

Property Program Committee Meeting



YOUR BEST PROTECTION

Monday

June 14, 2021

10:30 a.m.

Chairman: Thomas A. Cuquet, South Sutter Water District

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 F. West, Camrosa Water District



PROPERTY PROGRAM COMMITTEE MEETING

AGENDA

[Link to Zoom](#)

MEETING #: **661 516 2566**

PASSCODE: **1234**

ZOOM CALL IN #: **(669) 900-6833**

Monday – June 14, 2021 - 10:30 a.m.

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

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.

PUBLIC COMMENT Members of the public will be allowed to address the Property 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 Chairman know.

INTRODUCTIONS

ADDITIONS TO OR DELETIONS FROM THE AGENDA

<u>Presenter</u>		<u>Page#</u>
	I. <u>CONSENT AGENDA</u>	
Cuquet	* A. Approve the minutes of the meeting of June 11, 2020.	1
Cuquet	B. Report on meetings attended on behalf of the JPIA.	
	II. <u>LOSS REPORTS</u>	
Sells	* A. Review claims data.	6

<u>Presenter</u>		<u>Page#</u>
	III. <u>MEMBERSHIP</u>	
Thesing	* A. Membership Report.	16
	IV. <u>NEW BUSINESS</u>	
Alliant	* A. Review State of the Property market.	17
Thesing	* B. Review and make recommendation on the 2021-2022 on the Memorandum of Property Coverage.	37
Thesing	* C. Review and make recommendation on the 2021-2022 Property Program reinsurance renewal.	44
deBernardi	* D. Review and make recommendation on the July 1, 2021 renewal pricing.	45
Sells	* E. CEO Update.	52
	V. <u>UPCOMING MEETING</u>	
Cuquet	A. There are no additional meetings scheduled for the remainder of the year.	

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 Property 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.



Unapproved Minutes

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

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

None

STAFF PRESENT

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

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

Chairman Cuquet welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

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

ANNOUNCEMENT RECORDING OF MINUTES

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

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

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

CONSENT AGENDA

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

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

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

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.

ACWA JPIA
Property Claims Data
June 14, 2021

BACKGROUND

The claims history for the JPIA Property Program prior to the past few years had been very favorable. The graphs represent recent history in the Property Program.

CURRENT SITUATION

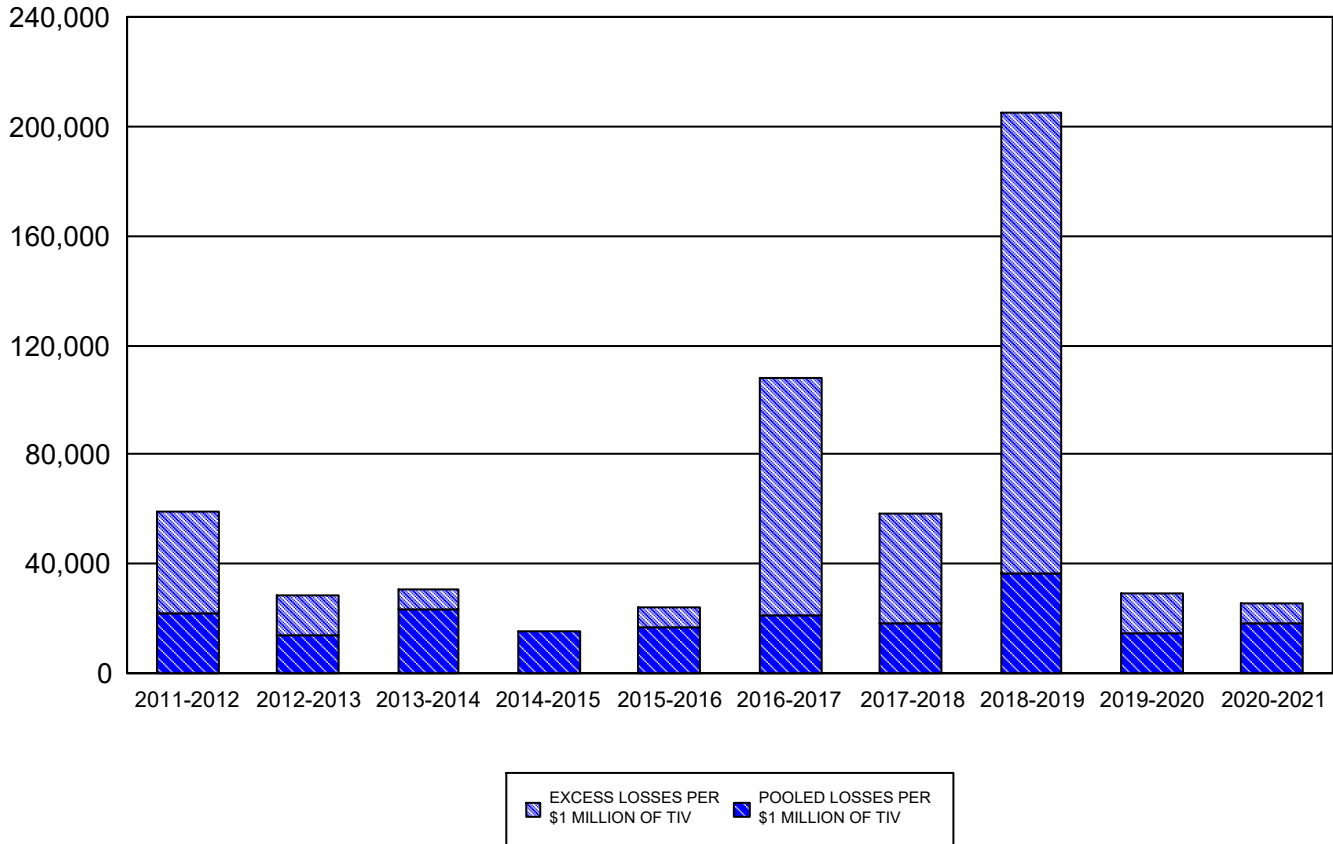
The three-year period between 2016 and 2019 suffered higher than historical losses. The 2016-17 policy year currently has projected losses near \$6 million which includes two large flood losses. The 2017-18 and the 2018-19 policy years have sustained combined losses that may exceed \$18 million as a result of wildfires losses in both Northern and Southern California.

The Program maintains a \$100,000 retention and insures approximately \$9.5 billion in property values.

RECOMMENDATION

None, informational only.

ACWA JPIA - PROPERTY PROGRAM
REPORTED LOSSES PER \$100 MILLION OF INSURED VALUES
FOR MONTH ENDING 5/31/2021

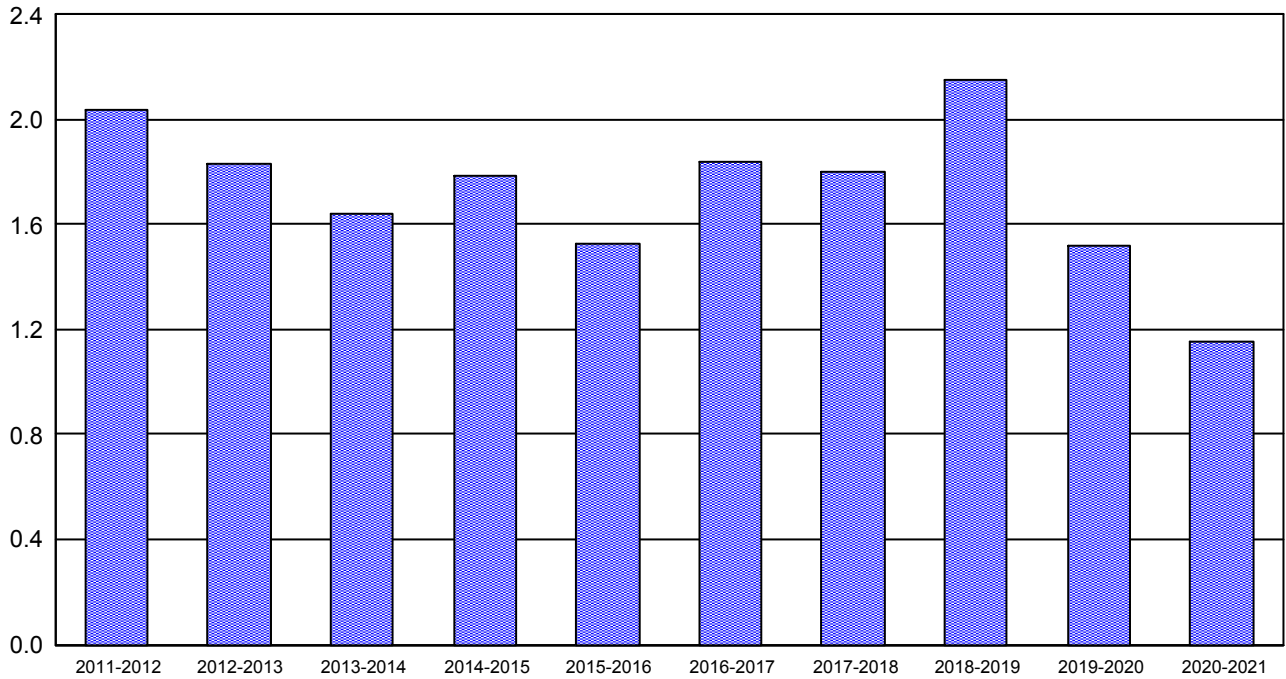


<u>POLICY YEAR (4/1)</u>	<u>TOTAL INSURED VALUES</u>	<u>SELF INSURED RETENTION</u>	<u>POOLED LOSSES</u>	<u>EXCESS LOSSES</u>	<u>INCURRED LOSSES</u>	<u>POOLED LOSSES PER \$100 MILLION OF VALUES</u>	<u>TOTAL LOSSES PER \$100 MILLION OF VALUES</u>
2006-2007	2,770,872,903	50,000	734,498	1,864,119	2,598,617	26,508	93,783
2007-2008	3,264,446,672	50,000	696,768	1,375,733	2,072,501	21,344	63,487
2008-2009	3,463,023,445	50,000	512,340	189,526	701,866	14,795	20,267
2009-2010	3,717,574,597	50,000	673,781	2,355,173	3,028,954	18,124	81,477
2010-2011	4,011,600,738	50,000	801,074	1,693,574	2,494,649	19,969	62,186
2011-2012	4,231,899,808	50,000	922,930	1,585,784	2,508,715	21,809	59,281
2012-2013	4,485,924,245	50,000	615,618	657,678	1,273,296	13,723	28,384
2013-2014	4,737,605,530	100,000	1,105,398	342,512	1,447,910	23,332	30,562
2014-2015	4,992,735,978	100,000	759,655	0	759,655	15,215	15,215
2015-2016	5,244,999,582	100,000	871,272	398,104	1,269,376	16,611	24,202
2016-2017	5,473,941,930	100,000	1,141,746	4,770,189	5,911,936	20,858	108,001
2017-2018	6,129,709,924	100,000	1,132,672	2,461,425	3,594,097	18,478	58,634
2018-2019	7,097,436,992	100,000	2,587,145	11,975,445	14,562,591	36,452	205,181
2019-2020	7,950,157,426	100,000	1,187,035	1,157,500	2,344,535	14,931	29,490
2020-2021	9,550,383,195	100,000	1,570,361	690,000	2,260,361	17,938	25,819

