



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. OC36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

SCHOOLS PROGRAM ALLIANCE

September 11, 2023 Long Range Planning & Board Of Directors Meeting Minutes

Members Present:

- | | |
|--|--------------------|
| Butte Schools Self-Funded Programs (BSSP) | Christy Patterson |
| Butte Schools Self-Funded Programs (BSSP) | Nicole Strauch |
| North Bay Schools Insurance Authority (NBSIA) | Kim Santin |
| North Bay Schools Insurance Authority (NBSIA) | Brandon Schlenker |
| Redwood Empire Schools Insurance Group (RESIG) | Cindy Wilkerson |
| Redwood Empire Schools Insurance Group (RESIG) | Sandy Manzoni |
| Schools Insurance Authority (SIA) | Martin Brady |
| Schools Insurance Authority (SIA) | Debrah Sherrington |
| Schools Insurance Authority (SIA) | Phil Brown |
| Schools Insurance Authority (SIA) | Amy Russell |
| Schools Insurance Authority (SIA) | Brooks Rice |
| Schools Insurance Group (SIG) | Kelli Hanson |
| Schools Insurance Group (SIG) | Nancy Mosier |
| Central California Schools Authority (CCSA) | Alan Caeton |

Consultants & Guests

- | | |
|--|-----------------------------|
| Dan Madej, Alliant Insurance Services | Mark Stokes, Newfront |
| Dan Howell, Alliant Insurance Services | Eileen Massa, Newfront |
| Michelle Minnick, Alliant Insurance Services | Ryan Telford, AmWins |
| Marcus Beverly, Alliant Insurance Services | John Chaquica, George Hills |
| Jenna Wirkner, Alliant Insurance Services | Brian Frost, AmWins |

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Martin Brady called the meeting to order at 10:08 a.m. and welcomed the board. The above-mentioned members were present constituting a quorum.

A motion was made to approve the Agenda as posted.

MOTION: Alan Caeton

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

B. PUBLIC COMMENT

There were no public comments.



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C. CONSENT CALENDAR

1. Minutes of SPA Board Meeting REVISED May 24, 2023
2. Minutes of SPA Board Meeting June 12, 2023
3. Minutes of SPA Special Board Meeting June 20, 2023
4. Minutes of SPA Board Meeting August 14, 2023

A motion was made to approve the Consent Calendar.

MOTION: Kim Santin

SECOND: Alan Caeton

**MOTION CARRIED
UNANIMOUSLY**

D. TOPICS FOR DISCUSSION

D.1.A. PROPERTY PROGRAM

Dan Howell provided the Board with a brief introduction of the Property placement and allowed the board to have a free-form discussion. He noted that we are trying to obtain the broadest coverage possible while also balancing the needs of the group with the ever changing market. Ryan Telford provided comments on the market in general and mentioned that in the next week he will be meeting with underwriters and will gain a better understanding of what rates will look like for the next year. It was noted that we have been experiencing a long hard property market and given we are loss rated, we are hopeful if we can get through the next quarter without significant losses then we should be in a good place for renewal next year. After a discussion it was agreed that maintaining the health of SPA and its members is priority while navigating a challenging market.

D.1.A.1. PROPERTY PROGRAM – VACANT PROPERTY LIMITATIONS

Dan Howell noted that there are locations on members schedules that may be vacant and we are seeing underwriters request vacancy permits for locations as the potential for a loss increases. The Board was asked to consider a sublimit of \$500k for locations that are vacant for more than 60 days, unless a vacancy permit is secured to show that there is water/power/security and consider if Replacement Cost should be offered if the building is truly vacant. It was noted that the SPA SIR is \$250k so there would not be much pressure on the SPA JPA. Additionally, Ryan Telford noted that the open market is wants to see perimeter security fences, lighting, alarms, water to these vacant structures. As a group we want to show that we are focused on the risk and if you have losses at a vacant locations, our proactive approach allows us to show that we are trying to address the risk to prevent the carriers from putting restrictive language in the policy.

After a discussion it was note that a definition needs to be developed as well as the requirements to apply for a vacancy permit. SPA should also consider a process to present these items to the Board as it relates to the vacancy. Additionally, it was noted that this should be completed by April due to budget issues. Direction was provided to the Program Administration to implement a vacancy sublimit for July 1, 2024 and members should be notified of the change now in anticipation of the renewal for the next year.

A motion was made to have staff explore a vacancy sublimit, develop a permit for vacancy and bring back for the Board to review.

