



1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833  
(800) 541-4591 Fax (916) 244-1199  
<https://www.planjpa.org/>

---

**STRATEGIC PLANNING SESSION  
AGENDA**

**Thursday, February 20, 2020  
1:00 p.m.**

**Marriott  
San Francisco Airport Waterfront  
1800 Old Bayshore Highway  
Burlingame, CA 94010**

---

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Katie Sullivan at (916) 244-1164 or (916) 244-1199 (fax). Requests must be made as early as possible and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the Pooled Liability Assurance Network (PLAN) JPA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Dr., Suite 200, Sacramento, CA 95833.

---

<b>Page</b>	<b>1. WELCOME AND INTRODUCTIONS</b>
	A. President's Welcome
	B. Introductions
	<b>2. PLAN JPA COVERAGE PROGRAMS</b>
<b>3</b>	*A. Employment Practice Liability Coverage
<b>5</b>	B. Active Shooter/Alliant Deadly Weapon Response Program
<b>6</b>	*C. Cyber Coverage
	<b>3. TRENDS &amp; ANALYSIS</b>
<b>14</b>	A. Industry Verdicts/Settlements Research
<b>15</b>	B. Litigation Manager's Report and PLAN JPA Loss Trends
	<b>4. STATE OF THE MARKET</b>
<b>16</b>	A. Update from Alliant Insurance Services

\* Reference materials enclosed with staff report.

- 5. ESTIMATED BUDGET FOR 2020/21**
  - 17** \*A. 2019/20 Budget to Actual
  - 21** \*B. Estimated 2020/21 Budget
  
- 6. EMERGING RISKS**
  - 23** A. Industry-Wide Emerging Risks
  - 24** B. Sexual Abuse and Molestation (AB 218)
  
- 7. CLOSING COMMENTS**
  - A. Board of Directors
  - B. Staff

\* Reference materials attached with staff report.

February 20, 2020

Agenda Item 2.A.

**PLAN JPA COVERAGE PROGRAMS**

**SUBJECT: Employment Practices Liability Coverage**

**BACKGROUND AND HISTORY:**

Staff presented employment practices liability (EPL) coverage options at the February 28, 2019, Strategic Planning Session. Currently, three PLAN JPA members purchase standalone EPL insurance and several others expressed interest in reviewing options from the Employment Risk Management Authority (ERMA). At the PLAN JPA Executive Committee on April 18, 2019, staff were advised to vet the ERMA JPA agreement with Board Counsel for consideration of any unintended liabilities or obligations to PLAN JPA as a result of participation in ERMA; Board Counsel, Greg Rubens, has confirmed there are not unintended liabilities or obligations. Additionally, it was requested that staff provide ERMA EPL indications (based on current year pricing) to each member for consideration in the fall.

At the December 5, 2019 Board of Directors meeting, staff were instructed to approach ERMA to confirm ERMA's position regarding any potential future hiring of employees (and the related potential future obligations of ERMA members). On January 7, 2020, Board Counsel, Greg Rubens, and PLAN General Manager, Jon Paulsen, discussed the PLAN Board's concern over potential ERMA future employee obligations with ERMA's Board President, John Gillison, and Executive Director, Jennifer Jobe. It was agreed that confirmation and assurance from ERMA's Board would prospectively meet the PLAN Board's request. That confirmation (attached) was approved by the ERMA Board on February 7, 2020.

Should PLAN JPA join ERMA, each PLAN member would then decide on whether or not to participate in the program and apply accordingly. Should a significant number of members join; the rates are slightly discounted based on the number of participating members.

Jon Paulsen, General Manager, and Jennifer Jobe, ERMA Executive Director, will be present to discuss and answer any questions of the Board.

