

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Michelle Minnick at Alliant Insurance at (916) 643-2715 twenty-four (24) hours in advance of the meeting. The Agenda packet will be posted at each member's site. Documents and material relating to an open session agenda item that are provided to the SPA members less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 380, Sacramento, CA 95815. Access to some buildings and offices may require routine provisions of identification to building security. However, SPA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

DATE/TIME: DAY 1 – August 19, 2025 at 10:00 AM – 3:30 PM PDT
Lunch available at 12:15 pm
DAY 2 – August 20, 2025 at 9:00 AM – 2:00 PM PDT
Breakfast available 8:30 am Lunch available at 11:45 am

LOCATION: The Lodge at Tiburon 1651 Tiburon Blvd, Tiburon, CA 94920
Main Sail Ballroom

A = Action Item
I = Information Item

A. Call to Order, Roll Call, Quorum

1. Approval of the Agenda

A

The Committee will be asked to approve the agenda order.

B. Public Comments

C. Chairperson's Welcome, Introductions and Team Building Exercise

D. Consent Calendar

The Committee is asked to take action on the consent calendar items as a group, except that a member may request that an item be withdrawn from the Consent Calendar for discussion and action.

1. Minutes of SPA Board Meeting June 9, 2025

A Pg. 4

2. Approval of Property Program Claims Payments

Pg. 9

E. Regular Meeting Items

1. Financial Report

a) Managing Member Financial Update as of June 30, 2025

A Pg. 12

b) Quarterly Property Claims Report

A Pg. 17

c) Financial Audit for period ending June 30, 2024

A Pg. 21

2. General Administration

a) Appoint SPA Property Actuary

A Pg. 50

b) Newfront Brokerage Service Agreement

A Pg. 51

c) SPA Property Memorandum of Coverage (MOC)

A Pg. 58

The Board will be asked to ratify the final Property MOC for FY 25/26.

Schools Program Alliance c/o Alliant Insurance Services Corporation Insurance License No. 0C36861

2180 Harvard Street, Suite 380, Sacramento, CA 95815

SPA is a Partnership of California Public Entity Joint Powers Authorities

- d) **Property Appraisal RFP** A Pg. 163
The Board will review the Request for Proposal that has been drafted and may consider approval to release to appraisal vendors.
- e) **SPA Conflict of Interest Code** A Pg. 173

F. Strategic Planning Session

- 1. **Review of FY 24/25 Strategic Planning Action Items** I Pg. 178
The Board will review with staff the status of the strategic action items from the past year.
- 2. **Overall Consideration of Artificial Intelligence Resources on SPA Program Improvements** A
The Board will be asked to discuss how SPA can leverage AI resources to improve SPA services and products.
- 3. **Discussion of Policies and Procedures, Roles and Responsibilities and Standing Committees/Task Groups and the Impact of SPA Entity JPA Transition – Becoming Accreditation Ready** A Pg. 181
The Board will discuss & consider whether additional policies and procedures, defined roles and responsibilities, and standing committees/task groups as needed.
 - a) **Liability Claims Task Force**
 - b) **Property Program Loss Control - Ad Hoc Committee**
 - c) **Property Claims Committee**
 - d) **Property Appraisal Task Force**
 - e) **Program Staffing**

Time Certain 11 AM

ENGLE MARTIN INTRODUCTION

- 4. **Coverage Program Reviews, Development and Marketing**
 - a) **Property Program**
 - 1) **Claims Service Instructions** A Pg. 184
The Board will review and consider approval of the Claims Services Instructions including Policy & Procedure 1-Property as it relates to claim payments within the SPA Retained Layer.
 - 2) **Evaluation of Retained Layer Results and Outlook for Program Year 25/26** A
The Board will review and discuss the Retained layer results and outlook for PY 25/26.
 - 3) **Cost Allocation – revisiting with actuary and Ad Hoc committee** A Pg. 200
The Board will consider the current mechanisms and consider use of an actuary and Ad Hoc Committee.
 - 4) **Consideration of New Members for Program Year 26/27** A
The Board will review and may consider factors for the addition of new members.
 - 5) **Property Program Pre-Loss Event Service Agreement** A
Members will discuss the use of approved vendors in the event of loss.

b) Liability Program

A Pg. 201

- 1) Review of 7/1/2025 Renewal
- 2) 7/1/2026 Renewal Planning
- 3) Consideration of SPA Primary Liability Program
- 4) Liability Claims Committee Progress and Plans

G. New Programs and/or Services

1. Discussion on Emerging Risks and Ideas for Creation or Modification of SPA Program and/or Services

The Committee will discuss ideas for creation or modification of SPA programs and/or services.

- | | | |
|---|----------|----------------|
| a) Exploration of possible SPA Cyber Coverage and Risk Mitigation Program | <i>A</i> | |
| b) Faculty Staff Housing on Campus | <i>A</i> | |
| c) Telematics for Transportation Exposures | <i>A</i> | <i>Pg. 202</i> |
| d) SPA Grant Enabling and Support such as eCIVIS and Berquist Recovery Consulting | <i>A</i> | |

H. Information Items

I. Review of Meeting Discussion and Identification of Items for inclusion on Updated SPA Strategic Action Plan

At this time, the Board will review the meeting's discussions and identify items that will be more fully developed in a Strategic Action Plan for adoption at a future SPA Board meeting.

J. Adjournment

The next SPA Board meeting is scheduled for Monday, October 13, 2025.

If you have questions regarding the agenda package, please contact:
Michelle Minnick at Michelle.Minnick@alliant.com / 916-643-2715

SCHOOLS PROGRAM ALLIANCE

June 9, 2025 Board Of Directors Teleconference Meeting

Minutes

Members Present:

Butte Schools Self-Funded Programs (BSSP)	Christy Patterson
Butte Schools Self-Funded Programs (BSSP)	Nicole Strauch
North Bay Schools Insurance Authority (NBSIA)	Noel Waldvogel
North Bay Schools Insurance Authority (NBSIA)	Karen Shelar
Redwood Empire Schools Insurance Group (RESIG)	Cindy Wilkerson
Redwood Empire Schools Insurance Group (RESIG)	Sandy Manzoni
Schools Insurance Authority (SIA)	Brooks Rice
Schools Insurance Authority (SIA)	Debrah Sherrington
Schools Insurance Authority (SIA)	Phil Brown
Schools Insurance Authority (SIA)	Amy Russell
Schools Insurance Authority (SIA)	Josh Arnold
Schools Insurance Group (SIG)	Kelli Hanson
Central California Schools Authority (CCSA)	Alan Caeton

Consultants & Guests

Dan Madej, Alliant Insurance Services	Dennis Mulqueeney, Alliant Insurance Services
Dan Howell, Alliant Insurance Services	Mike Kielty, George Hills
Marcus Beverly, Alliant Insurance Services	Jim Wilkey, Newfront
Michelle Minnick, Alliant Insurance Services	Eileen Massa, Newfront
Jenna Wirkner, Alliant Insurance Services	Brian Frost, AmWins

A. CALL TO ORDER, ROLL CALL, QUORUM

Ms. Cindy Wilkerson called the meeting to order at 8:00 a.m. and welcomed the board. The above-mentioned members were present constituting a quorum.

B. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Christy Patterson

SECOND: Kelli Hanson

**MOTION CARRIED
UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

1. Minutes of SPA Board Teleconference Meeting May 12, 2025
2. SPA Service Calendar FY 2025-2026

A motion was made to approve the Consent Calendar.

MOTION: Christy Patterson

SECOND: Brooks Rice

**MOTION CARRIED
UNANIMOUSLY**

E. MEMBER PROGRAM AND IDEA SHARING

There was no information shared during this item.

F. LIABILITY PROGRAM

F.1. LIABILITY PROGRAM – RENEWAL UPDATE

Jim Wilkey provided the Board with a review of the marketing efforts for the liability placement for FY 25/26. Brain Frost from AmWins provided some additional comments related to the coverage being quoted. Jim Wilkey noted the overall increase of 15% from the prior year. Lastly the Board was asked to consider increasing limits to \$32.5M.

A motion was made to approve authority to bind coverage of \$5M x \$32.5M subject to a not to exceed of \$600k.

MOTION: Alan Caeton

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

G. GENERAL ADMINISTRATION AND FINANCIAL REPORTS

G.1.A. STANDING COMMITTEE AND TASK GROUP UPDATES – LIABILITY CLAIMS TASK FORCE

Olivia Nelson was not present on the call but Noel Waldvogel was present on the task force call – she provided there was not much of an update at this time but more to follow after the next meeting.

G.1.B. STANDING COMMITTEE AND TASK GROUP UPDATES – PROPERTY PROGRAM LOSS CONTROL AD HOC COMMITTEE

Sandy Manzoni noted there have been no updates and we are working to set up a meeting soon. Members were encouraged to use the loss control funds available.

G.1.C. STANDING COMMITTEE AND TASK GROUP UPDATES – PROPERTY CLAIMS COMMITTEE

Josh Arnold provided a review of the task force's efforts and noted that the claims are closing, and there are plans of action on some other claims.

G.1.D. STANDING COMMITTEE AND TASK GROUP UPDATES – PROPERTY APPRAISAL TASK FORCE

Debrah Sherrington indicated that we have not met and noted that we are still waiting on a couple appraisal reports for some locations that were recently appraised.

G.2. APPROVE CLAIMS PAYMENT(S) TO MEMBER(S)

Phil Brown indicated there were two payments that have been made recently – both are payments to help bring claims to closure. Additionally, there was a discussion to make these requests part of the consent calendar moving forward.

A motion was made to approve the payments as presented and to make claims payments part of the consent agenda moving forward.

MOTION: Kelli Hanson**SECOND: Brooks Rice****MOTION CARRIED
UNANIMOUSLY****G.3. YEAR-END MEMBER ADVISORY**

Phil Brown requested that any outstanding expenses for the current fiscal year be submitted by June 16th to help close the books for this year. It was also noted that shortly after June 30th the SIA team will want to begin work on the FY 24/25 Audit.

There was no motion made on this item.

G.4. ELECTION OF OFFICER POSITIONS

Cindy Wilkerson noted that our new entity JPA requires the nomination and election of officer positions. After a discussion a slate of officers was presented for consideration and generally the group was in agreement.

A motion was made to nominate Cindy Wilkerson as the President, Brooks Rice as the Vice Chair, Kelli Hanson as the Secretary, Phil Brown as the Treasurer/Auditor.

MOTION: Kelli Hanson**SECOND: Alan Caeton****MOTION CARRIED
UNANIMOUSLY****G.5. PROPOSED BUDGET FY 25/26**

Phil Brown provided a review of the SPA proposed budget and noted there was not much change from the prior year, but did mention the retained layer would be increasing with the assumption that CCSA will be joining the property coverage.

A motion was made to accept the proposed budget.

MOTION: Christy Patterson**SECOND: Kelli Hanson****MOTION CARRIED
UNANIMOUSLY**

G.6. EXTENTION AND AMENDMENT OF PROGRAM ADMINISTRATION AGREEMENT

Dan Howell provided the Alliant Administration includes an optional 2-year extension and provided that the current contract will conclude at the end of the current fiscal year. He went on to note that Alliant is proposing a commission not to exceed 10%.

A motion was made to approve the agreement as presented.

MOTION: Alan Caeton

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

H. PROPERTY PROGRAM**H.1. PROPERTY PROGRAM – 2025 PROPERTY (AND APD) RENEWAL UPDATE**

Dan Howell provided an introduction and noted that the Alliant team has been negotiating terms with the APIP underwriters and working to have CCSA added to the SPA renewal at July 1, 2025. He went on to mention that CCSA would keep their vehicles in the APIP Property program while other SPA members would keep their standalone APD placement in the meantime while we work over the next to determine if things need to change in the future. Dan Howell also mentioned that APIP provides Pollution coverage without the need to complete an application. Dan Madej reviewed the proposed premium for the APIP program indicating that SPA increased the retained layer from \$3M to \$4M and additionally noted the limit is increasing for all SPA members to \$500M in the APIP program. Lastly, he noted the decrease in wildlife deductibles noted the original \$17M premium he noted that the addition of CCSA. Alan Caeton provided that he has approached his group (CCSA) and they are happy with the proposed pricing and the Wildfire retention and Water/Wind but Alan had questions related to the final pricing. After a discussion the group was generally in favor of renewing property coverage in the APIP program.

A motion was made to approve the FY 25/26 Property Renewal in APIP.

MOTION: Kelli Hanson

SECOND: Alan Caeton

**MOTION CARRIED
UNANIMOUSLY**

H.2. ALLIANT DEADLY WEAPONS REPSONSE PROGRAM FY 25/26

Dan Howell provided a review of the proposed renewal terms for ADWRP and noted that we are seeing a 10% increase over last year due to some claim activity. Additionally, it was noted Santa Rosa High School will be limited to Crisis Response Coverage at that site. Lastly, it was noted that the current quote does not include CCSA as they participate in the program separately.

A motion was made to accept the ADWRP renewal.

MOTION: Brooks Rice

SECOND: Kelli Hanson

**MOTION CARRIED
UNANIMOUSLY**

H.3. POLLUTION

Dan Howell noted that we are seeking Pollution through APIP and since the Board has approved the renewal with the APIP Program we will work to ensure pollution is included.

H.4. STUDENT ACCIDENT PROGRAM UPDATE

Tony Soto and Pamala Dominguez provided the Board with a review of the pricing for the Student Accident Program. After a discussion it was noted that most SPA members are not ready to join as a group yet but any members who are interested are encouraged to reach out to obtain coverage at the pricing provided.

I. INFORMATION ITEMS

1. Strategic Planning Overview for August 19 – 20, 2025
2. Program Administrator Report
3. Status of BSSP

Christy Patterson provided some comments BSSP will be a standalone entity for BSSP properties and additionally 5 member districts will participate in the Cyber and Property programs through SIA.

J. ADJOURNMENT

A motion was made to adjourn.

MOTION: Alan Caeton

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

The meeting was adjourned at 9:37 A.M.

NEXT MEETING DATE: August 19, 2025 in Tiburon, CA

Respectfully Submitted,

Cindy Wilkerson, Chairperson

Date



Item No: D.2.

CONSENT CALENDAR

APPROVAL OF PROPERTY PROGRAM CLAIMS PAYMENTS

ACTION ITEM

ISSUE: Payment is due to a SPA member.

RECOMMENDATION: Approve claim payment as presented for ratification.

FISCAL IMPACT: Payment totaling \$656,374.61 will reduce cash balance and outstanding liabilities.

BACKGROUND: The SPA Claims Payment Policy (approved February 13, 2023) and the SPA Property Program Claims Service Instructions (approved October 21, 2024) provide direction for reimbursing members for claim costs. This includes Board approval and/or the participation of a Loss Adjustment Service Firm (McLarens) and SPA Property Claims Representative (SPA PCR) and Managing Member financial services (both provided by SIA).

Claim payments have been made to a SPA member per reported costs incurred by the member. These requests were submitted by Members and reviewed by the SPA PCR, including coordination with McLarens. These were reviewed and issued according to the Claims Payment Policy (review of expenses reported, deductibles and retentions, reimbursements, excess participation, and related accounting and reconciliations) including board member approval.

Schedule of payments

Member / Vendor	Claim	Description	Amount	Notes
NBSIA	CAT 2419 - Napa Valley Silverado	SPA Retained layer	\$656,374.61	Multi-member CAT loss

ATTACHMENTS: See attached SPA Claim Reconciliation forms for additional details.

SPA CLAIM RECONCILIATION

Member: NBSIA - Napa Valley Silverado
Claim: SPA 24-3941
Occurrence Date: 2/4/2024
Claim Type: CAT2419 (Multi Member)
Claim Status: Open
Date Prepared: 6/27/25

Member Reconciliation

6/26/25 Sworn Statement in Proof of Loss	\$ 906,374.61
Member Deductible	(250,000.00)

Amount due to Member	656,374.61
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SWORN STATEMENT IN PROOF OF LOSS

POLICY NUMBER

AMOUNT OF POLICY AT TIME OF LOSS

07/01/2023

DATE ISSUED

24-3941

OUR FILE NO.

24-007611-1

COMPANY CLAIM NO.

06/30/2024

DATE EXPIRES

To the Schools Program Alliance of Sacramento, California. At time of loss, by the above indicated policy of insurance you insured [North Bay Schools Insurance Authority], against loss by All Risk to the property described under Schedule "A," according to the terms and conditions of the said policy and all forms, endorsements, transfers and assignments attached thereto.

1. Time and Origin: Rain/Weather Storm 02/04/2024. The cause and origin of the said loss were: Cat Loss 2419 roof & water damage at Silverado Middle School, Napa Valley USD.

2. Occupancy: The building described, or containing the property described, was occupied at the time of the loss as follows, and for no other purpose whatever: public school.

3. Title and Interest: At the time of the loss the interest of your insured in the property described therein was owner. No other person or persons had any interest therein or incumbrance thereon, except: none.

4. Changes: Since the said policy was issued there has been no assignment thereof, or change of interest, use, occupancy, possession, location or exposure of the property described, except: none.

5. Total Insurance: The total amount of insurance upon the property described by this policy was, at the time of the loss as per the form.

6.	The Actual Cash Value of said property at the time of the loss was	\$	
7.	The Whole Loss and Damage was	.\$	906,374.61
8.	Less Amount of Deductible.	.\$	250,000.00
9.	The Amount Claimed under the above numbered policy is	.\$	656,374.61

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with the privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were in the building damaged or destroyed, and belonging to, and in possession of the said insured at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered as part of this proof.

The furnishing of this blank or the preparation of proofs by a representative of the above insurance company is not a waiver of any of their rights.

FOR YOUR PROTECTION, CALIFORNIA LAW REQUIRES THE FOLLOWING TO APPEAR ON THIS FORM:
Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

SIGNATURE

DATE

Item No: E.1.a.

FINANCIAL REPORT

MANAGING MEMBER FINANCIAL UPDATE AS OF JUNE 30, 2025

ACTION ITEM

ISSUE: Managing Member Financial Report

RECOMMENDATION: Review, accept and file, or provide direction.

FISCAL IMPACT: None expected from this item.

BACKGROUND: SPA members' annual contributions provide for 1) a Property Program, including a shared retained layer, related administrative costs, and excess insurance purchases, and 2) a Liability Program of excess insurance purchases. The JPA Board approves member contribution rates, insurance purchases, and sets policy direction for administrative expenses purchased in support of the members.

The Schools Insurance Authority (SIA) functions as the Managing Member per the JPA agreement. The Managing Member receives and disburses funds, enters into contracts, and otherwise manages the financial operations of SPA. Quarterly GAAP financial reports are prepared to report on these activities.

Year End Draft Unaudited Financial Statements

Unaudited draft Management Financial Statements for the fiscal year ended June 30, 2025 and the Check Register are provided. Financial accounting for the year end is substantially complete, pending the a few outstanding items:

- Actuarial analysis and related expense accruals (IBNR)
- Completion of year end audit

Summarized results of the year ended the June 30, 2025 financial activity are as follows:

- Total assets of \$10.3 million (up \$700K over LY); total liabilities estimated at \$5.6M (up \$1.1M over LY).
- Claims Liabilities outstanding are estimated at \$4.6 million (up \$1.1M over LY) (to be adjusted for updated IBNR).
- Combined Operating Income reflects a loss of about \$74K, while net position is projected to increase by \$265K, after realizing \$339K interest earnings.
- Ending net position of \$4.7M projected:
 - \$3.3M Property Pool retained layer funds.



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

2180 Harvard Street, Suite 380, Sacramento, CA 95815

Board of Directors Meeting

August 19-20, 2025

- \$1.2M of member allocated loss control and appraisal funds.

Year End Activities –Actuarial & Audit

- Actuarial analysis has been slowed pending hiring a replacement actuary.
- The audit is scheduled to start in August.

ATTACHMENTS: June 30, 2025 Draft SPA Program Financials and Check Register

SCHOOLS PROGRAM ALLIANCE
PROPERTY & LIABILITY INSURANCE PROGRAMS
STATEMENT OF NET POSITION
Unaudited - For Management Purposes Only
AS OF JUNE 30, 2025

	BSSF	NBSIA	RESIG	SIA	SIG	Property Pool	Combined Property	Liability	Total
ASSETS									
Cash	31,865	120,136	62,495	633,173	189,709	9,213,178	10,250,556	15,750	10,266,306
Accounts Receivable						0	0		0
Other Receivables						82,176	82,176		82,176
Prepaid Insurance						0	0	0	0
TOTAL ASSETS	31,865	120,136	62,495	633,173	189,709	9,295,354	10,332,731	15,750	10,348,481
LIABILITIES									
Accounts Payable						151,633	151,633	15,750	167,383
SIA Admin payable							0		0
Loss Control payable							0		0
Appraisal payable							0		0
Deferred Contributions							0		0
Advances Payable						863,788	863,788		863,788
Claims Liabilities						4,583,832	4,583,832		4,583,832
TOTAL LIABILITIES	0	0	0	0	0	5,599,253	5,599,253	15,750	5,615,003
NET POSITION	31,865	120,136	62,495	633,173	189,709	3,696,101	4,733,478	0	4,733,478

RECONCILIATION OF MEMBER EQUITY BALANCES

	BSSF	NBSIA	RESIG	SIA	SIG	Property Pool	Combined Property	Liability	Total
NET POSITION									
Retained Layer						3,755,663	3,755,663	0	3,755,663
SIA Admin	0	0	0	0	0	(59,562)	(59,562)		(59,562)
Loss Control	22,476	88,078	19,243	574,494	146,761		851,053		851,053
Appraisals	9,389	32,057	43,252	58,679	42,948		186,325		186,325
NET POSITION	31,865	120,136	62,495	633,173	189,709	3,696,101	4,733,478	0	4,733,478

SCHOOLS PROGRAM ALLIANCE
PROPERTY & LIABILITY INSURANCE PROGRAMS
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION
Unaudited - For Management Purposes Only
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025

	BSSFP	NBSIA	RESIG	SIA	SIG	Property Pool	Combined Property	Liability	Total
CONTRIBUTION REVENUE									
Retained Layer Deposit						3,000,000	3,000,000		3,000,000
Reinsurance Payments						19,801,025	19,801,025	11,259,715	31,060,740
Total Retained & Reinsurance Contributions	0	0	0	0	0	22,801,025	22,801,025	11,259,715	34,060,740
SPA Admin Contributions*									
Administrative	1,869	7,041	9,963	33,155	9,414	43,558	105,000		105,000
Loss Control	6,084	22,919	32,431	107,923	30,644		200,000		200,000
Appraisal	5,563	18,189	24,323	80,942	22,983		152,000		152,000
Total Admin Contributions	13,516	48,149	66,717	222,020	63,040	43,558	457,000	0	457,000
TOTAL CONTRIBUTIONS	13,516	48,149	66,717	222,020	63,040	22,844,582	23,258,023	11,259,715	34,517,739
EXPENSES									
Claims Expenses						2,910,392	2,910,392		2,910,392
Insurance Premiums						19,801,025	19,801,025	11,259,715	31,060,740
Professional Services						51,491	51,491		51,491
Board Member Activities						11,404	11,404		11,404
SPA Admin Expenses*									
SIA Administrative	1,869	7,041	9,963	33,155	9,414	40,225	101,667		101,667
Loss Control			135,109		3,111		138,219		138,219
Appraisals				318,206			318,206		318,206
TOTAL EXPENSES	1,869	7,041	145,072	351,361	12,525	22,814,537	23,332,404	11,259,715	34,592,119
Operating Income	11,646	41,108	(78,354)	(129,341)	50,515	30,045	(74,381)	0	(74,380)
Non Operating Income - Interest						339,103	339,103		339,103
INCREASE (DECREASE) IN NET POSITION	11,646	41,108	(78,354)	(129,341)	50,515	369,148	264,722	0	264,722
NET POSITION, BEGINNING OF PERIOD - ESTIMATED	20,218	79,028	140,850	762,514	139,194	3,326,952	4,468,755	0	4,468,755
NET POSITION, END OF PERIOD	31,865	120,136	62,495	633,173	189,709	3,696,101	4,733,478	0	4,733,478

* SPA Admin contributions & expenses allocated per Admin Cost (TIV based) approved by SPA Board

**SCHOOLS PROGRAM ALLIANCE
CHECK REGISTER**

FY Ended 6/30/25

DISBURSEMENT TRANSACTIONS FISCAL YEAR 2024-25

Check Number	Vendor ID	Vendor Check Name	Check Date	Amount	Inv. #	Date	Description
1st Quarter 24-25							
book xfer	SIA	SIA- Admin/RESIG	7/18/2024	2,085,056.66			RESIG for Piner Claim
wire payment	BMS Bermuda Limited	BMS Bermuda Limite	7/26/2024	247,500.00	10075K24	7/25/2024	BMS Bermuda Ins
book xfer	SIA	SIA- Admin/SIA	8/1/2024	3,351,310.59			Caldor Fire, Claim # 21-5244 Pioneer Union
				<u>5,683,867.25</u>			
2nd Quarter 24-25							
xfer	NBSIA	NBSIA	12/18/2024	(600,000.00)			Claim SPA 24-3941, St. Helena for CAT 2419 multi-m
book xfer	SIA	SIA- Admin	12/20/2024	(1,210,483.00)			SPA claim 24-3936 SIG CAT 2323 Snowstorm
book xfer	SIA	SIA- Admin	12/20/2024	(61,155.00)			Q1 SIA Admin Expenses & Other Expenses
book xfer	SIA	SIA- Admin	12/20/2024	(441,644.58)			Q2 SIA Admin Expenses & Other Expenses
				<u>(2,313,282.58)</u>			
3rd Quarter 24-25							
book xfer	SIA	SIA- Admin	2/13/2025	(71,070.00)	SPA-Appraisal 0125	1/7/2025	Alliant - Appraisal Costs greater than 950K
book xfer	SIA	SIA- Admin	3/27/2025	(25,733.51)			Q3 SIA Admin Expenses & Other Expenses
				<u>(96,803.51)</u>			
4th Quarter 24-25							
book xfer	SIA	SIA- Admin	4/30/2025	(1,360.20)			Gibbons & Conley; California Safety Training
xfer	SIG	SIG	5/22/2025	(455,988.73)		5/22/2025	Reimb. SIA for SIG claim#24-4299 TTUSD
book xfer	SIA	SIA- Admin	5/27/2025	(155,255.84)		5/27/2025	Reimb SIA for SPA #24-1272 for Elk Grove USD
book xfer	SIA	SIA- Admin	5/28/2025	(5,293.40)			Gibbons & Conley; RESIG inv AR25-00022
700005	McLarens	McLarens LLC	6/20/2025	(10,763.06)			Reimb to McLarens #24-3934 SIG Mosquito Wildfire
book xfer	SIA	SIA- Admin	6/30/2025	(28,635.60)			Prime, Q4 SIA Admin, Gibbons & Conley, SIG
				<u>(657,296.83)</u>			

Item No: E.1.b.

FINANCIAL REPORT**QUARTERLY PROPERTY CLAIMS REPORT****INFORMATION ITEM**

ISSUE: Attached please find the latest SPA Property Claim Loss run.

RECOMMENDATION: Review and provide feedback or direction.

FISCAL IMPACT: None expected from this item.

BACKGROUND: SPA members provide and receive monthly loss runs in conjunction with Claim Task Force meetings and the Board receives the SPA property loss run at select meetings.

ATTACHMENTS: SPA Loss Run as of 7/31/25 (*under separate cover*)

Incident Date	Insured	District Name	SPA Claim Number	McLaren's Claim Number	CAT Loss Code	Fiscal Year Description	Claimant Status	Incident Desc	Total Incurred	Total Paid	Recovery Amount
Sep 8, 2020	Butte Schools Self-Funded Programs (SPA)	Pioneer Union ESD	24-3953	002.053477.MI.S	2059	2020/2021	Closed	Berry Creek Wildfire Cat loss 2059	15,421,785.00	15,421,785.00	-12,921,785.00
Sep 8, 2020	Butte Schools Self-Funded Programs (SPA)	Pioneer Union ESD	24-3953	002.053477.MI.S	2059	2020/2021	Closed	Berry Creek Wildfire Cat loss 2059	813,030.00	813,030.00	-813,030.00
Aug 17, 2021	Schools Insurance Authority (SPA)	Pioneer Union SD	24-3881	002.056662.MI.A		2021/2022	Closed	Pioneer Union School District. Walt Tyler. Caldor Fire Loss Cat 2154.	4,133,696.30	4,133,696.30	-3,783,696.71
Oct 24, 2021	Redwood Empire Schools Insurance Group (SPA)	Sant Rosa HSD	24-3930	002.056902.MI.F		2021/2022	Open	Santa Rosa HSD/Piner HS. Construction Project left roof uncovered during a rain storm. Water damage	3,028,958.88	2,710,933.66	-2,334,066.62
Dec 13, 2021	Schools Insurance Authority (SPA)	Elk Grove USD	24-3931	002.056912.MI.S		2021/2022	Open	Elk Grove USD/Sheldon HS. Woodshop spontaneous combustion fire.	5,500,000.00	2,700,000.00	-200,000.00
Sep 6, 2022	Schools Insurance Group (SPA)	Multiple Wildfire	24-3934	002.058365.MI.D		2022/2023	Closed	Multiple sites. Mosquito Wildfire damage.	947,891.16	947,891.16	-597,891.16
Jan 8, 2023	Schools Insurance Authority (SPA)	Twin Rivers USD	24-3933	002.061141.MI.S		2022/2023	Closed	Twin Rivers USD/Sierraview ES . Storm wind/water damage to roof	0.00	0.00	0.00
Jan 14, 2023	Schools Insurance Authority (SPA)	Center Joint USD	24-3935	002.061110.MI.S		2022/2023	Closed	Center Joint USD/Center HS. Rain water damage to PAC and football field.	472,249.47	472,249.47	0.00
Feb 27, 2023	Schools Insurance Group (SPA)	Multiple	24-3936	002.059354.MI.S	2323	2022/2023	Open	Multiple Sites. Cat Loss 2323 Snowstorm	3,804,252.50	2,176,943.00	0.00
Jan 5, 2024	North Bay Schools Insurance Authority (SPA)	Dixon USD	24-3939	002.060947.MI.S		2023/2024	Open	Dixon USD/Anderson ES. Electrical panel short/melted. Subrogation	1,450,000.00	0.00	0.00
Feb 4, 2024	North Bay Schools Insurance Authority (SPA)	St Helena Boys/Girls Club Silverado MS	24-3941	002.061401.MI.S	2419	2023/2024	Open	Cat Loss 2419. St Helena Boys/Girls Club/Silverado MS. Tree collapses on sites.	2,745,000.00	850,000.00	0.00

Incident Date	Insured	District Name	SPA Claim Number	McLaren's Claim Number	CAT Loss Code	Fiscal Year Description	Claimant Status	Incident Desc	Total Incurred	Total Paid	Recovery Amount
Feb 4, 2024	Redwood Empire Schools Insurance Group (SPA)	Fort Ross SD	24-3954	002.061312.MI.S	2419	2023/2024	Open	Cat 2419. Fort Ross SD/Shoreline SD/West Sonoma County SD. Storm water/wind damage	512,815.00	0.00	0.00
Jul 6, 2024	Schools Insurance Authority (SPA)	Elk Grove USD	24-4494	002.062060.MI.S		2024/2025	Closed	Broken/failed toilet water supply line into both kindergarten classrooms. Markofer ES	405,255.84	405,255.84	0.00
Jul 15, 2024	Schools Insurance Group (SPA)	Tahoe Truckee USD	24-4299	002.062059.MI.S		2024/2025	Open	Rain water intrusion on 2 story building left exposed by 3rd party roofing company. North Tahoe M/HS	706,000.00	705,988.73	0.00
Aug 7, 2024	Redwood Empire Schools Insurance Group (SPA)	Santa Rosa USD	24-4304	002.062130.MI.S		2024/2025	Closed	Water pipe in the wall of a restroom burst causing damage to 2 bathrooms & surrounding area. Santa Rosa HS PAC	0.00	0.00	0.00
Nov 20, 2024	Redwood Empire Schools Insurance Group (SPA)	Santa Rosa USD	25-6019	002.062677.MI.C		2024/2025	Closed	Bomb cyclone storm with high winds and excessive rainfall caused multiple losses.	0.00	0.00	0.00
Nov 21, 2024	North Bay Schools Insurance Authority (SPA)	St Helena USD	25-5648	002.062741.MI.S	2482	2024/2025	Open	Rain/Water intrusion and damage to classrooms 1-4. St. Helena Elementary	1,200,000.00	0.00	0.00
Dec 18, 2024	Schools Insurance Authority (SPA)	Hayward USD	25-5022	002.062580.MI.S		2024/2025	Open	Sewage/Cleanout pipe burst in District Office sub floor. SIA/Hayward USD.	650,000.00	0.00	0.00
Mar 29, 2025	Schools Insurance Group (SPA)	Colfax SD	25-6967	002.063061.MI.C		2024/2025	Open	Water left on and running causing damage to flooring and classroom(s) @ Colfax Elementary	150,000.00	0.00	0.00

Incident Date	Insured	District Name	SPA Claim Number	McLaren's Claim Number	CAT Loss Code	Fiscal Year Description	Claimant Status	Incident Desc	Total Incurred	Total Paid	Recovery Amount
Apr 28, 2025	Schools Insurance Authority (SPA)	Natomas USD	25-7136	002.063073.MI.C		2024/2025	Open	Water line failure causing damage to multiple classrooms at Bannon Creek Elementary School NUSD.	300,000.00	0.00	0.00

Item No: E.1.c.

FINANCIAL REPORT**FINANCIAL AUDIT FOR PERIOD ENDING JUNE 30, 2024****ACTION ITEM**

ISSUE: Attached please find the SPA Audited Financials as of June 30, 2024.

RECOMMENDATION: Review and accept and file as presented or revised or provide direction.

FISCAL IMPACT: No fiscal impact from approving this item.

BACKGROUND: SPA conducts a financial audit annually per government code requirements and management best practices.

ATTACHMENTS: SPA Audited Financials as of June 30, 2024

**SCHOOLS PROGRAM ALLIANCE
JOINT POWERS AUTHORITY**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023**

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

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JUNE 30, 2024 AND 2023

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INTRODUCTION



About SPA

Schools Program Alliance (SPA) was formed on June 1, 2020, as a cooperative reinsurance purchasing pool and self-insurance loss funding pool. The SPA Program was formed to work collectively to keep rising costs down for school entities. SPA is committed to pooling, saving and stabilizing risk financing costs for member JPAs and their school members.

