



EXECUTIVE REPORT

May 2024



Protecting **Schools**. Promoting **Safety**. Customizing **Insurance**.

California Charter Schools Joint Powers Authority • A Nonprofit



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Our Mission

As an insurance pooling JPA, CharterSAFE's mission is to serve as a steward-guardian of school safety by providing our charter school members with a strong understanding of school hazards and approach to risk management.

As a result, members will have a safe and secure environment that promotes a focus on teaching, learning, and student outcomes.

Our Values

Our organizational values drive the work of our team to best serve the needs of our member schools by:

- Being accountable and taking ownership
- Collaborating openly
- Embracing growth mindset
- Proceeding with heart
- Channeling positivity into action

A LETTER FROM THE CEO

CharterSAFE is proud to have served the charter school community in California for 20 years. Since our inception in 2004, created by charter leaders to fill the need for a quality insurance and school safety program at the best rates, the CharterSAFE team continues to be led by our charter school members in meeting relevant insurance and school safety needs of the charter community.

Looking back through our years of partnership, CharterSAFE:

- Built trust and confidence within the charter school community reflected by membership growth from 63 members in 2004 to now 276 members strong.
- Provided Over 800 trainings to members.
- Piloted ten different programs from cybersecurity to anti-bullying to creative loss prevention efforts.
- Assisted in the resolution of 11,558 claims, where our goal is to advocate for fair and equitable resolution of claims on behalf of members.

I am humbled by the trust that our charter school members and the charter community place in us to be your partner in charter school insurance, risk management, and safety. And likewise, we promise to uphold our partnership in serving as your steward-guardian in providing relevant and pragmatic solutions to help you keep your schools safe and your focus on educating the next generation.

I am proud of the CharterSAFE community.

Thuy Wong



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Parker Hudnut, CEO, Inner City Education Foundation (ICEF)—*Vice-Chair*

Kristin Dietz, Senior Vice President, EdTec—*Secretary*

Ted Morris, Executive Director, Collegiate Charter High School

Jared Austin, Co-Founder & Executive Director, Kairos Public Schools

Jayna Gaskell, Executive Director, Pivot Charter School

David Riddick, CEO, Fenton Public Schools

20 YEARS OF PROTECTING CALIFORNIA CHARTER SCHOOLS

As CharterSAFE celebrates its 20th anniversary, we reflect on two decades of unwavering dedication to serving California's charter school community. Since our founding in 2004, CharterSAFE has been at the forefront of providing comprehensive insurance and risk management solutions tailored specifically for charter schools. Over the years, we have evolved and adapted to meet the evolving needs of our members, piloting innovative programs and providing invaluable support to ensure their safety and success. As we mark this milestone, we extend our heartfelt gratitude to our charter school members, whose trust and partnership have been the driving force behind our journey. We remain committed to serving as your steward guardian, empowering you to focus on what matters most: educating the next generation.

Let us celebrate members that have been with CharterSAFE since 2004:

- Bullis Charter School
- CHIME Institute
- Eel River Charter School
- Escuela Popular Accelerated Family Learning Center
- Golden Eagle Charter School
- Griffin Technology Academies
- Lewis Center
- Long Valley Charters
- Magnolia Education & Research Foundation
- Multicultural Learning Center
- Pacific Community Charter School
- Plumas Charter School
- Riverside Gateway to College Early College High School
- The School of Arts & Enterprise



The Multicultural Learning Center (MLC) has been a partner with CharterSAFE for 20 years making us one of the inaugural schools to become a member! In the beginning it was truly a feeling of “charter safety” to join a group of charter schools in this venture so that we could work together to provide our organizations with necessary safeguards. Over time, it became so much more than an insurance policy—but a true partnership. As rules and requirements evolved, so did CharterSAFE, continuously providing us with coverage, learning opportunities, resources for compliance, and private consultation whenever we need it! In addition to the supports and protections, CharterSAFE has been there for us in times of significant challenge—walking us through the steps and literally holding our hand as we navigated things for the first time—or even the second or third time, knowing that we needed the guidance. CharterSAFE staff are always a phone call away and for an organization with so much at stake to serve a community of learners and their families, we rely on and appreciate that CharterSAFE is there for us.



—Gayle Nadler,
Executive Director,
Multicultural
Learning Center

THE CHARTERSAFE COMMUNITY



CharterSAFE continues to lead in meeting the insurance and risk management needs of California charter schools. California, as the second state in the nation to adopt public charter school legislation, has seen significant growth in charter school enrollment. As of the beginning of the 2023–2024 school year, CharterSAFE's membership represents 30% of the 914 independent charter schools operating in the state.

