



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item E.1

CONSENT CALENDAR

ACTION ITEM

ISSUE: The Board of Directors should review the Consent Calendar and pull any items that need discussion. Otherwise, the Board of Directors should adopt the Consent Calendar as presented.

RECOMMENDATION: The Program Administrator recommends adoption of the Consent Calendar Items as presented.

FISCAL IMPACT: None

BACKGROUND: The following items are placed on the Consent Calendar for adoption by the Board. The Board may accept the Consent Calendar as posted, or pull any item for discussion and separate action while accepting the remaining items.

1. Board of Directors Meeting Minutes – December 3, 2015

ATTACHMENTS: Board of Directors Meeting Minutes – December 3, 2015



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
CAMPBELL, CALIFORNIA
December 3, 2015**

MEMBERS PRESENT

James Crawford, President, Campbell Union School District
Nelly Yang, Vice President, Evergreen School District
Mark Allgire, Treasurer, Santa Clara Unified School District
Barbara Coats, Secretary, Santa Clara County Office of Education
Randy Kenyon, Los Altos School District
Greg Medici, Los Gatos-Saratoga Joint Union High School District
Marie dela Cruz, Metropolitan Education District

MEMBERS ABSENT

Phuong Le, Member at Large, Berryessa Union School District
Elizabeth Bozzo, Lakeside Joint School District
Wendy Zhang, Milpitas Unified School District
Mike Mathiesen, Mountain View-Los Altos Union High School District
Robert Clark, Mountain View Whisman School District

GUESTS & CONSULTANTS

Matt Gowan, Alliant Insurance Services
Joan Crossley, Alliant Insurance Services
Kelly Ng, Milpitas Unified School District
Tracey Smith-Reed, Gilbert Associates, Inc.
Robin Zane, James Marta & Company

A. CALL TO ORDER

The meeting was called to order at 10:05 a.m.
Ms. Marie dela Cruz arrived at 10:07 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.

MOTION: Barbara Coats	SECOND: Mark Allgire	MOTION CARRIED
AYES: 7	NOES: 0	ABSENT: 5
	ABSTAIN: 0	

AYES: Crawford, Yang, Allgire, Coats, Kenyon, Medici, dela Cruz
NAYS: None
ABSENT: Le, Bozzo, Zhang, Mathiesen, Clark



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D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

- 1. Board of Directors Meeting Minutes – June 18, 2015**
- 2. Unaudited Financial Report for Quarter Ending June 30, 2015**
- 3. Investment Report for Quarter Ending June 30, 2015**
- 4. Financial Report for Quarter Ending September 30, 2015**
- 5. Investment Report for Quarter Ending September 30, 2015**

Ms. Tracey Smith-Reed commented that the JPA is carrying a receivable of \$1 million. The claims adjuster, Carl Warren & Company, is gathering the invoices and calculating the final receivable amount due from the excess insurance carrier, CSAC EIA.

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

MOTION: Greg Medici

SECOND: Mark Allgire

MOTION CARRIED

AYES: 7

NOES: 0

ABSTAIN: 0

ABSENT: 5

AYES: Crawford, Yang, Allgire, Coats, Kenyon, Medici, dela Cruz

NAYS: None

ABSENT: Le, Bozzo, Zhang, Mathiesen, Clark

F. FINANCIAL

1. Audited Financial Report as of June 30, 2015

Mr. Matt Gowan introduced Ms. Robin Zane of James Marta & Company, the JPA's Financial Auditor for the year ending June 30, 2015. Ms. Zane noted the audit is still in draft form pending a written response from two attorneys regarding any pending litigation. Ms. Zane said she was in verbal contact with the attorneys and there will be no change to the numbers in the financial audit. Ms. Zane stated net position decreased by \$162,010 from the prior year. Claims expense increased by 210% from the prior year. The IBNR (incurred but not reported) increased by 26.18%. The JPA's operating revenues increased by 10% from the prior year. Total expenses increased by 34.2% and total assets increased by 12.8%. Total liabilities increased by 35.4%. Ms. Zane noted that assets have been increasing over the last three years and the financial position of the JPA is strong.

G. CLAIMS

1. Claims by Class Code

Staff presented graphs for each member district showing the frequency and severity of claims incurred (includes both paid and reserves) by class codes such as trip and fall, fire damage to



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building, etc. Mr. Gowan commented the JPA reviews these annually to see if anything in particular jumps out that would need to be addressed by loss control.

