

# Liability Program Committee Meeting



YOUR BEST PROTECTION

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

Wednesday  
September 28, 2022  
10:30 a.m.

Chair: Randall Reed, Cucamonga Valley Water District

Vice-Chair: David Drake, Rincon del Diablo Municipal Water District

Jack Burgett, North Coast County Water District

Terri Daly, Yuba Water Agency

Brenda Dennstedt, Western Municipal Water District

Marc Limas, Alta Irrigation District

Tammy Rudock, Mid-Peninsula Water District

Jace Schwarm, San Dieguito Water District



# LIABILITY PROGRAM COMMITTEE MEETING

## AGENDA

JPIA Executive Conference Room  
2100 Professional Drive, Roseville, CA 95661  
(800) 231-5742 - [www.acwajpia.com](http://www.acwajpia.com)

**Wednesday, September 28, 2022, 10:30 AM**

**Zoom Link** Meeting ID: 661 516 2566; Password: 1234; Telephone No.: 1 (669) 900-6833

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

- Dennstedt – 14205 Meridian Parkway, Riverside
- Schwarm – 505 South Vulcan Avenue, Encinitas

### **WELCOME**

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

**ANNOUNCEMENT 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 California Brown Act.

### **EVACUATION PROCEDURES**

**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.

### **INTRODUCTIONS**

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

<u>Presenter</u>		<u>Page#</u>
	<b>I. <u>CONSENT AGENDA</u></b>	
Reed	* A. Approve the minutes of the meeting of September 27, 2021.	<b>4</b>
All	* B. Report on meetings attended on behalf of the JPIA.	
Beatty	* C. Membership report.	<b>10</b>

**II. NEW BUSINESS**

Greenfield	* A. Review of General Liability historic and current claims trends.	<b>12</b>
Nogosek	* B. Review and make recommendation on changes to small claims settlement options.	<b>17</b>
Beatty	* C. Review and make recommendation on amendments to the 2022-23 Memorandum of Liability Coverage. (MOLC)	<b>21</b>
Beatty	* D. Review and make recommendation on the 2022-23 renewal of Reinsurance and Excess General Liability policies.	<b>56</b>
deBernardi	* E. Review and make recommendation on the October 1, 2022 renewal pricing.	<b>58</b>

**III. MISCELLANEOUS**

Nogosek	* A. Liability Claims Department update.	<b>70</b>
Sells	* B. CEO update.	<b>72</b>

**IV. UPCOMING MEETINGS**

Reed	* A. There are no additional meetings scheduled for the remainder of the year.	
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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: Kristan Brown, Administrative Assistant II, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. 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) 786-5742. The JPIA’s normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.*



## **Liability Program Committee Meeting**

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

**September 27, 2021**

This meeting consisted of a simultaneous Zoom teleconference meeting at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and remote sites.

### **MEMBERS PRESENT**

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Vice-Chair: Pamela Tobin, San Juan Water District  
Jack Burgett, North Coast County Water District  
Terri Daly, Yuba Water Agency  
Brenda Dennstedt, Western Municipal Water District  
Paul E. Dorey, Vista Irrigation District  
Marc Limas, Alta Irrigation District  
Tammy Rudock, Mid-Peninsula Water District  
Jace Schwarm, San Dieguito Water District

### **MEMBERS ABSENT**

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Chair: Melody McDonald, San Bernardino Valley Water Conservation District

### **STAFF PRESENT**

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Chief Executive Officer/Secretary: Walter "Andy" Sells  
Kristan Brown, Administrative Assistant II (Recording Secretary)  
Chimene Camacho, Executive Assistant to the CEO  
David deBernardi, Director of Finance  
Robin Flint, Risk Control Manager  
Robert Greenfield, General Counsel  
Debbie Kyburz, Lead Member Services Representative  
Jennifer Nogosek, Liability/Property Claims Manager  
Jillian Sciancalepore, Administrative Assistant II  
Patricia Slaven, Director of Human Resources and Administration  
Sandra Smith, Employee Benefits Manager  
Dan Steele, Finance Manager  
Shelley Tippit, Accountant II  
Melody Tucker, Workers' Compensation Claims Manager  
Nidia Watkins, Member Services Representative II

### **OTHERS IN ATTENDANCE**

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E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency  
Fred Bockmiller, Mesa Water District

David Drake, Rincon del Diablo Municipal Water District  
Brent Hastey, Yuba Water Agency  
Randall J. Reed, Cucamonga Valley Water District  
Bruce Rupp, Humboldt Bay Municipal Water District  
Jennifer Hetzel, Aon Risk and Insurance Services  
Krishna Shirodkar, Aon Risk and Insurance Services  
Jeffrey Thomas, Municipal Water District of Orange County  
Alex Tokar, Aon Risk and Insurance Services

## **WELCOME/INTRODUCTION**

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Vice-Chair Tobin welcomed everyone in attendance.

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

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Vice-Chair Tobin called the meeting to order at 10:31 a.m. She announced there was a quorum.

## **ANNOUNCEMENT RECORDING OF MINUTES**

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Vice-Chair Tobin 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 California Brown Act.

## **PUBLIC COMMENT**

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Vice-Chair Tobin noted that, as the agenda stated, members of the public would be allowed to address the Executive Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

## **INTRODUCTIONS**

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Vice-Chair Tobin welcomed all in attendance. She then introduced the Committee members.

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

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Vice-Chair Tobin asked for any additions to, or deletions from, the agenda; none requested.

## **CONSENT AGENDA**

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Vice-Chair Tobin called for approval of the minutes.

M/S/C (Schwarm/Rudock) (Burgett-Yes; Daly-Yes; Dennstedt-Abstain; Dorey-Yes; Limas-Yes; Rudock-Yes; Schwarm-Yes; Tobin-Yes): That the Liability Program Committee approve the minutes of the August 24, 2020 meeting, as presented.

## **MEMBERSHIP**

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Review of Program Membership

Mr. Sells reported on the new members that joined the Liability Program during the 2020-21 coverage year. He stated that membership continues to grow with San Bernardino Valley Municipal Water District being the largest of four agencies that have recently joined.

Sonoma Valley Groundwater Sustainability Agency has withdrawn from the 2021-22 program year, and both Yorba Linda Water District and Twentynine Palms Water District have rescinded their intent to withdraw. Mr. Sells stated that members do their due diligence in determining the best insurance terms for their agency.

In addition, staff is currently in discussions with potential new members and expect applications to be forthcoming in the new year.

## **NEW BUSINESS**

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### Historical and Current Claims Trends

Mr. Greenfield noted that JPIA's Liability Program continues to perform well and has a favorable claims history with minimal pooled losses. The graphs and data provided an overview of the claims history. Even though the 2018-19 policy year had seen more pooled losses than 2019-20 policy year, 2019-20 had more reported claims than the 2018-19. For the 2020-21 policy year, JPIA is closing out with scaled down pooled and excess losses with minimal occurrences.

As shown in the graphs, the majority of member claims are in the \$1-\$10,000 range, while there have only been three claims over \$10 million within the last forty years. Although the claim occurrences continue to rise, over the life of the program, the actual cost per million of payroll has steadily declined. Mr. Greenfield attributes this to members' continued dedication to implementing risk controls, as well as the efforts of JPIA's Training, Risk Management and Claims Departments.

### Memorandum of Liability Coverage

Ms. Nogosek stated that each year the JPIA staff reviews the Memorandum of Liability Coverage (MOLC) to access current Liability trends that might affect the JPIA and its members. If necessary, the MOLC is amended on an annual basis. For the 2021-22 policy year, no changes to the MOLC have been recommended. However, staff will continue to review claims and other factors that may prompt future changes.

M/S/C (Schwarm/Dorey) (Burgett-Yes; Daly-Yes; Dennstedt-Yes; Dorey-Yes; Limas-Yes; Rudock-Yes; Schwarm-Yes; Tobin-Yes): That the Liability Program Committee recommends that the Executive Committee approve no revisions to the Memorandum of Liability Coverage, to be effective October 1, 2021.

### Renewal of Excess General Liability Reinsurance

Mr. Sells reviewed JPIA's Liability Program renewal of the reinsurance/excess insurance agreements. JPIA has been working diligently with Aon to assemble a variety of carriers. For the 2021-22 policy year, JPIA members will continue to cover the first \$5

million pooled retention layer, and a variety of carriers will build the remaining \$50 million tower of coverage. This will include Safety National remaining in the \$5 million X \$5 million layer and JPIA's Captive, California Water Insurance Fund (CWIF) taking the \$10 million X \$10 million position in the tower.

Mr. Tokar with Aon expressed that it has been an extremely hard Liability market for the past few years. There has been much uncertainty and fear amongst the reinsurers, which can cause an abundance of caution.

Ms. Hetzel with Aon indicated that although challenging, she was very pleased with JPIA's renewal terms. She stated because of the diminished market many clients not only have seen a 50% drop in capacity, but also a huge deterioration in coverage. She also provided clarification regarding the insurance tower.

Mr. Sells and Committee members agreed that the work Aon did in putting together the tower was appreciated and commendable, especially in this challenging market.

M/S/C (Burgett/Rudock) (Burgett-Yes; Daly-Yes; Dennstedt-Yes; Dorey-Yes; Limas-Yes; Rudock-Yes; Schwarm-Yes; Tobin-Yes): That the Liability Program Committee recommends that the Executive Committee approve the reinsurance terms, conditions, and premiums as presented. Coverage to be effective October 1, 2021.

#### Renewal Pricing

Mr. deBernardi reviewed the Liability Program renewal pricing and funding requirements for the 2021-22 Liability Program policy year. He discussed that the Liability Program pricing for the JPIA members has been trending downward over the years.

Payrolls for the 10/1/21-22 policy year indicate an increase of approximately 2.48% (line 14). There is a decrease in the paid claims and claims reserves (line 6) of 5.47%. This is due to the decrease in the estimated loss rate from the actuary of 7.8% (\$2.14 vs \$2.32). The proposed excess insurance costs have increased nearly 29% (line 7) in part due to the cyber liability coverage increasing by approximately \$800,000.

Two options have been presented for point of reference.

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

The 2nd option is presented with a 5% increase to the Rate of Deposit Premium to Payroll (line 16). Line 6, Paid Claims and Claims Reserves, was incorrectly presented and should be \$16,895,852. With this change the Retrospective Premium Adjustments (line 3) would result in \$300 thousand additional funds being refunded to members.

Staff recommends approval of option 1 – no price change. This year has been challenging for several of our members with the pandemic, drought, and increased Property premiums.

M/S/C (Schwarm/Rudock) (Burgett-Yes; Daly-Yes; Dennstedt-Yes; Dorey-Yes; Limas-Yes; Rudock-Yes; Schwarm-Yes; Tobin-Yes): That the Liability Program Committee recommends that the Executive Committee approve Option 1 - no change in billing rate to members, effective October 1, 2021, as presented.

#### California Water Insurance Fund

At the November 26, 2018 meeting, the Board of Directors approved a resolution to proceed with forming the California Water Insurance Fund (CWIF), a Captive Insurance Company. Implementation of the CWIF Investment policy began January 2020. JPIA is looking to increase equity to CWIF by adding and utilizing the Workers' Compensation Catastrophic Reserve funds. The rate of return since inception has been approximately 18.0% vs a rate of return on the JPIA portfolio of approximately 1.49%.

