

Liability Program Committee Meeting



YOUR BEST PROTECTION

JPIA Executive Conference Room
2100 Professional Drive
Roseville, CA 95661

Tuesday
August 29, 2017
3:00 PM

Chair: Melody McDonald, San Bernardino Valley WCD

Vice-chair: David Hodgin, Scotts Valley Water District

Paul Dorey, Vista Irrigation District

Don Groundwater, Bella Vista Water District

John E. Hoagland, Rancho California Water District

SR "Al" Lopez, Western Municipal Water District

Tammy Rudock, Mid-Peninsula Water District

Jace Schwarm, San Dieguito Water District

Richard "Dick" Shaikewitz, Montecito Water District



LIABILITY PROGRAM COMMITTEE MEETING

AGENDA

JPIA Executive Conference Room
2100 Professional Drive, Roseville, CA 95661
(800) 231-5742 - WWW.ACWAJPIA.COM

Tuesday, August 29, 2017, 3:00 PM

WebEx call-in: Access code: 809 840 581 Password: 1234

This meeting shall consist of a simultaneous WebEx teleconference call at the ACWA Joint Powers Insurance Authority, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Groundwater, 11368 E. Stillwater Way, Redding
- Hoagland, 40481 Calle Fiesta, Temecula
- SR "Al" Lopez, 14205 Meridian Parkway, Riverside
- Richard "Dick" Shaikewitz, 50 Butterfly Lane, Montecito
- Schwarm, 505 S. Vulcan Avenue, Encinitas

WELCOME

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

ANNOUNCEMENT RECORDING OF MEETING This meeting may be recorded to assist in preparation of minutes. Recordings will only be kept 30 days following the meeting, as mandated by the California Brown Act.

EVACUATION PROCEDURES

PUBLIC COMMENT Members of the public will be allowed to address the Liability Program Committee on any agenda item prior to the Committee's decision on the item. They will also be allowed to comment on any issues that they wish which may or may not be on the agenda. If anyone present wishes to be heard, please let the Chair know.

INTRODUCTIONS

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Presenter

Page#

I. CONSENT AGENDA

<u>Presenter</u>		<u>Page#</u>
McDonald	* A. Approve the minutes of the meeting of April 4, 2017.	1
All	B. Report on meetings attended on behalf of the JPIA.	
Thesing	* C. Membership Report.	4
Thesing	* D. Intent to withdraw update.	7
II. <u>NEW BUSINESS</u>		
Sells	* A. Review of General Liability historic and current claims trends.	8
Thesing	* B. Review and make recommendation on the additional amendments to the 2017-18 Memorandum of Liability Coverage.	20
Thesing	* C. Review and make recommendation on the 2017-18 renewal of Excess General Liability.	48
Thesing	* D. Review of the 2017-18 renewal of Cyber Liability.	64
deBernardi	* E. Review and make recommendation on the October 1, 2017 renewal pricing.	67
Thesing	* F. Review and make recommendation on the proposed Underwriting Policy.	72
III. <u>UPCOMING MEETING</u>		
McDonald	* A. Discuss next meeting date.	76

ADJOURN

*Related items enclosed.

Americans With Disabilities Act – The JPIA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the JPIA, shall be made to: Suzanne Wallace, Administrative Assistant II, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)

Written materials relating to an item on this Agenda that are distributed to the JPIA's Liability Program Committee within 72 hours before it is to consider the item at its regularly scheduled meeting will be made available for public inspection at ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661-3700; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.



Unapproved Minutes

Liability Program Committee Meeting

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

April 4, 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:

- Lopez, 14205 Meridian Parkway, Riverside

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

SR "Al" Lopez, Western Municipal Water District (via WebEx)

Tammy Rudock, Mid-Peninsula Water District

MEMBERS ABSENT

Don Groundwater, Bella Vista Water District

John E. Hoagland, Rancho California Water District

Jace Schwarm, San Dieguito Water District

Richard Shaikewitz, Montecito Water District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells

Linda Craun, Administrative Assistant II (WebEx Coordinator)

Carol Barake, Risk Management Program Manager

David deBernardi, Director of Finance

Robert Greenfield, General Counsel

Debbie Kyburz, Lead Member Services Representative

Jennifer Nogosek, Liability & Property Claims Manager

Patricia Slaven, Director of Administration

Sandra Smith, Employee Benefits Manager

Dianna Sutton, Finance Manager

Karen Thesing, Director of Insurance Services

Melody Tucker, Workers' Compensation Claims Manager

Suzanne Wallace, Administrative Assistant II (Recording Secretary)

Nidia Watkins, Member Services Representative II

Bobbette Wells, Executive Assistant to the CEO

OTHERS IN ATTENDANCE

Thomas Cuquet, South Sutter Water District

David Drake, Rincon del Diablo Municipal Water District *(via WebEx)*
 E.G. “Jerry” Gladbach, Castaic Lake Water Agency *(via WebEx)*
 Brent Hasteley, Yuba County Water Agency, ACWA VP
 W.D. “Bill” Knutson, Yuima Municipal Water District *(via WebEx)*
 J. Bruce Rupp, Humboldt Bay Municipal Water District
 Alex Tokar, Aon Risk and Insurance Services *(via WebEx)*

WELCOME

Chair McDonald welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chair McDonald called the meeting to order at 9:02 a.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.

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 August 29, 2016.

M/S/C (Hodgin/Dorey) (Dorey-Yes; Hodgin-Yes; Lopez-Yes; McDonald-Yes; Rudock-Yes): That the Liability Program Committee approve the minutes of the August 29, 2016 meeting, as presented.

MEMBERSHIP

Ms. Thesing reported on the new agencies that joined the Liability Program during the 2016-17 coverage year: Water Employees Services Authority and Main San Gabriel Basin Watermaster. The Liability Program currently consists of 296 members with a total estimated annual payroll of \$543,199,947.

NEW BUSINESS

Memorandum of Liability Coverage

Ms. Thesing reviewed the proposed changes to the Memorandum of Liability Coverage. Highlights included re-formatting the declarations page, adding a table of contents, addition of coverage for drones, new definitions and revisions to existing definitions, and notification guidelines for claims involving certain conditions.

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

M/S/C (Dorey/Rudock) (Dorey-Yes; Hodgins-Yes; Lopez-Yes; McDonald-Yes; Rudock-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.

Experience Modification Calculations

Mr. deBernardi explained how the experience modifier (e-mod) is calculated for each member. He also pointed out that part of the e-mod's purpose is to provide incentive for participating members to be safety conscious. Mr. deBernardi reviewed several options for the Committee to consider to adjust the e-mod calculation, if the Committee felt the process could be improved. It was noted that any change in the calculation would result in some member's premiums being reduced while others would increase.

The Committee felt the item should be discussed at a future meeting.

MISCELLANEOUS

Future Agenda Items

Review Experience Modification Calculations.

Availability for Upcoming Meeting(s)

The next scheduled Liability Program Committee meeting is Tuesday, August 29, 2017. No conflicts were noted.

The Liability Program Committee meeting adjourned at 11:55 a.m.

ACWA JPIA
Membership Report
August 29, 2017

BACKGROUND

At each Liability Program Committee meeting a list of new members is provided.

CURRENT SITUATION

The agencies listed on the following page have joined the Liability Program during the 2016-17 coverage year:

Current membership status as of August 2, 2017:

Total number of program members:	301
Total estimated annual payroll:	\$549,919,259

RECOMMENDATION:

None, informational only.

Agency	Payroll	Status	Type of Agency
Water Employees Services Authority	\$14,213,058	Joined 10/1/16	WESA was established as a joint powers authority between the Elsinore Valley Municipal Water District and Meeks and Daley Mutual Water Company in western Riverside County, California. The purpose of WESA is to provide professional water and wastewater service to both agencies.
Main San Gabriel Basin Watermaster	\$873,216	Joined 4/1/2017	The Main San Gabriel Basin Watermaster is charged with administering adjudicated water rights, along with management and protection of groundwater resources within the watershed and groundwater basin known as the Main San Gabriel Groundwater Basin in Los Angeles County.
Yuba County Water Agency	\$7,207,528	Joined 6/30/2017	Yuba County Water Agency was established in 1959 to improve flood protection and provide a water supply in Yuba County.
San Andreas Sanitary District	\$385,000	Joined 7/1/2017	The San Andreas Sanitary District was formed in 1946 and currently provides wastewater collection, treatment, and disposal services for the unincorporated community of San Andreas and neighboring areas.
Tri-County Water Authority	\$0	Joined 7/1/2017	The Tri-County Water Authority was formed in November 2014. Current members are as follows: Angiola Water District, Deer Creek Storm Water District and County of Kings.

Agency	Payroll	Status	Type of Agency
Sonoma Valley Groundwater Sustainability Agency	\$0	Joined 7/1/2017	The Sonoma Valley Groundwater Sustainability Agency is being formed and current members are: Sonoma Resource Conservation District, North Bay Water District, City of Sonoma, Valley of the Moon Water District, County of Sonoma and Sonoma County Water Agency.
Deer Creek Storm Water District	\$0	Joined 8/1/2017	The Deer Creek Storm Water District maintains the Deer Creek storm water channel to help keep flood waters away from the town of Alpaugh.

ACWA JPIA
Intent To Withdraw
August 29, 2017

BACKGROUND

At each Liability Committee Meeting a list of intents to withdraw, rescinds, and withdrawals are provided in order to review the changes in membership.

CURRENT SITUATION

In accordance with Article 22 (d) of the Joint Powers Agreement, the following members have rescinded their intent to withdraw from the Liability Program effective October 1, 2017:

<u>MEMBER</u>	<u>PAYROLL</u>	<u>% of PROGRAM</u>
Sites Project Joint Powers Authority	\$1	N/A
Reclamation District No. 999	\$190,867	0.0348%

RECOMMENDATION

None, informational only.

ACWA JPIA
General Liability Historic and Current Claims Trends
August 29, 2017

BACKGROUND

The claims history for the JPIA has been very favorable for the past several years. The graphs represent recent history in the Liability Program.

CURRENT SITUATION

The lighter colored portion of the bars represents the portion of claims covered by the purchased excess/reinsurance insurance.

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 Yorba Linda fires 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.

RECOMMENDATION

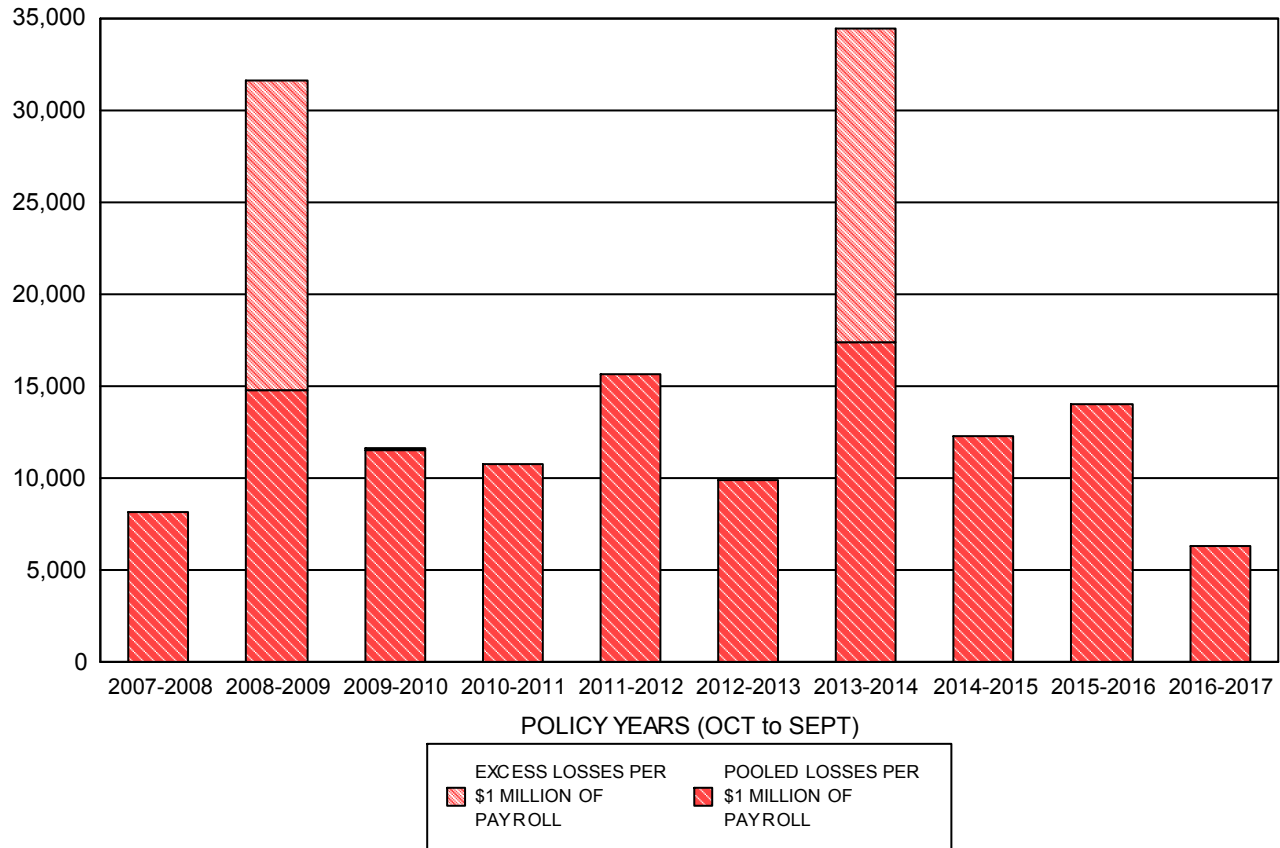
None, informational only.

ACWA JPIA - LIABILITY PROGRAM

REPORTED LOSSES PER \$1 MILLION OF PAYROLL

FOR MONTH ENDING 7/31/2017

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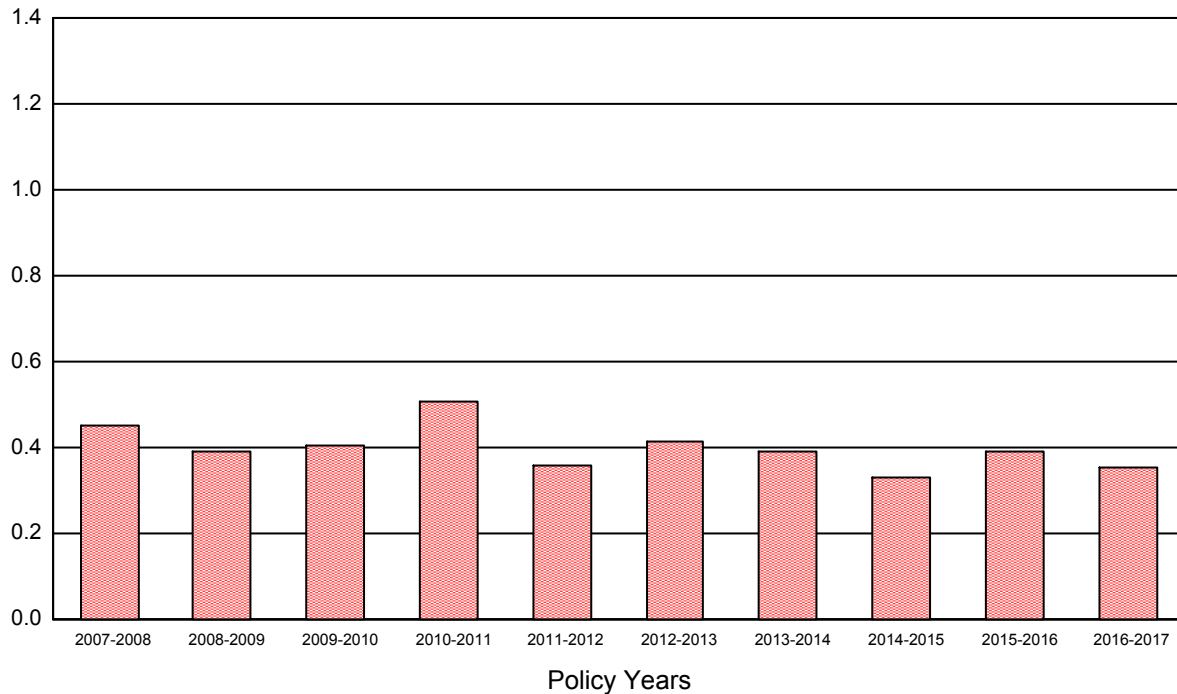


PROGRAM YEAR (10/1)	# OF MEMBERS	SELF INSURED RETENTION	POOLED LOSSES	EXCESS LOSSES	TOTAL LOSSES	ACTUAL PAYROLL	POOLED LOSSES PER \$1 MILLION OF PAYROLL	TOTAL LOSSES PER \$1 MILLION OF PAYROLL
2002-2003	283	500,000	4,803,761	219,344	5,023,105	321,945,564	14,921	15,602
2003-2004	286	500,000	3,584,119	2,600,000	6,184,119	347,874,665	10,303	17,777
2004-2005	287	500,000	8,889,968	7,420,035	16,310,003	360,896,946	24,633	45,193
2005-2006	286	1,000,000	8,431,860	116,079	8,547,939	380,897,839	22,137	22,442
2006-2007	286	1,000,000	7,373,623	455,000	7,828,623	411,559,778	17,916	19,022
2007-2008	285	1,000,000	3,566,530	0	3,566,530	436,649,863	8,168	8,168
2008-2009	284	1,000,000	6,432,507	7,365,359	13,797,866	435,872,180	14,758	31,656
2009-2010	285	1,000,000	5,142,918	49,508	5,192,426	445,710,401	11,539	11,650
2010-2011	286	1,000,000	4,856,047	0	4,856,047	451,207,328	10,762	10,762
2011-2012	292	2,000,000	7,214,188	0	7,214,188	459,712,593	15,693	15,693
2012-2013	293	2,000,000	4,635,110	0	4,635,110	467,699,841	9,910	9,910
2013-2014	291	2,000,000	8,399,777	8,280,024	16,679,800	484,457,504	17,339	34,430
2014-2015	292	2,000,000	6,137,094	0	6,137,094	499,915,511	12,276	12,276
2015-2016	294	2,000,000	7,284,749	0	7,284,749	520,341,523	14,000	14,000
2016-2017	300	5,000,000	2,891,949	0	2,891,949	548,067,930	6,332	6,332

- Latest Policy Year's 'Losses' include partial activity.

