

# RiskWatch Bulletin



April 2017

Special Issue

Dear Charter Schools,

Greetings to all covered charter schools and boards. We are sincerely grateful for your participation in the State Risk Fund. We'd like to make you aware of some important coverage changes and concerns.

Coverage of Triple Net Leases. In order to provide more comprehensive insurance, claims, and loss prevention services to our insured charter schools, we may now provide property coverage for the buildings you occupy pursuant to a triple net lease, which is an insurable interest. In a triple net lease, the tenant must agree to be responsible for property taxes, building insurance, and the cost of any maintenance or repairs to the building. Before we will agree to insure any of your leased buildings, we will conduct a due diligence assessment, which will consist of a building inspection and a review of your lease agreement. If there is any interest in adding your eligible leased buildings to our property insurance program, please contact our Support Services Manager, Brian Jensen, via email ([brianjensen@utah.gov](mailto:brianjensen@utah.gov)) or phone (801.538.3213).

Use/Coverage of Former Commercial Buses. It has come to our attention that some charter schools may be using former commercial or UTA buses to transport students. Senate Bill 40, effective May 9, 2017, prohibits any school district, charter school, or private school from using "a vehicle with a seating capacity of 11 or more, including the driver, for the transportation of its students, unless the vehicle meets federal school bus safety standards under 49 U.S.C. 30101, et. seq." The specific minimum performance requirements for school buses are emergency exits; interior protection for occupants; floor strength; seating systems; crashworthiness of body and frame (including protection against rollover hazards); vehicle operating systems; windows and windshields; and fuel systems. Additionally, school buses must have overhead flashing lights and a stop arm to transport students between their homes and schools. See 49 U.S.C. 30125(b) and 49 CFR, Part 571, et. seq. It is our considered opinion that former commercial or UTA buses do not meet federal school bus safety standards, and we will not cover any such buses that are being used to transport students for any purpose, effective May 9, 2017. If you have any questions about the characteristics of your buses, please contact our Engineer and Transportation Specialist, Bruce A. Spiegel ([bspiegel@utah.gov](mailto:bspiegel@utah.gov) or 801.538.9588).

Trending Risks & Pending Concerns

Management Models and Coverage. In 2011, the previous State Risk Manager, Tani Pack Downing, issued a memorandum indicating that the Risk Fund would no longer cover charter schools and boards, whose relationships with private entities created significant coverage conflicts. Models 4 – 6 in the table below provide some examples of conflicted relationships the Risk Fund is unwilling to cover. The information provided in the 2011 memorandum was immediately incorporated into the charter school coverage application packet, which required a signed statement affirming that the applying school and board would not deviate from our approved management models, described in Models 1-3 below. Over the next several months, Mark Petersen, our Loss Control Manager, and our Charter School Specialists, Mike Marshall and Sol Garcia, will be communicating with you to confirm that your management models are consistent with our risk appetite. Your cooperation and candor will be most appreciated.

### Management Model Table

<p style="text-align: center;"><b>Model 1</b></p> <div style="text-align: center; border: 1px solid black; background-color: #4a86e8; color: white; padding: 5px; margin: 10px auto; width: 150px;">Charter School</div> <p style="text-align: center;">Director, teachers, and staff are school employees</p> <p>Charter school has not engaged a service provider for management and/or educational support</p>	<p style="text-align: center;"><b>Model 2</b></p> <div style="text-align: center; border: 1px solid black; background-color: #4a86e8; color: white; padding: 5px; margin: 10px auto; width: 150px;">Charter School</div> <p style="text-align: center;">Director, teachers, and staff are school employees</p> <div style="text-align: center; margin: 10px auto;">  </div> <div style="text-align: center; border: 1px solid black; background-color: #8e44ad; color: white; padding: 5px; margin: 10px auto; width: 150px;">Service Provider</div> <p style="text-align: center;">Independent service provider(s) engaged to support school operations</p>	<p style="text-align: center;"><b>Model 3</b></p> <p style="text-align: center;">Director, teachers, and staff are school employees</p> <div style="display: flex; justify-content: center; align-items: center; gap: 10px; margin: 10px auto;"> <div style="border: 1px solid black; background-color: #4a86e8; color: white; padding: 5px; width: 80px;">Charter School</div> <div style="border: 1px solid black; background-color: #8e44ad; color: white; padding: 5px; width: 80px;">Service Provider</div> </div> <p style="text-align: center;">Service provider places representative(s) in school to manage daily operations</p>
<p style="text-align: center;"><b>Model 4</b></p> <p style="text-align: center;">Teachers and staff are school employees</p> <div style="display: flex; justify-content: center; align-items: center; gap: 10px; margin: 10px auto;"> <div style="border: 1px solid black; background-color: #4a86e8; color: white; padding: 5px; width: 80px;">Charter School</div> <div style="border: 1px solid black; background-color: #8e44ad; color: white; padding: 5px; width: 80px;">Service Provider</div> </div> <p style="text-align: center;">Charter school director is a service provider owner/representative</p>	<p style="text-align: center;"><b>Model 5</b></p> <p style="text-align: center;">Teachers and staff are school employees</p> <div style="display: flex; justify-content: center; align-items: center; gap: 10px; margin: 10px auto;"> <div style="border: 1px solid black; background-color: #4a86e8; color: white; padding: 5px; width: 80px;">Charter School</div> <div style="border: 1px solid black; background-color: #4a86e8; color: white; padding: 5px; width: 80px;">Charter School</div> <div style="border: 1px solid black; background-color: #f1c40f; color: white; padding: 5px; width: 80px;">Private School</div> </div> <div style="text-align: center; margin: 10px auto;"> <div style="border: 1px solid black; background-color: #8e44ad; color: white; padding: 5px; width: 150px;">Service Provider</div> </div> <p style="text-align: center;">Service provider owner/representative is director of both charter and private schools</p>	<p style="text-align: center;"><b>Model 6</b></p> <div style="text-align: center; margin: 10px auto;"> <div style="border: 1px solid black; background-color: #4a86e8; color: white; padding: 5px; width: 150px;">Charter School</div> <div style="border: 1px solid black; background-color: #8e44ad; color: white; padding: 5px; width: 200px; margin-top: 5px;">Service Provider</div> </div> <p style="text-align: center;">Charter school director, teachers, and staff are employees of service provider(s)</p>



Utah Division of Risk Management

Brian Nelson, Director, Division of Risk Management