H. GENERAL ADMINISTRATION

1. Target Surplus Funding Analysis as of June 30, 2015

Mr. Gowan said the target surplus funding analysis shows the surplus at a specific point in time. The JPA funds at a 70% confidence level and has established a minimum surplus requirement of \$2.5 million which is five times the JPA's SIR of \$500,000. As of June 30, 2015, the JPA is above the minimum surplus target by \$82,691. Mr. Gowan said funds above the surplus target are traditionally used for dividends or loss control, but the Executive Committee will be discussing whether to use the surplus for safety credits.

2. Update on Cyber Security Audit

Ms. Joan Crossley stated the JPA hired McGladrey to perform cyber security audits for all the members. All the cyber audits have been performed except for Berryessa Union School District and Metropolitan Education District as their staff has postponed the audits. McGladrey is working on the report with findings from the audit and upon completion it will be emailed to the members.

I. COMMENTS FOR THE GOOD OF THE ORDER

There were no comments for the good of the order.

ADJOURNMENT

The meeting was adjourned at 10:37 a.m.



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item F.1

CYBER SECURITY AUDIT REVIEW

INFORMATION ITEM

EXPLANATION: RSM US, formerly McGladrey, performed a Cyber Security audit for the JPA members. The audit reports were emailed to the members on April 4, 2016. Mr. Andy Obuchowski, Jr. and Loras Even from RSM US will present an overview of the Cyber Security audit findings.

ATTACHMENTS: None



Agenda Item F.2

EXCESS LIABILITY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Excess Liability insurance for SBASIA for the period of July 1, 2016 – July 1, 2017.

RECOMMENDATION: The Executive Committee recommends adoption of the Excess Liability renewal as presented.

FISCAL IMPACT: \$834,946 for the period of July 1, 2016 – July 1, 2017. This is the CSAC EIA premium of \$413,869 plus the SELF premium of \$421,077.

BACKGROUND: For the 2016-2017 Liability program, the JPA will maintain its self-insured retention (SIR) of \$250,000 and will purchase coverage with CSAC-EIA, the current insurer, to a \$5 million limit, then attach to SELF (Schools Excess Liability Fund) from \$5 million to \$55 million limit. The total liability limit is \$55 million.

CSAC-EIA (California State Association of Counties-Excess Insurance Authority) was formed as a joint powers authority in 1979 and is California Association of Joint Powers Authorities (CAJPA) Accredited with Excellence.

SELF (Schools Excess Liability Fund) was formed as a joint powers authority in 1986 and is California Association of Joint Powers Authorities (CAJPA) Accredited with Excellence.

ATTACHMENTS: None



Agenda Item F.3

REVIEW AND ADOPTION OF LIABILITY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The Board of Directors should review the proposed Memorandum of Coverage and adopt the Memorandum for the coverage period of July 1, 2016 to July 1, 2017.

RECOMMENDATION: The Program Administrator recommends adoption of the Memorandum of Coverage.

FISCAL IMPACT: The adoption of the Memorandum better defines the coverage for which the cost is unknown until the claims incurred are closed at some time in the future. However, we have an estimate of the costs of liability claims covered under this Memorandum from the actuarial study. The amount is \$604,000 at a 70% confidence level. This is reflected in the proposed budget.

BACKGROUND: The Memorandum of Coverage clarifies the losses to be covered by SBASIA and establishes certain procedures. The attached liability memorandum incorporates the excess insurance policy's terms and conditions provided by CSAC EIA for the period July 1, 2016 to July 1, 2017. The memorandum also defines the exceptions to those terms and conditions. These exceptions are only the terms of liability and the self-insured retention.

A declarations page will be provided to each member describing the term of coverage, the limits provided, etc. These will be distributed to the members, along with the corresponding Memorandum of Coverage, once adopted by the Board.

ATTACHMENTS: Liability Declarations Page
Liability Memorandum of Coverage

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

LIABILITY

UNDERLYING MEMORANDUM OF COVERAGE

DECLARATIONS

MEMORANDUM NO. SBASIALI 001-16

1. **Member District:** Berryessa Union School District
1376 Piedmont Road
San Jose, CA 95132
2. **Coverage Period:** July 1, 2016 through June 30, 2017
3. **Member District Deductible:** \$ 10,000 **Each Occurrence, offense or wrongful act**
4. **Limits of Liability:**
 - a. Liability Coverage \$ 250,000 **Each Occurrence, offense or wrongful act***

*One limit applies regardless of the number of members involved

FORMS AND ENDORSEMENTS: Form LIAB-1
FORMING PART OF THE POLICY
AT INCEPTION

President, James Crawford

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
LIABILITY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. LIAB-1**

1. INSURING AGREEMENT

In consideration of the payment of the required contribution and subject to all the terms of this Memorandum of Coverage, SBASIA agrees to pay on behalf of the Member District **Loss** resulting from any occurrence, offense or wrongful act covered by the terms, except limits of liability and self-insured retentions, of the **CSAC Excess Insurance Authority Memorandum of Coverage No. EIA-PE 16 EL-80** as that Memorandum of Coverage applies to SBASIA, during the Coverage Period as stated on the Declarations.

