

AGENDA

MEETING:	Schools Program Alliance Board of Directors Meeting	A Action I Information
DATE/TIME:	January 8, 2024 at 10:00 AM PDT	1 Attached
TELECONFERENCE:	Toll Free (888) 475 4499 or (669) 900-6833 US Toll	2 Hand Out
	Meeting number (access code): 977 7439 8538	3 Separate Cover
	https://alliantinsurance.zoom.us/j/97774398538?pwd=cTZQaEdNYU5EWTB2MFZIM2l6Vm1pdz09	4 Verbal

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.

This Meeting Agenda shall be posted at the address of the teleconference locations shown below with access for the public via phone/speaker phone.

1. Butte Schools Self-Funded Programs, 500 Cohasset Road, Suite 24, Chico, CA 95926
2. North Bay Schools Insurance Authority, 380 Chadbourne Rd, Fairfield, CA 94534
3. Redwood Empire Schools’ Insurance Group, 5760 Skylane Blvd., Suite 100, Windsor, CA 95492
4. Schools Insurance Authority, 9800 Old Placerville Rd, Sacramento, CA 95827
5. Schools Insurance Group, 550 High Street, Ste. 201, Auburn, CA 95603
6. Central California Schools Authority, 7170 N. Financial Dr. #130, Fresno, CA 93720

<i>PAGE</i>	A. CALL TO ORDER, ROLL CALL, QUORUM	A 4
	B. APPROVAL OF AGENDA AS POSTED	A 4
	C. PUBLIC COMMENTS <i>The public is invited at this point to address the Board of Directors on issues of interest</i>	I 4
	D. CONSENT CALENDAR <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The Board of Directors may take action on the items below as a group except a Board Member may request an item be withdrawn from the Consent Calendar for discussion and action.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>	A 1
<i>Pg. 4</i>	1. Minutes of SPA Board Teleconference Meeting November 13, 2023	
	E. MEMBER PROGRAM AND IDEA SHARING	
<i>Pg. 8</i>	1. Business Interruption Basics – RIMS Presentation December 18, 2023	I 1
	F. GENERAL ADMINISTRATION AND FINANCIAL REPORTS	
<i>Pg. 24</i>	1. Financials as of September 30, 2023 <i>Phil Brown will present SPA’s financial statements as of September 30, 2023.</i>	A 3

Pg. 25	2. Loss Control Funds Update <i>The Board will receive an update regarding available funds.</i>	I 1
Pg. 26	3. Approve Claims Payments(s) to Member(s) <i>The Board will review and may approve advances to members for claims.</i>	A 1
Pg. 29	4. Strategic Planning Update <i>The Board will receive an update regarding the Strategic Plan.</i>	I 1
Pg. 32	5. Claims Task Force Update <i>The Board will receive an update from the Claims Task Force.</i>	I 1

G. LIABILITY PROGRAM

Pg. 33	1. Excess Liability Program Renewal <i>Jim Wilkey will provide the Board with an update regarding the Liability Renewal.</i>	I 1
Pg. 35	2. SPA Liability Policy & Procedure - Aggregate Erosion Policy <i>The Board will be presented with a draft policy and may consider approval.</i>	A 1

H. PROPERTY PROGRAM

Pg. 37	1. 2024 Property (And APD) Renewal Discussion <i>The members will receive information from AmWins regarding the status of the property market.</i>	I 1
Pg. 38	2. Property Program Renewal - Adoption of Valuation and Trending <i>The Board will receive an update for the FY 24/25 renewal and will consider and approve the FY 24/25 trend factors.</i>	A 1
Pg. 39	3. Coverage Limitations At July 1, 2024 Property Program Renewal – Vacancy And Loss Valuation <i>Members will consider a vacancy definition to be included for FY 24/25.</i>	A 1
Pg. 43	4. Course of Construction (COC) Policy and Procedure <i>The Board will receive a draft policy and may consider approval.</i>	A 1

I. 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.

Pg. 48	1. California’s Sustainable Insurance Strategy	
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I. ADJOURNMENT

A 4

**Upcoming Teleconference Meeting Dates:
February 12, 2024 and March 11, 2024**

SPA is a Partnership of California Public Entity Joint Powers Authorities

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 Teleconference Meeting November 13, 2023

SCHOOLS PROGRAM ALLIANCE

November 13, 2023 Teleconference Board 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
Redwood Empire Schools Insurance Group (RESIG)	Sandy Manzoni
Schools Insurance Authority (SIA)	Debrah Sherrington
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 Howell, Alliant Insurance Services	James Wilkey, New Front Insurance
Dan Madej, Alliant Insurance Services	Eileen Massa, New Front Insurance
Marcus Beverly, Alliant Insurance Services	Ryan Telford, AmWins
Michelle Minnick, Alliant Insurance Services	Mike KIELTY, George Hills
Jenna Wirkner, Alliant Insurance Services	

A. CALL TO ORDER, ROLL CALL, QUORUM

Ms. Christy Patterson called the meeting to order at 10:03 a.m. The above-mentioned members were present constituting a quorum.

B. APPROVAL OF THE AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Kim Santin SECOND: Alan Caeton MOTION CARRIED
AYES: Christy Patterson, Sandy Manzoni, Brooks Rice, Kelli Hanson.
NAYS: None.

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

1. Minutes of SPA Board Long Range Planning Meeting September 11-12, 2023

A motion was made to approve the Consent Calendar.

MOTION: Kim Santin SECOND: Sandy Manzoni MOTION CARRIED

AYES: Christy Patterson, Brooks Rice, Kelli Hanson, Alan Caeton.

NAYS: None.

E. MEMBER SHOW & TELL

Members were encouraged to take this time to share any information about a recent experience or share any risk management efforts. There was no discussion on this item.

F. GENERAL ADMINISTRATION

F.1. WILDFIRE DEFENSE SYSTEMS/WILDFIRE REPORT UPDATES FROM MEMBERS

Marcus Beverly opened a discussion amongst members regarding the wildfire reports that were completed and any actions that were taken to address the issues identified in the reports. After a general discussion it was mentioned that multiple members are seeking FEMA grants and there was interest expressed in a potential grant writing workshop.

F.2. STRATEGIC PLANNING OBJECTIVES

Marcus Beverly quickly reviewed the Strategic Plan items that were discussed at the Strategic Planning session in September. Members were encouraged to share documents that would help to address the items identified at the Strategic Planning session.

A motion was made to adopt approve the Strategic Planning Objectives as presented.

MOTION: Kelli Hanson

SECOND: Brooks Rice

**MOTION CARRIED
UNANIMOUSLY**

F.3. TRANSITION TO ALLIANT CONNECT

Michelle Minnick reminded the Board that now that all the appraisals have completed for four of the five SPA members that participate in the Property Program, that changes should be made to the Alliant Connect Property Schedules. Members were provided with resources that help explain how to use the platform and can be shared internally with staff who help manage property and vehicle schedules.

F.4. SPA LEGAL COUNSEL

Dan Howell provided a list of the attorneys that may be available to provide Coverage and General Counsel. After a discussion of the attorneys listed it was noted the concept was to identify a Coverage and General Counsel that does not currently work with one of the SPA Members.

A motion was made to delegate authority to the managing member to engage the firms for General Counsel that are not currently representing members.

