



SWEETWATER UNION HIGH SCHOOL DISTRICT

LEGAL SERVICES DIVISION

1130 Fifth Avenue
Chula Vista, CA 91911-2896

www.sweetwaterschools.org

General Information:

Phone: (619) 407-4940
Fax: (619) 498-1997

Jennifer Carbuccia
General Counsel
PH: (619) 691-5561
FAX: (619) 498-1997

Dr. Tom Glover
Chief Compliance Officer
PH: (619) 600-3301
FAX: (619) 600-3305

Pamela Tipp
Labor Relations Specialist
PH: (619) 585-6004
FAX: (619) 407-4948

Alecia Turner
Paralegal
PH: (619) 585-4481
FAX: (619) 498-1997

Vanessa West
Senior Executive Assistant
PH: (619) 691-5561
FAX: (619) 498-1997

MEMORANDUM

TO: Board of Trustees

FROM: Jennifer Carbuccia, General Counsel
Todd Torgerson, Director of Risk Management/Human Resources

DATE: September 4, 2015

SUBJECT: FRIDAY UPDATE: JOINT POWER AUTHORITY RISK MANAGEMENT PROGRAM COVERAGE

Question Presented

This memorandum is in response to a Board request regarding the legal parameters of the JPA, with the intent of assisting in future discussion of JPA claims, litigation and settlement. Specific questions were focused on: 1) JPA programs the District participates, 2) coverage versus exclusion of claims, 3) costs of participation (premiums and deductibles), and 4) claims process involves.

Short Answer

The Sweetwater Union High School District is insured through the San Diego County Schools Risk Management Joint Powers Authority (JPA), which provides and affords risk transfer and risk financing for property, crime, workers' compensation, liability and excess insurance. The District's general liability line of coverage through the JPA provides up to \$55,000,000 per claim. Generally, JPA coverage includes all claims except breach of contract, compensation claims, and injunctive, equitable or declaratory relief. The District's contribution to the JPA is roughly \$7.5 million annually, with \$6 million of that covering only the cost of worker's compensation. This does not include the cost of the District's deductibles required in order to access coverage. If the Board is interested in further cost specifics related to claims and deductibles, that information can be provided in a future update.

JPA Background

The JPA Risk Management Unit is the second oldest JPA in the state and was established in 1976, when the California legislature allowed public entities to self-insure due to their inability to get affordable property, liability and workers' compensation coverage through carriers. The JPA is a partnership with the San Diego County Office of Education and over 65 local school districts. The JPA is a non-profit organization and all JPA staff are employees of the San Diego

"The Sweetwater Union High School District will fulfill the promise of 100% student success"

"Sweetwater Union High School District programs and activities shall be free from discrimination based on age, gender, gender identity or expression, or genetic information, sex, race, color, religion, ancestry, national origin, ethnic group identification, marital or parental status, physical or mental disability, sexual orientation, the perception of one or more of such characteristics; or association with a person or group with one or more of these actual or perceived characteristics." SUHSD Board Policy 0410

County Office of Education. The mission of the JPA is to provide districts with risk management programs to prevent and control financial losses as well as promote health and safety to help create the right environment for school districts to focus on teaching and learning. Participation in the JPA as part of the District's risk transfer techniques and risk financing best practices protects the District from the adverse effects of accidental and business loss, thereby allowing the District to use its financial resources to serve and support the students and families of the District.

JPA Costs and Coverage

Annually, the District pays \$7.5 million in premiums to the JPA for coverage/excess liability coverage for workers' compensation, general liability, crime coverage, auto and physical damage, and employment practices. The vast majority of this premium is for workers' compensation, totaling \$6 million. This is the first year the coverage has increased from the prior year's coverage limits of \$25 million to \$55 million. Additionally, coverage for property claims and damage has limits of \$500 million. The *attached* schedule of insurance contains a broad outline of coverage and our deductible for the programs provided to the District by the JPA.

The JPA's rates are inclusive of all costs for: 1) workers' compensation claims administration, 2) property and liability claims; 3) administration pre-placement physicals for new hires as partial requirement of employment with the District; 4) mandatory drug testing for the Transportation Department; 5) health improvement programs for all employees; and 6) safety and loss prevention loss control services. The JPA offers and provides a wide array of safety, loss prevention, loss control, industrial hygiene and sampling services, with District-specific safety and loss prevention training modules (including the recently mandated Making Right Choices program). Additionally, we have access to the Employee Assistance Service for Education (EASE) program, which provides confidential counseling services for full and part-time employees, as well as their family members and has been used for mediation and crisis intervention services at District school sites.

These services are provided at no additional cost and with no limit on the use of the loss control staff. Other pools and insurance carriers have limited loss control services or charge separately for each service.

While it may seem like this is an expensive cost, the JPA's rates are lower than other pools – Mira Costa Community College District did a full Request for Proposal (RFP) two years ago asking in the RFP for all hidden costs. The San Diego County Schools Risk Management JPA was the lowest price of four (4) pools that responded. The JPA was between \$90,000 and \$300,000/year lower depending on the pool. The JPA's \$55 million in liability coverage is greater than other large risk pools.

There is also tremendous value in participating in a local JPA that is available at any time to assist with any loss as a result of an emergency or critical incident. They have responded directly and immediately to assist the District during the Cedar and Witch Creek wild fires; the recent Hilltop High School and National City Middle School fire; and recent floods at National City Middle School, Bonita Vista High School and Castle Park High School. Similarly, the JPA has worked with other covered districts during tragic issues like school shootings (Santana High School, Granite Hills High School and Kelly Elementary School) by providing immediate

assistance to limit liability exposure on students and reduce exposure on the staff by accepting the workers' compensation claims for stress due to the shootings.

