



Approved June 20, 2022

Property Program Committee Meeting

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

June 14, 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

Chairman: Brent Haste, Yuba Water Agency
Vice-chair: Randall Reed, Cucamonga Valley Water District
Tom Coleman, Rowland Water District
Mark A. Gilkey, Berrenda Mesa Water District
Shawn Huckaby, Fair Oaks Water District
Theresa Lee, Walnut Valley Water District
Scott Ratterman, Calaveras County Water District
Eugene West, Camrosa Water District

MEMBERS ABSENT

None

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
Kristan Brown, Administrative Assistant II (Recording Secretary)
Chimene Camacho, Executive Assistant to the CEO
Cassie Crittenden, Human Resources and Administration
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
Heidi Sander, Claims Assistant
Jillian Sciancalepore, Administrative Assistant II
Patricia Slaven, Director of Human Resources and Administration
Sandra Smith, Employee Benefits Manager
Dan Steele, Finance Manager
Karen Thesing, Director of Insurance Services
Melody Tucker, Workers' Compensation Claims Manager
Chuck Wagenseller, Cost Estimator/Risk Control Advisor
Justin Wall, Senior Claims Adjuster
Cece Wuchter, Lead Senior Claims Adjuster

OTHERS IN ATTENDANCE

Fred R. Bockmiller, Mesa Water District
Tom Cuquet, South Sutter Water District
Seth Cole, Alliant Insurance Services
David Drake, Rincon del Diablo Municipal Water District
E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency
Rob Lowe, Alliant Insurance Services
Melody A. McDonald, San Bernardino Valley Water Conservation District
J. Bruce Rupp, Humboldt Bay Municipal Water District
Pamela Tobin, San Juan Water District, ACWA VP

WELCOME

Chairman Hastey welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Hastey called the meeting to order at 10:31 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chairman Hastey 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

Chairman Hastey 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

Roll call was taken for Committee attendance and Mr. Sells introduced the Executive Committee, guests, and staff on the Zoom meeting.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairman Hastey asked for any additions to, or deletions from, the agenda. Staff had none.

CONSENT AGENDA

Approval of the minutes

Chairman Hastey called for approval of the minutes of the June 11, 2020 meeting.

M/S/C (Coleman/West) (Coleman-Yes; Gilkey-Yes; Hastey-Yes; Huckaby-Yes; Lee-Yes; Ratterman-Yes; Reed-Yes; West-Yes): That the Property Program Committee approve the minutes of the June 11, 2020 meeting, as presented.

Meetings attended on behalf of the JPIA.
None reported.

LOSS REPORTS

Review Claims Data

Mr. Sells reviewed a few recent policy years in which JPIA has suffered higher than typical, historical losses. The 2016-17 policy year brought a substantial flood loss claim, wherein debris flow backed up into a Member's power plant, causing \$3 million in damages. In addition, the 2017-18 and the 2018-19 policy years had sustained significant losses from multiple wildfires (e.g., Thomas, Camp and Carr fires) in both Northern and Southern California. Unfortunately, compounding catastrophic events have caused concern for the reinsurers/excess carriers, and in turn, insurance market rates have skyrocketed.

Over the past two policy years, Mr. Sells discussed JPIA's reduction in high value claims and is hopeful for a return to normalcy.

MEMBERSHIP

Membership Report

Ms. Thesing reported that three agencies have joined the Property Program, tallying to 283 Members for the 2020-21 policy year. JPIA Member's total insured value (TIV) has seen considerable growth and increased from \$6 billion in 2016 to \$9.2 billion in 2021. There has also been a surge of new construction and assets within JPIA's membership; JPIA forecasts that this trend will continue.

For the 2021-22 coverage year, San Bernardino Valley Municipal Water District and San Diego County Water Authority are interested in joining the Property Program.

There had been no reported intents to withdraw for the July 1, 2020 Property Program renewal.