MOTION: Alan Caeton

SECOND: Sandy Manzoni

**MOTION CARRIED
UNANIMOUSLY**

F.5.A. PROPERTY PROGRAM POLICY & PROCEDURE – CLAIM PAYMENTS

Marcus Beverly noted that discussions with the claims team have gone well and also provided a review of the recent Claims Task Force meetings items that have come up during their discussion. After a discussion it was agreed that a monthly call should be established with the Claims Team to help to push for resolution of claims. It was also requested that a status report of open claims in the SPA Layer be provided to the Board at subsequent meetings.

A motion was made to Staff to develop a monthly claim call for any member that has an open claim file and we will be going through the Boudreaux of claims, additionally establish a bi-weekly call between Alliant and McLarens to help to resolve claims, Program Staff will provide a status report on open property claims in the SPA layer at each meeting (spreadsheet with amounts).

MOTION: Brooks Rice
ABSTAIN: Alan Caeton

SECOND: Kelli Hanson

MOTION CARRIED

F.5.B. PROPERTY PROGRAM POLICY & PROCEDURE – VACANCY CLAUSE

Dan Madej opened the discussion on how to identify vacant locations as the Policy & Procedure being developed will go into effect for FY 24/25 given the sub-members of the JPA enough time to adjust to the new procedure. Michelle Minnick provided a review of the Alliant Connect Property Schedules system where members are able to reclassify locations as “Vacant Buildings” using the Occupancy Type as SPA members learn of new information from their sub-members.

F.5.C. PROPERTY PROGRAM POLICY & PROCEDURE – COURSE OF CONSTRUCTION

Dan Madej reminded members that this topic is a continuation of the topic of Course of Construction (COC) previously mentioned at a prior meeting. It was noted that some COC is acceptable under the SPA Coverage (projects valued under \$5M) but for members who have larger COC projects Shadi Jalali has been helping to place Builders Risk Policies for those projects that do not qualify for SPA coverage. Michelle Minnick provided the Board with a review of the Property Add Form which can be used to help gather information about COC projects and start a conversation with a member as there will be additional information that is needed to get a quote for review.

G. INFORMATION ITEMS AND DISCUSSION

Jim Wilkey provided some comments regarding the Liability program and noted that we have continued to work with BMS in London for the 5x5 layer in the Excess Liability program for July 2024 and they are pushing to get updated information out to members. He additionally noted there was an Ad Hoc committee formed to discuss the erosion of aggregate limits in the Excess Liability Program and they will have a report for the next meeting. Lastly it was also noted that Patty Ayres who provides the HR Hotline services has expressed interest in renewing for FY 24/25 which provides members some time to identify a new service provider.

H. ADJOURNMENT

The meeting was adjourned at 11:23 A.M.



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

NEXT MEETING DATE: January 8, 2024 via Teleconference

Respectfully Submitted,

Martin Brady, Secretary

Date

DRAFT

Business Interruption Basics

RIMS Sacramento - December 18, 2023





With You Today



ANDREW LASSMAN, CPA, CFE

Experienced Manager, Forensic Insurance & Recovery

(210) 419-3284

alassman@bdo.com





Agenda

1. Purpose
2. Process
3. Measurement
4. Challenges



Purpose

The primary goal of business interruption insurance is to make the insured whole following a loss incident.



Purpose of Business Interruption Insurance

- ▶ Put insured in same financial position as if no loss occurred.
- ▶ Insurer shares risk with insured for specified time period in exchange for an insurance (or risk) premium.
- ▶ Risk shared for specified time period:
 - Policy Period
 - Period of Indemnity / Liability / Restoration
 - Extended Period of Indemnity
- ▶ Must tie to physical damage from an insured peril per terms & conditions of policy.



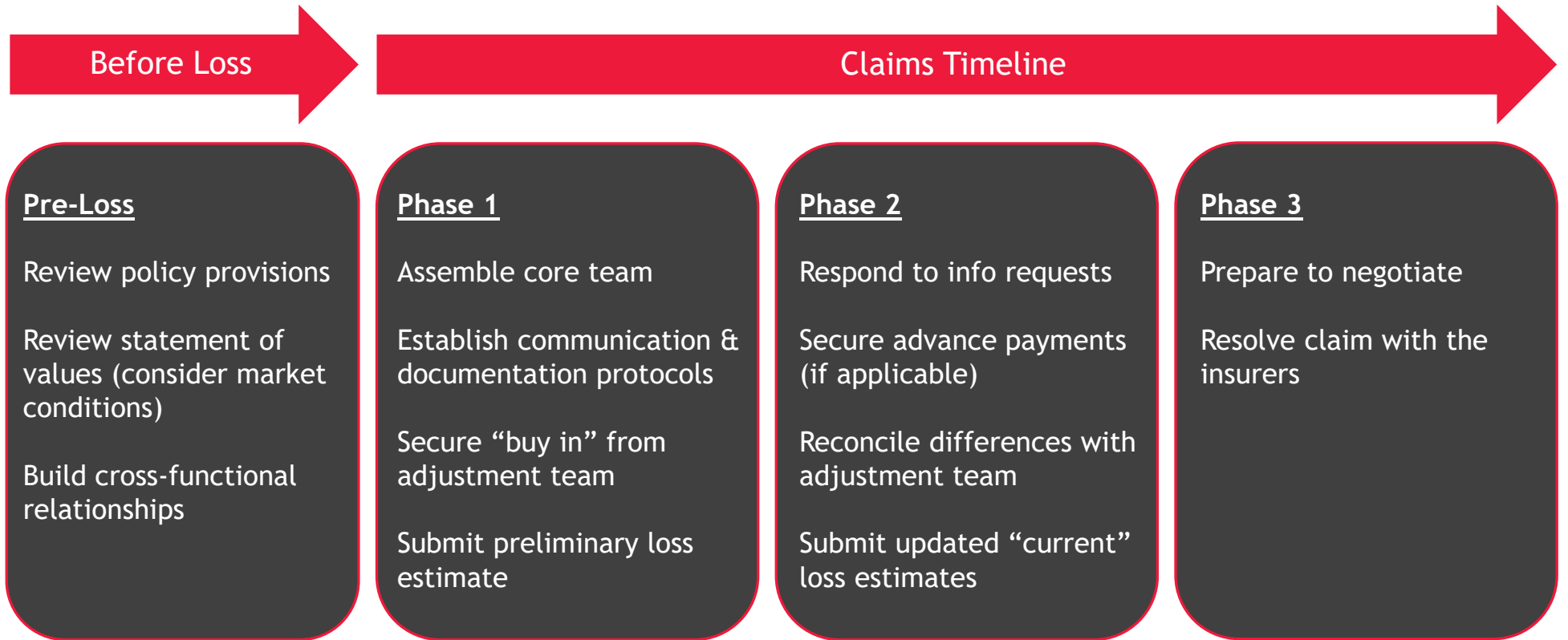
Process

Understanding the claims process increases the insured's potential of both maximum claim recovery and expedited claim resolution.





