

# charterSAFE

May 30, 2017

Dear CharterSAFE Member:

Thank you for your continued membership in the CharterSAFE insurance and risk management program. As we are closing the 2016-2017 policy year and beginning to enroll members for the 2017-2018 policy year, we have enclosed your renewal proposal. Material changes to the program are summarized below. In conjunction with the proposal, we have also attached a separate organization status report for your review.

Within the national scholastic sector, the insurance industry has suffered adverse losses in many capacities including workers' compensation, sexual abuse liability, concussion injuries, and employment practices (wrongful hiring/firing). This downturn has been more acute in California, and insurance companies are passing these increases onto to their school clients. Historically, CharterSAFE's risk management team's efforts to be proactive in risk management and loss control has enabled CharterSAFE to maintain stable rates in spite of market fluctuations. Unfortunately, this is not to say that our charter school members are immune from these hazards; in fact, there has been exponential increase to claims for the charter schools in the past few years, and it has further deteriorated this year.

Our response to this increasingly difficult insurance market condition is to creatively meet this challenge with innovation in all components of the program to mitigate some financial burden for our members.

For the 2017-2018 policy year, we have increased two deductibles to reduce premiums. Deductibles serve as an incentive for all of our members to be proactive in managing school risks. Our goal is to reduce the impact of losses on the program as a whole, and in turn, to each individual member. The increased deductibles are as follows:

- Directors & Officers Liability deductible will increase from \$2,500 to \$5,000 per claim.
- IEP Defense Cost deductible, which has varied this year between \$5,000 and \$7,500 depending on school size will be \$7,500 per occurrence for all members.

Using member feedback and additional risks and exposures we have seen in the past year, CharterSAFE has improved on our insurance program coverages as follows:

- Added Volunteer Accident to the Student Accident Policy – limits of \$25,000 per volunteer accident. The \$500 deductible per accident applies for school sponsored high-risk activities (the same as it currently applies to student accidents).
- Added Terrorism Property coverage – limits of \$20,000,000 per occurrence and aggregate for all CharterSAFE members combined. The deductible is \$1,000 per occurrence.

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- Added Pollution/Environmental coverage – limits of \$1,000,000 per occurrence and \$5,000,000 aggregate for all CharterSAFE members combined. The deductible is \$10,000 per occurrence.

After revising the above deductibles and adding improvements to the program, we were able to successfully cap rate increases for the 2017-2018 pool-wide property and liability rates to an average of 7% and 4% for workers' compensation rates (before adjusting for individual member loss experience).

This upcoming year, in an effort to maintain stable rates, you will see more risk management incentives from CharterSAFE as we work to keep our member schools safe and reduce losses. We will be introducing an inaugural risk management and loss control grant program. This program will aim to incentivize our members to proactively manage risks. Examples of the goals of the grant program include sexual abuse prevention training, increasing risk management and human resources knowledge, implementing a return-to-work program, and improving cyber safety.

We look forward to working with you through the 2017-2018 policy period, and as always, we welcome your feedback on any of our services and/or our insurance program. If you have any questions or concerns, please do not hesitate to contact us.

Best regards,

The CharterSAFE Team