



FAQ's – AB 218 Revived Liability Funding Plan

Schools Excess Liability Fund is working hard to protect our school district, community college district and other educational agency members from the risks, costs and **revived liabilities** resulting from **AB 218**, which went into effect January 1, 2020.

What is SELF?	<p>SELF is a not-for-profit Joint Powers Authority (JPA) dedicated to public schools' catastrophic liability coverage needs. The formation of the JPA in 1986 during a nationwide insurance crisis allowed public educational agencies to join together for the purpose of pooled risk sharing (or "self-insuring") for excess liability risks.</p> <p>SELF provides excess liability coverage to its members beyond the primary coverage they purchase from an underlying JPA or a commercial carrier, covering claims that exceed \$1 million or \$5 million. SELF has offered coverage limits from \$10 million per member in the early years to \$55 million per member currently.</p> <p>Excess liability coverage is designed to handle the truly catastrophic claims, such as the death of a student, traumatic brain injury or cases of sexual assault and molestation (SAM), particularly where there have been multiple victims involved.</p>
What is AB 218?	<p>AB 218, or the California Child Victims Act, was authored by Assembly Member Lorena Gonzalez, D-San Diego and signed into law effective January 1, 2020.</p> <p>AB 218 has multiple implications for CA educational agencies, it:</p> <ul style="list-style-type: none">• Opens a three-year revival period, during which a claim for childhood sexual assault can be filed from any point in the past• Provides for treble damages if a "cover up" can be proven, a cost typically excluded from commercial insurance policies and JPA memoranda of coverage• Broadens the type of misconduct it covers by changing the term "abuse" to "assault", significantly increasing the risk exposure of educational agencies• Extends the general statute of limitations in which to file a claim going forward from age 26 to age 40 (when the revival period closes). <p>This bill exposes educational agencies to claims for sexual assault going back decades and places them in the precarious position of having to defend against them. It has created an unfunded mandate on schools.</p>
How big is the potential impact?	<p>Initial actuarial studies of the potential impact of AB 218 projected a conservative estimated cost to California public schools of \$560 million.</p>

Why am I receiving this?	Your public educational agency was a member of SELF's Excess Liability Program during at least one of the prior coverage years affected. By joining SELF, similar to most Joint Powers Authorities, members agree to pay contributions set by the SELF Board in exchange for coverage to fund liabilities. Those include liabilities retroactively imposed by law, such as the law the California Legislature enacted in this case.
Why is this necessary?	JPA's such as SELF hold school district funds in reserve based on actuarial science. Actuaries only forecast liabilities based on current state law, so we would not hold funds belonging to school districts or forecast losses that do not legally exist at the time. This retroactive unfunded mandate on schools has necessitated in turn a retroactive funding solution based on this new law.
Where has all the money gone?	Your dollars have gone two places: 1) Funding over \$415M in claim payments to protect schools districts and 2) Returning \$69M to schools in rebates/dividends between 1990 and 2004.
What is the total amount being collected by SELF at this time?	The SELF Board has authorized the collection of \$46.6 million in additional funding to be collected over a three-year period. This amount is based on preliminary actuarial projections.
What gives SELF the authority to assess current and former members?	The JPA Agreement that every member signs when joining the pool allows the board collect additional member contributions.
How long is the assessment plan?	The current plan is for three years but the duration could be extended depending on the number of revived claims ultimately received from members.
How was the assessment calculated?	Utilizing our independent actuarial analysis and historic JPA Agreements and Bylaws, SELF developed per-year funding amounts calculated as a pro-rata share of your original contributions in the effected years.
Which years are being impacted?	Currently SELF has identified program four years that meet the requirements outlined in SELF's governing documents for the collection of additional contributions: 1996/97, 1999/00, 2006/07 and 2016/17.
Why were these years chosen?	These years were chosen because one or more AB 218 claims have been received in that year <i>and</i> the year has a deficit fiscal position.
Where did SELF get the ADA that is on my invoice?	SELF has always used lottery ADA to allocate member contributions. Members are billed based on the historical lottery ADA or FTES that they were billed on for the original SELF coverage during those years. Those members who were billed a fixed rate for coverage will be billed based on a pro-rata share of that amount.
What if I didn't participate in all four of those years?	You will only be billed for years your district/entity participated in SELF.
Will a discount be offered if I pay the full amount now?	Yes, if paid in full now, you will receive a 3% discount off the total. Or you can choose to be billed in three equal annual amounts.
When is the invoice due?	It will be due in 60 days. Unpaid balances after 60 days will be subject to interest. More questions? Contact: info@selfjpa.org