

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.

DATE/TIME:	DAY 1 – September 11, 2023 at 10:00 AM – 2:00 PM PDT Breakfast available 9:30 am Lunch available at 12:15 pm DAY 2 – September 12, 2023 at 9:30 AM – 2:00 PM PDT Breakfast available 9:00 am Lunch available at 11:45 am
LOCATION:	Beach Retreat 3411 Lake Tahoe Blvd, South Lake Tahoe, CA 96150 Lakeview Room
	<i>A = Action Item</i> <i>I= Information Item</i>

A. Call to Order, Roll Call, Quorum

- | | | |
|-----------|--|----------|
| 1. | Approval of the Agenda | <i>A</i> |
| | The Committee will be asked to approve the agenda order. | |

B. Public Comments

C. Consent Calendar

The Committee is asked to take action on the consent calendar items as a group, except that a member may request that an item be withdrawn from the Consent Calendar for discussion and action.

- | | | |
|-----------|--|----------|
| 1. | Minutes of SPA Board Meeting - REVISED May 24, 2023 | <i>A</i> |
| 2. | Minutes of SPA Board Meeting June 12, 2023 | <i>A</i> |
| 3. | Minutes of SPA Special Board Meeting June 20, 2023 | <i>A</i> |
| 4. | Minutes of SPA Board Meeting August 14, 2023 | <i>A</i> |

D. Topics for Discussion

- | | | |
|-----------|--|----------|
| 1. | Coverage Program Reviews, Development and Marketing | |
| | a) Property Program | <i>A</i> |
| | 1) Vacant Property Limitations | |
| | <i>The Board will discuss the inclusion of a standard and will consider a process for scheduling coverage.</i> | |
| | 2) Loss Valuations | |
| | <i>The Board will consider a process to help bring claims to a quicker resolution.</i> | |
| | 3) Builders Risk/Course of Construction Process | |
| | <i>The Board will consider a process for securing Builders Risk coverage.</i> | |

- 4) **Appraisals**
The Board will discuss appraisal valuations and consider adequacy of values.
- 5) **High-Risk Perils - Snowstorm, Hail, Flood, Wildfire**
The Board will discuss perils and consider solutions for coverage including parametric.
- 6) **Single Site Districts**
The Board will have a discussion regarding identifying and potentially limiting exposure to single site districts with margin clause and/or Agreed Value Clause.
- 7) **Evaluation of Retained Layer Results and Outlook for Program Year 24/25**
The Board will review and discuss the Retained layer.
- 8) **Consideration of New Members for Program Year 24/25**
The Board will review and may consider factors for the addition of new members.
- 9) **SPA Property Memorandum of Coverage (MOC)** A
The Board will receive the Property MOC and may consider approval.

- b) **Liability Program** A
 - 1) **Retained Layer & Alternative Risk Financing Options**
The Board will discuss and consider options.
 - 2) **New Member Marketing**
 - 3) **Allocation of Aggregate Limits of Coverage**
 - 4) **Loss Control Budget/Ideas – SAM Requirements?**
 - 5) **Discussion of Leveraging Member Resources**
 - 6) **Status of BASIC Membership**
 - 7) **SPA Excess Liability Memorandum of Coverage (MOC)** A

- 2. **Financial Report**
 - a) **Financials as of June 30, 2023** A
 - b) **SPA Actuary Report as of June 30, 2023** A
 - c) **Claims Management and Reporting Activities** A

- 3. **General Administration**
 - a) **SPA JPA Agreement** A
The Board will review and may approve of changes to the SPA JPA Agreement.
 - b) **SPA Memorandum of Understanding (MOU)** A
The Board will receive a draft MOU and may consider approval.
 - c) **Protecting the Pool and JPA Administration** A
The Board is asked to discuss and consider options for resolving claims more promptly.
 - d) **Discussion of Policies and Procedures, Roles and Responsibilities and Standing Committees/Task Groups** I
The Board will discuss & consider whether additional policies and procedures, defined roles and responsibilities, and standing committees/task groups as needed.

- e) **Emerging Risks and Potential for SPA to Support Members** *I*
At this time the Board will bring forward and discuss emerging risks and whether there is a role for SPA to help members respond to them.

E. SPA Committee and Staffing

1. **SPA Program Staff** *I*
The Committee will review the current JPA Administration staffing roster.

F. New Programs and/or Services

1. **Ideas for Creation or Modification of SPA Program and/or Services**
The Committee will discuss ideas for creation or modification of SPA programs and/or services.
2. **Projects to be Included on the FY 23/24 SPA Long Range Action Plan**
The Committee will finalize its recommendations of projects to be included on the FY 23/24 SPA long-range action plan.

G. Information Items

1. **Large Loss Report 2023**
2. **Why Schools Must Reset and Reboot When it Comes to Insurance**

H. Review of Meeting Discussion and Identification of Items for SPA Long Range Action Plan

At this time, the Board will review the meeting's discussions and identify items that will be more fully developed in a Long Range Action Plan for adoption at a future SPA Board meeting.

I. Adjournment

The next SPA Board meeting is scheduled for Tuesday, September 12, 2023 at the Beach Retreat, 3411 Lake Tahoe Blvd, South Lake Tahoe, CA 96150. If you have questions regarding the agenda package, please contact:

Michelle Minnick at Michelle.Minnick@alliant.com / 916-643-2715

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

SCHOOLS PROGRAM ALLIANCE

May 24, 2023 Special 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
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	Chris Tambo, AmWins
Dan Howell, Alliant Insurance Services	Ryan Telford, AmWins
Marcus Beverly, Alliant Insurance Services	Jim Wilkey, New Front Insurance
Michelle Minnick, Alliant Insurance Services	Eileen Massa, New Front Insurance
Eric Dahlen, Sedgwick	Mark Stokes, New Front Insurance

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Martin Brady called the meeting to order at 9:03 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 quorum and the Agenda as posted.

MOTION: Kim Santin

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

1. Minutes of SPA Board Teleconference Meeting May 8, 2023

A motion was made to approve the Consent Calendar.

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

E. GENERAL RISK MANAGEMENT ISSUES

There were no comments.

F. GENERAL ADMINISTRATION

F.1. EXCESS LIABILITY PROGRAM UPDATE

Jim Wilkey provided the Board with an update regarding the Excess Liability placement and indicated that negotiations have not gone as well as expected since the last meeting and noted that some carriers are increasing premiums significantly as compared to last year. He noted that the premium for the \$10M XS \$10M Primary has increased approximately 160% from the prior year. After a general discussion it was noted that there may need to be a change in carriers as the market for per occurrence based SAM coverage is dwindling. Direction was provided to bring back quotes at the \$25M and higher if cost effective.

F.2. 2023 PROPERTY (AND APD) RENEWAL STATUS UPDATE

F.2.A. FUNDING AND PARTICIPATION STATUS UPDATE

Dan Howell provided the Board with an update that we have received a firm stance from our London lead carriers that we will not receive a renewal for SPA including BSSP as it stands unless the Berry Creek Claim sees movement toward resolution. Due to this SPA will either have to replace the capacity for all of SPA or for BSSP for the first \$25M. Christy Patterson provided the Board with an update regarding the recent BSSP meeting about the claim – the Board is frustrated and upset with the market’s response to the claim and noted that they will be discussing an alternative settlement demand later this evening. Ryan Telford additionally comments as it relates to the BSSP placement and mentioned that the London piece of the primary \$25m is the only market suggesting to not renew BSSP - no other carriers are saying that at this time. Ryan noted that if London plans to exclude BSSP then the AmWins plan is to buy a 35% of a \$25M primary solely for BSSP but the cost for that placement may be high due to the wildfire exposure being marketed by itself. Program Administration should receive the report out of the Pioneer BOD meeting this evening and attempt keeping BSSP in the program at 7/1/23 and simultaneously bring back a plan B that includes a separate capacity for BSSP if we cannot bring London back to the table to include BSSP at renewal.

A motion was made to receive the action and provide direction with the brokers to work with London or separate placement for Butte.

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

Dan Madej additionally provided the Board with an update regarding the not to exceeds and indicated that those projections currently include BSSP. He provided a review of the proposed funding and loss history and how it affects the overall cost allocation. It was also noted that the Loss Control allocation, appraisals and the JPA Administration Cost total to \$105k which would be spread out across the membership based on TIV. It was noted that we will bring this back at the next meeting once we learn more from the meeting later tonight.

F.2.B. EVALUATION OF VACANCY SUBLIMIT PER STRUCTURE

Dan Howell provided that he noted other programs provide a \$500k sublimit for vacant structures and the SPA group is asked to consider the same. It noted that this is for locations that are not utilized and not being actively used or could be a single location where there is no current activity. The Board was asked to consider at this time how to handle vacant locations and suggested if there is a Vacancy Permit on file showing security or monitoring of the vacant location that makes it safer then that location could be underwritten (it would either be Agreed Value or at full replacement value). If the vacant location had a Vacancy Permit on file, was underwritten and had a covered loss then the policy would provide coverage but if no Vacancy Permit on file and not underwritten then the location would be sublimited to \$500k. Direction was provided to bring this back proposed language and a process for dealing with vacancies for further discussion.

F.2.C. EVALUATION OF MEMBER DISTRICTS WITH HIGH CATASTROPHIC RISK MODELING AT REMOTE LOCATIONS

Dan Howell provided that there are single site districts and/or remote districts that the exposure is different as there is only one site so there is additional impact when those sites are affected. The group is asked to consider taking an inventory of single site district and remote districts to determine what we have and if we want to go with agreed value or modified agreed value so we don't have a surprise going forward. Direction was provided to bring this back at the Long Range Planning meeting for further discussion including potential projections and hypotheticals requested.

F.3. CLAIM PAYMENT POLICY

Marcus Beverly provided a review and noted that we are bringing this back to ensure the entire procedure was captured and noted a minor change to the language.

A motion was made to approve the claim policy as presented.

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

F.4. SPA MOU

Marcus Beverly provide that the MOU Serves as the Bylaws for SPA and the board was asked if there were any changes requested and we will bring back at the LRP in September.

H. INFORMATION ITEMS AND DISCUSSION

There were items provided for members to review and share with their membership.

G. ADJOURNMENT

A motion was made to Adjourn.

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

The meeting was adjourned at 10:38 A.M.

NEXT MEETING DATE: June 12, 2023 via Teleconference

Respectfully Submitted,

Martin Brady, Secretary

Date

DRAFT

SCHOOLS PROGRAM ALLIANCE

June 12, 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
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	Chris Tambo, AmWins
Dan Howell, Alliant Insurance Services	Ryan Telford, AmWins
Marcus Beverly, Alliant Insurance Services	Jim Wilkey, New Front Insurance
Michelle Minnick, Alliant Insurance Services	Eileen Massa, New Front Insurance
Eric Dahlen, Sedgwick	Mark Stokes, New Front Insurance

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Martin Brady called the meeting to order at 10:04 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 quorum and the Agenda as posted.

MOTION: Cindy Wilkerson **SECOND:** Christy Patterson **MOTION CARRIED UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

1. Minutes of SPA Board Teleconference Meeting May 24, 2023

There was a request to revise the minutes of the prior meeting as it relates to Item F1. The change was noted and these minutes will be brought back for final approval.

E. GENERAL RISK MANAGEMENT ISSUES

Dan Howell provided some comments about AB299 related to college hazing and members were encouraged to do some research in case it begins to be applied to high schools. Cindy Wilkerson provided the Board with some information received at the RIMS Conference as it relates to flood exposure, a vendor called Portodam. Members may be interested in a cost effective solution for dealing with Portodam.

F. FINANCIAL

F.1. PROPOSED BUDGET 2023-24

Phil Brown provided a review of the proposed budget that and noted that only changes made were based on feedback that we received on the May 8 and 24th meetings. This proposed budget now includes an administrative fee to the pool for CCSA which was based on the TIV submitted. After a discussion it was generally agreed the budget presented was acceptable.

A motion was made to approve as presented.

MOTION: Christy Patterson SECOND: Kim Santin MOTION CARRIED UNANIMOUSLY

G. GENERAL ADMINISTRATION

G.1.A. LIABILITY UPDATE – RENEWAL OF SPA EXCESS LIABILITY

Jim Wilkey provided the Board with an update regarding the Excess Liability placement and indicated that it's been a long negotiation but was pleased to share two options for the Board review (limit of \$25M or \$29.5M). After a discussion it was generally agreed that the Board should consider binding higher limits while it is available. It was also noted a discussion regarding a rating plan may be a topic of consideration for the Long Range Planning meeting.

A motion was made to approval binding the Excess Liability placement for FY 2023-24 at the \$24M excess of \$5M and will be split proportionally with no subsidy for CCSA.

MOTION: Cindy Wilkerson SECOND: Alan Caeton MOTION CARRIED UNANIMOUSLY

G.1.B. DISTRIBUTION OF SPA EXCESS LIABILITY PREMIUM

Last year the Board made a decision to shore up aggregate and CCSA did agree and paid \$281K more than their pro-rata share for the \$5M excess of \$5M layer and that subsidy was split between BASIC and SIA. At the time there was no direction provided and so we are seeking direction as to whether there would be a subsidy this year or not and what it would be. It was noted that increases are happening across the board so we could consider a three year period where a subsidy is paid over time.

After a general discussion it was mentioned that SPA should consider developing a process for subsidies and additional premiums for specific members or an allocation method. It was noted that the Property program has a modeling plan that helps to develop the rates for each of the members but at a philosophical level for discussion at the LRP the group should consider how we approach why members pay what they pay and the mechanics of the rating plan.

A motion was made that there will be no subsidy for CCSA.

MOTION: Kim Santin

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

G.2. 2023 PROPERTY (AND APD) RENEWAL STATUS UPDATE

Dan Madej provided the updated Cost Allocation and reviewed the changes updated per direction given by the Board at the May 24th Board meeting. Ryan Telford from AmWins provided the Board with an update that we are within the not to exceed numbers and are working to finalize everything by the end of the week. After a discussion it was noted that we are within the not to exceed number and it was mentioned that there will be one more true up at the end of June so any additions will change the final number due.

A motion was made to approve the cost allocation methodology and delegate authority to the chair to bind the renewals within the not to exceed cost.

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

G.3. ALLIANT DEADLY WEAPONS RESPONSE PROGRAM FY 2023-2024

Members were reminded that the Alliant Deadly Weapons Response Program has replaced the Active Assailant and the number has been included in the note to exceed figure presented in the property renewal allocation. It was noted that members have used this program in the past and the resources are helpful in an event like this.

A motion was made to approve renewal of the Alliant Deadly Weapons Response Program for FY 23-24.

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

H. INFORMATION ITEMS AND DISCUSSION

There were items provided for members to review and share with their membership.

I. ADJOURNMENT

A motion was made to Adjourn.

MOTION: Kim Santin

SECOND: Alan Caeton

**MOTION CARRIED
UNANIMOUSLY**

The meeting was adjourned at 11:30 A.M.

NEXT MEETING DATE: September 11-12, 2023 in South Lake Tahoe

Respectfully Submitted,

Martin Brady, Secretary

Date

DRAFT

SCHOOLS PROGRAM ALLIANCE

June 20, 2023 Special Teleconference Board Meeting Minutes

Members Present:

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 Howell, Alliant Insurance Services	Jim Wilkey, New Front Insurance
Michelle Minnick, Alliant Insurance Services	Mark Stokes, New Front Insurance
Eric Dahlen, Sedgwick	

A. CALL TO ORDER, ROLL CALL, QUORUM

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

B. APPROVAL OF THE AGENDA AS POSTED

A motion was made to approve the quorum and the Agenda as posted.

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. GENERAL ADMINISTRATION

D.1. EXCESS LIABILITY PROGRAM

Jim Wilkey provided the Board with an update regarding the Excess Liability placement as the Board provided authority to bind up to the \$29.5M limit. It was also noted that the Newfront team

was seeking additional limits which were received after the SPA Board meeting. He presented an option to increase total limit to \$32M and described the negotiations with the Bermuda Market who agreed to offer a limit of \$2.5M in excess of the current \$29.5M that is bound. After a general discussion it was agreed to add the capacity to the tower.

A motion was made to approve the additional layer.

MOTION: Alan Caeton

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

E. ADJOURNMENT

A motion was made to Adjourn.

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

The meeting was adjourned at 8:52 A.M.

NEXT MEETING DATE: September 11-12, 2023 in South Lake Tahoe, CA

Respectfully Submitted,

Martin Brady, Secretary

Date

SCHOOLS PROGRAM ALLIANCE

August 14, 2023 Special 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
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)	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 Howell, Alliant Insurance Services	Jenna Wirkner, Alliant Insurance Services
Dan Madej, Alliant Insurance Services	Gabbi Daniels, SIG
Michelle Minnick, Alliant Insurance Services	Jim Wilkey, New Front Insurance
Marcus Beverly, Alliant Insurance Services	Mark Stokes, New Front Insurance

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Cindy Wilkerson called the meeting to order at 9:01 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 quorum and the Agenda as posted.

MOTION: Kim Santin

SECOND: Alan Caeton

**MOTION CARRIED
UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. GENERAL ADMINISTRATION

D.1. LONG RANGE PLANNING AGENDA TOPICS

Marcus Beverly provided a review of the proposed topics for the October Long Range Planning Topics and opened the discussion for additional items that members may want to focus on during the meeting. Members provided a list of topics that they would like to focus on.

D.2. WINTER STORM CLAIMS

Marcus Beverly provided a review of the recent snowstorm claims, noting there are 15 claims total, and noted that the loss is highly valued at almost \$1.6M and in consultation with McLarens and Chris Tambo would be to treat all losses between 2/23-2/25 as a one occurrence CAT Loss. After a discussion it was generally agreed that the 15 claims are arising from one occurrence

A motion was made to approve the 15 claims as arising from one occurrence.

MOTION: Christy Patterson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

Abstain: Alan Caeton

E. CLOSING COMMENTS

Dan Madej provided a quick review of the recently received SPA Property MOC that was received with a comment related to an Exclusion added by the carrier after the inception of the policy. After discussion it was generally agreed that the group would receive a redline version of the MOC subject to final ratification at the September meeting. It was mentioned that some members are now seeing first amendment auditors on campuses and wanted to share experiences. It was also noted that PRISM offers training on how to respond to a first amendment auditor.

F. ADJOURNMENT

A motion was made to Adjourn.

MOTION: Kim Santin

SECOND: Alan Caeton

**MOTION CARRIED
UNANIMOUSLY**

The meeting was adjourned at 9:45 A.M.

NEXT MEETING DATE: September 11-12, 2023 in South Lake Tahoe, CA

Respectfully Submitted,

Martin Brady, Secretary

Date

**COVERAGE PROGRAM REVIEWS,
DEVELOPMENT, AND MARKETING
PROPERTY PROGRAM**

ACTION ITEMS

- 1) **Vacant Property Limitations**
- 2) **Loss Valuations**
- 3) **Builders Risk/Course of Construction Process**
- 4) **Appraisals**
- 5) **High- Risk Perils**
- 6) **Single Site Districts**
- 7) **Evaluation of Retained Layer Results and Outlook for Program Year 24/25**
- 8) **Consideration of New Members for Program Year 24/25**
- 9) **SPA Property Memorandum of Coverage (MOC) (Need Item Next?)**



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- A. POLICY NUMBER: SPA2-23-24**
- B. NAMED INSURED: Schools Program Alliance**
- C. MAILING ADDRESS OF NAMED INSURED**

Schools Program Alliance
c/o Schools Insurance Authority
9800 Old Placerville Road
Sacramento, CA 95827

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

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

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

NAMED INSURED MEMBER(S):

- Schools Insurance Authority
- Butte Schools Self-Funded Programs
- North Bay Schools Insurance Authority
- Redwood Empire Schools' Insurance Group
- Schools Insurance Group

D. POLICY PERIOD

From July 1st, 2023 to July 1st, 2024, beginning and ending at 12:01 AM

E. COVERAGE TERRITORY

The United States, its territories and possessions and Puerto Rico, including their respective coastal waters.

F. LIMITS OF LIABILITY

Subject to specific exclusions, modifications, and conditions hereinafter provided, the liability of the Company in any one occurrence regardless of whether one or more of the coverages of this Policy are involved shall not exceed:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

1. LIMIT OF LIABILITY

\$125,000,000* Per Occurrence: all Perils, Coverages (subject to policy exclusions) and all Named Insureds (as defined in the policy) combined, per Declaration, regardless of the number of Named Insureds, Coverages, extensions of coverage, or perils insured, subject to the following per Occurrence and/or aggregate sub-limits as noted below.

*Except USD 100,000,000 in respect of Butte Schools Self-Funded Programs

2. SUB-LIMITS OF LIABILITY

The following sub-limits of liability apply per occurrence unless indicated otherwise. Coverage is provided only if a sub-limit of liability is shown below for that item and does not increase the specific limits of liability. The absence of a sub-limit of liability amount below means that no coverage is provided for that item.

\$50,000,000	Combined Business Interruption, Rental Income, Tax Interruption and Tuition income (and related fees)
\$500,000	Contingent Business Interruption
\$30,000,000	Extra Expense
No coverage provided	Per occurrence, as respects Vehicle Damage
\$5,000,000	Per occurrence, as respects Mobile Equipment
\$10,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood, inclusive of Zone A sublimit below
\$5,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood in FEMA designated Special Flood Hazard Areas Zones A or V (SFHA) to be determined at the time of loss
No coverage provided	Per occurrence, and in the annual aggregate as respects the peril of earthquake shock
Included	Per occurrence, as respects the peril of earthquake sprinkler leakage
\$25,000,000	Debris Removal
\$2,500,000	Decontamination Costs
\$25,000,000	Miscellaneous Unscheduled Property
Included	Automatic Acquisition subject to the values of such additional property and/or interests not exceeding \$25,000,000 (not including habitational risks)
\$2,500,000	Outdoor Property, except \$50,000 max per item for Trees, Shrubs, Plants



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Included	Electronic Data Processing Equipment and Hardware (refer to Endorsement No. 4)
\$10,000,000	Electronic Data Processing Data and Media – Physical Damage Only (refer to LMA5400))
No coverage provided	Cyber Act (refer to LMA5400)
\$25,000,000	Errors & Omissions
Included	Course of Construction, projects which exceed \$25,000,000 are subject to underwriting approval, prior to binding (not including habitational risks)
No coverage provided	New habitational risk, including teacher housing (must be submitted for review and approval)
\$500,000	Builders Risk Property at Temporary Storage Location
\$500,000	Builders Risk, Property in Transit
\$1,000,000	Contractor’s Equipment
\$5,000,000	Soft Costs
\$2,500,000	Scheduled and Unscheduled Fine Arts (as more fully defined herein)
\$1,000,000	Accidental Contamination
\$1,000,000	Unscheduled Tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, street lights and traffic signals unless specific values for such items have been reported as part of a member(s) / entity(ies) schedule of values held on file with this company, excluding Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters
Included	Demolition and Increased Cost of Construction due to the enforcement of building codes / ordinance or law
\$10,000,000	Transit including Free Onboard Shipments
\$2,500,000	Fire Fighting Expenses
\$25,000,000	Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s)



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

\$1,000,000	Claim Preparation Expenses
Included	Expediting Expense
No coverage provided	Terrorism
\$1,000,000	Personal Property of Students and Teachers, except \$10,000 any one item
\$10,000,000	Accounts Receivable
\$10,000,000	Valuable Papers and Records
\$500,000	Leasehold Interest
\$2,500,000	Asbestos Cleanup and Removal
\$2,500,000	Mold & Fungus
\$100,000	Reimbursement or Master Key Costs
\$2,500,000	Upgrade to Green
No coverage provided	Money and Securities
No coverage Provided	Communicable Disease
180 Days	Extended Period of Indemnity
\$2,500,000	Interruption by Civil or Military Authority, not to exceed 30 days (10 mile radius)
\$2,500,000	Ingress or Egress, not to exceed 30 days (10 mile radius)

BOILER AND MACHINERY SUB-LIMITS OF LIABILITY:

\$125,000,000	Boiler Explosion and Machinery Breakdown (USD 100,000,000 in respect of Butte Schools Self-Funded Programs)
Included	Jurisdictional and Inspections
Included	Business Income Coverage Extension (BI)
Included	Extra Expense Coverage Extension (BI)
180 Days	Extended Period of Indemnity



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Included	Spoilage Damage Coverage Extension including Utility Interruption Spoilage (SD & Refrigerant Contamination), Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours
\$2,500,000	Off Premises Service Interruption including Service, Utility and Power, Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours
\$3,000,000	Dependent Property Coverage Extension – All Direct Suppliers Dependent Property Locations; and Receivers
\$10,000,000	Expediting Expense
\$10,000,000	Hazardous Substances, Pollutants, Decontamination
\$10,000,000	Ordinance or Law including Demolition and Increased Cost of Construction
Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological

TERRORISM (INCLUDING SABOTAGE) SUB-LIMITS OF LIABILITY

\$50,000,000	Per Occurrence and in the Aggregate
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The above limits are provided per Occurrence, regardless of the number of SPA Members involved in the Occurrence.

3. DEDUCTIBLES

Basic Deductible: \$250,000 per occurrence, which will apply in the event a more specific deductible is not applicable to a loss.

Retention A – Excess of the basic deductible: \$250,000, Additional Self-Insured Retention per occurrence and \$1,000,000 in the annual aggregate which in turn

Retention B – Excess of Retention A: \$2,000,000 Self-Insured Retention per occurrence and in the annual aggregate;

Except as follows:

Wildfire

\$5,000,000 per occurrence in respect of Butte Schools Self-Funded Programs

\$2,500,000 per occurrence in respect of Redwood Empire Schools' Insurance Group

\$250,000 per occurrence for all other members.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

In the event that either BUTTE and/or RESIG and another member / other members are affected by the same Wildfire occurrence, both deductibles will apply to their respective loss.

High Hazard Flood

\$500,000 per occurrence in respect of locations situated wholly or partially within a Special Flood Hazard Area (SFHA), areas as defined by the Federal Emergency Management Agency (FEMA).

- **Service Interruption:**

Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours. When the waiting period has expired, insurance will apply excess of the applicable deductible.

- **Boiler and Machinery Breakdown:** USD100,000 per occurrence
- **Boiler & Machinery, Flood and Wildfire losses** do not contribute to the erosion of SPA's Self-Named Insured Retentions.
- **Terrorism (Including Sabotage):** \$10,000 per occurrence. Ingress/Egress 12 hours

Other than Wildfire, If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable.

4. COVERED LOCATIONS

Locations listed in the schools program alliance statement of values on file with Alliant Insurance Services, Inc. as of July 2023.

5. FORMS AND ENDORSEMENTS

It is understood and agreed the following forms and endorsements are attached to and are a part of this policy:

SPA MEMORANDUM OF COVERAGE (ED. 07 21)
SECTION IX - ENDORSEMENT NO. 1 - TERRORISM (INCLUDING SABOTAGE) SUB-LIMITS OF LIABILITY
ENDORSEMENT NO. 1 - COVERAGE TERRITORY ENDORSEMENT
ENDORSEMENT NO. 2 - WAR AND TERRORISM EXCLUSION ENDORSEMENT
ENDORSEMENT NO. 3 - COMMUNICABLE DISEASE ENDORSEMENT
ENDORSEMENT NO. 4 - VALUES LIMITATION CLAUSE IN RESPECT OF BUTTE SCHOOLS SELF-FUNDED PROGRAMS ONLY
ENDORSEMENT NO. 5 - AMENDMENTS TO THE MOC WORDING (London only)
ENDORSEMENT NO. 6 - PROPERTY CYBER AND DATA ENDORSEMENT (London only)



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

6. AUTHORIZED SIGNATURE:

A handwritten signature in black ink, appearing to read 'Marcus Beverly', is positioned above a horizontal line.

Marcus Beverly, Program Manager



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Schools Program Alliance
A California Joint Powers Authority

Memorandum of Coverage (MOC)
July 1, 2023 to July 1, 2024



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

TABLE OF CONTENTS

SECTION I - GENERAL PROVISIONS 6

- A. COVERAGE AGREEMENT 6**
- B. NAMED INSURED 6**
- C. MAILING ADDRESS OF COMPANY 6**
- D. MOC PERIOD 6**
- E. COVERAGE TERRITORY 6**
- F. LIMITS OF LIABILITY 6**
- G. DEDUCTIBLE PROVISIONS 10**
- H. UNIT OF COVERAGE DEFINED 11**
- I. PRIORITY OF PAYMENTS 12**

SECTION II - PROPERTY DAMAGE 13

- A. COVERAGE 13**
- B. EXTENSIONS OF COVERAGE 13**
 - 1. PERSONAL EFFECTS 13**
 - 2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS 13**
 - 3. FIRE FIGHTING EXPENSES 14**
 - 4. OFF PREMISES SERVICES INTERRUPTION 14**
 - 5. ARCHITECTS AND ENGINEERS FEES AND LOSS ADJUSTMENT EXPENSES 15**
 - 6. EXPEDITING EXPENSES 15**
 - 7. DEBRIS REMOVAL 15**
 - 8. BUILDING LAWS 15**
 - 9. DEMOLITION COST 15**
 - 10. INCREASED COST OF CONSTRUCTION 16**
 - 11. DECONTAMINATION COSTS 16**
 - 12. ERRORS & OMISSIONS 16**
 - 13. VALUABLE PAPERS 16**
 - 14. TRANSIT 16**
 - 15. VEHICLES WHILE ON INSURED PREMISES 17**
 - 16. ASBESTOS CLEAN UP AND REMOVAL 17**
 - 17. PROTECTION AND PRESERVATION OF PROPERTY 17**



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

18. LEASEHOLD INTEREST.....	18
19. AUTOMATIC ACQUISITION AND REPORTING CONDITIONS.....	18
20. MISCELLANEOUS UNNAMED LOCATIONS	19
21. ACCIDENTAL CONTAMINATION	19
C. PROPERTY NOT COVERED	20
D. LOSS PAYMENT BASIS / VALUATION	21
E. UPGRADE TO GREEN	22
SECTION III - BUSINESS INTERRUPTION	29
A. COVERAGE	29
1. BUSINESS INTERRUPTION	29
2. EXTRA EXPENSE	30
B. EXTENSIONS OF COVERAGE	30
1. INGRESS / EGRESS	30
2. INTERRUPTION BY CIVIL AUTHORITY	31
3. DEMOLITION AND INCREASED TIME TO REBUILD.....	31
4. CONTINGENT TIME ELEMENT COVERAGE	31
5. TAX REVENUE INTERRUPTION	31
6. EXTENDED PERIOD OF INDEMNITY.....	32
7. EXPENSES TO REDUCE LOSS	32
C. EXCLUSIONS.....	33
D. CONDITIONS APPLICABLE TO THIS SECTION	33
E. DEFINITIONS	33
1. GROSS EARNINGS.....	33
2. MERCHANDISE.....	34
3. EXTRA EXPENSE	34
4. RENTAL VALUE.....	34
5. PERIOD OF RESTORATION.....	35
SECTION IV - GENERAL CONDITIONS	36
A. PERILS COVERED.....	36
B. EXCLUSIONS.....	36
C. STATUTES.....	40



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

D. TERRITORIAL LIMITS	40
E. REINSTATEMENT	40
F. FREE ON BOARD (F.O.B.) SHIPMENTS	40
G. BREACH OF CONDITIONS	41
H. PERMITS AND PRIVILEGES	41
I. PROTECTIVE SAFEGUARDS	42
J. NOTICE OF LOSS	42
K. ARBITRATION OF VALUE	42
L. PROOF OF LOSS	42
M. SUBROGATION	42
N. CANCELLATION	43
O. ABANDONMENT	43
P. ASSIGNMENT	43
Q. SALVAGE	43
R. OTHER INSURANCE	43
S. EXCESS INSURANCE	44
T. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS	44
U. CONCEALMENT AND FRAUD	44
V. FULL WAIVER	44
W. SUIT AGAINST COMPANY	45
X. LENDER’S LOSS PAYABLE	45
Y. LOSS PAYABLE PROVISIONS	47
Z. ELECTRONIC DATA	49
AA. LOSS ADJUSTMENT SERVICES	50
BB. DEFINITIONS	51
CC. ADDITIONAL INSURED’S / LOSS PAYEES	53
SECTION V - FINE ARTS	54
A. COVERAGE	54
B. EXCLUSIONS	54
C. LOSS PAYMENT BASIS / VALUATION	55
D. SPECIAL CONDITIONS	56



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

SECTION VI - CONTRACTORS EQUIPMENT 59

A. COVERAGE 59

B. PERILS EXCLUDED 59

C. PROPERTY EXCLUDED..... 60

D. LOSS PAYMENT BASIS / VALUATION 60

E. SPECIAL CONDITIONS 61

SECTION VII - ACCOUNTS RECEIVABLE 62

A. COVERAGE 62

B. EXCLUSIONS 62

C. LOSS PAYMENT BASIS / VALUATION 62

D. DEFINITIONS: 63

SECTION VIII - BOILER AND MACHINERY BREAKDOWN EXTENSION..... 64

SECTION IX – TERRORISM INCLUDING SABOTAGE EXTENSION..... 66

ENDORSEMENT NO. 1 - COVERAGE TERRITORY ENDORSEMENT 82

ENDORSEMENT NO. 2 - WAR AND TERRORISM EXCLUSION ENDORSEMENT 83

ENDORSEMENT NO. 3 - COMMUNICABLE DISEASE ENDORSEMENT..... 84

ENDORSEMENT NO. 4 - VALUES LIMITATION CLAUSE IN RESPECT OF BUTTE SCHOOLS SELF-FUNDED PROGRAMS ONLY 85

ENDORSEMENT NO. 5 – AMENDMENTS TO THE MOC WORDING (London only)..... 86

ENDORSEMENT NO. 6 - PROPERTY CYBER AND DATA ENDORSEMENT (London only)..... 89



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

SECTION I - GENERAL PROVISIONS

A. COVERAGE AGREEMENT

In consideration of the premium paid by the Named Insured to the Company, the Company agrees to cover the following per the terms and conditions herein.

B. NAMED INSURED

As shown on the Declaration page, or as listed in the Declaration Schedule Addendum attached to this MOC.

Member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured is required or has agreed to provide coverage, or as so named in the "Named Insured Schedule" on file with Alliant Insurance Services, Inc., as their interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern, are covered within the limits provided to the individual Named Insured.

Lessors and other party(ies) of interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability. Mortgagees to whom certificates of coverage have been issued are covered hereunder as Insured's in accordance with the terms and conditions of Form 438 BFU NS, CP12 18 1091, or equivalent as required by the mortgagee.

C. MAILING ADDRESS OF COMPANY

Schools Program Alliance
c/o Schools Insurance Authority
9800 Old Placerville Road
Sacramento, CA 95827

D. MOC PERIOD

From July 1st, 2023 to July 1st, 2024, beginning and ending at 12:01 AM

E. COVERAGE TERRITORY

The United States, its territories and possessions and Puerto Rico, including their respective coastal waters.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

F. LIMITS OF LIABILITY

Subject to specific exclusions, modifications, and conditions hereinafter provided, the liability of the Company in any one occurrence regardless of whether one or more of the coverages of this MOC are involved shall not exceed:

1. LIMITS OF LIABILITY

The Specific Limits of Liability as described in the Declaration Page apply per occurrence unless indicated otherwise.

2. SUB-LIMITS OF LIABILITY

The following sub-limits of liability are provided as described in the Declaration Page and apply per occurrence unless indicated otherwise. Coverage is provided only if a sub-limit of liability is shown in the Declaration Page for that item, and do not increase the specific limits of liability. The absence of a sub-limit of liability amount in the Declaration Page means that no coverage is provided for that item.

