July 16, 2014

TO: Santa Clara County Board of Education

FROM: Micaela Ochoa, Chief Business Officer, Business Services Branch
       Barbara Coats, Risk Manager, Business Services Branch

VIA: Mary Ann Dewan, Ph.D., Interim County Superintendent of Schools

SUBJECT: Request Approval of Workers’ Compensation Rates for 2014-15 as provided by the California State Association of Counties (CSAC), through their Excess Insurance Authority (EIA) Joint Powers Authority Insurance Programs

Associated Goal
Goal 5: SCCOE will be the premier employer in Santa Clara County with an organizational culture that supports employee success.

Background
At its July 17, 2013 Board Meeting the Board adopted the resolution to join the CSAC Excess Insurance Authority for Workers’ Compensation “stop-loss” insurance. This insurance covers the SCCOE for Workers’ Compensation cases that might exceed $300,000, the current Self-Insured Retention covered by SCCOE.

Fiscal Implication
Until last fiscal year, when the SCCOE joined the CSAC program, the SCCOE excess insurance was marketed to at least three vendors. The vendor who won our services had the lowest cost. The premium for the CSAC coverage for 2013-14 was $309,680, which was $61,360 less than the other bids that were received.

This year there was no need to market the program ourselves, as CSAC now provides that information within their rates which are $320,365. According to CSAC estimates, SCCOE will save a minimum of $38,710 in 2014-15.

Other benefits of being members of this all-school district program are: training and loss control programs offered free of charge, a contribution of $2,000 per year for actuarial services, and a lower attachment point ($300,000) which is an additional cost-saving feature of their program. Commercial Excess Insurance has an attachment point at $350,000 per claim.

Requested Action:
Approve the 2014-15 CSAC-EIA Workers’ Compensation excess rates for $320,365.
CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM 
MEMORANDUM OF COVERAGE DECLARATIONS

ITEM 1: COVERED PARTY:  
Santa Clara County Office of Education (SCCOE)

ITEM 2: MEMORANDUM PERIOD:  
From July 1, 2014 to July 1, 2015, 12:01 a.m. local time of the Covered Party as stated herein

ITEM 3: STATE: 
California

ITEM 4: RETENTION AND INDEMNITY: 
A. COVERED PARTY’S RETENTION:  
$ 300,000 each occurrence

B. LIMIT OF INDEMNITY:  
Statutory (See attached Schedule of Limits and Coverage Providers)

The Authority’s limit of indemnity, as set forth in ITEM 4 B includes pooled limits that apply to all Members and all Covered Parties combined for all losses as a result of any one occurrence.

ITEM 5: MEMORANDUM NUMBER:  
EIA-PE 14 EWC-138

ITEM 6: ESTIMATED PAYROLL:  
$ 96,000,000

ITEM 7: DEPOSIT PREMIUM:  
$ 320,365 (inclusive of all layers & fees)

This premium is auditable based on final audited payroll

ITEM 8: FORMS AND ENDORSEMENTS ATTACHED AT INCEPTION:  
EWC MOC 7/1/2012, Endorsement No. U-1, U-2, U-3, U-4, U-5

Notice: The limits of indemnity shown below include various reinsurance and excess placements with specific limits which are inclusive and not excess of the limits stated above in Item 4.B.. The limits of indemnity shown in Item 4.B. apply to all Members and all Covered Parties combined for all losses as a result of any one occurrence. Each Coverage Provider listed on the Schedule of Limits and Coverage Providers provides coverage on its own form so there may be some coverage variances as a result of different policy language. Please carefully review all coverage forms.

Countersigned by: 
Authorized Representative 
CSAC Excess Insurance Authority  

Issue Date: June 24, 2014
CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF LIMITS AND COVERAGE PROVIDERS  
July 1, 2014 to July 1, 2015

**Notice:** The limits of indemnity shown below include various reinsurance and excess placements with specific limits which are inclusive and not excess of the limits stated herein. The limits of indemnity shown below apply to all Members and all **Covered Parties** combined for all **losses** as a result of any one **occurrence**. Each Coverage Provider listed below provides coverage on its own form so there may be some coverage variances as a result of different policy language. Please carefully review all coverage forms.

