



ACWA JPIA Spring Summit 2026: Liability Program Committee Meeting

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The Claim Distribution System

Every claim enters the same pipeline — but not every claim exits the same way. Most flow through efficiently. A critical few build pressure and divert into litigation.



Think of claim volume as water pressure moving through a controlled system. The pipeline functions well when each stage is managed — delays, missing information, and disputes are the blockages that force claims off course.



How Claims Move Through the System



The Flow Reality

The vast majority of claims stay within the controlled system. But a small percentage creates the highest pressure — and the highest cost.

Time-in-stage matters. The longer a claim lingers at any phase, the greater the downstream pressure.

~92%
Resolved pre-litigation

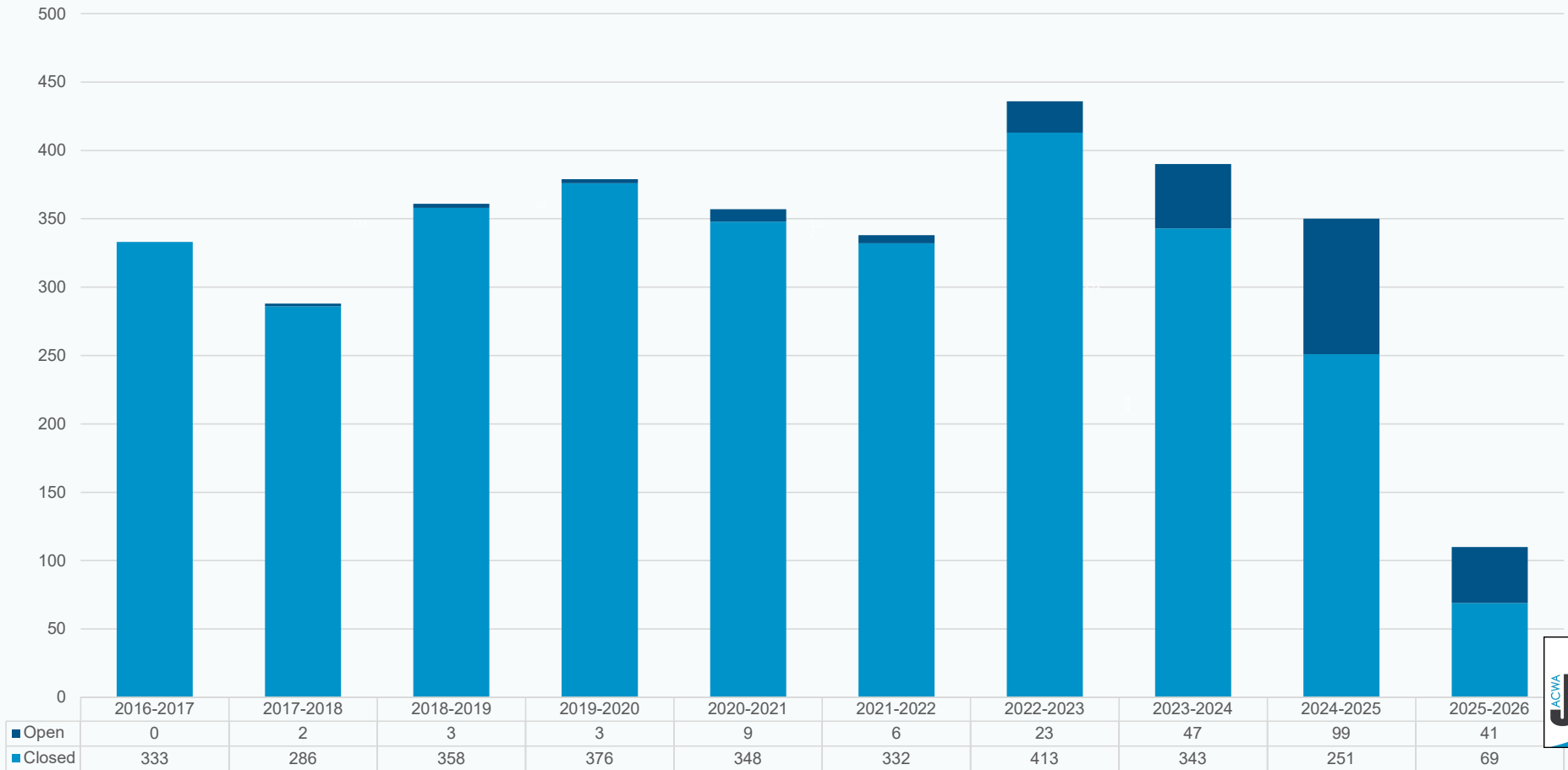
~8%
Escalate to litigation

~1%
Proceed to trial

Claims Reported Open v. Closed 10 Year History

3,110
Total Closed

233
Total Open



Where Pressure Builds in the Pipeline

Pressure doesn't appear at the end — it builds along the way.



Delayed Reporting

The slow intake valve — frustration rises before the system even engages



Incomplete Investigation

Untreated water entering the system — gaps in facts create gaps in defense



Lack of Documentation

Weak pipe joints — data gaps collapse under pressure the longer the claims stays in the "pipeline"



Disputed Liability/Damages

Pressure surges — disputed liability and/or damages may increase the "flow" during litigation

How a Small Leak Becomes a Rupture

The Escalation Path

*It starts as a routine claim – a minor trip and fall, small property damage.
How can certain circumstances result in a full rupture.*



Late Notice of Claim or Incident



Attorney Involvement



Expanded Damages Narrative



Experts Retained/Legal Expenses



Trial Exposure



Pressure Points & Prevention Opportunities

Not all claims are preventable — but many outcomes are influenceable. Categorizing litigated claims reveals where intervention changes results.

Preventable

Operational & handling improvements

- Lack of documentation
- Missed maintenance records
- Delayed reporting
- Overpromising resolution before liability is determined

Mitigatable

Outcome could be Influenced

- Earlier resolution opportunities
- Managing claimant expectations
- Early expert involvement

Unavoidable

True exposure

- Catastrophic infrastructure failures
- Significant injuries with clear liability
- Unrealistic plaintiff/attorneys

When the System Overflows Into Litigation

Once water leaves the controlled system, it's more difficult to manage. Litigation shifts control – proactive risk management keeps it.



What Causes the Diversion

- Attorney involvement before claim contact
- Disputed liability or causation
- High damages with contested related injuries
- Evidence of long-term structural damage unrelated to incident