SPA is made up of six member JPAs representing school districts, county offices of education, charter schools and other related entities, all located in Northern and Central California. The lines of coverage provided through SPA are property and liability. The SPA members include individual JPA members Butte Schools Self-Funded Programs (BSSFP), North Bay Schools Insurance Authority (NBSIA), Redwood Empire Schools Insurance Group (RESIG), Schools Insurance Authority (SIA), Schools Insurance Group (SIG), and Central California Schools Authority (CCSA).

PROPERTY (effective 7/1/20)

SPA's property program makes available coverage for physical damage to members' real, personal property, and automotive coverage up to \$125 million. Each member JPA is responsible for the first \$250,000 of each claim. The SPA JPA provides a self-insurance loss layer with an annual aggregate deductible of \$3 million before the excess carrier(s) take responsibility. Coverage above the SPA deductible is provided by a panel of domestic and international excess and reinsurance companies.

Each member JPA staff performs the initial claim assessment, investigation and claim administration, focusing on a prompt, appropriate claim resolution, which results in cost-savings for our members. The Property Program is made up of five members: BSSFP, NBSIA, RESIG, SIA, and SIG.

LIABILITY (effective 7/1/21)

The liability program provides members with coverage for third party liabilities (general, automotive, employment practices, and errors and omissions) up to \$32 million. Each member JPA is responsible for the first \$5 million per claim. Coverage is provided by a panel of domestic excess and reinsurance companies.

Each member JPA staff performs the initial claim assessment, investigation, and administration of each claim, focusing on a prompt, appropriate claim resolution, which results in cost-savings for our members. The Liability Program includes three JPAs; Bay Area Schools Insurance Cooperative (BASIC, a JPA comprised of BSSFP, NBSIA, and RESIG), CCSA and SIA.

SPA Partnerships

SPA works with a variety of partners and specialists to achieve the best possible outcomes for their members:

- the insurance marketplace to obtain quality excess insurance coverage at competitive rates.
- industry specialists to value properties, consult on risk control, and evaluate and value property losses.
- financial professionals to ensure accurate and reliable financial information.
- the JPA community to share best practices for quality governance in the JPA community.
- state and local law makers to promote wise decision-making regarding related laws that would affect the cost of claims or claims handling.

SPA Governance

SPA's Board of Directors is comprised of one representative from each participating member. Administration is supported through strategic partners and a Managing Member. Alliant Insurance Services serves as the Program Administrator and Schools Insurance Authority (SIA) has been appointed as the Managing Member of SPA.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**Board of Directors and Members
Schools Program Alliance Joint Powers Authority
Sacramento, California**

Opinion

We have audited the accompanying financial statements of the Schools Program Alliance Joint Powers Authority (SPA) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise SPA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPA as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SPA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SPA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and claims development information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

July 21, 2025

Management's Discussion and Analysis

This management's discussion and analysis of Schools Program Alliance (SPA) financial performance provides an overview of SPA's activities for the fiscal year ended June 30, 2024. This is the fourth year of operation for the SPA property program, and the third year of the liability program. Please read this in conjunction with the Independent Auditor's Report on page 2 and with SPA's basic financial statements which begin on page 11.

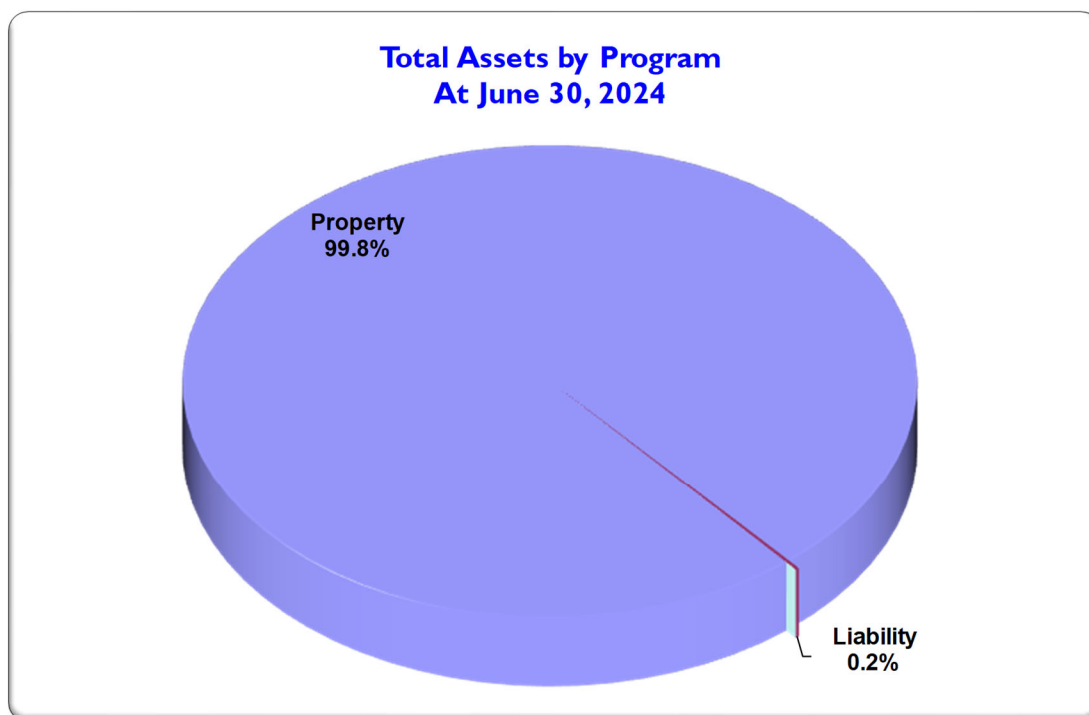
Description of Basic Financial Statements

Individual program accounting is maintained by SPA in accordance with relevant Governmental Accounting Standards and accounting principles generally accepted in the United States of America. The Statement of Net Position provides information about the financial position of SPA as of June 30, 2023, and June 30, 2024. The Statement of Revenues, Expenses and Change in Net Position reports the operations of the organization for the year ended June 30, 2023, and the year ended June 30, 2024. The Statement of Cash Flows is presented using the direct method to report on the operations of SPA for the period ended June 30, 2023, and the year ended June 30, 2024, based on the inflow and outflow of cash.

Notes to the basic financial statements provide information on SPA's accounting policies such as the discounting of claims reserves, the development of estimates of Incurred But Not Reported (IBNR) liabilities and the provision for Unallocated Loss Adjustment Expenses (ULAE).

Condensed Statement of Net Position

June 30,	2024	2023	2022
Assets			
Other assets	\$ 9,513,139	\$ 6,276,926	\$ 3,896,069
Total assets	9,513,139	6,276,926	3,896,069
Liabilities			
Other liabilities	5,044,384	2,936,022	1,001,016
Total liabilities	5,044,384	2,936,022	1,001,016
Net Position			
Unrestricted	4,468,755	3,340,904	2,895,053
Net Position	\$ 4,468,755	\$ 3,340,904	\$ 2,895,053



Assets

Total assets at the close of the fiscal year are \$9.5 million. This is an increase of about \$3.2 million as a result of operations for the year. Assets are primarily comprised of cash and cash equivalents.

Annually SPA obtains an actuarial estimate for the self-insured loss layers with a reasonable expectation of actuarial liabilities related to the costs of claims that may or may not happen in that year. The JPA expects an accumulation of assets to include cash and investments for the future payments of claims.

Liabilities

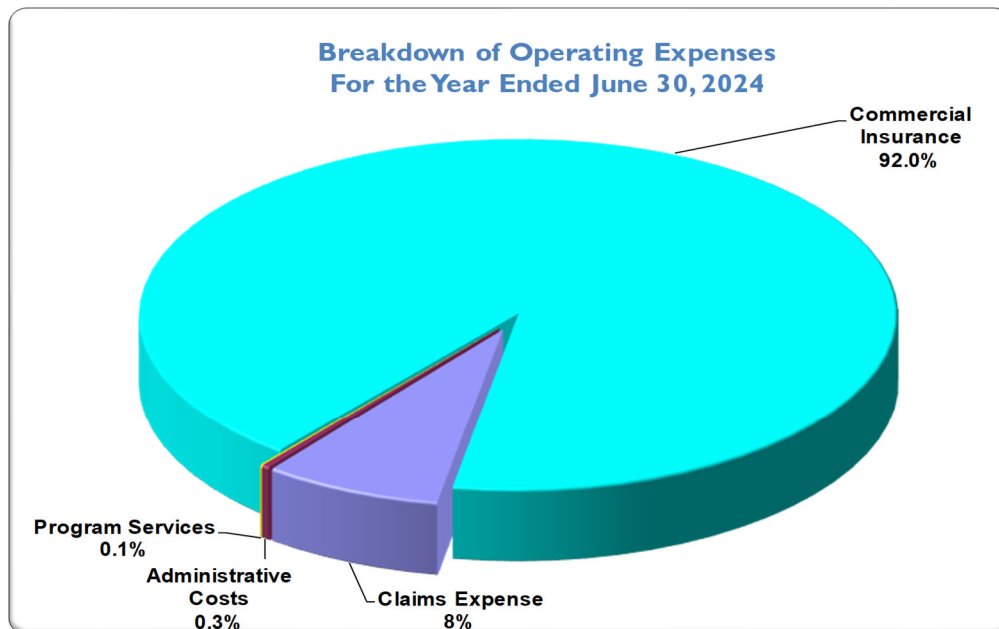
Total liabilities at the close of the fiscal year are about \$5.0 million. This is an increase of \$2.1 million over the prior year. About \$4.1 million of this is related to claims liabilities valued at the end of the fiscal year. This includes outstanding claim reserves of \$3.4 million and \$.7 million of actuarial estimated liabilities, or IBNR (Incurred But Not Reported). The remainder of liabilities consist of nominal accounts payable to vendors and reimbursements due to members.

Net Position

Net Position at the close of the fiscal year of operations is \$4.5 million. This is an increase of about \$1.1 million from the prior year. Liabilities are up about \$2.1 million over last year, which includes an increase of \$1.3 million in claim liabilities. There are no capital assets or restricted amounts.

Statement of Revenues, Expenses and Changes in Net Position

For the Years ended June 30,	2024	2023	2022
Operating revenues			
Member contributions, net	\$ 33,416,902	\$ 25,825,545	\$ 20,115,781
Total operating revenues	33,416,902	25,825,545	20,115,781
Operating expenses			
Provision for claims & claims adjustment expenses	2,483,300	2,776,851	2,273,725
Insurance premiums	29,959,902	22,399,545	18,139,676
Program services	28,405	160,600	115,175
General & administrative expenses	102,154	87,582	85,133
Total operating expenses	32,573,761	25,424,578	20,613,709
Operating income (loss)	843,141	400,967	(497,928)
Non-operating revenue			
Investment income	284,710	44,884	-
Total non-operating income	284,710	44,884	-
Increase (decrease) in net position	1,127,851	445,851	(497,928)
Net position, beginning of year	3,340,904	2,895,053	3,392,981
Net position, end of year	\$ 4,468,755	\$ 3,340,904	\$ 2,895,053



Contributions

Total member contributions for the fiscal year are \$33.4 million. This is an increase of \$7.6 million over the prior year. Contributions continue to increase, which is driven by cost increases in the reinsurance markets. Member contributions include contributions for the property program of \$22.8 million, the liability program of \$10.2 million, and \$457,000 to cover planned program services and administrative costs. Contributions for each program are determined by the SPA Board based on approved rate and exposure factors.

The JPA continues to earn LAIF interest income on invested funds, which is \$284,710 this year, and is up \$240,000 from the prior year.

Operating Expenses

Provision for Claims Expense

Claims expense is a significant area of expenditure for SPA. During this fourth year, SPA claims reserves continue to increase, with claims expenses at \$2.5 million. Considering the period's reporting activity, actuarial liabilities (IBNR) were calculated by the actuary and recognized by the JPA. The provision for claims expense is made up of two elements:

- 1) Actuarial estimate of the current year's claims,
- 2) Changes to the actuarial estimates of prior years' claims.

Because actual claim costs depend on several factors, such as claims management and current legislation; the actuarial estimations of ultimate claims costs for each claim year and program are adjusted annually. JPA's, such as SPA, are required to record these actuarial re-estimations of prior year claims expense in the current year.

Insurance Premiums

Insurance premiums for the year, the largest area of expenditure, were \$30.0 million. This is an increase of \$7.6 million over the prior year. This is directly related to the increased cost of excess & reinsurance coverage in the current hard insurance market. To limit the possible risk SPA members would be responsible for, SPA purchases excess insurance or reinsurance for coverage levels above a self-insured retention (SIR) layer. The current self-insured retention layers per incident are:

- Property - \$3,000,000 annual aggregate pool retention.
- Liability – no retained layer

Program Services

Program Services for the year were \$28,405. This is a decrease over the prior year expenditures as there were fewer loss control and appraisal activities completed by the members. Program Services are coordinated by the Board for common services to cost-effectively benefit the loss control and appraisal activities of the members.

General & Administrative Costs

General & Administrative costs were \$102,154 for the year. This is a \$14,572 increase over the prior year. This is mainly due to increased audit and actuary costs. This includes expenses for professional services, as well as compensation to the Managing Member to provide administrative services, including financial management, accounting, budget, and related services for SPA.

Explanation of Budget to Actual Variances

Budget to Actual Variance Analysis

For the Year ended June 30, 2024	Budget	Actual	Variance
Operating revenues			
Member contributions, net	\$ 32,432,178	\$ 33,416,902	\$ 984,724
Total operating revenues	32,432,178	33,416,902	984,724
Operating expenses			
Provision for claims & claims adjustment expenses	-	2,483,300	2,483,300
Insurance premiums	28,975,178	29,959,902	984,724
Program services	420,000	28,405	(391,595)
General & administrative expenses	75,000	102,154	27,154
Total operating expenses	29,470,178	32,573,761	3,103,583
Operating income	2,962,000	843,141	(2,118,859)
Non-operating revenue			
Investment income	-	284,710	284,710
Total non-operating income	-	284,710	284,710
Increase in net position	2,962,000	1,127,851	(1,834,149)
Net position, beginning of year	5,935,185	3,340,904	(2,594,281)
Net position, end of year	\$ 8,897,185	\$ 4,468,755	\$ (4,428,430)

Contributions

Contributions were \$33.4 million and ended the year \$1.0 million over budget. Liability reinsurance purchase contributions were about \$751,000 higher than originally expected, while property was about \$233,000 over budget. The Property Program self-insured retained layer budgeted for contributions of \$3 million and \$457,000 of program services contributions for loss control, appraisals, and JPA administrative costs which is an increase of \$31,000 over last year.

Provision for claims expense

SPA did not budget to experience any claim expenses for the year; however, there has been claim activity realized within the retained layer. Further, based on actuarial analysis, additional provision for claims expense (IBNR) was recognized.

Program services

Program services expenses incurred were \$28,405, which was \$391,595 lower than budgeted. One of the SPA Member's appraisals wasn't completed this year as anticipated.

General & Administrative expenses

General & Administrative costs ended over budget by \$27,154 related to unanticipated professional services costs.

Forecast

SPA continues to support its member JPAs through a "hard" market for Liability insurance purchases and programs. There are signs of a broader softening property insurance market, however, schools in California, particularly, still face uncertainty related to wildfire experience and associated elevated risk profile. Schools and their supporting JPAs continue to experience great difficulty maintaining rates and negotiating premium renewals in the California market. Escalating wildfire and other extreme weather events, nuclear jury verdicts, and statutory changes including the passage of AB218, continue to drive up costs and lead to challenging coverage negotiations with excess and reinsurance carriers. Additionally, many insurance carriers, or "markets" are choosing to reduce capacity and/or cease writing business at all in California. Many JPAs are continue challenged with rate increases based on exposure, not experience, and minimum premiums, rather than based on traditional and historical risk exposure measures.

The Property market has experienced several costly global catastrophes, storm events and multiple large wildfires in the past few years. While fiscal year 2023-2024 year was a better year for insurance carriers, they continue to recover from the recent significant loss events and SPA continues to receive rate increases. Rate hikes continue to be experienced state-wide, especially where there are losses. In response to the global losses, many carriers are reducing their capacity to limit their available footprint for potential losses. Further, property markets are challenged by and implementing a variety of technological tools and modeling methodologies available to uniquely model various risks, including wildfire and significant weather events.

The large volume in Sexual and Molestation (SAM) claims and in punitive damage awards continues to drive up the cost and amplify the impact on the severity and number of liability losses, which directly affect the excess insurance rates for the member JPA Liability programs (BASIC, CCSA, and SIA). The various JPAs' excess coverage costs for their Liability programs continue to increase, while, at the same time, self-insured retentions are pressured to increase. Further, coverage limits have decreased for some JPAs to manage escalating costs. The insurance markets continue to protect their interests by reducing capacity, providing aggregate limits, limiting their investment to quality JPAs, pushing for changing terms and other coverage restrictions.

In anticipation of continued 2024-2025 reinsurance market challenges for excess liability coverage, SPA program members BSSFP, NBSIA, and RESIG (participating as their existing JPA, BASIC), CCSA, and SIA continue to actively market the SPA program to potential new insurance carriers and use the SPA JPA to consolidate purchasing power in liability reinsurance negotiations.

Our foreseeable forecast is for a continued hard market for these two programs. In addition, legislative changes are being watched carefully for any implications as it pertains to workers' compensation or general liability exposures. SPA is a strategically placed JPA to assist member JPAs and schools in the future.

BASIC FINANCIAL STATEMENTS

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

STATEMENTS OF NET POSITION JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 8,506,115	\$ 5,618,520
Cash held for others	891,062	-
Receivables	<u>115,962</u>	<u>658,406</u>
Total assets	<u>9,513,139</u>	<u>6,276,926</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	58,155	20,275
Due to others	-	115,171
Advances held for others	891,062	-
Unpaid claims and claims adjustment expenses	<u>4,095,167</u>	<u>2,800,576</u>
Total liabilities	<u>5,044,384</u>	<u>2,936,022</u>
NET POSITION:	<u>\$ 4,468,755</u>	<u>\$ 3,340,904</u>

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES:		
Premium deposits from members	\$ 32,989,902	\$ 25,399,545
Administrative contributions	<u>427,000</u>	<u>426,000</u>
Total operating revenues	<u>33,416,902</u>	<u>25,825,545</u>
OPERATING EXPENSES:		
Insurance premiums	29,959,902	22,399,545
Provision for claims and claim adjustment expenses	2,483,300	2,776,851
Administrative expenses	96,000	86,014
Program services	28,405	160,600
Other expenses	<u>6,154</u>	<u>1,568</u>
Total operating expenses	<u>32,573,761</u>	<u>25,424,578</u>
Operating income	<u>843,141</u>	<u>400,967</u>
NON-OPERATING REVENUES:		
Interest and dividend income	<u>284,710</u>	<u>44,884</u>
Increase in net position	1,127,851	445,851
Net position, beginning	<u>3,340,904</u>	<u>2,895,053</u>
Net position, ending	<u>\$ 4,468,755</u>	<u>\$ 3,340,904</u>

The accompanying notes are an integral part of these financial statements.

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from premium contributions and other income	\$ 33,959,346	\$ 25,333,415
Cash received and held for others	891,062	-
Cash paid for claims	(1,188,709)	-
Cash paid for insurance and other expenses	(30,167,752)	(23,604,743)
Net cash provided by operating activities	<u>3,493,947</u>	<u>1,728,672</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income received	<u>284,710</u>	<u>44,884</u>
Net cash provided by investing activities	<u>284,710</u>	<u>44,884</u>
Net increase in cash and cash equivalents	3,778,657	1,773,556
Cash and cash equivalents, beginning of year	<u>5,618,520</u>	<u>3,844,964</u>
Cash and cash equivalents, end of year	<u>\$ 9,397,177</u>	<u>\$ 5,618,520</u>
RECONCILIATION TO STATEMENTS OF NET POSITION:		
Cash and cash equivalents	\$ 8,506,115	\$ 5,618,520
Cash held for others	<u>891,062</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 9,397,177</u>	<u>\$ 5,618,520</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 843,141	\$ 400,967
Adjustments to reconcile operating income to cash provided by operating activities:		
(Increase) decrease in:		
Receivables	542,444	(607,301)
Increase (decrease) in:		
Accounts payable	37,880	(35,545)
Deferred contributions	-	(808,517)
Due to others	(115,171)	115,171
Advances held for others	891,062	(112,954)
Unpaid claims and claims adjustment expenses	<u>1,294,591</u>	<u>2,776,851</u>
Net cash provided by operating activities	<u>\$ 3,493,947</u>	<u>\$ 1,728,672</u>

The accompanying notes are an integral part of these financial statements.

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SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Schools Program Alliance Joint Powers Authority (SPA or the Authority) was established by a Joint Powers Agreement on June 1, 2020, for the operation of a common risk management and insurance program for member public agencies. The Authority's general objectives are to formulate, develop and administer, on behalf of the members, a program providing for indemnity coverage. As of June 30, 2024, the Authority had five members who participated in a self-insured Property program. Schools Insurance Authority (SIA) served as the Managing Member of SPA.

Effective July 1, 2021, the Authority purchased insurance for liability claims incurred on that date. The Authority will be responsible for funding any self-insured claims incurred from that date forward. Central California Schools Authority joined the liability program on July 1, 2022.

Admission and Withdrawal

Any public agency or entity may apply for membership to the Authority. Membership must be approved by a three-quarters (3/4) vote of the Authority's Board of Directors. A Member may thereafter be expelled from SPA or any SPA Program, for any good faith and proper reason upon a vote of at least three-quarters (3/4) of the Board of Directors.

Any member of the Authority may withdraw from one or more contracting activities or its status as a member of SPA by notifying all members of the Authority in writing of its potential withdrawal prior to December 31 and shall provide a final written notice to all SPA members by March 1 of that fiscal year. A member withdrawing from the Authority shall continue to be responsible for the amount of any costs, liabilities, assessments, or contingencies required because of losses against the member and/or the Authority for the years within which the member participated. Absent unanimous consent of all members, a member withdrawing from a program or from SPA shall not be entitled to again participate in the program or in SPA for a period of three years following the withdrawal.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and the related liabilities are recognized when the obligation is incurred.

Cash Equivalents

Cash equivalents are investments readily convertible into known amounts of cash with original maturities at date of purchase of three months or less.

Cash Held for Others

The Authority receives and disburses funds from excess insurers to be disbursed to members. These funds are considered restricted cash and are offset by a liability in the Authority's statements of net position.

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Provision for Unpaid Claims and Claim Adjustment Expenses

The Authority's policy is to establish unpaid claims and claim adjustment expenses based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation, and reinsurance recoverable on unpaid claims are deducted from the liability. The Authority increases the liability for allocated and unallocated claim adjustment expenses. Because actual claims costs depend on such complex factors as inflation, changes in doctrine of legal liability and damage awards, the process used in computing unpaid claims and claim adjustment expenses does not necessarily result in an exact amount, particularly for coverages such as general liability and workers' compensation. Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors, and estimated payment dates. Adjustments to unpaid claims and claim adjustment expenses are charged or credited to expense in the period in which they are made.

Self-Insurance

Members are individually responsible for the first \$250,000 of each non-wildfire property claim. Under "Retention A" of the Authority's Property Program, amounts in excess of \$250,000 per claim are covered from \$250,000, to an aggregate of \$1,000,000. Under "Retention B" of the Authority's Property Program, claims which exceed "Retention A" individually and in the aggregate are covered to a per-claim and aggregate maximum of \$2,000,000. For wildfire claims, members have varying member deductibles related to their wildfire exposure. Losses incurred in excess of member deductibles are ceded to reinsurance and excess insurance carriers.

Revenue Recognition

Contributions are recognized as revenue when earned based upon the coverage period of the related insurance. To the extent that allocated losses exceed contributions previously paid and interest and other income, the Authority may assess its members additional premiums. Operating revenues and expenses include all activities necessary to achieve the objectives of the Authority.

Income Taxes

The Authority is an organization comprised of public agencies and is exempt from Federal income and California franchise taxes. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net position.

2. CASH AND CASH EQUIVALENTS

The Authority's cash is held on deposit with SIA, the managing member. Cash and cash equivalents in banks are stated at cost by SIA. The Authority's cash and cash equivalents as of June 30, 2024 and 2023 consisted of the following:

	<u>Rating</u>	<u>2024</u>	<u>2023</u>
Cash and cash equivalents:			
Cash held by Schools Insurance Authority	Not rated	\$ 9,397,177	\$ 5,618,520

3. UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

As discussed in Note 1, the Authority establishes a liability for both reported and unreported insured events for the respective programs. There were no claims in the liability line of service for the years ended June 30, 2024 and 2023. Therefore, claims activity reflects only the property line of service. The following represents changes in those aggregate liabilities during the year ended June 30:

	<u>2024</u>	<u>2023</u>
Unpaid claims and claim adjustment expenses, beginning of fiscal year	\$ 2,800,576	\$ 23,725
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	2,211,691	2,450,000
Change in provision for covered events of prior years	271,609	326,851
Total incurred claims and claim adjustment expenses	2,483,300	2,776,851
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	-	-
Claims and claim adjustment expenses attributable to covered events of prior years	1,188,709	-
Total payments	1,188,709	-
Total unpaid claims and claim adjustment expenses, end of fiscal year	\$ 4,095,167	\$ 2,800,576

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

The components of the unpaid claims and claim adjustment expenses as of June 30, and are as follows:

	<u>2024</u>	<u>2023</u>
Reported claims	\$ 3,409,403	\$ 1,116,141
Claims incurred but not reported (IBNR)	685,764	1,684,435
Unallocated loss adjustment expenses (ULAE)	<u>-</u>	<u>-</u>
Total unpaid claims and claim adjustment expenses	<u>\$ 4,095,167</u>	<u>\$ 2,800,576</u>

Claims liabilities have been estimated at the amount of claims paid in the current year and consideration of any known future claims payments. The Authority has not recorded a liability for ULAE as management has determined that such amounts are not material to the financial statements.

4. CONTINGENCIES

The Authority is subject to legal proceedings which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the Authority.

5. RELATED PARTY TRANSACTIONS

Schools Insurance Authority (SIA) is the managing member of SPA. For the years ended June 30, 2024 and 2023, SIA paid total contributions of \$12,322,582 and \$4,815,741 to SPA, respectively. For both years ended June 30, 2024 and 2023, SPA paid a total of \$75,000 to SIA for administrative services. In addition, the cash held by SIA on behalf of SPA totaled \$9,397,177 and \$5,618,520 as of June 30, 2024 and 2023, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

PROPERTY PROGRAM CLAIMS DEVELOPMENT INFORMATION JUNE 30, 2024

For the policy year ended June 30	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
1. Premiums and investment revenue:				
Earned	\$ 14,253,213	\$ 14,892,428	\$ 18,548,952	\$ 22,822,926
Ceded	<u>(11,253,213)</u>	<u>(13,341,323)</u>	<u>(15,548,952)</u>	<u>(19,792,926)</u>
Net earned	<u>\$ 3,000,000</u>	<u>\$ 1,551,105</u>	<u>\$ 3,000,000</u>	<u>\$ 3,030,000</u>
2. Unallocated expenses	\$ 32,019	\$ 200,308	\$ 248,182	\$ 130,559
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	\$ 10,000,000	\$ 2,273,725	\$ 2,450,000	\$ 2,211,691
Ceded	<u>(10,000,000)</u>			
Net incurred	\$ -	\$ 2,273,725	\$ 2,450,000	\$ 2,211,691
4. Paid (cumulative) as of:				
End of policy year	\$ -	\$ 2,250,000	\$ -	\$ -
One year later	-	2,250,000	938,709	
Two years later	-	2,500,000		
Three years later	-			
5. Reestimated ceded losses and expenses	\$ -	\$ -	\$ -	\$ -
6. Reestimated incurred claims and expense:				
End of policy year	\$ -	\$ 2,273,725	\$ 2,450,000	\$ 2,211,691
One year later	-	2,564,276	2,789,133	
Two years later	36,300	2,533,052		
Three years later	-			
7. Increase (Decrease) in estimated incurred claims and expense from end of policy year	\$ -	\$ 259,327	\$ 339,133	\$ -

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

1. CLAIMS DEVELOPMENT INFORMATION

The table on page 18 illustrates how the Authority's earned revenues and investment income compare to related costs of loss and other expenses assumed by the Authority as of the end of each of the last ten years. The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned contribution and investment revenues, less dividends paid and contribution revenue ceded to reinsurers, and net earned contribution and investment revenues.
2. Each fiscal year's other operating costs of the Authority including overhead and claims expenses not allocable to individual claims.
3. The Authority's gross incurred claims and claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued), excluding ULAE, as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. Cumulative amounts paid as of the end of successive years for each policy year.
5. The latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. Policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. Compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

SCHOOLS PROGRAM ALLIANCE

Communications With Those Charged With Governance

We have audited the financial statements of Schools Program Alliance (SPA) for the year ended June 30, 2024. We are providing SPA's Board of Directors with information regarding the scope and results of the audit to assist the Board of Directors in overseeing management's financial reporting and disclosure process. This information is intended solely for the use of the Board of Directors and management of SPA and is not intended to be, and should not be, used by anyone other than these specified parties. The following pages summarize these required communications.

July 21, 2025

Submitted by  **GILBERT**
Tax.Audit.Advisory.

Relax. We got this.SM

RESPONSIBILITIES AND OPINION

Auditors' Responsibilities under Generally Accepted Auditing Standards (GAAS) The financial statements are the responsibility of management. As stated in our engagement letter, our responsibility is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.	We issued an unmodified opinion on the financial statements of SPA for the year ended June 30, 2024.
Required Supplementary Information Government Accounting Standards Board (GASB) requires certain supplementary information to accompany SPA's basic financial statements to be in conformity with generally accepted accounting principles. Such information has been subjected to limited procedures such as inquiries of management about the methods of preparing the information for consistency with the basic financial statements, however, we do not express an opinion because of the limited nature of our procedures.	The following required supplementary information is required to accompany SPA's basic financial statements and is subjected to limited procedures, but no opinion has been expressed: • Management's Discussion and Analysis • Claims Development Information

INTERACTIONS WITH MANAGEMENT

Management Consultations with Other Independent Accountants In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to SPA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.	To our knowledge, there were no such consultations with other accountants.
Disagreements with Management For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.	We are pleased to report that no such disagreements arose during the course of our audit.
Management Representations	We have requested certain representations from management that are included in their letter to us.
Difficulties Encountered in Performing the Audit	We encountered no significant difficulties in dealing with management in performing and completing our audit. Management and staff were well prepared and cooperative.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Significant Accounting Policies Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.	The significant accounting policies used by SPA are described in notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by SPA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
Management Judgments and Accounting Estimates Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.	We considered the methodologies and judgments used in management's estimate of claims liabilities, which is based on actuarial projections and management's estimate of the collectability of receivables, which is based on management's assessment of the likelihood of receivable payments on individual accounts. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole. In addition, the related financial statement disclosures are neutral, consistent and clear.

RESULTS OF THE AUDIT

Planned Scope and Timing of the Audit	Audit procedures commenced in the fall of 2024, but fieldwork was rescheduled until the spring of 2025.
Risk Assessment Process In order to design appropriate audit procedures in accordance with GAAS, the engagement team is required to perform a risk assessment during its audit planning process.	Auditing standards require us to consider the following risk of material misstatement when planning our audit: • Management override of controls. As part of our audit planning process, we identified the following additional significant risk of material misstatement which was addressed by our audit procedures: • Valuation of claims liabilities.
Other Audit Findings or Issues	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SPA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Significant Adjustments or Disclosures Not Reflected in the Financial Statements Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.	No significant adjustments or omitted disclosures were identified during our audit.

Item No: E.2.a.

GENERAL ADMINISTRATION**APPOINT SPA PROPERTY ACTUARY****ACTION ITEM**

ISSUE: Chris Nahas of Alliant Actuarial has been serving as the actuary for SPA. Chris has left Alliant. The managing member reached out to Mike Harrington at Bickmore Actuarial. Mike has indicated pricing of \$7,500 for the first year and approximately \$6,500 ongoing thereafter to perform the same services. Alliant Actuarial was charging \$6,500 for these services.

RECOMMENDATION: Staff recommends that the Board consider appointing Bickmore actuarial as SPA's, actuary or provide direction as appropriate.

FISCAL IMPACT: The cost of actuarial services is included in the spa annual budget.

BACKGROUND: SPA has engaged an actuary to assist in setting rates and calculating outstanding liabilities for the property program. With the change in personnel at Alliant, the managing member saw an opportunity to engage a local firm that has deep experience with publicity pooling. Bickmore's actual engagement will also allow providing services for other programs as needed and directed by the Board.

ATTACHMENTS: None.

Item No: E.2.b.

GENERAL ADMINISTRATION**NEWFRONT BROKERAGE SERVICE AGREEMENT****ACTION ITEM**

ISSUE: Newfront Insurance (formerly ABD Insurance & Financial Services) has provided the attached Brokerage Service Agreement for SPA's Liability Program.

The Agreement describes the Scope of Services, Responsibilities of the Parties, Compensation, Term, Indemnification and Insurance, and Miscellaneous terms including choice of law and resolution of disputes.

RECOMMENDATION: Review and approved the Agreement as presented or revised or provide direction.

FISCAL IMPACT: None from today's agenda item, compensation has already been arranged via separate Agreements with BASIC and SIA.

BACKGROUND: SPA members agreed to form a Liability Program to group purchase coverage. ABD insurance brokers are placing the coverage for FY 21/22 on behalf of all SPA members except SIG.

ATTACHMENTS: Newfront SPA Liability Brokerage Service Agreement 2025-2028

ABD INSURANCE & FINANCIAL SERVICES, INC. dba: NEWFRONT
BROKERAGE SERVICE AGREEMENT

This Agreement is entered into this 1st day of July 2025 (Effective Date") by and among ABD Insurance & Financial Services, Inc. dba: Newfront (Newfront) located at 1435 North McDowell Blvd. Suite #320, Petaluma, CA 94954 and Schools Program Alliance (SPA) ("Client"), located at 9800 Old Placerville Rd., Sacramento, CA 95827.

WHEREAS, Client has appointed Newfront as its broker of record for Client's Excess Liability Insurance Program,

SECTION 1. INSURANCE BROKERAGE SERVICES

SCOPE OF SERVICES

On behalf of SPA, Newfront agrees to perform the following services:

1. Meet and confer with SPA's Board of Directors to review and update the Excess Liability Program from a standpoint of claims, administration and excess coverage.
2. Meet with SPA's Board of Directors and its members to discuss coverage, rates and other matters that arise from its Excess Liability program.
3. Develop and recommend policies and procedures in such areas as necessary to provide for the efficient operation of SPA's Excess Liability program.
4. Issue Certificates of Insurance for all SPA members as requested annually and on demand.
5. Assist in the preparation of reports required by actuaries and underwriters relating to SPA's Excess Liability program.
6. Represent SPA to insurance carriers and/or other risk sharing or risk transfer alternatives to market and negotiate contracts, rates, coverage and fees as directed by SPA.
7. Act as an advocate for SPA in various areas including, but not limited to, coverage issues, damage valuation, loss negotiations, and attendance at meetings, as needed.
8. Monitor the financial strength of the insurer(s) providing Client's coverages and inform Client if the A.M. Best rating of such insurer(s) is reduced below 'A-".
9. Provide periodic forecasts & updates to the State of the Market.