#### General Counsel Update

Mr. Greenfield reported that every year CAJPA Legal Affairs Committee puts together summary case law. He has provided the Liability Committee with these summaries and encouraged members to review, so they could see some of the trends and legal issues that emerge within the workplace.

In addition, on October 1 of the new policy year, JPIA is providing a financial incentive program to encourage members to use the employee hotline. The hotline has been extremely successful in eliminating claims. Mr. Greenfield stated that most of the employment practices claims come from members that have failed to reach out to JPIA. JPIA hopes the employee hotline continues to provide the members with valuable information and protect the members from losses.

#### Liability Claims Department

Ms. Nogosek relayed that by adding a new Senior Claims Adjuster to the Liability Claims Department, it has helped with consistent and excellent claims service to our members, while receiving more claims.

Ms. Nogosek also noted that most of the California courts are re-opened and holding both in-person and on-line hearings for our litigated claims. However, actual trial dates remain very delayed.

In addition, the Department will be working with the Training Department to develop several short webinars for members regarding claims handling, responding to pipe breaks, risk transfer, etc. Succession planning for our defense counsel will also be a focus of the Department.



## **MISCELLANEOUS**

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### Availability for Upcoming Meeting(s)

There are no other Liability Program Committee meetings scheduled for this year.

The Liability Program Committee meeting adjourned at 12:01 p.m.

**ACWA JPIA**  
**Membership Report**  
September 28, 2022

**BACKGROUND**

In order to review the membership progress, a list of new and potential members is provided at each Liability Program Committee meeting.

**CURRENT SITUATION**

For the 2021-22 and 2022-23 coverage years, the following agencies have joined (or been approved to join) the Liability Program:

<u>Member</u>	<u>Payroll</u>	<u>Join Date</u>
Bear Valley Basin Groundwater Sustainability Agency	\$0	10/1/2021
Atwell Water District	\$0	12/1/2021
Tri-District Water Authority	\$212,000	4/1/2022
San Mateo County Flood and Sea Level Rise Resiliency District	\$600,000	7/1/2022
Rainbow Municipal Water District	\$5,916,898	7/1/2022
Merced Irrigation-Urban Groundwater Sustainability Agency	\$0	7/13/2022
South Valley Water Resources Authority	\$0	9/1/2022
Stanislaus Regional Water Authority	\$1,915,000	10/1/2022

**Current Program Membership Status as of September 8, 2022:**

Total number of program members:	344
Total estimated annual payroll:	\$859,875,232

**Potential New Members:**

For the 2022-23 coverage year, no additional agencies have expressed a serious interest in joining the JPIA Liability Program. However, the Liability Program remains stable and staff is regularly in discussions with potential new members and expect applications to be forthcoming in the new year.

Notices to Withdraw:

There are no reported intents to withdraw for the October 1, 2022, Liability Program renewal.

**RECOMMENDATION**

None, informational only.

**ACWA JPIA**  
**General Liability Historic and Current Claims Trends**  
**September 28, 2022**

**BACKGROUND**

Throughout the past several years, the Liability Program continues to have a favorable claims history as presented in the graphs and data provided.

**CURRENT SITUATION**

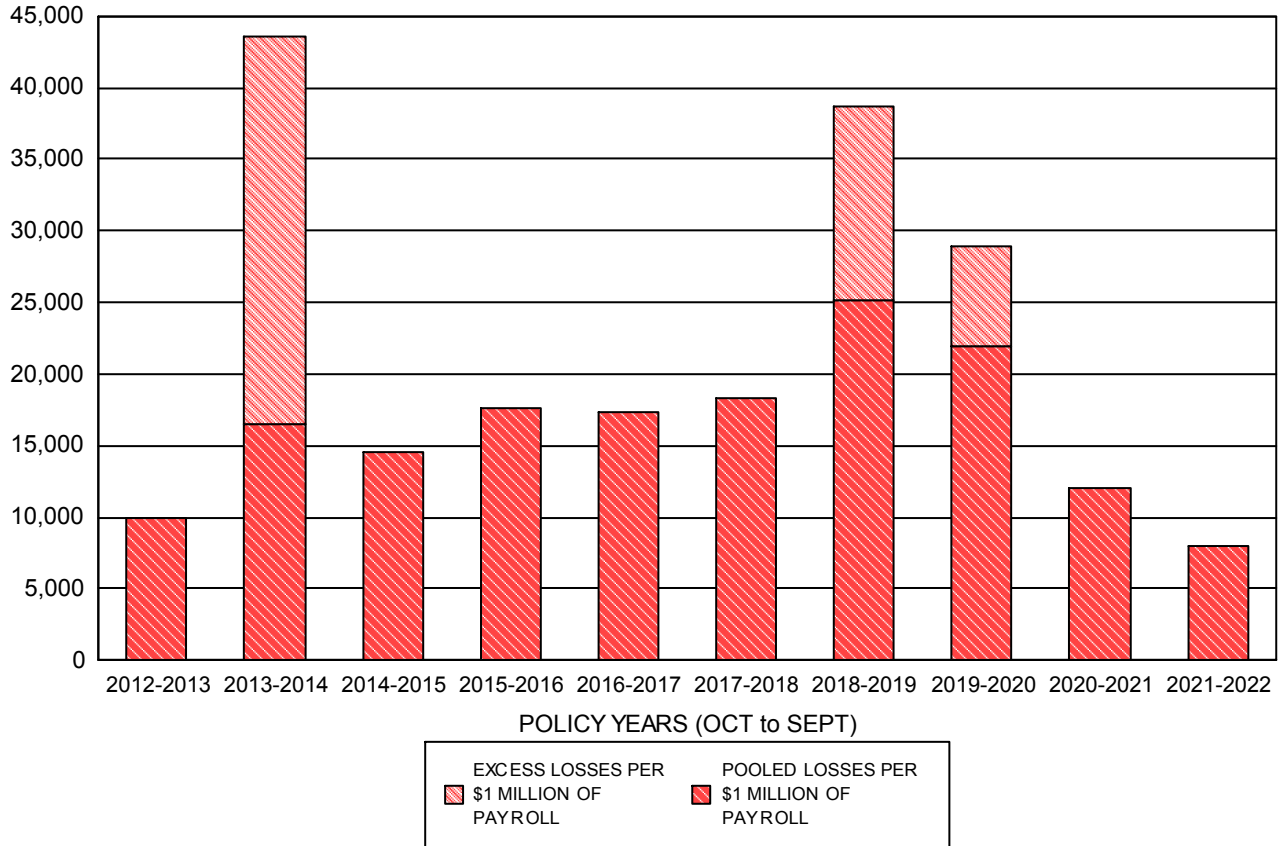
The first graph illustrates the reported losses/claims and the lighter color portion of the bars on the graph represent claims covered by the purchased excess/reinsurance. The remaining charts show claims trending information reflecting year over year total net incurred and the relationship between occurrences and pooled losses to the members.

Though the number of occurrences increased the rate of claims and value of claims per one million dollars of payroll has decreased. The combination of members' continual efforts toward claims reductions, JPIA Risk Management, JPIA Training and the excellent work of the JPIA Liability Claims Department have resulted in a strong Liability Program.

**RECOMMENDATION**

None, informational only.

**ACWA JPIA - LIABILITY PROGRAM  
REPORTED LOSSES PER \$1 MILLION OF PAYROLL  
FOR MONTH ENDING 8/31/2022**

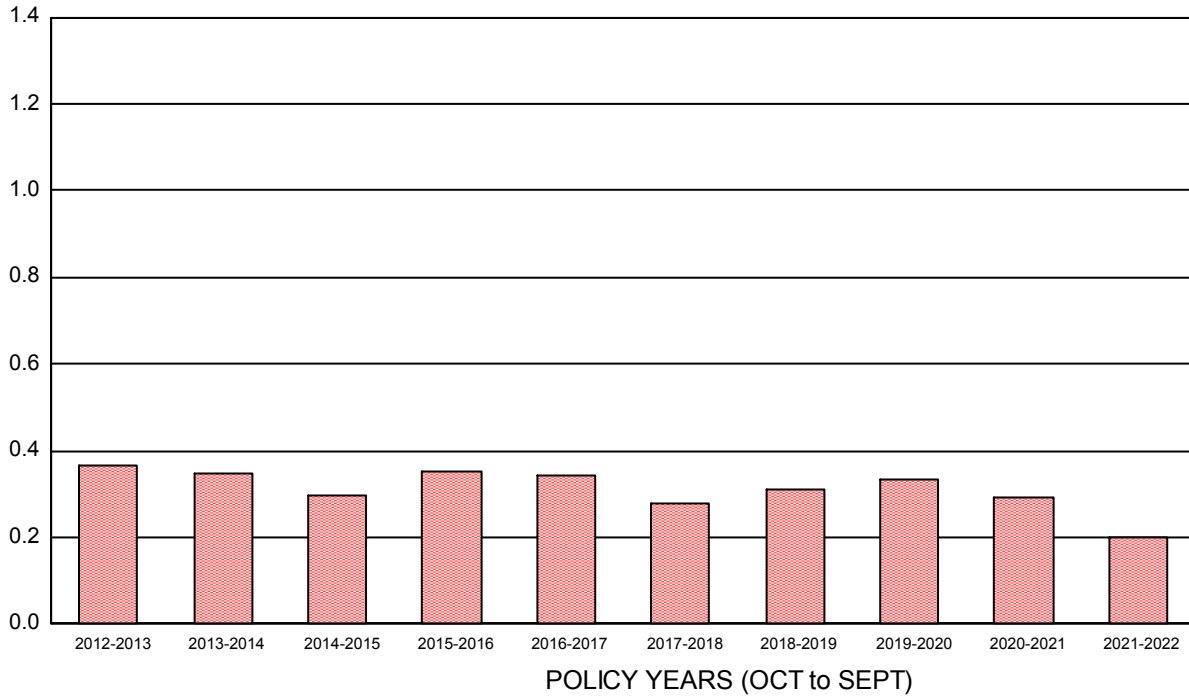


<b>PROGRAM YEAR (10/1)</b>	<b># OF MEMBERS</b>	<b>SELF INSURED RETENTION</b>	<b>POOLED LOSSES</b>	<b>EXCESS LOSSES</b>	<b>TOTAL LOSSES</b>	<b>ACTUAL PAYROLL</b>	<b>POOLED LOSSES PER \$1 MILLION OF PAYROLL</b>	<b>TOTAL LOSSES PER \$1 MILLION OF PAYROLL</b>
2007-2008	285	1,000,000	3,566,530	0	3,566,530	436,649,863	8,168	8,168
2008-2009	284	1,000,000	6,432,507	7,365,359	13,797,866	435,872,180	14,758	31,656
2009-2010	285	1,000,000	5,122,798	49,508	5,172,306	445,710,401	11,494	11,605
2010-2011	286	1,000,000	4,983,531	0	4,983,531	451,207,328	11,045	11,045
2011-2012	292	2,000,000	7,310,419	0	7,310,419	459,712,593	15,902	15,902
2012-2013	293	2,000,000	4,648,432	0	4,648,432	467,699,841	9,939	9,939
2013-2014	291	2,000,000	7,995,529	13,122,587	21,118,116	484,457,504	16,504	43,591
2014-2015	292	2,000,000	7,284,406	0	7,284,406	499,915,511	14,571	14,571
2015-2016	294	2,000,000	9,156,252	0	9,156,252	520,745,561	17,583	17,583
2016-2017	303	5,000,000	9,612,716	0	9,612,716	552,994,889	17,383	17,383
2017-2018	319	5,000,000	10,684,593	0	10,684,593	583,084,351	18,324	18,324
2018-2019	332	5,000,000	17,539,368	9,500,000	27,039,368	698,450,703	25,112	38,713
2019-2020	337	5,000,000	16,335,051	5,150,000	21,485,051	743,120,799	21,982	28,912
2020-2021	339	5,000,000	9,288,651	0	9,288,651	767,831,595	12,097	12,097
2021-2022	342	5,000,000	5,841,975	0	5,841,975	796,293,039	8,003	8,003

- Latest Policy Year's 'Losses' include partial activity.