Claims Process Timeline



Footnote: FEMA Public Assistance

- ▶ Covers property only, not business interruption
- ▶ Pays only after insurance
 - Tip: Still run FEMA & insurance processes concurrently
- ▶ Other distinctives:
 - Procurement
 - Force account labor & equipment
- ▶ Must also consider:
 - Recipient & sub-recipient relationship
 - Office of Inspector General (OIG) Audits
 - Duplication of benefits



Measurement

Every policy and fact pattern is different, so there is no one-sized-fits-all way to measure a loss. But there are common approaches policyholders can follow.





Two Forms of Loss Measurement

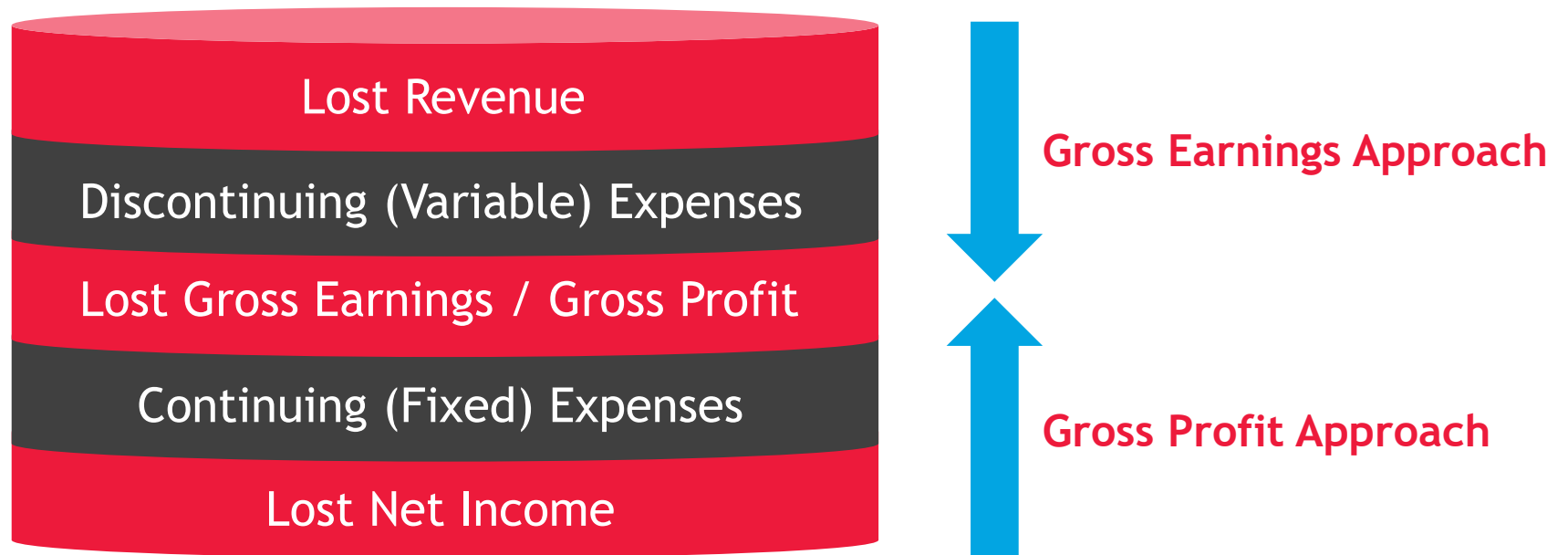
▶ Gross Earnings

- Lost Revenue - Discontinuing (Variable) Expenses
- US Form
- Period of Indemnity: Ends after repairs finished, with potential EPOI extension
- “Extra Expense” capped by sublimit stated in policy

▶ Gross Profit

- Lost Net Income + Continuing (Fixed) Expenses
- UK / European Form
- Period of Indemnity: Ends after pre-specified period, usually 6 to 36 months
- “Increased Cost of Working” capped by economic limit stated in policy

Loss Measurement Illustration



Simple Loss Measurement Example

**Lassman Automotive
Plant Fire
Date of Loss: January 1, 2023**

Preliminary Loss Estimate

Description	Production Units	Total Amount
Budgeted Truck Production	1,000	
Historical Budget Accuracy	95%	
Projected Truck Production	950	
Actual Truck Production	250	
Lost Truck Production	700	
Average Selling Price Per Truck		\$ 45,000
Average Variable Cost Per Truck		15,000
Average Margin Per Truck		30,000
Lost Truck Margin		\$ 21,000,000

Other Loss Measurement Considerations

- ▶ Ordinary Payroll
 - Retain employees to avoid layoffs
- ▶ Extra Expenses
 - “Reasonable and necessary extra expense incurred during period of indemnity”
 - Examples: Security services, leasing temporary warehouse
- ▶ Expenses to Reduce Loss / Cost to Avert
 - “Costs incurred over and above normal operating expenses to reduce loss during period of indemnity”
 - Examples: Expedited freight, incremental hourly overtime, leasing temporary production facility
- ▶ Claim Preparation Fees
 - “Reasonable fees payable to insured’s accountants”
 - May need pre-approval from insurer



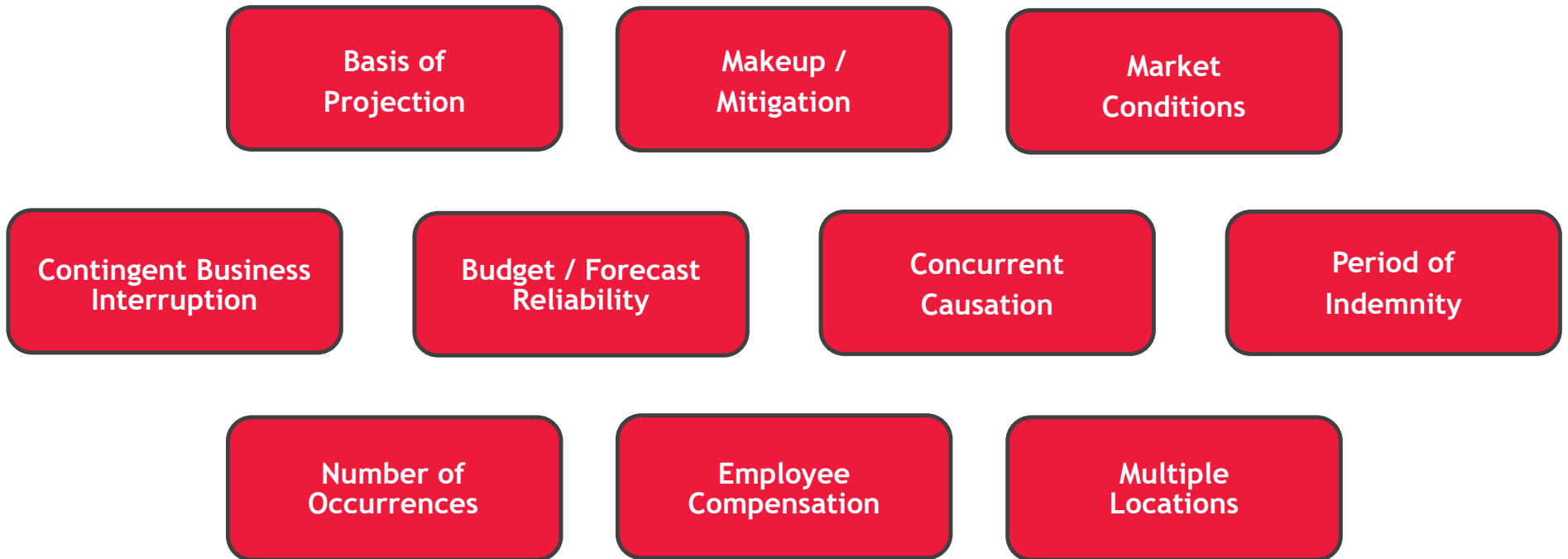
Challenges

Challenges arise on almost every claim. Be prepared to support your positions and know when to compromise.





