



FAIRA BOARD & EXECUTIVE BOARD MEETING
September 16, 2024



FAIRA Key Contacts

<u>Contact Name</u>	<u>Office #</u>	<u>Alternate / Cell #</u>	<u>E-Mail</u>
Susan Blankenburg (FAIRA)	415-536-4005	415-517-8028	susan_blankenburg@ajg.com
Tay Gonzalez (FAIRA)	415-536-4004		tay_gonzalez@ajg.com
Zack Phillips (FAIRA)	415-536-8455	415-420-5131	zack_phillips@ajg.com
Julie Frisbey (Gallagher)	303-889-2505		julie_frisbey@ajg.com
Mike Sims (Bonita Sunnyside FPD)	619-479-2346	619-540-8303	msims@bonitafd.org
Ken Musso (South Placer FPD)		916-990-6259	kmusso@comcast.net
George Nunez (Aromas FPD)	831-333-4600	831-601-2502	george.nunez@fire.ca.gov
Andy Lawler (San Miguel FPD)	619-670-0500	619-507-0595	alawler@sanmiguelfire.org
Ryan McIntosh (Central Lyon County FPD)	775-526-9240		rmcintosh@centralfirenv.org
Dustin Hail (Fresno County FPD)		559-281-4300	dustin.hail@fire.ca.gov
Don Butz (Lakeside FPD)	619-390-2350	619-402-0846	dbutz@lakesidefire.com
Brian Boggeln (Alpine FPD)	619-445-2635	619-203-0050	bboggeln@alpinefire.org
Jason Gibeaut (Northstar CSD)	530-562-1212	530-414-8857	jgibeaut@northstarcsd.org
Rhonda Haynes (Orange County FA)	714-573-6833		rhondahaynes@ocfa.org
Michael Golden (North Central FPD)	559-570-1460	559-779-8519	michael.golden@northcentralfire.org
Ty Bailey (Sacramento Metro FPD)	916-859-4530	916-616-2404	bailey.ty@metrofire.ca.gov
Eric Walder (Waterloo Morada FPD)	209-931-3107	209-253-9455	ewalder@wmfire.org
John Chaquica (George Hills)	916-859-4824	916-995-9451	john.chaquica@georgehills.com
Joe Mastro (Mastro & Associates)	559-261-4300	559-917-5632	joemcpa@sbcglobal.net
Jack Joyce (Bay Actuarial Consultants)	925-377-5269	902-286-0685	jjoyce@bayactuarial.com
Sam Black (Charles Schwab & Co)	415-945-6464	415-994-7941	sam.black@schwab.com
Don Jesberg (KCM Investments)	415-461-7788		djesberg@kcmadvisors.com
Dale Bacigalupi (FAIRA Counsel)	559-431-5600	559-246-8639	dbacigalupi@lozanosmith.com

FAIRA MEETING CALENDAR 2024

MEETING DATES	TIME	MEETING	LOCATION
September 16, 2024	11:00am	Board and Executive Meeting	Sacramento Metropolitan Fire Headquarters 10545 Armstrong Ave, Suite 200 Mather, CA 95655
December 2024 AS CALLED BY THE BOARD PRESIDENT	TBD	Board and Executive Meeting	TBD
March 2025 AS CALLED BY THE BOARD PRESIDENT	TBD	Board and Executive Meeting	TBD
May 2025	TBD	Annual Premium and Budget Adoption Meeting	TBD
June 2025	TBD	Annual Board Meeting	TBD

*All dates and meeting venues are subject to change as directed by the President of the Board

President

Chief Don Butz

Lakeside FPD
Lakeside, CA

Director

**Assistant Chief
Ryan McIntosh**

Central Lyon County FPD
Dayton, NV

Director

Ken Musso

South Placer FPD
Granite Bay, CA

Vice President

Chief Eric Walder

Waterloo- Morada FPD
Stockton, CA

Director

Chief Mike Sims

Bonita-Sunnyside FPD
San Diego, CA

Director

Deputy Chief Ty Bailey

Sacramento Metropolitan Fire
Mather, CA

Director

Michael Golden

North Central FPD
Kerman, CA

Director

Chief Jason Gibeaut

Northstar CSD
Truckee, CA

Director

Chief George Nunez

Aromas Tri-County FPD
Monterey, CA

Director

Chief Dustin Hail

Fresno FPD
Sanger, CA

Treasurer

Chief Brian Boggeln

Alpine FPD
Alpine, CA

Elected Executive Board Member

Rhonda Haynes

Orange County Fire Authority
Irvine, CA

Secretary

Chief Andy Lawler

San Miguel Consolidated FPD
Spring Valley, CA



1 Call to Order and Determination of a Quorum

Call to Order and Determination of a Quorum

2 Confirmation of Agenda

NOTICE AGENDA OF THE FIRE AGENCIES MEETING OF THE BOARD

September 16, 2024 at 11:00 a.m.

To be posted by all Districts in accordance with the Ralph M. Brown Act, California Government Code Section 54950, et seq.

This meeting will be conducted in a manner that protects the statutory and constitutional rights of the parties or public appearing before the FAIRA Board of Directors. The Fire Agencies Insurance Risk Authority (FAIRA) will hold the Board Meeting on Monday September 16, 2024 at the following location:

**Sacramento Metropolitan Fire Headquarters
10545 Armstrong Ave, Suite 200
Mather, CA 95655**

AGENDA

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I certify that this Authority Agenda was posted and sent by email to all Members of the Authority 72 hours before the noted meeting.	72



Susan Blankenburg
General Manager

Date: September 16, 2024

FAIRA, in complying with the Americans with Disabilities Act (ADA), requests individuals who require specific accommodations to access, attend or participate in the Board Meeting, due to disability, to please contact the General Manager at 415-536-4005 at least two (2) business days prior to the scheduled meeting to ensure that the Authority may assist you. Others with questions concerning this Agenda please contact the General Manager at 415-536-4005.

3 Public Comment

Oral Communications to the Board, opportunity for public comment with respect to matters not on the Agenda.

This portion of the Agenda may be utilized by any person to address the Board of Directors' on any matter within the jurisdiction of FAIRA not listed on the agenda. Depending on the subject matter, per the Ralph M. Brown Act, the Board may not be able to respond at this time or until the specific item is placed on the Agenda for a future meeting. Speakers are limited to three (3) minutes.

4 Approval of the Minutes of the June 24, 2024 Board and Executive Board Meeting



FIRE AGENCIES INSURANCE RISK AUTHORITY MINUTES OF THE BOARD AND EXECUTIVE BOARD MEETING

June 24, 2024 at 9:30 A.M.

To be posted by all Districts in accordance with the Ralph M. Brown Act, California Government Code Section 54950, et seq.

The meeting was held at:

**Orange County Fire Authority Headquarters
1 Fire Authority Rd.
Irvine, CA**

Present: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Absent: Dustin Hail (Fresno FPD); George Nunez (Aromas Tri-County FPD); Mike Sims (Bonita-Sunnyside FPD)

Staff: Susan Blankenburg (FAIRA); Zack Phillips (FAIRA); Tay Gonzalez (FAIRA); Natalie Bates (Gallagher); Anthony Carlton (Gallagher)

Others in Attendance: Shari Huff (George Hills)

Item 1 - CALL TO ORDER AND DETERMINATION OF A QUORUM

Vice- President Eric Walder called the meeting to order at 9:30 a.m. Quorum was confirmed.

Item 2 – Confirmation of Agenda

A **motion** was made by **Chief Ty Bailey** to approve the agenda as presented in the Board packet. A second on the motion was provided by **Chief Ryan McIntosh**.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac

Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 3 - ORAL COMMUNICATIONS TO THE BOARD, OPPORTUNITY FOR PUBLIC COMMENT WITH RESPECT TO MATTERS NOT ON THE AGENDA

There was no public comment.

Item 4- Approval of the May 28, 2024 Minutes

A motion was made by **Rhonda Haynes** to approve the Minutes as presented in the Board packet. A second on the motion was provided by **Ken Musso**.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 5- KCM Presentation to the Board

Don Jesberg of KCM Investment Advisors presented to the Board of Directors via Microsoft Teams. He explained that the strategy for investment is to invest prudently with the goal of a stable asset base and a reasonable rate of return.

Mr. Jesberg gave an overview of changing interest rates, risks of the overall economy, and explaining positioning of FAIRA's portfolio to maximize income without accepting unnecessary risks.

Board Members Ken Musso, Rhonda Haynes, and President Don Butz raised questions individually to Mr. Jesberg. Zack Phillips assisted in answering questions as they related to actuary analysis and FAIRA's need to have funds readily available to pay claims. Mr. Jesberg gave an account of how Cal Prime could be a good alternative for investment if there are short-term money needs, however, the return would never be greater than the long-term investments that KCM is making on FAIRA's behalf.

Item 6.1- Vendor Contract Agreements

General Manager Susan Blankenburg presented to the Board regarding vendor contracts. Ms. Blankenburg has reviewed all of FAIRA's vendor contracts with General Counsel Dale Bacigalupi. In doing so, she found that three needed to be revised. She explained that the three contracts did not have any cyber protections written into them. This is an area of growing concern and as such should be added.

Ms. Blankenburg drafted revised contracts for KCM Investment Advisors, Bay Actuarial, and Cuttone & Mastro.

Chief Don Butz made a motion directing the General Manager to send the contracts out to their respective vendor and finalize negotiations. **Chief Andy Lawler** provided a second on the motion.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 6.2- Claims Settlement Authority Levels

Ms. Blankenburg explained that with FAIRA's new program structure, we would be responsible to handle all of our own claims. This necessitates having a resolution in place that outlines the tiered authority levels from the General Manager through to the Executive Board.

A motion was made by **Rhonda Haynes** to approve Resolution 2024-1 as it appeared in the packet. **Chief Ty Bailey** provided a second on the motion.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 6.3- Treasurer and Secretary Board Positions

Ms. Blankenburg explained that according to FAIRA's Bylaws and JPA Agreement, there must be a Secretary and Treasurer appointed from the Board. She further explained that Staff have always handled treasurer and secretary responsibilities. There are no additional responsibilities expected of the secretary or treasurer except to serve on the claims committee.

Brian Boggeln was nominated to the position of Treasurer and Andy Lawler was nominated to the position of Secretary.

A motion was made by **Chief Eric Walder** to approve the nomination of Brian Boggeln to secretary and Andy Lawler to treasurer. **Chief Ty Bailey** provided a second on the motion.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 6.4- Memorandums of Coverage

Ms. Blankenburg informed the Board of the necessity to have Memorandums of Coverage (MOC) as the Pool moves forward with our new program structure. She and FAIRA Broker Natalie Bates worked with coverage counsel to create the Memorandums of Coverage.

The Board reviewed the Liability MOC document with Ms. Blankenburg's guidance. Ms. Blankenburg acknowledged that there are edits needed in the format of the document.

A motion was made by **Michael Golden** to direct Staff to make appropriate changes to the Liability MOC document and approve said document. **Chief Brian Boggeln** provided a second on the motion.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Ms. Blankenburg presented the Auto Physical Damage MOC. She stressed the importance of having all vehicles on each District's schedule for our new carrier. There will continue to be automatic coverage for newly acquired vehicles.

Ms. Bates and Ms. Blankenburg carefully reviewed FAIRA's current APD policy and identified additional coverages that they would like to have added. These coverages were brought to the attention of the new APD carrier and were able to have most of those added to the policy via the MOC. Although the coverage is not identical, it includes all of the necessary coverages that are essential to the Membership.

A motion was made by **Chief Brian Boggeln** to approve the APD MOC. **Chief Jason Gibeaut** provided a second on the motion.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Ms. Blankenburg explained that the Property MOC was prepared in the same way as the other two coverage documents, following the lead carrier form.

A motion was made by **Chief Brian Boggeln** to approve the Property MOC. **Chief Jason Gibeaut** provided a second on the motion.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 6.5- George Hills TPA – Susan Blankenburg and Shari Huff

George Hills Claims Handling will serve as FAIRA's TPA going forward. FAIRA is going to need a TPA as we move into a self-insured program. The TPA work was already included in FAIRA's budget.

Shari Huff of George Hills spoke to the Board. Ms. Huff explained that self- insurance allows more control over claims. She further relayed to the Board that the TPA is accountable to the pool and not accountable to an insurance carrier. This is an advantage for FAIRA and is an exciting shift for the Pool.

Ms. Huff gave background on George Hills, explaining that the team that will be working for FAIRA has a lot of JPA experience and public entity experience. The adjusting staff will make sure that they are only paying the claims that are appropriate to pay. George Hills also has an attorney on staff that is available to be consulted on claims.

Another resource that will be greatly beneficial to FAIRA is George Hills' recovery department. They have a full subrogation department that will pursue repayment for FAIRA Member Districts.

Client services manager- assists with reports and sending claims info to prepare actuary to work on reserving. There is a designated individual to work in this capacity for the pool.

Ms. Blankenburg asked if the recovery services are free. Ms. Huff explained that there is a fee, but that the recovery team will add their fee onto the amount that the other party must pay back to the District. Chief Ty Bailey expressed how he believes his District could greatly benefit from utilizing this service from George Hills.

Ms. Blankenburg directed the Board to the Claims Kit as printed in the Board Packet. The kit has all of the contact information on it for claims to be made to George Hills.

No Action Needed

Item 6.6- Drive to Survive – Tay Gonzalez

FAIRA Administrative Analyst Tay Gonzalez presented the attendance results of the most recent Drive to Survive sessions. Over the five courses, there were 80 total participants.

Ms. Gonzalez further presented to the Board an opportunity utilize an online version of the Drive to Survive program. She outlined the pricing that Chris Daly offered to FAIRA as published in the Board packet. She took the course herself online and found that the courses will take 120 minutes to complete part 1 and 140 minutes to complete part 2.