The JPA's liberal coverage analysis has significantly and directly benefited the District. Whereas most insurance carriers look to deny or find a reason to not cover a loss, the JPA, with its mission to serve schools, looks to provide coverage to the District for losses and has even waived the District's deductible on losses.

JPA Claim Process

The District submits all claims, except wage claims and breach of contract, to the JPA for coverage. The JPA works with the District to properly adjust the claim to determine the value and liability. Depending on the facts or circumstances claims are settled, compromised, or rejected entirely. Once a legal complaint is threatened or filed against the District, the JPA will assign Panel Counsel (of our choice) to vigorously defend the District. Panel Counsel works with Legal Services and Risk Management to strategize and present a plan to protect the District's best interests. Legal Services serves as the liaison with panel counsel to update the Board on potential settlement options or further defense. In most cases, the District does not receive billings from JPA panel counsel for work on JPA matters, because the JPA fronts the costs of all fees and costs and we reimburse the JPA's deductible.

If you should have any questions regarding the JPA, its services, costs and coverages or how the claims process fits into the District's Legal Services structure, please contact Todd or me.

cc: Sandra C. Huezo, Assistant Superintendent of Human Resources

Attachment: Schedule of Insurance Coverage

SCHEDULE OF INSURANCE COVERAGE
SWEETWATER UNION HIGH SCHOOL DISTRICT
JULY 1, 2015 TO JULY 1, 2016

COMPANY POLICY # - BEST RATING	COVERAGE DESCRIPTION	INSURANCE REINSURANCE LIMITS	JPA SIR	DISTRICT DEDUCTIBLE	TOTAL CONTRIBUTION
Allied World National Insurance Company Policy #030567751N - Best: A XV	Blanket Coverage - Real and Personal Property Includes Rental Interruption for Leased/Purchased buildings	\$500,000,000 Per Occurrence	\$100,000	\$10,000	\$527,728
	Theft, Vandalism & Damage - Personal Property Theft, Vandalism & Damage - Tablets/Similar Electronic Devices Flood (including \$750,000 for Flood Zones A & V) aggregate	Included Included \$5,000,000 Aggregate	\$100,000 \$100,000 \$100,000	\$500 \$0 \$10,000	Included Included Included
	Auto Physical Damage Comprehensive - All Owned Veh. (Replacement 2007 & Newer) Collision - All Owned Vehicles (Replacement 2007 & Newer) Hired or Borrowed Vehicles	ACV ACV \$100,000	\$100,000 \$100,000 \$100,000	\$1,000 \$1,000 \$1,000	\$16,740
Allied World National Insurance Company Policy #030567751N - Best: A XV	Commercial General Liability, including Foreign Liability for suits brought back to the United States Products and Completed Operations Employee Benefit Administration - Errors and Omissions	\$4,500,000	\$500,000	\$75,000	\$523,968
	Auto Liability	\$4,500,000	\$500,000	\$75,000	Included
	Employment Practices Liability	\$4,500,000 (Per Occurrence subject to \$10 Mil District Aggregate)	\$500,000	\$75,000	\$82,762
General Reinsurance Policy #SDJPA070115 - Best: A++ XV	Commercial General, Employment Practices & Auto Liability Optional Excess Liability	\$25,000,000 \$25,000,000	\$0	\$0	\$124,628
	Uninsured & Underinsured Motorists Protection	\$60,000	\$60,000	\$1,000	\$119,463
	Commercial Crime Faithful Performance Loss Inside Premises Loss Outside Premises Depositors Forgery Computer Fraud	\$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000	\$75,000 \$75,000 \$75,000 \$75,000 \$75,000	\$1,000 \$1,000 \$1,000 \$1,000 \$1,000	\$37,511
Hartford Steam Boiler Ins. Co. Policy #FBP2280945 - Best: A	Energy Systems Breakdown Property Damage Transformers/Miscellaneous Electrical Equipment Business Income and Extra Expense Hazardous Substance Cleanup Perishable Goods Computers	\$100,000,000 Included Included \$1,000,000 \$1,000,000 Included	\$5,000 \$5,000 \$5,000 \$5,000 \$2,500 \$5,000	\$1,000 \$1,000 \$1,000 \$1,000 \$1,000	Included
	Electronic Data Processing Computer Equipment - Hardware Detrimental Code - Virus & Worm Media/Data - Software Earthquake/Flood	\$8,961,403 \$9,000,000 \$100,000 \$2,500,000 (Occurrence/Aggregate) (Blanket All Locations) (Occurrence/Aggregate)	\$0	\$500 \$500 5%/\$25,000 (Minimum)	\$27,618
	Workers' Compensation Self-Insured Employer's Liability Excess Workers' Compensation	\$900,000 Included Statutory	\$100,000 Included \$0	\$0 \$0 \$0	\$39,941
Allianz Global Corporate Specialty Policy #MXI93032341 - Best: A+ XV	Workers' Compensation Self-Insured Employer's Liability Excess Workers' Compensation	\$900,000 Included Statutory	\$100,000 Included \$0	\$0 \$0 \$0	\$6,009,054 (Budgeted) Included
	Safety National Insurance Policy #SP4053100 - Best: A+XII				
TOTAL CONTRIBUTION:					\$7,509,412