



For Washington Schools, By Washington Schools

BOARD OF DIRECTORS MEETING

**451 Diamond Drive, Ephrata WA
Via Telephone Conference**

3:00 P.M., Monday, July 25, 2011

AGENDA

ITEM 1

INTRODUCTIONS - Jan

ITEM 2

RENEWAL PACKET - Jim and Eric

ITEM 4

FINAL BUDGET DISCUSSION – Jim

ITEM 5

ANNUAL CALENDAR - Jenni

ITEM 6

NEXT MEETING - Jenni

SIAW 2011-2012 Renewal Report to the Board of Directors

Program Expiration/Renewal Date:

The SIAW 2010-2011 MOC will expire on August 30, 2011. The new 2011-12 term will renew on September 1, 2011 with an expiration date of August 31, 2012.

Excess Marketing Efforts:

SIAW was marketed to Munich Re, Hartford Steam Boiler (HSB), Torus and Great American Insurance Group this year. We utilized the wholesale brokerage services of Apex Insurance, Peachtree Special Risk Brokers and Myers-Stevens & Toohy to research our options in the marketplace.

Based on broker and member feedback regarding afforded coverages, as well as thorough review and careful consideration, the SIAW renewal committee recommends placing reinsurance coverage with Munich Re and HSB and excess insurance coverage with Torus and Great American Insurance Group.

We are continuing to build a strong relationship with Munich Re, HSB, Torus and Great American Insurance Group based on mutual trust. Together with these carriers, we are focused on a common goal to acquire and retain member districts that will provide stability and financial growth to SIAW for years to come.

Coverage Options:

1. Board Miscellaneous Professional Errors & Omissions Liability (For SIAW Board of Directors)

Coverage

\$2,000,000 each claim & annual aggregate

Claims Made

Non-Admitted

The Insured is the Schools Insurance Association of Washington (SIAW) and any trustees, director, officer, employee or committee members, past & present, while acting in the capacity of board operations.

Liability coverage for errors & omissions committed by the trustees in the performance of their duties for the administration and management of SIAW.

Deductible \$25,000

<u>Carrier</u>	Indian Harbor Insurance Company (XL)
<u>AM Best Rating</u>	XV (\$2 Billion or Greater in Capital and Surplus Conditional Reserves)

Premium	\$22,240.00
Taxes	\$ 444.80
<u>Stamping Fee</u>	<u>\$ 55.60</u>
Total Annual Premium	\$22,740.40

2. Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA)

Terrorism Insurance covers the potential losses and liabilities that might occur due to terrorist activities. The SIAW Policy currently excludes this coverage.

The Terrorism Risk Insurance Act (TRIA) and its extensions authorized the creation of a federal reinsurance plan, which is triggered when insured terrorism losses exceed a predetermined amount. The program shares losses between the insurance industry and the federal government according to a preset formula.

For the 2011-2012 coverage period, the board elected not to quote this additional coverage.

3. Earthquake Coverage Options

Refer to proposed budget for options.

4. Catastrophic Medical Coverage – OPTIONAL COVERAGE

<u>Coverage</u>	\$1,000,000 Excess Accident Medical Expense
<u>Deductible</u>	\$25,000
<u>Carrier</u>	ACE American Insurance Company
<u>AM Best Rating</u>	XV (\$2Billion or Greater in Capital and Surplus Conditional Reserves)
Premium	Rated Per Individual Member

Authority to Bind Excess Coverage:

The SIAW Board of Directors has given Canfield the authority to bind reinsurance and excess insurance coverage on behalf of the program. The Personal Services Agreement determines that Canfield will act as a liaison between SIAW and insurance brokers for reinsurance/excess placement. Canfield will relay binding instructions to Apex, per the Board's request.

Approval of Renewal Proposal by Board:

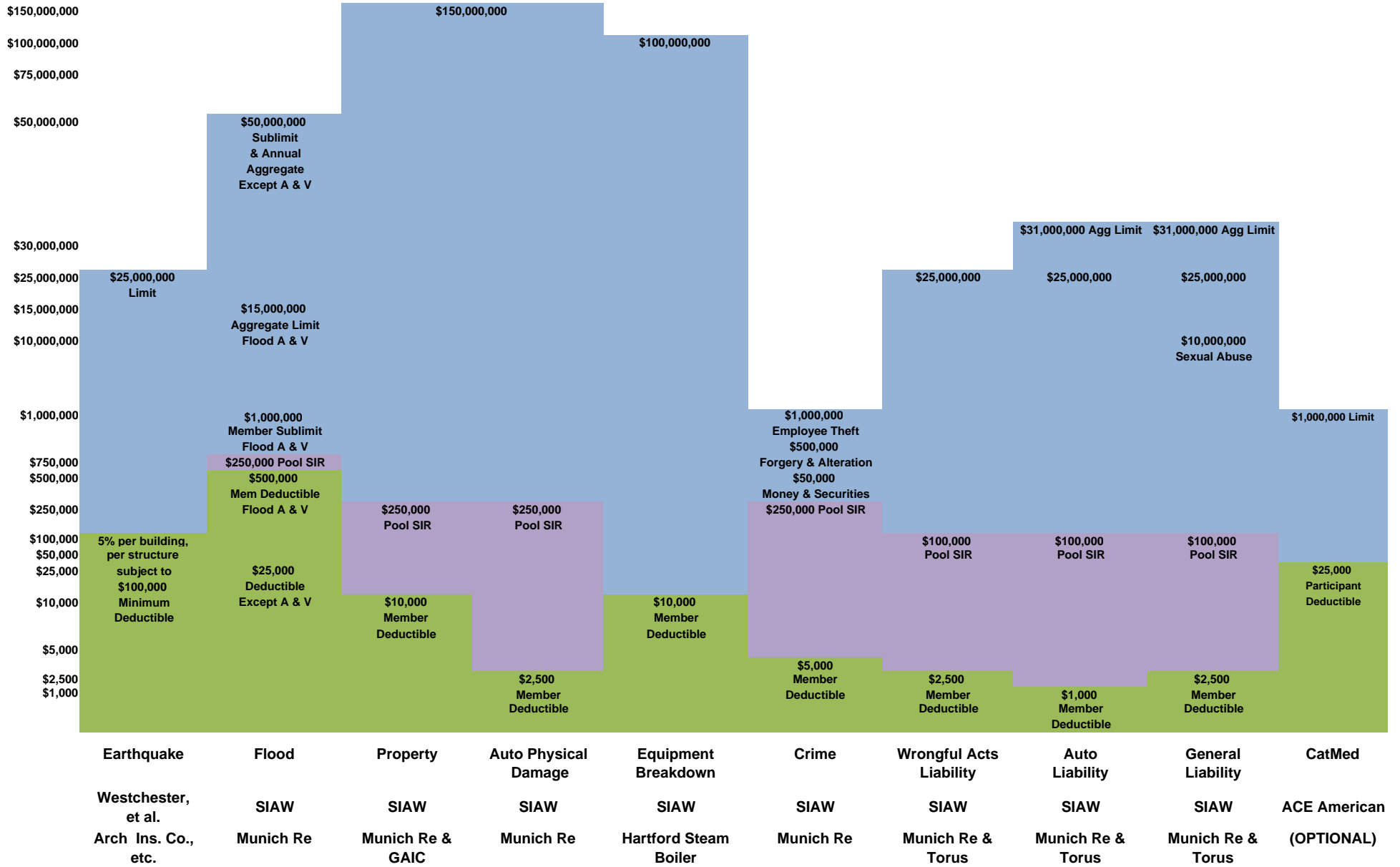
A formal motion will be required by the Board to approve the renewal proposal presented by Canfield. The Board's motion will address the following:

- Reinsurance and excess insurance coverage is to be renewed with Munich Re, Hartford Steam Boiler, Torus and Great American Insurance Group.
- Earthquake coverage to be renewed by Peachtree Special Risk.
- Board Miscellaneous Professional E&O coverage to be renewed with Indian Harbor (XL).
- Catastrophic Medical coverage renewed with ACE for members that select to purchase this optional coverage.

The following information is attached for the Board's review and consideration in their renewal decision:

- Coverage Graph-
Includes coverage, structure and pool fund retention changes (if any)
- B&B Public Entity Compensation Disclosure
- Insurance Coverage Review
- Personal Services Agreement

SIAW Chart of Coverages 2011-2012



Key	
Member Deductibles	
Pool Self Insured Retention	
Excess or Reinsurance	

Brown & Brown, Inc. Disclosure Statement

In addition to the commissions or fees received by Manager for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or "pooled") with the premium dollars of other insureds that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

*Wholesale Broker: Apex Insurance Services, 301 Concourse Boulevard, Glen Allen, Virginia 23060.
Peachtree Special Risk Brokers, LLC 3525 Piedmont Rd. NE, Atlanta, GA 30305.*

This intermediary is owned in whole or part by Brown & Brown, Inc., the parent company of both Captive and Manager. Brown & Brown entities operate independently and are not required to use other companies owned by Brown & Brown, Inc., but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance. Compensation paid for those services may be up to 15% of the premium you pay for coverage, and any compensation paid for those services is derived from your premium payment. The fee, if any, for the Wholesale Insurance Broker's services above is 5% of the reinsurance and excess premiums.