The program is popular with every District that has ever participated. Ms. Blankenburg explained how important and impactful it could be for a District to have their drivers take this course. Chief Eric Walder echoed that his drivers who have taken the course have felt that their driving has benefited by participating in the course.

No Action Needed

Item 6.7- North Sonoma Coast

Ms. Blankenburg explained to the Board that a local broker has been soliciting many medium to small districts and has had some success with those having good experience. The broker uses VFIS to write the districts they insure but FAIRA has better coverages, trainings, and

services. This past year one of the Districts who left called inquiring about FAIRA taking them back as the commercial carrier non-renewed their coverage due to loss activity.

No Action Needed

Item 6.8- FDAC 2024-2025 Agreement

Catherine Smith of FDAC and FAIRA General Manager Susan Blankenburg recently had a productive conversation regarding the Fire Districts Association of California (FDAC) and its extensive work with fire agencies. FDAC focuses heavily on providing education and supporting fire districts across the state. A significant part of FDAC's mission includes legislative work and lobbying on behalf of fire districts, ensuring they have the necessary resources and representation. This collaboration with organizations like Cal Chiefs has been particularly important in advocating for state funding, especially for cancer-prevention PPE.

Don mentioned that years ago, FAIRA used to contribute \$30,000 to FDAC, but that amount was reduced to \$15,000. He suggested reinstating the original \$30,000 contribution to support FDAC's ongoing efforts. In response to Ken Musso's inquiry about how the funds would be used, Don explained that FDAC provides essential classes and training for fire districts as well as the other projects and services that Chief Eric Walder had told the Board about. Chief Andy Lawler expressed his strong support for the increased funding, emphasizing the importance of FDAC's legislative work and its role in securing vital resources for fire agencies.

A motion was made by **Chief Andy Lawler** to approve. **Ken Musso** provided a second on the motion. Motion passed with the following Directors in voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Ryan McIntosh (Central Lyon County FPD) abstained from the vote as his District is in Nevada.

Item 7.1- 2024-2025 Insurance Renewal Update

FAIRA's Broker, Natalie Bates, reported that there have been changes to pricing since the meeting of the Board in May, particularly regarding the ART 3 option, which includes a \$1.5 million reinsurance policy with a 5-year term rate guarantee. The property insurance proposal is set at \$100 million with the broadest possible coverage, including wildfire protection. Many carriers in California are starting to eliminate or sublimit wildfire coverage.

The final negotiations on the auto physical damage (APD) coverage, resulting in a premium reduction of \$185,000. Staff is seeing last minute vehicle changes to assure that all vehicles owned by members are on the new carriers list. Overall, the final pricing went down an additional 1% from what it was when presented in the May meeting.

The flat renewal rate provided in the ART 3 option is considered a great deal in the current market as it is a 5-year rate guarantee. Zack added that the ART option also allows for the

possibility of getting money back, as 85% of the funds are managed by KCM, allowing the money to grow over time.

A motion was made by **Chief Eric Walder** to approve an increase of \$40,000 for the adjustment in the Auto Physical Damage values/premiums that was originally approved in May for the 2024-2025 insurance renewal. **Chief Brian Boggeln** provided a second on the motion.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 8.1- Final 2024- 2025 Budget

Zack Phillips explained the proposed 2024-2025 budget to the Board. Mr. Phillips provided a chart in the packet showing differences in the budget from 2023-2024 to 2024-2025. He also provided a detailed budget within the packet.

A motion was made by **Chief Ty Bailey** to adopt the budget as presented. **Michael Golden** seconded the motion. Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 8.2- Establish Claim Payment Account

As FAIRA moved forward with using George Hills (GH) as the third-party administrator (TPA) for the term, the pool needed to establish two separate trust accounts for the payment of claims. One account was designated for Property and Auto Physical Damage claims, while the other is for Liability claims. Based on the analysis conducted by staff and GH, it was recommended that the funding levels be set at \$25,000 for the Property and Auto account and \$50,000 for the Liability account.

To fund these accounts, money was transferred from KCM to CBT, with amounts ranging between \$25,000 and \$50,000 allocated for claims payouts. The goal was to keep the account balances low in order to maximize interest earnings. FAIRA continued to rely on actuarial reporting and forecasting each year to assess and adjust the funding levels as needed.

Shari Huff noted that for larger settlements, funds were pre-funded, meaning the money did not need to be in the account immediately but could be transferred as needed to meet settlement requirements.

A motion was made by **Chief Ryan McIntosh** to approve. **Chief Ty Bailey** provided a second on the motion. Motion passed with all Directors in attendance voting in the affirmative. Approvals by: Eric Walder (Waterloo-Morada FPD); Andy Lawler (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Michael Golden (North Central FPD); Don Butz (Lakeside

FPD); Ty Bailey (Sac Metro FPD); Jason Gibeaut (Northstar CSD); Ryan McIntosh (Central Lyon County FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 8.3- Investment and Interest Earnings

At CBT, FAIRA had both a sweep account and a checking account, with the sweep account earning interest. The general practice was to keep the necessary funds in the checking account for immediate use.

Mr. Phillips explained that the Board has the option to direct Staff to allocate some money to California CLASS if they wanted.

However, Zack recommended keeping the funds with KCM, noting that having too many places to pull money from could complicate the process. Ultimately, the recommendation was to affirm the current practice of maintaining the funds with KCM for simplicity and efficiency.

No Action Needed

The Board took a 5-minute break- Chief Andy Lawler left the meeting.

Item 9– Closed Session Conference with Legal Counsel

The Board entered closed session. Director Andy Lawler left the meeting prior to closed session.

Item 9.1 – Potential Litigation. [Government Code 54956.9(b)]

Item 9.2 – Potential Litigation. [Government Code 54956.9(a)]

Item 9.3 – FAIRA Claims and Loss Report

General Council, Dale Bacigalupi, stated there were no reportable actions taken by the board during closed session.

Item 10 – Return to Public Session

The Board President, Don Butz, called the meeting back to open session at 12:22 pm.

Zack Phillips informed the Board that he will move out of the country in July, but will continue to work with FAIRA and Gallagher. He assured the Board that FAIRA is a priority.

Item 11 – Adjournment

Chief Brian Boggeln Motioned to adjourn. **Chief Don Butz** second. Meeting adjourned at 12:24 pm

Consideration and Possible Action

5 General Manager's Report – Susan Blankenburg

5.1 George Hills TPA Agreement Update

When Susan first began discussions with George Hills for their Claims Handling Services, George Hills CEO John Chaquica provided two pricing model options.

1. Time and expenses for the handling of claims as they were incurred not to exceed \$150,000, plus a \$15,000 administrative fee that applies to both options.
2. A flat annual fee of \$130,500 plus the administrative fee of \$15,000. Due to the labor involved in having to track time and expense, George Hills made the second option more attractive for FAIRA.

Both options are billed on a monthly basis. The agreements is below.

Consideration and Possible Action

CLAIMS ADJUSTING AND ADMINISTRATION
SERVICE CONTRACT BETWEEN
FIRE AGENCIES INSURANCE RISK AUTHORITY
AND GEORGE HILLS COMPANY, INC.

This Contract is made, entered into, and shall be effective as of, this 1st day of July, 2024 by and between the FIRE AGENCIES INSURANCE RISK AUTHORITY, hereinafter referred to as "FAIRA," and GEORGE HILLS COMPANY, INC., hereinafter referred to as "GH."

RECITALS

A. GH is a California Corporation doing business as licensed, independent insurance adjusters and administrators, with John Chaquica, Chief Executive Officer, responsible for contract compliance, terms and corporate governance. Chris Shaffer, Chief Operating Officer, shall oversee the daily operations. The company's corporate office is located at P.O. Box 278, Rancho Cordova, California, 95741, telephone, (916) 859-4800.

B. FAIRA desires to contract with GH for the services set forth herein.

C. Agreement is made by FAIRA, on behalf of its members, as parties to the JPA Agreement.

IT IS HEREBY AGREED by and between the parties signing this contract as follows:

1. GENERAL

FAIRA is desirous of availing itself of liability and property claims adjusting and administration services. GH is a Third-Party Claims Administrator handling self-insured claims and is ready to and capable of performing such services. As such, GH may act as a representative of the FAIRA when directed for the investigation, adjustment, processing, and evaluation of general liability claims or incidents filed by third parties against the FAIRA, or against parties for whom the FAIRA is alleged to be legally responsible, which are premised upon allegations of willful, intentional, negligent, or careless acts and/or omissions ("CLAIM(S)").

2. SCOPE OF SERVICES

GH agrees to provide complete claim handling services on each accident or incident, as directed and assigned by FAIRA. GH will only work on the claims specifically assigned by FAIRA and will have no obligation or responsibility to any claims not formally assigned by FAIRA. Each CLAIM will be subject to the Scope of Services and Client Expressed Authority and Limitations form, attached hereto as Attachment A. FAIRA shall determine the scope of services to be provided by GH by signing the Scope of Services and Client Expressed Authority and Limitations form for each Contract. The Scope of Services and Client Expressed Authority and Limitations form shall be the controlling document for the scope of claims adjusting services to be provided by GH for FAIRA and may be amended as needed during the Term. Changes to the Scope of Service to be provided by GH which do not effect or alter the compensation due under the terms of this Contract may be agreed as provided in Section 19.

3. DENIAL, COMPROMISE, OR SETTLEMENT OF CLAIMS

It is agreed that FAIRA has granted no authority to GH for the purpose of compromising, settling, and paying any claims against FAIRA being handled by GH. GH will issue payment

for legal expenses as defined in the Client Expressed Scope of Work form. Prior approval to compromise or settle any claim or pay any expense will be obtained as provided in Attachment "A."

4. FILE RETENTION

GH shall serve as the custodian of the client's data, for documents related to each of the claims subject to this agreement only, and as such shall electronically retain all related records through the life of this contract. Upon termination of this contract, GH shall electronically transfer all of the data pertaining to all claims, either to the FAIRA or to a recipient designated by the FAIRA, within 30 days of termination. FAIRA and GH may agree via a separate signed agreement to retain records and/or data for a longer period of time, but in the absence of such separate agreement, GH will remove all data received, held, used, or stored in relation to George Hill's performance pursuant to this contract, from its system after 30 days from termination.

5. CONFIDENTIALITY

All data, documents, discussions, or other information developed or received by or for GH in performance of this Contract are confidential and not to be disclosed to any person except as authorized by FAIRA or FAIRA's designee, or as required by law.

6. CONFLICT OF INTEREST

In the event GH receives a claim from the FAIRA in which there arises a "conflict of interest," GH shall immediately notify FAIRA, and suggest handling instructions in the address of the conflict. FAIRA may then, at their expense choose to hire another well-qualified claim firm to handle that particular claim to a conclusion. GH covenants that it presently knows of no interest, direct or indirect, which would conflict in any manner with the performance of services required under this contract.

7. FAIRA RESPONSIBILITY

FAIRA agrees that it shall:

- 1) Cooperate with GH as reasonably necessary for GH to perform its services.
- 2) Provide direction to GH as requested regarding particular project requirements.
- 3) Communicate any changes in expectations and/or in the event GH is not performing in an acceptable manner so GH can immediately address such changes and/or performance issues.
- 4) Identify a primary contact person(s) for the account as well as for billing and loss run submission. In addition, FAIRA shall be responsible for reporting all changes in the primary point of contact to GH. FAIRA shall identify an individual as the contact person for provision of and communications concerning Certificates of Insurance as required herein.
- 5) Be responsible for reporting to GH all Bodily Injury Claims in addition to all other items noted in Attachment B to this Contract "Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA)."
- 6) Be responsible for updating GH on any changes to coverage/policy language; including limits, retentions/deductibles and coverage changes before the start of each policy term.

- 7) Obtain any necessary consent in the collection of any FAIRA data that is transmitted to a third party (i.e., lawyer, actuary, or auditor). FAIRA shall provide GH with reasonable assurances that it has the necessary consent to transmit FAIRA data to a third party. FAIRA acknowledges that the claims data may contain confidential and/or protected health information (“PHI”). In the event FAIRA authorizes and directs GH to provide claims data to a third party, FAIRA will indemnify, defend and hold harmless GH from and against all claims, damages, losses and expenses, including court costs and reasonable attorneys’ fees, arising out of or resulting from:(i) any action against GH that is based on any negligent act or omission of FAIRA or a third party in transmitting and/or disclosing the PHI and/or claims data; or (ii) the violation of any state or federal statute, ordinance, or regulation by FAIRA or a third party in transmitting and/or disclosing the claims data.

8. COMPENSATION, FEES AND EXPENSES

The following compensation, fees and expenses, shall be paid in consideration for the services provided by GH as described in this Contract at Section 2 – Scope of Services. This Section shall remain in force and services provided during the entire term of this Contract, unless otherwise amended pursuant to Section 19 and/or 20 of this Contract.

The compensation to be paid pursuant to this Contract are comprised of three distinct categories:

- A: “Administrative Services”
- B: “Fees for Claim Adjusting Services”
- C: “Allocated Costs/Expenses”

The Fees and Costs/Expenses pursuant to subsections “A”, “B”, and “C” will be billed together monthly in a standard invoice format utilized by GH. Additionally, if FAIRA elects any optional services identified subsections “F” or “G” below, all additional amounts will also be billed together monthly where applicable.

A. Administration Services

- 1) Annual Administration Fee: \$15,000 which is billed annually at the beginning of the Contract period and thereafter upon the anniversary of the Contract.
- 2) MMSEA: There is a one-time setup fee of \$300 and a \$500 annual reporting fee, charged to support our contract with our service provider for reporting to CMS. This fee is billed annually at the beginning of the Contract period.
- 3) System Access Fee: Access to the claims management information system, “CMIS”, which includes the setup and management of up to five (5) “read only” user accounts. “Read/write” access to the system can be obtained for an additional fee.
- 4) iMetrics Report Fee: There will be no charge for our iMetrics business intelligence reports with executive in-person debriefs.