California charter schools come in various forms, including classroom-based, non-classroom-based, and hybrid models. Our membership encompasses a wide range of institutions, from developing schools to conversion

schools and large charter management organizations. These schools are known for their innovation, offering diverse programs such as foreign language emphasis, performing arts, space exploration, and military-focused curricula. CharterSAFE embraces the entrepreneurial spirit of its members and adjusts its risk management practices supporting their unique endeavors.

Moreover, CharterSAFE's membership extends across the state, serving schools from rural to urban areas. This geographic diversity enables our members to spread property risks effectively and secure competitive coverage and rates.

THE STRENGTH OF A JOINT POWERS AUTHORITY

We, as a Joint Powers Authority (JPA), unite charter schools to collectively manage their shared risks and exposures through self-insurance and group insurance purchasing. Governed by a board of directors comprising of charter school leaders and industry experts, we prioritize our members' needs as we steward the JPA's joint funds.

Though JPAs are not insurance companies, we leverage our expertise in insurance to secure excess and reinsurance, guaranteeing coverage for

high-exposure claims. With a proven record, **JPAs such as CharterSAFE remain the most effective method for schools to obtain insurance**, with 99% of traditional public-school districts utilizing JPAs for this purpose.

Within our JPA, members benefit from risk mitigation through shared loss predictability and trend identification. CharterSAFE assists members in implementing tailored risk management and safety techniques specific to charter schools, thereby reducing the likelihood and cost of losses.

Moreover, we provide personalized claims management services, ensuring consistent advocacy for our members throughout the claims process. With our dedicated claims team, we uphold CharterSAFE's values and prioritize our members' interests at every stage.

As a member of CharterSAFE, your needs are our top priority. We are committed to safeguarding your interests and advocating for the best outcomes for our membership.

TODAY'S INSURANCE MARKET

We are witnessing a continued hardening of the California insurance market; that means carriers are offering coverage at lower maximum limits with higher premiums and scrutinizing more carefully as to who they insure. You may have already noticed an impact on your personal auto or homeowner's policies. However, the impact on CharterSAFE and its members is modified by the large critical mass we bring to the market. Additionally, the insurance industry views pools as safer and more secure than "stand-alone" schools, allowing CharterSAFE to negotiate cost-effective premiums while maintaining our most important coverages intact, such as Childhood Sexual Assault (CSA), Employment Practices Liability (EPL), and Property insurance.

Even better news: Workers' Compensation rates and costs continue to remain stable. Our proactive efforts in training on CSA prevention and human resources best practices are paying off as we can negotiate much more stable rates when the market is still volatile. We also expect a calming of the cyber liability market for those with strong data protection measures in place.

To secure the highest levels of insurance protection, carriers demand that at least four areas of protection be in place:

1. Multi-factor authentication (MFA)
2. Duplication of data stored in different servers and locations and only accessible via separate credentials outside of Active Directory.
3. Endpoint-to-endpoint encryption (EDR)
4. Staff training (e.g., phishing campaigns and password protection)

As a JPA, CharterSAFE offers purchasing power on a scale that would not be feasible to obtain insurance independently even in the best of markets. We procure the limits necessary to protect against the most expensive claims, ensuring your school is protected with liability limits of \$55M and property coverage at replacement cost. Our coverage meets the most stringent authorizer insurance requirements.

Insurance coverage gaps occur when there is a primary limit in coverage, followed by an uncovered layer before any excess insurance takes effect. These gaps can expose a school to millions of dollars in liabilities, putting its financial stability—and even its existence—at risk. Other gaps may occur in a policy with "exclusions" limiting coverage. We have seen many insurance quotes and policies with both types of coverage gaps.

At CharterSAFE, we ensure that you do not have gaps in coverage. We know the market is putting a lot more schools in jeopardy as Property, EPL, and CSA limits are being reduced by insurance companies.

Gap example:

General Liability Primary Limit
\$1M

Uninsured Coverage Gap
(school is responsible)
\$4M

Excess Coverage
>\$5M

Another risk is having too low of limits to protect in the event of a high exposure loss.

Low limit example:

General Liability Primary Limit
\$1M

Excess Coverage
\$1M–\$4M

No Coverage
(school is responsible)
>\$5M

Below is a chart of coverages that CharterSAFE provides that are often excluded or not covered through traditional insurance.