What Changes at Diversion

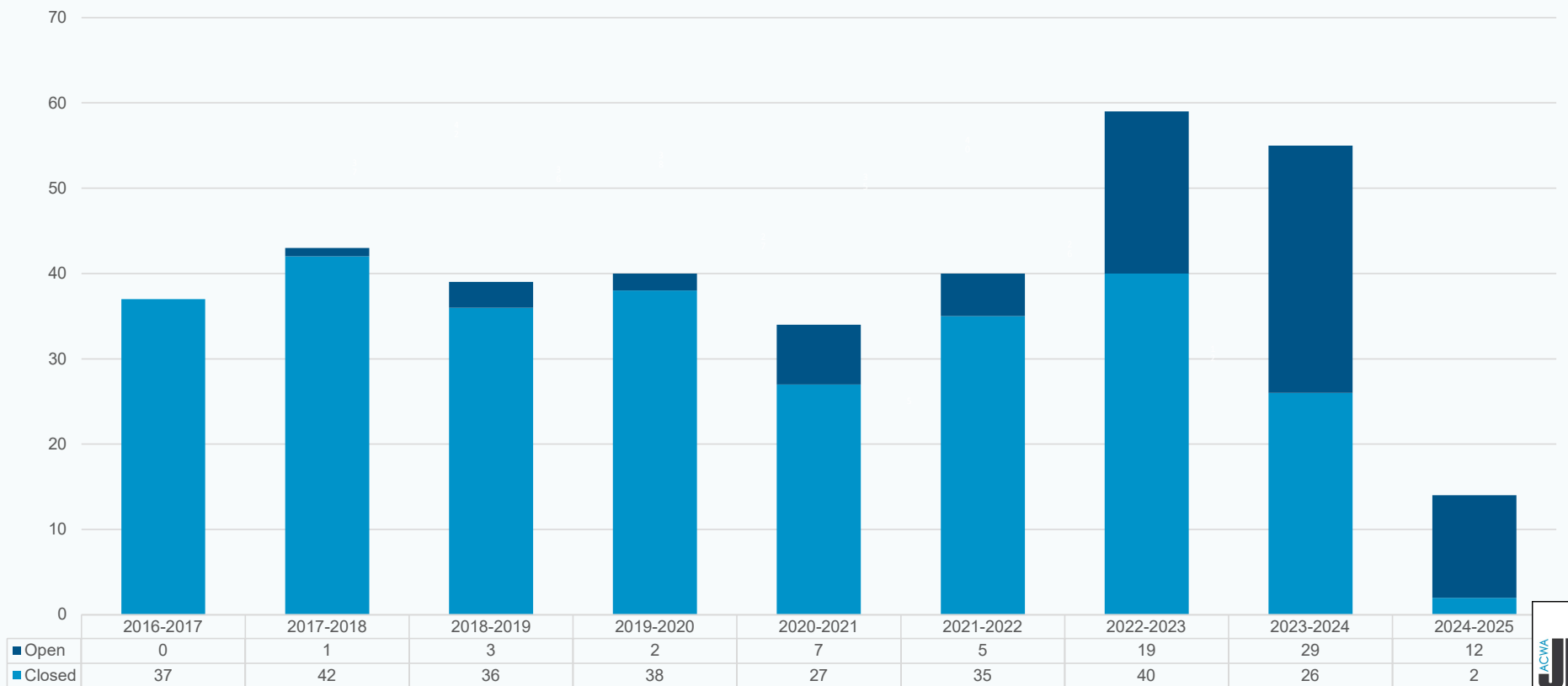
- Cost structure multiplies immediately
- Timeline extends from months to years
- Control over narrative shifts to opposing counsel
- Settlement leverage diminishes over time



Litigated Claims Open v. Closed 10 Year History

283
Total Closed

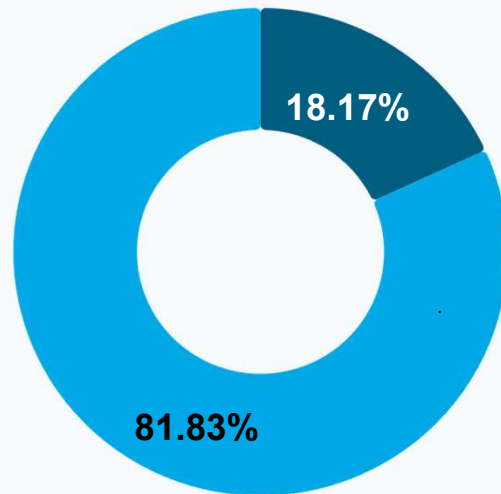
78
Total Open



Cost Increases Along the Pipeline

Non-Litigated · 18.17%

Litigated · 81.83%



The Pressure-Cost Relationship

Every stage we pass without resolution increases pressure — and cost. Litigated claims routinely cost **5–10x** more than non-litigated equivalents when defense fees and expert costs are included.

Non-Litigated Avg.

Lower indemnity, minimal defense costs, faster cycle time

Ex. Only **\$2,920,830** paid in expenses for **1,336** claims

Litigated Avg.