- 5) George Hills Client Portal: GH operates a client interface which is intended to provide the FAIRA with information regarding claims related and loss information. FAIRA will be provided with access for two (2) users at no additional cost.
- 6) Custom Reports: Additional charges for custom reporting shall be defined as, requiring a third-party programmer for three hours or more and is client specific.
- 7) Conversion Fee: GH will pay the Conversion Fee subject to the terms stated below. The Conversion Fee covers costs associated with electronic data conversion, transition, reconciliation of financials, all reports created and vetted, and FAIRA sign-off on CMIS set up.

GH extends to new clients the following: GH believes in the establishment of a long-term partnership, and as such shall pay 100% of all costs relating to the data conversion, which is estimated at \$0.00. This is based solely on GH being retained under this Contract for five years (whether it is this Contract or an extension of/amendment to this Contract). If, for any reason the GH is not retained for five years, the FAIRA will be subject to a fee of 20 percent of the full Conversion Fee for each year not retained.

The Conversion Fee does not include, the shipping, storing, scanning, copying, or otherwise handling open or closed paper claims files. Please see subsection M, "Paper Files" below.

Upon early termination of this Contract, any remaining fee will be added to the penultimate invoice and if not paid, will result in an additional balance due and owed to Contractor.

- 8) Catastrophic Fees: GH recognizes that there are events that are unanticipated and/or catastrophic. When such events occur, it requires additional hours for the handling of such claims which could not be estimated or included in the Annual Fixed Fee calculation contained herein. As such, to preserve the quality and efficiency of service, when such an event is deemed to be catastrophic by any entity providing excess coverage, the California Department of Insurance, the Insurance Services Office, or any local, state, or federal government declares a State of Emergency in relation to the subject matter upon which the claim is based, or upon agreement of the CLIENT and GH, should any one event occur resulting in five or more claimants alleging loss out of the same designated event, or two or more claimants with their own attorneys, GH will bill the CLIENT on a time and expenses basis at the current hourly rate for all services. These claims will be identified for separate billing procedures and will not be counted in the claims frequency which serves as the underlying basis for the Fixed Fee calculation applicable for the next year in the contract period.
- 9) Fixed Fee Annual Recalculation: GH reviews and analyzes the claims frequency annually. Within 30 days of the end of each 12-month period from the date the work under the contract is initiated, GH will provide notice to the CLIENT of the actual number of claims received for the preceding 12 months. If the claims frequency exceeds the base number of 140 by greater than 10%, GH will provide a new Annual Fixed Fee calculation based on the change in frequency. The new Annual Fixed Fee will begin on July 1st of the next year in the Contract term. If the frequency changes in an amount of 10% or less, there will be no change in the Annual Fixed Fee calculation.

- 10) Annual Fee Escalator: Regardless of, and in addition to, any change in the Annual Cap, all compensation, rates and fees in this Contract shall be adjusted at the beginning of the second year of the term by the lesser of, 5% or in accordance with the changes in the Consumer Price Index (CPI-U) for all Urban Consumers for the Los Angeles Area using the annual percentage change published in the most recent month, but in any event such increase shall not be less than 3%.
- 11) General File: A general administrative file shall be established and maintained to track effort related to services necessary to fulfill our contractual obligations and not otherwise associated with a claim.
- 12) Paper Files: GH is prepared to take the lead to arrange for all services relating to conversion storage, copying, scanning, shipping, and disposal. GH will provide you a quote for any services related to storage, retrieval, copying, scanning, shipping, and disposal of paper files.

B. Fees for Claim Adjusting Services

- 1) Annual Fixed Fee In exchange for the services provided under this Contract by GH, CLIENT shall pay to GH the following Annual Fixed Fee(s).

Fixed Fee*	
Year One	\$130,500

**All Rates and Fees stated in this contract are subject to the Annual Fee Escalator described above*

C. Allocated Costs/Expenses

GH will charge to the FAIRA both allocated and non-allocated costs and expenses incurred pursuant to this Contract as stated herein and defined further in Attachment D, "Allocated Expenses."

- 1) Mileage Reimbursement: Mileage traveled will be paid at the IRS rate in effect at the time the mileage is traveled. This section applies to mileage which can be allocated to a specific claim and also mileage which is not allocated to any claim, such as attendance at claim review, board and/or committee meetings requested or required by the FAIRA.
- 2) Adjuster Travel Expenses: GH will separately charge for any travel expenses in connection with attendance at mediations, settlement conferences, trials, etc. This will be subject to prior approval and actual expenses will be submitted with receipts on a monthly basis. This section applies to travel expenses which can be allocated to a specific claim and also travel expenses which are not allocated to any claim, such as attendant at claim review, board and/or committee meetings.

D. Payment Schedule

GH will submit its standard format invoices to FAIRA, and payment shall be made by FAIRA, within a reasonable period of time, not to exceed thirty (30) days from the date of the invoice.

E. Electronic Funds Transfer Or Direct Deposit

GH has determined that the most efficient and secure default form of payment for goods and/or services provided under Contract with FAIRA shall be Electronic Funds Transfer (EFT) or direct deposit, unless an alternative method of payment is deemed appropriate by both GH and FAIRA and agreed to in writing.

GH will submit a direct deposit authorization request via to FAIRA with banking and vendor information, and any other information that the FAIRA determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.

At any time during the duration of the Contract, GH may submit a written request for an exemption to this requirement. Such request must be based on specific legal, business or operational needs and GH will explain why the payment method designated by the FAIRA is not feasible and an alternative is necessary.

F. First Party Subrogation Services And Fees

GH is a claim administration firm experienced in the handling of first party subrogation claims and is ready and capable of performing such services on behalf of FAIRA. The fee for these services is 30% of the gross recovery. FAIRA elects to incorporate the Subrogation Services, as desired and as described more fully in Attachment A, Scope of Services and Client Expressed Authority and Limitations, Section (I)(K).

G. Optional Services

GH employs "in-house" attorneys which have vast experience in claims and litigation handling, problem resolution, issue identification and investigation, and advice and consultation, for all types of claims and issues which may arise for a public entity. Should the special circumstance arise whereby FAIRA requests additional services by a GH attorney, including those identified in the list below, the services will be provided on a time and expenses basis and at the rate of \$225.00 per hour, billed using 1/10th of an hour increments for each task performed on a claim or issue. The fees charged for these services will be in addition to any other compensation defined in this section:

- Litigation Management
- Monitoring Counsel
- Outside General and Special Counsel
- Trial/Mediation/Board Meeting Attendance
- Legal Training and Seminars

GH can also provide Professional and Financial Services related to risk management and loss prevention in alignment with the scope of services for the same rate referenced above.

NOTE: These services are traditionally Time and Expense, however an annual fee can be considered.

9. TERM AND TERMINATION

Term: The term of this contract shall be for five (5) years commencing on July 1, 2024 and remaining in full force and effect through and including June 30, 2029. Either party may terminate this contract for any reason upon issuing a ninety (90) day written notice to the other party pursuant to Section 18 of this Contract. The term of this Contract may be extended for two (2) periods of one (1) year each by mutual agreement of FAIRA and GH executed pursuant to Section 19 on this Contract.

Termination for Convenience: FAIRA may at any time and for any reason terminate this Contract upon ninety (90) days written notice to GH pursuant to Section 18 of this Contract. Notice shall be deemed served on the date of mailing. Upon receipt of such notice, GH shall discontinue services at the end of the 90-day period in connection with the scope of services of this Contract. Upon such termination, GH shall be entitled to payment from FAIRA for services completed and provided through the date of termination, per Section 8.

Termination Costs: If termination takes place in less than five (5) years from start of term, FAIRA may be subject to a fee, not to exceed \$2,500, intended to cover costs associated with outgoing data conversion, transition and contract close out.

Upon completion of data conversion and return of data back to FAIRA (electronic and/or hard copy), GH will destroy any remaining files.

10. FAIR EMPLOYMENT

It is the policy of GH to provide fair and equal treatment to all staff members. GH is an Equal Opportunity Employer and does not discriminate in any way against any person on the basis of age, race, sex, color, national origin, national ancestry, physical disability, medical condition, mental disability, religion, creed, marital status, sexual orientation, gender identification, gender expression, use of family care leave or any other classification deemed protected by law.

11. INDEPENDENT CONTRACTOR

In performing claims administrative services herein agreed upon, GH, and all GH employees, shall have the status of an independent contractor of the FAIRA and shall not be deemed to be an officer, employee, or agent of FAIRA.

12. INDEMNIFICATION

GH will defend, indemnify, and hold harmless FAIRA from and against all claims, demands, actions, or causes of action arising directly or indirectly from ~~the negligent action, conduct, or failure to act by GH personnel ("Indemnity Event")~~, except that indemnity under this section does not apply with respect to any claim, demand, action, or cause of action arising out of the sole negligence ~~of~~ and willful misconduct of the FAIRA. This right to indemnity shall not cover any claims in which there is a failure to give GH prompt and timely notice, within thirty (30) days of notice received by FAIRA which implicates this provision, but only if and to the extent that such failure materially prejudices the defense of such claims.

FAIRA will defend, indemnify, and hold harmless GH, and/or employees of GH, from and against all claims, demands, actions, or causes of action, which may arise, from the action,

conduct, or failure to act by FAIRA. In any cases subject to this indemnity provision, wherein GH, or any employee of GH, is named in a filed or verified complaint simply by virtue of the fact it is the CLAIMS ADMINISTRATION firm, or an employee thereof, on a given claim, the FAIRA will defend GH, and/or its employees, at no cost to GH or its employees.

For an Indemnity Event, the maximum amount recoverable by on party against another for damages and costs (inclusive of attorneys' fees) is limited to the insurance policy limits, of the policy which covers the Indemnity Event held by the indemnifying party, in place at the time of the Indemnity Event.

13. INSURANCE

GH shall obtain, keep and maintain insurance, and provide FAIRA with Certificates of Insurance duly executed by an authorized representative of insurance company or companies authorized to transact business in the State of California, which shall evidence that the GH has in full force and effect:

- 1) Commercial General Liability coverage applying to bodily injury, personal injury, and property damage with limits of \$1,000,000 per occurrence;
- 2) Professional Liability coverage with limits of \$3,000,000 per Claim/Annual Aggregate;
- 3) Workers' Compensation coverage with limits as required by California statutes and regulations; and waiver of subrogation for WC in favor of GH.
- 4) Fidelity Coverage for theft of FAIRA's property in the amount of \$2,000,000 per loss.
- 5) Cyber coverage with limits of \$2,000,000 per Claim/Annual Aggregate

GH shall include FAIRA as an additional insured under the Commercial General Liability insurance referenced above by endorsement or policy wording.

GH will provide thirty (30) days written notice, prior to the cancellation or reduction in insurance coverage will be provided.

During the on-boarding process, the FAIRA shall identify person or location for transmission of Certificates of Insurance.

14. EMPLOYEE SOLICITATION

During the period of this contract, and for a period of one (1) year thereafter, GH agrees not to solicit for employment any FAIRA employee contacted during the performance of this contract. During the period of this contract, and for a period of one (1) year thereafter, FAIRA agrees not to solicit for employment, or employ either directly or by contract, any employee of GH contacted by the FAIRA during the performance of this contract.

15. PERMITS, LICENSES, CERTIFICATES

GH, at GH's sole expense, shall obtain and maintain during the term of this Contract, all permits, licenses, and certificates required in connection with the performance of services under this Contract, including appropriate business license.

16. ARBITRATION

GH and FAIRA agree that in the event of any dispute with regard to the provisions of the Contract, the services rendered or the amount of GH's compensation and the dispute cannot be settled through informal negotiation, the parties agree first to try in good faith to settle the dispute by mediation before resorting to arbitration. The parties agree that any and all disputes, claims or controversies arising out of or relating to this Contract shall be submitted to JAMS, or its successor, for mediation, and if the matter is not resolved through mediation, then it shall be submitted to JAMS, or its successor, for final and binding arbitration. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the dispute and the relief requested. The parties will cooperate with JAMS and with one another in selecting a mediator from the JAMS panel of neutrals and in scheduling the mediation proceedings. The parties agree that they will participate in the mediation in good faith and that they will share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the mediator or any JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. Either party may initiate arbitration with respect to the matters submitted to mediation by filing a written demand for arbitration at any time following the initial mediation session. The mediation may continue after the commencement of arbitration if the parties so desire. Any arbitration arising out of or related to this Contract shall be conducted in accordance with the expedited procedures set forth in the JAMS Comprehensive Arbitration Rules and Procedures as those Rules exist on the effective date of this Contract, including Rules 16.1 and 16.2 of those Rules. In any arbitration arising out of or related to this Contract, the arbitrator shall award to the prevailing party, if any, the costs and attorneys' fees reasonably incurred by the prevailing party in connection with the arbitration.

17. FORCE MAJEURE CLAUSE.

GH shall be relieved of any liability if unable to meet the terms and conditions of this Contract due to any force majeure, which means, natural disasters such as earthquake or fires, floods, riots, epidemics, pandemics, including COVID-19 regulations or restrictions issued by federal, state or local governmental authorities, strikes, or any act or order which is beyond the control of GH, provided GH takes all reasonable steps practical and necessary to effect prompt resumption of its responsibilities hereunder.

18. NOTICES

All notices to GH shall be sent via electronic mail (preferred), or U.S. Mail, postage prepaid, to the following address:

GH

George Hills Company
Attn: John Chaquica, CEO
P.O. Box 278
Rancho Cordova, CA 95741
E-Mail: John.Chaquica@GeorgeHills.com

All notices to the FAIRA shall be personally served or mailed, postage prepaid, to the following address:

Claims Adjusting and Administration Services Contract
Between the FAIRA and George Hills Company

Client:

Susan Blankenship
General Manager
FAIRA
595 Market Street
San Francisco, CA 94101
E-mail: Susan_Blankenbourg@AJG.com

This Section only, regarding Notices, may be amended unilaterally by either party by and through the communication of new or amended contact information to the other party via e-mail at any time. GH will provide a form to the FAIRA by which it may amend or update the information stated in this section.