Coverage

Sexual Assault • Directors' and Officers • Employee Dishonesty • IEP • Student Accident • Deadly Weapons

CharterSAFE

- Does not exclude prior knowledge
- Provides defense for Board members that are named individually in a lawsuit
- Provides coverage for embezzlement
- Provides IEP defense coverage
- Does not exclude contact sports

The Competition

- Does not cover authorizers as additional insureds as required by authorizing MOU
- Limit Coverage by "prior knowledge" endorsement
- No coverage for individual Board members if separately named in a lawsuit
- Theft only—no embezzlement
- No coverage for IEP
- Excludes contact sports



NAVIGATING THE INSURANCE LANDSCAPE

As we look at the current landscape in the hard insurance market, membership in a JPA is more secure than ever. JPAs bring buying power through scale with excess and reinsurance carriers. Individual insurers do not have the capacity to offer the variety of coverages necessary to appropriately protect your school's assets, leaving you with the burden of shopping for multiple products and vendors. At CharterSAFE, we provide a complete package of insurance coverage. Also, the limits and broad coverage provided are critical to protecting your school assets in the event of a severe claim.

CharterSAFE believes our members deserve to make quality, informed decisions on their insurance and risk management services. Here are five crucial questions to ask to guide our members through this hard market:



- 1. Type of Coverage:** What coverage exists for my board of directors, staff, students, and financial assets? Some policies only cover the board; board members can be brought into suits as individuals, and coverage should be extended to them as individuals.
- 2. Coverage Limits and Deductibles:** Are the limits authorizer compliant? Are they enough to cover common types of claims for schools? Each authorizer will have required minimum limits; many insurance companies may not meet these minimum requirements. The size of the school should not determine the size of your limit. A small school can be found liable for nuclear verdicts too. Be careful as to the valuation limits of your property coverage, limits provided for EPL, and CSA limits and exclusions. The Insurance industry is taking away or severely limiting coverage on all these perils.
- 3. Terms, Conditions, and Exclusions:** What is not included, and how does that impact how your school is protected? This helps identify gaps in coverage that might be unexpected and costly if a loss were to occur.
- 4. Stability and Track Record of Insurer:** How long has the insurer written charter school-specific insurance? Do they insure other charter schools?
- 5. Included Services:** What are the risk management, human resources, claim advocacy or claims management, and loss control services offered? What are the cost implications of any additional services offered?

COVERAGES THAT PROTECT

At CharterSAFE, we understand the indispensable role insurance plays in shielding against unforeseen events. Our pride lies in our comprehensive approach, combining self-insurance, commercial insurance, and reinsurance to provide our members with the necessary coverage and limits for safeguarding their financial stability.

Through these integrated measures, we endeavor to mitigate exclusions that could catch our members off guard during challenging times, alleviating the financial strain on their resources. Our goal is to offer peace of mind and steadfast protection, empowering our members to confront challenges with assurance.

Within our insurance framework, a retention layer of self-insurance is integral. Here, smaller claims are covered, enabling us to champion our members' interests and speed up claims resolution cost-effectively. Our experienced claims team wields considerable influence over claims within this layer. Should claims costs surpass this first layer, excess and reinsurance mechanisms come into play. We tirelessly negotiate optimal rates and coverage terms with a spectrum of carriers to ensure the best outcomes for all members.

In today's litigious climate, characterized by soaring jury verdicts, settlements, and the looming threat of property losses such as those seen in the California wildfires, the imperative of adequate insurance limits and coverage cannot be overstated. CharterSAFE offers the following coverages to its members:

- Workers' Compensation and Employer's Liability
- Childhood Sexual Assault Liability
- Auto and General Liability
- Directors and Officers Liability
- Employment Practices Liability
- Fiduciary Liability
- Property
- Terrorism Liability and Property
- Crime
- Pollution/Environmental
- Cyber Liability
- Student Accident
- Volunteer Accident
- Educator's Legal Liability
- Employee Benefits Liability
- Law Enforcement Liability
- Deadly Weapons Protection
- IEP Defense



CHARTERSAFE NATIONAL

As the California insurance market made it more challenging to obtain effective coverage with appropriate limits, CharterSAFE explored options to sustain its offerings at an affordable price. Specifically, it is becoming increasingly difficult to find carriers to provide adequate coverage and limits for CSA. Thus, in June of 2022, CharterSAFE created CharterSAFE National, a nonprofit insurance captive exclusively serving CharterSAFE and our members.

An insurance captive is an insurance company wholly owned and controlled by its insureds (CharterSAFE membership) to provide insurance coverage not available in the traditional market at a reasonable cost. CharterSAFE used this option to provide coverage for the first layer of insured coverage for

CSA. CharterSAFE National continues to be available as an option to other layers of coverage that become unreachable and/or wherein we may want more claims control.

A few advantages of using our captive include:

- Stability in pricing and availability
- Options to work outside the commercial marketplace
- Achieve risk financing objectives
- Increase control over the program and claims
- Potential broader coverage
- Improved cash flow

EMPOWERING CA CHARTER SCHOOLS BEYOND INSURANCE

CharterSAFE stands as the sole JPA exclusively dedicated to serving California charter schools. Your membership grants access to an insurance and risk management program meticulously tailored to address the dynamic needs of California charter schools—it is more than just insurance.

