



Approved: May 4, 2026

LIABILITY PROGRAM COMMITTEE MEETING

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

September 29, 2025

MEMBERS PRESENT

Chair: Scott Ratterman, Calaveras County Water District
Vice-Chair: David Wheaton, Citrus Heights Water District
Brenda Dennstedt, Western Municipal Water District (*via Zoom*)
Dennis Gambs, Zone 7 Water Agency
Marc Limas, Alta Irrigation District
Kevin Phillips, Paradise Irrigation District
Jace Schwarm, San Dieguito Water District (*via Zoom*)

MEMBERS ABSENT

Peter Kuchinsky, Vista Irrigation District

STAFF PRESENT

Chief Executive Officer: Adrienne Beatty
Amber Anderson, Member Services Representative II (*via Zoom*)
Chimene Camacho, Senior Executive Assistant to the CEO
Paula Christy, Senior Claims Adjuster
David deBernardi, Director of Finance
Robin Flint, Risk Control Manager
Robert Greenfield, General Counsel
Jennifer Jobe, Director of Pooled Programs
Erik Kowalewski, Information Technology Manager
Kenzie Lundy, Administrative Assistant II
Jill Martin, Member Services Representative II
Heidi Sander, Claims Adjuster II
Jillian Sciancalepore, Administrative Assistant III (*Recording Secretary*)
Judy Shiu, Liability and Property Claims Manager
Dan Steele, Finance Manager
Shelley Tippit, Claims Adjuster I
Kayla Villa, Litigation Manager
Lisa Waltman, Claims Adjuster III
Tony Waterford, Human Resources Manager
Nidia Watkins, Member Services Representative II

OTHERS IN ATTENDANCE

Ernie Avila, Contra Costa Water District, ACWA VP (*via Zoom*)

Brent Hasteley, Reclamation District 784
Chris Kapheim, Kings River Conservation District
Szu Pei Lu-Yang, Rowland Water District
Melody McDonald, San Bernardino Valley Water Conservation District
Randall Reed, Cucamonga Valley Water District
J. Bruce Rupp, Humboldt Bay Municipal Water District
Joe Davis, Yuba County Water Agency (*via Zoom*)
Tracy Fleck, Aon
Jennifer Hetzel, Aon (*via Zoom*)
Krishna Shirodkar, Aon (*via Zoom; arrived at 3:12 p.m.*)
Alex Tokar, Aon (*via Zoom; arrived in person at 3:14 p.m.*)
(415) 314-1806 (*via Zoom*)

WELCOME, CALL TO ORDER, ANNOUNCEMENT OF QUORUM, AND INTRODUCTIONS

Chair Ratterman welcomed everyone in attendance and called the meeting to order at 3:01 p.m. He announced there was a quorum. He requested the Liability Program Committee, Executive Committee, staff, and others in attendance introduce themselves.

PLEDGE OF ALLEGIANCE

Chair Ratterman led the Pledge of Allegiance.

ANNOUNCEMENT OF RECORDING OF MEETING

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

PUBLIC COMMENT

Chair Ratterman noted that, as the agenda stated, members of the public would be allowed to address the Liability Program 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 welcome. None were noted.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chair Ratterman asked for any additions to, or deletions from, the agenda. None were noted.

I. CONSENT AGENDA

Chair Ratterman called for approval of the Consent Agenda:

M/S/C (Phillips/Wheaton) (Schwarm-Yes; Phillips-Yes; Limas-Yes; Gambs-Abstain; Dennstedt-Yes; Wheaton-Yes; Ratterman-Yes): That the Liability Program Committee approve the minutes of the March 27, 2025, meeting, as presented; and approve an excused absence for any Committee member.

II. ADMINISTRATION

Report on Meetings Attended on Behalf of the JPIA

None.

