

# Liability Program Committee Meeting



YOUR BEST PROTECTION

ACWA JPIA Executive Conference Room  
2100 Professional Drive  
Roseville, CA 95661

Thursday  
March 27, 2025  
3:00 p.m.

Chair: Randall Reed, Cucamonga Valley Water District

Vice-Chair: Chris Kapheim, Kings River Conservation District

Terri Daly, Yuba Water Agency

Brenda Dennstedt, Western Municipal Water District

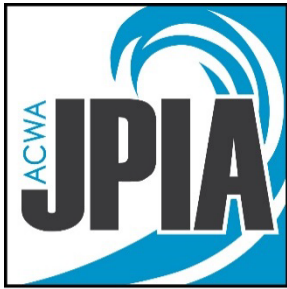
Dennis Gambs, Zone 7 Water Agency

Peter Kuchinsky, Vista Irrigation District

Marc Limas, Alta Irrigation District

Kevin Phillips, Paradise Irrigation District

Jace Schwarm, San Dieguito Water District



YOUR BEST PROTECTION

# LIABILITY PROGRAM COMMITTEE MEETING

## AGENDA

ACWA JPIA  
Executive Conference Room  
2100 Professional Drive  
Roseville, CA 95661

**Thursday, March 27, 2025 – 3:00 p.m.**

**Zoom Link** Meeting ID: 230 407 0027; Password: 5742; Telephone No.: 1 (669) 900-6833

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

- Schwarm – 505 South Vulcan Avenue, Encinitas

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

### **PLEDGE OF ALLEGIANCE**

**ANNOUNCE 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 Ralph M. Brown Act.

**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.

**HYBRID PARTICIPATION GUIDELINES** (See back page of the packet)

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

Presenter

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#### **I. CONSENT AGENDA**

\* A. Approve the Minutes of the September 25, 2024, Meeting

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B. Group Purchase Programs Update

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#### **II. ADMINISTRATION**

A. Report on Meetings Attended on Behalf of the JPIA

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Jobe	A. Director of Pooled Programs Update	115
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**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: Jillian Sciancalepore, Administrative Assistant III, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-JPIA. 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-JPIA. The JPIA’s normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.



**LIABILITY PROGRAM COMMITTEE MEETING**

ACWA JPIA  
2100 Professional Drive  
Roseville, CA 95661

**September 25, 2024**

**MEMBERS PRESENT**

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Chair: Randall Reed, Cucamonga Valley Water District  
Vice-Chair: Chris Kapheim, Kings River Conservation District  
Terri Daly, Yuba Water Agency (*via Zoom*)  
Brenda Dennstedt, Western Municipal Water District (*via Zoom*)  
Peter Kuchinsky, Vista Irrigation District (*via Zoom*)  
Marc Limas, Alta Irrigation District  
Kevin Phillips, Paradise Irrigation District  
Jace Schwarm, San Dieguito Water District (*via Zoom; arrived at 3:16 p.m.*)

**MEMBERS ABSENT**

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Dennis Gambs, Zone 7 Water Agency

**STAFF PRESENT**

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Chief Executive Officer: Adrienne Beatty  
Erin Bowles, Workers' Compensation Claims Manager  
Chimene Camacho, Senior Executive Assistant to the CEO  
Debbie Cruz, Lead Member Services Representative  
David deBernardi, Director of Finance  
Robert Greenfield, General Counsel  
Jennifer Jobe, Director of Pooled Programs  
Erik Kowalewski, Information Technology Manager  
Jillian Sciancalepore, Administrative Assistant III (*Recording Secretary*)  
Dan Steele, Finance Manager  
Kayla Villa, Litigation Manager  
Tony Waterford, Human Resources Manager  
Nidia Watkins, Member Services Representative II (*via Zoom*)

**OTHERS IN ATTENDANCE**

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David Drake, Rincon del Diablo Municipal Water District  
Szu Pei Lu-Yang, Rowland Water District  
Melody McDonald, San Bernardino Valley Water Conservation District  
Scott Ratterman, Calaveras County Water District  
J. Bruce Rupp, Humboldt Bay Municipal Water District  
David Wheaton, Citrus Heights Water District  
Joe Davis, Yuba Water Agency (*via Zoom*)

Tracy Fleck, Aon  
Jennifer Hetzel, Aon (via Zoom)  
Edward Lyons, Cachuma Operation and Maintenance Board  
Joel Metzger, Utica Water and Power Authority (via Zoom)  
Alex Tokar, Aon (via Zoom)

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

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Chair Reed welcomed everyone in attendance and called the meeting to order at 3:00 p.m. He announced there was a quorum. He requested the Liability Program Committee, Executive Committee, staff, and others in attendance to introduce themselves.

## **PLEDGE OF ALLEGIANCE**

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Chair Reed led the Pledge of Allegiance.

## **ANNOUNCEMENT OF RECORDING OF MEETING**

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Chair Reed 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**

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Chair Reed 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**

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

## **I. CONSENT AGENDA**

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Chair Reed called for approval of the Consent Agenda:

M/S/C (Phillips/Limas) (Phillips-Yes; Limas-Yes; Kuchinsky-Yes; Dennstedt-Yes; Daly-Yes; Kapheim-Yes; Reed-Yes); That the Liability Program Committee approve the minutes of the March 20, 2024, meeting, as presented.

## **II. ADMINISTRATION**

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Report on Meetings Attended on Behalf of the JPIA  
None.

## **III. PROGRAM UPDATES**

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Review of Litigated Claims Data  
Ms. Villa's presentation focused on active litigated claims managed by outside counsel, with a team of seven law firms handling various cases. Significant incidents, such as

deaths, major infrastructure failures resulting in significant property damage, or agricultural claims often prompt early involvement of outside counsel due to the need to bring on an expert to establish confidentiality immediately.

Ms. Villa stated that over the past ten years, the number of litigated claims has shown a stable trend, despite fluctuations in specific years. Currently, there are 92 cases assigned to outside counsel, nearly double the 54 cases in 2019. A temporary dip in 2022 was attributed to the post-COVID environment. The backlog in the court system has resulted in longer case durations, with some claims pending resolution for years.

Ms. Villa further discussed that active litigation involves 55 of the 92 cases, with notable delays in settlements due to various factors, such as waiting on information from Medicare or the courts. A significant portion of the active claims stems from recent floods in 2023, which resulted in numerous plaintiffs.

Lastly, Ms. Villa and Mr. Greenfield stated that there is an ongoing effort to understand the average length of time claims remain open, and the cost trends, expense, and indemnity affiliated with the claims.

#### State of the Market Update

Jennifer Hetzel, Aon Assistant Vice President, informed the Committee that the current market remains challenging, with an average renewal rate increase of 12.3%. She stated that we continue to trade in a “two-tiered” market which has led to greater rate increases for high-risk exposures. Insurers are adjusting their portfolios by reducing capacity and raising minimum premiums along with attachment points. Additionally, carriers anticipate an 8-10% growth in loss reserves due to factors such as medical inflation and increasing litigation costs, which are likely to impact rates negatively. Specific areas of concern include PFAS, wildfires, traumatic brain injuries, and lithium batteries, prompting more stringent underwriting inquiries. Lastly, in the second quarter, clients with a \$5 million attachment, which is where ACWA JPIA falls, experienced an average rate increase of 9.3%, while their peers saw an increase of 11.9%.

## **IV. COVERAGE AND CONTRIBUTIONS**

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### Review and Provide Recommendation Regarding the 2024-25 Memorandum of Coverage (MOC)

Ms. Jobe reviewed the proposed language staff recommended for approval to further clarify the necessary programmatic updates including dates and coverage structure along with clarifying language relative to addressing any 60-day requirement for a notification of any new operations or services which could impact coverage.

M/S/C (Phillips/Kapheim) (Schwarm-Yes; Phillips-Yes; Limas-Yes; Kuchinsky-Yes; Dennstedt-Yes; Daly-Yes; Kapheim-Yes; Reed-Yes): That the Liability Program Committee recommends that the Executive Committee approve the revisions to the Liability Memorandum of Coverage, effective October 1, 2024.

## Review and Provide Recommendation Regarding the 2024-25 Liability Program Reinsurance Renewal and Excess Policies

Ms. Jobe explained that despite a challenging environment in the public entity liability market, the JPIA's renewal surpassed expectations with rate adjustments between 1.25% and 4%, significantly lower than the general trend of over 10% increases for most public entities. The estimated total cost for excess and reinsurance coverage, including CWIF at the \$10M x \$10M layer, is approximately \$10.5 million, marking a nearly 15% increase from the previous year, mainly driven by a 6.8% rise in estimated payroll. Excluding payroll and broker fees, the overall rate increase is only 1%.

Ms. Jobe additionally stated that the cost for the \$10M x \$10M CWIF layer has risen from approximately \$2.5 million to \$2.9 million, largely due to adverse loss developments. Transferring this risk to a reinsurance carrier would incur an estimated cost of \$5.4 million, making retention of the risk more favorable.

Ms. Jobe informed the Committee that within the \$10M excess of \$20M layer, three of the four incumbent carriers provided favorable renewal quotes. The three carriers providing favorable renewal quotes included Everest, Applied, and Upland, all of whom increased their capacity to fill the gap left from the carrier who provided a less than favorable quote.

Lastly, Ms. Jobe stated that the strategic use of CWIF has enhanced the Program's equity potential and strengthened ACWA JPIA's reputation in the insurance industry.

M/S/C (Schwarm/Kuchinsky) (Schwarm-Yes; Phillips-Yes; Limas-Yes; Kuchinsky-Yes; Dennstedt-Yes; Daly-Yes; Kapheim-Yes; Reed-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, 2024.

## Actuarial Update

Tracy Fleck, Aon Senior Consultant and Actuary, provided an extensive overview of the Liability Program Actuarial as of June 30, 2024. One main takeaway was that the Program's outstanding losses decreased by \$7.3 million from September 30, 2023, to September 30, 2024, due to several large payments being made to remove liabilities, along with the decrease in projected ultimate losses for 2022-23 and prior.

Additionally, Ms. Fleck informed the Committee that the Program's funding loss rate increased by 4% from 2023-24 (prior study) to 2024-25 (current study), which in comparison to the rest of the current environment experiencing double digits, is a favorable result.

Lastly, Ms. Fleck stated that due to the Program's high self-insured retention history, one way or the other, few claims drive a majority of the losses.

## Review and Provide Recommendation Regarding the October 1, 2024, Member Contributions

Mr. DeBernardi provided three rate options for consideration and listed them as follows:

Option 1 presented 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 \$1.45 million additional funds being assessed to members.

Option 2 presented a 5% increase to the Rate of Deposit Contribution to Payroll (line 16). Under this option, Retrospective Contribution Adjustments (line 3) would result in \$566 thousand returned funds to members.

Option 3 presented a 7.5% increase to the Rate of Deposit Contribution to Payroll (line 16). Under this option, Retrospective Contribution Adjustments (line 3) would result in \$1.578 million returned funds to members.

M/S/C (Schwarm/Kapheim) (Schwarm-Yes; Phillips-Yes; Limas-Yes; Kuchinsky-Yes; Dennstedt-Yes; Daly-Yes; Kapheim-Yes; Reed-Yes): That the Liability Program Committee recommends that the Executive Committee approve option 3 – a 7.5% rate increase in member contributions, effective October 1, 2024.

## **V. STAFF UPDATES**

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### Liability Claims Department Update

Mr. Greenfield presented current Liability Program data and trends with special focus on the correlation between the Program's number of members and the actual payroll amounts steadily increasing. He also emphasized that the average claim size in relation to inflation adjusted average loss has steadily been trending downward since the 2018-19 program year.

Mr. Greenfield highlighted that since ACWA JPIA is a public entity, claims must be submitted within six months from the date of loss, which plays a factor in the Incurred But Not Reported (IBNR) loss values. He attributed much of the success of the program to the working relationship that the Risk Management department has with the Claims department, along with positive/timely communication with our members.

Mr. Greenfield informed the Committee that we are also researching new claims software that utilizes the benefits of AI and predictive analysis, which will integrate our historical data to predict future exposure and utilize an external database to expand the data and trends impacting settlements and verdicts.



### Director of Pooled Programs Update

Ms. Jobe provided an update regarding implementation of the Insurance Data Management System (IDMS) including October 1, 2024, Liability Program member contribution invoicing, and issuance of certificates.

Ms. Jobe reviewed the partnerships with FM Global and Aegis, informing the Committee that the FM high-value program is already growing, the Claims and Member Services departments were provided with an FM policy review, and the new asset management application, Risk Star, is in the process of being implemented.

Lastly, Ms. Jobe informed the Committee that the Employee Benefits Department is preparing for Open Enrollment, beginning in October.

### **VI. UPCOMING MEETINGS**

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There are no additional meetings scheduled for the remainder of the year. The Liability Program Committee is scheduled to meet next on March 27, 2025, at 3:00 p.m.

The Liability Program Committee meeting adjourned at 4:50 p.m.

**ACWA JPIA**  
**Group Purchase Programs Update**  
**March 27, 2025**

**BACKGROUND**

As a complement to the JPIA's pooled Liability Program, a range of group-purchased coverage options are available to member agencies.

**CURRENT SITUATION**

For the 2024-25 program year, the JPIA provides the following group purchase programs:

<b>COVERAGE</b>	<b>POLICY PERIOD</b>	<b># OF PARTICIPANTS</b>
Cyber Liability	7/1 – 6/30	279
Dam Failure Liability	10/1 – 9/30	17
Fiduciary Liability	Various Policy Dates	6
Underground Storage Tank Liability	7/1 – 6/30	10
Environmental Pollution Liability	4/17-4/16	1

**Prospective New Members:**

Staff routinely provides guidance to members in assessing the need for, and procuring, ancillary coverages that enhance and support the pooled liability program.

**RECOMMENDATION**

None, information only.

**ACWA JPIA**  
**Membership Report**  
March 27, 2025

**BACKGROUND**

To keep abreast of the Program membership and participation, a list of any new or prospective members, along with any members who have provided a Notice of Intent to Withdraw, is provided annually to the Liability Program Committee for review.

**CURRENT SITUATION**

Program Membership Status as of March 1, 2025:

Total number of program members: 348  
 Total estimated annual payroll: \$1,005,593,821

New Members:

For the 2024-25 Program Year, the following agency was approved by the Executive Committee for participation in the Liability Program at the January 29, 2025, meeting:

Member	Payroll	Effective Date
North Kern Water Storage District	\$2,419,001	4/1/2025

Prospective Members:

The following agencies have expressed interest in participation in the Liability Program:

Member	Payroll	Effective Date
Biggs West Gridley Water District	\$ TBD	7/1/2025
Orange Cove Irrigation District	\$997,000	10/1/25
Lower San Joaquin Levee District	\$ TBD	4/1/2026
Union Public Utility District	\$685,154	5/1/2026
Jurupa Community Services District	\$19,701,591	7/1/2026

Notices of Intent to Withdraw:

In accordance with the Joint Powers Agreement, Article 22 (c) (2), a Member may withdraw only upon completion of the program year following receipt of a 12-month Notice of Intent to Withdraw.

Grassland Basin Water Authority and North Delta Water Agency rescinded their Notice of Intent to Withdraw for the 2024-25 Program Year; and Sierra Highlands Community Services District rescinded its Notice of Intent to Withdraw for the 2025-26 Program

Year. Grassland Basin Water Authority subsequently re-submitted a Notice of Intent to Withdraw for the 2025-26 Program Year.

**RECOMMENDATION**

None, information only.

Member Agency	Estimated Payroll
Alameda County Water District	\$ 35,083,193
Santa Clarita Valley Water Agency	\$ 32,164,390
Orange County Water District	\$ 31,684,769
El Dorado Irrigation District	\$ 25,144,420
Western Municipal Water District	\$ 24,100,000
Moulton Niguel Water District	\$ 23,686,301
Water Employee Services Authority	\$ 20,667,327
Rancho California Water District	\$ 19,749,976
Merced Irrigation District	\$ 19,687,519
Helix Water District	\$ 18,151,851
Alameda County Flood Control & WCD, Zone 7 Water Agency	\$ 17,811,374
Otay Water District	\$ 17,541,736
Sweetwater Authority	\$ 16,253,346
Cucamonga Valley Water District	\$ 15,375,591
South Tahoe Public Utility District	\$ 15,305,538
Yuba County Water Agency	\$ 14,596,242
South Coast Water District	\$ 13,545,799
Calleguas Municipal Water District	\$ 12,913,190
Vallecitos Water District	\$ 12,884,000
Truckee Donner Public Utility District	\$ 11,104,113
Desert Water Agency	\$ 11,014,008
San Luis & Delta-Mendota Water Authority	\$ 10,922,931
Palmdale Water District	\$ 10,874,000
Goleta Water District	\$ 10,661,000
Yorba Linda Water District	\$ 10,358,975
Vista Irrigation District	\$ 9,788,812
West Valley Water District	\$ 9,644,244
Olivenhain Municipal Water District	\$ 9,070,923
Sacramento Suburban Water District	\$ 9,023,000
Valley Center Municipal Water District	\$ 8,833,134
Tahoe City Public Utility District	\$ 8,533,539
Kern County Water Agency	\$ 8,437,000
Solano Irrigation District	\$ 8,131,500
Tuolumne Utilities District	\$ 8,076,832
Mesa Water District	\$ 8,004,213
Calaveras County Water District	\$ 7,814,741
Oakdale Irrigation District	\$ 7,710,300
El Toro Water District	\$ 7,470,070
Fresno Metropolitan Flood Control District	\$ 7,403,044
Fallbrook Public Utility District	\$ 7,397,009
Rainbow Municipal Water District	\$ 7,348,407
West Basin Municipal Water District	\$ 7,272,361
Walnut Valley Water District	\$ 7,210,600
San Juan Water District	\$ 7,167,200

Fresno Irrigation District	\$	7,128,202
Antelope Valley-East Kern Water Agency	\$	7,117,832
Water Replenishment District of Southern California	\$	7,065,000
South Feather Water & Power Agency	\$	7,055,624
Marina Coast Water District	\$	6,876,479
Mojave Water Agency	\$	6,656,364
San Bernardino Valley Municipal Water District	\$	6,599,345
Soquel Creek Water District	\$	6,434,550
Municipal Water District of Orange County	\$	5,924,789
Santa Fe Irrigation District	\$	5,875,000
Stockton East Water District	\$	5,684,691
Mammoth Community Water District	\$	5,661,800
Laguna Beach County Water District	\$	5,541,495
Arvin-Edison Water Storage District	\$	5,500,000
Hi-Desert Water District	\$	5,453,603
Mission Springs Water District	\$	5,409,339
Ramona Municipal Water District	\$	5,065,919
Monte Vista Water District	\$	5,054,107
Citrus Heights Water District	\$	5,034,524
Central California Irrigation District	\$	4,823,074
Amador Water Agency	\$	4,816,446
Kings River Conservation District	\$	4,770,295
Rowland Water District	\$	4,498,487
Madera Irrigation District	\$	4,399,874
Glenn-Colusa Irrigation District	\$	4,392,000
Central Coast Water Authority	\$	4,355,640
Palo Verde Irrigation District	\$	4,275,238
Diablo Water District	\$	4,215,325
Friant Water Authority	\$	4,208,132
Solano County Water Agency	\$	4,170,323
Beaumont-Cherry Valley Water District	\$	4,150,400
Three Valleys Municipal Water District	\$	4,144,160
Wheeler Ridge-Maricopa Water Storage District	\$	4,062,077
Florin Resource Conservation District - Elk Grove Water District	\$	3,953,021
Montecito Water District	\$	3,859,413
Crescenta Valley Water District	\$	3,853,954
Semitropic Water Storage District	\$	3,748,589
Valley County Water District	\$	3,692,388
Camrosa Water District	\$	3,558,185
Joshua Basin Water District	\$	3,445,294
Coastside County Water District	\$	3,406,326
Fair Oaks Water District	\$	3,372,800
Carmichael Water District	\$	3,337,335
Paradise Irrigation District	\$	3,145,380
Trabuco Canyon Water District	\$	3,104,277
Reclamation District No. 108	\$	3,026,524
Westside Water Authority	\$	3,014,000

Kern Delta Water District	\$	3,010,207
Humboldt Bay Municipal Water District	\$	2,999,464
Rincon Del Diablo Municipal Water District	\$	2,972,388
Lower Tule River Irrigation District	\$	2,903,851
Carpinteria Valley Water District	\$	2,820,146
Mid-Peninsula Water District	\$	2,666,165
East Contra Costa Irrigation District	\$	2,559,065
San Dieguito Water District	\$	2,502,425
North Coast County Water District	\$	2,482,853
Yolo County Flood Control & Water Conservation District	\$	2,441,132
Santa Ynez River Water Conservation District, Improvement District	\$	2,348,484
San Benito County Water District	\$	2,340,483
Scotts Valley Water District	\$	2,239,026
Big Bear Municipal Water District	\$	2,233,682
Georgetown Divide Public Utility District	\$	2,196,071
Bella Vista Water District	\$	2,126,216
East Orange County Water District	\$	2,096,000
Pebble Beach Community Services District	\$	2,057,926
Kaweah Delta Water Conservation District	\$	2,025,443
Tulare Irrigation District	\$	2,014,900
Cachuma Operation and Maintenance Board	\$	2,006,914
Consolidated Irrigation District	\$	1,996,058
San Bernardino Valley Water Conservation District	\$	1,966,765
San Gabriel County Water District	\$	1,963,684
Twentynine Palms Water District	\$	1,962,300
Tehachapi-Cummings County Water District	\$	1,952,701
Buena Vista Water Storage District	\$	1,945,000
La Puente Valley County Water District	\$	1,931,966
Valley of the Moon Water District	\$	1,918,835
Pajaro Valley Water Management Agency	\$	1,905,782
Humboldt Community Services District	\$	1,885,370
Chowchilla Water District	\$	1,861,125
Kirkwood Meadows Public Utility District	\$	1,785,000
Upper San Gabriel Valley Municipal Water District	\$	1,769,200
Chino Basin Water Conservation District	\$	1,759,188
Rosedale-Rio Bravo Water Storage District	\$	1,559,000
Woodbridge Irrigation District	\$	1,543,411
Banta Carbona Irrigation District	\$	1,527,038
Byron-Bethany Irrigation District	\$	1,509,000
Crestline Village Water District	\$	1,488,659
Panoche Water District	\$	1,482,605
Kern Water Bank Authority	\$	1,461,000
Southern San Joaquin Municipal Utility District	\$	1,423,651
Borrego Water District	\$	1,398,465
Thermalito Water and Sewer District	\$	1,397,426
Alta Irrigation District	\$	1,390,772
San Geronio Pass Water Agency	\$	1,375,000