- Latest Policy Year's 'Losses Per \$1 Million of Payroll' have been annualized using 10 months data.

ACWA JPIA - LIABILITY PROGRAM
OCCURRENCES PER \$1 MILLION OF PAYROLLS REPORT
FOR MONTH ENDING 7/31/2017



PROGRAM YEAR (10/1)	NUMBER OF OCCUR	ACTUAL PAYROLLS	HISTORICAL INCREASE	INFLATION ADJUSTMENT FACTOR	INFLATION ADJUSTED PAYROLLS	# OF OCCURRENCES PER \$1 MILLION OF INFLATION ADJUSTED PAYROLLS
2002-2003	288	321,945,564	1.9%	1.324	426,375,214.65	0.68
2003-2004	281	347,874,665	2.2%	1.300	452,124,585.50	0.62
2004-2005	305	360,896,946	4.1%	1.272	458,952,387.29	0.66
2005-2006	279	380,897,839	3.0%	1.222	465,309,807.05	0.60
2006-2007	252	411,559,778	2.5%	1.186	488,123,140.37	0.52
2007-2008	228	436,649,863	4.3%	1.157	505,249,549.01	0.45
2008-2009	189	435,872,180	0.0%	1.109	483,556,748.74	0.39
2009-2010	199	445,710,401	0.0%	1.109	494,471,274.22	0.40
2010-2011	254	451,207,328	0.5%	1.109	500,569,566.77	0.51
2011-2012	181	459,712,593	3.5%	1.104	507,467,971.07	0.36
2012-2013	207	467,699,841	2.2%	1.067	498,826,031.20	0.42
2013-2014	198	484,457,504	1.3%	1.044	505,576,265.89	0.39
2014-2015	170	499,915,511	2.0%	1.030	515,012,959.71	0.33
2015-2016	206	520,341,523	1.0%	1.010	525,544,938.01	0.39
2016-2017	162	548,067,930	2.0%	1.000	548,067,930.26	0.35

- Latest Policy Year's 'Number of Occur' include partial activity.
- Latest Policy Year's '# Of Occurrences Per \$1 Million of Inflation Adjusted Payrolls' has been annualized using 10 months data.
- Payrolls Adjusted for Inflation - CNP's Omitted - Small Claims Included.
- Factor based on CPI for West Coast from US Dept of Labor

**ACWA JPIA - LIABILITY PROGRAM
SIGNIFICANT LARGE CLAIMS (IN MILLIONS)
FOR MONTH ENDING 7/31/2017**

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<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>
POLICY YEAR 1982-1983 SELF INSURED RETENTION 500,000					
045137	3/1/83	Arvin-Edison Water Storage District	Flooding	Closed	3.1
037514	3/1/83	Kern Delta Water District	Flooding as a result of canal bank break	Closed	0.6
1982-1983 TOTAL					3.7
POLICY YEAR 1984-1985 SELF INSURED RETENTION 500,000					
051301	12/1/84	Ramona Municipal Water District	Reparian rights dispute over water storage in reservoir	Closed	0.8
052420	5/17/85	Ramona Municipal Water District	Construction dispute with contractor	Closed	0.9
1984-1985 TOTAL					1.7
POLICY YEAR 1985-1986 SELF INSURED RETENTION 500,000					
040892	2/18/86	American River Flood Control District	Flooding as a result of heavy rainfall	Closed	1.0
059596	4/1/86	San Bernardino Valley Water Conservation District	City owned streets damaged by recharge operations	Closed	4.4
040275	3/1/86	Westlands Water District	District's failure to provide tailwater drainage resulted in damage to crops	Closed	0.5
1985-1986 TOTAL					5.8
POLICY YEAR 1986-1987 SELF INSURED RETENTION 1,000,000					
063825	8/25/87	Rancho California Water District	District groundwater pumping operations damaged property	Closed	4.7
1986-1987 TOTAL					4.7
POLICY YEAR 1987-1988 SELF INSURED RETENTION 500,000					
029044	7/28/88	Desert Water Agency	Auto accident with 3 people seriously injured	Closed	1.4
047976	2/22/88	Kern Delta Water District	Herbicide overspray damaged crops	Closed	1.0
067446	6/15/88	Trabuco Canyon Water District	Negligent administration resulted in personal injury	Closed	0.9
1987-1988 TOTAL					3.4
POLICY YEAR 1988-1989 SELF INSURED RETENTION 500,000					
057674	10/1/88	Fallbrook Public Utility District	Flooding as result of improper maintenance of valve	Closed	0.5
049235	8/9/89	Friant Water Users Authority	Auto accident forced claimant vehicle into canal severe injury to driver	Closed	1.1
1988-1989 TOTAL					1.6
POLICY YEAR 1989-1990 SELF INSURED RETENTION 500,000					
001026	5/26/90	Montecito Water District	Flooding as a result of diversion of rainfall runoff by District facilities	Closed	1.3
057798	3/1/90	Rainbow Municipal Water District	District's failure to supply sewer service resulted in diminished property values	Closed	1.0
1989-1990 TOTAL					2.3

**ACWA JPIA - LIABILITY PROGRAM
SIGNIFICANT LARGE CLAIMS (IN MILLIONS)
FOR MONTH ENDING 7/31/2017**

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<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>
POLICY YEAR 1990-1991 SELF INSURED RETENTION 500,000					
100586	2/25/91	Elsinore Valley Municipal Water District	Flooding of vacant land as a result of water releases by District	Closed	0.6
100345	10/1/90	Vandenberg Village Community Services District	Contaminated water	Closed	0.6
1990-1991 TOTAL					1.2
POLICY YEAR 1992-1993 SELF INSURED RETENTION 500,000					
101220	1/16/93	Rancho California Water District	Flooding as a result of water main line break	Closed	0.6
100929	1/9/93	Yorba Linda Water District	Flooding as a result of water main line break	Closed	1.2
1992-1993 TOTAL					1.9
POLICY YEAR 1993-1994 SELF INSURED RETENTION 500,000					
101883	8/29/94	Alta Irrigation District	Seepage from District canal damaged orchards	Closed	2.0
101638	1/25/94	North of the River Municipal Water District	Wrongful termination based upon age discrimination	Closed	0.7
1993-1994 TOTAL					2.6
POLICY YEAR 1994-1995 SELF INSURED RETENTION 500,000					
96-2270	8/25/95	ACWA/JPIA	Wrongful termination based upon alleged retaliation	Closed	5.4
102462	3/10/95	Fresno Irrigation District	Flooding as a result of rainfall runoff backing up behind District canal banks	Closed	1.0
102170	4/10/95	Kings River Conservation District	Flooding as a result of canal bank break	Closed	1.0
102729	3/30/95	Las Virgenes Municipal Water District	Flooding as a result of water main line break caused by landslide	Closed	0.6
102314	6/10/95	Madera Irrigation District	Seepage from canal damaged orchard	Closed	0.9
102240	5/17/95	Walnut Valley Water District	Landslide allegedly caused by leaks from District main lines damaged homes	Closed	0.7
1994-1995 TOTAL					9.6
POLICY YEAR 1995-1996 SELF INSURED RETENTION 500,000					
102934	5/23/96	Elsinore Valley Municipal Water District	Water pipe leak damaged sand reserve	Closed	4.8
102728	12/13/95	Kern Delta Water District	District headwall allowed rainfall to backup onto road contributing to the cause of an auto accident	Closed	1.5
97-3781	12/17/95	Las Virgenes Municipal Water District	Wrongful termination based upon alleged racial discrimination and retaliation	Closed	0.7
1995-1996 TOTAL					7.0
POLICY YEAR 1996-1997 SELF INSURED RETENTION 500,000					
103075	1/26/97	Crestline Village Water District	Flooding as a result of water main line break	Closed	0.7
1996-1997 TOTAL					0.7

**ACWA JPIA - LIABILITY PROGRAM
SIGNIFICANT LARGE CLAIMS (IN MILLIONS)
FOR MONTH ENDING 7/31/2017**

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<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>
POLICY YEAR 1997-1998 SELF INSURED RETENTION 500,000					
99-1171	6/24/98	Elsinore Valley Municipal Water District	Wrongful termination based upon alleged retaliation	Closed	0.6
103686	4/10/98	Las Virgenes Municipal Water District	Landslide allegedly caused by leaks from District main lines damaged homes	Closed	2.4
103621	1/15/98	Merced Irrigation District	Claimants allege District facilities contributing to flooding around their property	Closed	1.7
1997-1998 TOTAL					4.8
POLICY YEAR 1998-1999 SELF INSURED RETENTION 500,000					
00-1986	9/15/99	Fresno Metropolitan Flood Control District	Auto accident with two serious injuries	Closed	0.9
99-1603	2/17/99	Tahoe City Public Utility District	Sewer backup damaged restaurant and well	Closed	0.7
1998-1999 TOTAL					1.6
POLICY YEAR 1999-2000 SELF INSURED RETENTION 500,000					
01-3179	1/1/00	Castaic Lake Water Agency	District sued several corporations for contamination of its aquifer. The corporations sued the District claiming that the District caused the contamination.	Closed	1.0
1999-2000 TOTAL					1.0
POLICY YEAR 2001-2002 SELF INSURED RETENTION 500,000					
02-4265	6/7/02	El Toro Water District	District mainline leaked water onto road contributing to cause of auto accident one serious injury	Closed	0.8
2001-2002 TOTAL					0.8
POLICY YEAR 2002-2003 SELF INSURED RETENTION 500,000					
03-4901	2/10/03	Camrosa Water District	Flooding as a result of water main line break	Closed	0.6
04-5381	1/21/03	Rainbow Municipal Water District	Wrongful termination as a result of alleged retaliation	Closed	0.6
2002-2003 TOTAL					1.2
POLICY YEAR 2003-2004 SELF INSURED RETENTION 500,000					
04-5607	10/9/03	Citrus Heights Water District	Serious injury as a result of using District air bleed-off valve	Closed	3.1
2003-2004 TOTAL					3.1

**ACWA JPIA - LIABILITY PROGRAM
SIGNIFICANT LARGE CLAIMS (IN MILLIONS)
FOR MONTH ENDING 7/31/2017**

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<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>
POLICY YEAR 2004-2005 SELF INSURED RETENTION 500,000					
08-9758	1/1/05	Castaic Lake Water Agency	Plntff contends that swale cut on District property above plntff's property caused rainfall runoff to travel downhill and damage the slope of plntff's property.	Closed	0.5
06-7432	7/28/05	Goleta Water District	Auto accident District driver hit bicyclist	Closed	0.9
06-7603	5/25/05	Merced Irrigation District	A 4 year old boy fell into a District owned canal and drowned.	Closed	0.5
07-8252	9/11/05	Palmdale Water District	Smith rendered quadriplegic as a result of auto accident at District job site.	Closed	0.5
05-7191	5/16/05	South Coast Water District	Landslide allegedly caused by leaks from District main lines damaged homes	Closed	6.9
05-7225	5/26/05	Tulare Irrigation District	Flooding as a result of a break in berm damaged private property	Closed	1.0
06-7456	3/1/05	Yorba Linda Water District	Clmnt alleges seepage from District water line trench caused a landslide that damaged his house.	Closed	0.5
2004-2005 TOTAL					10.8
POLICY YEAR 2005-2006 SELF INSURED RETENTION 1,000,000					
06-8065	4/20/06	Arvin-Edison Water Storage District	Flooding as a result of a break in berm damaged private property	Closed	0.8
06-8142	4/3/06	Merced Irrigation District	Grimes canal broke during storm event and flooded numerous homes.	Closed	1.1
06-7929	12/9/05	North Yuba Water District	Clmnt contends that he was wrongfully terminated from his job as District GM.	Closed	1.0
06-8199	6/18/06	Orchard Dale Water District	Flooding as a result of water main line break	Closed	0.5
13-0458	3/1/06	Rancho California Water District	Contents soil contamination causing illness, etc.	Closed	0.5
06-7817	1/25/06	Sweetwater Authority	Flooding as a result of water main line break	Closed	1.0
2005-2006 TOTAL					5.0
POLICY YEAR 2006-2007 SELF INSURED RETENTION 1,000,000					
09-0113	6/27/07	Merced Irrigation District	Clmnt filed EPL claim with District in which he alleges racial discrimination and retaliation.	Closed	1.5
2006-2007 TOTAL					1.5
POLICY YEAR 2007-2008 SELF INSURED RETENTION 1,000,000					
09-0563	7/15/08	San Luis & Delta-Mendota Water Authority	Clmnt was driving a truck on the District's canal bank road. She ran a STOP sign at the intersection of the canal bank road and a main road and was struck by a truck. Both trucks went into the District canal and all occupants died.	Closed	1.0
2007-2008 TOTAL					1.0

**ACWA JPIA - LIABILITY PROGRAM
SIGNIFICANT LARGE CLAIMS (IN MILLIONS)
FOR MONTH ENDING 7/31/2017**

15

<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>
POLICY YEAR 2008-2009 SELF INSURED RETENTION 1,000,000					
09-0704	4/6/09	Oakdale Irrigation District	District vehicle hit claimant in street	Closed	0.6
10-1108	8/20/09	Walnut Valley Water District	Vehicle lost control and hit fire hydrant & light pole	Closed	0.9
09-0419	11/15/08	Yorba Linda Water District	Houses damaged by fire. Allegations against the District is that there wasn't enough water pressure to fire hydrants.	Closed	8.4
2008-2009 TOTAL					9.9
POLICY YEAR 2009-2010 SELF INSURED RETENTION 1,000,000					
10-1565	2/25/10	Merced Irrigation District	EPL claim	Closed	1.0
2009-2010 TOTAL					1.0
POLICY YEAR 2010-2011 SELF INSURED RETENTION 1,000,000					
12-0096	10/1/10	Alta Irrigation District	Climnt contends that water leaking from District canal damaged his vineyard, house and well.	Closed	0.9
2010-2011 TOTAL					0.9
POLICY YEAR 2011-2012 SELF INSURED RETENTION 2,000,000					
14-0046	7/1/12	Central Basin Municipal Water District	Climnt contends that a member of the District Board of Directors sexually harrassed her and canceled her contract with the District in retaliation for her rebuffing the sexual advances.	Closed	0.7
12-0664	2/9/12	Fallbrook Public Utility District	Main line break sent water into local high school	Closed	0.6
13-0251	8/13/12	Rancho California Water District	Climnt contends that the District misclassified his job as an Independent Contractor when he was really a District employee.	Open	1.1
2011-2012 TOTAL					2.5
POLICY YEAR 2012-2013 SELF INSURED RETENTION 2,000,000					
13-0376	12/19/12	Friant Water Authority	Claimant's husband stepped in front of oncoming District truck	Closed	0.8
2012-2013 TOTAL					0.8
POLICY YEAR 2013-2014 SELF INSURED RETENTION 2,000,000					
14-0227	10/15/13	Santa Fe Irrigation District	8" main broke flooding homes	Closed	1.1
14-0779	5/19/14	Semitropic Water Storage District	Herbicide drift	Open	10.3
15-0301	5/15/14	Vallecitos Water District	Claimants allege fire hydrants were not operational, which allowed homes to burn down during Cocos Fire.	Closed	0.5
2013-2014 TOTAL					11.9
POLICY YEAR 2014-2015 SELF INSURED RETENTION 2,000,000					
15-0245	10/16/14	Castaic Lake Water Agency	14" high pressure line broke sending water into claimants homes	Closed	0.9
15-0329	11/30/14	Serrano Water District	Pipeline break, water flooded residence	Open	0.8
2014-2015 TOTAL					1.7