Our expert team specializes in proactively identifying charter school trends, developing, communicating, and supporting members in establishing and implementing safety precautions.

Members benefit from unparalleled accessibility to a team well-versed in human resources, risk management, claims management, loss control, and more. In addition to the risk management support below, our members received emails and calls addressing individual school needs.

At CharterSAFE, we prioritize cultivating personal relationships with our members and collaborating in partnership to address their challenges. Our resources extend beyond traditional insurance support, surpassing the impersonal hotline experience commonly found elsewhere.

CharterSAFE stands by its members before, during, and after an unfortunate event or a claim. Our dedicated team of claim specialists serves as advocates for our members, collaborating with them, third-party claims administrators, and insurers to foster a proactive and collaborative approach to claims handling. Our goal is to educate our members on the claim handling process and ensure they receive the support and assistance they need at every stage. To further educate our members, CharterSAFE's webpage provides additional resources and information regarding the claim process.

In the past year alone, CharterSAFE members have leveraged twelve webinars, participated in 3,544 trainings, received over 725 hours of personalized HR consulting, and accessed 192 hours of risk management support.

SERVICES SPOTLIGHT

Human Resources Certification

CharterSAFE's most utilized service is our human resource consulting. We have two human resource consultants on the team with extensive California experience who guide our members through their employee-related matters. They provide guidance and education until such a time an employment attorney may be recommended. Additionally, they offer personalized training throughout the year.

Completed in 2023, CharterSAFE now offers your staff free professional development by allowing them to earn our Human Resources Certification. Your staff will learn about California charter-specific HR best practices and can earn their CharterSAFE Human Resources Certification in less than one year through ten mandatory courses and two elective courses. These courses are offered online, on-demand, and are self-paced. [Click here](#) to see a list of all our courses.

Risk Control Evaluation

CharterSAFE developed a Risk Control Evaluation process that provides feedback to members regarding their safety and loss control practices. These customized reports complement loss control and safety objectives at member locations. This year, we completed twenty-two customized Risk Control Evaluation reports. We are continuing this endeavor to enhance your knowledge on school hazards and approach to risk management specific to your school site.



CharterSAFE goes well beyond providing risk management services and coverage. They care about our success and ensuring we have a strong knowledge base about what is important to successfully run our organization. When things get rough, they are always there to help us navigate the storm."

— Jayna Gaskell,
Executive Director,
Pivot Charter Schools



Executive Salary Survey

To support the California charter school community, CharterSAFE is conducting another Executive Salary Survey. While compensation consultants typically charge thousands of dollars for a single position salary survey, we are uniquely positioned to collect 2023-2024 data and disseminate a robust report as a free resource for our members.

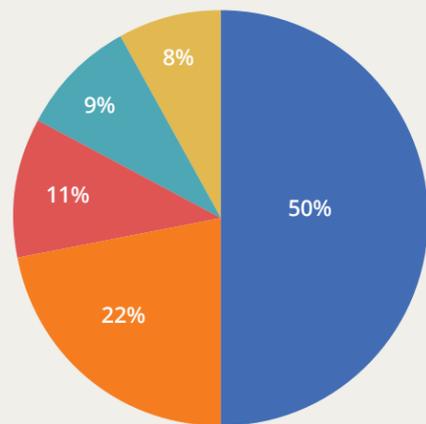
Wildland Fire Risk Assessment Report

With the increased risk of wildfires in California, CharterSAFE took a proactive approach to assist members who were in high-risk wildfire zones. We completed 13 Wildland Fire Risk Assessment reports and communicated with members ways to mitigate their exposure empowering them with actionable insights to enhance their wildfire preparedness and safeguard their school communities.

UNDERSTANDING FREQUENCY AND SEVERITY IN CLAIMS

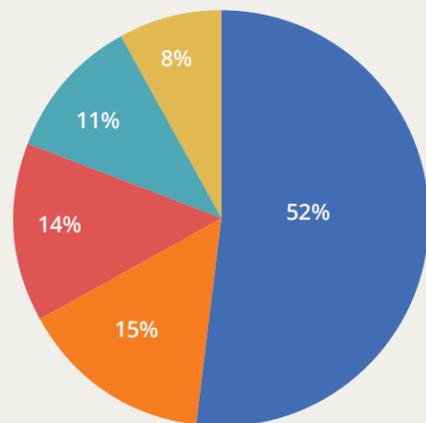
CharterSAFE's deep understanding of the risk trends for charter schools is unsurpassed. When analyzing trends, we examine both frequency and severity. Claim frequency and severity are fundamental concepts in the insurance industry. They serve as crucial metrics for measuring and predicting the level of risk associated with insuring certain types of events or property.