<table>
<thead>
<tr>
<th>No.</th>
<th>Limit of Indemnity</th>
<th>Coverage</th>
<th>Coverage Provider</th>
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<td>National Union Fire Insurance Company of Pittsburgh, PA</td>
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CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS’ COMPENSATION PROGRAM
MEMORANDUM OF COVERAGE

CSAC Excess Insurance Authority (hereinafter Authority) agrees with the Covered Party named in the Declarations made a part hereof, in consideration of the payment of the premium and subject to all of the terms of this Memorandum, as follows:

COVERAGE AGREEMENTS

I. APPLICATION OF MEMORANDUM: This Memorandum applies to loss sustained by the Covered Party because of liability imposed upon the Covered Party by:

   A. The Workers’ Compensation Act of California or the Workers’ Compensation Act of any state other than California, provided that California is the injured employee’s normal state of employment or residence, or

   B. “Employers’ Liability”

on account of bodily injury or occupational disease sustained by employees of the Covered Party, while engaged in operations of the Covered Party, as a result of occurrences taking place during the coverage period and while this Memorandum is in force.

The indemnity afforded by this Memorandum under Coverage Agreement I.B. for loss because of liability imposed by “Employers’ Liability” applies only as respects such operations in California including employees who are regularly engaged in such operations in California but who may be temporarily outside California in connection with such operations. As respects liability imposed by “Employers’ Liability”, the Authority shall have no obligation to indemnify the Covered Party for damages imposed in any lawsuit brought in, or any judgment rendered by, any court outside of the United States of America, its territories or possession, or Canada, or to any action on such judgment wherever brought.

The Authority’s liability under Coverage Agreement I.B. includes bodily injury or occupational disease to the master and members of the crew of a vessel, subject to the following:

   A. The bodily injury or occupational disease must occur in the territorial limits of, or the operation of a vessel sailing directly between the ports of the Continental United States of America, Alaska, Hawaii, or Canada.

   B. This coverage does not apply to:
1. **bodily injury** or **occupational disease** covered by a protection and indemnity coverage or similar policy issued to or on behalf of the **Covered Party**

2. The duty to provide transportation, wages, and maintenance.

II. **RETENTION AND INDEMNITY:** As respects **loss** which the **Covered Party** sustains as a result of each **occurrence**, the **Covered Party** shall retain **loss** in the amount of the **Covered Party's Retention** specified in the Declarations, and the Authority agrees to indemnify the **Covered Party** against **loss** in excess of such Retention. Notwithstanding the application of this Memorandum to **loss** sustained by the **Covered Party** under Coverage Agreements I.A. or I.B., and regardless of the number of entities named in the Declarations, or otherwise qualifying as **Covered Parties**, the maximum amount of the **Covered Party's Retention** and the maximum limit of the Authority's indemnity hereunder shall not exceed the amounts specified in the Declarations.

**DEFINITIONS**

Wherever used in this Memorandum, the following definition of terms shall apply:

I. **BODILY INJURY:** The term **bodily injury** shall include death resulting therefrom but shall not include **occupational disease**.

II. **COMMUNICABLE DISEASE** shall mean a disease caused by an infectious organism, which is transmissible from one source to another, directly or indirectly.

**COVERED PARTY** shall include all entities named in the Declarations and any related "employer" as defined by any applicable **Workers' Compensation Act**.

IV. **EMPLOYEE:** The term **employee** shall mean, as respects liability imposed upon the **Covered Party** by the **Workers' Compensation Act** of any applicable state, any person performing work which renders the **Covered Party** liable under any **Workers' Compensation Act**, provided such person's normal employment or residence is located in California, for **bodily injury** or **occupational disease** sustained by such person.

V. **JOINT POWERS AGREEMENT** or **AGREEMENT** shall mean the Joint Powers Agreement, as amended, creating the CSAC Excess Insurance Authority.