Defense costs alone can exceed non-litigated total settlement value

Ex. **\$13,157,990** paid in defense costs for only **283** claims

Trial Exposure

Unpredictable indemnity; jury verdicts defy actuarial modeling



What the System is Telling Us

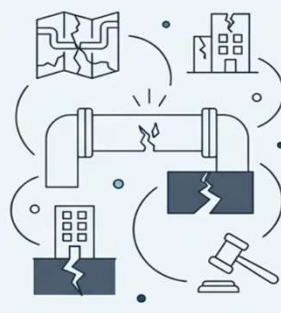
WHERE
CLAIMS
GET
STUCK



WHERE
PRESSURE
BUILDS
MOST



CLAIM TYPES
MOST LIKELY
TO BREAK



- **Infrastructure Failures**
- **Employment Claims**
- **Trip & Fall / Premises**
- **Auto Liability**

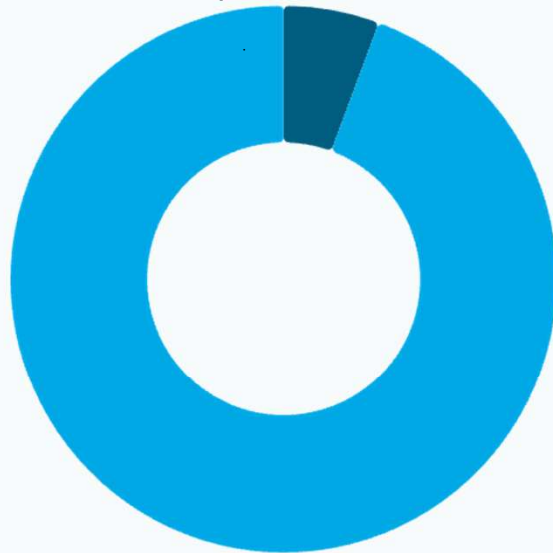
How Bodily Injury and Property Damage Diverge Across the System

Non-Litigated · 5.66%

Litigated · 94.34%

Non-Litigated
\$2.4M

Litigated
\$40M



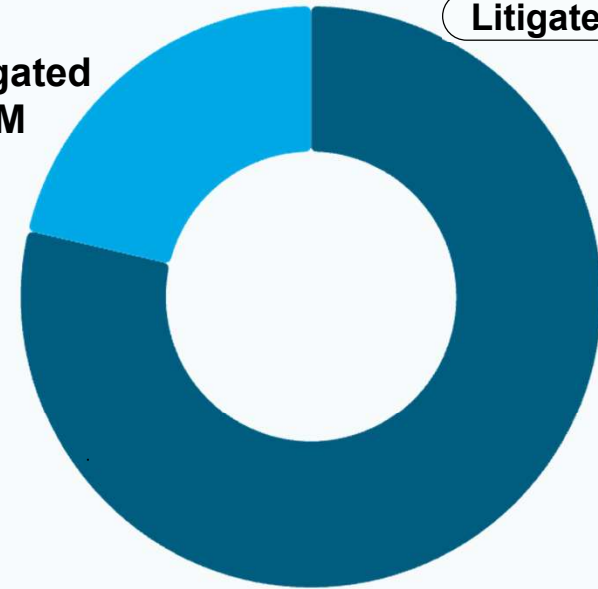
Bodily Injury Payments

Non-Litigated · 78.65%

Litigated · 21.35%

Litigated
\$19M

Non-Litigated
\$70M



Property Damage Payments



Reducing Pressure Across the Pipeline

System strength comes from alignment — between claims handling, litigation strategy, and member agency practices. Here is where the levers are.



Faster Reporting Protocols

Reduce intake pressure — earlier notice means more options and potentially lower resolution cost



Stronger Investigation Standards

Photos, field reports, USA markings before and after digs — a photo is worth 1,000 words in court



Early Collaboration with Counsel

Bring defense perspective in before litigation — not after the bypass valve opens



Data-Driven Risk Identification

Use claim pattern data to flag high-risk claims before pressure builds



Prompt Agency Response

Document, document, document — agencies must engage immediately to preserve facts and evidence



Protecting Our Systems

Like the water systems you manage, the ACWA JPIA's claims system performs best when flow is controlled. Managing pressure early keeps everything running smoothly.

By the time we reach litigation, the focus shifts from managing flow to responding to system stress.

Control the Flow

Report early, document thoroughly, communicate consistently

Identify the Pressure

Know which claims are escalating and intervene before diversion

Strengthen the System

Align claims, counsel, and agency practices around prevention