- **Frequency.** Claims of frequency are claims that occur often and are common. They are less in value and resolve more quickly. By identifying these claim trends, CharterSAFE can recommend proactive and realistic strategies to reduce the number of claims at your school.
- **Severity.** Severity are those claims that happen less frequently but are very costly. Less than 20% of claims will account for more than 80% of your dollars. For these claims, CharterSAFE develops mitigation techniques for schools to reduce the chance of these claims occurring as well as mitigation techniques that will help reduce the cost of these claims.



Workers' Compensation Frequency by Cause
Top 5 (PY 2019-2023)

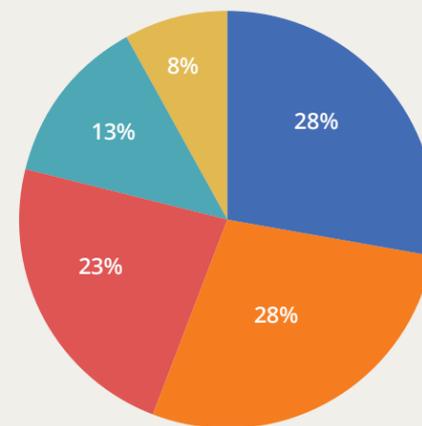
- Slip, Trip, Fall
- Struck or Injured by Student
- Lifting
- Cumulative Trauma
- Stress Exposure



Workers' Compensation Severity by Cause
Top 5 (PY 2019-2023)

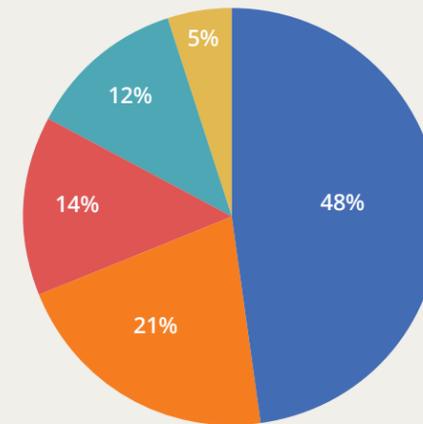
- Slip, Trip, Fall
- Cumulative Trauma
- Lifting
- Stress Exposure
- Struck or Injured by Student

The above graphs show the **top five causes of injuries by frequency of claims reported and the top five causes of injury based on severity** in claim dollars. As shown in the graphs above, the frequency and severity of workers' compensation are closely aligned. Looking at the severity graph, Stress Exposure, although not a highly reported cause of injury, accounts for 11% of claim costs in the top five.



Claim Frequency Property and Liability
Top 5 (PY 2019-2023)

- General Liability
- IEP Due Process Defense Costs
- Commercial Property
- Employment Practices Liability
- Auto (1st Party)



Claim Severity Property and Liability
Top 5 (PY 2019-2023)

- Sexual Abuse
- General Liability
- Employment Practices Liability
- Commercial Property
- IEP Due Process Defense Costs

The above two graphs illustrate the **top five causes of injuries by frequency of claims reported, and the top five causes of injury based on severity** in terms of claim dollars. Notably, Sexual Abuse claims, though infrequent, are severe in nature. As depicted on the above graph, while they account for only 4.1% of reported claims, they constitute a significant 48% of the total incurred.



Employers can reduce stress claims by implementing comprehensive workplace wellness programs and promoting a supportive and open work environment where employees feel comfortable addressing their concerns. Additionally, providing resources for stress management techniques and fostering work-life balance can contribute to mitigating stress-related claims.

TRENDING RISKS AND CHARTERSAFE'S TARGETED SUPPORT

Childhood Sexual Assault

CharterSAFE has identified CSA as a significant risk trend in the past two years. Rightly so! The reporting of these claims is on the rise, accounting for 48% of our loss dollars. It is an undeniable fact that sexual assault is an epidemic demanding our full attention. Since 2010, CharterSAFE and its reinsurers have paid or reserved over \$45,000,000 for CSA claims. Not only is the cost of these claims skyrocketing, but so is the exposure.

On January 1, 2020, AB 218 went into effect, extending the statute of limitations to bring forth a civil claim for CSA from the age of 26 to 40. Consequently, even in charter schools, we have seen an onslaught of reported claims dating back several years making it difficult to investigate.

This past year, the Governor signed Assembly Bill 452, which lifts all statutes of limitations for all CSA claims on a go-forward basis. For CharterSAFE members who have had CSA coverage outside of CharterSAFE, we highly encourage you to locate and retain your coverage records to be prepared in the event of a loss.

