee is used to off-set the following costs:

- Time spent on day to day questions on existing countries from local carrier, broker and local office, securing of Certificates of Insurance from local brokers or carriers, etc.
- Research into new countries where you are establishing operations
- Communicating market intelligence on worldwide regulatory changes
- Overseeing invoicing, currency issues, wire transfer issues and local premium payments
- Managing the renewal process for local policies placed by master program carriers and policies placed outside the master program
- Fees by local brokers to manage the policy(ies) placed (policy review, invoicing, tax/fee collection and remittance)
- Wire transfer costs when ABD remits premiums on behalf of clients

A Client Service Agreement will be prepared for client's signature.

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When to Contact Us

Should any material changes in operations present themselves, please notify ABD immediately. Insurance carriers evaluate and accept risks based on the information provided. Any misrepresentation of these details may lead to complications in claims situations.

Such changes may include, but are not limited to:

- Personnel changes affecting responsibility for insurance decisions
- Employees traveling overseas
- Employees working on military bases
- Mergers & Acquisitions
- Legal change in corporate structure
- Purchase, construction or occupancy of a new premises
- Altering, vacating or temporary unoccupancy of an existing premises
- Material increase or decrease in property values
- Addition of owned, leased or borrowed automobiles
- Material change in business operations
- Alteration, addition or disconnection of any alarm system
- Usage of non-owned watercraft or aircraft
- Employment of personnel in states where you were not previously doing business
- Appointment of a new officer (CEO, CFO, COO)
- Change in ownership either with the board of directors or stock ownership
- Fluctuation of ERISA plan assets
- Addition/Deletion of new drivers

Account Service Team Directory

EVP/Property & Casualty	Mark Stokes
	Phone: 707-682-5319
	Email: mark.stokes@theabdteam.com
SVP/Property & Casualty	Jim Wilkey
	Phone: 707-302-6033
	Email: james.wilkey@theabdteam.com
Account Manager	Eileen Massa, CLCS
	Phone: 707-220-8303
	Email: eileen.massa@theabdteam.com
Account Coordinator	Erica Audiss, CLCS
	Phone: 707-877-4737
	Email: erica.audiss@theabdteam.com
Claims & Contract Specialist	Jennet Horder, CLCS, WC SIP, WCCA
	Phone: 707-780-1661
	Email: jennet.horder@theabdteam.com
VP Risk Control Services	Scott Rhymes, ARM, CIH, CSP, REHS
	Phone: 707-515-7664
	Email: scott.rhymes@theabdteam.com
Office Address	1435 No. McDowell Blvd, Suite 320 Petaluma, CA 94954 Main phone: 650-488-8565

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Appendix

- Understanding A.M. Best Ratings
- Claims Made and Reported
- Polling questionnaire
- Auto Rental Guidelines
- Terrorism Disclosure
- Disclosure
- Common Policy Exclusions

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Understanding AM Best Ratings

Secure Best's Ratings		Vulnerable Best's Ratings	
A++, A+	SUPERIOR	B, B-	FAIR
A, A-	EXCELLENT	C++, C+	MARGINAL
B++, B+	VERY GOOD	C, C-	WEAK
		D	POOR
		E	UNDER REGULATORY SUPERVISION
		F	IN LIQUIDATION
		S	RATING SUSPENDED
Financial Size Category			
Based on capital, surplus and conditional review			
<i>Funds in Millions of Dollars</i>			
XV –	GREATER THAN 2,000	X–	500 – 750
XIV –	1,500 – 2,000	IX –	250 – 500
XIII –	1,250 – 1,500	VIII –	100 – 250
XII –	1,000 – 1,250	VII –	50 – 100
XI –	750 – 1,000		
		Rating Modifiers	
		u-	UNDER REVIEW
		s-	SYNDICATE
		pd-	PUBLIC DATA

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What are Claims Made & Claims Made & Reported?