MOTION: Cindy Wilkerson

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

D.1.A.2. PROPERTY PROGRAM – LOSS VALUATIONS

Phil Brown provided that we are seeing multiple estimates that are coming in with different values of loss and a long time passed and costs escalated. The Board was asked to discuss if there is a way to have the SPA Board to have some strength and establish a value to help push resolution of claims. It was noted that there is an appraisal process in the policy where if a member disagrees with the valuation then we could go to an appraisal. We could consider an agreed value on certain locations as we are hearing that the carriers are having issues with the replacement cost valuation when claims come in the valuation is much higher than what was reported. Is it possible to develop a loss valuation process and post loss process that is faster which is more enforceable than what we have done in the past. After a discussion it was noted that Program Administration should develop a list of items that can help to expedite claims resolution - Sandy Manzoni and Brandon Schlenker offered to help develop a list of items.

D.1.A.3. PROPERTY PROGRAM – BUILDERS RISK/COURSE OF CONSTRUCTION PROCESS

Dan Howell noted that SPA has implemented a limitation on new projects valued over \$5M as of July 1 and members are asked to discuss how they are handling COC projects at this time and what is needed to help secure coverage for projects that fall above the \$5M threshold. It was noted that the membership should be reminded that any COC project valued at more than \$5M is limited in the SPA Coverage and they should be securing coverage outside of the program. Additionally, members have coverage in SPA for projects valued under \$5M but if there is a project valued at more than \$5M, program administration can help develop a process so members can obtain a quote. Additionally, it was noted that Alliant Connect Property Schedules allows members to track COC as part of their location. It was noted that Shadi Jalali helps to manage a rolling COC program where projects are reported quarterly and we could explore that option but members need to be providing information timely. An alternative would be to set up a process to obtain quotes for projects over \$5M that the member can use or they can secure COC coverage on their own.

D.1.A.4. PROPERTY PROGRAM – APPRAISALS

Martin Brady noted that the appraisals are coming in and members have questioned the values being lower and if there were measures needed to address members concerns as it was noted there would not be a rate cut if we double our values. It was noted that we should have appraisals completed every 5 years. It was recommended to have only 1 appraisal for one member annually per schedule below:

- 2025 – BSSP
- 2026 – RESIG
- 2027 – SIG
- 2028 – NBSIA
- 2029 – SIA

D.1.A.5. PROPERTY PROGRAM – HIGH RISK PERILS – SNOWSTORM, HAIL, FLOOD, WILDFIRE

Dan Howell led a discussion regarding what used to be secondary perils (snowstorm, hail, flood, wildfire) and mentioned that the Board should be discussion how an occurrence should be defined. It was noted that there is currently no definition of snowstorm in the SPA MOC and members should consider if there is a need to add the definition from the policy language (168 hours). Additionally it was noted that as weather is changing members should consider a risk financing opportunity or determine if there is a parametric



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solution. Potential solutions would include a retainer with snow removal contactors to have priority in the event of a storm. After a general discussion it was agreed that we should review the definition of an occurrence for snowstorm and memorized in the language.

D.1.A.6. PROPERTY PROGRAM – SINGLE SITE DISTRICTS

Dan Madej provided there are 35 total locations which includes some JPA offices and the Board was asked to discuss the potential effects of a wildfire when it affects a single site as the claim cost is higher as a result and the impact of an entire school site going down if there is no other school site to help absorb the cost. It was noted that single site districts may need to report Extra Expense (example 20%) to help address the loss if it occurs. Additionally the underlying pools should explore Mutual Aid Agreements with members with single site districts with surrounding schools to help if possible. It was noted that those members with single sites need to develop business continuity plans to help respond in event of a claim.

D.1.A.7. PROPERTY PROGRAM – EVALUATION OF RETAINED LAYER RESULTS AND OUTLOOK FOR PROGRAM YEAR 24/25

Phil Brown mentioned a concern that there are 5 claims into the retained layer and excess layers and if combined would be \$2M and if 168 it would be another \$1.6M so these are costs that the Excess carriers will pay out on – do we choose to expand the retained layer since the excess programs are sending costs to carriers. He noted that as of June 30 SPA has \$5.8m in reserves however that does not include any claim that has been reserved (outstanding losses at \$2.1M which rounds out to \$2.9M and that will go straight to excess but best guess would be \$2.9M). It was noted that as multiple pools are eating up the retained layer and the Board was asked if we should we consider funding at a higher layer. After a discussion it was generally agreed to explore the concept of moving from a \$3M to a \$5M retained layer and re-look at the Occurrence based definition.