Should you have any questions, or require additional information, please contact Manager at 1-800-407-2027 or, if you prefer, submit your question or request online at <http://www.bbinsurance.com/customerinquiry.shtml>.

Insurance Coverage Review

Schools Insurance Association of Washington

Insured: (SIAW)
 Correction: _____

Policy Term Date: 09/01/2011 to 09/01/2012
 Addl Named Insured: Upon request

Please advise if quotations for increased limits of liability or for any coverage listed below are requested: Exposure = E; Coverage = C; Quote = Q

	E	C	Q
PROPERTY	Y/N	Y/N	Y/N
Buildings	Y	Y	Y
Business Personal Property	Y	Y	Y
Personal Property of Others	Y	Y	Y
Tenants Betterments & Improvements	Y	Y	Y
Business Income / Extra Expense	Y	Y	Y
Leaseholders Interests	Y	Y	Y
Boiler & Machinery (Equipment Breakdown)	Y	Y	Y
Building Ordinance or Law	Y	Y	Y
A. Loss to Undamaged Portion of Bldg	Y	Y	Y
B. Demolition Cost	Y	Y	Y
C. Increased Cost of Construction	Y	Y	Y
Earthquake	Y	Y	Y
Flood	Y	Y	Y
Rental Income	Y	Y	Y
Wind (Limited coverage)	Y	Y	Y
Spoilage (Equipment Breakdown policy)	Y	Y	Y
Transit / Transportation (see Prop policy)	Y	Y	Y
Builders Risk / COC (See Prop policy)-sublimit			
Additional available upon request	Y	N	N
AUTOMOBILE			
Auto Liability	Y	Y	Y
Drive Other Car Liability (Non Owned Auto)	Y	Y	Y
Drive Other Car Physical Damage	N	N	N
Hired/Non Owned Liability	Y	Y	Y
Hired Car Physical Damage	Y	Y	Y
U.M. / U.I.M.	Y	Y	Y
Garage keepers Liability	Y	Y	Y
Medical Payments Coverage	Y	N	N
CRIME			
Employee Dishonesty (1st Party)	Y	Y	Y
ERISA Bond	Y	Y	Y
Forgery or Alteration	Y	Y	Y
Computer Fraud	Y	Y	Y
Money & Securities	Y	Y	Y
Discovery Period	Y	Y	Y

	E	C	Q
LIABILITY	Y/N	Y/N	Y/N
General Liability	Y	Y	Y
Directors & Officers Liability	Y	Y	Y
E Commerce/E-Business Liab (Cyber Liab)	Y	Y	Y
Employee Benefits Liability	Y	Y	Y
Liquor Liability	Y	Y	Y
Employment Related Practices Liability	Y	Y	Y
Third Party Discrimination	Y	Y	Y
Errors or Omissions Liability	Y	Y	Y
Owners/Contractors Prot Liability	Y	Y	Y
Pollution Liability (1st Party) (MOC provides Limited)	Y	N	N
Products Liability	Y	Y	Y
Product Recall	N	N	N
Professional Liability	Y	Y	Y
Warehouse Legal Liability	N	N	N
Watercraft Liability (Limited coverage)	Y	Y	Y
Umbrella/Excess Liability	Y	N	N
INLAND MARINE			
Accounts Receivable	Y	Y	Y
Valuable Papers	Y	Y	Y
Computer/EDP	Y	Y	Y
Contractors Equipment	Y	Y	Y
Mobile Equipment	Y	Y	Y
Rented/Leased Equipment	Y	Y	Y
MISCELLANEOUS			
International/Foreign Exposures	Y	Y	Y
Kidnap & Ransom (Student Travel)	Y	N	N
Terrorism	Y	N	N
Aircraft-Owned	N	N	N
Aircraft-Non Owned	N	N	N

This list of insurance coverage is for information purposes only and is not meant to be a complete list for all your insurance needs. For specific coverage information, please refer to the policies.

Comments: (may be continued on reverse)

Presented to SIAW Board of Directors

Insured Representative _____
 Mandi Pratt

Producer Signature _____

July 25, 2011

Time - Date - Place Completed with Insured _____

PERSONAL SERVICES AGREEMENT

THIS AGREEMENT, entered into this 22nd day of AUGUST, 2006, ("Effective Date"), by and between the Schools Insurance Association of Washington hereinafter referred to as SIAW and Canfield & Associates, Third Party Administrator, hereinafter referred to as "TPA" for certain personal services as outlined in connection with the duties and responsibilities of administering the SIAW Self-Insured Retention Program.