San Luis Water District	\$	1,374,252
Orchard Dale Water District	\$	1,367,000
Quartz Hill Water District	\$	1,365,000
Lindsay-Strathmore Irrigation District	\$	1,322,475
Foothill Municipal Water District	\$	1,310,131
Lakeside Water District	\$	1,305,609
San Gabriel Valley Municipal Water District	\$	1,287,316
Patterson Irrigation District	\$	1,262,264
James Irrigation District	\$	1,245,710
Pico Water District	\$	1,232,967
La Habra Heights County Water District	\$	1,231,199
Terra Bella Irrigation District	\$	1,229,632
Serrano Water District	\$	1,227,567
Stinson Beach County Water District	\$	1,224,293
Main San Gabriel Basin Watermaster	\$	1,211,232
Delano-Earlimart Irrigation District	\$	1,200,389
Clearlake Oaks County Water District	\$	1,183,838
West Stanislaus Irrigation District	\$	1,168,425
San Gabriel Basin Water Quality Authority	\$	1,116,291
Crestline-Lake Arrowhead Water Agency	\$	1,112,000
Bard Water District	\$	1,105,950
Browns Valley Irrigation District	\$	1,098,689
Westborough Water District	\$	1,053,793
North Yuba Water District	\$	1,013,500
Purissima Hills Water District	\$	1,009,000
Kern-Tulare Water District	\$	1,007,000
Calaveras Public Utility District	\$	996,175
South Montebello Irrigation District	\$	972,845
American River Flood Control District	\$	968,701
Shafter-Wasco Irrigation District	\$	959,500
Vandenberg Village Community Services District	\$	956,320
La Canada Irrigation District	\$	935,048
Western Canal Water District	\$	930,181
Del Puerto Water District	\$	930,000
Yuima Municipal Water District	\$	928,687
Golden Hills Community Services District	\$	925,900
Tranquillity Irrigation District	\$	925,425
Tulare Lake Basin Water Storage District	\$	913,143
Pajaro/Sunny Mesa Community Services District	\$	907,604
South Sutter Water District	\$	907,351
Mission Hills Community Services District	\$	896,000
Channel Islands Beach Community Services District	\$	889,160
Rio Linda/Elverta Community Water District	\$	856,200
Utica Water & Power Authority	\$	845,283
Idyllwild Water District	\$	821,500
Bodega Bay Public Utility District	\$	818,000
San Joaquin River Exchange Contractors Water Authority	\$	792,392



Butte Water District	\$	757,300
Friant Power Authority	\$	753,829
Chino Basin Desalter Authority	\$	750,000
San Mateo County Flood and Sea Level Rise Resiliency District	\$	696,468
Richvale Irrigation District	\$	694,204
San Andreas Sanitary District	\$	680,190
Mojave Public Utility District	\$	678,060
Corcoran Irrigation District	\$	675,500
Kinneloa Irrigation District	\$	668,400
Bolinas Community Public Utility District	\$	662,896
Castroville Community Services District	\$	660,040
Laguna Irrigation District	\$	612,000
Little Rock Creek Irrigation District	\$	606,950
Reclamation District No. 2068	\$	606,200
Reclamation District No. 784	\$	600,000
Madera-Chowchilla Water & Power Authority	\$	577,000
Clear Creek Community Services District	\$	574,508
Sutter Extension Water District	\$	564,240
Angiola Water District	\$	549,651
Rio Alto Water District	\$	542,414
Reclamation District No. 1004	\$	530,286
Pinedale County Water District	\$	517,000
Aromas Water District	\$	513,822
Central Water District	\$	513,040
Forestville Water District	\$	506,596
Grassland Basin Authority	\$	500,000
Kings County Water District	\$	480,000
Los Alamos Community Services District	\$	474,825
Mountain Gate Community Services District	\$	460,044
Centerville Community Services District	\$	452,307
Alpaugh Irrigation District	\$	441,243
Palm Ranch Irrigation District	\$	434,346
Pleasant Valley County Water District	\$	430,100
Sierra Lakes County Water District	\$	416,070
Frazier Park Public Utility District	\$	415,755
Ivanhoe Irrigation District	\$	407,300
Princeton-Codora-Glenn Irrigation District	\$	405,827
Weaverville Community Services District	\$	380,447
Porterville Irrigation District	\$	380,444
Bear Valley Water District	\$	369,411
Del Paso Manor Water District	\$	354,138
Midway Heights County Water District	\$	339,832
Boron Community Services District	\$	336,911
Provident Irrigation District	\$	333,652
Fall River Valley Community Services District	\$	329,446
Reclamation District No. 999	\$	295,000
Kanawha Water District	\$	292,787

Berrenda Mesa Water District	\$	281,000
Maine Prairie Water District	\$	249,723
Mariana Ranchos County Water District	\$	249,492
Saucelito Irrigation District	\$	245,174
Pescadero Reclamation District No. 2058	\$	238,350
Laton Community Services District	\$	225,093
Tri-District Water Authority	\$	222,350
Pixley Irrigation District	\$	216,402
Feather Water District	\$	207,564
Majestic Pines Community Services District	\$	207,000
Corning Water District	\$	202,680
Tri-County Water Authority	\$	193,977
Riverdale Irrigation District	\$	181,000
Orosi Public Utility District	\$	179,792
Central San Joaquin Water Conservation District	\$	174,000
Laytonville County Water District	\$	173,100
Cottonwood Water District	\$	160,225
Madera Water District	\$	148,927
Montague Water Conservation District	\$	145,000
Alpaugh Community Services District	\$	144,873
Rand Communities Water District	\$	137,616
Apple Valley Heights County Water District	\$	133,000
North Delta Water Agency	\$	133,000
Elsinore Valley Municipal Water District	\$	129,294
Circle Oaks County Water District	\$	120,500
Kings River Water District	\$	113,280
Gravelly Ford Water District	\$	60,000
Sierra Highlands Community Services District	\$	60,000
Dunnigan Water District	\$	58,339
Apple Valley Foothill County Water District	\$	58,120
Sierra Cedars Community Services District	\$	36,200
Wynola Water District	\$	30,000
Sonoma Mountain County Water District	\$	28,000
Free Water County Water District	\$	27,700
Pinyon Pines County Water District	\$	23,000
Scott Valley Irrigation District	\$	16,280
Suisun-Solano Water Authority	\$	14,400
Root Creek Water District	\$	10,800
Belridge Water Storage District	\$	10,000
Lost Hills Water District	\$	10,000
South Bay Water	\$	8,500
Brophy Water District	\$	5,300
Reclamation District No. 2047	\$	3,300
Calpella County Water District	\$	1,440
Reclamation District No. 1606	\$	560
Antelope Valley State Water Contractors Association	\$	1
Antelope Valley Watermaster	\$	1

Arroyo Santa Rosa Basin Groundwater Sustainability Agency	\$	1
Atwell Island Water District	\$	1
Bear Valley Basin Groundwater Sustainability Agency	\$	1
Bedford-Coldwater Groundwater Sustainability Agency	\$	1
Camp Far West Irrigation District	\$	1
Deer Creek Storm Water District	\$	1
Delano-Earlimart Irrigation District - Groundwater Sustainability Agen	\$	1
Devil's Den Water District	\$	1
Ducor Community Services District	\$	1
Dudley Ridge Water District	\$	1
East Turlock Subbasin Groundwater Sustainability Agency	\$	1
Eastside Water District	\$	1
El Rico Groundwater Sustainability Agency	\$	1
Empire West Side Irrigation District	\$	1
Fresno Slough Water District	\$	1
Glide Water District	\$	1
Green Valley Water District	\$	1
Groundwater Banking Joint Powers Authority	\$	1
Kings River East Groundwater Sustainability Agency	\$	1
Knights Landing Ridge Drainage District	\$	1
Le Grand-Athlone Water District	\$	1
Lower Tule River Irrigation District Groundwater Sustainability Agenc	\$	1
McMullin Area Groundwater Sustainability Agency	\$	1
Merced Integrated Regional Water Management Authority	\$	1
Merced Irrigation-Urban Groundwater Sustainability Agency	\$	1
Merced Subbasin Groundwater Sustainability Agency	\$	1
Mid-Kaweah Groundwater Subbasin Joint Powers Authority	\$	1
Mid-Valley Water District	\$	1
Millview County Water District	\$	1
Monroeville Water District	\$	1
North Kings Groundwater Sustainability Agency	\$	1
North San Joaquin Water Conservation District	\$	1
Omochumne-Hartnell Water District	\$	1
Pacheco Water District	\$	1
Panoche Drainage District	\$	1
Pixley Irrigation District Groundwater Sustainability Agency	\$	1
Pomona-Walnut-Rowland Joint Water Line Commission	\$	1
Puente Basin Water Agency	\$	1
Ramirez Water District	\$	1
Reclamation District No. 1500	\$	1
Reclamation District No. 307	\$	1
Reclamation District No. 744	\$	1
Redwood Valley County Water District	\$	1
Regional Water Authority	\$	1
Rural North Vacaville Water District	\$	1
Sacramento Groundwater Authority	\$	1
Sacramento River West Side Levee District	\$	1

San Joaquin River Exchange Contractors Groundwater Sustainability	\$	1
San Juan Ridge County Water District	\$	1
Santa Clarita Valley Groundwater Sustainability Agency	\$	1
Santa Cruz Mid-County Groundwater Agency	\$	1
Santa Margarita Groundwater Agency	\$	1
Santa Rosa Regional Resources Authority	\$	1
Santiago Aqueduct Commission	\$	1
Sierra County Waterworks District No. 1 (Calpine)	\$	1
Sites Project Joint Powers Authority	\$	1
Solano Subbasin Groundwater Sustainability Agency	\$	1
South Valley Water Resources Authority	\$	1
South Yuba Water District	\$	1
Southern California Water Bank Authority	\$	1
Southwest Kings Groundwater Sustainability Agency	\$	1
Tri-Valley Water District	\$	1
Upper San Luis Rey Groundwater Management Authority	\$	1
Upper Santa Clara Valley Joint Powers Authority	\$	1
W.H. Wilbur Reclamation District No. 825	\$	1
West Orange County Water Board	\$	1
Wheeler Crest Community Services District	\$	1
Yolo Subbasin Groundwater Agency	\$	1

**ACWA JPIA**  
**Review of General Liability Claims Trends**  
**March 27, 2025**

**BACKGROUND**

The JPIA continues to review, monitor, and analyze the loss claims trends within the Liability Program, including a review of non-litigated claims and litigated claims.

**CURRENT SITUATION**

Reported claims under the Liability Program are categorized as follows: Vehicles Operations (backing, rear-end, failure to yield, general operation), Criminal Activity (property/theft/vandalism, employer dishonesty, vehicle theft/vandalism), Cyber, Infrastructure, Maintenance, Mechanical/Electrical, Natural/Environmental/Chemical, Boiler/Machinery, Security, Sewer Backup/Break, System/Equipment Failure, Underground/Overhead Lines, and Water Line Failure/Break.

The Liability Program categorizes reported claims into the following incident types/causes: Construction (coverage, risk transfer, traffic control, underground/overhead line damage), Criminal Activity (coverage, cyber, employee dishonesty, property/theft/vandalism, security, vehicle/theft/vandalism), Employment Practices (coverage, disability, discrimination, harassment, retaliation), Infrastructure (coverage, canal failure/break, chemical hazard, maintenance, pass through boiler and machinery, sewer backup/break, system/equipment failure, water line failure/break), Vehicles (coverage, backing, failure to yield, rear-end, vehicle operations), and Other (coverage, other).

Upon reviewing claims data from the 2019-20 to 2024-25 program years, the top three loss categories identified under the Liability Program are: 1) Water Line Failure/Break, 2) System/Equipment Failures, and 3) Vehicle Operations.

We compared the top three loss categories for claims filed under Liability to those claims that ultimately end up in litigation. Infrastructure claims/failures make up over 50% of the claims that are referred out to defense counsel and ultimately end up in litigation, with 63% of those claims relating to trip and falls over meter lids (20%), flooding events (21%), and pipe breaks (22%). Next highest are employment practices cases followed by construction matters (i.e., matters involving potential risk transfer).

Next, we analyzed the total net incurred from program years 2014 through the present along with total member payroll and compared it to the original actuary projections. Beginning in 2021, there is a noticeable increase in the annual actuary projections. While there has been a decent increase in total member payroll, we believe that the overall trends in the industry relating to increased property values, increases in the medical treatments, and the impact of nuclear verdicts are impacting the upwards trend.

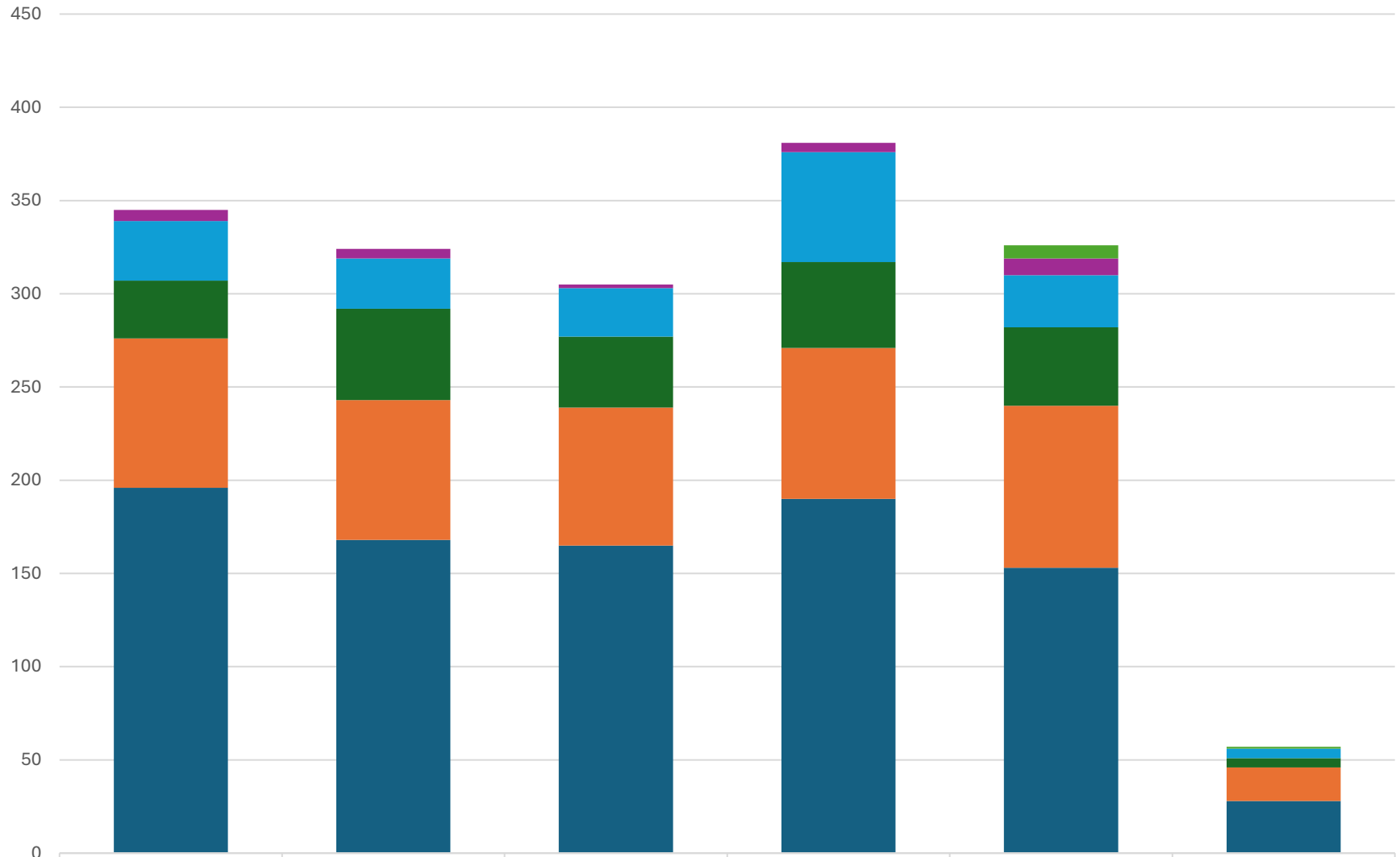
We are continuing to monitor the trends relating to nuclear verdicts and potential impacts on our members. The annual report issued by the U.S. Chamber of Commerce Institute for Legal Reform provides a comprehensive nationwide analysis of the nuclear verdict trends. California ranks #1 in most cumulative nuclear verdicts. Auto accidents make up 23.2% of these nuclear verdicts with median verdict of \$21.0 million, while premises liability cases make up 14.3% with a median verdict of \$20.0 million.

Finally, we are continuing our efforts to track the success of risk transfer. Since February 2024, 20 matters have involved risk transfer. Of those 20, 15 were successfully transferred to another carrier for defense and indemnity, 3 are currently pending and 2 were denied.

**RECOMMENDATION**

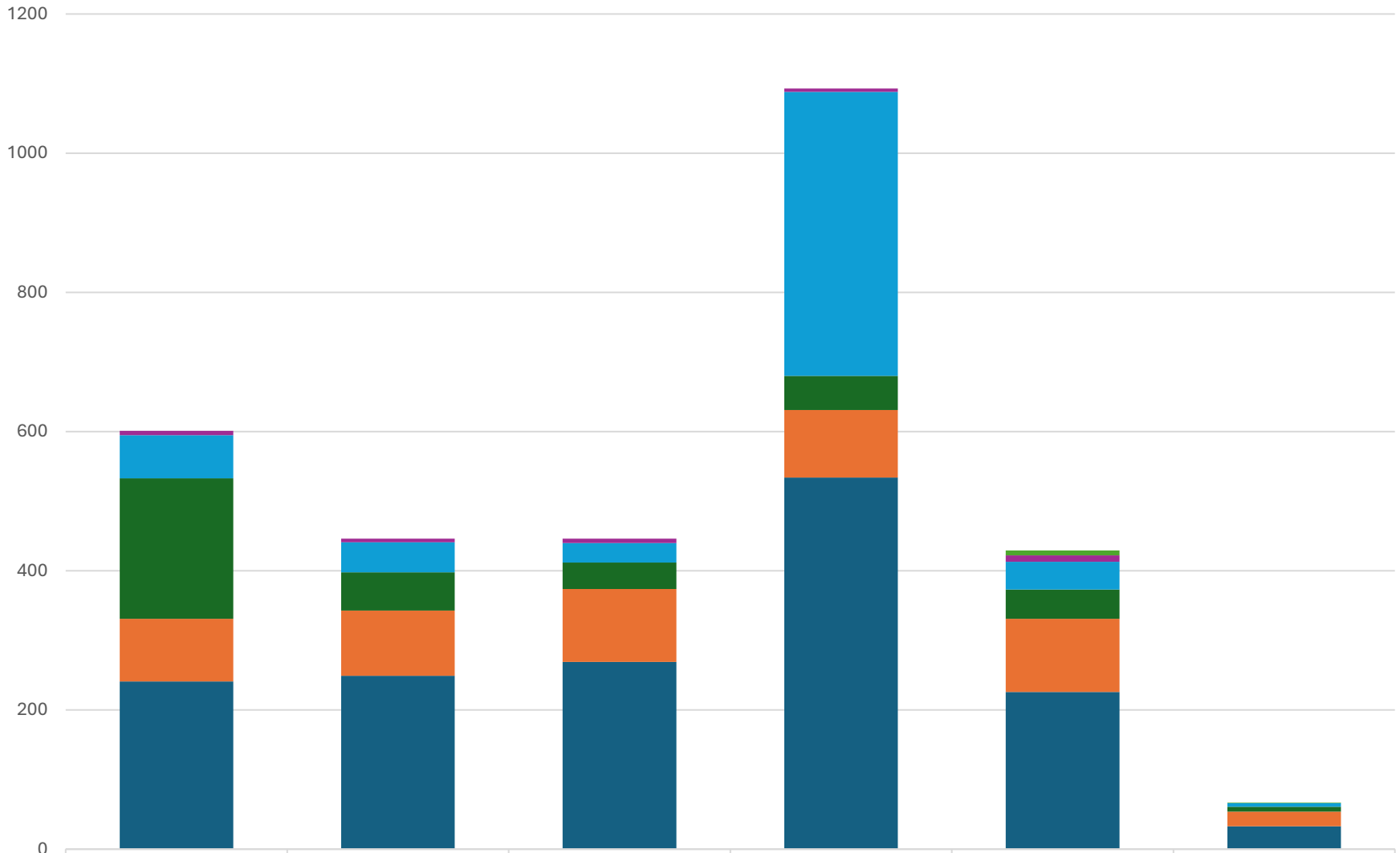
None, information only.