**ACWA JPIA - LIABILITY PROGRAM
SIGNIFICANT LARGE CLAIMS (IN MILLIONS)
FOR MONTH ENDING 7/31/2017**

16

<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>
POLICY YEAR 2015-2016		SELF INSURED RETENTION 2,000,000			
16-0373	12/13/15	Purissima Hills Water District	Water main break sending water into large basement living area.	Open	1.6
				2015-2016 TOTAL	1.6
POLICY YEAR 2016-2017		SELF INSURED RETENTION 5,000,000			
17-0733	6/2/17	Mid-Peninsula Water District	District main break sent water & mud into/onto claimants properties	Open	0.6
				2016-2017 TOTAL	0.6

ACWA JPIA - GENERAL AND AUTO LIABILITY PROGRAM
CLAIMS STATUS REPORT (CNP'S OMITTED - SMALL CLAIMS INCLUDED)
FOR MONTH ENDING 7/31/2017

17

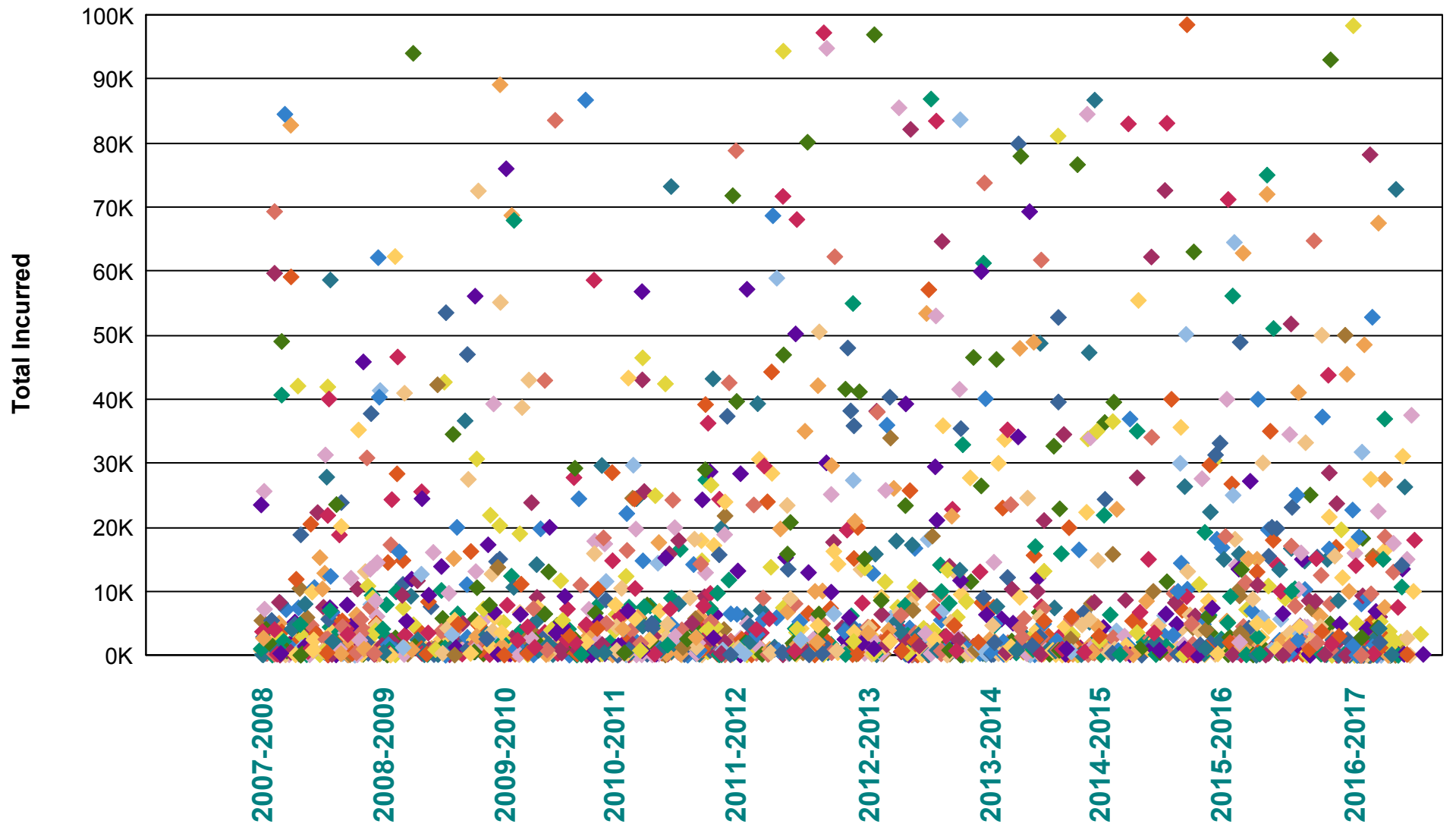
POLICY	# OF OCCUR		NUMBER OF CLAIMS				* PAID CLAIMS and CASE RESERVES *				AVERAGE	PAYROLL	# PER		LOSSES
YEAR	TOTAL	CHG	OPN	CLSD	TOTAL	CHG	PAID	RESERVE	TOTAL	CHG	COST PER	AMOUNT	\$1M OF P/R	CLMS	PER \$1M
(10/1)											CLAIM		OCR		PAYROLL
Prev Yrs	2,142	0	0	2,503	2,503	0	34,685,743	0	34,685,743	0	13,344	732,616,926	2.92	3.42	47,345
1988-1989	294	0	0	354	354	0	4,569,948	0	4,569,948	0	12,909	138,004,540	2.13	2.57	33,114
1989-1990	268	0	0	335	335	0	5,694,134	0	5,694,134	0	16,997	154,851,392	1.73	2.16	36,772
1990-1991	310	0	0	340	340	0	4,646,907	0	4,646,907	0	13,667	171,730,238	1.81	1.98	27,059
1991-1992	287	0	0	327	327	0	3,993,149	0	3,993,149	0	12,211	195,117,001	1.47	1.68	20,465
1992-1993	357	0	0	394	394	0	5,625,963	0	5,625,963	0	14,279	204,139,142	1.75	1.93	27,559
1993-1994	315	0	0	363	363	0	6,205,315	0	6,205,315	0	17,095	215,513,605	1.46	1.68	28,793
1994-1995	382	0	0	439	439	0	14,240,759	0	14,240,759	0	32,439	218,677,090	1.75	2.01	65,122
1995-1996	310	0	0	347	347	0	11,164,142	0	11,164,142	0	32,173	233,258,628	1.33	1.49	47,862
1996-1997	291	0	0	343	343	0	4,280,425	0	4,280,425	0	12,479	247,895,168	1.17	1.38	17,267
1997-1998	306	0	0	365	365	0	9,115,165	0	9,115,165	0	24,973	264,396,159	1.16	1.38	34,475
1998-1999	259	0	0	290	290	0	4,756,643	0	4,756,643	0	16,402	263,270,803	0.98	1.10	18,067
1999-2000	300	0	1	328	329	0	4,836,639	10,804	4,847,442	0	14,734	274,586,314	1.09	1.20	17,654
2000-2001	271	0	0	302	302	0	3,732,342	0	3,732,342	0	12,359	281,161,274	0.96	1.07	13,275
2001-2002	285	0	0	355	355	0	4,806,253	0	4,806,253	0	13,539	293,025,083	0.97	1.21	16,402
2002-2003	288	0	0	337	337	0	5,023,105	0	5,023,105	0	14,905	321,945,564	0.89	1.05	15,602
2003-2004	281	0	0	325	325	0	6,184,119	0	6,184,119	0	19,028	347,874,665	0.81	0.93	17,777
2004-2005	305	0	0	371	371	0	16,310,003	0	16,310,003	0	43,962	360,896,946	0.85	1.03	45,193
2005-2006	279	0	0	329	329	0	8,547,939	0	8,547,939	0	25,982	380,897,839	0.73	0.86	22,442
2006-2007	252	0	0	311	311	0	7,828,623	0	7,828,623	0	25,172	411,559,778	0.61	0.76	19,022
2007-2008	228	0	0	276	276	0	3,566,530	0	3,566,530	0	12,922	436,649,863	0.52	0.63	8,168
2008-2009	189	0	0	219	219	0	13,797,866	0	13,797,866	0	63,004	435,872,180	0.43	0.50	31,656
2009-2010	199	0	1	249	250	0	5,189,753	2,673	5,192,426	0	20,770	445,710,401	0.45	0.56	11,650
2010-2011	254	0	1	307	308	0	4,572,301	283,746	4,856,047	0	15,766	451,207,328	0.56	0.68	10,762
2011-2012	181	0	2	223	225	0	6,335,785	878,403	7,214,188	0	32,063	459,712,593	0.39	0.49	15,693
2012-2013	207	0	2	258	260	0	4,592,713	42,397	4,635,110	0	17,827	467,699,841	0.44	0.56	9,910
2013-2014	198	0	8	243	251	0	5,834,716	10,845,085	16,679,800	(208,035)	66,453	484,457,504	0.41	0.52	34,430
2014-2015	170	0	18	195	213	0	5,381,113	755,981	6,137,094	(77,791)	28,813	499,915,511	0.34	0.43	12,276
2015-2016	206	0	95	212	307	-1	4,929,740	2,355,009	7,284,749	(733,668)	23,729	520,341,523	0.40	0.59	14,000
2016-2017	162	20	97	100	197	24	1,203,070	1,688,880	2,891,949	200,050	14,680	548,067,930	0.30	0.36	5,277
TOTAL	9,776		225		11,565		221,650,902		238,513,880		22,823		0.93		22,800
		20		11,340		23		16,862,977		(819,444)		10,461,052,828		1.11	

ACWA/JPIA - Liability Program

18

Losses Less than \$100,000

2007-2017 Policy Years

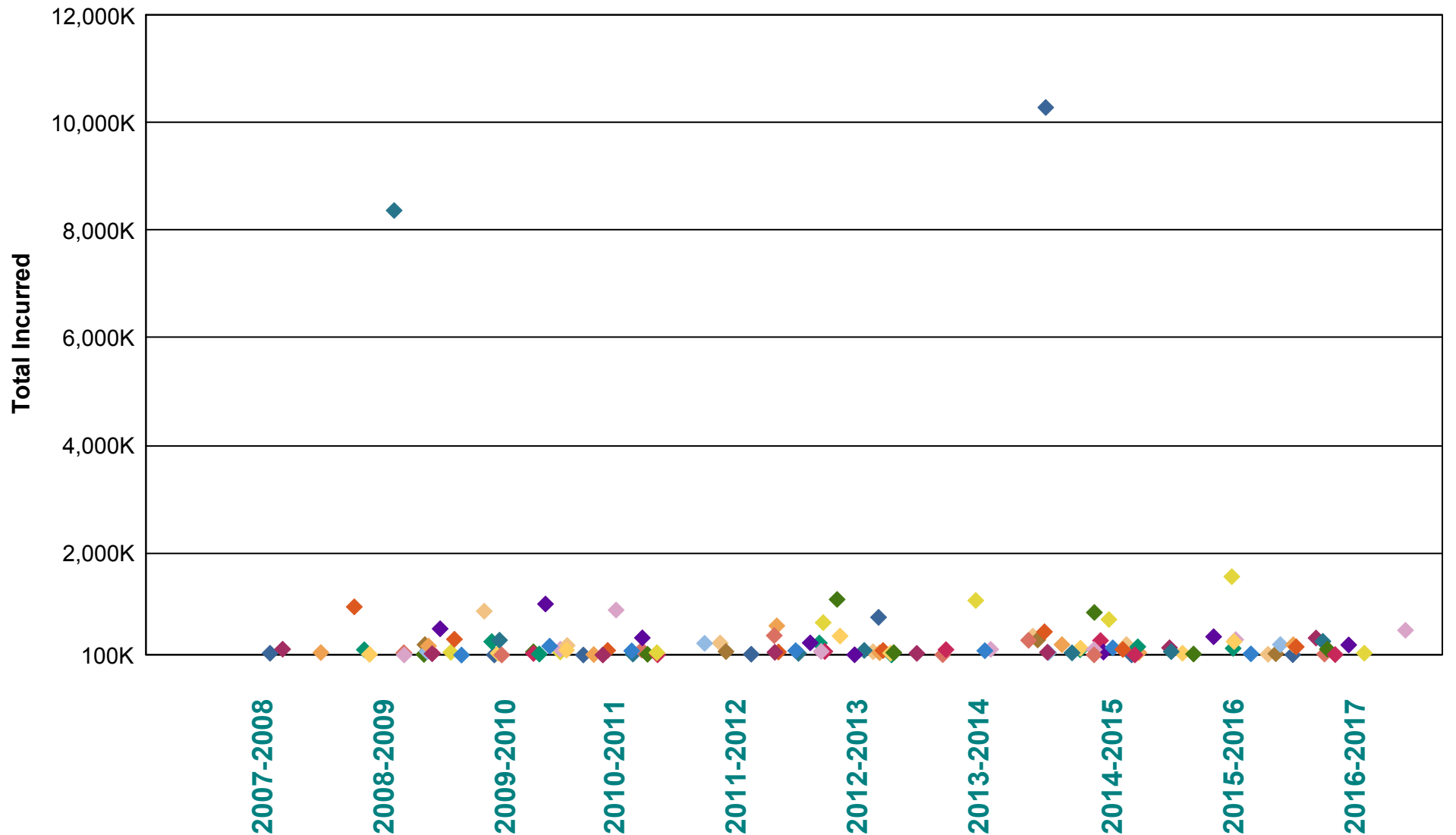


2007-2017 Liability Claim Count: 1,868
2007-2017 Liability Claim Total: \$18,228,304

ACWA/JPIA - Liability Program

Losses greater than \$100,000

2007-2017 Policy Years



2007-2017 Liability Claim Count:

126

2007-2017 Liability Claim Total:

\$54,027,456

ACWA JPIA
Memorandum of Liability Coverage Amendments
August 29, 2017

BACKGROUND

The Liability Program Committee meets annually to discuss coverage issues and potential revisions to the JPIA's Memorandum of Liability Coverage (MOLC).

CURRENT SITUATION

Staff is proposing the following changes to the MOLC to be effective October 1, 2017.

- Insert definition of Sudden and Accidental, page 29.
 - **Sudden and accidental pollution** means the sudden and accidental discharge, dispersal, release, or escape of **pollutants**, resulting in **property damage** or **bodily injury** neither expected nor intended from the standpoint of the **covered party**, onto or upon land, into the atmosphere, into or under the ground, or into any watercourse, whether natural or man-made, or body of water or aquifer, but does not include any discharge, dispersal, release, or escape of **pollutants**, whether sudden or accidental or gradual or intentional from any fixed or stationary contained, vessel, or tank of any description whatever, when located above ground or underground.
- Delete the following in Section VII, D.1. Conditions, page 38.
 - Item a. subsection xi. Title 42 USC Section 1983 claims or other claims involving civil rights
 - Item a. subsection xiii. Sexual misconduct
 - insert sexual abuse/molestation
 - Item b. 30 day reporting requirement for all other claims

RECOMMENDATION

That the Liability Program Committee recommends that the Executive Committee approve the proposed revisions to the Memorandum of Liability Coverage effective October 1, 2017.

MEMORANDUM OF LIABILITY COVERAGE

For The

Association of California Water Agencies
Joint Powers Insurance Authority

DECLARATIONS

FORM NUMBER: MOLL-100117

MEMBER AGENCY: Member Agency

MAILING ADDRESS: P.O. Box 123
Anytown, CA 95432-0123

COVERAGE PERIOD: October 1, 2017 to October 1, 2018
12:01 A.M. Pacific Standard Time

LIMIT OF LIABILITY: \$5,000,000 per occurrence

Signed by: _____
(Authorized Representative)

Date: September 29, 2017

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LIABILITY COVERAGE PROVISIONS

This is a **Memorandum** of understanding between all of the **Member Agencies** of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), a California public entities risk pool operating under Sections 990.4 and 990.8 of the Government Code and other provisions of law. The purpose of this **Memorandum** is to set forth the terms on which the ACWA JPIA's **Member Agencies** have agreed to pool certain third-party liability risks among their membership, and have agreed to purchase excess liability insurance (or reinsurance) above the limit of coverage provided by the **Member Agencies'** pooled funds. This **Memorandum** shall be applied according to the principles of contract law, giving full effect to the intent of the **Member Agencies** of the ACWA JPIA in adopting this Memorandum of Liability Coverage. None of the parties to the Memorandum are entitled to rely on any contract interpretation principle which would require the interpretation of ambiguous language against the drafter of an agreement. The **Member Agencies** participating in the pool understand and acknowledge that their risk-pooling arrangement governed by this **Memorandum** is not insurance nor is it subject to regulation under the Insurance Code. As the ACWA JPIA is not an insurer, it has no obligation to issue reservation of rights letters, nor does it have any obligation to provide *Cumis* counsel to a **Covered Party** in a disputed coverage situation, as an insurer might have under Civil Code Section 2860.

Throughout this **Memorandum**, words and phrases that appear in bold have special meaning. They are defined in Section I - Definitions. Words that appear in CAPITAL LETTERS have reference to the like titled section in the **Memorandum**.

Neither the terms nor conditions of this **Memorandum** may be changed, except by addendum issued by us to become part of this **Memorandum**.