We continue to witness large verdicts for these claims impacting the K-12 school community, including precedent with verdicts exceeding \$100M. Verdicts have deemed the school 100% liable while the perpetrator received 0% liability. If any negligence is found, the school is likely to bear the entire cost. Unlike school districts that can go into receivership, charter schools lack protections when verdicts exceed their insurance limits, leaving them particularly vulnerable to closures in these scenarios.

It is more critical than ever that our members report suspected CSA and take every precaution possible to prevent it. These proactive actions not only provide plausible defenses against allegations but can also help negotiate more favorable insurance terms and costs. It should also be noted that law enforcement and the courts are now actively taking legal action against mandated reporters who fail to report.

SUPPORT. CharterSAFE wants to protect the children and help you prevent CSA from occurring at your school. As part of our commitment, we provide a mandatory CSA Prevention Training program for our members' staff. This proactive risk management approach fosters a zero-tolerance culture within our schools, and equips staff with the language, awareness, and confidence to speak up in suspicious situations.

CharterSAFE is dedicated to assisting our members in mitigating this exposure and recommends the following actions:

- If you have not already done so, adopt a robust Staff/Student Interaction Policy (we have a template available), train your staff, and vigorously enforce it.
- Comply with Ed Code 44050, which requires schools to provide parents with a copy of the Staff/Student Interaction Policy (it can be included in the parent handbook) and on your website if you have one, to offer parents, the tools to identify grooming behaviors and other "red flag" indicators. This is a useful tool for parents who are often the first line of defense, especially when they check their child's social media or phone activity.



- Add the mandatory "CharterSAFE: Childhood Sexual Assault Prevention Training" module to your annual staff training. This no-cost training can be accessed through Vector Solutions . When 90% or more of a member's staff completes the training, the \$100,000 deductible is waived.
- Access the voluntary "Boundaries —Sexual Abuse Prevention" training for parents and guardians. Reach out to CharterSAFE for your specific URL and password that your charter school can provide to parents and guardians.
- Take advantage of the STOPit Anonymous Reporting System offered at no cost to our members.

Employment-Related Claims Including Wage & Hour Violations

Most liability for a school arises out of the mishandling of an employment-related situation. Allegations of employment discrimination, wrongful termination, retaliation, and wage and hour violations continue to vex charter schools. As demonstrated in the charts above, claims arising from negligent employment practices account for over 14% of the total incurred over the last 10 years, and the trend is rising.

Like several other lines of insurance, this is another area of coverage in which the insurance marketplace has dwindled and become more restrictive. These claims are exceptionally costly when they involve back wages, unpaid meal, and rest breaks, or payroll processing violations. EPL violations that go undetected for an extended period can cost your school millions. While the coverage is designed to offer defense coverage, it does not pay for fines, penalties, and back wages. The related fines, penalties, and back wages are uninsurable, while deductibles can be substantial, adversely affecting your budget.

SUPPORT. Qualified human resource expertise is an absolute necessity for guidance. CharterSAFE offers no-cost advisory services through our dedicated HR consulting team to help your organization manage personnel.

Cyber

The key elements of cyber risk are breaches of computer networks and the ramifications of unauthorized access to sensitive data. Ransomware is malicious software that invades a computer system and holds the data hostage until a considerable sum of money is paid; this is quite common for schools and many other sectors.

Unfortunately, without proper protection, victims often have no choice but to pay the ransom and try to figure out what data has been compromised. This growing threat has caused insurance carriers to offer minimal to no coverage to those who do not have the required security in place. Underwriting scrutiny will continue, and applications signed by your IT personnel affirming what data protection is in place is required.

SUPPORT. CharterSAFE educates our members on ransomware and the ramifications of unauthorized access to sensitive data. Our Risk Management team stays on top of the changing threats that our schools face.

FINANCIALLY STRONG FOR 20 YEARS

At CharterSAFE, our foremost priority is ensuring your school's funding is maximized for the benefit of students. That is why we keep administrative costs minimal, at only 13% of contributions this year. The remaining 87% goes directly towards providing insurance coverage and support when needed most.

Our multi-year financial records, shown in the chart below, demonstrate our ongoing commitment to financial transparency and operational effectiveness to our members so you can feel certain that your funds could be put to effective use toward your school's mission of educating students. As we know, every dollar counts towards educating children.