D.1.A.8. PROPERTY PROGRAM – CONSIDERATION OF NEW MEMBERS FOR PROGRAM YEAR 24/25

Dan Howell indicated that the market has caught up with the schools rate so that an account like Alan's CCSA and maybe something for consideration. Additionally we know that San Mateo would be an opportunity as well as a school pool in San Diego. Are members interested in approaching each of these potential members and were asked how to approach. SPA Program Administration was direct to reach out to a couple pools who may add value to the SPA group.

D.1.A.9. PROPERTY PROGRAM – SPA PROPERTY MEMORANDUM OF COVERAGE (MOC)

Dan Madej provided that we had previously reviewed the language of the MOC and it was noted that after binding London requested to add language related to the exclusion. After he presented it was generally agreed to add the language as requested by the carriers.

A motion was made to approve the SPA Property MOC as presented.

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

The board agreed to break for the day and return on Tuesday September 12, 2023.

SPA is a Partnership of California Public Entity Joint Powers Authorities



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D.1.A. LIABILITY PROGRAM UPDATE

Jim Wilkey provided the Board with an update regarding the Excess Liability Program (BASIC & SIA) and provided a side by side of the comparison of underlying members' MOC's. He additionally noted their recommendation was not to create a SPA Excess Liability MOC and noted the efforts to pursue additional aggregates.

D.1.B.1. LIABILITY PROGRAM – RETAINED LAYER & ALTERNATIVE RISK FINANCING OPTIONS

Jim Wilkey and Brian Frost from AmWins led a discussion related to the Excess Liability program and what the alternatives may be to help with limits. Jim noted that BMS was asked to put together an option and mentioned that London does not traditionally provide occurrence based SAM coverage but provided two options for review. Brian noted that we must be creative in our efforts and looking to the capacity in the marketplace and changing the story to help get placement that fits. The volatility of losses makes it hard to offer coverage and what they have done is to restrict their capacity. Jim explored the Alternative Risk transfer (ART) – currently have occurrence based SAM coverage and given the market SPA members need to determine if that is sustainable as more carriers are moving toward claims made SAM coverage and building up limits. After a general discussion it was agreed to look at resources and alternate risk financing.

A motion was made to direct brokerage to look at resources and alterative risk funding.

MOTION: Alan Caeton

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

D.1.B.2. LIABILITY PROGRAM – NEW MEMBER MARKETING

The Board was given time to discuss potential new members and if there were any pools of interest to the SPA Board. It was additionally noted that adding any new members will present challenges with the aggregate limit and further dilution of limits. Program Administration was provided with direction to explore pools that may be interested.

D.1.B.3. LIABILITY PROGRAM – ALLOCATION OF AGGREGATE LIMITS OF COVERAGE

Jim Wilkey provided an opportunity to start the discussion of how to allocate aggregate limits prior to an issue arising. Members discussed hypothetical scenarios and after a discussion the following members agreed to participate in an Ad Hoc Committee to explore the concept of allocation and determine if a policy & procedure should be developed: Cindy Wilkerson, Christy Patterson, Brooks Rice, Alan Caeton.

D.1.B.4. LIABILITY PROGRAM – LOSS CONTROL BUDGET/IDEAS

Cindy Wilkerson provided that the SPA Board should consider a more consistent approach among SPA members to help with minimum standards and would that help with marketing the program.



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It was mentioned that we gather as much information as we can to bring to the market and if each member is able to tell a story then it is meaningful to share with the markets. Focus on members risk control efforts, training efforts can all help to build a case with underwriters. After a discussion the following members agreed to form an Ad Hoc Committee to explore options for a Human Resources Hotline: Kelli Hanson, Kim Santin, Brooks Rice. Additionally it was requested that the property fire prevention and additional items be posted on the SPA website

D.1.B.5. LIABILITY PROGRAM – DISCUSSION OF LEVERAGING MEMBER RESOURCES

Martin Brady noted that we have all had an open hand that allows for sharing information among members and mentioned the leadership academy that has been successful for SIA. Members discussed potential services that could be shared among the SPA group, including the Member Show and Tell that we have added to the agendas. Kim Santin provided her recent experiences with Bay Area Transparency and encouraged members to have all their staff complete First Amendment Audit training.

D.1.B.6. LIABILITY PROGRAM – STATUS OF BASIC MEMBERSHIP

Dan Howell noted that BASIC members joined the SPA Property program under the name BASIC as member and after a discussion it was generally agreed that the named members for coverage would be SIA, CCSA, BASIC and the voting members would be BSSP, SIG, SIA, NBSIA, RESIG.

A motion was made to agree that BASIC will be approved for membership and will be designated a non-voting member and BASIC will pass a resolution.

