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Memo

To Board of Education

From Marcus Battle, Chief Business Officer
Rebecca Littlejohn, Risk Management Officer *RL*

Date June 27, 2018

Subject Approval by the Oakland Unified School District Board of Education for Insurance Premium Payments (Joint Power Authority Membership Contributions) for the 2018-2019 Fiscal Year

Action Requested Approval by the Board of Education of Joint Powers Authority membership contributions, Fiscal Year 2018-2019, to CSAC Excess Insurance Authority JPA for Excess Workers' Compensation coverage in the amount of \$673,000 and to Northern California ReLiEF JPA for Excess Property and Liability coverage in the amount of \$2,198,650.

Background The District is permissibly self-insured for purposes of California workers' compensation coverage. The ultimate risk of such self-insurance is limited by the purchase of excess workers' compensation coverage above the self-insured retention ("SIR") level, which currently is \$500,000 per claim. The expiring coverage was procured from individual insurance carriers through the District's broker of record, Alliant Insurance Services ("Alliant").

Additionally, the District self-insures its risk of property & liability coverage through membership in Northern California ReLiEF ("NCR"), which is a Joint Power Authority ("JPA") comprised of school districts and administered by Keenan & Associates. The District has a Member Retained Limit ("MRL") of \$250,000 for both property and liability with other lines of coverage (Equipment Breakdown, Crime, Cyber Liability, Electronic Data Processing) having lower MRLs as outlined in the attached *pro forma*.

Discussion Regarding excess workers' compensation insurance coverage, multiple options of coverage were reviewed by the broker of record for the upcoming coverage year, including the insurance pooling option of a joint power authority. Overall, the cost of workers' compensation excess coverage is increasing industry wide. In addition, during this renewal OUSD saw a slightly increase in the buffer layer predominantly due to one claim.

In the interest of lowering program costs and accessing additional loss prevention and risk management services, the District explored the insurance pooling option of a joint powers authority. CSAC Excess Insurance Authority not only provides statutory coverage limits at a lower cost than the District's current insurance provider's renewal proposal, but additionally it provides other program features such as defense coverage for serious and willful, as well as section 132 discrimination claims; an independent claims audit for the District's third party claims administrator every 2 years; and several loss control services. Currently CSAC Excess Insurance Authority has 171 members, including Alameda County, the City of Oakland, Berkeley Unified School District and Mt. Diablo Unified School



District.

The proposed JPA membership contribution to NCR (which functions similarly to an insurance premium) has increased approximately 6% for both liability and property coverage over the previous renewal period. Due to the litigation environment and runaway jury awards, an additional \$9,000,000 to the aggregate limit was added to one layer of coverage under SAFER. This will provide greater protection given the new liability affecting public schools. In addition, the past year has been the most costly in insurance history regarding property coverage. Those agencies with excellent claims experience will see a 5% increase, therefore a 6% increase for OUSD is quite good.

Recommendation

Approval by the Board of Education of Joint Powers Authority membership contributions, Fiscal Year 2018-2019, to CSAC Excess Insurance Authority JPA for Excess Workers' Compensation coverage in the amount of \$673,000 and to Northern California ReLiEF JPA for Excess Property and Liability coverage in the amount of \$2,198,650.

Fiscal Impact

Fund 67, Resource Code 0000, not to exceed \$2,891,239

Attachments

Northern California ReLiEF *pro forma* 2018-2019
Workers' Compensation Insurance CSAC EIA Indication
Workers' Compensation Coverage 2018-2019 Insurance Proposal