In consideration of the premium paid by the **Member Agency**, and subject to all terms and conditions herein, the **Authority** and the **Member Agency** agrees as follows:

SECTION I - DEFINITIONS

Aerial application means the delivery of herbicides and/or pesticides by use of an agricultural **aircraft** including but not limited to airplanes, helicopters, and/or **unmanned aircraft**.

Aircraft means a vehicle designed for the transport of persons or property principally in the air.

Authority means the Association of California Water Agencies Joint Powers Insurance Authority.

Automobile means a land motor vehicle, trailer or semi-trailer.

Bodily injury means physical injury, sickness, disease, or emotional distress sustained by a person, including death resulting therefrom, and also includes care and loss of services by any person or persons.

Claim(s) means a demand for money.

Covered Party means any person or entity set forth in Section IV of this **Memorandum**.

Cyber Liability means any liability arising out of or related to the acquisition, storage, security, use, misuse, disclosure, or transmission of electronic data of any kind, including, but not limited to, technology errors and omissions, information security and privacy, privacy notification cost, penalties for regulatory defense or penalties, website media content, disclosure or misuse of confidential information, failure to prevent unauthorized disclosure or misuse of confidential information, improper or inadequate storage or security or personal or confidential information, unauthorized use, unauthorized access to computer systems containing confidential information, or transmission or failure to prevent transmission of a computer virus or other damaging material.

Dam means any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which either: (a) is 25 feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not across a stream channel or watercourse, to the maximum possible water storage elevation; or (b) has an impounding capacity of 50 acre-feet or more.

Any such barrier which is not in excess of 6 feet in height, regardless of storage capacity, or which has a storage capacity not in excess of 15 acre-feet, regardless of height, shall not be considered a **dam**.

No obstruction in a canal used to raise or lower water therein or divert water therefrom, no levee, including but not limited to, a levee on the bed of a natural lake the primary purpose of which levee is to control floodwaters, no railroad fill or structure, tank constructed of steel or concrete or of a combination thereof, no tank elevated above the ground, and no barrier which is not across a stream channel, watercourse, or natural drainage area and which has the principal purpose of impounding water for agricultural use shall be considered a **dam**. In addition, no obstruction in the channel of a stream or watercourse, which is 15 feet or less in height from the lowest elevation of the obstruction and which has the single purpose of spreading water within the bed of the stream or watercourse upstream from the construction for percolation underground shall be considered a **dam**.

Regardless of the language of the above definition, however, no structure specifically exempted from the jurisdiction of the State of California Department of Water Resources, Division of Safety of Dams, shall be considered a **dam**, unless such structure is under the jurisdiction of any agency of the Federal Government.

In consideration of the premium charged, it is understood and agreed that neither the Mendota Diversion Dam nor the Berrenda Mesa Dam shall be defined as a **dam** under this **Memorandum**.

Damages means monetary compensation legally recoverable from a **Covered Party**, for past injury caused to a claimant by the unlawful acts or omissions of said **Covered Party**, except for the following:

1. Punitive or exemplary damages, statutory multiples of damages, civil fines or penalties, or any other liability over and above actual damages, by whatever name called, irrespective of whether the **Covered Party's** governing board has taken any action or passed any resolution electing to pay such damages;
2. Criminal fines or penalties;
3. Back-pay awards or any other restitutive relief awarded to compensate a claimant for services rendered to, or financial benefit otherwise conferred upon, a **Covered Party**; and any FLSA Wage and Hour or any CA Wage Order or any similar Federal or State law claims or suits against, either the **Member Agency** or **Covered Party**; and

4. Injunctive and/or administrative relief.

Defense costs means reasonable fees charged by an attorney appointed by the **Authority** to defend the **claim** or **suit** and all other reasonable fees, costs and expenses attributable to the investigation, defense or appeal of a **claim** or **suit** that is within the scope of coverage afforded by this **Memorandum**, and that has been, and remains, duly tendered to the **Authority** for defense and indemnity under this **Memorandum**, except salaries of employees of the **Covered Party**, the office expenses of the **Member Agency**, and expenses of any claims servicing organization the **Member Agency** has engaged.

Employee means any person whose labor or services is engaged and directed by a **Covered Party**, whether past or present, including a volunteer, official, or applicant for employment. This includes part-time, seasonal, and temporary labor or services, as well as any person employed in a supervisory, managerial, or confidential position. **Employee** shall not include leased employees, independent contractors or subcontractors, agents, or servants of any **Covered Party**, unless the **Covered Party** has the right to and does control and direct the details of their work rather than the result of that work. **Employee** also shall not include spouse, child, unborn fetus, parent, brother, or sister of the **employee**.

The exclusion of independent contractors or subcontractors from the definition of **employee** shall not apply to a **claim** for sexual harassment specifically authorized under California Government Code 12940(j)(4) and (5).

Employment Practices Liability means liability of the **Covered Party** for compensatory damages payable to any prospective, present or former **employee** on account of a violation by **Covered Party** of any federal or state **Employment Liability Statute** or conduct held to be in violation California public policy, arising from:

1. Refusal to employ such person; or
2. Termination of such person's employment; or
3. Coercion, discrimination, retaliation, harassment, demotion, reassignment, discipline or other employment-related practice, policy, act or omission, provided such practice policy act omission does not include the willful commission of a crime or intentional infliction of **bodily Injury**.

Liability to the **employee** shall include liability to any spouse for economic damages or emotional distress incident to any of the acts 1 through 3 above. **Employment Practices Liability** excludes anything not enumerated above,

specifically excluding liability for breach of any employment contract, including without limitation any liability for wages, salaries, bonuses, stipends, expenses, overtime, retirement, medical or disability benefits, back pay, or any severance or other amount payable on termination.

Employment Liability Statute shall include the following:

Title VII of the Civil Rights Act of 1964 and amendments thereto; the Americans with Disabilities Act; the Age Discrimination in Employment Act; the Equal Pay Act; the Pregnancy Discrimination Act of 1978; the Immigration Reform Control Act of 1986; the Family and Medical Leave Act of 1993; the Genetic Information Nondiscrimination Act of 2008; the Health Insurance Portability and Accountability Act of 1996; the California Fair Employment and Housing Act; and any California or Federal statute to the extent it proscribes the same conduct.

Hired automobile means an **automobile** used under contract on behalf of, or loaned to, the **Member Agency**, provided such **automobile** is not owned by or registered in the name of the **Member Agency** or an **employee** or authorized volunteer of the **Member Agency**.

Member Agency means the local public agency, designated in the DECLARATIONS, which is a party signatory to the Joint Powers Agreement creating the Association of California Water Agencies Joint Powers Insurance Authority and is a participant in its Liability Program.

Member Agency's product means any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by the **Member Agency** or by others trading under its name, including, but not limited to, domestic water, agricultural water, recycled water, waste water, or electricity. Member Agency's product also includes containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

Memorandum means this document, the MEMORANDUM OF LIABILITY COVERAGE.

Nuclear material means source material, special **nuclear material**, or byproduct material. "Source material," "special **nuclear material**," and "byproduct material" have the meanings given to them by the Atomic Energy Act of 1954 or in any law amendatory thereof.

Occurrence means:

1. With respect to the **bodily injury, property damage, or sudden and accidental pollution**: an accident, including continuous or repeated exposure to substantially the same generally harmful conditions, which results in **bodily injury** or **property damage** neither expected nor intended from the standpoint of the **Covered Party**. **Property damage** that is the loss of use of tangible property not physically injured shall be deemed to occur at the time of the **occurrence** that caused it.
2. With respect to **personal injury** and **Public Official's errors and omissions** respectively: an offense described in the definition of those terms in this **Memorandum**.
3. With respect to **Employment Practices Liability**: an act, policy, or course of conduct by a **Covered Party** during the coverage period which results in a claim for wrongful employment if the first act, policy or course of conduct occurred during the coverage period.

All allegations by the same **employee** in the same claim shall be considered one **occurrence** for the purpose of the Limit of Coverage, and such **occurrence** shall be deemed to exist on the date of the alleged first act, policy, or conduct, in the event of an allegation of multiple acts, policies, or course of conduct.

Owned automobile means an **automobile** owned by or under long term lease to the **Member Agency**.

Personal Injury means: (a) false arrest, malicious prosecution, or willful detention; (b) libel, slander or defamation of character; (c) invasion of privacy; (d) wrongful entry or eviction, or other invasion of the right of private occupancy; (e) assault and battery; and (f) discrimination or violation of civil rights prohibited by law or violation of federal civil rights laws, not intentionally committed by or at the direction of a **Covered Party**.

Pollutants means any solid, semi-solid, noise, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, mists, fumes, acids, alkalis, chemicals, biological and other etiologic agents or materials, genetically engineered materials, teratogenic, carcinogenic and mutagenic materials, waste materials, and any irritant or contaminant. Waste material includes materials which are intended to be or have been recycled, reconditioned or reclaimed.

Pollutants does not include domestic water, agricultural water, recycled water,

waste water, or water furnished to commercial users, nor include waterborne asbestos.

Products hazard includes **bodily injury** or **property damage** arising out of the **Member Agency's products** or reliance upon a representation or warranty made at any time with respect thereto, but only if the **bodily injury** or **property damage** occurs away from premises owned by or rented to the **Member Agency** and after physical possession of such **Member Agency's products** has been relinquished to others.

Property damage means physical injury to or destruction of tangible property, including the loss of use thereof at any time resulting therefrom; or loss of use of tangible property which has not been physically injured or destroyed.

Public Official's errors and omissions means any and all breaches of duty by any **Covered Party** arising from mistake, misstatement, misleading statement, error, neglect, inadvertence, omission or negligent action or inaction, in the discharge of his/her duties for the **Member Agency** including service with any other entity at the direction of any **Member Agency**, except for the following:

1. Willful commission of crime or other dishonest, fraudulent or malicious act;
2. Obtaining financial gain to which the **Covered Party** is not legally entitled; or
3. Faulty preparation or approval of maps, plans, reports, surveys, designs, bid documents, or specifications unrelated to the operations of a **Covered Party**; but this exception does not apply to reports provided to any other water purveyor or to services provided by a **Covered Party** for another **Covered Party**.

Sexual Abuse or Molestation means any actual or alleged negligent or intentional act, error or omission, amounting to or resulting in sexual abuse or molestation or threatened sexual abuse or molestation of any minor.

Subsidence shall mean earth movement including, but not limited to, landslide, mudflow, earth sinking, earth rising or earth shifting.

Sudden and accidental pollution means the sudden and accidental discharge, dispersal, release, or escape of **pollutants**, resulting in **property damage** or **bodily injury** neither expected nor intended from the standpoint of the **covered party**, onto or upon land, into the atmosphere, into or under the ground, or into

any watercourse, whether natural or man-made, or body of water or aquifer, but does not include any discharge, dispersal, release, or escape of **pollutants**, whether sudden or accidental or gradual or intentional from any fixed or stationary contained, vessel, or tank of any description whatever, when located above ground or underground.

Suit(s) means a civil proceeding in which **damages** are alleged because of **bodily injury, property damage, personal injury, or Public Official's errors and omissions** to which this **Memorandum** applies. **Suit** includes:

1. An arbitration proceeding in which such **damages** are claimed and to which a **Covered Party** must submit or does submit with the consent of the **Authority**; or
2. Any other alternative dispute resolution proceeding in which such **damages** are claimed and to which a **Covered Party** submits with the consent of the **Authority**.

Ultimate net loss means the sum actually paid or payable in cash in the settlement or satisfaction of **claims** or **suits**, for which the **Covered Party** is liable either by: (1) adjudication, or (2) compromises with the written consent of the **Authority**, after making proper deduction for all recoveries and salvages collectible, and includes **defense costs**, court costs and interest on any judgment or award, but excludes all unallocated loss adjustment expenses and all salaries of employees and office expenses of the **Covered Party** and **Authority**.

Unmanned Aircraft means an **aircraft**, aerial system or device that is not designed, manufactured, or modified after manufactured to be controlled directly by a person from within or on the **aircraft**, aerial system or device.

SECTION II – COVERAGE

The **Authority** shall pay on behalf of any **Covered Party** the **ultimate net loss** which that **Covered Party** shall become legally obligated to pay to a third party by reason of liability (1) imposed by law, or (2) assumed by contract, for **damages** because of:

1. **Bodily Injury** Liability;
2. **Property Damage** Liability;
3. **Public Official's Errors and Omissions** Liability;
4. **Personal Injury** Liability; or
5. **Employment Practices** Liability

to which this **Memorandum** applies, caused by or arising out of an **occurrence** during the coverage period.

This coverage applies only to **claims** for **damages** arising out of those activities the **Member Agency** was engaged in at the inception date of this **Memorandum**, and not to **claims** arising out of any activity or service which the **Member Agency** added to its operations after the inception date of this **Memorandum**, unless such new activity or service is reported by the **Member Agency** to the **Authority** at least 60 days prior to commencing the new activity or service.

This coverage does not apply to **claims** for **damages** which are either expected or intended by the **Covered Party**.

Any increase in the **Member Agency's** exposure with regard to levee maintenance, hydroelectric generation, fire, police or ambulance services must have prior approval of the Executive Committee in order to have coverage under this **Memorandum**.

SECTION III – LIMIT OF LIABILITY

Regardless of the number of (1) **Covered Parties** under this **Memorandum**, (2) persons or organizations who sustain injury or damage, or (3) **claims** made or **suits** brought, the **Authority's** liability for the **ultimate net loss** shall be the lesser of:

1. \$5,000,000 Any one **occurrence**, arising out of **bodily injury, property damage, Public Official's errors and omissions, personal injury or Employment Practices Liability**, or any combination thereof; or
2. The total limit for all **Covered Parties** provided by any purchased excess insurance or reinsurance, subject to the **Authority's** ability to recover from those excess insurers or reinsurers.

SECTION IV –WHO IS COVERED

Each of the following is a **Covered Party** to the extent set forth below:

1. The **Member Agency** and any subsidiary or special district or agency totally governed by the **Member Agency**;

2. Any director of the **Member Agency** while acting within the course and scope of his/her duties;
3. Any **employee** or authorized volunteer of the **Member Agency** while acting within the course and scope of his/her duties; and
4. Any party designated in the foregoing paragraphs 1 through 3 while acting within the course and scope of his/her duties with respect to the use of an **automobile** not owned by the **Member Agency** and then only excess over any other insurance specifically insuring said **automobile**. Any person while using any **owned** or **hired automobile** and any person legally responsible for the use thereof, provided the actual use of the **automobile** is with the permission of the **Member Agency**.

SECTION V - DEFENSE OF THE MEMBER AGENCY

On causes of action covered by this **Memorandum** and only those causes, the **Authority** shall have the right and duty to defend any **suit** against any **Covered Party**, even if all allegations are groundless, false or fraudulent. The **Authority** may make such investigations, negotiations or settlement of any **claim** or **suit** as it deems expedient. The **Authority** shall not be obligated to pay any **claim** or judgment or to defend any **suit** after any of the **Authority's** limits of liability have been exhausted.

The **Authority** shall have no duty to defend any **suit** against a **Covered Party**, nor to pay any costs or expenses incurred by any **Covered Party**, at any time before the **suit** is tendered to the **Authority**, nor shall the **Authority** have any duty to pay any costs or expenses incurred by any **Covered Party** at any time after the **Covered Party** withdraws its tender of the **suit** to the **Authority** for any reason.

This coverage applies only to claims for **damages** caused by an **occurrence**, for damage or injury that occurs during the coverage period of this **Memorandum**, and then only if, prior to the first day of the coverage period of this **Memorandum**, no person or party authorized by any **Covered Party** to give or receive notice of an **occurrence** or claim knew that the injury or damage had occurred, in whole or in part. If such an authorized person or party knew, prior to the first day of the coverage period of this **Memorandum**, that the injury or damage had occurred, then any continuation, change or resumption of such injury or damage during or after the coverage period of this **Memorandum** will be deemed to have been known prior to the coverage period. Injury or damage will

be deemed to have been known to have occurred at the earliest time when any person or party authorized by any **Covered Party** to give or receive notice of an **occurrence** or **claim**: (1) reports all, or any part, of the injury or damage to the **Authority** or to any other risk pool, any insurer, or any other indemnitor; or (2) receives a written or verbal demand or **claim** for **damages** because of the injury or damage; or (3) becomes aware by any other means that injury or damage has occurred or has begun to occur.

With respect to any covered claim or suit against the **Covered Party**, the **Authority** shall select and assign counsel to defend the **Covered Party(s)** against the claim or suit. The **Authority** will consider the wishes of a **Covered Party** with respect to the assignment of counsel; however, the **Authority** retains the sole right to make the assignment of counsel. If the **Covered Party** refuses to be defended by the counsel assigned by the **Authority** then this **Memorandum** shall not provide any defense or indemnity to such **Covered Party** for such claim or suit, and the **Authority** shall not be required to contribute to any defense costs, settlement or judgment arising from such claim or suit.

Any claim for damages by one **Member Agency** against any other **Member Agency**, if otherwise covered by this **Memorandum**, shall be submitted to binding arbitration pursuant to Section VII. – Conditions, F. RESOLUTION OF DISPUTES, (6) Arbitration Procedures for Resolving Disputes.