VI. **LOSS:** The term **loss** shall mean only such amounts as are actually paid by the **Covered Party** as benefits under the applicable **Workers' Compensation Act**, or in payment of amounts imposed upon the **Covered Party** by "Employers' Liability", in settlement of claims for such benefits or damages, or satisfaction of...
awards or judgments for such benefits and damages, including court costs, interest upon awards or judgments, and allocated investigation, and legal expenses, but the term loss shall not include as expenses, salaries paid to employees of the Covered Party, nor fees and retainers paid to any service organization.

VII. OCCUPATIONAL DISEASE: The term occupational disease shall include death resulting therefrom and cumulative injuries.

VIII. OCCURRENCE: (A) All bodily injury sustained by one or more employees, as a result of a single accident or event, shall be deemed to arise from a single occurrence. (B) Occupational disease sustained by each employee shall be deemed to arise from a separate occurrence, and the occurrence shall be deemed to take place on the last day of the last exposure, in the employment of the Covered Party, to conditions causing or aggravating the disease OR the date upon which the employee first suffered disability and either knew, or in the exercise of reasonable diligence should have known, that such disability was caused by his or her employment with the Covered Party, whichever comes first. C) All occupational disease sustained by one or more employees as a result of an outbreak of the same communicable disease shall be deemed to arise from a single occurrence. An outbreak of the same communicable disease that spans more than one coverage period shall be deemed to take place during the first such coverage period.

IX. WORKERS' COMPENSATION ACT: The term Workers' Compensation Act shall include any separate occupational disease act, but shall not include the non-occupational disability benefit provisions of any such act. The term Workers' Compensation Act includes the United States Longshore and Harbor Workers Compensation Act (33 USC Sections 901-950). Coverage for loss shall be limited, by amount and time of payment, to the benefits which would be available under the Workers' Compensation Act of the state where the injured employee is normally employed, if that law applied.

EXCLUSIONS

Liability under Coverage Agreement I.A. does not apply to:

I. The Covered Party's obligation to pay salary in lieu of temporary disability benefits as required by Labor Code Section 4850 or the Covered Party's obligation to pay wages or salary as required by Education Code Sections 44984 and 45192, except to the extent that the Covered Party would be obligated to pay temporary disability benefits if Labor Code Section 4850 or Education Code Sections 44984 and 45192 did not apply;

II. The Covered Party's obligations pursuant to Labor Code Section 4856;
III. Punitive or Exemplary Damages, fines or penalties assessed against or imposed upon the Covered Party:
   A. On account of bodily injury or occupational disease sustained by any employee; or

   B. On account of the conduct of the Covered Party or any of its agents (i) in the investigation, trial or settlement of any claim for benefits under the applicable Workers’ Compensation Act or for damages at law, or (ii) in failing to pay or delaying the payment of any such benefits or damages; or

   C. On account of violation of any statute or regulation; or

   D. On account of bodily injury or occupational disease intentionally caused or aggravated by the Covered Party; or

   E. On account of bodily injury arising out of termination of employment; or

   F. On account of bodily injury arising out of the coercion, demotion, reassignment, discipline, defamation, harassment or humiliation of, or discrimination against any employee.

Liability under Coverage Agreement I.B. does not apply to:

I. Liability assumed by the Covered Party under any contractual agreement;

II. Bodily injury or occupational disease to an employee while employed in violation of law with the actual knowledge of the Covered Party;

III. Any obligation imposed by a workers’ compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;

IV. Bodily injury or occupational disease intentionally caused or aggravated by the Covered Party;

V. Loss arising out of the coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee or any personnel practices, policies, acts or omissions;

VI. Fines or penalties assessed against or imposed upon the Covered Party on account of violation of any statute or regulation;
VII. Loss arising out of operations for which the Covered Party has violated or failed to comply with any Workers’ Compensation Law;

VIII. Loss arising out of operations for which the Covered Party has rejected any Workers’ Compensation Law;

IX. Punitive or Exemplary Damages, fines or penalties assessed against or imposed upon the Covered Party:

A. On account of bodily injury or occupational disease sustained by any employee; or

B. On account of the conduct of the Covered Party or any of its agents (i) in the investigation, trial or settlement of any claim for benefits under the applicable Workers’ Compensation Act or for damages at law, or (ii) in failing to pay or delaying the payment of any such benefits or damages; or

C. On account of violation of any statute or regulation; or

D. On account of bodily injury or occupational disease intentionally caused or aggravated by the Covered Party; or

E. On account of bodily injury arising out of termination of employment; or

F. On account of bodily injury arising out of the coercion, demotion, reassignment, discipline, defamation, harassment or humiliation of, or discrimination against any employee.

