

Liability Program Committee Meeting



YOUR BEST PROTECTION

ACWA JPIA
2100 Professional Drive
Roseville, CA 95661

Thursday
September 24, 2026
3:00 PM

Chair: Scott Rattermann, Calaveras County Water District

Vice Chair: David Wheaton, Citrus Heights Water District

Brenda Dennstedt, Western Municipal Water District

Peter Kuchinsky, Vista Irrigation District

Sunny Lee, South Coast Water District

Marc Limas, Tulare Irrigation District

Kevin Phillips, Paradise Irrigation District

Jace Schwarm, San Dieguito Water District



LIABILITY PROGRAM COMMITTEE MEETING

AGENDA

ACWA JPIA
Executive Conference Room
2100 Professional Drive
Roseville, CA 95661

Thursday, September 24, 2026 – 3:00 PM

Zoom Link Meeting ID: 230 407 0027; Password: 5742; Telephone No.: 1 (669) 900-6833

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

- Dennstedt – 14205 Meridian Parkway, Riverside
- Kuchinsky – 1770 Wolverine Way, Vista
- Limas – 6826 Avenue 240, Tulare
- Schwarm – 505 South Vulcan Avenue, Encinitas

WELCOME, CALL TO ORDER, ANNOUNCEMENT OF QUORUM, AND INTRODUCTIONS

PLEDGE OF ALLEGIANCE

ANNOUNCE 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 Ralph M. Brown Act.

PUBLIC COMMENT Members of the public will be allowed to address the Liability 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 Chair know.

HYBRID PARTICIPATION GUIDELINES (See last page of the packet)

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Presenter

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A. Approve an Excused Absence for Any Committee Member

* B. Approve the Minutes of the May 4, 2026, Meeting

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* C. Legislative and Regulatory Advocacy Update

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II. ADMINISTRATION

A. Report on Meetings Attended on Behalf of the JPIA

III. LOSS REPORTS

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V. UPCOMING MEETING

Ratterman		A. Request for Future Agenda Items	
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Ratterman	*	B. Review Availability of Committee Members for the Next Liability Program Committee Meeting on June 24, 2027, at 1:00 PM	82
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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: Jillian Sciancalepore, Administrative Assistant III, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-JPIA. The JPIA's normal business hours are Monday – Friday, 7:30 AM to 4:30 PM (Government Code Section 54954.2, subdivision (a)(1)).

Written materials relating to an item on this Agenda that are distributed to the JPIA's Liability 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-JPIA. The JPIA's normal business hours are Monday – Friday, 7:30 AM to 4:30 PM.



Unapproved Minutes

LIABILITY PROGRAM COMMITTEE MEETING

Sheraton Grand Sacramento Hotel

1230 J Street

Sacramento, CA 95814

(916) 447-1700

May 4, 2026

MEMBERS PRESENT

Chair: Scott Ratterman, Calaveras County Water District

Vice Chair: David Wheaton, Citrus Heights Water District

Brenda Dennstedt, Western Municipal Water District

Peter Kuchinsky, Vista Irrigation District

Sunny Lee, South Coast Water District

Marc Limas, Tulare Irrigation District

Kevin Phillips, Paradise Irrigation District

MEMBERS ABSENT

Dennis Gambs, Zone 7 Water Agency

Jace Schwarm, San Dieguito Water District

STAFF PRESENT

Chief Executive Officer: Adrienne Beatty

Amber Anderson, Member Services Representative II

Erin Bowles, Workers' Compensation Claims Manager

Matt Bunder, Lead Risk Control Advisor

Chimene Camacho, Senior Executive Assistant to the CEO

Paula Christy, Claims Adjuster III

Sara Clonce, Workers' Compensation Examiner I

Sarah Crawford, Member Education Manager

Brian Davis, Claims Adjuster III

Laura Davis, Communication and Event Specialist

David deBernardi, Director of Finance

Adam Dedmon, Employee Benefits Manager

Tyler Dietz, Cost Estimator / Valuation Consultant

Michele Dye, Employee Benefits Specialist

Robin Flint, Risk Control Manager

Julia Griffin, Communication Specialist II

Jennifer Jobe, Deputy Executive Officer

Erik Kowalewski, Lead Information Technology Analyst

Paul Myers, Risk Control Advisor II

Joe Rumenapp, Information Technology Manager

Jeremy Sadler, Risk Control Advisor II

Heidi Sander, Claims Adjuster II

Jillian Sciancalepore, Administrative Assistant III (*Recording Secretary*)