Ten Common Claim Challenges



Thank You!

Contact Info:
Andrew Lassman
alassman@bdo.com
(210) 419-3284



Item No: F.1.

FINANCIALS AS OF SEPTEMBER 30, 2023**ACTION ITEM****ISSUE:** Managing Member Financial Report**RECOMMENDATION:** Review, accept and file, or provide direction.**FISCAL IMPACT:** None expected from this item.

BACKGROUND: SPA members' annual contributions provide for 1) a Property Program, including a shared retained layer, related administrative costs, and excess insurance purchases, and 2) a Liability Program of excess insurance purchases. The JPA Board approves member contribution rates, insurance purchases, and sets policy direction for administrative expenses purchased in support of the members.

The Schools Insurance Authority (SIA) functions as the Managing Member per the JPA agreement. The Managing Member receives and disburses funds, enters into contracts, and otherwise manage the financial operations of SPA. Quarterly GAAP financial reports are prepared to report these activities.

Financial Statements – Unaudited management financials for the quarter ended September 30, 2023 and the Check Register are provided. The financials reflect a combined net position of \$5.6 million. These financials have been prepared before the finalization of actuarial liabilities and completion of the fiscal year 22/23 audit; the beginning balance is expected to be materially correct, but is still an estimate. The financials include:

- Total assets of \$33.6 million; total liabilities of \$27.7 million
- An increase in net position of \$895,500
- Claims Liabilities outstanding of \$1.5 million include estimated IBNR of \$371,000
- Combined Contribution revenues recognized were \$8.4 million (\$5.8M Property, \$2.5M liability)
- Combined expenses of \$7.5 million are mostly insurance premiums recognized (\$5M property, \$2.5M liability)

Additionally, the following should be considered when reading the financials reports:

- Claims liabilities are accrued per loss runs as reported by the individual members of June 30, 2023. Draft actuarial data has been received and IBNR has been accrued. Final reconciliation of the actuarial analysis with claim data is pending.
- At June 30, claim reserves recorded for the SIG CAT 2323 Snowstorm claim were \$905,000. However, more than \$3.1 million of costs have been claimed by SIG.

ATTACHMENTS: Unaudited management financials and check register follows (*under separate cover*)

Item No: F.2.

LOSS CONTROL FUNDS UPDATE

INFORMATION ITEM

ISSUE: Loss control funds are contributed by each member to fund loss control activities of the member JPAs. Following is a summary reporting of the loss control fund activities of each member.

RECOMMENDATION: Consider information for discussion.

FISCAL IMPACT: No expected fiscal impact.

BACKGROUND:

SPA members’ annual contributions provide for a Property Program for the benefit of the member JPAs/districts. Schools Insurance Authority (SIA) functions as the Managing Member (MM) per the JPA agreement.

SPA members’ Property Program contributions include insurance premium purchase funds, retained layer contributions, as well as contributions for appraisals (multi-year saving account-like accumulations), loss control services, and JPA admin services. The JPA Board has worked collaboratively to consider and evaluate various loss control services and solutions, (i.e., learning management system, wildfire assessments) while leveraging the purchasing power of our combined JPAs.

Summary of Historic Loss Control Activity by Member

	BSSFP	NBSIA	RESIG	SIA	SIG	Total
2020/21						
Loss Control Contributions	\$ 6,082	\$ 21,244	\$ 28,482	\$ 111,268	\$ 32,924	\$ 200,000
Loss Control Expenses	(1,515)	(4,801)	(5,177)	(7,619)	(12,907)	(32,019)
Ending Balance	4,567	16,443	23,305	103,649	20,017	167,981
2021/22						
Loss Control Contributions*	8,087	30,395	40,108	149,127	47,283	275,000
Loss Control Expenses	(9,500)	(22,050)			(12,785)	(44,335)
Ending Balance	3,154	24,788	63,413	252,776	54,515	398,646
2022/23						
Loss Control Contributions	6,407	22,498	29,566	108,615	32,914	200,000
Loss Control Expenses		(4,875)	(4,500)			(9,375)
Ending Balance	9,561	42,411	88,479	361,391	87,429	589,271
2023/24 - 1st Q						
Loss Control Contributions	1,708	5,687	8,361	26,295	7,949	50,000
Loss Control Expenses						
Ending Balance 9/30/23	\$ 11,269	\$ 48,098	\$ 96,840	\$ 387,686	\$ 95,378	\$ 639,271

* Includes Increased equity related to SIA foregoing Admin Revenue of \$75,000 in FY 2020/21

ATTACHMENTS: None.

Item No: F.3.

APPROVE CLAIMS PAYMENT(S) TO MEMBER(S)

ACTION ITEM

ISSUE: Claim payment(s) are due/have been made to a(n) SIA member(s) per costs incurred and documentation submitted by the member pursuant to the SPA Claims Payment Policy.

RECOMMENDATION: Approve payments as presented.

FISCAL IMPACT: Payments totaling \$831,631 will reduce cash balance and outstanding liabilities.

BACKGROUND:

SPA members’ annual contributions provide for a Property Program for the benefit of the member JPAs/districts. Schools Insurance Authority (SIA) functions as the Managing Member (MM) per the JPA agreement, with responsibility to receive and disburse funds, sign contracts, and manage the financial operations of SPA.

The SPA Claims Payment Policy, last approved May 24, 2023, provides direction including Board approval of payments, the participation of a Loss Adjustment Service Firm (McLarens), and due diligence reconciliation of claimed expenses and excess insurance participation, reimbursements, and final payments.

Schedule of payments

Member	Claim	Description	Amount	Notes
SIG	Mosquito Wildfire	Excess pass-through	\$115,171.35	Wildfire
SIG	Snow CAT loss	SPA Retained layer	\$716,460.00	Non-Wildfire

ATTACHMENTS: See attached SPA Claim Reconciliation forms for additional details.

SPA CLAIM RECONCILIATION

Member: SIG
Claim: Mosquito Wildfire
Claim Status: Open

Member Reconciliation

6/13/2023 Master Partial Proof of Loss	965,171.35
Member Deductible	(350,000.00)
11/18/22 SPA Advance	(500,000.00)

Amount due to Member	115,171.35
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Excess Carrier Reconciliation

6/13/2023 Master Partial Proof of Loss	965,171.35
Member Deductible	(350,000.00)
8/9/23 National Union Fire Insurance Co. - Excess Reimbursement	(362,585.68)
8/21/2023 McLarens, LLC - Excess Reimbursement	(246,068.54)

Amount due from Excess Carrier	6,517.13
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SPA CLAIM RECONCILIATION

Member: SIG

Claim: CAT 2323 Snowstorm

Claim Status: Open

Member Reconciliation

12/15/2023 Partial Proof of Loss	TBD
12/15/2023 Partial Proof of Loss	966,460.00
Member Deductible	(250,000.00)

Amount due to Member	716,460.00
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Excess Carrier Reconciliation

No Activity	0.00
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Amount due from Excess Carrier	0.00
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Item No: F.4.