# Non-Litigated Claims - 5 Year History



	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
■ Criminal Activity	0	0	0	0	7	1
■ Employment	6	5	2	5	9	0
■ Other	32	27	26	59	28	5
■ Construction	31	49	38	46	42	5
■ Vehicles	80	75	74	81	87	18
■ Infrastructure	196	168	165	190	153	28

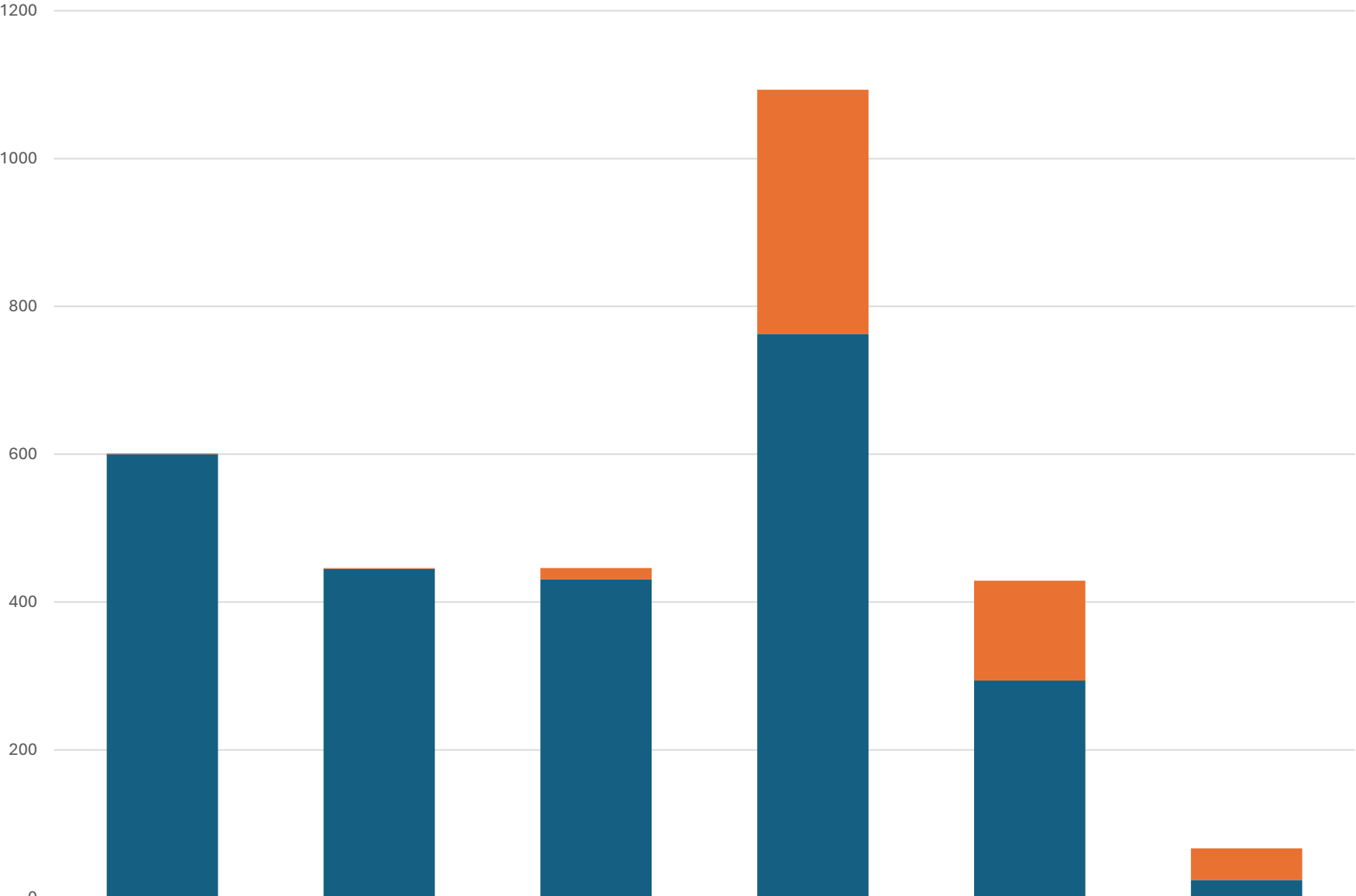
# Non-Litigated Claimants - 5 Year History



	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
■ Criminal Activity	0	0	0	0	7	1
■ Employment	6	5	6	5	9	0
■ Other	62	43	28	408	40	5
■ Construction	202	55	38	49	42	7
■ Vehicles	90	94	105	97	105	21
■ Infrastructure	241	249	269	534	226	33

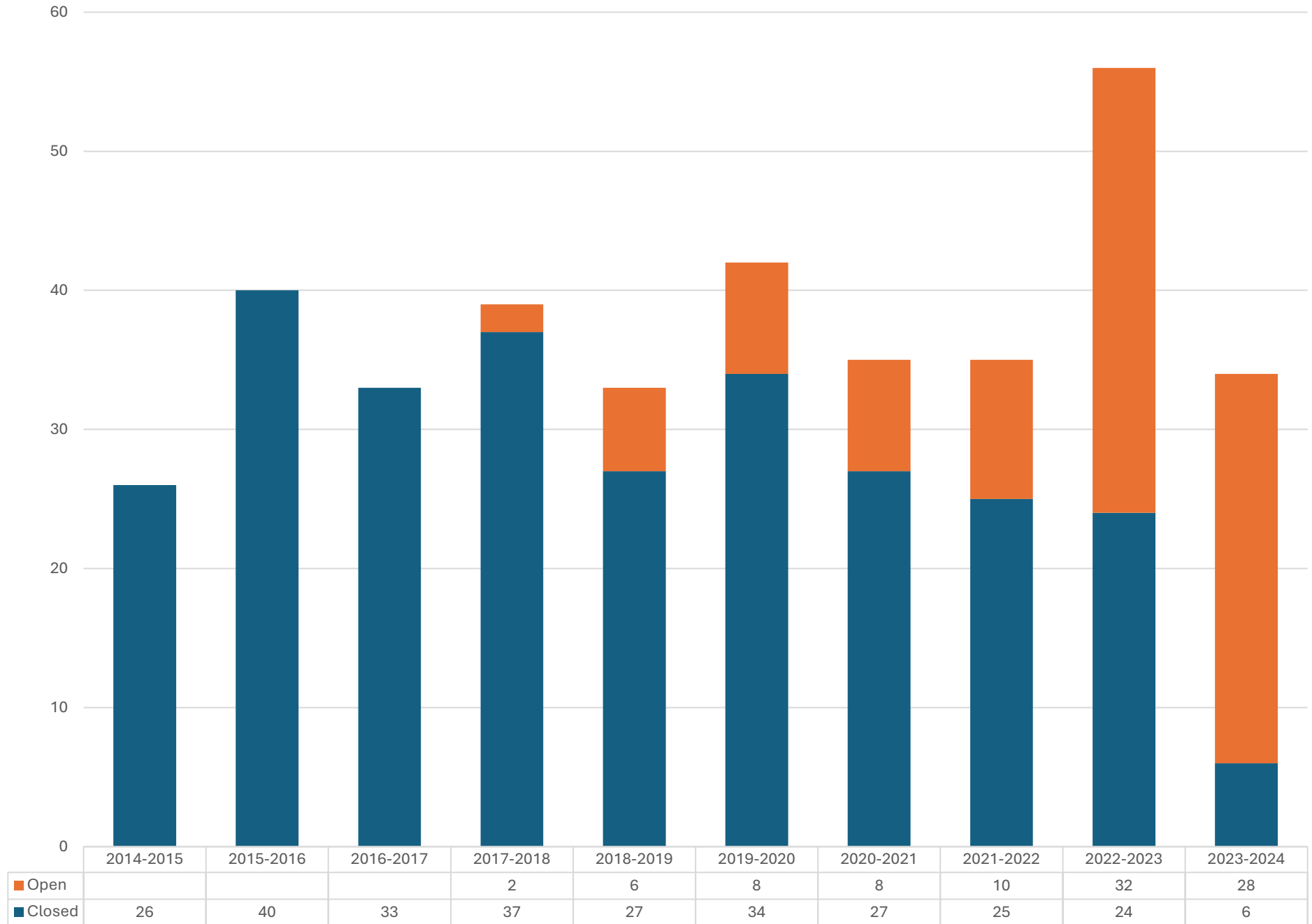


# Non-Litigated Claimants Open v. Closed - 5 Year History

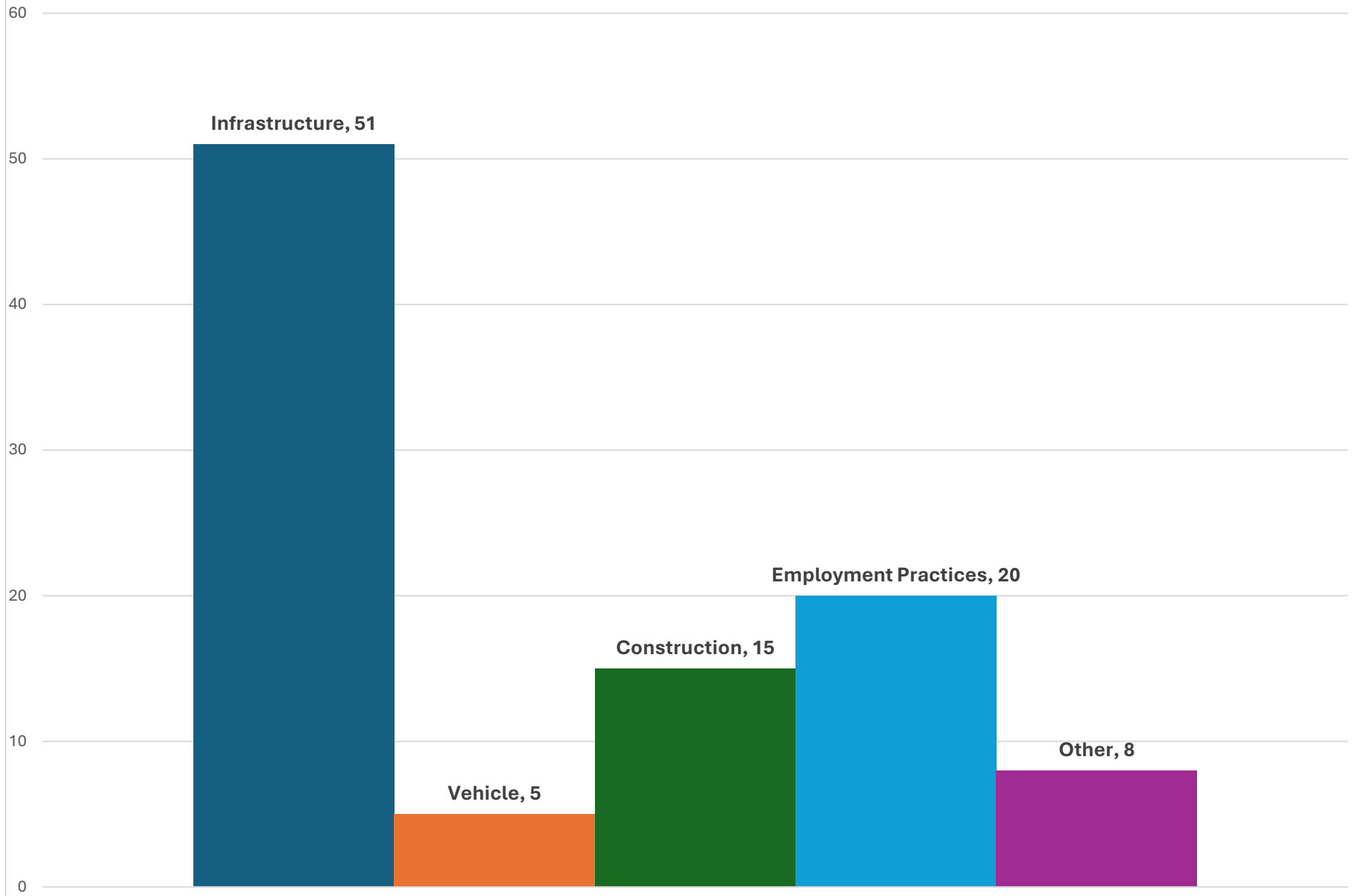


Open  
Closed

# Litigated Claims Open v. Closed - 10 Year History



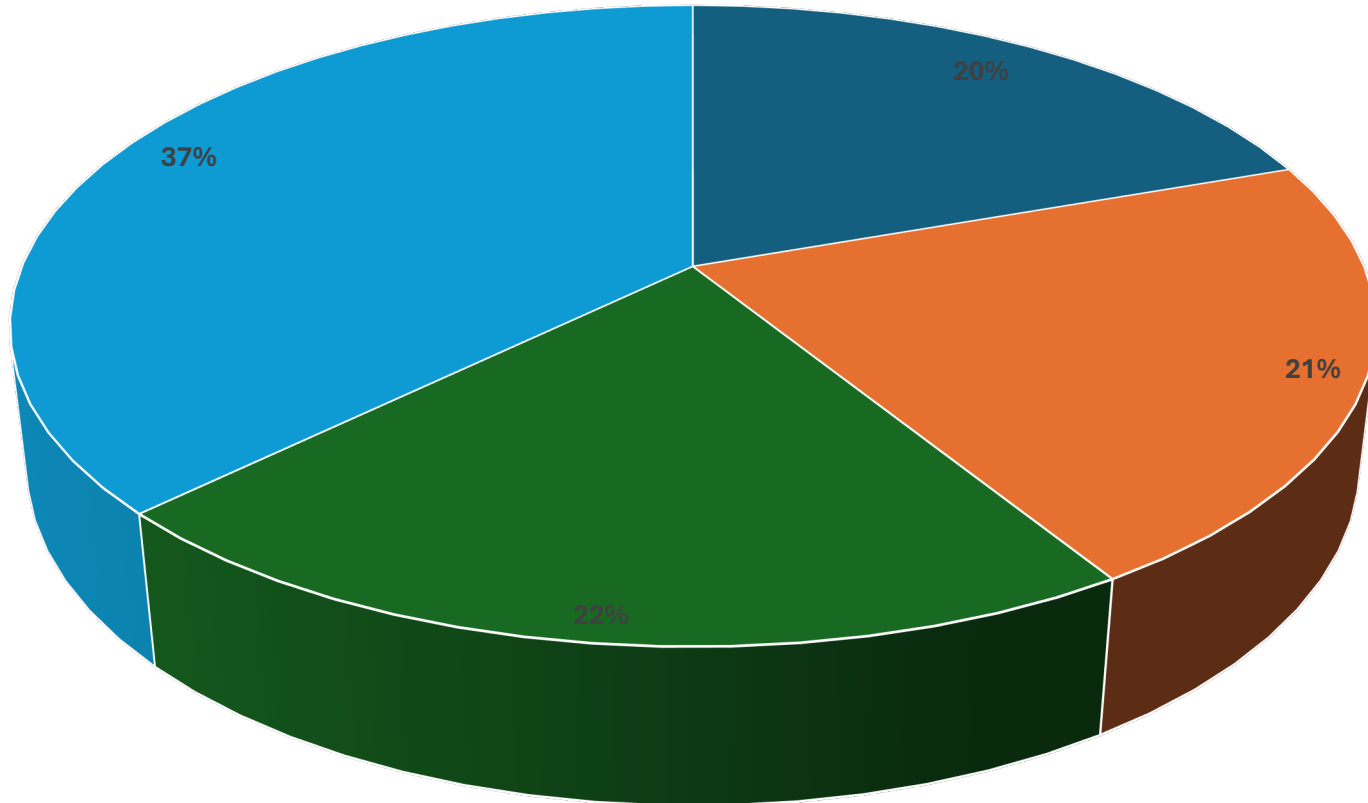
## Assignments to Defense Counsel by Type



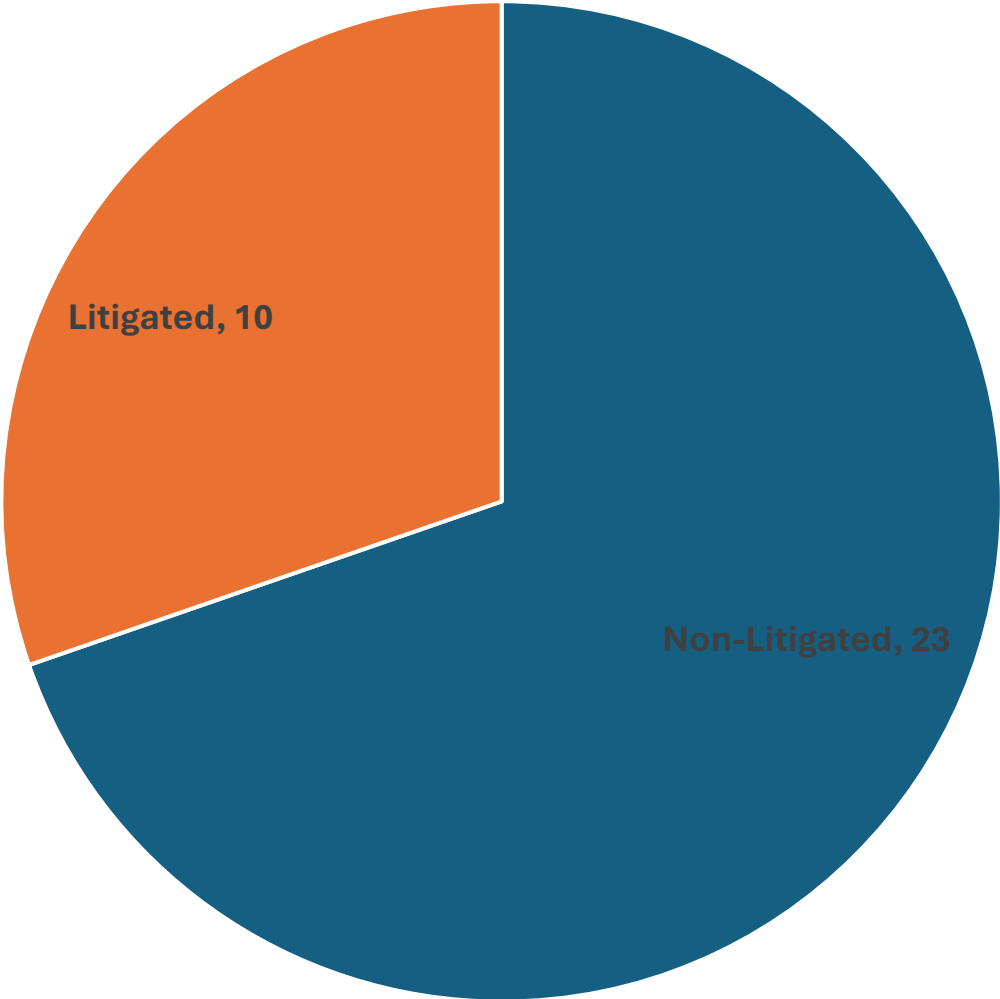
27

## Infrastructure Claims in Litigation

■ Meter Lids ■ Flooding ■ Pipe Breaks ■ Other

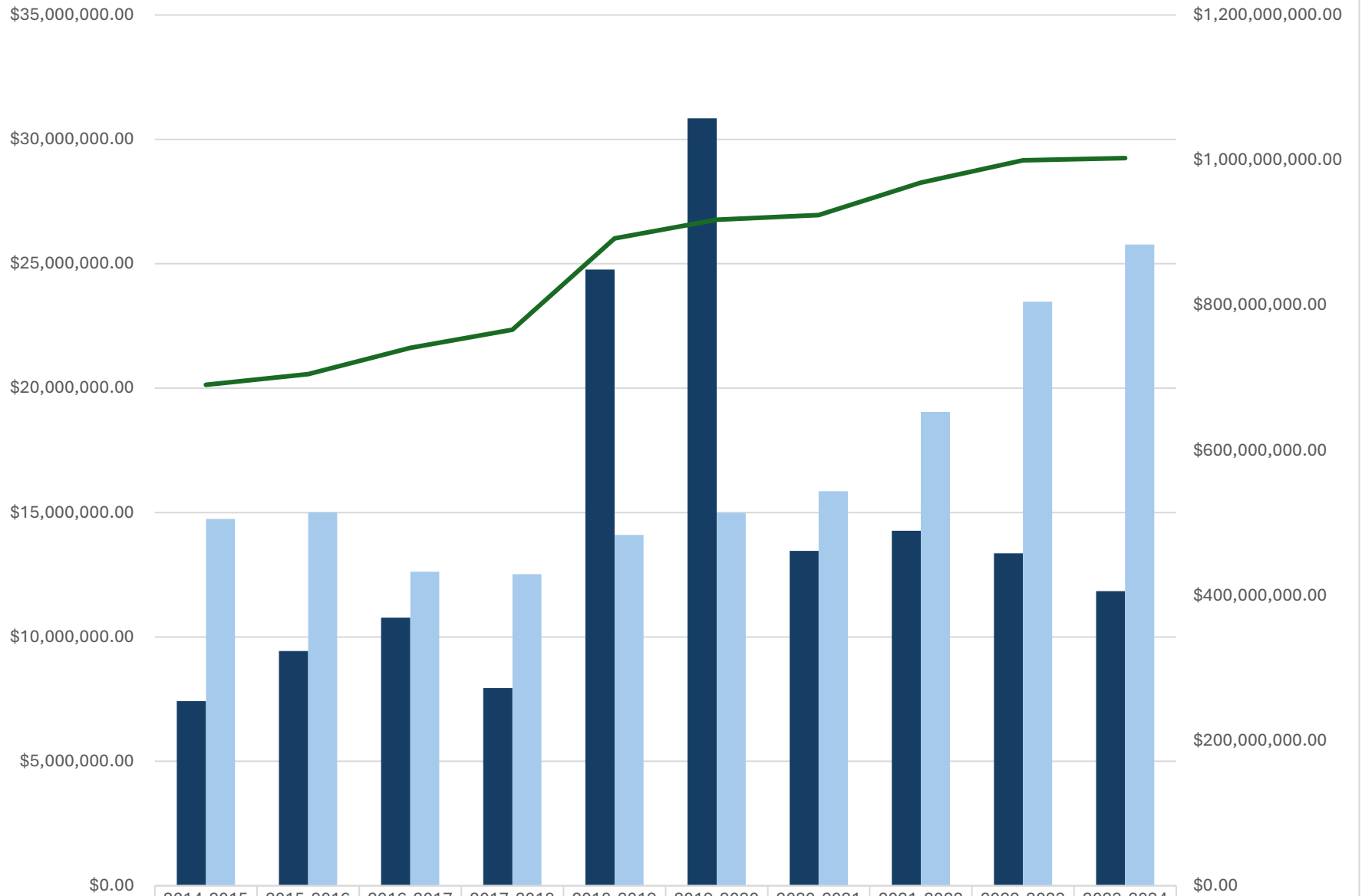


# Total Number of Active Trip & Falls Relating to Infrastructure (meter lids, etc.)



**29**

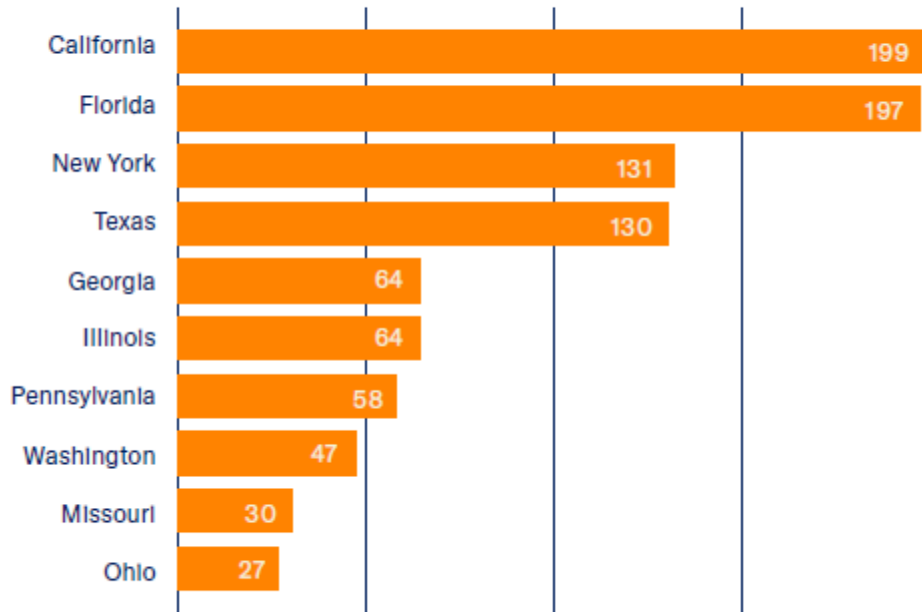
## Comparison of Total Net Incurred and Original Actuary Predictions by Program Year



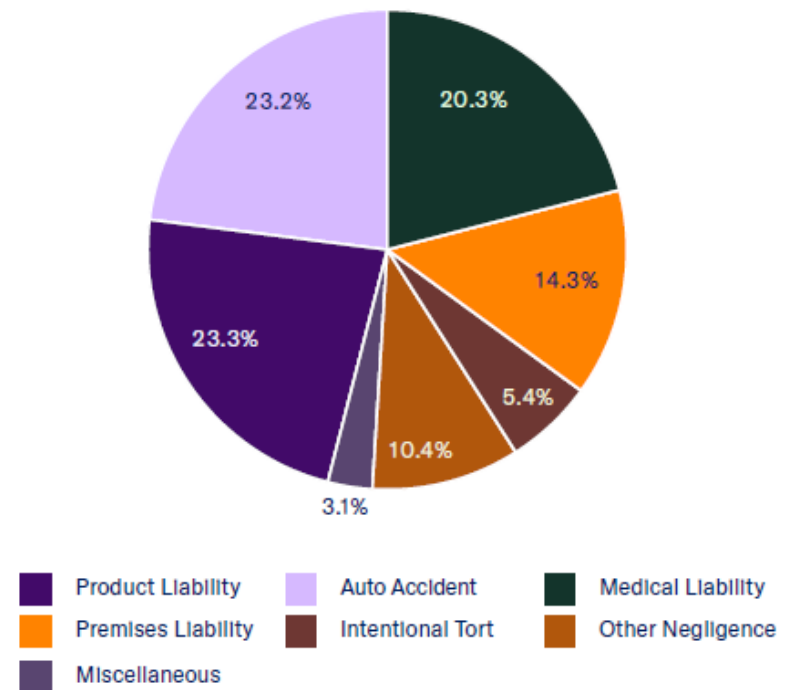
# Nuclear Verdicts on the Rise

\* As Reported by the U.S. Chamber of Commerce Institute for Legal Reform

**Figure 5: Top 10 States by Cumulative Nuclear Verdicts, 2013 – 2022**



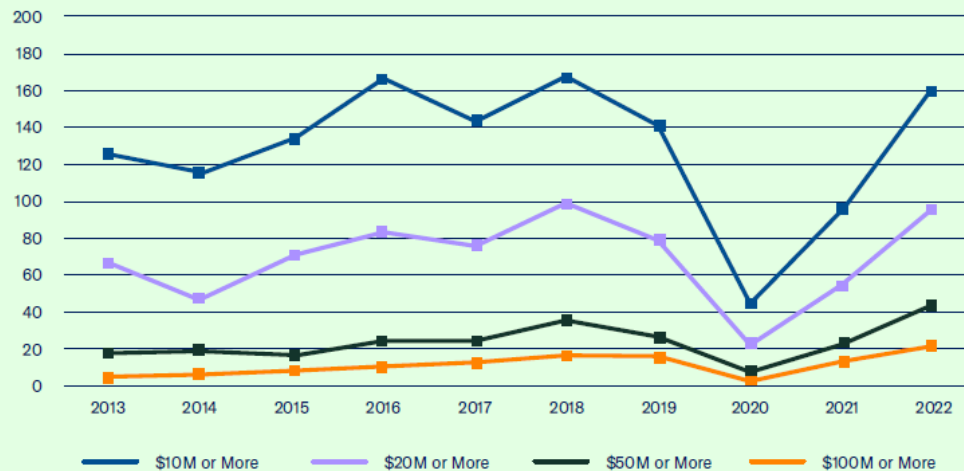
**Figure 1: Nuclear Verdicts by Case Type, 2013 – 2022**



**Table 1: Mean & Median Nuclear Verdict  
by Litigation Type, 2013 – 2022**

Litigation Type	Mean	Median
Product Liability	\$215.9 Million	\$25.0 Million
Other Negligence	\$99.8 Million	\$20.0 Million
Intentional Tort	\$94.6 Million	\$28.6 Million
Auto Accident	\$46.4 Million	\$21.0 Million
Medical Liability	\$33.6 Million	\$19.6 Million
Premises Liability	\$32.5 Million	\$20.0 Million
Miscellaneous	\$31.5 Million	\$22.4 Million
<b>All Personal Injury / Wrongful Death</b>	<b>\$88.9 Million</b>	<b>\$21.1 Million</b>

**Figure 2: Number of Reported Nuclear Verdicts, 2013 – 2022**





The table below includes the frequency and median verdict levels in millions of dollars for all personal injury and wrongful death nuclear verdicts collected between 2010 and 2022.