WHEREAS, The SIAW has undertaken to join schools together for the purpose of forming a Self-Insured Retention Program and is in need of expertise and experience in the administration of all facets of the program, and

WHEREAS, the TPA is engaged in the business of providing services and administration of Self-Insured Retention Programs.

NOW, THEREFORE, SIAW and TPA mutually understand and agree as follows:

1. GENERAL

TPA shall:

- A. Implement policy and direction provided by the Board of Directors;
and
- B. Administer the day to day operation of the Self-Insured Retention Program for the Board of Directors; and
- C. Serve as a liaison between members and/or member's Service Representatives and the program.
- D. Purchase excess insurance coverage for the Self-Insured Retention Program as directed by the Board of Directors; and
- E. Provide to the SIAW during the term of this agreement all services more particularly set forth hereinafter.

2. CLAIMS MANAGEMENT

Administer in all matters related to the processing, supervision and resolution of all program and program membership claims. It is the intent of this agreement the claims services performed by the TPA are provided in a manner compliant with the excess insurance carrier's claims handling guidelines for all claims matters within the Self-Insured Retention. These claims services shall include:

Provide on call answering services on a 24 hour, 7 days-a-week basis to receive reports of claims matters by members and;

Receive and review submitted reports of accidents, incidents, claims or cases which may be or have the potential of becoming a claim and;

When the TPA deems necessary, assign an independent adjuster or an investigator to conduct a field investigation or report and;

Maintain files on each matter reported on behalf of the program and;

Where applicable, make coverage determinations for claims based on the coverage provided by the excess insurance coverage forms and;

Forward claims to the excess insurance carrier(s). The TPA shall proceed to adjust the claims as per the agreements with the excess insurance carrier to the limits of the Self-Insured Retention. Since it is in the programs best interest, the TPA shall have the right to contract with and receive remuneration from the excess carrier to adjust and handle claims on behalf of the excess carrier that exceed the Self-Insured Retention.

Where applicable, choose and assign legal counsel to claims necessitating such and;

Set and adjust reserves for open claims within the Self-Insured Retention and;

Retain all Release Agreements upon settlement of any claims or potential claims and;

Upon request, provide status reports to members relating to the member's specific claims matters and;

Review claims as requested by the Board of Directors in Executive Session.

3. **RISK MANAGEMENT & LOSS CONTROL**

Perform normal and customary Loss Control and Risk Management services as agreed by the Board of Directors and the TPA. TPA shall provide adequate staff for the providing of these services.

If the TPA believes a requested service is beyond the “normal and customary” services provided for in this Agreement the TPA shall notify the Board of Directors. The TPA and the Board of Directors shall negotiate in good faith as to if the services are “normal and customary”. If it is agreed that the additional services fall outside the Agreement, additional fees for such services shall be negotiated between the Board of Directors and the TPA.

Currently the Firearms Simulator (FATS), Driving Simulator, In-Service Programs and the Personnel Issues Program are shown in the Budget as services that are beyond the “normal and customary”.

4. **ADMINISTRATIVE SERVICES**

The TPA agrees to provide all office functions to properly administer the business of the program including accounting, record keeping, public relations, marketing and Board support services as agreed. This will also include the supplying of adequate staff to carry on the prompt and efficient administration duties necessary for the operation of the program.

5. **LEGAL SUPPORT SERVICES**

The TPA shall select all legal counsel for the handling of program claims and litigation in compliance with the excess insurance company’s legal representation requirements.

6. **EXCESS INSURANCE**

The TPA shall provide insurance brokerage, placement services and underwriting on behalf of the Board of Directors and at its direction. These services shall include the negotiation and placement of excess insurance coverages, policy coverage Design and Review, underwriting and rating services, endorsements, certificates of insurance, maintaining the data base of all exposures, coordination of actuarial data, preparing renewal policies, and pricing negotiations. Remuneration to the TPA for such services shall be on a fee basis negotiated annually between the TPA and the Board of Directors. Said fee shall be included in the excess insurance item under the published operating budget.

This negotiated fee shall be paid at the renewal date of the program. The budgeted fee shall be calculated by multiplying the percentage fee times the total program amount less interest income. The final decision for all coverages shall rest with the Board of Directors.

7. **CONFLICT OF INTEREST**

In the event a claim or incident is reported to the TPA and it is determined an actual or potential conflict of interest might accrue by reason of the claimant having some personal and/or client relationship with the TPA, it is agreed by both parties the matter may be assigned to an independent third party acceptable to both the SIAW and the TPA. In such case SIAW agrees to contract for representation of the interests of the SIAW by a competent third party.