STRATEGIC PLANNING UPDATE**INFORMATION 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 eight 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: None.

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 third long range planning meeting on September 11-12, 2023 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 23/24 SPA Long Range Action Plan

FY 2023/24 SPA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	STAFF	Assigned	DEADLINE	STATUS
LRP-1	Implementation of Coverage Limitation for Vacant Structures and Process to Approve Exceptions				
	1. Develop MOC edits and P&P with new sublimit, definition of vacant building, process to obtain a permit	DM	PA	Dec-23	In Progress
	2. Develop Visual Aid on how to add and identify in Alliant Connect	MM	PA	Dec-23	Completed
	3. Memorandum on initial information to Members reviewed and approved for distribution	DM	BOD	Jan-24	In Progress
	4. SPA BOD adopts final draft and approves member communication	DM	BOD	Feb-24	
	5. Notice to members	MM	PA	Mar-24	
	6. Coverage change effective at renewal	MM	PA	Jul-24	
LRP-2	Process Improvement to Expedite Property Loss Valuations and Claims Resolution Process - Property Claims SWAT Team				
	1. Task Group to identify bottlenecks in claims process and potential solutions	MB, BF	PA, SM, BS, PB	Oct-23	In Progress
	2. Discussion presentation to SPA Board of potential process changes	MB, BF	SM, BS, PB	Jan-24	In Progress
	3. Execute next steps agreed upon to improve process, including MOC, P&P, vendor assignments, etc.	PA	BOD	Apr-24	
	4. Communicate changes to the Membership	MM	PA	Jun-24	
LRP-3	Adoption of Policy and Procedure to Submit and Approve Course of Construction (Builder's Risk) Coverage				
	1. Develop P&P with process and definitions	DM	PA	Nov-23	In Progress
	2. Discussion draft of P&P to BOD for review and discussion with members	DM	BOD	Dec-23	In Progress
	3. Comments and suggested changes sent to PA for review and incorporation in final draft	MM, DM	BOD	Feb-24	
	4. Presentation and approval of revised and proposed final P&P to SPA BOD	DM	BOD	Mar-24	
	5. Communicate SPA COC P&P to the Membership	MM	PA	Apr-24	
LRP-4	Property Program MOC Definition of Catastrophic Loss Occurrence for Additional Perils				
	1. Develop Definition of occurrence that addresses extended occurrence perils more broadly	DM	PA	Nov-23	In Progress
	2. Presentation and approval of revised and proposed final MOC changes SPA BOD	DM	BOD	Dec-23	
	3. Communication of revisions to MOC and effective date	MM	PA	Dec-23	
LRP-5	Business Continuity Planning Single Site Districts - Master Mutual Aid Policy Template				
	1. Gather sample continuity planning documents and mutual aid agreements, assign task group	JW	BOD/PA	Jan-24	In Progress
	2. Evaluate examples develop sample BCP and Mutual Aid templates	JW	Task Group	Mar-24	
	3. Presentation of proposed sample BCP and Mutual Aid templates to BOD for review/comment/approval	JW	BOD	Apr-24	
	4. Communication of recommended sample BCP and Mutual Aid templates to members	JW	PA	May-24	
LRP-6	Retained Layer Analysis to Evaluate Retaining More Risk in Property Program				
	1. Gather updated loss information for preliminary renewal submission and actuarial report	MM/DM	PA	Jan-24	In Progress
	2. Appointment of Ad Hoc Committee to develop P&P for BOD review	NF	NF, Ad Hoc	Jan-24	Completed
	3. Actuarial report preparation and presentation to SPA Board	DM	PA/Alliant Actuarial	Mar-24	
	4. Board evaluation and direction on long term retained layer direction	DM	BOD	Mar-24	
	5. Renewal Marketing and Underwriter Meetings	DM	PA	Feb-24 to Mar-24	
	6. Preliminary renewal options and NTE's and Board decision on retained layer for PY 24/25	DM	PA/BOD	May-24	
	7. Final renewal options and Board final action on retained layer for PY 24/25	DM	BOD	Jun-24	
LRP-7	Loss Control Budget Ideas				
	1. Appointment of Task Group to gather Loss Control ideas/initiatives and proposed budget	MM	BOD	Oct-23	In Progress
	2. Task Group to identify opportunities and long term strategies	MM, MB	PA, Task Group	Jan-24	
	3. Report to SPA Board of identified opportunities and Direction given by Board	MM, MB	Task Group, BOD	Feb-24	
	4. Final report on long term strategy developed along with budget projections	MM, MB	Task Group	Mar-24	
	5. Presentation to SPA Board of Directors for action and inclusion on FY 24/25 budget	MM, MB	Task Group, BOD	Apr-24	
LRP-8	Review of SPA Joint Powers Agreement				
	1. Identification of potential general counsel, direction from BOD	MM, DH	PA, MM	Nov-23	Completed
	2. Review of SPA governing documents and risk financing and contracting activities	DH	GC	Dec-23	In Progress
	3. Report to SPA Board by General Counsel initial direction from SPA Board	DH	GC, BOD	Jan-24	
	4. Development of amendments and/or replacement governing documents	DH	GC	Feb-24	
	5. Presentation of proposed changes in governing documents, direction from BOD	DH	GC, BOD	Mar-24	

FY 2023/24 SPA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	STAFF	Assigned	DEADLINE	STATUS
	6. Review of proposed changes with SPA member organizations	DH	PA	Apr-24	
	7. Final approval of proposed changes by SPA Board	DH	BOD	May-24	
	8. Final Approval of proposed changes by member boards	BOD	Membership	Jun-24	

BOD: SPA Board of Directors
PA: SPA Program Administrator
MM: Managing Member
CFO: SPA Accounting and Finance

AIS: Alliant Ins. Svcs.(Property Program)
NF: Newfront Insurance (Liability Program)
GC: SPA General Counsel

Item No: F.5.

CLAIMS TASK FORCE UPDATE**INFORMATION ITEM**

ISSUE: Members will receive a verbal update on the latest feedback from the Claims Task Force.

RECOMMENDATION: None.

FISCAL IMPACT: None expected from this item.

BACKGROUND: Members have formed a task force to identify and provide suggestions to resolve bottlenecks in the claims adjustment process, including achieving consensus on replacement cost and timely processing of proofs of loss and payments.

ATTACHMENTS: None.

Item No: G.1.

EXCESS LIABILITY PROGRAM RENEWAL**INFORMATION ITEM**

ISSUE: The Board will receive information regarding the Excess Liability Program.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: Newfront is currently exploring options to purchase additional supplemental (or sideways) aggregate to shore up existing aggregate limits quoted and will present those as soon as possible.