Judy Shiu, Liability and Property Claims Manager
Kristin Smith, Workers' Compensation Examiner II
Heather Spain, Senior Workers' Compensation Examiner
Dan Steele, Finance Manager
Shelley Tippit, Claims Adjuster I
Kayla Villa, Litigation Manager
Lisa Waltman, Claims Adjuster III
Tony Waterford, Director of People and Culture
Nidia Watkins, Member Services Representative II

OTHERS IN ATTENDANCE

Melody McDonald, San Bernardino Valley Water Conservation District
J. Bruce Rupp, Humboldt Bay Municipal Water District
Carol Lee Gonzales-Brady, Rancho California Water District
Brent Hastey, Reclamation District 784
Chris Kapheim, Kings River Conservation District
Randall Reed, Cucamonga Valley Water District
Jennifer Hetzel, Aon, West Coast AB Leader
Kellie Murphy, Johnson Schachter & Lewis, A Professional Law Corporation, Interim General Counsel
Fred Bockmiller, Mesa Water District
Gary Bradford, Yuba County Water Agency
Anthony Cline, Rio Linda/Elverta Community Water District
Andrea Beth Damsky, Helix Water District
Anne DeJarnatt, North Coast County Water District
Debbie Dino, Palmdale Water District
Laurene Green, Zone 7 Water Agency
Viridiana Iguaran, Palmdale Water District
Scott Kellerman, Palmdale Water District
Jeff Kerns, Tuolumne Utilities District
Bob Kuhn, Chino Basin Watermaster and San Gabriel Basin Water Quality Authority
Kathy Mac Laren-Gomez, Antelope Valley State Water Contractors Association
Olivia Mann, Clearlake Oaks County Water District
Dan McMillan, Helix Water District
Natalie Ouwersloot, Foothill Municipal Water District
Wilson Orvis, Friant Water Authority
Elliott Prest, Paradise Irrigation District
Vera Robles DeWitt, Water Replenishment District of Southern California
Susan Saechao, San Luis Water District
Laures Stiles, San Luis & Delta-Mendota Water Authority
John Weed, Alameda County Water District and Bay Area Water Supply & Conservation Agency
Inki Welch, Rincon Del Diablo Municipal Water District
Robert Wichert, Sacramento Suburban Water District
Charles Wulff, Kern County Water Agency

WELCOME, CALL TO ORDER, ANNOUNCEMENT OF QUORUM, AND INTRODUCTIONS

Chair Ratterman welcomed everyone in attendance and called the meeting to order at 8:19 AM. Chair Ratterman then announced there was a quorum. He requested the Liability Program Committee, staff, and others in attendance introduce themselves.

PLEDGE OF ALLEGIANCE

Chair Ratterman led the Pledge of Allegiance.

EVACUATION PROCEDURES

Ms. Beatty gave the evacuation procedure instructions.

ANNOUNCEMENT OF RECORDING OF MEETING

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

PUBLIC COMMENT

Chair Ratterman 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 welcome. None were noted.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chair Ratterman asked for any additions to, or deletions from, the agenda. None were noted.

I. CONSENT AGENDA

Chair Ratterman called for approval of the Consent Agenda:

M/S/C (Phillips/Wheaton) (Dennstedt-Yes; Kuchinsky-Yes; Lee-Yes; Limas-Yes; Phillips-Yes; Wheaton-Yes; Ratterman-Yes): That the Liability Program Committee approve the minutes of the September 29, 2025, meeting, as presented; Approve an Excused Absence for Any Committee Member; Group Purchase Programs Update; and Membership Report.