Year	Nuclear Verdicts	Overall Median	Products Liability Median	Auto Median	Medical Liability Median	Premises Median	Other Negligence Median	Intentional Tort Median
2010	148	\$19.3	\$23.0	\$15.2	\$20.0	\$15.0	\$12.5	\$35.8
2011	136	\$17.1	\$20.0	\$15.5	\$20.4	\$13.7	\$17.8	\$25.4
2012	103	\$18.8	\$18.0	\$14.3	\$19.0	\$17.6	\$17.8	\$28.5
2013	124	\$23.2	\$24.0	\$28.0	\$22.0	\$22.5	\$18.8	\$26.8
2014	115	\$17.7	\$20.0	\$17.4	\$14.5	\$16.8	\$14.3	\$30.6
2015	133	\$20.5	\$17.2	\$20.5	\$19.6	\$24.1	\$16.3	\$20.7
2016	166	\$20.0	\$21.5	\$18.6	\$19.2	\$17.1	\$15.0	\$34.1
2017	143	\$20.6	\$23.2	\$23.5	\$19.4	\$18.6	\$24.8	\$52.0
2018	167	\$22.9	\$32.6	\$18.0	\$23.2	\$18.9	\$30.3	\$22.1
2019	141	\$24.5 <sup>221</sup>	\$35.1	\$24.8	\$18.5	\$18.0	\$14.2	\$64.4
2020	45	\$20.0	\$14.1	\$22.5	\$15.2	\$38.6	\$20.0	\$15.1
2021	94	\$23.8	\$23.0	\$20.9	\$27.8	\$29.3	\$18.7	\$23.9
2022	160	\$23.4	\$36.1	\$25.0	\$18.0	\$21.4	\$21.0	\$65.0

# Impact of Nuclear Verdicts on Public Agencies

LOCAL

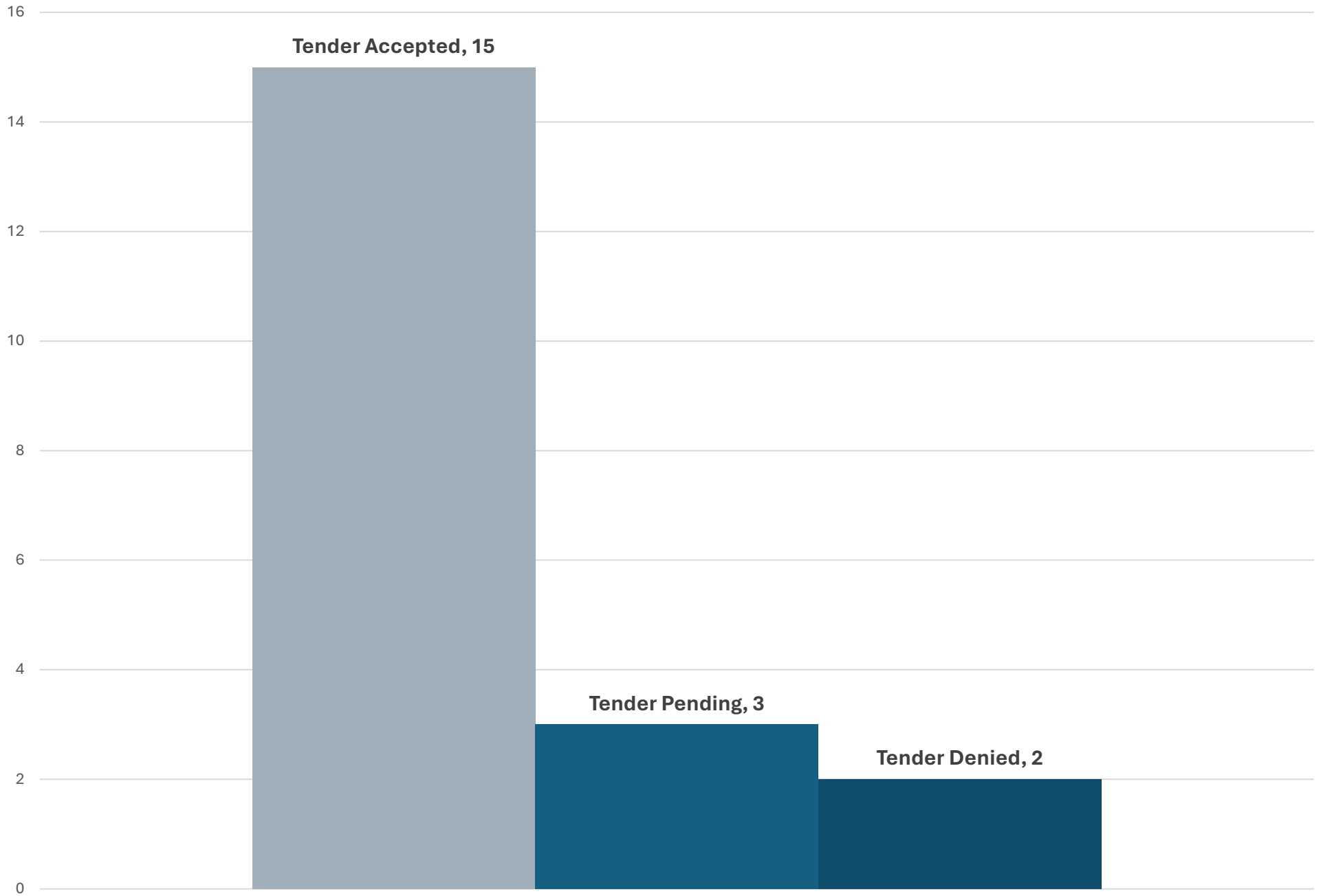
## **\$24 million awarded to family of woman killed by falling tree at Davis park in 2021**

By Michael McGough

February 28, 2025 5:54 PM |  5

- Wrongful Death resulting from a diseased tree limb falling on a 44-year old mother at a City of Davis park
- Damages awarded in the amount of \$24.2 million against City of Davis
- No allocation of damages attributed to work performed by Davey Resource Group, the company retained to assess the trees at the park

## Risk Transfer Tenders - February 2024 through Present



**35**

**ACWA JPIA**  
**Review of Biennial Claims Audit**  
**March 27, 2025**

**BACKGROUND**

Every two years, the JPIA retains an independent auditor to review the claim files of the Liability, Property, and Workers' Compensation programs. The auditors review selected files and provide an evaluation of the department.

**CURRENT SITUATION**

The combination of members' continual efforts toward claim reductions, JPIA Risk Management, JPIA Member Education, and the excellent work of the JPIA Liability Claims Department have resulted in a strong Liability Program.

**RECOMMENDATION**

None, information only.



**ALTA CLAIMS**  
& INSURANCE SERVICES

# CUSTOMIZED CONSULTING

## Workers' Compensation

Strategic Approach  
Innovative Solutions  
Outstanding Outcomes

# Audit Report

ACWA JPIA

December 23rd, 2024

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## Appendix

### **Audit Sheets for Workers Compensation & Property/Liability**

## INTRODUCTION

The Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) contracted Alta Claims and Insurance Services to conduct an audit regarding the handling of workers' compensation, property and liability claims.

Based on a discovery call, 100 files were randomly selected and reviewed. Within this set of 100 files included 50 workers' claims and 50 property/liability claims.

The audit comprised of reviewing areas in Investigation, Coverage, Medical Management, Disability Management, Indemnity, Benefit Notices, Litigation Management, Subrogation, Reserving, Cost Containment, Documentation, Diary Management and Claims Resolution.

When applicable these categories included questions customized to measure compliance with requirements of CAJPA and AGRIP as well as Industry Best Practices. The customized audit sheets were reviewed and approved by ACWA JPIA prior to the commencement of the audit.

## CLAIM SYSTEM

Providing Examiners with effective systems and tools is tantamount in supporting the team in securing great outcomes for ACWA JPIA Members. ACWA JPIA has made continued investments to provide their team with a newer version of IVOS (release # IVOS 5.5.6.10).

This latest version of IVOS helps Examiners to secure better outcomes, comply with regulatory requirements and finalize the resolution of the claim.

This version provides a very robust claimant search capability. The additional search criteria allow for Examiners, Claim Assistants, Supervisors, Managers and other stakeholders an efficient ability to easily find needed claims for review. The notepad provides common sense coding for the type of note with a brief overview. The document image screen provides for easy document type coding, document status, priority and description. All fields can be sorted by date or alphabetically. The Medicare screen allows the Examiner to know real time if the employee is Medicare eligible allowing them to determine the best possible resolution option which could include a Medicare Set Aside. The Correspondence provides a very easy tool to find benefit notices, work status, EAMS forms and other important documents. The Reserve screen is compliant with OSIP requirements concerning itemizing the type of reserve transaction. Upon highlighting a reserve category, reporting is available allowing the reviewer the ability to determine amounts placed in each category, why and when. The payment screen allows for valuable sorting for various categories such as the payment date, payee, amounts, etc. What is very valuable to the ACWA JPIA colleagues, when reserving claims concerning compliance with Regulation § 15300, is the ability to export payments to excel. Once in excel, payments can be sorted, unneeded dates or amounts removed. The remaining amounts can be auto summed so the Examiner can easily get to the average medical spend. This amount is multiplied by the Employee's lifetime when the claim involves the need for future medical care.



## **WORKERS' COMPENSATION**

### **FILE SELECTION**

After conducting a discovery call with ACWA JPIA Leadership, it was decided that 50 workers' compensation claim should be reviewed. Among the 50 files, 28 included lost time indemnity claims, 7 medical only files, 10 future medical care claims and 5 denied. The lost time claims were randomly selected from claims reported in 2021, 2022 and 2023. The selection was conducted and provided to ACWA JPIA ahead of the audit commencing.

### **AUDIT METHODOLOGY | WORKERS' COMPENSATION**

After conducting a discovery call, it was concluded the audit would measure compliance with ACWA JPIA's CPJA/AGRIP standards, industry best practices as well as regulatory and statutory compliance.

The audit comprised of the below 13 categories:

- Investigation
- Medical Management
- Disability Management
- Indemnity Benefits
- Benefit Notices
- Subrogation
- Reserving
- Cost Containment
- Documentation
- Claim Resolution
- Diary Management
- Supervision

Each category is scored on a percentage basis based on the total number of answers receiving a positive finding divided by the total number of answers receiving a positive finding added to the total number of answers receiving a negative finding. Those areas found non-applicable are not factored in the percentage score. The total file score is adding the total yes and no scores from each category into a grand percentage score. Each individual category will be discussed in more detail.

All completed audit sheets were supplied to the ACWA JPIA Team for review. The Team was very engaged providing thoughts for rebuttals. All rebuttals were considered. If the rebuttal could not be granted the reasoning as to why was provided to the Team.

A copy of the audit sheet utilized is included in the Appendix.

## EXECUTIVE SUMMARY | WORKERS' COMPENSATION

Please find the below tables of the overall results per category, number of audits conducted per claim type and audits conducted by colleague.

Audit Category	Score
Investigation	87%
Medical Management	96%
Disability Management	95%
Indemnity	88%
Benefit Notices	87%
Litigation Management	88%
Subrogation	87%
Reserving	97%
Cost Containment	100%
Documentation	100%
Claims Resolution	95%
Diary Management	100%
Audit Score	93%

Claim Type	Number of Audits
Indemnity	28
Denied	5
Medical Only	7
Future Med	10
Total	50

ACWA JPIA Colleague	Number of Audits	Claim Type	Audit Score
Monica Sisco	23	IN 14   FM 5   DN 3   MO 1	95%
Patti Rider	15	IN 10   FM 2   DN 1   MO 2	92%
Tandra Vaughan	9	IN 4   FM 3   MO 2	93%
Gino Caruso	3	DN 1   MO 2	90%

The Team did a great job with an overall audit score of 93%.

The cases were investigated with claim decisions made timely. Claim acknowledgment letters were sent consistently and within 48 hours. The correct protocols and procedures were followed in questionable claims. In the event of the assertion of a "serious claim" the correct processes were initiated. An area of opportunity exists by securing the claimed mechanism of injury and parts of the body injured with the location and injured worker.

Medical care was managed very well. It was clear in all cases that the injured employee was directed for appropriate care. The claim documentation was kept current with the diagnosis, prognosis and course of

care. It was apparent when the employee was discharged or had a follow up appointment. Medical mileage was paid properly.

In the event the employee was off work, the Team did a great job of communicating with the location regarding the work status and accommodation. The Team kept in regular contact as the claim progressed tracking disability and the ability of the location to accommodate restrictions. In the event the employee was discharged from care with permanent work restrictions, the Examiner made sure the location was aware of the restrictions in coordinating permanent accommodation or the need for the supplemental job displacement voucher.

Lost-time and permanent impairment benefits were paid correctly in many of the claims reviewed. In a small subset of cases benefits were paid late initially or subsequently.

Benefit notices were sent timely and accurately in most of the claims reviewed. In a small subset of cases some notices were issued late or did not include necessary medical reports as enclosures.

Litigation was managed well by the Team. It was evident by the documentation that the Team has a good grasp on the status of the litigation and directing the defense attorney in what is needed to get the case to the best possible outcome. In a small subset of cases, IVOS was not updated to show the case was litigated, the litigation transmittal not sent and/or the defense counsel not providing their budget.

Subrogation was identified and pursued in accordance with the facts of the case. There were only two instances in which subrogation might have been applicable. The first case dealt with an injury because of tree roots, and it was questioned if the City or County may have been responsible. The second dealt with the potential ability to pursue a manufacturer defect.

The team reserved cases timely, accurately with good reserve rationales.

Cost Containment measures the Team leveraging items such as Utilization Review and Bill Review. The team scores 100% in this category. They did a fantastic job.

Documentation and Diary Management also earned a score of 100%.

Claims were resolved timely and correctly. ACWA JPIA is self-insured and thus claims must be closed in accordance with California Regulations. Claims were not closed prematurely.

In conclusion, the ACWA JPIA Team is doing a great job in adjusting workers' compensation claims for their members.

## **FINDINGS IN EACH AUDIT CATEGORY**

### **INVESTIGATION | 87%**

This category measures 18 different categories dealing with investigating the assertion of a work-related claim. This encompasses elements such as the initial contact with the injured worker and location to making claim decisions timely and adherence to AGRIP an CAJPA requirements such as conducting serious claims investigations when the claim involves stress, heart or a fatality.

Overall, the team is performing well in making decisions timely and reaching out to the various stakeholders. When an outside investigation was required, it was conducted. The protocols regarding serious claim investigations were also completed.

This score is being driven by the elements covered by the Team once reaching the location and/or examiner during voice-to-voice contact. The Team did an excellent job of consistently discussing work status and accommodation. Additionally, documenting that they explained how benefits are provided in a workers' compensation claim with the injured worker. An area of opportunity is for the Team to ask specific questions regarding how the injury occurred, what parts of the body were injured, any history of prior injury and the injured workers' prediction regarding recovery.

### **MEDICAL MANAGEMENT | 96%**

This category measures 7 different categories dealing with medical management. The team did well in this category regarding medical management. Contacts with the applicable medical provider were conducted in a timely manner on a majority of the claims. In a small subset of claims, the contacts with the physician were conducted late. In most of the cases, the Examiner noted the last medical appointment, next appointment and the prognosis, diagnosis and treatment plan. Most of the cases mileage was reimbursed correctly.

This audit found 7 instances of noncompliance out of the 350 items measured.

As noted above there were only a few instances in which the team was late contacting the initial provider or did not note the current medical status or next medical appointment. But this was not the norm in most cases reviewed.

### **DISABILITY MANAGEMENT | 95%**

The team did a good job regarding disability management. This category measures how the Examiner is working with the location and physician to secure restrictions and return the employee back to work. In the event the employee is found MMI, this category looks at how the Examiner is communicating any relevant permanent work restrictions to the location to enable an interactive discussion.

The Examiner's and internal resources communicated with the locations regularly concerning work status and changes in status. In the instances in which the employee was found with permanent work restrictions, the Examiners immediately reached out communicating the restrictions asking the location regarding permanent accommodation, along with a date in which the interactive process should be completed.

Out of the 50 claims that involved disability management, only 4 claims were found with an issue regarding this category.

### **INDEMNITY | 88%**

The team did a good job of calculating and documenting wage statements. In addition, a large majority of the cases reviewed demonstrated that the team is calculating and paying indemnity

benefits timely and accurately. This includes coordinating Salary Continuation timely with the Location.

Below are some statistics around payment of indemnity benefits.

35 Claims Reviewed with SC/Temporary Disability Benefits Owed
37 Claims Reviewed with Indemnity Benefits Owed
29 Claims Reviewed with Subsequent Indemnity Benefits Owed
14 Claims Reviewed with Permanent Disability Benefits Owed

- Unpaid/Uncontested Compensation
  - 1 case out of 37 cases was found with unpaid/uncontested compensation
  - Unpaid compensation totaled \$58.00
- Late First Payment of Temporary Disability or Notice of Salary Continuation
  - 4 cases were found with a late first payment of TD or Notice of Salary Continuation out of 35 cases requiring the payment of TD benefits.
- Late First Payment of Permanent Disability Benefits
  - 5 cases were found with late first payment of PD benefits out 14 cases in which PD benefits were owed.
- Late Subsequent Payment of Indemnity Benefits
  - 4 cases were found with late subsequent payment of indemnity benefits out of 29 cases in which subsequent payments were owed.

## BENEFIT NOTICE | 87%

Acceptance, delay and denial notices were consistently sent timely. In addition, first notice of TD, change and resumption notices were consistently issued timely and correctly.

An area of opportunity exists with sending benefit notices that inform that employee of their right to a medical-legal report. This includes, ending notice of SC/TD, denial of the claim or benefit, delay of the claim or benefit and notice of the extent or existence of PD.

These notices require that the Examiner include, as an enclosure, the medical report used in making the decision.

When dealing with notices measured as part of a routine audit or the Profile Audit Review, the below was found.

Late First Notice of Salary Continuation	2
Issues with Notice of PD Advice	8
Issues with Denial of PD	3
Issues with Ending TD/SC Notice	4

## **LITIGATION MANAGEMENT | 88%**

The team did a good job regarding litigation management. This category measures whether the claim is flagged in IVOS as litigated, if the examiner provided an initial litigation transmittal with instructions. In addition, the assigned attorney provided their initial plan and budget. Did the Examiner and attorney work together to execute an agreed upon plan to secure the best possible outcome. Finally, was the Examiner managing the legal process.

The claims contained good documentation of interactions with legal counsel in defending the ACWA JPIA location and securing claim resolution.

This score was driven by a small subset of cases in which the litigation transmittal was not sent, litigation was not documented in IVOS, and the assigned attorney did not provide their budget.

## **SUBROGATION | 88%**

The team did a great job in correctly determining whether subrogation should be pursued.

In all instances, in which subrogation was a factor it was recognized. Cases reviewed were in various stages of the process

This score is being driven by two factors and only a few cases had legitimate subrogation potential. In two cases, the Examiner may not have correctly identified subrogation potential and/or followed up with the location on ruling it out.

## **RESERVING | 97%**

Reserving is much of an art as it is a science. Many factors are at play when the Examiner is evaluating and placing a proper reserve on the file. This can be complicated by the requirements set forth in Regulation 15300 combined with handling a public entity.

Much of the time, the team did a good job of setting the initial reserve, reviewing periodically and updating when something occurred.

## **COST CONTAINMENT | 100% | GRADE A**

The team did a great job concerning timely authorizing medical care, conducting utilization review and paying medical bills timely. Great work.

## **DOCUMENTATION | 100%**

The team did a great job of documenting the claims, updating action plans and justifying actions. The claims were easy to follow with the most needed details contained on the notes screen.

