

charterSAFE

Insurance, Risk Management and Employee Benefits for Charter Schools

California Charter Schools Joint Powers Authority
A California Public Agency

www.chartersafe.org

May 28, 2016

From: Bob Coontz
President and CEO

To: Our Members

I am writing on behalf of the CharterSAFE staff and board of directors to thank returning members for their past support and to welcome those who are becoming members for the first time.

To coincide with the 2016-2017 enrollment period and to acknowledge the conclusion of the 2015-2016 school year, I think it will be useful for all concerned to be reminded of how CharterSAFE has evolved as a non-profit membership organization and where we are headed over the next several years. Please see the narrative below:

The conclusion of the 2016 policy year marks our **12th year** as a provider of comprehensive insurance coverage and risk management services to California charter schools. Since its inception in 2004, CharterSAFE has grown from the original **63 charter schools** operating in **119 school sites** who contributed **\$2.7 million** to get us started to the **408 charter schools operating in 800+ charter school sites** who contributed **\$19 million** in the current year. Total contributions received over the 12-year period are more than **\$125 million**.

Over the same 12-year period we have been able to build reserves and invest in infrastructure. Actually, in 2015-2016 we were able to bank another **\$2 million** in cash reserves bringing the reserve total up to **\$15 million**. These are funds available to protect members as well as provide for rate stability over time.

Based on the applications we have received for coverage in 2017, we will continue to grow with more schools and projected contributions of **\$20+ million**.

charterSAFE

Insurance, Risk Management and Employee Benefits for Charter Schools

California Charter Schools Joint Powers Authority

A California Public Agency

www.chartersafe.org

Our board recently approved a 5 year operating and financial plan to guide us into the future. The plan allows us to allocate more resources to hire additional staff in order to increase capacity for additional programs that maintain our commitment to high quality member services. Already we have located staff in the Bay Area, Sacramento, Los Angeles, San Bernadino County, Fresno, and Orange County. You can find our staff bios and photos on our website www.chartersafe.org. The CharterSAFE operating mode distributes its staff and consultants across the state to serve the needs of our members statewide. In order to control costs and remain flexible, we do not have a central corporate office.

Along with the addition of staff, we will be investing more in technology to enhance communications and to provide our members with on-demand electronic access to their records and forms. Our communications and outreach efforts include a constantly updated website, frequent newsletters and timely announcements. Throughout the year we host and participate in regional meetings in order to communicate with members in person.

Very importantly, for the past five years we have negotiated exclusive top sponsorship at the annual California Charter Schools Conference allowing us to interact with more than 3,000 charter school stakeholders over a period of 3 days. The sponsorship and programming we support provides critical information on risk management and school safety to all charter schools including both members and non-members. We anticipate continuing this sponsorship for the foreseeable future.

In addition to these activities, our risk management and member services staff along with their participating vendors frequently visit individual schools throughout the year to ensure compliance with contracts and other coverage documents, provide specialized services to improve school safety, offer human resources advice including the proper employee hiring and termination process, conduct property appraisals, provide active shooter training, etc. Please reach out to us for a complete list of complimentary services.

The plan indicates that membership contributions to CharterSAFE will continue to grow at 7% annually resulting in \$26.3 million in contributions by 2021. Over the same period we



Insurance, Risk Management and Employee Benefits for Charter Schools

California Charter Schools Joint Powers Authority
A California Public Agency

www.chartersafe.org

expect to have accumulated \$31 million in cash and investments. I believe these are realistic objectives and achievable within the 5-year time frame allotted.

Because of this anticipated growth in both number of members and the complexity of the organization, this year the CharterSAFE board of directors intends to expand its membership to include more school representation. Currently there are five members serving on the board including: Board Chair, Walter Wallace, Retired CBO, Granada Hills Charter High School; Board Vice Chair, Irene Sumida, Founder, Fenton Avenue Charter School; Secretary, Kristin Dietz, CPA, Vice President of Client Management & Financial Compliance, edtec; Treasurer and Investment Committee Chair, Spenser Styles, CPA, President & CEO, Charter Impact; and Delphine Sherman, CFO, Aspire Public Schools. The board membership is rich with charter and business expertise, and we are hoping to augment the current board with other charter leaders in the near future. Additional board members will be nominated and elected by the CharterSAFE membership at-large. The board's nominating committee will begin an outreach effort in upcoming months seeking your input to the process.

At this point I would like to transition from results, projections and organizational information to explain the roles fulfilled by our excess carriers, auditors and actuaries.

Excess Carriers

When claims arise, CharterSAFE offers the first line of protection for claims up to a maximum of \$300K (CharterSAFE's Self Insured Retention). When a claim exceeds \$300,000, coverage transfers to one or more of CharterSAFE's 12 excess carriers. For example, after the first \$300K is paid by CharterSAFE on a liability claim, the excess insurers covering liability claims become responsible for payments above \$300K up to a limit of \$30 million. Members have the option of purchasing another \$25 million which when added to the \$30 million limit provides a combined limit of \$55 million. Please reach out to Thuy Ly at tly@chartersafe.org if you want more information about this enhanced coverage.

charterSAFE

Insurance, Risk Management and Employee Benefits for Charter Schools

California Charter Schools Joint Powers Authority
A California Public Agency

www.chartersafe.org

Unfortunately, competing brokers calling on our members frequently and knowingly misrepresent CharterSAFE's limits as shared limits across all members. The truth is that each member has its own limit of \$30 million (or \$55 million). It's very important to note, one member's claims do not detract from another members coverage limits.

All of the CharterSAFE excess carriers are rated by A.M. Best as excellent to superior, and each of these carriers has reserves in a range of \$1.25 billion to \$2+ billion. Please note: over the past 12 year period, CharterSAFE has not pulled from reserves for payment of any claim. CharterSAFE's operating cash has been sufficient in satisfying all claims of \$300K or less. And for amounts above \$300K all of our excess carriers have reserves well in excess of a \$ billion. Members can access more information about our carriers at our website www.chartersafe.org

Auditors and Actuaries

CharterSAFE retains Gilbert & Associates, Inc., an independent audit firm, to provide audit services. Gilbert has a substantial presence in auditing school districts and charter schools across California. CharterSAFE retains AON, the leading global provider of actuarial & analytics services in order to ascertain our required reserve balances.

I think I have given you enough information for now letting you know who we are, what we do and our aspirations for the future

I invite you to call me or send me an email if you have comments or questions.



Bob Coontz
818-209-5808
bcoontz@chartersafe.org