II. ADMINISTRATION

Report on Meetings Attended on Behalf of the JPIA
None.

III. LOSS REPORTS

Introduction of New Liability Claims Manager and Review of General Liability Claims Trends

Ms. Jobe introduced Ms. Shiu, who was promoted to the Liability and Property Claims Manager in July 2025, and Ms. Villa to the Liability Program Committee and other attendees. Ms. Shiu then introduced her team in attendance.

Ms. Shiu presented data on non-litigated liability claims from 2016 through the current year, highlighting that both the 2022-23 and 2023-24 program years experienced a significant increase in claims volume, largely driven by heavy rainfall and storm events. She further explained that claim volume is like water moving through a controlled system. The pipeline functions well when each stage, from incident to intake of claim/reporting, to investigation/evaluation, and lastly resolution, is managed; however, delays, missing information, and disputes are the blockages that force claims off course. Over the last ten program years, roughly 92% of claims have been resolved pre-litigation, about 8% have escalated to litigation, and about 1% of those have proceeded to trial.

In addition, Ms. Shiu explained that risk increases when claims are reported late, investigations are incomplete, documentation is lacking, and liability/damages are disputed. Not all claims are preventable; however, many outcomes are influenceable. Categorizing litigated claims into preventable, mitigatable, and unavoidable reveals where intervention changes results.

Ms. Villa reviewed litigated claims over the past ten program years, noting that 283 have been closed and 78 are currently open; however, there are additional cases in which the defense panel is proactively providing support to the program's members. She noted that litigated claims routinely cost five to ten times more than non-litigated claim equivalents when defense fees and expert costs are included.

Ms. Villa informed the Committee that infrastructure failure claims, particularly those involving trips and falls over meter lids, continue to lead litigation. A contributing factor is that technology has replaced meter readers who previously identified damaged lids while walking through neighborhoods, and now there is heavy reliance on community members/ratepayers to inform our member agencies of these issues. Employment practices claims were found to be the second-highest claim type, rarely occurring, but almost always resulting in litigation. Lastly, auto liability claims are mostly resolved in the early stages by department staff; however, those with more catastrophic injuries and disputed liability over the bodily injuries do occur and have required litigation.

Ms. Shiu and Ms. Villa informed the Committee how to reduce risk by explaining that system strength comes from alignment of claims handling (faster reporting protocols, stronger investigation standards, and data-driven risk identification), litigation strategy (early collaboration with Counsel), and member agency practices (prompt agency response and documentation).

Additional conversation among the Committee centered on claims reporting timelines, required documentation, dashcams/telematics, wildfires, inverse claims, and business interruption losses.

IV. COVERAGE AND CONTRIBUTIONS

State of the Market

Jennifer Hetzel, West Coast AB Leader, Aon, informed the Committee that the casualty insurance market remains difficult due to rising losses, large nuclear verdicts, and litigation trends, with municipalities particularly impacted by reopened sexual abuse claims and more cases moving to federal court. This is driving higher insurance rates, reduced capacity for higher-risk entities, and increased reliance on international markets. Underwriters are becoming more cautious and asking more detailed questions, placing increased emphasis on JPIA's ability to demonstrate strong risk mitigation. There is growing scrutiny of risks such as PFAS, wildfire exposure, and microplastics, and without a solid risk management narrative, insurers are more likely to exclude coverage, often mandating PFAS exclusions. At the same time, municipal insurance capacity is tightening, with \$10 million limits now rare and \$5 million or less becoming the norm. Proactive communication, strong long-term carrier relationships, and a solid industry reputation have helped position the program favorably with underwriters. Strategic coverage structuring and the use of analytics and AI have further supported efforts to control and reduce insurance rate increases.