CONDITIONS

I. PREMIUMS: The Board of Directors of the Authority shall assess the premium for the Excess Workers’ Compensation Program to participating Covered Parties. Such premiums shall be calculated in accordance with Article 14 of the Joint Powers Agreement.

II. VOLUNTEERS: This Memorandum shall apply to loss on account of bodily injury or occupational disease sustained by volunteer workers while acting within the scope of their duties for or on behalf of the Covered Party, provided that, prior to the occurrence, the Governing Board of the Covered Party has adopted a resolution as provided in Division 4, Part 1, Chapter 2, Article 2, of the California Labor Code, declaring such volunteer workers to be employees of the Covered Party for purposes of the Workers’ Compensation Act; or provided that such volunteer workers are statutorily deemed by the Workers’
Compensation Act to be employees for the purposes of workers' compensation.

III. ADMINISTRATION AND REPORTING OF CLAIMS: The Covered Party shall be responsible for the investigation, settlement, defense or appeal of any claim made or suit brought, or proceeding instituted against the Covered Party, and the Covered Party shall have the duty to give immediate notice to the Authority upon learning of any of the following:

A. Any occurrence for which total incurred (paid to date plus remaining reserves) exceeds 50% of the Covered Party’s Retention;

B. Any occurrence which causes serious injury to two or more employees;

C. Any occurrence which results in:
   1. A fatality;
   2. An amputation of a major extremity;
   3. Any serious head injury (including skull fracture or loss of sight of either or both eyes);
   4. Any injury to the spinal cord;
   5. Any second or third degree burn of 25% or more of the body;
   6. A permanent total disability as defined in the Workers’ Compensation Act of the State of California;

D. The reopening of any case in which a further award might exceed 50% of the Covered Party’s retention.

The Covered Party shall not make any voluntary settlement or voluntarily make a lump sum payment or commutation or one-time payment in lieu of periodic indemnity payments to employees or their dependents involving loss to the Authority except with the prior written consent of the Authority.

The Covered Party shall promptly forward to the Authority any requested information on individual occurrences claims, or cases, and shall provide such information to the Authority within thirty (30) days in a form satisfactory to the Authority, including the amounts paid and the estimated future payments or outstanding reserves.

The Authority, at its own election and expense, shall have the right to participate with the Covered Party in, or to assume in the name of the Covered Party, control over the investigation, settlement, defense, or appeal of any claim, suit, or proceeding which might involve liability of the Authority.
IV. SERVICE ORGANIZATION: As a condition precedent to recovery hereunder, it is agreed that the Covered Party will engage one or more service organizations and/or in-house staff acceptable to the Authority to perform on behalf of the Covered Party, and without charge to the Authority, such services as may be acceptable to the Authority during the currency of this Memorandum and until the final settlement of all claims arising out of occurrences which take place while this Memorandum is in force. The performance of such services shall not constitute any undertaking on behalf of the Authority, nor relieve the Covered Party of any of its obligations under the terms of this Memorandum.

V. ASSISTANCE AND COOPERATION: In the event the Authority elects to participate with the Covered Party in, or to assume in the name of the Covered Party, control over the investigation, defense, or appeal of any claim, suit, or proceeding, the Covered Party shall cooperate to the fullest extent with the Authority and its representatives.

Upon the Authority’s request, the Covered Party shall direct its service organization and/or other representatives to cooperate with and assist the Authority in all matters relative to such investigation, settlement, defense, or appeal.

