



Approved: June 26, 2025

PROPERTY PROGRAM COMMITTEE MEETING

Portola Hotel & Spa Monterey Bay
De Anza III Ballroom
Two Portola Plaza
Monterey, CA 93940

May 12, 2025

MEMBERS PRESENT

Chair: Chris Kapheim, Kings River Conservation District
Vice-Chair: Scott Ratterman, Calaveras County Water District
Mark A. Gilkey, Berrenda Mesa Water District
Dusty Moisiso, Rowland Water District
John Pang, Tahoe City Public Utilities District
Eugene F. West, Camrosa Water District

MEMBERS ABSENT

Theresa Lee, Walnut Valley Water District
Oliver Smith, Valley Center Municipal Water District

STAFF PRESENT

Chief Executive Officer: Adrienne Beatty
Erin Bowles, Workers' Compensation Claims Manager
Matt Bunde, Lead Risk Control Advisor
Chimene Camacho, Senior Executive Assistant to the CEO
Jesse Cota, Sr. Risk Control Advisor
Sarah Crawford, Member Education Manager
Laura Davis, Event Planner
David deBernardi, Director of Finance
Adam Dedmon, Employee Benefits Manager
Tyler Dietz, Cost Estimator / Evaluation Consultant
Robin Flint, Risk Control Manager
Robert Greenfield, General Counsel
Jennifer Jobe, Director of Pooled Programs
Erik Kowalewski, Information Technology Manager
Elisa Sabatini, Director of Member Outreach
Jillian Sciancalepore, Administrative Assistant III (*Recording Secretary*)
Dan Steele, Finance Manager
Kayla Villa, Litigation Manager
Tony Waterford, Human Resources Manager
Mike Whitright, IT Support Specialist

OTHERS IN ATTENDANCE

Ernie Avila, Contra Costa Water District
Fred Bockmiller, Mesa Water District

Brian Brennan, Casitas Municipal Water District
David Drake, Rincon del Diablo Municipal Water District
Mike Gaskins, El Toro Water District
Cathy Green, Orange County Water District
Dr. Akshay Gupta, BHSI
Peter Lacovara, Aon
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
Jace Schwarm, San Dieguito Water District
Alex Tokar, Aon
John Weed, Alameda County Water District
David Wheaton, Citrus Heights Water District

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

Chair Kapheim welcomed everyone in attendance and called the meeting to order at 8:15 a.m. He announced there was a quorum. He requested the Property Program Committee and staff to introduce themselves.

PLEDGE OF ALLEGIANCE

Chair Kapheim led the Pledge of Allegiance.

ANNOUNCEMENT OF RECORDING OF MEETING

Chair Kapheim 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.

EVACUATION PROCEDURES

Ms. Beatty gave the evacuation procedure instructions.

PUBLIC COMMENT

Chair Kapheim noted that, as the agenda stated, members of the public would be allowed to address the Property 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 Kapheim asked for any additions to, or deletions from, the agenda. None were noted.

I. CONSENT AGENDA

Chair Kapheim called for approval of the Consent Agenda:

M/S/C (West/Ratterman) (West-Yes; Pang-Yes; Moisio-Yes; Gilkey-Yes; Ratterman-Yes; Kapheim-Yes): That the Property Program Committee approve the minutes of the June 20, 2024, meeting, as presented; Group Purchase Programs Update; Review of Property Claims Trends; and Membership Report.

II. ADMINISTRATION

Report on Meetings Attended on Behalf of the JPIA

Director Ratterman reported on attending the Utica Water and Power Authority Board meeting in Angels Camp, California, where he presented the member with their JPIA President's Special Recognition Award.

Introduction of Cost Estimator / Valuation Consultant

Ms. Jobe informed the Committee that ACWA JPIA recently added a Cost Estimator / Valuation Consultant to its Member Services team to enhance the integrity and service capacity of its Property Program. After a competitive hiring process, Tyler Dietz was selected for the role. Mr. Dietz has several years of experience in risk control and property valuation, with a background at USI Insurance Services, Chubb, and Nationwide Agribusiness, and expertise in commercial property appraisals and valuation tools. Since joining nearly a year ago, he has led efforts to advise members on insurable values, acted as a liaison during engineering site visits with new carriers, and supported the migration of property asset data to a new database. Mr. Dietz also manages jurisdictional inspections, identifies unusual property risks, and aids in annual program renewals, strengthening member asset data accuracy and overall program operations.