NEW BUSINESS

State of the Property Market

Mr. Cole from Alliant Insurance Services presented the State of the Market 2020. The property market has entered challenging times. With an estimated \$83 billion in catastrophic losses for 2020, Swiss Re Institute estimates it to be the 5th costliest year on record, with 2017 being the worst year on record. Due to frequency/severity of losses and recent years of unprofitability, the future of property insurance for public entities remains unstable. Unforeseen events such as the Texas Power Crisis (The Deep Freeze) caused an estimated 20 billion in property losses, resulting in immense first quarter losses. Natural disasters, Covid-19 pandemic, civil disorders, and social inflation have all contributed to the volatile insurance market. Consequently, property premium rates for public entities/pooled insurance groups have increased 20 to 50 percent due to heightened exposures and loss history.

2021-22 Memorandum of Property Coverage

Ms. Thesing proposed two changes to the Memorandum of Property Coverage (MOPC) document. Last year, JPIA purchased a stand-alone commercial product for cyber related losses through Beazley. JPIA Members do not risk share cyber exposure. Since Cyber Liability is no longer built into the MOPC and both Property and Liability Members are insured under one policy, staff recommended adding the following exclusion, Section V - Exclusion 5, to the 2021-22 MOPC:

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

In addition, the past Exclusion 6 read as follows: "All properties that are not scheduled prior to a **loss**, except any acquisition under \$100 million will be automatically covered for up to **90** days." This statement is not valid. JPIA will provide coverage up to ninety days for all new acquisitions regardless of value. The following edit was presented to the Committee:

6. All properties that are not scheduled prior to a **loss**, except **any new acquisitions are under \$100 million will be automatically** covered for up to 90 days.

M/S/C (Coleman/Ratterman) (Coleman-Yes; Gilkey-Yes; Hastey-Yes; Huckaby-Yes; Lee-Yes; Ratterman-Yes; Reed-Yes; West-Yes): That the Property Program Committee recommends that the Executive Committee approve the amended 2021-2022 Memorandum of Property Coverage as presented.

2020-21 Property Insurance Renewal

Ms. Thesing explained that the pricing projections continue to assume the JPIA will retain the first \$100,000 per occurrence; thereafter, excess carriers/re-insurers will cover amounts over \$100,000 following the provisions of the insuring policies.

The excess rate for the 2021-22 policy year is yet to be determined. However, a 15% rate increase is the projected rate. Staff recommended that the Committee approve the 2021-2022 property insurance renewal with pricing not to exceed a 20% rate increase.

M/S/C (West/Coleman) (Coleman-Yes; Gilkey-Yes; Hastey-Yes; Huckaby-Yes; Lee-Yes; Ratterman-Yes; Reed-Yes; West-Yes): That the Property Program Committee recommend that the Executive Committee approve the 2021-2022 Renewal Terms and Pricing "Not to Exceed" a 20% rate increase.

Renewal Pricing

Mr. deBernardi relayed that the Property Program Expected Revenue/Expense & Funding Requirement report provides a breakdown for the expected revenues and expenses for the 7/1/21-22 policy year. The total estimated premium with no pricing changes is approximately \$7.852 million based on \$8.879 billion in Total Insured Values. The premium is based on an estimated excess insurance cost of \$7.8 million

and claims expense of approximately \$1.84 million. The 2020 actuary report projects a \$.02079, per \$100 of value, loss rate for the 7/1/21-22 policy year. Different scenarios were provided to show different member pricing. After much discussion, the Property Program Committee Members agreed it would be beneficial to raise the rates by 15% to offset some of the program costs.

M/S/C (Reed/West) (Coleman-Yes; Gilkey-Yes; Hastey-Yes; Huckaby-Yes; Lee-Yes; Ratterman-Yes; Reed-Yes; West-Yes): That the Property Program Committee recommends that the Executive Committee approve a 15% increase.

CEO Update

Mr. Sells provided an update about work policy. Staff has the option to work remotely (home office) two days a week with the other three days in the workplace. In addition, the Risk Management team is in the process of returning to the field for Member visits and are in the process of setting up ergonomic sessions online for Members' employees working remotely.

In addition, Cyber Liability renewal rate increases were discussed and applicable solutions for acquiring underwriting data from JPIA's Members in order to obtain coverage.

UPCOMING MEETING

Availability for Upcoming Meeting(s)

There are no meetings scheduled for the remainder of the year.

The Property Program Committee meeting adjourned at 11:46 a.m.