



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY  
BOARD OF DIRECTORS MEETING MINUTES  
ZOOM MEETING  
December 2, 2021**

**MEMBERS PRESENT**

Mike Mathiesen, President, Mountain View-Los Altos Union High School District  
Mark Schiel, Vice President, Santa Clara Unified School District  
Delores Perley, Treasurer, Los Gatos-Saratoga Joint Union High School District  
Kevin Franklin, Berryessa Union School District  
Victoria Knutson, Evergreen School District  
Sean Joyce, Lakeside Joint School District (*left the meeting at 10:22 a.m.*)  
Randy Kenyon, Los Altos School District  
Kelly Ng, Alternate, Milpitas Unified School District  
Rebecca Westover, Mountain View Whisman School District  
Stephanie Gomez, Santa Clara County Office of Education

**MEMBERS ABSENT**

Nelly Yang, Campbell Union School District  
Dorothy Reconose, Metropolitan Education District

**GUESTS & CONSULTANTS**

Matt Gowan, Alliant Insurance Services  
Joan Crossley, Alliant Insurance Services  
Jaesa Cusimano, Alliant Insurance Services  
Craig Faitel, Safe 2 Play  
Michael Manduca, James Marta & Company  
Joyce Fairley Ray, Carl Warren & Company  
Suzie Spencer, Carl Warren & Company  
Janira Nafarrate, Carl Warren & Company

**A. CALL TO ORDER**

The meeting was called to order at 10:01 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.**

<b>MOTION:</b> Rebecca Westover	<b>SECOND:</b> Randy Kenyon	<b>MOTION CARRIED</b>
<b>AYES: 10</b>	<b>NOES: 0</b>	<b>ABSENT: 2</b>
	<b>ABSTAIN: 0</b>	

**AYES:** Mathiesen, Schiel, Perley, Franklin, Knutson, Joyce, Kenyon, Ng, Westover, Gomez

**NAYS:** None

**ABSENT:** Yang, Reconose



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**D. PUBLIC COMMENT**

Mr. Matt Gowan introduced Ms. Jaesa Cusimano, advising Ms. Cusimano recently joined Alliant Insurance Services and would be an addition to staff to support SBASIA alongside Mr. Gowan and Ms. Joan Crossley. Ms. Cusimano provided a brief background of her experience with pool administration and school districts.

**E. CONSENT CALENDAR**

- 1. Board of Directors Meeting Minutes – June 10, 2021**
- 2. Financial Report for Quarter Ending September 30, 2021**
- 3. Investment Report for Quarter Ending September 30, 2021**

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

**MOTION:** Randy Kenyon                      **SECOND:** Sean Joyce                      **MOTION CARRIED**  
**AYES: 10**                      **NOES: 0**                      **ABSTAIN: 0**                      **ABSENT: 2**

**AYES:** Mathiesen, Schiel, Perley, Franklin, Knutson, Joyce, Kenyon, Ng, Westover, Gomez

**NAYS:** None

**ABSENT:** Yang, Reconose

**F. LOSS CONTROL**

- 1. Playground Inspections including Sports Field Impact Tests**

Mr. Craig Faitel of Safe 2 Play provided an update to the Board regarding the progress of the playground inspections. Mr. Faitel advised four districts have been completed to date with eight remaining. Mr. Faitel provided the Board with information regarding his loss control findings thus far.

**G. FINANCIAL**

- 1. Audited Financial Report as of June 30, 2021**

Mr. Michael Manduca of James Marta & Company presented the audited financial report as of June 30, 2021. Mr. Manduca advised SBASIA has received an unmodified opinion, which is the best opinion that can be provided. Mr. Manduca stated the net position decreased by \$447,211 from the prior year bringing the net position to \$1,419,584. The JPA's operating revenues increased by 26.7% from the prior year. Total expenses increased by 51.1% and total assets increased by 11.69%.

Mr. Manduca advised that claims liabilities increased approximately \$1.3M. The JPAs net position has remained between \$1-2M. While member contributions are up \$1.4M, both claims expenses and insurance premiums have both increased approximately \$1.2M each. Mr. Manduca noted this trend has been consistent across the industry due to a hardening insurance market and increased claims costs.

*Approved 6/9/22*



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**A motion was made to accept the Audited Financial Report as of June 30, 2021.**

**MOTION:** Mark Schiel                      **SECOND:** Delores Perley                      **MOTION CARRIED**  
**AYES: 9**                      **NOES: 0**                      **ABSTAIN: 0**                      **ABSENT: 3**

**AYES:** Mathiesen, Schiel, Perley, Franklin, Knutson, Kenyon, Ng, Westover, Gomez  
**NAYS:** None  
**ABSENT:** Yang, Reconose, Joyce

**H. CLAIMS**

**1. Claims Stewardship Report**

Ms. Suzie Spencer of Carl Warren & Company introduced Janira Nafarrate who is new to the Carl Warren team and will be working with SBASIA.