III. LOSS REPORTS

Review of Biennial Claims Audit

Mr. Greenfield informed the Committee that every two years the JPIA retains an independent auditor to review the claim files and provide an evaluation of the Liability, Property, and Workers' Compensation claims handling practices. This evaluation is a requirement of the California Association of Joint Powers Authorities (CAJPA) Accreditation and Association of Governmental Risk Pools (AGRiP) Recognition processes and is provided to the Committee for transparency. Audit results reflect a strong claims handling process. Mr. Greenfield highlighted from page fifteen of the audit report that "Claims were resolved timely and with great outcomes."

IV. COVERAGE AND CONTRIBUTIONS

State of the Market

Mr. Tokar informed the Committee that in Q4 2024, Property insurance rates continued to decline, with an average rate change of -5.45%, down from -1.91% in Q3, marking the third straight quarter of overall rate decreases and the first time since 2018 that single-layered accounts saw negative rates. Rate reductions varied, with desirable or Nat-Cat exposed accounts seeing decreases up to -15% or remaining flat, while less desirable or loss-challenged accounts faced smaller reductions and stricter underwriting. Despite significant insured losses from Hurricanes Helene and Milton, as

well as ongoing assessments of California wildfire losses, the market remains stable and no major disruptions are expected. Increased capacity, especially for California earthquake coverage, is helping to moderate prices, and there is ongoing interest in alternative risk transfer solutions such as parametric and structured products.

Mr. Tokar also highlighted that amid ongoing geopolitical tensions and a busy hurricane season, the January 1, 2025, reinsurance renewals built on the positive momentum from 2024. There was sufficient reinsurance capacity for most markets, resulting in better pricing and terms for insurers. With reinsurers and investors seeing strong profits, insurers now expect more support for managing volatility and further improvements in contract terms. The outlook for 2025 remains favorable for both buyers and sellers, but reinsurers will need to prove their value and address clients' individual needs comprehensively to achieve further growth. Those who can do so across entire client portfolios are likely to be the most successful.

Property Program Update and Renewal Strategy

Ms. Jobe reviewed with the Committee that, based on a few large wildfire losses a few years ago, compounded by a global surge in severe weather and climate disasters, the property insurance renewals over the past few years have been difficult amid a persistently hard market. To address these challenges, with the July 1, 2024, renewal, the Property Program was restructured and two new lead carriers with greater capacity were added, allowing for a simpler quota-share reinsurance arrangement and reducing the number of carriers from 13 to 10. The July 1 renewal introduced two distinct coverage towers, providing reinsurance above \$10 million, with limits of \$150 million in one tower and \$500 million in the other, now spread across ten carriers for greater stability and resilience.

Ms. Jobe also highlighted that the pooled layer has seen rising costs and more frequent claims. Combined with a tough market and the aforementioned large wildfire losses, the result has been significant deficits in several program years. Staff has been warning members that, due to higher self-insurance costs and sharply increased excess premiums, annual rate hikes of 15-20% are likely needed – for the next few years – to cover projected losses, rebuild reserves, and stabilize negative equity years. For 2024-25, a 15% rate increase was approved.

Furthermore, Ms. Jobe informed the Committee that while the broader property market has recently shown some signs of stabilization, public entities in high-risk areas still face strict underwriting scrutiny. JPIA staff, including Ms. Jobe and Ms. Beatty, are working to strengthen relationships with key carriers and position the pool as a well-managed, lower-risk group, distinct from those with police, fire, or school exposures. This includes ongoing engagement with lead carriers and other markets, sharing risk data, and conducting detailed engineering site visits to better communicate JPIA's exposures and risk management. These efforts aim to secure long-term market support, increase capacity, and further streamline the program. Looking ahead, a key goal is to reduce the Property Program's self-insured retention, helping to stabilize costs while maintaining robust coverage for members.