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

- Latest Policy Year's 'Losses Per \$100 Million of Values' has been annualized using 11 months data

**ACWA JPIA - PROPERTY PROGRAM
OCCURRENCES PER \$100 MILLION OF INSURED VALUES
FOR MONTH ENDING 5/31/2021**



PROGRAM YEAR (4/1)	NUMBER OF OCCUR	TOTAL INSURED VALUES (TIV)	INFLATION ADJUSTMENT ANNUAL %	INFLATION ADJUSTMENT FACTOR	INFLATION ADJUSTED TIV	# OF OCCURRENCES PER \$100 MILLION OF INFLATION ADJUSTED TOTAL INSURED VALUES
2006-2007	90	2,770,872,903	3.30	1.322	3,663,727,024	2.4565
2007-2008	117	3,264,446,672	3.50	1.280	4,178,455,287	2.8001
2008-2009	79	3,463,023,445	0.00	1.237	4,282,735,593	1.8446
2009-2010	100	3,717,574,597	1.50	1.237	4,597,540,068	2.1751
2010-2011	86	4,011,600,738	3.00	1.218	4,887,845,742	1.7595
2011-2012	102	4,231,899,808	2.10	1.183	5,006,081,792	2.0375
2012-2013	95	4,485,924,245	1.30	1.159	5,197,431,297	1.8278
2013-2014	89	4,737,605,530	1.80	1.144	5,418,589,780	1.6425
2014-2015	100	4,992,735,978	1.00	1.124	5,609,423,108	1.7827
2015-2016	89	5,244,999,582	1.80	1.112	5,834,500,518	1.5254
2016-2017	110	5,473,941,930	2.90	1.093	5,981,507,240	1.8390
2017-2018	117	6,129,709,924	3.20	1.062	6,509,310,600	1.7974
2018-2019	157	7,097,436,992	0.00	1.029	7,303,262,665	2.1497
2019-2020	124	7,950,157,426	2.90	1.029	8,180,711,991	1.5158
2020-2021	101	9,550,383,195	1.70	1.000	9,550,383,195	1.1537

- Latest Policy Year's 'Number of Occur' include partial activity.
- Latest Policy Year's '# of Occurrences Per \$100 Million of Inflation Adjusted Total Insured Values' has been annualized using 11 months data.

**ACWA JPIA - PROPERTY PROGRAM
SIGNIFICANT LARGE CLOSED CLAIMS OVER \$75,000
FOR MONTH ENDING 5/31/2021**

<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>	<u>POLICY YEAR TOTAL</u>	
POLICY YEAR 1987-1988							
87011	08/11/1987	Glenn-Colusa Irrigation District	Fire destroyed shop building	Closed	100,592		
87020	10/22/1987	Yuima Municipal Water District	Mudslide damaged building	Closed	145,322		
					POLICY YEAR 1987-1988	245,914	505,530
POLICY YEAR 1989-1990							
89011	07/14/1989	Central California Irrigation District	Fire destroyed building	Closed	100,259		
					POLICY YEAR 1989-1990	100,259	292,058
POLICY YEAR 1991-1992							
91035	06/10/1991	Oakdale Irrigation District	Vandals damaged canal	Closed	85,250		
					POLICY YEAR 1991-1992	85,250	237,995
POLICY YEAR 1992-1993							
92017	08/22/1992	Ramona Municipal Water District	Seam on water tank cover split	Closed	260,474		
92015	08/17/1992	South Coast Water District	Garage and shop destroyed by fire	Closed	223,359		
					POLICY YEAR 1992-1993	483,833	687,046
POLICY YEAR 1995-1996							
95006	05/24/1995	San Diego County Water Authority	Mudslide damaged control room.	Closed	94,729		
					POLICY YEAR 1995-1996	94,729	262,843
POLICY YEAR 1996-1997							
96057	11/26/1996	East Orange County Water District	Wind damaged reservoir roof	Closed	113,898		
96072	02/15/1997	Lower Tule River Irrigation District	Capacitor fire resulted in business interruption claim	Closed	75,860		
96032	08/11/1996	Semitropic Water Storage District	Turbine flooded during power outage	Closed	75,495		
96028	08/06/1996	Valley Center Municipal Water District	Power surge damaged electrical panel	Closed	127,265		
					POLICY YEAR 1996-1997	392,518	591,187
POLICY YEAR 1997-1998							
97001	04/02/1997	East Orange County Water District	Wind damaged reservoir roof	Closed	85,535		

**ACWA JPIA - PROPERTY PROGRAM
SIGNIFICANT LARGE CLOSED CLAIMS OVER \$75,000
FOR MONTH ENDING 5/31/2021**

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<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>	<u>POLICY YEAR TOTAL</u>
POLICY YEAR 1997-1998						
97015	07/03/1997	Elsinore Valley Municipal Water District	Fire damaged building	Closed	94,483	
97050	10/04/1997	Orange County Water District	Power surge damaged electrical panel	Closed	89,851	
97035	08/31/1997	Reclamation District #108	Fire damaged building	Closed	263,928	
					533,798	1,067,247
POLICY YEAR 1998-1999						
99-1633	01/15/1999	Madera-Chowchilla Water and Power Authority	Hydro generator down	Closed	181,786	
98002	04/09/1998	Palmdale Water District	Water backed up into water treatment plant	Closed	176,027	
98008	04/22/1998	Wheeler Ridge-Maricopa Water Storage District	Fire damaged building	Closed	149,666	
					507,478	959,743
POLICY YEAR 1999-2000						
99-1771	06/13/1999	Madera-Chowchilla Water and Power Authority	Hydro-electric plant turbine sustained damage of unknown origin.	Closed	155,095	
00-2212	12/29/1999	Rancho California Water District	Fire damaged building and contents	Closed	80,822	
					235,916	623,868
POLICY YEAR 2000-2001						
01-2850	10/10/2000	Arvin-Edison Water Storage District	Fire damaged a pump motor	Closed	151,567	
01-2747	09/01/2000	Bella Vista Water District	Lightning strike damaged transformer	Closed	123,113	
01-3162	02/26/2001	Santa Clarita Valley Water Agency	Water leaked into ozone output line, flooding 2 ozone generator units.	Closed	202,400	
01-2770	09/11/2000	Yorba Linda Water District	Toilet backed up in District office	Closed	146,176	
					623,256	1,203,199
POLICY YEAR 2002-2003						
02-4208	04/25/2002	Kern Water Bank Authority	Lightning strike damaged 3 recovery wells and pump station	Closed	81,348	
03-4395	08/02/2002	Madera-Chowchilla Water and Power Authority	Plant shutdown - cause - unknown.	Closed	1,321,842	
					1,403,190	2,050,667

**ACWA JPIA - PROPERTY PROGRAM
SIGNIFICANT LARGE CLOSED CLAIMS OVER \$75,000
FOR MONTH ENDING 5/31/2021**

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<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>	<u>POLICY YEAR TOTAL</u>
POLICY YEAR 2003-2004						
03-5189	05/22/2003	Berrenda Mesa Water District	2000 HP motor & control switch was damaged due to PG&E interruption	Closed	76,488	
04-5514	08/01/2003	Friant Power Authority	Fire damaged electrical panel and resulted in business interruption claim	Closed	386,149	
04-5662	10/28/2003	Helix Water District	Fire damaged residential building and garage	Closed	380,036	
04-6013	02/26/2004	Mountain Gate Community Services District	Hail damaged the District office	Closed	79,895	
POLICY YEAR 2003-2004					922,568	1,574,462
POLICY YEAR 2004-2005						
05-6526	09/04/2004	Calaveras County Water District	Fire damaged District's "602" tank	Closed	205,341	
05-6805	12/20/2004	Cucamonga Valley Water District	Fire damaged control panel	Closed	107,938	
05-6398	07/21/2004	Merced Irrigation District	Vandalism to heavy equipment	Closed	111,928	
05-6378	07/16/2004	Serrano Water District	District pump failed - damage to pump and control panel.	Closed	111,340	
04-6239	06/11/2004	Stockton-East Water District	Fire damaged control panel	Closed	153,314	
05-6797	12/19/2004	Western Canal Water District	Water/sewage backed up into ice maker drain - flooded office	Closed	77,337	
POLICY YEAR 2004-2005					767,198	1,292,556
POLICY YEAR 2005-2006						
07-8600	03/01/2006	American River Flood Control District	District employee embezzled funds from District.	Closed	104,221	
06-7661	11/15/2005	Mission Hills Community Services District	Fire damaged building	Closed	235,885	
06-7741	12/22/2005	North Coast County Water District	Fire damaged vector truck	Closed	124,057	
06-7777	12/22/2005	Reclamation District #108	Electrical short damaged pump motor	Closed	82,134	
POLICY YEAR 2005-2006					546,297	918,173
POLICY YEAR 2006-2007						
07-8416	09/07/2006	Arvin-Edison Water Storage District	Fire damaged building	Closed	194,849	
07-8725	01/14/2007	Golden Hills Community Services District	Fire sprinkler line broke & flooded office	Closed	145,348	
07-8891	03/19/2007	San Diego County Water Authority	Flood damaged hydroelectric plant when two water supply lines ruptured	Closed	1,575,000	
POLICY YEAR 2006-2007					1,915,197	2,598,617