Ms. Spencer presented a claims stewardship report for the JPA. The report presents an overview of claims for the last ten years. The top cause of loss by severity is sexual assault. The top cause of loss by frequency is discrimination. The closing ratio for claims is 96.8%. The litigation rate is 11% which is average. 51% of claims have \$0 paid.

**I. GENERAL ADMINISTRATION**

**1. Amendment to Teleconference Meeting Policy**

Ms. Joan Crossley advised SBASIA's Teleconference Meeting Policy was adopted in 2000. The policy contains outdated language and needs updating to reflect the current process for holding teleconference meetings. Ms. Crossley reviewed the proposed changes with the Board.

**A motion was made to adopt the amended Teleconference Meeting Policy as presented.**

**MOTION:** Randy Kenyon                      **SECOND:** Delores Perley                      **MOTION CARRIED**  
**AYES: 9**                      **NOES: 0**                      **ABSTAIN: 0**                      **ABSENT: 3**

**AYES:** Mathiesen, Schiel, Perley, Franklin, Knutson, Kenyon, Ng, Westover, Gomez  
**NAYS:** None  
**ABSENT:** Yang, Reconose, Joyce

**2. Insurance Market Update**

Mr. Gowan provided a brief overview of the insurance market, advising that Alliant has already started the renewal process for 2022/23 and more detailed renewal information will be known after January 1<sup>st</sup>. Mr. Gowan discussed the highlights of the insurance market, noting insured losses this year are above the previous ten-year average and are the second highest on record for a first half



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period after 2011. Wildfires, storms and social inflation continue to cause large insured losses and COVID-19 continues to create uncertainty in the insurance marketplace.

Cyber threats continue to increase in frequency and severity and cyber ranks as the top business concern. Cyber insurance loss ratios continue to be in the unprofitable range despite significant rate increases in 2021. Entities without minimum cyber security protocols in place are considered at risk for significant rate increases or loss of coverage. It is expected carriers will continue to increase rates on cyber placements and push for increased retentions and the inclusion of sub-limits.

Regarding excess liability, severity trends continue which gives reason to expect continued hard market conditions. Carriers are focused on law enforcement, sexual abuse and molestation, and wildfire liability. Underwriters are expected to put additional scrutiny on those accounts with losses.

Regarding property, underwriters will continue to analyze client data in detail. Higher than average trend factors are expected due to labor shortages, material costs, and supply chain interruption. There are some signs the market is beginning to stabilize and there are early signs of premium increases in the moderate range for those accounts without losses.

Mr. Gowan noted Workers' Compensation and Crime is expected to remain relatively stable.

**3. Target Surplus Funding Analysis as of June 30, 2021**

Mr. Gowan provided the Board with background regarding the loss funding confidence level, noting the Board approved reducing the confidence level to 70% for a number of years due to significant budget restrictions. The JPA raised the loss funding to 80% confidence level effective July 1, 2019, in an effort to increase the JPA's net position. Mr. Gowan stated the JPA established a minimum surplus requirement of \$2.5 million which is five times the JPA's Property SIR of \$500,000. As of June 30, 2021, the JPA's net position is \$1,419,584. Mr. Gowan advised the JPA's net position at September 30, 2021, has increased to \$2,328,520. The three-year funding plan shows that if the JPA continues funding at 80% confidence level, the minimum surplus of \$2.5 million will be met in 2022.

**4. Teacher Housing**

Mr. Gowan advised Santa Clara Unified School District currently provides teacher housing and noted that other districts are considering doing the same. Mr. Gowan advised the open market has moved away from providing habitational coverage, but there is coverage available through SBASIA. Mr. Gowan also noted there is one insurance carrier who may be willing to accept an application for underwriting and a housing pool that may be an option for coverage.

**J. COMMENTS FOR THE GOOD OF THE ORDER**

Mr. Randy Kenyon inquired if SBASIA has discussed Juneteenth and the impact it may have on SBASIA members. Juneteenth (June 19) was approved as a federal holiday the day prior. Some districts have received lawsuits for back wages for those employees that may have worked on June 19, 2021. Mr. Gowan advised SBASIA could work with a single attorney to respond on behalf of

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multiple school districts and staff has requested an official opinion as to whether there would be coverage for this type of claim through SBASIA.

**ADJOURNMENT**

The meeting was adjourned at 11:38 a.m.

Reviewed and Approved by: 

Date: 6/10/22