2. MEMBER DISTRICT DEDUCTIBLE

The Member District deductible stated under Item 3 of the Declarations page applies to each occurrence, offense or wrongful act covered by the terms and conditions, except limits of liability and self-insured retentions, incorporated from the **CSAC Excess Insurance Authority Memorandum of Coverage No. EIA-PE 16 EL-80**.

3. LIMITS OF LIABILITY

The Limits of Liability stated under Item 4a of the Declarations applies to each occurrence, offense or wrongful act, regardless of the number of Member Districts involved, covered by the terms and conditions, except limits of liability and self-insured retentions, incorporated from the **CSAC Excess Insurance Authority Memorandum of Coverage No. EIA-PE 16 EL-80**.

4. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

5. DEFINITIONS

The conditions of this Memorandum of Coverage shall be applied as if the definition of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS – Means the ultimate net loss as defined in the Definitions section of the **CSAC Excess Insurance Authority Memorandum of Coverage No. EIA-PE 16 EL-80**.

MEMBER DISTRICT OR MEMBER ENTITY – means a signatory to the Joint Powers Agreement forming the South Bay Area Schools Insurance Authority. This meaning shall apply to the term Member District or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

6. OTHER INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member District and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

7. NOTICE OF OCCURRENCE

Upon the happening of any occurrence likely to involve SBASIA under this Memorandum of Coverage, the Member District shall give notice, either written or oral, as soon as practicable to the Claims Adjustor of SBASIA. Such notice shall contain particulars sufficient to identify the Member District and fullest information obtainable at the time. If legal proceedings are begun, the Member District shall forward to the SBASIA Claims Adjustor each paper therein, or a copy thereof, received by the Member District or the Member District's representative, together with copies of reports or investigations with respect to such claim proceedings.

8. DEFENSE

SBASIA shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member District, which in the opinion of SBASIA may create liability on the part of SBASIA under the terms of this Memorandum of Coverage.

9. PAYMENT OF LOSS

Upon final determination of **Loss**, SBASIA will promptly pay on behalf of the Member District the amount of **Loss** falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SBASIA will be subrogated to all the Member District's rights of recovery against any person or organization and SBASIA shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the **Loss** to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SBASIA.

To be valid, this Memorandum must be signed by SBASIA's President or Vice President.

President, James Crawford

Date



Agenda Item F.4

**EXCESS PROPERTY AND
BOILER & MACHINERY RENEWAL**

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Excess Property insurance as well as the Boiler & Machinery insurance for SBASIA for the period July 1, 2016 to July 1, 2017.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board.

FISCAL IMPACT: \$1,366,986 for the period of July 1, 2016 to July 1, 2017.

BACKGROUND: The Excess Property policy, which provides Property coverage and Auto Physical Damage coverage (on premises coverage only), will be expiring on July 1, 2016. APIP (Alliant Property Insurance Program) has quoted the expiring limit of \$1,000,000,000 excess of \$500,000 deductible on the Excess Property.

On the Boiler & Machinery insurance, APIP has quoted the expiring limit of \$100,000,000 excess of \$10,000 self-insured retention.

Primary coverage in APIP is provided by Lexington Insurance which is rated A (Excellent); Financial Size Category XV (\$2 billion or greater) by A.M. Best as of 6/2/16 and A+ (Strong) by Standard & Poors pulled as of 6/3/16.

ATTACHMENTS: None



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item F.5

**ALLIANT PROPERTY INSURANCE PROGRAM CLAIMS REPORTING
ACKNOWLEDGEMENT**

ACTION ITEM

ISSUE: Alliant Property Insurance Program (APIP) has developed Claims Reporting Procedures for Property, Cyber Liability and Pollution claims. APIP requires its members to sign an acknowledgement form which outlines the steps that should be taken at the time Property, Cyber Liability and Pollution losses occur.

RECOMMENDATION: The Program Administrator recommends authorizing the Board President, Mr. James Crawford, to sign the acknowledgement form on behalf of SBASIA.

FISCAL IMPACT: None

BACKGROUND: The Alliant Property Insurance Program (APIP) includes Property coverage, Cyber Liability coverage and Pollution coverage.