19. AMENDMENT BASED ON CONSENT OF PARTIES

GH and FAIRA agree that the terms and conditions of the Contract may be reviewed or modified at any time. Any modifications to this Contract, however, shall be effective only when agreed to in writing by both the FAIRA and GH, excepting only, modifications to the contact information to which Notices shall be sent under Section 18. Changes to the Scope of Service to be provided by GH which do not effect or alter the compensation due under the terms of this Contract may be agreed to by informal memorandum.

20. AMENDMENT DUE TO GOVERNMENTAL, POLITICAL, OR LEGISLATIVE CHANGES

GH and FAIRA agree that governmental, political, or legislative changes may impact the work of GH and FAIRA on behalf of FAIRA members. GH reserves the right to seek an amendment to any portion(s) of this Contract, expressly including the compensation, fees, and expenses stated in Section 8, in response to any change to, addition or deletion of any statute, rule, regulation, or policy which materially impacts the liability of public entities in California, damages for which public entities may become responsible, and/or the handling, administration, adjustment, payment, and/or reporting related to services performed under this Contract.

21. CONTRACTOR NOT A PUBLIC OFFICIAL

Neither GH, nor any employee of GH, is a "public official" for purposes of Government Code §§ 87200 et seq. GH conducts research and arrives at conclusions, provides advice, recommendation, or counsel independent of the control and direction of the FAIRA or any official of the FAIRA, other than normal contract monitoring. In addition, GH possesses no authority with respect to any FAIRA decision beyond these conclusions, advice, recommendation, or counsel.

22. ENTIRE CONTRACT

GH and FAIRA agree that this Contract constitutes the entire Contract of the parties regarding the subject matter described herein and supersedes all prior communications, contracts, and promises, either written or oral.

23. TIME OF ESSENCE

Time is of the essence in respect to all provisions of this Contract that specify a time for performance: provided, however that the foregoing shall not be construed to limit or deprive a Claims Adjusting and Administration Services Contract
Between the FAIRA and George Hills Company

party of the benefits of any grace or use period allowed in this Contract.

25. COUNTERPARTS

This Contract may be signed in counterparts, each of which is an original, and all of which together constitute this Contract

IN WITNESS WHEREOF the parties represent and warrant they each of them have read, understand, and negotiated the terms and conditions contained herein, and agree to be bound by all terms and conditions of this Contract as outlined in this document and all attachments and/or exhibits included herewith, which are fully incorporated into the Contract.

<p>Approved as to Content:</p> <hr/> <p>Susan Blankenburg, General Manager FAIRA</p>	 <hr/> <p>John E. Chaquica, CEO George Hills Company, Inc.</p>
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ATTACHMENT A

SCOPE OF SERVICES AND FAIRA EXPRESSED AUTHORITY AND LIMITATIONS UNDER THE CONTRACT

This Attachment A is intended to provide the Scope of Services referenced in Section 2 of the Contract and also the specific service expectations in the Contract, that would not otherwise require revision during the Contract period, and which may differ from, or elaborate upon, our Client Service Profile. Services to be provided by GH on behalf of FAIRAS may include some or all of the following,

I. SERVICES INCLUDED IN THE CONTRACT

A. General Administrative Services

Throughout each year GH performs numerous functions which support claims administration on behalf of the Client, but do not include any claims handling, and are performed by non-claims personnel. Additionally, in the first year of a new client there are several “on-boarding” services that are general and administrative in nature. Below is a list of such services which are included within the terms of this Contract:

- 1) Claims Management Information System (“CMIS”) Services and Reports
 - a. Access to CMIS and training.
 - b. A monthly listing of open claims, showing expense categories, reserves, and total incurred.
 - c. Monthly claim summary reports.
 - d. Monthly hours and claims data detail for billing.
 - e. Providing loss run data and required reports.
 - f. Access to GH Client Portal.
- 2) Providing annual reports to outside agencies.
- 3) Filing of regulatory reports (such as 1099, W-9, etc.).
- 4) Trust Account
 - a. Establish and maintain a trust account to pay indemnity and expenses that may be due on claims. The amount to be maintained in the trust account shall be determined by FAIRA. If the trust account is set-up with the GH preferred bank— Californial Band and Trust, GH covers the cost of Positive Pay and Payee Match.
 - b. New bank account set up (signature cards, test checks, online access, set up bank in CXP).
 - c. Discussion and agreement on the approval process.
 - d. Preparation of W-9.
 - e. Process checks weekly.
 - f. Submit positive pay if applicable/monitor positive pay (review daily emails from bank for exceptions).
 - g. Maintain a copy of all checks drawn by GH to pay claims and claims related expenses.
 - h. Submit monthly check registers of all transactions made for the period.
 - i. Monitor account balance and prepare replenishment requests monthly. Where replenishment of the account is required more than once per month, an additional administration fee may be required.
 - j. Monthly bank reconciliation (prepared and sent to CLIENT).
 - k. Payment of invoices that are pass-throughs (i.e., invoices for medical record copies, ExamWorks, etc.).

- I. Respond to special funding requests arising out of the settlement of a claim or case and funding thresholds as defined in the Claim Handling Instructions. In the event that more than two special funding requests are required in a month, an additional fee will apply.
- 5) Certificates of insurance as required by the Contract.
- 6) Annual Service
 - a. Respond to outside financial auditors.
 - b. Provide reports to FAIRA actuaries and claims auditors
 - c. Submit GH SSAE 16 reports, or the current equivalent.
 - d. Providing annual reports to outside agencies.
 - e. Filing of regulatory reports such as 1099, W-9, etc.
- 7) Account Management

B. Investigative Services

- 1) Receipt and examination of all reports of accidents or incidents that are or may be the subject of claims.
- 2) Investigate accidents or incidents as warranted, to include on-site investigation, photographs, witness interviews, determination of losses and other such investigative services necessary to determine all FAIRA losses but not to include extraordinary investigative services outside the expertise of GH.
- 3) In the event FAIRA or other agency conducts any investigation, and upon Client's request, GH shall review and analyze for liability and/or damage issues and for possible additional follow-up investigation.
- 4) Maintain service on a 24-hour, 7 days per week basis, to receive reports of any incident or accident which may be the subject of a liability claim and provide immediate investigative services to the extent necessary to provide a complete investigation.
- 5) Undertake items of investigation requiring special handling for CLIENT at the direction of the CLIENT's Attorney or authorized representative.

C. Liability and Claim Handling Services

- 1) Promptly set up a claim file upon receipt of the claim and maintain a claim file on each potential or actual claim reported.
- 2) Assess and evaluate the nature and extent of each claim and establish claims reserves for indemnity and legal expense.
- 3) GH will follow any FAIRA policy regarding tort claim rejection instructions, including rejection and return of an untimely or insufficient claim.
- 4) Ensure timely tort claim handling, including contact and follow-up with claimants regarding claim issues and processing.
- 5) Any bodily injury claim that is being pursued shall be indexed. Notice only matters or precautionary bodily injury claims that are not pursued do not need to be indexed.
- 6) Determine the need for defense representation, recommend legal counsel, and support litigation activity.
- 7) Report claims to the excess insurer in compliance with excess carrier's reporting requirements and coordinate with the excess insurer on a claim's progress in accordance with the excess insurer's reporting requirements.
- 8) Maintain records on any such claim and notify FAIRA when FAIRA is about to exhaust the Self-Insured Retention.

- 9) Obtain settlement contracts and releases upon settlement of claims or potential claims not in litigation.
- 10) Perform periodic reviews, as needed, of FAIRA files and claims as well as statutory requirements to ensure compliance including excess insurance related requirements.
- 11) Perform the necessary data gathering for the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) and the Set Aside Contracts in compliance with Section 111 of the MMSEA including the required reporting. *(See Attachment B)*
- 12) To the extent there is privileged information or PHI shared between agencies, which is subject to protection under HIPAA, GH shall implement all necessary measures in compliance with the Act and will execute a Business Associates Agreement (BAA).

D. Litigation Support Services

- 1) Upon notification by the FAIRA that litigation has been filed naming FAIRA or any of its members, GH shall follow the instructions outlined in the Client Expressed Scope of Work Instructions form. GH will work collaboratively with FAIRA to post all legal payments and expenses and to ensure that all financial activities related to the case are recorded in the system for inclusion on a formal loss run which will be provided to the FAIRA.
- 2) The CMIS operated by GH will serve as the repository for the FAIRAS's legal file pertaining to the litigation.,
- 3) GH will establish will communicate with FAIRA, the Litigation Manager, and defense counsel to ensure that file contents include the following documents and information:
 - a. Operative Summons and Complaint
 - b. Case evaluations from defense counsel
 - c. A summary or copy of any discovery motions
 - d. Summary of discovery efforts and evidence obtained
 - e. Expert Witness Reports and summary of expected testimony
 - f. A summary or copy of dispositive motions
 - g. Mediation or settlement conference statements of all parties
 - h. Settlement demands or offers from any party
 - i. A copy of any Judgment, arbitration award, or Jury verdict
 - j. Any Court order of significance to liability in the case
 - k. Appellate documents including open and responsive briefs and opinions or decisions issued by the Court.

E. Litigation Management (optional)

- 1) Includes Litigation Support Services as described in Attachment A (I)(D)
- 2) Claims Processors, Adjusters and/or Supervisors will perform the following services in relation to litigated or to-be-litigated, claims:
 - Upon notification by the FAIRA that litigation has been filed on an open claim, GH shall follow the litigation referral process as outlined in the Client Expressed Scope of Work Instructions form.
 - Work cooperatively with FAIRA in choosing outside counsel from approved panel and assist defense counsel in on-going litigation defense efforts.
 - Obtain and maintain a Litigation Plan and Budget.
 - Review legal bills in connection with Litigation Plan and Budget; Review, evaluate and adjust defense counsel invoices for legal services in cooperation with the FAIRA.
 - Cooperate with and assist defense counsel assigned to litigation of open claims and provide such investigative services as directed during pre-trial and trial stages.

- Assist in responding to discovery or preparing discovery.
- At the request of the FAIRA, attend mandatory settlement conferences on behalf of FAIRA.
- Appear on behalf of FAIRA in small claims actions filed against FAIRA on open claims handled by GH.
- Review and evaluate case evaluations, correspondence and status reports forwarded to GH by counsel. Regularly discuss, review, and direct investigation, discovery, and case strategy with counsel.
- Cooperate with counsel and litigation manager as a team with an open communication approach on each case to obtain the most economical and best result for the FAIRA.

3) Litigation Manager (performed by Senior Claims Adjuster or GH Attorney)

a. For designated claims identified as having a complex nature or potential high level of exposure, including coverage issues:

- Review to determine proper handling throughout the life of the claim and/or litigation
- Assess excess coverage reporting requirements and potential issues related to coverage and advise GH personnel of the need for reporting
- Identify the need for evidence preservation including scope and duration
- Assess need for early intervention by and assignment to defense counsel where appropriate
- Assess need for early retention and evaluation by expert witnesses
- Review case evaluations, correspondence and status reports forwarded by defense counsel to advise FAIRA on proper handling including settlement, trial, and/or appellate work
- Monitor the case and advise on updating reserves and financial information on the file to maintain current and accurate loss information
- Provide advice on and/or assign defense counsel and ensure that a plan of action, budget, and evaluation of the case is prepared and maintained on designated cases
- Obtain, review, and analyze status reports of defense counsel and participate in selection of strategy, need for motions, retention of experts, trial preparation and trial, and appellate work
- Cooperate with counsel, claims supervisor and adjuster as a team with an open communication approach on each case to obtain the most economical and best result for the FAIRA
- Appear at mediations and settlement conferences

b. For non-claims related matters:

- Evaluate defense attorney case load and areas of practice to ensure consistent handling between cases with similar subject matter
- Where appropriate, will analyze the work of defense counsel and participate in the selection of new counsel or correction of existing counsel where appropriate
- Provide input on the selection and retention of new defense counsel whether to retain off-panel counsel for a specific claim or case, or through participation in the RFP process whereby new firms and/or attorneys are added to the County's defense attorney panel.

- Provide independent analysis of risk exposure not only based on education, training, and experience the Litigation Managers, but also based on litigation trends across the state for similar cases, incidents, and legal issues.

c. Fee for Litigation Management Services

GH Attorney:	\$250/hour*
Senior Claims Adjuster:	\$105/Hour*

**Fee Options are subject to the Annual Fee Escalator*

F. Reports and Procedures

- 1) Within thirty (30) days of assignment, or sooner if practicable, required, or requested, GH will provide FAIRA with a report pursuant to specified claims handling instructions, showing name(s) of claimant(s), type of claim, date of loss, comments on liability, reserve recommendations, settlement recommendations, and other pertinent information. Subsequent to the initial thirty (30) day report, GH will report as often as warranted by any important change in status but no longer than every ninety (90) days until the claim closes unless extended diary is appropriate.
- 2) All original reports, documents, and claim data of every kind or description, that are prepared in whole or in part by or for the GH in connection with this contract shall be FAIRA's property and constitute the GH's work product for which compensation is paid. A copy of all reports, documents, and claim data of every kind or description that is in whole or in part by or for the FAIRA is the property of GH. Additional copies of original reports, documents, and data requested by FAIRA will be at FAIRA's expense in accordance with this contract.
- 3) GH agrees that FAIRA have access and the right to audit and reproduce any of the GH's relevant records to ensure that the FAIRA is receiving all services to which the FAIRA is entitled under this Contract or for any purpose relating to the Contract.

