



YOUR BEST PROTECTION

Approved September 17, 2018

Liability Program Committee Meeting

ACWA JPIA Executive Conference Room
2100 Professional Drive,
Roseville, CA 95661
(800) 231-5742

August 29, 2017

This meeting consisted of a simultaneous WebEx teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Hoagland, 40481 Calle Fiesta, Temecula
- Schwarm, 505 S. Vulcan Avenue, Encinitas
- Shaikewitz, 50 Butterfly Lane, Montecito

MEMBERS PRESENT

Chair: Melody McDonald, San Bernardino Valley Water Conservation District

Vice-chair: David Hodgins, Scotts Valley Water District

Paul E. Dorey, Vista Irrigation District

Don Groundwater, Bella Vista Water District

John E. Hoagland, Rancho California Water District (via WebEx)

Tammy Rudock, Mid-Peninsula Water District

Jace Schwarm, San Dieguito Water District (via WebEx)

Richard "Dick" Shaikewitz, Montecito Water District (via WebEx)

MEMBERS ABSENT

SR "Al" Lopez, Western Municipal Water District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells

Linda Craun, Administrative Assistant II (WebEx Coordinator)

David deBernardi, Director of Finance

Robert Greenfield, General Counsel

Debbie Kyburz, Lead Member Services Representative

Patricia Slaven, Director of Administration

Dianna Sutton, Finance Manager

Karen Thesing, Director of Insurance Services

Suzanne Wallace, Administrative Assistant II (Recording Secretary)

Nidia Watkins, Member Services Representative II

Bobbette Wells, Executive Assistant to the CEO

Cece Wuchter, Senior Claims Examiner

OTHERS IN ATTENDANCE

E.G. "Jerry" Gladbach, Castaic Lake Water Agency

Brent Hastey, Yuba County Water Agency, ACWA VP

W.D. "Bill" Knutson, Yuima Municipal Water District
J. Bruce Rupp, Humboldt Bay Municipal Water District
Kathy Tieggs, Cucamonga Valley Water District
Alex Tokar, Aon Risk and Insurance Services

WELCOME

Chair McDonald welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chair McDonald called the meeting to order at 3:00 p.m. She announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chair McDonald announced that the meeting would be recorded to assist in preparation of minutes. Recordings are only kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT

Chair McDonald noted that, as the agenda stated, members of the public would be allowed to address the Executive Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

INTRODUCTIONS

Chair McDonald requested that the Committee members and JPIA staff in attendance introduce themselves. Chair Mc Donald also congratulated Don Groundwater on his retirement and 17 years of service on the Liability Program Committee.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

No additions or deletions were noted.

CONSENT AGENDA

Chair McDonald called for approval of the minutes of the last meeting of April 4, 2017.

M/S/C (Hodgin/Rudock) (Dorey-Yes; Groundwater -Yes; Hoagland -Yes; Hodgin-Yes; McDonald-Yes; Rudock-Yes; Schwarm-Yes; Shaikewitz-Yes): That the Liability Program Committee approve the minutes of the April 4, 2017 meeting, as presented.

MEMBERSHIP

Ms. Thesing reported on the new agencies that joined the Liability Program during the 2016-17 coverage year. The Liability Program currently consists of 301 members with a total estimated annual payroll of \$549,919,259.

Update on Letters to Withdraw/Rescind

Ms. Thesing also provided the status of intents to withdraw and rescind from the Liability Program.

The following members have rescinded their intent to withdraw from the Liability Program: Sites Project Joint Powers Authority and Reclamation District No. 999.

NEW BUSINESS

General Liability historic and Current Claims Trends

Mr. Sells reported that the Liability Program continues to perform well, despite an occasional high cost year. In the 2008-09 policy year, there were two large losses: a sawmill that burned down in Northern California, and the Freeway Complex Fire in Southern California. The 2013-14 policy year includes an herbicide drift claim that was the result of aerial spraying and a large pipe break claim.

Memorandum of Liability Coverage

Ms. Thesing reviewed the proposed changes to the Memorandum of Liability Coverage. Highlights included addition of definition: Sudden and accidental pollution and changes to Section VII, D.1. Conditions.