\$125,000,000	Limit of Liability except USD 100,000,000 in respect of Butte Schools Self-Funded Programs
\$50,000,000	Combined Business Interruption, Rental Income, Tax Interruption and Tuition income (and related fees)
\$500,000	Contingent Business Interruption
\$30,000,000	Extra Expense
No coverage	Per occurrence, as respects Vehicle Damage provided
\$5,000,000	Per occurrence, as respects Mobile Equipment
\$10,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood, inclusive of Zone A sublimit below
\$5,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood in FEMA designated Special Flood Hazard Areas Zones A or V (SFHA) to be determined at the time of loss
No Coverage provided	Per occurrence, and in the annual aggregate as respects the peril of earthquake shock
Included	Per occurrence, as respects the peril of earthquake sprinkler leakage
\$25,000,000	Debris Removal



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

\$2,500,000	Decontamination Costs
\$25,000,000	Miscellaneous Unscheduled Property
Included	Automatic Acquisition, subject to the values of such additional property and/or interests not exceeding \$25,000,000 (not including habitational risks)
\$2,500,000	Outdoor Property, except \$50,000 max per item for Trees, Shrubs, Plants
Included	Electronic Data Processing Equipment and Hardware
\$10,000,000	Electronic Data Processing Data and Media – Physical Damage Only
\$25,000,000	Errors & Omissions
Included	Course of Construction (projects which exceed \$25,000,000 are subject to underwriting approval, prior to binding) (not including habitational risks)
No Coverage Provided	New habitational risk, including teacher housing (must be submitted for review and approval)
\$500,000	Builders Risk Property at Temporary Storage Location
\$500,000	Builders Risk, Property in Transit
\$1,000,000	Contractor’s Equipment
\$5,000,000	Soft Costs
\$2,500,000	Scheduled and Unscheduled Fine Arts (as more fully defined herein)
\$1,000,000	Accidental Contamination
\$1,000,000	Unscheduled Tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, street lights and traffic signals unless specific values for such items have been reported as part of a member(s) / entity(ies) schedule of values held on file with this company, excluding Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters
Included	Demolition and Increased Cost of Construction due to the enforcement of building codes / ordinance or law
\$10,000,000	Transit including Free Onboard Shipments
\$2,500,000	Fire Fighting Expenses



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

\$25,000,000	Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s)
\$1,000,000	Claim Preparation Expenses
Included	Expediting Expense
\$1,000,000	Personal Property of Students and Teachers, except \$10,000 any one item
\$10,000,000	Accounts Receivable
\$10,000,000	Valuable Papers and Records
\$500,000	Leasehold Interest
\$2,500,000	Asbestos Cleanup and Removal
\$2,500,000	Mold & Fungus
\$100,000	Reimbursement or Master Key Costs
\$2,500,000	Upgrade to Green
No Coverage provided	Money and Securities
No Coverage provided	Communicable Disease
180 Days	Extended Period of Indemnity
\$2,500,000	Interruption by Civil or Military Authority, not to exceed 30 days (10 mile radius)
\$2,500,000	Ingress or Egress, not to exceed 30 days (10 mile radius) BOILER AND MACHINERY SUB-LIMITS OF LIABILITY
\$125,000,000	Boiler Explosion and Machinery Breakdown except USD 100,000,000 in respect of Butte Schools Self-Funded Programs
Included	Jurisdictional and Inspections
Included	Business Income Coverage Extension (BI)
Included	Extra Expense Coverage Extension (BI)
180 Days	Extended Period of Indemnity



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

Included	Spoilage Damage Coverage Extension including Utility Interruption Spoilage (SD & Refrigerant Contamination), Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours
\$2,500,000	Off Premises Service Interruption including Service, Utility and Power, Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours
\$3,000,000	Dependent Property Coverage Extension – All Direct Suppliers Dependent Property Locations; and Receivers
\$10,000,000	Expediting Expense
\$10,000,000	Hazardous Substances, Pollutants, Decontamination
\$10,000,000	Ordinance or Law including Demolition and Increased Cost of Construction
Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological

TERRORISM (INCLUDING SABOTAGE) SUB-LIMITS OF LIABILITY

\$50,000,000	Per Occurrence and in the Aggregate
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The above limits are provided per Occurrence, regardless of the number of SPA Members involved in the Occurrence.

G. DEDUCTIBLE PROVISIONS

Basic Deductible: \$250,000 per occurrence, which will apply in the event a more specific deductible is not applicable to a loss.

Retention A – Excess of the basic deductible: \$250,000, Additional Self-Insured Retention per occurrence and \$1,000,000 in the annual aggregate which in turn

Retention B – Excess of Retention A: \$2,000,000 Self-Insured Retention per occurrence and in the annual aggregate;

Except as follows:

Wildfire

\$5,000,000 per occurrence in respect of Butte Schools Self-Funded Programs
\$2,500,000 per occurrence in respect of Redwood Empire Schools' Insurance Group
\$250,000 per occurrence for all other members.

In the event that either BUTTE and/or RESIG and another member / other members are affected by the same Wildfire occurrence, both deductibles will apply to their respective loss.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

High Hazard Flood

\$500,000 per occurrence in respect of locations situated wholly or partially within a Special Flood Hazard Area (SFHA), areas as defined by the Federal Emergency Management Agency (FEMA).

- Service Interruption:

Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours. When the waiting period has expired, insurance will apply excess of the applicable deductible.

- Boiler and Machinery Breakdown: USD100,000 per occurrence
- Boiler & Machinery, Flood and Wildfire losses do not contribute to the erosion of SPA's Self-Named Insured Retentions.
- Terrorism (Including Sabotage): \$10,000 per occurrence. Ingress/Egress 12 hours

Other than Wildfire, If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable.

Deductibles are shown on the Declaration Page, or by endorsement and may vary by SPA Member

Unless a more specific deductible is applicable for a particular loss, the \$250,000 Basic Deductible shown above, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable deductible.

"Vehicle Physical Damage deductible" - if Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off premises on a per occurrence basis, unless otherwise stated. If "Off-Premises" coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk "Basic Deductible".

H. UNIT OF COVERAGE DEFINED

In the application of the Earthquake Shock, or specified Wind deductibles, in accordance with the provisions of this MOC, each of the following shall be considered a Separate Unit of Coverage:

1. Each Separate Building or Structure;
2. The Contents of each Building or Structure;
3. Applicable Time Element Coverage of each separate Building or Structure; and
4. Property in each Yard.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

The Company shall not be liable for loss to any Unit of Coverage covered hereunder unless such loss exceeds the percentages stated in this MOC of the replacement values of such Unit of Coverage at the time when such loss shall happen, and then only for its proportion of such excess.

I. PRIORITY OF PAYMENTS

In the event of loss caused by or resulting from more than one peril or coverage, the limit of liability of the primary / underlying coverage shall apply first to the peril(s) or coverage(s) not insured by the excess layers and the remainder, if any, to the peril(s) or coverage(s) insured hereunder. Upon exhaustion of the limit of liability of the primary / underlying coverage, the excess layers shall then be liable for loss uncollected from the peril(s) or coverage(s) insured hereunder, subject to the limit of liability and the other terms and conditions as specified.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION II - PROPERTY DAMAGE

A. COVERAGE

Subject to the terms, conditions and exclusions hereinafter contained, this MOC insures all property of every description both real and personal (including improvements, betterments and remodeling), of the Named Insured, or property of others in the care, custody or control of the Named Insured, for which the Named Insured is liable, or under the obligation to insure.

B. EXTENSIONS OF COVERAGE

All coverage extensions are subject to the terms, conditions and exclusions of the MOC except insofar as they are explicitly providing additional coverage.

1. PERSONAL EFFECTS

This MOC is extended to cover only such personal effects and wearing apparel of any of the officials, employees, students and personal effects of the Named Insured named in this MOC for which the Named Insured may elect to assume liability while located in accordance with the coverage hereof, but loss, if any, on such property shall be adjusted with and payable to the Named Insured.

2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS

It is understood and agreed that as respects course of construction projects and additions, this MOC will provide automatic coverage subject to the following conditions:

- a. Project involves only real property on new or existing locations (excluding dams, roads, and bridges).
- b. Value of the project at the location does not exceed USD as per Declaration Page. Projects that exceed this amount are subject to underwriting approval, prior to binding. However, inadvertent failure to report projects within USD as per Declaration Page shall not void coverage of said Project.

Additional Expenses - Soft Costs: This extension applies to new buildings or structures in the course of construction up to the time that the new building(s) or structure(s) is initially occupied or put to its intended use whichever occurs first.

The Company will cover the additional expenses (soft costs) of the Named Insured as defined below for up to 25% of the estimated completed value of the project which results from a delay in the completion of the project beyond the date it would have been completed had no loss or damage occurred. The delay must be due to direct physical loss or damage to property insured and be caused by or result from a peril not excluded by this MOC. The Company will pay covered expenses when they are incurred.

- a. **Additional Interest Coverage** – The Company will pay the additional interest on money the Named Insured borrows to finance construction or repair.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- b. Rent or Rental Value Coverage – The Company will pay the actual loss of net rental income that results from delay beyond the projected completion date. But the Company will not pay more than the reduction in rental income less charges and expenses that do not necessarily continue
- c. Additional Real Estate Taxes or Other Assessments – The Company will pay the additional real estate taxes or other assessments the Named Insured incurs for the period of time that construction is extended beyond the completion date.
- d. Additional Advertising and Promotional Expenses – The Company will pay the additional advertising and promotional expense that becomes necessary as a result of a delay in the completion of the project.
- e. Additional Commissions Expense – The Company will pay the additional expenses, which result from the renegotiating of leases following an interruption in the project.
- f. Additional Architectural and Engineering Fees – The Company will pay the additional architectural and engineering fees that become necessary as a result of a delay in the completion of the project.
- g. Additional License and Permit Fees – The Company will pay the additional license and permit fees that become necessary as a delay in the completion of the project.
- h. Legal and Accounting Fees – The Company will pay the additional legal and accounting fees the Named Insured incurs as a result of a delay in the completion of the project.

However, all new habitation risks, including teacher housing, must be submitted for review and approval by the Company, regardless of value size (i.e., automatic coverage does not apply).

3. FIRE FIGHTING EXPENSES

It is understood and agreed that the Company shall be liable for the actual charges of fire fighting expenses including but not limited to those charged by municipal or private fire departments responding to and fighting fire in / on, and/or protecting property included in coverage provided by this MOC.

4. OFF PREMISES SERVICES INTERRUPTION

It is understood and agreed that coverage under this MOC is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the MOC period of any suppliers furnishing heat, light, power, gas, water, telephone or similar services to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) of this form.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

5. ARCHITECTS AND ENGINEERS FEES AND LOSS ADJUSTMENT EXPENSES

This MOC also insures as a direct result of physical loss or damage insured hereunder, any of the following:

- a. Architects and engineers fees
- b. Loss adjustment expenses including, but not limited to, auditors, consultants and accountants. However, the expenses of public adjusters are specifically excluded.

6. EXPEDITING EXPENSES

In the event of physical loss or damage insured hereunder, it is understood and agreed that coverage under this MOC includes the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Named Insured, including overtime and the extra costs of express or other rapid means of transportation. This coverage provided by this clause is sub-limited to USD as per the Declaration Page.

7. DEBRIS REMOVAL

This MOC also covers expenses incurred in the removal of debris of the property covered hereunder from the premises of the Named Insured that may be destroyed or damaged by a covered peril(s). This debris removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

8. BUILDING LAWS

This MOC is extended to include physical damage, business interruption loss, loss of interest and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the MOC period and occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs, which necessitates the demolition of any portion of the covered building not damaged by the covered peril(s).

The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this MOC damaged by a covered peril.

The Company shall not be liable under this clause for more than the limit of liability as shown elsewhere in this MOC.

9. DEMOLITION COST

In the event of physical damage to property insured by a covered peril, this MOC is extended to cover the cost of demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this MOC and resulting from



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.

10. INCREASED COST OF CONSTRUCTION

In the event of physical damage to property insured by a covered peril, this MOC is extended to cover the increased cost of repair or replacement occasioned by the enforcement of any local or state ordinance or law including written guidelines used by the department of corrections in any state regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs or which comes into force within 6 months after such a loss occurs, which necessitates in repairing or replacing the building covered hereunder which has suffered damage or destruction by the covered peril(s) or which has undergone demolition, limited, however, to the minimum requirements of such ordinance or law.

11. DECONTAMINATION COSTS

Notwithstanding the provisions of any exclusion contained herein or any provision respecting pollution and/or contamination, if property insured is contaminated as a result of direct physical loss, damage or destruction by a peril insured by this MOC and there is in force at the time of the loss any law or ordinance regulating contamination, including but not limited to the presence of pollutants or contaminants, this MOC insures, as a result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated property insured in a manner to satisfy such law or ordinance. This provision applies only to that part of insured property contaminated as a result of insured direct physical loss, damage or destruction by a peril insured by this MOC.

12. ERRORS & OMISSIONS

No unintentional errors or unintentional omissions in description, location of property or valuation of property will prejudice the Named Insured's right of recovery but will be reported to the Company as soon as practicable when discovered. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E of this form. This extension does not increase any more specific limit stated elsewhere in this MOC or Declaration.

13. VALUABLE PAPERS

This MOC is extended to cover Valuable Papers or the cost to reconstruct valuable papers (including but not limited to research, redrawing or duplicating) physically lost or damaged by a peril insured against during the term of this MOC.

14. TRANSIT

This MOC is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this MOC to the property insured occurring during the period of this MOC.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E. of this form.

15. VEHICLES WHILE ON INSURED PREMISES

This MOC is extended to cover vehicles while on premises of the Insured against physical loss or damage by a peril insured against during the term of this MOC.

16. ASBESTOS CLEAN UP AND REMOVAL

This MOC specifically excludes asbestos materials clean up or removal, unless asbestos is itself damaged by a peril covered by this MOC, then asbestos cleanup or removal within the damaged area, and applicable time element coverages, will be covered by this MOC.

In no event will coverage be extended to cover undamaged asbestos, including undamaged asbestos in any portion of the building mandated by any governmental direction or request declaring that asbestos material present in any undamaged portion of the Named Insured's property must be removed or modified, or;

- a) any loss or expense including investigation or defense costs, caused by, resulting from, or arising out of asbestos, exposure to asbestos, or any product containing asbestos, or;
- b) any loss or expense normally provided by demolition, increased cost or building ordinance.

The Named Insured must report to Underwriters the existence of the damage as soon as practicable after the loss. However, this MOC does not insure any such damage first reported to the Underwriters more than thirty six (36) months after the expiration, or termination, of this MOC.

17. PROTECTION AND PRESERVATION OF PROPERTY

In the event of loss likely to be covered by this MOC, the Named Insured shall endeavor to protect covered property from further damage and shall separate the damaged and undamaged personal property and store in the best possible order, and shall furnish a complete inventory of the destroyed, damaged and undamaged property to the Company.

In case of actual or imminent physical loss or damage of the type insured against by this MOC, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property Named Insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the MOC and be subject to the applicable deductible and without increase in the limit provisions contained in this MOC.

Due to the unique nature of Health Care Facilities and Jails where it is deemed necessary to evacuate patients or inmates from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, all terms and conditions of this clause will apply to the expenses incurred as a result of the evacuation.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

18. LEASEHOLD INTEREST

In the event of physical loss or damage of the type insured against by this MOC to real property of the type insured this MOC, which is leased by the Named Insured, this MOC is extended to cover:

- (1) If as a result of such loss or damage the property becomes wholly un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the actual rent payable for the unexpired term of the lease; or
- (2) If as a result of such loss or damage the property becomes partially un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the proportion of the rent applicable thereto; or
- (3) If as a result of such loss or damage the lease is cancelled by the lessor pursuant to the lease agreement or by operation of law, the Company shall indemnify the Named Insured for its Lease Interest for the first three months following such loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease;

provided, however, that the Company shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Named Insured exercising an option to cancel the lease; or from any act or omission of the Named Insured which constitutes a default under the lease; and provided further that the Named Insured shall use any suitable property or service owned or controlled by the Named Insured or obtainable from another source to reduce the loss hereunder.

The following definitions shall apply to this coverage:

- (1) Lease Interest means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of the Named Insured's lease.
- (2) Net Lease Interest means that sum which placed at 8% interest compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

19. AUTOMATIC ACQUISITION AND REPORTING CONDITIONS

This MOC is automatically extended to insure additional property and/or interests as described in the MOC, which may be acquired or otherwise become at the risk of the Named Insured, during the Policy term, within the Coverage Territory, subject to the values of such additional property and/or interests not exceeding a reporting threshold of \$25,000,000 any one acquisition excluding licensed vehicles, for which a reporting threshold of \$10,000,000 applies.

In the event of coverage being required for additional property and/or interest where the value exceeds a reporting threshold of \$25,000,000 any one acquisition, details of said property and/or interest are to be provided to the Company for its agreement not later than (120) days from the date of the said additional property and/or interest having become at the risk of the Named Insured, this MOC providing



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

coverage automatically for such period of time up to a maximum limit of \$125,000,000 (Maximum limit of \$100,000,000 for only SPA Member: Butte Schools Self-Funded Programs). The Company retains the right to determine the acceptability of all such property(ies) for periods greater than the automatic 120 days period detailed above. Additional premium will be calculated from the date of acquisition and will be processed on a quarterly basis. Issuance of the endorsements and calculation of pro-rata or return premium, for these changes will be processed as of, and at the time of the transaction.

In the event that the Named Insured fails to comply with the above reporting provision, then coverage hereunder is sublimited to \$25,000,000 for the acquired property and/or \$10,000,000 for the acquired vehicles any one occurrence.

If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. In the event that coverage for Flood for any location situated in Flood Zones A or V is required, it is to be agreed by the Company prior to attachment hereunder.

Furthermore, all new habitational risks, including teacher housing, must be submitted for review and approval by the Company, regardless of value size (i.e., automatic coverage does not apply).

Aside from the above, during the coverage period, any prospective new member must be submitted for approval by the Company prior to coverage being applicable.

20. MISCELLANEOUS UNNAMED LOCATIONS

Coverage is extended to include property at locations (including buildings or structures, owned, occupied or which the Named Insured is obligated to maintain coverage) located within the territorial limitations set by this MOC. Coverage provided by this clause is limited to any sub-limit noted on the Declaration Page attached to this form, and by terms and conditions of this MOC form. This coverage extension does not apply to the peril of Earthquake in the states of California, or Alaska. If Flood coverage is purchased for scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

21. ACCIDENTAL CONTAMINATION

This MOC is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to Covered Property, including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sub-limited to \$1,000,000 per occurrence as per Declaration page.

If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this MOC.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

For the purposes of this Accidental Contamination clause only, the term “Covered Property”, as covered by this MOC, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this MOC.

It is further understood and agreed that this coverage clause shall not override anything contained in Asbestos Clean Up and Removal in this MOC.

C. PROPERTY NOT COVERED

Except as for that which may be provided as an Extension of Coverage, this MOC does not cover:

1. Aircraft, Watercraft over 27 feet in length (other than watercraft held for sale by the insured), and rolling stock, except scheduled watercraft, and rolling stock, light rail vehicles, subway trains and related track maintenance vehicles for light rail and subway lines.
2. Standing timber, bodies of water, growing crops.
3. Land (including land on which covered property is located), and land values (except athletic fields, landscaping, artificial turf, sand traps, tees and greens).
4. Property in due course of ocean marine transit.
5. Shipment by mail after delivery into the custody of the United States Post Office.
6. Power transmission lines and feeder lines more than 1,000 feet from the premises of the Insured unless scheduled and specifically approved by the Company.
7. Underground pipes more than 1,000 feet from the premises of the Insured unless scheduled and specifically approved by the Company.
8. Offshore property, oilrigs, underground mines, caverns and their contents. Railroad track is excluded unless values have been reported by the Named Insured.
9. Waterborne shipments to and from the U.S. mainland, Puerto Rico, United States Virgin Islands, Alaska, Hawaii; and shipments via Panama Canal.
10. Motor vehicles licensed for highway use except while at an insured location.
11. Furs, jewelry, precious metals and precious stones.
12. Earthen dikes and dams.
13. Money and Securities.
14. Unmanned aircraft.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

D. LOSS PAYMENT BASIS / VALUATION

In case of loss to property of a Named Insured covered hereunder, the basis of adjustment shall be as of the time and place of loss as follows:

1. On all real and personal property, including property of others in the care or control of the Named Insured at the replacement cost (as defined below) at the time of the loss without deduction for depreciation. If property is not replaced within a reasonable period of time, then the actual cash value shall apply.
2. On improvements and betterments at the replacement cost at time of loss without deduction for depreciation. If property is not repaired or replaced within a reasonable period of time, then the actual cash value shall apply. If replaced or repaired by others for the use of the Named Insured, there shall be no liability hereunder. The Company agrees to accept and consider the Named Insured as sole and unconditional owner of all improvements and betterments, any contract or lease the Named Insured may have made to the contrary notwithstanding.
3. On manuscripts, mechanical drawings, patterns, electronic data processing media, books of accounting and other valuable papers, the full replacement cost of the property at the time of loss (including expenses incurred to recreate the information lost, damaged or destroyed, except as may be limited by any separate MOC provision) or what it would then cost to repair, replace or reconstruct the property with other of like kind and quality. If not repaired, replaced or reconstructed within a reasonable period of time, then not to exceed the cost of blank or unexposed material.
4. On antique, restored or historical buildings, the cost of acquisition, relocation to the site and renovation or reconstruction. In the event of a partial loss, replacement cost for antique, restored or historical buildings shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is less) the property on the same site using materials of like kind and quality necessary to preserve or maintain a buildings' historical significance without deduction for depreciation.
5. On property of others for which the Named Insured is liable under contract or lease agreement the Company's liability in the event of loss is limited to the Named Insured's obligation as defined in said contract or lease agreement but not to exceed the replacement cost.
6. On Vehicles, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Vehicle and/or Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).
7. If the values, provided by the Named Insured, provides a valuation based on Replacement Cost (New), then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be Actual Cash Value.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

8. Landscaping, artificial turf, sand traps, tees, putting greens and athletic fields; the actual replacement cost of sod, shrubs, sand, plants and trees; however the Company's liability for replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but not to exceed USD50,000 per item.

For the purpose of determining coverage under this MOC landscaping, trees, plants and shrubs are only insured if their position and planting was undertaken by human agency for cosmetic effect.

The aforementioned valuations shall also be used for the purpose of any minimum earned premium and/or quarterly adjustments incurred.

Wherever the term "actual cash value" is used as respects real property or improvements and betterment's in this clause, or elsewhere herein, it shall mean replacement cost less depreciation.

"Replacement Cost" shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is the least) the property on the same site, using new materials of like kind and quality and for like occupancy without deduction for depreciation, subject to the following:

- (i) Until the property is actually repaired, replaced or reconstructed, the maximum amount recoverable shall be the actual cash value of the lost or damaged property;
- (ii) Replacement shall be effected by the Named Insured with due diligence and dispatch;
- (iii) Replacement need not be on same site, or of same or similar construction or occupancy provided that the Company shall not be liable for any additional costs that are directly attributable to the inclusion of this provision.
- (iv) For historical buildings as more specifically defined in this Section.
- (v) In no event shall the Company's liability exceed the amount actually and necessarily expended in repairing or replacing (whichever is less) Covered Property or any part thereof.

It is understood and agreed that as respects replacement cost, the Named Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Company's liability. The Company shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Named Insured.

In the event the Named Insured should fail to comply with any of the foregoing provisions settlement shall be made as if this Replacement Cost provision had not been in effect.

E. UPGRADE TO GREEN

The coverages and valuation provision provided by this endorsement only apply if direct physical loss or damage to covered real and/or personal property is caused by any of the perils covered by the MOC and



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

replacement cost valuation applies. This coverage does not apply to: (1) personal property of others in the Insured's care, custody, and control, (2) leased personal property, and/or (3) finished or unfinished stock.

In no event, does this endorsement increase or change the per occurrence limit of liability shown in the declarations or the annual aggregate for specified perils.

1. Notwithstanding the Valuation Provision of this MOC or limits of liability applicable to specific locations or perils, if replacement cost valuation applies to real and/or personal property, then the Company's liability for loss applicable to this endorsement shall be the cost to repair or replace the covered damaged property, subject to the applicable limit of liability, plus the least of the following amounts:

- A. The reasonable and necessary amount to upgrade to green the covered damaged property as described in Coverage Section A - Non-LEED® Certified Coverage *or* as described in Coverage Section B - LEED® Certified Coverage, whichever is applicable; *or*
- B. An additional 25% of the applicable limit of liability for the building and/or business personal property shown in the Statement of Values or similar schedule to upgrade to green; *or*
- C. \$2,500,000 to upgrade to green.

At the Insured's sole discretion, the Insured may elect not to upgrade to green any or all property for which upgrade to green coverage is provided under this endorsement. In such case, the Company will adjust the claim in accordance with the standard provisions of the MOC, as modified by all other applicable endorsements.

Subject to the least of A., B., or C. above, if business interruption coverage is provided as part of this MOC, if necessary, the Period of Restoration shall be increased to allow for additional time to upgrade to green the damaged property plus up to an additional two week period to meet the requirements set forth in 4.B.

2. COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE

In the event of direct physical loss or damage by any of the perils covered by the MOC to a building that is not LEED certified at the time of the loss, or to the personal property within such a building, the Company will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Personal Property

- (1) "Appliances" or "Office Equipment" with products of like kind and quality that have been identified as "ENERGY STAR®" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.
- (2) "Systems Furniture" or "Seating", with products of like kind and quality that are certified as GREENGUARD Indoor Air Quality Certified® or products with similar emissions



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

characteristics. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

B. Loss Settlement for Your Building

(1) Interior Finish Materials Upgrade

- a. Lower Emissions Products Upgrade Coverage
"Defined Building Materials" with products of like kind and quality that have "Lower Emissions". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.
- b. Environmentally Preferable Products Upgrade Coverage
Interior wood, carpeting and flooring with products of like kind and quality that have "Lower Emissions", are "Sustainably Produced", are "Rapidly Renewable" or include "Recycled Content". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

(2) Interior Plumbing Systems Upgrade Coverage

Interior plumbing fixtures including, but not limited to, toilets, shower heads, and lavatory faucets with products of like kind and quality that are more "Water Efficient". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply. For damaged or destroyed faucets, the Company will also pay to install occupant sensors to reduce the potable water demand.

(3) Lighting Systems Upgrade Coverage

Lighting systems, with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply. The Company will also pay to repair or replace damaged light bulbs with light bulbs which have low mercury content.

(4) Efficient Heating and Cooling Equipment Upgrade Coverage

- (5) "Heating and cooling equipment" with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

(6) Building Reconstruction Following Total Loss

- a. Solely with respect to a "Total Loss" to a building, the Company will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that should satisfy the prerequisites and earn the minimum number of



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

points required to qualify for LEED Silver certification using the LEED New Construction (LEED NC®) Rating System.

b. Certification Expenses

The Company will pay the reasonable and necessary registration and certification fees charged by the United States Green Building Council (USGBC) that the Insured incurs should the Insured decide to seek LEED Silver certification. However, the Company will not pay to modify the reconstructed structure if it is not certified.

The Sublimit of Coverage for this coverage is \$50,000.

3. COVERAGE SECTION B: LEED CERTIFIED COVERAGE

In addition to all Coverages provided in Coverage Section A (with the exception of 2.B. (5) Building Reconstruction Following a Total Loss) and in the event of direct physical loss or damage by any of the perils covered by the MOC to a building that is LEED certified at the time of the loss, or to the personal property within such building, the Company will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Trees, Shrubs, and Vegetative Roofs

- (1) Trees and shrubs planted specifically to secure the Heat Island Effect: Non-Roof point as described in LEED NC. For the purposes of this coverage only, notwithstanding any other provision of the MOC to the contrary, trees and shrubs are Covered Property. The sublimit of coverage for this coverage is \$3,000 per tree or \$3,000 per shrub up to a maximum of \$50,000.
- (2) Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the MOC to the contrary, vegetative roofs are Covered Property.

B. Loss Settlement for Your Building

- (1) Recertification Expenses
 - a. In the event of direct physical loss or damage by any of the perils covered by the MOC that necessitates recertification of the damaged building, the Company will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Insured incurs as a result of the recertification process.
 - b. The Sublimit of Coverage for this coverage is \$50,000.
- (2) Building Reconstruction Following Total Loss
 - a. Solely with respect to a "Total Loss" to a building that is LEED certified at the time of the loss, the Company will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that would satisfy the



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

prerequisites and should earn the minimum number of points required to qualify for LEED certification at two levels above the certification in effect at the time of the loss using the LEED NC Rating System.

b. Certification Expenses

The Company will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Insured incurs should the Insured decide to seek LEED certification. However, the Company will not pay to modify the reconstructed structure if it is not certified.

The Sublimit of Coverage for this coverage is \$50,000.

4. COVERAGES INCLUDED WITHIN COVERAGE SECTIONS A OR B AND APPLICABLE TO LEED® AND NON-LEED® CERTIFIED BUILDINGS

In the event of direct physical loss or damage by any of the perils covered by the MOC to a LEED or Non-LEED certified building:

A. Recycling Expenses

- (1) The Company will pay the Insured's expenses to clean-up, sort, segregate, and transport debris from the Insured's damaged building to recycling facilities, if such debris can be recycled.
- (2) The Sublimit of Coverage for this coverage is \$50,000 and is in addition to the debris removal expense sublimit provided by the MOC, if any.
- (3) Any income or remuneration derived from this recycling shall be used to reduce the loss.

B. Air Testing and Outdoor Air Ventilation of the Reconstructed Space

- (1) In accordance with the requirements for the Construction IAQ Management Plan: Before Occupancy Credit as described in the LEED NC rating system (hereinafter, "Construction IAQ"), the Company will pay to conduct air testing and a building flush-out (if required because of a failure to meet air quality standards set forth in the Construction IAQ) and follow-up air testing for a total period of time not to exceed two weeks.
- (2) After the two week period of increased outdoor air ventilation of the reconstructed space, the Company will pay to replace the filtration media with new media.
- (3) The Sublimit of Coverage for this coverage is \$50,000.

C. Professional Services



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

The Company will pay reasonable and necessary expenses to hire a LEED Accredited architect or engineer to participate in the design and/or construction administration of the damaged portion of the building or the entire building, whichever is applicable.

The Sublimit for this coverage is \$50,000.

D. Building Commissioning Expenses

In the event of direct physical loss or damage to mechanical, electrical, or electronic building systems, by any of the perils covered by the MOC which necessitates the commissioning or re-commissioning of those systems, the Company will pay reasonable and necessary expenses of a Professional Engineer to commission or re-commission those damaged systems in accordance with LEED protocols.

The Sublimit of Coverage for this coverage is \$50,000.

5. Additional Definitions

- A. "Appliances" means products including, but not limited to, dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.
- B. "Defined Building Materials" means: (1) all carpet and floor coverings, including, adhesives to affix them to the floor, (2) all interior paints, architectural coatings, primers, undercoatings, adhesives, sealants, and (3) permanently installed composite wood fixtures, including, counters, cabinets, and partitions.
- C. "ENERGY STAR" means any product that has been identified by the United States Government Department of Energy, Environmental Protection Agency as ENERGY STAR qualified at the time of the loss.
- D. "Heating and Cooling Equipment" means products including, but not limited to, heat pumps, boilers, central air conditioning, ceiling fans, dehumidifiers, exhaust fans, furnaces, thermostats, and ventilating fans.
- E. "Lower emissions" means:
 - (1) With respect to adhesive and sealant products, such as, general construction adhesives, flooring adhesives, fire-stopping sealants, caulking, duct sealants, plumbing adhesives, and cove base adhesives, products that meet the requirements of South Coast Air Quality Management District (SCAQMD) Rule #1168; with respect to aerosol adhesives, products that meet Green Seal Standard GS-36 requirements;
 - (2) With respect to architectural paints, coatings, and primers, products that do not exceed the volatile organic compound (VOC) content limits established in Green Seal Standard GS-11, with respect to anti-corrosive and anti-rust paints, products that do not exceed the VOC content limits established in Green Seal Standard GS-03; and with respect to clear wood



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

finishes, floor coatings, stains, and shellacs, products that do not exceed the VOC content limits established by SCAQMD Rule #1113;

- (3) With respect to carpet and carpet cushion, products that meet the requirements of the Carpet and Rug Institute's Green Label Plus Program; and
 - (4) With respect to composite wood and agrifiber products such as particleboard, medium density fiberboard (MDF), plywood, wheatboard, strawboard, panel substrates and door cores as well as laminating adhesives used to fabricate on-site and shop-applied composite wood and agrifiber assemblies, products that contain no added urea- formaldehyde resins.
- F. "Office Equipment" means electronic products including, but not limited to, desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.
- G. "Recycled Content" means those products that contain at least 20% postconsumer recycled content.
- H. "Rapidly Renewable" means products that are made from plant resources that are harvested within a ten-year cycle or shorter, including, but not limited to, bamboo, eucalyptus, wheat straw, sunflower hulls, cork oak, wheatboard, linoleum, and sorghum.
- I. "Seating" means task and guest chairs used with "System Furniture".
- J. "Sustainably Produced" means those products certified by the Forest Stewardship Council ("FSC").
- K. "System Furniture" means either a panel-based workstation comprised of modular interconnecting panels, hang-on components and drawer/filing components of a freestanding grouping of furniture items and their components that have been designed to work in concert.
- L. "Total Loss" means:
1. The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab, or
 2. The covered building is in such condition after the loss that the standard method of rebuilding or repairing the covered building is to raze the structure except for the foundation or slab or including all or part of the foundation or slab and rebuild the entire structure, whether such structure is actually rebuilt or not.
- M. "Water Efficient" means dry fixtures such as composting toilet systems and non-water using urinals, flush toilets using no more than 1.6 gallons of water per flush, and shower heads and faucets with a flow rate of no more than 2.2 gallons per minute.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

SECTION III - BUSINESS INTERRUPTION

Subject to the terms, conditions and exclusions stated elsewhere herein, this MOC provides coverage for:

A. COVERAGE

1. BUSINESS INTERRUPTION

Against loss resulting directly from interruption of business, services or rental value caused by direct physical loss or damage, as covered by this MOC to real and/or personal property insured by this MOC, occurring during the term of this MOC.

In the event of such loss or damage the Company shall be liable for the actual loss sustained by the Named Insured for gross earnings as defined herein and rental value as defined herein resulting from such interruption of business, services, or rental value; less all charges and expenses which do not necessarily continue during the period of restoration. Due consideration shall be given to the continuation of normal charges and expenses including payroll expenses to the extent necessary to resume operations of the Named Insured with the same quality of service which existed immediately preceding the loss.

With respect to business interruption for power generation facilities, the coverage provided hereunder is sub-limited to USD as per Declaration Page.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:

In determining the amount of tuition income and related fees covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to:

(i) Tuition income and related fees which are prevented from being earned or received. (ii) Other income derived from:

(a) routine and special services;

(b) other operating and non-operating revenues, including but not limited to: (1)

research grants

(2) income under research contracts all dependent on continued operations.