**RECOMMENDATION:**

*None*

**REFERENCE MATERIALS ATTACHED:**

- ERMA Assurances Letter to PLAN JPA

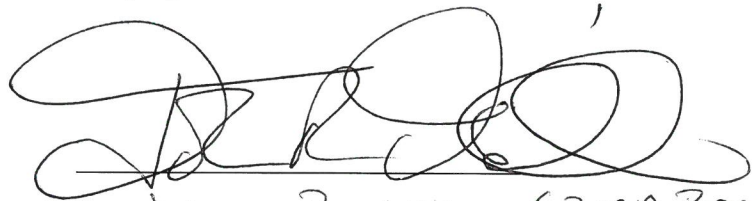
FURTHER ASSURANCES BY EMPLOYMENT RISK MANAGEMENT AUTHORITY TO  
POOLED LIABILITY ASSURANCE NETWORK

Pooled Liability Assurance Network, (PLAN) intends to become a member of Employment Risk Management Authority (ERMA). ERMA has the power under its Joint Powers Agreement to hire employees and enter into contracts. PLAN and its member agencies are concerned that should ERMA hire employees and enter into contracts for a defined benefit pension benefits plan for such employees, that PLAN and its member agencies may become jointly and severally liable for any pension liabilities of ERMA, should ERMA decide to terminate as a JPA with liabilities to such a retirement plan under AB 1912.

ERMA requires a three (3) year initial term for participation in ERMA as a member. Thereafter PLAN may withdraw on six (6) month written notice. PLAN has requested assurances from ERMA that it has never had and has no foreseeable plans to hire employees or contract for participation in a defined benefit retirement program.

ERMA hereby provides assurances to PLAN that it has no plans or need to hire employees or to contract for participation in a defined benefit retirement program in the foreseeable future.

Dated: February 7, 2020



By: John R. Gillison, ERMA Board  
President

February 20, 2020

Agenda Item 2.B.

**PLAN JPA COVERAGE PROGRAMS**

**SUBJECT: Active Shooter Coverage/Alliant Deadly Weapon Response Program**

---

**BACKGROUND AND HISTORY:**

Staff has received requests from the pool for clarification regarding member coverage with respect to active shooter and deadly weapon occurrences.

Susan DeNardo, PLAN JPA Litigation Manager, reviewed the PLAN Memorandum of Coverage (MOC) and the Alliant Deadly Weapon Response Program and spoke with Byrne Conley, PLAN JPA Coverage Counsel, and Seth Cole, Senior Vice President, Alliant, to get a thorough understanding of coverages.

The Litigation Management team and Alliant will be present to discuss the scope of coverage in this area and answer any questions.

**RECOMMENDATION:**

*None*

**REFERENCE MATERIALS ATTACHED:**

None

February 20, 2020

Agenda Item 2.C.

**PLAN JPA COVERAGE PROGRAMS**

**SUBJECT:** Cyber Coverage

---

**BACKGROUND AND HISTORY:**

PLAN JPA provides members with Cyber Liability coverage, specifically Information Security & Privacy Insurance with Electronic Media Liability Coverage, through the PLAN property coverage program and Alliant Property Insurance Program (APIP).

In addition to coverage, PLAN members have access to the APIP insurer's (Beazley) support services and online resources.

PLAN members also have an option to purchase enhanced cyber liability coverage through Alliant Insurance Services.

Seth Cole, Senior Vice President, from Alliant will be present to discuss the details of each offering and answer any questions.

**RECOMMENDATION:**

*None*

**REFERENCE MATERIALS ATTACHED:**

- APIP Cyber Liability Evidence

**ALLIANT INSURANCE SERVICES, INC.  
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)  
CYBER INSURANCE EVIDENCE**

**TYPE OF COVERAGE:** Information Security & Privacy Insurance with Electronic Media Liability Coverage

**PROGRAM:** **Alliant Property Insurance Program (APIP) inclusive of Public Entity Property Insurance Program (PEPIP), and Hospital All Risk Property Program (HARPP)**

**NAMED INSURED:** Any client(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s), attaching to each Declaration insured under the ALLIANT PROPERTY INSURANCE PROGRAM (APIP) as their respective rights and interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern (all hereinafter referred to as Client(s) / Entity(ies))

**DECLARATION:** Various Declarations as on file with Insurer

**POLICY PERIOD:** July 1, 2019 to July 1, 2020

**POLICY #:** TBD

**TERRITORY:** WORLD-WIDE

**RETROACTIVE DATE:** **APIP/PEPIP**  
*For new members – the retro active date will be the date of addition*  
July 1, 2018 For existing members included on the July 1, 2018/19 policy  
July 1, 2017 For existing members included on the July 1, 2017/18 policy  
July 1, 2016 For existing members included on the July 1, 2016/17 policy  
July 1, 2015 For existing members included on the July 1, 2015/16 policy  
July 1, 2014 For existing members included on the July 1, 2014/15 policy  
July 1, 2013 For existing members included on the July 1, 2013/14 policy  
July 1, 2012 For existing members included on the July 1, 2012/13 policy  
July 1, 2011 For existing members included on the July 1, 2011/12 policy  
July 1, 2010 For existing members included on the July 1, 2010/11 policy