SECTION VI – EXCLUSIONS

This **Memorandum** does not apply to any defense or indemnification for the following items, whether the act or **occurrence** is alone, or is concurrent with other, covered matters:

- A. Liability arising out of the ownership, maintenance, loading, unloading, use or operation of any airfield, or similar aviation facility; or

Liability arising out of the ownership of **aircraft**, or the maintenance or use of owned **aircraft**.

This exclusion does not apply to claims arising out of the ownership, operation, use, maintenance or entrustment to others of any **unmanned aircraft** owned or operated by or rented to or loaned by or on behalf of any **Member Agency** if operated in accordance with all applicable federal, state, and local laws, rules, and regulations, including but not limited to Federal Aviation Administration (FAA) Rules and Regulations for

unmanned aircraft detailed in part 107 of Title XIV of the Code of Federal Regulations.

- B. Any obligation for which any **Covered Party**, or any carrier as insurer therefore, may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law; or

Liability of any **employee** or authorized volunteer with respect to **bodily injury** of another **employee** or authorized volunteer.

- C. Liability for **property damage** to:

1. Property owned by the **Covered Party**;
2. **Aircraft** in the care, custody or control of the **Covered Party**.

- D. Liability arising out of:

1. The **Covered Party's** delivery or non-delivery of **Member Agency's product**, based on any decision made by the **Covered Party's** with respect to either obtaining a supply of water or electricity for, or allocating the available supply of water or electricity, among the **Covered Party's** water or electricity users; or
2. The **Covered Party's** claim to, right to or ownership of any supply of **Member Agency's product**.

- E. Liability for:

1. **Bodily injury, property damage, personal injury or Public Official's errors and omissions** which would not have occurred or taken place in whole or in part except for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** at any time; or
2. Any loss, cost or expense arising out of any:
 - a. Request, demand, or order that a **Covered Party**, or any others, test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**; or

- b. **Claim or suit** by or on behalf of a governmental authority for **damages** because of testing for, monitoring, cleaning, removing, containing, treating, detoxifying or neutralizing, in any way responding to, or assessing the effects of **pollutants**.
- c. **Aerial application** of weed abatement or spraying or pest abatement or spraying.

However, this exclusion shall not apply to **bodily injury, property damage, personal injury, or Public Official's errors and omissions** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** that:

- a. Was sudden and accidental, and neither expected nor intended by a **Covered Party**; or
- b. Resulted from the use, handling, storage, discharge, dispersal, release or escape of chlorine or any other chemical used in the water treatment process or waste water treatment process; or
- c. Arose out of explosion, lightning, windstorm, vandalism or malicious mischief, collapse, riot and civil commotion, flood, earthquake or the collision, upset or overturn of an **automobile** or equipment; or
- d. Arose out of the heat, smoke or fumes from a hostile fire; a hostile fire is defined herein as a fire that becomes uncontrollable or breaks out from where it was intended to be; or
- e. Arose out of weed abatement or spraying, unless by and/or through **aerial application**; or
- f. Arose out of pest abatement or spraying, unless by and/or through **aerial application**; or
- g. Arose from propane or natural gas; or
- h. Arose from the **products hazard**.

F. Liability arising out of:

- 1. Estimates of probable costs, or cost estimates being exceeded, or failure to award contracts in accordance with statute or ordinance which under law must be submitted for bids; or

2. Failure to perform or breach of a contractual obligation; or
 3. Settlement Agreements. Claims alleging breach of a settlement agreement involving a **Covered Party** in an underlying matter that was afforded coverage under this **Memorandum** will be covered for no more than \$25,000.00 reimbursement by the **Authority** to the **Covered Party** for indemnity and defense as a combined total.
- G. Liability at any time arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers, or asbestos dust; or
- To any obligation of the **Covered Party** to indemnify any party because of damage arising any time as a result of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers, or asbestos dust; or
- To any obligation to defend any **suit** or **claim** against the **Covered Party** seeking **damages**, if such **suit** or **claim** results from or is contributed to, by any or any combination of the following: manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers, or asbestos dust.
- H. Liability for past, present, or future **claims** arising in whole or in part, either directly or indirectly, out of selenium, or any compound containing selenium.
- I. Liability for punitive or exemplary damages, statutory multiples of damages, civil fines or penalties, or any other liability over and above actual **damages**, by whatever name called, irrespective of whether the **Covered Party's** governing board has taken any action or passed any resolution electing to pay such damages.
- J. Liability arising out of the hazardous properties of **nuclear material**.
- K. Liability arising out of the partial or complete structural failure of any **dam**.
- L. Liability arising out of or in connection with land use regulation, or land use planning, the principles of eminent domain, condemnation proceedings, or inverse condemnation by whatever name called, to the extent that such liability is alleged to, or does, result from deliberate, decision-making conduct by the governing body of the **Covered Party**, and whether or not liability accrues directly against any **Covered Party** by virtue of any agreement entered into by or on behalf of any **Covered Party**.

- M. Liability imposed by any “No-Fault,” “Uninsured Motorist” or “Underinsured Motorist” law, or any similar law.
- N. Liability arising out of any claim for **Cyber Liability** or by any name by which it is called.
- O. Liability arising out of injunctive and/or administrative relief.
- P. Liability arising out of the actual or threatened abuse or **molestation** of any minor, including but not limited to physical abuse, corporal punishment, **sexual abuse**, or sexual **molestation** by any **Covered Party**, or anyone acting on behalf of the **Covered Party**.

SECTION VII - CONDITIONS

A. PREMIUM/DEPOSIT PREMIUM

All premium payments required by this **Memorandum** shall be computed in accordance with the Joint Powers Agreement and the cost allocation plan adopted by the **Authority's** Board of Directors. The Deposit Premium is an estimate to be credited against the amount of Retrospective Premium determined under the cost allocation plan.

B. INSPECTION AND AUDIT

The **Authority** shall be permitted, but not obligated, to inspect the **Member Agency's** property or operations at any time. The **Authority** shall have the right to examine and/or audit any data provided by the **Member Agency** which affects or may affect the **Member Agency's** financial obligations under this **Memorandum**.

C. SEVERABILITY OF INTEREST

The term **Member Agency** is used severally and not collectively.

D. **MEMBER AGENCY'S DUTIES IN THE EVENT OF OCCURRENCE, CLAIM, OR SUIT**

- 1. The **Covered Party's** duties in the event of an occurrence, **claim**, or **suit** reasonably likely to involve the **Authority** are as follows. These provisions are conditions precedent to coverage afforded under this **Memorandum**.

Written notice containing particulars sufficient to identify the **Covered Party** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of the available witnesses, shall be given by or for the **Covered Party** to the **Authority** or any of its authorized agents.

a. The **Covered Party** shall immediately notify the **Authority** upon receipt of notice of a claim involving:

- i. One or more fatalities;
- ii. Loss of limb or amputation;
- iii. Loss of use of any sensory organ;
- iv. Spinal cord injuries (quadriplegia or paraplegia);
- v. Third degree burns involving 10% or more of the body;
- vi. Serious facial disfigurement;
- vii. Paralysis;
- viii. Closed head injuries;
- ix. Serious loss of use of any body functions;
- x. Long-term hospitalization;
- xi. ~~Title 42 U.S.C. Section 1983 claims or other claims involving civil rights violations;~~
- xii. Class action suits; or
- xiii. Sexual ~~misconduct~~ abuse or molestation.

~~b. For all other claims, the **Covered Party** shall notify the **Authority** within 30 days upon receipt of notice of a claim.~~

2. If **claim** is made or **suit** is brought against the **Covered Party**, and the **Covered Party** seeks defense or indemnity against the **claim** or **suit** from the **Authority**, the **Covered Party** shall immediately

forward to the **Authority** every demand, notice, summons or process received.

3. The **Covered Party** shall cooperate with the **Authority** and with defense counsel appointed by the **Authority** and, upon the **Authority's** request, assist in making settlements, in the conduct of **suits** and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Covered Party** because of injury or **damage** with respect to which coverage is afforded under this **Memorandum**; and the **Covered Party** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The **Covered Party** shall not, except at the **Covered Party's** own cost, voluntarily make any payment, assume any obligation, or incur any defense attorney's fees or costs or any other expense other than for first aid or damage mitigation.
4. With respect to "Small **Claims**" as defined below, the **Member Agency** may elect to make investigations and settlements. At the request of the **Member Agency**, however, the **Authority** shall investigate, handle, deny, accept or otherwise settle any such **claim** or **claims** on behalf of the **Member Agency**.

"Small **Claims**" within the meaning of this condition:

- a. Must be for **property damage** only, with no apparent potential for related **bodily injury** allegations;
- b. Must not have estimated **damages** for all **claims** arising out of the **occurrence** exceeding the **Member Agency's** applicable Retrospective Allocation Point; and
- c. Must be settled within sixty (60) days of the date of filing or be turned over to the **Authority's** claims handling agency no later than the 62nd day.

If a **Member Agency** incurs a loss which meets the above constraints, it may use the following procedures:

- a. Negotiate settlement of the **claim** up to the specified limits;
- b. Issue a check to claimant or otherwise compensate claimant for the agreed upon **damages**; and

- c. Report the settlement to the **Authority** with a copy of the **claim** report, along with a copy of any release taken, and receive reimbursement for the amount of the settlement.
5. The **Authority** shall not be liable for **occurrences, suits or claims** with regard to which the **Member Agency** fails to comply with this subsection D.

E. ACTION AGAINST THE **AUTHORITY**

No action shall lie against the **Authority** unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this **Memorandum**, nor until the amount of the **Covered Party's** obligation to pay shall have been finally determined either by judgment against the **Covered Party** after actual trial or by written agreement of the **Covered Party**, the claimant and the **Authority**.

No person or organization shall have any right under this **Memorandum** to join the **Authority** as a party to any action against any **Covered Party** to determine the **Covered Party's** liability, nor shall the **Authority** be impleaded by the **Covered Party** or the **Covered Party's** legal representative. Bankruptcy or insolvency of the **Covered Party** or of the **Covered Party's** estate shall not relieve the **Authority** of any of its obligations hereunder.

F. RESOLUTION OF DISPUTES

1. General

The following procedures shall be followed in resolving any dispute, **claim**, or controversy arising out of or connected with the agreements set forth in this **Memorandum**. Such disputes shall be resolved by either administrative proceedings or binding arbitration as provided for herein. The parties in these proceedings shall be the **Authority** and the **Member Agency** and are hereinafter referred to as "party" or "parties".

2. Initiation of Proceedings

Either party shall give written notice to the other party of its intent to initiate proceedings to resolve any dispute covered by this SECTION VII – Conditions, E. Such notice shall contain a statement setting forth the nature of the dispute, the amount involved, and the remedy sought.

3. Administrative Procedures for Resolving Disputes

- a. All disputes subject to these proceedings shall first be submitted to the following designated committee, depending upon the amount in dispute, to determine whether the dispute can be resolved by administrative proceedings without having to be submitted to binding arbitration.

<u>Level and Committee</u>	<u>Amount in Dispute</u>
1. Liability Program Committee	Not in excess of \$50,000, per occurrence
2. The Authority's Executive Committee	Over \$50,000, but not in excess of \$200,000, per occurrence
3. Ad Hoc Board Committee	Over \$200,000 and up to the attachment point of re-insurance or excess coverage, per occurrence

- b. A separate Ad Hoc Board Committee shall be formed for each dispute as follows:
- i. Upon initiation of the dispute, the entire Board roster shall be randomly prioritized.
 - ii. The first seven Board members on the prioritized list agreeing to serve on the Ad Hoc Committee, or to have their alternates serve, shall comprise the pool. At least five members of the pool shall be required to convene the Committee.
 - iii. No Board member representing a **Member Agency** that is a party to the arbitration, nor his/her alternate, shall serve on the Ad Hoc Committee.

4. Administrative Hearings

Administrative hearings before committees shall be conducted in an informal manner with the Chair of the Committee presiding at the Liability Program Committee and the Executive Committee and the Chief Executive Officer of the **Authority** presiding, without a vote,

at the Ad Hoc Committee. They shall be conducted in accordance with procedures determined by the Committee except as follows:

a. List of Witnesses and Documents

If either party wishes a list of the other party's witnesses and documents, it may demand it in accordance with the procedures set forth in California Code of Civil Procedure, Section 1282.2. However, the failure to list a witness or a document shall not bar the testimony of the unlisted witness or the introduction of an undesignated document, provided that good cause for the omission is shown as determined by the Committee.

b. Presentation of Evidence

Each party shall present its evidence in an informal manner. The Chair of the Committee shall rule on the admission and exclusion of evidence, but the Chair need not follow the rules of evidence and rules of judicial procedures.

c. Cross-Examination

Each party shall be permitted to cross-examine witnesses.

d. Testimony Under Oath

The testimony of witnesses shall be given under oath, with oaths to be administered by a Notary Public.

e. Representation by Counsel

Parties have the right to be represented by counsel.

f. Stenographic Record

Either party wishing a stenographic record shall make arrangements directly with a stenographer and shall notify the other party of such arrangements in advance of the hearing. The requesting party shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

g. Place of Hearing

Unless otherwise agreed to by the parties, administrative hearings shall be held at the general office of the **Authority**.

h. Time of Decisions

Decisions shall be made promptly by the Committee in writing and, unless otherwise agreed by the parties or specified by law, no later than ten (10) days from the date of the close of the hearing.

i. Costs and Expenses

Each party shall bear its own expenses.

5. Time and Method of Appealing Administrative Decisions

Either party may appeal the decision of the Committee to which the dispute was first referred pursuant to paragraph (3) above. Notice of such appeal shall be submitted in writing within ten (10) days of receipt of the Committee's decision. If the initial decision was by the Liability Program Committee or by the Executive Committee, the parties shall confer within ten (10) days of receipt of the Notice of Appeal to determine if they are both willing to submit the appeal to one of the committees set forth in paragraph (3) above having greater jurisdiction than the Committee that made the initial decision. If they agree to submit it to such a committee for final binding determination, the parties shall indicate this in writing and the matter shall be submitted to that committee and heard in accordance with the procedures set forth in paragraph (4) above. If either party is not willing to have the appeal heard by another committee, or the initial decision was by the Ad Hoc Board Committee, the appeal shall be submitted to binding arbitration in accordance with the procedures set forth in paragraph (6) below.

6. Arbitration Procedures for Resolving Disputes

a. Selection of Arbitrators

If an appeal of an administrative decision is submitted to arbitration, each party shall, within ten (10) days, select one arbitrator and submit his or her name in writing to the other party. Within ten (10) days after their selection, these two

arbitrators shall select a third independent arbitrator. If the two parties cannot agree on the selection of the third arbitrator within ten (10) days, either party may petition the Placer County Superior Court for the appointment of the third arbitrator pursuant to the provisions of Section 1281.6 of the California Code of Civil Procedure. The third arbitrator shall preside as the Chair of the arbitration panel. Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between the parties and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

b. Discovery

The procedures set forth in California Code of Civil Procedure Section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph (6).

c. Testimony Under Oath

The testimony of witnesses shall be given under oath, with oaths to be administered by a Notary Public.

d. Stenographic Record

Either party wishing a stenographic record shall make arrangements directly with a stenographer and shall notify the other party of such arrangements in advance of the hearing. The requesting party shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

e. Place of Hearing

Unless otherwise agreed to by the parties, arbitration hearings shall be held at the general office of the **Authority**.

f. Closing the Hearing

Each arbitration hearing shall be completed within one (1) day; provided, however the arbitrators may, for good cause shown, schedule such additional hearings as are necessary to ensure that all evidence material to the controversy is presented.

g. Time of Decisions

Decisions shall be made promptly by the arbitrators in writing and, unless otherwise agreed by the parties or specified by law, no later than ten (10) days from the date of the close of the hearing.

h. Costs and Expenses

Each party shall pay its own expenses, including the expense of the arbitrator appointed by it and the expense of any witnesses which it calls. Except as otherwise provided herein, the expenses of any witness or the cost of any proof produced at the direct request of the arbitrators, and all other expenses of the arbitration, including the travel and the other expenses of the third arbitrator chosen by the first two arbitrators shall be borne equally by the parties.

i. Interpretation and Application of Rules

With respect to any procedure not herein expressly provided for, the arbitration shall be governed by the California Code of Civil Procedure provisions relating to arbitration (Section 1280 et seq.). The arbitrator(s) shall interpret and apply these rules insofar as they relate to the arbitrator's powers and duties. All decisions of the arbitration panel shall be decided by a majority vote.

7. Funding of Defense and Payment of **Claims** Pending Resolution of Dispute

During the course of the administrative and arbitration proceedings provided for herein, the **Authority** may fund any defense to the **claim** against the **Member Agency** and any settlement of that **claim** approved by the **Member Agency**, subject to the right of the **Authority** to recover from the **Member Agency** any amounts paid

out by the **Authority** for such defense or settlement which are finally determined not to be owed by the **Authority** under this **Memorandum**, with interest thereon at the legal rate of interest on judgments.

8. Effect of Arbitration Decisions

All decisions on appeals, whether by an administrative committee pursuant to paragraph (5) above or by an arbitration panel, shall be final and binding upon the parties.