PROFORMA

JULY 1, 2018 to JULY 1, 2019

ESTIMATED CONTRIBUTION /PREMIUM SUMMARY

ReLiEF COVERAGES		MEMBER RETAINED LIMIT/ DEDUCTIBLE	CONTRIBUTION/ PREMIUM
LIABILITY	\$10,000,000 Limit Of Liability	\$250,000	\$995,136
PROPERTY	\$250,250,000 Total Insured Values (TIV)	\$250,000	\$961,714
ELECTRONIC DATA PROCESSING EQUIPMENT	\$22,129,692 Total Insured Values (TIV)	\$250	\$60,038
CRIME	\$5,000,000 Employee Dishonesty/Faithful Performance	\$2,500	\$7,262
CYBER LIABILITY	\$1,000,000 Security Breach Response Limit	\$25,000	\$6,302
EQUIPMENT BREAKDOWN	\$100,000,000 Total Insured Values (TIV)	\$1,000	\$49,290
SUBTOTAL PROGRAM COSTS			\$2,079,742
EXCESS LIABILITY	\$25,000,000 Excess Limit of Liability	\$10,000,000	\$78,989
EXCESS LIABILITY	\$50,000,000 Excess Limit of Liability	\$25,000,000	\$39,919
TOTAL PROGRAM COSTS			\$2,198,650

LIABILITY		PROPERTY	
2016/2017 LOTTERY ADA	42,467	TIV:	\$1,910,454,872
EX MOD. - RETAINED	115	EX MOD. - RETAINED	126

Service Team:

Kyle McKibbin, Account Executive
Tara Cooper-Salaiz, Senior Account Manager/Team Leader



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Report Date: 06/08/2018 10:37 AM



PROFORMA

JULY 1, 2018 to JULY 1, 2019

ESTIMATED CONTRIBUTION/ PREMIUM SUMMARY

Latest Real Property Appraisal Date	05/31/2013
Next Real Property Appraisal Date	05/31/2018

- PROGRAM COSTS	\$2,198,650
- RISK MANAGEMENT RESERVE*	\$ 19,589
- TOTAL PROGRAM COSTS	\$2,218,239

*RESERVE = .015 x 6,529,596 SQ FT FIVE YEAR CONTRACT

Accepted by: *[Signature]*
 Authorized District Representative

Title: Superintendent
 Authorized District Representative

Witnessed by: _____
 Kyle McKibbin

SIGNATURE OF THE AUTHORIZED REPRESENTATIVE WILL BIND COVERAGE.

Keenan is compensated for the various services it provides in connection with the management and administration of Northern California ReLIEF ("NCR"), including general administration, financial processing, claims administration, loss control, reporting, marketing, underwriting, brokerage (reinsurance and other coverages) and reinsurance/insurance services. The compensation paid to Keenan is approved by the governing board of NCR and is included in the cost of member contributions. It is anticipated that the total compensation to be received by Keenan for these services for the 2018/2019 program year will not exceed 14% of total member contributions. This compensation does not include amounts payable to Keenan pursuant to separate contracts for services provided directly to individual members, the cost of allocated loss adjustment services provided in connection with individual claims, or reinsurance premium payable to Meritage Insurance Group, a wholly-owned subsidiary of Keenan, pursuant to a reinsurance contract. For additional information concerning Keenan compensation, see www.keenan.com/disclosure.asp



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**Oakland Unified School District
Estimated Contribution/Premium Summary
July 1, 2018 to July 1, 2019
Member Retained Limit
Liability \$ 250,000 Property \$ 250,000**

Proforma Footnote Report

- 1. 2016/2017 LOTTERY ADA:** Average Daily Attendance from the Department of Education with the exception of certain special agencies which use special ADA Exposure data. ADA has been factor updated by 1.04446 in compliance with the Government Code Section 8880.5(m) to compensate for the rate of excused absences.
- 2. T.I.V. Property:** Total Insurable Values(T.I.V.) based upon Statement of Values as confirmed by the District (TIV for Charter Schools, EDP and COC included, if applicable.)
- 3. T.I.V. - EDP:** EDP T.I.V. as confirmed by the District.
- 4. Liability:** Risk Factored ADA x adjusted ReLiEF rate plus ADA x \$9 Mil excess of \$1 Mil rate.Does not consider Special Agency flat fees and Super Pool minimum contributions.
- 5. Excess Liability:** Lottery ADA x Excess Liability Rate + Lottery ADA x Reinsurance Liability Rate
- 6. Property:** TIV/\$100 x Property Rate
- 7. EDP:** EDP TIV/\$100 x EDP Rate
- 8. Crime:** Lottery ADA x Crime Rate
- 9. Cyber Liability:** Lottery ADA x Cyber Liability Rate
- 10. Equip Brkdn:** Equipment Breakdown (B&M) Property TIV/\$100 x Equipment Breakdown Rate
- 11. Program Total:** Sum of Liability, Excess Liability, Property, EDP, Crime, Cyber Liability and Equipment Breakdown.