III. LOSS REPORTS

Review of CAJPA Liability Claims Data

Mr. Greenfield emphasized proactive legislative and market engagement to address rising claims costs and tort reform under the “Protecting Public Funds” California Association of Joint Powers Authorities (CAJPA) initiative. The CAJPA data shows a statewide surge in large claims over \$1 million, projected to approach \$2 billion in taxpayer payouts by 2026-27, diverting funds from infrastructure and staffing. 40% of claim payouts go to plaintiff attorneys, who are increasingly consolidated under national firms with large advertising budgets, intensifying claims pressure. Counties with frequent multimillion-dollar settlements show negative social impacts including higher child poverty, unemployment, and housing vacancies, underscoring the broader fiscal harm. Proposed legislative actions include increasing minimum auto insurance limits, capping public entity liability exposure, reining in statute of limitations, and mandating jury disclosure of attorney fee percentages to reduce excessive awards.

Furthermore, coalition building includes cities, counties, chambers of commerce, and some labor unions to support reform efforts despite opposition from plaintiff attorney interests and political pushbacks. Members are encouraged to participate in CAJPA’s Legislative Action Day to advocate effectively with legislators, leveraging local elected officials’ influence.

Review of ACWA JPIA Claims Data

Ms. Shiu and Ms. Villa reviewed with the Committee detailed liability claims data showing steady overall claim volumes, but rising complexity and costs due to litigation and systemic delays. Over the past ten program years, total claims increased by 17%, with over 3,400 occurrences and over 6,300 claimants, indicating growing exposure but manageable inflow. Despite 43% payroll increase from \$705 million in 2025 to \$1.01 billion this year, the claims occurrence rate per \$1 million payroll remained stable at 0.26, reflecting effective risk management. The 2022-23 spike in claims was attributed to major rain events, confirming weather as the biggest predictor of claims. Claims over \$100,000 remain rare but demand focused oversight. In addition, major losses above \$500,000 are very rare, but are monitored closely. The claims team successfully closes many claims before litigation, reducing costs and delays. However, litigation timelines extend up to 4-5 years due to court backlogs and prioritization of criminal cases, plaintiff incentives to prolong, and COVID-related delays, increasing costs and complexity.

Additional conversation amongst the Committee and staff centered around employment practice claims, infrastructure claims, and recent wildfire-related claims.

IV. COVERAGE AND CONTRIBUTIONS

State of the Market

Jennifer Hetzel, Assistant Vice President/Senior Broker, Aon, informed the Committee that the insurance marketplace remains challenging with rate increases and capacity reductions, but the ACWA JPIA renewal outperformed market trends due to strong program performance and strategic relationships. Excess liability rates increased across Q1-Q3 2025, with carriers pulling back on aggregated limits and coverage, especially for pools, leading to coverage tightening. Mandatory PFAS coverage and litigation funding pressures also contribute to rate increases and capacity constraints. The JPIA program benefits from a unique aggregate limit up to \$45 million per occurrence without depletion, unlike typical public risks capped at policy limits, making it more attractive to carriers. Lastly, the London market participation is emerging as a future capacity source, with eight London markets showing interest but requiring higher attachment points initially.

Review and Provide Recommendation Regarding the 2025-26 General Liability Memorandum of Coverage (MOC)

Ms. Jobe reviewed the proposed language staff recommended for approval to further clarify the necessary programmatic updates, along with the new changes identified by JPIA's reinsurance partners during their review of the proposed amendments.

M/S/C (Phillips/Limas) (Schwarm-Yes; Phillips-Yes; Limas-Yes; Gambs-Yes; Dennstedt-Yes; Wheaton-Yes; Ratterman-Yes): That the Liability Program Committee recommends that the Executive Committee approve the revisions to the 2025-26 General Liability Memorandum of Coverage, as presented.

Review and Provide Recommendation Regarding the 2025-26 Liability Program Reinsurance Renewal and Excess Policies

Ms. Jobe informed the Committee that the 2025-26 renewal tower retained all eight incumbent markets with rate increase between 2.6% and 3.5%, significantly lower than the 5-15% increases seen broadly in public agency markets. Carrier feedback credited strong program performance and underwriting engagement, including in-person tours and direct presentations, as key factors in favorable renewal terms. Last year, ACWA JPIA was the only client Everest increased capacity with, reinforcing the program's reputation as a preferred risk. The relationship-building efforts JPIA has put in place with London-based reinsurers position JPIA as a credible and desirable partner in future cycles. Lastly, the use of CWIF coverage in the \$10M excess of \$10M layer remains cost-effective, with a 7% increase to \$3.1M, but still less costly than commercial quotes at \$4.3M.