G. Data

- 1) Utilize GH's claims management information system. FAIRA will be provided "read-only" access to the claims system. "Read-write" access may be obtained at the FAIRA's additional expense.
- 2) Record all claim information including all financial data.
- 3) Provide FAIRA and broker Read only on-line access to the claims data system (up to five users), if desired by FAIRA.
- 4) Provide monthly standard loss run and check register.
- 5) Provide annual claims data report upon request. Written authorization and/or a Business Associate Agreement may be required for confidential information protected by HIPAA.
- 6) Provide assistance to FAIRA in developing customized reports when requested (may require additional charge).
- 7) Arrange for electronic file conversion for any open and closed claims at the direction of FAIRA.

H. Claim Review Meetings

GH shall, on a mutually agreed periodic basis, meet with Client to review and discuss the FAIRAS claims inventory and claims results of specified periods and delivery of services by CLAIM ADMINISTRATOR. GH will attend four (4) claims review meetings annually with two (2) of the

Claims Adjusting and Administration Services Contract
Between the FAIRA and George Hills Company

meetings to be attended in-person and an agreed upon location and two (2) of the meeting to be held remotely by phone or video conference.

I. Financial Accounting

- 1) Establish and maintain a trust fund for the purpose of paying indemnity and expenses that may be due on the claims. The amount to be maintained in the trust fund shall be determined by the Client.
- 2) Maintain a copy of all checks drawn by the GH to pay claims and claims related expenses.
- 3) Submit monthly check registers of all transactions made for the period.
- 4) Complete or update Attachment B "Preferred Method of Check Processing" for check processing options.
- 5) Approval process shall be documented in GH Client Expressed Scope of Work Standards and Instruction Form.
- 6) GH will provide monthly bank reconciliation reports to FAIRA for audit purposes.

J. Third Party Subrogation Services

In any claim in which FAIRA is alleged to be liable or case in which FAIRA is a named defendant, GH will identify additional parties to that dispute which may also bear responsibility or liability for the damages claimed by the claimant(s) and/or plaintiff(s). Where additional individuals or entities are identified as having some responsibility, GH will perform the following services:

- 1) Identify to the FAIRA, the additional individuals or entities and the basis for potential liability.
- 2) Prepare and file a claim with each identified individual or entity.
- 3) As applicable, tender defense to or seek recovery from any identified individual or entity.
- 4) With client's prior approval and with the assistance of counsel, GH will prepare and file, or caused to be prepared and filed, any necessary litigation required to affect the claim of recovery on behalf of the FAIRA.
- 5) Manage litigation related to such claims or cases made to or filed against the other individual or entity.
- 6) All costs and expenses of litigation filed pursuant to this section, including attorney fees for outside counsel where necessary and approved, will be paid by the FAIRA.

K. First Party Subrogation Services

In the event that FAIRA assigns first party subrogation claims to GH, FAIRA shall identify damages it has sustained which a value of \$1,000 or greater and for which any individual or entity is believed to be liable or responsible, the following may be performed:

- 1) FAIRA may authorize GH to act as a representative of FAIRA for the investigation, adjustment, processing, supervision, and evaluation of an ultimate recovery of potential money from the identified individuals or entities.
- 2) With prior approval of the FAIRA, GH may engage the services of one of the FAIRA's litigation attorneys to consult, review, and determine the best legal strategy available leading to recovery for the FAIRA. Upon determination by the attorney that a civil action is in the best interest of the FAIRA, GH will notify the FAIRA and obtain authorization to initiate litigation in accordance with the recommendations of the FAIRA and its attorney.
- 3) Where GH is able to recover money from an identified individual or entity, in addition to any other compensation identified in this contract, FAIRA will pay a Subrogation Fee in

the amount of 30% of the gross amount recovered for each recovery obtained by GH. The minimum amount to be paid to GH will be \$250 per claim upon recovery. However, GH has the authority to reject any claim for any reason, relieving the FAIRA of any fiscal responsibility for rejected claims only. The amounts due under this section shall be invoiced to the FAIRA on a monthly basis following receipt of the recovery payment from the at-fault party.

- 4) While GH is handling a subrogation claim for the FAIRA pursuant to the terms of this Contract, and the institution of a civil action is determined by the FAIRA to be the best course of action, FAIRA may elect to, at FAIRA's expense, recall the claim to the FAIRA's control so that FAIRA may pursue recovery in a manner in the best interest of the FAIRA. In the event the FAIRA recalls the claim as indicated above, FAIRA shall be responsible for payment to GH for any and all time and expense incurred by GH's subrogation claim adjuster, and/or subrogation division staff, up to the time wherein the claim has been recalled by the FAIRA.
- 5) Where requested, GH shall consult with FAIRA on claims and other related matters not specifically assigned to GH for handling under this Contract.
- 6) GH reserves the right to cease working on any claim whereas information has not been made available to GH within 120 days after GH has submitted the information and/or documentation to the FAIRA, at such time, the claim will be closed.
- 7) Due to the nature of these services, in that compensation is contingent upon recovery, if the contract is terminated prior to recovery or other closure of any claim, the FAIRA shall pay GH for all expenses and time spent, to date, on any claims(s) currently open and recovery in process. Payment shall be based on the current hourly rate of GH of \$95.00 per hour. GH will submit final invoice within five business days of termination.
- 8) All costs and expenses of litigation filed pursuant to this section, including attorney fees for outside counsel where necessary and approved, will be paid by the FAIRA.
- 9) GH does not handle subrogation claims with a value less than \$1,000, unless a separate arrangement is established and agreed to..
- 10) Billing for Services and Payment to GH: The process preferred by GH is stated as follows:
 - A. Once recovery is agreed to between GH and the at-fault party and all documentation executed including a release, the at-fault party will issue a check to GH for the full agreed upon amount;
 - B. GH shall deposit the gross recovered funds into the GH Client Trust Fund.
 - C. Within ten (10) days after deposit, GH will issue the net payment to the FAIRA of the amount remaining after deduction of the fees to compensation GH based on this Contract.

II. CLIENT EXPRESSED AUTHORITY AND LIMITATIONS

The list immediately below contains numerous services provided in this Contract for which GH requests the FAIRA expressly establish authority and/or limitations, on the ability of GH to act on

behalf of the FAIRA. The FAIRA will check the appropriate box establishing the authority of GH to act or the limitation as to that authority.

GENERAL ADMINISTRATIVE SERVICES:

GH will send certificates of insurance to the following contact: tay_gonzalez@ajg.com and susan_blankenburg@ajg.com

INVESTIGATION:

- George Hills will conduct all investigations
- FAIRA will conduct all investigations
- FAIRA will direct GH on each claim as to who performs investigations

In the event the Client or other agency conducts any investigation, GH shall review for completeness.

Retention of Vendors (appraisers, translators, copy services, Independent Adjuster, IME's, Surveillance, etc.):

- Must be preauthorized by FAIRA
- Does not need preauthorization

REJECTION OF CLAIMS:

FAIRAS position regarding rejections (*e.g., if entity so dictates, a claim will be rejected for insufficiency*). Check all that apply.

Protocols for Rejections

- GH needs authorization
- GH does not need authorization
- GH sends the Rejection
- FAIRA's members sends the Rejection- denials are sent on GH letterhead
- GH to send recommendation to Pool cc member.

LITIGATION SUPPORT SERVICES:

Check all that apply.

- GH will handle litigated claims
 - Full
 - As assigned
 - Check Issuance and Data Input
 - Data Input only
- FAIRA will handle litigated claims inhouse, with GH to capture data into SIMS

- FAIRA will send data to GH weekly
- FAIRA will send data to GH monthly

Mandatory Settlement Conferences

- GH always attends
- At FAIRA request only

Small Claims Actions filed against FAIRA

- GH always appears
- At FAIRA request only

Legal Counsel

- GH must have FAIRA authorization to refer to outside Legal Counsel
- GH does not need FAIRA authorization to refer to outside Legal Counsel
- GH must use FAIRA approved Legal Panel for Attorney selection
- FAIRA does not have an approved Legal Panel for Attorney selection
- All Litigation to be handled by FAIRA inhouse Legal
- GH always sends Litigation Assignment packets to Legal Counsel

FAIRA specific Litigation Guidelines: Yes No

FAIRA specific Litigation Referral Form/Letter: Yes No

FAIRA specific Litigation Budget Form: Yes No

Pay fees for Experts, photocopies, medical records as: Expense Legal

GH will issue payment for legal expenses with prior approval.

Litigation Management (Includes Support Services as Expressed above)

- Client does not elect to incorporate Litigation Management Services
- Client elects to incorporate Litigation Management Services
 - Senior Claims Adjuster or,
 - GH Attorney or,
 - Senior Claims Adjuster and GH Attorney as needed on a Time and Expense basis.

EXCESS REPORTING:

- GH will report claims to the excess insurer in compliance with excess carrier's reporting requirements and coordinate with the excess insurer on a claim's progress in accordance with the excess insurer's reporting requirements.
- FAIRA will report claims to the excess insurer in compliance with excess carrier's reporting requirements and coordinate with the excess insurer on a claim's progress in accordance with the excess insurer's reporting requirements.

AUTHORITY LEVELS:

Reserve within SIR:

\$0.00 Other: Assess and evaluate the nature and extent of each claim and establish claims reserves for indemnity and legal expense for full value and track recoveries.

—

Adjuster must seek approval from (client contact) to post indemnity reserves above authority level.

Settlement Authority

\$10,000.00 Other: _____

Adjuster must seek approval from Claim Supervisor to consent to settlement of any claim at or below the amount indicated. Claim Supervisor to request settlement authority from FAIRA over \$10,000

Medical Treatment:

Medical Authorizations should only be sent to the claimant once liability is determined to be adverse to the FAIRA.

Medical Authorizations should go out as soon as it is determined that a BI claim is being pursued.

CLAIMS EXCEEDING SIR:

GH stops tracking activity once the SIR has been reached.

GH will continue to track all activity at and/or above the SIR. The Excess JPA/Carrier will provide GH with activity documentation above the SIR.

GH will reserve to Full Value and track recoveries.

THIRD PARTY SUBROGATION SERVICES:

GH is authorized to initiate third party subrogation claims on behalf of FAIRA

GH must obtain authorization to initiate third party subrogation claims on behalf of FAIRA.

FIRST PARTY SUBROGATION SERVICES:

FAIRA elects to incorporate the first party subrogation services of GH into the contract

FAIRA authorizes GH to initiate first party subrogation claims on behalf of FAIRA

FAIRA agrees to the additional compensation payable to GH for its first party subrogation services as follows:

GH shall be entitled to _____% of the gross recovery for each claim initiated by GH through its first party subrogation efforts.

FAIRA agrees to the terms and conditions stated in Attachment B, Subrogation Services.

**ATTACHMENT B
MEDICARE, MEDICAID, AND SCHIP EXTENSION ACT OF 2007 (MMSEA)**

This law requires liability insurers, self-insurers, no fault insurers and workers' compensation insurers to report certain information to The Centers for Medicare and Medicaid Services (CMS) concerning Medicare beneficiaries. The penalty for failure to comply is \$1,000 per day, per claimant.

George Hills Company, Inc. (GH) has contracted with ExamWorks for Mandatory Insurer Reporting (MIR) for the FAIRA. ExamWorks shall represent the FAIRA—and Responsible Reporting Entity (RRE) to this existing contract and this addendum and will be the designated reporting agent. GH will be responsible for gathering and reporting accurate claims data required by MMSEA to ExamWorks in a timely manner. GH agrees to assume the responsibility for reporting data to ExamWorks to meet all reporting requirements in accordance with MMSEA, on behalf of the RRE; including assuming responsibility for any fines or penalties that are directly caused by GH's non-compliance. GH further agrees to indemnify and hold-harmless, RRE, and staff, for any penalties or fines resulting from GH's direct failure to timely and accurately provide the reporting data to ExamWorks. The above-mentioned obligations to indemnify and hold-harmless shall not be applicable to matters relating to delays caused by RRE or other third parties, or inaccurate data supplied to GH by RRE or other third parties.

By contract with GH, ExamWorks will indemnify and hold GH harmless from and against any claim, damage, fine, loss and expense, arising in connection with, or as a result of, any error, omission, or negligent performance of its obligations as reporting agent, which indemnity will include all reasonable costs of litigation and attorneys' fees incurred. Without in any way limiting the indemnity set forth in this Contract, all work performed by ExamWorks will be done in a professional manner.

GH shall perform the necessary data gathering for RRE and ExamWorks; as such GH shall include in our monthly invoicing the time incurred for such work at our contract hourly rate or will be included in your monthly flat fee or claims adjusting.

ExamWorks will perform the MMSEA Mandatory Insurer Reporting function for GH, and its RREs, shall be charged as an Allocated Expense, as defined in Attachment C, subject to the following. RRE will designate ExamWorks, unless otherwise requested, as its exclusive vendor for all of RRE's "Qualified Referrals" (those claims determined to require Medicare Set Aside (MSA) or a Claim Settlement Allocation (CSA) and RRE will utilize other ExamWorks services related to Medicare Secondary Payer (MSP) compliance identified in their fee schedule.

ATTACHMENT D ALLOCATED EXPENSES

Typically, allocated expenses are those expenses that are generated by a claim (by outside vendors other than George Hills) that cannot be foreseen nor included in this Contract. These expenses are generally allocated back to the specific claim file for which the cost was incurred and then charged back to the entity whose claim incurred that cost. In most situations these are pass-through costs (with processing fees) for services and/or fees not directly generated by the TPA, but rather by a third-party consultant where the TPA has acted as an agent on behalf of the entity to necessarily outsource services to a third-party consultant and/or miscellaneous fees applicable to the specific claim applied by an outside entity, such as a court or copy services. Below, George Hills has provided a list, which is not an exhaustive list, of typical allocated expenses.

