



ASSOCIATION OF CALIFORNIA WATER AGENCIES  
**JOINT POWERS**  
INSURANCE AUTHORITY

## LIABILITY PROGRAM

### Coverage Description:

ACWA/Joint Powers Insurance Authority (JPIA) through WGM & Associates, provides a self-insured Liability Program, which affords each member limits of \$60 million per occurrence for auto and general liability coverages. This program protects the member agencies against third-party claims for bodily injury and property damage. The following coverages are also included:

- Personal Injury
- Errors and Omissions
- Products Hazard
- Inverse Condemnation
- Employment Practices
- Broadened Pollution
- Failure to Supply Water
- Care, Custody & Control

Member agencies pay a deposit premium based on their estimated annual payroll. This deposit premium is used to pay all claims. For purposes of the retrospective premium calculation, each member also selects its own retrospective allocation point (RAP). The JPIA offers six RAP levels: \$2,500; \$5,000; \$10,000; \$25,000; \$50,000; and \$100,000. The following is a schedule of minimum RAP's:

<u>Basic Premium</u>	<u>Minimum RAP</u>
\$ 2,250 to \$ 25,000	\$ 2,500
25,001 to 50,000	5,000
50,001 to 100,000	10,000
100,001 to 250,000	25,000
250,001 and above	50,000

A member agency may select a RAP level higher than the minimums listed.

### **Retrospective Premium Adjustments:**

The first premium adjustment takes place approximately 4 years after the beginning of each coverage year. This process is called a Retrospective Premium Adjustment. The adjustment is determined by the following elements: actual payroll versus estimated payroll, losses within the member's RAP level, a share of losses above the selected RAP level, a share of general and administrative costs, and a share of interest earned on the funds held. Once these factors have been calculated, the final premium is compared with the deposit premium. Members receive statements showing their balance; refunds are issued when the balance reaches 50% of their current deposit premium.

## **Risk Management:**

In a pooled self-insurance program, all members share premiums and losses. The quality of agency management, the control of losses, and sound safety programs are vitally important to every member of the Liability Program.

The JPIA has developed a Risk Management Program to help each agency understand the importance of safety within the workplace. The JPIA also conducts numerous regional workshops and seminars and regularly visits each member. The JPIA's extensive Lending Library of audio/video tapes and other materials on numerous safety issues is available to members. Also, the JPIA provides Defensive Driving Courses as well as a consortium to assist in complying with federal DOT regulations regarding drug and alcohol testing of drivers.

Prior to acceptance into the Liability Program, a prospective member will have a formal assessment performed by a JPIA Risk Management Consultant. The survey allows the JPIA to "get to know" prospective members and their operations. The risk management report is used by the Executive Committee to review new applicants.

## **Steps for Program Participation:**

1. Complete and return the Liability Program Application.
2. Attach copies of the agency's current policies.
3. Attach loss history analysis reports for the last five years.
4. The agency will receive a written quotation to present to its Board of Directors.
5. Notify the JPIA in writing of the Board's decision to accept or decline the quotation.

If the quotation is accepted, the following will need to be completed:

1. A JPIA Risk Management Consultant will contact the agency for an appointment.
2. The JPIA Risk Management Consultant will assess the agency and prepare a recommendation.
3. The agency will be placed on an Executive Committee meeting agenda for membership consideration.
4. A Board resolution is required to effect coverage.