**ACWA JPIA - PROPERTY PROGRAM
SIGNIFICANT LARGE CLOSED CLAIMS OVER \$75,000
FOR MONTH ENDING 5/31/2021**

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<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>	<u>POLICY YEAR TOTAL</u>	
POLICY YEAR 2007-2008							
08-9455	10/22/2007	Fallbrook Public Utility District	Rice Canyon Fire burned 2 chlorine stations	Closed	968,918		
08-9450	10/26/2007	Helix Water District	Fire destroyed caretaker's residence @ diversion dam.	Closed	180,404		
07-9107	06/05/2007	San Luis Water District	Fire damaged residence	Closed	104,129		
08-9424	10/12/2007	Yolo County Flood Control & Water Conservation District	Fire destroyed Hunting Lodge rental	Closed	145,809		
					POLICY YEAR 2007-2008	1,399,260	2,072,501
POLICY YEAR 2008-2009							
09-0508	10/01/2008	Merced Irrigation District	Rented boomlift rolled	Closed	98,959		
					POLICY YEAR 2008-2009	98,959	701,866
POLICY YEAR 2009-2010							
10-0956	05/07/2009	Cachuma Operation and Maintenance Board	Fire damaged Core Shed	Closed	312,035		
10-1202	05/28/2009	Calleguas Municipal Water District	Boiler & Machinery - Well #12	Closed	90,084		
13-0295	10/30/2009	Calleguas Municipal Water District	B&M - Well #10	Closed	135,715		
13-0307	09/04/2009	Calleguas Municipal Water District	B&M - Well 9	Closed	198,902		
13-0309	08/31/2009	Calleguas Municipal Water District	B&M - Well 16	Closed	122,111		
10-1458	02/15/2010	Kanawha Water District	Fire damaged shop	Closed	440,577		
10-1495	11/07/2009	Merced Irrigation District	Contractor dropped washer into 100 MVA transformer	Closed	1,032,000		
10-1143	09/20/2009	West Basin Municipal Water District	Water damaged building due to pump failure	Closed	108,275		
					POLICY YEAR 2009-2010	2,439,699	3,028,954
POLICY YEAR 2010-2011							
11-0352	09/02/2010	Beaumont-Cherry Valley Water District	Diesel spill near Well 21	Closed	160,682		
13-0308	05/31/2010	Calleguas Municipal Water District	B&M Well 14	Closed	171,458		
10-1581	04/12/2010	Friant Power Authority	Lightening strike hit KV line and shorted out circuit breaker starting fire that burned for 45 minutes.	Closed	1,244,845		
11-0409	12/21/2010	Mammoth Community Water District	Quonset hut #1 collapsed	Closed	109,349		
11-0413	12/16/2010	Serrano Water District	PLD failed causing overflow in filtration tank into gallery	Closed	75,959		

**ACWA JPIA - PROPERTY PROGRAM
SIGNIFICANT LARGE CLOSED CLAIMS OVER \$75,000
FOR MONTH ENDING 5/31/2021**

13

<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>	<u>POLICY YEAR TOTAL</u>
POLICY YEAR 2010-2011					1,762,294	2,494,649
POLICY YEAR 2011-2012						
12-0495	09/10/2011	Arvin-Edison Water Storage District	Lightning strike damage 3 - 5,500 HP motors @ Forest Frick Pump Station	Closed	616,557	
14-0508	12/27/2011	Bard Water District	Employee dishonesty	Closed	100,000	
12-0101	08/12/2011	Fresno Irrigation District	Kitchen fire @ 9451 E. Olive	Closed	139,653	
12-0049	07/13/2011	Helix Water District	Explosion in Ozone Destruct Unit #2	Closed	224,117	
12-0190	09/10/2011	Kern County Water Agency	Switch gear @ 2B & 4B melted	Closed	164,802	
12-0112	07/07/2011	Lower Tule River Irrigation District	Bearing damage @ LakeSuccess Turbine	Closed	293,739	
12-0171	09/07/2011	Mission Springs Water District	Sprinkler system went off sending 3" of water into building	Closed	214,319	
POLICY YEAR 2011-2012					1,753,186	2,508,715
POLICY YEAR 2012-2013						
12-0769	05/07/2012	Banta Carbona Irrigation District	B&M - Pumping Station #1	Closed	207,856	
13-0393	12/11/2012	Del Puerto Water District	Unknowns stole 200K generator/utility trailer	Closed	88,000	
12-0681	05/01/2012	Palmdale Water District	Hydro-electric generator burned.	Closed	292,341	
13-0336	12/02/2012	South Feather Water and Power Agency	Tree fell into shop building	Closed	127,212	
POLICY YEAR 2012-2013					715,409	1,273,296
POLICY YEAR 2013-2014						
13-0658	04/25/2013	Bella Vista Water District	1,000 HP pump/motor @ Wintu failed	Closed	149,736	
14-0396	01/22/2014	Coastside County Water District	Fire in District's server room	Closed	277,915	
13-0644	04/20/2013	Fresno Metropolitan Flood Control District	Theft of copper wire	Closed	77,400	
14-0548	03/24/2014	Oakdale Irrigation District	Excavator caught fire & burn	Closed	162,003	
14-0320	12/03/2013	Twentynine Palms Water District	Generator at flouride removal treatment plant failed.	Closed	119,755	
POLICY YEAR 2013-2014					786,808	1,447,910
POLICY YEAR 2014-2015						
15-0454	02/06/2015	Wheeler Crest Community Services District	Wildfire burned District's building & contents @ Rimrock Regulation Station	Closed	80,123	
POLICY YEAR 2014-2015					80,123	759,655
POLICY YEAR 2015-2016						

**ACWA JPIA - PROPERTY PROGRAM
SIGNIFICANT LARGE CLOSED CLAIMS OVER \$75,000
FOR MONTH ENDING 5/31/2021**

<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>	<u>POLICY YEAR TOTAL</u>
POLICY YEAR 2015-2016						
16-0100	07/09/2015	Orange County Water District	Vandalism/fire damaged HDPE pipe @ Santiago Basin	Closed	416,000	
16-0230	10/06/2015	Thermalito Water & Sewer District	Fire @ District office	Closed	152,104	
POLICY YEAR 2015-2016					568,104	1,269,376
POLICY YEAR 2016-2017						
17-0499	02/09/2017	Clearlake Oaks County Water District	District reports flood damage to lift stations due to Clearlake reaching flood stages during storm.	Closed	768,770	
16-0591	04/07/2016	Placer County Water Agency	During a planned outage, water backed up into electrical area of Foothill Treatment Plant because a valve wasn't opened.	Closed	678,179	
16-0693	04/17/2016	Reclamation District #2068	Circuit breaker failure resulted in control cabinet fire	Closed	101,198	
17-0732	03/28/2017	South Coast Water District	District employee misappropriated cash received from District's tennis center.	Closed	101,371	
17-0474	02/10/2017	South Feather Water and Power Agency	Debris from Oroville's damaged spillway caused water to back up and flood the Kelly Ridge Powerhouse.	Closed	3,337,906	
17-0583	03/07/2017	Water Replenishment District of Southern California	Field Office & Storage Annex burglarized and vandalized.	Closed	150,157	
17-0505	02/17/2017	West Valley Water District	Recent storms washed out box culvert at tank site 2-2/2-3.	Closed	79,454	
POLICY YEAR 2016-2017					5,217,034	5,911,936
POLICY YEAR 2017-2018						
18-0131	08/14/2017	Arvin-Edison Water Storage District	Damage to 5500 HP motor @ Forest Frick Plant	Closed	129,545	
18-0222	10/09/2017	Redwood Valley County Water District	Wildfire damaged District's Tomki Booster Pump Station	Closed	421,571	
POLICY YEAR 2017-2018					551,116	3,594,097
POLICY YEAR 2018-2019						
18-0688	06/11/2018	Glenn-Colusa Irrigation District	Trailer carrying a backhoe fell off the road and overturned	Closed	116,577	
19-0237	10/14/2018	Mesa Water District	Pipe burst in District's Water Ops building - approx. 1 foot of water in building when discovered	Closed	113,790	
19-0464	02/03/2019	Montecito Water District	Heavy rainfall to areas damaged by the Thomas Fire (12/10/17) caused mud & debris flows onto MWD roads and damage to culvert.	Closed	531,060	
20-0104	12/17/2018	San Juan Water District	Engine that powers generator blew a head gasket after being serviced	Closed	97,457	
19-0244	10/15/2018	Solano County Water Agency	Agency's Excavator caught fire	Closed	95,181	

**ACWA JPIA - PROPERTY PROGRAM
SIGNIFICANT LARGE CLOSED CLAIMS OVER \$75,000
FOR MONTH ENDING 5/31/2021**

15

<u>CLAIM NUMBER</u>	<u>LOSS DATE</u>	<u>DISTRICT</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>LOSS AMOUNT</u>	<u>POLICY YEAR TOTAL</u>	
POLICY YEAR 2018-2019							
18-0726	06/25/2018	South Feather Water and Power Agency	Boulder (5 ft. diameter) fell from 100 ft up hillside onto penstock.	Closed	549,536		
19-0088	08/06/2018	Terra Bella Irrigation District	Fire @ empty residence	Closed	92,374		
					POLICY YEAR 2018-2019	1,595,975	14,562,591
POLICY YEAR 2020-2021							
21-0210	09/21/2020	El Dorado Irrigation District	Broken piece of ceiling plaster fell into and damaged generator also resulting i loss of revenue.	Closed	93,572		
					POLICY YEAR 2020-2021	93,572	2,260,361
					GRAND TOTAL	25,918,941	

ACWA JPIA
Membership Report
June 14, 2021

BACKGROUND

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

CURRENT SITUATION

During the 2020-21 coverage year, the following agencies joined the Property Program:

<u>Member</u>	<u>Total Insured Value (TIV)</u>	<u>Join Date</u>
Grassland Basin Authority	\$ 530,000	12/1/2020
Sierra Highlands Community Services District	\$ 356,734	12/1/2020
Westside Water Authority	\$ 135,000	6/1/2021

Current Program Membership Status as of May 17, 2021:

Total number of program members:	283
Total annual TIV:	\$9,291,460,878

For the 2021-22 coverage year, the following agencies are interested in joining the Property Program:

<u>Member</u>	<u>Total Insured Value (TIV)</u>	<u>Join Date</u>
San Bernardino Valley Municipal Water District	\$60,232,695	7/1/2020
San Diego County Water Authority	\$314,079,989	7/1/2020

There are no reported intents to withdraw for the July 1, 2021 Property Program renewal.