Oakland Unified School District

Workers' Compensation Insurance CSAC EIA Indication 2018 – 2019

Presented by:

Lilian Vanvieldt
Senior Vice President

June 2, 2018

Alliant Insurance Services, Inc.
1301 Dove Street, Suite 200
Newport Beach, CA 92660
O 949 756 0271
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www.alliant.com

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Company Profile

With a history dating back to 1925, Alliant Insurance Services is one of the nation's leading distributors of diversified insurance products and services. Operating through a national network of offices, Alliant offers a comprehensive portfolio of services to clients, including:

- Risk Solutions
- Employee Benefits
 - Strategy
 - Employee Engagement
 - Procurement
 - Analytics
 - Wellness
 - Compliance
 - Benefits Administration
 - Global Workforce
- Industry Solutions
 - Construction
 - Energy and Marine
 - Healthcare
 - Law Firms
 - Public Entity
 - Real Estate
 - Tribal Nations
 - And many other industries
- Co-Brokered Solutions
 - Automotive Specialty
 - Energy Alliance Program
 - Hospital All Risk Property Program
 - Law Firms
 - Parking/Valet
 - Public Entity Property Insurance Program
 - Restaurants/Lodging
 - Tribal Nations
 - Waste Haulers/Recycling
- Business Services
 - Risk Control Consulting
 - Human Resources Consulting
 - Property Valuation

The knowledge that Alliant has gained in its more than eight decades of working with many of the top insurance companies in the world allows us to provide our clients with the guidance and high-quality performance they deserve. Our solution-focused commitment to meeting the unique needs of our clients assures the delivery of the most innovative insurance products, services, and thinking in the industry.

Alliant ranks among the 15 largest insurance brokerage firms in the United States

Alliant Advantage

	Alliant	Competition
1. Satisfying the insurance needs of business for nearly 90 years.	✓	
1. Privately owned and operated.	✓	
2. A full-service insurance agency for all your business, life and health, and personal insurance.	✓	
3. Representing over 40 insurance companies to provide the best and most affordable coverage.	✓	
4. State-licensed support staff.	✓	
5. Dedicated Certificate of Insurance personnel.	✓	
6. Risk management services to help identify hazards and present options.	✓	
7. Workers' compensation insurance claims management at no additional charge.	✓	

Named Insured / Additional Named Insureds

Named Insured(s)

Oakland Unified School District

NAMED INSURED DISCLOSURE

- The first named insured is granted certain rights and responsibilities that do not apply to other policy named insureds and is designated to act on behalf of all insureds for making policy changes, receiving correspondence, distributing claim proceeds, and making premium payments.
- **Are ALL entities listed as named insureds?** Coverage is **not** automatically afforded to all entities unless specifically named. Confirm with your producer and service team that all entities to be protected are on the correct policy. Not all entities may be listed on all policies based on coverage line.
- Additional named insured is (1) A person or organization, other than the first named insured, identified as an insured in the policy declarations or an addendum to the policy declarations. (2) A person or organization added to a policy after the policy is written with the status of named insured. This entity would have the same rights and responsibilities as an entity named as an insured in the policy declarations (other than those rights and responsibilities reserved to the first named insured).
- Applies to Professional Liability, Pollution Liability, Directors & Officers Liability, Employment Practices Liability, Fiduciary Liability policies (this list not all inclusive). Check your Policy language for applicability. These policies provide protection to the Named Insured for claims made against it alleging a covered wrongful act. Coverage is not afforded to any other entities (unless specifically added by endorsement or if qualified as a "Subsidiary" pursuant to the policy wording) affiliated by common individual insured ownership or to which indemnification is otherwise contractually owed. If coverage is desired for affiliated entities or for contractual indemnities owed, please contact your Alliant Service Team with a full list of entities for which coverage is requested. With each request, include complete financials and ownership information for submission to the carrier. It should be noted, that the underwriter's acceptance of any proposed amendments to the policy, including expansion of the scope of "Insureds" under the policy could result in a potential diminution of the applicable limits of liability and/or an additional premium charge.