9. Not Applicable to Excess Carriers

These arbitration provisions are intended to bind only the **Authority** and its **Member Agencies**. They are not intended to be binding upon any of the **Authority's** re-insurers or excess carriers.

G. OTHER COVERAGES

The coverage afforded in this **Memorandum** shall be excess of, and shall not contribute with, any valid and collectible insurance or self-insurance or other coverage, other than any excess, or umbrella insurance, or reinsurance procured by the **Authority** or the **Member Agency**.

Any and all payments made by others on behalf of the **Member Agency** towards defense costs, settlement, or satisfaction of a claim or suit to which this **Memorandum** applies, including but not limited to payments made by any valid and collectible insurance or self-insurance or other coverage but not including payments made by any excess insurance, umbrella insurance or reinsurance, procured by the **Authority** or the **Member Agency**, shall serve to satisfy the **Authority's** liability for **ultimate net loss** and shall be treated as though paid by the **Authority** hereunder. Such payments shall not be considered "recoveries and salvages collectible" under the definition of **ultimate net loss** set forth under Section I. – Definitions of this **Memorandum**.

H. SUBROGATION

In the event of any payment under this **Memorandum**, the **Authority** shall be subrogated to all the **Covered Party's** rights of recovery therefore against any person or organization, and the **Covered Party** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Covered Party** shall do nothing after an

occurrence to prejudice such rights and shall do everything necessary to secure such rights.

I. WITHDRAWAL/CANCELLATION

The **Member Agency** may withdraw from the **Authority** and cancel this coverage only:

1. At the end of one of the **Authority's** Liability Program Coverage Years;
2. After three or more years following its first day of coverage by the **Authority's** Liability Program; and
3. After twelve months' advance written notice of such intent to withdraw is given by the **Member Agency** and received by the **Authority**.

The **Authority** may cancel the **Member Agency's** participation in the **Authority's** Liability Program upon a two-thirds vote at any duly constituted Board of Directors' meeting of the **Authority**. However, any canceled **Member Agency** shall be permitted a reasonable time to obtain other basic liability coverage before such cancellation becomes effective.

ACWA JPIA
Renewal of Excess General Liability
August 29, 2017

BACKGROUND

The JPIA's Liability Program renews on October 1, 2017 which is inclusive of the reinsurance/excess coverage.

CURRENT SITUATION

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 this year's renewal, carriers remain the same at the respective layers as depicted in the chart below. The premium for dam liability is inclusive of the first layer of premium; however, it is not a part of the risk sharing program. Dam liability coverage is a pass through program for approximately 11 members.

For the 2017-18 program year, the JPIA will experience a 2% rate increase in the first three layers and then enjoys 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 we have an aggregate limit in place excess \$30 million.

RECOMMENDATION

That the Liability Program Committee recommends that the Executive Committee approve the reinsurance terms, conditions, and premiums as presented, to be effective October 1, 2017.

Coverage	Carrier	2016-2017	2017-2018
\$0-\$5 Million	Self-Insured	JPIA	JPIA
\$5,000,001-\$11 Million	Allied World Assurance Co./AWAC	Liability and Dam Liability Premium; Dams subject to a \$50k retention	Liability and Dam Liability Premium; Dams subject to a \$50k retention
	Premium	\$1,524,798	\$1,694,660
\$11,000,001-\$20 Million	Markel/Amwins	\$9,000,000 Excess of \$11,000,000	\$9,000,000 Excess of \$11,000,000
	Premium	\$806,374	\$896,346
\$20,000,001-\$30 Million	Great American Insurance Co. of NY	\$10,000,000 Excess of \$20,000,000	\$10,000,000 Excess of \$20,000,000
	Premium	\$315,000	\$343,350
\$30,000,001-\$50 Million	Endurance/ Great American Insurance of NY/Amwins	\$20,000,000 Excess of \$30,000,000	\$20,000,000 Excess of \$30,000,000
	Premium	\$259,290	\$280,033
\$50,000,001-\$60 Million	Scor Re	\$10,000,000 Excess of \$50,000,000	\$10,000,000 Excess of \$50,000,000
	Premium	\$104,000	\$115,560
Total Renewal Premium @ \$60M		<u>\$3,012,462</u>	<u>\$3,329,949</u>



ACWA/Joint Powers Insurance Authority

Liability Renewal Proposal

August 1, 2017

The Aon logo, consisting of the word "Aon" in a white, bold, sans-serif font, positioned in the bottom right corner of the slide. The background of the slide is a high-speed photograph of a water droplet hitting a surface, creating a series of concentric ripples and a central column of water rising from the impact point.



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This insurance document is furnished to you as a matter of information for your convenience. It only summarizes the listed proposed policy(ies) and is not intended to reflect all the terms and conditions or exclusions of such proposed policy(ies). Moreover, the information contained in this document reflects proposed coverage as of the effective date(s) of the proposed policy(ies) and does not include subsequent changes. This document is not an insurance policy and does not amend, alter or extend the coverage afforded by the listed proposed policy(ies). The insurance afforded by the listed proposed policy(ies) is subject to all the terms, exclusions and conditions of such policy(ies).

The services and placements outlined in this proposal will be provided in accordance with the terms of the notices and policies set forth in our Compensation Agreement or Engagement Letter.





Insured's Acknowledgement and Instructions to Bind

We hereby acknowledge receipt and review of the information presented in the Renewal Proposal ("Proposal") dated August 1, 2017 for Excess Liability including Dam Liability Coverage s provided in the attached Quote Disclosure Report dated (To Follow). We hereby instruct Aon Risk Solutions to bind the insurance program(s) selected by us and understand that our instruction to bind constitutes an acceptance of the terms and conditions and payments described in this Renewal Proposal. We further agree that Aon is entitled to collect from the insurers the compensation set forth in the Quote Disclosure Report.

We request binding the following options as indicated below for the **October 1, 2017 to 2018** policy term:

Coverage	Carrier	Gross Premium	Comm %	Comm \$	Net Premium	SL Tax/Fees	Net Premium Including SL Tax/Fees
Excess Liability \$6M xs \$5M Incl. \$250K Dam Liability	Allied World/AWAC	\$1,694,660	8%	\$(135,573)	\$ 1,559,087	\$0	\$1,559,087
Excess Liability \$4.5M p/o \$9M xs \$11M Incl. Dam Liability	Evanston/Markel	\$448,173	15%	\$ (67,226)	\$ 380,947	\$0	\$380,947
Excess Liability \$4.5M p/o \$9M xs \$11M Incl. Dam Liability	Great American/Amwins	\$448,173	10%	\$ (44,817)	\$ 403,356	\$0	\$403,356
Excess Liability \$10M xs \$20M	Great American Ins. Co. of NY	\$343,350	15%	\$ (51,503)	\$ 291,848	\$0	\$291,848
Excess Liability \$10M p/o \$20M xs \$30M	Endurance/Sompo	\$140,713	15%	\$ (21,107)	\$ 119,606	\$0	\$119,606
Excess Liability \$5M p/o \$20M xs \$30M	Great American Ins. Co. of NY	\$69,660	15%	\$ (10,449)	\$ 59,211	\$0	\$59,211
Excess Liability \$5M p/o \$20M xs \$30M	Great American/Amwins	\$69,660	10%	\$ (6,966)	\$ 62,694	\$2,230	\$64,924
Excess Liability \$10M xs \$50M	GSINDA/Scor Re	\$115,560	15%	\$ (17,334)	\$ 98,226	\$3,698	\$101,924
Total		\$3,329,949		\$(354,975)	\$ 2,974,975	\$5,928	\$2,980,903

Date _____

Association of California Water Agencies JPIA





Executive Summary

Exposure	10/1/2016 - 2017	10/1/2017 - 2018	% Variance
Members	294	300	2%
Payroll	\$521,412,437	\$568,315,685	9%
Vehicles	5335	6141	15%

2017/18 Coverage Highlights

Reinsurers have confirmed they will follow new MOC wording

Improved Sudden & Accidental Pollution reporting requirements

Subsidence restrictions excess of \$20M & Aggregate limits excess of \$30M remain in place





2017 Excess Liability Premium / Rate Summary

Exposure	10/1/2016-2017	10/1/2017-2018	Variance
Members	294	300	2%
Payroll	\$521,412,437	\$568,315,685	9%
Vehicles	5,335	6,141	15%

	Carrier	Limit	Layer	Expiring Premium 16/17	Rate	Renewal Premium 17/18	Rate	Rate Variance
1	Allied World Assurance Co./AWAC	\$6M	\$6M x \$5M SIR, Except Dams \$50K SIR	\$1,524,798	\$0.29244	\$1,694,660	\$0.29819	2%
2	Evanston Ins. Co./ Markel	\$9M	\$4.5M p/o \$9M x \$11M	\$403,187	\$0.0773	\$448,173	\$0.0789	2%
	Great American /Amwins	\$9M	\$4.5M p/o \$9M x \$11M	\$403,187	\$0.0773	\$448,173	\$0.0789	2%
3	Great American Ins. Co. of NY	\$10M	\$10M x \$20M	\$315,000	\$0.0604	\$343,350	\$0.0604	0%
4	Endurance American / Sompo	\$20M	\$10M p/o \$20M x \$30M	\$130,290	\$0.0250	\$140,713	\$0.0248	-1%
	Great American Ins. Co. of NY	\$20M	\$5M p/o \$20M x \$30M	\$64,500	\$0.0124	\$69,660	\$0.0123	-1%
	Great American./ Amwins	\$20M	\$5M p/o \$20M x \$30M	\$64,500	\$0.0124	\$69,660	\$0.0123	-1%
5	General Security Indemnity Co. of AZ/Scor Re	\$10M	\$10M x \$50M	\$107,000	\$0.0205	\$115,560	\$0.0203	-1%
	Total	\$60M		\$3,012,462		\$3,329,949		

Note – Premiums do not include applicable taxes & fees / Rates are per \$1,000 of Payroll





Historical Retention / Payroll / Premiums

Policy Term	Retention	Payroll	Gross Premium	Net Premium
2017/2018	\$5M	\$568,315,685	\$3,329,949	\$2,974,974
2016/2017	\$5M	\$521,412,437	\$3,012,462	\$2,710,713
2015/2016	\$2M	\$521,412,437	\$4,310,000	\$3,905,750
2014/2015	\$2M	\$499,627,727	\$4,123,670	\$3,735,498
2013/2014	\$2M	\$484,457,504	\$3,979,552	\$3,579,519
2012/2013	\$2M	\$476,709,890	\$4,010,330	\$4,010,330





Aon Service Team

Account Management Team



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Managing Director
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San Francisco Leadership



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Brokerage Team

Casualty Excess Liability (Los Angeles)



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Property / DIC



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Management Liability (Chicago)



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Excess Workers Compensation (Forth Worth, TX)



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Cyber Liability (Chicago)



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Surety / Bonds (Chicago)



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Account Specialist
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Appendix – ARS U.S. Business Terms

As Your broker of record, Aon Risk Services (“ARS”, “We” or “Us” or “Our”) commits to the timely and thorough disclosure of placement strategies, marketing options and broking results. The services We provide to You, Our client (“Client” or “You” or “Your”) will be subject to these ARS U.S. Business Terms which, unless You and We agree in writing otherwise, are applicable to Our services to You.

Our Services

We deliver Our services based on the information You give Us or which is given to Us expressly on Your behalf. In preparation for placing or renewing Your insurance coverage, We will consult with You regarding insurance market conditions, the insurers We suggest be approached, Our recommended program options to pursue, and Our marketing strategy on Your behalf. By the conclusion of the marketing process, We will provide You with written information regarding the coverage details, policy terms and conditions provided by the markets.

We will assist You in gathering and preparing the underwriting information and completing insurance applications. We rely on You for the accuracy and completeness of any information You or anyone else provides to Us on Your behalf. We will also rely on You to provide Us promptly with the information needed to deliver the services and to update any information provided where there has been a material change to that information that may affect the scope of delivery of the services, such as the nature of the risk, the insured entities, property values and descriptions of persons to be covered. Applications requiring signature will be signed by You.

We will obtain Your instructions to Us to bind specific programs based on the program proposal We provide. We expect You to carefully review all documents We give You, including binders, policies and endorsements, and to advise Us immediately if You detect any mistakes or believe the contents do not address Your needs or instructions.

ARS will administer Your relationship with insurance companies including, where applicable, issues such as billings in connection with selected programs, data reporting, and compliance with negotiated requirements.

We will provide services unless and until either of us notifies the other that ARS is no longer acting as Your broker of record.

Subject to applicable state law and contractual arrangements with insurers, any commissions to which We were entitled are fully earned.





Appendix – ARS U.S. Business Terms

Surplus Lines and Other Government Taxes

Insurance may not be available in the admitted marketplace for the terms and conditions specified by the Client. In such event, ARS' insurance proposal may include one or more insurers not licensed to transact insurance in the states of exposure and such coverage may be placed as surplus lines coverage pursuant to applicable insurance laws governing the placement of insurance with non-admitted insurers. Persons and entities insured by surplus lines insurers cannot avail themselves of the protection and recovery afforded by the state insurance guaranty funds in the event the surplus lines insurer should become insolvent. The states do not audit the finances or review the solvency of surplus lines insurers.

In some instances, these insurance placements made by ARS or its affiliates on the Client's behalf may require the payment of state surplus lines, excise or other taxes and/or fees in addition to the premium itself. ARS will endeavor to identify any such tax and/or fee in advance, but in all instances the payment of these taxes and/or fees will remain the responsibility of the Client.

ARS will invoice the Client for the payment of such taxes and fees where it is ARS' responsibility to do so

Client Responsibilities

ARS will deliver the Included Services based upon the information that the Client and its representatives provide. The Client is responsible for the accuracy and completeness of the information and ARS accepts no responsibility arising from the Client's failure to provide such information to ARS. ARS must receive promptly the information to deliver the Included Services as well as the Client's prompt updates to any information where there has been a material change which may affect the scope or delivery of the Included Services, such as a change in the nature of the risk, insured entities, property values and persons or entities to be covered.

To the extent that any portion of ARS' compensation, by operation of law, agreement or otherwise, becomes adjusted or credited to the Client, it is the Client's responsibility to disclose the actual net cost of the brokerage and insurance costs You have incurred to third party(ies) having an interest in such amounts.

Claims Notification to Insurers

Unless ARS has a specific signed agreement with the Client to the contrary, it is the Client's responsibility to take such steps as are necessary to notify directly those insurers whose policies may apply to any circumstances, occurrences, claims, suits, demands and losses in accordance with the terms and conditions of Your policies. ARS assumes no duty or responsibility with respect to such notifications or monitoring the Client's obligation to place insurers on notice unless undertaken in a separate written agreement. The Client may send copies of such notices to members of ARS staff for informational purposes only, but the receipt of such notice by ARS shall not create additional duties or obligations owed by ARS to the Client nor constitute notice to Your insurers.





Appendix – ARS U.S. Business Terms

Contract and Lease Review; General Advice

In instances where ARS provides summaries of contractual requirements or provisions, or any suggested additional or alternative wordings to any contract or lease at the Client's request, such language must be reviewed by the Client's legal advisor before You take action based upon ARS' statements. ARS does not and cannot provide legal advice as to whether the Client's insurance program covers legal obligations contained in the Client's contracts or leases. All descriptions of the insurance coverages are subject to the terms, conditions, exclusions and other provisions of the policies or any applicable regulations, rating rules or plans. Furthermore, it is understood that none of the services provided by ARS are of a legal nature and ARS shall not give legal opinions or provide legal advice or representations.

Confidentiality

ARS takes client confidentiality seriously. We have established controls to protect Your information. We are willing to enter an agreement as You may require for the protection of Your confidential data. The Client acknowledges and agrees that the work products provided by ARS are not to be distributed, used or relied upon by third parties without the written consent of both ARS and the Client, except as may be required by Your legal, accounting and non-insurance financial advisors who agree to be bound by this confidentiality agreement.

Intermediaries

ARS encourages its retail brokers to approach markets directly (without an intermediary) wherever possible. However, where ARS believes it is in the Client's best interest, We may recommend the use of intermediaries, including but not limited to co-brokers, sub-brokers, managing general agents/managing general underwriters, wholesale brokers, or reinsurance brokers (collectively, "Intermediary") to assist in the procurement and servicing of the Client's insurance.. ARS prefers, wherever possible, to use the services of an ARS-affiliated Intermediary and ARS shall not be responsible for a non-ARS affiliated Intermediary's actual or alleged acts, errors, or omissions or those of its officers, directors or employees. Any and all compensation earned by an Intermediary in connection with the programs shall be in addition to the compensation paid to ARS and shall not be credited against the Fee, if any.





Appendix – ARS U.S. Business Terms

Collection and Use of Client Information

ARS gathers data containing information about the Client and Your insurance placements, as well as information about the insurance companies that provide coverage to the Client or compete for the Client's insurance placements. In addition to the information provided by the Client, ARS may collect information from commercially available sources. Such information may include name, address, email address and demographic data.