RECOMMENDATION

None, informational only.

ACWA JPIA
State of the Property Market Address
June 14, 2021

BACKGROUND

It has been now multiple years whereby reports have shown the United States and countries around the globe have experienced unprecedented catastrophic losses. When the world has year over year tragedies, the market responds.

CURRENT SITUATION

Alliant Insurance Services will provide the Property Program Committee a State of the Market Address and what ACWA JPIA may expect for our upcoming renewal.

RECOMMENDATION

None, informational only.



ACWA JPIA Property Committee

State of the Public Entity Property Market

June 14, 2021

Presented by:

Seth Cole & Rob Lowe

(THIS INFORMATION HAS BEEN CONSOLIDATED FROM VARIOUS INDUSTRY SOURCES)

Highlights

Swiss Re Institute estimates USD 83 billion global insured catastrophe losses in 2020, the fifth-costliest on record. The insurance industry covered 45% of global economic losses in 2020, above the ten-year-average of 37%.

U.S. **Wildfires**, Storms, Civil Disorders and 'Social Inflation' have created intense pressure on insurers in North America, causing insured losses in the billions, and while COVID -19 has of course added new types of losses to the mix, more so, it has created additional uncertainty which is adding to an already difficult insurance marketplace.

Social inflation, years of high losses, aggressive litigation trends, and adverse results are driving the higher prices and tighter capacity in the excess casualty insurance space.

2021 will set record for most claims in history of industry for Q1 and will extend difficult market

Source: A.M. Best, ISO, Verisk, Property Casualty Insurers Association of America (PCI)

Key Industry Metrics



- Insurers' **combined ratio** 98.8% for 3rd Qtr 2020 from 97.8% a year earlier.
- **Policyholder surplus** \$863.3 billion for the 3rd Qtr 2020 up from \$825 billion on June 30, 2020.
- **Net income after taxes** dropped 27.5% during first 9-months of 2020 and **net underwriting gains declined** to \$0.3 billion, from \$5.4 billion a year earlier
- Signs point to a healthy, yet unsettled, insurance market, due to the unknowns of **COVID-19, weather extremes**, sea level rise, **wildfires**, catastrophic losses, social inflation and **investment earnings**. All remain areas of concern for insurers.

U.S. commercial insurance prices see biggest increase since 2003 in Q4 2020

Data for nearly all lines indicated significant price increases in the fourth quarter, with the largest increases coming from excess/umbrella liability and directors and officers liability, as both coverages saw significantly accelerating prices over the previous six quarters.

Commercial auto saw reported price increases near or above double digits for the thirteenth consecutive quarter, while ***commercial property coverage accelerated again and saw near or above double digit increases for the seventh consecutive quarter.***



Catastrophic Property Loss Impacts

Market Shifting Events.

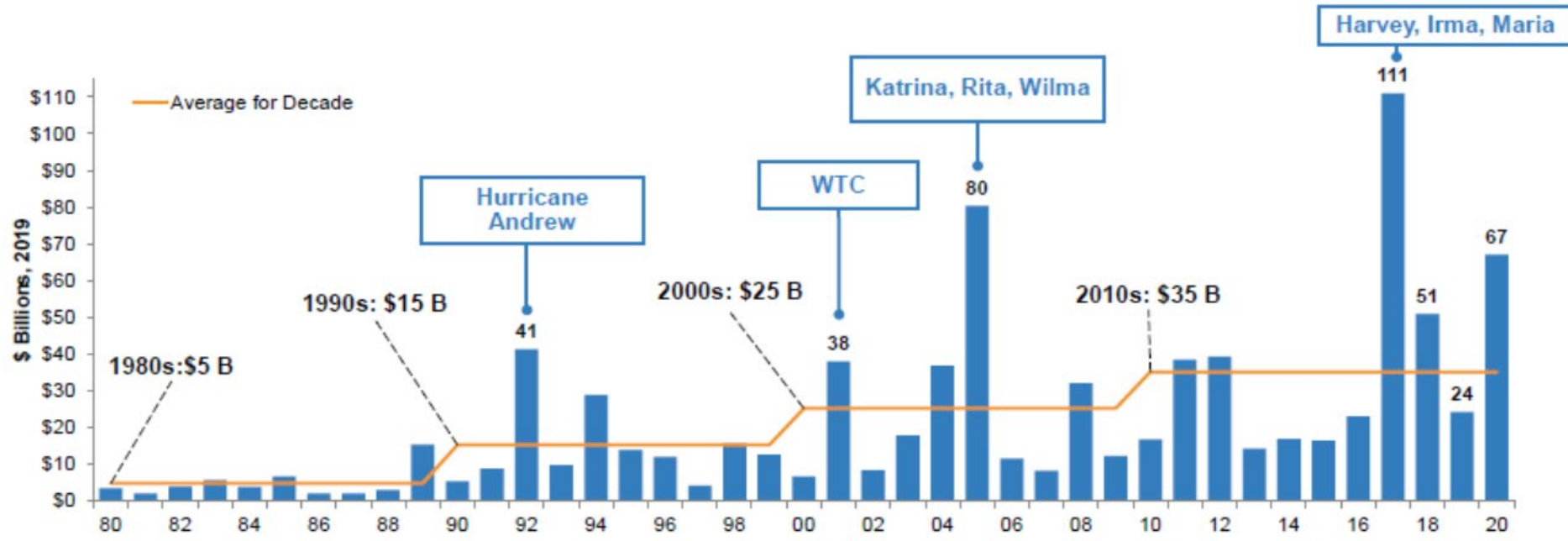
Large catastrophic property losses generate billion dollar events, and shift the insurance market.

If Cat losses continue to develop at increasing rates, insurance rates will respond with higher rates.

The insurance industry is webbed together; while an entity may not have wildfire exposure, if wildfire is leading to significant loss increases for insurers – rates will rise.

U.S. Inflation-Adjusted Cat Losses

U.S. Inflation-Adjusted Insured Cat Losses



Insured Cat Losses Are Increasing At An Alarming Rate –Nearly 700% Since 80's

*Sources: Property Claims Service, a Verisk Analytics business; Aon; Insurance Information Institute.

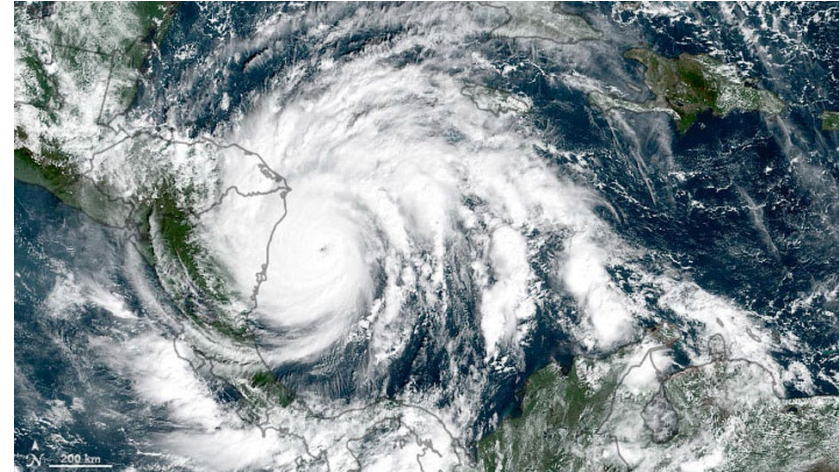


2020 Hurricane Season

Record-breaking Atlantic hurricane season.

The extremely active 2020 Atlantic hurricane season closed with a **record-breaking 30 named storms** and 12 landfalling storms in the continental United States.

Thankfully, no knockout punches to highly valued coastal cities.

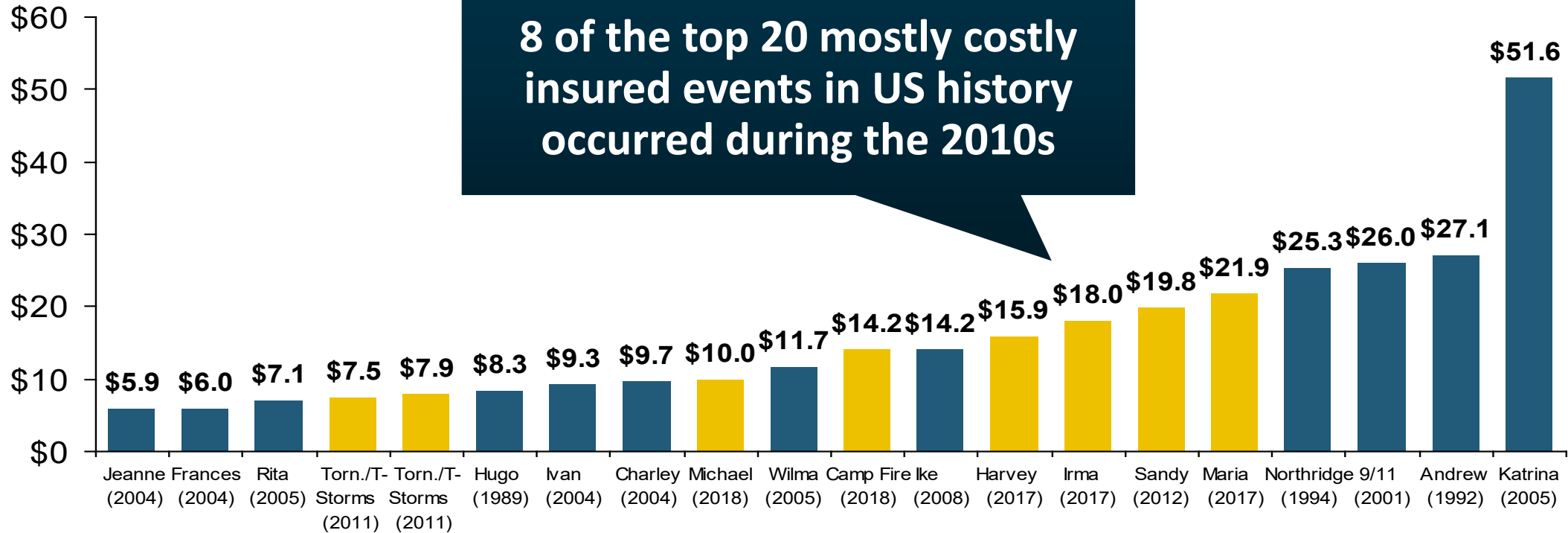


Top 20 Most Costly Disasters in U.S. History—Katrina Still Ranks #1

(Insured Losses, 2017 Dollars, \$ Billions)*

COVID-19 insured property losses remain highly uncertain, but could easily make the top 10