If the Authority elects to assume control as described above, the Authority shall give written notice of such election to the Covered Party. Upon receipt of such written notice, the Covered Party shall not, except at its own cost, voluntarily make any payment, assume any obligation, or incur any expense other than such immediate medical or other services at the time of injury as are required by the Workers’ Compensation Act or such immediate medical and surgical relief as may become imperative at the time of an occurrence.

VI. LOSS PAYABLE: The Authority shall pay any loss for which it may be liable under this Memorandum in the following manner:

A. As respects Coverage Agreements I.A., payment shall first be made by the Covered Party in accordance with the provisions of the Workers’ Compensation Act, and the Authority shall reimburse the Covered Party for such loss periodically, at intervals of not less than one (1) month, upon receipt from the Covered Party of proofs of payment which is acceptable to the Authority in content and form.

B. As respects Coverage Agreement I.B., liability under this Memorandum with respect to any occurrence shall not attach unless and until the Authority’s liability shall have been fixed and rendered certain either by final judgment against the Covered Party after actual trial or by written agreement of the Covered Party, the claimant, and the Authority. Such losses shall be due and payable within thirty (30) days after they
are respectively claimed and proven in conformity with this Memorandum.

VII. PAYMENTS THE COVERED PARTY MUST MAKE: The Covered Party shall be responsible for any payments in excess of the benefits regularly provided by the Workers' Compensation Act, including but not limited to those required because:

A. of serious and willful misconduct on the part of the Covered Party;

B. the Covered Party knowingly employs an employee in violation of the law;

C. the Covered Party fails to comply with a health or safety law or regulation; however, this does not apply to recommendations promulgated by the Joint Commission for Accreditation of Health;

D. of discharge, coercion, or discrimination against any employee in violation of the Workers' Compensation Act;

E. of claims relating to or in any way arising out of California Labor Code Section 132(a);

F. of the unreasonable delay or failure to make payments of compensation by or on behalf of the Covered Party, including the legal fees associated with defending resulting claims or suits;

G. the Covered Party violates or fails to comply with the Workers' Compensation Act.

If the Authority makes any payments on behalf of the Covered Party in excess of the benefits regularly provided by the Workers' Compensation Act, the Covered Party will reimburse the Authority promptly.

VIII. SUBROGATION: In the event of any payment under this Memorandum, the Authority shall be subrogated, to the extent of such payment, to all the Covered Party's rights of recovery therefore, and the Covered Party shall execute all papers required and shall do everything that may be necessary to secure such rights. Any amount recovered as a result of such proceedings, together with all expenses necessary to the recovery of any such amount shall be apportioned as follows: The Authority shall first be reimbursed to the extent of its actual payment hereunder. If any balance then remains, said balance shall be applied to reimburse the Covered Party. The expenses of all proceedings necessary to the recovery of such amount shall be apportioned between the Covered Party and the Authority in the ratio of their respective recoveries as finally settled. If
there should be no recovery in proceedings instituted solely on the initiative of the Authority, the expenses thereof shall be borne by the Authority.

IX. INSPECTION AND AUDIT: The Authority shall be permitted but not obligated to inspect the Covered Party's operations at any time. Neither the Authority'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 Covered Party or others to determine or warrant that such operations are safe or harmful, or are in compliance with any law, rule or regulation. The Authority may examine and audit the Covered Party's books and records at any time during the currency hereof and until three (3) years after the final settlement of all claims or payments made on account of accident or disease occurring during the term of this Memorandum as far as such books and records relate to the subject matter of this Memorandum.

X. OTHER COVERAGE: If the Covered Party has other coverage against a loss covered by this Memorandum, the Authority's coverage shall apply in excess of any other coverage.

XI. BANKRUPTCY AND INSOLVENCY: In the event of the bankruptcy or insolvency of the Covered Party or any entity comprising the Covered Party, the Authority shall not be relieved thereby of the payment of any claims under this Memorandum because of such bankruptcy or insolvency.

XII. ASSIGNMENT: No assignment of the Covered Party's interest hereunder shall be binding upon the Authority unless its consent is endorsed hereon.

XIII. NOTICE OR PAYMENT: If more than one entity qualifies as a Covered Party under the definition of Covered Party or by endorsement to this Memorandum, all notices, stipulations and payments to or by the entity first named in the Declarations shall be binding upon all other Covered Parties.