Line of Coverage

Workers' Compensation Coverage

Proposed Coverage	
INSURANCE COMPANY:	CSAC Excess Insurance Authority (Safety National Insurance Company)
A.M. BEST RATING:	Various
STANDARD & POOR'S RATING:	Various
CALIFORNIA STATUS:	Admitted
POLICY/COVERAGE TERM:	July 1, 2018 to July 1, 2019
LIMITS:	
Workers' Compensation	Statutory
Employer's Liability	\$1,000,000
ESTIMATED ANNUAL PAYROLL:	\$280,513,000
SELF INSURED RETENTION (SIR):	
Option #1:	\$500,000
Option #2:	\$1,000,000
Option #3:	\$2,000,000
Option #4:	\$2,500,000
ESTIMATED ANNUAL PREMIUM:	
Option #1: \$500,000 SIR	\$673,000
Option #2: \$1,000,000 SIR	\$382,000
Option #3: \$2,000,000 SIR	\$284,000
Option #4: \$2,500,000 SIR	\$264,000
RATE PER \$100 OF PAYROLL:	
Option #1: \$500,000 SIR	0.2399
Option #2: \$1,000,000 SIR	0.1362
Option #3: \$2,000,000 SIR	0.1012
Option #4: \$2,500,000 SIR	0.0941
ALLIANT LOSS CONTROL SERVICES:	\$2,500.00

ENDORSEMENT & EXCLUSIONS:
(including but not limited to)

- Memorandum Coverage Form 7/1/09
- War Amendatory Endorsement
- Clarification of Coverage Amendatory
- Carve out Reporting Requirements Endorsement

TERRORISM OPTION:

Terrorism is included in the premium above and in the options below.

AUDITABLE:

Yes

QUOTE VALID UNTIL:

July 1, 2018

See Disclaimer Page for Important Notices and Acknowledgment

Premium/ Indication Summary

Coverage	Carrier	Indication*
Workers' Compensation	CSAC EIA	Option #1: \$500,000 SIR \$673,000
		Option #2: \$1,000,000 SIR \$382,000
		Option #3: \$2,000,000 SIR \$284,000
		Option #4: \$2,500,000 SIR \$264,000
Total Annual Premium		

*Does not include Surplus Lines Taxes and Fees; Indication only

Payment Terms

- Premium is due within 30 days of policy inception

Disclosures

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal, whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY Regulation 194

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

Other Disclosures / Disclaimers

FATCA:

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

Other Disclosures / Disclaimers – Continued

Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another states, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

Certificates / Evidence of Insurance

A certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.

You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.

See Request to Bind Coverage page for acknowledgement of all disclaimers and disclosures.

Optional Coverages

The following represents a list of insurance coverages that are not included in this proposal, but are optional and may be available with further underwriting info

Note some of these coverages may be included with limitations or insured elsewhere. This is a partial listing as you may have additional risks not contemplate organization.

- Crime / Fidelity Insurance
- Directors & Officers Liability
- Earthquake Insurance
- Employed Lawyers
- Employment Practices Liability
- Event Cancellation
- Fiduciary Liability
- Fireworks Liability
- Flood Insurance
- Foreign Insurance
- Garage Keepers Liability
- Kidnap & Ransom
- Law Enforcement Liability
- Media and Publishers Liability
- Medical Malpractice Liability
- Network Security / Privacy Liability and Internet Media Liability
- Pollution Liability
- Owned/Non-Owned Aircraft
- Owned Watercraft
- Special Events Liability
- Student Accident
- Volunteer Accidental Death & Dismemberment (AD&D)
- Workplace Violence

Glossary of Insurance Terms

Below are a couple of links to assist you in understanding the insurance terms you may find within your insurance coverages:

<http://insurancecommunityuniversity.com/UniversityResources/InsuranceGlossaryFREE.aspx>

<http://www.ambest.com/resource/glossary.html>

<http://www.irmi.com/online/insurance-glossary/default.aspx>

The Oakland Unified School District logo is located on the left side of the page, overlaid on a blue-tinted photograph of a modern building's glass facade. The text "Oakland Unified School District" is written in a bold, white, sans-serif font.