**CSU**  
July 1, 2008 California State University and CSU Auxiliary Organizations

**INSURER:** Lloyd's of London - Beazley Syndicate:  
Syndicates 2623 - 623 - 100%

**COVERAGES & LIMITS:**

Ai	\$	25,000,000	<b>Annual Policy and Program Aggregate Limit of Liability</b> (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverage's combined, including Claims Expenses), subject to the following sub-limits as noted.
Ai	\$	2,000,000	<b>Annual Aggregate Limit of Liability</b> for each Insured/Member (Aggregate for all coverages combined, including Claim Expenses) subject to the following sub-limits as noted:

**BREACH RESPONSE**

Breach Response Costs:	\$	500,000	<b>Aggregate Limit of Liability</b> for each Insured/Member (Limit is increased to \$1,000,000 if Beazley Nominated Services Providers are used)
------------------------	----	---------	--

**FIRST PARTY LOSS**

Business Interruption Loss Resulting from Security Breach:	\$	2,000,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
Business Interruption Loss Resulting from System Failure:	\$	500,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
Dependent Business Loss Resulting from Security Breach:	\$	750,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
Dependent Business Loss Resulting from System Failure:	\$	100,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
Cyber Extortion Loss:	\$	2,000,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
Data Recovery Costs:	\$	2,000,000	<b>Aggregate Limit of Liability</b> for each Insured/Member

**LIABILITY**

Data & Network Liability:	\$	2,000,000	<b>Aggregate Limit of Liability</b> for each Insured/Member for all Damages and Claims Expenses
Regulatory Defense & Penalties:	\$	2,000,000	<b>Aggregate Limit of Liability</b> for each Insured/Member for all Damages and Claims Expenses



<b>Payment Card Liabilities &amp; Costs:</b>	\$	2,000,000	<b>Aggregate Limit of Liability</b> for each Insured/Member for all Damages and Claims Expenses
<b>Media Liability:</b>	\$	2,000,000	<b>Aggregate Limit of Liability</b> for each Insured/Member for all Damages and Claims Expenses
<b>eCRIME</b>			
<b>Fraudulent Instruction:</b>	\$	75,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
<b>Funds Transfer Fraud:</b>	\$	75,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
<b>Telephone Fraud:</b>	\$	75,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
<b>CRIMINAL REWARD</b>			
<b>Criminal Reward:</b>	\$	25,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
<b>COVERAGE ENDORSEMENT(S)</b>			
<b>Consequential Reputational Loss:</b>	\$	50,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
<b>Computer Hardware Replacement Costs:</b>	\$	75,000	<b>Aggregate Limit of Liability</b> for each Insured/Member
<b>RETENTION:</b>	\$	25,000	CSU Auxiliary Organizations only
	\$	50,000	Per Occurrence for each Insured/Member with TIV up to \$500,000,000 at the time of loss
		8	Hour waiting period for Dependent/Business Interruption Loss
	\$	100,000	Per Occurrence for each Insured/Member with TIV greater than \$500,000,000 at time of loss
		8	Hour waiting period for Dependent/Business Interruption Loss

*\*Per Insured/Member with TIV below \$250,000,000 have the option to buy-down the retention from \$50,000 to \$5,000 with an additional premium of \$2,500 per entity.*

**NOTICE:** Policy coverage of this policy provides coverage on a claims made and reported basis; except as otherwise provided, coverage under noted coverage schedule applies only to claims first made against the Insured/Member and reported to underwriters during the policy period. Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.

**EXTENDED REPORTING PERIOD:**

For Named Insured - To be determined at the time of election (additional premium will apply)

**SPECIFIC COVERAGE PROVISIONS:**

**A. Breach Response** indemnifies the Insured/Member for Breach Response Costs incurred by the Insured/Member because of an actual or reasonably suspected Data Breach or Security Breach that the Insured first discovers during the Policy Period.

**B. First Party Loss**

*Business Interruption Loss* indemnifies the Insured/Member sustains as a result of a Security Breach or System Failure that the Insured first discovers during the Policy Period.

