



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING MINUTES
ZOOM MEETING
March 11, 2021**

MEMBERS PRESENT

Eric Dill, President, Santa Clara County Office of Education
Delores Perley, Vice President, Los Gatos-Saratoga Joint Union High School District
Mike Mathiesen, Treasurer, Mountain View-Los Altos Union High School District
Ron Lebs, Secretary, Metropolitan Education District

MEMBERS ABSENT

Wendy Zhang, Member at Large, Milpitas Unified School District

GUESTS & CONSULTANTS

Matt Gowan, Alliant Insurance Services
Joan Crossley, Alliant Insurance Services

A. CALL TO ORDER

The meeting was called to order at 9:31 a.m.

B. ROLL CALL

The above-mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA

A motion was made to approve the agenda as presented.

MOTION: Ron Lebs	SECOND: Mike Mathiesen	MOTION CARRIED
AYES: 4	NOES: 0	ABSENT: 1
	ABSTAIN: 0	

AYES: Dill, Perley, Mathiesen, Lebs
NAYS: None
ABSENT: Zhang

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

- 1. Executive Committee Meeting Minutes – December 3, 2020**
- 2. Financial Report for Quarter Ending December 31, 2020**

A motion was made to approve the items on the Consent Calendar as presented.

MOTION: Ron Lebs	SECOND: Delores Perley	MOTION CARRIED
AYES: 4	NOES: 0	ABSENT: 1
	ABSTAIN: 0	



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AYES: Dill, Perley, Mathiesen, Lebs
NAYS: None
ABSENT: Zhang

F. GENERAL ADMINISTRATION

1. Financial Auditor Contract with James Marta & Co.

Mr. Matt Gowan said the contract with James Marta & Company for the annual financial audit expired on June 30, 2020. James Marta & Company offered a renewal contract for three years; the fee begins at \$14,450 and increases by 3.5% each year.

A motion was made to approve the financial auditor contract for the period of June 30, 2021 – June 30, 2023.

MOTION: Delores Perley	SECOND: Mike Mathiesen	MOTION CARRIED
AYES: 4	NOES: 0	ABSTAIN: 0
		ABSENT: 1

AYES: Dill, Perley, Mathiesen, Lebs
NAYS: None
ABSENT: Zhang

2. Slate of Officers for June 10, 2021 Meeting

Mr. Eric Dill said he has accepted a position at a new school district so he can no longer serve as President. Mr. Mike Mathiesen stated he can move from his current position as Treasurer to President. Ms. Delores Perley said she can remain as Vice President or she can take the position of Treasurer if no one else is available. The Executive Committee will reach out to Board members to see who is available to serve as officers.

3. COVID-19 Update

Mr. Gowan said this item was added to the agenda to see if the Executive Committee needed any additional information related to COVID-19. Staff has several waivers available for COVID-19 vaccinations and testing if needed. PRISM has a HR attorney, Patricia Eyres, available for consultation on employment related COVID-19 questions. Mr. Mathiesen said he may have an outside agency coming to the district to provide vaccinations; staff will provide an appropriate waiver form.

G. FINANCIAL

1. Hard Insurance Market Overview

Mr. Gowan said the Property and Liability insurance market is the hardest market in over 20 years. Some pools are having issues with limited molestation coverage or the coverage being changed from occurrence to claims made; also some pools are unable to obtain fire storm coverage. In addition, civil commotion or riot coverage is being excluded from some schools. In the Property market, 2020 was



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one of the worst claim years in insurance history. In the Liability market, claim severity has dramatically increased mainly due to settlement inflation. The worldwide insurance market's capacity has seen significant reduction; capacity is estimated to have dropped by \$487 million in the last year.

Mr. Gowan said the Cyber Liability market has been soft for years, but this market is beginning to harden as there has been an epidemic in ransomware claims.

2. Preliminary Revenue and Expense Budget for July 1, 2021-2022

Mr. Gowan presented the Preliminary Revenue and Expense budget for July 1, 2021-2022 at the current 80% confidence level. The Liability funding, which is determined by the actuary, is increasing 3.9%. PRISM provides Liability coverage from \$250,000 to \$5 million and the premium is estimated to increase by 25%. PRISM is still in the underwriting process so it's an estimate only. SELF provides Liability coverage from \$5 million to \$55 million and is being hard hit by AB 218 claims. The SELF premium is estimated to increase by 40%, but this is just an estimate as SELF hasn't established its rates yet.

The Property funding, which is determined by the actuary, increased by 8.5%. The Property premium is estimated to increase by 34%; the rate is estimated to increase by 20% and the rest of the increase is caused by increases in total insured values due to the property appraisals performed in late 2020.

The overall budget is estimated to increase by 21.2% or approximately \$1,386,946.

3. Sublimit for Injunctive Relief Defense Costs

Mr. Gowan said injunctive relief is not an insurable risk. Some JPAs fund a sublimit for injunctive relief defense costs. Recently this JPA had an injunctive relief claim alleging denial of free appropriate public education for Special Ed students due to the COVID-19 shutdown. The Executive Committee directed staff to look into injunctive relief defense costs. Staff had Bickmore Actuarial review funding for injunctive relief defense; the proposed sublimit would be \$100,000. The actuary reviewed school claims for the last 15 years and recommended annual funding of \$7,077; the low amount is because injunctive relief claims are not common. The actuary also recommended one year funding of \$50,000 to establish the fund as the JPA doesn't currently fund for this. After discussion, the Executive Committee stated this matter should be presented to the Board for approval at the June meeting.

4. Five Year Loss Control Plan – Year 4

Mr. Gowan said the JPA has a loss control plan with five loss control items that will take place over five years. The loss control item scheduled to be completed this year is playground inspections including sports fields. After discussion, the Executive Committee said this would be beneficial to the members and asked staff to obtain estimates for the inspections to bring to the next meeting.



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H. COMMENTS FOR THE GOOD OF THE ORDER

There were no comments for the good of the order.

ADJOURNMENT

The meeting was adjourned at 11:03 a.m.

Reviewed and Approved by: Debra L. Riley

Date: June 10, 2021