Oakland Unified School District

Workers Compensation Insurance Proposal 2018 – 2019

Presented on June 2, 2018 by:

Lilian Vanvieldt
Senior Vice President

Alliant Insurance Services, Inc.
1301 Dove Street, Suite 200
Newport Beach, CA 92660
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Company Profile

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- Risk Solutions
- Employee Benefits
 - Strategy
 - Employee Engagement
 - Procurement
 - Analytics
 - Wellness
 - Compliance
 - Benefits Administration
 - Global Workforce
- Industry Solutions
 - Construction
 - Energy and Marine
 - Healthcare
 - Law Firms
 - Public Entity
 - Real Estate
 - Tribal Nations
 - And many other industries
- Co-Brokered Solutions
 - Automotive Specialty
 - Energy Alliance Program
 - Hospital All Risk Property Program
 - Law Firms
 - Parking/Valet
 - Public Entity Property Insurance Program
 - Restaurants/Lodging
 - Tribal Nations
 - Waste Haulers/Recycling
- Business Services
 - Risk Control Consulting
 - Human Resources Consulting
 - Property Valuation

The knowledge that Alliant has gained in its more than eight decades of working with many of the top insurance companies in the world allows us to provide our clients with the guidance and high-quality performance they deserve. Our solution-focused commitment to meeting the unique needs of our clients assures the delivery of the most innovative insurance products, services, and thinking in the industry.

Alliant ranks among the 15 largest insurance brokerage firms in the United States

Alliant Advantage

	Alliant	Competition
1. Satisfying the insurance needs of business for nearly 90 years	✓	
2. Privately owned and operated.	✓	
3. A full-service insurance agency for all your business, life and health, and personal insurance.	✓	
4. Representing over 40 insurance companies to provide the best and most affordable coverage.	✓	
5. State-licensed support staff.	✓	
6. Dedicated Certificate of Insurance personnel.	✓	
7. Risk management services to help identify hazards and present options.	✓	
8. Workers' compensation insurance claims management at no additional charge.	✓	

Your Service Team

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Named Insured / Additional Named Insureds

Named Insured(s)

Oakland Unified School District

NAMED INSURED DISCLOSURE

- The first named insured is granted certain rights and responsibilities that do not apply to other policy named insureds and is designated to act on behalf of all insureds for making policy changes, receiving correspondence, distributing claim proceeds, and making premium payments.
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- Applies to Professional Liability, Pollution Liability, Directors & Officers Liability, Employment Practices Liability, Fiduciary Liability policies (this list not all inclusive). Check your Policy language for applicability. These policies provide protection to the Named Insured for claims made against it alleging a covered wrongful act. Coverage is not afforded to any other entities (unless specifically added by endorsement or if qualified as a "Subsidiary" pursuant to the policy wording) affiliated by common individual insured ownership or to which indemnification is otherwise contractually owed. If coverage is desired for affiliated entities or for contractual indemnities owed, please contact your Alliant Service Team with a full list of entities for which coverage is requested. With each request, include complete financials and ownership information for submission to the carrier. It should be noted, that the underwriter's acceptance of any proposed amendments to the policy, including expansion of the scope of "Insureds" under the policy could result in a potential diminution of the applicable limits of liability and/or an additional premium charge.

Workers Compensation Proposal – Buffer Layer

INSURANCE COMPANY	<u>PRESENT 2017-2018</u> New York Marine & General Insurance Co	<u>PROPOSED 2018-2019</u> New York Marine & General Insurance Co
A.M. BEST GUIDE RATING:*	A- (Excellent); IX (\$250 Million to \$500 Million)	A- (Excellent); IX (\$250 Million to \$500 Million)
STANDARD & POOR'S RATING:*	Not Rated	Not Rated
CALIFORNIA STATUS:	Admitted	Admitted
COVERAGE TERM:	July 1, 2017 – July 1, 2018	July 1, 2018 – July 1, 2019
LIMITS:		
Workers' Compensation	\$2,000,000	\$2,000,000
Employer's Liability	\$1,000,000	\$1,000,000
ESTIMATED ANNUAL PAYROLL:	\$264,484,626	\$280,513,000
SELF INSURED RETENTION (SIR):	\$500,000	\$500,000
ANNUAL PREMIUM:	\$444,263	\$485,007
MINIMUM PREMIUM:	\$399,836	\$436,506
RATE PER \$100 OF PAYROLL:	0.1650	0.1691
ESTIMATED SL TAX/FEE (3.2%):	N/A	N/A
RATE ADJUSTED FOR SLT&F'S:	N/A	N/A
LOSS CONTROL FEE:	\$2,500	\$2,500

Workers Compensation Proposal – Buffer Layer (cont.)