(iii) Donations and fund raising proceeds:

(a) If a regularly scheduled fund raising drive for the sole benefit of the Named Insured occurs during the period of interruption of operations, the revenue produced by such drive shall be considered as follows in determining the amount of loss:

(1) If the drive fails to produce an amount at least equal to the same drive in the



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

most recent prior solicitation, the shortage, to the extent that it can be attributed to the interruption of the Named Insured's operations, shall be considered as loss of income;

- (2) If the drive produces an amount equal to the same drive in the most recent prior solicitation, there shall be considered no loss of income from this source of revenue;
- (3) If the drive produces an amount larger than the same drive in the most recent prior solicitation, the excess shall be applied to reduce the loss from other sources of revenue;
- (4) If the drive is cancelled or postponed, such loss of revenue shall not be considered as loss of income.

(b) The following shall be disregarded in determining the amount of loss:

- (1) Donations and contributions which are a direct result of the interruption of the Named Insured's operations and are received by the Named Insured during the period of interruption.
- (2) Proceeds for fund raising drives or solicitations which are for the sole benefit of the Named Insured and occur as a result of interruption of the Named Insured's operations.

2. EXTRA EXPENSE

This MOC is extended to cover the necessary and reasonable extra expenses at any location as hereinafter defined, incurred by the Named Insured in order to continue as nearly as practicable the normal operation of the Named Insured's business following damage to or destruction of covered property by a covered peril occurring during the term of this MOC which is on premises owned, leased or occupied by the Named Insured. In the event of such damage or destruction, the Company shall be liable for such necessary extra expense incurred for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed commencing with the date of damage or destruction and not limited by the date of expiration of this MOC (hereinafter referred to as the period of restoration).

B. EXTENSIONS OF COVERAGE

1. INGRESS / EGRESS

This MOC is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this MOC and occurring at property located within a 10 mile radius of covered property, ingress to or egress from the covered property covered by this MOC is prevented. Coverage under this extension is subject to a 24-hour waiting period.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

2. INTERRUPTION BY CIVIL AUTHORITY

This MOC is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a 10 mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.

3. DEMOLITION AND INCREASED TIME TO REBUILD

The Company shall, in the case of loss covered under this MOC, be liable also for loss to the interest covered by the MOC, occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the covered peril(s). The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this MOC damaged by a covered peril.

THE COMPANY SHALL NOT BE LIABLE UNDER THIS CLAUSE FOR:

- a. More than the limit of liability as shown elsewhere in this MOC.
- b. Any greater proportion of any loss to the interest covered by this MOC than the amount covered under this MOC on said interest bears to the total coverage and coverage on said interest, whether all such coverage contains this clause or not.
- c. Any cost necessitated by the enforcement of any law or ordinance regulating any form of pollutants or contaminants.

4. CONTINGENT TIME ELEMENT COVERAGE

Business interruption, rental income, tuition income and extra expense coverage provided by this MOC is extended to cover loss directly resulting from physical damage to property of the type not otherwise excluded by this MOC at direct supplier or direct customer locations that prevents a supplier of goods and/or services to the Named Insured from supplying such goods and/or services, or that prevents a recipient of goods and/or services from the Named

Insured from accepting such goods and/or services. The coverage provided by this clause separately as respects each of these coverage's is sub-limited to USD as per Declaration Page.

5. TAX REVENUE INTERRUPTION

Except as hereinafter or heretofore excluded, this MOC insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured caused by damage



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

or destruction to property which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.

The Company shall be liable for the actual loss sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing property commencing with the date of damage to the contributing property, but not limited by the expiration date of this MOC.

If the Named Insured has reported Tax Revenue Interruption values for which premium has been charged, such loss recovery after deductible shall be limited to whichever is the least of:

1. The limit insured on the MOC;
2. The actual loss sustained;

If the Named Insured has not reported Tax Revenue Interruption values, such loss recovery after deductible shall be limited to whichever is the least of:

1. The limit insured on the MOC;
2. The actual loss sustained;

DEDUCTIBLE: Each loss or series of losses arising out of one event at each location shall be adjusted separately and from the aggregate amount of all such losses 2.50% of the annual revenue value shall be deducted.

6. EXTENDED PERIOD OF INDEMNITY

Business interruption including rental income, tax interruption, tuition income and extra expense coverage provided by this MOC is extended for the additional length of time required to restore the business of the Named Insured to the condition that would have existed had no loss occurred commencing on either;

- a. the date on which the Company's liability would otherwise terminate or;
- b. the date on which rebuilding, repairing or replacement of such property as has been lost, damaged or destroyed is actually completed, whichever is later.

The Company's liability under this extension shall terminate no later than the number of days indicated in the Declaration Page for this item.

7. EXPENSES TO REDUCE LOSS

This MOC also covers such expenses as are necessarily incurred for the purpose of reducing loss under this section (except incurred to extinguish a fire); but in no event to exceed the amount by which loss is thereby reduced.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

C. EXCLUSIONS

1. The Company shall not be liable for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease or license, contract or order, unless such suspension, lapse, or cancellation results directly from the interruption of business caused by direct physical loss or damage covered by this MOC and, then the Company shall only be liable for such loss as affects the Named Insured's earnings during and limited to, the period of indemnity covered under this MOC.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which the Company shall be liable hereunder shall not exceed:
 - i. Thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
 - ii. the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months, whichever is the greater length of time.

D. CONDITIONS APPLICABLE TO THIS SECTION

If the Named Insured could reduce the loss resulting from the interruption of business:

1. by complete or partial resumption of operation of the property whether or not such property be lost or damaged, or;
2. by making use of merchandise or other property at the Named Insured's location or elsewhere; such reduction shall be taken into account in arriving at the amount of the loss hereunder.

E. DEFINITIONS

1. GROSS EARNINGS

"Gross Earnings" is defined as the sum of:

- a. total net sales and;
- b. other earnings derived from the operation of the business less the cost of;
- c. merchandise sold including packaging materials and;
- d. materials and supplies consumed directly in supplying the service(s) sold by the Named Insured, and;
- e. service(s) purchased from outside (not employees of the Named Insured) for resale that does not continue under contract.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

No other cost shall be deducted in determining gross earnings.

In determining gross earnings, due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter, had no loss occurred.

In the event that Real and/or Personal Property that does not normally produce an income, sustains damage covered under this MOC, the actual recovery under this MOC shall be the continuing fixed charges and expenses directly attributable to such non-productive property.

2. MERCHANDISE

Shall be understood to mean, goods kept for sale by the Named Insured, which are not the products of manufacturing operations conducted by the Named Insured.

3. EXTRA EXPENSE

The term "extra expense", whenever used in this MOC, is defined as the excess (if any) of the total cost incurred during the period of restoration chargeable to the operation of the Named Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

4. RENTAL VALUE

The term "rental value" is defined as the sum of:

- a. the total anticipated gross rental income from tenant occupancy as furnished and equipped by the Named Insured, and;
- b. the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Named Insured, and;
- c. the fair rental value of any portion of said property which is occupied by the Named Insured, and;
- d. any amount in excess of a., b. and c. (above) which is an obligation due under the terms and conditions of any revenue bond, certificate of participation or other financial instrument.

In determining rental value, due consideration shall be given to the experience before the date of loss or damage and the probable experience thereafter had no loss occurred.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

5. PERIOD OF RESTORATION

The period during which business interruption and or rental interruption applies will begin on the date direct physical loss occurs and interrupts normal business operations and ends on the date that the damaged property should have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this MOC.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION IV - GENERAL CONDITIONS

A. PERILS COVERED

Subject to the terms, conditions and exclusions stated elsewhere herein, this MOC provides coverage against all risk of direct physical loss or damage occurring during the period of this MOC.

B. EXCLUSIONS

This MOC does not insure against any of the following:

1. Loss or damage caused by or resulting from moths, vermin, termites, or other insects, inherent vice, latent defect, faulty materials, error in design, faulty workmanship, wear, tear or gradual deterioration, rust, corrosion, wet or dry rot, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss or damage.
2. Physical loss or damage by normal settling, shrinkage or expansion in building or foundation.
3. Delay or loss of markets (this exclusion shall be inapplicable to the extent inconsistent with any time element coverage provided elsewhere herein).
4. Breakdown or derangement of machinery and/or steam boiler explosion, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss.
5. Loss or damage caused by or resulting from misappropriation, conversion, inventory shortage, unexplained disappearance, infidelity or any dishonest act on the part of the Named Insured, its employees or agents or others to whom the property may be entrusted (bailees and carriers for hire excepted) or other party of interest.
6. Loss or damage caused by or resulting from electrical injury or disturbance from artificial causes to electrical appliances, devices of any kind or wiring, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss. This exclusion does not apply to data processing equipment or media.
7. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of fragile articles, marring, scratching, exposure to light or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot, or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft, attempted theft, flood or earthquake shock (Earthquake Shock, and Flood, in the states of Alaska, or California shall only apply to locations that are scheduled for Earthquake Shock and Flood).
8. Loss or damage caused by rain, sleet or snow to personal property in the open (except in the custody of carriers or bailees for hire).
9. Loss caused directly or indirectly, by:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
 - i. by any government or sovereign power (de jure or de facto), or by any Authority maintaining or using military, naval or air forces; or
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental Authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
10. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This MOC does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
11. As respects course of construction, the following exclusions shall apply:
- a. The cost of making good: faulty or defective workmanship, materials, construction and/or design, but this exclusion shall not apply to damage by a peril not excluded resulting from such faulty or defective workmanship, materials, construction and/or design.
 - b. The cost of non-compliance of, or delay in completion of contract.
 - c. The cost of non-compliance with contract conditions.
 - d. Contractors' equipment or tools not a part of or destined to become a part of the installation.
12. Loss or damage caused by Earthquake Shock



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

13. Loss or damage caused by Flood unless a limit is shown on the Declarations for Flood this exclusion will apply.
14. Loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:
- a. the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data involving one or more dates or times, by any computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not; or
 - b. any change, alteration, correction or modification involving one or more dates or times, to any such computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not.

Except as provided in the next paragraph, this Electronic Date Recognition Clause shall apply regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

If direct physical loss or damage not otherwise excluded by this MOC results, then subject to all its terms and conditions, this MOC shall be liable only for such resulting loss or damage. Such resulting loss or damage shall not include physical loss or damage to data resulting directly from a) or b) above, nor the cost, claim or expense, whether preventative, remedial, or otherwise, arising out of or relating to any change, alteration, correction or modification relating to the ability of any damaged computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment to recognize, interpret, calculate, compare, differentiate sequence or process any data involving one or more dates or times.

15. Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;
- a. fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
 - b. mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);
 - c. spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms, regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

“This exclusion shall not apply to any loss or damage in the form of, caused by, contributed to or resulting from fungus, mold(s), mildew or yeast, or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast which the Insured establishes is a direct result of a Covered Loss not otherwise excluded by the MOC, provided that such fungus, mold(s), mildew



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

or yeast loss or damage is reported to the Company within twelve months from the expiration date of the MOC.”

16. Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.
17. Loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever. Except as provided in Section II Property Damage, B. Extension of Coverage, 21. Accidental Contamination.

Nevertheless if fire is not excluded from this MOC and a fire arises directly or Indirectly from seepage and/or pollution and/or contamination, any loss or damage covered under this MOC arising directly from that fire shall (subject to the terms, conditions and limitations of the MOC) be covered.

However, if the covered property is the subject of direct physical loss or damage for which the Company has paid or agreed to pay, then this MOC (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property covered hereunder caused by resulting seepage and/or pollution and/or contamination.

The Named Insured shall give notice to the Company of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

Notwithstanding the provisions of the preceding exclusions or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the MOC, in the event of direct physical loss or damage to the property covered hereunder, this MOC (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum covered:

- (a) expenses reasonably incurred in removal of debris of the property hereunder destroyed or damaged from the premises of the Named Insured; and/or;
- (b) cost of clean up at the premises of the Named Insured made necessary as a result of such direct physical loss or damage;

PROVIDED that this MOC does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

18. Authorities Exclusion:

Fines, penalties or cost incurred or sustained by the Named Insured or imposed on the Named Insured at the order of any Government Agency, Court or other Authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

19. The following exclusion applies to Terrorism:

Any act of terrorism. An act of terrorism means an act, including but not limited to the use of the force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purpose including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This MOC also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the paragraph above.

If the Company allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this coverage the burden of proving the contrary shall be upon the Named Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect. All other terms and conditions remain unaltered.

20. Loss or damage caused by errors in manufacturing, processing, renovating, testing, packaging as part of operations; recall.

21. Loss or damage resulting from indirect or remote loss.

22. Loss or damage resulting from fraudulent or dishonest acts committed by officer, director or employee.

C. STATUTES

If any of the articles of this MOC conflict with the laws or statutes of any jurisdictions in which this MOC applies this MOC is amended to conform to such laws or statutes.

D. TERRITORIAL LIMITS

This MOC insures Real and Personal Property within the United States of America. The coverage provided by this clause for Personal Property is sub-limited to USD as per Declaration Page.

E. REINSTATEMENT

Any reduction in the amount insured hereunder due to payment of any loss or losses shall be automatically reinstated for the balance of the term of this contract except as respects to the perils of Earthquake Shock and Flood.

F. FREE ON BOARD (F.O.B.) SHIPMENTS

The Company shall be liable for the interest of the Named Insured at sole option of the Named Insured, the interest of the consignee in merchandise, which has been sold by the Named Insured under terms of



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

F.O.B. point of origin or other terms usually regarded as terminating shippers' responsibility short of point of delivery.

G. BREACH OF CONDITIONS

If any breach of a clause, condition or warranty of this MOC shall occur prior to a loss affected thereby under this MOC, such breach shall not void the MOC nor avail the Company to avoid liability unless such breach shall exist at the time of such loss under this contract or MOC, and be a contributing factor to the loss for which claim is presented hereunder, it being understood that such breach of clause or condition is applicable only to the property affected thereby. Notwithstanding the foregoing, if the Named Insured establishes that the breach, whether contributory or not, occurred without its knowledge or permission or beyond its control, such breach shall not prevent the Named Insured from recovering under this MOC.

H. PERMITS AND PRIVILEGES

Anything in the printed conditions of this MOC to the contrary notwithstanding, permission is hereby granted:

1. to maintain present hazards and hazards which are consistent with the current operation of insured facilities;
2. to make additions, alterations, extensions, improvements and repairs, to delete, demolish, construct and reconstruct, and also to include all materials, equipment and supplies incidental to the foregoing operations of the property covered hereunder, while in, on and/or about the premises or adjacent thereto;
3. for such use of the premises as usual and/or incidental to the business as conducted therein and to keep and use all articles and materials usual and/or incidental to said business in such quantities as the exigencies of the business require;
4. to be or become vacant or unoccupied. If a building becomes vacant or unoccupied, notice is to be given to the Company prior to the one-hundred twentieth (120th) consecutive day of vacancy or lack of occupancy. The giving, or failure to give such notice will not constitute a condition precedent to the Company's liability, but the Named Insured shall make a reasonable effort to comply with such requirement.

This MOC shall not be prejudiced by:

1. any error in stating the name, number, street, or location of any building(s) and contents covered hereunder, or any error or omission involving the name or title of the Named Insured;
2. any act or neglect of the owner of the building, if the Named Insured hereunder is not the owner, or of any occupant of the within described premises other than the Named Insured, when such act or neglect is not within the control of the Named Insured, named herein; or
3. by failure of the Named Insured to comply with any of the warranties or conditions endorsed hereon in any portion of the premises over which the Named Insured has no control.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

I. PROTECTIVE SAFEGUARDS

The Named Insured shall exercise due diligence in maintaining in complete working order all protective safeguard equipment and services.

J. NOTICE OF LOSS

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

K. ARBITRATION OF VALUE

In case the Named Insured and the Company shall fail to agree as to the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraisers selected. The appraiser shall first select a competent and disinterested umpire, and failing to agree upon such umpire, then, on request of the Named Insured or the Company such umpire shall be selected by judge of a court of record in the state in which the property covered is located.

The appraisers shall as soon as practicable, appraise the loss stating separately the loss of each item and failing to agree, shall submit their differences only to the umpire. An award in writing so itemized, of any two appraisers when filed with the Company shall determine the amount of loss. The party selecting him shall pay each appraiser and the expenses of appraisal and umpire shall be paid by the parties equally.

L. PROOF OF LOSS

The Named Insured shall render a signed and sworn proof of loss as soon as practical after the occurrence of a loss, stating the time, place and cause of loss, the interest of the Named Insured and of all others in the property, the value thereof and the amount of loss or damage thereto.

M. SUBROGATION

In the event of any loss payment under this MOC, the Company, shall be subrogated to all the Named Insured's rights of recovery thereof against any person or organization and the Named Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. As respects subrogation it is agreed that, after expenses incurred in subrogation are deducted, the Named Insured and the Company shall share proportionately to the extent of their respective interests as determined by the amount of their net loss. Any amount thus found to be due to either party from the other shall be paid promptly.

Notwithstanding the above wording, the Named Insured has the right to enter into an agreement that releases or waives the Named Insured's right to recovery against third parties responsible for the loss if made before the loss occurred.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

N. CANCELLATION

This MOC may be cancelled by the Named Insured at any time by written notice or surrender of this MOC. This MOC may also be cancelled by or on behalf of the Company by delivering to the Named Insured or by mailing to the Named Insured, by registered, certified or other first class mail at the Named Insured's address as shown in this MOC, written notice, not less than ninety (90) days prior to the effective date of cancellation. The mailing of such notice as aforesaid shall be sufficient proof and this MOC shall terminate at the date and hour specified in such notice. Notwithstanding what has been stated above, however, should this MOC be cancelled for non-payment of assessment, the Company shall only be required to give the Named Insured ten (10) days notice.

If this coverage in total shall be cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the premium hereon. If the Company elects to cancel coverage mid-term, then such cancellation shall be handled on a pro-rata basis without short rate penalty.

In the event of cancellation the aggregate retention and specific limit amount shall be applied pro rata with the balance, if any, to be paid to the Named Insured.

Payment or tender of any unearned premium by the Company shall not be condition precedent to the effectiveness of cancellation but such payment shall be made forthwith.

Cancellation shall not affect coverage on any shipment in transit on date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.

It is understood and agreed that if the Named Insured cancels this MOC, the MOC is subject to 25% minimum earned premium regardless of the length of time coverage is in force.

O. ABANDONMENT

There shall be no abandonment to the Company of any property.

P. ASSIGNMENT

Assignment or transfer of this MOC shall not be valid except with the written consent of the Company.

Q. SALVAGE

When, in connection with any loss hereunder, any salvage is received prior or subsequent to the payment of such loss, the loss shall be figured on the basis on which it would have been settled had the amount of salvage been known at the time the loss was originally determined. The salvage value will be deducted from the claim or returned to the Company.

R. OTHER INSURANCE

Permission is hereby granted to the Named Insured to carry more specific insurance on any property covered under this MOC. This MOC shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other MOC form until the liability of



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not. This MOC, subject to its conditions and limitations, shall attach and become insurance upon such property as respects any peril not covered by such other insurance and not otherwise excluded herein.

In the event of a loss that is covered by other insurance, wherein this MOC is excess of any amount paid by such other insurer, the other insurance shall be applied to the deductible amount stated elsewhere. Should the amount paid by such other insurance exceed these deductibles, no further deductibles shall be applied under this MOC.

S. EXCESS INSURANCE

Permission is granted for the Named Insured to maintain excess insurance over the limit of liability set forth in this MOC without prejudice to this MOC and the existence of such insurance, if any, shall not reduce any liability under this MOC. Also it is understood and agreed as respects earthquake shock or flood, that in the event of reduction or exhaustion of the aggregate limits of liability under the underlying MOC(s) by reason of loss(es) hereunder, this MOC shall:

1. in the event of reduction, pay out excess of the reduced underlying limit and;
2. in the event of exhaustion, continue in force as the underlying MOC.

T. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS

The Named Insured as often as may be reasonably required, shall submit and so far as within their power, cause all other persons interested in the property or employees to submit to examination under oath by any person named by the Company relative to any and all matters in connection with a claim, and produce for examination all books of account, bills, invoices and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or their representatives and shall permit extracts and copies thereof to be made.

U. CONCEALMENT AND FRAUD

This entire MOC shall be void, if whether before or after a loss, the Named Insured has willfully concealed or misrepresented any material facts or circumstance concerning this MOC of the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.

V. FULL WAIVER

The terms and conditions of this form and any approved endorsements supersede any MOC jacket that may be attached hereto.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

W. SUIT AGAINST COMPANY

No suit, action or proceeding for the recovery of any claim under this MOC shall be sustainable in any court of law or equity unless the Named Insured shall have complied with all the requirements of this MOC, nor unless the suit is commenced within twelve (12) months after the date that the Company has made its final offer of settlement or denial of the loss.

However, that if under the laws of the jurisdiction in which the property is located such limitation is invalid, then any such claims shall be void unless such action, suit or proceedings be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

X. LENDER'S LOSS PAYABLE

The following provisions (or equivalent) apply as required by "mortgages" and "lenders" to whom certificates of coverage have been issued.

1. Loss or damage, if any, under this MOC, shall be paid to the Payee named on the first page of this MOC, its successors and assigns, hereinafter referred to as "the Lender", in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
2. The insurance under this MOC, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended:
 - (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the coverage or the interest therein, or the title thereto;
 - (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this MOC by virtue of any mortgage or trust deed;
 - (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this MOC, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this MOC of coverage or of any rider or endorsement attached thereto would invalidate or suspend the coverage as to the Named Insured, excluding here from, however, any acts or omissions of the Lender while exercising active control and management of the property.
3. In the event of failure of the Named Insured to pay any premium or additional premium which shall be or become due under the terms of this MOC or on account of any change in occupancy or increase in hazard not permitted by this MOC, the Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Company of the failure of the Named Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefore.

If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.

4. Whenever the Company shall pay to the Lender any sum for loss or damage under this MOC and shall claim that as to the Named Insured no liability therefore exists, the Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the Named Insured, whether secured or unsecured, (with refund of all interest not accrued), and the Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
5. If there be any other insurance upon the within described property, the Company shall be liable under this MOC as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Named Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate the Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. The Company reserves the right to cancel this MOC at any time, as provided by its terms, but in such case this MOC shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.
7. This MOC shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable MOC in renewal thereof with loss there under Payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.
8. Should legal title to and beneficial ownership of any of the property covered under this MOC become vested in the Lender or its agents, insurance under this MOC shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the Named Insured under the terms and conditions of this MOC and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
9. All notices herein provided to be given by the Company to the Lender in connection with this



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

MOC and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of the MOC.

Approved: Board of Fire Underwriters of the Pacific; California Bankers' Association – Committee on Insurance

Y. LOSS PAYABLE PROVISIONS

A. LOSS PAYABLE

For covered property in which both insured and a Loss Payee have an insurable interest, the Company will:

1. Adjust losses with the Named Insured, and;
2. Pay any claim for loss or their damage jointly to the Named Insured and the Loss Payee, as interests may appear.

B. LENDER'S LOSS PAYABLE

1. The Loss Payee is a creditor, including a mortgage holder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements or;
 - e. Mortgages, deeds of trust or security agreements.
2. For Covered Property in which both the Named Insured and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If the Company deny the Named Insured claim because of the insured act or because the Named Insured have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- (1) Pays any premium due under this Coverage Part at our request if the Named Insured have failed to do so;
- (2) Submits a signed, sworn proof of loss within ninety (90) days after receiving notice from us of the Named Insured failure to do so, and;
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If the Company pays the Loss Payee for any loss or damage and deny payment to the Named Insured because of the Named Insured acts or because the Named Insured have failed to comply with the terms of this Coverage Part:

- (1) The Loss Payee's rights will be transferred to us to the extent of the amount the Company pays and;
- (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, the Company may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the Named Insured will pay the insureds' remaining debt to us.

3. If the Company cancels this MOC, the Company will give written notice to the Loss Payee at least:
 - a. Ten (10) days before the effective date of cancellation if the Company cancels for the insured non-payment of premium or;
 - b. Thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.
4. If the Company elects not to renew this MOC, the Company will give written notice to the Loss Payee at least ten (10) days before the expiration date of this MOC.

C. CONTRACT OF SALE

1. The Loss Payee is a person or organization the Named Insured have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both the Named Insured and the Loss Payee have an insurable interest the Company will:
 - a. Adjust losses with the Named Insured and;



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

b. Pay any claim for loss or damage jointly to the Named Insured and the Loss Payee, as interests may appear.

3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word “the Insured” includes the Loss Payee.

Z. ELECTRONIC DATA

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the MOC or any endorsement thereto, it is understood and agreed as follows:

a. This MOC does not insure, loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature

resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes program, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to “Trojan Horses”, “worms” and “time or logic bombs”.

b. However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this MOC, subject to all its terms, conditions and exclusions will cover physical damage occurring during the MOC period to property insured by this MOC directly caused by such listed peril.

- Listed Perils
- Fire; explosion; smoke; direct impact of vehicle, vandalism or malicious mischief; leakage or accidental discharge of fire protection equipment; collapse; falling objects; water damage; “Boiler and Machinery”; sudden and accidental discharge, leakage, backup, or overflow of liquids or molten material from confinement within piping, plumbing systems, tanks, equipment or other containment located at the insured “location”; “Flood.”



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the MOC or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this MOC suffer physical loss or damage insured by this MOC, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed **USD10,000,000** any one loss, incurred by the Named Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media.

However this MOC does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Named Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

AA. LOSS ADJUSTMENT SERVICES

McLarens Young, International, 180 Montgomery Street, Suite 2100, San Francisco, California 94104-4231 is hereby authorized to represent the Company in the investigation and adjustment of any loss or damage under this MOC at the expense of the Company and without regard to the amount of loss or damage and/or applicable deductible if any. However, the Company reserves the right to utilize other adjusting firms at its discretion.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

BB. DEFINITIONS

**1.
OCCURRENCE**

Each occurrence is defined as a loss, incident or series of losses or incidents not otherwise excluded by this MOC and arising out of a single event or originating cause and includes all resultant or concomitant insured losses. When the term applies to loss or losses from earthquake shock, flood and/or windstorm, the following provisions shall apply:

a. Windstorm

Each loss by windstorm shall constitute a single claim hereunder; provided, if more than one windstorm shall occur within any period of one hundred sixty-eight (168) hours during the term of this MOC, such windstorm shall be deemed to be a single windstorm within the meaning thereof. The Named Insured may elect the moment from which each of the aforesaid periods of one hundred sixty-eight (168) hours shall be deemed to have commenced but no two such one hundred sixty-eight (168) hour periods shall overlap. The Company shall not be liable for any loss occurring before the effective date and time of the MOC. The Company will be liable for any losses occurring for a period of up to one hundred sixty-eight (168) hours after the expiration of this MOC provided that the first windstorm loss or damage within that one hundred sixty-eight (168) hours occurs prior to the date and time of expiration of this MOC.

In the event of there being a difference of opinion between the Named Insured and the Company as to whether or not all windstorm losses sustained by the Named Insured during an elected period of one hundred sixty-eight (168) hours arose out of, or was caused by a single atmospheric disturbance, the stated opinion of the National Weather Service or comparable Authority in any other country or locality shall govern as to whether or not a single atmospheric disturbance continued throughout the period at the location(s) involved.

b. Flood

Each loss by flood shall constitute a single loss hereunder.

1. If any flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s) or;
2. If any flood results from any tidal wave or series of tidal waves caused by any one disturbance;

such flood shall be deemed to be a single occurrence within the meaning of this MOC.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

Should any time period referred to above extend beyond the expiration date of this MOC and commence prior to expiration, the Company shall pay all such flood losses occurring during such period as if such period fell entirely within the term of this MOC.

The Company shall not be liable, however, for any loss caused by any flood occurring before the effective date and time of this MOC or commencing after the expiration date and time of this MOC.

Flood shall mean a general condition of partial or complete inundation of normally dry land area from:

1. overflow of inland or tidal water;
2. unusual and rapid accumulation or run off of surface waters from any natural source.

Flood shall also mean mudslide or mudflow, which is a river or flow of liquid mud caused by flooding as defined in 1. or 2. above.

The definition of flood does not include ensuing loss or damage by fire, explosion, or sprinkler leakage.

c. Flood Zone A and V

Flood zones A and V as referenced in this MOC is defined by FEMA as being inclusive of all 100 year high risk flood areas. A one-hundred-year flood is a flood event that has a 1% probability of occurring in any given year.

d. Earthquake Shock

The term earthquake shock is defined as: earth movement meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth sinking, earth shifting or settling and tsunami unless as a direct result of such earth movement. The definition of earthquake shock does not include ensuing loss or damage by fire, explosion or sprinkler leakage. Further Earthquake Sprinkler Leakage is covered outside of the "Earthquake Shock" definition and subject to the basic peril deductible.

e. Wildfire

As regards wildfires, firestorms, brush fires and any other fires or series of fires, irrespective of origin, which spread through trees, grassland or other vegetation (hereinafter "fire(s)"), all individual losses sustained by the Insured arising out of and directly occasioned by fire(s) which occur during any period of one hundred sixty eight (168) hours.

The term wildfire is defined as: A wildfire is a fire at some time burning uncontained or uncontrolled on lands covered wholly or in part by timber, brush, grass, grain or other flammable vegetation but which also may consume structures or other human



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

developments, and is declared as a major disaster or emergency pursuant to the Stafford Disaster Relief and Emergency Assistance Act of 1988.

2. PERSONAL PROPERTY OF OTHERS

Means, any property (other than real property) belonging to others for which a Named Insured has assumed liability. This includes but is not limited to:

- Articles of Clothing
- Jewelry
- Sound Equipment
- Fine Arts (up to the sub-limit of unscheduled fine arts)
- EDP Media & Hardware
- Valuable Papers
- Portable Electronic Equipment
- Employee Tools

3. IMPROVEMENTS AND BETTERMENTS

Means, additions or changes made by a Named Insured / lessee at their own expense to a building they are occupying that enhance the building's value.

4. VALUABLE PAPERS AND RECORDS

Means, all inscribed, printed, or written; documents, manuscripts or records; including but not limited to abstracts, books, deeds, drawing, films, maps, or mortgages. Valuable Papers are not money, securities, stamps or converted data program or instructions used in the Named Insured's data processing operations including the materials on which data is recorded.

CC. ADDITIONAL INSURED'S / LOSS PAYEES

It is hereby understood and agreed that the interest of Additional Insured's and/or Loss Payees is automatically included, as per schedule held on file with Alliant Insurance Services, Inc.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION V - FINE ARTS

A. COVERAGE

This MOC insures against all risks of physical loss of or damage except as hereafter excluded occurring during the MOC period to fine arts, which are the property of the Named Insured or the property of others in the custody or control of the Named Insured while on exhibition or otherwise within the limits of the United States.

If any of the property covered by this Section is also covered under any other provisions of the MOC of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

1. PROPERTY COVERED

Objects of art of every kind and description, and property incidental thereto, which are the property of the Named Insured, or the property of others in the custody and control of the Named Insured, or in transit at the Named Insured's risk, and property in which the Named Insured shall have a fractional ownership interest which are owned by or have been leased, loaned, rented or otherwise made available to the Named Insured. "Property" shall mean paintings, drawings, etchings, prints, rare books, manuscripts, rugs, tapestries, furniture, pictures, bronzes, potteries, porcelains, marbles, statuary and all other bonafide works of art and other objects of rarity, historic value, cultural interest or artistic merit, which are part of the collections of the Named Insured, or in the care, custody or control of the Named Insured, and their frames, glazing and shadow boxes.

2. "WALL TO WALL" ("NAIL TO NAIL") COVERAGE

This Section covers the Named Insured's property on a "Wall to Wall" ("Nail to Nail") basis, or domicile to domicile basis, as applicable, from the time said property is removed from its normal repository incidental to shipment until returned thereto or other point designated by the owner or owner's agent prior to return shipment, including while in transit to or from points of consolidation or deconsolidation, packing, repacking or unpacking, while at such locations during such processes or awaiting shipment.

Coverage shall terminate upon arrival of the covered property at the final destination designated by the owner or owner's agent, or upon expiration of this MOC, whichever may occur first, except that expiration of this MOC shall not prejudice coverage of any risk then in transit.

B. EXCLUSIONS

1. Loss or damage occasioned by: wear and tear, gradual deterioration, insects, vermin, inherent vice or damage sustained due to and resulting from any repairing, restoration or retouching process;
2. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces or;
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
3. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This MOC does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
4. Any dishonest, fraudulent or criminal act by the Named Insured, a partner therein or an officer, director employee or trustee thereof, whether acting alone or in collusion with others. For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

C. LOSS PAYMENT BASIS / VALUATION

The valuation of each article of property covered by this Section shall be determined as follows:

- a. Property of the Named Insured shall be covered for and valued at the current fair market value of each article indicated on the books and records of the Named Insured prior to loss, according to the Named Insured's valuation of each object covered.
- b. Property of others loaned to the Named Insured and for which the Named Insured may be legally liable, or which the Named Insured has been instructed to insure, shall be covered for and valued at the amount agreed upon for each article by the Named Insured and owner(s) as recorded on the books and records of the Named Insured prior to loss.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- c. Otherwise, in the absence of recorded current fair market values or agreed values for each article covered, the Company shall not be liable beyond the fair market value of the property at the time any loss or damage occurs. Said value shall be ascertained by the Named Insured and the Company or, if they differ, then the amount of value or loss shall be determined as provided in the following appraisal clause.

D. SPECIAL CONDITIONS

1. **Misrepresentation and Fraud:** This entire Section shall be void if, whether before or after a loss, the Named Insured has concealed or misrepresented any material fact or circumstance concerning this MOC or the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.
2. **Notice of Loss:** The Named Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this Section and shall also file with the Company or its agent within ninety (90) days from the date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
3. **Examination under Oath:** The Named Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and insofar as is within its power cause its employees, Named Insured and others to submit to examination under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any act of the Named Insured or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Named Insured might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.
4. **Settlement of Loss:** All adjusted claims shall be paid or made good to the Named Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Named Insured has collected the same from others.
5. **No Benefit to Bailee:** This Section shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.
6. **Subrogation or Loan:** If in the event of loss or damage the Named Insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the Named Insured will, if requested by the Company, assign and transfer such claim or right of action to the Company or, at the Company's option, execute and deliver to the Company the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage; and will subrogate the Company to, or will hold in trust for the Company, all such rights of action to



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

the extent of the amount paid or advanced, and will permit suit to be brought in the Named Insured's name under the direction of and at the expense of the Company.

7. Loss Clause: Any loss hereunder shall not reduce the amount of this Section, except in the event of payment of claim for total loss of an item specifically scheduled hereon.
8. Protection and Preservation of Property: In case of actual or imminent physical loss or damage of the type insured against by this MOC, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the MOC and be subject to the applicable deductible and without increase in the limit provisions contained in this MOC.
9. Appraisal: If the Named Insured and the Company fail to agree as to the amount of loss, each shall on the written demand of other, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Named Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the fair market value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Named Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.
10. Civil Authority: Property covered under this Section against the peril of fire is also covered against the risk of damage or destruction by Civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by a peril otherwise excluded herein.
11. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Section or stop the Named Insured from asserting any right under the terms of this Section, nor shall the terms of this Section be waived or changed except by endorsement issued to form a part of this Section.
12. Additional Covered Party(ies): Corporations, associations, firms, institutions, museums, persons and others who own or control collections, objects or articles who make them available to the Named Insured, and temporary borrowers or custodians (but not carriers, packers or shippers) of property covered, are additional Named Insured(s) hereunder, but only as respects coverage afforded to said Named Insured's property.
13. Packing: It is agreed by the Named Insured that the property covered hereunder be packed and unpacked by competent packers.
14. Other Insurance: This fine arts floater Section is excess coverage over any other valid and collectible insurance which may apply to any objects of art for which coverage would apply under this MOC.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

15. Pair And Set: In the event of the total loss of any article or articles which are a part of a set, the Company agrees to pay the Named Insured the full amount of the value of such set and the Named Insured agrees to surrender the remaining article or articles of the set to the Company.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION VI - CONTRACTORS EQUIPMENT

A. COVERAGE

This MOC insures contractors equipment, whether self propelled or not, including equipment thereof while attached thereto or located thereon, such as bulldozers, drag lines, power shovels, derricks, drills, concrete mixers and other machinery of a similar nature, and not subject to motor vehicle registration.