- Latest Policy Year's 'Losses Per \$1 Million of Payroll' have been annualized using 11 months data.

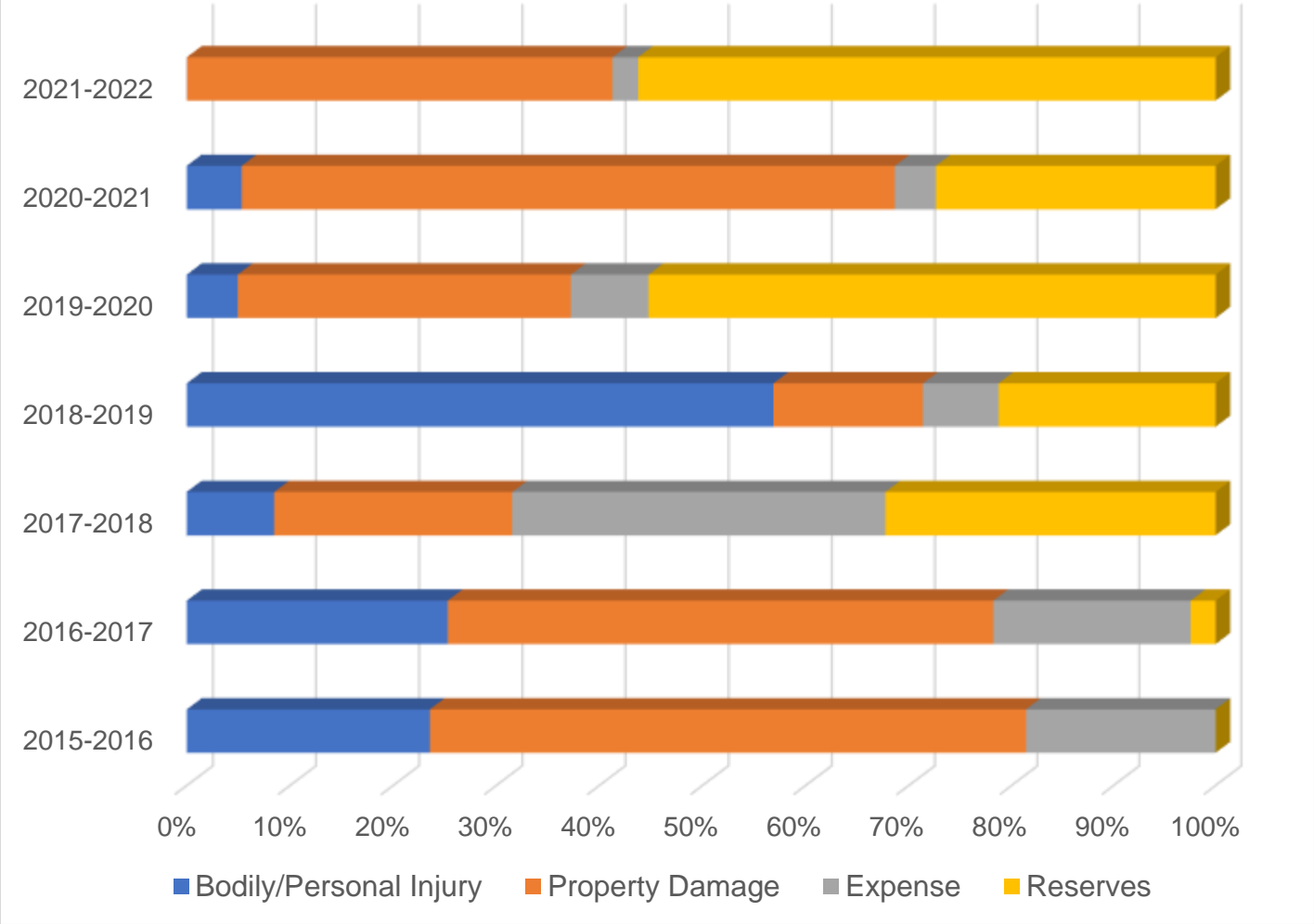
**ACWA JPIA - LIABILITY PROGRAM  
OCCURRENCES PER \$1 MILLION OF PAYROLLS REPORT  
FOR MONTH ENDING 8/31/2022**

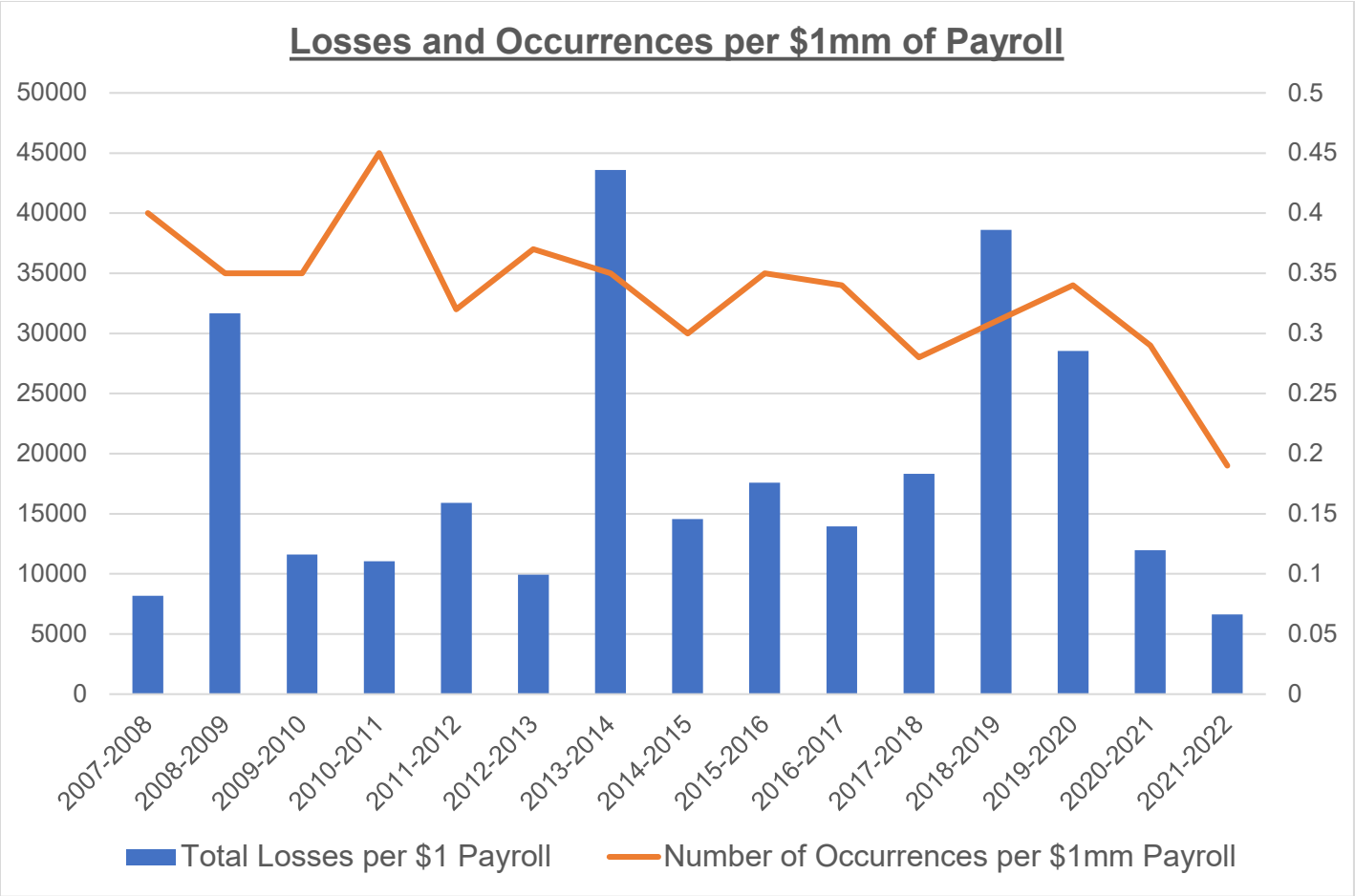


<b>PROGRAM YEAR (10/1)</b>	<b>NUMBER OF OCCUR</b>	<b>ACTUAL PAYROLLS</b>	<b>HISTORICAL INCREASE</b>	<b>INFLATION ADJUSTMENT FACTOR</b>	<b>INFLATION ADJUSTED PAYROLLS</b>	<b># OF OCCURRENCES PER \$1 MILLION OF INFLATION ADJUSTED PAYROLLS</b>
2007-2008	228	436,649,863	4.3%	1.309	571,587,981.53	0.40
2008-2009	189	435,872,180	0.0%	1.255	547,046,952.36	0.35
2009-2010	198	445,710,401	0.0%	1.255	559,394,537.04	0.35
2010-2011	255	451,207,328	0.5%	1.255	566,293,525.33	0.45
2011-2012	181	459,712,593	3.5%	1.249	574,097,678.75	0.32
2012-2013	207	467,699,841	2.2%	1.207	564,321,066.42	0.37
2013-2014	199	484,457,504	1.3%	1.181	571,957,595.79	0.35
2014-2015	174	499,915,511	2.0%	1.165	582,633,311.95	0.30
2015-2016	210	520,745,561	1.0%	1.143	595,009,780.15	0.35
2016-2017	215	552,994,889	2.0%	1.131	625,602,205.80	0.34
2017-2018	179	583,084,351	2.9%	1.109	646,708,200.28	0.28
2018-2019	235	698,450,703	3.4%	1.078	752,830,778.14	0.31
2019-2020	260	743,120,799	2.6%	1.042	774,641,011.03	0.34
2020-2021	229	767,831,595	1.6%	1.016	780,116,900.88	0.29
2021-2022	147	796,293,039	5.3%	1.000	796,293,039.06	0.20

- Latest Policy Year's 'Number of Occur' include partial activity.
- Latest Policy Year's '# Of Occurrences Per \$1 Million of Inflation Adjusted Payrolls' has been annualized using 11 mc
- Payrolls Adjusted for Inflation - CNP's Omitted - Small Claims Included.
- Factor based on CPI for West Coast from US Dept of Labor

**Liability Program Relationship Chart**







**ACWA JPIA**  
**Small Claims Settlement Option**  
**September 28, 2022**

**BACKGROUND**

The JPIA's Small Claims Settlement Option is a program designed to allow our members to handle smaller dollar claims to resolution. The JPIA, in turn, pays the member an administrative fee of \$100 for their efforts. The guidelines allow members to adjust claim settlements for property damage within their Retrospective Allocation Point (RAP). Staff updated some of the language in 2019 and believe additional changes are necessary at this time.

**CURRENT SITUATION**

Staff believes the program name itself may be confused with Small Claims court and suggests updating the name to the "In-House Claims Resolution Option". Staff also recommends extending the time to settle the claims from within ninety (90) days to within six (6) months of receiving the claim. In addition, staff suggests increasing the \$100 administrative fee paid to member for handling these claims to \$150.