Paid to GH

- CMS reporting costs and fees (ExamWorks);

Paid to Others as Authorized by Client

- Fees of outside counsel for claims in suit, coverage opinions, and litigation, and for representation and hearings or pretrial conferences;
- Fees of court reporters;
- All court costs, court fees, and court expenses;
- Fees for service of process;
- Costs of undercover operatives and detectives (if initially paid by GH);
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, or diagrams;
- Costs for employing experts for the advice, opinions, or testimony concerning claims under investigation or in litigation for which a declaratory judgment is sought;
- Costs for independent medical examination or evaluation for rehabilitation;
- Costs of legal transcripts of testimony taken at coroner's inquests, or criminal or civil proceeding;
- Costs for copies of any public records or medical records;
- Costs of depositions and court reporting;
- Costs and expenses of subrogation, (if not George Hills);
- Costs of engineers, handwriting experts, or any other type of expert used in the preparation of litigation or used in a one-time basis to resolve disputes;
- Witness fees and travel expenses;
- Costs of photographers and photocopy services (if not George Hills—our costs for this is included in our rate);
- Costs of appraisal fees and expenses not included in flat fee or performed by others;
- Costs of indexing claimants;
- Services performed outside the TPA's normal geographical regions;

- Costs associated with Medicare Set-Aside analysis and submission or Medicare Conditional Lien negotiation;
- Investigation of possible fraud including SIU services and related expenses; and/or
- Any other similar cost, fee, or expense that is not otherwise included in the TPA's service fees that is reasonably chargeable to the investigation, negotiation, settlement, or defense of a claim or loss or to the protection or perfection of the subrogation rights of the entity, including travel related expenses.

Travel Related

Costs of travel related to claims including mileage driven, such as for attendance at inspections, mediations, and trial, shall be allocated to the specific claim and reimbursed to GH based on the actual cost incurred. Mileage shall be reimbursed at the current IRS rate at the time the mileage is travel

5.2 George Hills Claims Portal

On August 12th, George Hills Claims Handling personnel led thirty-two (32) FAIRA Member District representatives in a Claims Portal training seminar. Attendees were introduced to George Hills' web-based claims detail database, specific to each District respectively. We invited all Members to join and offered the opportunity to gain access to the portal with their own unique login information provided by George Hills.

Through the portal, District representatives with access can view their claim files, see reserves and paid amounts, as well as view the adjuster's notes. Staff will send a recording of the training and will forward an introductory guide provided by the seminar leader.

Districts who Participated in the Training

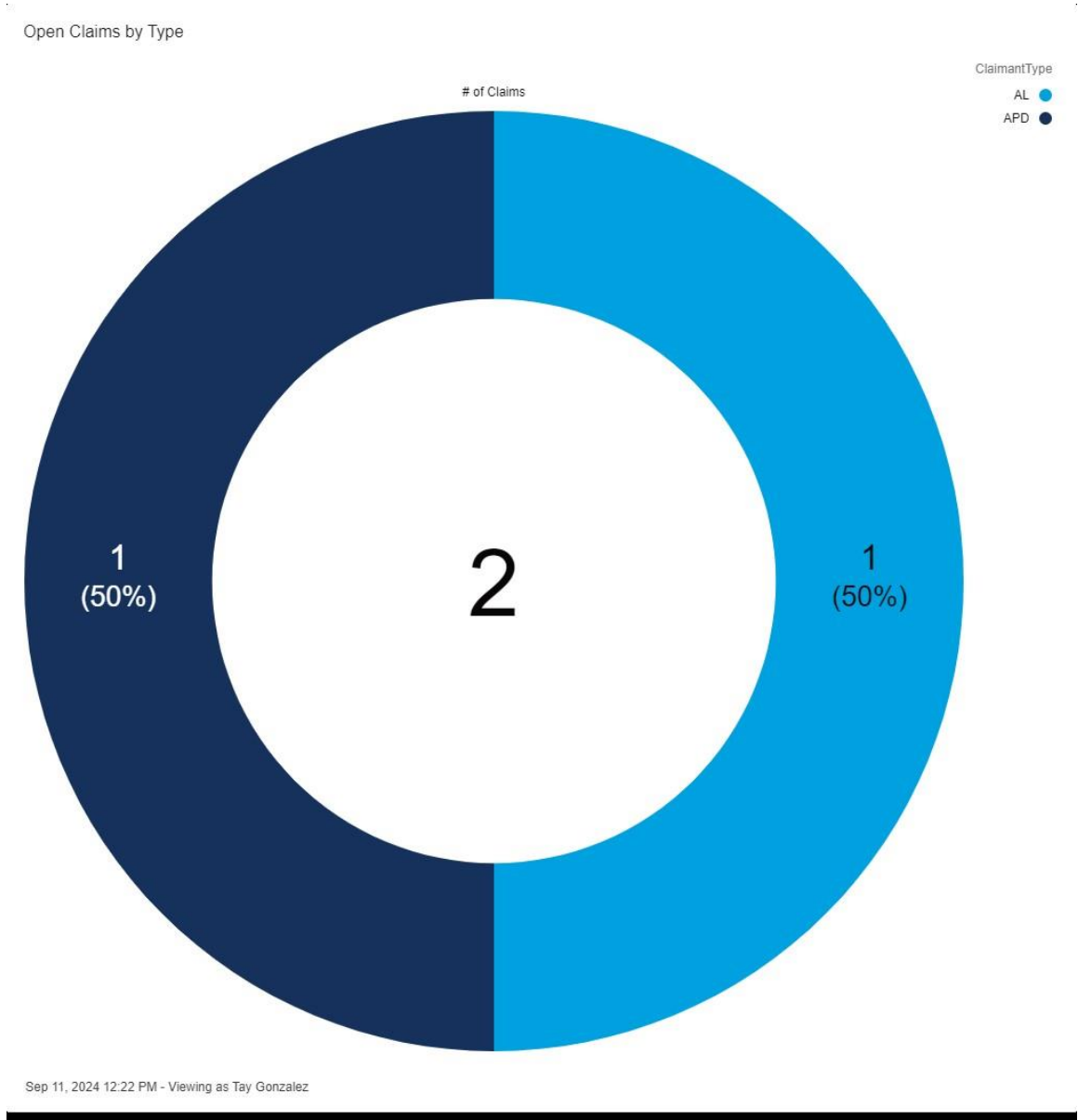
American Canyon Fire Protection District
Anderson Fire District
Arbuckle Fire Protection District
Ben Lomond Fire Protection District
Central Lyon County Fire Protection District
Cypress Fire Protection District
Fresno County Fire
Kentfield Fire Protection District
Lake Valley Fire Protection District
Lakeside Fire Protection District
Los Altos Hills County Fire District
Monterey County Regional Fire District
Northstar Community Services District
Penn Valley Fire Protection District
San Miguel Fire Protection District
Sonoma County Fire District
South Placer Fire District
South Monterey County Fire Protection District
Southern Inyo Fire Protection District
Tiburon Fire Protection District
Vacaville Fire Protection District
Valley Center Fire Protection District
Waterloo Morada Fire Protection District
Zayante Fire Protection District

Receive and File

5.3 Claims Update

Since the beginning of our new coverage term, July 1, we have seen seven claims reported to George Hills and four reported to our previous TPA, Network Adjusters. George Hills Claims (GHC) Handling and Network Adjusters continue to work together to coordinate the proper placement of claims according to their respective coverage terms.

There are currently two claims open on the GHC side.



Receive and File

5.4 Discussions with Claims Auditors

Annual Claims Audits are part of the “Best Practices” for pools that have claims that are managed by Third Party Claims Administrators. With a minimal number of claims reported to date to George Hills, it may not be required until the following year.

During the interim, General Manager Susan Blankenburg will be reaching out to several individuals well known for their work on Claims Audits for Property and Liability pools, to assess their qualifications and will report out the findings at a future meeting.

Receive and File

5.5 Litigation Management Manual

FAIRA's Litigation Management manual is in need of updates and General Manager Susan Blankenburg, working in conjunction with George Hills, has an updated draft that is ready for review from General Counsel, then to the Board for approval.

The next phase in the process is to identify Law Firms to partner with who wish to be on our preferred panel of Defense Counsel and agree to our terms and price caps. A meeting has been arranged to meet with George Hills in-house attorney to flush out potential partners in Northern/Southern California and Nevada, for Liability claims.

At the next meeting, we hope to have the finalized agreement for the Board to approve. In the meantime, we will works to build our panel of partners.

Receive and File

5.6 Employment Practice Liability

Last year, the board approved contracting with Marco Guardi of Sedgwick as an advisor to work with FAIRA to address Employment Practice Liability (EPL) loss activity. Marco has since had to withdraw his proposal as his current client base has left him with inadequate capacity to fulfil our work request.

The focus was to increase visibility of Employment Litigation by delivering quarterly related webinars and various white papers on current issues. Susan asked for a recommendation and we were referred to Liberty Cassidy Whitmore who we have worked with in the past.

Susan has reached out to Morin Jacobs of Liberty Cassidy Whitmore for their availability in offering EPL sessions.

In addition, she is reviewing online trainings for FAIRA's potential use.

Receive and File

5.7 Districts Withdrawing 2025-2026

San Ramon Valley Fire Protection District and Gold Ridge Fire Protection District notified staff that they would like to withdraw from FAIRA effective 7/1/2025.

Susan spoke with the Chief at Gold Ridge FPD in June of 2024. San Ramon Valley FPD gave their notice via email on June 24, 2024.

Receive and File

6 Broker Report – Natalie Bates

6.1 Prospecting Effort

Per the agreement with FAIRA's Broker, staff has requested an updated roster from the FDAC to begin prospecting new members. We expect to use that list to contact Districts that may be attractive candidates for FAIRA membership.

Natalie Bates will take the lead in prospecting for new members over the next three months by way of email campaign, flyers, and phone calls.

Receive and File

6.2 2024-2025 Coverage Outline and Summary of Coverage

FAIRA's Broker Natalie Bates has worked to complete a comprehensive Coverage Outline for the membership's new coverage programs. Effective July 1st all programs have new coverage terms. While all major coverage components remain intact, policy wording from each carrier has changed. In our previous policy form, over the years, small coverages were provided free and without asking. Some of these, that there had never been losses on, have been discontinued.

The intent of the coverage outline is to follow policy or Memorandum wording, so staff has spent 20+ hours drafting updates in a format that Members will find "easy to follow."

This is a working document. As questions arise, if we find better ways to explain coverage, we will update the document.

Receive and File



FIRE AGENCIES INSURANCE RISK AUTHORITY

July 1st, 2024 – 2025

COVERAGE OUTLINE

This document may contain a general outline of certain terms and conditions of insurance coverage proposed by insurance carriers. It is not intended to interpret the terms of the policy or to be legal advice, but rather summarizes our understanding of the coverage provided. It is not a part of the policy, nor does it modify or serve as a conclusive statement of its terms. Every attempt has been made to ensure the accuracy of coverage summaries, but the actual coverage afforded by any insurance policy is determined by the policy language itself, which you must read carefully. Any summaries contained herein do not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language.



GENERAL LIABILITY COVERAGE

Named Insured includes: The Named Member, current and former employees and volunteers past and present members of the Governing Board, Officers, and Medical Directors (administrative duties) while acting within the scope of his or her duties and others, while under your control, that provide a service benefiting the District. This includes Auxiliaries, Volunteer Organizations and Associations as Named Insured, when reported on the application.

Description of Coverage:

Coverage is provided for those sums that the Insured becomes legally obligated to pay as damages because of liability imposed by law or assumed by contract due to Bodily Injury, Property Damage, and Incidental Medical Malpractice.

Primary Limits:	Per Occurrence:	\$1,500,000
Deductible:	Each Occurrence	<i>Per Summary of Insurance</i>

Coverage Includes (but is not limited to)

Sub-limits:

• Unmanned Aircraft / Drone Liability (Only when Scheduled)	\$1,500,000
• Employee Benefit Liability	\$1,500,000
• Damage to Premises Rented to You	\$500,000
• Sexual Abuse or Molestation	Included
• Owned Watercraft Liability (boats under 26 ft)	Included
• Liquor Legal Liability during events at facilities you own or operate	Included up to 5 days
• Intentional Acts – <i>attempt to save lives or protect property</i>	Included
• Non-owned Watercraft <i>(not used to carry persons/property for a charge)</i>	Included
• Owned Watercraft and all jet skis and wave-runners	Included
• Incidental Medical Malpractice <i>(such as for Paramedics)</i>	Included
• Special Event Liability <i>(Insured hosted or sponsored)</i>	Included

Exclusions (including but not limited to):

- | | |
|--|--|
| • Back Wages | • Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) |
| • Liability assumed under contract, except an Insured Contract if the bodily injury/property damage occurs subsequent to the contract's execution; or the Insured would have still been liable in the absence of the contract. | • Nuclear Energy |
| • Expected or intended injury, unless actions taken were to protect persons or property. | • Communicable Disease |
| | • Recall of Products, Work or Impaired Property |

This document may contain a general outline of certain terms and conditions of insurance coverage proposed by insurance carriers. It is not intended to interpret the terms of the policy or to be legal advice, but rather summarizes our understanding of the coverage provided. It is not a part of the policy, nor does it modify or serve as a conclusive statement of its terms. Every attempt has been made to ensure the accuracy of coverage summaries, but the actual coverage afforded by any insurance policy is determined by the policy language itself, which you must read carefully. Any summaries contained herein do not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language.