The above-referenced services shall be rendered by Newfront to SPA pursuant to the terms of this Agreement. Any additional services requested by SPA shall be negotiated by the parties under separate written agreement.

SECTION 2. RESPONSIBILITIES OF THE PARTIES

- 2.1 Both parties hereto acknowledge and agree that Newfront, in performing its obligations herein, will act solely in a consultative capacity for Client. Newfront shall undertake its obligations hereunder as directed by Client and shall at no time exercise any discretionary authority or control respecting the management of the insurance benefits or monitoring of the accounts. On all matters involving the exercise of discretion, Newfront shall seek direction from Client.

- 2.2 The Client has the responsibility for providing Newfront with appropriate and accurate information as well as complying with all governmental and other requirements. Newfront's services are not intended to provide tax, legal or accounting advice.
- 2.3 Newfront can be relied upon to disclose errors, irregularities or illegal acts, including fraud or falsifications that may exist in the administration of the insurance benefits. Newfront is not liable for any actions taken or not taken, as directed by or caused by actions of the Client except to the extent losses or damages arise from Newfront's negligence, willful misconduct or breach of this Agreement.
- 2.4 The Client will be responsible for any late fees charged by the insurance carrier, unless it is due to willful misconduct or negligence on the part of Newfront.
- 2.5 Newfront may request information from Client such as general questions related to claims activity. Client acknowledges that the timeliness of information provided to Newfront for the purpose of evaluating and/or placing coverage is critical to the successful outcome of Newfront consulting services.

SECTION 3. COMPENSATION

Newfront Commission

As compensation for the services outlined in this agreement, Newfront will be compensated in the form of commissions paid to Newfront by the insurance carriers with whom Newfront places reinsurance, excess, or other insurance policies on SPA's behalf. This includes commissions on any such policies placed using the assistance of intermediaries or wholesalers and paid to Newfront by such intermediaries and/or wholesalers. Newfront agrees that the commission percentage it receives on premiums paid by SPA will not exceed 5%. Newfront agrees it will, if requested by SPA, provide a transparent accounting of this compensation on an annual basis once all policies have been issued and premiums paid for any annual coverage term.

Third-Party Brokers

Newfront may determine from time to time that it is in SPA's best interest to utilize the services of third-party brokers (such as surplus lines brokers, underwriting managers, London and/or Bermuda market brokers and reinsurance brokers) to assist in the marketing of SPA's Excess Liability program. Third-party brokers will be compensated in the form of commissions paid by the insurance carriers with whom they place reinsurance, excess, or other insurance policies on SPA's behalf.

Contingent, supplemental, or bonus commissions

In its normal course of business some of the insurance companies Newfront represents may pay it additional incentive commission, sometimes referred to as contingent, supplemental or bonus commissions. Newfront hereby agrees that it will not accept any such contingent or bonus commission on the lines of insurance coverage subject to this Agreement.

Miscellaneous sources of compensation

In addition to the foregoing, Newfront may also receive income from the following sources: Interest earned on premiums received from you and forwarded to the insurance company through Newfront's bank account. Payments from insurance companies to defray the cost of services provided for them, including advertising, training, certain employee compensation, and other expenses Vendors and/or services providers.

In the event there is a significant change in Client operations which affects the nature and scope of its insurance requirements, the parties agree to renegotiate Newfront's compensation as appropriate.

SECTION 4. TERM

The term of this agreement shall be for three (3) years from the Effective Date and shall terminate on July 1st, 2028. Thereafter, the term may be extended by mutual written agreement of the parties. In the event of termination, Newfront will assist Client in arranging a smooth transition process. However, Newfront's obligation and the obligation of its affiliates to provide services to Client will cease upon the effective date of termination, unless otherwise agreed in writing.

Notwithstanding the terms of this Agreement, either party shall have the right to terminate this Agreement upon 60 days' prior notice to the other. In the event of termination by the Client prior to expiration, Newfront's annual compensation will be deemed earned according to the following schedule:

- a) If this Agreement is terminated within the first 4 months of each annual term, Newfront shall receive 60% of the annual fees as outlined in section 4.
- b) If this Agreement is terminated within the 4-7 months of each annual term, Newfront shall receive 75% of the annual fees as outlined in section 4.
- c) If this Agreement is terminated within the first 7 months of each annual term, Newfront shall receive 100% of the annual fees as outlined in section 4.

SECTION 5. INDEMNIFICATION AND INSURANCE

Newfront agrees to defend, indemnify and hold harmless Client from and against any and all losses, judgments, damages, costs and expenses (including, but not limited to, reasonable attorneys' fees, court costs and costs of settlement) which directly result from or arise out of any breach by Newfront of any of its representations, warranties, covenants or obligations in this Agreement or its negligent acts or omissions in carrying out this Agreement.

Client shall notify Newfront by registered mail of the existence of any such action, claim or demand giving rise to a claim for indemnity under this paragraph in writing of the same within thirty (30) days of receipt of such written assertion of a claim or liability; provided, however, the failure to give such notice shall affect Newfront's obligations hereunder only to the extent that Newfront is materially prejudiced by such failure. Newfront shall not, without the prior written consent of Client, settle or compromise any claim or consent to the entry of any judgment without the consent of Client.

All indemnifications made by the parties shall survive the termination of this Agreement.

Newfront agrees to use its reasonable best efforts to cooperate in the investigation, mitigation, defense, and settlement of any third-party claim subject to this Section 5 and to permit the cooperation and participation of the Client in any such claim or action, including the sharing of legal counsel where practicable. Newfront agrees to promptly notify the Client of the occurrence of any indemnified event or material developments or amounts due respecting any indemnified event.

Insurance: Newfront shall procure and maintain (to the extent available on reasonable terms) the following minimum insurance coverages at all times due the term of this Agreement. Upon request, Newfront shall provide certificates of insurance to SPA.

Workers' Compensation: Newfront shall procure and maintain at all times during the performance of this Agreement Workers' Compensation Insurance in conformance with the laws of the State of California and federal laws where applicable.

Bodily Injury, Death and Property Damage Liability Insurance. Newfront shall procure and maintain at all times during the performance of this Agreement General Liability Insurance in the amount of Two Million Dollars (\$2,000,000) per occurrence and shall also include SPA as an additional insured as respects its operations and Automobile Liability in the amount of Two Million Dollars (\$2,000,000) each occurrence.

Fidelity Insurance. Newfront shall procure and maintain at all times during the performance of this Agreement Fidelity Insurance in an amount no less than One Million Dollars (\$1,000,000) combined single limits per occurrence.

Professional Liability Insurance. Newfront shall procure and maintain at all times during the performance of this Agreement Professional Liability Insurance with a limit of liability of One Million Dollars (\$1,000,000) for any one claim.

SECTION 6. MISCELLANEOUS

6.1 **Notice.** All written notices, demands and requests of any kind which either party may be required or may desire to serve upon the other party hereto in connection with this Agreement shall be delivered only by courier or other means of personal service which provides written verification of receipt or by registered or certified mail return receipt requested (each, a 'Notice'). Neither party will be bound by any Notice unless and until it is received in writing at its mailing address:

ABD Insurance & Financial Services, Inc. dba: Newfront
777 Mariners Island Blvd., Suite #250
San Mateo, CA 94404

Client shall not be bound by any notice, directive or request unless and until it is received in writing at its primary place of business located at:

Company Name	Schools Program Alliance
Company Address	9800 Old Placerville Rd., Sacramento, CA 95827
Phone Number	916-364-1281
Mobile Number	

Email Address	brice@sia-jpa.org
Attn:	Brooks Rice
Title	Managing Member

- 6.2 California Law. This Agreement will be governed by and construed in accordance with the laws of the State of California without regard to its conflicts of laws rules.
- 6.3 Mediation. In the event a dispute shall arise between the parties to this Agreement, the parties agree to participate in good faith mediation proceedings with a mediator selected by agreement of the parties. The parties agree to share equally in the costs of the mediation. The mediation shall be administered by a licensed member, in good standing of the State Bar of California.
- 6.4 Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by binding arbitration in Sutter County, California in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. There shall be a single arbitrator selected by agreement of the parties, or if they fail to agree on the selection of the arbitrator within 10 days of notice of intent to arbitrate from one party, then by the American Arbitration Association.
- 6.5 Integration: Amendment This Agreement and the related Exhibits constitutes the entire understanding of the parties with respect to all subject matters covered by this Agreement. This Agreement supersedes and replaces all prior agreements, whether written or oral, regarding such matters. This Agreement cannot be modified except by a written agreement signed by both parties.
- 6.6 Severability. If one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect by any court of competent jurisdiction, such holding will not impair the validity, legality, or enforceability of the remaining provisions herein.
- 6.7 Headings. The headings in this Agreement are used for convenience of reference only and shall not affect the interpretation of the provisions.
- 6.8 Non -Waiver. Failure or delay on the part of any party to exercise any right, remedy, power or privilege hereunder will not operate as a waiver thereof. No waiver will be effective unless it is in writing and signed by the party granting such waiver and shall not operate to waive any subsequent breach or default.
- 6.9 Force Majeure. No party shall be considered in breach of its obligations hereunder, including, but not limited to, delivery delays due to any failure of its performance of this Agreement, should such failure arise out of causes beyond the reasonable control of and without the fault or negligence of that party. Delays in delivery due to events beyond a party's reasonable control shall automatically extend the delivery date for a period equal to the duration of such events.

- 6.10 Hiring of Personnel. Client and Newfront agree not to solicit, hire for employment, retain or use the services of, either directly or indirectly, any person employed by the other party at any time during the term of this Agreement, for the term of this Agreement and a twelve (12) month period following its expiration or termination without prior written consent of the other party.
- 6.11 Assignment. Client may not assign either this Agreement or any of its rights, interests, or obligations hereunder, or any of its rights, interests or obligations under any document delivered pursuant to this Agreement (except as may be specifically provided for in any such document), without the prior written approval of Newfront.
- 6.12 Confidentiality. Both parties will maintain the confidence of any information received or produced pursuant to this Agreement. In the event either party is served with legal process requiring disclosure of such information, the receiving party will immediately notify the other party prior to release of any information to determine the response to be made to such legal process. Newfront and SPA shall maintain the confidentiality of data and information gathered, delivered and/or exchanged. Upon the termination or expiration of the agreement, Newfront agrees to return the Proprietary information.

Books and Records – Ownership of Records:

- A) Records related to the services provided under this Agreement shall be the property of Client. However, Newfront shall be entitled to keep a copy of such files and documents as may be necessary to demonstrate its performance under this Agreement.
- B) In the event of the expiration or termination of this Agreement, Newfront shall return all files to Client except as may otherwise be agreed to, in writing, between Newfront and Client.

CLIENT NAME: Schools Program Alliance (SPA)

Signature and Date Required

X _____
Cindy Wilkerson
SPA Chairperson

ABD Insurance & Financial Services, Inc. dba: Newfront

Signature and Date Required

X _____
Mark Stokes
Executive Vice President

Item No: E.2.c.

GENERAL ADMINISTRATION**SPA PROPERTY MEMORANDUM OF COVERAGE (MOC)****ACTION ITEM**

ISSUE: Board to receive the final Memorandum of Coverage (MOC) for July 2025/26.

RECOMMENDATION: Accept and file MOC as presented or provide direction.

FISCAL IMPACT: N/A

BACKGROUND: The SPA MOC is used to evidence the coverage provided by SPA to its members. Each year, changes are made to the MOC. Some changes are made to keep the MOC current (i.e., dates). Other changes are the result of SPA Board actions on coverage or Reinsurance marketplace actions.

This year, the material changes to the MOC include:

1. Vacant Property topic (previously reviewed and approved)
2. Remote and High-Risk location limitation

ATTACHMENTS: Final 2025/26 MOC



SCHOOLS PROGRAM ALLIANCE (SPA)
PROPERTY MEMORANDUM OF COVERAGE (MOC)

This Memorandum of Coverage is issued to the Member scheduled in Item 1 below for the PROPERTY COVERAGE PROGRAM of the Schools Program Alliance (SPA).

SPA, in consideration of the payment of the annual deposit contributions by its Member JPAs and in reliance upon the statements and information furnished to SPA by the Member JPAs, agrees to pay Member JPAs for loss which occurs during the Policy Period as these terms are defined below and in the Coverage Form listed in Item 3 below, including all applicable terms and conditions of said Coverage Form and subject to the Limits of Coverage in Item 4 and Member Deductible scheduled in Item 5 below.

- Item 1. Member:* Schools Insurance Authority
Butte Schools Self-Funded Programs
North Bay Schools Insurance Authority
Redwood Empire Schools' Insurance Group
Schools Insurance Group
Central California Schools Authority
- Item 2. Policy Period:* July 1, 2025 to July 1, 2026 at 12:01am
- Item 3. Coverage Form:* PEPIP USA Form No. 21 as endorsed by SPA
- Item 4. Limits of Coverage:* \$500,000,000 Per Occurrence: all Perils, Coverages (subject to policy terms) and all Named Insureds (as defined in the policy) combined, per Declaration, regardless of the number of Named Insureds, coverages, extensions of coverage, or perils insured, subject to the per occurrence and/or aggregate sub-limits as shown in PEPIP USA Form No. 21 Master Policy Wording and further subject to this SPA MOC.
- Item 5. Member Deductible - Each Occurrence:* \$250,000 except as otherwise outlined in the Deductible sections below
- Item 6. Claims Administrator:* In the event of loss or damage insured against under this Memorandum of Coverage, the Member shall give notice of such loss as follows: First Notice of Claim shall be reported to:



SPA Claims Coordinator: C/o: Schools Insurance Authority, Josh Arnold at [spaproperty@sia-
ipa.org](mailto:spaproperty@sia-
ipa.org), with copy to:

Alliant Insurance Services, Inc., Diana Walizada at dwalizada@alliant.com and Robert Frey at rfrey@alliant.com.

Engle Martin: **Russell Clark, Senior EGA at**
SchoolsProgramAllianceNewLoss@englemartin.com

Item 7: Schedule of Attachments:

1. SPA Endorsement A – Schedule of Limits, Sublimits and Deductibles
2. SPA Endorsement B - Scheduled High Risk Location Loss Limitation
3. SPA Endorsement C – Vacant Property Loss Limitation
4. PEPiP USA Form No. 21 Master Policy Wording

Signature

SPA President



SPA Endorsement A – Schedule of Limits, Sublimits and Deductibles

ALL RISK COVERAGES & SUB-LIMITS:	\$ 500,000,000	Per Occurrence: all Perils, Coverages (subject to policy terms) and all Named Insureds (as defined in the policy) combined, per Declaration, regardless of the number of Named Insureds, coverages, extensions of coverage, or perils insured, subject to the following per occurrence and/or aggregate sub- limits as noted below.
	\$ 10,000,000	Flood Limit - Per Occurrence and in the Annual Aggregate (for those Named Insured(s)).
	\$ 10,000,000	Per Occurrence and in the Annual Aggregate for scheduled locations in Flood Zones A & V (inclusive of all 100-year exposures). This Sub-limit does not increase the specific flood limit of liability for those Named Insured(s) that purchase this optional dedicated coverage.
	Not Applicable	Per Occurrence for losses to locations in Tier 1 and/or Tier 2 Counties and resulting from a Named Windstorm.
	Not Covered	Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Named Insured(s) that purchase this optional dedicated coverage).
	\$ 100,000,000	Combined Business Interruption, Rental Income and Tuition Income (and related fees). However, if specific values for such coverage have not been reported as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc., this sub-limit amount is limited to \$500,000 per Named Insured subject to maximum of \$2,500,000 Per Occurrence, Per Declaration for Business Interruption, Rental Income and Tuition Income combined. Coverage for power generating plants is excluded, unless otherwise specified.
	\$ 75,000,000	Extra Expense.



ALL RISK COVERAGES & SUB-LIMITS: (continued)	\$ 10,000,000	Miscellaneous Unnamed Locations for Named Insureds excluding Earthquake Shock coverage for Alaska and California locations. If Flood coverage is purchased for 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	\$50,000,000, or a Named Insured's Policy Limit of Liability if less than \$50,000,000, Automatic Acquisition for 120 days except:
	\$25,000,000	Automatic Acquisition for 90 days for new sub- member and/or entity of an existing Pools, JPA or Group;
	\$500,000	Automatic Acquisition for 90 days for Vacant properties; or up to \$25,000,000 if a Vacancy Permit has been issued.
	\$10,000,000	Automatic Acquisition for 120 days for Licensed Vehicles;
	\$2,500,000	Automatic Acquisition for 60 days for additional property and/or interests in Tier 1 Wind Counties, Parishes and Independent Cities 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 Earthquake Shock is excluded for the states of Alaska and California;
	\$10,000,000	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, athletic fields and artificial turf; however, replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but



**ALL RISK
COVERAGES &
SUB-LIMITS:
(continued)**

	not to exceed \$25,000 per item for existing Named Insureds excluding Earthquake Shock coverage for Alaska and California locations. If Flood coverage is purchased for scheduled locations, this extension includes Flood coverage for any location not situated in Flood Zones A or V.
\$ 5,000,000	or 110% of the scheduled values, whichever is greater, for Scheduled Landscaping, trees, sand traps, greens, athletic fields and artificial turf; however, replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but not to exceed \$25,000 per item.
\$ 5,000,000	or 120% of the scheduled values, whichever is less, for Scheduled Landfills (as more fully defined in the policy).
\$ 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 sub-limit shown. Projects valued greater than \$15,000,000 require underwriting approval and a premium charge.
\$ 500,000	Money & Securities for named perils only as referenced within the policy, however fraudulent impersonation, fraudulent instruction or similar events are excluded.
\$ 2,500,000	Unscheduled Fine Arts.
\$ 250,000	Accidental Contamination per occurrence and annual aggregate per Named Insured with \$500,000 annual aggregate for all Named Insureds per Declaration. Coverage shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other policy form until the liability of such other insurance has first been exhausted and shall then cover only the



**ALL RISK
COVERAGES &
SUB-LIMITS:
(continued)**

excess of value of such property over and above the amount payable under such other insurance, whether collectible or not.

\$ 1,000,000	Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, landfills (as more fully defined in the policy), docks, piers, wharves, street lights, traffic signals, meters, roadway or highway fencing (including guardrails), and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake Shock and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.
\$ 50,000,000	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery) except \$500,000 for vacant properties, or \$2,500,00 if a Vacancy Permit has been issued.
\$ 25,000,000	Transit - Physical Damage only.
\$ 2,500,000	Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence.
\$ 2,500,000	Unscheduled Watercraft up to 27 feet.
Included	Per Occurrence for Off Premises Vehicle Physical Damage.
\$ 25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations.



ALL RISK COVERAGES & SUB-LIMITS: (continued)	\$ 5,000,000	Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Earthquake Shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc.
	\$ 5,000,000	Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc..
	\$ 3,000,000	Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately.
	\$ 3,000,000	Tax Revenue Interruption – Per Policy Provisions. However, if specific values for such coverage have not been reported as part of the Named Insured’s schedule of values held on file with Alliant Insurance Services, Inc., this sub-limit amount is limited to \$1,000,000 Per Occurrence – Per Policy Provisions.
	\$ 500,000	Jewelry, Furs, Precious Metals and Precious Stones Separately.
	\$ 1,500,000	Claims Preparation Expenses.
	\$ 50,000,000	Expediting Expenses.



ALL RISK COVERAGES & SUB-LIMITS: (continued)	\$ 100,000	Per Occurrence with a \$1,000,000 Annual Aggregate per Declaration for Mold/Fungus Resultant Damage as more fully defined in the policy.
	\$ 100,000,000	Ingress/Egress Per Occurrence, Per Named Insured for the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a 10 mile radius of covered property, ingress to or egress from the covered property by this Policy is prevented.
	\$ 100,000,000	Interruption By Civil Authority Per Occurrence, Per Named Insured for the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a 10 mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority.
	\$ 10,000,000	Electronic Data Processing Media.
	\$ 1,000,000	Personal Property Outside of the USA (including associated Business Interruption).
	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.
	Not Covered	for Communicable Disease.
	\$ 100,000	Per Occurrence while in Storage and In Transit coverage subject to \$10,000 Deductible for Unmanned Aircraft as more fully defined in the Policy. Not Covered while in Flight.
	\$ 500,000	Vacant Property, unless a Vacancy Permit is issued.
	VALUATION:	• Repair or Replacement Cost (RCV)



- Actual Loss Sustained for Time Element Coverages
- Contractor's Equipment /Vehicles either Replacement Cost (RCV) or Actual Cash Value (ACV) as declared by each insured. If not declared, valuation will default to Actual Cash Value (ACV)
- Seepage & Contamination - *unless otherwise provided by the Pollution Liability Coverage per the Summary attached. If, insured purchases such coverage.*
- Cost of Clean-up for Pollution - *unless otherwise provided by the Pollution Liability Coverage per the Summary attached. If, insured purchases such coverage.*
- Mold - *as more fully described in the Master Policy Wording or otherwise provided when Pollution Liability Coverage is purchased, and as defined in the coverage Summary.*

EXCLUSIONS

(Including but not limited to):

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: \$ 250,000 Basic Deductible per occurrence, which will apply in the event a more specific deductible is not applicable to a loss.

Retention A - Excess of the basic deductible: \$250,000, Additional Self-Insured Retention per occurrence and \$1,500,000 in the annual aggregate which in turn

Retention B - Excess of Retention A: \$2,500,000 Self-Insured Retention per occurrence and in the annual aggregate;

Except as follows:

DEDUCTIBLES FOR SPECIFIC \$2,500,000 per occurrence Wildfire deductible in respect of



**PERILS AND
COVERAGES:
(continued)**

	1 - Manzanita Elementary School District, Oroville City Elementary School District (Member Number 9284), Oroville Union High School District (Member Number 9285), Palermo Union Elementary School District (Member Number 9286), Paradise Unified School District (Member Number 9287), and, separately, for 2- Central California Schools Authority (CCSA).
\$250,000	per occurrence Wildfire deductible for all other members. In the event that either Manzanita Elementary School District, Oroville City Elementary School District (Member Number 9284), Oroville Union High School District (Member Number 9285), Palermo Union Elementary School District (Member Number 9286), Paradise Unified School District (Member Number 9287), Central California Schools Authority (CCSA), and/or another member / other members are affected by the same Wildfire occurrence, both deductibles will apply to their respective loss. Per Occurrence, which will apply in the event a more specific deductible is not applicable to a loss.
\$250,000	All Flood Zones Per Occurrence excluding Flood Zones A & V.
\$250,000	Per Occurrence for Flood Zones A & V (inclusive of all 100 year exposures).
Not Applicable	for losses to locations in Tier 1 and/or 2 Counties and resulting from a Named Windstorm.
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 minimum deductible per occurrence.



**DEDUCTIBLES
FOR SPECIFIC
PERILS AND
COVERAGES:
(continued)**

\$ 1,000	Per Occurrence for Specially Trained Animals.
\$ 500,000	or the All Risk Basic Deductible, whichever is greater, for Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, landfills (as more fully defined in the policy), docks, piers, wharves, street lights, traffic signals, meters, roadway or highway fencing (including guardrails), and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake Shock and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.
\$ 10,000	Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Earthquake Shock for Named Insured(s) who do not purchase dedicated Earthquake Shock limits.
\$ 50,000	Per Occurrence Per Named Insured for this Declaration for Fine Arts for the peril of Earthquake Shock for Named Insured(s) who do not purchase dedicated Earthquake Shock limits.
\$ 10,000	Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits.
\$ 50,000	Per Occurrence Per Named Insured for this Declaration for Fine Arts for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits.



2.5% of Annual Tax Revenue Value per location for Tax Revenue Interruption.

\$ 250,000 Per Occurrence Covered for Central California Schools Authority (CCSA) Sub- Members Only 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.

See Special Terms Vehicle Valuation Basis

Actual Cash Value Contractor's Equipment Valuation Basis

Time Qualifiers: 24 Hour Waiting Period for Ingress/Egress, per Occurrence, as further defined in the Policy Form.

24 Hour Waiting Period for interruption by Civil Authority, per Occurrence, as further defined in the Policy Form.

24 Hour Waiting Period for Off Premises Service Interruption per Occurrence, as further defined in the Policy Form.

SPECIAL TERMS AND CONDITIONS:

It is understood and agreed that notwithstanding anything contained herein to the contrary the following shall apply to this Policy:

SPECIAL TERMS 1: \$500,000 without a vacancy permit, full coverage with vacancy permit

\$ 500,000 Special Terms Limit

Per Policy Deductible Special Terms Deductible



SPECIAL TERMS 2:	Wildfire(s) is defined as Firestorms, brush fires and any other fires or series of fires, irrespective of origin, which spread through trees, grassland or other vegetation.
	See Policy Special Terms Limit
	Per Policy Special Terms Deductible
	Deductible
SPECIAL TERMS 3:	As a Reinsurance placement in no circumstance will the coverages, terms, conditions, limits, sub-limits, deductibles, exclusions or endorsements be extended or broadened by the Named Insured's Memorandum of Coverage or underlying insurance documents.
	See Policy Special Terms Limit
	Per Policy Special Terms Deductible
	Deductible
SPECIAL TERMS 4:	Vehicle Coverage applies to Central California Schools Authority (CCSA) sub- members only. Actual Cash Value on Vehicles; Except Replacement Cost for All Buses
	See Policy Special Terms Limit
	\$ 250,000 Special Terms Deductible
SPECIAL TERMS 5:	COC Limit is increased to \$40,500,000 for Canyon Creek Elementary School project situated at Monterey Blvd. South & Cardinal Blvd. West, Madera, CA 93636 location only for the duration this COC project.
	\$ 40,500,000 Special Terms Limit
	Per Policy Special Terms Deductible
	Deductible
SPECIAL TERMS 6:	VALUES LIMITATION CLAUSE ENDORSEMENT - Refer to SPA Endorsement B



SPA Endorsement B - Scheduled High Risk Location Loss Limitation

The cost allocation for this Coverage is based upon the schedule of values reported to and on file with SPA and APIP. In the event of any covered loss under this Coverage, the liability of SPA (and APIP) relative to property damage and time element loss, as covered by this Coverage, shall, notwithstanding anything contained herein to the contrary, be limited to the least of the following:

(a) The actual adjusted amount of the loss within the coverage, less applicable deductible(s).

(b)

(1) for property damage loss, 125% of the total property values for each location

(2) for time element loss, as insured by this Coverage, 125% of the time element values for each location

(3) for Increased Cost of Construction, 100% of the total property values for each location

Sections (1) - (3) above are based on the most current reported schedule of values for each location, less applicable deductible(s).

(c) The Coverage limit of liability or applicable sub-limit(s) of liability, less applicable deductible(s).

However, notwithstanding (a), (b) and (c) above, SPA is limited in any loss to 225%, in all, of the total property values on file with APIP, regardless of the combination of (a), (b), and (c) above.

The above provisions will apply to the listed locations in the following SPA High Hazard Locations (> 80 CoreLogic Wildfire Risk Score) 2025-2026 Period Schedule:

SIA (Former Members Of Butte Schools Self-Funded Programs):

Oroville City Elementary School District, Address: 1 Ishi Hills Way, Score: 84.

Oroville City Elementary School District, Address: 210 Oakvale Avenue, Score: 82.

Oroville City Elementary School District, Address: Corner of Lower Wyandotte and Wyandotte, Score: 88.



Paradise Unified School District, Address: 13665 Old Skyway, Score: 91.

Paradise Unified School District, Address: 13878 Compton Drive, Score: 88.

Paradise Unified School District, Address: 1778 Gypsum Street, Score: 93.

Paradise Unified School District, Address: 5888 Maxwell Drive, Score: 88.

Paradise Unified School District, Address: 5908 Maxwell Drive, Score: 88.

Paradise Unified School District, Address: 5944 Maxwell Drive, Score: 84.

Paradise Unified School District, Address: 6400 Columbine Road, Score: 90.

Paradise Unified School District, Address: 897 & 899 Elliot Road, Score: 88.

Paradise Unified School District, Address: Elliot Road (APN: 053-111-028-000), Score: 88.

North Bay Schools Insurance Authority:

Howell Mountain Unified School District, Address: 525 White Cottage Road North, Score: 92.

Redwood Empire Schools' Insurance Group

Fort Ross School District, Address: 30600 Seaview Road, Score: 98.

Horicon School District, Address: 35555 Annapolis Road, Score: 96.

Kashia School District, Address: 31510 Skaggs Springs Road, Score: 100.

Monte Rio Union School District, Address: 20700 Foothill Drive, Score: 86.

Montgomery School District, Address: 18620 Fort Ross Road, Score: 96.

Shoreline Unified School District, Address: 1 Forres Way, Score: 84.

West Side Union School District, Address: 1043 Felta Road, Score: 86.

West Side Union School District, Address: 1201 Felta Road, Score: 93.

Schools Insurance Authority:

Camino Union School District, Address: 3060 Snows Road, Score: 81.

El Dorado County Office of Education, Address: 1286 Kyburz Avenue, Score: 88.

El Dorado County Office of Education, Address: 1297 Emerald Bay Road, Score: 90.



El Dorado County Office of Education, Address: 1575 Old Ranch, Score: 93.

El Dorado County Office of Education, Address: 2736 Tunnel Street, Score: 90.

El Dorado County Office of Education, Address: 3060 Snows Road, Score: 81.

El Dorado County Office of Education, Address: 3171 Pleasant Valley Road, Score: 84.

El Dorado County Office of Education, Address: 3333 Greenwood Lane, Score: 95.

El Dorado County Office of Education, Address: 5100 Omo Road, Score: 100.

El Dorado County Office of Education, Address: 6187 Pleasant Valley Road, Score: 81.

El Dorado County Office of Education, Address: 6540 Wentworth Springs Road, Score: 93.

El Dorado County Office of Education, Address: 6641 Campus Drive, Score: 100.

El Dorado Union High School District, Address: 2227 Pleasant Valley Road, Score: 88.

Gold Oak Union Elementary School District, Address: 3171 Pleasant Valley Road, Score: 84.

Gold Trail Union School District, Address: 1575 Old Ranch, Score: 93.

Gold Trail Union School District, Address: 4801 Luneman Road, Score: 93.

Hayward Unified School District, Address: 28761 Hayward Boulevard, Score: 84.

Indian Diggings School, Address: 6020 Omo Ranch Road, Score: 97.

Mother Lode Union School District, Address: 3781 Forni Road, Score: 84.

Mother Lode Union School District, Address: 6701 Green Valley Road, Score: 89.

Pioneer Union School District, Address: 6862 Mt. Aukum Road, Score: 93.

Pollock Pines Elementary School District, Address: 2700 Amber Trail, Score: 94.

Pollock Pines Elementary School District, Address: 2701 Amber Trail, Score: 90.

Pollock Pines Elementary School District, Address: 2702 Amber Trail, Score: 90.

Sacramento County Office Of Education, Address: 5600 Sly Park, Score: 100.

San Juan Unified School District, Address: 720 Chamberlain Road, Score: 97.

Silver Fork School District, Address: 1325 Sugarloaf Avenue, Score: 91.



Schools Insurance Group:

Ackerman School District, Address: 13777 Bowman Road, Score: 81.

Alta-Dutch Flat School District, Address: 34050 Alta Bonnie Nook Road, Score: 83.

Auburn Union School District, Address: 173 Oak Street, Score: 88.

Black Oak Mine Unified School District, Address: 4701 Volcanoville Road, Score: 100.

Black Oak Mine Unified School District, Address: 5065 Garden Valley, Score: 98.

Black Oak Mine Unified School District, Address: 6530 Wentworth Springs Road, Score: 93.

Black Oak Mine Unified School District, Address: 6620 Wentworth Springs Road, Score: 84.

Black Oak Mine Unified School District, Address: 860 Cave Valley Road, Score: 91.

Clear Creek School District, Address: 17700 Mccourtney Road, Score: 95.

Colfax School District, Address: 3266 Iowa Hill Road, Score: 100.

Foresthill Union School District, Address: 22888 Foresthill Road, Score: 88.

Foresthill Union School District, Address: 24750 Main Street, Score: 88.

Grass Valley School District, Address: 10821 Squirrel Creek Road, Score: 84.

Grass Valley School District, Address: 10837 Rough & Ready Highway, Score: 84.

Grass Valley School District, Address: 10846 Gilmore Way, Score: 84.

Grass Valley School District, Address: 13281 Newtown Road, Score: 95.

Grass Valley School District, Address: Newtown Road, Score: 90.

Loomis Union School District, Address: 8650 Horseshoe Barn Road, Score: 91.

Nevada City School District, Address: 405 Hoover Lane, Score: 86.

Nevada City School District, Address: 470 Searls Avenue, Score: 84.

Nevada City School District, Address: 700 Hoover Lane, Score: 86.

Nevada City School District, Address: 800 Hoover Lane, Score: 95.

Nevada City School District, Address: 805 Lindley Avenue, Score: 88.



Nevada County School Bus Agency, Address: 10663 East Bennett Street, Score: 93.

Nevada County Superintendent Of Schools, Address: 10821 Squirrel Creek Road, Score: 84.

Nevada County Superintendent Of Schools, Address: 11638 Colfax Highway, Score: 86.

Nevada County Superintendent Of Schools, Address: 12338 Mccourtney Road, Score: 90.

Nevada County Superintendent Of Schools, Address: 15434 State Hwy 49, Score: 98.

Nevada County Superintendent Of Schools, Address: 16229 Duggans Road, Score: 88.

Nevada County Superintendent Of Schools, Address: 18847 Oak Tree Road, Score: 95.

Nevada County Superintendent Of Schools, Address: 250 Sierra College Drive, Score: 84.

Nevada County Superintendent Of Schools, Address: 380 Crown Point Circle, Score: 87.

Nevada County Superintendent Of Schools, Address: 400 Hoover Lane, Score: 90.

Nevada County Superintendent Of Schools, Address: 800 Hoover Lane, Score: 95.

Penn Valley Union Elementary School District, Address: 14804 Pleasant Valley Road, Score: 88.

Penn Valley Union Elementary School District, Address: 14806 Pleasant Valley Road, Score: 88.

Placer County Office Of Education, Address: 1373 Lozanos Road, Score: 88.

Placer County Office Of Education, Address: 8125 Steelhead Avenue, Score: 84.