ATTACHMENTS: SPA Excess Liability Program 2023 - 2024 V4 32m



Schools Program Alliance Excess Liability Program 7/1/2023 to 7/1/2024 Comparison to 2022 - 2023										
2022 - 2023				2023 - 2024						
Average Daily Attendance				Average Daily Attendance						
510,300				506,674						
Carrier	2022 - 2023	2022 - 2023	2022 - 2023	Carrier	2023 - 2024	2023 - 2024	2023 - 2024	Rate	Premium	Status
	Coverage Layers/Conditions	Rate/ADA	Premium		Coverage Layers/Conditions	Rate/ADA	Premium	Change	Change	
Everest Re	\$3.25m XS \$5m Primary \$13m (4 X Layer) SPA Pool Aggregate Limit Aggregate Does Not Apply to Auto Liability	7.2119572	\$ 3,680,262	Everest Re	\$5m XS \$5m Primary \$20m (4 X Layer) SPA Pool Aggregate Limit Aggregate Does Not Apply to Auto Liability	\$ 10.9059	\$ 5,525,741	16.7%	15.9%	Confirmed
Upland Specialty	\$1.75m XS \$8.25m \$7m (4 X Layer) SPA Pool Aggregate Aggregate Does Not Apply to Auto Liability	2.13305592	\$ 1,088,498							
\$10m Sub-Total	\$5m XS \$5m Primary	9.345013120	\$ 4,768,760	\$10m Sub-Total	\$5m XS \$5m Primary	10.90590991	5,525,741	16.7%	15.9%	
Allied World (AWAC)	\$10m XS \$10m \$40m (4 X Layer) SPA Pool Aggregate Limit \$20m (2 X Layer) SAM Pool Aggregate Limit SAM Aggregate Erodes Pool Aggregate Aggregate Does Not Apply to Auto Liability	2.33476360	\$ 1,191,430	Allied World (AWAC)	\$10m XS \$10m \$50m (5 X Layer) SPA Pool Aggregate Limit \$20m (2 X Layer) SAM Pool Aggregate Limit SAM Aggregate Erodes Pool Aggregate Aggregate Does Not Apply to Auto Liability	\$ 6.1149	\$ 3,098,262	161.9%	160.0%	Confirmed
\$20m Sub-Total	\$15m XS \$5m Primary	11.679776720	\$ 5,960,190	\$20m Sub-Total	\$15m XS \$5m Primary	\$ 17.0208	\$ 8,624,003	45.7%	44.7%	
Hallmark	\$5m XS \$20m \$10m (2 X Layer) SPA Pool Aggregate Aggregate Does Not Apply to Auto Liability	0.879936730	\$ 449,032	Great American E&S	\$5m XS \$20m \$20m (4 X Layer) SPA Pool Aggregate Aggregate Does Not Apply to Auto Liability	1.561655029	\$ 791,250	77.5%	76.2%	Confirmed
\$25m Sub-Total	\$20m XS \$5m Primary	12.559713	6,409,222	\$25 m Sub-Total	\$20m XS \$5m Primary	18.58246723	\$ 9,415,253	48.0%	46.9%	
Great American	\$5m XS \$25m \$10m (2 X Layer) SPA Pool Aggregate Aggregate Does Not Apply to Auto Liability	0.868203119	\$ 443,044	Quota Share Upland 44% Bowhead (Homesite) 56%	\$4.5m XS \$25m \$20m (4 X Layer) SPA Pool Aggregate Aggregate Does Not Apply to Auto Liability	1.014459001	\$ 514,000	16.8%	16.0%	Confirmed
\$30m Total	\$25m XS \$5m Primary	13.427917	6,852,266	\$29.5m Total	\$24.5m XS \$5m Primary	19.5969262	9,929,253	45.94%	44.9%	
				Quota Share Ark Bermuda 50% Arcadian Bermuda 50%	\$2.5m XS \$29.5m \$5m (2X Layer) Aggregate Aggregate Does Not Apply to Auto Liability Estimated Taxes and Fees	\$ 0.444073	\$ 225,000			Confirmed
							15,750			
\$32m Total				\$32m Total	\$27m XS \$5m Primary	20.04	10,170,003	49.2%	48.4%	

Item No: G.2.

**SPA LIABILITY POLICY & PROCEDURE - AGGREGATE EROSION
POLICY****ACTION ITEM**

ISSUE: The SPA Liability Working group has prepared a draft policy for the Boards review.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: At the November 13, 2023 Board meeting it was noted an Ad Hoc Committee was formed to discuss the erosion of aggregate limits and the SPA Board will receive an update from the committee.

ATTACHMENTS: P&P 2-Liability - Liability - SPA Liability Program - Aggregate Erosion Policy



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

Policy & Procedure No. P&P 2-Liability

ADOPTED:

EFFECTIVE: July 1, 2021

SUBJECT: SPA Aggregate Erosion Policy

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 an Excess Liability Program for its Members. Members of the Schools Program Alliance (SPA) Excess Liability Program acknowledge that, from time to time and for any program year, insurance market conditions may result in the purchase and placement of reinsurance and/or excess insurance policies which contain annual aggregate limits shared by the members of that program year.

POLICY:

If annual aggregate limits for any program year become eroded by payment of claims, the SPA members agree to pursue all available options to purchase reinstatement of limits. The purchase of reinstated or other additional limits for any program year shall be at the sole discretion of the SPA Board of Directors. The SPA members understand that the availability and/or affordability of reinstated or other additional limits may vary from year to year depending upon insurance market conditions and other factors.

PROCEDURE:

Notwithstanding the above, should the erosion of aggregate limits for any program year result in claims which exceed the reinsurance and/or excess insurance funds available for payment of such claims, the members of that program year shall be responsible for the total cost of claims in excess of the annual aggregate limits. Each member shall contribute an amount equal to the member's pro-rata share of the program year's total contributions (premiums) as applied to the amount of claims in excess of the annual aggregate limits.

REFERENCE:

Item No: H.1.

2024 PROPERTY (AND APD) RENEWAL DISCUSSION**INFORMATION ITEM**

ISSUE: We will discuss the initial renewal topics and the data request for the 2024 property/APD/Deadly Weapons renewal process, including the draft timeline.

RECOMMENDATION: No action required.

FISCAL IMPACT: None identified for the review of this initial presentation.

BACKGROUND: We review renewal topics with the SPA Board prior to the data collection process. This is meant to share market and program knowledge following industry 1/1 renewals and current market news, as well as discuss known SPA program topics expected to impact the upcoming renewal.

Timely collection of the data will assist in a timely review, evaluation, reconciliation and release of the data to the markets to begin the marketing process, as well as the additional analytics work (modeling, etc.).

A presentation has been prepared to facilitate this discussion.

ATTACHMENT(S):

1. Renewal Presentation will be shared during the meeting

Item No: H.2.

PROPERTY PROGRAM RENEWAL – ADOPTION OF VALUATION AND TRENDING**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 4th 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. The appraised values likely will not need to be trended this year, though the properties not appraised will be subject to trending. The remaining appraisals will be uploaded without trending, with the remaining properties subject to trending.

RECOMMENDATION: Review and provide direction regarding use of the trend factors for the SPA FY 24/25 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: Four of the five SPA Members have completed appraisals and are now using the Alliant Connect Property Schedules to manage property schedules. One member has not yet completed their appraisals and trend factors should be discussed to determine how those factors may impact the FY 24/25 property renewal.

ATTACHMENTS: None.

Item No: H.3.

