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 Rates by the South Bay Area Schools Insurance Authority (SBASIA)

Associated Goal
Goal 3: Be a premier employer

Background
In 2007 the SCCOE joined the South Bay Area Schools Insurance Authority (SBASIA). SBASIA JPA offers coverage programs to SCCOE for General Liability, and coverage on the entirety of the real property owned by the SCCOE. For 2014-15, an additional $10 million in General Liability Coverage has been added to ensure coverage for any liability eventuality.

Fiscal Implication
The total combined fees for the coverage described is $223,325.48. This fee represents a reduction of approximately 25.33% over last year’s fees which were $299,080.14. The reason for the drop in rates is because the SCCOE has not had any significant lawsuits or property claims in the last six years.

Requested Action:
Approve the 2014-15 combined rates for coverage under the South Bay Area Schools Association SBASIA for $223,325.48.
ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

PROPERTY PROPOSAL

TYPE OF INSURANCE: ☑ Insurance ☐ Reinsurance

NAMED INSURED: South Bay Area Schools Insurance Authority

DECLARATION: 19-Schools 1

POLICY PERIOD: July 1, 2014 to July 1, 2015

COMPANIES: See Attached List of Companies

TOTAL INSURED VALUES: $2,272,303,143 as of June 12, 2014

ALL RISK COVERAGES & LIMITS:

$1,000,000,000 Per Occurrence: All Perils, Coverages (subject to policy exclusions) and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.

Not Covered Flood Limit - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)

Not Covered Per Occurrence and in the Annual Aggregate for all locations in Flood Zones A & V (inclusive of all 100 year exposures). This Sublimit does not increase the specific flood limit of liability for those Members(s)/Entity(ies) that purchase this optional dedicated coverage.

Not Covered Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)

$100,000,000 Combined Business Interruption, Rental Income and Tax Revenue Interruption and Tuition Income (and related fees). However, if specific values for such coverage have not been reported as part of the Member(s)/Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc., this sublimit amount is limited to $500,000 per Member/Entity subject to maximum of $2,500,000 Per Occurrence for Business Interruption, Rental Income and Tuition Income combined, and $5,000,000 per occurrence for Tax Revenue Interruption. Coverage for power generating plants is excluded, unless otherwise specified.

$50,000,000 Extra Expense
$ 25,000,000  Miscellaneous Unnamed Locations for existing Members 
Excluding Earthquake coverage for Alaska and California 
Members. If Flood coverage is purchased for all scheduled 
locations, this extension will extend to include Flood coverage 
for any location not situated in Flood Zones A or V.

180 Days  Extended Period of Indemnity

See Policy Provisions  $25,000,000 Automatic Acquisition up to $100,000,000 or a 
member's Policy Limit of Liability if less than $100,000,000 for 
90 days excluding licensed vehicles for which a sublimit of 
$10,000,000 applies per policy Automatic Acquisition and 
Reporting Condition. Additionally a sublimit of $2,500,000 
applies for Tier 1 Wind Counties, Parishes and Independent 
Cities for 60 days for the states of Virginia, North Carolina, 
South Carolina, Georgia, Alabama, Mississippi, Louisiana, 
Texas and/or situated anywhere within the states of Florida and 
Hawaii. The peril of EQ is excluded for the states of Alaska 
and California. If Flood coverage is purchased for all 
scheduled locations, this extension will extend to include Flood 
coverage for any location not situated in Flood Zones A or V.

$ 1,000,000  Unscheduled Landscaping, tees, sand traps, greens and athletic 
fields and further subject to $25,000 / 25 gallon maximum per 
item

$ 5,000,000  Scheduled Landscaping, tees, sand traps, greens and athletic 
fields and further subject to $25,000 / 25 gallon maximum per 
item. Higher limits available for members with scheduled 
values greater than $5,000,000 for an additional premium with 
underwriting approval

$ 50,000,000  Errors & Omissions - This extension does not increase any 
more specific limit stated elsewhere in this policy or 
Declarations.

$ 25,000,000  Course of Construction and Additions (including new) for 
projects with completed values not exceeding the sublimit 
shown. Projects valued between $25,000,001 and $50,000,000 
can be added for an additional premium with underwriting 
approval

$ 2,500,000  Money & Securities for named perils only as referenced within 
the policy

$ 2,500,000  Unscheduled Fine Arts

$ 250,000  Accidental Contamination per occurrence and annual aggregate 
per member with $500,000 annual aggregate for all insureds / 
members per declaration