ATTACHMENT(S): APIP Claims Reporting Acknowledgement(s) Receipt Form



ALLIANT INSURANCE SERVICES

APIP Claims Reporting Acknowledgement(s) Receipt Form

The Claims Reporting Forms are being included with your packet to ensure claims reporting procedures are known and available for future reference. Please review the information. We ask that you share these critical documents with all members of your team (and Pool Members and their staffs where applicable.)

We request that you review the items indicated attached, then complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned email or mail to have it be included in your insurance records.

APIP Property Claims Reporting

Cyber Claims Reporting (*this is a claims made policy*) if coverage is purchased

Pollution Liability Claims Reporting (*this is a claims made policy*) if coverage is purchased

Acknowledgement for Claims reporting procedures under Alliant Property Insurance Programs

In effect: July 1, 2016 until further notice

I have read and been informed about these separate reporting requirements under the coverage parts that apply to our entity as indicated above and provided through APIP by Alliant.

Insured Entity Name: South Bay Area Schools Insurance Authority

Authorized Signature: _____

Print Name

Date

Title

LOSS NOTIFICATION REQUIREMENT

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

Claim notifications need to be sent to Robert Frey, Diana Walizada and Cathryn O'Meara. In the event this is a *Cyber* loss please include item III contact, for a *Pollution* loss please include item IV contact in addition to Alliant Insurance Services contacts.

- I. During regular business hours (between 8:30 AM and 5:00 PM PST), First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Robert A. Frey, RPA
Senior Vice President, Regional Claims Director
Voice: (415) 403-1445 Cell: (415) 518-8490
Email: rfrey@alliant.com

Diana L. Walizada, AIC, CPIW, RPA, AINS
Vice President, Claims Unit Manager
Voice: (415) 403-1453
Email: dwalizada@alliant.com

Address:

Alliant Insurance Services, Inc.
100 Pine St, 11th Floor
San Francisco CA 94111
Toll Free Voice: (877) 725-7695 Fax: (415) 403-1466

- II. Please be sure to include APIP's Claim Administrator as a CC on all Claims correspondence:

Cathryn O'Meara
McLaren's Global Claims Services
1301 Dove St., Suite 200
Newport Beach, CA 92660
Voice: (949) 757-1413 Fax: (949) 757-1692
Email: cathryn.omeara@mcclarens.com

Address:

- III. Cyber Liability Carrier Beazley NY needs to also be provided with Notice of Claim immediately (if purchased):

Beth Diamond
Beazley Group
1270 Avenue of the America's, Suite 1200
New York, NY 10020
Fax: (546) 378-4039
Email: tmclaims@beazley.com

Address:

Elaine G. Kim, CISR
Assistant Vice President, Claims Advocate
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1458 Fax: (415) 403-1466
Email: ekim@alliant.com & martin.fox-foster@alliant.com

Address:

- IV. Pollution Liability Carrier ACE Environmental, Risk Claims Manager (if purchased):

ACE USA Claims
PO Box 5103
Scranton, PA 18505-0510
Environmental Emergency: (888) 310-9553
Fax: (800) 951-4119
Email: CasualtyRiskEnvironmentalFirstNotice@chubb.com

Address:

Martin Fox-Foster
Assistant Vice President, Claims Advocate Lead
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1417 Fax: (415) 403-1466
Email: martin.fox-foster@alliant.com

Address:

Please include the Insured /JPA name along with the following information when reporting claims:

- Time, date and specific location of property damaged
- A description of the incident that caused the damage (such as fire, theft or water damage)
- Estimated amount of loss in dollars
- Contact person for claim including name, title, voice & fax numbers
- Complete and return the Property Loss Notice for processing.
- Mortgagee or Loss Payee name, address, and account number

IN THE EVENT OF A

PROPERTY LOSS:

- 1) *Follow your organization procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident to Alliant Insurance Services immediately at:*

877-725-7695

All property losses must be reported as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to McLarens Global Claims Services AND your Alliant representative*

PROPERTY FIRST NOTICE OF LOSS FORM

SEND TO: Alliant Insurance Services, Inc.

BY MAIL: 100 Pine Street, 11th Floor, San Francisco, CA 94111

BY FAX: (415) 403-1466

BY EMAIL: rfrey@alliant.com AND dwalizada@alliant.com

Carbon Copy APIP Claims Administrator: cathryn.omeara@mclarens.com and your Alliant representative

Today's Date: _____

Type of Claim: (check all that apply)

- Real Property Vehicles
 Personal Property Other

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Robert A. Frey & Diana L. Walizada

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Fax #: 415-403-1466

Policy Information

Policy Number: _____ Policy Period: _____

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible: _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss:

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____

Signature: _____

Per the PEPIP USA Form Master Policy Wording, Section IV General Conditions;

J. NOTICE OF LOSS

In the event of loss or damage insured against under this Policy, the 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.