Placer Hills Unified School District, Address: 16505 Placer Hills Road, Score: 84.

Placer Hills Unified School District, Address: 16801 Placer Hills Road, Score: 84.

Placer Union High School District, Address: 13000 Airport Road, Score: 85.

Placer Union High School District, Address: 24995 Ben Taylor Road, Score: 89.

Pleasant Ridge Unified School District, Address: 16229 Duggans Road, Score: 88.

Pleasant Ridge Unified School District, Address: 22431 Kingston Lane, Score: 84.

Tahoe Truckee Unified School District, Address: 10010 Estates Drive, Score: 93.

Tahoe Truckee Unified School District, Address: 10931 Alder Drive, Score: 84.



Tahoe Truckee Unified School District, Address: 12485 Joerger Drive, Score: 89.

Tahoe Truckee Unified School District, Address: 2945 Polaris Road, Score: 98.

Tahoe Truckee Unified School District, Address: 375 Grove Street, Score: 86.

Tahoe Truckee Unified School District, Address: 52755 Donner Pass Road, Score: 100.

Tahoe Truckee Unified School District, Address: 740 Timberland Lane, Score: 99.

Tahoe Truckee Unified School District, Address: 8125 Steelhead Avenue, Score: 84.

Twin Ridges School District, Address: 16661 Oak Mill Road, Score: 84.

Twin Ridges School District, Address: 18847 Oak Tree Road, Score: 95.

Union Hill Elementary School District, Address: 10879 Bartlett Drive, Score: 86.

Union Hill Elementary School District, Address: 11638 Colfax Highway, Score: 86.

Central California Schools Authority (CCSA)

Bass Lake Joint Union Elementary School District, Address: 40094 Indian Spgs Rd, Score: 84.

Bass Lake Joint Union Elementary School District, Address: 40094 Indian Springs Rd, Score: 84.

Bass Lake Joint Union Elementary School District, Address: 40096 Indian Spgs Rd, Score: 84.

Bass Lake Joint Union Elementary School District, Address: 43109 Highway 49, Score: 87.

Bass Lake Joint Union Elementary School District, Address: 43109 Hwy 49, Score: 87.

Big Creek Elementary School District, Address: 55114 Eastwood Rd, Score: 96.

Big Creek Elementary School District, Address: 55118 Eastwood Rd, Score: 96.

Big Creek Elementary School District, Address: 55190 Point Road, Score: 97.

Big Creek Elementary School District, Address: 55194 Huntington Lane, Score: 91.

Big Creek Elementary School District, Address: 55320 Point Road, Score: 92.

Big Creek Elementary School District, Address: 55339 Point Road, Score: 92.

Big Creek Elementary School District, Address: 55347 Point Rd, Score: 92.



Big Creek Elementary School District, Address: 55359 Point Rd, Score: 92.

Big Creek Elementary School District, Address: 55365 Jungletown Lane, Score: 95.

Big Creek Elementary School District, Address: Hwy 168, Score: 90.

Chawanakee Unified School District, Address: 26065 Outback Industrial Way, Score: 88.

Chawanakee Unified School District, Address: 32996 Road 228, Score: 96.

Chawanakee Unified School District, Address: 33030 Road 228, Score: 95.

Chawanakee Unified School District, Address: 33087 Road 228, Score: 91.

Chawanakee Unified School District, Address: 33088 Road 228, Score: 90.

Chawanakee Unified School District, Address: 33089 Road 228, Score: 90.

Chawanakee Unified School District, Address: 33090 Road 228, Score: 90.

Chawanakee Unified School District, Address: 33091 Road 228, Score: 90.

Chawanakee Unified School District, Address: 33092 Road 228, Score: 90.

Chawanakee Unified School District, Address: 33100 Road 228, Score: 90.

Chawanakee Unified School District, Address: 45077 Rd 200, Score: 99.

Chawanakee Unified School District, Address: 45077 Road 200, Score: 99.

Chawanakee Unified School District, Address: 45077 Road 200, P.O. Box 186, Score: 100.

Chawanakee Unified School District, Address: 46655 Road 200, Score: 99.

Chawanakee Unified School District, Address: P.O. Box 400, Score: 100.

Kings Canyon Unified School District, Address: 45912 Orchard Drive, Score: 92.

Mariposa County Unified School District, Address: 10326 Fiske Road, Score: 100.

Mariposa County Unified School District, Address: 2411 Hidalgo St, Score: 87.

Mariposa County Unified School District, Address: 2411 Hilago, Score: 96.

Mariposa County Unified School District, Address: 2411 Hildago, Score: 96.

Mariposa County Unified School District, Address: 3394 Woodland Drive, Score: 88.



Mariposa County Unified School District, Address: 4802 Hwy 140, Score: 100.

Mariposa County Unified School District, Address: 5043 Broadway, Score: 86.

Mariposa County Unified School District, Address: 5082 Old Highway, Score: 83.

Mariposa County Unified School District, Address: 5082 Old Hwy North, Score: 83.

Mariposa County Unified School District, Address: 5171 Silva Road, Score: 97.

Mariposa County Unified School District, Address: 9009 Lost Arrow Loop, Score: 100.

Mariposa County Unified School District, Address: 9670 Rancheria Flat Road, Score: 100.

Mariposa County Unified School District, Address: P.O. Box 49, Score: 91.

Pine Ridge Elementary School District, Address: 45828 Auberry, Score: 100.

Pine Ridge Elementary School District, Address: 45828 Auberry Rd, Score: 100.

Pine Ridge Elementary School District, Address: 45828 Auberry Road, Score: 100.

Raymond-Knowles Elementary School District, Address: 31613 Road 600, Score: 97.

Sierra Unified School District, Address: 27444 E. Tollhouse Road, Score: 100.

Sierra Unified School District, Address: 29143 Auberry Road, Score: 92.

Sierra Unified School District, Address: 29147 Auberry Road, Score: 100.

Yosemite Unified School District, Address: 38828 Road 600, Score: 99.

Yosemite Unified School District, Address: 45426 Road 415, Score: 86.

Yosemite Unified School District, Address: 49980 Road 427, Score: 88.

Yosemite-Wawona Elementary Charter School, Address: 7925 Chilnualna Falls Rd, Score: 93.



SPA Endorsement C – Vacant Property Loss Limitation

As respects Vacant Property locations, the following changes are endorsed to this program.

Table of Contents: Section I. Vacant Buildings shall be deleted and replaced with Vacant Property.

E. Limits of Liability, 2. Sub-Limits of Liability: ag. Vacant Building – Scheduled and ah. Vacant Building – Unscheduled shall be deleted and replaced with ag. Vacant Property.

Section IV, General Conditions: Section I. Vacant Buildings shall be deleted and replaced with the following:

VACANCY PERMIT

A SPA approved and provided permit, allowing for the removal of the Vacant Property sublimit listed in this MOC for a property falling under the Vacant Property definition.

VACANT PROPERTY

Real Property, whose construction code calls for occupancy, that is not occupied by the member of the Named Insured and does not contain Business Personal Property in a sufficient amount to conduct normal operations. A property will be considered a vacant property if not occupied for 90 consecutive calendar days.

Vacant Property does not include a structure that is intended for future use on an occupied, active site.



Terrorism Coverage:

The following stand-alone coverages are provided by the APIP program but are not covered in the Limit of Liability or the Sub-Limits of Liability above or attached to the Master Policy Form Wording. Carriers providing these coverages are included in the Schedule of Carriers.

\$ 100,000,000	Per Named Insured Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 18-30 and 32-35 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer).
\$ 250,000	Basic Deductible per occurrence, which will apply in the event a more specific deductible is not applicable to a loss. Retention A - Excess of the basic deductible: \$250,000, Additional Self-Insured Retention per occurrence and \$1,500,000 in the annual aggregate which in turn Retention B - Excess of Retention A: \$2,500,000 Self-Insured Retention per occurrence and in the annual aggregate; Except as follows:
\$2,500,000	per occurrence Wildfire deductible in respect of Manzanita Elementary School District, Oroville City Elementary School District (Member Number 9284), Oroville Union High School District (Member Number 9285), Palermo Union Elementary School District (Member Number 9286), Paradise Unified School District (Member Number 9287), and Central California Schools Authority (CCSA).
\$ 600,000,000	Per Named Insured for Terrorism (Excess Layer) subject to;
\$ 1,100,000,000	Per Occurrence, All Named Insureds combined in Declarations 1-14, 18-21, 23-30 and 32-35 for Terrorism (Excess Layer) subject to;



\$ 1,400,000,000	Annual Aggregate shared by all Named Insureds combined in Declarations 1-14, 18-21, 23-30 and 32-35, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer).
\$ 500,000	Per Occurrence Deductible for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted).



PEPIP USA Form No. 21 Master Policy Wording



Public Entity Property Insurance Program

**PEPIP USA FORM No. 21
MASTER POLICY WORDING**

**COVERAGE INCEPTION
JULY 1, 2025 TO JULY 1, 2026**

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SECTION I

GENERAL PROVISIONS

A. INSURING AGREEMENT

In consideration of the premium paid by the Named Insured to the Company, the program carriers agree to insure the following per the terms and conditions herein, including all carrier endorsements, thereto.

B. NAMED INSURED

As shown on the Declaration page, or as listed in the Declaration Schedule Addendum attached to this Policy.

Member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured is required or has agreed to provide coverage, or as so named in the "Named Insured Schedule" on file with Alliant Insurance Services, Inc., as their interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern, are covered within the limits provided to the individual Named Insured.

Lessors of interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability.

Mortgagees to whom certificates of coverage have been issued are covered hereunder as Insured's in accordance with the terms and conditions of Form 438 BFU NS, CP12 18 1091, or equivalent as required by the mortgagee.

C. MAILING ADDRESS OF NAMED INSURED

AS PER DECLARATION PAGE

D. POLICY PERIOD

AS PER DECLARATION PAGE

E. LIMITS OF LIABILITY

Subject to specific exclusions, modifications, and conditions hereinafter provided, the liability of the Company in any one occurrence regardless of whether one or more of the coverages of this Policy are involved shall not exceed:

1. LIMITS OF LIABILITY

The Specific Limits of Liability as described in the Declaration Page apply per occurrence unless indicated otherwise.

2. SUB-LIMITS OF LIABILITY

The following sub-limits of liability are provided as described in the Declaration Page and apply per occurrence unless indicated otherwise. Coverage is provided only if a sub-limit of liability is shown in the Declaration Page for that item, and do not increase the specific limits of liability. The absence of a sub-limit of liability amount in the Declaration Page means that no coverage is provided for that item. When a sub-limit refers to a covered peril, the sub-limit applies to all loss and expense resulting from said peril, regardless of the number of coverages that may apply to such loss or expense. In the event that a claim involves both a coverage that is sub-limited and a peril that is sub-limited, the lesser of the two will apply.

- a. Per occurrence, and in the annual aggregate as respects the peril of flood (for those Named Insured(s) that participate in this optional dedicated coverage);
- b. Per occurrence, and in the annual aggregate as respects the peril of earthquake shock for those Named Insured(s) that participate in this optional dedicated coverage;
- c. Combined Business Interruption, Rental Income, Tax Revenue Interruption and Tuition income (and related fees);
- d. Extra Expense;
- e. Miscellaneous Unnamed Locations;
- f. Automatic Acquisition. As per policy provisions;
- g. Unscheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf if specific values for such items have not been reported as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc. This coverage extension does not apply to the peril of Earthquake Shock in the states of California, or Alaska. If Flood coverage is purchased for scheduled locations this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V;
- h. Scheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf if specific values for such items have been reported as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc.;
- i. Errors and Omissions;
- j. Course of Construction and Additions;
- k. Money and Securities for Fire, Wind, Hail, Explosion, Smoke, Lightning, Riot, Civil Commotion, Impact by Aircraft or Objects falling there from, Impact by Vehicles, Water Damage and Theft (other than by an employee of the Named Insured(s)), however fraudulent impersonation fraudulent instruction or similar events are excluded;
- l. Unscheduled Fine Arts (as more fully defined herein);
- m. Accidental Contamination including owned land, land values and water owned by the Named Insured(s);
- n. Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, landfills, docks, piers, wharves, street lights, traffic signals, meters, road way or highway fencing (including guardrails), and all similar property unless specific values for such items have been reported as part of a Named Insured(s) schedule of values held on file in the offices of Alliant Insurance Services, Inc. Unscheduled Infrastructure coverage is excluded for the peril of Earthquake Shock and excluded for Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters, providing said declaration provides funding for repairs. Landfills include underground liners, installed liners, or liners while being installed; installed geotextile mats or geotextile mats while being installed; installed collection pipes or collection pipes while being installed; any material or substance that make up the landfill; embankments; or material deposited or disposed thereon. Landfills do not include the following located at a landfill site:
 1. Buildings
 2. Machinery and equipment
 3. Stock and supplies

4. Contractor's equipment

5. Vehicles

- o. Scheduled Landfills; or 120% of values on file with Alliant Insurance Services, Inc. whichever is less.
- p. Increased Cost of Construction due to the enforcement of building codes / ordinance or law.
- q. Transit physical damage only;
- r. Unscheduled Animals;
- s. Unscheduled Watercraft; up to 27 feet. Unscheduled watercraft over 27 feet if held for sale by the insured.
- t. Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s);
- u. Separately as respects Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Value, and Contingent Tuition Income;
- v. Per occurrence and in the annual aggregate as respects the peril of Earthquake Shock for licensed vehicles, unlicensed vehicles, contractors equipment and fine arts combined for all Named Insured(s) of this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc.;
- w. Per occurrence and in the annual aggregate as respects the peril of Flood for licensed vehicles, unlicensed vehicles, contractors equipment and fine arts combined for all Named Insured(s) of this Declaration combined that do not purchase optional Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc.;
- x. Claim Preparation Expenses;
- y. Expediting Expenses;
- z. Separately as respects furs, jewelry, precious metals and precious stones;
- aa. Business Interruption for Power Generation Facilities, which is understood to be part of and not additional to the sub-limit of liability set forth in Item 2 c. above;
- ab. Personal Property outside the U.S.A. (including associated business interruption);
- ac. Unmanned Aircraft. As per policy provisions
- ad. Mold/Fungus Resultant Damage. As per policy provisions
- ae. Electronic Data Processing Media
- af. Boiler Explosion and Machinery Breakdown (for those Named Insured(s) that participate in this optional dedicated coverage).
- ag. Vacant Building – Scheduled
- ah. Vacant Building - Unscheduled

F. OPTIONAL COVERAGE PARTICIPATION

It is understood and agreed that certain Named Insured's participate in Optional Coverage on this Policy as set forth below.

OPTIONAL COVERAGES IDENTIFICATION:

- 1. Earthquake Shock
- 2. Licensed Vehicles – Off Premises
- 3. Scheduled Fine Arts
- 4. Flood
- 5. Boiler Explosion and Machinery Breakdown

Such participation in the optional coverage(s) by the Named Insured is indicated in the Declaration Page, and/or by endorsement to this Policy.

G. DEDUCTIBLE PROVISIONS

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.

Deductibles are shown on the Declaration Page, or by endorsement and may vary by member of a joint powers authority (JPA) or risk sharing pool (Pool), or the coverage part pertaining to the loss.

Unless a more specific deductible is applicable for a particular loss, the “Basic Deductible” shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable deductible.

The “JPA/Pool Basic Deductible” – when applicable will be in excess of a JPA or Pool member’s deductible amount. The Named Insured(s) deductible amount will be agreed upon between the JPA or Pool and its members. The “JPA/Pool Basic Deductible” shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable constituent members’ deductible and the “JPA/Pool Basic Deductible”, until the “JPA/Pool Annual Aggregate Amount” is exhausted.

The “JPA/Pool Annual Aggregate Amount” - when applicable is the accumulation of payments made by the JPA or Pool that are categorized as “JPA/Pool Basic Deductibles” above. Once the annual aggregate amount is reached, all subsequent losses in chronological order are subject to the “JPA/Pool Maintenance Deductible” indicated in the Declaration Page. As with the “JPA/Pool Basic Deductible” this maintenance deductible will be applicable in excess of the applicable JPA or Pool constituent member’s deductible.

“Vehicle Physical Damage deductible” - 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”.

H. PERCENTAGE DEDUCTIBLES – UNIT(S) OF INSURANCE DEFINED

When the applicable deductible is on a unit(s) of insurance basis, subject to any applicable minimum deductible(s) the amount of the deductible shall be determined by applying the percentages separately to each of the following units of insurance:

1. Each Separate Building or Structure;
2. The Contents of each Building or Structure;
3. Applicable Time Element Coverage of each separate Building or Structure; and
4. Property in each Yard.

The Company shall not be liable for loss to any Unit of Insurance covered hereunder unless such loss exceeds the percentages stated in this Policy of the replacement values of such Unit of Insurance at the time when such loss shall happen, and then only for its proportion of such excess.

I. PRIORITY OF PAYMENTS

In the event of loss caused by or resulting from more than one peril or coverage, the limit of liability of the primary / underlying coverage shall apply first to the peril(s) or coverage(s) not insured by the excess layers and the remainder, if any, to the peril(s) or coverage(s) insured hereunder. Upon exhaustion of the limit of liability of the primary / underlying coverage, the excess layers shall then be liable for loss uncollected from the peril(s) or coverage(s) insured hereunder, subject to the limit of liability and the other terms and conditions as specified.

SECTION II

PROPERTY DAMAGE

A. COVERAGE

Subject to the terms, conditions and exclusions hereinafter contained, this Policy insures all property of every description both real and personal (including improvements, betterments and remodeling), of the Named Insured, or property of others in the care, custody or control of the Named Insured, for which the Named Insured is liable, or under the obligation to insure.

B. EXTENSIONS OF COVERAGE

All coverage extensions are subject to the terms, conditions and exclusions of the Policy except insofar as they are explicitly providing additional coverage.

1. PERSONAL EFFECTS

This Policy is extended to cover only such personal effects and wearing apparel of any of the officials, employees, students and personal effects of the Named Insured named in this Policy for which the Named Insured may elect to assume liability while located in accordance with the coverage hereof, but loss, if any, on such property shall be adjusted with and payable to the Named Insured.

2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS

It is understood and agreed that as respects course of construction projects and additions, this Policy will provide automatic coverage subject to the following conditions:

- a. Project involves only real property on new or existing locations (excluding dams, roads, tunnels, piers and bridges without prior underwriting approval).
- b. Value of the project at the location does not exceed USD as per Declaration Page. Projects that exceed this amount are subject to underwriting approval, prior to binding. However, inadvertent failure to report projects within USD as per Declaration Page shall not void coverage of said Project.

Additional Expenses - Soft Costs: This extension applies to new buildings or structures in the course of construction up to the time that the new building(s) or structure(s) is initially occupied or put to its intended use whichever occurs first.

The Company will cover the additional expenses (soft costs) of the Named Insured as defined below for up to 25% of the estimated completed value of the project which results from a delay in the completion of the project beyond the date it would have been completed had no loss or damage occurred. The delay must be due to direct physical loss or damage to property insured and be caused by or result from a peril not excluded by this Policy. The Company will pay covered expenses when they are incurred.

- a. **Additional Interest Coverage** – The Company will pay the additional interest on money the Named Insured borrows to finance construction or repair.
- b. **Rent or Rental Value Coverage** – The Company will pay the actual loss of net rental income that results from delay beyond the projected completion date. But the Company

will not pay more than the reduction in rental income less charges and expenses that do not necessarily continue.

- c. Additional Real Estate Taxes or Other Assessments – The Company will pay the additional real estate taxes or other assessments the Named Insured incurs for the period of time that construction is extended beyond the completion date.
- d. Additional Advertising and Promotional Expenses – The Company will pay the additional advertising and promotional expense that becomes necessary as a result of a delay in the completion of the project.
- e. Additional Commissions Expense – The Company will pay the additional expenses, which result from the renegotiating of leases following an interruption in the project.
- f. Additional Architectural and Engineering Fees – The Company will pay the additional architectural and engineering fees that become necessary as a result of a delay in the completion of the project.
- g. Additional License and Permit Fees – The Company will pay the additional license and permit fees that become necessary as a delay in the completion of the project.
- h. Legal and Accounting Fees – The Company will pay the additional legal and accounting fees the Named Insured incurs as a result of a delay in the completion of the project.

3. FIRE FIGHTING EXPENSES

It is understood and agreed that the Company shall be liable for the actual charges of fire fighting expenses including but not limited to those charged by municipal or private fire departments responding to and fighting fire in / on, and/or protecting property included in coverage provided by this Policy.

4. OFF PREMISES SERVICES INTERRUPTION

It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing

- (1.) Incoming electricity, fuel, gas, water, steam, or refrigeration;
- (2.) Data, voice or video service; or
- (3.) Outgoing sewerage

to an Insured Location. The coverage provided by this clause is sub-limited to USD as per Declaration Page. Coverage under this extension is subject to a 24-hour waiting period.

5. ARCHITECTS AND ENGINEERS FEES

This Policy also insures as a direct result of physical loss or damage insured hereunder, any architects and engineers' fees.

6. CLAIM PREPARATION EXPENSES

This Policy also insures as a direct result of physical loss or damage insured hereunder solely to any claim preparation expenses including, but not limited to, auditors, consultants and accountants. However, the expenses of public adjusters, or the expenses of any party associated with prosecuting a claim for coverage under this policy, are specifically excluded.

7. EXPEDITING EXPENSES

In the event of physical loss or damage insured hereunder, it is understood and agreed that coverage under this Policy includes the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Named Insured, including overtime and the extra costs of express or other rapid means of transportation. This coverage provided by this clause is sub-limited to USD as per the Declaration Page.

8. DEBRIS REMOVAL

This Policy also covers expenses incurred in the removal of debris from the Insured Location that may be destroyed or damaged by a covered peril(s). This debris removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

9. BUILDING LAWS

If a building, that is covered property at the Named Insured's location, suffers physical damage to or destruction by the perils insured against during the policy period, this Policy is extended to cover loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:

- a. Requires the demolition of parts of the same building that have not been damaged;
or
- b. Regulates the construction or repair of buildings or establishes zoning or land use requirements at the location of the building.

This Policy extension includes physical damage, business interruption loss, loss of interest and/or extra expense incurred and/or sustained by the Named Insured as a result of and occasioned by the enforcement of any such ordinance or law.

The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

The Company shall not be liable under this clause for more than the limit of liability as shown elsewhere in this Policy.

10. DEMOLITION COST

In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the cost of, and the additional period of time required for, demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.

11. INCREASED COST OF CONSTRUCTION

In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of repair or replacement required by any ordinance or law (including written guidelines used by the department of corrections in any state) which:

- 1) regulates the construction, repair or demolition of buildings or structures; and
- 2) was in force when the loss occurred or came into force within 6 months of when the loss occurred

Payment will be limited to the cost of meeting the minimum requirements of such ordinance or law; said cost to be calculated as of the date of loss.

Insurance under this section does not apply to:

- a. Costs associated with any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or
- b. Loss due to any ordinance or law that:
 - i. The Named Insured was required to comply with before the loss even if the building was undamaged; and
 - ii. The Named Insured failed to comply with.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

12. ERRORS AND OMISSIONS

No unintentional errors or unintentional omissions in description, location of property or valuation of property will prejudice the Named Insured's right of recovery but will be reported to the Company as soon as practicable when discovered. The coverage provided by this clause is sub-limited to USD as per Declaration Page. This extension does not increase any more specific limit stated elsewhere in this Policy or Declaration.

13. ANIMALS

This Policy is extended to cover retraining expenses associated with the loss of specially trained animals. Retraining expenses are included within the sub-limit provided, unless otherwise scheduled.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals, or other institutions of learning the following shall apply:

This Policy is extended to cover physical loss or damage to animals used for research subject to applicable exclusions under Section IV (General Conditions) B. Exclusions.

14. VALUABLE PAPERS

This Policy is extended to cover Valuable Papers or the cost to reconstruct valuable papers (including but not limited to research, redrawing or duplicating) physically lost or damaged by a peril insured against during the term of this Policy.

15. TRANSIT

This Policy is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide (excluding Ocean Marine coverages), against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.

Permission is hereby granted to the Named Insured without prejudice to this insurance to accept the ordinary Bill-of-Lading used by carriers, including released and/or under-valued Bill-of-Lading and/or Shipping or Messenger receipts; and the Named Insured may waive subrogation against railroads under side track agreements; and except as otherwise provided, the Named Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.

This Policy also covers damage and loss of use:

- a. Occasioned by the acceptance by the Named Insured, Insured's agent, customer or consignee(s) or others of fraudulent Bill-of-Lading, Shipping or Messenger receipts;
- b. Obtained by fraud or deceit, perpetrated by any person(s) who may represent themselves to be the proper party or parties to receive the property for shipment or to accept it for delivery.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

16. VEHICLES WHILE ON INSURED PREMISES

This Policy is extended to cover vehicles while at an Insured Location against physical loss or damage by a peril insured against during the term of this Policy.

17. ASBESTOS CLEAN UP AND REMOVAL

This Policy specifically excludes asbestos materials clean up or removal, unless asbestos is itself damaged by a peril covered by this Policy, then asbestos cleanup or removal within the damaged area, and applicable time element coverages, will be covered by this Policy.

In no event will coverage be extended to cover undamaged asbestos, including undamaged asbestos in any portion of the building mandated by any governmental direction or request declaring that asbestos material present in any undamaged portion of the Named Insured's property must be removed or modified, or;

any loss or expense including investigation or defense costs, caused by, resulting from, or arising out of asbestos, exposure to asbestos, or any product containing asbestos, or;

any loss or expense normally provided by demolition, increased cost or building ordinance.

The Named Insured must report to Underwriters the existence of the damage as soon as practicable after the loss. However, this Policy does not insure any such damage first reported to the Underwriters more than thirty six (36) months after the expiration, or termination, of this Policy.

18. PROTECTION AND PRESERVATION OF PROPERTY

In the event of loss likely to be covered by this Policy, the Named Insured shall endeavor to protect covered property from further damage and shall separate the damaged and undamaged personal property and store in the best possible order, and shall furnish a complete inventory of the destroyed, damaged and undamaged property to the Insurer.

In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.

Due to the unique nature of Educational Facilities, Health Care Facilities and Jails where it is deemed necessary to evacuate designated persons from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, the Company will pay reasonable and necessary evacuation expenses incurred by the Named Insured. The following additional definitions apply to this Additional Time Element Coverage:

- a. Designated persons means:
 - (1) Patients, residents and lawful occupants at an Insured Location, and/or
 - (2) Those employees who are essential to implement the mandatory evacuation order at an Insured Location.
- b. Evacuation expenses means expenses incurred during the evacuation period to:
 - (1) Transport designated persons to another location;
 - (2) House and maintain designated persons at another location;
 - (3) Return designated persons to the Insured Location or, if the Insured Location is not habitable, to a suitable alternative location.

19. LEASEHOLD INTEREST

In the event of physical loss or damage of the type insured against by this Policy to real property of the type insured this Policy, which is leased by the Named Insured, this Policy is extended to cover:

- a. If as a result of such loss or damage the property becomes wholly un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the actual rent payable for the unexpired term of the lease; or
- b. If as a result of such loss or damage the property becomes partially un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the proportion of the rent applicable thereto; or
- c. If as a result of such loss or damage the lease is cancelled by the lessor pursuant to the lease agreement or by operation of law, the Company shall indemnify the Named Insured for its Lease Interest for the first three months following such loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease;

provided, however, that the Company shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Named Insured exercising an option to cancel the lease; or from any act or omission of the Named Insured which constitutes a default under the lease; and provided further that the Named Insured shall use any suitable property or service owned or controlled by the Named Insured or obtainable from another source to reduce the loss hereunder.

The following definitions shall apply to this coverage:

- (1) Lease Interest means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of the Named Insured's lease.
- (2) Net Lease Interest means that sum which placed at 8% interest compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

20. AUTOMATIC ACQUISITION

This Policy is automatically extended to insure Direct Physical Loss or Damage not excluded by this Policy to additional property of the type insured under this Policy and/or interests as described in this Policy, which may be acquired or otherwise become at the risk of the Named Insured, during the policy period, within the United States of America, subject to the limit shown on the Declaration Page.

Coverage under this additional coverage ceases at the earlier of the following dates:

- A. One hundred twenty (120) days from the date of acquisition or lease of such property or such other number of days shown below, if applicable, or
- B. When the automatic acquisition location is bound by Alliant Insurance Services, Inc.; or Alliant Insurance Services, Inc. notifies the Insured that it will not bind the automatically acquired location

Notwithstanding the above:

- a. Automatic coverage is granted for up to 60 days, subject to a sub-limit of USD2,500,000 for additional property and/or interests in Tier 1 wind counties, parishes and independent cities 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.
- b. Automatic coverage is granted for up to 90 days, subject to a sub-limit of USD 25,000,000 for the addition of any new sub-member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured has agreed to provide coverage until such time as the new member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) is bound by Alliant Insurance Services, Inc.
- c. For Named Insureds that purchase Flood coverage for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. For Named Insureds that do not purchase Flood coverage for all scheduled locations, this extension will not extend to include Flood coverage. In the event that coverage for Flood for any location situated in Flood Zones A or V is required, it is to be agreed by the Company prior to attachment hereunder.
- d. This coverage extension does not apply to the peril of Earthquake Shock in the States of California, or Alaska except as follows:
 - (1) At Policy inception, for those Named Insureds that purchase the earthquake shock peril, per the sub-limit that appears on the Declaration Page, automatic coverage applies for the peril of earthquake shock for a period of 30 days from date of contractual requirement by any bond, certificate of participation or any similar investment, for any new locations where there is such a contractual requirement to provide earthquake shock coverage. Otherwise there is no Automatic Coverage for Earthquake Shock for any other new locations in California and Alaska.

After the reporting of a location added under automatic acquisition, the Company retains the right to determine acceptability of all such property(ies). Additional premium will be calculated from the date of acquisition.

In the event that the Named Insured fails to comply with the above reporting provision, then coverage hereunder is sub-limited to the Miscellaneous Unnamed Locations Sub-limit shown on the Declarations Page.

There is no coverage for any property that is partially or wholly insured under any other insurance.

There is no coverage under this paragraph for loss or damage, which is covered under the Error and Omissions or Miscellaneous Unnamed **Locations** provisions of this Policy.

21. MISCELLANEOUS UNNAMED LOCATIONS

Subject to the Miscellaneous Unnamed Locations sub-limit shown on the Declaration Page, this policy is extended to insure property of type not excluded located at Miscellaneous Unnamed Locations. Miscellaneous Unnamed Locations means property that has not been included in the Schedule of Values on file with Alliant Insurance Services, Inc. as may be required in the Policy provisions elsewhere.

There is no coverage under this paragraph for loss or damage which is covered under the Errors and Omissions or Automatic Acquisition provisions of this Policy.

This coverage extension does not apply to the peril of Earthquake Shock in the states of California, or Alaska or Flood coverage for any property situated in Flood Zones A or V.

22. ACCIDENTAL CONTAMINATION

This Policy is hereby extended to cover the reasonable and necessary cost for the cleanup, removal and disposal of the actual not suspected presence of Pollutants or Contaminant(s) from any source to Covered Property so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sub-limited to USD as per Declaration page.

If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this Policy.

For the purposes of this Accidental Contamination clause only, the term "Covered Property", as covered by this Policy, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this Policy.

Pollutants or Contaminants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances listed in applicable environmental state, federal or foreign law or regulation, or as designated by the U.S. Environmental Protection Agency or similar applicable state or foreign governmental authority. Waste includes materials to be recycled, reconditioned or reclaimed. Pollutants or Contaminants does not include Fungus, Mold or Spore.

It is further understood and agreed that this coverage clause shall not override anything contained in Asbestos Clean Up and Removal in this Policy.

In accordance with Section IV, Item T., Other Insurance, coverage provided under this paragraph shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other policy form until the liability of such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not.

C. PROPERTY NOT COVERED

Except as for that which may be provided as an Extension of Coverage, this Policy does not cover:

1. Aircraft, Watercraft over 27 feet in length (other than watercraft held for sale by the insured), and rolling stock, except scheduled watercraft, and rolling stock, light rail vehicles, subway trains and related track maintenance vehicles for light rail and subway lines.
2. Standing timber, growing crops, water, except water which is normally contained within any type of tank, piping system or other process equipment.
3. Land (including land underneath or adjacent to a covered building or structure, and including costs to replace, repair, or stabilize any land, unless when necessary to protect a covered building or structure), and land values (except athletic fields, landscaping, artificial turf, sand traps, tees and greens). However, this policy does insure fill beneath any buildings or structures.
4. Property in due course of ocean marine transit.
5. Shipment by mail after delivery into the custody of the United States Post Office.
6. Power transmission lines and feeder lines more than 1,000 feet from an Insured Location unless scheduled and specifically approved by the Company.
7. Underground pipes more than 1,000 feet from an Insured Location unless scheduled and specifically approved by the Company.
8. Offshore property, oilrigs, underground mines, caverns, or underground storage facilities and their contents. Railroad track is excluded unless values have been reported by the Named Insured.
9. Trees, plants, and shrubs unless their position and planting were undertaken by human agency, such as landscaping.

D. LOSS PAYMENT BASIS / VALUATION

In case of loss to property of a Named Insured covered hereunder, the basis of adjustment shall be as of the time and place of loss as follows:

1. On all real and personal property, including property of others in the care or control of the Named Insured at the Replacement Cost (as defined below) at the time of the loss. If property is not replaced within a reasonable period of time, then the actual cash value shall apply.
2. On improvements and betterments at the Replacement Cost at time of loss. without deduction for depreciation. If property is not repaired or replaced within a reasonable period of time, then the actual cash value shall apply. If replaced or repaired by others for the use of the Named Insured, there shall be no liability hereunder. The Company agrees to accept and consider the Named Insured as sole and unconditional owner of all improvements and betterments, any contract or lease the Named Insured may have made to the contrary notwithstanding.