8 of the top 20 most costly insured events in US history occurred during the 2010s



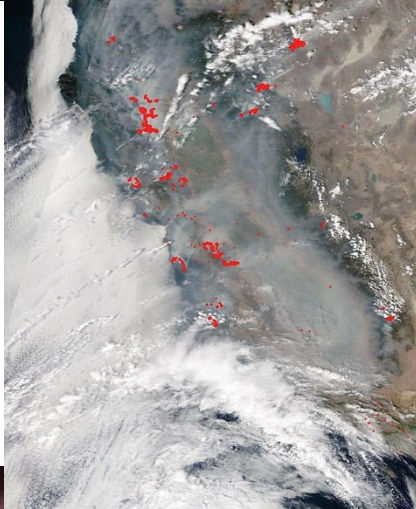
17 of the 20 Most Expensive Insurance Events in US History Have Occurred Since 2004

*Estimated. dollars

Sources: PCS, RMS, Karen Clark & Co; USC Center for Risk and Uncertainty Management adjustments to 2017 using the CPI.



Convective Storms

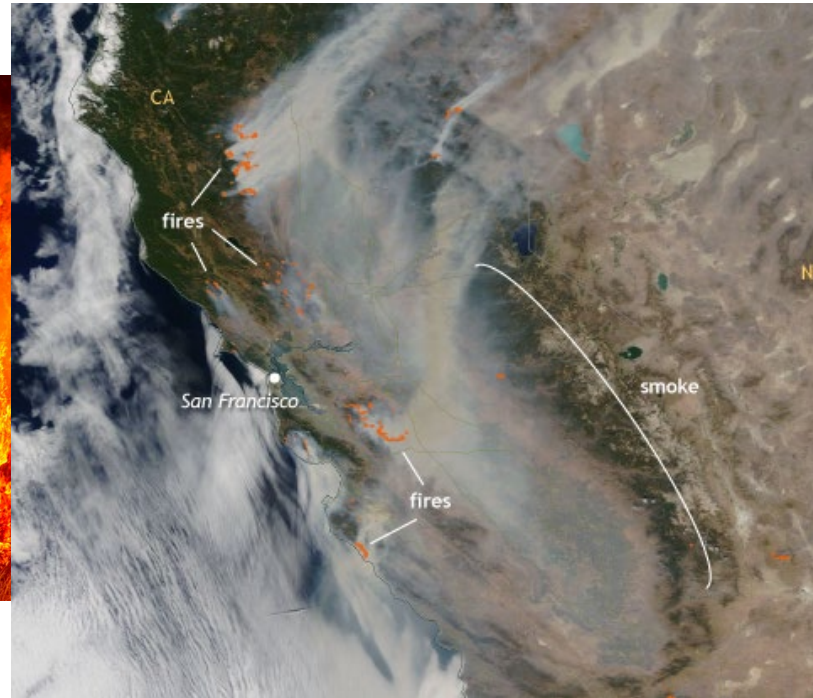


Commonly known as *thunderstorms*, intense heating causes a parcel of moist air to rise from the earth's surface into upper levels of the atmosphere, causing weather hazards such as **lightning, heavy rain, hail, flash flooding and tornadoes.**

This past August, lightning strikes (12,000) from storms like these sparked hundreds of wildfires in California.

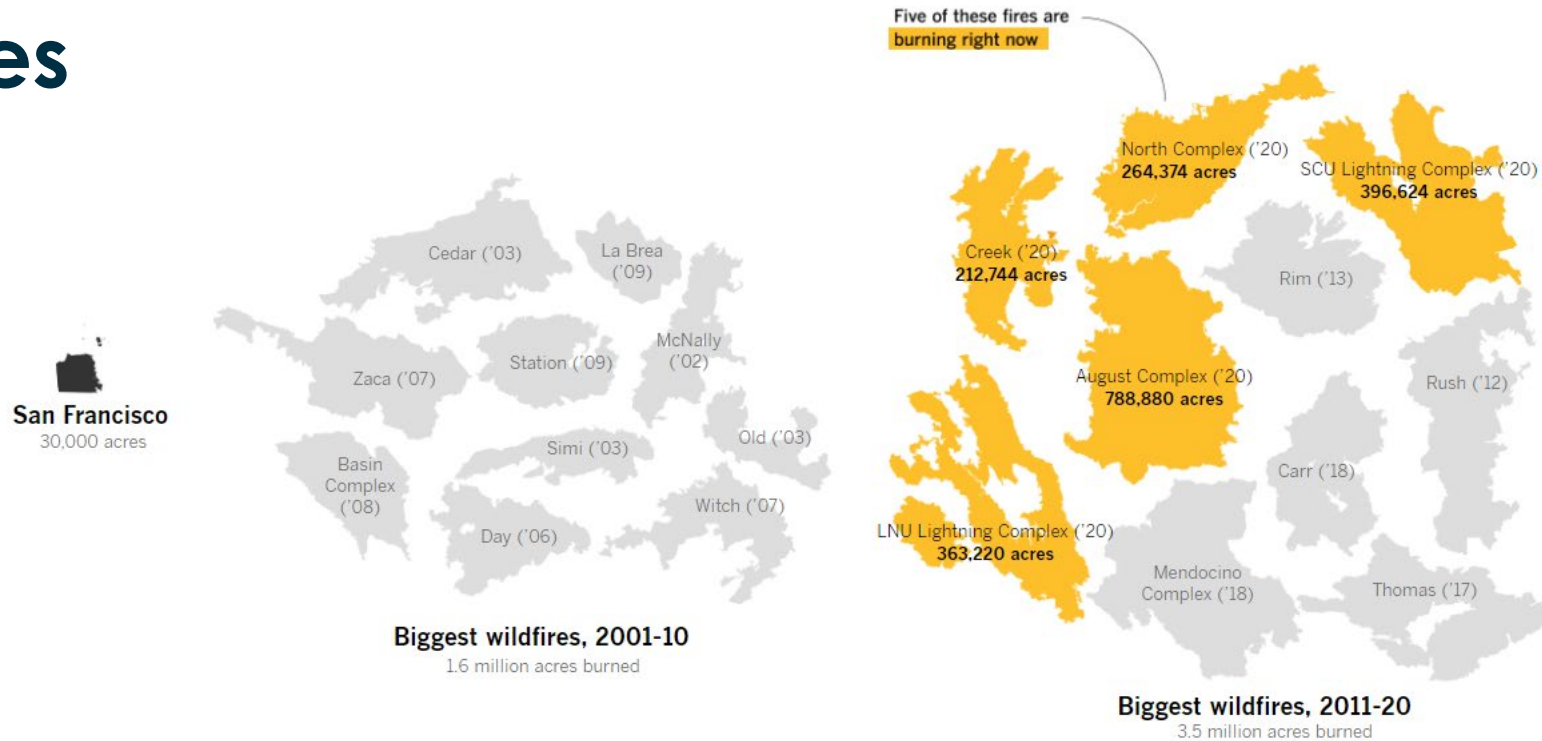
The same month a *derecho* hit Iowa and four other states, causing \$7.5B+ in damage, *most costly thunderstorm in U.S. History.*

Wildfires



The 2020 season was a record-setting one for the state of California and the United States as a whole. NIFC reported that as of Nov. 27 there were **52,113 wildfires that had burned 8,889,297 acres in 2020**. This is **approximately 2.3 million more acres burned than the 10-year average and almost double the acreage burned in the 2019 season.**

Wildfires



Record-breaking wildfires are occurring more often. **Eight of the 10 largest fires in California history have burned in the past decade.** On Sept. 9, the massive August Complex became the largest fire in the state's history.

Taken together, they dwarf the 10 biggest fires from the decade before.

Earthquakes



Not to be overlooked, Earthquakes are inevitable and can happen at any time.

Economic impacts of an earthquake can be devastating on first party property, and expected business revenues.



2021 Texas Power Crises – The Deep Freeze

- Over 110 deaths associated
- Estimated \$90B in total losses projected
- Estimated \$35B of physical damage
- Estimated \$20B+ insured losses
- Insured loss not yet determined but estimated to be the largest Q1 loss recorded.

- Damages triggering D&O, CGL and **property policies**

- Unlike most natural disasters, the damage wasn't the event itself – wind, shake, etc., but the resultant shut down or damage to businesses, utilities, pipes, buildings and contents.