INSURANCE COMPANY	<u>PRESENT 2017-2018</u> New York Marine & General Insurance Co	<u>PROPOSED 2018-2019</u> New York Marine & General Insurance Co
TOTAL ANNUAL PREMIUM INCLUDING LOSS CONTROL:	\$446,763	\$487,507
TERRORISM OPTION:	Terrorism (\$7,863) is included in the premium above.	Terrorism (\$10,660) is included in the premium above.
AUDITABLE:	Yes	Yes
QUOTE VALID UNTIL:	No longer applicable	June 30, 2018
CONDITIONS:	No longer applicable	<ul style="list-style-type: none"> • 90% minimum premium • Please update the employee concentration report to include addresses and zip codes for each location and return within 20 days of binding. • Require full implementation of safety/loss control program and retention of TPA, approved by New York Marine and General Insurance Company, throughout the policy period. • Final Premium will be at least and not less than the minimum premium stated above • Applicable state endorsements plus other coverage additions/exclusions may apply. All other endorsements desired must be requested prior to binding and are subject to approval

Workers Compensation Proposal – Excess Layer

INSURANCE COMPANY	PRESENT 2017-2018 State National Insurance Company	PROPOSED 2018-2019 State National Insurance Company
A.M. BEST GUIDE RATING:*	A (Excellent); IX (\$250 Million to \$500 Million)	A (Excellent); IX (\$250 Million to \$500 Million)
STANDARD & POOR'S RATING:*	N/A	N/A
CALIFORNIA STATUS:	Admitted	Admitted
COVERAGE TERM:	July 1, 2017 – July 1, 2018	July 1, 2018 – July 1, 2019
LIMITS: Workers' Compensation Employer's Liability	Statutory \$1,000,000	Statutory \$1,000,000
ESTIMATED ANNUAL PAYROLL:	\$264,484,626	\$280,513,000
SELF INSURED RETENTION (SIR):	\$2,500,000	\$2,500,000
MINIMUM PREMIUM:	\$186,436 (95% of Deposit)	\$197,734 (95% of Deposit)
RATE PER \$100 OF PAYROLL:	0.0742	0.0742
ANNUAL PREMIUM:	\$196,248	\$208,141

Workers Compensation Proposal – Excess Layer (cont.)

INSURANCE COMPANY	<u>PRESENT 2017-2018</u> State National Insurance Company	<u>PROPOSED 2018-2019</u> State National Insurance Company
<p>ENDORSEMENTS & EXCLUSIONS: <i>(Including but not limited to)</i></p> <p>TERRORISM OPTION:</p> <p>AUDITABLE:</p> <p>QUOTE VALID UNTIL:</p> <p>BINDING CONDITIONS:</p>	<ul style="list-style-type: none"> • Terrorism Premium Endorsement • Catastrophe Premium Endorsement • Employer’s Liability Policy Limit Endorsement • Voluntary Compensation Endorsement • Communicable Disease Endorsement • Escalation Exclusion Endorsement • Multi-Year Rate Endorsement • California Changes - Cancellation <p>Terrorism charges are included in the rate shown above.</p> <p>Yes</p> <p>No longer applicable</p> <p>No longer applicable</p>	<ul style="list-style-type: none"> • Terrorism Premium Endorsement • Catastrophe Premium Endorsement • Employer’s Liability Policy Limit Endorsement • Voluntary Compensation Endorsement • Communicable Disease Endorsement • Escalation Exclusion Endorsement • California Changes - Cancellation <p>Terrorism charges are included in the rate shown above.</p> <p>Yes</p> <p>July 1, 2018</p> <ul style="list-style-type: none"> • Written request to bind • Terms require quarterly claims reporting. • Rate is guaranteed for two years.