3. On manuscripts, mechanical drawings, patterns, electronic data processing media, books of accounting and other valuable papers, the full Replacement Cost of the property at the time of loss (including expenses incurred to recreate the information lost, damaged or destroyed, except as may be limited by any separate policy provision) or what it would then cost to repair, replace or reconstruct the property with other of like kind and quality. If not repaired, replaced or reconstructed within a reasonable period of time, then not to exceed the cost of blank or unexposed material.
4. On antique, restored or historical buildings, the cost of acquisition, relocation to the site and renovation or reconstruction with allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair. In the event of a partial loss, Replacement Cost for antique, restored or historical buildings shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is less) the property on the same site using materials of like kind and quality necessary to preserve or maintain a buildings' historical significance without deduction for depreciation or allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair.
5. On property of others for which the Named Insured is liable under contract or lease agreement the Company's liability in the event of loss is limited to the Named Insured's obligation as defined in said contract or lease agreement but not to exceed the Replacement Cost.
6. On library contents, at Replacement Cost, or as follows, whichever is greater:

<u>Category</u>	<u>Value (per item)</u>	
Juvenile Materials	USD	62.34
Pamphlets	USD	8.02
Magazines	USD	16.17
Fiction	USD	30.15
Non-Fiction	USD	108.55
Dictionary	USD	157.99
Encyclopedia	USD	378.13
Thesaurus	USD	58.84
Reference (other)	USD	151.74
Abstracts	USD	371.57
Textbook	USD	137.45
Art Books	USD	81.87
Film	USD	364.55
Book/Diskette	USD	137.63
Vinyl Records	USD	109.37
DVD/VHS	USD	72.91
Audio Cassette	USD	40.09
Compact Discs	USD	32.00
CD ROM	USD	51.78
Books/Audio	USD	98.06
Medical Atlas	USD	234.28
Technical Law	USD	198.81
Nanotechnology	USD	229.58
Biotechnology	USD	217.23

The above valuation is predicated on the values provided by the Library of Congress Dewey Decimal system and adjusted for inflation.

The figures above do not include the "shelving cost" of each book. Therefore, the formula for adjusting a library contents loss is:

“Number of items in a category that are replaced multiplied by the valuation figure plus associated shelving costs”.

The actual cost per item in the final adjustment is to be computed as of the time and place of loss or damage.

7. On Vehicles less than ten years old, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Vehicle and/or Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New). Actual Cash Value will be applied for vehicles ten years or older.

If the values, provided by the Named Insured, provides a valuation based on Replacement Cost (New), then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be Actual Cash Value.

8. Animals: The stated value as per schedule on file with the Named Insured.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:

The stated value as per schedule on file with the Named Insured except Research Animals shall be valued at the cost to replace with like kind and quality; including the increased value as a result of prior research or experiments performed on the animal(s), accumulated cost of care and maintenance, and the value of labor expended by research assistants and/or laboratory technicians.

9. Landscaping, artificial turf, sand traps, tees, putting greens and athletic fields; the actual Replacement Cost of sod, shrubs, sand, plants and trees; however the Company's liability for replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but not to exceed USD25,000 per item.

The aforementioned valuations shall also be used for the purpose of any minimum earned premium and/or quarterly adjustments incurred.

Wherever the term “actual cash value” is used as respects real property or improvements and betterment's in this clause, or elsewhere herein, it shall mean Replacement Cost less depreciation.

“Replacement Cost” shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is the least) the property on the same site, using new materials of like kind and quality and for like occupancy without deduction for depreciation or allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, subject to the following:

- a. Until the property is actually repaired, replaced or reconstructed, the maximum amount recoverable shall be the actual cash value of the lost or damaged property;
- b. Replacement shall be effected by the Named Insured with due diligence and dispatch;
- c. Replacement need not be on same site, or of same or similar construction or occupancy provided that the Company shall not be liable for any additional costs that are directly attributable to the inclusion of this provision.

- d. For historical buildings as more specifically defined in this Section.
- e. In no event shall the Company's liability exceed the amount actually and necessarily expended in repairing or replacing (whichever is less) Covered Property or any part thereof.

It is understood and agreed that as respects Replacement Cost, the Named Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Company's liability. The Company shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Named Insured.

In the event the Named Insured should fail to comply with any of the foregoing provisions settlement shall be made as if this Replacement Cost provision had not been in effect.

SECTION III

BUSINESS INTERRUPTION, EXTRA EXPENSE, RENTAL INCOME, TAX REVENUE INTERRUPTION AND TUITION INCOME

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides coverage for:

A. COVERAGE

1. BUSINESS INTERRUPTION

Against loss resulting directly from interruption of business, services or rental value caused by direct physical loss or damage, as covered by this Policy to real and/or personal property insured by this Policy, occurring during the term of this Policy.

In the event of such loss or damage the Company shall be liable for the actual loss sustained by the Named Insured for gross earnings as defined herein and rental value as defined herein resulting from such interruption of business, services, or rental value; less all charges and expenses which do not necessarily continue during the period of restoration. Due consideration shall be given to the continuation of normal charges and expenses including payroll expenses to the extent necessary to resume operations of the Named Insured with the same quality of service which existed immediately preceding the loss.

With respect to business interruption for power generation facilities, the coverage provided hereunder is sub-limited to USD as per Declaration Page.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:

In determining the amount of tuition income and related fees covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to:

- a. Tuition income and related fees which are prevented from being earned or received.
- b. Other income derived from:
 - i. routine and special services;
 - ii. other operating and non-operating revenues, including but not limited to:
 - (1) research grants
 - (2) income under research contracts all dependent on continued operations.
- c. Donations and fund raising proceeds:
 - i. If a regularly scheduled fund raising drive for the sole benefit of the Named Insured occurs during the period of interruption of operations, the revenue produced by such drive shall be considered as follows in determining the amount of loss:
 - (1) If the drive fails to produce an amount at least equal to the same drive in the most recent prior solicitation, the shortage, to the extent that it can be attributed to the interruption of the Named Insured's operations, shall be considered as loss of income;

- (2) If the drive produces an amount equal to the same drive in the most recent prior solicitation, there shall be considered no loss of income from this source of revenue;
 - (3) If the drive produces an amount larger than the same drive in the most recent prior solicitation, the excess shall be applied to reduce the loss from other sources of revenue;
 - (4) If the drive is cancelled or postponed, such loss of revenue shall not be considered as loss of income.
- ii. The following shall be disregarded in determining the amount of loss:
 - (1) Donations and contributions which are a direct result of the interruption of the Named Insured's operations and are received by the Named Insured during the period of interruption.
 - (2) Proceeds for fund raising drives or solicitations which are for the sole benefit of the Named Insured and occur as a result of interruption of the Named Insured's operations.

2. EXTRA EXPENSE

This Policy is extended to cover the necessary and reasonable extra expenses occurring during the term of this Policy at any location as hereinafter defined, incurred by the Named Insured in order to continue as nearly as practicable the normal operation of the Named Insured's business following damage to or destruction of covered property by a covered peril which is at an Insured Location. In the event of such damage or destruction, the Company shall be liable for such necessary extra expense incurred for only such length of time as the Period of Restoration.

With respect to Power Generating Facilities, Extra Expense shall also include any extra expense incurred resulting from the purchase of electrical power from any other power source, the coverage provided hereunder is sub-limited to USD as per Declaration Page.

However, this Policy shall not cover loss of Bonus Capacity Payments, performance Guarantee penalties or any other indirect or remote loss of whatever nature.

B. EXTENSIONS OF COVERAGE

1. INGRESS / EGRESS

This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a 10 mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period.

2. INTERRUPTION BY CIVIL AUTHORITY

This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a 10 mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.

3. DEMOLITION AND INCREASED TIME TO REBUILD

The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time such loss

occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the covered peril(s). The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

THE COMPANY SHALL NOT BE LIABLE UNDER THIS CLAUSE FOR:

- a. More than the limit of liability as shown elsewhere in this Policy.
- b. Any greater proportion of any loss to the interest covered by this Policy than the amount covered under this Policy on said interest bears to the total insurance and coverage on said interest, whether all such insurance contains this clause or not.

4. CONTINGENT TIME ELEMENT COVERAGE

Business interruption, rental income, tuition income and extra expense coverage provided by this Policy is extended to cover loss directly resulting from physical damage to property of the type not otherwise excluded by this Policy at direct supplier or direct customer locations that prevents a supplier of goods and/or services to the Named Insured from supplying such goods and/or services, or that prevents a recipient of goods and/or services from the Named Insured from accepting such goods and/or services. The coverage provided by this clause separately as respects each of these coverage's is sub-limited to USD as per Declaration Page.

This coverage applies to the Insured's direct suppliers or direct customers located in the Coverage Territory.

Notwithstanding the foregoing, this Additional Coverage does not apply to:

- a. Any supplier of electricity, gas, fuel, steam, water, refrigeration, sewerage service, Cloud Computing Service or data, voice or video service; or
- b. The Insured's customers, if the Insured is a supplier of electricity, gas, fuel, steam, water, refrigeration, sewerage service, Cloud Computing Service or data, voice or video service.

5. TAX REVENUE INTERRUPTION

Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.

The Company shall be liable for the actual loss sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing property commencing with the date of damage to the contributing property, but not limited by the expiration date of this Policy.

If the Named Insured has reported Tax Revenue Interruption values for which premium has been charged, such loss recovery after deductible shall be limited to whichever is the least of:

1. The sub-limit USD3,000,000 insured on the Policy;
2. The actual loss sustained;
3. The difference in amount between 97.5% of the anticipated revenue and the actual total revenue after the loss.

If the Named Insured has not reported Tax Revenue Interruption values, such loss recovery after deductible shall be limited to whichever is the least of:

1. The actual loss sustained;
2. USD1,000,000 per occurrence

DEDUCTIBLE: Each loss or series of losses arising out of one event at each location shall be adjusted separately and from the aggregate amount of all such losses 2.50% of the annual revenue value shall be deducted.

6. EXTENDED PERIOD OF INDEMNITY

Business interruption including rental income, tax revenue interruption, tuition income and extra expense coverage provided by this Policy is extended for the additional length of time required to restore the business of the Named Insured to the condition that would have existed had no loss occurred commencing on either;

- a. the date on which the Company's liability would otherwise terminate or;
- b. the date on which rebuilding, repairing or replacement of such property as has been lost, damaged or destroyed is actually completed, whichever is later.

The Company's liability under this extension shall terminate no later than the number of days indicated in the Declaration Page for this item:

7. EXPENSES TO REDUCE LOSS

This Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this section (except incurred to extinguish a fire); but in no event to exceed the amount by which loss is thereby reduced.

C. EXCLUSIONS

1. The Company shall not be liable for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease or license, contract or order, unless such suspension, lapse, or cancellation results directly from the interruption of business caused by direct physical loss or damage covered by this Policy and, then the Company shall only be liable for such loss as affects the Named Insured's earnings during and limited to, the period of indemnity covered under this Policy.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which the Company shall be liable hereunder shall not exceed:
 - a. thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
 - b. the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months, whichever is the greater length of time.

D. CONDITIONS APPLICABLE TO THIS SECTION

If the Named Insured could reduce the loss resulting from the interruption of business:

1. by complete or partial resumption of operation of the property whether or not such property be lost or damaged, or;
2. by making use of merchandise or other property at the Insured Location or elsewhere;

such reduction shall be taken into account in arriving at the amount of the loss hereunder.

E. DEFINITIONS

1. GROSS EARNINGS

“Gross Earnings” is defined as the sum of:

- a. total net sales and;
- b. other earnings derived from the operation of the business
less the cost of;
- c. merchandise sold including packaging materials and;
- d. materials and supplies consumed directly in supplying the service(s) sold by the Named Insured, and;
- e. service(s) purchased from outside (not employees of the Named Insured) for resale that does not continue under contract.

No other cost shall be deducted in determining gross earnings.

In determining gross earnings, due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter, had no loss occurred.

In the event that Real and/or Personal Property that does not normally produce an income, sustains damage covered under this Policy, the actual recovery under this Policy shall be the continuing fixed charges and expenses directly attributable to such non-productive property.

2. MERCHANDISE

Shall be understood to mean, goods kept for sale by the Named Insured, which are not the products of manufacturing operations conducted by the Named Insured.

3. EXTRA EXPENSE

The term “extra expense”, whenever used in this Policy, is defined as the excess (if any) of the total cost incurred during the period of restoration chargeable to the operation of the Named Insured’s business over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

4. RENTAL VALUE

The term “rental value” is defined as the sum of:

- a. the total anticipated gross rental income from tenant occupancy as furnished and equipped by the Named Insured, and;
- b. the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Named Insured, and;
- c. the fair rental value of any portion of said property which is occupied by the Named Insured, and;
- d. any amount in excess of a., b. and c. (above) which is an obligation due under the terms and conditions of any revenue bond, certificate of participation or other financial instrument.

In determining rental value, due consideration shall be given to the experience before the date of loss or damage and the probable experience thereafter had no loss occurred.

5. PERIOD OF RESTORATION

The period during which business interruption, extra expense, and or rental interruption applies will begin on the date direct physical loss occurs and interrupts normal business operations and ends on the date that the damaged property would have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this Policy.

6. CLOUD COMPUTING SERVICE

The term Cloud Computing Service means a service (i) in the business of storing, managing and processing electronic data for which the **Insured** has a written contract and (ii) that provides access to and use of: software and/or a network of remote servers hosted away from an Insured Location to store, manage or process such data.

SECTION IV

GENERAL CONDITIONS

A. PERILS COVERED

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides insurance against all risk of direct physical loss or damage occurring during the period of this Policy.

B. EXCLUSIONS

This Policy does not insure against any of the following:

1. Loss or damage caused by or resulting from moths, vermin, termites, or other insects, inherent vice, latent defect, faulty materials, error in design, faulty workmanship, wear, tear or gradual deterioration, rust, corrosion, wet or dry rot, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss or damage.
2. Physical loss or damage by settling, cracking, shrinkage, bulging, or expansion of pavements, foundations, walls, floors, roofs or ceilings; all unless physical damage not otherwise excluded by this Policy ensues, in which event, this Policy will cover only such ensuing damage.
3. Delay or loss of markets (this exclusion shall be inapplicable to the extent inconsistent with any time element coverage provided elsewhere herein).
4. Breakdown or derangement of machinery and/or steam boiler explosion, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss.
5. Loss or damage caused by or resulting from misappropriation, conversion, inventory shortage, unexplained disappearance, infidelity or any dishonest act on the part of the Named Insured, its employees or agents or others to whom the property may be entrusted (bailees and carriers for hire excepted) or other party of interest.
6. Loss or damage caused by or resulting from electrical injury or disturbance from artificial causes to electrical appliances, devices of any kind or wiring, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss. This exclusion does not apply to data processing equipment or media.
7. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of fragile articles, marring, scratching, exposure to light or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot, or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft, attempted theft, flood or earthquake shock (Earthquake Shock, and Flood, in the states of Alaska, or California shall only apply to locations that are scheduled for Earthquake Shock and Flood).
8. Loss or damage caused by rain, sleet or snow to personal property in the open (except in the custody of carriers or bailees for hire).
9. Loss caused directly or indirectly, by:

- a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
 - i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
10. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on an Insured Location, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on an Insured Location.
11. As respects course of construction, the following exclusions shall apply:
- a. The cost of making good: faulty or defective workmanship, materials, construction and/or design, but this exclusion shall not apply to damage by a peril not excluded resulting from such faulty or defective workmanship, materials, construction and/or design.
 - b. The cost of non-compliance of, or delay in completion of contract.
 - c. The cost of non-compliance with contract conditions.
 - d. Contractors' equipment or tools not a part of or destined to become a part of the installation.
12. Loss or damage caused by Earthquake Shock unless a limit is shown on the Declarations for Earthquake Shock this exclusion will apply.
13. Loss or damage caused by Flood unless a limit is shown on the Declarations for Flood this exclusion will apply.
14. Loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a. the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data involving one or more dates or times, by any computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not; or
- b. any change, alteration, correction or modification involving one or more dates or times, to any such computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not.

Except as provided in the next paragraph, this Electronic Date Recognition Clause shall apply regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

If direct physical loss or damage not otherwise excluded by this Policy results, then subject to all its terms and conditions, this Policy shall be liable only for such resulting loss or damage. Such resulting loss or damage shall not include physical loss or damage to data resulting directly from a) or b) above, nor the cost, claim or expense, whether preventative, remedial, or otherwise, arising out of or relating to any change, alteration, correction or modification relating to the ability of any damaged computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment to recognize, interpret, calculate, compare, differentiate sequence or process any data involving one or more dates or times.

- 15. Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;
 - a. fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
 - b. mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);
 - c. spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms,

regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

This exclusion shall not apply to any loss or damage in the form of, caused by, contributed to or resulting from fungus, mold(s), mildew or yeast, or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast which the Insured establishes is a direct result of a Covered Loss not otherwise excluded by the Policy, provided that such fungus, mold(s), mildew or yeast loss or damage is reported to the Company within twelve months from the expiration date of the Policy. In accordance with Section IV, Item T., Other Insurance, coverage provided under this paragraph shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other policy form until the liability of such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not. Nothing herein

contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

16. Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.
17. The following additional exclusions apply to animals covered under this Policy:
 - a. Death of any animal(s) from natural causes.
 - b. Death of any animal(s) that dies from an unknown cause unless:
 - i. upon the death of such animal a post-mortem examination conducted on the animal by a licensed veterinarian, and if
 - ii. the veterinarian's post-mortem report shows the cause of death to clearly fall within the coverages of this Policy.
 - c. Death of any animal(s) as a result of surgical operation, including inoculation, unless the necessity for same arises from a loss otherwise covered by this Policy.
 - d. The death or destruction of any animal(s) caused by, resulting from, or made necessary by physical injury caused by or resulting from the activities of the injured animal or other animals unless such death or destruction is the result of a loss otherwise covered by this Policy.
 - e. The death of any animal(s) caused directly or indirectly by the neglect or abuse of the Named Insured, his agent, employees or bailees (carriers for hire excepted) unless such death is a result of a loss otherwise covered by this Policy.
 - f. The loss by death of any animal(s) as a result of parturition or abortion.
 - g. Loss resulting from depreciation in value caused by any animal(s) covered hereunder becoming unfit for or incapable of filling the function or duties for which it is kept, employed or intended unless such depreciation is a result of a loss otherwise covered by this Policy.
 - h. Loss by destruction of any animal(s) on the order of the federal or any state government, or otherwise as a result of having contracted or been exposed to any contagious or communicable disease.
 - i. The removal or disposal of the remains of any animal(s) or the expense thereof unless such removal or disposal is the result of a loss otherwise covered by this Policy.
 - j. The loss of any animal(s) that has been unnerved (the term "unnerved" to be considered as meaning the operation of neurotomy for lameness).
 - k. Any claim consequent upon delay, deterioration, or loss of use or loss of market arising from an event covered by this Policy.
18. Loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever, except

as provided in Section II Property Damage, B. Extension of Coverage, 22. Accidental Contamination.

Nevertheless, if fire is not excluded from this Policy and a fire arises directly or Indirectly from seepage and/or pollution and/or contamination, any loss or damage covered under this Policy arising directly from that fire shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the covered property is the subject of direct physical loss or damage for which the Company has paid or agreed to pay, then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property covered hereunder caused by resulting seepage and/or pollution and/or contamination.

The Named Insured shall give notice to the Company of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

Notwithstanding the provisions of the preceding exclusions or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the Policy, in the event of direct physical loss or damage to the property covered hereunder, this Policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum covered:

- (a) expenses reasonably incurred in removal of debris of the property hereunder destroyed or damaged from an Insured Location; and/or;
- (b) cost of clean up at an Insured Location made necessary as a result of such direct physical loss or damage;

PROVIDED that this Policy does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

19. Authorities Exclusion:

Fines, penalties or cost incurred or sustained by the Named Insured or imposed on the Named Insured at the order of any Government Agency, Court or other Authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.

20. The following exclusion applies to Terrorism:

Any act of terrorism. An act of terrorism means an act, including but not limited to the use of the force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purpose including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Policy also excludes loss, damage, cost or expense of whatsoever nature 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 paragraph above.

If the Company allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Named Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect. All other terms and conditions remain unaltered.

21. Lack of the following services:

- a. incoming electricity, fuel, gas, water, steam or refrigeration;
- b. outgoing sewerage; or
- c. incoming or outgoing data, voice or video service;

all when caused by loss or damage to any property outside Insured Location(s).

However, the above do not apply to Off Premises Service Interruption.

22. For buildings that are purchased, acquired or leased with the following conditions existing at the time of acquisition:

- a. Building or any part of a building that is in danger of falling down or caving in, or
- b. Any part of a building that has separated from another part of the building.

Loss or damage arising out of the above conditions is excluded;

However, the Company does cover loss or damage arising out of Collapse. Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.

C. STATUTES

If any of the articles of this Policy conflict with the laws or statutes of any jurisdictions in which this Policy applies this Policy is amended to conform to such laws or statutes.

D. TERRITORIAL LIMITS

This Policy insures Real and Personal Property within the United States of America. Personal Property is extended to Worldwide coverage. The coverage provided by this clause for Personal Property is sub-limited to USD as per Declaration Page.

E. REINSTATEMENT

Any reduction in the amount insured hereunder due to payment of any loss or losses shall be automatically reinstated for the balance of the term of this contract except as respects to the perils of Earthquake Shock and Flood.

F. FREE ON BOARD (F.O.B.) SHIPMENTS

The Company shall be liable for the interest of the Named Insured at sole option of the Named Insured, the interest of the consignee in merchandise, which has been sold by the Named Insured under terms of F.O.B. point of origin or other terms usually regarded as terminating shippers' responsibility short of point of delivery.

G. BREACH OF CONDITIONS

If any breach of a clause, condition or warranty of this Policy shall occur prior to a loss affected thereby under this Policy, such breach shall not void the Policy nor avail the Company to avoid liability unless such breach shall exist at the time of such loss under this contract or Policy, and be a contributing factor to the loss for which claim is presented hereunder, it being understood that such breach of clause or condition is applicable only to the property affected thereby. Notwithstanding the foregoing, if the Named Insured establishes that the breach, whether contributory or not, occurred without its knowledge or permission or beyond its control, such breach shall not prevent the Named Insured from recovering under this Policy.

H. PERMITS AND PRIVILEGES

Anything in the printed conditions of this Policy to the contrary notwithstanding, permission is hereby granted:

1. to maintain present hazards and hazards which are consistent with the current operation of insured facilities;
2. to make additions, alterations, extensions, improvements and repairs, to delete, demolish, construct and reconstruct, and also to include all materials, equipment and supplies incidental to the foregoing operations of the property covered hereunder, while in, on and/or about the premises or adjacent thereto;
3. for such use of the premises as usual and/or incidental to the business as conducted therein and to keep and use all articles and materials usual and/or incidental to said business in such quantities as the exigencies of the business require;

Further, this Policy shall not be prejudiced by:

1. any error in stating the name, number, street, or location of any building(s) and contents covered hereunder, or any error or omission involving the name or title of the Named Insured;
2. any act or neglect of the owner of the building, if the Named Insured hereunder is not the owner, or of any occupant of the within described premises other than the Named Insured, when such act or neglect is not within the control of the Named Insured, named herein; or
3. by failure of the Named Insured to comply with any of the warranties or conditions endorsed hereon in any portion of the premises over which the Named Insured has no control.

I. VACANT BUILDINGS

1. Definition of Vacant:

A building is defined as vacant under this policy when:

- a. The building does not contain adequate Insured Property to conduct customary business operations; or
- b. A building is no longer used by the Insured, a lessee or a sub-lessee to conduct customary business operations; or
- c. When items a. and b. above apply to 70% or more of such building's total square footage.

However, the above definition of vacant, shall not apply when customary business operations at a building are temporarily suspended due to circumstances that are usual to such business operations, provided only that existing building safeguards as described in part J. Protective Safeguards are operational during the period of temporary suspension.

2. Scheduled Vacant Buildings

If a vacant building has been reported as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc., and provided that fire protection, security and alarm services are maintained as operational for such a building, and that written notice is given to the Company prior to the one-hundred twentieth (120th) consecutive day of a building becoming vacant, the sublimit for Scheduled Vacant Buildings shall not apply. However, upon the 121th day of vacancy, or if fire protection, or security or alarm services are not maintained as operational during vacancy, then coverage is sub-limited to the values reported.

3. Unscheduled Vacant Buildings

If a vacant building has not been reported as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc., the coverage provided by this clause is sub-limited as per the Declaration Page. However, if the Insureds acquisition date of the building was within 90 days of the date of loss, Automatic Acquisition sub-limit shall apply.

4. Other Vacancy Conditions

- a. In the event that the Insured does not have and/or does not maintain the fire protection, security and alarm systems at a vacant building(s) or does not provide written notice to the Company prior to the one-hundred twentieth (120th) consecutive day of building vacancy, the maximum amount recoverable shall not be more than the amount reported on the schedule of values held on file with Alliant Insurance Services, Inc. for that building.
- b. any Increased Cost of Construction coverage for such reported vacant buildings is sub-limited to the value shown on the Declarations Page and shall be calculated as the increased cost of, and the additional period of time required for, repair or replacement caused by the enforcement of any ordinance or law (including written guidelines used by the department of corrections in any state) regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs.

J. PROTECTIVE SAFEGUARDS

The Named Insured shall exercise due diligence in maintaining in complete working order all protective safeguard equipment and services, including but not limited to fire alarms, fire sprinklers, utility service, and security alarm systems.

K. NO BENEFIT TO BAILEE

This Policy shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.

L. NOTICE OF LOSS

In the event of loss or damage insured against under this Policy, the Named Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 560 Mission Street, 6th Floor, San Francisco, CA 94105. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable after the inception of loss.

M. ARBITRATION OF VALUE

If the Named Insured and the Company fail to agree as to the amount of loss, each shall on the written demand of other, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Named Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the fair market value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Named Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.

N. PROOF OF LOSS

The Named Insured shall render a signed and sworn proof of loss as soon as practical after the occurrence of a loss, stating the time, place and cause of loss, the interest of the Named Insured and of all others in the property, the value thereof and the amount of loss or damage thereto.

O. SETTLEMENT OF LOSS

All adjusted claims shall be paid or made good to the Named Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Named Insured has collected the same from others.

P. SUBROGATION

In the event of any loss payment under this Policy, the Company, shall be subrogated to all the Named Insured's rights of recovery thereof against any person or organization and the Named Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

As respects subrogation it is agreed that, after expenses incurred in subrogation are deducted, the Named Insured and the Company shall share proportionately to the extent of their respective interests as determined by the amount of their net loss. Any amount thus found to be due to either party from the other shall be paid promptly.

Notwithstanding the above wording, the Named Insured has the right to enter into an agreement that releases or waives the Named Insured's right to recovery against third parties responsible for the loss if made before the loss occurred.

Q. CANCELLATION

This Policy may be cancelled by the Named Insured at any time by written notice or surrender of this Policy. This Policy may also be cancelled by or on behalf of the Company by delivering to the Named Insured or by mailing to the Named Insured, by registered, certified or other first class mail at the Named Insured's address as shown in this Policy, written notice, not less than ninety (90) days prior to the effective date of cancellation. The mailing of such notice as aforesaid shall be sufficient proof and this Policy shall terminate at the date and hour specified in such notice. Notwithstanding what has been stated above, however, should this Policy be cancelled for non-

payment of assessment, the Company shall only be required to give the Named Insured ten (10) days' notice.

If this insurance in total shall be cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the premium hereon. If the Company elects to cancel coverage mid-term, then such cancellation shall be handled on a pro-rata basis without short rate penalty.

In the event of cancellation the aggregate retention and specific limit amount shall be applied pro rata with the balance, if any, to be paid to the Named Insured.

Payment or tender of any unearned premium by the Company shall not be condition precedent to the effectiveness of cancellation but such payment shall be made forthwith.

Cancellation shall not affect coverage on any shipment in transit on date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.

It is understood and agreed that if the Named Insured cancels this Policy, the Policy is subject to 25% minimum earned premium regardless of the length of time coverage is in force.

R. ABANDONMENT

There shall be no abandonment to the Company of any property.

S. ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the written consent of the Company.

T. SALVAGE

When, in connection with any loss hereunder, any salvage is received prior or subsequent to the payment of such loss, the loss shall be figured on the basis on which it would have been settled had the amount of salvage been known at the time the loss was originally determined. The salvage value will be deducted from the claim or returned to the Company.

U. OTHER INSURANCE

Permission is hereby granted to the Named Insured to carry more specific insurance on any property covered under this Policy. This Policy shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other policy form until the liability of such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not. This Policy, subject to its conditions and limitations, shall attach and become insurance upon such property as respects any peril not covered by such other insurance and not otherwise excluded herein.

In the event of a loss that is covered by other insurance, wherein this Policy is excess of any amount paid by such other insurer, the other insurance shall be applied to the deductible amount stated elsewhere. Should the amount paid by such other insurance exceed these deductibles, no further deductibles shall be applied under this Policy.

V. EXCESS INSURANCE

Permission is granted for the Named Insured to maintain excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy. Also it is understood and agreed as respects earthquake shock or flood, that in the event of reduction or exhaustion of the aggregate limits of liability under the underlying Policy(s) by reason of loss(es) hereunder, this Policy shall:

1. in the event of reduction, pay out excess of the reduced underlying limit and;
2. in the event of exhaustion, continue in force as the underlying Policy.

W. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS

The Named Insured as often as may be reasonably required, shall submit and so far as within their power, cause all other persons interested in the property or employees to submit to examination under oath by any person named by the Company relative to any and all matters in connection with a claim, and produce for examination all books of account, bills, invoices and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or their representatives and shall permit extracts and copies thereof to be made.

X. CONCEALMENT AND FRAUD

This entire Policy shall be void, if whether before or after a loss, the Named Insured has willfully concealed or misrepresented any material facts or circumstance concerning this Policy of the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.

Y. FULL WAIVER

The terms and conditions of this form and any approved endorsements supersede any policy jacket that may be attached hereto.

Z. SUIT AGAINST COMPANY

No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the Named Insured shall have complied with all the requirements of this Policy, nor unless the suit is commenced within twelve (12) months after the date that the Company has made its final offer of settlement or denial of the loss. However, that if under the laws of the jurisdiction in which the property is located such limitation is invalid, then any such claims shall be void unless such action, suit or proceedings be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

AA. JOINT LOSS ADJUSTMENT – BOILER AND MACHINERY

In the event of damage to or destruction of property, at a location designated in this Policy and also designated in a boiler and machinery insurance policy, and there is a disagreement between the Company and the Named Insured with respect to:

- (i) Whether such damage or destruction was caused by a peril covered against by this Policy or by an accident covered against by such boiler and machinery insurance policy(ies) or;

- (ii) The extent of participation of this Policy and of such boiler and machinery insurance policy in a loss that is covered against, partially or wholly, by one or all of said policy(ies).

The Company shall, upon written request of the Named Insured, pay to the Named Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company would have paid if there had been no boiler and machinery insurance policy(ies) in effect, subject to the following conditions:

- (i) The amount of loss which is in disagreement after making provisions for any undisputed claims payable under the said policy(ies) and after the amount of the loss is agreed by the Named Insured and the Boiler and Machinery Insurer and the Company is limited to the minimum amount remaining payable under either the boiler and machinery insurance policy(ies).
- (ii) The boiler and machinery insurer(s) shall simultaneously pay to the Named Insured, one-half of the said amount, which is in disagreement.
- (iii) The payments by the Company and acceptance of the same by the Named Insured signify the agreement of the Company to submit to and proceed with arbitration within ninety (90) days of such payments:

The arbitrators shall be three (3) in number, one of whom shall be appointed by the boiler insurer(s) and one of whom shall be appointed by the Company hereon and the third appointed by consent of the other two, and the decision by the arbitrators shall be binding on the insurer(s) and the Named Insured and that judgment upon such award may be entered in any court of competent jurisdiction.

- (iv) The Named Insured agrees to cooperate in connection with such arbitration but not to intervene therein.
- (v) This agreement shall be null and void unless the Policy of the boiler and machinery Insurer is similarly endorsed.

In no event shall an Insurer be obligated to pay more than their total single limit.

AB. JOINT LOSS ADJUSTMENT – EXCESS PROPERTY

In the event of damage to or destruction of property at a location designated in this Policy and also designated in an excess insurance policy(ies) and if there is disagreement between the insurers with respect to:

- (1) whether such damage or destruction was caused by a single event or by multiple events or;
- (2) the extent of participation of this Policy and any excess insurance policy in a loss covered against partially or wholly, by one of said Policy or policy(ies).

The Company shall, upon written request of the Named Insured, pay to the Named Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company would have paid if there had been no excess insurance or policy(ies) in effect, subject to the following conditions:

- (1) the amount of loss which is in disagreement after making provisions for any undisputed claims payable under the said policy(ies) and after the amount of the loss

is agreed by the Named Insured and the Company is limited to the minimum amount remaining payable under either the primary insurance policy or excess insurance policy(ies);

- (2) the excess insurers shall simultaneously pay to the Named Insured one-half of the said amount which is in disagreement, and;
- (3) the payments by the Company hereunder and acceptance of the same by the Named Insured signify the agreement of the Company to submit to and proceed with arbitration within ninety (90) days of such payments.

The arbitrators shall be three (3) in number, one of whom shall be appointed by the excess insurer(s) and one of whom shall be appointed by the Company and the third appointed by consent of the other two, and the decision by the arbitrators shall be binding on the Company and the Named Insured, and that judgment upon such award may be entered in any court of competent jurisdiction.

- (4) The Named Insured agrees to cooperate in connection with such arbitration but not to intervene therein.

AC. LENDER'S LOSS PAYABLE

The following provisions (or equivalent) apply as required by "mortgages" and "lenders" to whom certificates of coverage have been issued.

1. Loss or damage, if any, under this Policy, shall be paid to the Payee named on the first page of this Policy, its successors and assigns, hereinafter referred to as "the Lender", in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
2. The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended:
 - (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto;
 - (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed;
 - (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding here from, however, any acts or omissions of the Lender while exercising active control and management of the property.
3. In the event of failure of the Named Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, the Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a

condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Company of the failure of the Named Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefore. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.

4. Whenever the Company shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Named Insured no liability therefore exists, the Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the Named Insured, whether secured or unsecured, (with refund of all interest not accrued), and the Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
5. If there be any other insurance upon the within described property, the Company shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Named Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate the Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. The Company reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.
7. This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable policy in renewal thereof with loss there under payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.
8. Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the Named Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
9. All notices herein provided to be given by the Company to the Lender in connection with this Policy and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

Approved: Board of Fire Underwriters of the Pacific; California Bankers' Association – Committee on Insurance

AD. SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several, not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

AE. LOSS PAYABLE PROVISIONS

A. LOSS PAYABLE

For covered property in which both insured and a Loss Payee have an insurable interest, the Company will:

1. Adjust losses with the Named Insured, and;
2. Pay any claim for loss or their damage jointly to the Named Insured and the Loss Payee, as interests may appear.