Claims Made

1. Under a claims-made form, the policy that is in effect at the time that a claim is made against you is the policy that will respond to that claim, regardless of when the accident, incident or injury occurred (subject to any retroactive date). This differs from an occurrence form, which responds to claims resulting from accidents, incidents or injuries occurring while the policy was in effect, regardless of when a claim for damages is brought.
2. If your policy has a retroactive date, the accident, incident or injury must have occurred after the retroactive date in order for the policy to respond to a claim.
3. You may have the right to purchase an extended reporting period (ERP) endorsement if the policy is cancelled or not renewed. This endorsement will provide a period of time to continue to report claims that arise resulting from accidents, incidents or injuries that occurred after any retroactive date and before the ending of your policy. The ERP (often called “tail” coverage) must be requested within a specific time frame and the additional premium promptly paid when due.

Claims Made and Reported

A type of claims made policy in which a claim must be both made against the insured and reported to the insurer during the policy period for coverage to apply*

**Source: IRMI Glossary of Insurance and Risk Management Terms*

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Errors & Omissions Polling Questionnaire

May 18, 2021

Dear All,

Our Errors & Omissions policy is issued on a **claims-made and reported** form, which requires us to report all claims and circumstances that could lead to a claim to the insurance company **prior to the policy expiration**. Please advise me immediately if you are aware of any claims or circumstances that could fall under the general descriptions below.

Errors & Omissions and Professional Services: damages arising from any negligent act, error, or omission of our products or professional services.

Media Liability: damages arising from defamation, libel, slander, or other tort related to disparagement to the reputation of any person or organization; infringement of copyright, trademark or service mark; negligence regarding the content of media communication.

Network Security: damages arising from our computer systems security that results in the failure to prevent transmission of malicious code to third party systems; failure to prevent unauthorized access that results in the destruction or corruption of data, theft of data, or denial of service attacks; failure to allow access to an authorized user.

Privacy Liability: damages for violation of a privacy law; disclosure or theft of non-public personal identifiable information that is in our care, custody or control; privacy notification costs including costs to hire a computer security expert, legal fees to comply with breach notice laws, credit monitoring; regulatory defense and penalties.

I appreciate your immediate reply as this is a time-sensitive exercise.

Thank you,

Mark Stokes, EVP

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Automobile Rental Guidelines

Disclaimer: Cars Should Be Rented in Corporate Name Where Possible
Renting Cars in The United States and Canada, including travel to Mexico

Third Party Liability

- Most vehicle rentals in the USA and Canada will automatically include liability insurance at the minimum limits required by the State or Province in which the rental is made.
- **DO NOT PURCHASE** the additional liability insurance offered by the rental agency. Your insurance policy provides liability insurance for rental cars while conducting company business.
- **PURCHASE** the liability insurance offered at the rental counter if employees based outside the USA rent autos in the USA or Canada. While workers' compensation would protect injured US employees, non-employee passengers may have the right to sue. To ensure protection when an employee based outside the USA invites a non-employee into the car, we recommend the purchase of this insurance when offered at the rental counter.
- If travel from the USA to Mexico in the rental vehicle is required, **PURCHASE** the liability insurance for Mexico offered at the rental counter when renting in the USA. You should verify the rental agreement clearly states that the vehicle may be driven into Mexico and liability coverage will apply.

Physical Damage – Collision Damage Waiver

- **DO NOT PURCHASE** the Collision Damage Waiver offered at the rental counter. Your insurance program includes coverage for damage to rented vehicles.

EMPLOYEES RENTING CARS IN COUNTRIES OTHER THAN THE U.S.A. AND CANADA

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Third Party Liability

- **PURCHASE** the liability insurance offered at the rental counter when renting a vehicle outside the USA and Canada. Automobile Bodily Injury and Property Damage Liability insurance are required by law in almost every country. Please verify this coverage is included with the rental agreement.

Physical Damage – Collision Damage Waiver

- **PURCHASE** the Collision Damage Waiver or Physical Damage Coverage offered by the rental agency when renting a vehicle outside the USA and Canada.
- In the event of an accident resulting in damage to the rental car, rental agencies outside the USA and Canada will charge the credit card used to make the reservation with an estimated amount of repair costs if insurance is not purchased.

PERSONAL USE OF BUSINESS AUTO RENTALS BY EMPLOYEE OR FAMILY MEMBERS

- No coverage is provided under the corporate insurance for personal use of automobiles or when family members are driving. Please evaluate whether your own personal automobile insurance provides this coverage. If it does not, or you are renting a vehicle outside the U.S.A. or Canada or taking a USA rented vehicle into Mexico, we recommend you purchase both the liability and physical damage insurance offered by the rental agency to protect your personal liability when not engaged in company business.