Financial Position

| Fiscal Year | 19/20 | 20/21 | 21/22 | 22/23 Consolidated | 23/24 Consolidated Projected |
|---|-----------------------|----------------------|----------------------|-----------------------|------------------------------------|
| Operating Revenues: | | | | | |
| Member contributions | \$ 26,840,795 | \$ 35,419,395 | \$ 40,540,627 | \$ 47,795,502 | \$ 48,250,000 |
| Operating Expenses: | | | | | |
| Net claims expense | \$ 12,530,201 | \$ 4,774,351 | \$ 14,665,030 | \$ 24,196,058 | \$ 15,800,000 |
| Excess & reinsurance insurance premium | \$ 11,249,144 | \$ 14,311,043 | \$ 16,356,660 | \$ 21,527,783 | \$ 23,617,308 |
| General & administrative | \$ 2,000,313 | \$ 2,285,459 | \$ 2,642,846 | \$ 3,012,476 | \$ 2,861,807 |
| Claims administration & risk management | \$ 2,252,418 | \$ 2,269,518 | \$ 2,806,712 | \$ 2,782,073 | \$ 3,269,634 |
| Member dividend - COVID Rebate | | \$ 482,080 | \$ 1,715,002 | | |
| Total Operating Expenses: | \$ 28,032,076 | \$ 24,122,451 | \$ 38,186,250 | \$ 51,518,390 | \$ 45,548,749 |
| Operating Income (Loss) | \$ (1,191,281) | \$ 11,296,944 | \$ 2,354,377 | \$ (3,722,888) | \$ 2,701,251 |
| Non-Operating Revenues: | | | | | |
| Interest & miscellaneous income | \$ - | \$ - | \$ 47,145 | \$ - | \$ 17,194 |
| Investment income | \$ 827,755 | \$ 90,785 | \$ (788,683) | \$ 342,587 | \$ 1,255,000 |
| Total Non-Operating Income: | \$ 827,755 | \$ 90,785 | \$ (741,538) | \$ 342,587 | \$ 1,272,194 |
| Increase (decrease) in net position | \$ (363,526) | \$ 11,387,729 | \$ 1,612,839 | \$ (3,380,301) | \$ 3,973,445 |
| Net position, beginning of year | \$ 7,539,431 | \$ 7,175,905 | \$ 18,563,634 | \$ 20,176,473 | \$ 16,796,172 |
| Net position, end of year | \$ 7,175,905 | \$ 18,563,634 | \$ 20,176,473 | \$ 16,796,172 | \$ 20,769,617 |
| Cash Balance | \$ 6,728,699 | \$ 11,220,322 | \$ 14,631,167 | \$ 19,406,589 | \$ 18,400,000 |
| Investments | \$ 25,783,665 | \$ 27,992,413 | \$ 30,377,105 | \$ 32,201,727 | \$ 41,025,000 |
| Total Liquid Assets | \$ 32,512,364 | \$ 39,212,735 | \$ 45,008,272 | \$ 51,608,316 | \$ 59,425,000 |
| <i>Actuarial Estimated Outstanding Losses— 90% Confidence Level</i> | \$ 29,136,025 | \$ 22,946,399 | \$ 31,639,308 | \$ 48,791,868 | \$ 54,000,000 |
| Surplus in Excess of 90% Confidence Level | \$ 5,562,245 | \$ 18,581,388 | \$ 20,074,323 | \$ 6,509,215 | \$ 8,525,000 |

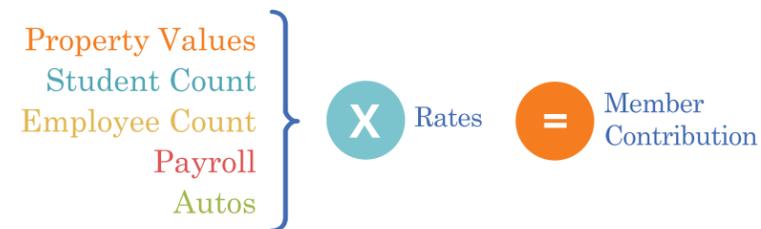
While insurance challenges face many schools, CharterSAFE remains financially prepared to support our members. Through proactive risk management services, we aim to prevent potential issues and guide schools through daily operations. When unexpected situations do arise, our stability ensures members can focus on their core mission of educating students, not financial burdens. As an advocate for charter education, CharterSAFE is committed to helping schools succeed both before, during, and after challenging situations occur.

MEMBER CONTRIBUTION

Member contributions are meticulously determined, considering several factors. These include, but are not limited to, each member’s size, property, scheduled autos, employees, exposures, and loss history. We also consider the members’ ability to implement safety precautions. This comprehensive approach ensures that the members’ contribution for the self-insured layer of coverage is fair and reflective of their specific circumstances. CharterSAFE, under the leadership of Thuy Wong, President and CEO, and John Chino, our insurance broker at Gallagher, diligently negotiates for the best possible rates while maintaining protective coverage.