B. LENDER'S LOSS PAYABLE

1. The Loss Payee is a creditor, including a mortgage holder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements or;
 - e. Mortgages, deeds of trust or security agreements.
2. For Covered Property in which both the Named Insured and a Loss Payee have an insurable interest:
 - a. The Company will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If the Company deny the Named Insured claim because of the insured act or because the Named Insured have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at the Company's request if the Named Insured have failed to do so;
 - (2) Submits a signed, sworn proof of loss within ninety (90) days after receiving notice from the Company of the Named Insured failure to do so, and;
 - (3) Has notified the Company of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If the Company pays the Loss Payee for any loss or damage and deny payment to the Named Insured because of the Named Insured acts or because the Named Insured have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to the Company to the extent of the amount the Company pays and;
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At the Company's option, the Company may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the Named Insured will pay the insureds' remaining debt to the Company

3. If the Company cancels this Policy, the Company will give written notice to the Loss Payee at least:
 - a. Ten (10) days before the effective date of cancellation if the Company cancels for the insured non-payment of premium or;
 - b. Thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.
4. If the Company elects not to renew this Policy, the Company will give written notice to the Loss Payee at least ten (10) days before the expiration date of this Policy.

C. CONTRACT OF SALE

1. The Loss Payee is a person or organization the Named Insured have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both the Named Insured and the Loss Payee have an insurable interest the Company will:
 - a. Adjust losses with the Named Insured and;
 - b. Pay any claim for loss or damage jointly to the Named Insured and the Loss Payee, as interests may appear.
3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word "the Insured" includes the Loss Payee.

AF. LOSS ADJUSTMENT SERVICES

McLarens Young, International, 180 Montgomery Street, Suite 2100, San Francisco, California 94104-4231 is hereby authorized to represent the Company in the investigation and adjustment of any loss or damage under this Policy at the expense of the Company and without regard to the amount of loss or damage and/or applicable deductible if any.

However, the Company reserves the right to utilize other adjusting firms at its discretion.

AG. SERVICE OF SUIT CLAUSE (USA) APPLICABLE TO EXCESS CARRIERS

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Named Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon:

1. Lloyd's America Inc., Attention: Legal Department, 280 Park Avenue, East Tower, 25th Floor, New York, NY 10017 in respect of Insurers identified in Security Details section as "Lloyd's Stamp:" followed by 4 digits.

Mendes and Mount, 750 Seventh Avenue, New York, NY 10019-6829 are the nominee in respect of any non-Lloyd's participation on this Contract.

Note FLWAService Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 are the nominee for CA (applicable to all markets except as noted below)

2. Counsel, Legal Department, National Fire & Marine Insurance Company, 1314 Douglas Street, Suite 1400, Omaha, NE 68102-1944
3. XL Catlin Insurance Company UK Limited, LIRMA C7509: Sarah Mims, XL Global Services Inc., 505 Eagleview Boulevard, Exton, PA 19341

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998 (amended)

AH. DEFINITIONS

1. OCCURRENCE

Each occurrence is defined as a loss, incident or series of losses or incidents not otherwise excluded by this Policy and arising out of a single event or originating cause and includes all resultant or concomitant insured losses. When the term applies to loss or losses from earthquake shock, flood and/or windstorm, the following provisions shall apply:

a. Windstorm

Each loss by windstorm shall constitute a single claim hereunder; provided, if more than one windstorm shall occur within any period of seventy-two (72) hours during the term of this Policy, such windstorm shall be deemed to be a single windstorm within the meaning thereof. The Named Insured may elect the moment from which each of the aforesaid periods of seventy-two (72) hours shall be deemed to have commenced but no two such seventy-two (72) hour periods shall overlap. The Company shall not be liable for any loss occurring before the effective date and time of the Policy. The Company will be liable for any losses occurring for a period of up to seventy-two (72) hours after the expiration of this Policy provided that the first windstorm loss or damage within that seventy-two (72) hours occurs prior to the date and time of expiration of this Policy.

In the event of there being a difference of opinion between the Named Insured and the Company as to whether or not all windstorm losses sustained by the Named Insured during an elected period of seventy-two (72) hours arose out of, or was caused by a single atmospheric disturbance, the stated opinion of the National Weather Service or comparable Authority in any other country or locality shall govern as to whether or not a single atmospheric disturbance continued throughout the period at the location(s) involved.

b. Flood

Each loss by flood shall constitute a single loss hereunder.

1. If any flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s) or;
2. If any flood results from any tidal wave or series of tidal waves caused by any one disturbance;

such flood shall be deemed to be a single occurrence within the meaning of this Policy.

Should any time period referred to above extend beyond the expiration date of this Policy and commence prior to expiration, the Company shall pay all such flood losses occurring during such period as if such period fell entirely within the term of this Policy.

The Company shall not be liable, however, for any loss caused by any flood occurring before the effective date and time of this Policy or commencing after the expiration date and time of this Policy.

Flood shall mean a general condition of partial or complete inundation of normally dry land area from:

1. tsunami, overflow of inland or tidal water;
2. unusual and rapid accumulation or run off of surface waters from any natural source;
3. mudslide or mudflow, which is a river or flow of liquid mud caused by flooding.

The definition of flood does not include ensuing loss or damage by fire, explosion, or sprinkler leakage.

c. Flood Zone A and V

Flood zones A and V as referenced in this Policy is defined by FEMA as being inclusive of all 100-year high risk flood areas. A one-hundred-year flood is a flood event that has a 1% probability of occurring in any given year.

d. Earthquake Shock

With respect to the peril of earthquake shock, any and all losses from this cause within a one hundred sixty-eight (168) hour period shall be deemed to be one loss. The Named Insured may elect the moment from which each of the aforesaid periods of one hundred sixty eight (168) hours shall be deemed to have commenced but no two such one hundred sixty eight (168) hour periods shall overlap.

The Company shall not be liable for any loss caused by an earthquake shock occurring before the effective date and time of this Policy. The Company will be liable for any losses occurring for a period of up to one hundred sixty eight (168) hours after the expiration of this Policy provided that the first earthquake shock loss or damage within that one hundred sixty eight (168) hours occurs prior to the date and time of the expiration of this Policy.

In the event of there being a difference of opinion between the Named Insured and the Company as to whether or not all earthquake shock losses sustained by the Named Insured during an elected period of one hundred sixty eight (168) hours arose out of, or were caused by a single earthquake shock, the stated opinion of the National Earthquake Information Center of the United States Department of the Interior or comparable Authority in any other country or locality shall govern as to whether or not a single earthquake shock continued throughout the period at the locations involved.

The term earthquake shock is defined as: earth movement meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth sinking, earth shifting or settling unless as a direct result of such earth movement. The definition of earthquake shock does not include ensuing loss or damage by fire, explosion or sprinkler leakage. Further Earthquake Sprinkler Leakage is covered outside of the "Earthquake Shock" definition and subject to the basic peril deductible.

2. PERSONAL PROPERTY OF OTHERS

Means, any property (other than real property) belonging to others for which a Named Insured has assumed liability. This includes but is not limited to:

- Articles of Clothing
- Jewelry
- Sound Equipment
- Fine Arts (up to the sub-limit of unscheduled fine arts)
- EDP Media and Hardware
- Valuable Papers
- Portable Electronic Equipment
- Employee Tools

3. IMPROVEMENTS AND BETTERMENTS

Means, additions or changes made by a Named Insured / lessee at their own expense to a building they are occupying that enhance the building's value.

4. INSURED LOCATION(S) means:

1. The location(s) within the **Coverage Territory** described in the most recent Statement of Values held on file with the Alliant Insurance Services, Inc., Miscellaneous Unnamed Locations and locations as covered by the Errors and Omissions and Automatic Acquisition Additional Coverages;
2. Unless otherwise set forth in the Statement of Values, each such **Insured Location(s)** shall be comprised of any building, yard, dock, wharf, pier or bulkhead or any group of the foregoing bounded on all sides by property lines, public streets, clear land space or open waterways, each not less than fifty (50) feet wide. Any bridge or tunnel crossing such street, space or waterway shall render such separation inoperative for the purpose of this definition.

5. VALUABLE PAPERS AND RECORDS

Means, all inscribed, printed, or written; documents, manuscripts or records; including but not limited to abstracts, books, deeds, drawing, films, maps, or mortgages. Valuable Papers are not money, securities, stamps or converted data program or instructions used in the Named Insured's data processing operations including the materials on which data is recorded.

6. TIER I WINDSTORM COUNTIES

State	Tier I Counties, Parishes or Independent Cities
Alabama	Baldwin, Mobile
Connecticut	Fairfield, Middlesex, New Haven, New London
Delaware	Sussex
Florida	Entire State, All Counties
Georgia	Bryan, Camden, Chatham, Glynn, Liberty, McIntosh,
Hawaii	Entire State, All Counties
Louisiana	Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Martin (South), St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion
Maine	Androscoggin, Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York
Maryland	Calvert, Charles, Dorchester, St. Mary's, Somerset, Wicomico, Worcester
Massachusetts	Barnstable, Bristol, Dukes, Essex, Nantucket, Norfolk, Plymouth, Suffolk
Mississippi	Hancock, Harrison, Jackson

State	Tier I Counties, Parishes or Independent Cities Continued
New Hampshire	Rockingham, Strafford
New Jersey	Atlantic, Bergen, Cape May, Cumberland, Essex, Hudson, Middlesex, Monmouth, Ocean, Union
New York	Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk, Westchester
North Carolina	Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington
Rhode Island	Bristol, Kent, Newport, Providence, Washington
South Carolina	Beaufort, Berkley, Charleston, Colleton, Dorchester, Georgetown, Hampton, Horry, Jasper
Texas	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kennedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy
Virginia	Accomack, Charles City, Chesapeake City, Gloucester, Hampton City, Isle of Wight, Independent Cities of Chesapeake, James City, Lancaster, Mathews, Middlesex, New Kent, Newport News, Norfolk City, Northampton, Northumberland, Poquoson City, Portsmouth City, Prince George, Suffolk City, Sussex, Surry, Virginia Beach City, Westmoreland, Williamsburg City, York

7. TIER 2 WINDSTORM COUNTIES

State	Tier II Counties, Parishes or Independent Cities
Georgia	Brantley, Charlton, Effingham, Long, Wayne
Louisiana	Acadia, Ascension, East Baton Rouge, Iberville, Jefferson Davis, Lafayette, St. Martin (North), Washington, West Baton Rouge
Mississippi	George, Pearl River, Stone
North Carolina	Bladen, Duplin, Gates, Hertford, Lenoir, Martin, Pitt
South Carolina	Florence, Marion, Williamsburg
Texas	Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jasper, Jim Wells, Wharton

AI. REPORTING CONDITIONS

Additional or return premium due for endorsements issued during the policy period, such as those for additions or deletions of values (including those for existing Named Insureds, new Named Insureds to the PEP program, or new members to existing JPA Named Insureds) will be processed on a quarterly basis. Issuance of the endorsements and calculation of pro-rata or return premium for these changes will be processed as of, and at the time of the acquisition or deletion.

Mid-term transactions will only be processed for addition or deletion of values that are in excess of USD25,000,000.

AJ. ADDITIONAL INSURED'S / LOSS PAYEES

It is hereby understood and agreed that the interest of Additional Insured's and/or Loss Payees is automatically included, as per schedule held on file with Alliant Insurance Services, Inc.

SECTION V

FINE ARTS

A. COVERAGE

This Policy insures against all risks of direct physical loss of or damage except as hereafter excluded occurring during the policy period to fine arts, which are the property of the Named Insured or the property of others in the custody or control of the Named Insured while on exhibition or otherwise within the limits of the United States.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

1. PROPERTY COVERED

Objects of art of every kind and description, and property incidental thereto, which are the property of the Named Insured, or the property of others in the custody and control of the Named Insured, or in transit at the Named Insured's risk, and property in which the Named Insured shall have a fractional ownership interest which are owned by or have been leased, loaned, rented or otherwise made available to the Named Insured. "Property" shall mean paintings, drawings, etchings, prints, rare books, manuscripts, rugs, tapestries, furniture, pictures, bronzes, potteries, porcelains, marbles statuary and all other bonafide works of art and other objects of rarity, historic value, cultural interest or artistic merit, which are part of the collections of the Named Insured, or in the care, custody or control of the Named Insured, and their frames, glazing and shadow boxes.

2. "WALL TO WALL" ("NAIL TO NAIL") COVERAGE

This Section covers the Named Insured's property on a "Wall to Wall" ("Nail to Nail") basis, or domicile to domicile basis, as applicable, from the time said property is removed from its normal repository incidental to shipment until returned thereto or other point designated by the owner or owner's agent prior to return shipment, including while in transit to or from points of consolidation or deconsolidation, packing, repacking or unpacking, while at such locations during such processes or awaiting shipment.

Coverage shall terminate upon arrival of the covered property at the final destination designated by the owner or owner's agent, or upon expiration of this Policy, whichever may occur first, except that expiration of this Policy shall not prejudice coverage of any risk then in transit.

B. EXCLUSIONS

1. Loss or damage occasioned by: wear and tear, gradual deterioration, insects, vermin, inherent vice or damage sustained due to and resulting from any repairing, restoration or retouching process;
2. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;

- i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces or;
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
3. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on an Insured Location, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on an Insured Location.
4. Any dishonest, fraudulent or criminal act by the Named Insured, a partner therein or an officer, director employee or trustee thereof, whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

C. LOSS PAYMENT BASIS / VALUATION

The valuation of each article of property covered by this Section shall be determined as follows:

- a. Property of the Named Insured shall be covered for and valued at the current fair market value of each article indicated on the books and records of the Named Insured prior to loss, according to the Named Insured's valuation of each object covered.
- b. Property of others loaned to the Named Insured and for which the Named Insured may be legally liable, or which the Named Insured has been instructed to insure, shall be covered for and valued at the amount agreed upon for each article by the Named Insured and owner(s) as recorded on the books and records of the Named Insured prior to loss.
- c. Otherwise, in the absence of recorded current fair market values or agreed values for each article covered, the Company shall not be liable beyond the fair market value of the property at the time any loss or damage occurs. Said value shall be ascertained by the Named Insured and the Company or, if they differ, then the amount of value or loss shall be determined as provided in the following appraisal clause.

D. SPECIAL CONDITIONS

1. **Misrepresentation and Fraud:** This entire Section shall be void if, whether before or after a loss, the Named Insured has concealed or misrepresented any material fact or circumstance concerning this Policy or the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.
2. **Notice of Loss:** The Named Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this Section and shall also file with the Company or its agent within ninety (90) days from the date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
3. **Examination under Oath:** The Named Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and insofar as is within its power cause its employees, Named Insured and others to submit to examination under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any act of the Named Insured or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Named Insured might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.
4. **Settlement of Loss:** All adjusted claims shall be paid or made good to the Named Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Named Insured has collected the same from others.
5. **No Benefit to Bailee:** This Section shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.
6. **Subrogation or Loan:** If in the event of loss or damage the Named Insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the Named Insured will, if requested by the Company, assign and transfer such claim or right of action to the Company or, at the Company's option, execute and deliver to the Company the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage; and will subrogate the Company to, or will hold in trust for the Company, all such rights of action to the extent of the amount paid or advanced, and will permit suit to be brought in the Named Insured's name under the direction of and at the expense of the Company.
7. **Protection and Preservation of Property:** In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.
8. **Appraisal:** If the Named Insured and the Company fail to agree as to the amount of loss, each shall on the written demand of other, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be

made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Named Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the fair market value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Named Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.

9. Civil Authority: Property covered under this Section against the peril of fire is also covered against the risk of damage or destruction by Civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by a peril otherwise excluded herein.
10. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Section or stop the Named Insured from asserting any right under the terms of this Section, nor shall the terms of this Section be waived or changed except by endorsement issued to form a part of this Section.
11. Additional Covered Party(ies): Corporations, associations, firms, institutions, museums, persons and others who own or control collections, objects or articles who make them available to the Named Insured, and temporary borrowers or custodians (but not carriers, packers or shippers) of property covered, are additional Named Insured(s) hereunder, but only as respects coverage afforded to said Named Insured's property.
12. Packing: It is agreed by the Named Insured that the property covered hereunder be packed and unpacked by competent packers.
13. Other Insurance: This fine arts floater Section is excess coverage over any other valid and collectible insurance which may apply to any objects of art for which coverage would apply under this Policy.
14. Pair And Set: In the event of the total loss of any article or articles which are a part of a set, the Company agrees to pay the Named Insured the full amount of the value of such set and the Named Insured agrees to surrender the remaining article or articles of the set to the Company.

SECTION VI

CONTRACTORS EQUIPMENT

A. COVERAGE

This Policy insures contractors equipment, whether self-propelled or not, including equipment thereof while attached thereto or located thereon, such as bulldozers, drag lines, power shovels, derricks, drills, concrete mixers and other machinery of a similar nature, and not subject to motor vehicle registration.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the policy period to the above described property from any external cause except as provided below.

1. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage or improper assemblage.
2. Loss or damage due to the weight of the load imposed on the machine exceeding the capacity for which such machine was designed.
3. Loss or damage to crane or derrick boom(s) and jib(s) of lattice construction while being operated unless directly caused by fire, lightning, hail, windstorm, earthquake shock, explosion, riot, riot attending a strike, civil commotion, actual physical contact with an aircraft or airborne missile including objects falling therefrom, collision with other vehicles or other contractors equipment whether or not such other equipment is covered hereunder, landslide, or upset of the unit of which it is a part (but only when and to the same extent that such other perils are covered by the Policy).
4. Loss or damage due to explosion arising from within steam boilers.
5. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
6. Loss or damage due to dishonesty of Named Insured's employees or persons to whom the Named Insured's property is entrusted.
7. Loss or damage caused by or contributed to failure of the Named Insured to keep and maintain the property in a thorough state of repair.

8. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack;
 - i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces or;
 - ii. any military, naval or air forces or;
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
9. Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) covered against in this endorsement; however, subject to the foregoing and all provisions of this Policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered against by this Policy.

C. PROPERTY EXCLUDED

1. Automobiles, motorcycles, motor trucks, or parts thereof.
2. Buildings
3. Machinery or equipment or building materials to be installed in any building for the purpose of becoming a part thereof; nor on any property which has become a permanent part of any structure.
4. Property that is located underground.
5. Property while waterborne except while being transported on any regular ferry.
6. The storage risk of property not owned or required to be insured by the Named Insured at an Insured Location, except where incidental to the regular or frequent use of the equipment or property.
7. Plans, blue prints, designs or specifications.

D. LOSS PAYMENT BASIS / VALUATION

On Contractors Equipment (whether self-propelled or not), on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Contractors Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation based on Replacement Cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

E. SPECIAL CONDITIONS

This section covers property only within the limits of the United States of America.

It is a condition of this Policy that all articles covered hereunder are in sound condition at the time of attachment of this Policy.

SECTION VII

ACCOUNTS RECEIVABLE

A. COVERAGE

This Policy covers the loss of or damage resulting from insured perils to the Named Insured's records of accounts receivable as defined below, occurring during the policy period.

B. EXCLUSIONS

In addition to the exclusions in the General Conditions, this coverage does not apply:

1. To loss due to any fraudulent, dishonest or criminal act by the Named Insured, a partner therein, or an officer, director, employee or trustee thereof, while working or otherwise and whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

2. To loss due to bookkeeping, accounting or billing errors or omissions.
3. To loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the Named Insured can prove through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
4. To loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

C. LOSS PAYMENT BASIS / VALUATION

When there is proof that a loss covered by this Policy has occurred but the Named Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Named Insured's monthly statements and shall be computed as follows:

1. Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
2. Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve (12) months immediately preceding the month in which the loss occurs as compared with such average for the months of the preceding year;
3. The amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;

4. The amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged or otherwise established or collected by the Named Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Named Insured. All unearned interest and service charges shall be deducted.

D. DEFINITIONS:

ACCOUNTS RECEIVABLE

1. All sums due to the Named Insured from customers provided the Named Insured is unable to effect collection thereof as the direct result of loss or damage to records of accounts receivable.
2. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage.
3. Collection expense in excess of normal collection cost and made necessary because of such loss or damage.
4. Other expenses, when reasonably incurred by the Named Insured, in re-establishing records of accounts receivable following such loss or damage.

SECTION VIII

UNMANNED AIRCRAFT

A. COVERAGE

This Policy insures against all risks of direct physical loss of or damage except as hereafter excluded occurring during the policy period to **Unmanned Aircraft**, that are usual to the Named Insured's business and that the Named Insured own or are required to insure, sustained while not **In Flight** or **In Motion** and which are not the result of fire or explosion following crash or collision while the **Unmanned Aircraft** was **In Flight** or **In Motion** that are:

1. Listed on the schedule which is a part of this Policy or which is on file with the Company;
2. Unscheduled but for an amount not to exceed the limit shown on the Declarations

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the policy period to **Unmanned Aircraft** from any external cause except as provided below.

1. Loss or damage due to the **Unmanned Aircraft** being **In Flight** or **In Motion** including during propulsion system startup or any time the propulsion system is operating.
2. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage, freezing or improper assemblage.
3. Loss or damage due to the weight of the load imposed on the **Unmanned Aircraft** exceeding the capacity for which such **Unmanned Aircraft** was designed.
4. Loss or damage to tires except where such loss or damage is caused by fire, theft, windstorm or vandalism or is the direct result of physical damage covered by this Policy.
5. Loss or damage to **Unmanned Aircraft** while being worked upon except for direct loss or damage caused by resulting fire or explosion.
6. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
7. Loss or damage due to conversion, embezzlement or secretion by any person or organization with legal right to possession of such **Unmanned Aircraft** under bailment, lease, conditional sale, purchase agreement, mortgage or other legal agreement that governs the use, sale or lease of the **Unmanned Aircraft**, nor for any loss or damage during or resulting therefrom.
8. Loss or damage due to dishonesty of Named Insured's employees or persons to whom the Named Insured's property is entrusted.

9. Loss or damage caused by or contributed to failure of the Named Insured to keep and maintain the property in a thorough state of repair.
10. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack,
 - i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces; or
 - ii. any military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;

C. PROPERTY EXCLUDED

1. **Unmanned Aircraft** that are located in underground mines, caverns or underground storage facilities.
2. **Unmanned Aircraft** while waterborne except while being transported on any regular ferry.
3. The storage risk of **Unmanned Aircraft** not owned or required to be insured by the Named Insured at an Insured Location, except where incidental to the regular or frequent use of the equipment or property.

D. LOSS PAYMENT BASIS / VALUATION

On **Unmanned Aircraft**, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the **Unmanned Aircraft**. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation other than Replacement Cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

E. SPECIAL CONDITIONS

This section covers property only within the limits of the United States of America.

It is a condition of this Policy that all articles covered hereunder are in sound condition at the time of attachment of this Policy.

F. DEFINITIONS

1. UNMANNED AIRCRAFT

Means a powered aerial vehicle that does not carry a human operator, uses aerodynamic forces to provide vehicle lift, can fly autonomously or be piloted remotely, is recoverable and in some cases can carry a non-lethal payload including the propulsion system and equipment usually installed in the vehicle (1) while installed in the vehicle, (2) while temporarily removed from the vehicle and (3) while removed from the aircraft for replacement until such time as replacement by a similar item has commenced; also tools and equipment which are specially designed for the aircraft and which are ordinarily carried therein.

2. IN FLIGHT

Means, with respect to fixed wing **Unmanned Aircraft**, the time commencing with the actual take-off run or launch and continuing thereafter until it has completed its landing run; or capture; and if the **Unmanned Aircraft** is a rotorcraft, from the time the rotors start to revolve under power for the purpose of flight until they subsequently cease to revolve after landing; and if the **Unmanned Aircraft** is a balloon, while it is inflated or being inflated or deflated.

3. IN MOTION

Means while the **Unmanned Aircraft** is moving under its own power or the momentum generated therefrom or while it is **In Flight** and, if the **Unmanned Aircraft** is a rotorcraft, any time the rotors are rotating or while it is **In Flight** and, if the **Unmanned Aircraft** is a glider or balloon, any time it is being transported, towed or while it is **In Flight**.

SECTION IX

BOILER AND MACHINERY BREAKDOWN EXTENSION

1. Perils Insured

In consideration of the premium paid and subject to the terms, conditions and Exclusions of the Policy to which this Extension is attached, and to the following terms and conditions, this Insurance is extended to cover direct damage to Covered Property caused by a Covered Cause of Loss.

2. Additional Coverage

(a) Hazardous Substance

The additional expense incurred for cleanup, repair or replacement or disposal of damaged, contaminated or polluted Covered Property as a result of an Accident, which causes property to become damaged, contaminated or polluted by a substance declared hazardous to health by an authorized governmental agency. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage “Additional expense” means any expense that would not have incurred, if no substance hazardous to health had been involved in the accident

(b) Ammonia Contamination

The loss, including salvage expense, incurred with respect to damage by ammonia contacting or permeating Covered Property under refrigeration or in process requiring refrigeration, as a result of any one Accident to one or more Objects. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(c) Water Damage

The loss, including salvage expense, with respect to Covered Property damaged by water, resulting from any one Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(d) Media Coverage

The loss to all forms of electronic, magnetic and optical tapes and discs used in any electronic computer or electronic data processing equipment directly damaged by an Accident to an Object. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage, the valuation basis for “Media” is as follows:

- i. For “Media” that are mass-produced and commercially available, at the Replacement Cost.
- ii. For all other “Media”, at the cost of blank material for reproducing the records.

(e) Consequential Damage

The “Consequential Damage” to refrigerated and frozen goods of the Named Insured or for which the Named Insured is legally liable or under the Named Insured’s care, custody or control caused solely by an Accident to an Object. For the purpose of this coverage, “Consequential Damage” is defined as loss due to spoilage from lack of power, light, heat, steam or refrigeration, resulting from Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(f) Utility Interruption

The loss caused by an Accident to an Object that is owned, operated or controlled by a public or private entity that the Named Insured has contracted with to furnish them with electrical utility service including all direct electrical suppliers. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(g) CFC Refrigerants and Halon

The replacement of any CFC (chlorofluorocarbon) refrigerant used in refrigeration or air conditioning equipment or Halon used in a fire suppression system due to an “Accident” to an Object.

(h) Ordinance or Law

If an Accident to an Object at an Insured Location damages a building that is “Covered Property”, the Company will pay for

- i. Loss to the Undamaged Portion of the Building, meaning loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:
 - a. Requires the demolition of parts of the same building not damaged by the Accident to an Object; or
 - b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the location of the building.
- ii. Demolition Cost meaning the cost to demolish and clear the site of undamaged parts of the building, caused by the enforcement of building, zoning, or land ordinance or use.
- iii. Increased Cost of Construction, meaning the increased cost to:
 - a. Repair or reconstruct damaged portions of the building; and
 - b. Reconstruct or remodel undamaged portions of the building whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law. But the Company will only pay for this increased cost if the building is repaired, reconstructed or remodeled. Also, if the building is repaired, reconstructed or remodeled, it must be intended for similar occupancy as the current building, unless such occupancy is not permitted by zoning or land use ordinance or law.

Payment will be limited to the cost of meeting the minimum requirements of such ordinance or law; said cost to be calculated as of the date of loss.

Insurance under this section only applies with respect to ordinance or law that is in force at the time of the Accident to an Object. Insurance under this section does not apply to:

- a. Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or
- b. Loss due to any ordinance or law that:
 - i. The Named Insured was required to comply with before the Accident to an Object even if the building was undamaged; and
 - ii. The Named Insured failed to comply with.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

3. Definition of Accident

Accident shall mean a sudden and accidental breakdown of the Object, or a part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof; but Accident shall not mean:

- a. depletion, deterioration, corrosion, or erosion of material;
- b. wear and tear;
- c. leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d. the breakdown of any vacuum tube, gas tube or brush;
- e. the breakdown of any structure or foundation supporting the Object or any part thereof;
- f. the functioning of any safety device or protective device.

4. Definition of Object

Except as otherwise specifically designated herein, Object as described below shall mean any equipment or apparatus which is owned by, leased by or operated under the control of the Named Insured subject to the Exclusions and Special Provisions specified herein:

- a. Any boiler, any fired vessel, any unfired vessel subject to vacuum or internal pressure other than static pressure of contents, any refrigerating and air conditioning vessels, or any piping and its accessory equipment, but such Object shall not include:
 - i. Any boiler setting, any insulating or refractory material,
 - ii. Any sewer piping, any underground gas piping, any piping forming a part of a sprinkler system or any water piping other than
 - a. Feed water piping between any boiler and its feed pumps or injectors
 - b. Boiler condensate returning piping
- b. Any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but Object shall not include
 - 1. Any structure or foundation other than a bedplate of a machine,

2. Any vehicle, elevator, crane, hoist, power shovel or drag line, but not excluding any electrical equipment used with said machine or apparatus,
3. Any refractory material, or
4. Any penstock or draft tube.

5. Covered Cause of Loss

A Covered Cause of Loss is an “Accident” to an Object insured hereon. An Object must be in use or connected ready for use at the time of the Accident.

6. Covered Property

Covered Property, as used in this Extension, means any property not otherwise excluded in this Policy that:

- a. The Named Insured owns; or
- b. Is in the Named Insured’s care, custody or control and for which they are legally liable

7. Special Provisions

- a. As respects any boiler, fired or unfired vessel, refrigerating system or piping, the Company shall not be liable for loss from an Accident while said Object is undergoing a hydrostatic, pneumatic or gas pressure test that exceeds manufacturers recommended limits.
- b. As respects any boiler of fired vessel, the Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by any Accident to any Object, or part thereof, nor shall the Company be liable for any loss from an Accident caused directly or indirectly by such explosion.
- c. As respects any unfired vessel which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as “connected ready for use” within the terms of this Extension of the Policy.
- d. As respects any Object or part of an Object that is being dismantled, reassembled or is in storage, will be considered as “connected ready for use” within the terms of this Extension of the Policy.
- e. As respects any gas turbine of the internal combustion type, (a) the combustor or such Object shall not be considered to be a “furnace” as the word is used in the Definition of Accident or in Special Provision 2 above and (b) the Definition of Accident shall not mean the cracking of any part of the Turbine exposed to the production of combustion.
- f. As respects new turbine generator units, coverage shall not apply until the unit has been contractually accepted by the Named Insured, that all tests required by the contractor have been performed and satisfied and the unit has been placed in commercial operation.

8. Valuation

- a. The Company will pay the Named Insured the amount the Named Insured spends to repair or replace the property directly damaged by an Accident. The Company payment will be the smallest of:
- 1) The Limit of Insurance;
 - 2) The cost at the time of the Accident to repair the damaged property with property of like kind, capacity, size and quality;
 - 3) The cost at the time of the Accident to replace the damaged property on the same site with other property:
 - a) Of like kind, capacity, size and quality; and
 - b) Used for the same purpose
 - 4) The amount the Named Insured actually spends that is necessary to repair or replace the damaged property.
- b. As respects any Object if the cost of repairing or replacing only a part of the Object is greater than:
- 1) the cost of repairing the Object; or
 - 2) the cost of replacing the entire Object on the same site;
- The Company will pay only the smaller of (1) or (2). The repair parts or replacement Object must be:
- 1) of like kind, capacity, size and quality; and
 - 2) used for the same purpose.
- c. The Company will not pay:
- 1) if the loss or damage is to property that is obsolete or useless to the Named Insured; or
 - 2) for any extra cost if the Named Insured decides to repair or replace the damaged property with property of a better kind or quality or of larger capacity,
- d. If the Named Insured does not repair or replace the damaged property within 18 months after the date of the Accident then the Company will pay on the smaller of the:
- 1) cost it would have taken to repair; or
 - 2) actual cash value;
- at the time of the “accident”.

Paragraph (d) does not apply to any time period beyond the 18 months that the Company agrees to in writing.

e. As respects CFC (chlorofluorocarbon) refrigerant or Halon, the following valuation basis is applicable:

- 1) If the CFC refrigerant or Halon is replaceable, the Named Insured may, at their option, elect to:
 - a) Repair or replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system and replace the lost CFC refrigerant or Halon subject to it being of like kind, capacity, size and quality and used for the same purpose; or
 - b) Change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to:
 - i. Refrigeration or air conditioning equipment that uses an approved non - CFC refrigerant; or
 - ii. A fire suppression system that uses an approved non - Halon agent.

But this option is available only if the change to the equipment or system is made within 18 months after the date of the Accident or within any extended time period that the Company agrees to in writing.

If Option 1) b) above is elected, the Company will not pay more than the least of the following amounts:

- a) The Limit of Insurance;
- b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non - CFC refrigerant or non - Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
- c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non - CFC refrigerant or non - Halon fire suppressant;
- d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non - CFC refrigerant or non - Halon fire suppressant; or
- e) One hundred twenty-five percent (125%) of the amount the Company otherwise would have paid for loss to the refrigeration equipment, air conditioning equipment or fire suppression system.

f. If the CFC refrigerant or Halon is not replaceable and:

- 1) The Named Insured repairs or replaces the damaged equipment within 18 months after the date of the Accident or within any extended time that the Company agrees to in writing, the Company will pay the least of the following amounts:

- a) The Limit of Insurance;
 - b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant.
- 2) If the Named Insured does not replace the damaged equipment within 18 months after the date of the Accident or within the extended time period that the Company agrees to in writing, the Company will not pay more than the lesser of:
- a) The amount that the Company would have paid if repair or replacement of the damaged equipment had been made as determined in F 1 above; or
 - b) The actual cash value of the damaged equipment at the time of the Accident.
- g. As respects Insurance under Ordinance and Law, the most the Company will pay as a result of any one Accident for:
- a) Loss to the Undamaged portion of the building is included in the Limit of Insurance that otherwise applies to the damaged building. But in no event will the amount the Company pay for loss to the building, including the loss in value of the undamaged portion of the building due to enforcement of an ordinance or law to which this coverage applies, exceed:
 - i. The amount that the Named Insured actually spend to repair, rebuild or replace the building, but not more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - ii. The actual cash value of the building at the time of loss if the building is not repaired or replaced.
 - b) Demolition and Increased Cost of Construction is USD as per Declaration Page, subject to the following:
 - i. With respect to the coverage provided for Demolition Cost, the Company will not pay more than the amount the Named Insured actually spend to demolish and clear the site of the undamaged parts of the building;
 - ii. With respect to the coverage provided for Increased Cost of Construction:
 - (a) The Company will not pay for the Increased Cost of Construction:

Until the building is actually repaired or replaced at the same or another premises; and

Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 18 months. The Company may extend this period in writing during the 18 months.

- (b) If the building is repaired or replaced at the same location, or if the Named Insured elect to rebuild at another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the same location.
 - (c) If the ordinance or law requires relocation to another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the new location.
- h. If a claim or “suit” is brought against the Named Insured alleging that the Named Insured is liable for damage to property of another that was caused by an Accident to an Object, the Company will either:
 - 1. Settle the claim or “suit”, or
 - 2. Defend the Named Insured against the “suit” but reserve the right for themselves to settle at any point.