IN THE EVENT OF A
CYBER LOSS:

- 1) *Follow your organizations procedures for reporting and responding to an incident*
- 2) *Alert authorities, as appropriate*
- 3) *Report the incident to Beazley Group immediately at:*

tmbclaims@beazley.com

All Cyber losses must be reported as soon as practicable upon knowledge by the insured that a loss has occurred.

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to Alliant Claims Department and your Alliant representative*

SPECIAL NOTE REGARDING PRIVACY NOTIFICATION COSTS:

The policy provides a \$500,000 Aggregate Limit for Privacy Notification Costs. If you utilize a Beazley vendor, the limit is increased to \$1,000,000.

Please contact Beazley for a list of approved vendors.

CYBER FIRST NOTICE OF LOSS FORM**SEND TO:** Beazley Group**BY MAIL:** 1270 Avenue of the America's, Suite 1200, New York, NY 10020**BY FAX:** (546) 378-4039**BY EMAIL:** tmbclaims@beazley.com**CC Alliant Claims Department:**ekim@alliant.com , martin.fox-foster@alliant.com and your Alliant representative

Today's Date: _____

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact InformationCompany Name: Alliant Insurance Services – Claims Point of Contact: Elaine Kim & Martin Fox-FosterAddress: 100 Pine Street, 11th Floor, San Francisco, CA 94111Phone #: 877-725-7695 Fax #:415-403-1466**Policy Information**

Policy Number: _____ Policy Period: _____

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____

Signature: _____

A. NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM

1. If any **Claim** is made against the **Insured**, the **Insured** shall, as soon as practicable upon knowledge by the **Insured**, forward to the Underwriters through persons named in Item 9.A. of the Declarations written notice of such **Claim** in the form of a telecopy, or express or certified mail together with every demand, notice, summons or other process received by the **Insured** or the **Insured's** representative; provided that with regard to coverage provided under Insuring Agreements I.A. and I.C., all **Claims** made against any **Insured** must be reported no later than the end of the **Policy Period**, in accordance with the requirements of the **Optional Extension Period** (if applicable), or within thirty (30) days after the expiration date of the **Policy Period** in the case of **Claims** first made against the Insured during the last thirty (30) days of the **Policy Period**.
2. With respect to Insuring Agreement I.B. for a legal obligation to comply with a **Breach Notice Law** because of an incident (or reasonably suspected incident) described in Insuring Clause I.A.1 or I.A.2, such incident or reasonably suspected incident must be reported as soon as practicable during the **Policy Period** after discovery by the Insured. For such incidents or suspected incidents discovered by the **Insured** within 60 days prior to expiration of the Policy, such incident shall be reported as soon as practicable, but in no event later than 60 days after the end the **Policy Period**, provided; if this Policy is renewed by Underwriters and covered **Privacy Notification Costs** are incurred because of such incident or suspected incident reported during the 60 day post **Policy Period** reporting period, then any subsequent **Claim** arising out of such incident or suspected incident is deemed to have been made during the **Policy Period**.
3. With respect to Insuring Agreements I.A. and I.C., if during the **Policy Period**, the **Insured** first becomes aware of any circumstance that could reasonably be the basis for a **Claim** it may give written notice to Underwriters in the form of a telecopy, or express or certified mail through persons named in Item 9.A. of the Declarations as soon as practicable during the **Policy Period** of:
 - a. the specific details of the act, error, omission, or **Security Breach** that could reasonably be the basis for a **Claim**;
 - b. the injury or damage which may result or has resulted from the circumstance; and
 - c. the facts by which the **Insured** first became aware of the act, error, omission or **Security Breach**

Any subsequent **Claim** made against the **Insured** arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to the Underwriters.
4. A **Claim** or legal obligation under section X.A.1 or X.A.2 above shall be considered to be reported to the Underwriters when written notice is first received by Underwriters in the form of a telecopy, or express or certified mail or email through persons named in Item 9.A. of the Declarations of the **Claim** or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a **Claim** if provided in compliance with sub-paragraph X.A.3. above.

(Cyber)



ACE Environmental Risk

**IN THE EVENT OF AN
ENVIRONMENTAL EMERGENCY:**

- 1) *Follow your organization procedures for reporting and responding to an incident***
- 2) *Alert local emergency authorities, as appropriate***
- 3) *Report the incident to ACE Environmental Risk immediately at:***

888-310-9553 or use ACE Alert App

- 4) *Report the incident to Alliant***

Martin Fox-Foster
Assistant Vice President, Claims Advocate-Lead
415-403-1417
415-403-1466 – fax
Martin.Fox-Foster@alliant.com

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident. You will be contacted by a trained representative of ACE to discuss further response steps as soon as possible.