## **CLAIMS RESOLUTION | 95%**

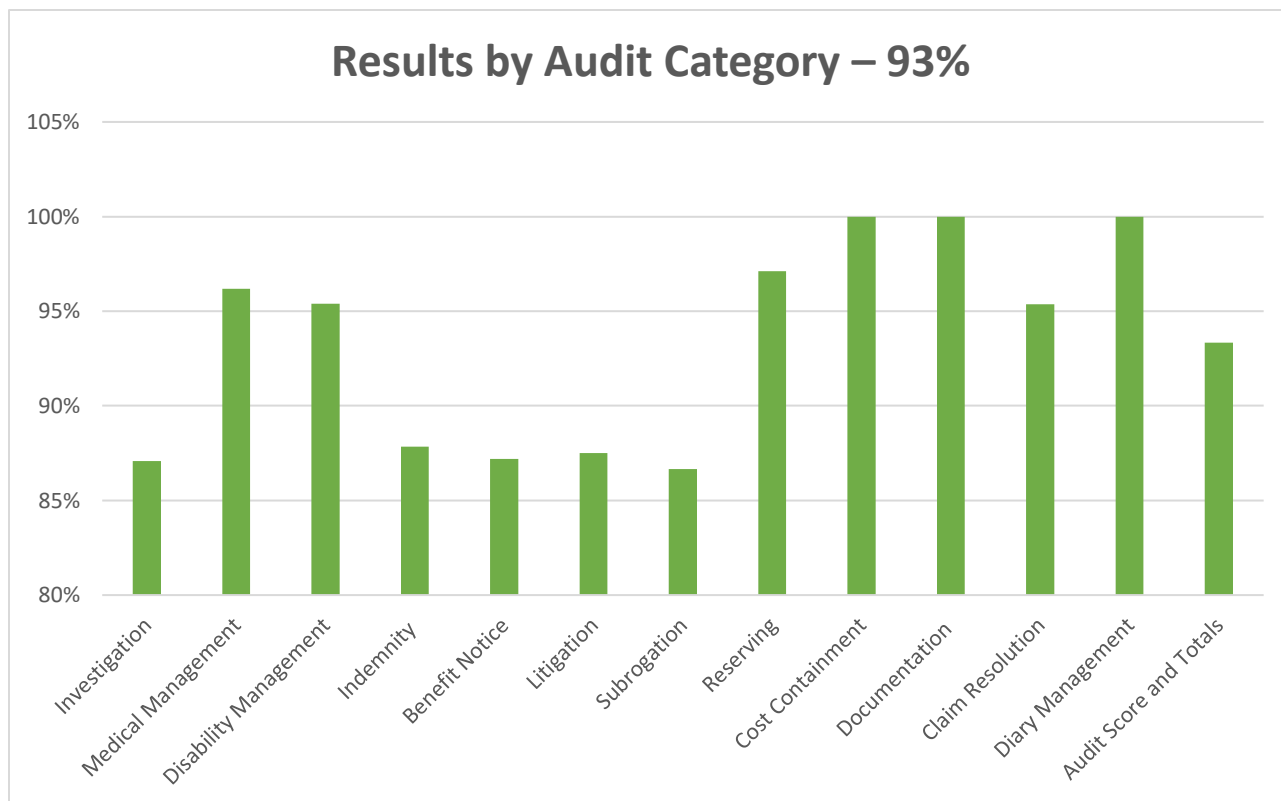
Claims were closed timely and when the facts allowed. No instances were discovered in which the claims were closed early.

**DIARY MANAGEMENT | 100%**

No concerns regarding diary management. Diary was set on claims to comply with statutory requirements as well as best practices.

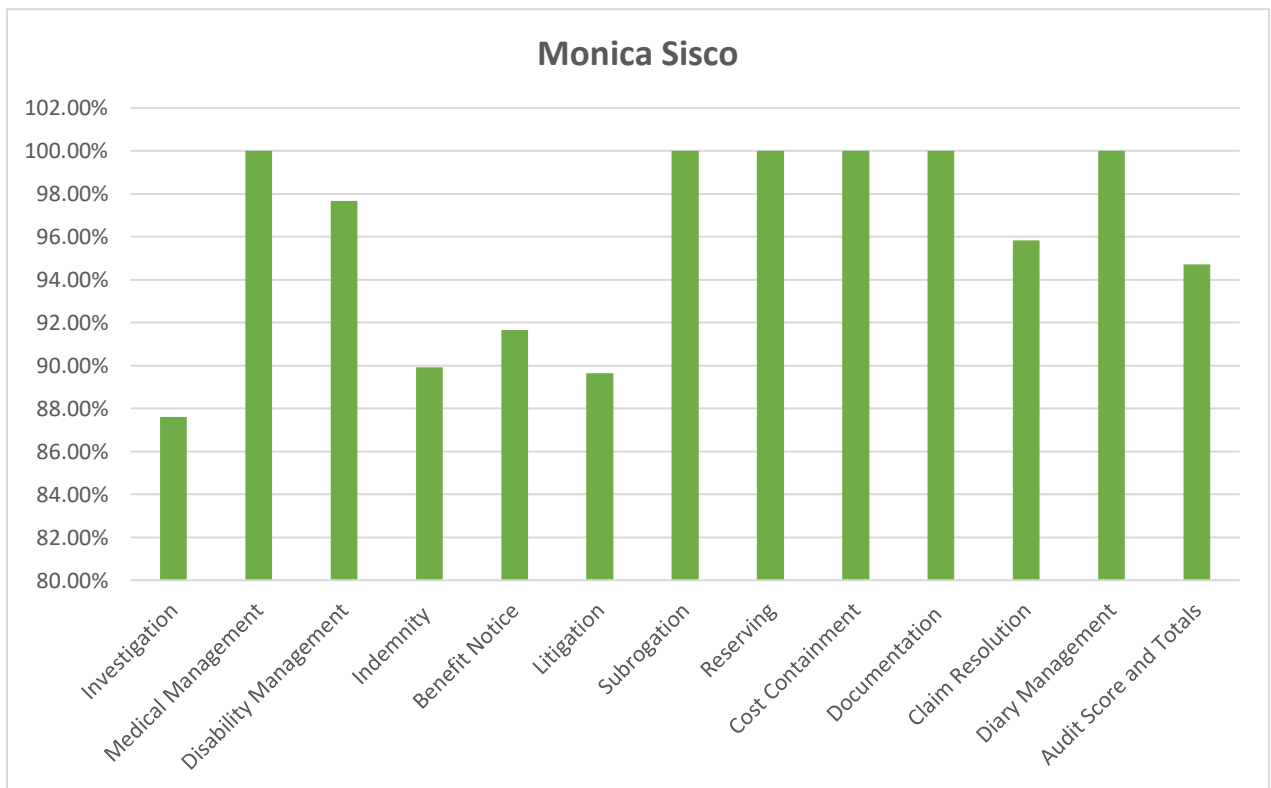
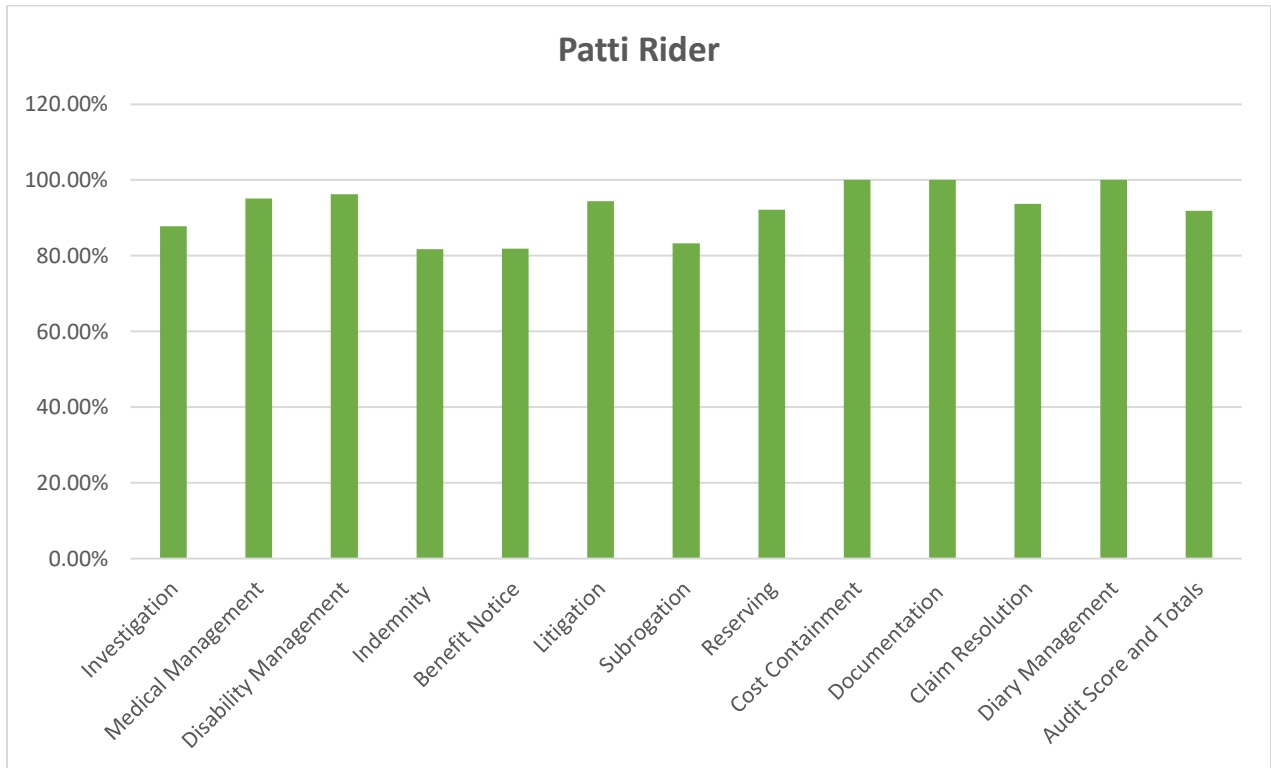
## TRENDING

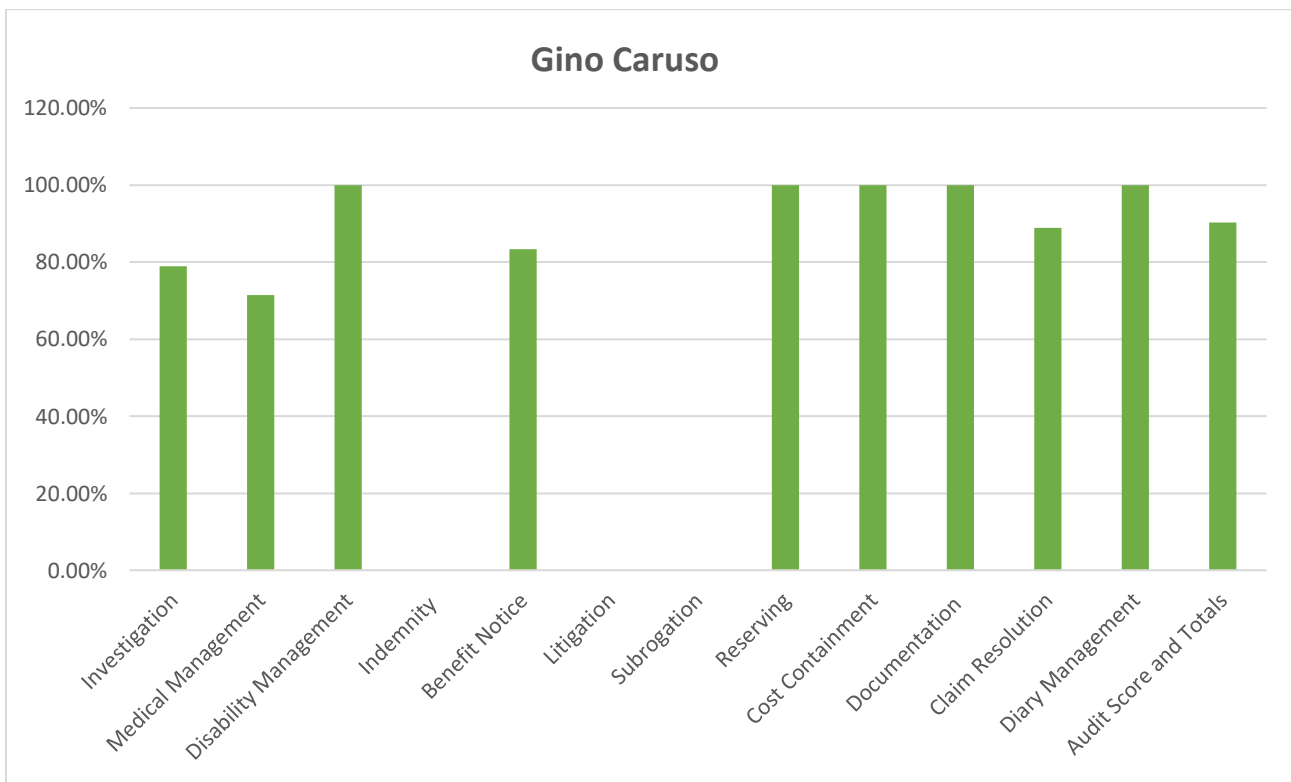
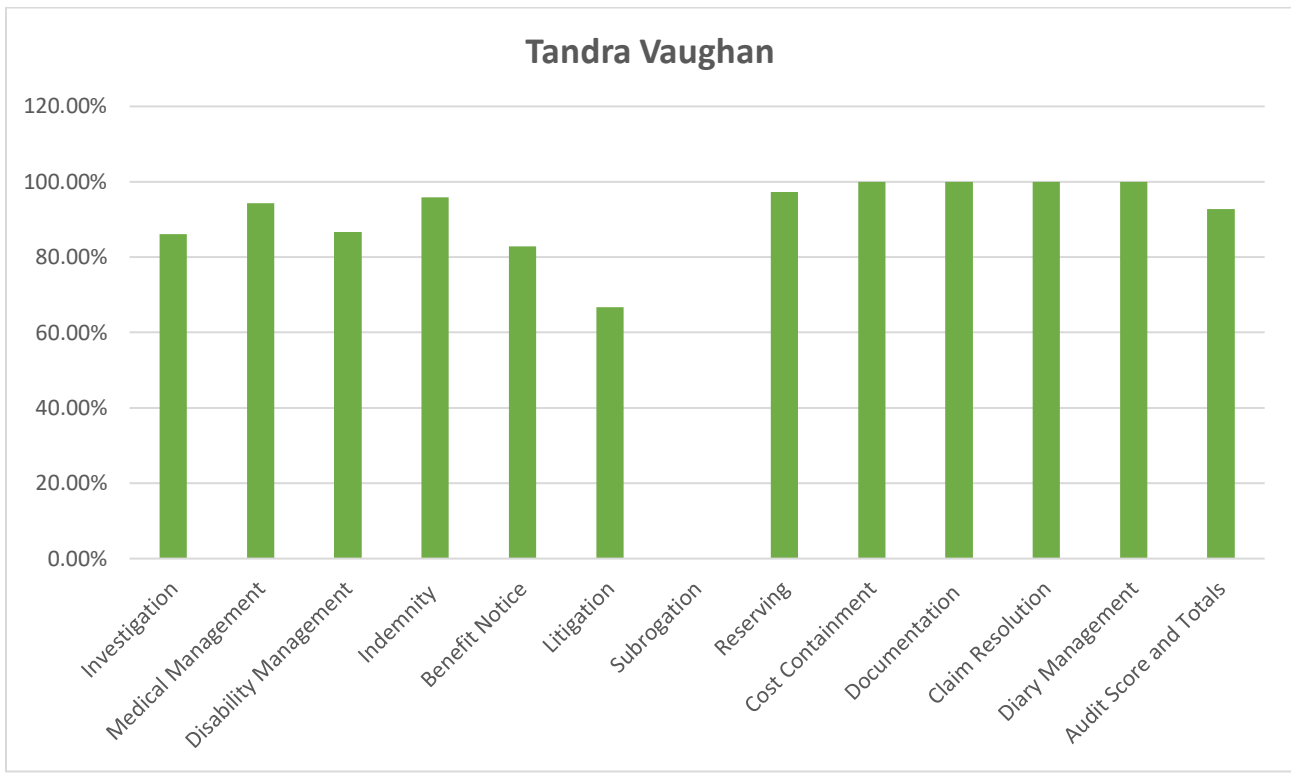
### All Audit Results by Category





Results by Colleague





## RECOMMENDATIONS

In the area of investigation, it is recommended the Team receive some training regarding what items to cover with the injured employee and location concerning how the injury occurred, part of the body injured and predictions regarding recovery and return to work.

Regarding payment of indemnity benefits it is recommended the Team receive training in payment of permanent impairment and deferral of permanent disability when applicable.

As an Industry, we struggle with benefits notices and complying with the 2016 benefit notices manual. Recommend the Team receive training regarding notices measured by the State of California Audit Unit during the Profile Audit Review. Especially the need to note the medical report used to deny, end or modify a benefit as an enclosure in the applicable notice. Also, when to properly delay permanent disability versus defer payment until an award is issued.

The last area regarding recommendations deals with subrogation. Subrogation should be explored and noted in every case, even if it is glaring that it is not an issue. This thought process is critical to make sure that no claim is missed when a third party could be liable to pay the claim. Recommend the Team receive some training regarding identification and pursuit of third parties, especially public entities, given the work ACWA JPIA members conduct.

Alta Claims & Insurance Services is happy to provide any training the Team deems necessary at no additional cost.

## CONCLUSION

It was a pleasure conducting this review for ACWA JPIA regarding the handling of Workers' Compensation claims for your member Districts. The Team is doing a great job of handling these claims and securing good outcomes. California Workers' Compensation is interpreted in the favor of the injured employee. This can sometimes make it difficult to secure good outcomes. The Team is thinking critically about how to overcome these challenges to bring the case to conclusion. Thanks for trusting Alta Claims & Insurance Services with this need.

## **PROPERTY & LIABILITY**

### **FILE SELECTION**

After conducting a discovery call with ACWA JPIA Leadership, it was decided that 50 property/liability claims should be reviewed. Claims were randomly selected from claims reported in 2021, 2022 and 2023. The selection was conducted and provided to ACWA JPIA ahead of the audit commencing.

### **AUDIT METHODOLOGY | PROPERTY & LIABILITY**

After conducting a discovery call, it was concluded the audit would measure compliance with ACWA JPIA'S compliance to industry best practices including AGRIP and CAJPA standards.

The audit comprised of the below 11 categories:

- Coverage
- Investigation
- Medical Information
- Independent Adjusters
- Litigation
- Subrogation
- Documentation
- Claim Resolution
- Diary Management
- Supervision
- Excess

Each category is scored on a percentage basis based on the total number of answers receiving a positive finding divided by the total number of answers receiving a positive finding added to the total number of answers receiving a negative finding. Those areas found non-applicable are not factored in the percentage score. The total file score is adding the total yes and no scores from each category into a grand percentage score. Each individual category will be discussed in more detail.

All completed audit sheets were supplied to the ACWA JPIA Team for review. The Team was very engaged providing thoughts for rebuttals. All rebuttals were considered. If the rebuttal could not be granted the reasoning as to why was provided to the Team.

A copy of the audit sheet utilized is included in the Appendix.

## EXECUTIVE SUMMARY | LIABILITY & PROPERTY

Please find below tables of the overall results per category, number of audits conducted per claim colleague and their individual scores.

<b>Audit Category</b>	<b>Score</b>
Coverage	100%
Investigation	93%
Medical Information	100%
Independent Adjusters	97%
Litigation Management	95%
Subrogation	88%
Documentation	94%
Claims Resolution	99%
Diary Management	99%
Excess	100%
<b>Audit Score</b>	<b>95%</b>

<b>ACWA JPIA Colleague</b>	<b>Number of Audits</b>	<b>Audit Score</b>
Cece Wuchter	13	91%
Heidi Sander	13	96%
Paula Christy	8	96%
Shelley Tippit	7	98%
Kayla Villa	2	96%
Judy Shiu	2	99%
Justin Wall	1	100%

The Team did a great job with an overall audit score of 95%.

All categories scored over 90% except for subrogation, with three categories achieving a score of 100%. Excellent work.

Coverage decisions were made quickly, accurately, based in fact and immediately communicated to the District.

Claims were investigated with, when needed, rejection letters sent timely. The only area of opportunity with investigation deals with the Examiner consistently contacting the claimant and third party (when applicable) at the onset of the claim. These contacts seem to occur more organically through the case development.

As noted, claims were selected at random. In this random selection there were two cases that involved personal injury. The team did an great job of securing medical records and reports to assist in valuing the case settlement. The personal injury claims were handled very well and in a difficult liability environment.

When needed, the Examiners enlisted the help of outside Independent Adjusters (IA). It was evident through the documentation that the Examiner was managing the IA, holding them accountable to timely reporting and valuation to assist in the District's rebuilding process.

Litigation was managed well on the part of the Examiners. Cases involving litigation were resolved timely and equitably.

Subrogation was handled well. There were two cases that drove this score in which the negligent third party was identified, recovery pursued, but when the third party did not respond, the claim was closed without documentation the District was notified and agreed.

The claims were documented well. The claims read like a story with a beginning, middle and end. It was always obvious as to what was occurring, why and what was being done to secure resolution. The only area of opportunity deals with the Examiner consistently documenting a Status with their future actions noted.

Claims were resolved timely and with great outcomes.

Diary was set correctly and managed well.

Only one claim through this random selection dealt with Excess. This case was handled very well.

In conclusion, the Team is doing terrific work in adjusting property and liability claims for ACWA JPIA's District members. Keep up the great work.

## **FINDINGS IN EACH AUDIT CATEGORY**

### **COVERAGE | 100 %**

This category measures two categories dealing with assessing the peril, cause, loss, date of loss and coverage periods.

The Team did an excellent job of consistently making correct coverage decisions after assessing the above factors but also documenting their thought process.

The team sent out rejection letters timely, after correctly determining a lack of coverage.

### **INVESTIGATION | 93%**

This category measures 16 different aspects of investigating a claim. This includes contacts with the location, claimant and third party (if applicable). The score of 93% is a testament to the Team complying with most of the items measured in most cases.

In addition to contacts with the various stakeholders this category also measures the Examiner securing and summarizing the initial investigation report, preserving evidence, securing video/photos of the loss claimed.

The only area of opportunity in this category includes the Examiners making sure they are contacting the claimant and if applicable the third party.

## **MEDICAL INFORMATION | 100%**

As noted in the methodology, the audit sample was selected at random. In this random sample two cases involved personal injury. In both cases, the Examiners did an excellent job of securing the prior medical records in order to ascertain the value of medical treatment secured. This diligent work resulted in optimal results in both cases.

## **INDEPENDENT ADJUSTERS | 97%**

Some of the claims evaluated included losses caused by fire and water intrusion. When needed the Examiner enlisted the assistance of an Independent Adjuster. In a majority of cases the Examiner held the IA accountable for delivering a loss analysis and working alongside contractors and other necessary stakeholders in making the ACWA JPIA Member whole. The IAs correctly valued the loss valuation at ACV or RV depending on the coverage and circumstance. The claim was documented with accurate and detailed itemization of losses justifying the ultimate amount paid to the ACWA JPIA Member.

## **LITIGATION | 95%**

What was very refreshing reviewing this sample was some of the best outcomes resulted from the Examiner not securing representation and instead negotiating directly with Plaintiff's Attorney. Kudos to the Team in doing so. However, when claims were referred to Defense Counsel, the Examiner provided clear direction on the issues and actions. Most of the cases reviewed were resolved quickly and equitably. Great job!