9. Exclusions

- a. To loss:
 - 1) from explosion of an Object other than:
 - a) Any steam boiler, steam piping, steam turbine, gas turbine, steam engine, or
 - b) Any machine when such loss is caused by centrifugal force or mechanical breakdown,
- b. Nuclear reaction or radiation or radioactive contamination however caused, however this exclusion shall not apply to nuclear medicine at covered hospitals,
- c. From fire concomitant with or following an Accident.
- d. From an Accident caused directly or indirectly by fire
- e. From a combustion explosion outside the Object concomitant with or following an Accident,
- f. From an Accident caused directly or indirectly by a combustion explosion outside an Object

10. Conditions:

- a. Inspection

The Company shall be permitted but not obligated to inspect the Named Insured’s property and operations at any reasonable time. Neither the right to make inspections nor the making

thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Named Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

b. Suspension

Upon the discovery of a dangerous condition with respect to any Object, Alliant Insurance Services, Inc., may immediately suspend the insurance, with respect to an Accident to said Object, by written notice mailed or delivered to the Named Insured at the address of the Named Insured stated in the Declaration Page, or at the location of the Object, as stated for it in a schedule or endorsement. The insurance so suspended may be reinstated by the Company but only by an endorsement issued to form a part of this Policy. The Named Insured shall be allowed the unearned portion of the premium paid for such suspended insurance, pro rata for the period of suspension.

c. Notice of Accident and Adjustments

When an Accident occurs, written notice shall be given to the Company as soon as practicable. The Company shall be given like notice of any claim made on account of such Accident. The Company or their representative shall have reasonable time and opportunity to examine the property, and the Insured Location of Risk, before repairs are undertaken or physical evidence of the Accident is removed, except for protection or salvage. Proof of loss shall be made in such form as the Company may require. If suit is brought against the Named Insured for loss to which this Section of the Policy is applicable, any summons or other process served upon the Named Insured shall be forwarded immediately to the Company.

d. Deductible

In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risk policy that this Extension attached to, the deductible to be applied to the total loss shall be the highest applicable deductible.

**PROGRAM AND/OR NAMED INSURED AND/OR DECLARATION SPECIFIC
ENDORSEMENTS TO BE PROVIDED AFTER THE ABOVE PAGE**

ENDORSEMENT 1

CANCELLATION CLAUSE AMENDMENT DUE TO FINANCIAL STRENGTH DOWNGRADE ENDORSEMENT

It is hereby understood and agreed that Section IV, General Conditions, Clause N, Cancellation of this Policy is amended.

This endorsement modifies insurance provided by the Policy:

The Cancellation Provision, Cancellation Condition, or Cancellation Clause, whichever is applicable, is amended by adding the following paragraph to the end thereof:

Notwithstanding any other terms or conditions of this Policy to the contrary, in the event that the financial strength rating of the **Company** is downgraded to: (1) below A- by A.M. Best Co., or (2) below BBB by Standard & Poor's Ratings Services (hereinafter, the **Credit Rating Downgrade**), this Policy may be canceled by the **FIRST NAMED INSURED** by mailing prior written notice to the Company or by surrender of this Policy to the **Company**.

If this Policy is canceled by the **First Named Insured** due to such **Credit Rating Downgrade**, then the **Company** shall return the unearned pro rata proportion of the premium as of the effective date of cancellation and shall waive any minimum earned premium requirement specified herein.

The following definitions apply to this endorsement:

1. **Company** means any Insurance Company offering coverage under this policy.
2. **First Named Insured** means the first Named Insured as shown on the Declarations page of this Policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

ENDORSEMENT 2

ECONOMIC SANCTIONS ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

The Insurer shall not be deemed to provide cover and the Insurer shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

ENDORSEMENT 3

WAR AND TERRORISM EXCLUSION ENDORSEMENT

(Applies worldwide)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) 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; or
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

- (3) seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

ENDORSEMENT 4

COMMUNICABLE DISEASE EXCLUSION

1. This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1. for a Communicable Disease, or
 - 2.2. any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same.

LMA5393
25 March 2020

ENDORSEMENT 5

PROPERTY CYBER AND DATA ENDORSEMENT

- 1 Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
 - 1.1 Cyber Loss, unless subject to the provisions of paragraph 2;
 - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data, unless subject to the provisions of paragraph 3; regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- 2 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, this Policy covers physical loss or physical damage to property insured under this Policy caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.
- 3 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this Policy, then this Policy will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this Policy excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.
- 4 In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
- 5 This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss, Data or Data Processing Media, replaces that wording.

Definitions

- 6 Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.

- 7 Cyber Act means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
- 8 Cyber Incident means:
- 8.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
- 8.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
- 9 Computer System means:
- 9.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the insured or nay other party.
- 10 Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.
- 11 Data Processing Media means any property insured by this Policy on which Data can be stored but not the Data itself.

LMA5400

11 November 2019

ENDORSEMENT 6

COVERAGE TERRITORY LIMITATION ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

- I. The following definition applies to this Policy and supersedes any similar definition(s) of this Policy to the contrary:

Coverage Territory means an **Occurrence** anywhere in the world, except for any **Occurrence** in Afghanistan, Algeria, Angola, Anguilla, Antigua & Barbuda, Armenia, Aruba, Bangladesh, The Bahamas, Barbados, The Republic of Belarus, Belize, Benin, Bolivia, British Virgin Islands, Botswana, Burkina Faso, Burma (Myanmar), Burundi, Cambodia, Cameroon, Cape Verde, Caribbean Netherlands, Cayman Islands, Central African Republic, Chad, Comoros, Congo (The Democratic Republic Of Congo), Cuba, Curacao, Djibouti, Dominica, Dominican Republic, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Grenada, Guadeloupe, Guinea, Guinea-Bissau, Guyana, Haiti, Iran, Iraq, Gaza Strip, West Bank and territories north of Latitude 32.80 N in Israel, Ivory Coast, Jamaica, Kenya, Laos, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Martinique, Mauritania, Mayotte, Montserrat, Mozambique, Namibia, Nepal, Nicaragua, Niger, Nigeria, North Korea, Pakistan, Palestine, Papua New Guinea, La Reunion Island, Republic of South Sudan, The Russian Federation as recognized by the United Nations (or their territories, including territorial waters, or protectorates where they have legal control; legal control shall mean where recognized by the United Nations), Rwanda, Sao Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, Sri Lanka, St. Barthelemy, St. Kitts and Nevis, St. Lucia, St. Martin/St. Maarten, St. Vincent and the Grenadines, Sudan, Swaziland, Syria, Tajikistan, Tanzania, Timor-Leste, Togo, Trinidad & Tobago, Turks & Caicos, Uganda, Ukraine (in accordance with the borders established as of the 1991 Declaration of Independence, including the Crimean peninsula and the Donetsk and Luhansk regions), Uzbekistan, Venezuela, Western Sahara, Yemen, Zambia, and Zimbabwe.

Regardless of: (1) any location on the Statement of Locations or Values (or otherwise stated), (2) any newly acquired location or miscellaneous unnamed location, (3) any error or omission by any entity, (4) any coverage extension or additional coverage, (5) any definition that may contain any location shown above, or (6) any change in sanction status, there shall be no coverage provided in any of the excluded countries or geographic areas in the above referenced **Coverage Territory** or any coverage provided as a result of an event that occurs in any such excluded countries or geographic areas.

If any geographic area in any region of the world is excluded through the definition of Coverage Territory, the inclusion of such geographic area in any other provision of this Policy does not provide coverage for such geographic area.

All other terms and conditions of the Policy remain the same.

ENDORSEMENT 7

POLLUTION, CONTAMINATION, DEBRIS REMOVAL EXCLUSION

This endorsement modifies insurance provided by the Policy:

1. Property Not Covered

This policy does not cover land, land values or water.

2. Pollution and Contamination Exclusion.

Except as may be provided under **SECTION II PROPERTY DAMAGE, B. EXTENSIONS OF COVERAGE, 22. ACCIDENTAL CONTAMINATION**, this policy does not cover loss or damage caused by, resulting from, contributed to or made worse by actual, alleged or threatened release, discharge escape or dispersal of CONTAMINANTS or POLLUTANTS, all whether direct or indirect, proximate or remote or in whole or in part caused by, contributed to or aggravated by any physical damage Insured by this policy.

Nevertheless, if fire is not excluded from this policy and a fire arises directly or indirectly from seepage or contamination or pollution, any loss or damage insured under this policy arising directly from that fire is insured, subject to the provisions of this policy.

CONTAMINANTS OR POLLUTANTS means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including but not limited to, bacteria, fungi, virus, or hazardous substances as listed in the Federal Water, Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act or as designated by the U. S. Environmental Protection Agency. Waste includes materials to be recycled reconditioned or reclaimed.

This exclusion shall not apply when loss or damage is directly caused by fire, lightning, aircraft Impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm, hail, vandalism, malicious mischief. This exclusion shall also not apply when loss or damage is directly caused by leakage or accidental discharge from automatic fire protective systems.

3. Asbestos Exclusions

This policy does not cover –

- a) Asbestos, dioxin or polychlorinated biphenols (hereinafter all referred to as 'Materials') removal from any good, product or structure unless the asbestos is itself damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective system and water damage.
- b) Demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating such Materials;
- c) Any governmental direction or request declaring that such Materials present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

The coverage afforded does not apply to payment for the investigation or defense of any loss, damage or any cost, loss of use expense, fine or penalty or for any expense or claim or suit related to any of the above.

4. Debris Removal Exclusions

The Company will pay the expense within the sum insured to remove debris of insured property damaged or destroyed by an insured during the policy terms.

The Company will not pay for expense to:

- a) Extract contaminants or pollutants from the debris; or
- b) Extract contaminants or pollutants from land or water; or
- c) Remove, restore or replace contaminated or polluted land or water; or
- d) Remove or transport any property or debris to a site for storage or decontamination required because the property or debris is affected by pollutants or contaminants, whether or not such removal, transport, or decontamination is required by law or regulation.

It is a condition precedent to recovery under this extension that the Company shall have paid or agreed to pay for direct physical loss or damage to the property insured hereunder and that the Insured shall give written notice to the Company of intent to claim for cost of removal of debris or cost to clean up not later than 180 days after the date of such physical loss or damage.

5. Authorities Exclusion

Notwithstanding any of the provisions of this policy, the Company shall not be liable for loss, damage, costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any Government Agency, Court or other Authority from any cause whatsoever.

All other terms and conditions of the Policy remain the same.

Item No: E.2.d.

GENERAL ADMINISTRATION**PROPERTY APPRAISAL RFP****ACTION ITEM**

ISSUE: SPA is set for another round of appraisals beginning in 2026, and the Program Administrators have provided the attached draft Request for Proposals (RFP) for review and discussion before issuing.

Key considerations are highlighted, including the range of SOVs to be appraised. SPA members can expect appraisals of their properties above \$5M every five years while in APIP for coverage. Members may want to have properties above \$5M appraised in this round of SPA appraisals rather than wait for the APIP appraisals.

RECOMMENDATION: Review and approve as presented or revised or provide direction.

FISCAL IMPACT: None from this item. A fund for appraisals is collected each year.

BACKGROUND: SPA members issued an RFP for property appraisal services in 2020 and selected Duff and Phelps (now Kroll) to perform appraisals for them. With the addition of CCSA as of July 1, 2025, Kroll has been engaged to conduct appraisals of their properties beginning later this month. Once complete, all SPA members will have been appraised by Kroll within the original five-year timeline, with a new five-year schedule set to begin. Members have requested a new RFP for this second round of appraisals

ATTACHMENTS: SPA RFP for Property Insurance Appraisal Services 2025 - Draft

Schools Program Alliance

Request for Proposals

**Property Insurance
Appraisal Services**

August 2025

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I.Description

The Schools Program Alliance (SPA) is a governmental entity risk pool consisting of six Joint Powers Authorities located in Northern California. SPA has retained Alliant Insurance Services to assist it in selecting a property appraisal firm to perform appraisal services.

A complete list of all properties within the scope of this proposal is attached for reference. A summary of the number of buildings valued at \$5,000 and above is provided below.

Buildings Valued \$5,000 and Above

Member JPA	# of Bldgs	Building \$	Contents \$
Butte Schools Self-Funded Programs	850	\$ 384,574,645	\$ 57,785,363
North Bay Schools Insurance Authority	2,184	\$ 1,327,769,153	\$ 171,963,553
Redwood Empire Schools' Insurance Group	2,768	\$ 1,801,303,011	\$ 219,736,970
Schools Insurance Authority	9,717	\$ 6,446,215,765	\$ 844,306,536
Schools Insurance Group	2,467	\$ 2,164,780,332	\$ 306,953,993
California Risk Management Authority (CRMA)			
Grand Total	17,986	\$ 2,124,642,906	\$,600,746,415

II. Objective

SPA members have set a goal of appraising their properties every five years, and they recently completed the first round of appraisals. Since then, SPA has added a new member, CRMA. They will be first up in the next rotation, and members have set a goal to complete this project no later than January 1, 2030, with the following rotation among the members: Butte, RESIG, North Bay, SIG, SIA, and CRMA.

SPA is soliciting proposals from the same qualified firms that received the Request For Proposals (RFP) for the first round to perform appraisal services for its members' insured property. SPA is requesting proposals focused on pricing and an update of any new services or capabilities since the last response. Please include a timeline as to when you could begin the appraisals and the projected timeline for completion.

The project objective is to obtain uniform, reliable replacement cost appraisals for all buildings, structures and contents. SPA seeks pricing and appraisal options for building values provided in the attached Schedule of Values (SOV) in the following ranges:

1. All buildings on the property schedules above \$5,000.
2. All buildings in excess of \$5,000,000.
3. All buildings in excess of \$1,000,000.

In addition to providing a proposed work plan and cost proposal for each option, the firm is asked to provide a firm fixed price to appraise any building that may be identified in the appraisal process that is not listed on the SOV.

III. Project Scope of Work

A. Goals

The work proposed should fulfill the following goals:

- Accurate insurable values for use in underwriting and proof of loss documentation.
- Confirm, correct, or complete all COPE data provided or requested in scope of appraisal.
- Contents valuation for each location based on proposer's recommended model(s) and/or walk-through of the facility.
- Test for reasonableness, and inclusion in final report, of any insurable site/land improvements/property in the open that may be listed in the SOV provided.
- **Proposal Option to collect secondary building characteristics on all buildings valued over \$10MM as described below.**

B. Basis of Valuation

The assets should be valued on the basis of Replacement Cost, defined as:

The amount required to reproduce property in like utility and function with current construction methods and modern material, in accordance with current market prices for materials, labor, equipment, contractor's overhead, profit and fees, but with no provisions for overtime or bonuses for labor and premiums for material or equipment, based upon replacing the entire property at one time. This methodology takes local wages and material costs into account, as well as specific structural attributes that will cause increase or decrease in base value such as sprinkler systems, elevators, exterior wall adjustments, actual building occupancy, and quality of construction as related to industry standards. In determining replacement cost, expense associated with demolition, debris removal, or partial loss of property are to not be considered.

In consideration of accuracy in replacement cost figures, due consideration is to be given for the value of any reasonably expected code upgrades that would be required to restore the same utility and function of any structure. Further, any building that in either the appraisers or owner's opinion, is of a significant or historical nature, shall have a valuation methodology that takes into consideration the uniqueness, significance, or historical nature of such a building.

C. Performance Standards

Inspections – the proposal should include a physical visit to each scheduled property over \$5,000,000. Buildings valued from \$1,000,000 to \$5,000,000 may be appraised through a

combination of physical inspections and other estimation methods. Select properties under \$1,000,000 may need to be inspected and SPA is interested in the proposer's options for estimating their values with or without inspection. Buildings under \$5,000 should not be appraised.

The following information should be identified during each on-site inspection and included in the report exhibit for each structure:

- Property name
- Property address
- Type of occupancy/Hazard grade (based on SPA's relative risk ratings for various structure types and uses)
- Class of construction
- Number of stories
- Sprinklers – Yes/No or N/A
- Sprinkler %
- Story height
- Square footage (determined through physical measurements, blueprints, or CADs)
- Roof material
- Exterior wall material
- Elevators
- Electrical
- Plumbing
- HVAC including heating and cooling type
- Fire protection
- Security alarm
- GPS Coordinates
- Flood zone certification by building (GPS coordinates and satellite overlays)
- **Option to include** separate line-item cost for specific Secondary Building Characteristics, on buildings valued at \$10MM or over, defined as follows:
 - a. Whether Base Isolation exists.
 - b. Construction Quality – 'Good', 'Average', or 'Poor'
 - c. Whether 'Soft Story' (e.g. parking garage on ground floor) exists
 - d. Sprinkler Leakage Susceptibility – 'Low', or 'High'
 - e. Sprinkler Type – 'Wet' or 'Dry'

Optional fire safety rating or appraisal – given member exposure to wildfires SPA is interested in appraisal offerings that would identify additional fire safety measures or recommendations.

The appraisal is to exclude land, licensed vehicles and fine arts (unless provided by the insured, in which case values are to be included in the final report and identified as such), and intangible assets.

D. Client Supplied Information

Fine Art: values, if any, will be provided by each Member to be included in deliverable reports.

Time Element exposures: business interruption and tax interruption values, if any, will be provided by each Member to be included in deliverable reports.

IV. Proposal Requirements

Proposers are to provide a response to this request that generally adheres to the following guidelines.

Section 1 - Executive Summary

Provide an Executive Summary, or Cover Letter, that expresses the firms' willingness to meet the needs of SPA in this RFP process and summarizes key features of the proposal.

Section 2 - Provide Company History/Description

Provide a brief company history and description that highlights the firms' experience with similar projects. Describe any unique facilities or abilities possessed by your firm that match well with the needs of government entity risk pooling groups.

Section 3 - Professional Qualifications

Identify the size of your firm's property appraisal staff and the specific individuals who will make up the project team. Identify a project manager. Include a resume for each individual and indicate how long they have been with your firm. These may be provided in the body of the response or as an Appendix item. Please indicate if any subcontractors would be utilized to staff the engagement, the extent of utilization, and your approach to managing such subcontractors.

Section 4 – References

Include a list of previous appraisal clients of a similar nature to SPA, specifying the scope and date of completion. Provide reference contact information, including names, telephone numbers and e-mail addresses. Strive to provide at least three references with a similar profile to SPA. Provide a representative sample of your work product (redacted if necessary).

Section 5 – Approach, Methodology and Work Plan for Project Scope

Identify your firm's appraisal approach and methodology for the appraisal of buildings and the modeling of contents. Also, please identify your data resources for estimating replacement costs. This may include the recognized subscription cost services such as *Marshall Valuation Service* or

R.S. Means Cost Data, and should also indicate the extent and sources of other "property-specific" cost databases consisting of actual recent construction costs and internally developed systems.

- Provide a work plan to assist SPA in implementing the requirements of the appraisal process with their membership. The “work plan” shall include at a minimum:
 - Confirmation of structural valuation threshold – Only buildings/structures valued on the schedule at the ranges agreed upon listed in Section II above are to be appraised. Buildings valued below this threshold that a member may wish appraised are to be appraised at the member’s cost.
 - Approach/Description of Project Management
 - Suggested appraisal schedule, based on criteria in Section C.
 - Identify proposer needs from SPA
 - Scheduling of appraisal site visits at the Member level
 - Project status reports and any other tools used to manage the process.
- Discuss appraisal process and valuation methodology including the following:
 - Buildings and structures
 - Contents based on modeling and non-modeling methods
 - Insurable site improvements
 - Discuss treatment of any “high risk” locations and make recommendations. Should they be appraised individually by process, or some other method?

Section 7 – Assumptions & Conditions

Provide any assumptions and conditions of the proposed project scope.

Section 8 – Value Proposition

In one or two pages (or less) explain why your firm should be selected to perform this project.

Section 9 – Project Fee Schedule

Provide project fee schedule based upon property SOV provided by SPA as a part of this request. Provide a fee schedule for additional properties that may be added during the course of the project. **Fees should include all professional fees and *all* related expenses including travel expenses.**

V. Project Deliverables

The successful bidding firm will provide an Appraisal Report, in compliance with the reporting requirements set forth by the Uniform Standards of Professional Appraisal Practice (USPAP). Reports are to be delivered in both a physical format (2 hard copies) and in **electronic format that is suitable for import into the *AlliantConnect* database.** A minimum of two color photographs must be

included for each appraised structure, as well as site plans where available, and other exhibits to be provided at the bidders' discretion.

Further, the proposer may supply any analytical reports as proposed, or defined by responder, but **at a minimum**, one report type must be structured as a "Variance Report" in which the rationale for significant deviation from originally reported values (defined as more than 100% of the originally listed value and is more than \$1,000,000), or other significant items are explained, on a building by building basis.

Data Files – Every report, containing data, needs to be provided in a standard Microsoft Excel format, and non-data reports, as an Adobe PDF, or Microsoft Word file.

VI. Proposal Timeline

The timeline for this RFP and the related appraisal project is as follows:

<u>Event</u>	<u>Completion Date</u>
Distribute RFP:	September, 2025
RFP Questions Due:	October, 2025
Written Proposals Due:	October 10, 2025
Oral Interviews (if necessary):	On or About October 20, 2025
Select Prospective Bidders:	On or About November 10, 2025
Enter Contract for Services:	On or About December 8, 2025
Completion of Work No Later Than:	January 1, 2030

Please comment in your response on the likelihood of full project completion by January 1, 2030. If these dates are not realistically achievable by your firm, please provide an alternative, more realistic project completion date. If your firm can achieve completion of the project sooner, particularly if that is more cost effective, please outline that in your proposal.

VII. Contract for Services

The contract for services will be negotiated by the parties based on the proposed and accepted project timeline. Please provide a sample agreement with your response

VIII. Selection Process

SPA reserves the right to reject any and all proposals, to waive technicalities, and to award a contract to the firm, which in the opinion of SPA is the most qualified to complete the project as outlined in the RFP. It should be noted that the contract will not necessarily be awarded to the firm with the lowest fees.

IX. Selection Criteria

Selection among the proposals received shall be based on the following criteria:

Perception and Responsiveness to the RFP	10%
Appraisal Approach and Completion	20%
Service Quality, Experience and Expertise	30%
References	15%
Fees and Cost Effectiveness	25%

SPA may ask selected firms for an oral presentation. This decision will be based on the number and quality of Proposals submitted. If Proposals are deemed of high enough quality, oral presentations may be waived, and a finalist selected based on the Proposals submitted.

In the event oral presentations are required, SPA will not be responsible for any expenses incurred by the potential Appraisal Firm for the costs of attending or making presentations. New evaluation criteria may also be established for the oral interviews.

X. Questions

Questions regarding this RFP can be submitted via e-mail only on or before the question due date to the contact emails below.

Any request for clarification must be submitted in writing. Any clarification given to a prospective bidder will be furnished in writing to all prospective bidders as an amendment, if such information modifies these specifications or is deemed necessary in responding to this RFP.

SPA reserves the right to reject any and all proposals, or any portion thereof, and to re-advertise this RFP if deemed necessary. Award will be made to the *Company* whose proposal conforms to the RFP and, in the sole judgment of SPA, will be most advantageous to SPA.

XI. Miscellaneous Proposal Requirements

1. Proposer shall bear all costs associated in the preparation of the proposal.
2. Proposal shall be submitted by email only.
3. All proposals submitted will become the property of SPA and will not be returned.
4. All proposals must be received no later than **October 10, 2025**, at the following address:

Marcus.Beverly@alliant.com

Michelle.Minnick@alliant.com

See Statement of Values as a Separate Attachment to this RFP

Item No: E.2.e.

GENERAL ADMINISTRATION**CONFLICT OF INTEREST CODE****ACTION ITEM**

ISSUE: The Board of Directors must review and revise or re-adopt SPA's Conflict of Interest Code every odd year. No changes are needed or recommended this year.

RECOMMENDATION: Approve the Conflict of Interest Code as presented, with no changes.

FISCAL IMPACT: None.

BACKGROUND: The Conflict of Interest Code was last amended in August 2024 to comply with the updated Fair Political Practices Commission (FPPC) filing requirements. Prior to 2012, Alliant Insurance Services, as the JPA administrator, kept the original Form 700s and filed copies with the FPPC. The FPPC has changed that requirement and now the original Form 700s are filed with the FPPC.

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

ATTACHMENT(S):

1. SPA Conflict of Interest Code
2. 2025 Multi County Biennial Notice

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the Schools Program Alliance (Authority).

Individuals holding designated positions shall file their statements of economic interests electronically with the Fair Political Practices Commission. All statements will be retained by the Fair Political Practices Commission.

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

Appendix A-Designated Positions

<u>Designated Position</u>	<u>Assigned Disclosure Category</u>
Members and Alternates of the Board of Directors	1, 2, 3
Program Administrator	1, 2, 3
Auditor	1, 2, 3
Board Counsel	1, 2, 3
Consultants/New Positions	*

Note: The positions of Program Administrator, Claims Administrator, Board Counsel, and Auditor are filled by outside consultants, but act in a staff capacity.

*Consultants/new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Chairperson/Secretary may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chairperson/Secretary's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008)

The following positions are not covered by the code because the positions manage public investments. Individuals holding such positions must file under Government Code Section 87200 and are listed for informational purposes only.

- Treasurer
- Consultants who manage public investments

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Section 87200.

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

Appendix B-Disclosure Categories

Designated positions must disclosure pursuant to the categories below.

1. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources of the type that contract with the Authority to supply goods, services, materials, or supplies.
2. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that are engaged in the performance of work or services of the type utilized by the Authority, including insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers, and actuaries.
3. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that have filed a claim or have a claim pending that are reviewed and administered by the Authority.

This is the last page of the conflict of interest code for the **Schools Program Alliance**.



CERTIFICATION OF FPPC APPROVAL

Pursuant to Government Code Section 87303, the conflict of interest code for the **Schools Program Alliance** was approved on 9/15/ 2021. This code will become effective on 10/15/ 2021.



John M. Peser, Jr.

Senior Commission Counsel

Fair Political Practices Commission

Item No: F.1.

STRATEGIC PLANNING SESSION**REVIEW OF FY 24/25 STRATEGIC PLANNING ACTION ITEMS****INFORMATION ITEM**

ISSUE: The Action Plan developed at SPA's last Strategic Planning Meeting is attached for review and update as a result of the present Board agenda.

A total of eight goals were identified, ranging from identifying and sharing resources to evaluating coverage for school sponsored housing. Most of these have been completed, with the cost allocation method remaining on the list.

The property claims item is being completed with the attendance of Engle Martin at the meeting, as well as finalizing the claims service instructions. The transition to an Entity JPA will be completed once all members have returned their approved governing documents.

RECOMMENDATION: None.

FISCAL IMPACT: None expected from this item. Several of the goals have potential fiscal impacts that will be evaluated when addressed with the members.

BACKGROUND: SPA held its fourth long range planning meeting on August 19-20, 2024, and developed the attached Plan as a result. Key discussion points centered on the nature and extent of risk sharing among the members, growth of membership and coverage options, and identifying resources for sharing or group purchase.

ATTACHMENTS: FY 24/25 SPA Long Range Action Plan as of 8.11.25

FY 2024/25 SPA STRATEGIC PLANNING OBJECTIVES as of 8/11/2025							
GOAL	ACTION / TASK			STAFF	Assigned	DEADLINE	STATUS
LRP-1	Establish a Liability Claims Committee – this committee will be subject to the Brown Act *NOTE: later ammended to a Task Group						
	a.	Staff to draft formation resolution for Board consideration & adoption	PA	MB	Oct	Done	
	b.	Liability Claims Committee to begin meetings and report out to Board	PA	JW	Mar	TBD	
	c.	Staff to work with Counsel to include establishment of Liability Claims Committee in Entity JPA Documents	PA	DH	Dec	Completed	
LRP-2	Address counsel recommendations in JPA governing documents review						
	a.	Amend Resolution 21-012 to incorporate terms and conditions of the Agreement by reference	PA	MB	Oct	Done	
	b.	Add to Annual Service Calendar the nomination and Board designation of the Managing Member for the upcoming fiscal year	PA	MM	Oct	Done	
	c.	Amend Property Program Memorandum of Coverage to define Coverage Provider	PA	DM	June	TBD - based on choice of market	
	d.	Establish basic contracting standards for SPA	MM	PB	TBD		
	e.	Define "high risk" and "vacant" locations and sublimit for the Property Program MOC for Board adoption	PA	DM	June	Completed	
	f.	Establish core communications and distribution protocol for relevant documentation such as audits and policies & procedures, etc.	BOD	MB	Mar	Send to BOD	
LRP-3	Consider transition to an Entity JPA - Have Counsel and Administrator develop entity joint powers documents for future consideration						
	a.	Counsel and Program Administrator prepare draft entity joint powers agreement, bylaws, program participation agreements and	PA, GC	DH/MB	Dec	Drafts On 12.9.24 Board Agenda	
	b.	Initial review and comments from SPA Board	BOD	DH/MB	Dec	Choose Counsel	
	c.	Revised draft entity JPA governing documents prepared by Counsel and Program Administrator for SPA Board review	PA, GC	DH/MB	Jan	Under Review/On Jan Agenda	
	d.	SPA Board takes action to move forward or shelve establishment of entity JPA - appointed ad hoc committee to review	BOD		Feb	Counsel Drafts Presented on	
	e.	SPA Members take action to approve participation in SPA as entity JPA going forward	BOD		Mar-Apr	Final approval completed - waiting for returned JPA docs	
LRP-4	Property Loss Control – develop and execute a plan addressing the locations listed on the high risk/remote endorsement						
	a.	Have Core Logic present on how their wildfire model works and whether SPA can impact that modeling via some risk control	PA	DM	Oct	Done	
	b.	Inventory previous loss control work at these locations to determine out what has been done and outstanding recommendations	PA	MB	Oct	Pending	
	c.	Property Program Loss Control Committee to recommend a loss control services plan for the scheduled locations			Mar	Pending	
	d.	Execute plan as approved by SPA Board	PA	MB	Start Dec		
LRP-5	Property Claims Handling and Client Service Instructions						
	a.	Develop resolution for October SPA meeting appointing SIA as SPA property claim adjuster	PA/MM	MB	Oct	Done	
	b.	Gather member comments on draft CSI’s for SPA adjuster and finalize in October	PA/MM	MB	Oct	Done	
	c.	Meeting for SPA with Chris Stafford and McLarens about services	AIS	MB	Oct	Done	
	d.	Introduce other independent adjuster alternative firms - chose Engle Martin	PA	DH	Sept-Feb	At Aug BOD	

FY 2024/25 SPA STRATEGIC PLANNING OBJECTIVES as of 8/11/2025						
GOAL	ACTION / TASK		STAFF	Assigned	DEADLINE	STATUS
LRP-6	Property Program Cost Allocation Task Force – (Kelli Hanson as chair, Phil Brown, Christi Patterson and ?)					
	a.	Program Administrator to lead review of Property Program rating and cost allocation current status and options	PA	DM	Sept-Dec	Done
	b.	Task Force to review and recommend Property Program Rating and Allocation Plan for FY 2025/26 and beyond	PA		Mar	On 3.10.25 and 3.31.25 BOD
	c.	SPA Board takes action to establish Property Program Rating and Allocation Plan for FY 2025/26	PA	BOD	Mar	In progress - keeping current allocation for FY 25-26
	d.	Program Administrator communicates Plan to SPA Member Boards	PA		Revise	Pending
	e.	Plan changes effective at July 1, 2025 if approved	PA	DM	Revise	Pending
LRP-7	Identify potential SPA Coverage Counsel firms for Property and Liability					
	a.	Gather names of potential coverage counsel, verify if property or liability focused, confirm whether conflicts with current members and	PA	MB/DH	Sep-Dec	Done
	b.	Review candidates with SPA Board or designees	PA	MB/DH	Dec	On 12.9.24 Board Agenda
	c.	Conduct interviews as needed	PA	BOD	Jan-Feb	Completed - Deb Stermer
	d.	Confirm appointment(s) by SPA Board action	PA	BOD	Mar	Byrne Conely for JPA Counsel
LRP-8	Task force for marketing information, videos etc. SIA, North Bay and RESIG					
	a.	This item needs further development by SPA Board	BOD	BOD	Dec	Completed
LRP-9	Developing Program Specific Underwriting Policy & Procedures for Liability & Property					
	a.	Establish separate working groups for Liability and Property Programs and inventory existing P&P	PA	NF/AIS	Dec	Post New JPA Docs
	b.	Working groups to prepare separate drafts for each program	PA	NF/AIS	Dec	Pending
	c.	Review of proposed separate Underwriting P&P and adoption by SPA Board	PA	BOD	Jan	Pending
LRP-10	New Programs & Services					
	a.	Look into MR OCIP partnership with PRISM	PA	AIS/KB	Dec	On Jan 13 agenda
	b.	Student Accident Program exploration	PA	AIS/PD	Feb	On March and June BOD Agendas
	c.	Pollution program evaluation	PA	AIS/DM	Mar	Pending Apps if interested
	d.	Look into a cyber program that is loss prevention and security based with option for cyber insurance paired	PA	MM/AIS/TJ	Mar	Pending
	e.	Solution for adds and deletes and pending transactions in property program	PA	MM	Mar	Pending
	f.	Long, Long range – how could a SPA sponsored captive benefit the members – possible multi state diversification	PA	MM/DH		
BOD: SPA Board of Directors			AIS: Alliant Ins. Svcs.(Property Program)			
PA: SPA Program Administrator			NF: Newfront Insurance (Liability Program)			
MM: Managing Member			GC: SPA General Counsel			
CFO: SPA Accounting and Finance			PCA: SPA Property Claims Administrator at SIA			

Item No: F.2.

STRATEGIC PLANNING SESSION**DISCUSSION OF POLICIES AND PROCEDURES, ROLES AND
RESPONSIBILITIES AND STANDING COMMITTEES/TASK GROUPS****ACTION ITEM**

- a) Liability Claims Task Force**
- b) Property Program Loss Control - Ad Hoc Committee**
- c) Property Claims Committee**
- d) Property Appraisal Task Force**
- e) Program Staffing**

ISSUE: What additional needs does SPA have for policies, procedures, administration, or direction regarding key operational or strategic issues?

RECOMMENDATION: Review the work of the task groups and determine if there are changes needed going forward.