**COVERAGE LIMITATIONS AT JULY 1, 2024 PROPERTY PROGRAM
RENEWAL – VACANCY AND LOSS VALUATION****ACTION ITEM**

ISSUE: SPA’s property program is rated based on loss experience. Losses from vacant structures and losses that result in a cost that far exceed reported values negatively impact the SPA Property Program’s rates, ability to attract and retain underwriters, and perception of indemnity. The SPA Board is asked to consider two coverage limitations for July 1, 2024:

1. Vacancy Limitation – Limitation to \$500,000 for all loss to a vacant structure and its contents. A District can apply to SPA for a vacancy permit that would allow for higher coverage limits upon the SPA Board’s satisfaction that effective security, alarms and loss prevention efforts will be maintained during the vacancy period.
2. Loss Valuation Limitation for Scheduled Location – Limitation of loss for scheduled locations identified as high risk for total loss due to wildfire. Subject to all the Memorandum of Coverage’s terms, the Program Administrator proposes limiting coverage for specifically identified locations to:
 - a. Real and Personal Property to no more than 125% of reported value.
 - b. Increased Cost of Construction, Extra Expense, Code and Ordinance (including DSA mandates), and Expediting Cost to no more than 100% of reported value.

RECOMMENDATION: The Program Administrator recommends that the Board Evaluate the proposed coverage limitations and direct staff to draft coverage language as appropriate.

FISCAL IMPACT: The proposed action would reduce the cost of losses at vacant locations and at higher risk to wildfire.

BACKGROUND: SPA is underwritten as a program consisting mostly of highly protected property risks. Unexpectedly large losses happen at vacant or undervalued locations cause significant impact to SPA’s ability to secure coverage and the cost of coverage. The cost of such losses is shared among all the members and remain in the loss rating calculus for 5 years.

Vacancy

Vacant or unoccupied structures face a higher risk of loss. The Program Administrator proposes limiting coverage on vacant structures to \$500,000 which should be sufficient for minor repairs or

demolition/debris removal to secure a vacant structure impacted by a covered loss. A member district that can show a vacant location is adequately protected will be eligible for an increased limit subject to the SPA Board of Directors approval.

Loss Valuation Limitation for Scheduled Location

SPA has experienced significant losses due to wildfire at locations significantly undervalued for replacement cost and that incurred substantial increased cost of construction due to increased costs of reconstruction due to code and ordinance and requirements of the Department of the State Architect. Losses from wildfire that include near or total loss of a location have been shown to incur higher cost than would normally be anticipated. Rather than exclude these locations entirely, the Program Administrator recommends limiting coverage to preserve some level of insurability.

Under the Program Administrator's proposal, a school location that is specifically scheduled by endorsement for this coverage location would be subject to a recovery that may be below full replacement value. The following example shows how the coverage limitation would be applied:

- Reported Total Insured Value for scheduled location = \$4 million
- Maximum recovery at 125% of reported Value = \$5 million
- Maximum additional recovery for increased cost of construction, extra expense, etc. at 100% of reported value = \$4 million
- Total insurance proceeds for loss at scheduled location = \$9 million.

ATTACHMENTS: Concept for Vacant Property Exposure

Coverage concept for Vacant Property exposure SPA Property Program – July 1, 2024

Concept:

The SPA Property program should protect itself from vacant properties, which pose a higher risk than the homogenous portfolio (underwriters recognize this also, and have been impacted by high losses on these exposures broadly)

Frist, SPA can take action to assure these exposures are identified and included in Alliant Connect (this process was reviewed at the November 2023 board meeting)

Next, SPA should demonstrate we are actively managing this risk via the following:

- a. Modifying the MOC to address Vacant Property exposures
- b. Limiting the impact of these high-risk exposures, if (1) they are not identified and/or (2) they are not being monitored and maintained appropriately given their higher risk nature. In this case, a \$500,000 sublimit was suggested at the 2023 Long-range planning meeting as a starting point.
- c. Allowing an agreed upon higher limit, up to replacement cost, if the member commits to certain requirements for upkeep and security via a “Vacancy Permit” application
- d. The Vacancy Permit application would be approved by the Program Administrator **and** the SPA board or a select SPA Permit committee.

MOC Consideration:

The following revisions would need to occur for the July 1, 2024 MOC:

Sublimits: Reference to the \$500,000 sublimit will be added for Vacant Properties, with exception wording added for those properties holding an approved Vacancy Permit

Definitions:

A definition for Vacant Property will be added.

Sample definitions we have found in the industry include:

- **Decommissioned:** Real Property that has been closed or withdrawn from service or use.
- **Vacant:** Real Property that is not occupied by the Named Covered Party and does not contain Business Personal Property in a sufficient amount to conduct normal operations.

And

A building is considered Vacant when:

- a. Such building does not contain adequate Insured Property to conduct customary business operations; or
- b. Such building is no longer used by the Insured, a lessee or a sub-lessee to conduct customary business operations;

- c. 70% or more of its total square footage is “vacant”;

A definition for Vacancy Permit will be added.

Notification to Membership of (1) Vacancy position for July 1, 2024 and (2) Vacancy Permit

Application process:

Coverage Position: A flyer will be created with the vacant property coverage position for July 1, 2024. This can be shared with SPA Member’s membership. SPA Members can also decide on additional notification approaches.

Permit process: For the Application process, the SPA Board will need to decide if this process should include (1) the SPA Board or (2) a SPA committee. The Program Administrator should be included in the process, as well.

The data needed would be included in the Permit packet. This was reviewed at the November 2023 board meeting.

The timing of the review/decision of the permit is recommended as one-week before coverage is needed by the member. This suggests the application should be submitted at least one-week in advance of the need-by date. As a reminder, all vacant properties automatically have coverage, but it will be limited to \$500,000. So, late submission of an application does not prohibit coverage, per se.

(Also, the 2024 renewal cycle will include a special campaign to notify membership early and often, in order to get applications submitted timely, if we expect some volume on the first effort).

Approved Permits: Will be provided to the SPA Member and the member in question, as well as kept on file with the Program Administrator

Criteria for Vacancy Permit:

These are offered for consideration only. These are being used currently in the industry but do not necessarily need to be our criteria:

- a. Regular and routine maintenance is being performed;
- b. Documented site inspections no less than once a month;
- c. Minimum protective safeguards, such as sprinkler systems, burglar alarm systems are maintained in full service;
- d. Perimeter doors and windows are locked and secured;
- e. Security guards patrol the property 24-hours per day;
- f. Hazardous or combustible material are removed.

Final recommended language to be included in February Board Meeting, for official approval. Notices to underlying membership should begin in March 2023, to assure we have time to process applications.

Item No: H.4.

**PROPERTY PROGRAM POLICY & PROCEDURE
COURSE OF CONSTRUCTION****ACTION ITEM**

ISSUE: Creating a procedure for course of construction placement options on buildings exceeding the \$5,000,000 threshold (i.e., not covered by SPA), including utilizing Alliant to place coverage for members, if desired.

RECOMMENDATION: The Board will review the revision to the Policy & Procedure No. P&P 2-Property

FISCAL IMPACT: N/A

BACKGROUND: SPA previously adopted a policy under the Underwriting Guidelines of limiting COC exposures/projects within the Property Program to \$5,000,000 and below, per building. Any exposures above the threshold \$5,000,000 are to be placed outside of SPA. Typically, this is done via the contractor conducting the project. However, Alliant has the ability to place this coverage, as well.

