



Schools  
Excess  
Liability  
Fund

February 7, 2023

Dear Educational Leader,

Following our communication in June 2022, you are now receiving an invoice to further fund liabilities associated with AB218, passed by the CA legislature in 2019. This opened a 3-year window of eliminating any statute of limitations for claims for childhood sexual assault. While the 3-year window closed 12/31/22, bear in mind that the law also raised the statute of limitation from age 26 to age 40. This will therefore have lasting impact on schools beyond this date.

We know that schools have a myriad of challenges at any point in time. At SELF, we are committed to navigating the challenges this new law has imposed on LEAs across the state. While we do not know the future, SELF was built **By Schools, For Schools**, so our focus is on aligning the funding needs with district budgets and smoothing the fiscal volatility a law like this creates.

Our board is comprised of your colleagues, the leaders of Risk Pools and Risk Management and Fiscal Operations for districts throughout the state. In their decision making, schools always come first and this will not waiver. We have provided additional resources and information and invite you to contact us with additional questions.

Sincerely,

Dave George  
Chief Executive Officer  
**Schools Excess Liability Fund**



A Public Agency  
Joint Powers Authority

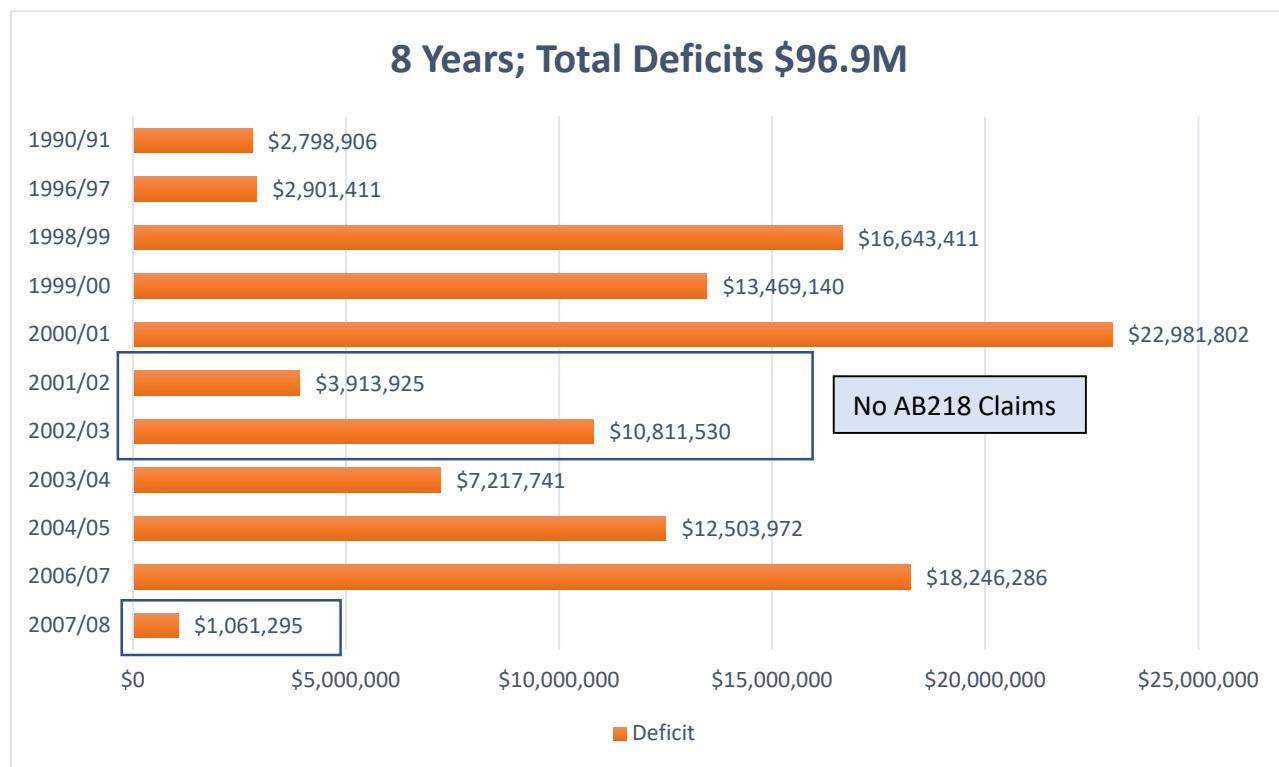


Dear SELF Member,

We have created this document as supplemental information accompanying the 2023 AB 218 Revived Liability Funding Plan invoice your district/JPA has received. The AB 218 funding plan is an assessment of SELF's current and past members to fund the newly created liability exposures brought on through the CA legislature's enactment of AB 218 and signed into law effective January 1, 2020.

