



Approved June 14, 2021

## Property Program Committee Meeting

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

**June 11, 2020**

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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Chairman: Thomas A. Cuquet, South Sutter Water District  
Vice-chair: Randall Reed, Cucamonga Valley Water District  
Tom Coleman, Rowland Water District  
Mark A. Gilkey, Tulare Lake Basin Water Storage District  
Shawn Huckaby, Fair Oaks Water District  
Theresa Lee, Walnut Valley Water District  
Ed Muzik, High-Desert Water District  
Scott Ratterman, Calaveras County Water District  
Eugene West, Camrosa Water District

### **MEMBERS ABSENT**

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None

### **STAFF PRESENT**

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Chief Executive Officer/Secretary: Walter "Andy" Sells  
David deBernardi, Director of Finance  
Robert Greenfield, General Counsel  
Jennifer Nogosek, Liability/Property Claims Manager  
Patricia Slaven, Director of Human Resources and Administration  
Sandra Smith, Employee Benefits Manager  
Dan Steele, Finance Manager  
Dianna Sutton, Special Projects Manager  
Karen Thesing, Director of Insurance Service  
Bobbette Wells, Executive Assistant to the CEO (Recording Secretary)

### **OTHERS IN ATTENDANCE**

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Fred R. Bockmiller, Mesa Water District  
Peter Cheney, Placer County Water Agency  
David Drake, Rincon del Diablo Municipal Water District  
E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency  
Brent Hastey, Yuba Water Agency  
Al Lopez, Western Municipal Water District

Rob Lowe, Alliant  
Lynn Ludwig, Yuba County Water Agency  
Jacqui Noel, El Dorado Irrigation District  
Melody A. McDonald, San Bernardino Valley Water Conservation District  
Pamela Tobin, San Juan Water District, ACWA VP

## **WELCOME**

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Chairman Cuquet welcomed everyone in attendance.

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

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Chairman Cuquet called the meeting to order at 10:03 a.m. He announced there was a quorum.

## **ANNOUNCEMENT RECORDING OF MINUTES**

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Chairman Cuquet 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**

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Chairman Cuquet 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**

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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**

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

## **CONSENT AGENDA**

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### Approval of the minutes

Chairman Cuquet called for approval of the minutes of the May 6, 2019 meeting.

M/S/C (Muzik/West) (Cuquet-Yes; Coleman-Yes; Gilkey-Yes; Huckaby-Yes; Lee-Yes; Muzik-Yes; Ratterman-Yes; Reed-Yes; West-Yes): That the Property Program Committee approve the minutes of the May 6, 2019 meeting, as presented.

### Meetings attended on behalf of the JPIA

None reported.

## LOSS REPORTS

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### Review Claims Data

Mr. Sells explained that the last few policy years have suffered higher than historical losses. The 2016-17 policy year currently has projected losses in excess of \$6 million which includes two large flood losses. The 2017-18 and the 2018-19 policy years have sustained combined losses that may exceed \$14 million as a result of wildfires losses in both Northern and Southern California

The Program maintains a \$100,000 retention and insures approximately \$8 billion in property values.

## MEMBERSHIP

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### Membership Report

Ms. Thesing reported that during the 2019-20 coverage year, the following agencies joined the Property Program: Truckee Donner Public Utilities District, Alameda County Water District, Diablo Water District, and Alameda County Flood Control & Water Conservation District Zone 7.

The current total number of program members is 279, with an annual total insured value of \$8,536,424,862.

For the 2020-21 coverage year, the following agencies will be joining the Property Program: Tuolumne Utilities District, Otay Water District, and Sierra Highlands Community Services District.

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

## NEW BUSINESS

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### State of the Property Market

Rob Lowe from Alliant presented the State of the Market 2020. The property market has seen a hardening of the market with frequency/severity of losses and several yeas of unprofitability. The future of property insurance for public entities remains uncertain due to natural disasters and pandemics, less carriers in the market, frequency and severity of losses, and social inflation.

### 2020-21 Memorandum of Property Coverage

Ms. Thesing explained that JPIA staff found an inconsistency in Memorandum of Property Coverage document. For the 2019-20 Property Program renewal, Section V - Exclusion 5 was added to the MOPC. It states the following:

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.

However, Section II - Coverage Agreement states the following:

The **Authority** will reimburse the **Covered Party** named on the Declarations for **losses** to scheduled property that is insured by the terms and conditions of the **purchased insurance or reinsurance**, less any applicable **Covered Party** deductible. All property must be scheduled prior to **loss** or within **120** days of acquisition in order for coverages and limits under the MOPC, or **purchased insurance or reinsurance**, to apply.

JPIA staff discovered this contradiction and is proposing that Section II of the Coverage Agreement be changed to 90 days.

M/S/C (Coleman/Lee) (Cuquet-Yes; Coleman-Yes; Gilkey-Yes; Huckaby-Yes; Lee-Yes; Muzik-Yes; Ratterman-Yes; Reed-Yes; West-Yes): That the Property Program Committee recommends that the Executive Committee approve the amended 2020-2021 Memorandum of Property Coverage, Section II - Coverage Agreement to read as "All property must be scheduled prior to loss or within 90 days of acquisition in order for coverages and limits under the Memorandum Of Property Coverage, or purchased insurance or reinsurance, to apply."

#### 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, the insured portion will cover amounts over \$100,000 following the provisions of the insuring policies.

The excess rate in the current policy year is .0624 per \$100 of insured value. Staff recommended that the Committee approve the 2020-2021 property insurance renewal with pricing not to exceed a rate of .0737 (18.47% increase).

M/S/C (Reed/West) (Cuquet-Yes; Coleman-Yes; Gilkey-Yes; Huckaby-Yes; Lee-Yes; Muzik-Yes; Ratterman-Yes; Reed-Yes; West-Yes): That the Property Program Committee recommend that the Executive Committee approve the 2020-2021 Renewal Terms and Pricing include a "Not to Exceed" a rate of .0737 per \$100 of insured value.

#### 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 7/1/20-21 policy year. The total estimated premium with no pricing changes is approximately \$6.767 million based on \$8.14 billion in TIVs. The premium is based on an estimated excess insurance cost of \$6 million and claims expense of approximately \$1.7 million. The 2019 actuary report projects a \$.02048, per \$100 of total insured value, loss rate for the 7/1/20-21 policy year. Different scenarios were provided shown different member pricing.

M/S/C (Coleman/Muzik) (Cuquet-Yes; Coleman-Yes; Gilkey-Yes; Huckaby-Yes; Lee-Yes; Muzik-Yes; Ratterman-Yes; Reed-Yes; West-Yes): That the Property Program Committee recommends that the Executive Committee approve Option 2, 10% increase to the pricing, with the rates as follows:

Real and Personal Property	\$ .089
Mobile Equipment	\$ .134
Automobiles	\$ .757

#### Energy Program – Property Program Enhancement

Ms. Thesing reported that Since the inception of the JPIA's Power Program in 2019, two JPIA members have joined the Energy Program – El Dorado Irrigation District and Placer County Water Agency. The program is being explored by a potential new member who is considering joining next fiscal year. The Energy Program has limits of \$500 million, similar to our standard Property Program. The perils covered are under an All Risk form and includes Boiler and Machinery. Flood coverage is also included with a sublimit of \$100 million.

The Energy Program will be a pass-through program in that the JPIA's self-insured layer will not be exposed to any losses. Any deductibles will be the member's responsibility.

Over the next several months, staff will reach out to potential members with large power operations.

#### **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 11:28 a.m.