Premium Summary

Coverage	Expiring	Renewal Options	Premium
Workers' Compensation including loss control fee:	New York Marine/State National \$500,000 SIR - \$643,011	New York Marine/State National Buffer Layer: \$2,000,000 XS \$500,000 SIR Excess Layer: Statutory XS \$2,500,000 SIR	\$485,007 \$208,141
Total Premium including \$2,500 Loss Control Fee:			\$695,648

Payment Terms

- Premium is due within 30 days of policy inception

Marketing Summary

Excess – Stat xs either \$2.5M or \$1.5M SIRs

- States National- **Quoted**
- Safety National - **Indicated** - Not competitive compared to current structure
 - \$570k for Stat xs \$1.5M SIR
 - \$475k for Stat xs \$2M SIR
- Midwest – **Declined** – They are not be able to offer a quote due to not being able to offer a \$500K SIR and Statutory limits.; not able to offer terms on a "Buffer" layer program structure.
- Liberty - **Declined** – Not currently considered Excess WC for Public Entities in California

Buffer:

- Great American – **Declined** - Unable to provide requested limits
- Chubb – **Declined** – Not considering new buffer WC programs at this time.
- Arch – **Declined** – they are not a buffer layer market for Excess Workers Compensation
- Gray Insurance- **Declined** unable to provide a competitive quote

Disclosures

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Disclosures - Continued

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY REGULATION 194 DISCLOSURE

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

Other Disclosures / Disclaimers

FATCA:

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

Other Disclosures / Disclaimers – Continued

NRRA:

The Non-Admitted and Reinsurance Reform Act (NRRA) went into effect on July 21, 2011. Accordingly, surplus lines tax rates and regulations are subject to change which could result in an increase or decrease of the total surplus lines taxes and/or fees owed on this placement. If a change is required, we will promptly notify you. Any additional taxes and/or fees must be promptly remitted to Alliant Insurance Services, Inc.

Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another states, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

Other Disclosures / Disclaimers – Continued

Certificates / Evidence of Insurance

A certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.

You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.

See Request to Bind Coverage page for acknowledgment of all disclaimers and disclosures.

Optional Coverages

The following represents a list of insurance coverages that are not included in this proposal, but are optional and may be available with further underwriting information.

Note some of these coverages may be included with limitations or insured elsewhere. This is a partial listing as you may have additional risks not contemplated here or are unique to your organization.

- Crime / Fidelity Insurance
- Directors & Officers Liability
- Earthquake Insurance
- Employed Lawyers
- Employment Practices Liability
- Event Cancellation
- Fiduciary Liability
- Fireworks Liability
- Flood Insurance
- Foreign Insurance
- Garage Keepers Liability
- Kidnap & Ransom
- Law Enforcement Liability
- Media and Publishers Liability
- Medical Malpractice Liability
- Network Security / Privacy Liability and Internet Media Liability
- Pollution Liability
- Owned/Non-Owned Aircraft
- Owned Watercraft
- Special Events Liability
- Student Accident
- Volunteer Accidental Death & Dismemberment (AD&D)
- Workplace Violence

Glossary of Insurance Terms

Below are a couple of links to assist you in understanding the insurance terms you may find within your insurance coverages:

<http://insurancecommunityuniversity.com/UniversityResources/InsuranceGlossaryFREE.aspx>

<http://www.ambest.com/resource/glossary.html>

<http://www.irmi.com/online/insurance-glossary/default.aspx>

Oakland Unified School District - Request to Bind Coverage

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

Coverage	Effective Date
Workers Compensation	July 01, 2018
<u>New York Marine/State National</u>	
Buffer Layer: \$2,000,000 XS \$500,000 SIR	\$485,007
Excess Layer: Statutory XS \$2,500,000 SIR	\$208,141
Loss Control Fee	\$ 2,500
Total Premium including \$2,500 Loss Control Fee:	\$695,648

Signature of Authorized Insurance Representative

Date:

This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval. *The actual terms and conditions of the policy will prevail.*