Based upon our review of historic program year operations, SELF has identified the following program years for collection of additional contributions to fund these new liabilities: **1990-91, 1996-97, 1998-99, 1999-00, 2000-01, 2003-04, 2004-05 and 2006-07**.

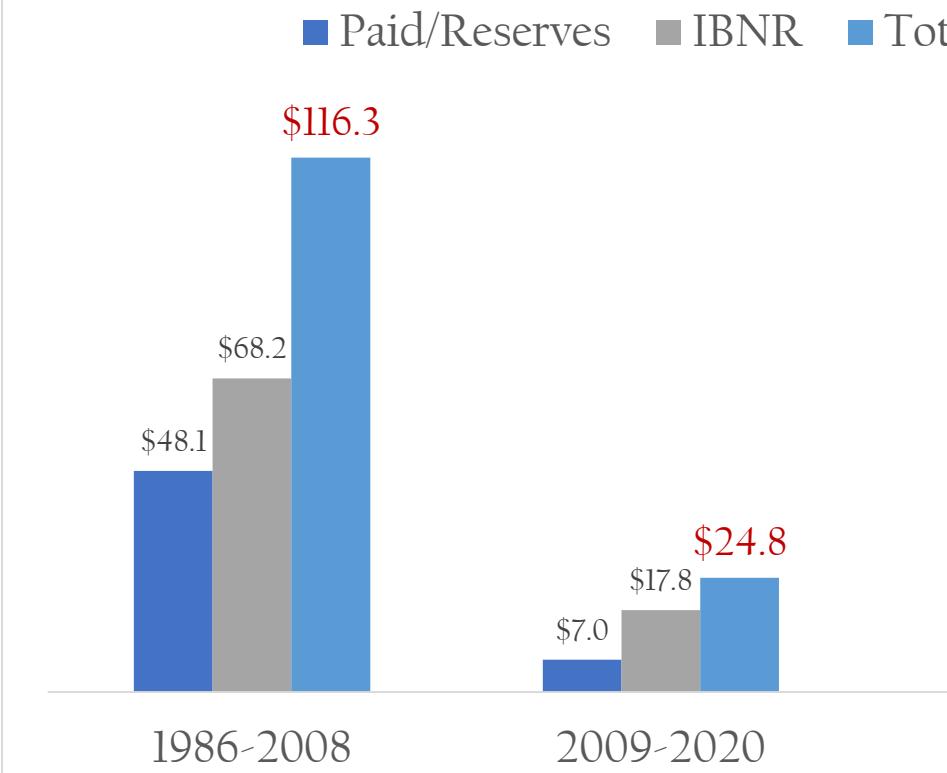
These are the years in which 1) AB218 claim(s) have been received and 2) the program year accounting reflects a deficit position from operations.



It should be noted that any years between 1986 (when SELF was created) and 2008 not listed here, do have AB 218 claims that have been received, but those years have a surplus position. Because those years are in a surplus position, they are not currently included in the program years identified for additional funding. We also excluded the three years noted above due to a lack of claim activity.

This assessment is focused on years 1986-2008. The reasons for that are the historic membership of SELF largely attached at \$1M in those years, significantly increasing your liabilities through the SELF program in these years. This is outlined in the chart below from SELF's actuarial report.

## Exposure Estimate to SELF (in Millions) based on 3/31/22 Actuarial update- CSA claims only



It is important to remember two things as we move through this funding. First, this assessment is based on data as of 3/31/22. Nine more months of claim activity through 12/31/22 is continuing to be reported. Second, the other significant issue to remember is that this law also moved the statute of limitations from age 26 to age 40. Therefore, only individuals over the age of 40 are excluded from filing claims after 12/31/22. Many districts may continue to receive claims going back to the early 2000s and earlier depending on the age of the victim at the time of the alleged abuse.

We have referenced our AB 218 annual report most recently issued and we will continue this annual update as we process the influx of claims districts are receiving.