GENERAL LIABILITY COVERAGE *continued*

- Completed Operations, including bodily injury/property damage arising from the Insured's work after the work has been completed or abandoned, including warranties or representations made with respects to fitness, quality, durability or performance.
- Failure to provide on-line medical direction, medical command via a telecommunication device or hands-on treatment of a patient of a Medical Director.
- Workers' Compensation and Similar Laws;
- Disclosure of any person's or organization's confidential or personal information
- Personal Injury, involving written or oral publications at the Insured's direction with knowledge of its falsity, publication of materials prior to policy inception, and willful violation of a penal statute or ordinance.
- Asbestos, Fungi or Bacteria, Silica, Silica-related dust
- Employer's Liability
- Punitive or exemplary damages

This document may contain a general outline of certain terms and conditions of insurance coverage proposed by insurance carriers. It is not intended to interpret the terms of the policy or to be legal advice, but rather summarizes our understanding of the coverage provided. It is not a part of the policy, nor does it modify or serve as a conclusive statement of its terms. Every attempt has been made to ensure the accuracy of coverage summaries, but the actual coverage afforded by any insurance policy is determined by the policy language itself, which you must read carefully. Any summaries contained herein do not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language.

CRISIS PROTECTION – No Cost Added Benefit

Description of Coverage:

This complementary benefit will help minimize post-crisis risk to the department should a qualifying Domestic Crisis Event occurring on your premises. Coverage is triggered when there is an act that causes intentional bodily injury to multiple persons or significant property damage.

Events include but are not limited to: bombing, explosion, arson, taking of hostages, mass shooting, building/equipment collapse or automobile accident.

Covered Benefits include:

- Reasonable and necessary expenses incurred by a public relations or crisis management firm.
- Expenses for emergency psychological and/or related counseling services incurred to provide support to those affected.

Benefit Amount:

\$50,000 annual aggregate

Vendor:

Choose from an approved vendor or select your own.

Should you choose to use your own crisis management firm, you will be reimbursed for approved costs up to the annual aggregate benefit amount

24 Hour Hotline:

(855) 877 - 3254

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PUBLIC OFFICIALS & EMPLOYMENT PRACTICES LIABILITY

Named Insured includes: The Named Member, current and former employees and volunteers past and present members of the Governing Board, Officers, and Medical Directors (administrative duties) while acting within the scope of his or her duties and others, while under your control, that provide a service benefiting the District. This includes Auxiliaries, Volunteer Organizations, and Associations as Named Insured, when reported on the application.

Description of Coverage:

Coverage is provided for those sums that the Insured becomes legally obligated to pay as monetary damages due to a Wrongful Act, arising out of Employment-related Practices, and other Wrongful Acts not specifically excluded.

Limit:	Wrongful Acts:	\$1,500,000 per act
	Employment Practices Wrongful Act	\$1,500,000 per act
	HIPPA Fines and Penalty only	\$100,000 per act
	Wage and Hour Laws – Defense Expense	\$100,000 per act
	Injunctive Relief (Defense only)	\$50,000 for each action and aggregate
	General Annual Aggregate:	\$1,500,000
Deductible:	Each Wrongful Act:	<i>Per Summary of Insurance</i>

Coverage Includes (*but is not limited to*):

Sub-limits:

<ul style="list-style-type: none"> • Wrongful Termination, Failure to Promote, Demotion, Discipline, Evaluation or Reassignment, and Sexual Harassment • Discrimination or violation of an individual’s civil rights • Error, omission, misstatement or misleading statement • Harassment, coercion, hostile or offensive work environment • Libel, slander, invasion of privacy, defamation or humiliation • Directors and Officers/Public Officials Errors and Omissions: • Outside Directorship (coverage applies excess of any available insurance): 	<ul style="list-style-type: none"> Included Included Included Included Included Included All Entities
---	--

Exclusions (*including but not limited to*):

- | | |
|---|--|
| <ul style="list-style-type: none"> • ERISA, COBRA • Insured vs. Insured claims • Compliance with ADA Requirements • Fines | <ul style="list-style-type: none"> • Strike or other labor disturbance • Failure to Maintain Insurance • Pollution Legal Liability • Back Wages, overtime or similar damages |
|---|--|

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AUTOMOBILE LIABILITY COVERAGE

Named Insured includes: The Named Member, current and former employees and volunteers, and anyone else using a covered auto with your permission and while acting within the scope of his or her duties and others, while under your control, which provides a service benefiting the District.

Description of Coverage:

Coverage is provided for those sums that the Insured district becomes legally obligated to pay as damages because of Bodily Injury or Property Damage caused by an Accident and resulting from the ownership, maintenance or use of a covered Auto.

Auto includes Fire Engines, Pumpers, Ambulances, Paramedic Vans, Rescue Vans, Private Passenger Vehicles, Commercial Automobiles, Service Units, Sports Utility Vehicles, Mobile Equipment, and any other licensed vehicle designed for travel on public roads. Coverage also includes self-propelled vehicles with permanently attached equipment designed primarily to provide specific services such as snow removal and road maintenance, but not construction, resurfacing, street cleaning, etc. Covered vehicles are scheduled with the Carrier and vehicle edits must be made through the FAIRA Members' Site.

Limit:	Bodily Injury including Medical or Property Damage (Symbol #1 – Any Auto)	\$1,500,000
Deductible:	Each Accident:	Per Summary of Insurance

Coverage Includes (but is not limited to):

Sub-limits:

• Rented, Leased, or Borrowed Vehicles	Included
• Commandeered Vehicles - Emergencies only(Coverage applies on a primary basis):	Included
• Employee / Volunteer Personal Auto - Operating on Insured's behalf:	Included
• Out-of-State Coverage (excluding Mexico):	Included
• Temporary Substitute Vehicle/Replacement Vehicle (Replacement must be for a similar existing scheduled vehicle – Coverage applies on a primary basis):	Included

Exclusions (including but not limited to):

• Professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity	• Liability assumed under contract, except an Insured Contract if the bodily injury/property damage occurs subsequent to the contract's execution; or the Insured would have still been liable in the absence of the contract.
• Amphibious vehicles while being launched into, used in or beached from the water	• Pollution (This exclusion does not apply to pollutants of an Insured's covered Auto released as a direct result of an accident / overturn from the Insured's Premise.)
• War	• Expected or intended injury, unless actions taken were to protect persons or property.

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EXCESS FOLLOW FORM LIABILITY COVERAGE

Named Insured includes: The Named Member, current and former employees and volunteers, past and present members of the Governing Board, Officers, and Medical Directors (administrative duties) while acting within the scope of his or her duties and others, while under your control, that provide a service benefiting the District. This includes Auxiliaries, Volunteer Organizations and Associations as Named Insured, when reported on the application.

Description of Coverage:

Coverage is provided for those sums that the Insured becomes legally obligated to pay as damages in excess of the amount payable under the terms of any Underlying Insurance policy included on the Schedule of Underlying Insurance found in the Excess Policy Declarations.

Limit:	Each Occurrence	\$10,000,000
	Aggregate (where applicable)	\$10,000,000

Exclusions (including but not limited to):

- Physicians Medical Malpractice
- Nuclear Energy
- Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS)
- Terrorism
- Cyber
- Fungi or Bacteria Exclusion
- Communicable Disease
- Subsidence
- Silica
- Aircraft Liability

TOTAL LIABILITY LIMITS

Per Occurrence:	\$11,500,000
Pool Annual Aggregate:	\$50,000,000*
	*Subject to policy terms and conditions

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AUTOMOBILE PHYSICAL DAMAGE COVERAGE

Named Insured includes: The Named Member, present Employees, Volunteers, and anyone else using a covered auto with your permission and while acting within the scope of his or her official duties.

Description of Coverage:

Coverage is provided for direct physical loss or damage to a covered Vehicle for perils including fire, lightning, explosion, theft, windstorm, hail, earthquake, flood, mischief, vandalism, or the sinking, burning, collision or derailment of any conveyance transporting the covered Auto, as well as Collision, resulting from impact with another object, or an overturned vehicle.

Vehicles covered include Fire Engines, Pumpers, Water tenders, Ambulances, Paramedic Vans, Rescue Vans, Private Passenger Vehicles, Sports Utility Vehicles, Light Duty Trucks, Trailers, Watercraft and Contractors Equipment, any other licensed vehicle designed for travel on public roads. Covered vehicles are scheduled with the Carrier and vehicle edits are to be made annually prior to renewal date each year.

Deductibles: Per Summary of Insurance

Valuation:	All Vehicles	Agreed Value*
	Watercraft	Replacement cost subject to 80% coinsurance
	Contractors Equipment	Market Value subject to 80% coinsurance

*Agreed Value will pay the least of:

- 1) Cost to repair the covered auto;
- 2) Cost to replace the property (without deduction for depreciation) with other property of comparable material and quality and used for the same purpose;
- 3) Cost to reasonably restore the property to its condition immediately before the loss occurred or;
- 4) 4) The Agreed Value scheduled on file with the carrier.

Coverage Includes (but is not limited to):

Sub-limits:

• Newly Acquired and Substitute	\$2,100,000
• Borrowed Vehicles (must be for a similar existing scheduled vehicle)	\$1,000,000
• Rented, Leased, Hired Vehicles	Included
• Equipment Borrowed from Others	\$50,000
• Newly Acquired Watercraft	\$15,000
• Rental Reimbursement – when no spare or reserve units are available,	\$10,000
• Personal affects of your employees/volunteers when associated with an insured loss	\$10,000

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AUTOMOBILE PHYSICAL DAMAGE COVERAGE *continued*

- | | |
|---|----------------------------------|
| • Temporary Substitute Vehicles (<i>must be for a similar existing scheduled vehicle – Coverage applies on a primary basis</i>) | Included |
| • Towing and Labor – Labor must be performed at the disablement location. No mileage limit. Includes the cost to tow the disable auto to multiple facilities as necessary, prior to delivery to the final repair facility. (<i>Must be due to a covered loss</i>) | \$1,000 |
| • Volunteer or Employee Personal Automobile - while enroute to, during, or returning from an emergency or other activity on behalf of the Insured, resulting from a covered loss. | \$1,000 deductible reimbursement |

Exclusions (*including but not limited to*):

- | | |
|---|--|
| • Wear and tear, freezing, mechanical or electrical breakdown | • Tapes, records or other sound reproducing device designed for use with sound reproducing equipment |
| • Blowouts, punctures or other road damage to tires | • Nuclear Energy or Hazard |
| • Intentional Acts | • War or Military Action; Terrorism |

Annual Adjustment:

-
- Additional or return premium will be calculated at the end of the term for changes in overall values.
-

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PROPERTY COVERAGE

Named Insured includes: The Named Member, lessee's/mortgagee's as their interests may appear.

Description of Coverage:

Coverage is provided for direct physical loss or damage to Real and Personal Property at an insured "premises" (or within 1,000 ft. of said premises) caused by or resulting from any covered cause of loss. The carrier will pay for the actual Loss of Income the Insured sustains, as well as the necessary Extra Expense incurred, during the "period of restoration", if the Insured's operations are interrupted as a result of direct physical loss or damage to Real or Personal Property from any covered cause of loss.

Real Property, includes buildings, or structures; improvements and betterments to such buildings or structures; fixtures; permanently installed machinery and equipment; awnings or glass forming a part of the structure; paved surfaces such as sidewalks, patios or parking lots; and solar panels located on or within 1000 feet of premises on schedule with the carrier.

Personal Property including: all property used for business purposes, including but not limited to fire-extinguishing equipment; outdoor furniture, floor coverings, appliances used for refrigerating, ventilating, cooking, dishwashing or laundering, and all other business furnishings. All forms of electronic equipment including computers, communication systems, phones, radios, dispatching systems, and portable equipment. Coverage applies for property owned by the Insured, as well as property is in the Insured's care, custody, or control.

Valuation:	Real & Personal Property	Replacement Cost subject to policy terms and conditions
Limits:	Real & Personal Property:	\$100,000,000 per occurrence
	Equipment Breakdown	\$100,000,000 per breakdown
Deductibles:	Property Loss	<i>Per Summary of Insurance</i>
	Boiler & Machinery	<i>Per Summary of Insurance</i>

Coverage Includes (but is not limited to)

Sub-limits

• Accounts Receivable	\$2,000,000
• Newly Constructed Property up to 90 days	\$2,500,000
• Newly Acquired Property (up to 90 days)	\$5,000,000
• Blanket Commandeered Equipment	\$500,000
• Outdoor Property	\$750,000
• Contamination, Spoilage & Refrigerant	\$100,000
• Backup/Overflow of Water from Sewer, Drain, Sump	\$250,000
• Property at Other Locations	\$250,000
• Unintentional Errors	\$300,000
• Miscellaneous Unnamed Locations	\$300,000

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PROPERTY COVERAGE - continued

• Pollution Remediation Expense (covered cause of loss)	\$100,000
• Limited Pollution Coverage	\$350,000 Annual Aggregate
• Fine Arts	\$10,000 per item subject to a maximum Sublimit of \$100,000 per occurrence
• Debris Removal	25.00% of covered direct physical loss or damage payable for all Insured Property, subject to a maximum Sublimit of \$1,000,000
• Ordinance or Law Provisions	
• Replacement of undamaged portion of the building	Up to \$100,000,000
• Demolishment and clearing of undamaged portion	\$5,000,000
• Increased cost of construction	\$5,000,000
• Scheduled Search & Rescue Dogs (owned & death/theft resulting from your operations)	\$20,000
• Newly Acquired Search & Rescue Dogs up to 180 days	\$10,000
• Unmanned Aircraft / Drone Physical Damage	\$25,000

Exclusions (including but not limited to)

- | | |
|--|--|
| • Flood; Surface water, overflow of any body of water, Mudslide; mudflow | • Underground piping |
| • Earth Movement; Earthquake | • Mysterious disappearance of property or an inventory shortage. |
| • Settling, shrinking, cracking, building or expansion of any pavement, building or structure | • Vandalism and malicious mischief if insured Premise has been vacant or unoccupied more than 120 days prior to the loss |
| • Wear and tear | • Neglect to further protect damaged property |
| • Rust, corrosion, fungus, decay, deterioration, hidden or latent defect of any quality in property that causes it to damage or destroy itself | • Nuclear reaction or radiation, or radioactive contaminations, however caused |
| • Seizure or destruction of property by order of governmental authority | |

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CRIME

Named Insured includes: The Named Member, Employees, Volunteers, other Employees, past and present Board Members, Officers, while acting within the scope of his or her duties and others, while under your control, that provide a service benefiting the District.