Liability Program Update and Renewal Strategy

Ms. Jobe provided an overview of the upcoming October 1 renewal, noting that the Liability Program remains stable with consistent participation of 350 members. JPIA continues to retain the first \$5 million of liability losses, deploys CWIF at the \$10M x \$10M layer, and maintains long-standing relationships with eight excess and reinsurance carriers.

In addition, Ms. Jobe noted that the broader liability insurance market remains selective, driven in part by rising litigation trends. The renewal strategy focuses on increasing market competition, differentiating the program from other public agencies, and preserving key insurer partnerships, even as some carriers reduce their presence in the public entity market. To address ongoing market reluctance, especially among insurers reluctant to underwrite California public entities, JPIA staff proactively engage with both current and prospective carriers. Tours of member water and wastewater facilities have previously been organized, providing carriers with a deeper understanding of JPIA's risk profile and demonstrating operational advantages as compared to other public entities. Ongoing relationship-building and education efforts aim to bolster carrier confidence, with the goal of securing better terms in the future, such as lower attachment points and greater coverage capacity.

Ms. Jobe and Ms. Beatty reported that the program is performing favorably compared to market trends. While the industry is experiencing double-digit rate increases, the program saw an approximate 3% increase in aggregate excess and reinsurance rates. This was viewed positively, particularly given a 6.5% increase in payroll exposure. Overall, the outlook for the upcoming renewal was described as positive.

General Liability Reto Update

Mr. deBernardi reviewed the Liability Program Funded Status chart, which compared program contributions to expenses over the last nine program years, noting that

differences are managed through the Retrospective Contribution Adjustment (RCA) process, which can result in additional charges or refunds. Most program years showed minimal variance due to prior adjustments, while other years showed larger gaps, particularly in 2019-20, when costs exceeded revenue due to multiple high-value claims. Overall, costs have trended upward, prompting corresponding increases in member contributions, with recent rate adjustments considered justified. A large, anticipated claim is also expected to affect program year 2025-26, though projections remain preliminary. Mr deBernardi noted that JPIA's captive, CWIF, is positively impacting negative loss development.

Ms. Beatty discussed the benefits of members who belong to multiple JPIA Programs, as it assists in their RCA process.

Further discussion amongst the Committee and attendees centered on the Liability CAT Fund, investment savings related to CWIF, and potential rate increases.

Experience Modifier (E-mod) Calculation Discussion

Mr. deBernardi outlined the purpose of the discussion: to gather Committee input on whether to explore alternative approaches to the e-mod formula. Mr. deBernardi explained that JPIA's current experience modification (e-mod) caps claim impact at \$75,000, meaning both a \$1 million claim and a \$75,000 claim have the same effect on calculations, while claims under \$15,000 are excluded. The formula uses three years of claims data and considers district size based on payroll, with larger members experiencing greater potential fluctuation in their modifier compared to smaller members. It was also noted that calculations are based on total incurred costs, which include both paid amounts and reserved funds set aside for claims.

Several adjustable variables were identified, including the number of claims used and the applicable time period, dollar-amount limits on claims (noting the current \$75,000 threshold has remained unchanged since the early 2000s), the potential implementation of minimum and maximum e-mod caps (floors and ceilings), and caps on year-over-year changes. He emphasized that any modification to the e-mod formula would redistribute costs among members rather than change the total amount collected; therefore, in the first year of the change some members could see significant positive or negative swings.

Additional discussion centered on reducing volatility, the anticipated effective date of any changes, providing potential floors and ceilings to the e-mod, and varying impact scenarios using real member data. The Committee also recommended phasing in any potential changes to minimize the impact on members.

V. UPCOMING MEETINGS

The Liability Program Committee is scheduled to meet next on Thursday, September 24, 2026, at 3:00 PM.

The Liability Program Committee meeting adjourned at 10:01 AM.

ACWA JPIA
Legislative and Regulatory Advocacy Update
September 24, 2026

BACKGROUND

The JPIA periodically participates in legislative and public policy advocacy on matters affecting public entity risk pooling, JPIA programs and coverages, insurance and self-insurance, and public entity risk management.

