



YOUR BEST PROTECTION

Approved October 31, 2017

## Property Program Committee Meeting

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

**February 6, 2017**

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

- Huckaby, 10326 Fair Oaks Boulevard, Fair Oaks
- Muzik, 55439 Twenty-nine Palms Highway, Yucca Valley
- West, 400 West Ventura Boulevard, Camarillo

### MEMBERS PRESENT

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Chairman: Thomas Cuquet, South Sutter Water District  
Vice-chair: Bill Knutson, Yuima Municipal Water District  
 Tom Coleman, Rowland Water District  
 Paul R. Green Jr., Rio Linda/Elverta Community Water District  
 Shawn Huckaby, Fair Oaks Water District *(via WebEx)*  
 Ed Muzik, Hi-Desert Water District *(via WebEx)*  
 Bob Walters, San Juan Water District  
 Eugene West, Camrosa Water District *(via WebEx)*

### MEMBERS ABSENT

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Mark Gilkey, Tulare Lake Basin Water Storage District

### STAFF PRESENT

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Chief Executive Officer/Secretary: Walter “Andy” Sells  
 Carol Barake, Risk Management Program Manager  
 Chimene Camacho, HR Coordinator  
 Linda Craun, Administrative Assistant II (WebEx Coordinator)  
 David deBernardi, Director of Finance  
 Robin Flint, Sr. Risk Management Advisor  
 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  
 Chuck Wagenseller, Cost Estimator/Risk Management Advisor  
 Suzanne Wallace, Administrative Assistant II (Recording Secretary)  
 Nidia Watkins, Member Services Representative II

Bobbette Wells, Executive Assistant to the CEO  
Cece Wuchter, Senior Claims Examiner

## **OTHERS IN ATTENDANCE**

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Marley Cleland, Aon Risk and Insurance Services  
David Drake, Rincon del Diablo Municipal Water District  
E. G. "Jerry" Gladbach, Castaic Lake Water Agency (*via WebEx*)  
Brent Hastey, Yuba County Water Agency  
David Hodgin, Scotts Valley Water District  
Bruce Rupp, Humboldt Bay Municipal Water District  
Alex Tokar, Aon Risk and Insurance Services

## **WELCOME**

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Chairman Cuquet welcomed everyone in attendance.

## **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

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Chairman Cuquet called the meeting to order at 3:17 p.m. He announced there was a quorum.

## **ANNOUNCEMENT RECORDING OF MINUTES**

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Chairman Cuquet 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**

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Chairman Cuquet 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**

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Chairman Cuquet welcomed all in attendance. He introduced the newest member of the Property Program Committee, Director Paul Green, Jr. of Rio Linda/Elverta Community Water District. He then requested that Committee members and JPIA Staff introduce themselves.

## **ADDITIONS TO OR DELETIONS FROM THE AGENDA**

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Chairman Cuquet asked for any additions to, or deletions from, the agenda; none requested.

## **CONSENT AGENDA**

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Chairman Cuquet called for approval of the minutes.

M/S/C (Knutson/Coleman) (Coleman-Yes; Cuquet-Yes; Green-Yes; Huckaby-Yes; Knutson-Yes; Muzik-Yes; Walters-Yes; West-Yes): That the Property Program Committee approve the minutes of the February 8, 2016 meeting, as presented.

## **LOSS REPORTS**

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Mr. Sells reviewed the graphs showing claims data for each \$1 million of insured values.

The Property Program 2013-14 policy year showed a slight increase in claims dollars at both the pooled layer and the reinsurance layer. The 4/1/2013-14 policy year was the first year the JPIA moved from a \$50,000 self-insured retention to a \$100,000 self-insured retention which accounted for the increase in pooled losses. Additionally, during the policy year, there were a couple of large fire claims. Overall, the property program continues to perform well and the jump to a \$100,000 retention appears to be favorable for the JPIA. The property program now insures over \$5 billion in property values.

## **NEW BUSINESS**

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### Memorandum of Crime Coverage

Ms. Kyburz presented coverage issues and potential revisions to the JPIA's Memorandum of Crime Coverage. The proposed changes are as follows: add a Table of Contents and move Definitions forward to Section V. She also reported that the pooled Crime Coverage, with limits of \$100,000 per occurrence, is automatically provided to all members participating in the Property Program. For those members who desire higher limits, the JPIA offers a group purchase excess program written through Hartford Fire Insurance Company. Currently, there are 63 agencies participating in the group purchase excess program and each member selects its desired limit and pays their allocated premium charge. Limits vary from member to member. Staff is currently working with Aon Risk and Insurance Services to provide options at a \$1 million limit for the April 1 2017 renewal term.

M/S/C (Knutson/Coleman) (Coleman-Yes; Cuquet-Yes; Green-Yes; Huckaby-Yes; Knutson-Yes; Muzik-Yes; Walters-Yes; West-Yes): That the Property Program Committee recommends that the Executive Committee approve the proposed revisions to the Memorandum of Crime Coverage, effective April 1, 2017.