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Disclosure Pursuant to Terrorism Risk Insurance Act

Terrorism Coverage and Premium

In accordance with the federal Terrorism Risk Insurance Act (as amended "TRIA"), we are required to make coverage available under your policy for "certified acts of terrorism." The actual coverage provided by your policy(ies) will be limited by the terms, conditions, exclusions, limits, and other provisions of your policy(ies), as well as any applicable rules of law.

The portion of your premium attributable to this terrorism coverage is shown in the premium section(s) of this quote proposal or binder.

Definition of Certified Act of Terrorism

A "certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of TRIA, to be an act of terrorism under TRIA. The criteria contained in TRIA for a "certified act of terrorism" include the following:

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act results in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting 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

Disclosure of Federal Share of Terrorism Losses under TRIA

The United States Department of the Treasury will reimburse insurers for 85% of insured losses that exceed the applicable insurer deductible. Effective January 1, 2016, this percentage will be reduced to 84%, effective January 1, 2017 to 83%, effective January 1, 2018 to 82%, effective January 1, 2019 to 81%, and effective January 1, 2020 to 80%.

However, if aggregate industry insured losses under TRIA exceed \$100 Billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States government has not charged any premium for their participation in covering terrorism losses.

Cap on Insurer Liability for Terrorism Losses

If aggregate industry insured losses attributable to "certified acts of terrorism" under TRIA exceed \$100 Billion in a calendar year, and we have met, or will meet, our insurer deductible under TRIA, we shall not be liable for the payment of any portion of the amount of such losses that exceed \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible. In accordance with the Treasury's procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

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Disclaimer

This proposal serves only as an outline. It does not include every term, coverage, exclusion, limitation and condition reflected in the actual insurance contract. Please refer to the policy for these details. This proposal does not amend or alter any insurance contract. Detailed questions regarding policy information should be directed to your ABD Insurance & Financial Services service team.

Confidential

This proposal contains confidential information regarding ABD Insurance & Financial Services as well as our clients. Circulation, reproduction or disclosure of this material is prohibited without the express permission and written consent of ABD Insurance and Financial Services.

Certificates

Often times, we are asked to provide certificates of insurance to lenders, landlords, vendors, contractors, etc. Many of these requests modify coverage or coverage provisions. The Department of Insurance may not have approved the insurance company to make these modifications.

Contracts

In the course of business, you may sign leases, contracts, agreements, etc. that may transfer serious financial obligations to you. We recommend you have an attorney and/or CPA review the contracts and advise you if any changes are necessary to properly protect you from these exposures.

Compensation

Contingent, supplemental, or bonus commissions

As is customary in the insurance industry, some of the insurers that we represent may pay us additional incentive commission, sometimes referred to as contingent, supplemental or bonus commissions, which may be based on the total volume of business we sell for them, and/or the growth rate of that business, retention rate, claims loss ratio, or other factors considering our entire book of business with a given insurer for a designated period of time. This additional commission is generally not client specific and does not impair our objectivity nor impact our commitment to you. Such additional commissions would be in addition to any other compensation we may receive.

Miscellaneous sources of compensation

In addition to the foregoing, we may also receive income from the following sources:

- Interest earned on premiums received from you and forwarded to your insurers through our bank account.
- Payments from insurers to defray the cost of services provided for them, including advertising, training, certain employee compensation, and other expenses.

At your request, we will provide you with a detailed statement regarding our compensation on your account and how the compensation is calculated.

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Disclaimer

Continued

Exposures

This overview is based upon exposures currently made known to us by you and believed to be an accurate representation of your operations. Values used were those presented to us and should be carefully reviewed. All changes to exposures must be reported by you so coverage may be modified as appropriate. Additional coverages may be available.

Executive Liability

Liability arising out of executive decisions are generally excluded from a standard liability policy. If you are interested in obtaining this coverage please contact our office.

Higher Limits

Higher limits may be available through the existing policy or umbrella coverage. Should you wish to purchase higher limits please contact our office.