Since the Liability Program Committee's last meeting, JPIA has participated in several advocacy efforts involving issues of particular relevance to public agencies and the Liability Program.

CURRENT SITUATION

Recent advocacy activities include:

- **Wildfire Liability Reform.** In August, the Governor advanced a wildfire liability proposal that included potential limitations on public agency recovery when private electric utilities cause wildfires. The proposal raised concerns for public agencies and their risk pools because limitations on recovery could shift a greater portion of losses caused by utility-initiated wildfires to public entities and their insurers or risk pools. Because the proposal developed quickly and action was required before the next Executive Committee meeting, the CEO sought and received authorization from the Board President to oppose provisions limiting public agency recovery.

JPIA subsequently participated with a coalition of public agencies and risk-pooling organizations monitoring and responding to the proposal. Discussions evolved significantly during the closing weeks of the legislative session, including consideration of alternative proposals and negotiations involving utilities, insurers, and public agency interests. A significant issue for public agencies was preserving their ability to recover losses when public property and infrastructure are damaged by utility-caused wildfires. The Governor's original proposal did not ultimately advance as initially presented, and a separate wildfire compromise (SB 492) was considered - addressing other aspects of wildfire liability, utility accountability, and the State's Wildfire Fund – but did not ultimately pass.

- **CAJPA/Public Agency Liability Reform.** JPIA also participated through the California Association of Joint Powers Authorities (CAJPA) in advocacy concerning broader public agency liability reforms. During negotiations, proposals under discussion included changes to joint and several liability, claims involving childhood sexual assault, structured payment of damages, and other reforms intended to address public entity liability exposure.

The negotiations ultimately resulted in amendments to SB 577 – passed last year – containing several provisions affecting public entities. Among the reforms were changes applicable to certain childhood sexual assault claims against public entities, including heightened evidentiary requirements for specified claims; provisions allowing payment of certain judgments over time; and limitations on joint liability for economic damages in specified personal injury, property damage, and wrongful death cases when a public entity is determined to be 15% or less at fault. A proposed cap on damages, which had been a significant issue during negotiations, was not included in the final legislation.

JPIA's participation in this effort occurred through CAJPA and the broader public agency risk-pooling community. These types of collaborative advocacy efforts allow public entity risk pools to provide information regarding the potential impact of liability proposals on public agencies, claims costs, and the long-term availability and affordability of public entity risk financing.

- **SB 1001 – Water Utility Worker Identification Cards.** JPIA continues its co-sponsorship and advocacy in support of SB 1001, which would establish a statewide identification program to facilitate trained water utility workers' access to restricted areas during emergencies. JPIA's involvement reflects both the operational benefit to member agencies and the potential risk-management benefit to JPIA and its members. As presented to the Executive Committee when co-sponsorship was approved, more timely access following wildfires, earthquakes, storms, and other disasters may improve emergency response and continuity of operations and potentially reduce the frequency or severity of resulting losses.

JPIA has continued working with the bill's sponsors and other stakeholders as the proposal has progressed, including discussions regarding implementation and the practical considerations associated with development of a statewide credentialing program. JPIA's involvement provides an opportunity to bring the risk-management perspective of water agencies and the public entity pooling community into those discussions.

RECOMMENDATION

None, information only.

ACWA JPIA
Review of Claims Data
September 24, 2026

BACKGROUND

ACWA JPIA continues to review liability claim trends and the events that have the greatest impact on the Program. This report covers Program Years 2015-16 through 2025-26, using claim data through August 31, 2026. Program Year 2025-26 is still in progress and ends September 30, 2026, as such claim counts and costs will continue to increase.

CURRENT SITUATION

From Program Year 2015-16 through August 31, 2026, ACWA JPIA recorded 3,787 claims involving 6,829 claimant records. Total net incurred was about \$203.4 million. Although the number of claims stayed fairly steady from year to year, the total costs by program year changed greatly. Notably, the data reveals that a small number of large or complex events can have a major effect on a program year.