Staff has prepared changes to the document in add/delete format to reflect the intent of the Program to reimburse the members for claims that have been settled.

**RECOMMENDATION**

That the Liability Program Committee recommends that the Executive Committee approve the proposed updates to the Small Claims Settlement Option, as presented.

## Small Claims Settlement Option “In-House” Claims Resolution Option

### POLICY STATEMENT

Member Agencies have the option of settling claims arising out of any occurrence covered by the Liability Program; wherein they are legally liable; and meet **all** of the following criteria:

1. All claims arising out of the occurrence are for "property damage" only;
2. No claim arising out of the occurrence has any potential for related "bodily injury";
3. Member Agency's Settlement Authority: the estimated settlement value for all claims arising out of the occurrence does not exceed the Member Agency's Retrospective Allocation Point per occurrence;
4. The claim settlement arising out of the occurrence must be concluded within ~~ninety (90) days~~. **six (6) months of receiving the claim.**

### PROCEDURES

When a Member Agency becomes aware of, or is presented with, a claim that meets all of the conditions in the above Policy Statement it shall have the option of settling the claim directly. If the Member Agency wishes to exercise this option, it should adhere to the following guidelines.

1. Investigate the claim for evidence of liability on the part of the Agency;
2. Determine whether the claim is to be handled informally or whether formal claim presentation is required. Under the California Government Code a public agency need not take any action until a claim is presented that meets the Code requirements. In general terms, we recommend that this procedure be followed.

3. If no liability on the part of the Member Agency is found, the claim should be formally rejected in writing using the appropriate language as illustrated in our sample letters. Please note, rejected claims are not eligible for this program.
4. If the Member Agency accepts liability, the Member should attempt to settle the claim as rapidly as possible;
5. If at any time during the process the Member wishes the assistance of the JPIA, please contact us by phone or refer the claim in progress to us to conclude;
6. Any claim that cannot be settled within ninety (90) days shall be referred to the JPIA for handling;
7. A Monthly Small Claims Report along with **copies of the claim, a signed release, ~~(see sample following this section)~~ and a copy of the settlement check** shall be submitted **promptly** to the JPIA **within six (6) months after settlement** as this will insure that the Member is reimbursed for the expenses incurred;
8. Within thirty (30) days of the receipt of a Member's report, the JPIA will issue a check to the Member for reimbursement of the settled and paid claims plus a \$100 administrative fee for each claim settled. **Any settlement not reported within six (6) months are not eligible for the \$100 administrative fee.**
9. The settlement reimbursement will be charged to the appropriate agency in the next retrospective premium calculations. **It is important to note that our policy has changed with regard to the experience modification calculations used in developing a Member's deposit premium. Only losses that exceed your Retrospective Allocation Point or \$15,000 (whichever is less) will be used in the calculation. It is therefore usually in your interest to report all small claims.**

# ACWA JPIA ~~Monthly Small Claims Report~~ “In-House” Claims Resolution Option

District Name: \_\_\_\_\_ Month/Year: \_\_\_\_\_ Prepared by: \_\_\_\_\_

<del>Claim No.</del>	Date/Time of Incident	Date Claim Received	Claimant's Name <del>(and driver/if auto claim)</del>	Brief Description of What Happened	Amount of Settlement	Date Settled	<del>Release Attached?</del>

Approved by: \_\_\_\_\_

**ACWA JPIA**  
**Memorandum of Coverage Liability Program**  
**September 28, 2022**

**BACKGROUND**

JPIA staff have reviewed the Memorandum of Liability Coverage (MOLC) for revisions to the MOLC for the 2022-23 Liability Program. Staff recommends the below revisions to be effective October 1, 2022.

**CURRENT SITUATION**

**Section I – Definitions – Claim(s):** The definition of “Claim(s)” has been revised to include additional explanation for the triggering event for employment practices coverage. By identifying the triggering event as existing “upon first notice from the Department of Fair Employment and Housing and/or Equal Opportunity Commission,” members will obtain coverage earlier in the defense and investigation process.

**Section I – Definitions – Occurrence:** The definition of “Occurrence” with regard to bodily injury and property damage has been revised to more clearly define the triggering event for continuous or repeated exposure occurring over multiple policy periods. The language now mirrors the language in the Employment Practices Liability section (Section I, Occurrence 3.)

**Section III – Limit of Liability:** Language has been added to clarify intent.

**Section VI – Exclusions:** Added an exclusion limiting coverage for “failure to have a written contract” or “failure to include risk transfer in a written contract.”

**Section VII – Conditions:** As per agenda item II.B., the name of the “Small Claims” program has been changed to “In-house Claims Resolution” and the deadline by which a claim must be settled has been revised to match the Policy.

**Coverage Schedule:** This section has been revised to clearly delineate between self-insured, reinsured, and excess layers, reflect the new, lower sublimit for PFAS, and clarify that the sublimits identified here are not exhaustive.

**Crisis Management Coverage Addendum:** This section is being removed. This section was added at a time when the coverage was being reinsured by an excess carrier on the JPIA Program. That carrier is no longer providing coverage to the JPIA and, in fact, is no longer providing any public entity cover in the western United States. For reference, this coverage was only triggered once in prior years.

**RECOMMENDATION**

That the Liability Program Committee recommend that the Executive Committee approve the Memorandum of Liability Coverage, as revised, to be effective October 1, 2022.

# MEMORANDUM OF LIABILITY COVERAGE

For The

Association of California Water Agencies  
Joint Powers Insurance Authority

## DECLARATIONS

**FORM NUMBER:** MOLC-10012~~2~~4

**MEMBER AGENCY:** Member Agency

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

**COVERAGE PERIOD:** October 1, 202~~2~~4 to October 1, 202~~3~~4  
12:01 A.M. Pacific Standard Time

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

Signed by:  
(Authorized Representative)

Date: September 29, 202~~2~~4

# 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-10012~~2~~4**

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

**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 Department of Fair Employment and Housing 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 **claim** or **suit** and all other reasonable fees, costs and expenses attributable to the investigation, defense or appeal of a **claim** or **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 wages, salaries, bonuses, stipends, expenses, overtime, retirement, medical or disability benefits, back pay, or any severance or other amount payable on termination.

**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.

- 4.2. 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**.

- 2.3. 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
- ~~3.4.~~ 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.

**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.

## 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.

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**.

## 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~~lesser~~ of:



1. \$5,000,000 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 thereof, 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 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, (6) Arbitration Procedures for Resolving 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** 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.

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. 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.
- G. 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.

- H. 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.
- I. 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.
- J. Liability arising out of the hazardous properties of **nuclear material**.
- K. Liability arising out of the partial or complete structural failure of any **dam**.
- L. 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.

- M. Liability imposed by any “No-Fault,” “Uninsured Motorist” or “Underinsured Motorist” law, or any similar law.
- N. Liability arising out of any claim for **Cyber Liability** or by any name by which it is called.
- O. Liability arising out of injunctive and/or administrative relief.
- P. 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**.

Q. 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.

R. 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.

S. 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. PREMIUM/DEPOSIT PREMIUM

All premium payments 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 Deposit Premium is an estimate to be credited against the amount of Retrospective Premium 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.
- 4.5. ~~4.~~ With respect to "In-house Small 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 Small 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 sixty (60) ~~months~~ ~~days~~ of the date of receipt of the claim filing or be turned over to the Authority's claims handling agency no later than the 62nd day.

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

##### 1. General

The following procedures shall be followed in resolving any dispute, **claim**, or controversy arising out of or connected with the agreements set forth in this **Memorandum**. Such disputes shall be resolved by either administrative proceedings or binding arbitration as provided for herein. The parties in these proceedings shall be the **Authority** and the **Member Agency** and are hereinafter referred to as "party" or "parties".

2. Initiation of Proceedings

Either party shall give written notice to the other party of its intent to initiate proceedings to resolve any dispute covered by this SECTION VII – Conditions, E. Such notice shall contain a statement setting forth the nature of the dispute, the amount involved, and the remedy sought.

3. Administrative Procedures for Resolving Disputes

a. All disputes subject to these proceedings shall first be submitted to the following designated committee, depending upon the amount in dispute, to determine whether the dispute can be resolved by administrative proceedings without having to be submitted to binding arbitration.

<u>Level and Committee</u>	<u>Amount in Dispute</u>
1. Liability Program Committee	Not in excess of \$50,000, per <b>occurrence</b>
2. The <b>Authority's</b> Executive Committee	Over \$50,000, but not in excess of \$200,000, per <b>occurrence</b>
3. Ad Hoc Board Committee	Over \$200,000 and up to the attachment point of re-insurance or excess coverage, per <b>occurrence</b>

b. A separate Ad Hoc Board Committee shall be formed for each dispute as follows:

- i. Upon initiation of the dispute, the entire Board roster shall be randomly prioritized.
- ii. The first seven Board members on the prioritized list agreeing to serve on the Ad Hoc Committee, or to have their alternates serve, shall comprise the pool. At least five members of the pool shall be required to convene the Committee.
- iii. No Board member representing a **Member Agency** that is a party to the arbitration, nor

his/her alternate, shall serve on the Ad Hoc Committee.

4. Administrative Hearings

Administrative hearings before committees shall be conducted in an informal manner with the Chair of the Committee presiding at the Liability Program Committee and the Executive Committee and the Chief Executive Officer of the **Authority** presiding, without a vote, at the Ad Hoc Committee. They shall be conducted in accordance with procedures determined by the Committee except as follows:

a. List of Witnesses and Documents

If either party wishes a list of the other party's witnesses and documents, it may demand it in accordance with the procedures set forth in California Code of Civil Procedure, Section 1282.2. However, the failure to list a witness or a document shall not bar the testimony of the unlisted witness or the introduction of an undesignated document, provided that good cause for the omission is shown as determined by the Committee.

b. Presentation of Evidence

Each party shall present its evidence in an informal manner. The Chair of the Committee shall rule on the admission and exclusion of evidence, but the Chair need not follow the rules of evidence and rules of judicial procedures.

c. Cross-Examination

Each party shall be permitted to cross-examine witnesses.

d. Testimony Under Oath

The testimony of witnesses shall be given under oath, with oaths to be administered by a Notary Public.

e. Representation by Counsel

Parties have the right to be represented by counsel.

f. Stenographic Record

Either party wishing a stenographic record shall make arrangements directly with a stenographer and shall notify the other party of such arrangements in advance of the hearing. The requesting party shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

g. Place of Hearing

Unless otherwise agreed to by the parties, administrative hearings shall be held at the general office of the **Authority**.

h. Time of Decisions

Decisions shall be made promptly by the Committee in writing and, unless otherwise agreed by the parties or specified by law, no later than ten (10) days from the date of the close of the hearing.

i. Costs and Expenses

Each party shall bear its own expenses.

5. Time and Method of Appealing Administrative Decisions

Either party may appeal the decision of the Committee to which the dispute was first referred pursuant to paragraph (3) above. Notice of such appeal shall be submitted in writing within ten (10) days of receipt of the Committee's decision. If the initial decision was by the Liability Program Committee or by the Executive Committee, the parties shall confer within ten (10) days of receipt of the Notice of Appeal to determine if they are both willing to submit the appeal to one of the committees set forth in paragraph (3) above having greater jurisdiction than the Committee that made the initial decision. If they agree to submit it to such a committee for final binding determination, the parties shall indicate this in writing and the matter shall be submitted to that committee and heard in accordance with the procedures set forth in paragraph (4) above. If either party is not willing to have the appeal heard by another committee, or the initial decision was by the Ad Hoc Board Committee, the appeal shall be submitted to binding arbitration in accordance with the procedures set forth in paragraph (6) below.