A discussion was held on all of the changes to the Memorandum of Liability Coverage.

M/S/C (Hoagland/Schwarm) (Dorey-Yes; Groundwater-Yes; Hoagland-Yes; Hodgkin-Yes; McDonald-Yes; Rudock-Yes; Schwarm-Yes; Shaikewitz-Yes): That the Liability Program Committee recommends that the Executive Committee approve the proposed revisions to the Memorandum of Liability Coverage, effective October 1, 2017, as presented.

Renewal of Excess General Liability Coverage

Ms. Thesing reported that the JPIA's Liability Program renews on October 1, 2017. The JPIA retains a \$5 million self-insured retention and purchases reinsurance from a variety of carriers. Coverage for the upcoming program year was secured at expiring limits for a total of \$60 million.

For the 2017-18 program year, the JPIA will experience a 2% rate increase in the first three layers and then a flat or rate reduction for those layers thereafter. Similar to last year's renewal, subsidence coverage is capped at \$20 million per occurrence and an aggregate limit of \$30 million.

M/S/C (Schwarm/Hodgin) (Dorey-Yes; Groundwater-Yes; Hoagland-Yes; Hodgkin-Yes; McDonald-Yes; Rudock-Yes; Schwarm-Yes; Shaikewitz-Abstain): That the Liability Program Committee recommends that the Executive Committee approve the reinsurance terms and conditions for an amount not to exceed \$2,980,903 for the 10/1/2017-18 policy year.

Review of Cyber Liability Renewal

Ms. Thesing provided a short review of the Cyber Liability coverage that will be in effect October 1, 2017. The JPIA Cyber Liability program is a commercial product and is not part of the risk-sharing pool. The JPIA's program is with XL Catlin and staff was able to secure higher limits for this renewal period; for the 2017-18 program year the limit is \$3 million per occurrence rather than \$2 million.

Renewal Pricing

Mr. deBernardi reviewed the Liability Program renewal pricing and presented the worksheets that show the funding requirements for the 10/1/2017-18 policy year. Payrolls for the 10/1/17-18 policy year indicate an increase of approximately 9%. There is a corresponding increase in the actuary-projected losses of 9%. The proposed excess insurance costs have increased due to the payroll increase and market rates. General and Administrative Expenses have increased 27% largely due to a change in the allocation percentage from 25% to 30%.

Three options were presented for point of reference. The 1st option kept the Ratio of Deposit Premium to Payroll at 3.069 - no changes to pricing. This option estimates \$1.2 million in refunds to members Options 2 and 3 presented pricing reductions at 5% and 3% respectively. These options reduce the amount of estimated refunds to members.

Much discussion was held on the various options presented.

M/S/C (Schwarm/Hoagland) (Dorey-Yes; Groundwater-Yes; Hoagland-Yes; Hodgin-Yes; McDonald-Yes; Rudock-Yes; Schwarm-Yes; Shaikewitz-Yes) That the Liability Program Committee recommends that the Executive Committee approve no change to billing rate of \$3.069 for the 10/1/2017-18 policy year.

Proposed Underwriting Policy

Ms. Thesing reported that the California Association of Joint Powers Authorities (CAJPA) requires Joint Powers Authorities seeking Accreditation with Excellence to have an underwriting policy, and that the policy be reviewed by its governing body at least every three years. The policy was brought before the Committee to fulfill this triennial review requirement. The policy not only adheres to CAJPA Accreditation requirements, but it serves also as a road map outlining the approval process for prospective members.

M/S/C (Rudock/Dorey) (Dorey-Yes; Groundwater-Yes; Hoagland-Yes; Hodgin-Yes; McDonald-Yes; Rudock-Yes; Schwarm-Yes; Shaikewitz-Yes) That the Liability Program Committee recommends that the Executive Committee approve the proposed Underwriting Policy, as presented.

MISCELLANEOUS

Availability for Upcoming Meeting(s)

There are no other Liability Program Committee meetings scheduled for this year.

The Liability Program Committee meeting adjourned at 4:42 p.m.