MOTION: Alan Caeton

SECOND: Martin Brady

**MOTION CARRIED
UNANIMOUSLY**

D.1.B.7. LIABILITY PROGRAM – SPA EXCESS LIABILITY MEMORANDUM OF COVERAGE (MOC)

It was mentioned about a year ago we went though and it was suggested to review the MOC annually. It was mentioned that Jim has not had any issues marketing coverage using each of the underlying members MOC’s.

A motion was made to approve liability MOC as presented.

MOTION: Alan Caeton

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

Phil noted after the motion was passed that we would review the MOC on a regular schedule so that we don’t miss any issues. At the annual June meeting we will present the MOC for final review and approval – Jim noted that he needs the reviewed MOC’s in hand to market (by January).

D.2. FINANCIAL REPORT

D.2.A. FINANCIALS AS OF JUNE 30, 2023



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Phil Brown provided the SPA Board with an update regarding the SPA Financials as of 6/30/23 and mentioned that these have been generated before the audit and actuary reports were issued.

D.2.B. ACTUARY REPORT AS OF JUNE 30, 2023

Phil Brown noted that the initial draft summary information as this was received late last week.

D.2.C. CLAIMS MANAGEMENT AND REPORTING ACTIVITIES

Resolution of claims and certainty to members

D.3. GENERAL ADMINISTRATION

D.3.A. GENERAL ADMINISTRATION - SPA JPA AGREEMENT

Dan Howell provided the Board with a review of the SPA JPA agreement and noted that we have been evolving as time has gone on. At present time SPA has not established a General Counsel or a Coverage Counsel. After a discussion Program Administration was provided with direction to reach out to members to obtain the name of Counsel each is using.

Motion to delegate authority to managing chair to engage counsel to contract.

MOTION: Christy Patterson

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

D.3.B. GENERAL ADMINISTRATION – SPA MEMORANDUM OF UNDERSTANDING (MOU)

This item was pulled as Program Administration was provided with direction to have coverage council to review.

D.3.C. GENERAL ADMINISTRATION – PROTECTING THE POOL AND JPA ADMINISTRATION

A discussion was held regarding the need for General and Coverage Counsel for the SPA Board. It was requested that the Program Administration discuss the available options for representation for the SPA group. Additionally, it was noted that the SPA group should develop a SPA Loss run quarterly.

D.3.D. GENERAL ADMINISTRATION – DISCUSSION OF POLICIES AND PROCEDURES, ROLES AND RESPONSIBILITIES AND STANDING COMMITTEES/TASK GROUPS

As a follow up to the meetings it was requested to develop a process to establish values for additions and to obtain information from the members as it relates to adding a location (including COC locations) – the following members agreed to join a task group: Debrah Sherrington, Dan Madej and Michelle Minnick, Brandon Schlenker, Sandy Manzoni.



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D.4.E. GENERAL ADMINISTRATION – EMERGING RISKS AND POTENTIAL TO SUPPORT MEMBERS

We already discussed the 1st amendment issues that members have experienced and members were encouraged to get their staff training.

E. SPA COMMITTEE AND STAFFING

E.1. SPA PROGRAM STAFF

Dan Howell noted that the organizational chart was provided as a reference for members and mentioned that it will also be posted to the website.

F. NEW PROGRAMS AND/OR SERVICES

F.1. IDEAS FOR CREATION OR MODIFICATION OF SPA PROGRAM AND/OR SERVICES

There was no discussion on this item.

F.2. PROJECTS TO BE INCLUDED OF THE FY 23/24 SPA LONG RANGE ACTION PLAN

Members quickly reviewed a list of action items that were discussed during the meeting – it was additionally noted that a Strategic Action Plan will be provided at the next SPA Board meeting in

G. INFORMATION ITEMS

Items were shared with the Board to review – there was no discussion on this item.

H. REVIEW OF MEETING DISCUSSIONS AND IDENTIFICATION OF ITEMS FOR SPA LONG RANGE ACTION PLAN

Dan Howell led the group in a discussion about the discussions over the course of the meeting and asked the Board to provide feedback and items of opportunity. Program Administration was provided with direction and will share the Strategic Planning List at the next Board meeting. Additionally it was noted there are three Ad Hoc Committees created during the planning.

I. ADJOURNMENT

The meeting was adjourned at 1:37 P.M.

MOTION: Cindy Wilkerson

SECOND: Alan Caeton

**MOTION CARRIED
UNANIMOUSLY**

NEXT MEETING DATE: November 13, 2023 via Teleconference

Respectfully Submitted,

Martin Brady, Secretary

Date

M. Brady
4/1/2024