If any of the property covered by this Section is also covered under any other provisions of the MOC of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the MOC period to the above described property from any external cause except as provided below.

1. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage or improper assemblage.
2. Loss or damage due to the weight of the load imposed on the machine exceeding the capacity for which such machine was designed.
3. Loss or damage to crane or derrick boom(s) and jib(s) of lattice construction while being operated unless directly caused by fire, lightning, hail, windstorm, earthquake shock, explosion, riot, riot attending a strike, civil commotion, actual physical contact with an aircraft or airborne missile including objects falling therefrom, collision with other vehicles or other contractors equipment whether or not such other equipment is covered hereunder, landslide, or upset of the unit of which it is a part (but only when and to the same extent that such other perils are covered by the MOC).
4. Loss or damage due to explosion arising from within steam boilers.
5. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
6. Loss or damage due to dishonesty of Named Insured's employees or persons to whom the Named Insured's property is entrusted.
7. Loss or damage caused by or contributed to failure of the Named Insured to keep and maintain the property in a thorough state of repair.
8. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack;



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces or;
- ii. any military, naval or air forces or;
- iii. by an agent of any such government, power, authority or forces;
- b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
- c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
- d. Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) covered against in this endorsement; however, subject to the foregoing and all provisions of this MOC, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered against by this MOC.

C. PROPERTY EXCLUDED

- 1. Automobiles, motorcycles, motor trucks, or parts thereof.
- 2. Buildings
- 3. Machinery or equipment or building materials to be installed in any building for the purpose of becoming a part thereof; nor on any property which has become a permanent part of any structure.
- 4. Property that is located underground.
- 5. Property while waterborne except while being transported on any regular ferry.
- 6. The storage risk of property not owned or required to be insured by the Named Insured at premises controlled or leased by the Named Insured, except where incidental to the regular or frequent use of the equipment or property.
- 7. Plans, blue prints, designs or specifications.
- 8. Piers, docks and wharves.

D. LOSS PAYMENT BASIS / VALUATION

On Contractors Equipment (whether self propelled or not), on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Contractors Equipment.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation based on replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

E. SPECIAL CONDITIONS

This section covers property only within the limits of the United States of America. It is a condition of this MOC that all articles covered hereunder are in sound condition at the time of attachment of this MOC.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION VII - ACCOUNTS RECEIVABLE

A. COVERAGE

This MOC covers the loss of or damage resulting from insured perils to the Named Insured's records of accounts receivable as defined below, occurring during the MOC period.

B. EXCLUSIONS

In addition to the exclusions in the General Conditions, this coverage does not apply:

1. To loss due to any fraudulent, dishonest or criminal act by the Named Insured, a partner therein, or an officer, director, employee or trustee thereof, while working or otherwise and whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

2. To loss due to bookkeeping, accounting or billing errors or omissions.
3. To loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the Named Insured can prove through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
4. To loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

C. LOSS PAYMENT BASIS / VALUATION

When there is proof that a loss covered by this MOC has occurred but the Named Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Named Insured's monthly statements and shall be computed as follows:

- a. Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
- b. Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve (12) months immediately preceding the month in which the loss occurs as compared with such average for the months of the preceding year;
- c. The amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- d. The amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged or otherwise established or collected by the Named Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Named Insured. All unearned interest and service charges shall be deducted.

D. DEFINITIONS:

ACCOUNTS RECEIVABLE

- a. All sums due to the Named Insured from customers provided the Named Insured is unable to effect collection thereof as the direct result of loss or damage to records of accounts receivable.
- b. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage.
- c. Collection expense in excess of normal collection cost and made necessary because of such loss or damage.
- d. Other expenses, when reasonably incurred by the Named Insured, in re-establishing records of accounts receivable following such loss or damage.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

SECTION VIII - BOILER AND MACHINERY BREAKDOWN EXTENSION

1. Perils Insured

In consideration of the premium paid and subject to the terms, conditions and Exclusions of the MOC to which this Extension is attached, and to the following terms and conditions, this Coverage is extended to cover direct damage to Covered Property caused by a Covered Cause of Loss.

2. Additional Coverage

(a) Hazardous Substance

The additional expense incurred for cleanup, repair or replacement or disposal of damaged, contaminated or polluted property as a result of an Accident, which causes property to become damaged, contaminated or polluted by a substance declared hazardous to health by an authorized governmental agency. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage "Additional expense" means any expense that would not have incurred, if no substance hazardous to health had been involved in the accident

(b) Ammonia Contamination

The loss, including salvage expense, incurred with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, as a result of any one Accident to one or more Objects. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(c) Water Damage

The loss, including salvage expense, with respect to property damaged by water, resulting from any one Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(d) Media Coverage

The loss to all forms of electronic, magnetic and optical tapes and discs used in any electronic computer or electronic data processing equipment directly damaged by an Accident to an Object. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

For the purpose of this coverage, the valuation basis for "Media" is as follows:

- i. For "Media" that are mass-produced and commercially available, at the replacement cost.
- ii. For all other "Media", at the cost of blank material for reproducing the records.

(e) Consequential Damage



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

The “Consequential Damage” to refrigerated and frozen goods of the Named Insured or for which the Named Insured is legally liable or under the Named Insured’s care, custody or control caused solely by an Accident to an Object. For the purpose of this coverage, “Consequential Damage” is defined as loss due to spoilage from lack of power, light, heat, steam or refrigeration, resulting from Accident. The coverage provided by this clause is sub- limited to USD as per Declaration Page.

(f) Utility Interruption

The loss caused by an Accident to an Object that is owned, operated or controlled by a public or private entity that the Named Insured has contracted with to furnish them with electrical utility service including all direct electrical suppliers. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(g) CFC Refrigerants and Halon

The replacement of any CFC (chlorofluorocarbon) refrigerant used in refrigeration or air conditioning equipment or Halon used in a fire suppression system due to an “Accident” to an Object.

(h) Ordinance or Law

If an Accident to an Object at the Named Insured’s location damages a building that is “Covered Property”, the Company will pay for

- i. Loss to the Undamaged Portion of the Building, meaning loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:
 - a. Requires the demolition of parts of the same building not damaged by the Accident to an Object; or
 - b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the location of the building.
- ii. Demolition Cost meaning the cost to demolish and clear the site of undamaged parts of the building, caused by the enforcement of building, zoning, or land ordinance or use.
- iii. Increased Cost of Construction, meaning the increased cost to:
 - a. Repair or reconstruct damaged portions of the building; and
 - b. Reconstruct or remodel undamaged portions of the building whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law. But the Company will only pay for this increased cost if the building is repaired, reconstructed or remodeled. Also, if the building is repaired, reconstructed or remodeled, it



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

must be intended for similar occupancy as the current building, unless such occupancy is not permitted by zoning or land use ordinance or law.

Coverage under this section only applies with respect to ordinance or law that is in force at the time of the Accident to an Object. Coverage under this section does not apply to:

- a. Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or
- b. Loss due to any ordinance or law that:
 - i. The Named Insured was required to comply with before the Accident to an Object even if the building was undamaged; and
 - ii. The Named Insured failed to comply with.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

3. Definition of Accident

Accident shall mean a sudden and accidental breakdown of the Object, or a part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof; but Accident shall not mean:

- a. depletion, deterioration, corrosion, or erosion of material;
- b. wear and tear;
- c. leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d. the breakdown of any vacuum tube, gas tube or brush;
- e. the breakdown of any structure or foundation supporting the Object or any part thereof;
- f. the functioning of any safety device or protective device.

4. Definition of Object

Except as otherwise specifically designated herein, Object as described below shall mean any equipment or apparatus which is owned by, leased by or operated under the control of the Named Insured subject to the Exclusions and Special Provisions specified herein:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- a. Any boiler, any fired vessel, any unfired vessel subject to vacuum or internal pressure other than static pressure of contents, any refrigerating and air conditioning vessels, or any piping and its accessory equipment, but such Object shall not include:
 - 1. Any boiler setting, any insulating or refractory material,
 - 2. Any sewer piping, any underground gas piping, any piping forming a part of a sprinkler system or any water piping other than
 - (a) Feed water piping between any boiler and its feed pumps or injectors
 - (b) Boiler condensate returning piping
- b. Any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but Object shall not include
 - 1. Any structure or foundation other than a bedplate of a machine,
 - 2. Any vehicle, elevator, crane, hoist, power shovel or drag line, but not excluding any electrical equipment used with said machine or apparatus,
 - 3. Any refractory material, or
 - 4. Any penstock or draft tube.

5. Covered Cause of Loss

A Covered Cause of Loss is an “Accident” to an Object insured hereon. An Object must be in use or connected ready for use at the time of the Accident.

6. Covered Property

Covered Property, as used in this Extension, means any property that:

- a. The Named Insured owns; or
- b. Is in the Named Insured’s care, custody or control and for which they are legally liable

7. Special Provisions

- a. As respects any boiler, fired or unfired vessel, refrigerating system or piping, the Company shall not be liable for loss from an Accident while said Object is undergoing a hydrostatic, pneumatic or gas pressure test that exceeds manufacturers recommended limits.
- b. As respects any boiler of fired vessel, the Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

indirectly, by any Accident to any Object, or part thereof, nor shall the Company be liable for any loss from an Accident caused directly or indirectly by such explosion.

- c. As respects any unfired vessel which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as “connected ready for use” within the terms of this Extension of the MOC.
- d. As respects any Object or part of an Object that is being dismantled, reassembled or is in storage, will be considered as “connected ready for use” within the terms of this Extension of the MOC.
- e. As respects any gas turbine of the internal combustion type, (a) the combustor or such Object shall not be considered to be a “furnace” as the word is used in the Definition of Accident or in Special Provision 2 above and (b) the Definition of Accident shall not mean the cracking of any part of the Turbine exposed to the production of combustion.
- f. As respects new turbine generator units, coverage shall not apply until the unit has been contractually accepted by the Named Insured, that all tests required by the contractor have been performed and satisfied and the unit has been placed in commercial operation.

9. Valuation

- a. The Company will pay the Named Insured the amount the Named Insured spends to repair or replace the property directly damaged by an Accident. The Company payment will be the smallest of:
 - 1) The Limit of Coverage;
 - 2) The cost at the time of the Accident to repair the damaged property with property of like kind, capacity, size and quality;
 - 3) The cost at the time of the Accident to replace the damaged property on the same site with other property:
 - a) Of like kind, capacity, size and quality; and
 - b) Used for the same purpose
 - 4) The amount the Named Insured actually spends that is necessary to repair or replace the damaged property.
- b. As respects any Object if the cost of repairing or replacing only a part of the Object is greater than:
 - 1) the cost of repairing the Object; or
 - 2) the cost of replacing the entire Object on the same site;

The Company will pay only the smaller of (1) or (2). The repair parts or replacement Object must be:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- 1) of like kind, capacity, size and quality; and
 - 2) used for the same purpose.
- c. The Company will not pay:
- 1) if the loss or damage is to property that is obsolete or useless to the Named Insured; or
 - 2) for any extra cost if the Named Insured decides to repair or replace the damaged property with property of a better kind or quality or of larger capacity,
- d. If the Named Insured does not repair or replace the damaged property within 18 months after the date of the Accident then the Company will pay on the smaller of the:
- 1) cost it would have taken to repair; or
 - 2) actual cash value;
- at the time of the “accident”.

Paragraph (d) does not apply to any time period beyond the 18 months that the Company agrees to in writing.

- e. As respects CFC (chlorofluorocarbon) refrigerant or Halon, the following valuation basis is applicable:
- 1) If the CFC refrigerant or Halon is replaceable, the Named Insured may, at their option, elect to:
 - a) Repair or replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system and replace the lost CFC refrigerant or Halon subject to it being of like kind, capacity, size and quality and used for the same purpose; or
 - b) Change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to:
 - i. Refrigeration or air conditioning equipment that uses an approved non-CFC refrigerant; or
 - ii. A fire suppression system that uses an approved non – Halon agent.

But this option is available only if the change to the equipment or system is made within 18 months after the date of the Accident or within any extended time period that the Company agrees to in writing.

If Option 1) b) above is elected, the Company will not pay more than the least of the following amounts:

- a) The Limit of Coverage;



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant; or
 - e) One hundred twenty-five percent (125%) of the amount the Company otherwise would have paid for loss to the refrigeration equipment, air conditioning equipment or fire suppression system.
- f. If the CFC refrigerant or Halon is not replaceable and:
- (1) The Named Insured repairs or replaces the damaged equipment within 18 months after the date of the Accident or within any extended time that the Company agrees to in writing, the Company will pay the least of the following amounts:
 - (a) The Limit of Coverage;
 - (b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - (c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - (d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant.
 - (2) If the Named Insured does not replace the damaged equipment within 18 months after the date of the Accident or within the extended time period that the Company agrees to in writing, the Company will not pay more than the lesser of:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- (a) The amount that the Company would have paid if repair or replacement of the damaged equipment had been made as determined in F 1 above; or
 - (b) The actual cash value of the damaged equipment at the time of the Accident.
- g. As respects Coverage under Ordinance and Law, the most the Company will pay as a result of any one Accident for:
- a) Loss to the Undamaged portion of the building is included in the Limit of Coverage that otherwise applies to the damaged building. But in no event will the amount the Company pay for loss to the building, including the loss in value of the undamaged portion of the building due to enforcement of an ordinance or law to which this coverage applies, exceed:
 - i. The amount that the Named Insured actually spend to repair, rebuild or replace the building, but not more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - ii. The actual cash value of the building at the time of loss if the building is not repaired or replaced.
 - b) Demolition and Increased Cost of Construction is USD as per Declaration Page, subject to the following:
 - i. With respect to the coverage provided for Demolition Cost, the Company will not pay more than the amount the Named Insured actually spend to demolish and clear the site of the undamaged parts of the building;
 - ii. With respect to the coverage provided for Increased Cost of Construction:
- (a) We will not pay for the Increased Cost of Construction:
- Until the building is actually repaired or replaced at the same or another premises; and Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 18 months. We may extend this period in writing during the 18 months.
- (b) If the building is repaired or replaced at the same location, or if the Named Insured elect to rebuild at another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the same location.
 - (c) If the ordinance or law requires relocation to another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the new location.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

h. If a claim or “suit” is brought against the Named Insured alleging that the Named Insured is liable for damage to property of another that was caused by an Accident to an Object, the Company will either:

1. Settle the claim or “suit”, or
2. Defend the Named Insured against the “suit” but reserve the right for themselves to settle at any point.

10. Exclusions

- a. To loss:
 - 1) from explosion of an Object other than:
 - a) Any steam boiler, steam piping, steam turbine, gas turbine, steam engine, or
 - b) Any machine when such loss is caused by centrifugal force or mechanical breakdown,
- b. Nuclear reaction or radiation or radioactive contamination however caused, however this exclusion shall not apply to nuclear medicine at covered hospitals,
- c. From fire concomitant with or following an Accident.
- d. From an Accident caused directly or indirectly by fire
- e. From a combustion explosion outside the Object concomitant with or following an Accident,
- f. From an Accident caused directly or indirectly by a combustion explosion outside an Object

11. Conditions:

- a. Inspection

The Company shall be permitted but not obligated to inspect the Named Insured’s property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Named Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

- b. Suspension

Upon the discovery of a dangerous condition with respect to any Object, Alliant Insurance Services, Inc., may immediately suspend the coverage, with respect to an Accident to said Object, by written notice mailed or delivered to the Named Insured at the address of the Named Insured stated in the Declaration Page, or at the location of the Object, as stated for it in a schedule or endorsement. The



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

coverage so suspended may be reinstated by the Company but only by an endorsement issued to form a part of this MOC. The Named Insured shall be allowed the unearned portion of the premium paid for such suspended coverage, pro- rata for the period of suspension.

c. Notice of Accident and Adjustments

When an Accident occurs, written notice shall be given to the Company as soon as practicable. The Company shall be given like notice of any claim made on account of such Accident. The Company or their representative shall have reasonable time and opportunity to examine the property, and the Named Insured's Location of Risk, before repairs are undertaken or physical evidence of the Accident is removed, except for protection or salvage. Proof of loss shall be made in such form as the Company may require. If suit is brought against the Named Insured for loss to which this Section of the MOC is applicable, any summons or other process served upon the Named Insured shall be forwarded immediately to the Company.

d. Deductible

In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risks MOC that this Extension attaches to, the deductible to be applied to the total loss shall be the applicable Boiler & Machinery deductible



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION IX – TERRORISM INCLUDING SABOTAGE EXTENSION

In consideration of the Named Insured paying or agreeing to pay the contribution, the Company agrees subject to the Definitions, Exclusions, Limits and Conditions of this MOC, to indemnify the Insured up to the Overall Limit of Liability stated in the schedule for:

- a) Damage to Property covered by an Act of Terrorism;
- b) Consequential Loss resulting from Damage by an Act of Terrorism, to any building or other property used by the Insured, for the purpose of the Business and property of type not excluded as defined in the Property section in respect of contingent coverage contained therein,
- c) Continuing hire charges as a result of Damage by an Act of Terrorism,

as more fully described and defined herein occurring during the Coverage Period as stated in the Schedule. Provided that the liability of the Company under this MOC shall not exceed the Overall Limit of Liability or in respect of any item its sum covered or any other relevant Limit of Liability. or Sub-limit stated in the Schedule. Payment of an indemnity under this clause is dependent upon the Insured maintaining the Property coverage in full force and effect for the duration of the Coverage Period.

This MOC incorporates the Schedule and Endorsements, which shall be read together as one contract. Words and expressions to which specific meaning is given in any part of this MOC shall have the same meaning wherever they appear.

APPLICATION OF PROPERTY COVERAGE

Except as otherwise provided herein at paragraphs a) to h) below, this MOC is subject to the same basis of settlement, warranties, terms and conditions, definitions, extensions and other provisions as the Property section, and it is agreed that those provisions are expressly incorporated from that section of the MOC into this section of the MOC.

The provisions which are not expressly incorporated from the Property section are as follows:

- a) the Contribution;
- b) the Overall Limit;
- c) any provision relating to the reinstatement of sums covered or limits;
- d) any terms which provide for adjustments of premium based upon declarations on expiry or during the Coverage Period;
- e) any terms which provide for the addition of locations in the Referral Areas which must be specifically agreed by the Company;
- f) the Deductible or Excess;
- g) any renewal or long term agreement;
- h) Exclusions.

For the avoidance of doubt, it is further agreed that the express provisions of this MOC shall prevail over any provisions incorporated from the Property section where such provisions are incompatible with each other.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

GENERAL DEFINITIONS

1. The word - 'Damage' shall mean:

direct physical loss or destruction of or physical damage
2. The words - 'Consequential Loss' shall mean:
loss resulting from interruption of or interference with the Business carried on by the Named Insured in consequence of Damage caused by an Act of Terrorism, to property used by the Named Insured for the purposes of the Business and property of type not excluded as defined in the Property section in respect of contingent coverage contained therein.
3. The words - 'Act of Terrorism' shall mean:
an act or series of acts, involving the use of force or violence, of any person or group of persons, whether acting alone or on behalf of or in connection with any organization, committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear. For the avoidance of doubt an 'Act of Terrorism' shall include an act of Sabotage.
4. The word - 'Sabotage' shall mean:
a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
5. The words - 'Property section ' shall mean:
the Property coverage issued by the Company as identified and set forth this MOC.
6. The word - 'Occurrence' shall mean:
any one loss and/or series of losses occasioned by, happening through, arising out of and in consequence of any one Act of Terrorism for the same purpose or cause. The duration and extent of any one Occurrence shall be limited to all losses sustained by the Named Insured during any period of 72 consecutive hours. However no such period of 72 consecutive hours **may extend beyond the expiration of this MOC unless Damage first occurs prior to expiration. No period of 72 consecutive hours shall commence prior to the attachment of this MOC.**
7. **The words "Referral Areas"** shall mean:

New York City -	10001 through to 10029, 10036, 10038, 10044, 10048, 10128
Chicago -	60601 through to 60611
San Francisco -	94102, 94103, 94104, 94105, 94107, 94108, 94109, 94110, 94111, 94112, 94114, 94115, 94116, 94117, 94118, 94121, 94122, 94123, 94124, 94127, 94129, 94131, 94132, 94133, 94134
Washington -	20001, 20004, 20005, 20006
Boston -	02108, 02109, 02110, 02111, 02113, 02114

EXCLUSIONS:

Notwithstanding the exclusions contained within the Property section this policy contains the following Exclusions and override any conflicting exclusion therein



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

This Contract does not cover:

1. Damage or Consequential Loss arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however caused.
2. Damage or Consequential Loss occasioned directly or indirectly by war, invasion or warlike operations (whether war be declared or not), hostile acts of sovereign or government entities, civil war, rebellion, revolution, insurrection, military or usurped power or martial law.
For the avoidance of doubt, the fact that an Act of Terrorism is committed by an agent of the sovereign or government entity operating covertly and not in connection with any operation of armed forces or where the Act of Terrorism is funded by a sovereign or government entity, will not of itself give rise to the application of this war exclusion.
3. Damage or Consequential Loss caused by or consisting of confiscation, requisition, detention, seizure, legal or illegal occupation, embargo, quarantine acts of contraband or illegal transportation or illegal trade or any result of any order of public or government authority which deprives the Named Insured of the use or value of the property.
4.
 - a) Damage or Consequential Loss caused by chemical or biological release or exposure of any kind;
 - b) Damage or Consequential Loss directly or indirectly arising from or in consequence of the seepage and/or discharge of pollutants or contaminants including but not limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment unless otherwise specifically covered herein, but this shall not exclude Damage to Property Covered or Consequential Loss resulting therefrom caused by seepage and/or pollution and/or contamination (including that involving chemical and/or biological and/or mineral agent) which itself results from Damage caused by an Act of Terrorism. Provided that:
 - a) such Damage is derived from pollutants and/or contaminants owned by, or in the care, custody or control of the Named Insured, and
 - b) such pollutants and/or contaminants are covered by this Contract.
5. Damage or Consequential Loss caused by attacks by electronic means including computer hacking or the introduction of any form of computer virus or corrupting or unauthorized instructions or code or the use of any electromagnetic weapon.
This exclusion shall not operate to exclude losses (which would otherwise be covered under this MOC) arising from the use of any computer, computer system or computer software program or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.
6. Damage or Consequential Loss caused by malicious damage, strikes, riots or civil commotion unless Damage is caused directly by an Act of Terrorism.
7. Loss or increased cost as a result of threat or hoax
8.
 - a) land or land values, soil, air or water.
 - b) aircraft or any other aerial device, or watercraft. However, this exclusion does not apply to



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

spare parts, materials or aircraft engines for installation or repair, but not yet a part of the aircraft or aircraft engines attached to aircraft for the purpose of transit and not connected to any power and/or fuel source.

- c) any land conveyance including vehicles, locomotives or rolling stock, other than whilst at the Premises at the time of its Damage.
- d) animals, plants and living things of all types other than trees and plants which form part of landscaped areas at the Premises.

CONDITIONS

All as per the Property section except as herein expressly varied.

1. Any clause included in the Property section relating to the automatic reinstatement of sums covered or limits of liability does not apply to this MOC, when Policy Limit stated herein specifically states that the Policy Limit is in the Aggregate for the period of the policy. (annual or otherwise).

2. **Other Insurance**

This Contract shall be excess of any other insurance available to the Insured covering a loss covered hereunder except such other insurance that is written specifically as excess insurance over this MOC. When this MOC is written specifically in excess of other insurance covering the peril covered hereunder, this MOC shall not apply until such time as the amount of the underlying insurance, (whether collectible or not), has been exhausted by loss and damage covered by this MOC.

3. **Reasonable precautions**

The Named Insured shall take all reasonable steps and precautions to prevent loss, destruction or damage.

4. **Claims conditions**

- a) **Notification**

In the event of any Occurrence likely to give rise to a claim hereunder, the Insured shall as soon as reasonably practicable notify the Company and/or the Broker, named for that purpose herein.

- b) In the event of Damage caused by an Act of Terrorism, the Insured must deliver to the Company all such relevant information and evidence as may reasonably be required including:

- (i) full information in writing of the property lost, destroyed or damaged and the amount of the Damage;
- (ii) details of any other insurances on any property hereby covered;
- (iii) all such proofs and information relating to the claim including time, place and cause of loss;
- (iv) if required by the Company, a statutory declaration of the truth of the claim and of any matters connected to it, which shall be submitted as soon as reasonably practical but in all cases this must be within 60 days of the Occurrence.

- c) In the event of a claim being made under Business Interruption as included under this MOC, the Named Insured must deliver to the Company:



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- (i) not later than 30 days after the expiry of the Indemnity Period or within such further time as the Company may allow, particulars of this claim together with details of all other insurances covering property used by the Named Insured at the Premises for the purpose of the Business or any part of it or any resulting Consequential Loss.
 - (ii) deliver to the Company such books of account and other business books, vouchers, invoices, balance sheets, and other documents, proofs, information, explanation and other evidence as may reasonably be required by the Company for the purpose of investigating the claim together with, if demanded, a statutory declaration of the truth of the claim and of any matters connected with it.
- d) The Named Insured must co-operate fully in the investigation or adjustment of any claim.

e) Proof of Loss

In any claim and/or action, suit or proceeding to enforce a claim for loss under this MOC, the burden of proving that the loss is recoverable under this MOC and that no limitation or exclusion of this MOC applies and the quantum of loss shall fall upon the Named Insured.

f) Subrogation

Any claimant under this MOC shall at the request of the Company take and permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured before or after any payment is made by the Company. In the event of a claim arising under this MOC the Company agree to waive any rights, remedies or relief to which they might be entitled by subrogation against:

- (i) a company standing in the relation of parent to subsidiary (or subsidiary to parent) to the Insured as defined in the Companies Act or Companies (Northern Ireland) Order (or any more applicable legislation or regulations in the country in which the Insured is registered) current at the time of Damage or Consequential Loss.
- (ii) any company which is a subsidiary of a parent company of which the Insured are themselves a subsidiary within the meaning of the Companies Act or Companies (Northern Ireland) Order (or any more applicable legislation or regulations in the country in which the Insured is registered) current at the time of Damage or Consequential Loss.

Any release from liability entered into in writing by the Insured prior to loss hereunder shall not affect this MOC or the right of the Insured to recover hereunder. If any amount is recovered as a result of such proceedings, such amount shall be distributed in the following priorities:

- (iii) Any interest, (including the Insured's), exclusive of any excess or self-insured retention, suffering a loss of the type covered by this MOC and in excess of the coverage under this MOC shall be reimbursed up to the amount of such loss (excluding the amount of the excess);
- (iv) Out of the balance remaining, the Company shall be reimbursed to the extent of payment under this MOC;



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- (v) The remaining balance, if any, shall inure to the benefit of the Insured, or the Company, with respect to the amount of such primary insurance, excess, self-insured retention, and/or loss of a type not covered by this MOC.

The expense of all proceedings necessary to the recovery of any such amount shall be apportioned between the interests concerned, including that of the Insured, in the ratio of their respective recoveries as finally settled. If there should be no recovery and proceedings are instituted solely on the initiative of the Company, the expense thereof shall be borne by the Company.

- g) **Payments on Account**

Payments on account will be made to the Insured if the Insured wishes, subject to any necessary adjustment at the termination of such period.

5. Fraud and Misrepresentation

This MOC shall be voidable in the event of fraud or if any fraudulent means or devices are used by the Insured or anyone acting on their behalf to obtain benefit under this MOC, or in the event of deliberate misrepresentation, misdescription or nondisclosure of any material particular relevant to the risk covered or any claim hereunder. The Company rights, in the event of non fraudulent non-disclosure or innocent or negligent misrepresentation or misdescription of material particulars relevant to the risk covered or any claim hereunder by the Insured are limited to the right to charge an increased contribution which could reasonably have been demanded had such non-disclosure, misrepresentation or misdescription not occurred.

6. Abandonment

There shall be no abandonment to the Company of any property.

7. Inspection and Audit

The Company shall be permitted but not obligated to inspect the Insured's property at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe. The Company may examine and audit the Insured's books and records at any time up to two years after the final termination of this MOC, as far as they relate to the subject matter of this coverage.

8. Cancellation

This MOC may be cancelled by the Named Insured at any time by written notice or surrender of this MOC. This MOC may also be cancelled by or on behalf of the Company by delivering to the Named Insured or by mailing to the Named Insured, by registered, certified or other first class mail at the Named Insured's address as shown in this MOC, written notice, not less than ninety (90) days prior to the effective date of cancellation.

The mailing of such notice as aforesaid shall be sufficient proof and this MOC shall terminate at the date and hour specified in such notice. Notwithstanding what has been stated above, however, should this MOC be cancelled for non-payment of contribution, the Company shall only be required to give the Named Insured ten (10) days notice.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

If this coverage in total shall be cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the contribution hereon. If the Company elects to cancel coverage mid-term, then such cancellation shall be handled on a pro-rata basis without short rate penalty.

Payment or tender of any unearned contribution by the Company shall not be condition precedent to the effectiveness of cancellation but such payment shall be made forthwith.

Cancellation shall not affect coverage on any shipment in transit on date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.

It is understood and agreed that if the Named Insured cancels this MOC, the MOC is subject to 25% minimum earned contribution regardless of the length of time coverage is in force.

9. Arbitration

- (a) If any dispute, controversy or claim arises out of or in connection with this MOC, including any question regarding its existence, validity or termination (a Dispute) the parties shall use all reasonable endeavors to resolve the matter amicably. If one party gives the other party notice that a Dispute has arisen and the parties do not resolve the Dispute within thirty (30) days of service of the notice then the Dispute shall be referred to the representatives of the parties who shall, acting jointly and in good faith, attempt to resolve the Dispute. No party shall resort to arbitration against the other party under this MOC until thirty (30) days after such referral.
- (b) All Disputes, which are unresolved pursuant to (a) above and which a party wishes to have resolved, shall be referred upon the application of any party to and finally settled under the London Court of International Arbitration Rules (the Rules) in force at the time the proceedings are commenced, which Rules are deemed to be incorporated by reference to this Arbitration clause. The number of arbitrators shall be three (3), appointed in accordance with the Rules. The seat of the arbitration shall be as stated in the herein. The language of this arbitration shall be English and the award shall be final and binding upon the parties. The arbitrators shall interpret this MOC on the basis of the law identified herein.
- (c) The costs and expenses of the arbitration shall be borne by the Insured and the Company as ordered by the arbitration tribunal. Such legal costs and expenses will not be part of the Limit of Liability.
- (d) The Insured and the Company agree to keep confidential to themselves and their legal and other professional advisers the existence and details of any proceedings pursuant to this Arbitration clause, including their submissions and evidence and all and any awards (including their content, reasons and result) except to the extent that such documents or information are in the public domain or required by a legal duty to be disclosed or disclosure is reasonably necessary to protect or pursue a legal right or remedy or if required by any agency or authority in charge of regulating securities.

10. Jurisdiction

Any dispute which does not fall within the Arbitration clause of this Contract shall be determined under the exclusive jurisdiction of the courts as stated herein.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

**PROGRAM AND/OR NAMED INSURED AND/OR DECLARATION SPECIFIC
ENDORSEMENTS TO BE PROVIDED AFTER THE ABOVE PAGE**



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

ENDORSEMENT NO. 1 - COVERAGE TERRITORY ENDORSEMENT

This endorsement modifies coverage provided by the MOC:

The Company shall not be deemed to provide cover and the Company shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Company, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

PR4225 (07/13)



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

ENDORSEMENT NO. 2 - WAR AND TERRORISM EXCLUSION ENDORSEMENT
(Not applicable to Section IX TERRORISM INCLUDING SABOTAGE EXTENSION)

Notwithstanding any provision to the contrary within this coverage or any endorsement thereto it is agreed that this coverage excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this coverage the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED. NMA2918 08/10/2001



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

ENDORSEMENT NO. 3 - COMMUNICABLE DISEASE ENDORSEMENT

This endorsement modifies coverage provided by the MOC:

1. This MOC, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of coverage. Consequently and notwithstanding any other provision of this MOC to the contrary, this MOC does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1. for a Communicable Disease, or
 - 2.2. any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

ENDORSEMENT NO. 4 VALUES LIMITATION CLAUSE IN RESPECT OF BUTTE SCHOOLS SELF-FUNDED PROGRAMS ONLY

The premium for this Policy is based upon the schedule of values reported to and on file with the Underwriters, or attached to this Policy. In the event of any covered loss under this Policy, the liability of the Underwriters relative to property damage and time element loss, as insured by this Policy, shall, notwithstanding anything contained herein to the contrary, be limited to the least of the following:

- (a) The actual adjusted amount of the loss within the coverage of the Policy, less applicable deductible(s).
- (b)
 - (1) for property damage loss, 110% of the total property values for each location
 - (2) for time element loss, as insured by this Policy, 110% of the time element values for each location as reported on the above said schedule of values, less applicable deductible(s).
- (c) The Policy limit of liability or applicable sub-limit(s) of liability, less applicable deductible(s).

All other terms and conditions remain unchanged.

LMA5060

15/03/2006



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

**ENDORSEMENT NO. 5 – AMENDMENTS TO THE MOC
WORDING**

(Only applies to London Supported
Capacity)

1) **SECTION I – GENERAL PROVISIONS. F. LIMITS OF LIABILITY, 2. SUB-LIMITS OF LIABILITY** are amended as follows:

Included Electronic Data Processing Equipment and Hardware (refer to LMA5400)

\$10,000,000 Electronic Data Processing Data and Media – Physical Damage Only (refer to LMA
5400) The following is added:

No Coverage
Provided Cyber Act (refer to LMA 5400)

2) **G. DEDUCTIBLE PROVISIONS** are amended as

follows: The following is deleted:

Wildfire

USD 5,000,000 per occurrence in respect of Butte Schools Self-Funded Programs
USD 2,500,000 per occurrence in respect of Redwood Empire Schools’ Insurance Group
USD 250,000 per occurrence for all other members.

In the event that two or more members are affected by the same Wildfire occurrence, only the largest deductible shall apply

And replaced with:

Wildfire

USD 5,000,000 per occurrence in respect of Butte Schools Self-Funded Programs
USD 2,500,000 per occurrence in respect of Redwood Empire Schools’ Insurance Group
USD 500,000 per occurrence in respect of Schools Insurance Authority and Schools Insurance Group
USD 250,000 per occurrence in respect of North Bay Schools Insurance Authority

If members with the same Wildfire deductible are affected by the same Wildfire occurrence only one deductible applies combined.

If members with different Wildfire deductibles are affected by the same Wildfire occurrence, both deductibles apply to their respective loss.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- 3) **SECTION II B. 21 ACCIDENTAL CONTAMINATION** is deleted and replaced with the following:

This MOC is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to Covered Property, including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the covered property to the same condition as existed prior to loss. All accidental contamination, discharge or dispersal including that as a result is itself caused by physical damage to covered property by fire, lightning, flood, earth movement, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to \$ 1,000,000 per occurrence for all properties combined.

For the purposes of this Accidental Contamination clause only, the term “Covered Property”, as covered by this MOC, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this MOC.

It is further understood and agreed that this coverage clause shall not override anything contained in Asbestos Clean Up and Removal in this MOC.