XIV. CHANGE OR WAIVER: The terms of this Memorandum shall not be waived or changed except by endorsement issued to form a part hereof, signed by a duly authorized representative of the Authority.

XV. CANCELLATION: This Memorandum may be canceled by the Covered Party only at the end of the Memorandum Period and pursuant to the provisions of Article 20(b) of the Joint Powers Agreement. The Authority may cancel this agreement pursuant to the provisions of Article 21 (a)(1) and (a)(2) of the Joint Powers Agreement or the Authority's invoice and premium payment policy as established by the Board of Directors. This Memorandum does not apply to any loss as a result of any occurrences taking place at or after the effective date of any such cancellation.
Any return of unearned premium in the event of cancellation by the Authority shall be determined pursuant to Article 22 of the Joint Powers Agreement.

XVI. ACCEPTANCE: By acceptance of this Memorandum, the Covered Party agrees that each of the persons, firms or organizations named in the Declarations as the Covered Party is, or upon learning of the necessity therefore will become, qualified to operate with the permission of the proper authorities as a self-insurer under the Workers' Compensation Act of California; that the statements in the application for this Memorandum are the Covered Party's agreements and representations; that this Memorandum embodies all agreements existing between the Covered Party and the Authority or any of its agents relating to this coverage; and that full compliance by the Covered Party with all the terms of this Memorandum is a condition precedent to the Authority's liability hereunder.

XVII. CONFORMANCE WITH WORKERS' COMPENSATION ACT: Any term of this Memorandum which conflicts with any provision of the California Workers' Compensation Act is changed by this provision to conform to said law.

IN WITNESS WHEREOF, the Authority has caused this Memorandum to be executed and attested, but this Memorandum shall not be valid unless countersigned by an authorized representative of the Authority.
ENDORSEMENT NO. U-1

CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION

WAR AMENDATORY ENDORSEMENT

It is understood and agreed that this Memorandum shall not apply to loss directly or indirectly caused by, resulting from or in connection with 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, regardless of any other cause or event contributing concurrently or in any sequence to the loss.

This Memorandum shall also not apply to loss 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 above.

It is further agreed that nothing herein shall act to increase the Authority's limit of indemnity.

This endorsement is part of the Memorandum of Coverage and takes effect on the effective date of the Memorandum of Coverage unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date: Memoranud No.: EIA 14 EWC-00

Issued to: ALL MEMBERS

Issue Date: June 24, 2014

[Signature]

Authorized Representative
CSAC Excess Insurance Authority
ENDORSEMENT NO. U-2

CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION

CLARIFICATION OF COVERAGE AMENDATORY ENDORSEMENT

A. It is understood and agreed that Definition VI. LOSS is deleted in its entirety and replaced by the following:

VI. LOSS: The term loss shall mean only such amounts as are actually paid by the Covered Party as benefits under the applicable Workers' Compensation Act, or in payment of amounts imposed upon the Covered Party by Employers' Liability, in settlement of claims for such benefits or damages, or satisfaction of awards or judgments for such benefits and damages, including court costs, interest upon awards or judgments, and allocated investigation, adjustment and legal expenses, but the term loss shall not include as expenses, salaries paid to employees of the Covered Party, nor fees and retainers paid to any service organization.

Notwithstanding the foregoing, loss does not include any amounts paid by the Covered Party as benefits, or in payment of amounts imposed upon the Covered Party by Employers' Liability, deriving solely from any Covered Party's enactment, resolution or other act establishing either a presumption of work-related illness or injury or any other expansion of benefits beyond those prescribed by the applicable Workers' Compensation Act. Despite any such enactment resolution or act, the Covered Party shall retain the burden of establishing loss within the Memorandum of Coverage.

It is further agreed that nothing herein shall act to increase the Authority's limit of indemnity.