For additional supplemental information we refer you the following documents attached here or accessible via link in the invoicing email:

- 2023 AB 218 RLFP FAQ
- SELF's AB 218 Annual Report -2021/2022
- SELF's AB 218 Actuarial Report, Bickmore Risk Services

If you would like further information on AB 218 and previous communications that have been sent out, please visit our website at <https://www.selfjpa.org/ab218res>.

## AB 218 Revived Liability Funding Plan Budget Indicators vs. Rates

**Budget Indicators June 2022**

	1990/91	1996/97	1998/99	1999/00	2000/01	2003/04	2004/05	2006/07	Total
<b>\$1M SIR</b>									
K-12	\$0.74	\$0.63	\$3.87	\$3.17	\$5.26	\$1.70	\$3.50	\$3.09*	\$21.96
CCD	\$0.42	\$0.36	\$2.19	\$1.80	\$2.98	\$0.96	\$1.98	\$1.75*	\$12.43
<b>\$5M SIR</b>									
K-12	N/A	\$0.21	\$1.55	\$1.03	\$1.70	\$0.41	\$0.68	\$3.09	\$8.67
CCD	N/A	\$0.12	\$0.88	\$0.58	\$0.96	\$0.23	\$0.39	\$1.75	\$4.91

**Invoiced Rates – January 2023 AB 218 RFLP**

	1990/91	1996/97	1998/99	1999/00	2000/01	2003/04	2004/05	2006/07	Total
<b>\$1M SIR</b>									
K-12	\$0.75	\$0.65	\$3.90	\$3.18	\$5.22	\$1.69	\$3.52	\$3.15*	\$22.06
CCD	\$0.42	\$0.37	\$2.21	\$1.80	\$2.95	\$0.96	\$1.99	\$1.78*	\$12.48
<b>\$5MSIR</b>									
K-12	N/A	\$0.22	\$1.56	\$1.03	\$1.69	\$0.41	\$0.69	\$3.15	\$8.75
CCD	N/A	N/A	\$0.88	\$0.58	\$0.96	\$0.23	\$0.39	\$1.78	\$4.82

\*Assessment for 2006/07 only relates to coverage above \$5M.

## FAQ – AB 218 Revived Liability Funding Plan - 2023

<b>What is SELF?</b>	<p>SELF is a not-for-profit Joint Powers Authority (<b>JPA</b>) 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 <b>pooled risk sharing</b> (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>
<b>What is AB 218?</b>	<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"> <li>• Opened a <b>three-year revival period</b>, during which a claim for childhood sexual assault could be filed from any point in the past</li> <li>• <b>Broadens the type of misconduct it covers</b> by changing the term "abuse" to "assault", significantly increasing the risk exposure of educational agencies</li> <li>• <b>Extends the general statute of limitations</b> in which to file a claim going forward from age 26 to age 40 (when the revival period closes).</li> <li>• <b>Deletes the requirement of filing a government tort claim.</b></li> </ul> <p>This bill exposes educational agencies to claims for <b>sexual assault</b> going back decades and places them in the precarious position of having to defend against them. <b><i>It has created an unfunded mandate on schools.</i></b></p>
<b>Why am I receiving this?</b>	<p>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.</p>

<b>Why is this necessary?</b>	JPAs 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.
<b>How was the assessment calculated?</b>	Utilizing our independent actuarial analysis, SELF developed per-year funding amounts calculated as a pro-rata share of your original contributions in the effected years.
<b>Which years are being impacted?</b>	Currently SELF has identified eight program years that meet the board policy for the collection of additional contributions: 1990/91, 1996/97, 1998/99, 1999/00, 2000/01, 2003/04, 2004/05 and 2006/07.
<b>Why were these years chosen?</b>	These years were chosen because of the actuarial forecast of liabilities for the years 1986-2008. The years chosen are currently in a deficit position and one or more AB218 claims have been received related to that year.
<b>Where did SELF get the ADA that is on my invoice?</b>	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.
<b>More questions?</b>	Contact us at <a href="mailto:info@selfjpa.org">info@selfjpa.org</a> or 916-321-5300. You can also see all prior AB 218 Communications on our website at <a href="https://www.selfjpa.org/ab218res">https://www.selfjpa.org/ab218res</a> .