Viral Outbreaks Are Not An Insurable Risk

Economic Losses from Pandemics

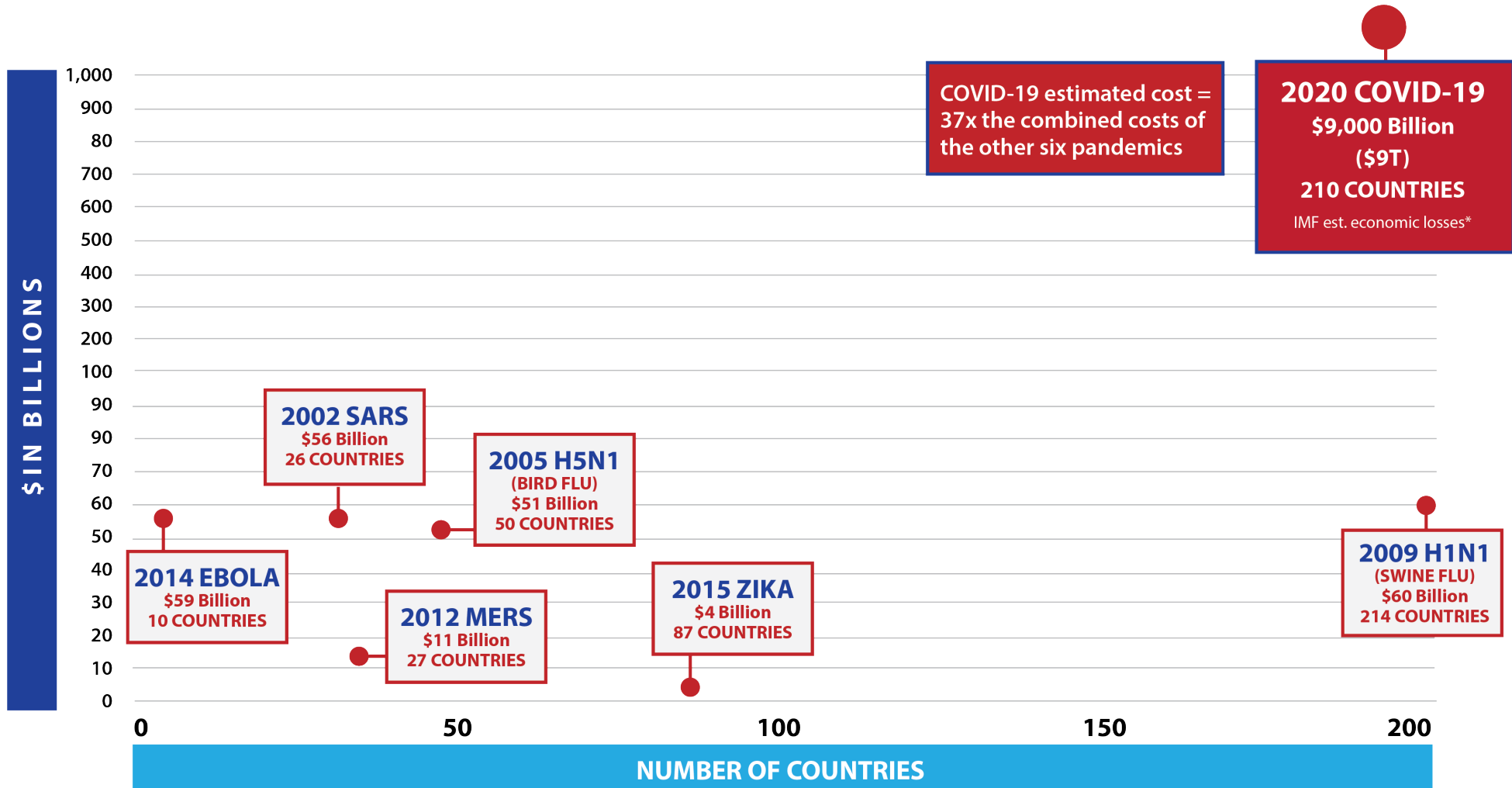
Pandemics are frequent, severe, and widespread (7 pandemics with multi-billion\$ economic losses in just the last 18 years)

For Reference

2005 Katrina
\$58 Billion

2001 9/11
\$48 Billion

(insured losses)

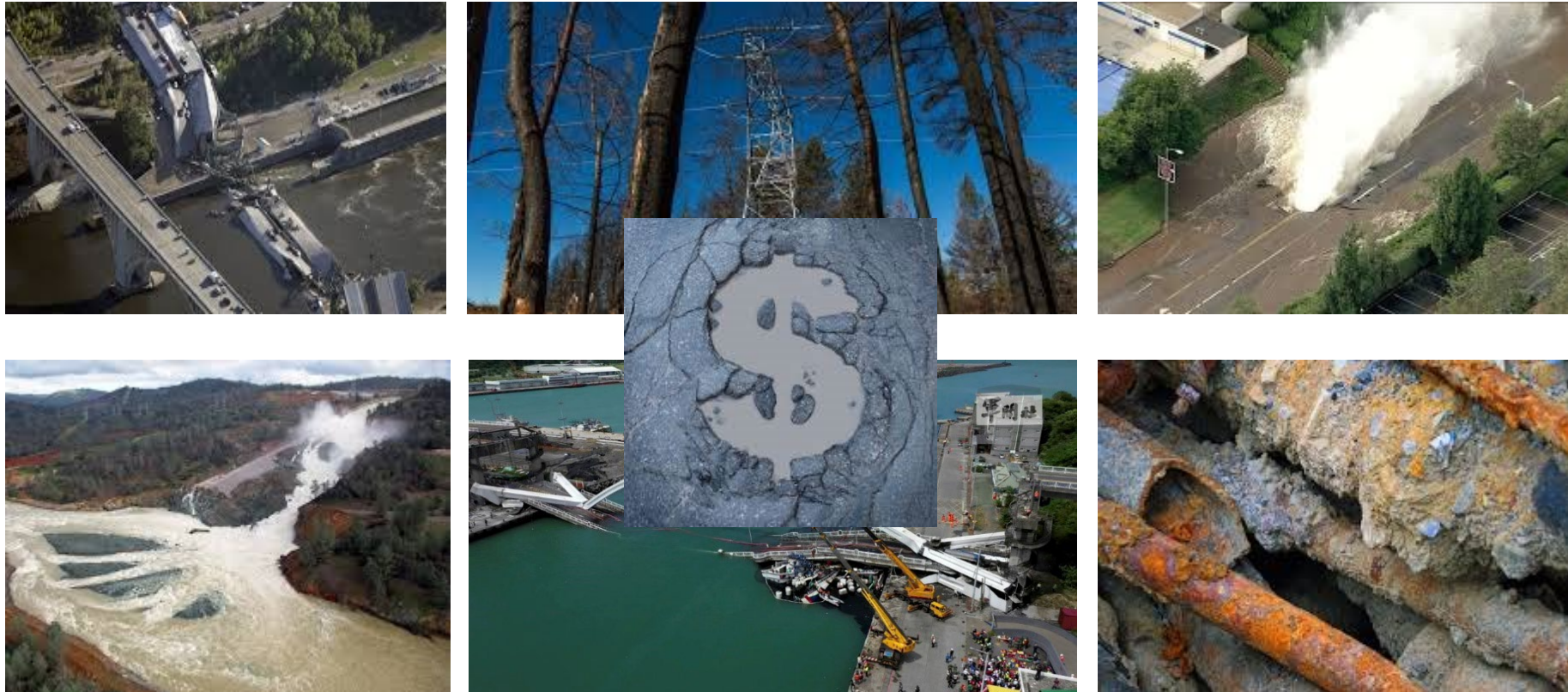


*Sources: APCIA using published reports, including IMF, World Bank, Learnbonds.com; APCIA adjustment to 2020 USD 14

Social Unrest – Focused on Public Entity Infrastructure



Aging Infrastructure



The Ransomware Epidemic

- Cyber crime is expected to reach \$6 Trillion in 2021
- Average paid loss rose to \$359,000 in 2020 from \$145,000 in 2019
- Public entities are one of the most targeted classes
- Many carriers will no longer write public entities or pools

"Prospects for the U.S. cyber insurance market are grim," according to an AM Best report.

Property Market Outlook

- Increased scrutiny of client data (SOV, loss runs, COPE, etc.)
- Increased retentions and caps on certain types of exposure
 - Wildfire
 - Strikes, Riots and Civil Commotion
 - Silent Cyber
- Premium increases
 - All Risk
 - Earthquake
- 2022 and beyond?

The Alliant logo features a stylized blue triangle to the left of the word "Alliant" in a white, sans-serif font. A thin orange horizontal line is positioned below the text.

Alliant

Thank you!

Questions?

Please contact us if you would like a copy of this presentation.

June 14, 2021

ACWA JPIA
2021-2022 Memorandum of Property Coverage
June 14, 2021

BACKGROUND

The JPIA staff has reviewed the Memorandum of Property Coverage (MOPC) for revisions to the MOPC for the 2021-22 Property Program. Staff recommends the edits below to be effective on July 1, 2021.

CURRENT SITUATION

Cyber liability is no longer built into the MOPC. Last year, changes were made in that the JPIA purchased a stand-alone commercial product to cover cyber related losses. This change allowed both the Property Program and Liability Program members to be insured under one policy. The commercial policy is written by Beazley. As a result, we are adding an exclusion to Section V - Exclusion 5 into the MOPC. It states the following:

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

In addition, staff reworded Exclusion 6.

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.

In 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 moot in that the JPIA will provide coverage up to ninety days for all new acquisitions regardless of value.

RECOMMENDATION

That the Property Program Committee recommends that the Executive Committee approve the amended 2021-2022 Memorandum of Property Coverage as presented.

MEMORANDUM OF PROPERTY COVERAGE

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DRAFT

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY (ACWA JPIA)**

MEMORANDUM OF PROPERTY COVERAGE

FORM NO. MOPC-070121

This Memorandum of Property Coverage (MOPC) sets forth the terms, conditions, and limitations of coverage provided to a **Member Agency** under the MOPC. The terms of this MOPC may not be changed or waived except by amendment made a part of this MOPC.

Throughout this MOPC, words and phrases that appear in **bold** have special meaning. They are defined in Section I, "Definitions".

SECTION I – DEFINITIONS

In addition to the definitions provided in the **purchased insurance or reinsurance**, the following additional definitions apply to the MOPC:

1. **Authority** shall mean the Association of California Water Agencies Joint Powers Insurance Authority.
2. **Loss** shall have the same meaning as in the **purchased insurance or reinsurance**.
3. **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 Property Program.
4. **Covered Party** shall mean a **Member Agency** who has sustained a loss which is covered under this MOPC.
5. **Purchased insurance or reinsurance** shall mean insurance or reinsurance purchased by the **Authority** for the benefit of the **Authority** and the **Covered Party** and specifically identified in the Declarations.
6. **Cyber liability** shall mean damage or **loss** arising from or related to electronic media or technology errors and omissions, including, but not limited to, property damage, data loss, alteration, corruption, destruction,

deletion or damage to or inability to access or transmit data, transmission or failure-prevent transmission of malicious code or virus, damage to electronic data or other property from malicious code or virus, unauthorized access to or distribution of private or confidential information, cyber extortion, data protection, business interruption loss, privacy notification expenses and costs, penalties for regulatory defense or other penalties, or any other **loss**, cost, or damage arising out of or related to the acquisition, storage, security, use, misuse, disclosure, or transmission of electronic data of any kind.