### Difference in Conditions Group Purchase Program

Ms. Kyburz reviewed the Difference in Conditions (DIC) Group Purchase Program. The Memorandum of Property Coverage provides earthquake coverage with an aggregate limit of \$2.5 million and flood coverage with an aggregate limit of \$25 million. For those members who desire higher limits, the JPIA offers a group purchase earthquake and flood program with a \$25 million limit through Landmark American Insurance Company and Essex Insurance Company. The deductibles are: earthquake, 5% of the total insurable value subject to a \$25,000 minimum per occurrence; flood, \$25,000 per occurrence. Currently, there are seven members participating in this program. This renewal period, staff will be alerting all members of the Property Program that the Group Purchase program is available.

### Natural Disaster Fund

Mr. Sells started by providing a background on the Natural Disaster Fund (fund). Beginning with the inception of 4/1/2015-16 policy year, the JPIA established the fund which was designed to protect members from events in excess of the JPIA self-insured retention or for events in excess of the reinsurer's sub limits, including, but not limited to, earthquake and flood. The fund is expected to increase \$500,000 per year with a target amount of \$5 million. At the end of the current policy year, there will be \$1 million in the fund. At the last Property Program Committee meeting, staff was directed to develop a draft policy for the Natural Disaster Fund.

Staff is currently reviewing the interplay between the Natural Disaster Fund, developed for the purpose of funding earthquake and flood losses in excess of the \$2.5 million limits found in the excess property policy, and the earthquake and flood policies that some members purchased to provide catastrophic coverage for these types of events.

At this time, the policy requires additional analysis. A draft policy will be presented at a future meeting.

### Memorandum of Property Coverage

Ms. Thesing reviewed the proposed changes to the Memorandum of Property Coverage (MOPC). Highlights included adding new definitions, adding clarification language to exclusions, and new language stating that members must report any loss or damage within thirty (30) days. After some discussion on the many changes presented, Mr. Sells commended staff for a job well done in reviewing and identifying opportunities to improve the MOPC.

M/S/C (Knutson/Coleman) (Coleman-Yes; Cuquet-Yes; Green-Yes; Huckaby-Yes; Knutson-Yes; Muzik-Yes; Walters-Yes; West-Yes): That the Property Program Committee recommends to the Executive Committee to approve the proposed revisions to the Memorandum of Property Coverage, effective April 1, 2017.

### Excess/Reinsurance Coverage Renewal

Ms. Thesing reported that the Property Program renews April 1, 2017, which includes the pooled portion as well as the reinsurance layer. XL Catlin is the JPIA's reinsurance partner and is entering the third and last year of a contract.

This renewal cycle has been exceptionally productive and the JPIA received a flat rate for the upcoming policy year. In addition, staff and Aon negotiated coverage of underground piping within 1,000 feet of an insured's operation for no additional costs; adding this coverage puts the JPIA in line with competitors. Price stability and coverage enhancements for this renewal is the main objective for the JPIA's all-risk coverage.

M/S/C (Green/Walters) (Coleman-Yes; Cuquet-Yes; Green-Yes; Huckaby-Yes; Knutson-Yes; Muzik-Yes; Walters-Yes; West-Yes): That the Executive Committee accept the recommendation of the Property Program Committee to approve XL Catlin's renewal terms and pricing for excess/reinsurance coverage for the Property Program policy year April 1, 2017-18.

### Renewal Pricing

Mr. deBernardi presented the Revenue/Expense and Funding Requirements Comparison charts to the Committee to open the discussion on the renewal pricing for the Property Program. The chart provided a breakdown for the expected revenues and expenses for the 4/1/2017-18 policy year. The total estimated premium is approximately \$5.2 million based on \$5.5 billion of total insured values. The premium is based on an estimated excess insurance cost of \$1.6 million and claims expense of approximately \$1 million. The 2016 actuary report projects a \$.0193, per \$100 of value, loss rate for the 4/1/2017-18 policy year. The recommended renewal for excess insurance will continue the self-insured retention level of \$100,000 using XL Catlin.

Three options were presented for consideration: Option 1 showed no change to the current rates; Option 2 reduced rates by 5%; and Option 3 presented a reduction of rates by 10%. Mr. deBernardi explained the effect of each option on the Retrospective Premium Adjustment.

M/S/C (Knutson/Coleman) (Coleman-Yes; Cuquet-Yes; Green-Yes; Huckaby-Yes; Knutson-Yes; Muzik-Yes; Walters-Yes; West-Yes): The Property Program Committee recommends that the Executive Committee approve that there be no change in rates for the Property policy year April 1, 2017-18 in the following areas:

- Real and Personal Property \$ 0.09
- Mobile Equipment \$ .135
- Automobiles \$ 0.765

## **MISCELLANEOUS**

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### Future Agenda Items

Review of Natural Disaster Fund policy.

### Availability for Upcoming Meeting(s)

There are no scheduled meetings for the remainder of the year.

The Property Program Committee meeting adjourned at 4:36 p.m.