FISCAL IMPACT: Unknown

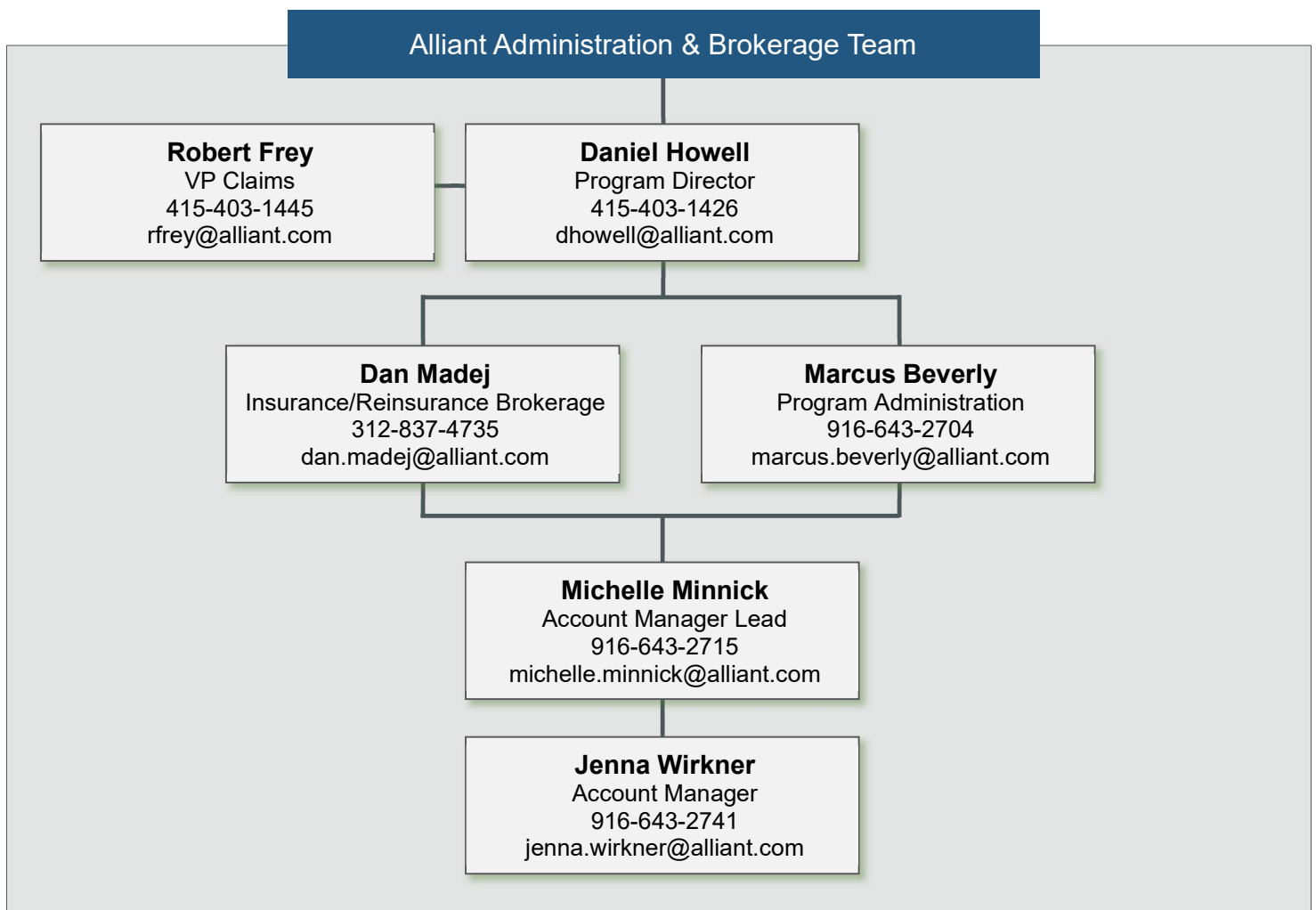
BACKGROUND: Last year the committee discussed the need for task groups and created the Loss Control Task Group, Liability Aggregate Task Group, and the Claims Task Force.

ATTACHMENTS: None.

Item No: F.3.e.

SPA COMMITTEE AND STAFFING**SPA PROGRAM STAFF****INFORMATION ITEM**

ISSUE: SPA members are provided the organization chart below and a listing of the key contacts for assistance in specific areas for information and future reference.

**SPA Key Contacts:**

- Program Administration – Agendas, compliance, documents: Marcus Beverly, Michelle Minnick, Dan Howell
- Insurance/Reinsurance – Rating allocations, technical Coverage discussions: Dan Madej, Dan Howell



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

2180 Harvard Street, Suite 380, Sacramento, CA 95815

Board of Directors Meeting

August 19-20, 2025

- Certificates, Invoices, Coverage Documents – Michelle Minnick, Jenna Wirkner
- Claims – Discussion after following reporting process: Bob Frey, Dan Howell

SIA Administration Team

Amy Russell

Finance Manager
arussell@sia-jpa.org

Phil Brown

Chief Financial Officer
PBrown@sia-jpa.org

Item No: F.4.a.1.

GENERAL ADMINISTRATION**CLAIMS SERVICE INSTRUCTIONS****ACTION ITEM**

ISSUE: With the change in claims handling and program reinsurers, it is appropriate to adopt new claims service instructions (CSI's) for Program Year 25/26. The Managing Member and Program Administrator have drafted the attached CSI's for consideration and adoption by the Board.

RECOMMENDATION: The Program Administrator recommends that the Board review and discuss the proposed SPA Property Program Claims Service Instructions and take action to adopt the CSI's at today's meeting.

FISCAL IMPACT: No additional fiscal impact is expected from action at today's meeting. The roles and cost of the CSI participants have been included in the Property Program cost allocations.

BACKGROUND: The proposed CSI's have been drafted to allocate the roles and responsibilities of the SPA Member JPA's for initial intake and adjustment of primary losses with additional reporting to the SPA Claims Coordinator (Josh Arnold at SIA). SIA will engage with Alliant's claims adjusting team on excess claims and reporting of excess claims to Engle Martin who has been designated APIP Lead Adjuster. Engle Martin will perform all the field adjusting for APIP and work with APIP's reinsurer's and their adjuster, McLarens to move claims towards adjustment, proof of loss issuance payment and closure. Alliant will continue in its advocacy role on behalf of SPA and its members.

PUBLICATION: Upon adoption the SPA Property Program CSI's will be transmitted to all SPA Property Program Members.

ATTACHMENTS: SPA Property Program CSI's PY 25/26 DRAFT

PURPOSE: These Claims Service Instructions (CSI's) provide direction and performance standards for property claims that are reported to the Schools Program Alliance (SPA).

BACKGROUND: The Schools Program Alliance Property Program is a partnership of California Joint Powers Authorities (JPA's) that joined together to provide property coverage and group services to the Member JPA's. SPA's general administration and property brokerage services are performed by Alliant Insurance Services (Alliant) with SPA's Managing Member (MM), the Schools Insurance Authority (SIA), providing Property Claims Coordinator Services and related accounting services.

Coverage is placed in the Alliant Property Insurance Program (APIP) on a shared and layered basis with domestic and international reinsurers (London and Bermuda markets). The lead reinsurer is Berkshire Hathaway.

SPA has arranged for APIP to engage Engle Martin to serve as the APIP Lead Adjuster for reinsurers and to report to the reinsurer's designated representative, McLarens. Engle Martin and McLarens are collectively referred to as "Excess Adjusting Firm(s)." 

SPA has engaged SIA to provide Claims Coordinator Services per the scope of services in Attachment D. As the SPA Property Program Claims Coordinator, SIA serves as the lead contact for adjusting claims retained by SPA and also working with the Excess Adjusting Firm(s) to provide timely services. SIA's designated Property Claims Coordinator will engage with the Member to move the claim forward towards resolution and set reserves for the SPA retained layer.

Each SPA Member pool retains \$250,000 deductible for losses. SPA then retains up to \$4 million per claim and in the annual aggregate for claims exceeding \$250,000. Wildfire claims are subject to various deductibles and wildfire losses do not apply to the aggregate retention. Please refer to Attachment E for a summary of the structure and line up of reinsurers.

SPA Members perform initial intake and adjusting of claims, with some performing this in house and others with a TPA. Claims expected to exceed the Member's deductible are reported to the SPA Claims Coordinator. The SPA Claims Coordinator is responsible for reporting to the Excess Adjusting Firm(s) for SPA's reinsurers.

Key Contacts: See Attachment A for a list of key contacts for the SPA Property Program. Within these CSI's the term "Member" means the SPA Member JPA signatory to the SPA Agreement. The term "Covered Member" means the school district covered via the Member.

SCOPE: These SPA Property Program Client Service Instructions (CSI's) are applicable to all Property Program claims reported to SPA that are payable within the SPA retained layer and/or by SPA's reinsurers.

First Report	SPA Members are responsible for reporting claims to the SPA Claims Coordinator. The Claims Coordinator will engage the APIP Lead Adjuster, Engle Martin, per the terms of the applicable Memorandum of Coverage (MOC). Any claim that may exceed the Member's deductible, including those reserved at more than 50% of the deductible, must be reported to the SPA Claims Coordinator. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the SPA Member that a loss has occurred. See Attachment B - Loss Notification Requirements & Reporting Forms. If multiple losses will be combined as a single claim, and that claim exceeds more than 50% of the deductible, those losses must be reported by the Member to the SPA Claims Coordinator.
Response	The SPA Claims Coordinator shall acknowledge receipt of the claim and report it to the APIP Excess Adjusting Firm(s), with copy to Alliant. The APIP Lead Adjuster, Engle Martin, shall assign an adjuster within 24 hours. The adjuster is to contact the SPA Claims Coordinator and Member within an additional 24 hours and coordinate with the SPA Member's claims administrator to perform an initial evaluation of the cause and scope of the claim and applicability of coverage within the SPA MOC. Information gathered by Engle Martin shall be shared with the SPA Member, SPA Claim Coordinator, and Alliant.
Reporting	In coordination with the SPA Member, the SPA Claims Coordinator shall establish an appropriate reserve of the SPA retained amount and the APIP Excess Adjusting Firm(s) shall establish an appropriate reserve of the total loss. The APIP Lead Adjuster, Engle Martin, shall provide a first report within 30 days of receipt of the initial report, outlining the applicability of coverage, the cause and extent of the damage and associated claims, and a plan for resolution, with target dates for completion and next diary/report. Any known or anticipated coverage issues shall be identified, and a reservation of rights issued on behalf of SPA and APIP by the appropriate APIP Adjusting Firm as needed. Since the reinsurers must agree on covered claims in the SPA Retained Layer that erode the annual aggregate, the SPA Claims Coordinator shall report all claims that may exceed the SPA Member deductible to the SPA reinsurers as soon as practicable but in no event more than 30 days of receipt of the claim notice. A closing report shall be provided by the APIP Lead Adjuster to the SPA Member, SPA Claims Coordinator and Alliant for every claim, to include the final proof of loss, claimed and paid amounts, and the outcome of any recovery or subrogation attempts. The APIP Lead Adjuster shall prepare a monthly loss report that shall be sent to the SPA Claims Coordinator and Alliant.
Management	The SPA Claims Coordinator shall manage the claim on behalf of SPA and coordinate work with the APIP Lead Adjuster, Engle Martin. Progress reports are to be provided by the APIP Lead Adjuster, Engle Martin, to SPA Claims Coordinator, the SPA Member, and

Alliant every thirty (30) days. When it appears the SPA reinsurers may adopt an adverse position to a SPA Member claimant, Alliant shall be engaged to advocate coverage outcomes preferred by the SPA Member.

- Reconciliation The SPA Claims Coordinator shall prepare a claim funds reconciliation for each claim at the time of presenting any partial proof of loss and final proof of loss. Also, the SPA TPA shall prepare a claim fund reconciliation for all open claims within 30 days following the end of the SPA fiscal year (June 30) and upon closing a claim file.
- Proof of Loss The SPA Claims Coordinator shall verify amounts payable under the MOC and arrange for the APIP Excess Adjusting Firm(s) to prepare a proof of loss acceptable to reinsurers (via McLarens) to be signed by the SPA Member and SPA's Managing Member. Partial proofs of loss shall be provided for any advance payments. If coverage issues are preventing final resolution of a claim, they shall be identified with a plan of action to resolve coverage.
- Payments All payments from SPA reinsurers shall be made payable to SPA, for distribution to the SPA Member or Covered Member as directed by the SPA Member. See Attachment C for SPA's payment instructions.
- Claim
Contacts: All correspondence from the APIP Excess Adjusting Firm(s) or reinsurers shall be directed to the SPA Member contact with a copy to the SPA Claims Coordinator and Alliant. Statements of coverage position, causation, included or excluded loss costs, valuation and other consultants' reports shall be reported to the SPA Claims Coordinator and SPA Member for review prior to communicating with the Covered Member.

ATTACHMENT A

KEY CONTACTS FOR SPA PROPERTY PROGRAM CLAIMS

SPA Claims Coordinator: Josh Arnold, SIA
Email: spaproperty@sia-jpa.org

Alliant Claim Contacts:

Robert A. Frey, RPA	Diana L. Walizada, AIC, CPIW, RPA, AINS
Sr. Vice President/Director, Nat'l Claims Specialty	Vice President, Claims Unit Manager
Voice: (415) 403-1445 Cell: (415) 518-2417	Voice: (415) 403-1453
Email: rfrey@alliant.com	Email: dwalizada@alliant.com

Alliant SPA Program Managers

Marcus Beverly - marcus.beverly@alliant.com
Michelle Minnick - michelle.minnick@alliant.com
Dan Madej - dan.madej@alliant.com
Dan Howell - dhowell@alliant.com

Engle Martin Contacts

Managing Lead Adjuster	Russell Clark, Senior EGA	Assisting Adjuster - Al Ramirez, EGA
E-mail Address:	rclark@englemartin.com	Al.ramirez@englemartin.com
Direct Office Number:	303-736-5112	415-494-8296
Mobile Number:	303-520-0062	909-754-3362

ATTACHMENT B

LOSS NOTIFICATION REQUIREMENTS AND REPORTING FORMS

DRAFT

**LOSS NOTIFICATION REQUIREMENT
PROPERTY AND EQUIPMENT BREAKDOWN ONLY
SCHOOLS PROGRAM ALLIANCE (SPA)**

Claim notifications need to be sent to Robert Frey and Diana Walizada

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

Robert A. Frey, RPA

Diana L. Walizada, AIC, CPIW, RPA, AINS

Sr. Vice President/Director, Nat'l Claims Specialty

Vice President, Claims Unit Manager

Voice: (415) 403-1445 Cell: (415) 518-2417

Voice: (415) 403-1453

Email: rfrey@alliant.com

Email: dwalizada@alliant.com

Address:

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

- II. **Please be sure to include SPA's Claims Administrator, Engle Martin, and Claims Coordinator, Josh Arnold, on all first reports:**

SchoolsProgramAllianceNewLoss@englemartin.com

and

spaproperty@sia-jpa.org

Engle Martin Contacts

Managing Lead Adjuster

Russell Clark, Senior EGA

Assisting Adjuster - Al Ramirez, EGA

E-mail Address:

rclark@englemartin.com

Al.ramirez@englemartin.com

Direct Office Number:

303-736-5112

415-494-8296

Mobile Number:

303-520-0062

909-754-3362

Please complete and return the Property Loss Notice and include the Insured /JPA name along with the following information as available when reporting claims:

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

IN THE EVENT OF A **PROPERTY LOSS:**

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

877-725-7695

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

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

- 4) Report the incident to Engle Martin AND your Alliant representative*

PROPERTY (AND EQUIPMENT BREAKDOWN) FIRST NOTICE OF LOSS FORM

SEND TO: Alliant Insurance Services, Inc.

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

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

Carbon Copy SPA Claims Administrator: SchoolsProgramAllianceNewLoss@englemartin.com AND

SPA Property Claims: spaproperty@sia-jpa.org, and your

Alliant representatives: michelle.minnick@alliant.com and marcus.beverly@alliant.com

Today's Date: _____

Type of Claim: (check all that apply)

- | | |
|--|-----------------------------------|
| ☐ Real Property | ☐ Vehicles |
| ☐ Personal Property | ☐ Other |

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____ Email Address: _____

Broker/Agent's Name & Contact Information:

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

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

Phone #: 1-877-725-7695

Policy Period: _____

Loss Information:

Date of Incident/Claim: _____ Location: _____

Description of Loss:

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

Name of Person Completing This Form: _____

Signature: _____

ATTACHMENT C

SPA PAYMENT INSTRUCTIONS

DRAFT

Policy & Procedure No. P&P 1-Property**ADOPTED:** November 7, 2022**AMMENDED:** February 13, 2023**EFFECTIVE:** November 7, 2022**SUBJECT:** Claim payments within the SPA Retained Layer

Should there be any discrepancy between this document and the JOINT POWERS AGREEMENT or the Property Program Memorandum of Coverage, the JOINT POWERS AGREEMENT and Property Program Memorandum of Coverage will govern.

PURPOSE:

The Schools Program Alliance (SPA) has developed a **Property Program** for its **Members**. Within the Property Program structure is a **Retained Layer** for which **SPA Members** participate in a shared retention. SPA annually establishes an allocation process for each **SPA Member's** liability share of the **Retained Layer**, as well as funding of that liability, per **SPA Member**. This Policy and Procedure describes the payment policy allowed by the **Managing Member** intended to release claim payment for losses impacting the **Retained Layer** and loss layers above the **Retained Layer**.

POLICY:

It is the policy of the SPA **Board** that the **Property Program Retained Layer** shall have a payment procedure allowing for appropriate and timely release of claim payments, by the **Managing Member**, for losses impacting the **Retained Layer** and loss layers above the **Retained Layer**. The **Managing Member** will release funds upon consultation with the Property Claims Representative ~~designated Loss Adjustment Service Firm~~, or upon approval of the SPA Chairperson and another **Board Member**, in terms of timing and amount of claim payment to be released.

To ensure accountability of all funds, it is the policy of the **Board** that all claim advances and payments from excess or reinsurance carriers for amounts in excess of the **Retained Layer** shall be deposited into the SPA account for accounting and subsequent disbursement to **Member(s)** according to this policy.

Reporting of losses remain the responsibility of the **SPA Member** sustaining the loss and should follow the requirements established in the **Memorandum of Coverage** for such.

It is also understood that the SPA **Managing Member** is not handling or adjudicating any claims in the **Retained Layer**. Instead, the SPA **Managing Member** is releasing funds from the

Retained Layer and advancing excess/reinsurance carrier funds to the effected **SPA Member**, for losses within or above the **Retained Layer**, based upon consultation from the **Loss Adjustment Service Firm**.

PROCEDURE:

The following procedures are followed in the payment of losses impacting the **Retained Layer**.

1. Retained Layer payment procedure

For advances and partial claim payments impacting the **Retained Layer**, the SPA **Managing Member** will:

- Consult with the **Property Claims Representative** regarding:
 - Determining validity of a claim, based on Member reporting of claim and their receipt of the appropriate proof of loss, or other factors
 - The amount to be paid from the **Retained Layer**
 - The timing for which the amount can be release
 - Any adjustments to the previously paid amounts until closure of the claim
- Collect and deposit all carrier advances and payments into the SPA bank account.
- Perform a due diligence review before issuing payment, including verifying the claim, reserve amount, approved expenses, any recoveries and prior payments issued.
- Upon payment request, the Managing Member will release payment to the requesting Member, from the SPA account, upon review and approval of supporting payment request (email request, invoice for reimbursement, sworn proof of loss, etc...).

For final/closing claim payment(s), the SPA **Managing Member** will:

- Consult with the **Property Claims Representative** to confirm final claim details prior to issuing payment.
- Perform a due diligence review before issuing payment, including verifying the claim, reserve amount, total approved expenses, any recoveries, adjustments to previously paid amounts, prior payments issued, and any other relevant factors.
- Reconcile funds due/received from all involved excess/re-reinsurance carriers above the retained layer.
- Confirm coordination with Loss Adjustment Service Firm in the determining the final claim amount
- Release final payment after receipt of “final” sworn proof of loss.

Provide an accounting for ratification to the **Board** of all claim payments made, which shall be reported to the Board at the next regularly scheduled meeting following payment.

The SPA **Managing Member**, in releasing the claims payment for losses impacting the **Retained Layer**, shall use the **Retained Layer** funded amounts provided by the **SPA Members**. If those funded amounts are insufficient, the **Managing Member** will notify

the **SPA Members** of additional amounts owed based upon their allocation of the **Retained Layer** liability for the year in question, if applicable.

2. Reinsurer payments or advances

For any amounts paid or advanced by a reinsurer to SPA in relation to a SPA Member's claim, the Managing Member shall release those funds to the SPA Member promptly but not exceeding 10 business days.

3. Post-payment reductions

Regarding Sections 1 and 2, should any future determination be made which reduces the amounts owed to the SPA Member (ex. adverse coverage determination, additional recoveries, etc.), the SPA Member shall return any overage amounts from the original payments. "Overage" is calculated as original payment less post-original payment reduction.

4. Periodic review

This Policy and Procedure shall be reviewed by the **Board** and amended as needed.

DEFINITIONS:

"Board" means the Board of Directors of the SPA Joint Powers Authority.

"Loss Adjustment Service Firm" refers to the designated firm listed in the Memorandum of Coverage

"Managing Member" means the duly authorized representative of the SPA Members and point of contact for all vendors.

"Memorandum of Coverage" refers to the document which establishes and outlines the coverage offer by SPA to the SPA Members.

"Property Claims Representative" means the duly authorized representative of the **SPA Member** authorized to perform claims coordination services (communication, reporting, servicing, advocacy, proof of loss, etc...) with the excess carriers and their representatives.

"Property Program" means the program established by the Board to provide a combination of self-insured, insured and reinsured coverages and services designated by the Board as elements of the SPA Joint Powers Authority property program offering.

"Retained Layer" refers to any shared retention layer within the Property Program structure.

"SPA Member"/"Member" means the signatories to the SPA Joint Powers Authority.

ATTACHMENT D
CLAIMS COORDINATION SERVICES

Services Provided by Schools Insurance Authority Claims Coordinator are generally summarized as follows:

1. Perform Claims Coordination Services to support the SPA Member Pools in their communication, claims reporting, administration, and information reporting in the relationship with the claims adjusting firm(s) (Excess Adjusting Firm(s)) hired by the excess insurance carrier panel.
2. Facilitate communication between the SPA Member Pools, the Excess Adjusting Firm(s), and Aliant.
3. Collection of Member claims information and maintenance of claims records/system for claims within the SPA retained layer.
4. Reporting of Member Pool Claims to the Excess Adjusting Firm(s) according to established reporting criteria.
5. Coordination of Proof of Loss and/or other evidence of losses and requests for claims reimbursements and advances with SPA Member Pools and with the Excess Adjusting Firms.
6. Other related assistance as reasonably related and necessary to effectively assist in the coordination of SPA Member Pool claims.
7. Claims Service Instructions to be developed/approved by the SPA Board of Directors are also incorporated by this reference.

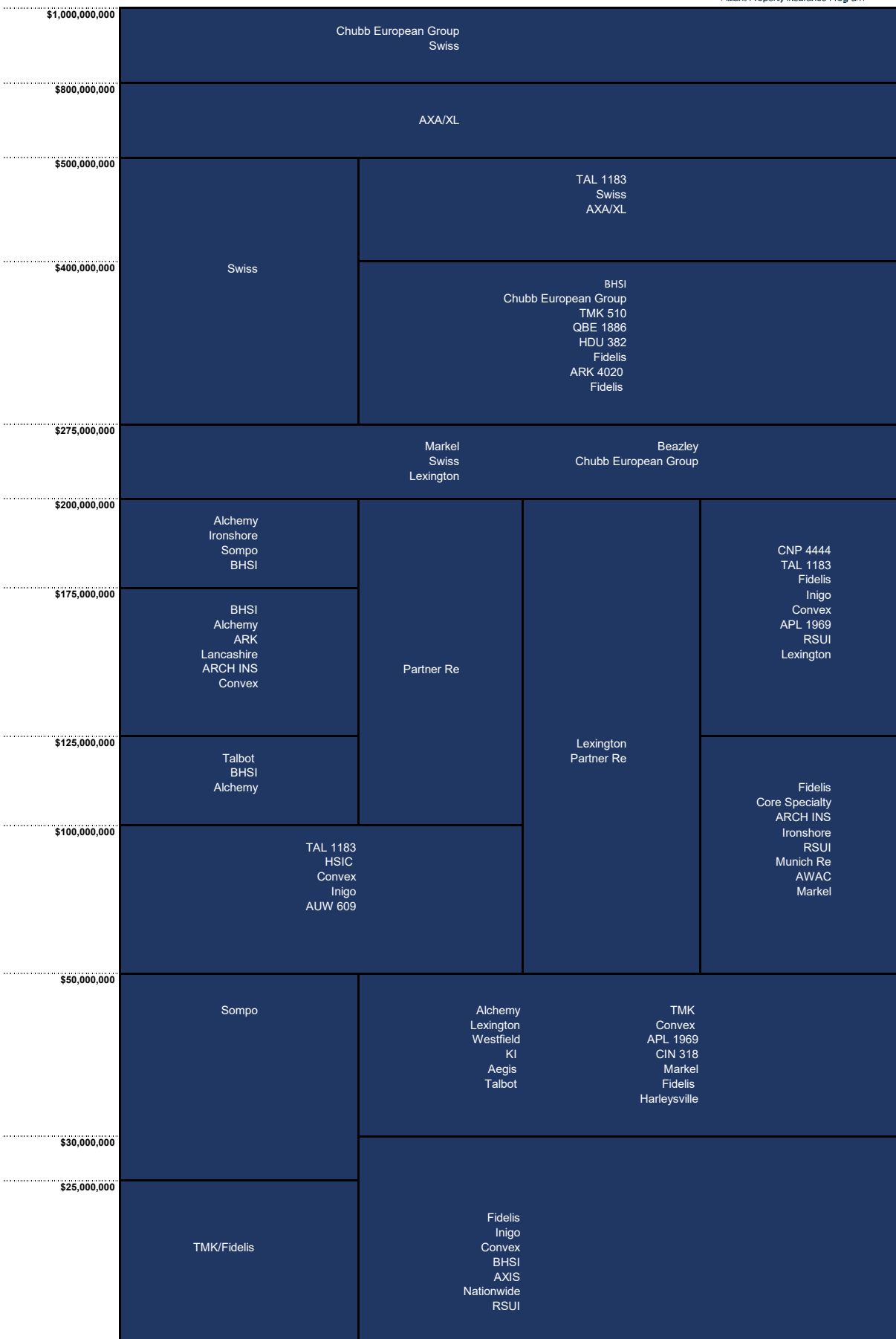
ATTACHMENT E

**COVERAGE SUMMARY
AND REINSURANCE**

**Summary To Be added
With Approval of MOC**

DRAFT

APIP 2024-2025 STRUCTURE CHART



Item No: F.4.a.2.

COVERAGE PROGRAM REVIEWS, DEVELOPMENT AND MARKETING – PROPERTY PROGRAM

COST ALLOCATION – REVISITING WITH ACTUARY AND AD HOC COMMITTEE

ACTION ITEM

ISSUE: Discuss re-engaging our actuary for completion of the revamped cost allocation model/approach.

RECOMMENDATION: It is recommended that the working group stay in place (add to, as needed) and a continuation of the revamp project proceeds.

FISCAL IMPACT: There will be cost associated with the actuary's involvement. Estimated "not to exceed" \$5,000, given previous work accomplished in 2024.

BACKGROUND: SPA utilized a Cost Allocation exhibit based on experience, exposure and judgement factors since its launch in 2020. This allocation exhibit would be used to allocate the 3 categories of cost for SPA (1) Administration (including Appraisal/Loss Control), (2) Retained Layer and (3) Reinsurance. Judgement became a meaningful part of the allocation, given renewal topics that arose at launch and thereafter.

At the 2022 Long Term Planning session, the topic was raised to periodically revisit the allocation exhibit in order to determine if changes or modifications would be needed. This was outlined, also, in the November 2022 Board Meeting agenda. At the 2024 Long Term Planning session, the topic was revisited, and a working group was put into place. Between that time and Spring 2025, the working group reviewed, discussed and recommended parts of the allocation exhibit/methodology to revisit. For the most part, the allocation exhibit was to remain "as is". The working group, then, engaged an actuary to opine on our allocation exhibit and our identified areas of possible improvement. The actuary felt the general structure of the allocation was sound. However, he recommended some formulaic/automation of certain parts (ground up losses) and a couple corrections on formulas (collars). As the 2025 renewal approached, it was decided by the working group to postpone the work until after the July 1st renewal, and to use the relative 2024 approach for 2025. This was because any modified allocation exhibit would need time for testing and running scenarios prior to recommending a final version to the Board.

ATTACHMENTS: None

Item No: F.4.b.

COVERAGE PROGRAM REVIEWS, DEVELOPMENT AND MARKETING

LIABILITY PROGRAM

ACTION ITEM

SPA Strategic Planning Meeting 8/20/2024 – 8/21/2024

Excess Liability Program

Discussion Agenda

- 1. Review of 7/1/2024 Renewal**
 - What went right?
 - What went wrong?
 - Other K-12 Renewal Outcomes/Status
- 2. 7/1/2025 Renewal Planning**
 - Suggestions for 2025 Submission Content
 - Timing of 2025 Submission
 - Timing of Underlying Programs
 - Carrier Communication
 - Conference Attendance and Meeting Assignments
 - Travel Plans and Objectives
 - Creation of SPA Education/Communication Piece
- 3. Update on Alternative Financing Options**
 - Lessons Learned
 - Realistic Expectations
 - Layer(s) Impacted
- 4. Review of Aggregate Erosion Policy**
- 5. Growth of Excess Liability Program**
 - Aggregate Limit impact on growth of SPA
 - Aggregate Limit impact on growth of individual SPA members
- 6. SPA Loss Review**
 - Submission Loss History
 - What do underwriters see?
 - Loss Trending Review and Discussion

Item No: G.1.c.

NEW PROGRAMS AND/OR SERVICES**DISCUSSION ON EMERGING RISKS AND IDEAS FOR CREATION OR
MODIFICATION OF SPA PROGRAM AND/OR SERVICES****TELEMATICS FOR TRANSPORTATION EXPOSURES****ACTION ITEM**

ISSUE: It has been demonstrated that telematics in bus operations reduces the likelihood of loss.

RECOMMENDATION: Discuss the degree to which telematics are utilized in SPA member bus operations, and whether the increased sophistication of telematic tools could provide additional benefit to SPA and its members.

FISCAL IMPACT: None at this time.

BACKGROUND: A recent meeting between Alliant and NBSIA led to a discussion of safety and loss control issues in bus operations. It is unclear to Alliant the degree to which the members of SPA have engaged with telematics technology, and this therefore appears to Alliant to be a worthy avenue of discussion, especially given increases resources Alliant has recently gained in this arena.

Telematics technology enhances school bus safety by enabling real-time monitoring of driver behavior and vehicle performance. Systems can track factors such as speed, harsh braking, rapid acceleration, and adherence to designated routes. By identifying unsafe driving patterns, school districts can provide targeted training to drivers, reinforcing safe driving habits and reducing the likelihood of accidents. This proactive approach helps ensure that buses operate within safe parameters, protecting both student passengers and other road users.

Another key safety benefit of telematics is its ability to deliver timely alerts and location tracking. GPS-enabled telematics allows transportation managers to know the exact location of each bus at any given time. In the event of an emergency—such as a breakdown, medical issue, or severe weather—dispatchers can quickly send assistance to the correct location. Additionally, parents and school administrators can receive notifications about delays or route changes, improving communication and reducing risks associated with confusion or missed stops.

Telematics also supports preventive maintenance, which is essential for safe school bus operations. By collecting data on engine performance, tire pressure, battery health, and other mechanical indicators, the system can alert maintenance teams to address potential issues before they become hazards. Well-maintained buses are less likely to experience breakdowns or mechanical failures

that could jeopardize student safety. Over time, this data-driven maintenance approach reduces downtime, lowers repair costs, and ensures that the fleet remains safe and reliable.

ATTACHMENTS: 1.How Telematics Increases School Bus Safety and Efficiency – IPC Journal



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[Solutions](#)

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IPC Tech Blog

How Telematics Enhances School Bus Safety and Efficiency



School bus tracking is among the leading growth drivers for mobile telematics solutions in commercial vehicles, according to a recent study from Research and Markets. In fact, the commercial vehicle telematics market is expected to more than double from \$7.3 billion today to \$18.4 billion by 2022. Some experts believe telematics is quickly becoming an integral if not essential component of today's vehicles.

Telematics uses communications and information technology devices to send, receive and store data about remote assets, such as vehicles, over a network. According to Gartner, "telematics refers to the use of wireless devices and 'black box' technologies to transmit data in real time back to an organization."

Telematics essentially began with location-based GPS systems that could be used to locate a car and track the time and distance of a trip. As Gartner points out, telematics solutions are used in personal automobiles to provide data related to vehicle usage, maintenance and safety, and can provide a platform for usage-based insurance. For example, a smartphone can pull data from a vehicle and send it to the insurer.

However, telematics is also revolutionizing fleet management. **Telematics enables organizations to monitor the location, movement, status and behavior of its vehicles in real time.**

Telematics can tell you when a vehicle starts and shuts down, when it's idling, when it's moving and how fast, when the driver hits the breaks and how hard, when an air bag is deployed, and how much fuel is left.

The greatest benefit of telematics for the management of school bus fleets is enhanced safety. Telematics allows driving habits to be monitored, which can then be used during performance reviews and driver training. In addition to optimizing bus routes, telematics can help you determine the safest drop-off and pick-up points. Proactive maintenance based on telematics data can reduce the risk of poor vehicle performance, accidents and breakdowns. Some schools have installed video cameras on buses to monitor student and driver behavior.

Telematics can also improve the cost-efficiency of school bus operations in several ways. It can tell you when a small fix or part replacement is necessary so you can avoid far more expensive repairs. It can recognize the arrival and departure times at each stop, and how long the doors are open and closed at each stop. By improving the speed of each stop, you can reduce idling and conserve fuel. Telematics can monitor driving time, which can improve accountability and reduce unnecessary travel.

IPC's cloud-based telematics solution for fleet management enables real-time tracking of vehicles from any desktop or mobile device. Delivered through IPC's Internet of Things Division, the system provides critical information about vehicle performance and utilization, status updates, temperature, and other metrics to maximize safety and security. The speed monitoring feature can detect high-speed driving and quick starts and stops. Alerts are then sent to multiple devices via email or text to report unsafe driving behavior or even recover a stolen vehicle. Intuitive dashboards and automated reporting provide real-time insights into fleet performance and costs.

Telematics is a valuable tool for improving the safety and efficiency of school bus operations. Contact IPC to request a demo of our cloud-based telematics solution for fleet management.

IPC Services

Solutions

Customer Experience

Cloud and Infrastructure Solutions

Cybersecurity Solutions

Managed IT Services and Support

SD-WAN and Connectivity Solutions

Telecommunications Solutions

Technology Evaluation and Consulting

Learn

Blog

Technical Documentation

Training Videos

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Glen Allen, VA 23060 | 877-947-2835



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