8. **RECORDS, FILES AND CLAIMS MATERIALS**

The SIAW owns all non-risk management records, files and claims materials in the possession of or have been or will be generated by the TPA in connection with the TPA's services under this Agreement. Such records, files and materials include electronic, magnetic and optical media as well as written materials with the exception of the Risk Management/Sports Risk Management Manuals developed by Canfield & Associates. The TPA shall retain such records, files and materials during Agreement period in compliance with WAC 236-22 and particularly WAC 236-22-038. The TPA shall relinquish such records, files and materials at termination of this Agreement. TPA shall have rights to retain copies of all records, files and materials indefinitely. SIAW shall be responsible for any storage costs of closed, old or no longer in use records, files and materials. The SIAW Board of Directors Chairman or Vice-Chairman shall have the right to audit such records, files and materials with 10 days notice of such audit. The SIAW expressly agrees it is prohibited from furnishing these records, files or materials along with any trade secrets of Canfield & Associates to any party who may compete with Canfield & Associates. The records, files and materials can be transferred to a third party after the expiration of this Agreement. However, the SIAW expressly agrees never intentionally or unintentionally to divulge any Canfield & Associates trade secrets to any third party. The SIAW shall have the right to purchase a copy of all software utilized by the TPA.

9. **INDEMNIFICATION**

The SIAW and the TPA agree to comply with indemnification provisions of the SIAW By-Laws effective the date of this Agreement.

10. **CONSIDERATION**

The SIAW agrees to pay fees for the foregoing services as negotiated prior to September 1 of each year. If fees are not agreed to prior to September 1 the fees for the next year shall be the same as the fees for the preceding year subject to a retroactive revision after the completion of negotiations for that particular year.

These fees will not include extraordinary expenses incurred by the TPA such as hiring of legal counsel, independent adjusting services, investigation services, Personnel Issues Program services, out of pocket claims adjusting expenses, out of pocket marketing expenses, workshop/on-site out of pocket expenses, extra ordinary Risk Management Expenses and administrative out of pocket expenses.

Out of pocket expenses shall include mileage, meals, accommodations, flights, rental cars and any other necessary and reasonable charges incurred.

All extraordinary expenses shall be submitted with proper documentation and authorized by voucher by the Board of Directors.

11. **INTENT OF PARTIES**

The SIAW and the TPA mutually agree this Agreement is intended to address all issues conceivable in the amicable partnership desired in this working Agreement however, both parties agree this agreement may not address each and every scenario which may arise. Both parties agree to and reserve the right to negotiate in good faith the intent of this Agreement and items found to not be addressed by this Agreement.

12. **TERM**

The term of this agreement shall be for a five year period commencing September 1 following the Effective Date of this agreement. This agreement shall be evaluated at the end of each year for an additional one year term. The Board of Directors shall notify the TPA each year in writing no later than June 1st of its intention not to renew all or any portions of this agreement. Absent such notification this agreement shall be considered renewed. The net effect of this provision is the TPA shall be working hereunder from year to year on a continuous five-year contract unless given written notice to the contrary as provided above.

IN WITNESS WHEREOF, the parties hereto have caused these present to be signed by their duly authorized officers as of the day and year first above written.

**Schools Insurance Association of Washington
SIAW**

By: 
Chairman, Board of Directors

By: 
Vice Chairman, Board of Directors

Canfield & Associates

By: 
Jim Cherf, TPA Administrator

Schools Insurance Association of Washington
FINAL BUDGET 2011-12

	FINAL Budget 2011-12
REVENUES:	
Excess Insurance	14,933,221
Program Costs	9,242,547
Interest Income	150,000
	24,325,768
Total Revenues	
EXPENSES:	
Group Administrative Fee	334,747
Risk Management	497,276
Inservice Programs	50,000
Prelitigation Program	240,000
State Audit & Fees	20,000
Miscellaneous and Supplies	35,000
Actuary Study	19,000
Consultant/Lobbyist	15,500
Driving Simulator	100,000
Meeting Expense	20,000
Medicare Reporting	4,500
Director's E&O	23,000
Catastrophic Medical	0
Physical Damage	300,000
Property Claims	2,345,482
Claims Expense	5,888,042
School Deductible Advancement	500,000
Deductibles Recovered	(375,000)
Subrogation Recovered	(125,000)
Excess Medical	0
Excess Insurance Premium	14,933,221
	24,825,768
Total Expenditures	
Revenues Over/(Under) Expenditures	(500,000)
Beginning Unreserved Equity	1,714,981
Ending Unreserved Equity	1,214,981