- 4) **SECTION IV – GENERAL CONDITIONS. Z. ELECTRONIC DATA** is deleted in its entirety and is replaced with **ENDORSEMENTNO.5–PROPERTYCYBERANDDATAENDORSEMENT.**

- 5) **THE FOLLOWING TERRITORIAL EXCLUSION CLAUSE IS ADDED:**

Territorial Exclusion: Russia, Ukraine and Belarus

Notwithstanding anything to the contrary in this Policy, this Policy excludes any loss, damage, liability, cost or expense of whatsoever nature, directly or indirectly arising from or in respect of any:

- i. entity domiciled, resident, located, incorporated, registered or established in an **Excluded Territory**;
- ii. property or asset located in an **Excluded Territory**;
- iii. individual that is physically in an **Excluded Territory**;
- iv. claim, action, suit or enforcement proceeding brought or maintained in an **Excluded Territory**;
- v. payment in an **Excluded Territory**.

This exclusion will not apply to any coverage or benefit required to be provided by the insurer by law or regulation applicable to that insurer, however, the terms of any sanctions clause will prevail.

For purposes of this exclusion, “**Excluded Territory**” means:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- Belarus (Republic of Belarus); and
- Russian Federation; and
- Ukraine (including any disputed regions of Ukraine and including the Crimean Peninsula)

All other terms, conditions and exclusions remain unchanged.

LMA5583B
8 March 2023

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

**ENDORSEMENT NO. 6 - PROPERTY CYBER AND DATA
ENDORSEMENT**
(Only applies to London Supported
Capacity)

This endorsement modifies coverage provided by the MOC:

1 Notwithstanding any provision to the contrary within this MOC or any endorsement thereto this MOC

excludes any:

1.1 Cyber Loss, unless subject to the provisions of paragraph 2;

1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data, unless subject to the provisions of paragraph 3;

regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2 Subject to all the terms, conditions, limitations and exclusions of this MOC or any endorsement thereto, this MOC covers physical loss or physical damage to property insured under this MOC caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.

3 Subject to all the terms, conditions, limitations and exclusions of this MOC or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this MOC, then this MOC will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this MOC excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.

4 In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

5 This endorsement supersedes and, if in conflict with any other wording in the MOC or any endorsement thereto having a bearing on Cyber Loss, Data or Data Processing Media, replaces that wording.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Definitions

- 6 Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
- 7 Cyber Act means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
- 8 Cyber Incident means:
- 8.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
- 8.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
- 9 Computer System means:
- 9.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility,
- owned or operated by the Insured or any other party.
- 10 Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.
- 11 Data Processing Media means any property insured by this MOC on which Data can be stored but not the Data itself.

LMA5400
11 November 2019

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

**COVERAGE PROGRAM REVIEWS,
DEVELOPMENT, AND MARKETING
PROPERTY PROGRAM**

ACTION ITEMS

- 1) **Retained Layer & Alternate Risk Financing**
- 2) **New Member Marketing**
- 3) **Allocation of Aggregate Limits of Coverage**
- 4) **Loss Control Budget/Ideas – SAM Requirements?**
- 5) **Discussion of Leveraging Member Resources**
- 6) **Status of BASIC Membership**
- 7) **SPA Excess Liability Memorandum of Coverage (MOC)**

Newfront
∞

AMWINSTM
BROKERAGE

Schools Program Alliance (SPA)

Strategic Planning Meeting
September 11-12

SPA Excess Liability Program
Alternative Risk Financing Presentation

Presented by:

Jim Wilkey - Newfront
Brian Frost - AmWins



SPA Strategic Planning Meeting – Alternative Risk Financing Presentation

Newfront
∞

Introduction

- Why are We Talking About This?
 - Losses Continuing to Stress Public School Liability Market
 - Markets Continuing to Exit California K-12 Public School Liability Market
 - Markets Reducing Limits Offered
 - Increased Use of Pool Aggregates to Limit Exposure
 - Increasing Pressure to Accept Claims-Made SML
 - Premium Increases from Loss Cost Inflation
- Is the Current Condition Sustainable?

2

Context

- Background – What is Alternative Risk Transfer (ART) / Structured Solutions
 - Agnostic to coverage – rate on capital deployed
 - Basic Outline of an ART deal
- History
 - Inflection point of holistic market movement disregarding individual risk characteristics
- Where and How Used Currently?
 - Transportation – Auto Liability
- Why Now for CA K-12 Liability?
 - Preparation
 - Extended cost projections
 - Coverage preservation

3

Markets

- Allianz Risk Transfer
 - London / United States
 - Direct Carrier/Reinsurer Model
- USQ
 - London / United States
 - MGA Model
 - Papers used:
 - Applied Underwriters
 - Nationwide / Harleysville
 - Knight

4

Considerations

- Retrospective Premium Calculations
- Commutation
- Multi-Year Structure Interplay with Annual Supporting Reinsurance / Excess Layers

5

Levers

- Term
- Aggregates
- Quota Share Participation
- Premium
- Maximum Additional Premium Calculation
- Return Premium Calculation, if any
- Corridors

6

2023 – 2024 Potential Program Indication
One (1) Year Structured Alternative

Coverage Layer Offered:

- \$5m XS \$5m SIR (Current Layer Provided via Everest at Fixed Premium of \$5.5m Annual Premium)

Coverage Term:

- One Year

Coverage Details:

- Reinsurance of Existing SPA Occurrence-Based MOLC – No Claims-Made Coverage Parts
- Annual Aggregate Limit: \$20m (4x occ)
- Deposit Premium: \$2,500,000
- Additional Premium: 80% of Paid Losses in Layer
- Maximum Additional Premium: \$4,000,000 (Maximum Premium: \$6.5m)

7

2023 – 2024 Potential Program Indication
Three (3) Year Structured Alternative

Coverage Layer Offered:

- \$5m XS \$5m SIR (Current Layer Provided via Everest at Fixed Premium of \$5.5m Annual Premium)

Coverage Term:

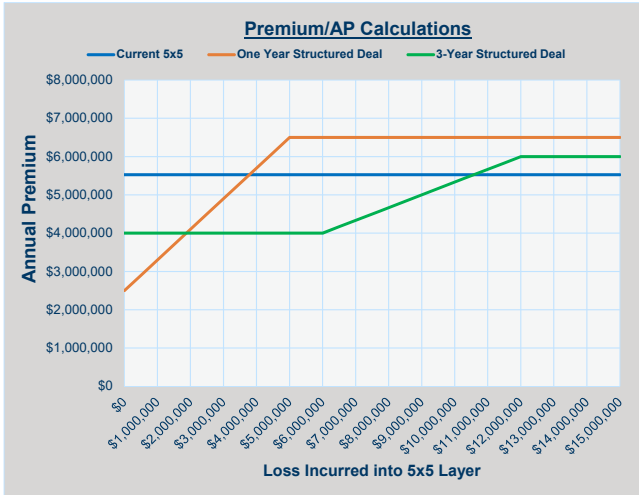
- Three Years

Coverage Details:

- Reinsurance of Existing SPA Occurrence-Based MOLC – No Claims-Made Coverage Parts
- Aggregate Limit: \$25m Term (5x occ) / \$15m Annual (3x occ)
- Deposit Premium: \$4m per Year / \$12m Term – Fixed for 3 Years
- Additional Premium: 80% of Paid Losses in Layer per Year
- Maximum Additional Premium: \$2m per Year (Maximum 3 Year Premium \$18m)

8

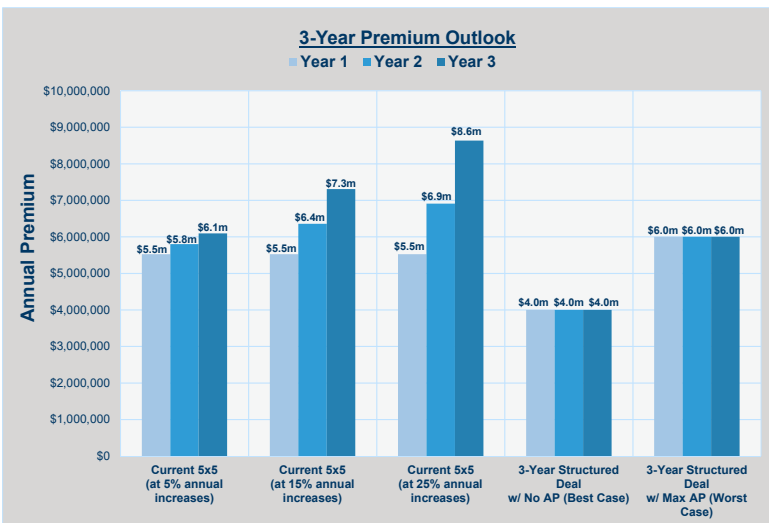
**Potential Structured Program in \$5m xs \$5m Layer
Premium Calculations at Various Loss Levels**



- The current program is simply a horizontal line (blue). As the deposit premium is not impacted whether or not there are losses paid into the layer.
- The 1-Year Structured deal (orange line) shows the lowest possible deposit premium (\$2.5m), but there is additional premium due (rate of 80%) on the first loss paid in the layer, with an inflection point against the current program around \$4m of loss paid in the 5x5 layer. It then becomes a horizontal line once the maximum AP is reached (which occurs at \$5m of loss incurred into the layer, corresponding to a max AP of \$4m resulting in max premium of \$6.5m.
- The 3-Year Structured deal (green line) shows an annual deposit premium in between the previous two options discussed, and with a larger grace/buffer period for losses into the layer (given it is on a 3-year basis). Compared to the current 5x5, the 3-Year Structured deal (based on indications received) would produce annualized savings if losses are less than \$10.5m incurred within the 5x5 layer over the 3-year duration.

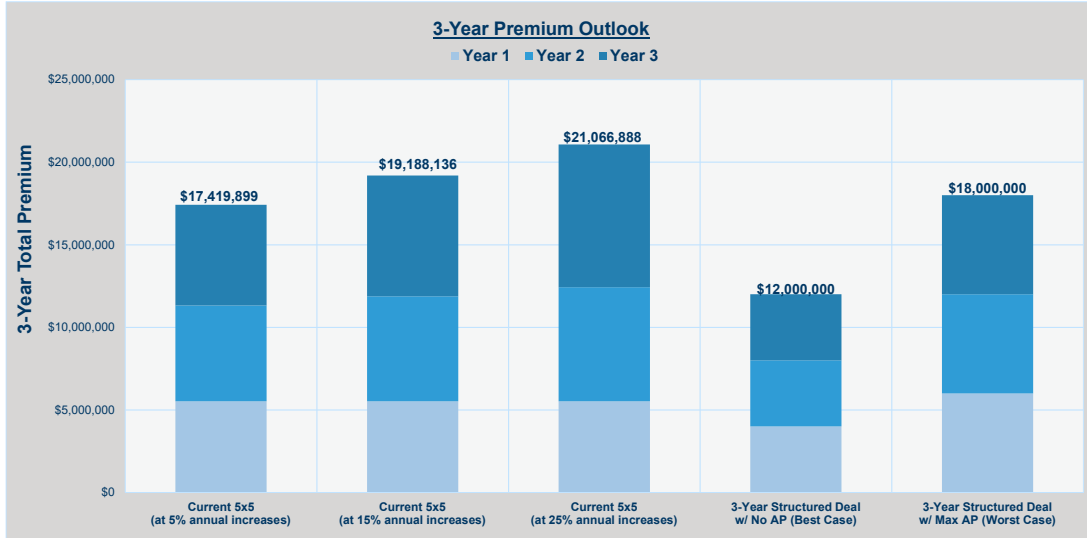
Note: Premium Comparison Only. Does not consider scenarios of aggregate exhaustion.

Premium Comparisons at Varied Additional Premiums



- This exhibit attempts to annualize a 3-year structured deal in order to compare it to annual offerings. There is value in the 3-year structured deals because they can provide certainty for the current renewal as well as the next two renewals to come. While there is uncertainty as to the AP component, insureds can fund to the maximum AP and then compare that to the traditional program, assuming moderate to material premium increases to the traditional program each year.
- As an example, this exhibit contemplates 5%, 15%, and 25% renewal increases for the traditional program as a comparison point to the stability of locking in a 3-year deal)
- The next slide will show the combined totals of each of these 3-year scenarios, stacking each above to look at the total 3-year hypothetical premium spends under each scenario.

Premium Comparisons at Varied Additional Premiums



11

Thank You!



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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

Central California Schools Authority (CCSA)
7170 N. Financial Drive #130
Fresno, CA 93720

Item No. 3. Coverage Period:

July 1, 2023 (12:01 A.M. PST) to July 1, 2024 (12:01 A.M. PST)

Item No. 4. Coverage Limit:

Schools Program Alliance (SPA): \$5,000,000 per Occurrence in excess of \$5m (see Schedule of Underlying Coverage)

Excess Insurance: Allied World National Assurance Company: \$10,000,000 per Occurrence in excess of SPA MOC (\$5m xs \$5m)

Excess Insurance: Great American E&S Insurance Company: \$5,000,000 per Occurrence in excess of AWAC \$10,000,000 excess of SPA MOC (\$5m xs \$5m)

Excess Insurance: Upland Specialty Insurance Company (44.444%); Homesite Insurance Company (55.556%) \$4,500,000 per Occurrence in excess of Great American \$5,000,000 excess of AWAC \$10,000,000 excess of SPA MOC (\$5m xs \$5m)

Excess Insurance: Group Ark Insurance Limited (50%) Arcadian Risk Capital Ltd (50%) \$2,500,000 per Occurrence in excess of Upland/Homesite \$4,500,000 per Occurrence in excess of Great American \$5,000,000 excess of AWAC \$10,000,000 excess of SPA MOC (\$5m xs \$5m)

SCHOOLS PROGRAM ALLIANCE

NOTE: above excess insurance does not reflect specific excess insurance aggregates, if any. The Excess Insurance is subject to the terms, conditions, and limitations in the respective excess policies.

Item No. 5. Schedule of Underlying Coverage:

1. \$2.5m xs \$2.5m: Memorandum of Liability Coverage (MOLC) issued by Schools Insurance Authority for the period from July 1, 2023 (12:01 AM PST) to June 30, 2024.
2. \$3.5m xs \$1.5m: Memorandum of Excess Liability Coverage (MOELC) issued by the Bay Area Schools Insurance Cooperative for the period from 7/1/2023 (12:01 AM PST) to 7/1/2024 (12:01 AM PST)
3. \$4m xs \$1m: Excess Liability Memorandum of Coverage issued by Central California Schools Authority for the period from 7/1/2023 (12:01 AM PST) to 7/1/2024 (12:01 AM PST)

Item No. 6. 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.

4. Cancellation (continued)

- 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.

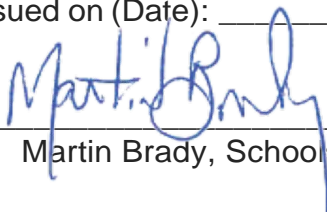
5. Memorandum of Coverage Period

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**.

Executed and Issued on (Date): August 25, 2023

Signed by:  _____
Martin Brady, Schools Program Alliance Board Chairman

**Schools Program Alliance
Actuarial Reserve Analysis**

Line of Business
Valuation Date

Property
6/30/23

I. Underlying Losses

Limited Losses within SPA Retentions [a]

Policy Year	Earned TIV \$000	Reported Claim Counts (Non-Zero)	Open Claim Counts	Paid Losses	Case Reserves	Case Incurred Losses	Prior Year Case Incurred	Emergence
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
7/1/20	16,228,966	1	1	132,798	17,202	150,000	0	150,000
7/1/21	16,715,835	3	3	375,877	2,374,123	2,750,000	2,250,000	500,000
7/1/22	16,857,142	2	2	0	200,000	200,000	-	-
Total	49,801,943	6	6	508,675	2,591,325	3,100,000	2,250,000	650,000

Unlimited Losses

Policy Year	Earned TIV \$000	Reported Claim Counts (Non-Zero)	Open Claim Counts	Paid Losses	Case Reserves	Case Incurred Losses	Prior Year Case Incurred	Emergence
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
7/1/20	16,228,966	48	4	9,759,219	2,411,838	12,171,057	12,061,849	109,208
7/1/21	16,715,835	84	9	3,231,024	3,814,758	7,021,214	6,250,402	770,813
7/1/22	16,857,142	156	108	2,286,171	5,026,064	7,312,235	-	-
Total	49,801,943	288	121	15,276,414	11,252,661	26,504,507	18,312,250	880,021

II. Selection of Ultimate Losses

Policy Year	Chain Ladder Paid Method	Chain Ladder Incurred Method	Reserve Method Ultimate Losses	BF Paid Method	BF Incurred Method	Selected	Prior Year Ultimate	Change
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
7/1/20	150,000	150,000	150,712	165,581	150,620	165,581	0	165,581
7/1/21	2,753,906	2,750,000	2,861,728	2,829,930	2,753,417	2,861,728	2,273,725	588,003
7/1/22	200,000	200,000	222,320	443,491	224,446	443,491	-	-
Total	3,103,906	3,100,000	3,234,761	3,439,002	3,128,482	3,470,800	2,273,725	753,584

III. Total Loss Reserve Summary

Policy Year	Paid Losses	Case Reserves	Case Incurred	Ultimate Losses	IBNR	Unpaid Losses
[1]	[2]	[3]	[4]	[5]	[6]	[7]
7/1/20	132,798	17,202	150,000	165,581	15,581	32,783
7/1/21	375,877	2,374,123	2,750,000	2,861,728	111,728	2,485,851
7/1/22	0	200,000	200,000	443,491	243,491	443,491
Total	508,675	2,591,325	3,100,000	3,470,800	370,800	2,962,126

[a] SPA Retention Summary

Retention A	1.) Losses in the \$250,000 excess of \$250,000 layer, capped at \$1,000,000 aggregate
Retention B	2.) Losses in the \$250,000 excess of \$250,000 layer, after the \$1,000,000 aggregate is exhausted
	3.) Losses excess of \$500,000
	4.) Total Retention B: The sum of (2) and (3), capped at \$2,000,000 aggregate
Total SPA Retention	The sum of Retention A and Retention B

* Given the retention summary shown above, the maximum SPA would retain in losses in a particular policy year is \$3,000,000 (\$1,000,000 from Retention A and \$2,000,000 from Retention B)

** Wildfire losses do not erode the SPA retention layer

Schools Program Alliance

All Other Perils Loss Projections

Excludes catastrophes

Valuation Date 6/30/23

Case Incurred Losses

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention						Ground-Up		Within SPA Retention	
				Retention A	Retention B			Retention A + B	Reported Claim Counts (Non-Zero)	Open Claim Counts	Reported Claim Counts	Open Claim Counts	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8] = [6] + [7]	[9] = min([8], \$2M)	[10] = [5] + [9]	[11]	[12]	[13]	[14]
7/1/11	12,057,427	1,203,288	0	0	0	0	0	0	0	88	0	0	0
7/1/12	12,814,003	1,845,262	250,000	250,000	0	43,909	43,909	43,909	293,909	85	1	1	0
7/1/13	13,470,170	2,347,683	750,000	750,000	0	2,606,467	2,606,467	2,000,000	2,750,000	97	1	3	0
7/1/14	13,808,956	1,446,653	0	0	0	0	0	0	0	81	0	0	0
7/1/15	14,218,078	1,004,848	250,000	250,000	0	688,061	688,061	688,061	938,061	51	0	1	0
7/1/16	14,625,942	3,650,383	1,156,196	1,000,000	156,196	7,506,704	7,662,900	2,000,000	3,000,000	109	0	6	0
7/1/17	14,987,553	3,860,313	911,224	911,224	0	810,158	810,158	810,158	1,721,382	72	0	8	0
7/1/18	15,297,357	3,712,384	894,767	894,767	0	11,918,513	11,918,513	2,000,000	2,894,767	71	1	8	0
7/1/19	15,756,278	2,093,851	51,534	51,534	0	0	0	0	51,534	66	2	1	0
7/1/20	16,228,966	2,307,446	150,000	150,000	0	0	0	0	150,000	48	4	1	1
7/1/21	16,715,835	3,187,077	750,000	750,000	0	3,000,000	3,000,000	2,000,000	2,750,000	84	9	3	3
7/1/22	16,857,142	6,128,962	200,000	200,000	0	0	0	0	200,000	156	108	2	2
Total	176,837,706	32,788,151	5,363,720	5,207,525	156,196	26,573,811	26,730,007	9,542,127	14,749,652	1,008	126	34	6

Paid Losses

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention					
				Retention A	Retention B			Retention A + B	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8] = [6] + [7]	[9] = min([8], \$2M)	[10] = [5] + [9]
7/1/11	12,057,427	1,203,288	0	0	0	0	0	0	0
7/1/12	12,814,003	1,844,551	250,000	250,000	0	43,909	43,909	43,909	293,909
7/1/13	13,470,170	2,347,619	750,000	750,000	0	2,606,467	2,606,467	2,000,000	2,750,000
7/1/14	13,808,956	1,446,653	0	0	0	0	0	0	0
7/1/15	14,218,078	1,004,848	250,000	250,000	0	688,061	688,061	688,061	938,061
7/1/16	14,625,942	3,650,383	1,156,196	1,000,000	156,196	7,506,704	7,662,900	2,000,000	3,000,000
7/1/17	14,987,553	3,837,113	911,224	911,224	0	810,158	810,158	810,158	1,721,382
7/1/18	15,297,357	3,712,384	894,767	894,767	0	11,918,513	11,918,513	2,000,000	2,894,767
7/1/19	15,756,278	2,093,851	51,534	51,534	0	0	0	0	51,534
7/1/20	16,228,966	2,126,421	132,798	132,798	0	0	0	0	132,798
7/1/21	16,715,835	2,771,009	250,000	250,000	0	125,877	125,877	125,877	375,877
7/1/22	16,857,142	1,348,280	0	0	0	0	0	0	0
Total	176,837,706	27,386,401	4,646,518	4,490,322	156,196	23,699,689	23,855,884	7,668,005	12,158,327

Schools Program Alliance

All Other Perils Loss Projections

Excludes catastrophes

Valuation Date 6/30/23

Case Reserves

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention					
				Retention A	Retention B			Retention A + B	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8] = [6] + [7]	[9] = min([8], \$2M)	[10] = [5] + [9]
7/1/11	12,057,427	0	0	0	0	0	0	0	0
7/1/12	12,814,003	711	0	0	0	0	0	0	0
7/1/13	13,470,170	64	0	0	0	0	0	0	0
7/1/14	13,808,956	0	0	0	0	0	0	0	0
7/1/15	14,218,078	0	0	0	0	0	0	0	0
7/1/16	14,625,942	0	0	0	0	0	0	0	0
7/1/17	14,987,553	23,200	0	0	0	0	0	0	0
7/1/18	15,297,357	0	0	0	0	0	0	0	0
7/1/19	15,756,278	0	0	0	0	0	0	0	0
7/1/20	16,228,966	181,025	17,202	17,202	0	0	0	0	17,202
7/1/21	16,715,835	416,067	500,000	500,000	0	2,874,123	2,874,123	1,874,123	2,374,123
7/1/22	16,857,142	4,780,682	200,000	200,000	0	0	0	0	200,000
Total	176,837,706	5,401,750	717,202	717,202	0	2,874,123	2,874,123	1,874,123	2,591,325

Schools Program Alliance

All Other Perils Loss Projections

Excludes catastrophes

Valuation Date 6/30/23

Ultimate Loss Projections

Paid Chain Ladder Method

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention					Paid Bornhuetter-Ferguson Method				
				Retention A	Retention B			Retention A + B	Property Trend	Projected A-Priori Loss Rate	% Paid	BF Paid Method	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8]=[6]+[7]	[9]=min([8],\$2M)	[10]=[5]+[9]	[11]	[12]	[13]	[14]
7/1/11	12,057,427	1,203,288	0	0	0	0	0	0	0	2.52	0.038	100.00%	0
7/1/12	12,814,003	1,845,262	250,000	250,000	0	43,909	43,909	43,909	293,909	2.33	0.041	100.00%	293,909
7/1/13	13,470,170	2,347,683	750,000	750,000	0	2,606,467	2,606,467	2,000,000	2,750,000	2.16	0.045	100.00%	2,750,000
7/1/14	13,808,956	1,446,653	0	0	0	0	0	0	0	2.00	0.048	100.00%	0
7/1/15	14,218,078	1,004,848	250,000	250,000	0	688,061	688,061	688,061	938,061	1.85	0.052	100.00%	938,061
7/1/16	14,625,942	3,650,383	1,156,196	1,000,000	156,196	7,506,704	7,662,900	2,000,000	3,000,000	1.71	0.056	100.00%	3,000,000
7/1/17	14,987,553	3,862,113	911,224	911,224	0	810,158	810,158	810,158	1,721,382	1.59	0.061	100.00%	1,721,382
7/1/18	15,297,357	3,712,384	894,767	894,767	0	11,918,513	11,918,513	2,000,000	2,894,767	1.47	0.066	100.00%	2,894,767
7/1/19	15,756,278	2,113,634	54,769	54,769	0	0	0	0	54,769	1.36	0.071	99.65%	58,655
7/1/20	16,228,966	2,366,709	150,000	150,000	0	0	0	0	150,000	1.26	0.076	98.74%	165,581
7/1/21	16,715,835	3,458,191	753,906	753,906	0	3,000,000	3,000,000	2,000,000	2,753,906	1.17	0.083	94.49%	2,829,930
7/1/22	16,857,142	6,494,088	200,000	200,000	0	0	0	0	200,000	1.08	0.089	83.80%	443,491
Total	176,837,706	33,505,237	5,370,861	5,214,666	156,196	26,573,811	26,730,007	9,542,127	14,756,793				15,095,776

Incurred Chain Ladder Method

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention					Incurred Bornhuetter-Ferguson Method				
				Retention A	Retention B			Retention A + B	Property Trend	Projected A-Priori Loss Rate	% Incurred	BF Incurred Method	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8]=[6]+[7]	[9]=min([8],\$2M)	[10]=[5]+[9]	[11]	[12]	[13]	[14]
7/1/11	12,057,427	1,203,288	0	0	0	0	0	0	0	2.52	0.038	100.00%	0
7/1/12	12,814,003	1,845,262	250,000	250,000	0	43,909	43,909	43,909	293,909	2.33	0.041	100.00%	293,909
7/1/13	13,470,170	2,347,683	750,000	750,000	0	2,606,467	2,606,467	2,000,000	2,750,000	2.16	0.045	100.00%	2,750,000
7/1/14	13,808,956	1,446,653	0	0	0	0	0	0	0	2.00	0.048	100.00%	0
7/1/15	14,218,078	1,004,848	250,000	250,000	0	688,061	688,061	688,061	938,061	1.85	0.052	100.00%	938,061
7/1/16	14,625,942	3,650,383	1,156,196	1,000,000	156,196	7,506,704	7,662,900	2,000,000	3,000,000	1.71	0.056	100.00%	3,000,000
7/1/17	14,987,553	3,862,113	911,224	911,224	0	810,158	810,158	810,158	1,721,382	1.59	0.061	100.00%	1,721,382
7/1/18	15,297,357	3,712,424	894,799	894,799	0	11,918,827	11,918,827	2,000,000	2,894,799	1.47	0.066	100.00%	2,894,799
7/1/19	15,756,278	2,104,908	53,342	53,342	0	0	0	0	53,342	1.36	0.071	99.98%	53,621
7/1/20	16,228,966	2,331,706	150,000	150,000	0	0	0	0	150,000	1.26	0.076	99.95%	150,620
7/1/21	16,715,835	3,270,261	750,000	750,000	0	3,000,000	3,000,000	2,000,000	2,750,000	1.17	0.083	99.75%	2,753,417
7/1/22	16,857,142	6,183,378	200,000	200,000	0	0	0	0	200,000	1.08	0.089	98.37%	224,446
Total	176,837,706	32,962,907	5,365,561	5,209,365	156,196	26,574,125	26,730,321	9,542,127	14,751,493				14,780,254

A-Priori Loss Rate 0.096
Loss Trend 8.0%

Schools Program Alliance

All Other Perils Loss Projections

Excludes catastrophes

Valuation Date 6/30/23

Limited Case Reserve Method

Policy Year	Earned TIV \$000	Limited Paid Losses Retention A + B	Age	Percent Losses Paid	Percent Losses Reported	Percent Losses Reserved	Limited Case Reserves	Limited Ultimate Losses
[1]	[2]	[3]	[4]	[5]	[6]	[7] = ([6] - [5]) / (1 - [5])	[8]	[9] = [3] + [8] / [7]
7/1/11	12,057,427	0	144	100.00%	100.00%	0.00%	0	0
7/1/12	12,814,003	293,909	132	100.00%	100.00%	0.00%	0	293,909
7/1/13	13,470,170	2,750,000	120	100.00%	100.00%	0.00%	0	2,750,000
7/1/14	13,808,956	0	108	100.00%	100.00%	0.00%	0	0
7/1/15	14,218,078	938,061	96	100.00%	100.00%	0.00%	0	938,061
7/1/16	14,625,942	3,000,000	84	100.00%	100.00%	0.00%	0	3,000,000
7/1/17	14,987,553	1,721,382	72	100.00%	100.00%	0.00%	0	1,721,382
7/1/18	15,297,357	2,894,767	60	100.00%	100.00%	0.00%	0	2,894,767
7/1/19	15,756,278	51,534	48	99.65%	99.98%	92.83%	0	51,534
7/1/20	16,228,966	132,798	36	98.74%	99.95%	96.02%	17,202	150,712
7/1/21	16,715,835	375,877	24	94.49%	99.75%	95.51%	2,374,123	2,861,728
7/1/22	16,857,142	0	12	83.80%	98.37%	89.96%	200,000	222,320
Total	176,837,706	12,158,327					2,591,325	14,884,413

A-Priori Loss Rate

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention					
				Retention A	Retention B			Retention A + B	
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
7/1/11	12,057,427	0.100	0.000	0.000	0.000	0.000	0.000	0.000	0.000
7/1/12	12,814,003	0.144	0.020	0.020	0.000	0.003	0.003	0.003	0.023
7/1/13	13,470,170	0.174	0.056	0.056	0.000	0.193	0.193	0.148	0.204
7/1/14	13,808,956	0.105	0.000	0.000	0.000	0.000	0.000	0.000	0.000
7/1/15	14,218,078	0.071	0.018	0.018	0.000	0.048	0.048	0.048	0.066
7/1/16	14,625,942	0.250	0.079	0.068	0.011	0.513	0.524	0.137	0.205
7/1/17	14,987,553	0.258	0.061	0.061	0.000	0.054	0.054	0.054	0.115
7/1/18	15,297,357	0.243	0.058	0.058	0.000	0.779	0.779	0.131	0.189
7/1/19	15,756,278	0.134	0.003	0.003	0.000	0.000	0.000	0.000	0.003
7/1/20	16,228,966	0.146	0.009	0.009	0.000	0.000	0.000	0.000	0.009
7/1/21	16,715,835	0.207	0.045	0.045	0.000	0.179	0.179	0.120	0.165
7/1/22	16,857,142	0.385	0.012	0.012	0.000	0.000	0.000	0.000	0.012
Total	176,837,706	0.189	0.030	0.029	0.001	0.150	0.151	0.054	0.083

	Member Deductible	SPA Retention		
		Retention A	Retention B	Retention A + B
All Yr Avg. x 2022	0.166	0.031	0.058	0.089
All Yr Avg.	0.185	0.029	0.053	0.083
Volume Wtd Avg. x 2022	0.153	0.028	0.054	0.082
5 Yr Avg.	0.197	0.035	0.061	0.096
Excl high/ Low Avg.	0.167	0.030	0.055	0.086
Selection	0.167	0.035	0.061	0.096

Incurred Losses Excluding Hurricanes

ISO Loss Development Circular AS-CF-2021-005-004

Age	Basic Group I	Basic Group II	Special Cause of Loss	All Sublines Combined	Selected
15	0.949	1.088	1.004	1.003	1.046
27	0.970	1.042	0.999	0.999	1.021
39	0.989	1.020	1.001	1.002	1.011
51	0.997	1.009	1.000	1.002	1.005
6	15	27	1.0460	1.0205	1.0655
7	15	27	1.0460	1.0205	1.0634
8	15	27	1.0460	1.0205	1.0612
9	15	27	1.0460	1.0205	1.0590
10	15	27	1.0460	1.0205	1.0568
11	15	27	1.0460	1.0205	1.0546
12	15	27	1.0460	1.0205	1.0525
13	15	27	1.0460	1.0205	1.0503
14	15	27	1.0460	1.0205	1.0482
15	15	27	1.0460	1.0205	1.0460
16	15	27	1.0460	1.0205	1.0439
17	15	27	1.0460	1.0205	1.0417
18	15	27	1.0460	1.0205	1.0396
19	15	27	1.0460	1.0205	1.0374
20	15	27	1.0460	1.0205	1.0353
21	15	27	1.0460	1.0205	1.0332
22	15	27	1.0460	1.0205	1.0310
23	15	27	1.0460	1.0205	1.0289
24	15	27	1.0460	1.0205	1.0268
25	15	27	1.0460	1.0205	1.0247
26	15	27	1.0460	1.0205	1.0226
27	27	39	1.0205	1.0105	1.0205
28	27	39	1.0205	1.0105	1.0197
29	27	39	1.0205	1.0105	1.0188
30	27	39	1.0205	1.0105	1.0180
31	27	39	1.0205	1.0105	1.0172
32	27	39	1.0205	1.0105	1.0163
33	27	39	1.0205	1.0105	1.0155
34	27	39	1.0205	1.0105	1.0147
35	27	39	1.0205	1.0105	1.0138
36	27	39	1.0205	1.0105	1.0130
37	27	39	1.0205	1.0105	1.0122
38	27	39	1.0205	1.0105	1.0113
39	39	51	1.0105	1.0045	1.0105
40	39	51	1.0105	1.0045	1.0100
41	39	51	1.0105	1.0045	1.0095

Incurred Losses Excluding Hurricanes

ISO Loss Development Circular AS-CF-2021-005-004

Age	Basic Group I	Basic Group II	Special Cause of Loss	All Sublines Combined	Selected
42	39	51	1.0105	1.0045	1.0090
43	39	51	1.0105	1.0045	1.0085
44	39	51	1.0105	1.0045	1.0080
45	39	51	1.0105	1.0045	1.0075
46	39	51	1.0105	1.0045	1.0070
47	39	51	1.0105	1.0045	1.0065
48	39	51	1.0105	1.0045	1.0060
49	39	51	1.0105	1.0045	1.0055
50	39	51	1.0105	1.0045	1.0050
51	51	63	1.0045		1.0045
52	51	63	1.0045		1.0040
53	51	63	1.0045		1.0035
54	51	63	1.0045		1.0030
55	51	63	1.0045		1.0025
56	51	63	1.0045		1.0020
57	51	63	1.0045		1.0015
58	51	63	1.0045		1.0010
59	51	63	1.0045		1.0005
60	51	63	1.0045		1.0000

Paid Losses Excluding Hurricanes

ISO Loss Development Circular AS-CF-2021-005-004

Age	Basic Group I	Basic Group II	Special Cause of Loss	All Sublines Combined	Selected
15	1.260	1.338	1.158	1.255	1.255
27	1.034	1.096	1.027	1.053	1.062
39	1.007	1.036	1.008	1.017	1.022
51	0.999	1.012	1.002	1.004	1.007
6	15	27	1.2550	1.0615	1.4229
7	15	27	1.2550	1.0615	1.4032
8	15	27	1.2550	1.0615	1.3838
9	15	27	1.2550	1.0615	1.3646
10	15	27	1.2550	1.0615	1.3457
11	15	27	1.2550	1.0615	1.3270
12	15	27	1.2550	1.0615	1.3087
13	15	27	1.2550	1.0615	1.2905
14	15	27	1.2550	1.0615	1.2726
15	15	27	1.2550	1.0615	1.2550
16	15	27	1.2550	1.0615	1.2376
17	15	27	1.2550	1.0615	1.2205
18	15	27	1.2550	1.0615	1.2035
19	15	27	1.2550	1.0615	1.1869
20	15	27	1.2550	1.0615	1.1704
21	15	27	1.2550	1.0615	1.1542
22	15	27	1.2550	1.0615	1.1382
23	15	27	1.2550	1.0615	1.1224
24	15	27	1.2550	1.0615	1.1069
25	15	27	1.2550	1.0615	1.0915
26	15	27	1.2550	1.0615	1.0764
27	27	39	1.0615	1.0220	1.0615
28	27	39	1.0615	1.0220	1.0582
29	27	39	1.0615	1.0220	1.0548
30	27	39	1.0615	1.0220	1.0515
31	27	39	1.0615	1.0220	1.0482
32	27	39	1.0615	1.0220	1.0449
33	27	39	1.0615	1.0220	1.0416
34	27	39	1.0615	1.0220	1.0383
35	27	39	1.0615	1.0220	1.0350
36	27	39	1.0615	1.0220	1.0317
37	27	39	1.0615	1.0220	1.0285
38	27	39	1.0615	1.0220	1.0252
39	39	51	1.0220	1.0070	1.0220
40	39	51	1.0220	1.0070	1.0207
41	39	51	1.0220	1.0070	1.0195

Paid Losses Excluding Hurricanes

ISO Loss Development Circular AS-CF-2021-005-004

Age	Basic Group I	Basic Group II	Special Cause of Loss	All Sublines Combined	Selected
42	39	51	1.0220	1.0070	1.0182
43	39	51	1.0220	1.0070	1.0170
44	39	51	1.0220	1.0070	1.0157
45	39	51	1.0220	1.0070	1.0145
46	39	51	1.0220	1.0070	1.0132
47	39	51	1.0220	1.0070	1.0120
48	39	51	1.0220	1.0070	1.0107
49	39	51	1.0220	1.0070	1.0095
50	39	51	1.0220	1.0070	1.0082
51	51	63	1.0070		1.0070
52	51	63	1.0070		1.0058
53	51	63	1.0070		1.0045
54	51	63	1.0070		1.0033
55	51	63	1.0070		1.0020
56	51	63	1.0070		1.0008
57	51	63	1.0070		1.0000
58	51	63	1.0070		1.0000
59	51	63	1.0070		1.0000
60	51	63	1.0070		1.0000

**FINANCIAL REPORT
CLAIMS MANAGEMENT AND REPORTING ACTIVITES**

ACTION ITEM

ISSUE: Members are asked to discuss the current status of claims management activities, including the attached Policy, and the ability of the Board to direct claim resolutions.