DO follow your organization's detailed response plan
DO contact your management as well as appropriate authorities
DO ensure anyone who could come in contact with a spill or release is kept away

DO NOT ignore a potential spill or leak
DO NOT attempt to respond beyond your level of training or certification



ACE ENVIRONMENTAL RISK FIRST NOTICE OF LOSS FORM

SEND TO: ACE Environmental Risk Claims Manager
BY MAIL: ACE USA Claims, P.O. Box 5103, Scranton, PA 18505-0510
BY FAX: (800) 951-4119
BY EMAIL: CasualtyRiskEnvironmentalFirstNotice@chubb.com
CC Alliant Insurance: martin.fox-foster@alliant.com and your Alliant Representative

Today's Date: _____

Notice of: (check all that apply)

- Pollution Incident Potential Claim Other _____
 Third-Party Claim Litigation Initiated

Insured's Name & Contact Information

Company Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Martin Fox-Foster

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Policy Information

Policy Number: _____ Policy Period: _____

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Claimant Name/Address: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____ Signature: _____

VII. REPORTING AND COOPERATION

A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item 7.a. of the Declarations to this Policy. Notice should include reasonably detailed information as to:

1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;
2. The identity of the “covered location” or “covered operations”;
3. The nature of the “claim” or “pollution condition”; and
4. Any steps undertaken by the “insured” to respond to the “claim” or “pollution condition”. In the event of a “pollution condition”, the “insured” **must also take all reasonable measures to provide immediate verbal notice to the Insurer.**

B. The “insured” must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “bodily injury”, “property damage”, “remediation costs” or “legal defense expense” to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. **Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)**

D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.



APIP Pollution: Claim Reporting Fact Sheet

This page outlines the steps that should be taken BY YOUR ORGANIZATION, at the time of an environmental incident, to assure that the Pollution coverage offered with ACE through APIP is not jeopardized. We ask that you review this document and provide copies to all appropriate colleagues in advance of a possible incident.

Coverage under Pollution policies is dependent on specific compliance with claims and loss reporting; *especially* in the case of “Emergency Response” expenses that you may incur to address a pollution loss. For these “Emergency Response” expenses there is a strict seven (7) day window, following discovery of a “Pollution Condition” by the “Insured”, after which reasonable expenses will not be reimbursed unless the carrier has given prior consent. It is **extremely important** pollution exposures be reported **immediately**; and clearly no later than seven (7) days.

Although we ask that you fully review your policy and all its’ Terms and Conditions, we have highlighted some key sections of the ACE policy which address the **Emergency Response** issue and the reporting provisions:

III. DEFENSE AND SETTLEMENT C. The “insured” shall have the right and duty to retain a qualified environmental consultant to perform any investigation and/or remediation of any “pollution condition” covered pursuant to this Policy. The “insured” must receive the written consent of the Insurer prior to the selection and retention of such consultant, except in the event of an “emergency response”. Any costs incurred prior to such consent shall not be covered pursuant to this Policy, or credited against the “self-insured retention”, except in the event of an “emergency response”.

V. DEFINITIONS

F. “Emergency response” means actions taken and reasonable “remediation costs” 7 days following the discovery of a “pollution condition” by an “insured” in order to abate or respond to an imminent and substantial threat to human health or the environment arising out of such “pollution condition”.

T. “Pollution condition” means: **2.** The discharge, dispersal, release, escape, migration, or seepage of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, hazardous materials, or waste materials, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater.

V. “Remediation costs” means reasonable expenses incurred to investigate, quantify, monitor, mitigate, abate, remove, dispose, treat, neutralize, or immobilize “pollution conditions” to the extent required by “environmental law”.

VII. REPORTING AND COOPERATION

A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item **7.a.** of the Declarations to this Policy. Notice should include reasonably detailed information as to: **1.** The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;

B. The “insured” must: **1.** As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)

D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

The bottom line is if there is a Pollution event, please contact us **immediately** so that we can report the Incident and properly protect coverage for these unexpected events; please refer to the Claims Reporting form for proper contact information.



Agenda Item F.6

CRIME POLICY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Crime insurance for SBASIA for the period July 1, 2016 to July 1, 2017.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board.

FISCAL IMPACT: \$29,800 for the period of July 1, 2016 to July 1, 2017

BACKGROUND: The Crime policy will be expiring on July 1, 2016. The Executive Committee has decided to increase the Crime insurance limit from \$1 million per occurrence to \$3 million per occurrence. The deductible is \$5,000. Coverage is provided by the Alliant Crime Insurance Program (ACIP) with National Union Fire Insurance Company of Pittsburgh, PA as the insurance carrier.