Named Insureds

Certain responsibilities/duties fall upon the first Named Insured:

- Pay all premiums, including audit premiums. Receive all return or refunded premiums
- Cancel the policy and/or receive notices pertaining to cancellation or non-renewal from the Insurer
- Request changes in the terms of the policy
- Record keeping of information for premium computation
- Request information regarding claims or occurrences from the Insurer

Note: Partnerships and joint ventures are not automatically included unless listed.

Minimum Earned Premium

A minimum earned premium is the least you will have to pay once a policy goes into effect.

Professional Liability

Liability arising out of professional services are generally excluded from a standard liability policy. If you are interested in obtaining this coverage please contact our office.

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Schools Program Alliance
 Excess Liability Program
 7/1/2021 to 7/1/2022



Average Daily Attendance
 457,085

Carrier	Coverage Layers/Conditions	Rate/ADA	Layer Premium	Status
Everest Re	\$3.25m XS \$5m Primary	5.443431747	\$ 2,488,111.00	Confirmed
	\$13m (4 X Layer) SPA Pool Aggregate Limit Aggregate Does Not Apply to Auto Liability			
Upland Specialty	\$1.75m XS \$8.25m	1.615084722	\$ 738,231.00	Confirmed
	\$7m (4 X Layer) SPA Pool Aggregate Aggregate Does Not Apply to Auto Liability			
\$10m Sub-Total	\$5m XS \$5m Primary	7.058516468	\$ 3,226,342.00	
Allied World (AWAC)	\$10m XS \$10m	2.049933273	\$ 936,993.75	Confirmed
	\$40m (4 X Layer) SPA Pool Aggregate Limit Aggregate Does Not Apply to Auto Liability			
\$20m Sub-Total	\$15m XS \$5m Primary	9.108449741	\$ 4,163,335.75	
Hallmark	\$5m XS \$20m	0.700252688	\$ 320,075.00	Confirmed
	\$10m (2 X Layer) SPA Pool Aggregate Aggregate Does Not Apply to Auto Liability			
\$25m Sub-Total	\$20m XS \$5m Primary	9.80870243	\$ 4,483,410.75	

SCHOOLS PROGRAM ALLIANCE EXCESS LIABILITY MEMORANDUM OF COVERAGE DECLARATIONS

Item No. 1. Coverage Provider:

Schools Program Alliance

Item No. 2. Named Covered Members:

Schools Insurance Authority (SIA)
P.O. Box 276710
Sacramento, CA 95827

Bay Area Schools Insurance Cooperative (BASIC)
1750 Creekside Oaks Drive #200
Sacramento, CA 95833

Item No. 3. Coverage Period:

July 1, 2021 (12:01 A.M. PST) to July 1, 2022 (12:01 A.M. PST)

Item No. 4. Coverage Limit:

Each Occurrence Limit:

The difference between \$25,000,000 per Occurrence for Ultimate Net Loss and the Retained Limit of Liability of \$5,000,000 per Occurrence.

Reinsurance for the \$25,000,000 million Limit of Coverage (\$25,000,000 less the \$5,000,000 retention per each Occurrence) has been purchased for Claim payments made by or on behalf of each **Named Covered Member**.

Item No. 5. Schedule of Underlying Coverage:

1. Memorandum of Liability Coverage (MOLC) issued by Schools Insurance Authority for the period from July 1, 2021 (12:01 AM PST) to June 30, 2022.
2. Memorandum of Excess Liability Coverage (MOELC) issued by the Bay Area Schools Insurance Cooperative for the period from 7/1/2021 (12:01 AM PST) to 7/1/2022 (12:01 AM PST)

Item No. 5. Claim and Notice of Circumstance Notifications:

Schools Program Alliance
C/O Schools Insurance Authority
P.O. BOX 276710
Sacramento, CA 95827

**SCHOOLS PROGRAM ALLIANCE
EXCESS LIABILITY MEMORANDUM OF COVERAGE**

Various provisions in this Memorandum of Coverage (MOC) restrict coverage. Read the entire MOC and any “underlying MOC” carefully to determine rights, duties and what is and is not covered.

Throughout this MOC, the words “you” and “your” refer to the Named Covered Members shown in the Declarations and any other person or organization qualifying as a Covered Member under the “underlying coverage”. The words “we” and “us” refer to the Schools Program Alliance and its underlying members.

Other words and phrases that appear in quotation marks have special meanings. Refer to Section V. Definitions.