RECOMMENDATION: Review and provide feedback and direction regarding current practices, ways to resolve claims more efficiently and fairly, and/or any revisions to the attached policy.

FISCAL IMPACT: None expected from this item.

BACKGROUND: Members have asked for a review of current claim management and settlement practices to affirm the role of the Board in determining the timing and amount of claim resolutions. Feedback regarding issues in resolving prior claims have led to discussions regarding the role the Board should play in managing claims.

ATTACHMENT(S): P&P 4 – Property: Property Program Claim Management Policy



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 4-Property

ADOPTED: MAY 10, 2021

EFFECTIVE: MAY 10, 2021

SUBJECT: Property Program Claim Management Policy

Should there be any discrepancy between this documents and the MEMORANDUM OF COVERAGE, the MEMORANDUM OF COVERAGE will govern.

PURPOSE:

The Schools Program Alliance (SPA) has developed a **Property Program** for its **Members**. SPA has established coverage terms for its **Property Program**. This Policy and Procedure describes claims procedures intended to maintain **Member** and reinsurer confidence in the management and viability of SPA's **Property Program** as well as a process for resolving disputes within the SPA coverage layers.

POLICY:

It is the policy of the SPA **Board** that the **Property Program** Claim Procedures balance and achieve the following claim management goals:

- Provide sufficient resources to manage claims in an efficient and professional manner;
- Provide each Member the full benefits of coverage for each claim while protecting all Members by denying payment of uncovered claims; and,
- Resolve disputes in a fair and cost-effective manner.

PROCEDURE:

The following claim procedures are established to provide direction for **Member** participation:

Each **Member** shall provide sufficient resources and expertise to manage claims within their own Self-Insured Retentions (SIR).

SPA shall retain the service of a Third Party Claims Administrator (TPA) to facilitate the management of losses reported by Member Participants.

Members must report to the SPA **Program Administrator** or TPA claims that are expected to exceed one-half (50%) of the **Member's** SIR or \$125,000, whichever is less.

The SPA reporting requirements are found in the **Property Program** Memorandum of



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Coverage. In the event of an occurrence likely to involve SPA, written or verbal notice regarding the occurrence shall be given by the **Member** to SPA as soon as practical.

Such notice shall include the name of the **Member** and information regarding the date, time, place and circumstances of the occurrence, and the names and contact information of persons who are designated to work with the TPA and **Program Administrator** in adjustment of the loss.

Failure to report occurrences as required may be cause for denial of coverage as described in the **Property Program** Memorandum of Coverage.

SPA shall provide **Members** a Loss Notification forms with contact information and space for details regarding the loss. See attached Loss Notification form.

The TPA shall adhere to the following reporting and reserving practices for claims:

- Initial reserve file set up within 14 days of receipt of the claim

- 90-day review after initial set up

- 6-month review thereafter (minimum)

The TPA has general responsibility for performing or overseeing all necessary investigation of claims and managing claims to conclusion. The TPA provides claim reports containing the status of claims, including reserves, estimates, and recommendations for payment.

Settlement authority for claims within SPA's retained layers is subject to **Board** approval.

Coverage Determinations

The TPA shall make the initial determination whether to deny or reserve SPA's right to deny coverage on all or part of a claim if a loss subsequently exceeds the **Member's** or SPA's SIR.

A decision by the TPA to deny coverage *within SPA's retained layer of coverage* may be appealed to the **Board**. Notice of such appeal shall be submitted by a **Member** in writing to the **Program Administrator** within ninety (90) calendar days of the date of the Claims Administrator's written notice of decision.

The appeal shall be considered by the **Board** at the next regular or special meeting following receipt of the written appeal. The **Program Administrator** in conjunction with the TPA and the **Member** may submit written materials and present to the **Board**, subject to reasonable time constraints.

A **Member** may accept as final a coverage decision made by the **Board**, or any subsequent coverage decision as outlined below, or may appeal said decision by submitting a written notice of appeal within thirty (30) days of the date of the previous written determination of coverage.



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Corporation Insurance License No. 0C36861

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Any dispute concerning a decision by the **Board** to deny coverage for all or part of a claim shall not be subject to any court action, but must instead be submitted to binding arbitration in accordance with the procedures set forth below. Notice of a request for binding arbitration by the **Member** must be submitted within thirty (30) calendars days from the date of the noticed decision by the **Board**.

If the **Member** and SPA's **Program Administrator** cannot agree on an arbitrator within thirty (30) days of the **Member's** request for arbitration, each party will choose an arbitrator. The two arbitrators will select a third arbitrator within thirty (30) days of their appointment.

The parties shall submit their cases to the arbitrator(s) by written and oral evidence at a hearing. The arbitrator shall be relieved of all judicial formality and shall seek to enforce the intent of the parties.

The decision of the arbitrator shall be binding and final and not subject to appeal except for grounds of fraud and gross misconduct by the arbitrator. The award will be issued within thirty (30) days of the close of the hearings. The parties shall jointly and equally share with the other the expense of the arbitrator.

Under no circumstances shall SPA be liable for consequential damages, "bad faith" damages, or any sums beyond the amounts due under the applicable Memorandum of Coverage, plus interest at the same rate as SPA earned on investments for the time period involved.

Periodic Review

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

DEFINITIONS:

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

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

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

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



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Reference – MOC as of 10.12.20 – emphasis added

K. ARBITRATION OF VALUE

In case the Named Insured and the Company shall fail to agree as to the *amount of loss*, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraisers selected. The *appraisers shall first select a competent and disinterested umpire*, and failing to agree upon such umpire, then, on request of the Named Insured or the Company such umpire shall be selected by judge of a court of record in the state in which the property covered is located.

The appraisers shall as soon as practicable, appraise the loss stating separately the loss of each item and failing to agree, shall submit their differences only to the umpire. An award in writing so itemized, of any two appraisers when filed with the Company shall determine the amount of loss. The party selecting him shall pay each appraiser and the expenses of appraisal and umpire shall be paid by the parties equally.

W. SUIT AGAINST COMPANY

No suit, action or proceeding for the recovery of any claim under this MOC shall be sustainable in any court of law or equity unless the Named Insured shall have complied with all the requirements of this MOC, nor unless the suit is commenced within twelve (12) months after the date that the Company has made its final offer of settlement or denial of the loss.

However, that if under the laws of the jurisdiction in which the property is located such limitation is invalid, then any such claims shall be void unless such action, suit or proceedings be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

G. DEDUCTIBLE PROVISIONS

The Company shall be liable for each loss separately occurring for the sum of all losses arising from the same “occurrence” excess of USD250,000, except excess of:

- Self Insured Retention being: USD2,000,000 per occurrence and in the annual aggregate Excess of Additional Self-Insured Retention being: USD250,000 per occurrence and USD1,000,000 in the annual aggregate which in turn Excess of Member Deductible of USD250,000 per occurrence, except as follows:
- Wildfire: USD2,500,000 per occurrence in respect of Butte Self-Funded Programs (BUTTE) and Redwood Schools Insurance Group (RESIG), except USD250,000 per occurrence for all other members.

In the event that either BUTTE and/or RESIG and another member / other members are affected by the same Wildfire occurrence, both deductibles will apply to their respective loss.

- High Hazard Flood: USD500,000 per occurrence in respect of locations situated wholly or partially within a Special Flood Hazard Area (SFHA), areas as defined by the Federal Emergency Management Agency (FEMA)

Other than Wildfire, If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible



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amount applicable.

Deductibles are shown on the Declaration Page, or by endorsement and may vary by SPA Member. Unless a more specific deductible is applicable for a particular loss, the \$250,000 deductible shown above, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable deductible.

“Vehicle Physical Damage deductible” - if Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off premises on a per occurrence basis, unless otherwise stated. If “Off-Premises” coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk “Basic Deductible”.

GENERAL ADMINISTRATION

SPA JPA AGREEMENT

ACTION ITEM

ISSUE: The SPA Joint Powers Agreement was drafted to be a partnership JPA among the members allowing them to jointly contract for insurance and related risk management services. At its October 11, 2021, meeting, the Board passed resolution No.21-01 clarifying that SPA had the power to retain risk in self-funded layers.

Two issues for discussion that arise from the JPA Agreement and subsequent Resolution include the terms for admitting BASIC to the JPA and the formation of a “Risk Pooling Activities” Program.

BASIC has not executed the JPA agreement nor designated a representative on the Board. The Program Administrators drafted a resolution admitting BASIC as a non-voting member for discussion at the March 13, 2023, Board meeting. At that time the consensus was BASIC needed to join the JPA but as a non-voting member, with all three underlying members able to vote on Liability Program matters. Since then, BASIC has gone through changes in administration and we are expecting an update regarding their intentions regarding membership.

The issue of risk pooling has yet to be addressed with the addition of a separate “Risk Pooling Activities Program”.

The Program Administrators recommend SPA obtain its own legal counsel to advise members regarding the current structure of the JPA and the extent to which it allows risk pooling activities. Membership of BASIC in SPA and preserving the voting rights of the individual members

At today’s meeting the Board will have the opportunity to discuss the governing documents and act or provide direction on developing any amendments.

RECOMMENDATION: Review and discuss issues raised above or during the meeting regarding the SPA governing documents and legal counsel and take action or provide direction. .

FISCAL IMPACT: No fiscal impact is expected from action at today’s meeting.

BACKGROUND: Please refer to the attachments to this item for the governing documents.

ATTACHMENT(S):

- 1) SPA Joint powers Agreement
- 2) Resolution No. 21-01 Resolution of the SPA Board of Directors Risk Pooling Activities

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AGREEMENT

This Schools Program Alliance Joint Powers Agreement (“Agreement”) creates the Schools Program Alliance Joint Powers Authority (“SPA”), a public agency as defined in Government Code Section 6500. SPA is not an entity legally separate from its Members, but a joint powers authority that exists and operates in keeping with the rights and responsibilities set forth in this Agreement, and the inherent and express rights and authorities granted to joint powers authorities by California law, including the California Government Code.¹

1. SPA will exist as a joint powers authority on June 22, 2020, and shall continue in existence until dissolved by a three-quarters (3/4rs) vote of its Board of Directors. Upon dissolution and the winding down process following a dissolution vote, to the fullest extent allowed or required by law, Members shall remain individually liable for allocated debts and obligations with respect to Contracting Activities, and their separate contractual obligations for Shared Activities, on a pro-rata basis in proportion to their share of any Contracting Activity in which they are a participant. This may include, but is not limited to, retroactive assessments or financial obligations reasonable or necessary to resolve the debts or obligations of its Members.

2. A “Member” includes any public agency or entity executing this Agreement on or before June 22, 2020. After June 22, 2020, an offer of Membership may be extended by the SPA Board of Directors to any public agency or entity on such terms and conditions as the Board of Directors may deem just and proper. Membership shall be approved upon an affirmative vote of at least three-quarters (3/4rs) of the Board of Directors, with the new Member then required to sign an addendum to this Agreement obligating it to be bound by all of its terms and conditions. An original, facsimile or electronic signature on this Agreement, or any Addendum to this Agreement, shall be deemed an original and binding signature for all purposes.

A Member may thereafter be expelled from SPA or any SPA Program, for any good faith and proper reason upon a vote of at least three-quarters (3/4rs) of the Board of Directors.

3. SPA, and its administrative functions, shall be administered by a Board of Directors, in keeping with Government Code Section 6506, which shall be comprised of one appointed representative from each Member. The Board of Directors shall hold an annual meeting at a date designated by the current Chairperson/Secretary, at which time the Board shall: (a) appoint a Chairperson/Secretary, who shall be from any Member then in current good standing, (b) set forth the strategic and operational plans for SPA’s Members for the following 12 months, (c) establish the budget and allocated costs for the general administration of SPA by its Managing Member, (d) establish the budget and allocated costs, on a unanimous basis of the participating Members, for approved Contracting Activities, and (e) appoint/reappoint a Managing Member. Prior to the next annual meeting, a Managing Member may be withdrawn from this role, for any good faith reason, upon a vote of at least three quarters (3/4rs) of the Board of Directors. The Board of Directors may also specially meet to address and impose any corrective or remedial financial allocations to address the needs or best interests of SPA or its Members.

The SPA Board of Directors shall not be required to review or approve any Shared Activities of the Members, who shall separately agree on the terms, conditions, costs, and methods of payment for Shared Activities (that may or may not be reviewed at the annual meeting), recognizing always that Shared Services shall be evidenced by a separate writing approved by each participating Member’s governing Boards, a copy of which shall be provided to the Managing Member and the Chairperson/Secretary of SPA for purposes of maintaining accurate books and records of the activities of SPA and its Members.

¹ The terms and conditions of such statutes and authorities are incorporated herein by reference, as may be reasonable or necessary, to ensure compliance with law and to implement any processes or procedures, while shortening the overall length of this Agreement. The creation of SPA, and all actions taken hereafter by SPA, are presumed to be legally authorized and in full compliance with the terms and conditions of the California Government Code, and all other governing statutes and authorities. E.g., *Zack v. Marin Emergency Radio Auth.*, 118 Cal. App. 4th 617, 631-32 (2004) *Beckwith v. County of Stanislaus*, 175 Cal. App. 2d 40, 44-45 (1959) [“[i]t is to be presumed that [parties to a joint powers agreement] acted reasonably and within the scope of their respective powers”].

Special meetings of the Board of Directors may be called by the Chairperson or, if the Chairperson is unavailable, the Managing Member. All SPA meetings shall be conducted in accordance with the Brown Act, Government Code Section 54950, et seq., with the physical location of the Board Meeting being the primary place of business of the Managing Member, unless otherwise designated for any meeting or meetings.

4. SPA and its Members shall be entitled to engage in any lawful act permitted to be conducted on a joint powers basis ("Programs"), and which are approved by the Board of Directors, including, but not limited to: (1) the right, power, and authority to direct the Managing Member to enter into contracts in the names of its Members, for the benefit of any group or grouping of Members, for goods, services, or benefits (including insurance, reinsurance, or other financial or risk management/risk transfer benefits, and claims-related services) that may reduce the costs of goods, services or benefits, improve the quality or timeliness of goods, services or benefits, and/or provide access to marketplaces, services or benefits not otherwise available or readily available to any singular Member ("Contracting Activities"); and (2) the sharing or leasing of employees, shared services, equipment, or physical facilities ("Shared Activities"). Members shall be entitled to full participation in any Contracting Activities Program, subject to the terms, conditions, or requirements of the Board of Directors, including any current or future financial payment, reserve, or retroactive assessment obligations.

5. The Managing Member shall receive and disburse funds in accordance with strict accountability standards imposed by the State of California on local public agencies and/or Generally Accepted Standards Board pronouncements for local public agencies. The Managing Member shall be the party entering into contracts in the name of, or on behalf of, the participating SPA Members, as their duly authorized representative, accepting and disbursing funds of Members to Contracting Activities vendors or providers, and serving as the point of contact for the vendors, with the Managing Member at all times required to timely and fully report all material facts regarding Contracting Activities to the Board of Directors, and with the Managing Member following the directions of the Board of Directors in carrying out such tasks except when authorized by the Board of Directors to exercise independent discretion in such actions. The Managing Member shall serve with a bond in the amount of \$1,000.

6. Members authorize the timely payment in full of funds from their respective treasuries to the Managing Member to support the purposes of this Agreement, including any adopted budget for the operation of SPA and/or the existence of any Contracting Activity.

7. If a Member participating in Contracting Activities desires to withdraw from one or more Contracting Activities, or from SPA, the Member shall provide a written notice of its potential withdrawal to all SPA Members no later than December 31, and shall provide a final written notice of its withdrawal to all SPA Members no later than March 1. The withdrawing Member shall remain fully obligated to make any financial payments arising from its participation in the Contracting Activities or SPA, including any required retroactive assessments as the Board of Directors may adopt. Absent unanimous consent of all Members, a Member withdrawing from a Program or from SPA shall not be entitled to again participate in the Program or in SPA for a period of three years following the withdrawal.

8. Except for the sole and separate liability of the Managing Member, or any grossly negligent or intentional act or omission by the Managing Member or its directors, officers, or employees, each SPA Member agrees to jointly and severally defend, indemnify and hold the Managing Member and its directors, officers and employees harmless from liability for any act, error, or omission arising from, or related to, its role as the Managing Member. The Members also jointly and severally agreed to defend and indemnify themselves for any acts, errors, or omissions arising from the formation or operation of SPA or of its Programs.

9. By signing below, each representative of a Member warrants and represents that their Member has agreed to be bound by all terms and conditions of this Agreement, through their separately required review and approval processes, that they have had an opportunity to review the terms and conditions of this Agreement with counsel or representatives of their choice, they have no questions or reservations about entering into this Agreement, and this Agreement constitutes their full and complete understanding of their rights and obligations as members of SPA, subject to any duly adopted actions by the Board of Directors as authorized herein, and that this Agreement is deemed to include all terms and conditions of this Agreement, as well as the statutorily required or authorized provisions deemed incorporated herein by reference.

10. The actions of SPA and its Members may benefit public agencies participating in a Member's joint powers authority, or the employees or other individuals receiving benefits in some manner from their association with a Member. No such individuals or entities, however, shall be entitled to assert any direct right or claim under this Agreement, or under any Program of SPA, but they instead shall solely and only address any claims or grievances against the relevant Member, which will need to bring on their behalf any claim or claimed entitlement to some type of benefit from SPA or a SPA-sponsored Program.

11. In the event of a dispute regarding the adoption or enforcement of this Agreement, any rights or obligations owed under this Agreement, or any rights or obligations created by any Contracting Activities or Shared Activities, SPA's Members, or any other person or entity attempting to asserting a claim under a SPA Program, shall submit any such dispute to final and binding arbitration pursuant to the Arbitration Rules of the American Arbitration Association ("AAA") before a neutral arbitrator to be mutually selected by the parties, or appointed by the parties in keeping with the governing rules for selection if no joint appointment can be made. The Arbitrator shall solely derive his/her power from the terms of this Agreement, and any applicable rules of the AAA, but the Arbitrator shall not have the authority to add, delete, or modify the terms of this Agreement, or to enforce any claimed unwritten or parol agreements or understandings, with the Arbitrator required to adhere to all requirements of due process while still expediting and controlling the management of the process to ensure an efficient and effective resolution of the dispute. The Award of the Arbitrator shall be final and binding, provided, however, that the parties to the Arbitration shall retain the right to challenge the enforcement of the Award under any factual or legal basis otherwise available under California law, with California substantive law applied to all factual and legal issues in dispute.

The parties to the dispute shall share the expense of arbitration, with the prevailing party entitled to reasonable attorneys' fees and costs. In the event a party to the dispute fails to proceed with arbitration, unsuccessfully challenges the Arbitrator's Award, or fails to comply with an Arbitrator's Award, the other Party shall be entitled to an award of its attorneys' fees and costs in compelling arbitration or in defending or in enforcing the award.

IN WITNESS WHEREOF, the Members have caused this Agreement to be properly executed as of the date below.

Schools Insurance Authority SPA Member

By: Martin Brody

Date: 6/16/20

Title: Ex. Dir.

RESOLUTION 21-01

RESOLUTION OF THE SPA BOARD OF DIRECTORS

RISK POOLING ACTIVITIES

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

NOW THEREFORE, BE IT RESOLVED,

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

Therefore, be it Resolved that:

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

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

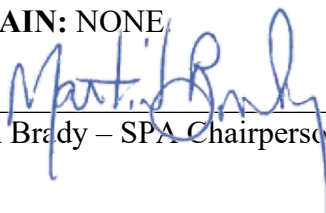
I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 21-01 duly and regularly adopted and passed at a regular meeting of the Board of Directors of the Schools Program Authority held on the 11th day of October 2021, by the following vote:

AYES: PATTERSON, SELBY, BURCINA, BRADY, WILKERSON

NAYS: NONE.

ABSENT: NONE.

ABSTAIN: NONE



Martin Brady – SPA Chairperson

GENERAL ADMINISTRATION

SPA MEMORANDUM OF UNDERSTANDING (MOU)

ACTION ITEM

ISSUE: The attached Memorandum of Understanding between Schools Insurance Authority and SPA members is meant to serve as the Bylaws for the group by outlining its purpose, responsibilities of the members, and various policies and procedures.

The Board accepted revisions to the MOU last year that brought the language in the MOU in line with language in the JPA Agreement, including replacing the Members Committee with Board of Directors and the Sponsor JPA with Managing Member. Among other items addressed was eliminating the mandatory requirement to participate in the property program.

Discussion has been held regarding the process for expelling a member from a program or the JPA itself. The MOU provides for termination of a member's participation for failing to comply with loss control recommendations "as provided in this Agreement". The Agreement, Section 12., states termination may occur with a "vote of two thirds (2/3) of the current membership and six months' written notice to all the parties to this agreement".

The JPA Agreement states a member may be "expelled from SPA or any SPA Program, for any good faith and proper reason upon a vote of at least three-quarters (3/4rs) of the Board of Directors". A member may withdraw from a Program or SPA by giving at least six months' notice from the program's renewal date (December 31), subject to rescinding by March 1 prior to the renewal date. As a practical matter members would likely give six months' notice prior to terminating a member's participation, though the Board may consider a shorter time frame.

One item that has not been addressed thus far is a procedure for shortfalls or overages, specifically when and how a shortfall would be collected, likely with a provision for reimbursement over a period of time based on the amount of the deficit. Members are encouraged to review the current state of their retained layer funding and determine when or if a procedure is recommended.

RECOMMENDATION: Review and provide feedback and direction as needed regarding the MOU and topics raised in the item or in discussion at the meeting.

FISCAL IMPACT: None expected from this item.

BACKGROUND: The MOU was drafted prior to SPA's inception on July 1, 2020, was approved by the Board on November 7, 2022, and subsequently executed by all members by January 2023.

ATTACHMENT(S): MOU Regarding Participation in the Schools Program Alliance Program between Schools Insurance Authority and SPA Member, approved November 7, 2022

**MEMORANDUM OF UNDERSTANDING REGARDING PARTICIPATION IN THE
SCHOOLS PROGRAM ALLIANCE PROGRAM
BETWEEN SCHOOLS INSURANCE AUTHORITY AND
SCHOOLS INSURANCE AUTHORITY**

This document constitutes an agreement (hereinafter " Agreement"), by and between Schools Insurance Authority (hereinafter "SIA") and Schools Insurance Authority (hereinafter "SPA Member") to participate in the Schools Program Alliance (hereinafter "SPA") program.

PURPOSE

SPA Board of Directors approved SPA Member's participation in the SPA, a program established by SIA and the SPA participants, commencing July 1, 2020. The purpose of this Agreement is to memorialize the terms and conditions of the SPA Member's participation in SPA.

SPA is intended as a group purchase arrangement for the benefit of securing (re)insurance for the SPA Members, as well as other cost sharing benefits for loss control and appraisal services. This is inclusive of, but not limited to in the future, mandatory coverages for property and equipment breakdown, as well as voluntary coverages of auto physical damage, pollution, crime, cyber and deadly weapons. For the benefit of the SPA Members, there may also be a shared layer of coverage, prior to the attachment of the (re)insurance coverage. The SPA programs will be overseen as directed by a SPA Board of Directors, made up of one representative for each SPA Member and SPA meetings shall be conducted as meetings open to the public under the Ralph M. Brown Act (CA Gov. Code Section 54950 *et seq.*).

SIA has been engaged as Managing Member by resolution of the SPA Board of Directors for administration, finance, and accounting support of the SPA programs.

AGREEMENT

Responsibilities of Key Parties

SPA Board of Directors

Each SPA Member shall have one representative on the SPA Board of Directors. The SPA Board of Directors will be responsible for:

1. Adopting the policies and procedures necessary for the functioning and operation of the SPA programs. These policies and procedures are to be in compliance with the CAJPA Accreditation Standards.
2. Adoption of an annual budget for costs associated with insurance placements, Managing Member cost recovery and shared services of the SPA Members.
3. Hiring and oversight of the Managing Member for the administration, finance and accounting needs of the SPA programs.

4. Assuring the Managing Member's Board of Directors representative obtains the information necessary for managing the finance and accounting needs of the SPA programs.
5. Hiring and oversight of a Program Administrator working with the Managing Member to fulfill the duties of the Program Administration Policy and Procedures.
6. Approval of claims payments in compliance with SPA Claims Policy and Procedures.
7. Adoption of a Memorandum of Coverage for any self-insured programs.
8. Meeting at least once per year and conducting meetings in compliance with the public under the Ralph M. Brown Act (CA Gov. Code Section 54950 *et seq.*).
9. Establishing SPA Members' responsibilities.
10. Election of a Chair and Vice Chair of the SPA Board of Directors.
11. Formation of Ad Hoc committee(s), as needed, and delegation of limited authority to such committee(s) to accomplish certain tasks.

Managing Member

The Managing Member shall be responsible for the administration, finance, and accounting requirements for the operation of the SPA programs. This includes managing contribution funds, expenditures, creation of a separate, non-comingled account for such funds, investment of any funds and release of funds for claims payments when directed by the SPA Board of Directors. The Managing Member shall follow the policies and procedures set forth by the SPA Board of Directors, or if a policy or procedure is not available for which the Managing Member needs to fulfill its responsibilities, the Managing Member may rely on its own existing policy or procedure. Whichever the case, it is agreed that administration of the SPA programs shall be performed in compliance with the California Association of Joint Powers Authority's (CAJPA) Accreditation Standards.

The Managing Member, via its representation on the SPA Board of Directors, will request, obtain, and report all necessary information to fulfill its responsibilities. The Managing Member will create and keep current any procedural needs required to satisfy these responsibilities. Subject to the approval of the SPA Board of Directors, the Managing Member may contract to third parties certain services including but not limited to administrative services, insurance brokerage services, claims administration services, loss control services, and appraisal services. The Managing Member will designate a Program Administrator to serve as the SPA Members' day-to-day contact providing general oversight of the SPA programs.

SPA Member

Any party to this Agreement will join any mandatory programs and is considered a SPA Member. Each SPA Member agrees to:

1. Abide by all the rules, policies and procedures and obligations established by the SPA Board of Directors or within the Memorandum of Coverage/Insurance Policies for which the SPA Member participates.
2. Appoint a representative and alternate to the SPA Board of Directors.

3. Participate in any mandatory programs.
4. Remit fund contributions and other amounts due within 15 days of the date of invoice or, in the case of the deposit premiums adopted in the budget, within 15 days of the commencement of the fiscal year for which the budget applies.
5. Cooperate fully with the SPA Board of Directors, Managing Member, and Program Administrator in reporting on claims, in determining the cause of claims and in the settlement of such claims.
6. Upon withdrawal from a SPA program, the member shall remain responsible for any losses and any other costs which it has incurred while a Member of the SPA program.

In addition to the above, each member agrees to cooperate fully with parties or persons employed by the SPA Board of Directors to provide loss control services, and each of the entities agree to permit such parties or persons access to inspect property and conditions. In the event a participating member fails to comply with loss control recommendations, after having been afforded reasonable opportunity to do so, the SPA Board of Directors may vote to terminate the SPA Member's membership in any SPA program as provided in this Agreement.

Each Member Entity agrees to share the cost of loss control services which shall be allocated to each Member as agreed by the SPA Board of Directors.

Policies and Procedures

The SPA Board of Directors, with the help of the Program Administrator, will develop and adopt policies and procedures necessary for the functioning and operation of the SPA programs. These policies and procedures will be in compliance with the CAJPA Accreditation Standards. The Program Administrator will review the CAJPA Accreditation Standards annually and advise the SPA Board of Directors of recommended changes or additions. For any policies and procedures deemed needed by the Managing Member but not yet adopted by the SPA Board of Directors, the SPA Board of Directors agrees to follow the policy and procedure currently in place with the Managing Member, until such time as a comparable policy or procedure is adopted by the SPA Board of Directors. This includes any policies or procedures needed for the accreditation requirements with CAJPA.

1. Minimum Period of Participation and Withdrawal Requirements

SPA Members are required to participate in SPA and abide by all SPA policies, procedures and practices as may be amended or modified for a minimum of three full program years. If a SPA Member desires to withdraw from a SPA program, a written withdrawal notice must be provided to the SPA Board of Directors no later than six months prior to a program's renewal anniversary date once the three full years of participation has been satisfied. Withdrawal from a program will be effective as of the program's renewal anniversary date. Subject to approval of the SPA Board of Directors, a SPA Member may rescind its withdrawal by providing written notice by March 1 prior to the program's renewal anniversary date.

2. Minimum Period of Non-Participation after Leaving Program

If SPA Member withdraws from SPA at any time, it may not reapply to participate in SPA for a minimum period of three (3) years.

3. Mandatory and Voluntary Program Participation

It is agreed that SPA Members must join any mandatory programs offered by SPA. After joining the mandatory programs, a SPA Member is then eligible to join any voluntary program offered by SPA. The Board reserves the right to designate one or more coverage program as mandatory programs. The voluntary programs include, but are not limited to the property, equipment breakdown insurance, auto physical damage, pollution, crime, cyber and deadly weapons programs.

4. Rates

The SPA Board of Directors, consisting of one representative from each SPA Member, shall have the exclusive authority to set and adjust the SPA Members' rates based on actuarial data, a rating plan adopted by the SPA Board of Directors, and program expenses.

5. Annual Contributions

SPA Members are required to make contribution payments to SPA as determined by the SPA Board of Directors for all SPA participants. As Managing Member of the SPA program, SIA shall perform fund accounting services to SPA, collect deposits and premiums, and make disbursements in accordance with the rating plan and policies and procedures adopted by the SPA Board.

6. Managing Member Cost Recovery

In acknowledgement of the services rendered by the Managing Member, SIA, the SPA Board of Directors will compensate SIA for the costs incurred in this role, provided such costs are approved by the SPA Board of Directors. This includes, but may not be limited to, costs for managing the accounting of the SPA program, cost of increased liability insurance, and cost to run-off the SPA program under Termination of Program, if any. SIA shall provide the SPA Board of Directors with expected costs as the Managing Member and the SPA Board of Directors shall include those costs in the upfront calculation of the Annual Contributions.

7. Shortfalls

If the dollar amount of a SPA Member's claims and program expenses exceed its annual contribution in any fiscal year, the SPA Member shall make an additional contribution in accordance with the SPA Rating Plan to reach an appropriate funding level. SIA shall not incur any liability from SPA Member shortfalls and a negative fund balance of the SPA Program shall be charged interest at the then current rate of investment income return earned by SIA on its investments until such time as the shortfall funded.

8. Indemnification and Hold Harmless

SPA Member hereby agrees to indemnify and hold harmless SIA, its Governing Board, officers, employees, agents, and representatives from and against all costs, claims, demands, damages, suits, liabilities, charges, and complaints of any kind, including reasonable attorneys' fees, foreseeable or unforeseeable, from any person or entity directly or indirectly arising out of or related to SIA's obligation to administer SPA pursuant to this Agreement. SPA Member shall not be obligated to indemnify or hold harmless SIA, if the aforementioned costs, claims, demands, damages, suits, liabilities, charges or complaints arise out of SIA's, (including SIA's Governing Board, officers, employees) sole or gross negligence, or are incurred solely because of SIA's (including SIA's Governing Board, officers, employees) actions or failure to act.

9. Overages

If the dollar amount of SPA Member's claims and program expenses, including allocated investment income, are less than the SPA Member's annual contribution in any fiscal year, as determined by the SPA Board of Directors under the adopted rating plan, SIA at the direction of the SPA Board of Directors shall adjust the SPA Member's contribution and return any unneeded funds.

10. Risk Sharing

It is understood and agreed that the SPA Member is not participating in any other risk sharing program of SIA and is limited solely to the cost of participation in SPA as determined by the SPA Board of Directors, subject to the review of the SIA Executive Committee for adequacy.

11. Claims

SPA claims shall be adjusted by a professional claim's administrator designated by the SPA Board of Directors. Claims payments shall be approved and paid under the policies and procedures adopted by the SPA Board of Directors which shall be consistent with SIA practices and procedures as applied to SPA.

12. Termination of Program, Managing Member or SPA Member

SPA Board of Directors may elect to terminate any or all SPA programs, or a SPA Member, upon a supporting vote of two thirds (2/3) of the current membership and six months' written notice to all the parties to this agreement.

SIA, or SPA's Board of Directors, may elect to terminate SIA's role as Managing Member upon six months' written notice to all the parties to this agreement. SPA Board of Directors termination requires a supporting vote of two thirds (2/3) of the current membership. In the event the SPA Board of Directors elects to transfer the program to a successor organization, SIA will cooperate and provide assistance in transferring the program to the successor organization. Upon termination or transfer to a successor organization, SPA Members shall be responsible for all reasonable and necessary costs incurred for run-off of the SPA program or costs incurred by SIA to transfer the program to a successor organization.

