

WHEATLAND SCHOOL DISTRICT GOVERNING BOARD
STAFF REPORT

TO: WHEATLAND SCHOOL DISTRICT GOVERNING BOARD

FROM: Craig Guensler - Superintendent

SUBJECT: Discussion and consideration to notify SELF of intent to withdrawal.

PURPOSE:

The Governing Board consider adopting Resolution No # authorizing WHEATLAND SCHOOL DISTRICT to notify SELF of intent to withdraw.

BACKGROUND:

Historically, WHEATLAND SCHOOL DISTRICT has been a party to the Schools Excess Liability Fund JPA coverage through Tri-County Schools Insurance Group.

For the last 30+ years, Schools Excess Liability Fund (SELF) has been the reinsurer TCSIG uses to complete its MOC. SELF, on March 31, 2021, by letter informed TCSIG that SELF's casualty program MOC had been changed with the changes to be implemented no later than July 1, 2021. There were several changes made to the SELF MOC; however, there were three material changes that would preclude TCSIG's ability to protect its insureds from gaps in coverage.

1. SELF changed the MOC from "Occurrence Based" to "Claims Made" for all SAM claims. It is our position that this creates a significant risk of gaps in coverage in the future for all of our districts.
2. SELF also fails to offer any specific quote for Extended Reporting Period Endorsements; it fails to indicate if they will offer this type of endorsement; and it also fails to put any type of a price on the endorsement.
3. SELF also takes all control over litigated files away from TCSIG and vests it within SELF.

All three of these changes radically and materially change our relationship with SELF. This creates huge risks of gaps in insurance as well as TCSIG's ability in the future to protect our districts from gaps due to the lack of committing to an Extended Reporting Period Endorsement.

THE HISTORY:

In August 2020, TCSIG suspected SELF was contemplating a change in their MOC. From October 2020 to November 2020 several zoom meetings were held between SELF and TCSIG. SELF continuously denied any changes were intended for the upcoming 2021 year and gave assurances to TCSIG as late as December 30, 2020 that no change to the MOC was contemplated. Based on those representations, TCSIG opted not to withdraw its members from SELF. It was only after December 2020 that SELF began its attempt to modify the MOC. It is our

position that they did this intentionally to trap their members and keep them captive to this material change.

WITHDRAWAL FROM SELF:

TCSIG detrimentally relied on SELF's representation that there would be no modification to the coverages provided by SELF in its determination not to leave SELF and file the 25 resolutions, on or before December 31, 2020, that it had received from all its members to withdraw from SELF for the 2021 year as required by their bylaws. Based on SELF's misrepresentations, TCSIG's counsel has asserted that we have the right to withdraw at any time before July 1, 2021.

SELF requires each member of TCSIG to withdraw individually. TCSIG's board has elected to withdraw vesting the discretion in TCSIG's administration to make the final determination based on how the contingencies unfold. Each member of TCSIG is required to provide a separate resolution that we request be sent to the TCSIG administration in order to protect all of our members by ensuring a timely withdraw.

It is TCSIG's recommendation that member districts as a result of the unilateral amendments to the MOC by the SELF executive board, non-renew and withdraw from SELF.

RECOMMENDATION:

WHEATLAND SCHOOL DISTRICT recommends approval of resolution # to withdrawal from SELF effective July 1, 2021; and serve the Tri-County Schools Insurance Group Chief Financial Officer a copy of the resolution on or before June 25, 2021 and designates TCSIG's CFO to retain said resolution and further grants total discretion to Tri-County Schools Insurance Group's CFO to serve said resolution on SELF no later than June 30, 2021.

ATTACHMENTS:

Resolution No #20/21-05