SECTION I. COVERAGE AGREEMENT

1. We will pay those sums in excess of the limits shown in the Schedule of Underlying Coverage that you become legally obligated to pay as damages because of injury to which this coverage applies, provided that the “underlying coverage” also applies, or would apply but for the exhaustion of its applicable Limits of Coverage.
2. This MOC is subject to the same terms, conditions, agreements, exclusions and definitions as the “underlying MOCs”, except:
 - a. We will have no obligation under this policy with respect to any claim or suit that is settled without our consent; and
 - b. With respect to any provisions to the contrary contained in this MOC.
3. The amount we will pay for damages shall not exceed the Limits of Coverage shown in the Declarations.
4. We will have the right to participate in the defense of claims or suits against you seeking damages because of injury to which this coverage may apply. We will have a duty to defend such claims or suits when the applicable limit of coverage of the “underlying MOCs” has been exhausted by payment of judgments, settlements and any cost or expense subject to such limit. We may, at our discretion, investigate and settle any claim or suit. Our right and duty to defend ends when the applicable limit shown in the Declarations has been used up by our payment of judgments or settlements.

SECTION II. EXCLUSIONS

The exclusions applicable to the “underlying MOCs” also apply to this MOC.

SECTION III. LIMITS OF COVERAGE

1. The Limit of Coverage shown in the Declarations as the Each Occurrence Limit is the most we will pay for damages arising out of any one occurrence or offense.
2. If a Limit of Insurance is shown in the Declarations as the Aggregate Limit, that amount will apply in the same manner as the aggregate limits shown in the Schedule of Underlying Coverage.

SECTION IV. CONDITIONS

If any of the following conditions are contrary to conditions contained in the “underlying MOCs” the provisions contained in this MOC apply.

1. Appeals

In the event the underlying coverage provider(s) elects not to appeal a judgment in excess of the limits of the “underlying MOCs”, we may elect to make such an appeal. If we so elect, we shall be liable, in addition to the applicable Limits Of Coverage, for all defense expenses we incur.

2. Maintenance of Underlying Coverage

- a. You agree to maintain the “underlying coverage” in full force and effect during the term of this policy, and to inform us within 30 days of any replacement or material change of that “underlying coverage” by the same or another coverage provider. Failure to maintain the “underlying coverage” in full force and effect or to meet all conditions and warranties of such “underlying coverage” will not invalidate coverage provided under this MOC, but coverage provided under this MOC shall apply as if the “underlying coverage” were available and collectible.
- b. Reduction or exhaustion of the aggregate limit of any “underlying coverage” by payments for judgments, settlements or any costs or expenses subject to that limit, will not be a failure to maintain “underlying coverage” in full force and effect.
- c. No statement contained in this condition limits our right to cancel or not renew this MOC.

For purposes of this MOC, if any “underlying coverage” is not available or collectible because of:

- a. The bankruptcy or insolvency of the underlying coverage provider(s) providing such “underlying coverage”; or
- b. The inability or failure for any other reason of such underlying coverage provider(s) to comply with any of the obligations of its MOC;

then this MOC shall apply and amounts payable hereunder shall be determined as if such “underlying coverage” were available and collectible.

3. Other Coverage

This coverage is excess over any other valid and collectible coverage or insurance whether primary, excess, contingent or any other basis, except other coverage or insurance written specifically to be excess over this coverage.

4. Cancellation

- a. The Named Covered Members shown in the Declarations may cancel this MOC by mailing or delivering advance written notice of cancellation to us.
- b. We may cancel this MOC by mailing or delivering written notice of cancellation to the Named Covered Members at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 60 days before the effective date of cancellation if we cancel for any other reason.
- c. We will mail or deliver our notice to the Named Covered Member's last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The MOC will end on that date.
- e. If this MOC is cancelled, we will send the Named Covered Member any premium refund due. If we cancel, the refund will be pro rata. If the Named Covered Member cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

5. Memorandum of Coverage Period

This coverage will respond to injury or damage that occurs, or arises from an offense committed, during the Memorandum of Coverage Period shown in the Declarations.