## **SUBROGATION | 88%**

Subrogation is the only category in this review that scored below 90%. The score of 88% is still a great outcome but there were a few cases that drove this score. These cases may be outliers but should be reviewed and considered in handling future cases.

In case 22-0775, a negligent third party was identified in a parking lot automobile accident. After the third party did not respond to several notices, the case was closed, without recovery.

Similarly in case 22-0468, after the negligent third party did not response to reimbursement requests, the case was closed.

In the case of 22-0065, two teenagers were found responsible for damaging a sign. The parents admitted liability and agreed to reimburse the District for the costs. After enlisting the help of an outside party and making several attempts, with no response from the parents, it was decided to end recovery efforts.

Approval of the District in all above examples to end the pursuit of third-party liability could not be located. It could be that the amount did not justify further efforts, but no documentation was found that the District agreed with this determination.

**DOCUMENTATION | 94%**

The Team did a great job of documenting the cases. The claims were easy to follow, and the status and actions were apparent and noted.

There was a very small subset of cases that did not have a Status/Plan noted or not noted within a reasonable timeframe based on the case events.

**CLAIM RESOLUTION | 99%**

This is a fantastic outcome. The claims were handled well with great resolutions. In a few cases in which resolution was delayed it was largely caused by the District not repairing damaged items allowing for payment and claim closure. It is obvious the Team is working to get claims to closure as quickly as it can be allowed.

**DIARY MANAGEMENT | 99%**

Great score regarding how the Team managed their diary to hold all stakeholders accountable and securing a great outcome for the District.

**SUPERVISION | 95%**

It was evident that the Supervisor is involved with the actions taken in the claims.

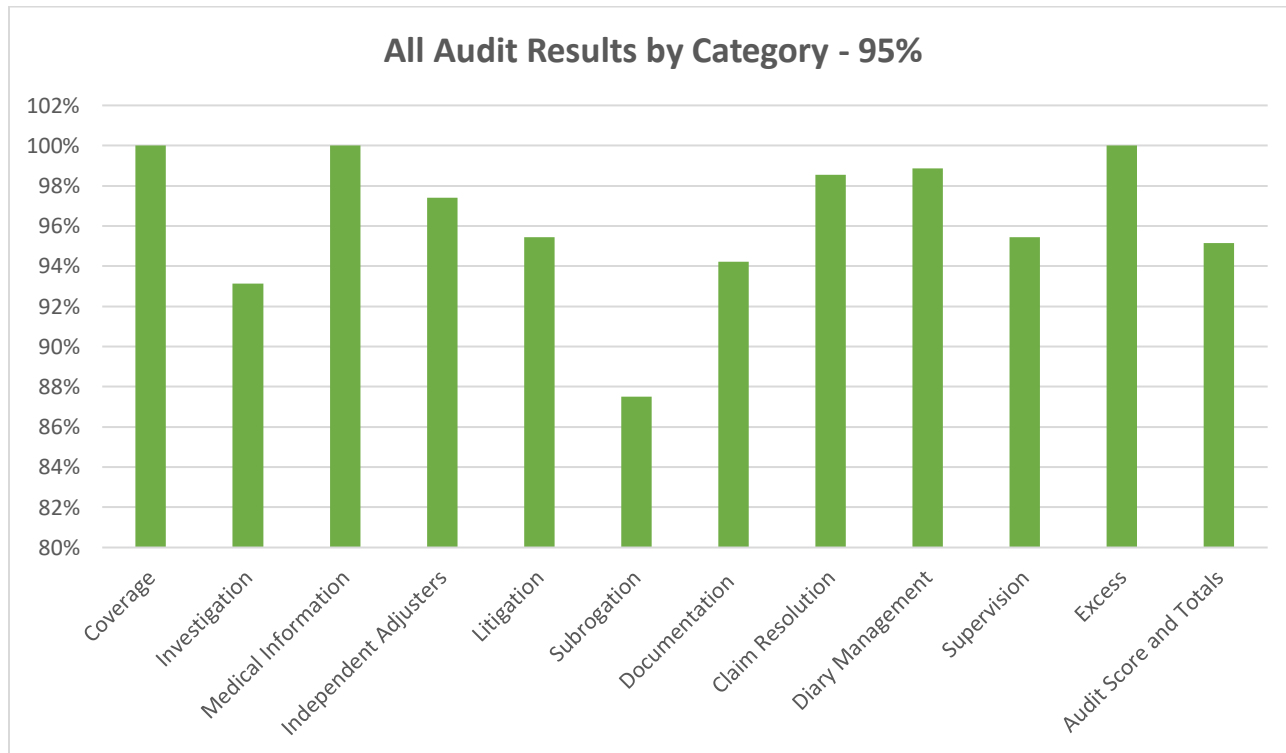
**EXCESS | 100%**

There was only one claim in which Excess was an issue. The case was handled very well in placing Excess on notice. The Excess layer was not penetrated and as a result the Carrier closed their file. Great work in notifying the carrier and keeping them updated.

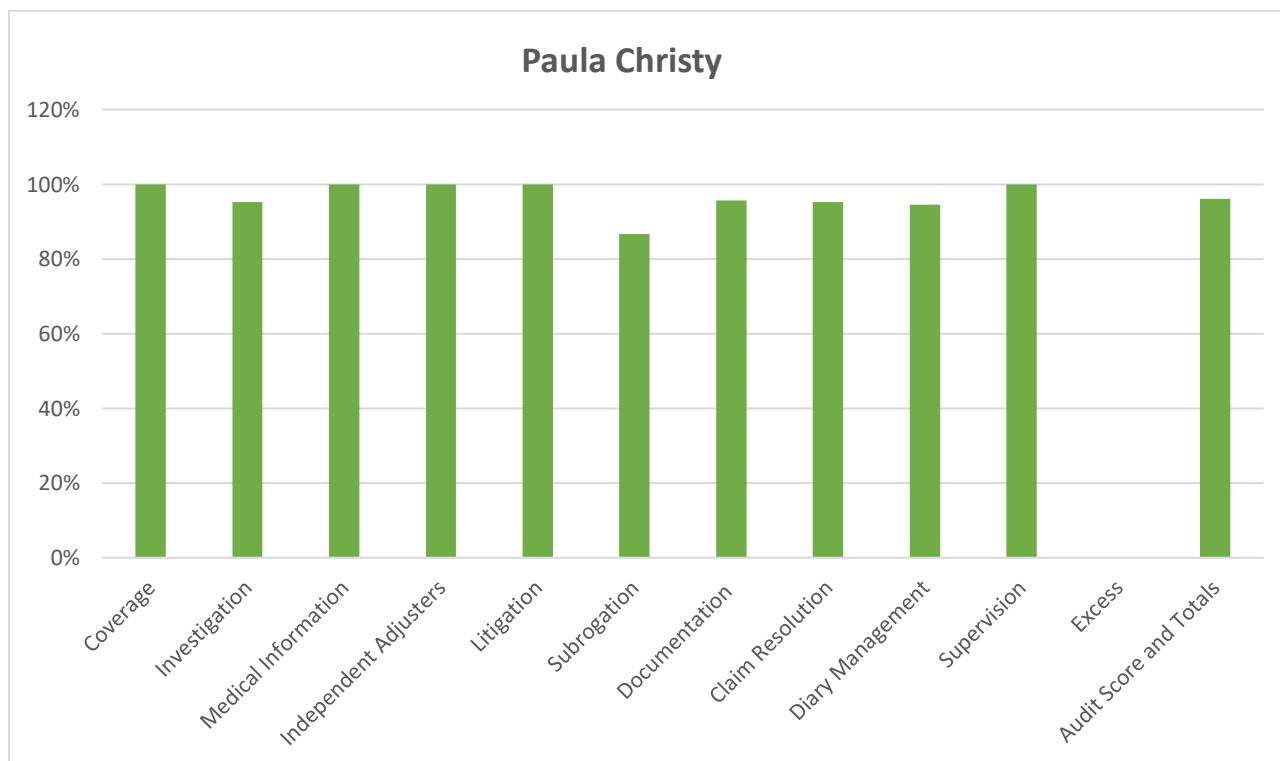
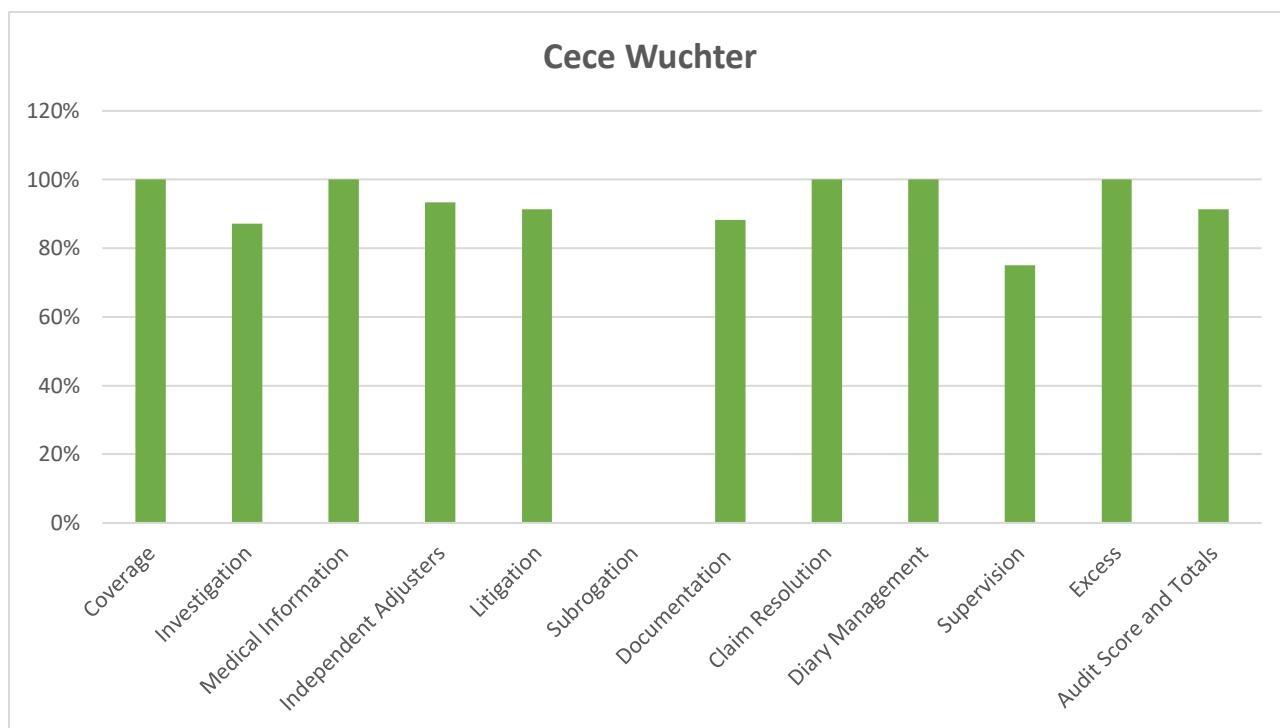


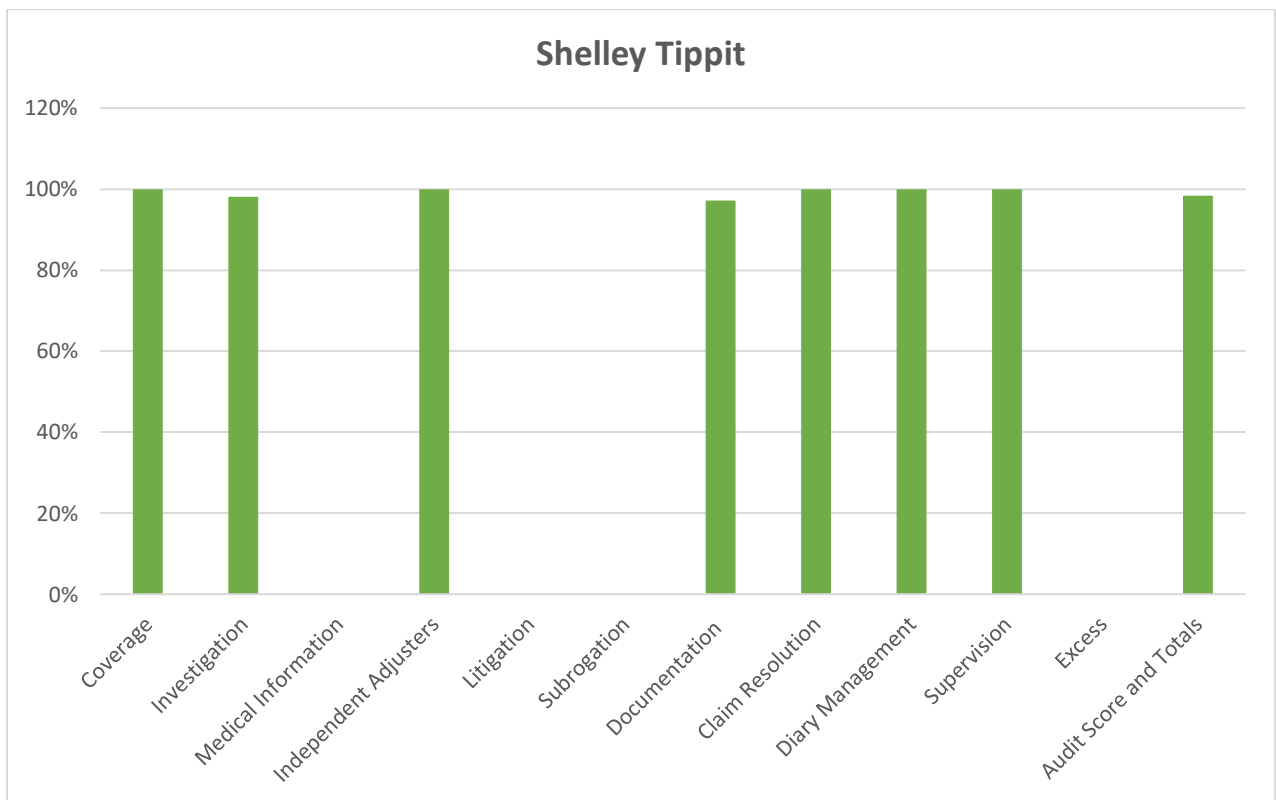
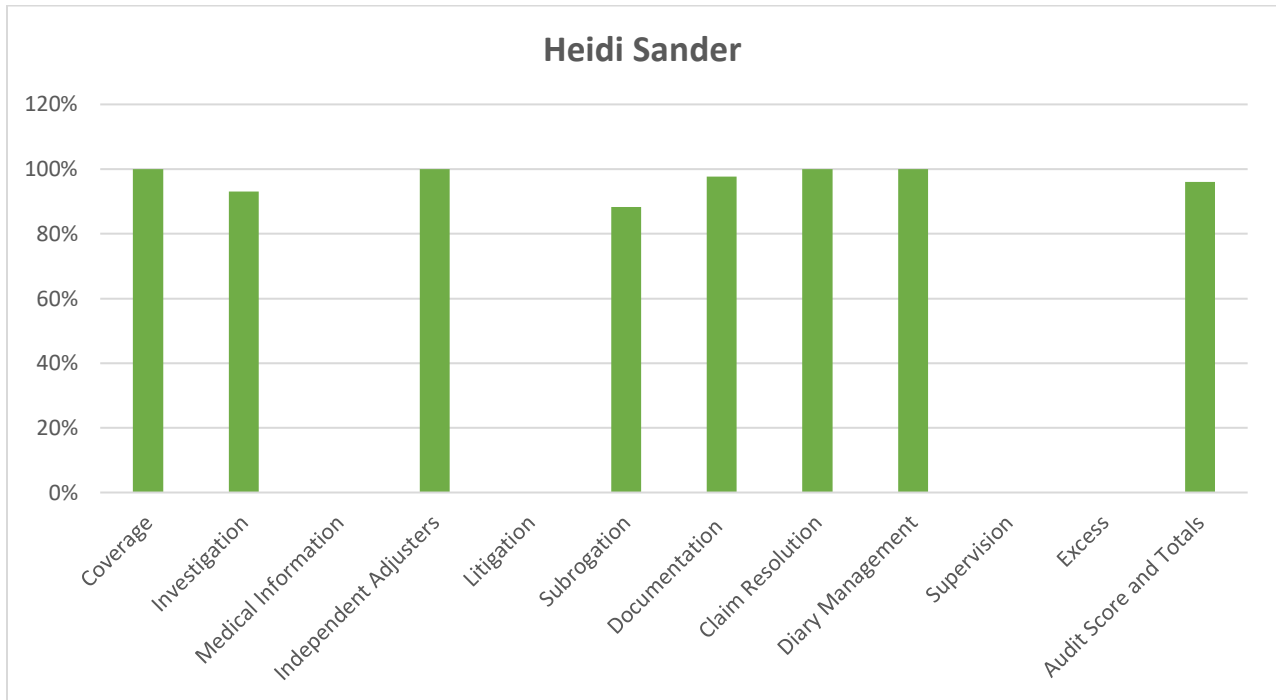
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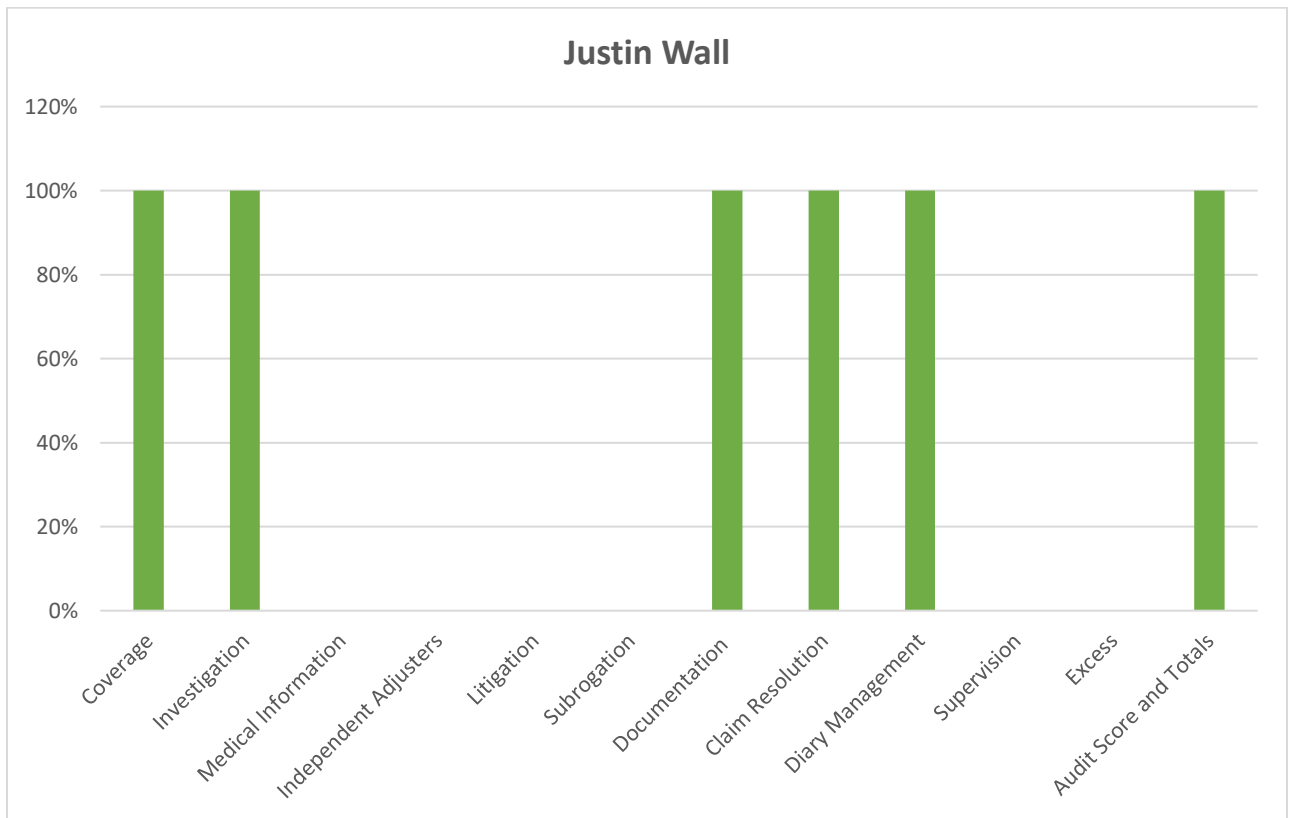
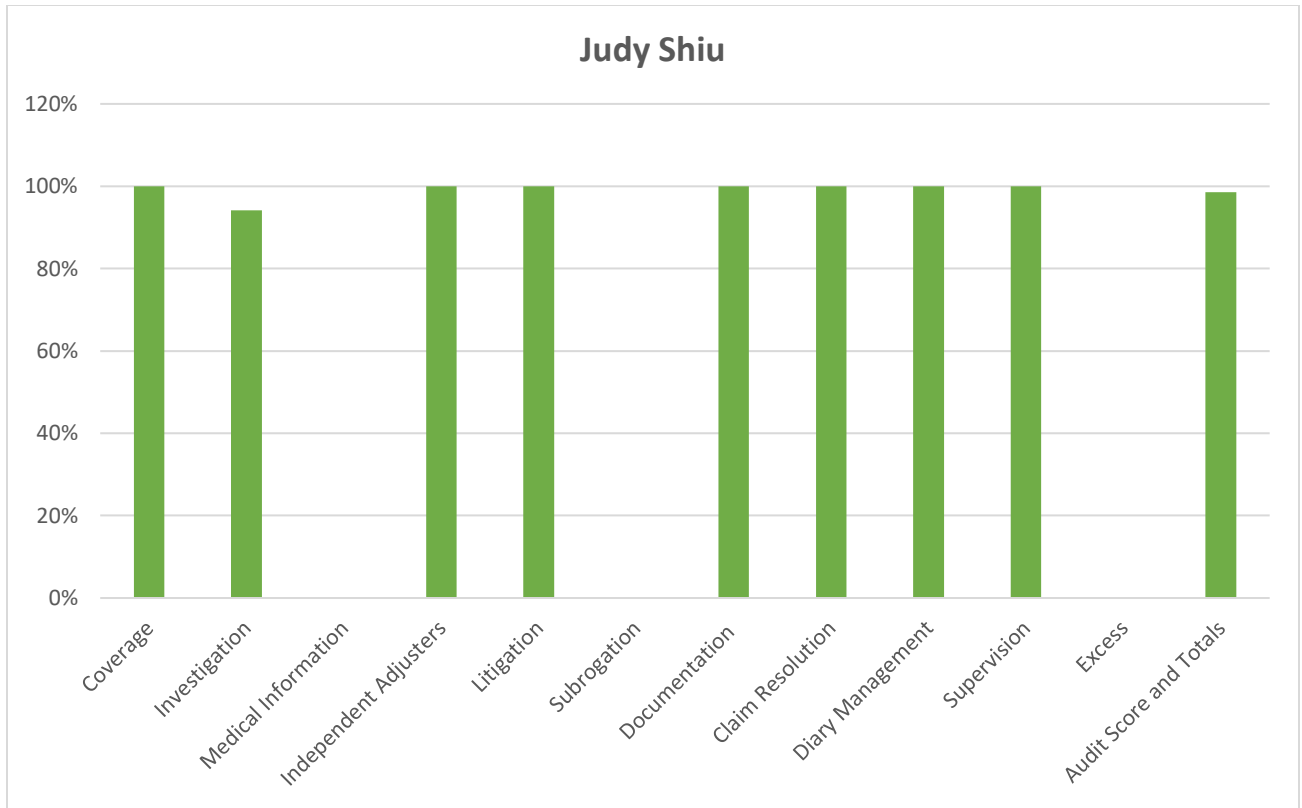
### All Audit Results by Category

