



Approved: June 30, 2023

Property Program Committee Meeting

ACWA Joint Powers Insurance Authority
2100 Professional Drive
Roseville, CA 95661
(800) 231-5742

March 22, 2023

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

MEMBERS PRESENT

Chair: Chris Kapheim, Kings River Conservation District
Vice-Chair: Randall Reed, Cucamonga Valley Water District
Tom Coleman, Rowland Water District
Mark A. Gilkey, Berrenda Mesa Water District (via Zoom)
Theresa Lee, Walnut Valley Water District (via Zoom)
Scott Ratterman, Calaveras County Water District
Oliver Smith, Valley Center Municipal Water District

MEMBERS ABSENT

Shawn Huckaby, Fair Oaks Water District
Eugene West, Camrosa Water District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
Adrienne Beatty, Assistant Executive Officer
Kristan Brown, Administrative Assistant II (Recording Secretary)
Chimene Camacho, Executive Assistant to the CEO
Debbie Cruz, Lead Member Services Representative
David deBernardi, Director of Finance
Robin Flint, Risk Control Manager
Robert Greenfield, General Counsel
Chris Light, Business Data Analyst
Jennifer Nogosek, Liability/Property Claims Manager
Kevin Phillips, Director of Member Outreach
Olivia Sayad, Administrative Assistant II
Sandra Smith, Employee Benefits Manager
Dan Steele, Finance Manager
Shelley Tippit, Claims Assistant
Melody Tucker, Workers' Compensation Claims Manager
Chuck Wagenseller, Cost Estimator/Risk Control Advisor
Tony Waterford, Human Resources Manager
Nidia Watkins, Member Services Representative II
Mike Whitright, IT Support Specialist

Cece Wuchter, Lead Senior Claims Adjuster

OTHERS IN ATTENDANCE

Melody A. McDonald, San Bernardino Valley Water Conservation District
David Drake, Rincon del Diablo Municipal Water District
Fred R. Bockmiller, Mesa Water District
Cathy Green, ACWA Vice President
J. Bruce Rupp, Humboldt Bay Municipal Water District
Alex Tokar, Aon Risk and Insurance Services

WELCOME

Chair Kapheim welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chair Kapheim called the meeting to order at 3:02 p.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

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

PUBLIC COMMENT

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

INTRODUCTIONS

Chair Kapheim welcomed all in attendance.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

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

CONSENT AGENDA

Approval of the minutes

Chair Kapheim called for approval of the minutes of the November 28, 2022 meeting.

M/S/C (Coleman/Ratterman) (Coleman-Yes; Gilkey-Yes; Lee-Abstain; Ratterman-Yes; Smith-Abstain; Reed-Yes; Kapheim-Yes): That the Property Program Committee approve the minutes of the November 28, 2022 meeting, as presented.

Meetings attended on behalf of the JPIA.

Ms. Nogosek spoke about a recent visit to Paradise Irrigation District and the

devastation caused by the Camp Fire. She was saddened by the lasting impacts of the 2018 wildfire still affecting the town in a significant way.

LOSS REPORTS

Property Claims Data

Mr. Greenfield reviewed the claims data in which JPIA had suffered higher than typical, historical losses, specifically for the 2018-19 and 2021-2022 policy years due to the Paradise and Caldor wildfires. Even with the historical wildfire losses, since 2008 the JPIA had only a few policy years that JPIA's total incurred losses exceeded \$2.5 million. Currently, the Property Program insures approximately \$11.4 billion in property values.

After reviewing the claims data, Mr. Greenfield asked the Committee Members what information they would like to see going forward. A question was posed as to why JPIA does not show open claims on the reports. Mr. Greenfield reported that providing this information could impede and negatively impact settlement negotiations on an open claim. The Committee discussed and agreed that the claims' reports had no deficiencies and were adequate. The Committee requested future reports include subrogation recoveries and annual premiums paid.

NEW BUSINESS

Property Program Update and Renewal Strategy

Recap of the 2022-23 Renewal

Ms. Beatty reminded the Committee that the 2022-23 renewal was extremely challenging and that with the JPIA's losses and hardening market, the purchase of excess coverage at the pool's existing retention was substantially cost prohibitive. As such, in June 2022, the Property Program Committee recommended, and the Executive Committee approved, an increase in JPIA's retention from \$100,000 (plus a \$1M aggregate deductible) to \$10 million. Even with the pool's retention significantly increasing, premiums for excess coverage still increased by approximately 16%. Additionally, in June 2022, the Property Program Committee recommended, and the Executive Committee approved, a 20% rate increase for the 2022-23 Program Year and member assets were trended by 7.5% for real property and 5% for personal property.

Renewal Strategy

Ms. Beatty stated that over the past year, JPIA has been diligently and strategically working towards the identification of alternative program structures, broker and carrier relationships, and other resources that might position JPIA more favorably for the 2023-2024 renewal. In light of the 2022-2023 program renewal and some of its undesirable results, JPIA's Property Program will be transitioning from our existing broker, Alliant, back to its prior broker, AON. Ms. Beatty introduced Alex Tokar, Account Executive Managing Director, with AON.

Mr. Tokar explained the new renewal strategy that emphasized a focus on utility risk carriers. Since JPIA does not have the same risks as other public entities, such as

schools and municipalities, it is important to differentiate JPIA as not carrying the same risk exposures. In addition, Mr. Tokar revealed there would be fewer excess carriers in the tower, which would simplify the process and provide more substantial participation among carriers. He would aim to provide the JPIA with a \$2.5 million retention, rather than JPIA's current retention of \$10 million. Ms. Beatty stated that the transition would, at the very least, save the JPIA significant dollars going from a commission-based contract to a flat fee arrangement. Furthermore, the contract would offer incentive fees which allows AON to earn additional fees as a percentage of premiums saved or refund fees to the JPIA if premiums exceed industry averages.

JPIA staff and Property Program Committee Members were pleased with the projected renewal options presented by Mr. Tokar. Mr. Sells thanked Ms. Beatty and Mr. Tokar for their dedication to finding favorable alternatives to the current Property Program structure.

Review of the Property Claims Audit

Mr. Greenfield informed the Committee that every two years the JPIA retains an independent auditor to review the claim files of the Liability and Property Programs. He reviewed JPIA's audit results and read the concluding statement to the audit, which was the following: "The ACWA JPIA claims team demonstrated the technical expertise and sophistication necessary to properly handle the Authority's liability and property claim exposures to proper resolution."

Mr. Greenfield stated that the Property Program received a well-deserved, excellent evaluation. He commended the collaboration and dedication between JPIA members and staff in the Claims, Risk Management, and Training Departments. Committee Members agreed that the JPIA has a committed staff who believe in service.

CEO Update

Mr. Sells remarked on the numerous upcoming retirements and the changes that will be occurring at the JPIA as we onboard new staff members.

In addition, Mr. Sells discussed the Property Program and Cyber Liability renewals and how there has been dramatic changes within each program due to the volatility in the marketplace with environmental catastrophic events and an enormous uptick in cyber-crimes globally.

Mr. Sells also reminded the Committee that the Employee Benefits rates for 2023 decreased by 10%; however, the rates are expected to increase for 2024.

UPCOMING MEETING

Availability for Upcoming Meeting(s)

There will be a Property Program Committee meeting held on June 20, 2023.

The Property Program Committee meeting adjourned at 4:12 p.m.