SECTION V. DEFINITIONS

"Underlying coverage" means the MOCs or self-insurance shown in the Schedule Of Underlying Coverage, any replacements thereof and other coverage purchased or issued for newly acquired or formed organizations. Coverage purchased or issued as replacements of coverage or self-insurance listed in the Schedule of Underlying Coverage or for newly acquired or formed organizations shall not be more restrictive than those listed in the Schedule Of Underlying Coverage. All "underlying coverage" shall be maintained by you in accordance with the Maintenance of Underlying Coverage condition of this MOC.

Item No: F.2.

PROPERTY PROGRAM RENEWAL MARKETING SUBMISSION & STATUS

ACTION ITEM

ISSUE: The Board will receive an update on the property and APD renewals from Alliant and AmWINS. This will include “not to exceed” information.

RECOMMENDATION: Review and discuss updated renewal positions and provide guidance, as requested. *Delegate authority to the Managing Member for binding of positions, similar to the 2020 process.*

FISCAL IMPACT: For the property program, the “blended” primary layer is headed towards (1) a 25% increase for the domestic markets as initial positions and (2) a 10% rate increase for the London markets, driven by the 2020 wildfire losses to the program in SPA’s first year of operation. Excess costs are not fully known at the time of this writing but expected to be near a 15% rate increase. The APD rate is anticipated to be flat, with potential improvement in rate if LAUSD joins as a member. Offsetting measures for rate increases will be discussed with the Board. Limits up to \$150M are still being explored.

London’s position on wildfire deductibles, at this point, are: Butte/\$5,000,000, RESIG/\$2,500,000, SIG/\$500,000, SIA/\$500,000 and NBSIA/\$250,000. Domestic positions for wildfire deductibles are unchanged from expiring, other than Butte/\$5,000,000.

The cost of the SPA Property Program are included in the draft budget and will be finalized and allocated by action of the Board at their June meeting.

BACKGROUND: For a property program the size of SPA’s, and with its exposure characteristics, it takes a global effort to obtain the capacity and support needed. SPA’s program is supported both domestically and in London currently. The program is being marketed to incumbents as well as a variety of new markets. The final outcome of the renewal is generally impacted by SPA’s experience, SPA’s exposures, terms/conditions of the prospective program and the market conditions in the global marketplace.

ATTACHMENTS:

1. Renewal highlights will be shared during the meeting
2. Initial budgeting estimates will be shared during the meeting



Item No: G.

INFORMATION ITEMS AND DISCUSSION

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.

1. Yuba II Forest Resilience Bond



Yuba II Forest Resilience Bond

The Forest Resilience Bond (FRB) is an innovative investment vehicle deploying private capital to finance forest restoration activities that mitigate wildfire risk and protect water resources. The FRB team raises investment capital from groups such as insurance companies, foundations, and impact investors to finance the implementation of restoration treatments. A variety of stakeholders that benefit from these treatments (beneficiaries) then share in the cost of reimbursing investors over time. By engaging private capital to cover the upfront costs of restoration activities, the FRB increases the pace and scale at which critical work to improve forest health and reduce wildfire risk can be undertaken on public lands.

A Second FRB: Scaling Restoration in the North Yuba Watershed

Building on the success of the Yuba Forest Resilience Bond (FRB) pilot project, Blue Forest and partners are launching the Yuba II FRB on the Tahoe National Forest in 2021. The Yuba II FRB will finance the Trapper, Pendola, and other planned projects to be implemented by the National Forest Foundation and the Forest Service. These projects will complete 35,000+ acres of forest restoration treatments that reduce wildfire risk, protect watersheds, and promote ecosystem health. The Yuba II FRB is part of a broader effort by the North Yuba Forest Partnership (NYFP), a forest collaborative committed to protecting 275,000 acres on the North Yuba Watershed of the Tahoe National Forest.

