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**LIABILITY PROGRAM COMMITTEE MEETING**

**JULY 8, 2013**

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ACWA JOINT POWERS INSURANCE AUTHORITY  
Executive Conference Room  
2100 Professional Drive, Roseville, CA 95661  
(800) 231-5742

This meeting consisted of a simultaneous WebEx teleconference call at the ACWA Joint Powers Insurance Authority, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Groundwater - 11368 E. Stillwater Way, Redding, CA
- Murphy - 40524 Lakeview Drive, Big Bear Lake, CA
- Schwarm - 505 S. Vulcan Avenue, Encinitas, CA
- Van Wyk - 5469 E. Olive Avenue, Fresno, CA

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**MEMBERS PRESENT**

Chair: Melody McDonald, San Bernardino Valley Water Conservation District  
Vice Chair: David Hodgins, Scotts Valley Water District  
Paul Dorey, Vista Irrigation District  
Don Groundwater, Bella Vista Water District (via WebEx)  
Todd Murphy, Big Bear Municipal Water District (via WebEx)  
Jace Schwarm, San Dieguito Water District (via WebEx)  
Bob Van Wyk, Fresno Metropolitan Flood Control District (via WebEx)

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**MEMBERS ABSENT**

Gary Enos, Provident Irrigation District  
John Hoagland, Rancho California Water District

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**STAFF PRESENT**

Chief Executive Officer/Secretary: Walter "Andy" Sells  
Linda Craun, Administrative Assistant II  
Dick Damon, Director of Casualty Operations  
David deBernardi, Director of Finance  
John Haaf, Risk Management Manager  
Chimene Camacho Italia, Administrative Assistant II – HR (Recording Secretary)  
Dan Klaaf, Advisor  
Debbie Kyburz, Member Service Representative II  
Dianne Salvador, Workers' Compensation Claims Manager  
Patricia Slaven, Training Manager  
Sandra Smith, Employee Benefits Manager

Nancy Stangel, Director of Administration  
Dianna Sutton, Finance Manager  
Chuck Wagenseller, Cost Estimator/Risk Management Consultant  
Nidia Watkins, Member Services Representative II  
Bobbette Wells, Executive Assistant to the CEO

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#### ***OTHERS IN ATTENDANCE***

Eldon Boone, Vista Irrigation District  
William Deeb, AON  
Joseph Dion, Citrus Heights Water District  
E. G. "Jerry" Gladbach, Castaic Lake Water Agency  
W.D. "Bill" Knutson, Yuima Municipal Water District  
Charles Muse, Helix Water District  
Steven Ruettgers, Kern Water Agency  
Alex Tokar, AON

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#### ***WELCOME***

Chair McDonald welcomed everyone in attendance.

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

Chair McDonald called the meeting to order at 1:00 p.m. and announced that there was a quorum.

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#### ***EVACUATION PROCEDURES***

Mr. Sells briefly reviewed the building evacuation procedures.

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#### ***PUBLIC COMMENT***

Chair McDonald noted that, as the agenda stated, members of the public would be allowed to address the Liability 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.

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#### ***INTRODUCTION OF GUESTS***

Chair McDonald requested that the Committee members and JPIA staff in attendance introduce themselves.

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

No additions or deletions were noted.

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#### ***APPROVAL OF MINUTES***

Chair McDonald called for approval of the minutes of December 3, 2012.

M/S/C (Groundwater/Dorey) (Yes-6, No-0): That the Liability Program Committee approve the minutes of the December 3, 2012 meeting with correction noted.

## **REPORT ON MEETINGS ATTENDED ON BEHALF OF THE JPIA**

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Chair McDonald reported on attending the AON meeting held at Helix Water District on July 14. She also attended a 50-year employee anniversary at West Valley Water District.

## **MEMBERSHIP**

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### **New Members Approved or Under Consideration**

Mr. Damon provided a status of the JPIA membership. The Liability Program currently consists of 291 members with a total estimated annual payroll of \$477,983,267.

Four agencies joined the Liability Program since the last Committee meeting: Puente Basin Water Agency, Rural North Vacaville Water District, West Stanislaus Irrigation District and North County Joint Powers Authority.