ATTACHMENTS: DRAFT Policy & Procedure No. P&P 2-Property (revised)



Schools Program Alliance

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

Policy & Procedure No. P&P 2-Property

ADOPTED: January 11, 2021

AMMENDED: ~~March 13, 2023~~ January 8, 2024

AMMENDED EFFECTIVE: ~~July 1, 2023~~ January 8, 2024

SUBJECT: Property Program Underwriting Procedures

Should there be any discrepancy between this documents and the JOINT POWERS AGREEMENT or the Property Program Memorandum of Coverage, the JOINT POWERS AGREEMENT and Property Program Memorandum of Coverage will govern.

PURPOSE:

The Schools Program Alliance (SPA) has developed a **Property Program** for its **Members**. SPA has established rating plans and operating practices 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 locations, members to existing **Members** and prospective new **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;
- Relationship of loss exposure so that rates reflect each **Member’s** relative exposure to loss; and
- Growth in membership managed so that addition of new locations or members to existing **Members** and addition of prospective new **Members** supports the overall goals of SPA and mitigates potential negative impacts to SPA **Members**.

PROCEDURE:

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

1. Underwriting guidelines /funding requirements/rating plan

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



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- The **Program Administrator** shall gather and analyze information on **Member** exposures including but not limited to the schedule of values, loss history, loss control reports, and exposure modeling.
 - 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 a review of the methodology for calculating member contributions and reinsurance premiums.
2. New locations, new members of existing Members and prospective new **Members** (This section does **not** apply to new construction projects applicable to Course of Construction/Builders Risk exposures– see Section 3 for handling of those risks)

Existing Members may add additional locations or members to their membership and receive coverage under the SPA Property Program as provided in the automatic acquisition and reporting requirements of the Property Program Memorandum of Coverage. If the additional locations or members exceed the automatic acquisition coverage or trigger reporting requirements of the Memorandum of Coverage, then the Member shall in advance of receiving coverage under the SPA Property Program provide underwriting information and any report or findings of the Member's own underwriting review. The Program Administrator shall then prepare a report for the Board summarizing the new locations or members and the impact on the Property Program considering the policy and procedures of this Policy and Procedure No. 1- Property. The Board may then take action to approve or deny coverage under the Property Program and may direct the Program Administrator to secure approval of the Property Program's insurance and reinsurance underwriters. The Program Administrator will advise the Member and the Board the effective date of coverage if it is approved.

A prospective new Member of SPA 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 considering the policy and procedures of this Policy and Procedure P&P No. 1- Property and may confer with insurance and reinsurance underwriters for additional evaluation. The **Program Administrator** shall prepare a report to the **Board** summarizing the prospective new 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 profiles
- Impact of the prospective new Member on availability of coverage and aggregate limits; and,
- SPA's ability to serve effectively the prospective member.

New Members, new locations and new members of existing Members shall be scheduled to have a property insurance appraisal within 5 years of the most recent appraisal or as soon as practicable after joining if the most recent appraisal has not been within 5 years.



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This section does not apply to new construction projects that apply to Course of Construction/Builders Risk exposure – see Section 3 for information related to those risks

3. Construction projects related to Course of Construction/Builders Risk exposure

It is understood that while the SPA Property MOC allows for automatic inclusion of “Course of Construction” (COC) risks up to a stated sublimit of value, the SPA Board has implemented this targeted underwriting policy for these risks. It is recommended that SPA members place COC coverage through the contractor performing the work. If a member prefers not to have the contractor purchase COC coverage, SPA Members may submit construction projects valued at \$5,000,000 or less on a per building basis for automatic inclusion into the SPA Property Program. However, COC risks for construction projects valued over \$5,000,000 must be placed outside of the SPA Property Program. The SPA MOC and reinsurance agreements have limitations based on COC at a site, so a Member with multiple buildings at a site or as part of a package of construction should consult with the Program Administrator to see whether SPA’s Property Program can accommodate such a project.

The rate charged for projects covered in the SPA Property program will be based on the SPA Member’s allocated rate set at inception of the current/in-force MOC.

SPA cannot guarantee that COC coverage will be available in succeeding program years, therefore it is recommended that all COC exposure be placed on a separate policy outside of the SPA Property Program.

4. Placement options for buildings \$5,000,000 or greater (i.e., those excluded from SPA coverage, per section 3 above):

There are two options SPA Members can pursue when obtaining coverage for projects/buildings that do NOT qualify for SPA coverage:

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- A. Contractor: Request and obtain coverage from the Contractor conducting the project. In this case, the Contract will advise on steps and data needs. Or
- B. Program Administrator/Alliant: Alliant can obtain an open-market option for COC coverage, subject to prevailing market conditions. Alliant will need 90 days and a completed “New Location Questionnaire” in order to conduct an marketing effort. These requests should be submitted to Michelle Minnick or, if not available, another member of the Alliant SPA team.

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4.5. 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.



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“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.



#INSURECA

AGENT & BROKER ALERT

California Insurance Commissioner Ricardo Lara

California's Sustainable Insurance Strategy

November 14, 2023 — In a significant move to protect California consumers and address the pressing challenges posed by climate change, Insurance Commissioner Ricardo Lara has unveiled the state's Sustainable Insurance Strategy. This ambitious strategy is aimed at safeguarding the overall health of the insurance market, comprised of consumers, homeowners and business owners, while ensuring long-term sustainability.

The strategy seeks a commitment from insurance companies to write a minimum of 85% of homes and businesses in distressed areas, where normal insurance is hard to find. This will reverse the trend of a growing FAIR Plan and make sure that insurance is available, especially in high-risk regions.

Decreasing FAIR Plan Policyholders: Priority to transition from the FAIR Plan back to the normal insurance market will be given to homes and businesses that mitigate wildfire risk by following the Insurance Commissioner's "Safer from Wildfires" regulation.

New rules for Catastrophe Models and Mitigation: The strategy incorporates new catastrophe models that consider mitigation and hardening requirements, leading to more accurate risk pricing. This means more accurate premiums for all Californians so they don't pay more than they should.

Modernizing the FAIR Plan: By expanding commercial coverage limits to \$20 million per structure, the strategy addresses coverage gaps which will benefit homeowner associations (HOAs), affordable housing, and infill developments.

Safer From Wildfires

[Safer from Wildfires](#) is a ground-up approach to wildfire resilience with three layers of protection — for the structure, the immediate surroundings, and the community. Following these achievable steps can help you save money on your insurance. Safer from Wildfires was created by an interagency partnership between Insurance Commissioner Ricardo Lara and the emergency response and readiness agencies in Governor Gavin Newsom's administration.

Resources

- [Download a summary of Safer from Wildfires](#) (PDF)
- [California Sustainable Insurance Strategy Overview](#) (PDF)
- [California Sustainable Insurance Strategy Fact Sheet](#) (PDF)
- [Commissioner Lara announces Sustainable Insurance Strategy to improve state's market conditions for consumers](#)
- [Commissioner Lara statement on the success of the second catastrophe modeling and insurance workshop](#)
- [Governor Newsom Signs Executive Order to Strengthen Property Insurance Market](#)
- [Commissioner Lara on Next Steps for Sustainability of California Insurance Market](#)