Employee Theft:

Coverage is provided for dishonest acts committed by an Employee in order to obtain a financial benefit. This includes loss and/or damage to money, securities and property other than money and securities resulting from "employee dishonesty". *No exclusion applies to persons required by law to be individually bonded, a treasurer, or tax collector, by whatever name known.*

Employee means: any natural person you compensate directly by salary, wages or commissions, leased employees, students or interns, volunteers, temporary employees, seasonal or short term workers, non-compensated officer, elected or appointed supervisory official and any natural person whom you have the right to direct and control while performing services for you.

Limit:	\$1,000,000
Deductible:	<i>Per Summary of Insurance</i>

Forgery or Alteration:

Coverage is provided for forgery or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum.

Limit:	\$1,000,000
Deductible:	<i>Per Summary of Insurance</i>

Computer and Funds Transfer Fraud:

Coverage is provided for loss of "funds" resulting directly from online "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

Limit:	\$1,000,000
Deductible:	<i>Per Summary of Insurance</i>

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CYBER RISK – Claims Made

Named Insured includes: Fire Agencies Insurance Risk Authority (FAIRA) and its participating members.

Description of Coverage:

Protects from financial losses and liabilities resulting from cyber-attacks and data breaches. It provides coverage for expenses related to investigating and managing a cyber incident, as well as legal costs and damages that may arise from third-party claims. The most common initial costs is notifying affected individuals, then providing credit monitoring and managing public relations. Finally, business interruption coverage helps recover lost income and additional expenses incurred because of the cyber-attack that disrupts normal operations.

Aggregate Limit of Liability for all Insuring Clauses Combined:	\$1,000,000 in the aggregate including costs and expenses
Cyber Incident Response included in a breach:	
Incident Response Costs; Legal and Regulatory Costs; IT Security and Forensic Costs; Crisis Communication Costs; Privacy Breach Management Costs; Third Party Privacy Party Breach Management Costs	\$1,000,000
Cyber Ransomware:	
Extortion / Ransomware	\$1,000,000
System Damage and Business Interruption:	
System Damage and Rectification Costs; Income Loss and Extra Expense; Additional Extra Expense; Claim Preparation Costs	\$1,000,000
Hardware Replacement Costs:	\$1,000,000
Network Security & Privacy Liability:	
Network Security Liability; Privacy Liability; Management Liability; Regulatory Fines; PCI Fines, Penalties and Assessments	\$1,000,000
Management Liability:	\$1,000,000
Deductible:	Per Summary of Insurance
Coverage Includes (but is not limited to):	Sub-limits
Post Breach Remediation Costs	\$50,000 each and every claim, subject to a maximum of 10% of all sums we have paid as a direct result of the cyber event
Criminal Reward Coverage	\$50,000 in the aggregate
Contingent Bodily Injury	\$250,000 in the aggregate including costs and expenses

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Exclusions (including but not limited to):

- Willful or dishonest acts of senior executive officers
- Unlawful Surveillance
- Product IP Infringement
- Core internet infrastructure failure
- Actual or alleged violation of CAN-SPAM Act of 2003; Telephone Consumer Protection Act (TCPA) of 1991 or any subsequent amendments
- Terrorism
- Power and Utility Failure

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ANCILLARY COVERAGES AVAILABLE FOR PURCHASE

Special Event Liability Insurance Program

FAIRA members have access to two programs designed to provide Liability coverage for third parties who want to use a district building or property, who do not have their own insurance or adequate insurance to meet your requirements. For additional information on these programs, please visit:

www.venueliability.com/FAIRA

800-420-0555

Please make sure to mention that your District is a current FAIRA member.

Aviation Liability and Hull

Aviation Liability and Hull coverages can be obtained to provide coverage for your district's planes, helicopters and other aircrafts. Aviation Liability will protect your district from Bodily Injury, Property Damages and can include coverage for Bodily Injury to Passengers for which your district becomes legally obligated to pay. Hull provides coverage for direct physical loss or damage to the aircraft itself.

Difference in Conditions/Earthquake

Difference in Conditions provides coverage for "property type" losses for perils typically excluded from standard Property policies, such as Earthquake. The definition of Earthquake includes loss or damage caused by earth movement meaning the natural faulting of landmasses.

Volunteer Accident Medical

Accidental Medical and Expense coverage provides coverage for volunteers, cadets, or explorers who are injured while participating in a sponsored and supervised by the District.

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CLAIMS REPORTING CONTACT INFORMATION

Immediately report all claims. Each insurer requires notice of certain types of claims depending on the potential exposure or particular injury types.

General Liability, Employment Practice, Public Officials' Liability, Automobile, Property:

SUBMIT ACCIDENT / CLAIM INFORMATION WITHIN 24 HRS TO:

myghcnewclaims@georgehills.com

OR CALL OUR DEDICATED HOTLINES:

(916) 859 - 4800 (business hours)

(855) 442 - 2357 (after hours)

Cyber:

In the event of an actual or suspected cyber incident please call our Cyber Incident Response Team toll free 1 844-677-4155 or

Email cyberclaims@cfcunderwriting.com

Crime:

Gallagher Claim Center

Phone: 855-497-0578

Fax: 225-663-3224

Email: ggb.nrclaimscenter@ajg.com

Question or Concerns:

Contact FAIRA's Insurance broker:

Arthur J. Gallagher Risk Management Services, LLC.

Natalie Bates

Phone: 949-349-9856

Email: natalie_bates@ajg.com

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CLAIMS REPORTING INFORMATION

GENERAL LIABILITY, EMPLOYMENT PRACTICES, PUBLIC OFFICIALS, AUTOMOBILE AND PROPERTY:

Duties in the event of Occurrence, Wrongful Act, Claim or Suit:

- a. You must see to it that we are notified as soon as practicable of an occurrence or wrongful act which may result in a claim or suit. To the extent possible, notice should include:
 1. How, when and where the occurrence or wrongful act took place;
 2. The names and addresses of any injured persons and witnesses; and
 3. The nature and location of any injury or damage arising out of the occurrence or wrongful act.
 4. At such time you believe there is a possibility that an employment issue may turn into a claim
- b. If a claim is made or "suit" is brought against any covered party, you must:
 1. Immediately record the specifics of the claim or suit and the date received; and
 2. Notify us as soon as practicable.You must see to it that we receive written notice of the claim or suit as soon as practicable.
- c. You and any other involved covered party must:
 1. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit;
 2. Authorize us to obtain records and other information;
 3. Cooperate with us in the investigation or settlement of the claim or defense against the suit; and
 4. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the covered party because of injury or damage to which this memorandum may also apply.
- d. No covered party will, except at that covered party's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

CRIME:

Duties in the event of a Loss or Damage:

After the Insured discovers a loss or a situation that may result in loss of, or loss from damage to, Covered Property the Insured must:

- a. Notify the Carrier as soon as possible.
- b. Submit to examination under oath at the Carrier's request and give them a signed statement of the Insured's answers.
- c. Give the Carrier a detailed, sworn proof of loss within 120 days.
- d. Cooperate with the Carrier in the investigation and settlement of any claim.

The Insured must:

- a. Give the Carrier notice as soon as possible of any loss of the type insured under the coverage form (Crime) even though it falls entirely within the Deductible Amount.
- b. Upon the Carrier's request, give them a statement describing the loss.

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CYBER RISK:

Duties in the event you believe there may have been an a cyber breach or ransomware attack:

1. Notice to Insurer:

- a. As a condition precedent to coverage under this Policy, the **Insured** must provide written notice to the **Insurer** of any **Privacy Incident, Network Security Incident or Cyber Crime Incident** as soon as possible after the **Insured** is made aware of such **Privacy Incident, Network Security Incident or Cyber Crime Incident** but in no event more than ten (10) days after the **Privacy Incident, Network Security Incident or Cyber Crime Incident** is discovered by the **Insured**. The **Insured** will not incur any **Loss Expense** without the **Insurer's** consent.
- b. As a condition precedent to coverage under this Policy, the **Insured** must provide written notice to the **Insurer** of any **Claim** as soon as possible after the **Insured** is made aware of such **Claim** but no later than sixty (60) days after the end of the **Policy Period** or end the Extended Reporting Period (if applicable). The **Insured** will not incur any **Liability Expense** without the **Insurer's** consent.

2. Notice of Circumstance

If, during the **Policy Period** or Extended Reporting Period (if applicable) any **Insured** first becomes aware of a **Privacy Incident, Network Security Incident or Media Incident** which may reasonably give rise to a future **Claim** under this Policy and gives written notice to the **Insurer** of:

- a) the nature of the **Privacy Incident, Network Security Incident or Media Incident**;
- b) the parties involved;
- c) the injury or damages that has or may result therefrom; and
- d) the circumstances by which the **Insured** first became aware thereof;

then any **Claim** arising out of an **Interrelated incident** that involves a **Privacy Incident, Network Security Incident or Media Incident** that is subsequently made against the **Insured** will be related back to and be deemed to have been made at the time any **Insured** gave such written notice of circumstances to the **Insurer**.

The **Insured** will provide written notice to the **Insurer** either to the mailing or email address set forth in Item 8. Of the Declarations. Communication or assistance in connection with any **Incident Consultation** DOES NOT constitute Notice to **Insurer** or Notice of Circumstance under this Policy.

3. Proof of Loss

Requests for payment or reimbursement of **Loss Expense** incurred by the **Insured** will be accompanied by a proof of loss. Such proof of loss must include, in detail, how the costs were calculated, what assumptions have been made and will include any applicable reports, books of accounts, bills, invoices and other vouchers or proofs of payment made by the **Insured** in relation to such **Loss Expense**. Furthermore, the **Insured** will cooperate with, and provide any additional information reasonably requested by, the **Insurer** in its investigation of **Loss Expense**, including but not limited to the exercise of the **Insurer's** right to investigate and audit the proof of loss and inspect the records of an **Insured**.

This document may contain a general outline of certain terms and conditions of insurance coverage proposed by insurance carriers. It is not intended to interpret the terms of the policy or to be legal advice, but rather summarizes our understanding of the coverage provided. It is not a part of the policy, nor does it modify or serve as a conclusive statement of its terms. Every attempt has been made to ensure the accuracy of coverage summaries, but the actual coverage afforded by any insurance policy is determined by the policy language itself, which you must read carefully. Any summaries contained herein do not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language.

Business Interruption Loss or **Contingent Business Interruption Loss** will be determined by taking full account and due consideration of an **Insured's** proof of loss in addition to business conditions affecting the **Insured Organization's** net profit, including net profit gained during the same period in the prior year, had the **Network Security Incident** not occurred. Under no circumstances will the determination include a potential increase in net profit the **Insured** may have earned as a result of an increase in the volume of the **Insured Organization's** business due to potential favorable business conditions.

We may examine any **Insured** under oath, while not in the presence of any other **Insured** and at such times as may be reasonably required, about any matter relating to this insurance or the **Claim**, including an **Insured's** books and records. In the event of an examination, an **Insured's** answers must be signed.

This document may contain a general outline of certain terms and conditions of insurance coverage proposed by insurance carriers. It is not intended to interpret the terms of the policy or to be legal advice, but rather summarizes our understanding of the coverage provided. It is not a part of the policy, nor does it modify or serve as a conclusive statement of its terms. Every attempt has been made to ensure the accuracy of coverage summaries, but the actual coverage afforded by any insurance policy is determined by the policy language itself, which you must read carefully. Any summaries contained herein do not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language.

7 Financial Report – Zack Phillips

7.1 Prior Year Claims Statistics

FAIRA's total incurred claims in the primary layer (i.e. APR Package) increased, from 7/1/2023 to 6/30/2024. As shown in the graph below, policy period inceptions 2020, 2021 and 2024 increased greater than \$1M each.

Policy Inception	As of 6/30/23	As of 6/30/24	Development
07/01/16	\$2,930,940	\$2,930,940	\$0
07/01/17	\$5,589,826	\$6,355,398	\$765,572
07/01/18	\$3,442,335	\$4,289,952	\$847,617
07/01/19	\$4,464,920	\$5,386,018	\$921,098
07/01/20	\$1,098,065	\$3,597,551	\$2,499,486
07/01/21	\$1,191,466	\$2,527,266	\$1,335,800
07/01/22	\$1,280,973	\$1,896,469	\$615,496
07/01/23	n/a	\$2,916,068	\$2,916,068
Grand Total	\$19,998,526	\$29,899,662	\$9,901,136

Receive and File

7.2 Claims Payment Accounts

FAIRA has established two trust/imprest accounts for payment of claims administered by George Hills TPA. One of the accounts will be used to pay Property and Auto Physical Damage claims; the other will be used to pay Liability claims. The accounts have been funded at \$25,000 and \$50,000, respectively, per the Staff's recommendations at the June 2024 Board meeting.

As of August 31, 2024, no payments had been made and reserves were \$8,500. The breakdown is \$6,000 within member deductibles and \$2,500 expected to be paid by FAIRA.

Receive and File

7.3 Premium and Member Deductibles


At the time of the publishing of this packet, 16 Districts have outstanding invoices: 4 have not paid their Deductible Reimbursement invoice and 13 have not paid their premium for the 2024-2025 term. Our outstanding invoices total \$865,012.50.

Staff have been contacted by a handful of Districts advising they sent their payments, however these payments have not been received by FAIRA's bank account.

Consideration and Possible Action

8 Adjournment

I certify that this Authority Agenda was posted and sent by email to all Members of the Authority 72 hours before the noted meeting.



Susan Blankenburg
General Manager

Date: September 16, 2024