The successor organization will be responsible for any requirements yet to be completed or finalized under the provisions of this Agreement, including the Overage section. The SPA Board

of Directors, working in unison with SIA, will be responsible to detailing any outstanding requirements yet to be completed or finalized upon transfer to the successor organization.

For any SPA program that is terminated per the provisions of this agreement, any remaining funds will be distributed pro rata based on original contribution or pursuant to the rating plan duly adopted by the SPA Board of Directors and in force at the time of the distribution.

13. Binding Agreement

This Agreement shall be binding upon the Parties. All of the covenants, stipulations, promises, and agreements contained in this Agreement by or on behalf of, or for the benefit of either of the Parties, shall bind and inure to the benefit of their respective successors or assigns.

14. Entire Agreement

This Agreement constitutes the entire agreement between SIA and SPA Member regarding the SPA Member's participation in SPA. As long as there is no material breach of this Agreement, this Agreement supersedes any and all agreements, either oral or in writing, between the Parties or their predecessors in interest. Each party to this Agreement acknowledges that representations by any party with respect to the subjects identified in this section which are not embodied herein, or any other agreements, statements or promises not contained in this Agreement, shall not be valid and/or binding.

The parties represent, warrant, and agree that in executing and entering into this Agreement they are not relying upon, and have not relied upon, any representation, promise or statement made by anyone which is not recited, contained, or embodied herein. The Parties agree and assume the risk that any fact not verified, contained or embodied in this Agreement may turn out to be other than, different from, or contrary to, the facts now known to them and believed by them to be true. The Parties further agree that this Agreement shall be effective in all respects notwithstanding, and shall not be subject to termination, modification or rescission by reasons of any such differences in fact.

Each party executing this Agreement hereby acknowledges and agrees that they have carefully read all of its terms and provisions, have been advised of its many consequences by their attorneys, and signs this Agreement of their own free will and with advice of counsel.

15. Third Party Beneficiaries

The Parties agree that this Agreement is by and between the Parties and/or their successors and assigns, and no third party is intended, expressly or by implication, to be benefited by this Agreement.

16. Amendment and Waiver

No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all the Parties. No waiver of one provision of this Agreement shall be deemed to constitute a waiver of any other provision(s), whether or not similar, nor shall any

waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

17. Invalid Term

If any provision of this Agreement is declared or determined by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity or enforceability of the remaining portions hereof shall not, in any way, be affected or impaired thereby.

18. Applicable Law

The parties understand and agree that this Agreement shall be governed by, and interpreted under, the laws of the State of California.

In the event of a dispute concerning the terms of this Agreement, the Parties expressly agree that the venue for any legal action shall be with the appropriate court in the County of Sacramento, State of California.

19. Arbitration

In the event a dispute shall arise between the parties regarding any aspect of this Agreement, it is hereby agreed that they will submit any such dispute to final and binding arbitration pursuant to the Arbitration Rules of the American Arbitration Association before a neutral arbitrator to be mutually selected by the parties.

In making an award, the arbitrator shall have no power to add to, delete from or modify this Agreement, or to enforce purported unwritten agreements or prior agreements, or to construe implied terms or covenants into the Agreement, the parties being in agreement that no such oral or implied terms or covenants or unwritten agreements or prior agreements are intended by them to remain enforceable, to the extent they may ever have been. In reaching his or her decision, the arbitrator shall adhere to the relevant law and applicable precedent and shall have no power to vary therefrom.

The award of the arbitrator shall be final and binding, provided, however, that in the event the arbitrator exceeds the powers or jurisdiction here conferred or fails to issue a decision in conformance herewith, it is specifically agreed that the aggrieved party may petition a court of competent jurisdiction to correct or vacate such award and that the arbitrator's act of exceeding his or her powers shall be grounds for granting such relief.

The parties shall share the expense of arbitration. The prevailing party to a dispute shall be entitled to reasonable attorneys fees. In the event a party fails to proceed with arbitration, unsuccessfully challenges the arbitrator's award, or fails to comply with arbitrator's award, the other party is entitled to costs of suit including reasonably attorney's fees for having to compel arbitration or defend or enforce the award.

20. Interpretation

All Parties warrant that they participated at arm's length in drafting this Agreement. The terms of this Agreement shall not be construed for or against any party by reason of authorship of this Agreement but shall be construed in accordance with the meaning of the language used herein.

21. Additional Matters

Each party will execute, promptly upon request from another party, any further papers or documents not herein specifically mentioned which may be reasonably necessary to carry out the letter and spirit of this Agreement and will do all things necessary to carry out and effectuate the terms and intent of this Agreement.

22. Effective Date of This Agreement

This Agreement, regardless of when executed, shall be deemed to be dated on or effective as of the 1st day of July, 2020, for those SPA Members joining at inception of SPA, or the 1st day of participation in the year that any subsequent SPA Member joins the SPA programs.

23. Identical Counterparts

This Agreement may be executed in identical counterparts, each of which shall constitute a duplicate original.

24. Headings

The headings contained herein are for the purpose of convenience only and shall not be construed to limit or extend the meaning of the Agreement.

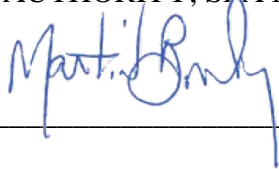
25. Authority to Execute

Each signatory to this Agreement warrants that he or she is authorized to enter into this Agreement on behalf of his or her principal.

****End of Agreement, Signature Page Follows****

IN WITNESS WHEREOF, the Parties have caused this Agreement to be properly executed as of the date hereinabove set forth.

SCHOOLS INSURANCE AUTHORITY, SPA Managing Member

By: Martin Brady  Date: 01/25/23

Title: Executive Director

SCHOOLS INSURANCE AUTHORITY, SPA Member

By:  Date: 12/22/22

Title: EXECUTIVE DIRECTOR

GENERAL ADMINISTRATION

PROTECTING THE POOL AND JPA ADMINISTRATION

ACTION ITEM

ISSUE: Time is reserved to discuss the pool and how SPA may support members in dealing with claims, administration, or provide direction.

GENERAL ADMINISTRATION

DISCUSSION OF POLICIES AND PROCEDURES, ROLES AND RESPONSIBILITIES AND STANDING COMMITTEES/TASK GROUPS

INFORMATION ITEM

ISSUE: What additional needs does SPA have for policies, procedures, administration or direction regarding key operational or strategic issues?

Item No: D.3.e.

GENERAL ADMINISTRATION

**EMERGING RISKS AND POTENTIAL
FOR SPA TO SUPPORT MEMBERS**

INFORMATION ITEM

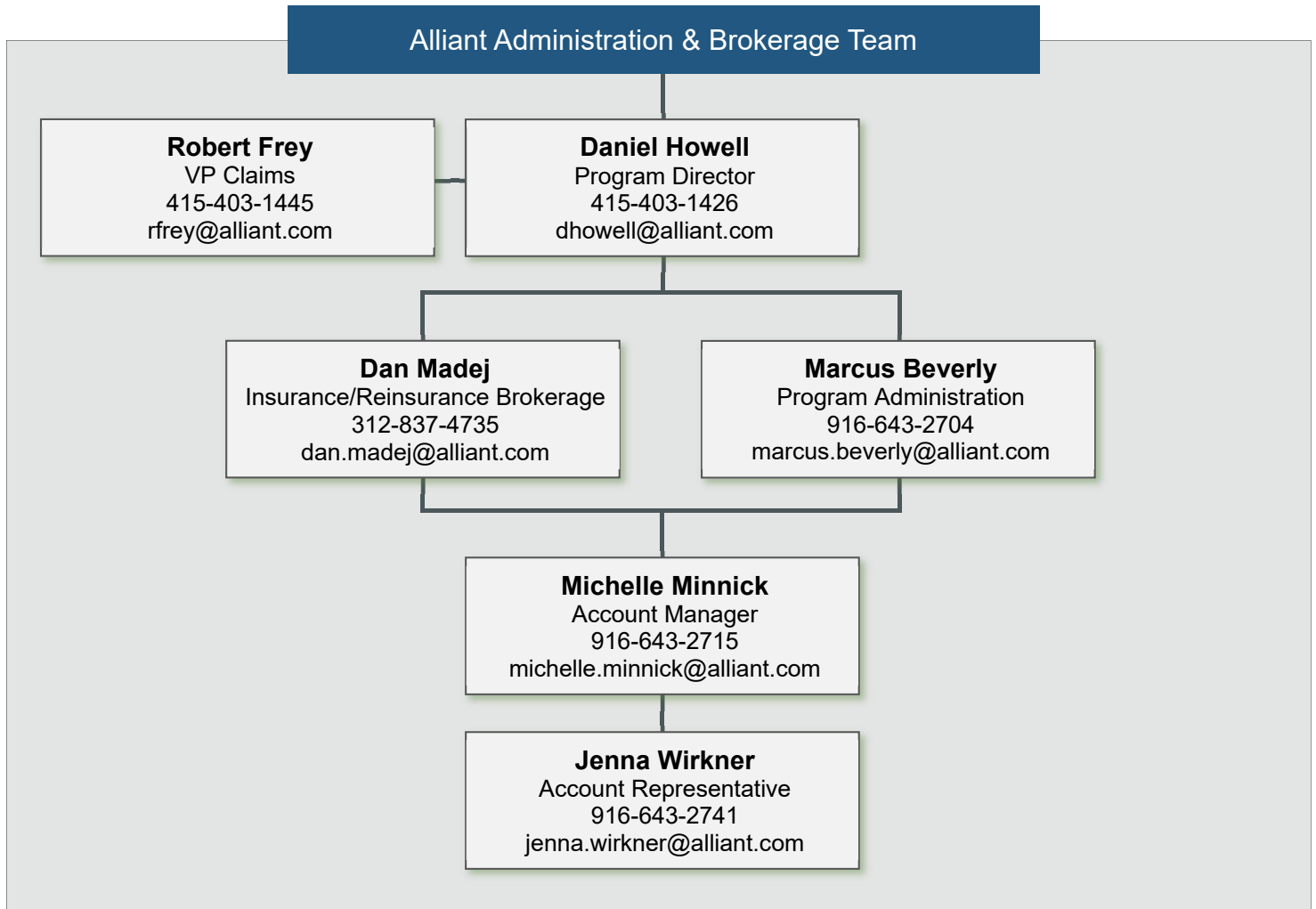
ISSUE: Time is reserved to discuss emerging risks and how SPA may support members in dealing with them or other risks that need more focused attention.

SPA COMMITTEE AND STAFFING

SPA PROGRAM STAFF

INFORMATION ITEM

ISSUE: SPA members are provided the organization chart below and a listing of the key contacts for assistance in specific areas for information and future reference.



SPA Key Contacts:

- Program Administration – Agendas, compliance, documents: Marcus Beverly, Michelle Minnick, Dan Howell
- Insurance/Reinsurance – Rating allocations, technical Coverage discussions: Dan Madej, Dan Howell
- Certificates, Invoices, Coverage Documents – Michelle Minnick, Jenna Wirkner
- Claims – Discussion after following reporting process: Bob Frey, Dan Howell

SPA is a Partnership of California Public Entity Joint Powers Authorities

NEW PROGRAM AND/OR SERVICES**ACTION ITEMS**

- 1) **Ideas for Creation or Modification of SPA Program and/or Services**
- 2) **Projects to be Included on the FY 23/24 SPA Long Range Action Plan**

INFORMATION ITEMS

INFORMATION ITEMS

- 1) **Large Loss Report 2023**

- 2) **Why Schools Must Reset and Reboot When it Comes to Insurance**



Large Loss Report 2023

The Large Loss Report 2023 summarizes 69 publicly reported major damage awards and settlements of at least \$1 million that affected K-12 schools, colleges, and universities in 2022. That's compared to 38 publicly reported awards and settlements of at least \$1 million the prior year.

When United Educators (UE) started issuing a report on publicly reported sizable settlements and court awards 28 years ago, we considered any six-figure settlement as “large” — outsized compared to typical settlements and verdicts at that time.

Over the report's first 25 years, we increased the large loss threshold from \$100,000 to \$250,000. In the past three years, however, we've seen a dramatic escalation in both the number and magnitude of large losses. In 2021 we raised our threshold to \$500,000, and in 2023, for this report, we increased it to \$1 million based on a sea change in the volume of losses at higher ed and K-12 schools.

While most of the losses this report details do not involve UE members and not all topics are subject to UE coverage, the losses reflect trends UE has seen among education claims. The cases in this report demonstrate that losses, in terms of financial and reputational impact, can be exorbitant. The trends indicate that **social inflation — the increase in insurer costs above what’s expected from general economic inflation — has had a significant impact on educational institutions.**

These summaries are drawn solely from published accounts. Most public K-12 schools and public colleges and universities are subject to sunshine laws and, therefore, their settlements routinely appear in the public domain. However private or independent schools don’t typically have the same public reporting requirements and, as a result, their unreported claims don’t appear in this report.

For the second year, we’re also including costs related to ransomware attacks. While these costs aren’t a result of settlements or awards in court, ransomware losses are an emerging trend for schools.

Losses in this report occurred between Jan. 1, 2022, and Dec. 9, 2022.

UE Insights

From 2015 to 2020, the average cost doubled for UE primary general liability (CGL) and educators legal liability (ELL) claims. Defense costs are contributing significantly to increasing claims costs along with larger awards and settlements.

K-12 and higher education members experience the types of losses described in this report. Both higher education institutions and K-12 schools continue to experience losses related to sexual misconduct, accounting for roughly **20% of all claim costs** over the past few years. Other top causes of loss for UE claims include discrimination and wrongful termination for educators legal liability coverage and slips, trips, and falls; accidents; civil assaults; and athletic activity for general liability coverage.

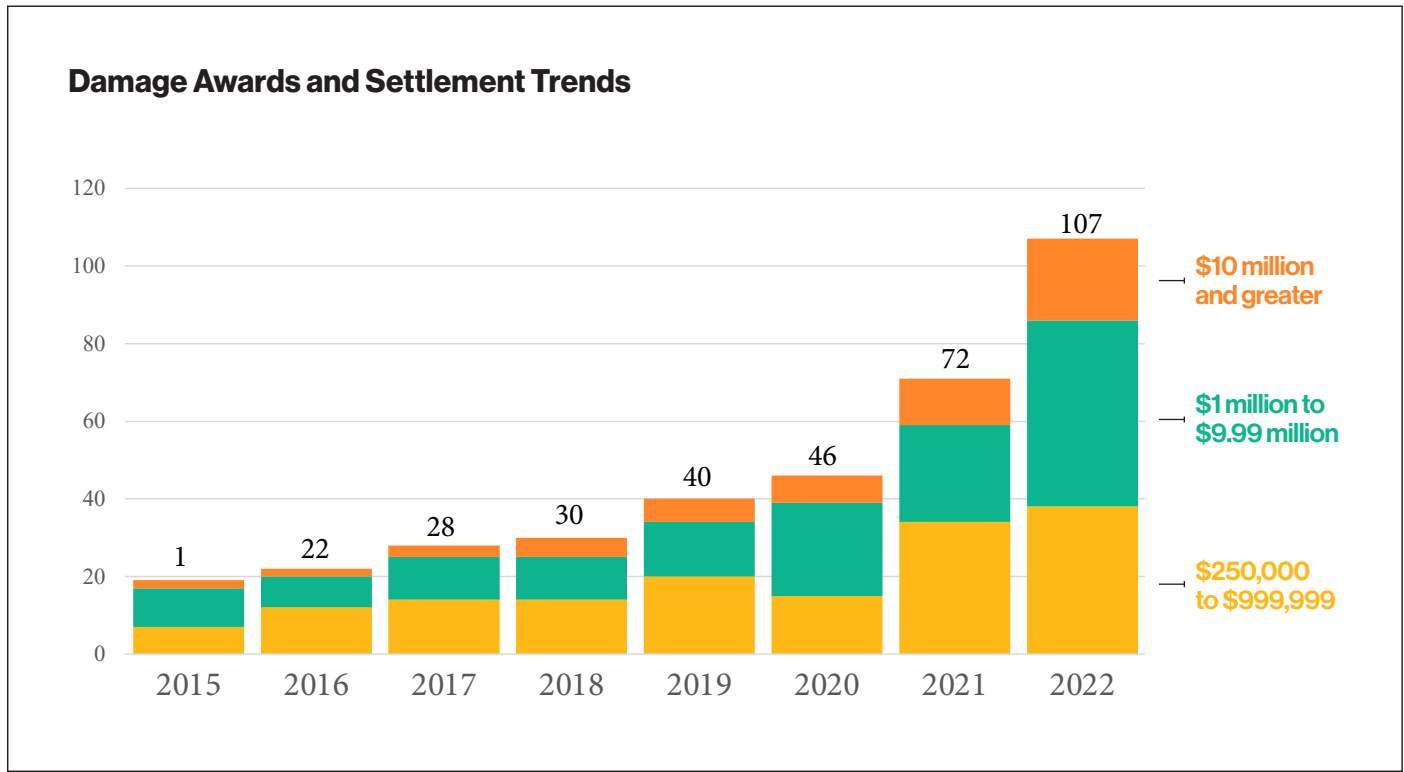
Disclaimer: The summaries herein are provided for the purpose of informing institutions of trends in publicly available data. While some of the losses reported in this report reflect trends UE has seen among our members’ education claims, the topics included aren’t an indication of the scope of UE coverage, nor should the inclusion of a settlement or award in this report be interpreted as reflecting an opinion by UE or our membership of its reasonableness.

Table of Contents

Trends From 2015-22	3	Overtime and Bonuses.....	10
Accidents and Crimes Resulting in Death	5	Ransomware	10
Bullying	6	Retaliation	10
COVID-19	7	Retirement Plans	11
Defamation.....	7	Sexual Discrimination	11
Discrimination.....	7	Sexual Harassment	11
Due Process	8	Sexual Misconduct	12
False Advertising and Unfair Competition.....	9	Toxic Exposure	17
Inappropriate Fees	9	Whistleblowers	17
Injuries Not Resulting in Death.....	9	Wrongful Termination	17
Late Fees	10	Unpaid Work	18
Other Major Losses	10		

Trends From 2015-22

An analysis of the eight most recent Large Loss Reports — which include published reports of settlements, awards, or ransomware payouts — shows troubling trends for K-12 schools and higher education institutions.



Of the damage awards, settlements, or ransomware payouts this report includes, 69 exceeded \$1 million. This is significantly more than the number of such awards or settlements in the past two years (31 in the 2021 report and 38 in the 2022 report, respectively). The trend offers a grim reminder of the ways social inflation impacts education claims, with high escalation of settlements and defense costs.

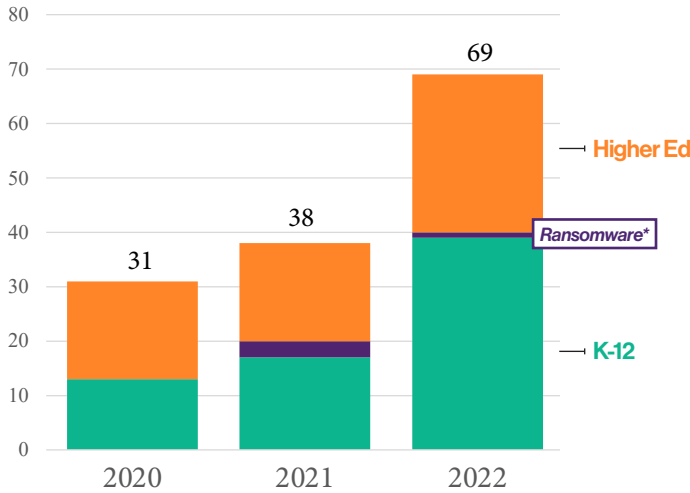
The number of publicly reported awards or settlements of at least \$500,000 also has drastically risen each year — from 50 in last year’s report to 90 in 2022.

Meanwhile, the number of publicly reported awards or settlements of at least \$250,000 increased from 19 in 2015, to 46 in 2020, and then to 72 in 2021. There have been 107 such settlements or awards in 2022.

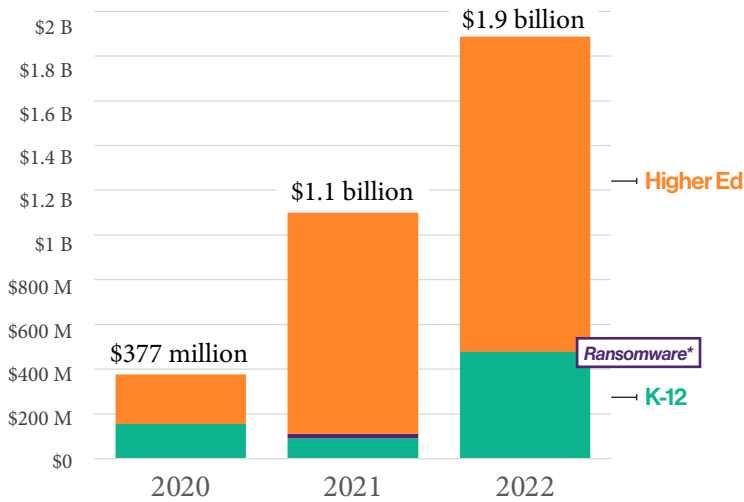
Losses Rising at K-12 and Higher Ed Schools

K-12 schools, colleges, and universities are suffering an increasing number of **publicly reported** large losses of at least \$1 million, and those losses are becoming increasingly costly.

Number of Losses



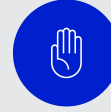
Total Amount of Losses



* UE first began tracking ransomware losses in 2021.

Source: [2021-23 Large Loss Reports](#)

Of the publicly reported settlements or awards of at least \$1 million, the following categories had the highest number of losses:



23 involved Sexual Misconduct

Losses ranged from \$1 million to \$615.6 million



7 involved COVID-19

Losses ranged from \$1.5 million to \$5 million



6 involved Accidents and Crimes Resulting in Death

Losses ranged from \$2.5 million to \$18 million



5 involved Discrimination

Losses ranged from more than \$1 million to \$3 million



3 involved Injuries Not Resulting in Death

Losses ranged from \$2 million to \$45 million

This demonstrates high liability losses are becoming increasingly common.

Note: Some of the loss outcomes may have changed due to the progress of legal proceedings since they were reported.

Warning: This report contains references to graphic content related to harm of adults and minors.

Accidents and Crimes Resulting in Death

Hacienda La Puente Unified School District in City of Industry, Calif., reached an **\$18 million** settlement with the parents of an 8-year-old boy with Down syndrome who died after falling backward while he was strapped to a chair in class. The boy wasn't supervised when he struck his head on the floor, broke his neck, and went into cardiac arrest, according to a lawsuit. Staff had taken the boy out of his special adaptive stroller and strapped him to a school chair, the lawsuit stated. The lawsuit contended the district didn't provide the boy with safe surroundings and allowed him to be unsupervised and unrestrained during class. The district also didn't have a policy to adequately supervise students with special needs like the one the boy had, according to the lawsuit.

The **Yucaipa-Calimesa Joint Unified School District** in Yucaipa, Calif., reached a **\$15.75 million** settlement with the family of a middle school student who died after suffering an asthma attack on campus. Her family contended the district was negligent in assessing and addressing her asthma, not training staff on best practices to handle medical conditions, and trying to deflect blame by claiming the girl could have died from an allergic reaction. The 13-year-old student, who had a documented history of asthma attacks, had difficulty breathing while walking with her science class to the school's athletic field for a class project in 2019. She asked her teacher if she could go return to her classroom to get her inhaler, and the teacher — rather than asking if she felt well enough to walk over 360 yards to her classroom — asked another student to accompany her to class, according to the lawsuit. She got to the classroom and used the inhaler but didn't feel better; she returned to the teacher and asked if she could see the nurse, the lawsuit stated. The teacher — instead of sending an adult to accompany her to the nurse, which is what district protocol stated — sent another student with her, according to the lawsuit. The friend said the condition worsened; a campus monitor saw the condition and drove her in a golf cart to the nurse's office. The nurse saw the girl had begun exhibiting symptoms of a seizure and started administering CPR; paramedics took the girl to the hospital, and she ultimately was declared brain dead. As part of the settlement, the district agreed to adopt best practices on asthma management, work with asthma medical experts to provide asthma management training to teachers and staff, and to change its safety protocols for students with medical conditions.



Clayton County Public Schools in Jonesboro, Ga., reached a **\$10 million** settlement with the parents of a Georgia high school basketball player who collapsed while participating in workout drills outdoors in sweltering heat and later died. The child, a 16-year-old junior, was at her first conditioning practice of the year for the Elite Scholars Academy girls basketball team when she collapsed while running the stairs outside the school. The child's death occurred from heat-related cardiac arrest and kidney failure, according to the lawsuit. The school reportedly didn't have equipment — such as cold tubs, iced towels, and spray bottles — for reducing the risk of heat-related injuries on a day when temperatures reached into the high 90s, the lawsuit stated. Rules of Georgia's high school association state that schools must monitor and mitigate risks of playing sports in the heat, and the lawsuit contended the school didn't follow those rules. The school didn't acknowledge fault as part of the settlement. Two coaches were indicted in July 2021 on charges including murder and child cruelty in the student's death, and that criminal case is ongoing.

Los Angeles Unified School District will pay a **\$9.5 million** settlement to the parents of a 12-year-old boy who died after running laps at middle school, according to the family’s attorneys. The family argued that district employees neglected to follow procedures that may have saved the child’s life. According to a trial brief, two gym teachers saw the child unconscious but breathing — but the teachers didn’t call 911 and even though they were trained in CPR and how to apply an automated external defibrillator, they didn’t do so. In 2018, school district officials said in a statement that the child received immediate care from the school nurse and paramedics before being rushed to a hospital. But an attorney representing the child’s family said the school had a policy of requiring staff to ask the front office to call 911, rather than calling themselves. That policy led to a 6- to 8-minute delay before 911 was called, and it prevented operators from instructing the gym teachers on how to treat the boy while waiting for help, according to the attorneys. Also, according to the attorneys, the nurse didn’t know the middle school had a defibrillator — even though she had been designated to inspect it daily.

Federal Way Public Schools in Federal Way, Wash., will pay a **\$5.25 million** settlement to the family of a high school student who died from cardiac arrest after a summer football practice in 2018. The 16-year-old sophomore was participating in a conditioning practice when, after completing several sets of wind sprints, he collapsed and suffered a seizure. Coaches didn’t recognize the sudden cardiac arrest symptoms and didn’t resuscitate him, according to a lawsuit the boy’s family filed.

The **Anne Arundel County Board of Education** in Annapolis, Md., will pay a **\$2.5 million** settlement to the family of a student who died in 2019 after choking on a thin rubber glove. The student’s family said the school system knew he was autistic and had pica, a disorder that causes a propensity to eat or chew nonfood items, but that the system failed to keep nonedible items out of his reach and failed to provide proper staffing for his classroom. Among other things, the settlement agreement requires the school system to implement a pica safety protocol — providing staff training and requiring students with pica to have individual supervision.

Bullying

The **Washoe County School District** in Reno, Nev., paid a **\$4.4 million** settlement related to the alleged abuse of a child with disabilities. The abuse allegedly occurred repeatedly over six months, on a school bus to and from school. According to the settlement, “multiple acts of severe physical abuse and bullying” by another student occurred between December 2020 and May 2021. The district said it had determined that an employee negligently supervised the children. The employee no longer works for the district. The settlement was approved in late 2021 and reported in early 2022.

El Segundo Unified School District in El Segundo, Calif., was ordered to pay **\$1 million** to a former student after a jury found the district liable for bullying that the teenager endured for eight months in 2018. The student and her parents sued the district in 2019. The district contended the Principal did her due diligence and wasn’t responsible for protecting the girl. According to the lawsuit, the student received mean texts and was verbally harassed, and rumors were spread about her — with these incidents occurring on school property and on school-supervised field trips. In addition, a group of students circulated a petition with a call to kill her by name. Teachers knew of the petition but failed to notify the student’s parents, according to the lawsuit. The student and her parents asked for help from administrators and counselors, but the school dismissed those concerns, believing the concerns were drama over a teenage love triangle, according to the plaintiff’s attorney. The girl suffered post-traumatic stress that led her to intentionally harm herself. Of the \$1 million, \$700,000 were for pain, suffering, mental anguish, and distress, while \$300,000 were designated for damages associated with future costs to treat post-traumatic stress disorder that might arise.

COVID-19

Seven colleges or universities will pay settlements ranging from **\$1.5 million to \$5 million** related to charges during 2020, when classes were disrupted by the COVID pandemic. In the settlements, the colleges or universities (**Rutgers, The State University of New Jersey; the University of Pennsylvania; the University of Tampa; Quinnipiac University; Emerson College; Lindenwood University; and Brown University**) were accused of overcharging students. Many of the settlements will result in individual students receiving a small amount of money. For example, in a settlement formally approved in January 2022, Rutgers agreed to pay \$5 million to resolve a class action lawsuit; individual students will receive between \$50 and \$70. Lindenwood, meanwhile, will pay \$1.65 million after a group of students contended the university's switch to online learning during the pandemic was "subpar." The students' attorneys will receive \$550,000, while nearly 6,000 Lindenwood students will receive about \$185 each.

Defamation

The **College of DuPage Board of Trustees** voted to approve a **\$4 million** settlement with its former President in exchange for him dropping his lawsuit against the college. In 2015 the board fired the President; he'd allegedly spent taxpayer money extravagantly during his tenure. The former President sued the college and its board members for breach of contract, defamation, and civil conspiracy. Some of the defendants countersued. Because of the settlement, both parties agreed to drop their lawsuits. About \$9 million was spent in litigation, according to reports.

The **Medical University of South Carolina (MUSC)** must pay **\$1.5 million** in damages to identical twins who were accused of cheating on a medical school exam in 2016. The twins, Kayla and Kellie Bingham, won a defamation case against the university and each received \$750,000. They were in their second year at MUSC when they were taking a test several feet apart when a faculty member who was remotely monitoring the test-taking observed that the Bingham "were progressing similarly through their examinations and had many of the same incorrect answers," the twins alleged in court documents. The Bingham contended that a proctor

had been told to watch them and documented their behavior during the test, including how they nodded their heads, occasionally pushed back from their computers, looked around the classroom, or shuffled their scratch paper. After being accused of cheating, the Bingham were found guilty by the school's Honor Council. Though the decision was reversed on appeal, gossip spread about the alleged cheating and the Bingham left medical school and abandoned their plans for careers in medicine. During their trial, a behavioral genetics expert testified that twins are genetically predisposed to similar behavior and noted that cheating complaints against twins commonly occur.

Discrimination

The **University of Texas** will pay an assistant professor about **\$3 million** in a case involving gender and pregnancy discrimination. A federal jury determined the university denied her tenure but would have promoted her in 2019 if she hadn't been a woman, and pregnant. She was awarded \$1 million related to pain and suffering and \$2 million in future damages, plus \$50,000 in back pay and benefits. Her attorney declined to comment about whether the assistant professor is continuing to seek tenure; he referred to the university's right to appeal the jury's verdict.



Evergreen School District in San Jose, Calif., must pay more than **\$2 million** to a former Superintendent who won a gender discrimination lawsuit against it. The former Superintendent was awarded the money in U.S. District Court after arguing she was paid thousands less than a male colleague who had the role before her. The compensation is based on lost pension and back pay. The former Superintendent worked 32 years for the district and became the first female Superintendent in its history. But through a compensation study, she learned in 2015 that she was being paid about \$42,000 less than the man with the job before her, according to the lawsuit. She said the school board agreed to renegotiate her contract but by 2017, nothing had happened. She left the district two years later and ultimately filed the discrimination lawsuit. A court brief contended other districts paid more, she was retaliated against in a job performance review, and a school board member was biased against women.

The **University of Missouri System** reached a **\$1.57 million** settlement with a former Associate Dean at its School of Medicine. She is white and was 60 when she was removed from her position and replaced by a younger Black woman. She initially sued the system for age- and race-related discrimination but later withdrew the racial discrimination claim. The settlement only involved accusations of age discrimination and retaliation. The University of Missouri System didn't admit wrongdoing or liability.

Trustees at the **Contra Costa Community College District** in Martinez, Calif., approved settlement agreements worth more than **\$1.5 million** combined with two top administrators who had filed claims and a joint lawsuit alleging discrimination and other wrongdoing. The agreements involved a \$570,000 agreement with Executive Vice Chancellor Administrative Services and former Interim Chancellor Eugene "Gene" Huff in exchange for Huff waiving claims against the district and agreeing to drop the joint civil lawsuit. The board also voted for a \$950,000 payout to Associate Vice Chancellor and Chief Human Resources Officer Diogenes "Dio" Shipp. The settlements included no admission of liability or wrongdoing on the district's part.

Brown University reached a settlement of more than **\$1 million** in a class-action lawsuit involving gender equity. A federal judge approved the agreement, which provided legal fees to the women who initially had brought a gender equity

case against Brown when it cut several women's teams in the 1990s. A settlement in 1998 required Brown to comply with Title IX by ensuring the share of women's varsity sports opportunities remain within a fixed percentage of the women's on-campus undergraduate presence. In 2020, the women contended Brown violated the agreement by eliminating four women's teams. The ACLU and a legal advocacy group, Public Justice, asked a federal court to enforce the 1998 agreement — reinstating the teams and finding Brown in contempt. A new agreement called for reinstating women's equestrian and fencing teams and establishing August 2024 as the end date to the 1998 agreement. The new agreement barred Brown from reducing or eliminating any women's varsity team for at least the next four years, and it stated that if Brown upgrades a men's team to varsity status, it must restore an equal number of women's teams — plus two — to varsity status.

Due Process

Grand Ledge Public Schools in Grand Ledge, Mich., must pay a former Superintendent nearly **\$1.1 million** in compensation. In comments about George Floyd's killing, the former Superintendent placed blame on Floyd — at least partly. The district's Board of Education fired him that same year. His attorney contended the comments were made off duty and were protected by the First Amendment. While a former Michigan Supreme Court Justice said the comments weren't eligible for First Amendment protection because the former Superintendent was fired for statements made in his capacity as Superintendent and not as a private citizen, the former Justice wrote that the Board of Education didn't give the Superintendent due process before firing him and didn't provide him an impartial decision-maker at his due process hearing. The settlement agreement doesn't constitute "an admission of liability," the document stated.

The **University of Cincinnati** reached a **\$2.75 million** settlement with former basketball coach John Brannen, who sued the university a week after he was fired "for cause" after the university opened an investigation against him after many players decided to transfer. In a lawsuit, Brannen claimed he'd been deprived "his constitutionally protected procedural and substantive due process rights." Brannen had sought more than \$5 million in buyout money, in addition to compensatory and punitive damages.

False Advertising and Unfair Competition

Ashford University and its parent company, **Zovio**, were ordered by San Diego Superior Court to pay more than **\$22.37 million** in penalties for encouraging students to enroll by providing misleading information about cost and financial aid, the pace of degree programs, transfer credits, and job market outcomes. Ashford, which once had 80,000 students who were mostly online, no longer exists. The University of Arizona Global Campus — a nonprofit organization affiliated with the University of Arizona to provide online higher education programs — acquired it in late 2020. Zovio is responsible for paying the judgment, court documents show.

Inappropriate Fees

Yale University agreed to a **\$1.29 million** settlement associated with a lawsuit alleging its Health Expectations Program violated multiple federal laws by requiring employees and their spouses to participate in the wellness program or pay a weekly opt-out fee. The lawsuit contended that some unionized nonfaculty employees were charged \$1,300 annually if they didn't participate in the program, which required colonoscopies and mammograms. The lawsuit also contended the university's health care providers received access to those test results. According to the AARP Foundation, which represented the plaintiffs, Yale will stop collecting opt-out fees for four years and will increase patient privacy associated with data transfer.