Three agencies are currently under consideration: Lost Hills Water District, Phelan Piñon Hills Community Services District and South Tahoe Public Utilities District. Phelan Pinon Hills Community Services District was recently approved to enter our Liability, Property and Workers' Comp programs, however, they decided to stay with SDRMA.

### **Update on Letters to Withdraw/Rescind**

In accordance with Article 22 (d) of the Joint Powers Agreement, Westside Water District has advised the ACWA/JPIA of their intent to withdraw from the Liability Program effective October 1, 2013 and Laguna Irrigation District has advised the ACWA/JPIA of their intent to withdraw from the Liability Program effective October 1, 2014.

In accordance with Article 22 (d) of the Joint Powers Agreement, Alpaugh Irrigation District has rescinded their intent to withdraw from the ACWA/JPIA Liability Program effective October 1, 2014.

## **PROGRAM RENEWAL**

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### **Renewal of Excess Insurance Coverage**

The JPIA's Liability Program renews on October 1, 2013. The reinsurance/excess insurance for the Program renews on the same date. Currently, the excess insurance is placed in "layers" and is written on a per occurrence basis, with limits totaling \$60 million.

Aon, the JPIA's new insurance broker, was tasked with remarketing the excess insurance and presented the Committee with a quote for the 2013-2014 policy year. The carriers and structure of the quote mirrored the prior year; the pricing minus the premium rebate was \$83,000 less than the 2012-13 policy year premium. Due to time constraints (contracting with new broker and early date of meetings), Aon was not able to complete other quotes on time. Aon representatives in attendance stated they should have other options available in a few weeks.

The Liability Committee recommended that the Executive Committee approve the quote for excess insurance coverage, with authority for JPIA staff to negotiate further, and “not to exceed” the presented quote of \$3,667,327.

M/S/C (Hodgin/Dorey) (Yes-6,No-0): That the Liability Program Committee recommend that the Executive Committee approve the quote for excess insurance coverage, with authority for JPIA staff to negotiate further, and “not to exceed” the presented quote of \$3,667,327.

#### **LIABILITY RENEWAL PRICING**

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Mr. deBernardi reviewed the Liability Program renewal pricing. He presented the worksheets showing the funding requirements for the Liability Program.

Invoices for the 10/1/2013-14 policy year are due to be mailed to the members at the end of July. Payrolls for the 10/1/2013-14 policy year indicate an increase of approximately 3.03%. There is a decrease in the actuary-projected losses and the proposed excess insurance costs have slightly decreased.

Two options were presented for point of reference. The first option leaves the Ratio of Deposit Premium to Payroll unchanged with an anticipated distribution to the Retrospective Premium Adjustments (RPA), in the amount of \$2 million, that ultimately could be refunded to the districts. This first option results in a 3.03% increase in deposit premiums as a result of the members’ increase in payroll.

The second option reduces the Ratio of Deposit Premium to Payroll eliminating RPA and effectively passing on the lower anticipated losses via reduced Deposit Premiums Earned.

Staff recommended approval of the second option with \$3.166 billing rate subject to changes in the final excess insurance costs. The Committee expressed concern about having to increase rates in a year or two to make up the difference if the second option was adopted.

After much discussion, the Committee recommended that a third option be considered with a 5% reduction in rates for the policy year 2013-14.

M/S/C (Schwarm/Van Wyk) (Yes-6,No-0): That the Liability Program Committee recommend that the Executive Committee consider a rate reduction of 5% for the 2013 Liability renewal pricing.

#### **JPIA LOSS REDUCTION FOCUS**

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Mr. Haaf presented the Committee with the JPIA loss reduction focus program. A seven-year trend analysis of liability claims indicated the most frequent and costly losses came from auto, infrastructure, construction, and employment practices. The JPIA’s goal is to help the membership reduce the number and severity of these claims.

JPIA process improvement teams have begun evaluating the current methods used to influence member loss prevention practices. New approaches for assisting and encouraging members are also being considered and will be incorporated into, or added to, the list of current JPIA loss prevention services.

The effectiveness of the JPIA Loss Reduction Focus will ultimately rest in the ability to solicit the commitment of the membership to a culture of loss prevention excellence for the benefit of all.

***ANNOUNCE NEXT MEETING DATE***

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No meeting is scheduled for the remainder of the year.

The Liability Program Committee meeting adjourned at 2:40 p.m.