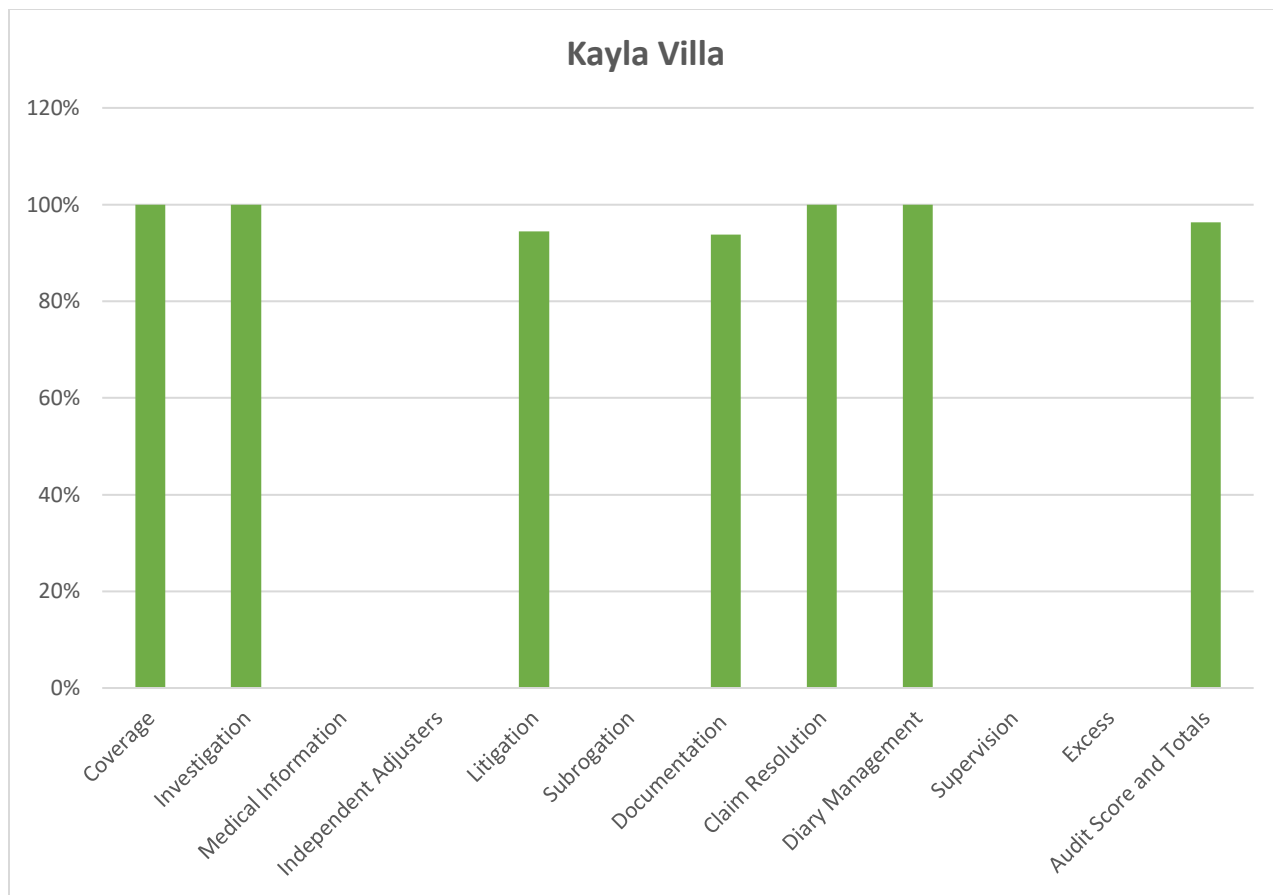


### Results by Colleague









## RECOMMENDATIONS

It is evident through the results of this audit that the Team is doing a great job in properly adjusting and resolving liability and property claims.

The below recommendations are based on what was discovered during this audit.

It is recommended a discussion be held with the Team concerning the need and value in contacting the claimant and third party, or their attorney if represented to discuss the case. These contacts were not attempted in most of the cases until it was needed down the line to resolve the matter.

Regarding subrogation, the Team may want to review the claims presented and determine if the District should have been advised that Subrogation was not being pursued due to a lack of response from the negligent third party. It is understandable that pursuing these cases further may not have been cost effective and it is more of a business decision to end pursuit. But the District should be a part of that decision-making process and documentation could not be found regarding securing their thoughts on the matter.

The Team did a great job taking actions needed to get the claims to a resolution. It is recommended that a discussion be held regarding the need to document the claims with a regular status update and actions being taken to secure resolution.

One case dealing with Cyber may have been able to resolve without engaging all the stakeholders brought in. In this case, it was obvious that the perpetrators did not have control over the District system and appeared to be a bit amateurish. ACWA JPIA may want to consider authoring best practices around Cyber claims. Alta Claims and Insurance Services is here to help in working with ACWA JPIA to publish and train on these guidelines.

## CONCLUSION

It was a pleasure conducting this review for ACWA JPIA regarding the handling of property and liability claims for your member Districts. The claims are being handled very well with great outcomes in what is currently a difficult environment for liability. Thanks for trusting Alta Claims & Insurance Services with this need.

# APPENDIX

# ACWA JPIA

## WC Regulatory & Best Practice Audit

Examiner Name:	
Employee Name:	
Claim Number:	
Date of Injury:	
Job Title:	
Department:	
Water Agency Name:	
Open Date:	
Date of Closure:	
Body Part(s) Injured:	
Nature of Injury:	
Cause of Injury:	
Litigated Yes/No:	
Name of Defense Attorney:	
Name of Defense Firm:	
Total Unpaid/Uncontested Indemnity:	
Needed Reserve Increase:	
Needed Reserve Decrease:	

	Yes	No	N/A	PAR Audit	Comments
Did the Location report the claim in a timely manner?					
Was the Claim Form DWC-1 provided timely?					
Was the employee directed to the appropriate medical provider?					



Investigation					
Was the initial contact made with the injured worker within a reasonable timeframe of the claim assignment?					
Was the Acknowledgement letter sent within 48 hours?					
If a voice to voice contact was made with the injured worker, did the examiner conduct a meaningful discussion and investigation sufficient to determine appropriate next steps?					
Was the initial contact made with the location Supervisor within a reasonable timeframe of the claim assignment?					
If a voice to voice contact was made with the location supervisor, did the examiner conduct a meaningful discussion and investigation sufficient to determine appropriate next steps?					
If contact was not possible did the Examiner make any follow up attempts?					
Was the rationale for claim decision noted?					
Was the decision date calculated correctly?					
Was the claim decision made timely?					
Was a recorded statement secured for all questionable/contested or lost time claims from the injured worker?					
Was an outside investigation conducted if needed based on the type of claim asserted?					
If surveillance was assigned did the examiner note an articulable suspicion to justify the need?					
Did the examiner note the results of the surveillance and any needed future actions?					
Was the claim decision based on a Medical, Legal or Factual basis?					
Was an ISO Claim Search conducted on all indemnity claims?					
If ISO Claim Search presented prior claims did the examiner note their review and appropriate action items?					
Was a Serious Claim investigation conducted based on a claim of stress, heart, occupational disease or fatality?					
Was the Serious Claim investigation conducted properly?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				
Medical Management					
Did the examiner complete an initial contact with the physician within a reasonable timeframe of the claim assignment?					
Does the file contain a current medical status?					
Do we know the employees next appt?					
Is the diagnosis, prognosis and treatment plan noted?					
Was the mileage reimbursement amount correct?					
Was the mileage reimbursed timely?					
If not paid, was the mileage reimbursement objection timely?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				

**Disability Management**

As a result of the initial investigation, did the Examiner note the current work status and availability of transitional employment?					
When the employee was unable to return to work did the Examiner secure a job description and submit to the treating provider to facilitate return to work?					
If needed, did the Examiner identify other available transitional work and submit it to the treating physician to aid in coordination of return to work on a modified duty basis?					
If modified work restrictions were provided by the treating physician, were these provided to the location to assess RTW?					
If needed as a result of prolonged length of time off work or a tip, was an activity check conducted?					
If the employee is MMI with permanent work restrictions, were these restrictions provided to the location for determination of reasonable accommodation?					
If the location could not provide a permanent accommodation, was the SJDB process handled correctly?					
If needed, is the examiner pursuing a medical-legal evaluation timely?					
If the employee was found with permanent disability was apportionment determined and applied correctly?					
Was TCM assigned when the referral criteria was met?					
If needed based on prolonged off work duration or catastrophic injury, was a field nurse case manager assigned based on the referral criteria?					
If a FNCM was assigned are they adding value to the claim?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				

**Indemnity**

Was the first payment of temporary disability benefits made timely?					
If applicable was salary continuation coordinated timely and correctly?					
Was the first payment of permanent disability benefits timely?					
Were permanent disability benefits paid correctly from the applicable date, RTW, if no lost time MMI date?					
Were subsequent indemnity benefits paid timely?					
Was the wage statement calculated correctly?					
If a penalty was owed was it self imposed?					
Was the waiting period paid if owed?					
Was permanent disability deferred correctly?					
Were all periods and amount of indemnity owed, paid?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				

Benefit Notices					
Acceptance Notice					
Delay Notice					
Denial Notice					
Was the Denial Notice reviewed and approved by the Claims Manager?					
First Notice of TD					
TD Change Notice					
TD Resume					
TD Delay					
TD Denial					
TD Ending					
PD Delay					
Notice Existence of PD					
PD Ending					
PD Deferral					
PD Denial					
SJDB Voucher					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				
Litigation					
Is the case flagged as litigated in claim system?					
Was the case assigned to the appropriate defense counsel within a reasonable amount of time upon receipt of application or need?					
Was litigation correspondence responded to timely?					
Was the litigation transmittal sent?					
Did the examiner provide initial instructions to the attorney?					
If applicable, was the defense plan and budget secured within a reasonable time of referral?					
If applicable, was contact with defense counsel maintained at reasonable intervals if the case requires it?					
Did the examiner initiate appropriate action items based on recommendations from the Defense Attorney?					
Were the 5710 fees paid timely and correctly?					
Is the Examiner managing the litigation?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				
Subrogation					
Was subrogation potential analyzed and noted at the receipt of claim?					
Was the determination to pursue subrogation made within a reasonable time of claim receipt?					
Was the subrogation determination correct?					
If applicable, was the police report secured?					
Was the third party placed on notice?					
Was the pursuit of subrogation followed up when needed once the third party was placed on notice?					
If subrogation is being pursued is it noted in the ongoing action plan?					
If Subrogation is not being pursued did the Examiner request authority?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				

Reserving					
Was the initial reserve posted within 14 days after initial receipt of the claim?					
Was the initial reserve adequate based on the information known about the claim at the time the reserve was posted?					
Is the current reserve set for the most probable outcome?					
Was the reserve adjusted upon a change in the claim status including substantial new evidence, unforeseen complications in the medical condition, work status, etc.?					
If the employee inputted reserves above \$100,000.00 was the supervisor involved?					
In the case of future medical care claims, does the reserve comply with Regulation 15300?					
Does the reserve amount need to be increased or decreased and by what amount?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				
Cost Containment					
Were RFA's approved timely?					
Were RFA's referred for UR timely?					
Were RFA's referred to UR based on established referral criteria?					
Was UR conducted timely?					
Was the RFA deferred timely?					
Was the deferral process followed once a claims decision was made?					
Was Bill Review utilized correctly?					
If not paid, was the medical bill/lien objection timely?					
Was the rationale for the medical bill/lien objection correct?					
If the medical payment was late, did the examiner self-imposed a penalty and at the correct amount?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				
Documentation					
Are the correct note types being utilized?					
Did the examiner note an initial action plan within a reasonable amount of time upon completion of the investigation?					
Is the action plan sufficient to move the claim forward?					
Was the action plan updated when in receipt of information that would alter the plan?					
Is the note screen current?					
Was case correspondence responded to/acted upon within a reasonable amount of time?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				
Claim Resolution					
Was the claim closed prematurely?					
Were opportunities missed to close the claim?					
Upon closure was the Notification of Rights issued?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				

**Diary Management**

Did the examiner set diaries to make needed decisions, i.e. denial of claim?					
Did the Examiner complete the 30 day initial diary on claims with lost time beyond the waiting period?					
Did the Examiner maintain an ongoing up to 120 days diary on the claim?					
For FM Care was the action plan updated every 180 days?					
Did the examiner take the appropriate action/document the file prior to moving the corresponding diary?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				

**Excess**

Did the examiner report to excess when the retention level was met?					
Upon sending an initial report, did the examiner report to excess quarterly?					
<b>Category Totals</b>	0	0			
<b>Category Score</b>	#DIV/0!				

<b>Audit Total</b>	0	0			
<b>Audit Score</b>	#DIV/0!				

# ACWA JPIA

Alta Claims & Insurance  
Services  
Compliance & Practices  
Audit

Examiner Name:	
Claimant Name:	
Client Location:	
Third Party Name:	
Claim Number:	
Date of Loss:	
Open Date:	
Date of Closure:	
Line of Insurance:	
Location of Accident or Peril:	
Type of Peril:	
Body Part(s) Injured:	
Nature of Injury:	
Cause of Injury:	
Litigated Yes/No:	

Coverage				
	Yes	No	N/A	Comments
In property losses, is the examiner correctly assessing the peril, cause, date of loss and coverage?				
Did the Claims examiner correctly determine coverage based on the date of loss, coverage periods and facts?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			

Investigation	Yes	No	N/A	Comments
Was the initial contact made with the insured contact within 24 hours of reporting of the claim?				
If a voice to voice contact was made with the insured, did the examiner conduct a meaningful discussion and investigation sufficient to determine appropriate next steps?				
Was the initial contact made with the claimant or plaintiff's attorney within 24 hours of reporting of the claim?				
If a voice to voice contact was made with the claimant or plaintiff's attorney, did the examiner conduct a meaningful discussion and investigation sufficient to determine appropriate next steps?				
Was the initial contact made with any applicable or appropriate third party within 24 hours of the claim being reported or upon identification of the third party?				
with any applicable third party, did the examiner conduct a meaningful discussion and investigation sufficient to determine appropriate next steps?				
Did the examiner conduct an appropriate and thorough initial investigation in determining coverage resulting in a denial, acceptance or need for additional information?				
Did the examiner convey their claim decision to all relevant parties in a reasonable timeframe?				
Was the claim decision appropriately rooted in the facts presented?				
When relevant and needed, did the examiner issue a subpoena for records?				
If available and relevant, did the examiner secure the initial incident report taken by the location?				
If available and relevant, was any video of the incident in question, requested and explored?				
Did the examiner use video and/or the incident report as part of the investigation and decision?				
If applicable and warranted, did the examiner report the incident/injury to the assigned SIU?				
Was an INDEX check requested?				
If the INDEX check returned a match, did the examiner analyze the match and document reasonable next steps?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			

Medical Information				
	Yes	No	N/A	Comments
If available, did the examiner work to gather relevant available medical information needed to value the monetary value of the claim?				
If relevant, did the examiner work to mitigate the costs of medical care already provided when attempting to determine the monetary value of the claim?				
diagnosis, prognosis and treatment plan noted?				
Did the examiner note any medical costs being sent directly to the insured from group health or other carriers and their value?				
If needed or beneficial, did the examiner seek a medical evaluation or records review to either substantiate or refute the claimant's demand and/or need for medical care?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			
Independent Adjusters				
	Yes	No	N/A	Comments
Did the examiner make a timely initial contact with the independent adjuster?				
Is the examiner holding the independent adjuster accountable and conducting regular discussions on the progress of the claim, valuation and resolution?				
Is the examiner holding the independent adjuster accountable to providing timely and complete information?				
Is the examiner holding the independent adjuster accountable to the elements covered by the policy, i.e. real property, business/personal property, etc. ?				
Is the examiner communicating findings of the independent examiner, when needed, with the insured?				
examiner is working with the independent examiner on the correct valuation of items based on policy requirements, i.e. replacement cost, actual cash value, like/kind, etc. ?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			



Disability Information				
	Yes	No	N/A	Comments
When reviewing the claim, did the examiner note the duration of disability of the claimant conveyed in valuing the case?				
Did the examiner work to analyze and mitigate disability durations based on peer reviewed guidelines or other relevant accepted criteria?				
Did the examiner work to link the disability duration with, if known, medical procedures or treatment provided to the claimant?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			

Litigation				
	Yes	No	N/A	Comments
Does the file contain a history in the notes screen concerning litigation, management and the process?				
a defense attorney was it warranted?				
Was the litigation transmittal sent?				
Did the litigation transmittal clearly outline to the assigned defense attorney the current status of the case and what is needed to secure a reasonable outcome?				
Did the defense attorney respond to the initial case referral within a reasonable timeframe?				
Did the defense attorney provide a case updates within reasonable intervals?				
Did correspondence and letters from defense counsel provide a clear methodology for the disposition of the case?				
Did the case contain documentation concerning the opinions of both the defense attorney and examiner regarding the best course of action to resolve the case?				
Did the examiner initiate appropriate action items based on recommendations from the Defense Attorney?				
Upon inaction of the plaintiff's attorney in the litigation process, did the examiner and defense counsel intervene to get the process back on track?				
Did defense counsel respond, answer in a timely manner to all petitions, pleadings, summary judgments, etc.?				
Did defense counsel and examiner discuss strategy before any hearing to determine the best course of action?				
When applicable, did the examiner and defense counsel partner to limit hearing, trials, etc. when it is obvious the matter can be settled?				
Is the examiner managing the litigation?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			

Subrogation				
	Yes	No	N/A	Comments
Does the file contain a history in the notes screen concerning subrogation potential and the process?				
Did the examiner note when they became aware of subrogation?				
Was the subrogation determination correct?				
Was the third party placed on notice?				
Was authority granted by the designated individual prior to waiving potential subrogation?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			

Documentation				
	Yes	No	N/A	Comments
Were investigative, activity and status reports and their contents documented in the file?				
Does the file contain a history of claim payments?				
Are the correct note types being utilized?				
Did the examiner note an initial action plan within a reasonable timeframe?				
Is the action plan sufficient to move the claim forward?				
Was the action plan updated when needed and within reasonable intervals?				
Was the action plan updated when something materially changed in the file?				
Is the note screen current?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			

Claim Resolution				
	Yes	No	N/A	Comments
Based on the line of coverage and facts, did the examiner value the case correctly?				
Was any settlement demand analyzed and documented within a reasonable amount of time?				
If applicable and beneficial to the case, did the examiner and/or defense counsel approach the plaintiff's attorney and/or third party with a reasonable settlement offer?				
Were settlements offered by the examiner to the other parties within a reasonable timeframe?				
Was the appropriate settlement authority level requested based on the examiner's position?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			

Diary Management				
	Yes	No	N/A	Comments
Did the examiner set diaries to make needed decisions and take necessary actions?				
Did the examiner set diaries to follow up on items discussed in a prior action plan?				
If applicable did the examiner set a necessary diary to follow up on excess reporting?				
Did the examiner set the needed diaries to ensure any statute of limitations were not exceeded?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			

Supervision				
	Yes	No	N/A	Comments
Is the file documentation evident that the Supervisor is involved and providing the examiner with beneficial coaching and direction?				
Does the file contain reviews by the supervisor when needed?				
Is the Supervisor adding value to the case by their involvement?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			
Excess				
	Yes	No	N/A	Comments
Did the examiner report to excess when the claim met reporting criteria?				
Upon sending an initial report, did the examiner report to excess within the required intervals?				
<b>Category Totals</b>	0	0		
<b>Category Score</b>	#DIV/0!			
Totals				
	Yes	No	N/A	Comments
<b>Audit Total</b>	0	0		
<b>Audit Score</b>	#DIV/0!			

**ACWA JPIA**  
**State of the Market**  
**March 27, 2025**

**BACKGROUND**

Aon has been JPIA's General Liability broker since May of 2014.

**CURRENT SITUATION**

Jennifer Hetzel, Assistant Vice President/Senior Broker, Aon, will provide the Liability Program Committee with a State of the Market presentation and the effect upon upcoming renewals.

**RECOMMENDATION**

None, information only.



**AON**

# National Casualty Market Update

Q4 2024 Rate Results



# National Casualty Market Overview – Q4 2024

The Q4 2024 marketplace continued to navigate a complex and evolving landscape. Automobile, lead umbrella and excess liability remained the most challenging casualty lines as legal system abuse, social inflation and adverse loss trends continued to dominate underwriting agendas and drive rate increases. General liability saw an uptick in average rate in Q4 as insurers responded to increased loss costs and high-severity claims. Insurer appetite for workers' compensation continued to be relatively healthy and remained the most desirable line of business for casualty insurers. Insurers continued to seek growth in workers' compensation and competed through rate reductions, albeit a bit more modest than previous quarters. Intermediate and high excess layers experienced a growing supply/demand imbalance as some insurers continued to reduce limits. PFAS and biometrics stayed subject to heavy underwriting scrutiny and exclusionary wording.

The following table summarizes the **average** rate movement results in Q4 and the H1 2025 forecast holding all else constant:

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	H1 2025 Forecast*
<b>General Liability</b>	0.80%	3.20%	1.50%	<b>4.40%</b>	2% to 6%
<b>Automobile Liability</b>	6.60%	8.40%	13.70%	<b>8.10%</b>	7% to 15%
<b>Workers' Compensation</b>	-4.20%	-3.40%	-4.00%	<b>-1.90%</b>	-2% to 3%
<b>Lead Umbrella</b>	12.40%	9.70%	10.20%	<b>14.90%</b>	12% to 20%
<b>Total Umbrella / Excess Liability</b>	13.00%	12.30%	10.20%	<b>14.30%</b>	12% to 20%

**\*Notes:**

1. Rate forecasts do not contemplate YoY exposure changes or adverse historical loss development.
2. Please refer to our methodology section for further details.

As we continue to trade in a “two-tiered” primary and umbrella/excess market, it's important to note that challenged risk classes, adverse loss experience and/or programs with low deductibles or attachment points may experience greater rate increases than the maximum of the ranges outlined above.

