| SWACC PROGRAM |

2012-2013 PROGRAM STRUCTURE

PROPERTY	LIABILITY
$250,000,000 Schools Association For Excess Risk (SAFER) $249,750,000 Excess of $250,000	**$25,000,000** Schools Association For Excess Risk (SAFER) $20,000,000 Excess of $5,000,000
	$5,000,000 Schools Association For Excess Risk (SAFER) $4,000,000 Excess of $1,000,000
$250,000 SWACC Retention $250,000 Less MRL	**$1,000,000** SWACC Retention $1,000,000 Less MRL
MRL Member Retained Limit	**MRL** Member Retained Limit

| SAFER PROGRAM |

SAFER

SAFER was established in 2002 as a governmental, not-for-profit, risk sharing pool established pursuant to a California Joint Powers Agreement to satisfy the need for competitively priced Excess Property and Liability following form protection for California K-12 and Community College Districts. In 2012/2013, SAFER membership consisted of 3 member JPAs: Northern California ReLiEF (NCR), Southern California ReLiEF (SCR) and the Statewide Association of Community Colleges (SWACC), and one individual district, Corona-Norco Unified School District with 2,575,215 of Average Daily Attendance (ADA)/Full-Time Equivalent Students (FTES) and $60 billion in Total Insured Value (TIV).

SAFER provides its members:

- Excess Property Coverage
- Excess Liability Coverage
- Equipment Breakdown Coverage

EXCESS PROPERTY COVERAGE

SAFER has provided reinsurance for property claims as follows:

- 2002/2003 – 2004/2005: Limits of $144,750,000 excess of $5,250,000
- 2005/2006 – 2007/2008: Limits of $244,750,000 excess of $5,250,000
- 2008/2009 – Present: Limits of $249,750,000 excess of $250,000

2012/2013 EXCESS PROPERTY PROGRAM STRUCTURE

$250,000,000

SAFER: 5th Layer $150M excess $100M, 100% Transferred to Reinsurers

$100,000,000

SAFER: 4th Layer $50M excess $50M, 100% Transferred to Reinsurers

$50,000,000

SAFER: 3rd Layer $35M excess $15M, 100% Transferred to Reinsurers

$15,000,000

SAFER: 2nd Layer $9.75M excess $5.25M, 100% Transferred to Reinsurers

$5,250,000

1st Layer $5M excess $250K, 100% Transferred by SAFER to Reinsurers

$250,000

100% Retained by SAFER Members

$0

In program year 2008/2009, NCR, SCR and SWACC combined the working property layer $5,000,000 excess of $250,000 into one contract and transferred that layer to SAFER. This leveraging resulted in a 29% premium reduction for the membership. SAFER experience modifies the working layer by member. The catastrophic reinsurance layer above $5,250,000 is not experience modified.

EXCESS LIABILITY COVERAGE

SAFER has provided reinsurance for liability claims as follows:

- 2004/2005: Present: Limits of $4M excess of $1M
- 2007/2008: Present: Optional limit of $20M excess of $5M
- 2012/2013: Optional limit of $25M excess of $25M

$25,000,000

Selective	33%
Alteris	30%
Star	17%
Brit	15%
Torus	5%
TOTAL	**100%**

$15,000,000 (Agg)
Excess of $10,000,000 (Agg)

$10,000,000

Lexington	45%
Safety National	40%
Torus	10%
Tokio	5%
TOTAL	**100%**

$5,000,000 (Agg)
Excess of $5,000,000 (Occ)

$5,000,000

Caitlin Insurance Co.	50%
Max Re (Alterra)	25%
Torus, Tokio Mil.	25%
TOTAL	**100%**

$9,117,753 (Agg)
Excess of $1,000,000 (Occ)

Corridor	
85% LR	100%
SAFER	50%
Meritage	50%

$3,210,476 (Agg)
Excess of $9,117,753 (Agg)

Caitlin Insurance Co.	50%
Max Re (Alterra)	25%
Torus, Tokio Mil.	25%
TOTAL	**100%**

$12,671,771 (Agg)
Excess of $12,328,229 (Agg)

$1,000,000

NCR/SCR/SWACC
$1,000,000 Per Occurrence
Including MRL

$0 | $9,117,753 | $12,328,229 | $25,000,000

$4M excess of $1M

On July 1, 2004 SAFER expanded its coverage to provide Excess Liability for the members. The coverage above each Member's retention of $1,000,000 per occurrence is reinsured through SAFER using reinsurance. The $4M excess $1M excess liability rates were guaranteed through a three-year contract which was initially set to expire June 30, 2013. When reviewing the 2012/2013 program SAFER approved to terminate their current three-year agreement and replace with a new three-year program that runs from July 1, 2012 through June 30, 2015. By renewing the contract, SAFER was able to stabilize rates through July 1, 2015, provide a higher annual aggregate limit, higher term aggregate limit, higher potential gross commutation proceeds, protection against hardening market conditions, and a rate change of less than 3%.

Commutation

The programs for 2007-2010 and 2010-2013 included a commutation clause that, in effect, would allow SAFER to receive a refund of certain premiums which would then be used to fund all future losses, with unused premiums creating net assets for SAFER. This feature gives SAFER the ability to look back and make a determination on the loss history to determine whether exercising the commutation feature makes sound economic sense for its members.

Effective May 31, 2013 SAFER commuted the 2007-2010 three-year contract adding $8,363,466 to their net assets.

$20M x/s $5M

In 2012/2013, SAFER entered into a one-year contract with "A-rated" reinsurers to provide per occurrence following form coverage for the $20M excess of $5M optional excess liability layer with a $60M term aggregate. $20M excess $5M started in 2007/2008 and realized a rate decrease of 29% in 2008/2009 and has only increased 8% since then.

$25M x/s $25M

In program year 2012/2013 SAFER began offering optional $25M x/s $25M excess liability limits to its membership.