This information may be shared among ARS affiliated businesses, as well as with third-party service providers acting on Our behalf. In addition to being used to provide services to ARS' customers, the information may be used for business administration, business reporting, statistical analysis, marketing of ARS products or services and providing consulting or other services to insurance companies for which ARS or its affiliates may receive remuneration. ARS takes appropriate measures to protect the privacy and confidentiality of Our customers as well as to comply with applicable laws and regulations. ARS may use or disclose information about Our customers if We are required to do so by law, ARS policy, pursuant to legal process or in response to a request from law enforcement authorities or other government officials.

Due to the global nature of services provided by ARS, the personal information the Client provides may be transmitted, used, stored and otherwise processed outside of the country where the Client submitted that information.

Use of Logos

Unless otherwise instructed by the Client, ARS will use the Client's logo, pictures, and other publicly available information to effectively market the Client's Programs or for use in ARS's business records.

Premium Remittance

Premiums paid by the Client to ARS for remittance to insurers and Client premium refunds paid to ARS by insurance companies for remittance to the Client are deposited into fiduciary accounts in accordance with applicable insurance laws until they are due to be paid to the insurance company or the Client. Subject to such laws and the applicable insurance company's consent, where required, ARS will retain the interest or investment income earned while such funds are on deposit in such accounts.

Jury Waiver

Each party agrees to waive its right to a trial by jury in any lawsuit or other legal proceeding against the other party and/or its parent(s), affiliates, or subsidiaries, in connection with, arising out of or relating to these ARS US Business Terms or any services provided to the Client by ARS or its affiliates. In any such action or legal proceeding, neither party shall name, as a defendant any individual employee, officer or director of the other party or its parent(s), affiliates or subsidiaries.





Appendix – ARS U.S. Business Terms

Insurance Proposals and Summaries

ARS' insurance documents containing proposals to bind coverage, summaries of coverages, and certificates of insurance placed are furnished to clients as a matter of information for Our clients' convenience. These documents summarize proposed and placed policies and are not intended to reflect all the terms, conditions and exclusions of such policies. Moreover, the information contained in these documents reflects proposed or placed coverage as of the effective dates of the proposed policies or the date of the summaries and does not include subsequent changes. These documents are not themselves insurance policies and do not amend, alter or extend the coverages afforded by the proposed or placed policies. The insurance afforded by the proposed or placed policies is subject to all the terms, conditions and exclusions contained in such policies as they are issued by the insurers.

Insurer Solvency

While ARS only engages insurers who meet certain requirements as established by Us from time to time, We make no representation, guarantee or warranty as to the solvency or ability of any insurer to pay any amounts for insurance claims or otherwise.

Foreign Account Tax Compliance Act (FATCA)

FATCA applies to any insurance placements containing U.S.-sourced risk. Client acknowledges that ARS is required to act as a withholding agent on any FATCA eligible premium payments when ARS US or its licensed affiliates are responsible for the remittance of premium payments to insurers, and in such instances, ARS will be responsible for gathering and validating appropriate FATCA form(s) from carriers and intermediaries involved in FATCA eligible premium payments. ARS will not act as withholding agent on premium remitted by You to any other party, including premiums paid directly to insurers or intermediaries. If Client directs use of a carrier or intermediary that is unable or unwilling to provide FATCA forms to ARS in instances where ARS is to remit premium to that carrier or intermediary, Client will be responsible for paying any additional sums so that the mandated FATCA withholdings can be made while concurrently fulfilling Client's obligation to remit the full premium amounts necessary to effect coverage. ARS will not be responsible for issues arising from ARS withholding 30% of premium payments in connection with its FATCA obligations.

Client will be responsible for all aspects of FATCA compliance for premium payments made to entities other than ARS, including payments made directly to (re)insurance carriers or intermediaries.

ARS provides ARS' US W-9 form(s) to Client via Aon.com as directed to Client on invoices. Client agrees with and accepts delivery of such form(s) via Aon.com. Client agrees to work with ARS to provide information required to meet FATCA obligations.





Appendix – ARS U.S. Business Terms

Pricing

ARS does not and cannot guarantee the availability or price of insurance for the Client's risks and is not responsible for fluctuation in the premiums charged by insurers. ARS will rely on the Client to review and approve any calculation or estimation of premium and ARS is not responsible for any loss occasioned as a result of ARS' calculation or estimation of premium and statutory charges that may apply to the Client's insurance.

Mutual Limited Waiver of Liability

Neither party to these ARS US Business Terms shall be liable to the other for any indirect, incidental, special, consequential, exemplary, punitive or reliance damages (including, without limitation, lost or anticipated revenues, lost business opportunities or lost sales or profits, whether or not either party has been advised of the likelihood of such damages) or for any attorney's fees (whether incurred in a dispute or an action against the other, or as alleged damages that any party incurred in any insurance coverage dispute, or otherwise) arising out of services provided by ARS or its affiliates.

Standard Terms and Conditions

ARS assumes no responsibility for the adequacy or effectiveness of programs or coverages that We did not implement or place. Any loss control services, summaries and/or surveys performed by ARS are advisory in nature and are for the sole purpose of assisting the Client in Your development of Your risk control and safety procedures. Such services and/ or surveys are limited in scope and do not constitute a safety inspection nor verify that the Client is in compliance with federal, state and local laws, statutes, ordinances, recommendations, regulations, consensus codes or other standards.

Insurance Producer's Role and Compensation

The role of the insurance producer such as ARS in any particular transaction involves review with insurance purchasers about the benefits and terms and conditions of insurance contracts and selling insurance. Compensation is paid to the producer based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, as well as the arrangement between the producer and the purchaser, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects.

Unless applicable state law and regulation or contractual agreement between ARS and insurers states otherwise, any commission that ARS is entitled to receive for any placements is fully earned at inception of the insurance programs described in Our insurance proposals and ARS is entitled to retain such commissions in the event of a midterm cancellation of coverage or a reduction in coverage resulting in a premium adjustment.





Appendix – ARS U.S. Business Terms

To the extent that any portion of ARS' compensation as reflected on its invoices becomes adjusted or credited to Our client, it is the client's responsibility to disclose the actual net cost to the client of the brokerage and insurance costs incurred to third party(ies) having an interest in such amounts.

In placing, renewing, consulting on or servicing Your insurance coverages, ARS and its affiliates ("Aon") may participate in contingent commission arrangements with insurance companies that provide for additional compensation, if, for example, certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Aon with the insurance company or the overall performance of the policies placed with that insurance company rather than on an individual policy basis. As a result, Aon may be considered to have an incentive to place Your insurance coverages with a particular insurance company.

You may obtain information about compensation expected to be received by Aon based in whole or in part on the sale of insurance to You, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to You by Aon by contacting Your Account Executive or emailing: aon.us.broking@aon.com.

Limitation of Liability

ARS' liability to the Client, in total, for the duration of our business relationship for any and all damages, not otherwise waived under these ARS US Business Terms, including costs, expenses and attorneys' fees incurred in any underlying action by the Client that may be or are characterized as "compensatory or other damages", whether based on contract, tort (including negligence), or otherwise, in connection with or related to Our services (including a failure to provide a service) or any other service that We provide shall be limited to a total aggregate amount of US \$2.5 million ("Liability Limitation"), to the fullest extent permitted by law.

This Liability Limitation shall apply to the Client and extend to the Client's parent(s), affiliates, subsidiaries, and their respective directors, officers, employees and agents (hereinafter, each a "Client Group Member" and together, "Client Group") wherever located that seek to assert claims against ARS, and its parent(s), affiliates, subsidiaries and their respective directors, officers, employees and agents (each an "Aon Group Member" and together, "Aon Group"). Nothing in this Liability Limitation section implies that any Aon Group Member owes or accepts any duty or responsibility to any Client Group Member.

If the Client or any Client Group Member asserts any claims or makes any demands against ARS or any Aon Group Member for a total amount in excess of this Liability Limitation, then the Client agrees to indemnify ARS for any and all liabilities, costs, damages and expenses, including attorneys' fees, incurred by ARS or any Aon Group Member that exceeds this Liability Limitation.



ACWA JPIA
Cyber Liability Insurance
August 29, 2017

BACKGROUND

Cyber Liability coverage is renewing for its second year for all General Liability program members. Coverage is effective October 1, 2017.

CURRENT SITUATION

Cyber insurance is a risk transfer tool that is designed to protect public entities from a variety of cyber risks associated with the use of electronic equipment in conducting its operations. Electronic equipment can mean anything from district's laptops, thumb drives, to sophisticated computer systems that operate pumps, disinfect drinking water, and other critical infrastructure operations. Cyber risks are also associated with storing data that belongs to others (such as employees or customers) on a computer network. This data often includes customer names and addresses, customers' credit card numbers, employees' birth dates and social security numbers, and other sensitive information. Losses related to cyber risk are growing exponentially in both the private and public sectors.

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 are pleased to announce for this renewal period that staff was able to secure higher limits; for the 2017-18 program year the limit is \$3 million per occurrence rather than \$2 million. This coverage protects members from a variety of exposures and coverage highlights are as follows:

- All General Liability members have automatic coverage
- Limit \$3 million per occurrence with an aggregate of \$5 million
- Range of Deductibles
 - \$10,000 deductible for revenues below \$5 million
 - \$25,000 deductible for revenues from \$5 million to \$25 million
 - \$50,000 revenues above \$25 million

The policy will be sent to the respective members after it is received and verified.

Any cyber related claims should be immediately reported to the JPIA for handling.

RECOMMENDATION

None, informational only.

CYBER LIABILITY INSURANCE

Cyber Liability coverage is in effect for all General Liability program members. The Cyber Liability program is a commercial product and is not part of the risk-sharing pool. This coverage protects members from a variety of exposures and coverages such as the following:

THIRD PARTY LIABILITY

- **Security Liability:** Coverage for defense costs and damages the insured is legally obligated to pay resulting from a failure of computer security, including liability caused by theft or disclosure of confidential information, unauthorized access, and unauthorized use, denial of service attack or transmission of a computer virus.
- **Privacy Liability:** Coverage for defense costs and damages suffered by others for any failure to protect personally identifiable or confidential corporate information, whether or not due to a failure of network security. Includes unintentional violations of your privacy policy and misappropriation that results in identity theft.
- **Privacy Regulatory Proceedings (usually sub-limited):** Coverage for defense costs for proceedings brought by a governmental agency in connection with a failure to protect private information. Insuring agreement may include (depending on insurer) coverage for fines and penalties to the extent insurable by law. Coverage for damages, i.e. amounts the insured is required by settlement to deposit into a consumer redress fund, may be covered depending on the insurer.
- **Media Liability:** Coverage for defense costs and damages suffered by others for content-based injuries such as libel, slander, defamation, copyright, title trademark infringement, or invasion of privacy with respect to creation and dissemination of your content, including advertising. (Website media content is limited to online material only).

FIRST PARTY COVERAGE

- **Privacy Event Expenses (usually sub-limited):** Coverage for your fees and expenses due to a potential or actual violation of a privacy regulation. Covered expenses can include computer forensics expenses, costs for a public relations firm and related advertising to restore your reputation, notification expenses and credit monitoring services.
- **Cyber Extortion:** Reimburses the insured for expenses incurred in the investigation of an intentional computer attack or threat against the insured and any extortion payments made to prevent or resolve the threat. Payments are generally subject to full discretion by insurer.

- **Network Business Interruption:** Reimburses the insured for actual lost net income and extra expense incurred when the insured's computer system is interrupted or suspended due to a failure of network security. Dependent Business Interruption is also available, but often subject to a sub-limit. Additionally, System Failure coverage is available upon request which provides limited coverage for business interruption due to an unintentional or unplanned system failure not caused by a failure of network security. In addition to a dollar amount retention, a waiting period retention of between 10 to 24 hours applies.
- **Digital Asset Protection:** Reimburses the insured for costs incurred to restore or recreate intangible, non-physical assets (software or data, including electronically stored credit card numbers and customer databases) that are corrupted, destroyed or deleted due to a network security attack.

All General Liability members will have automatic coverage. The limit is \$3 million per occurrence with an aggregate of \$5 million, and there is also a range of deductibles. For members with revenues below \$5 million, the deductible is \$10,000; revenues from \$5 million to \$25 million the deductible is \$25,000; and, revenues above \$25 million the deductible is \$50,000.

The policy will be sent to the respective members after it is received and verified.

ACWA JPIA
Liability Program Renewal Pricing
August 29, 2017

BACKGROUND

Attached are worksheets showing the funding requirements for the Liability Program.

The Deposit Premium (line 2) for the policy year is calculated by totaling:

- Actuary Projected Losses (within JPIA's SIR) – line 6
- Excess Insurance Costs – line 7
- Projected G&A Expenses – line 8
- Contributions to the Self Insured Excess Fund (0-7% of premiums) – line 10
- Contributions to the Catastrophic Reserve Fund (0-10% of premiums) – line 11
- Less Projected Interest Income – line 4

Invoices for the 10/1/17-18 policy year are mailed to the members in September.

CURRENT SITUATION

Payrolls for the 10/1/17-18 policy year indicate an increase of approximately 9% (line 14). There is a corresponding increase in the actuary-projected losses (line 6) of 9%. The proposed excess insurance costs have increased (line 7) due to the payroll increase and market rates. General & Administrative Expenses (line 8) have increased 27% largely due to the allocation percentage changing from 25% to 30%.

Three options have been presented for point of reference.

The 1st option keeps the Ratio of Deposit Premium to Payroll (line 16) at 3.069 - no changes to pricing. This option estimates \$1.2 million in refunds to members (line 3).

Options 2 and 3 present pricing reductions at 5% and 3% respectively. These options reduce the amount of estimated refunds to members shown in line 3.

RECOMMENDATION

That the Liability Program Committee recommends that the Executive Committee approve no price change to billing rate (1st option) with a \$3.069 billing rate (line 16) subject to changes in the final excess insurance costs.

ACWA

LIABILITY PROGRAM

EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

As of August 29, 2017

Option 1 - No change

		Policy Year 10/1/2015-16 Budget	Policy Year 10/1/2016-17 Budget	Policy Year 10/1/2017-18 Budget	% Change from 10/1/2016-17 10/1/2017-18
1	REVENUE:				
2	Deposit Premiums Earned	\$ 15,672,033	\$ 16,002,134	\$ 17,441,618	9.00%
3	Retrospective Premium Adjustments	(807,233)	(1,483,193)	(1,262,839)	-14.86%
4	Net Investment Income	2,055,936	2,260,082	2,524,566	11.70%
5	Total Revenue	16,920,736	16,779,023	18,703,345	11.47%
	EXPENSES:				
6	Paid Claims and Claims Reserves	10,468,439	11,888,204	12,957,598	9.00%
7	Purchased Excess Insurance	4,195,000	2,789,672	3,076,905 A	10.30%
8	General & Admin. Expenses	2,257,297	2,101,147	2,668,842	27.02%
9	Total Expenses	16,920,736	16,779,023	18,703,345	11.47%
	CATASTROPHIC LOSS RESERVES:				
10	Self Insured Excess Fund	-	-	-	0.00%
11	Member Contributions	-	-	-	0.00%
12	Total Cat. Loss Reserves	\$ -	\$ -	\$ -	0.00%
13	Number of Program Members	291	294	301	2.38%
14	Total Payrolls (000's omitted)	\$ 510,656	\$ 521,412	\$ 568,316	9.00%
15	Ratio of Incurred Losses to Payroll	\$ 2.050	\$ 2.280	\$ 2.280	0.00%
16	Ratio of Deposit Premium to Payroll	\$ 3.069	\$ 3.069	\$ 3.069	0.00%
17	District RAPs	\$2,500 - 100,000	\$2,500 - 100,000	\$2,500 - 100,000	
18	Pooled Layer	SIR to \$2,000,000	SIR to \$5,000,000	SIR to \$5,000,000	
19	Program Limit	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	

ACWA JPIA

LIABILITY PROGRAM

EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

As of August 29, 2017

Option 2 - 5% Decrease

	Policy Year 10/1/2015-16 Budget	Policy Year 10/1/2016-17 Budget	Policy Year 10/1/2017-18 Budget	% Change from 10/1/2016-17 10/1/2017-18
1 REVENUE:				
2 Deposit Premiums Earned	\$ 15,672,033	\$ 16,002,134	\$ 16,569,537	3.55%
3 Retrospective Premium Adjustments	(807,233)	(1,483,193)	(390,758)	-73.65%
4 Net Investment Income	2,055,936	2,260,082	2,524,566	11.70%
5 Total Revenue	16,920,736	16,779,023	18,703,345	11.47%
EXPENSES:				
6 Paid Claims and Claims Reserves	10,468,439	11,888,204	12,957,598	9.00%
7 Purchased Excess Insurance	4,195,000	2,789,672	3,076,905 A	10.30%
8 General & Admin. Expenses	2,257,297	2,101,147	2,668,842	27.02%
9 Total Expenses	16,920,736	16,779,023	18,703,345	11.47%
CATASTROPHIC LOSS RESERVES:				
10 Self Insured Excess Fund	-	-	-	0.00%
11 Member Contributions	-	-	-	0.00%
12 Total Cat. Loss Reserves	\$ -	\$ -	\$ -	0.00%
13 Number of Program Members	291	294	301	2.38%
14 Total Payrolls (000's omitted)	\$ 510,656	\$ 521,412	\$ 568,316	9.00%
15 Ratio of Incurred Losses to Payroll	\$ 2.050	\$ 2.280	\$ 2.280	0.00%
16 Ratio of Deposit Premium to Payroll	\$ 3.069	\$ 3.069	\$ 2.916	-5.00%
17 District RAPs	\$2,500 - 100,000	\$2,500 - 100,000	\$2,500 - 100,000	
18 Pooled Layer	SIR to \$2,000,000	SIR to \$5,000,000	SIR to \$5,000,000	
19 Program Limit	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	