6. Arbitration Procedures for Resolving Disputes

a. Selection of Arbitrators

If an appeal of an administrative decision is submitted to arbitration, each party shall, within ten (10) days, select one arbitrator and submit his or her name in writing to the other party. Within ten (10) days after their selection, these two arbitrators shall select a third independent arbitrator. If the two parties cannot agree on the selection of the third arbitrator within ten (10) days, either party may petition the Placer County Superior Court for the appointment of the third arbitrator pursuant to the provisions of Section 1281.6 of the California Code of Civil Procedure. The third arbitrator shall preside as the Chair of the arbitration panel. Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between the parties and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

b. Discovery

The procedures set forth in California Code of Civil Procedure Section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph (6).

c. Testimony Under Oath

The testimony of witnesses shall be given under oath, with oaths to be administered by a Notary Public.

d. Stenographic Record

Either party wishing a stenographic record shall make arrangements directly with a stenographer and shall notify the other party of such arrangements in advance of the hearing. The requesting party shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

e. Place of Hearing

Unless otherwise agreed to by the parties, arbitration hearings shall be held at the general office of the **Authority**.

f. Closing the Hearing

Each arbitration hearing shall be completed within one (1) day; provided, however the arbitrators may, for good cause shown, schedule such additional hearings as are necessary to ensure that all evidence material to the controversy is presented.

g. Time of Decisions

Decisions shall be made promptly by the arbitrators in writing and, unless otherwise agreed by the parties or specified by law, no later than ten (10) days from the date of the close of the hearing.

h. Costs and Expenses

Each party shall pay its own expenses, including the expense of the arbitrator appointed by it and the expense of any witnesses which it calls. Except as otherwise provided herein, the expenses of any witness or the cost of any proof produced at the direct request of the arbitrators, and all other expenses of the arbitration, including the travel and the other expenses of the third arbitrator chosen by the first two arbitrators shall be borne equally by the parties.

i. Interpretation and Application of Rules

With respect to any procedure not herein expressly provided for, the arbitration shall be governed by the California Code of Civil Procedure provisions relating to arbitration (Section 1280 et seq.). The arbitrator(s) shall interpret and apply these rules insofar as they relate to the arbitrator's powers and duties. All decisions of the arbitration panel shall be decided by a majority vote.

7. Funding of Defense and Payment of **Claims** Pending Resolution of Dispute

During the course of the administrative and arbitration proceedings provided for herein, the **Authority** may fund any defense to the **claim** against the **Member Agency** and any settlement of that **claim** approved by the **Member Agency**, subject to the right of the **Authority** to recover from the **Member Agency** any amounts paid out by the **Authority** for such defense or settlement which are finally determined not to be owed by the **Authority** under this **Memorandum**, with interest thereon at the legal rate of interest on judgments.

8. Effect of Arbitration Decisions

All decisions on appeals, whether by an administrative committee pursuant to paragraph (5) above or by an arbitration panel, shall be final and binding upon the parties.

9. Not Applicable to Excess Carriers

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

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 10/1/2021 - 10/1/2022**

<b>COVERAGE LIMIT</b>	<b><u>COVERAGE TYPE</u></b>	<b>CARRIER</b>
\$5,000,000*	<u>Self-funded</u>	ACWA JPIA/California Water Insurance Fund
\$5,000,001 to \$10M*	<u>Reinsurance</u>	Safety National Casualty Corporation
\$10,000,001 to \$20M	<u>Reinsurance</u>	California Water Insurance Fund
\$20,000,001 to \$29.5M*	<u>Reinsurance</u>	Everest Reinsurance Company/ <u>Continental Applied Indemnity Company/</u> Upland Specialty Insurance Company
\$29,500,001 to \$35M	<u>Reinsurance</u>	Great American Insurance Company
\$35,000,001 to \$45M*	<u>Excess Insurance</u>	Allied World National Assurance Company
\$45,000,001 to \$50M	<u>Excess Insurance</u>	Hallmark Specialty Insurance Company
\$50,000,001 to \$55M	<u>Excess Insurance</u>	<u>SCOR General Security Indemnity Company of Arizona</u>

**\*SUBLIMITS:**

\$ 5,000,000 **Terrorism**

\$10,000,000 **Communicable Disease**

\$~~20~~9,0500,000 **Perfluoroalkyl and Polyfluoroalkyl (PFAS)**

\$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.



**CRISIS MANAGEMENT COVERAGE CRISIS  
MANAGEMENT COVERAGE ADDENDUM TO THE  
MEMORANDUM OF LIABILITY COVERAGE**

NOTICE: Words that appear in **bold**, except for headings, have special meaning and are defined either in this Addendum or in the Memorandum of Liability Coverage to which it is attached.

COVERAGE LIMITS:

~~Coverage A: Crisis Response~~ \$ ~~250,000~~ Each ~~Crisis Management Event~~  
~~and annual aggregate~~

~~Coverage B: Crisis Communication~~ \$ ~~50,000~~ Each ~~Crisis Management Event~~  
~~and annual aggregate~~

COVERAGE AGREEMENT:

~~**Advancement of Crisis Response Costs during a Crisis Management Event**~~

The ~~Authority~~ will pay on behalf of the ~~Member Agency~~ those ~~Crisis Response Costs~~ that may be associated with damages covered by the ~~Memorandum~~ arising from a ~~Crisis Management Event~~ that first commences during the Coverage Period, up to the amount of the ~~Crisis Response Coverage Limit~~.

The ~~Authority~~ may advance the ~~Crisis Response Costs~~ that may be associated with damage covered by the ~~Memorandum~~ directly to third parties.

~~**Crisis Communication Expenses**~~

The ~~Authority~~ will pay on behalf of the ~~Member Agency~~ the costs of ~~Crisis Communication Services~~ arising from a ~~Crisis Management Event~~ that first commences during the Coverage Period, up to the amount of the ~~Crisis Communication Coverage Limit~~.

A ~~Crisis Management Event~~ shall first commence at the time during the Coverage Period when a ~~Key Executive~~ of the ~~Member Agency~~ first becomes aware of an ~~Occurrence~~ that gives rise to a ~~Crisis Management Event~~ and shall end at the earliest of the time that the ~~Authority~~ determines that a crisis no longer exists or when the ~~Crisis Response Coverage Limit~~ and/or the ~~Crisis Communication Coverage Limit~~, whichever applies, has been exhausted.

LIMITS OF COVERAGE:

~~The **Crisis Response Coverage Limit** is the most the **Authority** will pay for all **Crisis Response Costs** under this Addendum, regardless of the number of **Crisis Management Events** first commencing during the Coverage Period.~~

~~The **Crisis Communication Coverage Limit** is the most the **Authority** will pay for all **Crisis Communication Costs** under this Addendum, regardless of the number of **Crisis Management Events** first commencing during the Coverage Period.~~

~~The **Authority** will have no obligation to advance **Crisis Response Costs** or to pay **Crisis Communication Costs** from the earliest of the time that the **Authority** determines that a crisis no longer exists or when the **Crisis Response Coverage Limit** and/or the **Crisis Communication Coverage Limit**, whichever applies, has been exhausted.~~

WORDS AND PHRASES WITH SPECIAL MEANING (DEFINITIONS):

~~**Crisis Communication Coverage Limit** means the limit shown for Coverage B: Crisis Communication in the Coverage Limits of this Addendum.~~

~~**Crisis Communication Firm** means any public relations firm approved by the **Authority** that is hired by the **Member Agency** to perform **Crisis Communication Services** in connection with the **Crisis Management Event**.~~

~~**Crisis Communication Services** means those services performed by a **Crisis Communication Firm** in advising the **Member Agency** on minimizing potential harm to the **Member Agency** from a covered **Crisis Management Event** by maintaining and restoring public confidence in **Member Agency**.~~

~~**Crisis Communication Costs** means the following amounts incurred during a **Crisis Management Event**:~~

~~Amounts for the reasonable and necessary fees and expenses incurred by a **Crisis Communication Firm** in the performance of **Crisis Communication Services** for a **Member Agency** solely arising from a covered **Crisis Management Event**; and~~

~~Amounts for reasonable and necessary printing, advertising, mailing of materials, or travel by directors, officers, employees or agents of a **Member Agency** or a **Crisis Communication Firm** incurred at the direction of a **Crisis Communication Firm**, solely arising from a covered **Crisis Management Event**.~~

~~**Crisis Management Event** means an **Occurrence** that, in the good faith opinion of a **Key Executive** of the **Member Agency** and with the concurrence of the **Authority**, in absence of **Crisis Communication Services**, has been or may reasonably be associated with:~~

damages covered by the **Memorandum**; and

significant adverse regional or national news media coverage

~~**Crisis Management Event** shall include, without limitation, man-made disasters such as explosions, chemical releases, major vehicle, equipment or construction accidents resulting in multiple deaths, burns, dismemberment, traumatic brain injury, permanent paralysis, or contamination of food, drink or pharmaceuticals, or wide-spread property damage due to infrastructure failure.~~

~~**Crisis Response Costs** means the following reasonable and necessary expenses incurred during a **Crisis Management Event** directly caused by a **Crisis Management Event**, provided that such expenses have been pre-approved by the **Authority** and may be associated with damages that would be covered by the **Memorandum**.~~

~~Medical expenses;~~

~~Funeral expenses;~~

~~Psychological counseling;~~

~~Travel expenses;~~

~~Temporary living expenses;~~

~~Expenses to secure the scene of a **Crisis Management Event**; and~~

~~Any other expenses pre-approved by the **Authority**.~~

~~**Crisis Response Costs** will not include defense costs or **Crisis Communication Costs**.~~

~~**Crisis Response Coverage Limit** means the limit shown for Coverage A: Crisis Response in the Coverage Limits of this Addendum.~~

~~**Key Executive** means the General Manager, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Board President, or General Counsel of the **Member Agency**. A **Key Executive** also means any other person designated as such by the **Member Agency's** Board of Directors.~~

**EXCLUSIONS:**

~~This coverage will not apply to any **Crisis Response Costs** or **Crisis Communication Costs** in connection with a **Crisis Management Event**:~~

~~arising out of, based upon or attributable to any acts alleged, or to the same or related acts alleged or contained, in any crisis, claim or **Suit** that has been reported, or in any circumstances where notice has been given under any coverage of which this **Memorandum** is a renewal or replacement or which it may succeed in time; or~~

~~arising out, based upon or attributable to any pending or prior crisis, claim or **Suit** as of the inception date of this **Memorandum**.~~

CONDITIONS:

~~The **Member Agency** must report any **Crisis Management Event** to the **Authority** within twenty four (24) hours of the time that a **Key Executive** first becomes aware of an **Occurrence** that gives rise to a **Crisis Management Event** to be eligible for the advancement of **Crisis Response Costs** or the payment of any **Crisis Communication Costs**.~~

~~Notice of a **Crisis Management Event** may be given by calling the **Authority** at 1-800-231-5742. Written notice shall be given as soon as soon as practicable thereafter and should include:~~

~~how, when and where the **Crisis Management Event** is taking or took place;~~

~~the names, addresses and contact information of any injured parties and any witnesses; and~~

~~the nature and location of any injury or damage arising out of the **Crisis Management Event**.~~

~~Any payments by the **Authority** for **Crisis Communication Costs** or advancement of **Crisis Response Costs** under this Addendum will not:~~

~~be deemed to be a determination of the **Member Agency's** liability with respect to any claim or **Suit** that results from a **Crisis Management Event**; and~~

~~create any duty for the **Authority** to defend any **Suit** or to investigate any claim arising from a **Crisis Management Event**, nor any coverage obligations under the **Memorandum**.~~

~~All other terms, definitions, conditions and exclusions of the **Memorandum** remain unchanged.~~

**ACWA JPIA**  
**Renewal of Reinsurance and Excess General Liability Policies**  
**September 28, 2022**

**BACKGROUND**

The JPIA's Liability Program renews on October 1, 2022 which is inclusive of the reinsurance/excess insuring agreements. Currently, the JPIA's Captive, California Water Insurance Fund (CWIF), reinsures the Program's \$5 million self-insured retention and takes a \$10M x \$10M position within the tower with a \$30M aggregate limit. The JPIA then purchases reinsurance and excess coverage from a variety of carriers to bridge the gap from \$5M to \$10M and to provide coverage above \$20M up to the current limit of coverage of \$55M.