Large claims drive most costs. The largest 1% of claims made up about 56% of total net incurred. The largest 5% of claims made up about 82% of total net incurred. The 10 largest claims alone made up about 39% of overall total net incurred over the past 11 years. While most claims are routine, early attention to potentially serious/complex claims remains an important focus.

Infrastructure claims continue to remain the Program's largest ongoing exposure. Water line breaks, system or equipment failures, and maintenance claims together totaled about \$122.8 million, or about 60% of all total net incurred. Water line breaks were the largest category, with 859 claims, 2,024 claimant records, and about \$63 million in total net incurred.

One event can affect many people or properties. For example, in Program Year 2022-23, 434 claims resulted in 1,657 claimant records. On average, maintenance claims had 3.1 claimant records per claim, risk transfer and contracting claims had 2.8, and water line break claims had 2.4. These events require added coordination, investigation, and claim handling.

Claims that stay open longer tend to cost more. Employment practices claims are a good example. Retaliation claims remained open for a median of 762 days and discrimination claims for a median of 502 days, compared with 183 days for vehicle operations claims. Across the program years reviewed (2015-16 through 2025-26), retaliation claims generated about \$6.2 million in total net incurred losses, while discrimination claims generated about \$3.6 million.

Active litigated claims continue to be driven primarily by infrastructure-related claims, including water-main and pipe failures, flooding and property damage, alleged defects involving meter boxes and utility facilities, roadway conditions, sewer incidents, and canal-related exposures. Specifically, of the 87 files in active litigation, 44 relate to infrastructure failures. Employment matters also represent a significant portion of the inventory, with 21 active litigated matters that include allegations of retaliation, wrongful termination, discrimination, harassment, and whistleblower activity. Vehicle and construction matters are less numerous but remain important potential severity drivers, particularly where the allegations involve fatalities, significant bodily injury, or complex risk-transfer and tender issues.