SECTION II – COVERAGE AGREEMENT

1. 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 90 days of acquisition in order for coverages and limits under the MOPC, or **purchased insurance or reinsurance**, to apply.
2. This MOPC incorporates the terms, provisions, and conditions of the **purchased insurance or reinsurance** except with regard to that portion of any **loss** which is the subject of this MOPC.

SECTION III – LIMIT OF LIABILITY

The limit of liability of the **Authority** for each **loss** shall be the amount of the deductible as specified under the **purchased insurance or reinsurance**, less the applicable **Covered Party** deductible under this MOPC, but in no event more than the amount stated in the Declarations.

SECTION IV – DEDUCTIBLE

The **Authority's** liability under Section III above shall be reduced by any applicable **Covered Party** deductible.

SECTION V – COVERAGE PERIOD

This MOPC applies to **losses** occurring during the coverage period defined in the Declarations.

SECTION VI – EXCLUSIONS

In addition to any exclusions set forth in the **purchased insurance or reinsurance**, this MOPC does not apply to:

1. Contamination by “pollutants” introduced at any time, into, under or upon land, water, or the atmosphere, or any watercourse or body of water or aquifer. This exclusion applies whether or not the contamination is introduced intentionally or accidentally or gradually or suddenly and whether or not the **Covered Party** or any other person or organization is responsible for the contamination.

“Contamination” includes any unclean, unsafe, or unhealthful condition, either actual or potential, which arises out of the presence in the environment of any “pollutant” whether permanent or transient.

“Environment” includes land, bodies of water, underground water or water table or aquifer, the atmosphere, and any other natural feature of the earth, whether or not altered, developed or cultivated. “Pollutant” means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke vapor, soot, fumes, acids, alkalis, chemicals, airborne particles or fibers, molds and/or fungus, and waste, including materials to be discarded or to be recycled, reconditioned, or reclaimed.

This exclusion does not apply to contamination or dispersal of “pollutants” which is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems.

2. War, whether or not declared, insurrection, rebellion, terrorism, or revolution. Terrorism is defined as an act, including but not limited to the use of force or violence and/or the 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.
3. Nuclear contamination.
4. Damage intentionally caused by or on behalf of a **Covered Party**.
5. Liability arising out of any claim for **Cyber Liability** or by any name by which it is called.

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.

SECTION VII - CONDITIONS

1. The **Authority** shall have the same rights as provided to the insurer by the **purchased insurance or reinsurance**.
2. If there is insurance other than the **purchased insurance or reinsurance** applicable to the **loss** incurred, such insurance, unless it specifically states that it is excess of this coverage, shall reduce the liability of this **Authority** by the amount that insurance is liable for such **loss**.
3. In the event of loss covered under this MOPC, the Covered Party shall give immediate notice thereof to the **Authority** of such **loss**.
4. If the **Authority** pursues subrogation of a **loss**, the funds from any recovery shall first be allocated to payment of the expenses of the subrogation and then to reimbursement in full for payment of the claim and adjusting expenses. The **Covered Party** shall be reimbursed its deductible from any remaining funds.

SUMMARY OF COVERAGE

FOR COVERAGE PERIOD 7/1/20 to 7/1/21

\$500,000,000 Program Limit of Coverage

Including, but not limited to:

Boiler & Machinery	
Accidental Breakdown	\$ 100,000,000
Business Interruption/ Rental Value/ Tax Revenue Interruption	Per Reported Value
Contingent Business Interruption	\$ 3,000,000
Extra Expense	\$ 50,000,000
Expediting Expenses	\$ 50,000,000
Money and Securities	\$ 2,500,000
Newly acquired property	\$ 25,000,000
Course of Construction	\$ 50,000,000
Off Premises Service Interruption	\$ 25,000,000
Increased Cost of Construction	\$ 50,000,000
Earthquake or Flood Damage to Vehicles or Mobile Equipment	\$ 5,000,000 *
Flood, except Flood Zones A & V	\$ 25,000,000 * \$ 10,000,000 *
Earthquake	\$ 2,500,000 *
Accidental Contamination	\$ 250,000 *
Landscaping	\$ 1,000,000
Claims Preparation Expense	\$ 1,000,000
Cyber Liability	\$ 5,000,000

*Program Aggregate Limit for Coverage Period

Coverage renews and expires at 12:01 a.m. Standard Time at Roseville, California.

ACWA JPIA
2021-2022 Property Insurance Renewal
June 14, 2021

BACKGROUND

The JPIA's Property Program renews on July 1, 2021. At the time of this writing, renewal terms are being discussed.

CURRENT SITUATION

As shared in an earlier presentation, the JPIA experienced significant catastrophic losses over the past year. Losses, coupled with the catastrophic losses throughout the world and United States, has made this renewal challenging.

The pricing projections will 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.

In addition to the volatile property market, reinsurers and insurers alike are not able to provide a set rate for a July 1, 2021 renewal. The JPIA should have final rates mid-June 2021.

RECOMMENDATION

That the Property Program Committee recommends that the Executive Committee approve the 2021-2022 Renewal Terms and Pricing as presented.

ACWA JPIA
Renewal Pricing for the Property Program
June 14, 2021

BACKGROUND

Deposit premiums for the 7/1/21-22 policy year are to be mailed to the members at the end of June. The last member premium rate change was for the 4/1/20-21 policy year, where the premium rates were increased by 10%.

CURRENT SITUATION

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 TIVs. 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 (options 1,2 and 3) are provided shown different member pricing.

RECOMMENDATION

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	\$.098
Mobile Equipment	\$.147
Automobiles	\$.833

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

PROPERTY PROGRAM

EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

OPTION 1 - No price change

As of March 31, 2021

	Policy Year 4/1/2019-20 Actual	Policy Year 4/1/2019-20 Budget	Policy Year 7/1/2020-21 Projection	Policy Year 7/1/2021-22 Budget	% Change 7/1/2020-21 to 7/1/2021-22
1 REVENUE:					
2 Deposit Premiums Earned (Note 1)	\$ 6,817,047	\$ 6,608,169	\$ 7,443,486	\$ 7,852,639	5.50%
3 Net Investment Income	107,500	132,163	148,870	157,053	5.50%
4 Total Revenue	<u>\$ 6,924,547</u>	<u>\$ 6,740,332</u>	<u>\$ 7,592,356</u>	\$ 8,009,692	5.50%
5 EXPENSE:					
6 Paid Claims and Reserves	\$ 2,355,771	\$ 1,628,033	\$ 1,692,337	\$ 1,846,104	9.09%
7 Purchased Excess Insurance	4,844,385	3,300,174	5,999,288	7,853,266	30.90%
8 Natural Disaster Fund	-	-	-	-	0.00%
9 General & Admin. Expenses	<u>1,506,259</u>	<u>1,527,133</u>	<u>1,577,081</u>	1,733,175	9.90%
10 Total Expenses	8,706,415	6,455,340	9,268,706	11,432,544	23.35%
11 RETROSPECTIVE PREMIUM ADJ	<u>\$ (1,781,868)</u>	<u>\$ 284,992</u>	<u>\$ (1,676,350)</u>	<u>\$ (3,422,853)</u>	104.18%
12 Number of Program Members	281	277	279	285	2.15%
13 Insured Values (000's omitted)	\$ 7,950,157	\$ 7,933,111	\$ 8,140,147	\$ 8,879,767	9.09%
14 Net Premium Cost / \$100 of Value	\$ 0.1082	\$ 0.0797	\$ 0.1120	\$ 0.1270	13.34%
15 Premium Rate					
Real and Personal Property	\$ 0.081	\$ 0.081	\$ 0.089	\$ 0.089	0.00%
Mobile Equipment	\$ 0.122	\$ 0.122	\$ 0.134	\$ 0.134	0.00%
Automobiles	\$ 0.689	\$ 0.689	\$ 0.757	\$ 0.757	0.00%
16 District Deductibles	\$500 - 25,000	\$500 - 25,000	\$500 - 25,000	\$500 - 25,000	
17 Pooled Layer	Ded. to \$100,000	Ded. to \$100,000	Ded. to \$1,000,00	Ded. to \$1M	
18 Program Limit	\$500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	

CALCULATIONS

Line #

- 2 Deposit Premium - See Note 1 following page
- 3 Interest Income - 2.0% of Deposit Premium
- 6 Claims Expense - Actuarially generated Loss Rate times insured values / 100
- 7 Excess Insurance - Excess Rate times Total Insured Values / 100
- 9 G&A Expenses - 14% of Budgeted G&A (\$12,379,819)
- 11 RPA - Calculated to balance budget

<u>VARIABLES</u>	CURRENT PROJECTION		BUDGET	
	2020/21		2021/22	
TOTAL INSURED VALUES	\$	8,140,147	\$	8,879,767
EXCESS RATE per \$100 OF INSURED VALUES		\$0.0624		\$0.0884
LOSS RATE PER \$100 OF INSURED VALUES:		0.02079		0.02079

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

PROPERTY PROGRAM

EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

OPTION 2 - 10% increase

As of March 31, 2021

	Policy Year 4/1/2019-20 Actual	Policy Year 4/1/2019-20 Budget	Policy Year 7/1/2020-21 Projection	Policy Year 7/1/2021-22 Budget	% Change 7/1/2020-21 to 7/1/2021-22
1 REVENUE:					
2 Deposit Premiums Earned (Note 1)	\$ 6,817,047	\$ 6,608,169	\$ 7,443,486	\$ 8,637,903	16.05%
3 Net Investment Income	107,500	132,163	148,870	172,758	16.05%
4 Total Revenue	<u>\$ 6,924,547</u>	<u>\$ 6,740,332</u>	<u>\$ 7,592,356</u>	\$ 8,810,661	16.05%
5 EXPENSE:					
6 Paid Claims and Reserves	\$ 2,355,771	\$ 1,628,033	\$ 1,692,337	\$ 1,846,104	9.09%
7 Purchased Excess Insurance	4,844,385	3,300,174	5,999,288	7,853,266	30.90%
8 Natural Disaster Fund	-	-	-	-	0.00%
9 General & Admin. Expenses	<u>1,506,259</u>	<u>1,527,133</u>	<u>1,577,081</u>	1,733,175	9.90%
10 Total Expenses	8,706,415	6,455,340	9,268,706	11,432,544	23.35%
11 RETROSPECTIVE PREMIUM ADJ	<u>\$ (1,781,868)</u>	<u>\$ 284,992</u>	<u>\$ (1,676,350)</u>	<u>\$ (2,621,883)</u>	56.40%
12 Number of Program Members	281	277	279	285	2.15%
13 Insured Values (000's omitted)	\$ 7,950,157	\$ 7,933,111	\$ 8,140,147	\$ 8,879,767	9.09%
14 Net Premium Cost / \$100 of Value	\$ 0.1082	\$ 0.0797	\$ 0.1120	\$ 0.1268	13.18%
15 Premium Rate					
Real and Personal Property	\$ 0.081	\$ 0.081	\$ 0.089	\$ 0.098	10.00%
Mobile Equipment	\$ 0.122	\$ 0.122	\$ 0.134	\$ 0.147	10.00%
Automobiles	\$ 0.689	\$ 0.689	\$ 0.757	\$ 0.833	10.00%
16 District Deductibles	\$500 - 25,000	\$500 - 25,000	\$500 - 25,000	\$500 - 25,000	
17 Pooled Layer	Ded. to \$100,000	Ded. to \$100,000	Ded. to \$1,000,00	Ded. to \$1M	
18 Program Limit	\$500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	

ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY

PROPERTY PROGRAM

EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

OPTION 3 - 30% increase

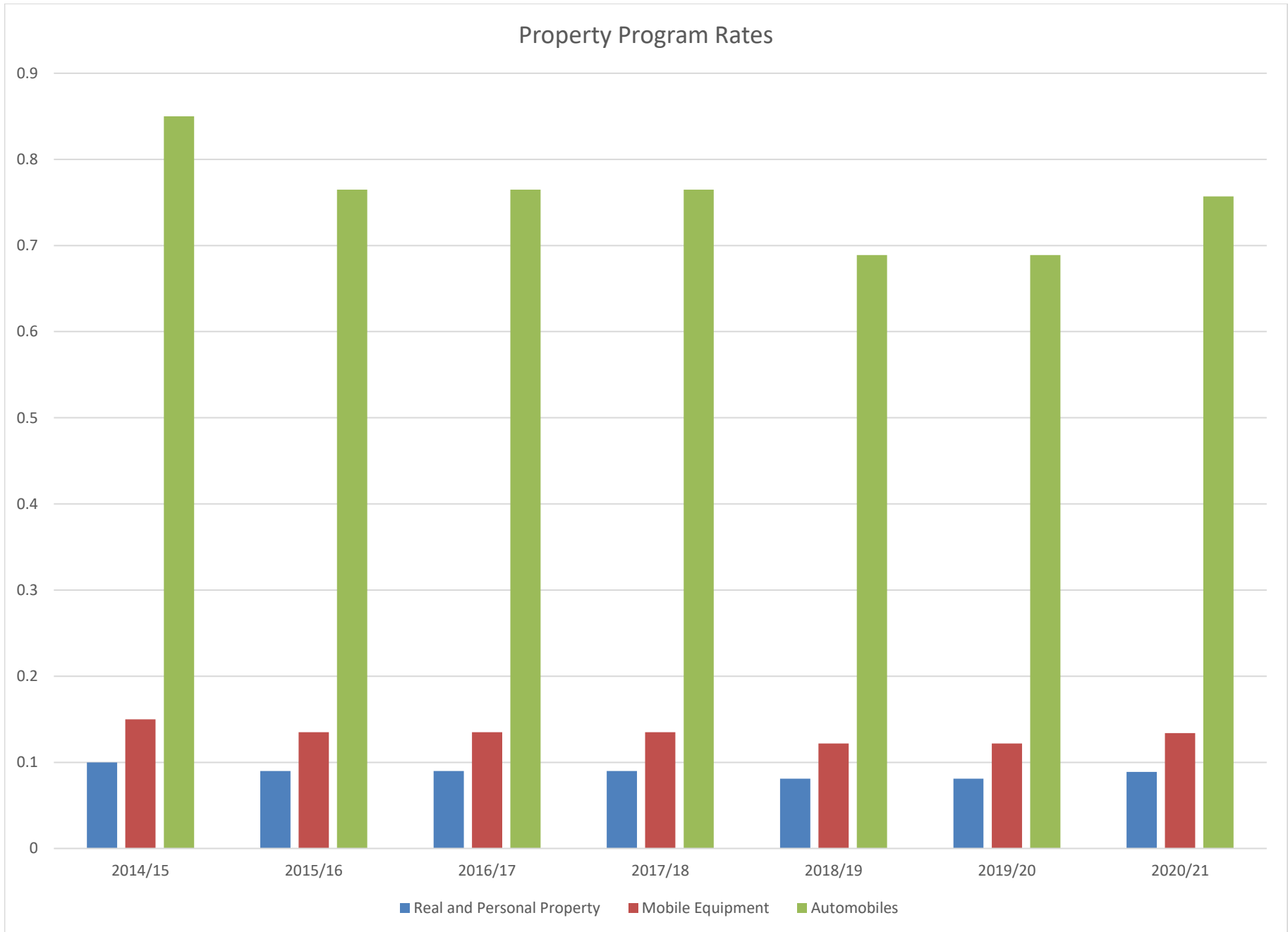
As of March 31, 2021

	Policy Year 4/1/2019-20 Actual	Policy Year 4/1/2019-20 Budget	Policy Year 7/1/2020-21 Projection	Policy Year 7/1/2021-22 Budget	% Change 7/1/2020-21 to 7/1/2021-22
1 REVENUE:					
2 Deposit Premiums Earned (Note 1)	\$ 6,817,047	\$ 6,608,169	\$ 7,443,486	\$ 10,208,431	37.15%
3 Net Investment Income	107,500	132,163	148,870	204,169	37.15%
4 Total Revenue	<u>\$ 6,924,547</u>	<u>\$ 6,740,332</u>	<u>\$ 7,592,356</u>	<u>\$ 10,412,599</u>	37.15%
5 EXPENSE:					
6 Paid Claims and Reserves	\$ 2,355,771	\$ 1,628,033	\$ 1,692,337	\$ 1,846,104	9.09%
7 Purchased Excess Insurance	4,844,385	3,300,174	5,999,288	7,853,266	30.90%
8 Natural Disaster Fund	-	-	-	-	0.00%
9 General & Admin. Expenses	1,506,259	1,527,133	1,577,081	1,733,175	9.90%
10 Total Expenses	<u>8,706,415</u>	<u>6,455,340</u>	<u>9,268,706</u>	<u>11,432,544</u>	23.35%
11 RETROSPECTIVE PREMIUM ADJ	<u>\$ (1,781,868)</u>	<u>\$ 284,992</u>	<u>\$ (1,676,350)</u>	<u>\$ (1,019,945)</u>	-39.16%
12 Number of Program Members	281	277	279	285	2.15%
13 Insured Values (000's omitted)	\$ 7,950,157	\$ 7,933,111	\$ 8,140,147	\$ 8,879,767	9.09%
14 Net Premium Cost / \$100 of Value	\$ 0.1082	\$ 0.0797	\$ 0.1120	\$ 0.1264	12.87%
15 Premium Rate					
Real and Personal Property	\$ 0.081	\$ 0.081	\$ 0.089	\$ 0.116	30.00%
Mobile Equipment	\$ 0.122	\$ 0.122	\$ 0.134	\$ 0.174	30.00%
Automobiles	\$ 0.689	\$ 0.689	\$ 0.757	\$ 0.985	30.00%
16 District Deductibles	\$500 - 25,000	\$500 - 25,000	\$500 - 25,000	\$500 - 25,000	
17 Pooled Layer	Ded. to \$100,000	Ded. to \$100,000	Ded. to \$1,000,00	Ded. to \$1M	
18 Program Limit	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	

2021/22 Policy Year

Total Insured Values \$ 8,879,767,217

	Real and Personal Property	Mobile Equipment	Automobile	Total
TIV	\$ 8,545,303,359	\$ 154,329,669	\$ 180,134,189	\$ 8,879,767,217
OPTION 1 Prem Rate - No change	\$ 0.0891	\$ 0.1337	\$ 0.7574	\$ 0.0884
Deposit Premium - no price change	\$ 6,509,855	\$ 176,354	\$ 1,166,431	\$ 7,852,639
Excess Rate (20% increase)	\$ 0.0884	\$ 0.0884	\$ 0.0884	\$ 0.0884
Excess Premium	\$ 7,557,466	\$ 136,489	\$ 159,311	\$ 7,853,266
OPTION 2 Prem Rate - 10% increase	\$ 0.0980	\$ 0.1470	\$ 0.8331	\$ 0.0973
Deposit Premium - 10% increase	\$ 7,160,840	\$ 193,989	\$ 1,283,074	\$ 8,637,903
OPTION 3 Prem Rate - 30% increase	\$ 0.1158	\$ 0.1737	\$ -	\$ 0.9846
Deposit Premium - 30% increase	\$ 8,462,811	\$ 229,260	\$ 1,516,360	\$ 10,208,431



ACWA JPIA
CEO Update
June 14, 2021

BACKGROUND

This will be a standing item on Committee agendas.

CURRENT SITUATION

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

- JPIA update

RECOMMENDATION

None, informational only.

JPIA MEETING & CONFERENCE CALENDAR – 2021

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT
					Emp. Benefits	Liability	Property	Work Comp	
FEB 9		1:00 PM ZOOM							9:30 AM ZOOM
FEB 22			2:00 PM ZOOM						
MAR 15		2:00 PM ZOOM							
APRIL 7				10:00 AM ZOOM					
APRIL 12		10:00 AM ZOOM							
APRIL 15					10:00 AM ZOOM				
MAY 10	10:00 AM ZOOM								
ACWA VIRTUAL CONFERENCE MAY 12-13									
MAY 21		10:30 AM ZOOM			9:30 AM ZOOM				
JUNE 14							10:30 AM ZOOM	8:30 AM ZOOM	
JUNE 17		10:00 AM ZOOM							
JULY 15					9:00 AM TBD				
JULY 16		9:00 AM TBD							
CAJPA CONFERENCE – SEPTEMBER 21-24									
SEPT 27				8:30 AM TBD		10:30 AM TBD			
SEPT 29		1:00 PM TBD							
Nov 29	TBD								
ACWA CONFERENCE – NOVEMBER 30 – DECEMBER 3									

**DATES AND TIMES SUBJECT TO CHANGE