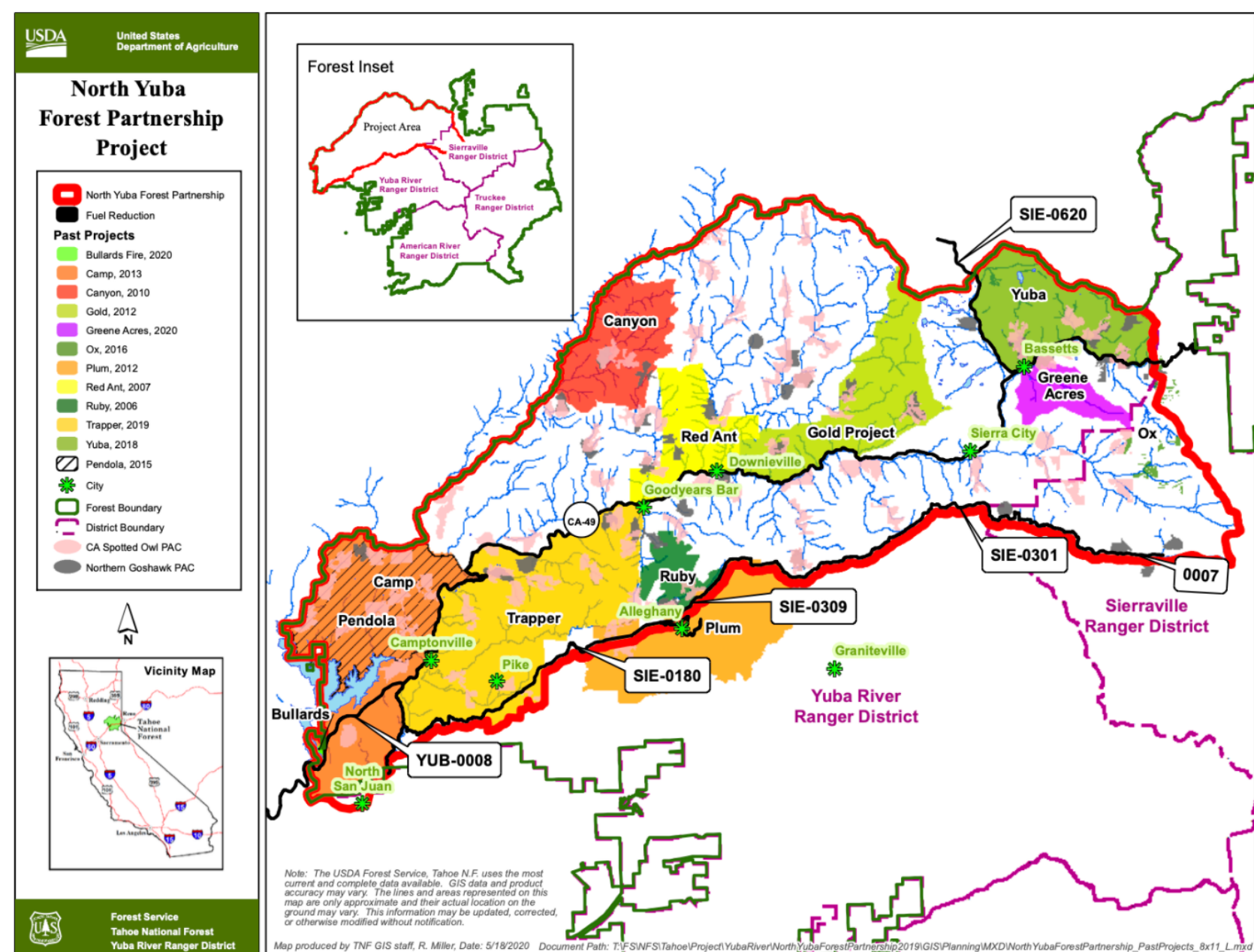


Image Credit: USDA Forest Service

Yuba II Planned Restoration Treatments	Acres
Reintroduce prescribed fire to the landscape	13,400
Reduce fuels and restore forest health through thinning	13,200
Complete legacy post-fire restoration	1,100
Manage invasive plant species	300
Build 100 new nest boxes for California Spotted Owls	
Provide 20 miles of trails for non-motorized recreation	
Total Treatment Acres	28,000