$ 500,000  Unscheduled Tunnels, Bridges, Dams, Catwalks (except those 
not for public use), Roadways, Highways, Streets, Sidewalks, 
Culverts, Street Lights and Traffic Signals unless a specific 
value has been declared (excluding coverage for the peril of 
Earthquake Shock, and excluding Federal Emergency 
Management Agency (FEMA) and/or Office of Emergency 
Services (OES) declared disasters)
<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000,000</td>
<td>Increased Cost of Construction due to the enforcement of building codes/ordinance or law (includes All Risk and Boiler &amp; Machinery)</td>
</tr>
<tr>
<td>$25,000,000</td>
<td>Transit</td>
</tr>
<tr>
<td>$2,500,000</td>
<td>Unscheduled Animals; not to exceed $50,000 per Animal, per Occurrence</td>
</tr>
<tr>
<td>$2,500,000</td>
<td>Unscheduled Watercraft up to 27 feet</td>
</tr>
<tr>
<td></td>
<td>Not Covered Per Occurrence for Off Premises Vehicle Physical Damage</td>
</tr>
<tr>
<td>$25,000,000</td>
<td>Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor’s Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor’s Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage</td>
</tr>
<tr>
<td>$3,000,000</td>
<td>Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately</td>
</tr>
<tr>
<td>$500,000</td>
<td>Jewelry, Furs, Precious Metals and Precious Stones Separately</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>Claims Preparation Expenses</td>
</tr>
<tr>
<td>$50,000,000</td>
<td>Expediting Expenses</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>Personal Property Outside of the USA</td>
</tr>
<tr>
<td>$100,000,000</td>
<td>Per Member/Entity Per Occurrence subject to $200,000,000 Annual Aggregate of Declarations 1-14, 18-21, 25-30 and 32-34 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer)</td>
</tr>
<tr>
<td>$300,000,000</td>
<td>Per Member/Entity for Terrorism (Excess Layer) subject to;</td>
</tr>
<tr>
<td>$800,000,000</td>
<td>Per Occurrence, All Members combined in Declarations 1-9, 11-14, 18-21, 25-30 and 32-34 for Terrorism (Excess Layer) subject to;</td>
</tr>
<tr>
<td>$800,000,000</td>
<td>Annual Aggregate shared by all Members/Entities combined in Declarations 1-9, 11-14, 18-21, 25-30 and 32-34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)</td>
</tr>
<tr>
<td></td>
<td>Not Covered Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit.</td>
</tr>
</tbody>
</table>
Included Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles

Included See Alliant Property Insurance Program (APIP) Pollution Liability Insurance Summary for applicable limits and deductibles

VALUATION:
- Repair or Replacement Cost
- Actual Loss Sustained for Time Element Coverages
- Contractor’s Equipment / either Replacement Cost or Actual Cash Value (ACV) as declared by each member. If not declared, valuation will default to Actual Cash Value (ACV)

EXCLUSIONS
(Including but not limited to):
- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

Deductibles: If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable. (The Deductible amounts set forth below apply Per Occurrence unless indicated otherwise).

"ALL RISK" DEDUCTIBLE: $500,000 except 100,000 for COC for Milpitas USD Per Occurrence, which to apply in the event a more specific deductible is not applicable to a loss

DEDUCTIBLES FOR SPECIFIC PERILS AND COVERAGES:
- Not Covered All Flood Zones Per Occurrence excluding Flood Zones A & V
- Not Covered Per Occurrence for Flood Zones A & V (inclusive of all 100 year exposures)
- Not Covered Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the stated minimum.

$1,000 Per Occurrence for Specially Trained Animals

$500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)

$10,000 Minimum subject to $100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits
$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits

$ 10,000 Minimum subject to $100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits

$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Flood for members who do not purchase dedicated Flood limits

24 Hour Waiting Period for Service Interruption for All Perils and Coverages

2.5% of Annual Tax Value per Location for Tax Interruption

Not Covered Per Occurrence for Off Premises Vehicle Physical Damage. If Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off-premises on a Per Occurrence basis, unless otherwise stated. If Off-Premises coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk (Basic) deductible.

Vehicle Valuation Basis

$ 500,000 Per Occurrence for Contractor's Equipment

$ 500,000 except 100,000 for COC for Milpitas USD Per Occurrence for Primary Terrorism

$ 500,000 Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)

Included Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles. (Cyber Liability)

**TERMS & CONDITIONS:**

25% Minimum Earned Premium and cancellations subject to 10% penalty

Except Cyber Liability Premium is 100% Earned at Inception

Except Pollution Liability Premium is 100% Earned at Inception

**NOTICE OF CANCELLATION:**

90 Days except 10 Days for non-payment of premium
ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

BOILER & MACHINERY PROPOSAL

NAMED INSURED: South Bay Area Schools Insurance Authority

POLICY PERIOD: July 1, 2014 to July 1, 2015

COMPANIES: See Attached List of Companies

TOTAL INSURED VALUES: $2,272,303,143 as of June 12, 2014

STATUS/RATING: See Attached List of Companies

COVERAGES & LIMITS: $100,000,000 Boiler Explosion and Machinery Breakdown, (for those Member(s)/Entity(ies) that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:

- Included Jurisdictional and Inspections
  - $10,000,000 Per Occurrence for Service/Utility/Off Premises Power Interruption
- Included Per Occurrence for Consequential Damage/Perishable Goods/Spoilage
  - $10,000,000 Per Occurrence for Electronic Data Processing Media and Data Restoration
- $2,000,000 Per Occurrence, Per Member/Entity and in the Annual Aggregate per declaration for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage
- $10,000,000 Per Occurrence for Hazardous Substances/ Pollutants/Decontamination
  - Included Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes
NEWLY ACQUIRED LOCATIONS:  $ 25,000,000  Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than $25,000,000 or Power Generating Facilities must be reported within 90 days and must have prior underwriting approval prior to binding.