ACWA JPIA

LIABILITY PROGRAM

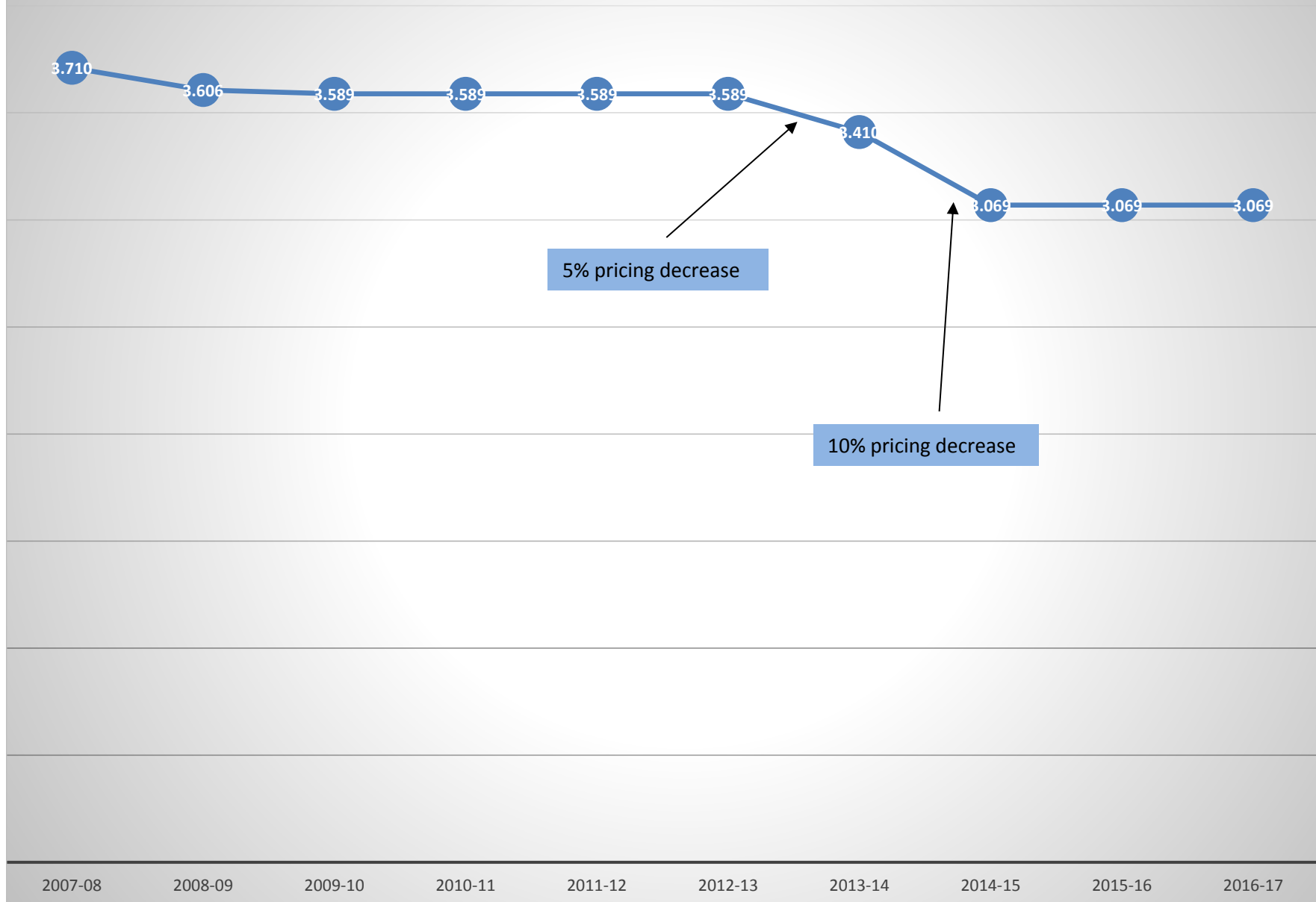
EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

As of August 29, 2017

Option 3 - 3% Decrease

	Policy Year 10/1/2015-16 Budget	Policy Year 10/1/2016-17 Budget	Policy Year 10/1/2017-18 Budget	% Change from 10/1/2016-17 10/1/2017-18
1 REVENUE:				
2 Deposit Premiums Earned	\$ 15,672,033	\$ 16,002,134	\$ 16,918,369	5.73%
3 Retrospective Premium Adjustments	(807,233)	(1,483,193)	(739,590)	-50.14%
4 Net Investment Income	2,055,936	2,260,082	2,524,566	11.70%
5 Total Revenue	16,920,736	16,779,023	18,703,345	11.47%
EXPENSES:				
6 Paid Claims and Claims Reserves	10,468,439	11,888,204	12,957,598	9.00%
7 Purchased Excess Insurance	4,195,000	2,789,672	3,076,905 A	10.30%
8 General & Admin. Expenses	2,257,297	2,101,147	2,668,842	27.02%
9 Total Expenses	16,920,736	16,779,023	18,703,345	11.47%
CATASTROPHIC LOSS RESERVES:				
10 Self Insured Excess Fund	-	-	-	0.00%
11 Member Contributions	-	-	-	0.00%
12 Total Cat. Loss Reserves	\$ -	\$ -	\$ -	0.00%
13 Number of Program Members	291	294	301	2.38%
14 Total Payrolls (000's omitted)	\$ 510,656	\$ 521,412	\$ 568,316	9.00%
15 Ratio of Incurred Losses to Payroll	\$ 2.050	\$ 2.280	\$ 2.280	0.00%
16 Ratio of Deposit Premium to Payroll	\$ 3.069	\$ 3.069	\$ 2.977	-3.00%
17 District RAPs	\$2,500 - 100,000	\$2,500 - 100,000	\$2,500 - 100,000	
18 Pooled Layer	SIR to \$2,000,000	SIR to \$5,000,000	SIR to \$5,000,000	
19 Program Limit	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	

Liability Pricing



ACWA JPIA
Underwriting Policy
August 29, 2017

BACKGROUND

The California Association of Joint Powers Authorities (CAJPA) requires Joint Powers Authorities (JPA's) seeking Accreditation with Excellence to have an underwriting policy, and that the policy be reviewed by its governing body at least as frequently as every three years. Staff is bringing the policy before the Committee now to fulfill this triennial review requirement.

CURRENT SITUATION

Over the last year and a half, membership applications have been reviewed and updated for the JPIA's General Liability, Property, and Workers' Compensation Programs. In addition to updating the underlying application, staff developed processes and protocols for vetting all new applications. The attached policy captures the procedures the JPIA undergoes in evaluating prospective members. The policy not only adheres to CAJPA Accreditation requirements, but it serves also as a road map outlining the approval process for prospective members.

RECOMMENDATION

That the Liability Program Committee recommends that the Executive Committee approve the proposed Underwriting Policy.

ACWA JPIA

NEW MEMBER EVALUATION PROCESS:

Underwriting Policy

Objective: The Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) has established underwriting criteria for the purpose of marketing to prospective members. Underwriting standards and guidelines are outlined in various governing documents, including the JPA Agreement, By-Laws and ACWA JPIA Policies.

This Underwriting Policy provides a summary and highlights much of the criteria utilized to complete the underwriting process.

Underwriting Function/Mission: Establishing underwriting criteria ensures that all ACWA JPIA coverage programs are analyzed for risk exposures, funding requirements, refund and assessment calculations, risk retention levels, compatibility between members, and serviceability by staff. Adherence to these Executive Committee approved standards and guidelines guarantees the continued financial viability and security of ACWA JPIA.

New Members: The guidelines for admittance of new members to ACWA JPIA are set forth in the Joint Powers Agreement and By-Laws. Entities of local government empowered by law to replenish ground waters, distribute, control, treat, develop, acquire, use, store or supply water, or empowered by laws to protect, drain or reclaim lands within the State of California, including but not limited to irrigation districts, California water districts, municipal water districts, county water districts, municipal utility districts, and drainage, water replenishment, reclamation districts, flood control districts, conservation districts, sanitation districts, sanitary districts, special act districts, cities, and joint powers authorities and are members of the Association of California Water Agencies (ACWA), or affiliated with ACWA based on their meeting the criteria currently specified by ACWA for ACWA Affiliates – “Friends of ACWA” may become a member of ACWA JPIA only upon approval by the Board, or by the Executive Committee if specifically delegated such authority by resolution of the Board. Applicants accepted for membership must participate in the Liability, Workers’ Compensation, or Property coverage programs for a minimum of three consecutive years.

Application Process: An applicant for membership must complete the ACWA JPIA Application for Membership. It solicits specific information to assess the applicants risk exposures. Included is the following information:

- Payroll for the current and previous six quarters;
- Loss history for the current and previous ten years for Liability and Workers’ Compensation; five years for Property;

- Audited financial statements;
- Information on loss control programs, policies, or awards of recognition.

Underwriting Guidelines: Any prospective member, including existing members not participating in a program, should meet the following minimum underwriting guidelines:

- Have a loss rate calculated for the past five years that is commensurate with the average loss rate of the current members;
- Demonstrate a commitment to support risk management and safety programs to control or prevent claims;
- Demonstrate its financial ability to fund losses within retention and pay premiums in the short and long term.

The Chief Executive Officer may waive any of these guidelines if circumstances so warrant.

Rate Setting/Funding Requirements: The Liability, Property, and Workers' Compensation programs will be funded each year after completion of an independent actuarial study. Rates are established based upon multiple factors, including:

- Payroll
- Losses
- Excess rates
- Administrative expenses
- A margin for contingency as prescribed in ACWA JPIA's Target Equity Policy (minimum 55% confidence level)

JPIA's coverage programs are based upon risk sharing among its members, to encourage accountability and promote good risk management. Premiums are adjusted with the application of an experience modification factor.

Refund/Assessment: The Joint Powers Agreement authorizes the distribution of refunds or collection of assessments based upon the financial position of each fund at the close of the fiscal year. The Board has adopted a Target Equity Policy that governs the minimum equity balances required before consideration of any refund.

Periodic Review: This Underwriting Policy is hereby established as set forth above, and will be periodically reviewed by the Board and revised as necessary. The review will consider:

- a. Is the process adequately measuring the risks?
- b. Is the process adequately allocating costs?

The Executive Committee may delegate the underwriting function as outlined in this Policy to staff for the sole purpose of addressing underwriting issues.

Risk Management Evaluation Process: The Risk Management Department completes prospective new member risk assessments as part of the underwriting process. The risk assessments are used to assist ACWA JPIA in their decision-making by providing an exposure analysis for the relevant coverage program(s), (i.e., Workers' Compensation, Liability, Property programs).

The new member application is provided to the Risk Management Program Manager following a decision on the eligibility of the prospective new member to join ACWA JPIA. The prospective new member information includes payroll, loss history, financial audit, volunteer resolution, return to work policy and Cal OSHA violations, as well as detailed information on their operations and assets for the Liability and Property programs.

The Risk Management Department will review the application and schedule an on-site risk assessment. Ideally, the on-site risk assessment will be conducted and a brief narrative report will be provided to the Director of Insurance Services prior to the presentation of the new member to the Executive Committee for approval. In some cases, the timelines are short and the Executive Committee may review and grant conditional approval at the same time that the on-site risk assessment is in process. In these cases, a brief verbal report will be made to the Director of Insurance Services from the field, and a written narrative report will follow.

The on-site risk assessment narrative report for prospective new members will include:

- Brief narrative description of district operations.
- Evaluation of Injury and Illness Prevention Program implementation for both Workers' Compensation and Liability Program applicants. This analysis will provide information on their overall safety and risk management practices.
- Evaluation of the Ergonomics Program/Process for Workers' Compensation applicants. This analysis will provide information on the level of control for our most significant loss exposure.
- Evaluation of maintenance and housekeeping of physical premises as an indicator of hazard identification and control for Workers' Compensation, Liability or Property applicants. The Risk Management Department will select the facilities to evaluate based on the payroll information, potential liability exposures or the value of insured assets as appropriate for the coverage programs.

The Director of Insurance Services will use the on-site risk assessments to identify any potential exposures that did not appear in the application or loss runs, (i.e., red flags) that would affect the desirability of the new member. The executive summary of the narrative report should provide the Director perspective on how the prospective new member compares to similar ACWA JPIA districts in the region. All formal recommendations will be submitted during the onboarding process by the assigned Risk Management Advisor.



JPIA MEETING & CONFERENCE CALENDAR – 2017

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MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT
					Emp. Benefits	Liability	Property	Work Comp	
FEB 7		8:30 AM							
FEB 28				1:00 PM					
MAR 20				1:00 PM				3:00 PM	
MAR 21		8:30 AM							
APR 4					1:00 PM	9:00 AM			
MAY 8	1:30 PM	10:15 AM							8:30 AM
MAY 9	ACWA CONFERENCE MAY 9 TO 12 – MONTEREY								
MAY 31		9:30 AM							
JUN 27		1:00 PM			9:00 AM				
JUL 20			11:00 AM ONTARIO						
AUG 29			10:00 AM	1:00 PM		3:00 PM			
AUG 30		8:30 AM							
SEP 12	CAJPA CONFERENCE SEPTEMBER 12 TO 15 – SOUTH LAKE TAHOE CA								
OCT 31		11:00 AM	9:00 AM						
Nov 27 ANAHEIM	1:30 PM	10:15 AM							
Nov 28	ACWA CONFERENCE NOVEMBER 28 TO DECEMBER 1 – ANAHEIM								

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
JPIA CLOSED	2/16	20			29		4		4		23/24	25/26
MGR MEETINGS	6	3	3	7	1	5	10	21	4	2	6	4
STAFF Q&A	11	8	8	12	18	14	12	9	6	11	15	7
RM @ JPIA		8-9		12-13		14-15		8-9		11-12		7-8

CALCULATIONS

Line #

- 2 Deposit Premium - Calculation backed into by netting all other amounts in column
- 4 Net Investment Income - 3.0%
- 6 Claims Expense - Actuary projected loss rate x (payroll / 100)
- 7 Excess Insurance - Fixed at renewal
- 8 G&A Expenses - 30% of Annual Budget \$8,896,140***
- 10 Self Insured Excess Fund - 0% of Deposit Premiums
- 11 Contribution to Cat. Reserve Fund - 0% of Deposit Premiums

VARIABLES	BUDGET 10/1/2016-17	BUDGET 10/1/2017-18
PAYROLL	\$521,412,437	\$568,315,685
LOSS RATE/\$100 OF P/R - Actuary	\$2.280	\$2.280

G&A Budget 2016-17	9,841,140
Castlight	(320,000)
B-Swift	(360,000)
DIR	(200,000)
PCORI	(65,000)
	<u>8,896,140 ***</u>

Purchased Excess Insurance Detail

Net Premium	2,980,903
Dam Failure	(268,880)
Cyber Liability	94,882
Brokers Fee	180,000
Broker Bonus (60% x \$150k)	<u>90,000</u>
	A 3,076,905

INTEREST EARNINGS CALCULATIONS**10/1/2016-17**

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings 3.00%	Future Value	
	13,989,351			11
5.0%	13,289,883	409,189	566,413	10
10.7%	12,499,485	386,841	519,881	9
35.4%	9,041,318	323,112	421,588	8
57.5%	5,945,474	224,802	284,772	7
72.9%	3,793,912	146,091	179,673	6
82.4%	2,466,323	93,904	112,126	5
87.3%	1,772,451	63,582	73,709	4
91.1%	1,249,249	45,325	51,014	3
94.7%	741,436	29,860	32,629	2
97.1%	407,090	17,228	18,277	1
FV OF ANNUAL EARNINGS			2,260,082	
CAT FUND CONTRIBUTION		0		
Interest Earnings			0	
SIEF		0		
Interest Earnings			0	
TOTAL INTEREST EARNINGS			<u>2,260,082</u>	

10/1/2017-18

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings 3.00%	Future Value	
	15,626,440			11
5.0%	14,845,118	457,073	632,696	10
10.7%	13,962,224	432,110	580,720	9
35.4%	10,099,368	360,924	470,924	8
57.5%	6,641,237	251,109	318,097	7
72.9%	4,237,890	163,187	200,699	6
82.4%	2,754,941	104,892	125,247	5
87.3%	1,979,870	71,022	82,334	4
91.1%	1,395,441	50,630	56,984	3
94.7%	828,201	33,355	36,448	2
97.1%	454,729	19,244	20,416	1
FV OF ANNUAL EARNINGS			2,524,566	
CAT FUND CONTRIBUTION		0		
Interest Earnings			0	
SIEF		0		
Interest Earnings			0	
TOTAL INTEREST EARNINGS			<u>2,524,566</u>	