**CURRENT SITUATION**

This year's renewal continues to be challenging due to ongoing hardening of the insurance market and reduced capacity. Total estimated cost for excess/reinsurance coverage, including CWIF at the \$10M x \$10M layer, is expected to be approximately \$8.2M, an increase of 30% over the prior year. Coverage for the upcoming program year will remain at \$55 million in total limits.

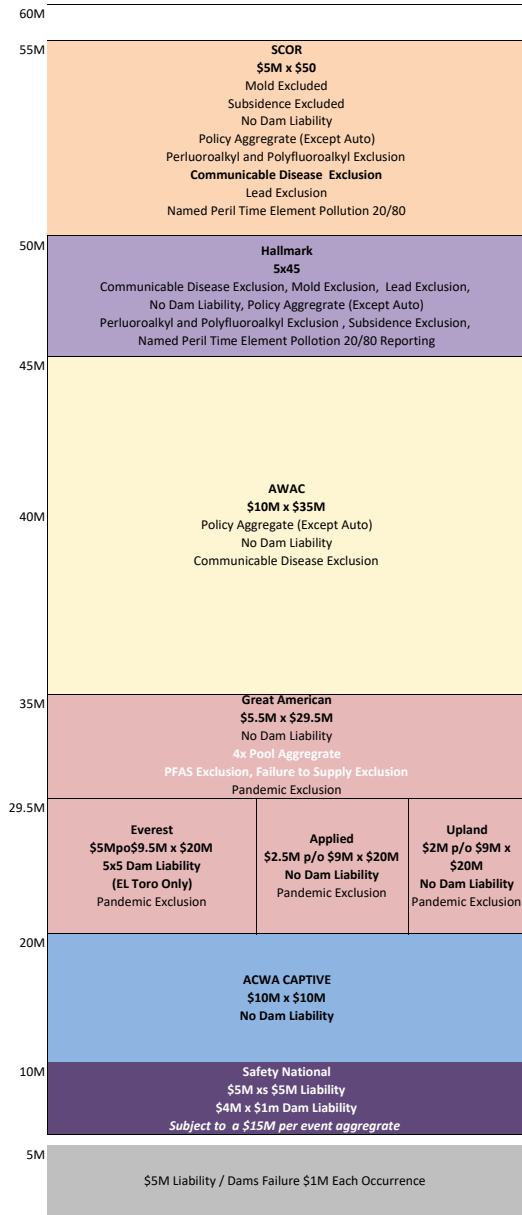
With regard to excess/reinsurance, all incumbent carriers have re-committed to the Program. Rate changes at the various layers range from 4.8% to 9.9% and total cost for the excess/reinsurance layers, excluding CWIF at the \$10M x \$10M layer, is \$6.2M versus \$5.3M last year. The total premium increase is reflective of the above rate increases plus an increase in estimated payroll of approximately 9%.

Cost for the \$10M x \$10M layer has increased by 41%, from approximately \$1.4M to \$2M, due to adverse loss development since the prior actuarial study was completed. Cost to transfer the risk for the \$10M x \$10M layer to a reinsurance carrier would be approximately \$2.4M; thus, staff believes it is still favorable to retain this risk, versus transfer it. The \$10M x \$10M layer is funded at the 90% confidence level.

**RECOMMENDATION**

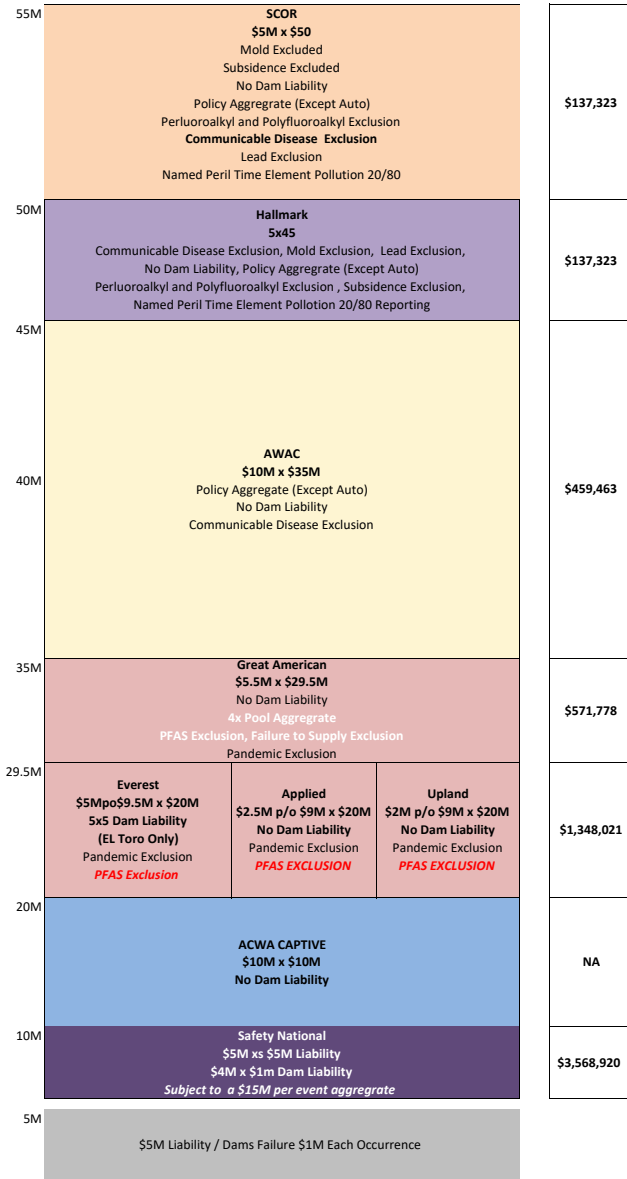
That the Liability Program Committee recommends that the Executive Committee approve the reinsurance and excess terms, conditions, and premiums as presented. Coverage to be effective October 1, 2022.





TOTAL PREMIUM
\$5,360,987

\$118,738	Insurance Reinsurance
\$118,738	
\$397,513	
\$500,000	
\$1,185,000	
NA	
\$3,040,998	



TOTAL PREMIUM
\$6,222,828

**ACWA JPIA**  
**Liability Program Renewal Pricing**  
**September 28, 2022**

**BACKGROUND**

Attached are worksheets showing the funding requirements for the Liability Program.

The Deposit Premium (line 2) for the policy year is calculated by totaling:

- Actuary Projected Losses (within JPIA's SIR) – line 6
- Excess Insurance Costs – line 7
- Projected G&A Expenses – line 8
- Contributions to the Self-Insured Excess Fund (0-7% of premiums) – line 10
- Contributions to the Catastrophic Reserve Fund (0-10% of premiums) – line 11
- Less Projected Investment Income – line 4

Invoices for the 10/1/22-23 policy year are mailed to the members in October.

**CURRENT SITUATION**

Net investment income is projected at 5% return. This is due to the higher returns expected as a result of the formation of the captive – California Water Insurance Fund. It is anticipated the captive will house the risks for each occurrence up to the first \$5 million and for the layer of \$10 million in excess of \$10 million (from \$10 million to \$20 million per occurrence).

Payrolls for the 10/1/22-23 policy year indicate an increase of approximately 8.91% (line 14). There is an increase in the paid claims and claims reserves (line 6) of 18.83%. This is due to the increase in the estimated loss rate from the actuary of 9.1% (\$2.335 vs \$2.14). The proposed excess insurance costs have increased 7.25% (line 7). This would have been a much larger increase had not the cyber liability coverage (just under \$1 million in policy year 21/22) been excluded. Cyber liability coverage is now separate coverage that members can choose to opt in or out.

Three options have been presented for point of reference.

The 1st option presents pricing with no change. In this scenario, the Rate of Deposit Premium to Payroll (line 16) remains the same. Under this option, Retrospective Premium Adjustments (line 3) would result in \$2.4 million additional funds being assessed to members.

The 2nd option is presented with a 10% increase to the Rate of Deposit Premium to Payroll (line 16). Under this option, Retrospective Premium Adjustments (line 3) would result in \$556 thousand returned funds to members.

The 3rd option is presented with a 5% increase to the Rate of Deposit Premium to Payroll (line 16). Under this option, Retrospective Premium Adjustments (line 3) would result in \$928 thousand additional funds being assessed to members.

Staff is comfortable with all options presented. Staff recommends approval of option 2 – 10% rate increase. While this is not ideal, there are several factors that point to it being time to raise rates. Losses have been increasing not only for the JPIA but in the industry. Excess insurance rates continue to increase in the double digits. With the growth of the membership in the program the uncertainty has increased. Membership has gone from 336 members in policy year 2020-21 to 342 for policy year 2022-23 (line 13). Staff have been incorporating a rate increase of 10% to members all year when assisting with budgeting.

**RECOMMENDATION**

That the Liability Program Committee recommends that the Executive Committee approve option 2 – a 10% rate increase, effective October 1, 2022, as presented.

# ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY

## LIABILITY PROGRAM

### EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

As of September 28, 2022

**OPTION 1 - No price change**

		<u>Policy Year</u> 10/1/2020-21 <u>Budget</u>	<u>Policy Year</u> 10/1/2021-22 <u>Budget</u>	<u>Policy Year</u> 10/1/2022-23 <u>Budget</u>	<u>% Change from</u> 10/1/2021-22 <u>10/1/2022-23</u>
1	<b>REVENUE:</b>				
2	Deposit Premiums Earned	\$ 21,498,069	\$ 22,032,500	\$ <b>23,999,111</b>	8.93%
3	Retrospective Premium Adjustments	1,480,620	<b>1,048,662</b>	<b>2,410,008</b>	129.82%
4	Net Investment Income	<u>4,772,795</u>	<u>4,734,269</u>	<b>5,074,828</b>	<u>7.19%</u>
5	Total Revenue	27,751,484	27,815,431	<b>31,483,948</b>	13.19%
	<b>EXPENSES:</b>				
6	Paid Claims and Claims Reserves	17,873,192	16,895,852	<b>20,078,087</b>	18.83%
7	Purchased Excess Insurance	6,696,832	7,393,133	<b>7,928,861</b> A	7.25%
8	General & Admin. Expenses	<u>3,181,460</u>	<u>3,526,446</u>	<b>3,477,000</b>	<u>-1.40%</u>
9	Total Expenses	27,751,484	27,815,431	<b>31,483,948</b>	13.19%
	<b>CATASTROPHIC LOSS RESERVES:</b>				
10	Self Insured Excess Fund	-	-	-	0.00%
11	Member Contributions	-	-	-	0.00%
12	Total Cat. Loss Reserves	<u>\$ -</u>	<u>\$ -</u>	<b>\$ -</b>	<u>0.00%</u>
13	Number of Program Members	336	338	<b>342</b>	1.18%
14	Total Payrolls (000's omitted)	\$ 770,396	\$ 789,526	<b>\$ 859,875</b>	8.91%
15	Ratio of Incurred Losses to Payroll	<b>\$ 2.320</b>	<b>\$ 2.140</b>	<b>\$ 2.335</b>	9.11%
16	<b>Ratio of Deposit Premium to Payroll</b>	<b>\$ 2.791</b>	<b>\$ 2.791</b>	<b>\$ 2.791</b>	<b>0.01%</b>
17	District RAPs	\$2,500 - 100,000	\$2,500 - 100,000	\$2,500 - 100,000	
18	Pooled Layer	SIR to \$5,000,000	SIR to \$5,000,000	SIR to \$5,000,000	
19	Program Limit	\$ 60,000,000	\$ 60,000,000	\$ 55,000,000	

## CALCULATIONS

Line #

2 Deposit Premium - Calculation backed into by netting all other amounts in column

4 Net Investment Income - 5.0%

6 Claims Expense - Actuary projected loss rate x (payroll / 100)

7 Excess Insurance - Fixed at renewal

8 G&A Expenses - 30% of Annual Budget \$11,590,000\*\*\*

10 Self Insured Excess Fund - 0% of Deposit Premiums

11 Contribution to Cat. Reserve Fund - 0% of Deposit Premiums

VARIABLES	BUDGET 10/1/2021-22	BUDGET 10/1/2022-23
PAYROLL	\$789,525,784	\$859,875,232
LOSS RATE/\$100 OF P/R - Actuary	\$2.140	\$2.335
		\$0.195
		9.11%
G&A Budget 2022-23	12,270,000	
B-Swift	(420,000)	
DIR	(230,000)	
PCORI	(30,000)	
	*** 11,590,000	
<u>Purchased Excess Insurance Detail</u>		
Net Premium	5,686,713	
CWIF Premium \$10M x \$10M	2,080,898	
Brokers Fee	161,250	
	A 7,928,861	

## INTEREST EARNINGS CALCULATIONS

### 10/1/2021-22

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings 5.00%	Future Value	
	14,639,367			11
14.0%	12,589,856	680,731	1,164,280	10
37.0%	9,222,801	545,316	888,263	9
58.0%	6,148,534	384,283	596,150	8
73.0%	3,952,629	252,529	373,100	7
85.0%	2,195,905	153,713	216,290	6
93.0%	1,024,756	80,517	107,900	5
94.0%	878,362	47,578	60,723	4
97.0%	439,181	32,939	40,037	3
97.0%	439,181	21,959	25,420	2
100.0%	-	10,980	<u>12,105</u>	1
FV OF ANNUAL EARNINGS			3,484,269	
CAT FUND CONTRIBUTION			0	
Interest Earnings			0	
SIEF			0	
Other Interest Earnings (CAT Fund)			<u>1,250,000</u>	
TOTAL INTEREST EARNINGS			<u><u>4,734,269</u></u>	

### 10/1/2022-23

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings 5.00%	Future Value			
	16,070,250			11		<u>G&amp;A Allocation</u>
14.0%	13,820,415	747,267	1,278,080	10	0.334	1,161,851
37.0%	10,124,258	598,617	975,084	9	0.255	886,410
58.0%	6,749,505	421,844	654,419	8	0.171	594,906
73.0%	4,338,968	277,212	409,568	7	0.107	372,322
85.0%	2,410,538	168,738	237,431	6	0.062	215,839
93.0%	1,124,918	88,386	118,446	5	0.031	107,675
94.0%	964,215	52,228	66,658	4	0.017	60,596
97.0%	482,108	36,158	43,950	3	0.011	39,954
97.0%	482,108	24,105	27,905	2	0.007	25,367
100.0%	0	12,053	<u>13,288</u>	1	0.003	<u>12,080</u>
FV OF ANNUAL EARNINGS			3,824,828			3,477,000
CAT FUND CONTRIBUTION			0			
Interest Earnings			0			
SIEF			0			
Interest from Catastrophic Fund			<u>1,250,000</u>			
TOTAL INTEREST EARNINGS			<u><u>5,074,828</u></u>			

# ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY

## LIABILITY PROGRAM

### EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

As of September 28, 2022

**OPTION 2 - 10% Increase**

		Policy Year 10/1/2020-21 <u>Budget</u>	Policy Year 10/1/2021-22 <u>Budget</u>	Policy Year 10/1/2022-23 <u>Budget</u>	% Change from 10/1/2021-22 <u>10/1/2022-23</u>
1	<b>REVENUE:</b>				
2	Deposit Premiums Earned	\$ 21,498,069	\$ 22,032,500	\$ <b>26,395,224</b>	19.80%
3	Retrospective Premium Adjustments	1,480,620	<b>1,048,662</b>	<b>(556,396)</b>	-153.06%
4	Net Investment Income	<u>4,772,795</u>	<u>4,734,269</u>	<b>5,645,119</b>	19.24%
5	Total Revenue	27,751,484	27,815,431	<b>31,483,948</b>	13.19%
	<b>EXPENSES:</b>				
6	Paid Claims and Claims Reserves	17,873,192	16,895,852	<b>20,078,087</b>	18.83%
7	Purchased Excess Insurance	6,696,832	7,393,133	<b>7,928,861</b> A	7.25%
8	General & Admin. Expenses	<u>3,181,460</u>	<u>3,526,446</u>	<b>3,477,000</b>	-1.40%
9	Total Expenses	27,751,484	27,815,431	<b>31,483,948</b>	13.19%
	<b>CATASTROPHIC LOSS RESERVES:</b>				
10	Self Insured Excess Fund	-	-	-	0.00%
11	Member Contributions	-	-	-	0.00%
12	Total Cat. Loss Reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>
13	Number of Program Members	336	338	<b>342</b>	1.18%
14	Total Payrolls (000's omitted)	\$ 770,396	\$ 789,526	\$ <b>859,875</b>	8.91%
15	Ratio of Incurred Losses to Payroll	<b>\$ 2.320</b>	<b>\$ 2.140</b>	<b>\$ 2.335</b>	9.11%
16	<b>Ratio of Deposit Premium to Payroll</b>	<b>\$ 2.791</b>	<b>\$ 2.791</b>	<b>\$ 3.070</b>	<b>10.00%</b>
17	District RAPs	\$2,500 - 100,000	\$2,500 - 100,000	\$2,500 - 100,000	
18	Pooled Layer	SIR to \$5,000,000	SIR to \$5,000,000	SIR to \$5,000,000	
19	Program Limit	\$ 60,000,000	\$ 60,000,000	\$ 55,000,000	

## CALCULATIONS

Line #

2 Deposit Premium - Calculation backed into by netting all other amounts in column

4 Net Investment Income - 5.0%

6 Claims Expense - Actuary projected loss rate x (payroll / 100)

7 Excess Insurance - Fixed at renewal

8 G&A Expenses - 30% of Annual Budget \$11,590,000\*\*\*

10 Self Insured Excess Fund - 0% of Deposit Premiums

11 Contribution to Cat. Reserve Fund - 0% of Deposit Premiums

VARIABLES	BUDGET 10/1/2021-22	BUDGET 10/1/2022-23
PAYROLL	\$789,525,784	\$859,875,232
LOSS RATE/\$100 OF P/R - Actuary	\$2.140	\$2.335

G&A Budget 2022-23	12,270,000
B-Swift	(420,000)
DIR	(230,000)
PCORI	(30,000)
***	11,590,000

### Purchased Excess Insurance Detail

Net Premium	5,686,713
CWIF Premium \$10M x \$10M	2,080,898
Brokers Fee	161,250
<b>A</b>	7,928,861



## INTEREST EARNINGS CALCULATIONS

### 10/1/2021-22

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings 5.00%	Future Value	
	14,639,367			11
14.0%	12,589,856	680,731	1,164,280	10
37.0%	9,222,801	545,316	888,263	9
58.0%	6,148,534	384,283	596,150	8
73.0%	3,952,629	252,529	373,100	7
85.0%	2,195,905	153,713	216,290	6
93.0%	1,024,756	80,517	107,900	5
94.0%	878,362	47,578	60,723	4
97.0%	439,181	32,939	40,037	3
97.0%	439,181	21,959	25,420	2
100.0%	-	10,980	<u>12,105</u>	1
FV OF ANNUAL EARNINGS			3,484,269	
CAT FUND CONTRIBUTION			0	
Interest Earnings			0	
SIEF			0	
Other Interest Earnings (CAT Fund)			<u>1,250,000</u>	
TOTAL INTEREST EARNINGS			<u><u>4,734,269</u></u>	

### 10/1/2022-23

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings 5.00%	Future Value			
	18,466,363			11		<u>G&amp;A Allocation</u>
14.0%	15,881,072	858,686	1,468,644	10	0.334	1,161,851
37.0%	11,633,809	687,872	1,120,471	9	0.255	886,410
58.0%	7,755,872	484,742	751,994	8	0.171	594,906
73.0%	4,985,918	318,545	470,636	7	0.107	372,322
85.0%	2,769,954	193,897	272,832	6	0.062	215,839
93.0%	1,292,645	101,565	136,107	5	0.031	107,675
94.0%	1,107,982	60,016	76,597	4	0.017	60,596
97.0%	553,991	41,549	50,503	3	0.011	39,954
97.0%	553,991	27,700	32,066	2	0.007	25,367
100.0%	0	13,850	<u>15,269</u>	1	0.003	<u>12,080</u>
FV OF ANNUAL EARNINGS			4,395,119			3,477,000
CAT FUND CONTRIBUTION			0			
Interest Earnings			0			
SIEF			0			
Interest from Catastrophic Fund			<u>1,250,000</u>			
TOTAL INTEREST EARNINGS			<u><u>5,645,119</u></u>			

# ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY

## LIABILITY PROGRAM

### EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

As of September 28, 2022

OPTION 3 - 5% Increase

	Policy Year 10/1/2020-21 Budget	Policy Year 10/1/2021-22 Budget	Policy Year 10/1/2022-23 Budget	% Change from 10/1/2021-22 10/1/2022-23
<b>1 REVENUE:</b>				
2     Deposit Premiums Earned	\$ 21,498,069	\$ 22,032,500	<b>\$ 25,195,441</b>	14.36%
3     Retrospective Premium Adjustments	1,480,620	<b>1,048,662</b>	<b>928,944</b>	-11.42%
4     Net Investment Income	4,772,795	4,734,269	<b>5,359,563</b>	13.21%
5     Total Revenue	27,751,484	27,815,431	<b>31,483,948</b>	13.19%
 <b>EXPENSES:</b>				
6     Paid Claims and Claims Reserves	17,873,192	16,895,852	<b>20,078,087</b>	18.83%
7     Purchased Excess Insurance	6,696,832	7,393,133	<b>7,928,861 A</b>	7.25%
8     General & Admin. Expenses	3,181,460	3,526,446	<b>3,477,000</b>	-1.40%
9     Total Expenses	27,751,484	27,815,431	<b>31,483,948</b>	13.19%
 <b>CATASTROPHIC LOSS RESERVES:</b>				
10    Self Insured Excess Fund	-	-	-	0.00%
11    Member Contributions	-	-	-	0.00%
12    Total Cat. Loss Reserves	\$ -	\$ -	\$ -	0.00%
 13    Number of Program Members	336	338	<b>342</b>	1.18%
14    Total Payrolls (000's omitted)	\$ 770,396	\$ 789,526	<b>\$ 859,875</b>	8.91%
15    Ratio of Incurred Losses to Payroll	<b>\$ 2.320</b>	<b>\$ 2.140</b>	<b>\$ 2.335</b>	9.11%
16    Ratio of Deposit Premium to Payroll	<b>\$ 2.791</b>	<b>\$ 2.791</b>	<b>\$ 2.930</b>	<b>5.00%</b>
17    District RAPs	\$2,500 - 100,000	\$2,500 - 100,000	\$2,500 - 100,000	
18    Pooled Layer	SIR to \$5,000,000	SIR to \$5,000,000	SIR to \$5,000,000	
19    Program Limit	\$ 60,000,000	\$ 60,000,000	\$ 55,000,000	

## CALCULATIONS

Line #

2 Deposit Premium - Calculation backed into by netting all other amounts in column

4 Net Investment Income - 5.0%

6 Claims Expense - Actuary projected loss rate x (payroll / 100)

7 Excess Insurance - Fixed at renewal

8 G&A Expenses - 30% of Annual Budget \$11,590,000\*\*\*

10 Self Insured Excess Fund - 0% of Deposit Premiums

11 Contribution to Cat. Reserve Fund - 0% of Deposit Premiums

VARIABLES	BUDGET 10/1/2021-22	BUDGET 10/1/2022-23
PAYROLL	\$789,525,784	\$859,875,232
LOSS RATE/\$100 OF P/R - Actuary	\$2.140	\$2.335

G&A Budget 2022-23	12,270,000
B-Swift	(420,000)
DIR	(230,000)
PCORI	(30,000)
***	11,590,000

### Purchased Excess Insurance Detail

Net Premium	5,686,713
CWIF Premium \$10M x \$10M	2,080,898
Brokers Fee	161,250
<b>A</b>	7,928,861

## INTEREST EARNINGS CALCULATIONS

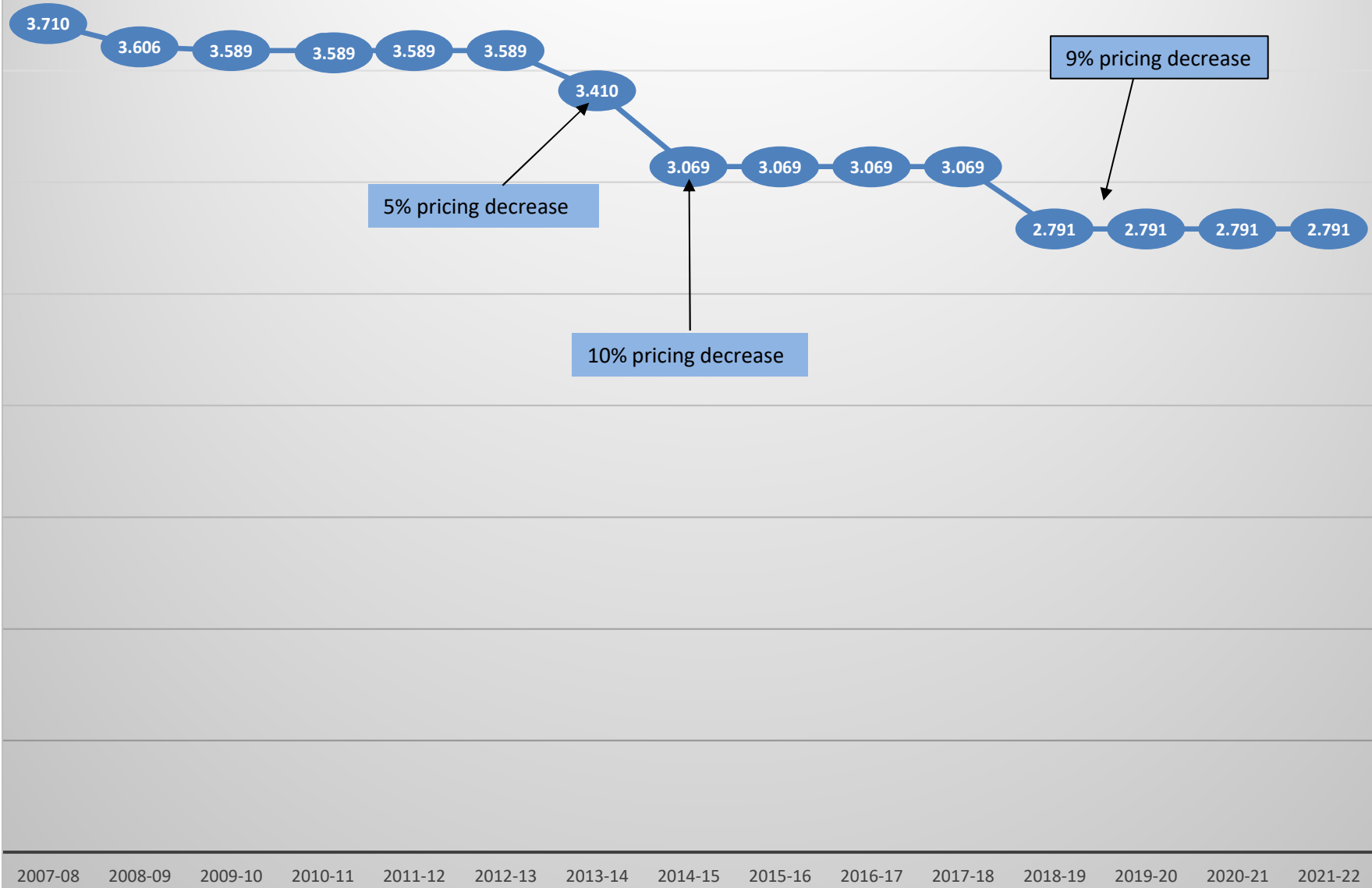
### 10/1/2021-22

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings 5.00%	Future Value	
	14,639,367			11
14.0%	12,589,856	680,731	1,164,280	10
37.0%	9,222,801	545,316	888,263	9
58.0%	6,148,534	384,283	596,150	8
73.0%	3,952,629	252,529	373,100	7
85.0%	2,195,905	153,713	216,290	6
93.0%	1,024,756	80,517	107,900	5
94.0%	878,362	47,578	60,723	4
97.0%	439,181	32,939	40,037	3
97.0%	439,181	21,959	25,420	2
100.0%	-	10,980	<u>12,105</u>	1
FV OF ANNUAL EARNINGS			3,484,269	
CAT FUND CONTRIBUTION			0	
Interest Earnings			0	
SIEF			0	
Other Interest Earnings (CAT Fund)			<u>1,250,000</u>	
TOTAL INTEREST EARNINGS			<u><u>4,734,269</u></u>	

### 10/1/2022-23

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings 5.00%	Future Value			
	17,266,580			11		<u>G&amp;A Allocation</u>
14.0%	14,849,259	802,896	1,373,225	10	0.334	1,161,851
37.0%	10,877,945	643,180	1,047,673	9	0.255	886,410
58.0%	7,251,964	453,248	703,136	8	0.171	594,906
73.0%	4,661,977	297,849	440,058	7	0.107	372,322
85.0%	2,589,987	181,299	255,106	6	0.062	215,839
93.0%	1,208,661	94,966	127,264	5	0.031	107,675
94.0%	1,035,995	56,116	71,620	4	0.017	60,596
97.0%	517,997	38,850	47,222	3	0.011	39,954
97.0%	517,997	25,900	29,982	2	0.007	25,367
100.0%	0	12,950	<u>14,277</u>	1	0.003	<u>12,080</u>
FV OF ANNUAL EARNINGS			4,109,563			3,477,000
CAT FUND CONTRIBUTION			0			
Interest Earnings			0			
SIEF			0			
Interest from Catastrophic Fund			<u>1,250,000</u>			
TOTAL INTEREST EARNINGS			<u><u>5,359,563</u></u>			

# Liability Pricing



**ACWA JPIA**  
**Liability Claims Department Update**  
September 28, 2022

**BACKGROUND**

At the September 28, 2022 Liability Program Committee Meeting, the Liability Claims Department will provide an update.

**CURRENT SITUATION**

The Liability Claims Department hired a new Senior Claims Adjuster on January 31, 2022. This new employee brings over thirty years of experience to our department and is currently becoming familiar with our members and coverage.

We continue to see an increase in claims over the last several years and are exploring potential solutions on how to provide the excellent claims service our members expect, while adjusting more claims.

Two of our senior defense attorneys are retiring this year and we're looking into various options to replace them.

We will be developing a written Claims Handling manual for our department.

**RECOMMENDATION**

None, informational only.

**OPEN CLAIMS HISTORY**

	<b>LIABILITY CLAIMANTS</b>	<b>LIABILITY INCIDENTS</b>	<b>TOTAL INCURRED</b>		<b>PROPERTY CLAIMS</b>	<b>TOTAL INCURRED</b>		<b>TOTAL OPEN INCIDENTS</b>	<b>TOTAL INCURRED</b>
<u>Open as of 8.30.20</u>	600	39	\$18,820,730		27	\$14,501,009		66	\$33,321,739
<u>Open as of 8.30.21</u>	799	87	\$24,000,246		12	\$26,487,608		99	\$50,487,854
<u>Open as of 8.30.22</u>	1,076	234	\$49,224,538		91	\$49,242,885		325	\$98,467,423

**ACWA JPIA**  
**CEO Update**  
**September 28, 2022**

**BACKGROUND**

This will be a standing item on Committee agendas.

**CURRENT SITUATION**

The JPIA's Chief Executive Officer, Andy Sells, will update the Liability Program Committee on relevant current issues, potential future opportunities and challenges.

- JPIA update

**RECOMMENDATION**

None, informational only.



## JPIA MEETING & CONFERENCE CALENDAR – 2022

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT
					Emp. Benefits	Liability	Property	Work Comp	
JAN 26			11:00 AM						
JAN 31		1:00 PM							10:00 AM
MAR 30		1:00 PM		10:00 AM					
APR 18			11:30 AM ZOOM						
MAY 2	1:30 PM	10:15 AM							
ACWA SPRING CONFERENCE MAY 3-6 - SACRAMENTO									
STRATEGIC PLANNING SESSION – JUNE 15-17- COSTA MESA									
JUNE 20							3:00 PM	1:00 PM	
JUNE 21		9:00 AM							
JUNE 29			11:00 AM COSTA MESA (CANCELLED)						
JULY 18		12:00 PM			8:30 AM				
CAJPA CONFERENCE – SEPTEMBER 13-16 – LAKE TAHOE									
SEPT 21			10:00 AM						
SEPT 28		1:00 PM		8:30 AM		10:30 AM			
NOV 14		9:00 AM							
NOV 28	1:30 PM	10:15 AM							
ACWA FALL CONFERENCE – NOVEMBER 28 – DECEMBER 2 – INDIAN WELLS									