The Crime policy provides coverage for Employee Theft-Per Loss, Forgery or Alteration, Inside the Premises-Theft of Money & Securities, Inside the Premises-Robbery or Safe Burglary of Other Property, Outside the Premises, Computer Fraud, Funds Transfer Fraud and Money Orders & Counterfeit Money

National Union Fire Insurance Company of Pittsburgh, PA is rated A (Excellent); Financial Size Category XV (\$2 billion or greater) by A.M. Best as of 6/2/16 and A+ (Strong) by Standard & Poors pulled as of 6/3/16.

ATTACHMENTS: None



Agenda Item F.7

REVIEW AND ADOPTION OF PROPERTY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The Board of Directors should review the proposed Memorandum of Coverage and adopt the Memorandum for the coverage period of July 1, 2016 to July 1, 2017.

RECOMMENDATION: The Program Administrator recommends adoption of the Memorandum of Coverage.

FISCAL IMPACT: The adoption of the Memorandum better defines the coverage for which the cost is unknown until the claims incurred are closed at some time in the future. However, we have an estimate of the costs of property claims covered under this Memorandum from the actuarial study. The amount is \$321,000 at a 70% confidence level. This is reflected in the proposed budget.

BACKGROUND: The Memorandum of Coverage clarifies the losses to be covered by SBASIA and establishes certain procedures. The attached property memorandum incorporates the excess insurance policies' terms and conditions provided by APIP for the period July 1, 2016 to July 1, 2017. The memorandum also defines the exceptions to those terms and conditions. These exceptions are the limits of liability, sub-limits of liability, deductible and Auto Physical Damage coverage.

A declarations page will be provided to each member describing the term of coverage, the limits provided, etc. These will be distributed to the members, along with the corresponding Memorandum of Coverage, once adopted by the Board.

ATTACHMENTS: Property Declarations Page
Property Memorandum of Coverage



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item F.8

ACCOUNTING CONTRACT

ACTION ITEM

ISSUE: The Board of Directors should review and, if appropriate, approve the three year accounting contract with Gilbert Associates, Inc.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board of Directors.

FISCAL IMPACT: \$23,500 for period of July 1, 2016 to June 30, 2017
\$24,000 for period of July 1, 2017 to June 30, 2018
\$24,500 for period of July 1, 2018 to June 30, 2019

BACKGROUND: Gilbert Associates, Inc. is the current SBASIA accountant. Their contract expires on June 30, 2016.

ATTACHMENTS: Accounting Contract for July 1, 2016 – June 30, 2019



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item F.9

ADMINISTRATION CONTRACT

ACTION ITEM

ISSUE: The Board of Directors should review and, if appropriate, approve the three year administration contract with Alliant Insurance Services, Inc.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board of Directors.

FISCAL IMPACT: \$160,000 annually for period of July 1, 2016 - June 30, 2019 with an option to extend the contract for two more years at annual fee of \$164,800.

BACKGROUND: Alliant Insurance Services is the current SBASIA general administrator. Their contract expires on June 30, 2016.

ATTACHMENTS: Alliant Insurance Services Administration Contract for
July 1, 2016 – June 30, 2019



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item F.10

REVENUE AND EXPENSE BUDGET FOR JULY 1, 2016-2017

ACTION ITEM

ISSUE: The Board of Directors should adopt a Budget as well as review and approve the member contributions based on the allocation of anticipated expenses for the fiscal year July 1, 2016-June 30, 2017.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board of Directors.

FISCAL IMPACT: To be determined. The final effect on SBASIA's financial condition is unknown due primarily to the unforeseen actual costs of claims assumed during the 16-17 fiscal year. However, funding of these claims at a 70 percent confidence level is conservative and in accord with general joint powers authority sound funding practices. Using the 70% confidence level, the anticipated loss funding is \$925,000. Last year the anticipated loss funding was \$821,000 with a 70% confidence level.

The administrative expenses are projected to be \$329,800.

BACKGROUND: Government Code Section 6508 requires the governing board of a joint powers authority to adopt an annual budget prior to the inception of the fiscal year.

ATTACHMENTS: None



Agenda Item G.1

SBASIA ELECTION OF OFFICERS AND EXECUTIVE COMMITTEE

ACTION ITEM

ISSUE: The Board of Directors should review the slate of Officers and Executive Committee Member at Large presented by the Executive Committee and take nominations from the floor. The Board should elect officers and the Executive Committee Member at Large.