M/S/C (Phillips/Schwarm) (Schwarm-Yes; Phillips-Yes; Limas-Yes; Gambs-Yes; Dennstedt-Yes; Wheaton-Yes; Ratterman-Yes): That the Liability Program Committee recommends that the Executive Committee approve the reinsurance and excess terms, conditions, and premiums as presented, effective October 1, 2025.

Actuarial Update

Tracy Fleck, Aon Senior Consultant and Actuary, provided an overview of the Liability Program Actuarial Study, as of June 30, 2025. This study confirmed the program's financial stability with manageable liability growth and flat funding rates, despite increasing payroll exposure and claim variability. Estimated outstanding losses and allocated loss adjustment expenses (ALAE) as of September 30, 2025, total \$57.2M, up 14% or \$7M from \$49.9M a year prior, driven by new claims and slower payouts. The program's high self-insured retention (SIR) of \$5M increases year-to-year variability, as a few large claims can heavily impact results. Claims frequency remains steady at around 250 per year, with most claims under \$25,000, but 23% of claims account for 94% of dollars paid, highlighting concentration risk. The program benefits from a long history of data allowing actuarial projections based solely on internal experience, enhancing accuracy and confidence.

Review and Provide Recommendation Regarding the 2025-26 Member Contributions

Mr. deBernardi presented two rate options for consideration and listed them as follows:

The 1st option presents pricing with no change. In this scenario the Rate of Deposit Contribution to Payroll (line 16) remains unchanged. Under this option, Retrospective Contribution Adjustments (line 3) would result in \$1.06 million additional funds being refunded to members.

The 2nd option is presented with a 5% increase to the Rate of Deposit Contribution to Payroll (line 16). Under this option, Retrospective Contribution Adjustments (line 3) would result in \$3.38 million in funds returned to members; however, it would also allow for more flexibility in reserves to supplement potential adverse loss development.

M/S/C (Schwarm/Limas) (Schwarm-Yes; Phillips-Yes; Limas-Yes; Gambs-Yes; Dennstedt-Yes; Wheaton-Yes; Ratterman-Yes): That the Liability Program Committee recommends that the Executive Committee approve a 5% rate increase for the 2025-26 Program Year.

V. STAFF UPDATES

Liability Claims Department Update

Ms. Shiu highlighted successful claims reduction trends and ongoing investments in claims management technology to improve efficiency and data insights. A new contract with Spear claims management software will leverage AI and predictive analytics to enhance claims handling capacity, speed, and decision-making. Positive staff reception to the new system was noted, anticipating cross-departmental benefits including Finance and IT automation.

Staff turnover included one retirement after 34 years of service, the hiring of a new Claims Adjuster III, and the promotion of an existing employee to the Liability and Property Claims Manager position.

Director of Pooled Programs Update

Ms. Jobe informed the Committee that the Member Services department is fully staffed with new hires bringing deep industry experience, supporting the Liability, Property, Workers' Compensation, and Ancillary programs. The team is piloting a new property asset management platform (RiskStar) with the intent to roll out membership-wide the week of October 27, 2025. Summit preparation is underway with a focus on risk transfer. Regarding Employee Benefits, open enrollment is active and ends on November 7, 2025. Lastly, a succession plan is in place for the Benefits Analyst role.

VI. UPCOMING MEETINGS

The Liability Program Committee is scheduled to meet next on Monday, May 4, 2026, at 8:00 AM. during the 2026 ACWA JPIA Spring Membership Summit at the Sheraton Grand Sacramento Hotel.

The Liability Program Committee meeting adjourned at 4:54 PM.