This endorsement is part of the Memorandum of Coverage and takes effect on the effective date of the Memorandum of Coverage unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date: 

Issued to: ALL MEMBERS

Issue Date: June 24, 2014

Memorandum No.: EIA 14 EWC-00

Authorized Representative
CSAC Excess Insurance Authority
ENDORSEMENT NO. U-3

CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION

CARVE OUT REPORTING REQUIREMENT ENDORSEMENT

It is understood and agreed that the following is added to the CONDITIONS section of the Memorandum of Coverage:

XVIII. CARVE OUTS: In the event a Covered Party is considering entering into a labor management agreement that establishes an alternative dispute resolution process pursuant to Labor Code Section 3201.7, with one or more bargaining unit(s), to amend any portion of the Workers' Compensation claims process, that proposed carve out agreement must be submitted to the Authority for review prior to implementation. Failure to provide such documentation prior to implementation may result in the benefits provided under such carve out agreement, and any expenses related thereto, not being covered under the Memorandum of Coverage.

It is further agreed that nothing herein shall act to increase the Authority's limit of indemnity.

This endorsement is part of the Memorandum of Coverage and takes effect on the effective date of the Memorandum of Coverage unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date:

Memorandum No.: EIA 14 EWC-00

Issued to: ALL MEMBERS

Issue Date: June 24, 2014

Authorized Representative
CSAC Excess Insurance Authority
ENDORSEMENT NO. U-4

CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS’ COMPENSATION

WAIVER OF SUBROGATION ENDORSEMENT

It is understood and agreed that Section VIII. SUBROGATION of the CONDITIONS section of the Memorandum of Coverage is deleted in its entirety and replaced by the following:

VIII. SUBROGATION: In the event of any payment under this Memorandum, the Authority shall be subrogated, to the extent of such payment, to all the Covered Party’s rights of recovery therefore, and the Covered Party shall execute all papers required and shall do everything that may be necessary to secure such rights. Any amount recovered as a result of such proceedings, together with all expenses necessary to the recovery of any such amount shall be apportioned as follows: The Authority shall first be reimbursed to the extent of its actual payment hereunder. If any balance then remains, said balance shall be applied to reimburse the Covered Party. The expenses of all proceedings necessary to the recovery of such amount shall be apportioned between the Covered Party and the Authority in the ratio of their respective recoveries as finally settled. If there should be no recovery in proceedings instituted solely on the initiative of the Authority, the expenses thereof shall be borne by the Authority.

However, in the event of any loss payment under this Memorandum for which you have waived the right of recovery in a written contract entered into prior to the loss, we hereby agree to also waive our right of recovery but only with respect to such loss.

It is further agreed that nothing herein shall act to increase the Authority’s limit of indemnity.

This endorsement is part of the Memorandum of Coverage and takes effect on the effective date of the Memorandum of Coverage unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date: 
Memorandum No.: EIA 14 EWC-00

Issued to: ALL MEMBERS

Issue Date: June 24, 2014

Authorized Representative
CSAC Excess Insurance Authority
ENDORSEMENT NO. U-5

CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS’ COMPENSATION

LOSSES INVOLVING MULTIPLE MEMBERS

It is understood and agreed that this Memorandum shall apply, as follows, to losses involving multiple members:

Each member’s final retention allocation will be calculated based on its pro rata percentage share of the “final loss valuation” times its retention specified in the Declarations of this Memorandum. The retention specified in the Declarations of this Memorandum will be applied until the “final loss valuation” is determined, as outlined below.

The total incurred for all members involved in the loss will be evaluated five years from the end of the coverage period in which the loss occurs, and will be used as the “final loss valuation” for determination of the final retention and limits allocations.

If the total loss for all members involved in a single occurrence exceeds the maximum Program limit of indemnity, allocation of liability for the excess amount will also be determined based on each member’s pro rata percentage share of the “final loss valuation”.

It is further agreed that nothing herein shall act to increase the Authority's limit of indemnity.

This endorsement is part of the Memorandum of Coverage and takes effect on the effective date of the Memorandum of Coverage unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date: Memorandum No.: EIA 14 EWC-00

Issued to: ALL MEMBERS

Issue Date: June 24, 2014

Authorized Representative
CSAC Excess Insurance Authority