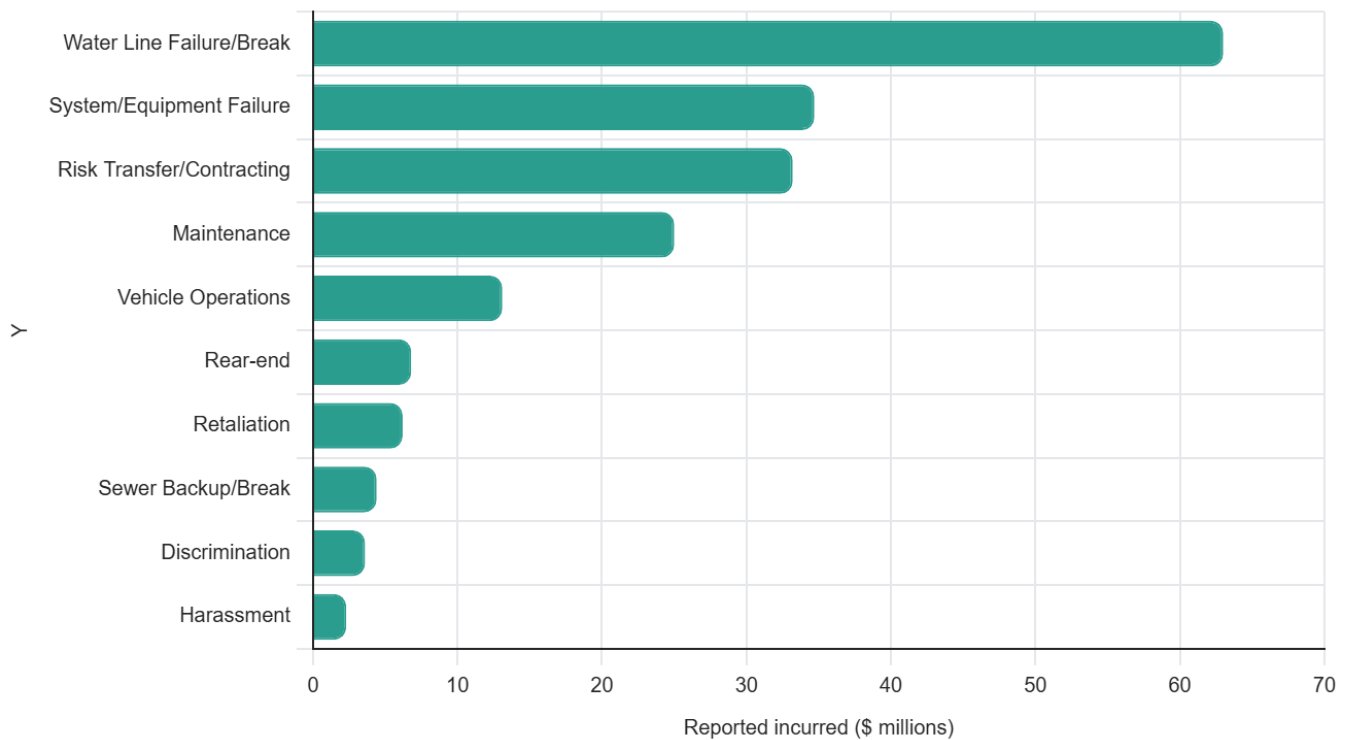
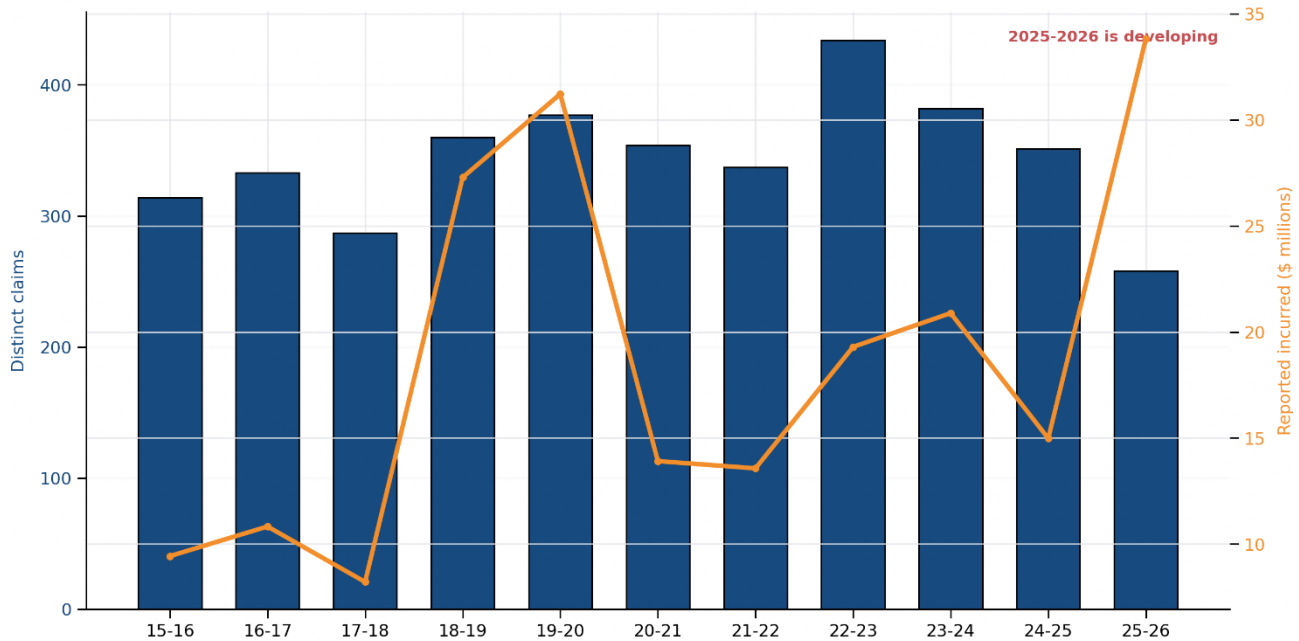
The active litigated matters are primarily concentrated in the 2022-23 through 2024-25 Program Years, with 2023-24 representing the largest group, although several older and complex matters remain pending. Staff will continue to focus on early exposure evaluation, reserve adequacy, opportunities for tender and contractual risk transfer, and the timely closure of matters that have settled or are awaiting dismissal or final judgment.