VALUATION:  Repair or Replacement except Actual Loss sustained for all Time Element coverages.

EXCLUSIONS (Including but not limited to):
- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

OBJECTS EXCLUDED: (Including but not limited to):
- Insulating or refractory material
- Buried Vessels or Piping
- Furnace, Oven, Stove, Incinerator, Pot Kiln

NOTICE OF CANCELLATION:  90 days except 10 days for non-payment of premium.

DEDUCTIBLES:
- $10,000  Except as shown for Specific Objects or Perils
- $10,000  Electronic Data Processing Media
- $10,000  Consequential Damage
- $10,000  Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface
- $50,000  Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface
- $100,000  Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface
- $250,000  Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface
- $350,000  Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface

10 per foot / $2,500 Minimum  Deep Water Wells

24 Hours Business Interruption/Extra Expense Except as noted below

30 Days Business Interruption – Revenue Bond

24 Hour Waiting Period – Utility Interruption

5 x 100% of Daily Value – Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface

5 x 100% of Daily Value – Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities
ALLIANT CRIME INSURANCE PROGRAM
2014-2015 PROPOSAL
SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

INSURER: National Union Fire Insurance Company of Pittsburgh, PA (Chartis)

*A.M. BEST'S GUIDE RATING: A, Excellent; Financial Size Category 15;
(Verified May 2014) $2,000,000,000 or Greater

*STANDARD & POOR'S RATING: A+, Strong Financial Security
(Verified May 2014)

STATE STATUS: Admitted

POLICY PERIOD: July 1, 2014 to July 1, 2015

COVERAGE: Government Crime Policy on Discovery form including the following coverages:

- Employee Theft – Per Loss Coverage
- Forgery or Alteration
- Inside the Premises – Theft of Money and Securities
- Inside the Premises – Robbery & Safe Burglary of Other Property
- Outside the Premises (Money, Securities and Other Property)
- Computer Fraud
- Funds Transfer Fraud
- Money Orders & Counterfeit Money

EXCLUSIONS (Including but not limited to):

- Unauthorized disclosure of confidential information
- Governmental Action
- Indirect Loss
- Legal Fees and Expenses
- Nuclear Hazard
- Pollution
- War and Military Action
- Inventory Shortages
- Trading losses
- Accounting or Arithmetical Errors or Omissions
- Exchanges or Purchases
- Fire
- Money Operated Devices
- Motor Vehicles or Equipment and Accessories
- Transfer or Surrender or Property
- Vandalism
- Voluntary Parting of Title to Possession of Property

*See last page for additional details
ALLIANT CRIME INSURANCE PROGRAM
2014-2015 PROPOSAL
SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

ENDORSEMENTS:

- State Changes
- Additional Named Insured – Endorsement identifies individual member limit and deductible
- Omnibus Named Insured – Coverage extended to all Agencies, Authorities and Districts (including Special Districts) which are governed directly by the governing body of the Named Insured
- Add Faithful Performance of Duty Coverage for Government Employees – Individual Member Limit
- Revision of Discovery and Prior Theft or Dishonesty $25,000 Sub-Limit
- Cancellation of Policy Amended – 90 Days NOC
- Bonded Employees Exclusion Deleted endorsement
- Add Credit, Debit or Charge Card Forgery
- Include Volunteer Workers as Employees
- Include Specified Non-Compensated Officers as and Any Elected or Appointed Officials Employees (blanket coverage)
- Include Chairperson and Members of Specified Committees as Employees (blanket coverage)
- Include Designated Persons or Classes of Persons as Employees – Any Director or Trustees of any of those named as insured
- Include Designated Persons or Classes of Persons as Employees – Board Members As Insured
- Include Treasurers or Tax Collectors as Employees
- Include Expenses Incurred to Establish Amount of Covered Loss – $75,000 Sub-limit
- Employee Post Termination Coverage – 90 Days
- Cancellation Amendatory (Return Pro-Rata)
- Include Leased Workers as Employees Endorsement
- Notice of Claim Reporting by Email
- Coverage Territory Endorsement (excludes loss payments in violation of economic or trade sanctions)
- Vendor Theft - $1,000,000 Limit excess of vendor insurance policy required by contract. If vendor policy is not valid or collectible, this sublimit applies to loss excess of $500,000. Coverage not applicable if crime insurance is not required in a written agreement
- Conditions Amended - Subrogation of Faithful Performance of Duty Claims - With respect to losses resulting from the failure of any employee to faithfully perform his or her duties as prescribed by law, the company may subrogate only due to actual fraud, corruption, actual malice, or where the employee or a person or entity was unjustly enriched
- Third Party Coverage - $250,000 Sublimit with $25,000 Deductible
- Policy Extension Endorsement – 7/1/13 to 7/1/14