In summary, member contributions consist of the self-insured layer rate, which is actuarially determined, along with member-specific credits or surcharges based on specific losses and risk management considerations, the excess rates from insurance carriers negotiated for all members and operating costs. There is no commission, consulting fees, or profit margin.

EXPOSURES



An assessment is a security measure triggered when a JPA or the mutual insurance company has insufficient reserves to pay for claims. In our 20-year history, CharterSAFE has never had an assessment! Even so, some opportunistic insurance agents try to use an assessment as an acceptable tactic when soliciting. Within our JPA structure, the possibility of an assessment impacting membership is extremely remote. To minimize any likelihood of an assessment, we proactively put two crucial protections in place:

- 1. Security for “severity” risk** —CharterSAFE has a protected excess and reinsurance structure to hedge risk using multiple highly rated insurers. This layer of coverage protects the JPA in the event of significant loss exposure.
- 2. Security for “frequency” risk** —CharterSAFE’s funding strategy includes a well-funded loss reserve to absorb claims for each annual period and on an aggregated basis over a period of years for open claims. This strategy is designed to protect against a large number of small or medium-sized claims impacting pooled retention.

RESERVES

AON Actuarial Services reliably calculates the recommended funding level for CharterSAFE’s loss reserve each year using CharterSAFE’s comprehensive 20-year historical record. It is compiled and analyzed to ensure adequate funding for the loss experience predicted for the upcoming policy period. This is the same methodology insurance companies use in the traditional marketplace without adding profit, commission, or broker fees.

CharterSAFE, acting as a reliable financial steward on behalf of our members, utilizes the recommended actuarial rate at a 75% confidence level. This rate, also known as the actuary’s 75% certainty of funding, all claims for the year, is used for our pooled retention layer. It covers both short-term and future claims that have been incurred but have not yet been reported. This prudent management of funds serves to safeguard CharterSAFE members from potential assessments.

Finally, we calculate losses for all years, beginning with the first policy period of the JPA (2004-2005) through the present-day funding for past liabilities that will come due. This provides a second look, whereby the actuary revalues the open claims to a 90% confidence factor.

Over the course of our 20-year operation, CharterSAFE has demonstrated financial resilience. We have accumulated \$6.5 M in member equity, even after disbursing current claims and setting aside funds for past and future claims. This has been achieved by adhering to the 90% confidence factor funding requirement as of 6/30/2023, providing a robust financial foundation for CharterSAFE.



1 JPA
Financially Impaired

761
Insurance Companies
Financially Impaired



YOU SPOKE AND WE LISTENED

At CharterSAFE, we're dedicated to actively enhancing our services to meet your needs as a member. By attentively listening to your feedback, we continually adapt to meet your evolving needs. Throughout each policy year, we conduct two surveys to gather insights from our membership base. In the fall, our focus is on gauging your well-being and assessing the efficacy of our support systems. In the spring, we delve deeper, seeking your perspectives on risk management comprehension and school hazards awareness.

Your input remains pivotal in shaping the path of CharterSAFE's services and support. Your voices guide our strategies as we strive to remain responsive to your concerns. Last year, you highlighted areas of emphasis such as social emotional well-being of staff along with safety topics related to student behavior and active shooter. In response, we curated tailored resources, including webinars and training sessions on mental health in the workplace and partnered with some of our vetted vendors on student safety and deadly weapons. We are unwavering in our commitment to providing resources that align precisely with your evolving requirements.

As we move forward, we eagerly anticipate our continued collaboration to ensure the safety and success of all our members. Together, we can navigate challenges, foster resilience, and cultivate environments conducive to growth and achievement.



I think just knowing that you are insuring us takes a big weight off my mind.

CharterSAFE has always provided great support to our school.

I appreciate your availability and willingness to tackle any issue that the school may be experiencing head on.



PARTNERING FOR SCHOOL SUCCESS WITH CHARTERSAFE

Your primary focus should be on student learning, not on becoming an insurance and risk management expert. That is where we step in.

With 20 years of specialized experience in pooled insurance and proactive risk management services tailored specifically for California's charter schools, CharterSAFE understands your unique needs. We are your hands-on partner, offering movement-wide insurance and risk management expertise that schools often lack access to or the budget to afford in-house. It is more than just an insurance policy—it is a membership that provides access to services designed to elevate your school's knowledge in risk management and safety.

Contact our team today for personalized support as your school gears up for the upcoming academic year. Visit the CharterSAFE website at www.chartersafe.org for our contact information and to discover how we can empower you to make informed decisions that align with your organization's needs. Together, let us navigate your insurance coverage and risk management services with confidence, ensuring a smooth and successful journey ahead.





Protecting **Schools.**

Promoting **Safety.**

Customizing **Insurance.**

888.901.0004

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