RECOMMENDATION: The Executive Committee presents the following slate of officers for consideration by the Board:

President: Mr. James Crawford, Campbell Union School District
Vice President: Ms. Nelly Yang, Evergreen School District
Treasurer: Mr. Mark Allgire, Santa Clara Unified School District
Secretary: Ms. Barbara Coats, Santa Clara County Office of Education
Member at Large: Ms. Phuong Le, Berryessa Union School District

FISCAL IMPACT: None

BACKGROUND:

Under the Bylaws – Article III - Officers reads as follows:

A. The officers of the Authority shall be elected at a regular meeting of the Board of Directors immediately preceding July 1st of each year. The Executive Committee may offer a slate of officers for the Board to adopt, but only after accepting and considering the nominations from the floor for each office.

Under the Bylaws – Article IV – Executive Committee reads as follows:

A. An Executive Committee shall consist of the President, Vice President, Treasurer/Fiscal Agent, Secretary, and one Member at Large elected by and from the Board of Directors at the time of the election of officers.

ATTACHMENTS: None



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item G.2

INVESTMENT AUTHORITY

ACTION ITEM

ISSUE: The Board of Directors should renew the delegation of the authority to invest or reinvest funds of SBASIA to the Treasurer for the period July 1, 2016 to June 30, 2017.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board regarding the delegation of authority to invest funds to the Treasurer.

FISCAL IMPACT: None.

BACKGROUND: Government Code 53607 provides for the delegation of the authority of the legislative body of a local agency to invest funds to the Treasurer. However, such delegation cannot exist beyond one year so the Board will need to authorize the newly elected/appointed treasurer to invest the funds of SBASIA.

ATTACHMENTS: None



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item G.3

REVIEW OF INVESTMENT POLICY

ACTION ITEM

ISSUE: The Board of Directors should review the Investment Policy and make any changes, if necessary.

RECOMMENDATION: The Program Administrator recommends the Investment Policy as presented.

FISCAL IMPACT: None.

BACKGROUND: The JPA adopted an investment policy in 2003. Government Code 53646 requires annual review of the investment policy by the governing body of a local agency. There are no recommended changes to the Investment Policy.

ATTACHMENTS: Investment Policy



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item G.4

REVIEW OF CONFLICT OF INTEREST CODE

ACTION ITEM

ISSUE: The Board of Directors should review the Conflict of Interest Code and make any changes, if necessary.

RECOMMENDATION: The Program Administrator recommends the Conflict of Interest Code as presented.

FISCAL IMPACT: None.

BACKGROUND: The Political Reform Act, Government Code Sections 81000, et. Seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Conflict of Interest Code for the public agency must be reviewed by the governing Board every even numbered year. Any changes, or a statement that it has been reviewed and no changes required, must be filed with FPPC prior to October 1st.

ATTACHMENTS: Conflict of Interest Code



South Bay Area Schools Insurance Authority
Board of Directors
June 16, 2016

Agenda Item G.5

**RESOLUTION ESTABLISHING MEETING DATES
FOR FISCAL YEAR 2016-2017**

ACTION ITEM

ISSUE: The Board of Directors should adopt a resolution establishing regular meetings for the 2016-2017 fiscal year as presented in the attachment or as amended.

RECOMMENDATION: The Executive Committee will make a recommendation regarding the adoption of the resolution establishing meeting dates.

FISCAL IMPACT: None.

BACKGROUND: Section 54954(a) of the Government Code states that regular meetings of the governing body of a local agency be established by the bylaws or resolution.

The Bylaws do not establish days or dates for the regular meetings. Although the Bylaws require that the Board hold at least 1 regular meeting a year, it is intended to have more meetings than the minimum as required to facilitate the business of the JPA. Thus, the Board should adopt the attached Resolution establishing the 2 meeting dates as proposed or as amended.

ATTACHMENTS: Resolution Establishing Meeting Dates for the Fiscal Year 2016 – 2017



RESOLUTION NO.: **R16-01**

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
ESTABLISHING MEETING DATES
FOR THE FISCAL YEAR THROUGH JUNE 2017**

BE IT RESOLVED THAT:

The following Board of Directors meeting dates are hereby established for the Fiscal Year through June 2017:

December 1, 2016 10:00 A.M.
Campbell Union School District
155 N. Third Street
Campbell, CA 95008

June 15, 2017 10:00 A.M.
Campbell Union School District
155 N. Third Street
Campbell, CA 95008

This Resolution of the Board of Directors was adopted this 16th day of June 2016 in Campbell, California by the following vote:

Votes In Favor _____
Votes Against _____
Votes Abstaining _____
Votes Absent _____

Signed:

Attest:

James Crawford, President

Barbara Coats, Secretary