Injuries Not Resulting in Death

Santa Monica-Malibu Unified School District in Santa Monica, Calif., must pay **\$45 million** to the family of autistic seven-year-old twins after a behavioral aid was found to have physically abused them. The lawsuit alleged a district employee used corporal punishment including physical restraint, physical abuse, and intentional battery against the children. A Los Angeles Superior Court jury found in favor of the children. The abuse described in 2017-18 initially was reported by a bus driver who said she witnessed the aid physically restraining and punishing the children for putting

hand sanitizer on their cuts. An attorney representing the children's family said district administrators allowed the abuse to continue for months despite clear warnings that the children were being harmed. The district's Superintendent said the Board of Education feels that the amount awarded is excessive given the facts of the case and that an independent review of the court decision will be sought.

The **Kanawha County Board of Education** in Charleston, W.Va., agreed to pay **\$5 million** to the families of four children who allegedly were injured by middle school staff. The settlement followed the arrests of four special needs educators who were suspected of abusing the children. Two of the educators pled guilty and were sentenced to jail, according to media reports. In September 2021, an attorney for one of the alleged victims said security footage documented 110 instances of abuse over a three-month period. Officials at the school district said its insurer will pay the settlement.

The **Chesterfield County School District** in Chesterfield, S.C., reached a **\$2 million** settlement with the family of a child with autism who was attacked on a school bus. The family reportedly will receive an additional \$187,500 from the South Carolina Department of Education. The 2018 attack involved 4-year-old girl, who is nonverbal, who was strapped to her seat in a harness in the bus on the way to school. A boy on the bus punched and hit her for about an hour. The incident was recorded on video. In 2019, the substitute bus driver was charged with criminal neglect of a child.



Late Fees

Regents of the University of California reached a **\$1.525 million** settlement in a class action lawsuit regarding claims it unlawfully charged late fees on student accounts. The settlement affects former and current students of the system, who were charged late fees between Oct. 10, 2015, and Sept. 26, 2022. Under the settlement, class members can receive partial refunds for late fees paid on student housing, late registration, late enrollment, or delinquent student accounts. The regents didn't admit wrongdoing.

Other Major Losses

Denver Public Schools agreed to pay the government more than **\$2.1 million** to settle a lawsuit alleging the district had misused AmeriCorps funds. The district also agreed to pay **\$614,000** in outstanding AmeriCorps education awards in the future. The government alleged Denver Public Schools falsely certified AmeriCorps members performed the service hours needed to qualify for an education award in 2015 and 2016. But according to a lawsuit, the district recruited employees for six programs that weren't eligible to receive more than \$550,000 in AmeriCorps funding — and as a result, many education awards were granted on false certifications. The district, which didn't admit liability, said the settlement will prevent a lengthy court process.

Overtime and Bonuses

University of Iowa hospitals and clinics reached a **\$15 million** settlement with employees who contended that overtime and other payments were improperly paid. The health care system and about 11,000 workers argued that managers didn't pay overtime, bonuses, or accrued leave as quickly as Iowa and federal laws required.

Ransomware

The **University of California, San Francisco**, paid **\$1.14 million** to gain access to a decryption key following a June 2020 ransomware attack, according to reports in 2022. The hacker had demanded \$3 million and threatened to post student "records/data."

Retaliation

Bassett Unified School District in La Puente, Calif., must pay **\$24.8 million** to a former teacher who claimed he was fired in 2019 because the district was retaliating against him for bringing a discrimination suit against it and because he alerted it about a district custodian's sexual misconduct. A Los Angeles Superior Court panel determined he was a retaliation victim. The district said he was fired for legitimate reasons — that on the last day of summer school, he left early without permission and without concern about his students' whereabouts. In his discrimination suit, which was filed in 2016 and settled in 2017, the former teacher said that despite his complaints the district didn't discipline students who called him racial epithets. He also claimed he was reprimanded for calling the sheriff's office instead of district security to report a student's threat of violence against him. In July 2017, a district custodian was arrested and charged with several acts of sexual misconduct involving students. One alleged victim was a female student who told the teacher that the custodian had made her feel uncomfortable, according to the more recent lawsuit, which was filed in June 2019. The teacher alerted school leadership about what the student had said, and, according to the lawsuit, leadership retaliated by placing the teacher on leave and sending him a notice of charges and proposed recommendation of termination 15 months later.

Regents of the University of California must pay a former UC Irvine (UCI) doctor **\$17 million**. A jury awarded him the money after he filed a lawsuit alleging he was harassed and wrongly fired. UCI officials declined to comment, but in prior court filings attorneys representing the Regents denied that Dr. Gareth K. Forde was harassed or wrongly fired. According to his lawsuit, Forde was concerned about his fellowship program's expected workflow and how he was supposed to cover as many as five hospitals in a day. He also was concerned about billing practices involving Medicaid and Medicare, and he wouldn't sign some patient billing forms. He said he filed an internal whistleblower complaint about his concerns. His attorneys also contended other doctors harassed him, "making comments that were of a sexual nature or that would degrade a person's sex." The Regents' lawyers had alleged that Forde was unable to "take responsibility for his lack of professionalism and his inadequate academic and clinical performance." The Regents' lawyers had contended in filings that at times people couldn't reach Forde when he was on call, and that he "failed to improve" after being placed on a remediation plan.

Retirement Plans

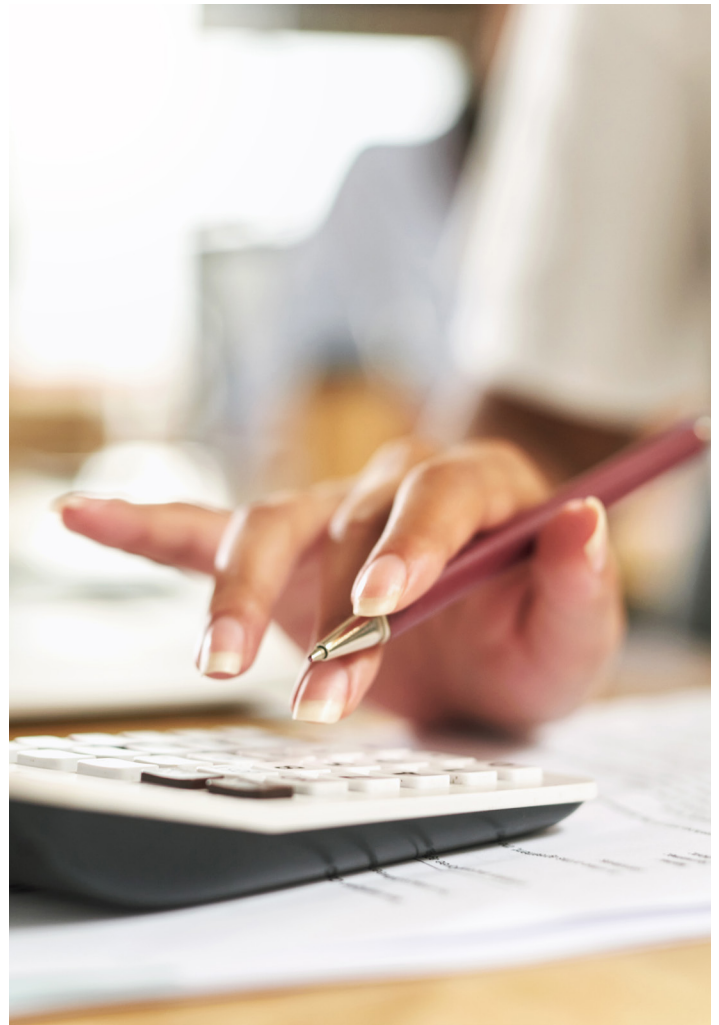
Washington University in St. Louis will pay a **\$7.5 million** settlement related to a lawsuit contending the university's retirement plan pays excessive administrative fees and offers duplicative and poorly performing investment options. A judge had dismissed the case in 2018, but the U.S. Court of Appeals for the Eighth Circuit revived portions of the lawsuit in 2020. Several similar lawsuits against other universities already have been settled.

Rush University Medical Center will pay **\$2.95 million** to settle an Employee Retirement Income Security Act of 1974 (ERISA) lawsuit that four former 403(b) plan participants brought. The former employees alleged mismanagement of their retirement plan. Among other things, they said there were "excessive" recordkeeping and administrative fees. The defendants denied liability or wrongdoing; they said the settlement eliminated the burden and expense of litigation.

Sexual Discrimination

Southwestern Oregon Community College must pay a former adult film star **\$1.7 million** in damages after a jury determined she'd been forced out of the college's competitive nursing program as a result of her prior work in pornographic films. The woman sued the college, claiming she'd suffered emotional distress and sex discrimination. The jury determined the college breached its contract with a tuition-paying student by violating its non-discrimination policy, education records policy, and its policy on unlawful harassment.

The **Jefferson City School District** in Jefferson City, Mo., reached a **\$1.225 million** settlement related to a lawsuit filed by a former employee who claimed to have faced age and sex discrimination. The same former employee had been involved in a separate, high-profile case when she challenged her firing from the district because she loaded school data onto her computer. She said the district had fired her in retaliation for the discrimination lawsuit. The state's Supreme Court upheld that firing earlier.



Sexual Harassment

The **Boulder Valley School District** in Boulder, Colo., will pay **\$1.26 million** to settle a federal sexual harassment lawsuit two former high school students brought. The case involved a former high school lacrosse player who was convicted of sexually assaulting three young women while he was a student. The two former students who brought the lawsuit alleged school officials knew the former player was accused of raping at least two other students but failed to investigate and didn't protect students from a hostile environment. One student will receive \$735,000; the other will receive \$525,000. As part of the settlement, the district must ensure all district staff complete Title IX training and that high school teachers get extra training.

Sexual Misconduct

The **University of California system** reached two settlements totaling **\$615.6 million** this year with hundreds of patients who said they were sexually abused by former UCLA gynecologist-oncologist Dr. James Heaps. The settlements — for \$374.4 million and \$241.2 million, respectively — don't include the separate \$73 million settlement the university system reached in 2020 with seven women who alleged Heaps abused them. Attorneys for plaintiffs in the cases described the University of California system's combined payout of about \$700 million as the largest sexual abuse settlement for a public university. The \$374.4 million settlement resolved lawsuits that 312 women filed in state court; the separate \$243.6 million settlement included more than 200 people alleging sexual misconduct. In October, a jury found Heaps guilty of three counts of sexual battery by fraud and two counts of sexual penetration of an unconscious person. Those assaults occurred from 2013 to 2017 — the portion of his tenure falling within the statute of limitations for which criminal charges could be brought. Heaps was found not guilty of seven additional counts, and a judge declared a mistrial on nine other counts, saying the jury was deadlocked on them. Heaps could face up to 28 years in prison. He worked part-time as a gynecologist at the UCLA student health center from about 1983 to 2010, and UCLA Health hired him in 2014. UCLA reportedly began investigating the gynecologist in December 2017, but officials didn't alert the campus community about allegations against Heaps until 2019. He retired when UCLA didn't renew his contract in 2018. UCLA previously announced it would change its process for investigating allegations of sexual misconduct, assault, and harassment, and that it planned to have a formal chaperone policy.



The University of Michigan agreed to a **\$490 million** settlement with 1,050 people who contended they were sexually assaulted by a former sports doctor at the school. The settlement was finalized in September 2022. The university resolved several lawsuits — primarily filed by men — who said they were sexually abused by Robert Anderson during routine medical examinations. Anderson, who died in 2008, worked at the university from 1966 until retiring in 2003. He was Director of the university's Health Service and a physician for multiple athletic teams. A report by a firm the university hired determined staff missed several opportunities to stop Anderson from committing abuse. In a separate settlement in March 2022, the university agreed to create and pay for a multidisciplinary standing committee to protect the university community from sexual abuse. That committee — the Coordinated Community Response Team — will include about 30 members including Title IX and campus sexual misconduct experts, community members, and administration and faculty members.

Columbia University agreed to a **\$165 million** settlement with 147 women who said a former gynecologist committed sexual abuse and misconduct against them when he was their doctor. The agreement followed a separate \$71.5 million settlement reached in 2021 by 79 former patients of the doctor, Robert Hadden, who had been affiliated with the university hospital for nearly 20 years. In a statement, the Columbia University Irving Medical Center said it adopted policies to protect and empower patients in the medical center's care. Claims by many of the former gynecologist's other patients have not been settled. In 2016, Hadden agreed to plead guilty to two state charges of a criminal sex act in the third degree and forcible touching. He's also awaiting trial on separate federal charges. In 2020, prosecutors alleged that he'd assaulted "dozens of female patients, including multiple minors" between 1993 and 2012, and that he'd "induced" victims to travel across state lines for appointments with him "for the purpose of subjecting them to unlawful sexual abuse." The former gynecologist denied all the allegations — other than the two for which he pled guilty. Allegations against him received greater attention in 2020 when Evelyn Yang — whose husband Andrew Yang sought to become President — told CNN that Hadden had assaulted her.

Union School District in San Jose, Calif., will pay **\$102.5 million** to two women who accused administrators of failing to stop a middle school music teacher from sexually exploiting them when they were minors. The award of damages was reached in Santa Clara County Superior Court. The plaintiffs said district administrators failed to investigate the man's behavior, which allowed him to continue abusing children. The former teacher pleaded no contest in 2019 to a dozen criminal charges related to sexual abuse; he is serving a 56-year prison sentence. One plaintiff was awarded \$65 million; the other was awarded \$37.5 million. The same district also had an unrelated settlement of **\$7.5 million** to five men who alleged the district let a predatory teacher sexually abuse them in the late 1970s and early 1980s; most of those victims were in the fourth or fifth grade. The men said the district failed to intervene despite evidence of the wrongdoing. The alleged abuse occurred at an elementary school, the teacher's home, motels, and on overnight and multi-day getaways, many of which school administrators knew about.

The **Los Angeles Unified School District** reached a **\$52 million** settlement with multiple plaintiffs who said they'd been sexually abused by a former high school wrestling coach. The settlement involved 14 victims of abuse from 2014-17. In 2019, a jury found the former coach guilty of 47 felony and misdemeanor counts involving seven boys and two girls he met through wrestling teams at Poly High School and the Boys & Girls Club of San Fernando Valley between 1991 and 2017. He was sentenced to 71 years in prison. The lawsuits alleged the district and the Boys & Girls Club of San Fernando Valley previously knew of the man's misconduct and should have removed him from having contact with children. The plaintiffs' attorneys alleged district administrators had forbidden the district's Student Safety Investigation Team from fully investigating claims of misconduct and precluded them from providing their opinions on credibility or conclusions as to alleged abusers they investigated. The plaintiffs' attorneys alleged that a district investigator believed the former coach lied about denying sexual misconduct in 2016 — but that the investigator wasn't allowed to provide the information to the administrators deciding whether to permit the former coach to return to Poly High. Administrators let the former coach return to campus, and he continued sexually abusing students, according to the plaintiffs' lawyers.

The **Pasadena Unified School District** in Pasadena, Calif., was ordered to pay **\$26 million** to a special-needs student who, according to her lawyers, was sexually assaulted by three classmates. The jury ruled against the district in a negligence lawsuit. The student was 11 when she was attacked in 2016 while attending a special education program for emotionally disturbed children in unincorporated Altadena, Calif., according to the lawsuit. The district partially funded and supervised the school. According to the student's attorneys, a teacher's aide left her unsupervised when three male classmates dragged her behind a building and groped and molested her. The classmates — identified in the lawsuit as "Subject Rapists," — were criminally charged with committing lewd conduct and forcible sex acts on a minor. The student suffered serious, permanent injuries and eventually was institutionalized due to the attack, according to the lawsuit. The lawsuit accused the district of failing to properly train or supervise employees who were supposed to oversee and teach students. The district denied an attack had occurred and said the student didn't suffer damages from the district's conduct. The jury awarded her \$12.5 million for pain and suffering and \$13.5 million for future pain and suffering.

The **Kenmore-Town of Tonawanda Union Free School District** in Buffalo, N.Y., will pay **\$17.5 million** to settle 35 lawsuits filed against it due to alleged sexual abuse by a former teacher who last worked for the district about 30 years ago. Dozens of former students alleged the former teacher sexually assaulted, abused, or groped them while he taught at an elementary school in the 1960s through the 1990s. The former teacher is now in his 80s. The district investigated its past insurance policies — including an investigation by an insurance archaeologist — and couldn't identify any insurance policies that would cover liabilities from the lawsuits.

The **Los Angeles Unified School District** agreed to a **\$14.7 million** settlement with seven students who a former elementary school teacher molested. The Los Angeles Board of Education approved the settlement, according to an attorney representing five of the victims. According to the victims' law firm, the victims were 9 and 10 when they were abused; the abuse occurred from August 2016 to January 2017. The teacher was convicted in October 2018 of committing lewd acts with minors and was sentenced to five years in state prison, according to the law firm. The attorney said a separate lawsuit is pending for an eighth victim.

The **Riverside Unified School District** in Riverside, Calif., will pay a **\$13.7 million** settlement to 10 former elementary school students who allegedly were sexually assaulted by a former school technology aide. The children ranged in age from 7 to 11 when the incidents occurred. As part of a plea agreement, the former aide admitted he “committed lewd and lascivious acts upon 11 different victims” from 2014 until early 2017. In 2019, that former aide was sentenced to 20 years to life in prison. According to the victims’ attorneys, as early as the 2014-15 school year, several employees became aware of complaints by one victim about the man’s inappropriate touching. A child’s mother also contacted the school Principal, but nothing was done, according to the complaint. The victims also alleged the district failed to conduct an adequate background check on the man, who had been accused of sexual misconduct with a family member prior to the district hiring him.

Lucia Mar Unified School District in Arroyo Grande, Calif., agreed to pay a **\$10 million** settlement involving a 9-year-old special needs student who repeatedly was molested in 2017 by a school bus driver. A detective testified that the driver showed the child pornography, exposed himself to her, and touched her inappropriately. He pled guilty to two counts of sexual abuse and was sentenced to 16 years in prison in 2019. Court filings indicate the man previously was convicted on a “peeping Tom” charge and failed to disclose the conviction on an initial employment application to the district. The student’s attorneys contended district officials learned of the man’s conviction and told him he was automatically disqualified from ever working for the district. Three months later, he was hired as a bus driver, according to court filings. Court documents indicate the driver would park in a secluded area and sexually abuse the girl. According to the lawsuit, the district’s transportation supervisor had a bus surveillance video that captured an incident of the driver molesting the girl. But the supervisor never watched the entire tape, claiming she “saw nothing unusual” on it.

The state of Hawaii and its Department of Education will pay about **\$10 million** to a former high school student who repeatedly was sexually assaulted by several students. A judge ordered the payout after hearing from more than 30 witnesses in a 66-day nonjury trial. When the mother of the former student sued the state’s Department of Education and school officials, she alleged her mentally disabled daughter was repeatedly sexually assaulted on campus. Names of any alleged assailants were redacted in court filings, but according to

media reports they included two men who are now in prison for unrelated sexual assault cases. According to the lawsuit, teachers knew about the problem but didn’t do anything about it. While the Department of Education declined to comment to the media, court documents showed the department’s attorneys said the sex was consensual. The student reportedly has the cognitive abilities of a five-year-old.

Members of the **Clark County School Board** in Las Vegas approved a **\$9 million** lawsuit settlement connected to a sexual assault case involving a school bus driver. The driver was arrested in 2015 after being caught on a camera abusing students on a bus. He is currently serving 35 years to life in prison.

West Valley-Mission Community College District in Santa Clara, Calif., reached a **\$7.6 million** settlement with a developmentally disabled woman who allegedly was sexually assaulted by a staff member. Lawyers said that the woman was born legally blind, has cerebral palsy, and has an intellectual disability. A staff member is accused of giving her alcohol in a classroom and raping her in a bathroom, and sexually assaulting her the next day. The man worked as a licensed caretaker in the school’s disability program; he was “immediately fired” after the allegations occurred, according to the school. The man faces multiple criminal charges including kidnapping to commit a sexual offense and rape by force, violence, duress, menace, or fear.



The **Marysville School District** in Marysville, Wash., agreed to pay a **\$3.5 million** settlement to two former students who said they were sexually abused by a longtime teacher. The teacher allegedly touched the students inappropriately in the school's film darkroom. One of the victims said he abused her when she was in the eighth and ninth grade, sometimes two to three times a week. According to the victims' attorney, another teacher said she didn't remember a policy that prohibited a teacher from taking a student into the darkroom alone. While the incidents allegedly occurred in the 1980s, the district employed the teacher until 2021. The district said its insurers are covering all the settlement costs and that it wasn't aware of the allegations until the lawsuit was filed in 2021.

The **Los Gatos-Saratoga Union High School District** in Los Gatos, Calif., agreed to pay a former student track athlete **\$3.4 million** after she filed a lawsuit alleging an assistant coach sexually abused her when she was a high school student. The former student said the abuse occurred for more than three years and that the coach began grooming her when she was a 14-year-old freshman and first had sex with her when she was 15. The student contended the district enabled the abuse; she said her mother told school administrators about a love letter from the coach and a pregnancy test in the trash can — but that the coach wasn't disciplined for years. A different student said she told the then-head coach that the assistant coach made her uncomfortable, but there was no action taken at that time. Several years ago, the assistant coach was arrested on suspicion of sexually assaulting four girls while working at two high schools over the course of 12 years; he faces 19 charges relating to sexual assault against numerous minors. The former student and others were able to pursue legal action against the district — despite the abuse occurring in the late 1990s — because of a bill that let older sexual abuse cases be reviewed until December 2022.

Seattle Public Schools will pay a **\$3 million** settlement to a student who said she was sexually abused by a former high school coach and instructional assistant. The student said she was sexually abused by the coach beginning in 2016, when she was a 15-year-old sophomore. She was abused weekly until 2018, when abuse allegations were uncovered, according to a lawsuit. The lawsuit contended Seattle Public Schools was liable because it didn't protect her despite knowing the coach posed a danger to her and other students. The coach, first hired by the district in 2007,

demonstrated what a direct supervisor described as “a pattern of predatory behavior” and repeated boundary violations with students that led to her 2009 termination, according to attorneys who represented the student. Despite this, Seattle Public Schools rehired her in 2010 as an assistant girls' soccer coach and expanded her responsibilities in 2015 to include work as an instructional assistant. Ultimately the coach was arrested and charged with one count of third-degree child molestation and two counts of first-degree sexual misconduct with a minor. The coach later was convicted and is now a registered sex offender, according to the student's attorneys.

Modesto City Schools in Modesto, Calif., will pay a **\$2.15 million** settlement following an allegation that elementary school staff failed to protect a first-grader from being punched, kicked, and sexually assaulted over several months in a bathroom by two older boys. The district denies liability. The district said its legal costs were over \$850,000 and its other costs were over \$200,000 in defending itself in the litigation. The total cost, including the settlement, was \$3.2 million.

The **San Jose Unified School District** in San Jose, Calif., agreed to pay a **\$2 million** settlement to a woman who was sexually abused by her Spanish teacher when she attended high school. The former teacher was arrested in 2019 after a staff member from the school reported him for allegedly sexually assaulting a then-17-year-old student. He later was convicted on six counts of sexually assaulting a minor. Although the district placed the man on unpaid leave after his arrest, a lawsuit contended school officials ignored red flags that could have prevented the sexual abuse.

The Archdiocese of Chicago and the Carmelites, a Catholic religious order, reached a **\$1.75 million** settlement with a woman who said she repeatedly was abused as a child in the 1980s by a priest who taught at St. Cyril Catholic School in Chicago, which has since closed. The priest sexually assaulted the child while telling her she was bad and God was angry with her, according to a statement from the law firm representing her. Before working at the Catholic school, the priest worked with children in the Archdiocese of Los Angeles — where he has been accused of molesting at least two children, according to the law firm. The church transferred him to Chicago without a documented explanation, the firm says. The settlement occurred through mediation before a lawsuit was filed.

The Ohio State University (OSU) reached two settlement agreements in April 2022 totaling **\$1.995 million** with an anticipated 57 survivors in cases connected to sexual abuse by Dr. Richard Strauss. And in July 2022 it reached an additional seven settlements with survivors, totaling **\$247,000**. As of July 2022, the university had reached settlement agreements with 296 survivors for more than \$60 million. Dr. Strauss served as a university-employed physician from 1978 to 1998. The university launched an independent investigation after one survivor came forward in 2018. The investigator released a 180-page report in 2020, which detailed acts of sexual abuse against at least 177 former students. The report also concluded university personnel at the time had “failed to respond adequately to respond to or prevent” the doctor’s abuse. In September 2022, a federal appeals court revived many of the unsettled lawsuits against the university over decades-old sexual abuse by Strauss. When a district judge previously dismissed many cases, the judge still acknowledged hundreds of young men had been abused but agreed with the university’s argument that the legal time limit for claims had passed. The alleged victims contended the clock didn’t start until 2018, when the allegations first came to light. Two of the three judges on the panel concluded that the alleged victims “plausibly allege a decades-long cover up” and “adequately allege that they did not know and could not reasonably have known that Ohio State injured them until 2018.”

Chicago Public Schools officials plan to pay nearly **\$1.6 million** to settle two lawsuits by former special education students who said they were sexually assaulted by a high school classmate. Those agreements occurred after the Board of Education approved a **\$1 million** settlement earlier in 2022 in a similar complaint by a different special education student.

The **Cleveland Metropolitan School District** was one of several parties that reached a **\$1 million** settlement involving the parents of a 14-year-old girl who was raped, tortured, and killed after she was kidnapped on her way to school in 2017. The girl’s family filed the lawsuit in 2019 against the city of Cleveland, the Cleveland Metropolitan School District, E Prep and Village Prep Woodland Hills, and the Friends of Breakthrough Schools, accusing the parties of failing to alert them that their daughter didn’t come to school the day she was killed. The family only realized their daughter was missing about 4 p.m. that day, after she didn’t return home. Christopher Whitaker, a sex offender who assaulted and killed the girl, was sentenced to death in 2018. According to the lawsuit, the defendants claimed they sent the parents a message about the absence but the system malfunctioned. The lawsuit contends that this was a lie. The defendants maintain they’re not legally responsible for the student’s death.

The **Concord School District** in Concord, N.H., will pay a **\$1 million** settlement to a former student — now 21 years old — who claimed to have been sexually assaulted by a former teacher. In 2020, the district reached a \$545,000 settlement with a different former student who claimed to have been sexually assaulted by the same teacher when she was 13 and 14 years old and attending the Fessenden Summer ELL Program in Newton, Mass. The district settled a third complaint involving the same teacher — this one for \$15,000 — in 2019 when a middle schooler complained about the teacher’s relationship with some of her female classmates and rather than investigating him, they suspended her for complaining. In the more recent settlement, witnesses saw the then-teacher kissing the student in a car near Concord High School in 2018. Despite an internal investigation by the district related to that incident, he was allowed to remain on the job about 14 more weeks before action was taken against him. No charges against the former teacher have been filed in New Hampshire, but in Massachusetts he is facing two charges of aggravated rape of a child with a 10-year age difference, two charges of aggravated indecent assault and battery on a child under age 14, and two counts of aggravated indecent assault and battery on a person age 14 or older. He has pleaded not guilty.



Toxic Exposure

Monroe School District in Monroe, Wash., agreed to pay **\$34 million** to parents and students following a toxic exposure at an alternative school. The students contended they were exposed to polychlorinated biphenyls (PCBs) and suffered serious neurological injuries from chemical exposure. PCBs are a banned, human-made chemical that the Environmental Protection Agency (EPA) linked to cancer and other illnesses. More than 200 students, parents, and teachers from the school filed a series of lawsuits against chemical company Monsanto over environmental contamination. Children and staff reportedly suffered from cancer, brain damage, hormonal problems, and skin conditions after being exposed. PCBs were used in light fixtures at the school, and the fixtures started failing in 2014, leaking PCB oil into classrooms. According to reports, the district was slow to remove the fixtures from campus even after the EPA attempted to guide officials and encourage them to quickly clean up the issue. School officials certified in writing — and assured parents — that all PCB-containing material had been removed from the school, but an EPA inspection later revealed that wasn't accurate, according to reports. The district didn't accept responsibility for the hazardous conditions; it argued it acted appropriately to inform parents and remove toxicants, according to reports. In 2022, in a verdict against Bayer Pharmaceuticals — which now owns Monsanto, the manufacturer of PCBs — a jury awarded \$275 million to 10 students and parents. The first three lawsuits involving Monsanto led to verdicts of \$268 million distributed to 14 plaintiffs. One lawsuit is ongoing, and 16 await trial.

Whistleblowers

A federal jury ordered **West Mifflin School District** in West Mifflin, Pa., to pay **\$2.95 million** to the district's former Superintendent in connection with his 2019 firing. Jurors determined the district was guilty of violating the former Superintendent's First Amendments rights of free speech and political affiliation, violating the Pennsylvania Whistleblower Law, and breaching its contract with him.



Wrongful Termination

The **University of Connecticut** must pay former men's basketball coach Kevin Ollie nearly **\$11.2 million** after an independent arbitrator ruled the university improperly fired him. The university also announced it will pay him an additional **\$3.9 million** to settle discrimination claims related to his firing. The coach was fired in 2018 after the university reported several NCAA violations in the program. Ultimately the team was placed on probation for two years and the coach was sanctioned individually for the violations, which occurred between 2013 and 2018. The university disagreed with the arbitrator's decision. The university said the arbitrator's ruling stated the university should have waited for the NCAA's decision before firing the coach, but the university contended it didn't believe it could wait more than a year before firing the coach for his misconduct.

The **Los Angeles Community College District** must pay a former English professor about **\$8.5 million** after a jury determined she was wrongfully fired after reporting sexual harassment claims that her employer failed to investigate. The former professor claimed she had received unwanted sexual advances from a Vice President at the school who — when he worked in the Los Angeles Police Department — had been disciplined for sexual assault toward female officers. According to the former professor's complaint, the Vice President threatened her after he made unwanted and unwelcome sexual advances toward her. She complained to the Chancellor but nothing was done, and then the Vice President retaliated by cutting off her program at the college and trying to take away her authority, according to her complaint.

The **West Chester School District** in Exton, Pa., was ordered to pay about **\$2.8 million** in damages for wrongfully terminating a building contractor working on a renovation project at an area elementary school. A common pleas judge affirmed a retired judge's 2021 verdict that the district wrongfully terminated the company on the project. The company contended it was wrongfully terminated without cause. A judge found the district had no cause to end the contract. The district filed motions to have the judgment set aside, but the common pleas judge found the ruling was correct and that overwhelming evidence existed showing the contract was wrongfully terminated.

Unpaid Work

Forest Hills School District's board of education in Cincinnati and its insurance company will pay a subcontractor **\$1.28 million** to settle a lawsuit filed over unpaid work on a school construction job. The settlement was with J&D Rack Co. of Green Township, which performed site clearing and preparation for a high school's renovation and expansion. The district also will pay Performance Construction of North Bend, which the school board fired as the project's general contractor, **\$969,678** for its work.

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Public entities have unique challenges when it comes to mitigating risks and insuring exposures. They serve their communities through education challenging, insurance experts say.

It's normal for public entities like schools and other government organizations to be asked to do more with less, says Greg McKenna, National Pr

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“That’s a normal type of arrangement,” he said. But those entities, especially in the educational world, are seeing added pressure thanks to tough compounding with not so ordinary ones, he added.

As a result, public entities are having to rethink their approach to insurance, says Daniel Howell, managing director, public entity, Alliant, based in

The property market is likely the toughest risk for schools right now, experts say. “We had \$100,000 deductibles for two decades ... that might ha said.

“This is definitely the hardest market I’ve ever seen as far as property insurance,” said Rep Plasencia, area executive vice president at Risk Place factors unique to schools that make property in some regions more challenging, he added.

School districts are unique because they involve tight concentrations of property located in one geographic area, he said. That means there is a l county. When that county is located off the southern Florida coast, as an example, that makes things even more difficult, he said.

Skip to content

The cost to insure school districts in catastrophe-prone regions has pushed some districts to cut limits and self-insure some portions of their portfolio. “We’ve also seen some municipalities take quarter-share participations through their programs. Some have had to take higher deductibles, and so

The cost to insure has taken many municipalities off-guard, he added. “I would say not one of our insureds in the book had properly budgeted for

It’s not only general market pressure from catastrophe losses, Plasencia added. “There has been this intense pressure on (property) valuations and coverage changes. “I had one insured that totally dropped their named wind and flood coverage because they couldn’t afford it.”

Workforce Challenges

Another critical issue adding to budget shortfalls in many school districts is labor shortages. While labor shortages have been a concern in other industries, schools must compete against wages/salaries offered in private sector industries.

In the fourth quarter of 2021, for example, private-sector wage growth was 5%, nearly double the pace of government wages. The good news is that according to Labor Statistics data. However, total employment continues to remain 1.6% below those reported in February 2020. Meanwhile, private-sector

So, while the educational sector is seeing some of those lost jobs return, they are not seeing the comeback of the broader private market. “I think the biggest concern is safety, he said.

Overall, throughout the last decade, several crime and safety issues have become less prevalent at elementary and secondary schools, according to the report. Between 2009 and 2019, the rate of crime decreased from 23.0 to 18.7 incidents per 10,000 full-time equivalent students, the report says.

Despite the general downward trend over this period, however, the rate of reported forcible sex offenses on campus increased from 1.7 incidents per 10,000 students in 2009 to 2.1 in 2019. The report also showed there were a total of 93 school shootings with casualties — the highest number since 2000-01.

Schools are under pressure to develop response plans and “de-escalation” training whether for staff or teachers handling difficult situations, Howell said.

“What the underwriters are looking for is that the schools, colleges and universities have a process and a plan to respond when there are signs of

He noted seeing more and more questions from underwriters on how the entity responds to safety issues on campus.

School Pooling

One approach to today’s difficult market for schools is pooling, Howell said.

“It’s a moment for school pooling, they have become more relevant than they have been probably since the mid-1980s,” he said. “I think that the market is worse if the pooling organizations didn’t exist to help,” he said. Without the existence of pools such as the School Program Alliance (SPA), Howell said, it would be especially meaningful ways with their membership and to show their value,” he said.

First formed in 2020, SPA helps to provide cost-effective programs and services to manage property, liability, and workers’ compensation for its subscribers.

Howell said some pools are taking a look at developing captives, or if they already have a captive, they might have been using it for something else.

“They may be retaining a quota share in layers they never would’ve thought to retain in years past because the cost of coverage has gone up so rapidly. They need to think creatively and use these vehicles that they may have already had but rethink how they’re using them and adapt to the current environment and market conditions.”

TOPICS K-12 (K-12)

Was this article valuable?



WRITTEN BY

Andrea Wells

Andrea Wells is a veteran insurance editor and Editor-in-Chief of Insurance Journal Magazine.

LATEST POSTS:

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Skip to content

Item No: H.

**REVIEW OF MEETING DISCUSSION AND IDENTIFICATION OF
ITEMS FOR SPA LONG RANGE ACTION PLAN**

ACTION ITEM

ISSUE: At this time, the Board will review the meeting's discussions and identify items that will be more fully developed in a Long Range Action Plan for adoption at a future SPA Board meeting.

RECOMMENDATION:

FISCAL IMPACT: The Fiscal Impact cannot be determined at this time.

BACKGROUND: The September 11-12, 2022 Long Range Planning meeting was held by the SPA Group. Members provided comments and direction to Program Administration over the course of the two day meeting.

ATTACHMENTS: None.