Centurisk: RiskStar and Member Appraisal Updates

Mr. Dietz reviewed with the Committee that in response to ongoing challenges in the property insurance market – especially for public entities – JPIA has focused on distinguishing its risk profile by enhancing asset data quality and valuation methods. Along with his addition to the staff, which has improved the accuracy of replacement values and demonstrated a commitment to data integrity and program sustainability, JPIA also partnered with Centurisk to pilot the RiskStar Property Asset Management application, customizing it with input from both large and small member agencies. After a successful pilot, a five-year agreement was signed in April 2024 to implement RiskStar for managing members' buildings, structures, and equipment and generating valuation reports.

Mr. Dietz informed the Committee that he, along with many other JPIA staff, worked closely with RiskStar to migrate all property data from the previous system, cleaned up data, and produced updated property schedules for members to review ahead of the 2025-26 renewal. Members' updates have been incorporated, and member training is targeted for 2026 where they will manage their property schedules directly in RiskStar.

In addition, Ms. Jobe presented to the Committee that to further support program stability, JPIA is also formalizing a property valuation program in partnership with Centurisk, ensuring all member assets are comprehensively reviewed at least every five years. Accurate valuations are critical, as they help set appropriate rates, avoid underinsurance or overpayment, and prevent coverage gaps. The new program will launch in the 2025-26 year, reinforcing JPIA's focus on data accuracy and long-term sustainability.

Overview and Discussion: Parametric Insurance Concepts

Ms. Jobe introduced both Dr. Akshay Gupta, Senior Vice President and Head of Catastrophe Engineering and Analytics for BHSI, and Peter Lacovara, Managing Director, Aon to the Committee.

Dr. Gupta began by emphasizing that parametric coverage, which provides a predetermined payout when a specific event meets clearly defined, measurable criteria, is intended to be complementary to traditional coverage by ways of reducing gaps in coverage and acknowledging the uncertainty in loss. Parametric insurance differs from traditional policies in that it does not rely on assessing physical damage or processing claims. Instead, it pays out when a specific event occurs, which Dr. Gupta and Mr. Lacovara demonstrated via examples of a wildfire coming within a certain range of member agency property and seismic activity passing a predetermined level. While it is often used to enhance standard property insurance, parametric coverage also provides adaptable protection for a wide range of operational and financial exposures.

Dr. Gupta and Mr. Lacovara stressed that although parametric insurance does not reimburse for actual losses or damages, it offers fast financial support when critical infrastructure faces credible threats, aiming to close the gap between economic loss and physical loss.

Member-Requested Coverage Considerations

Ms. Jobe reviewed with the Committee that as part of its annual review, staff assesses the Property Memorandum of Coverage (MOC) to ensure it remains consistent with Program goals and the underlying reinsurance agreement, while making necessary adjustments for JPIA members – especially in definitions, exclusions, and dispute resolution. The MOC largely mirrors the reinsurance policy but is tailored for members' needs.

Ms. Jobe informed the Committee that recently, Westside Water Authority formally requested broader coverage for aging infrastructure like pipelines and pump stations, which are not typically included in the Program. While this reflects changing member needs, expanding coverage to older, higher-risk assets could increase costs and risks.

Ms. Jobe further explained that the Property Program has traditionally covered above-ground assets only, however, parametric insurance is a possible way to address coverage gaps for underground assets and speed up recovery after infrastructure failures. No immediate changes are proposed, but staff seeks Committee input on whether to further explore these options in line with the program's long-term goals.

Discussion occurred amongst the Committee and additional meeting attendees centering around cost/value concerns, potential underwriting issues, which members the potential broader coverage would be available to, ensuring that parametric insurance would be a separate line of coverage from the main Property Program, and confirming that members are following an asset replacement plan.

V. UPCOMING MEETINGS

The Property Program Committee is scheduled to meet next on June 26, 2025, at 3:00 p.m.

The Property Program Committee meeting adjourned at 10:00 a.m.