*Dependent Business Interruption Loss* indemnifies the Insured/Member sustains as a result of a Security Breach or a System Failure that the Insured first discover during the Policy Period.

*Cyber Extortion Loss* indemnifies the Insured/Member incurs as a result of an Extortion Threat first made against the Insured/Member during the Policy Period.

*Data Recovery Costs* indemnifies the Insured/Member incurs as a direct result of a Security Breach that the Insured first discovers during the Policy Period.

**C. Liability**

*Data & Network Liability* pays Damages and Claims Expenses, which the Insured is legally obligated to pay because of any Claim first made against any Insured during the Policy Period

*Regulatory Defense & Penalties* pays Penalties and Claims Expenses, which the Insured is legally obligated to pay because of a Regulatory Proceeding first made against any Insured during the Policy Period for a Data Breach or a Security Breach.

*Payment Card Liabilities & Costs* indemnifies the Insured/Member for PCI Fines, Expenses and Costs which it is legally obligated to pay because of a Claim first made against any Insured during the Policy Period.

*Media Liability* pays Damages and Claims Expenses, which the Insured is legally obligated to pay because of any Claim first made against any Insured during the Policy Period for electronic Media Liability.

**D. eCrime** indemnifies the Insured/Member for any direct financial loss sustained resulting from:

- *Fraudulent Instruction*
- *Funds Transfer Fraud*
- *Telephone Fraud*

That the Insured first discovers during the Policy Period.

**E. Criminal Reward** indemnifies the Insured/Member for Criminal Reward Funds.

**Coverage  
Endorsement(s)**

**Consequential Reputational** indemnifies the Insured/Member for Consequential Reputational Loss, that the Insured incurs during the Notification Period as a result of (i) an actual or reasonably suspected Data Breach or Security Breach that the Insured first discovers during the Policy Period and (ii) for which individuals have been notified pursuant to the Breach Response Services definition.

**Computer Hardware Replacement Costs** means reasonable and necessary expenses incurred by the Insured Organization to replace computers or any associated devices or equipment operated by, and either owned by or leased to, the Insured Organization that are unable to function as intended due to corruption or destruction of software or firmware directly resulting from a Security Breach.

**EXCLUSIONS:  
(Including but not  
limited to)**

Coverage does not apply to any claim or loss from;

- Bodily Injury or Property Damage
- Trade Practices and Antitrust
- Gathering or Distribution of Information
- Prior Known Acts & Prior Noticed Claims
- Racketeering, Benefit Plans, Employment Liability & Discrimination
- Sale or Ownership of Securities & Violation of Securities Laws
- Criminal, Intentional or Fraudulent Acts
- Patent, Software Copyright, Misappropriation of Information
- Governmental Actions
- Other Insureds & Related Enterprises
- Trading Losses, Loss of Money & Discounts
- Media-Related Exposures – Contractual liability or obligation
- Nuclear Incident
- Radioactive Contamination
- First Party Loss – with respects: 1. seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority; 2. costs or expenses incurred by the Insured to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect or enhance data or Computer Systems to a level beyond that which existed prior to a Security Breach, System Failure, Dependent Security Breach, Dependent System Failure or Extortion Threat; 3. failure or malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the Insured Organization's direct operational control; or 4. fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event.

- NOTICE OF CLAIM:**
- **IMMEDIATE NOTICE** must be made to Beazley NY of all potential claims and circumstances (assistance, and cooperation clause applies)
  - Claim notification under this policy is to:  
Beazley Group  
Attn: TMB Claims Group  
1270 Avenue of the Americas  
New York, NY 10020  
[tmbclaims@beazley.com](mailto:tmbclaims@beazley.com)

**NOTICE OF CANCELLATION:** 10 days for non-payment of premium

**REINSTATEMENT PROVISIONS:** Optional reinstatement at 125% of the Annual Policy Premium

**CYBER COST:** Cost is included in Total Property Premium  
Earned premium is calculated on a pro-rata basis, unless there is a claim in which case the premium is deemed fully earned.

**OTHER SERVICES** Unlimited Access to Beazley Breach Solutions

**BROKER:** ALLIANT INSURANCE SERVICES HOUSTON, LLC  
License No. 0C36861

**NOTES:** Coverage outlined in this Evidence are subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions.

