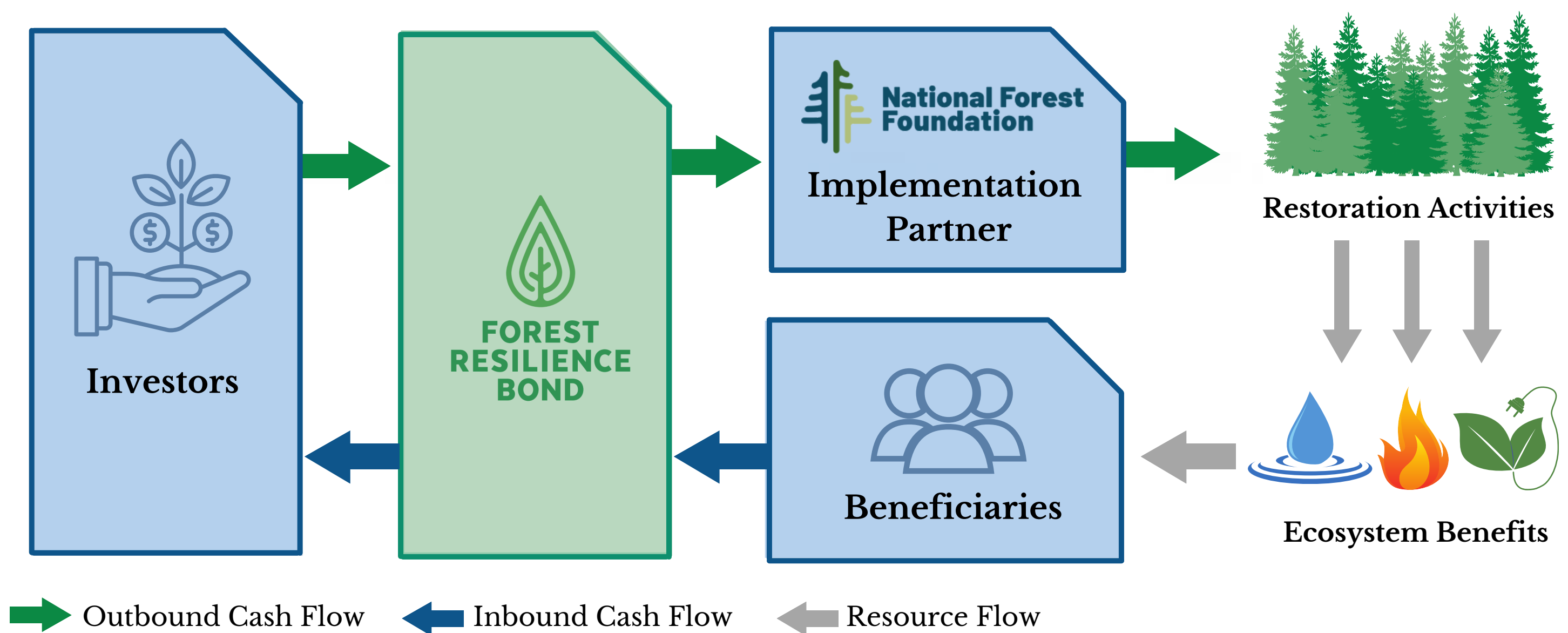




Yuba II Terms and Repayment Sources

CREDIT FACILITY	Up to \$25 Million	$\text{FRB Principal} + \text{Interest} = \text{YWA Contract} + \text{Gov't Contracts}$
BORROWER	Yuba II FRB, LLC	
LOAN TYPE	Senior Unsecured	
LAUNCH DATE	Fall 2021	
MARKET RATE	3-3.5%*	
PRI RATE	.5%	
TENOR	Up to 10 years	
IMPLEMENTATION TIME FRAME	Up to 7 Years	
<p>*Rate is indicative only and is subject to change.</p>		
<p>YWA is the Yuba Water Agency, while Gov't Contracts are from the Forest Service and State of California through Cal-Fire, Sierra Nevada Conservancy, and Wildlife Conservation Board. These entities provide contracted cash flows for the benefits they receive, thereby providing both repayment and a return for investors.</p>		

Yuba II Flow of Funds



Yuba II Beneficiaries and Anticipated Outcomes

- **FOREST SERVICE** || benefits from reduced wildfire severity, protected wildlife habitat, recreation areas, and ecosystems
- **YUBA WATER AGENCY** || benefits from increased water quantity and hydroelectricity generation, protected water quality, and protected infrastructure
- **CA STATE GOVERNMENT** || benefits from reduced wildfire risk, job creation (restoration, biomass, tourism), clean air and water, and protected lives and property

The FRB team is actively developing new opportunities like the Yuba II FRB to bring to market. Get in touch about a potential project, support our work, and learn more by visiting blueforest.org.