# National Casualty- Overall Market Dynamics – Q4 2024

Underwriting	Coverage	Capacity	Carrier Partner Concerns
<p>Remains disciplined. Carriers continue seek details on loss prevention policies and procedures.</p>	<p>Markets continue to review coverage grants associated with critical and leading emerging risks, including but not limited to:</p> <ul style="list-style-type: none"> <li>▪ Forever Chemicals (PFAS)</li> <li>▪ Wildfire</li> <li>▪ Abuse &amp; Molestation</li> <li>▪ Microplastics</li> <li>▪ Biometric Data</li> <li>▪ Cyber (BI/PD)</li> <li>▪ Territorial challenges (Russia, Ukraine, Yemen, Belarus, Israel)</li> <li>▪ Traumatic Brain Injury (TBI)</li> </ul>	<p>Overall umbrella and excess liability net deployed capacity is down year over year as insurers continued to make significant changes to their portfolio, including increasing minimum premiums, introducing “corridor” features, managing capacity deployment, requesting to be “moved up” within a tower or entirely exiting the umbrella/excess space.</p>	<ul style="list-style-type: none"> <li>▪ Hired and non-owned and 3rd party hauling exposures</li> <li>▪ Potential inflationary impact on claims</li> <li>▪ Nuclear verdicts</li> <li>▪ Adequate attachment points for lead umbrellas</li> <li>▪ Economic uncertainties</li> <li>▪ The geopolitical landscape</li> <li>▪ New technologies</li> </ul>

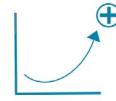
# Umbrella/Excess Liability Casualty Market Headlines - Q4 2024



Carriers continue to anticipate **8% to 10% growth** in excess loss reserves due to medical inflation, increased legal & investigative costs, and growth in litigation awards and settlements, which could negatively impact rates.



To help mitigate increased rates and/or create sustainable lead umbrella programs, some carriers have introduced / "socialized" the utilization of **corridor deductibles** on lead Umbrella programs for risks with large fleets.



87% of Lead Umbrella and 85% of Total Umbrella / Excess Liability renewals experienced a **renewal rate increase** in Q4 2024.



Automobile Liability **single plaintiff outcomes** continue to increase (\$5MM + average) putting pressure on structure, attachment points and pricing.



Carriers continue to be focused on securing greater details pertaining to critical and emerging risks, including, but not limited to, **biometric privacy, Cyber (BI/PD), "forever" chemicals (PFAS), Microplastics, Abuse & Molestation, Wildfire, Traumatic Brain Injury (TBI), Lithium Batteries, etc.**



Increased exploration and utilization of **structured, buffer and other ART & captive solutions**, especially for risks with large fleets and 3<sup>rd</sup> party **Hired & Non-owned exposure**, to help support increased attachment points of lead umbrella programs.



Average **verdict size** for lawsuits above \$1MM involving a **truck crash** has increased nearly **1,000%** from 2010 to 2018, rising from \$2.3MM to \$22.3MM.



Litigation Finance continues to rise thus **increasing potential exposure to larger / nuclear awards.**

# Thank You

**ACWA JPIA**  
**Liability Program Update and Renewal Strategy**  
**March 27, 2025**

**BACKGROUND**

JPIA's Liability Program will be renewed on October 1, 2025. Currently, the California Water Insurance Fund (CWIF), JPIA's captive, reinsures the program's \$5 million self-insured retention and holds a \$10 million excess of \$10 million position within the coverage tower, with a \$30 million aggregate limit. To complete the coverage, JPIA purchases reinsurance and excess insurance from various carriers to bridge the gap between \$5 million and \$10 million, and to provide additional coverage from \$20 million up to the present limit of \$55 million.

**CURRENT SITUATION**

**Recap of the 2024-25 Renewal**

Despite continued challenges in the public entity liability market, the JPIA's 2024-25 Program achieved a favorable renewal. Rate changes across the various coverage layers ranged from 1.25% and 4%, which, as reported, was significantly below overall market trends.

Thanks to the JPIA's positive loss history and solid relationships with carriers, all incumbent insurers recommitted to the 2024-25 Program. However, one of the four incumbent carriers in the \$10M excess of \$20M layer offered less-than-favorable renewal terms. Leveraging our strong relationships, JPIA successfully negotiated with the remaining three carriers in that layer to provide additional capacity on more favorable terms, effectively offsetting the impact of the unfavorable offer.

At the September 2024 meetings, the Liability Program Committee and the Executive Committee approved the JPIA's 2024-25 layered and shared coverage tower, which included eight excess and reinsurance providers. The total cost was \$10.5 million – a 15% increase over the previous year – primarily due to a 6.8% increase in total covered payroll.

**Program Funding**

Due to higher paid claims, claim reserves in the pooled layer, increased payroll, and rising excess insurance costs, the Liability Program Committee and Executive Committee approved a 7.5% increase in the deposit contribution rate for the 2024-25 Program Year. This increase represented the desired reduction compared to the 10% rate increase approved for the year prior.

**Renewal Strategy**

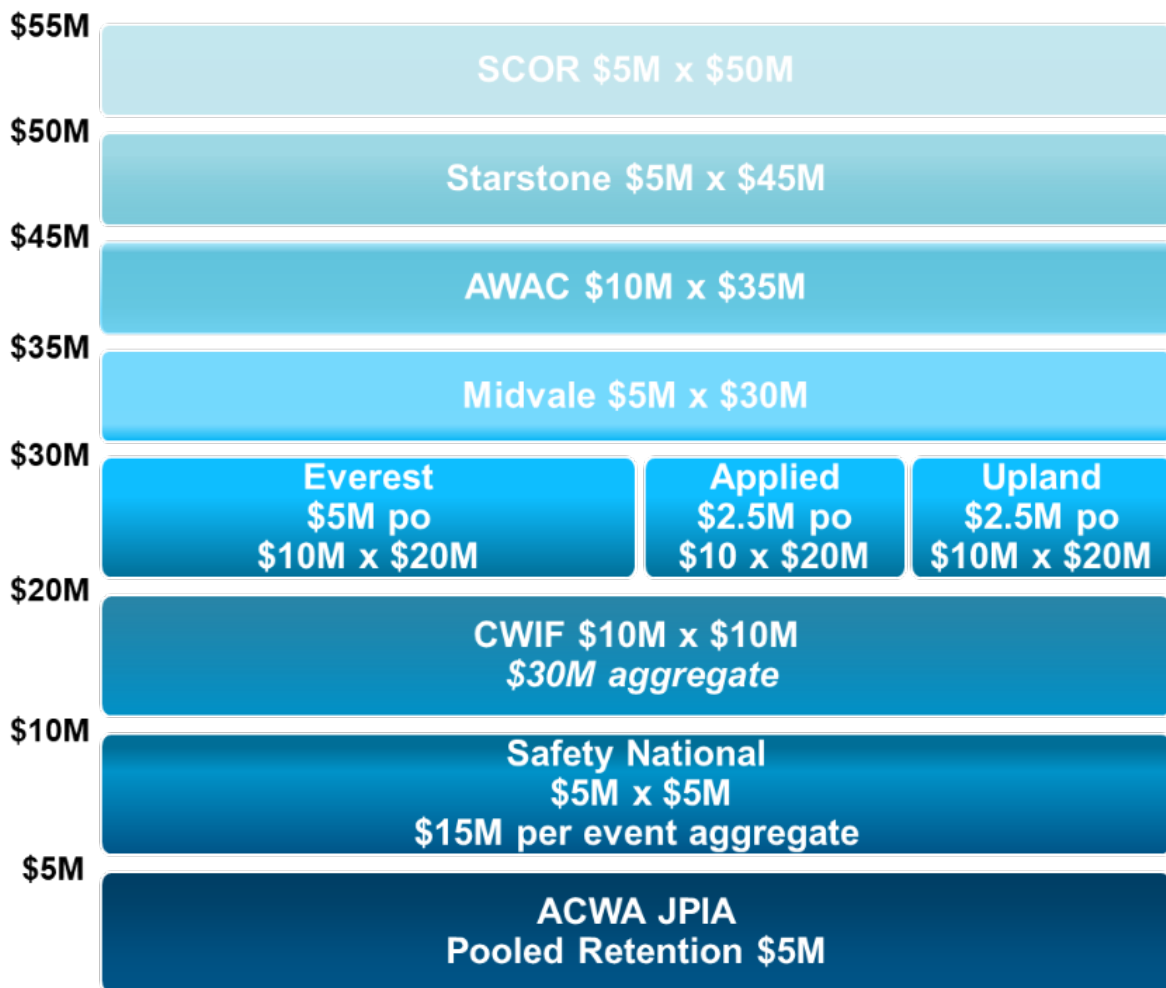
In preparation of on-going market challenges, particularly the industry's reluctance to underwrite California public entities, staff proactively engages with both current and prospective carriers to deepen their understanding of JPIA's exposures. Staff continue to facilitate tours of member agencies, offering carriers a unique, behind-the-scenes look at some of the State's leading drinking water, recycled water, and wastewater

treatment facilities. These tours provide valuable insight into the operational differences between JPIA members and other public entities. Additionally, staff regularly meet with carriers to foster long-term relationships and provide further education and background on ACWA JPIA. This on-going engagement not only enhances carrier confidence but may also lead to more favorable outcomes – including reduced attachment points and increased coverage capacity.

**RECOMMENDATION**

None, information only.

**2024-25 Liability Program**



**ACWA JPIA**  
**Amendments to the 2025-26 Memorandum of Liability Coverage**  
**(MOLC)**  
**March 27, 2025**

**BACKGROUND**

The Liability Program Committee convenes annually to review the overall program and identify any necessary updates. As part of this process, staff has completed a review of the Memorandum of Liability Coverage (MOLC) and recommends revisions for the upcoming program year, October 1, 2025, through September 30, 2026.

**CURRENT SITUATION**

In addition to necessary programmatic updates including coverage structure and dates, staff recommends the following revisions, effective October 1, 2025:

**Section V – Defense of the Member Agency**

- Amended language ties coverage to the timing of the act that caused damages or injury.

**Section VI – Exclusions**

- Delete PFOS/PFAS exclusion E.2.d.
- Add PFOS/PFAS exclusion F.
  - Amended format creates a clearer structure, making it easier to identify and understand the PFOS/PFAS exclusion.

**Section VII – Conditions, Section H. Subrogation**

- Amended language provides explicit guidance on the distribution of recovered funds, including operational details and the recovery process.

**RECOMMENDATION**

That the Liability Program Committee recommend that the Executive Committee approve the revisions to the Memorandum of Liability Coverage, effective October 1, 2025.



# MEMORANDUM OF LIABILITY COVERAGE

For The

Association of California Water Agencies  
Joint Powers Insurance Authority

## DECLARATIONS

**FORM NUMBER:** MOLC-1001245

**MEMBER AGENCY:** Member Agency

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

**COVERAGE PERIOD:** October 1, 20245 to October 1, 20256  
12:01 A.M. Pacific Standard Time

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

Signed by: \_\_\_\_\_  
(Authorized Representative)

Date:

# MEMORANDUM OF LIABILITY COVERAGE

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**ASSOCIATION OF CALIFORNIA WATER AGENCIES  
JOINT POWERS INSURANCE AUTHORITY (ACWA JPIA)**

**MEMORANDUM OF LIABILITY COVERAGE**

**FORM NO. MOLC-1001245**

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

**Administrative Relief** means a non-judicial remedy provided by an agency, board, commission or any other like organization.

**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. An Employment Practice claim is deemed to exist upon first notice from the Civil Rights Department and/or Equal Opportunity Commission.

**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.

**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 **suit** and all other reasonable fees, costs and expenses attributable to the investigation, defense or appeal of a **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 lost wages and interest thereon, prejudgment interest, salaries, bonuses, stipends, expenses, overtime, retirement, medical or disability benefits, back pay, or any severance or other amount payable as a result of and arising from any of the enumerated offenses, 1 through 3 above.

**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**.

All allegations by the same injured party 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.

**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;
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**; or

4. Adoption or administrative application of any ordinance, resolution or regulation.

**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.

**Subsidiary** shall mean a public entity that is wholly or partially owned and controlled by a **Member Agency**. The **Member Agency** typically has the same Board of Directors as the subsidiary and those Board members are the same as the **Member Agency** not independently elected. The **Member Agency** makes all decisions over the subsidiary's operations and decision-making processes. The subsidiary operates as a separate legal entity but is subject to the control and influence of the **Member Agency**.

**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**.

**Terrorism** means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the

intention to influence any government and/or to put the public, or any section of the public, in fear.

**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.

**Weapon** means an instrument that in the manner it is used, or intended to be used, can produce death or serious bodily injury, and includes but is not limited to: any pistol, rifle, gun, or other device capable of expelling or propelling one or more projectiles by the action of an explosive, combustible propellant, or compressed air; baton, bow or crossbow, arrow, knife, mace, stun gun, sword, or chemical spray.

## 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.

Coverage for claims arising out of any activity or service in any way related to a consolidation, merger, or acquisition of operations requires concurrence of the **Authority**. The **Member Agency** must report any new service or activity to the **Authority** at least 60 days prior to the effective date of the new activity or service. The **Member Agency's** notice to the **Authority** must include comprehensive information including any changes to payroll and/or total insured values. Without the approval from the **Authority**, any and all losses will not be covered.

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**.

Coverage for Class III events/activities requires the concurrence of the **Authority**. Without the approval from the **Authority**, any and all losses stemming from the event will not be covered.

Coverage for the following types of events/activities will not be granted by the **Authority** unless approved by the Executive Committee:

- Swimming Pools
- Water Parks
- Water Playgrounds – not including splash pads
- Water Slides

### 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** for any one **occurrence** shall be the greater of:

1. \$5,000,000 Aggregate. 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 there of, 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. The act causing the damage, regardless of the discovery of the damage must 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.

## 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;
2. Any claim based upon taxes, fees, service charges, rates or assessments charged by the **Covered Party** for delivery of the **Member Agency's product**; or
3. 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.
  - d. ~~Perfluoroalkyl and Polyfluoroalkyl (PFOS/PFAS) in all variations including but not limited to all definitions in the reinsurance and/or excess policies.~~

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. Any loss, cost, or expense arising out of any Perfluoroalkyl and Polyfluoroalkyl (PFOS/PFAS) in all variations including but not limited to all definitions in the reinsurance and/or excess policies.

G. Liability for bodily or personal injury arising out of the intentional use of a weapon that creates a high probability of great bodily harm.

~~G~~H. 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.

~~H~~I. 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.

**J.** **Property damage** to impaired property or property that has not been physically injured arising out of:

1. A defect, deficiency, inadequacy or dangerous condition in “your product” or “your work”; or
2. A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to loss of use of other property arising out of sudden and accidental physical injury to “your product” or “your work” after it has been put to its intended use.

**K.** 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.

**L.** 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.

**M.** Liability arising out of the hazardous properties of **nuclear material**.

**N.** Liability arising out of the partial or complete structural failure of any **dam**.

**O.** 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**.

This exclusion does not apply to inverse condemnation liability arising from accidentally caused physical injury to or destruction of tangible property, including all resulting loss of use of such property, for which the **Covered Party** may be legally responsible.

**OP.** Liability imposed by any “No-Fault,” “Uninsured Motorist” or “Underinsured Motorist” law, or any similar law.

**PQ.** Liability arising out of any claim for **Cyber Liability** or by any name by which it is called.

**QR.** Liability arising out of injunctive and/or **Administrative Relief**.

**RS.** 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**.

**SI.** Liability arising out of the adoption or administrative application of any ordinance, resolution or regulation.

This exclusion shall not apply to the physical enforcement of an ordinance, resolution or regulation, such as liability arising from the act of delivering a fine, citation, warning, notice or inspection.

**TU.** Liability arising out of or by reason of:

1. The purchase, sale, offer of sale, or solicitation of any security, debt, bank deposit, or financial interest or instrument;
2. Any representations made at any time in relation to the price or value of any security, debt, bank deposit or financial interest or instrument;
3. Any depreciation or decline in price or value of any security, debt, bank deposit, or financial interest or instrument; or
4. Employee Retirement Income Security Act of 1974 or any law amendatory thereof, or any similar law, or arising out of fiduciary activities with respect to employee benefit plans.

**UV.** Failure to have a written contract or failure to include risk transfer in a written contract will result in a sublimit equal to the policy limits of the other party to the contract.

## SECTION VII - CONDITIONS

### A. MEMBER CONTRIBUTION

All Member Contributions 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 Member Contribution is an estimate to be credited against the amount of Retrospective Member Contribution 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. Class action suits; or
  - xii. Sexual abuse or molestation.
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 "In-house **Claims** Resolution" 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**.

"In-house **Claims** Resolution" 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 six (6) months of the date of receipt of the claim.

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

### Review by Executive Committee and Arbitration

This shall be the sole and exclusive method of review of the **Memorandum** of Coverage and any decisions based thereon.

Any **claim**, dispute or controversy arising out of or relating to this Coverage Agreement shall first be submitted to ACWA JPIA to be reviewed by the Executive Committee of ACWA JPIA. The Executive Committee shall consider all written submissions by either party, and, if requested by either party, provide both parties equal opportunity for oral argument. Unless otherwise agreed by the parties and ACWA JPIA, the Executive Committee shall determine if ACWA JPIA's position should be upheld or if the **Member Agency** should be granted coverage according to its position, and the Executive Committee shall issue its decision in writing within thirty (30) days of submission of such claim, dispute or controversy to the Executive Committee. Such written opinion shall briefly state the reasons for its decision and the basis for such decision, including but not limited to the documents, witness statements, and oral presentations made to the Executive Committee.

If a **Member Agency** disagrees with the written decision of the Executive Committee, then the **Member Agency** may submit, in writing, such **claim**, dispute or controversy to arbitration to be held in Placer County, California or such other location as the parties may agree upon, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The review by the arbitrators shall be limited to a determination of the sufficiency of the basis of the decision of the Executive Committee and may not include any documents, testimony, legal theories, oral evidence, or other materials that was not previously presented to the Executive Committee when rendering its written opinion.

There shall be three arbitrators, the **Member Agency** and ACWA JPIA each selecting one arbitrator; the third arbitrator shall be selected by the two previously appointed arbitrators. The party demanding arbitration shall

name its arbitrator in the demand for arbitration. The responding party shall name its arbitrator within fifteen (15) days after receipt of demand for arbitration. The third arbitrator shall be named within fifteen (15) days after the appointment of the second arbitrator. A Commissioner or Judge in the Placer County Superior Court shall be empowered to appoint any arbitrator not named in accordance with the procedure herein. The decision of the arbitrators shall be final and binding upon the parties.

Any award rendered by the arbitrators shall be final and judgment thereon may be entered by any court having jurisdiction thereof. The panel of arbitrators shall have the discretion to apportion the costs and expenses of the arbitration (including reasonable attorneys' fees) in accordance with the merits of the arbitration. The panel must render its decision by a majority of the panel within ninety (90) days of the appointment of the third arbitrator, following reasonable opportunities for presentation of evidence, law and argument.

The parties to this agreement hereby waive any right to a jury trial.

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



The **Authority** shall be subrogated to the extent of any payment hereunder to all the **Covered Parties'** rights of recovery thereof and the **Covered Parties** shall do nothing after loss to prejudice such right and shall do everything necessary to secure such right. Any amounts so recovered shall be apportioned as follows:

- - (a) The highest layer of coverage shall be reimbursed first, and if there are sufficient recoveries, then the next highest layer shall be reimbursed until all recoveries are used up.
  - (b) The expenses of all such recovery proceedings shall be paid before any reimbursements are made. If there is no recovery in the proceedings conducted by the **Authority**, it shall bear the expenses thereof.

~~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.

**COVERAGE SCHEDULE**

**FOR COVERAGE PERIOD 10/1/2024<sup>5</sup> - 10/1/2025<sup>6</sup>**

<b>COVERAGE LIMIT</b>	<b>COVERAGE TYPE</b>	<b>CARRIER</b>
\$5,000,000*	Self-funded	ACWA JPIA
\$5,000,001 to \$10M*	Reinsurance	Safety National Casualty Corporation
\$10,000,001 to \$20M	Reinsurance	California Water Insurance Fund
\$20,000,001 to \$30M	Reinsurance	Everest Reinsurance Company/ Continental Indemnity Company/Upland Specialty Insurance Company
\$30,000,001 to \$35M	Reinsurance	Midvale Indemnity Company
\$35,000,001 to \$45M*	Excess Insurance	Allied World National Assurance Company
\$45,000,001 to \$50M	Excess Insurance	StarStone Specialty Insurance Company
\$50,000,001 to \$55M	Excess Insurance	SCOR

**\*SUBLIMITS:**

- \$ 5,000,000 **Terrorism**
- \$10,000,000 **Communicable Disease**
- \$45,000,000 **Subsidence**
- \$45,000,000 **Lead**
- \$45,000,000 **Mold**

*\*It should be noted this is not an exhaustive list of all reinsurance/excess sublimits.*

All coverage renews at 12:01 a.m. Standard Time at Roseville, California.

**ACWA JPIA**  
**Director of Pooled Programs Update**  
**March 27, 2025**

**BACKGROUND**

This is a standing item on Committee agendas.

**CURRENT SITUATION**

The JPIA's Director of Pooled Programs, Jennifer Jobe, will provide the Committee with an overview of relevant current matters, issues, and opportunities.

**RECOMMENDATION**

None, information only.

# ACWA JPIA MEETINGS CALENDAR – 2025

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT	CWIF
					Emp. Benefits	Liability	Property	Work Comp		
JAN 15			9:00 AM *							
JAN 29		10:30 AM						8:00 AM		
MARCH 9-11 CICA CONFERENCE – TUCSON, AZ										
MARCH 16-19 AGRIP GOVERNANCE CONFERENCE – LAS VEGAS										
MAR 27				1:00 PM		3:00 PM				
MAR 28		8:00 AM								
APRIL 30					9:00 AM *					
MAY 12-15 ACWA JPIA SPRING MEMBERSHIP SUMMIT/ACWA CONFERENCE – MONTEREY										
MAY 12	1:45 PM	10:30 AM					8:00 AM			
JUNE 2			3:00 PM *							
JUNE 4									9:00 AM (UTAH)	
JUNE 26						3:00 PM	1:00 PM			
JUNE 27		8:30 AM							11:00 AM	
JULY 14-15 EXECUTIVE COMMITTEE ONBOARDING WORKSHOP – SAN DIEGO										
JULY 15					1:00 PM					
JULY 16		8:30 AM								
SEPT 3			10:00 AM *							
SEPTEMBER 16-19 CAJPA ANNUAL CONFERENCE - MONTEREY										
SEPT 29				1:00 PM		3:00 PM				
SEPT 30		8:30 AM							11:00 AM	
OCT 22		10:00 AM *								
DECEMBER 1-4 ACWA JPIA FALL MEMBERSHIP SUMMIT/ACWA FALL CONFERENCE – SAN DIEGO										
DEC 1	1:45 PM	10:30 AM							8:00 AM	

\*Virtual Meeting



# Hybrid Meeting Participation Guidelines

## **For Remote Meeting Participants**

**Remember to mute yourself until you are ready to speak.**

If you have a question or comment, raise your hand in Zoom.

To raise or lower your hand:

1. For PC users:
  - a. Press 'Alt-Y' on your keyboard
  - b. Or go to 'Reactions' on your Zoom screen
2. For IPAD users, go to 'More'.
3. For telephone (audio only) users, press \* then 9.

## **For In-House Meeting Participants**

**Remember to use your microphone when speaking.**

- Remote participants will not hear you if you don't.
- Before speaking, check that your mic is unmuted (green light).

For in-house participants that do not have a microphone, please wait for the mic runner before speaking.