RECOMMENDATION

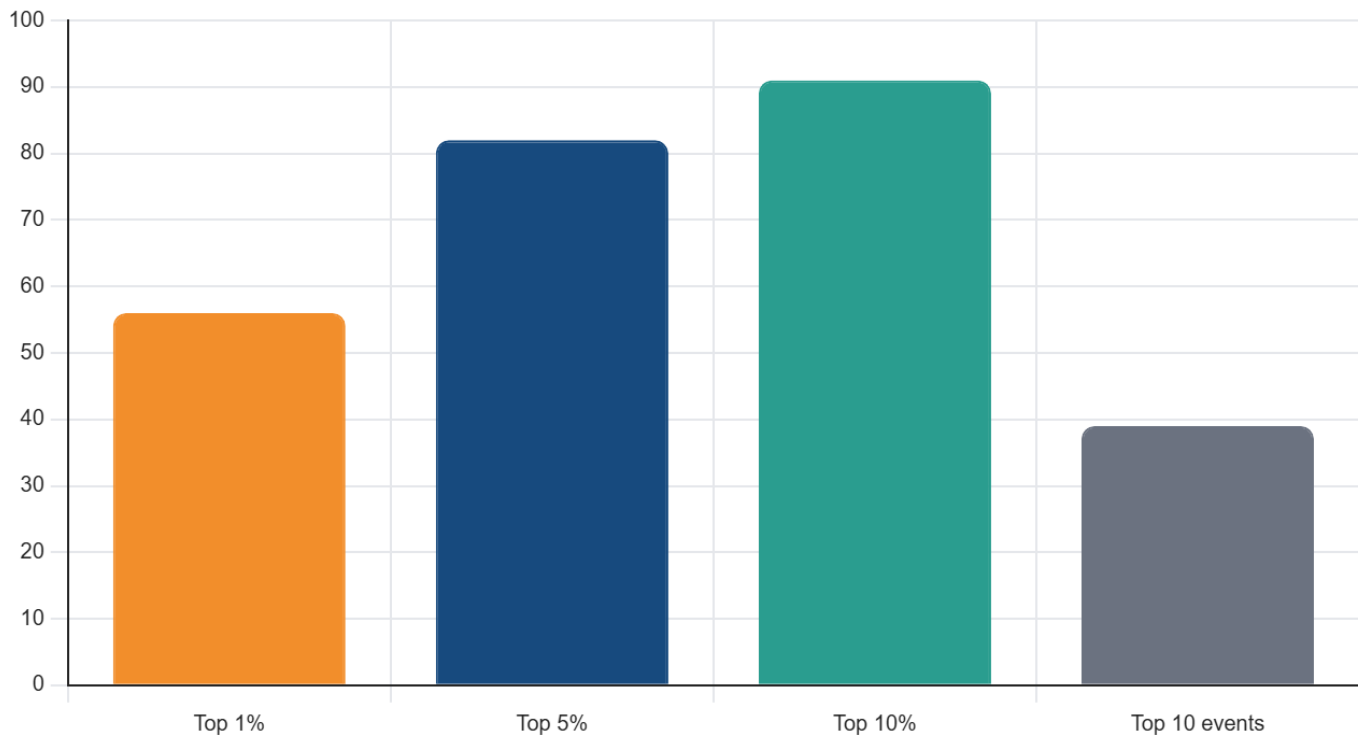
None, information only.

LIABILITY PROGRAM TRENDS (2015-16 THROUGH PRESENT)

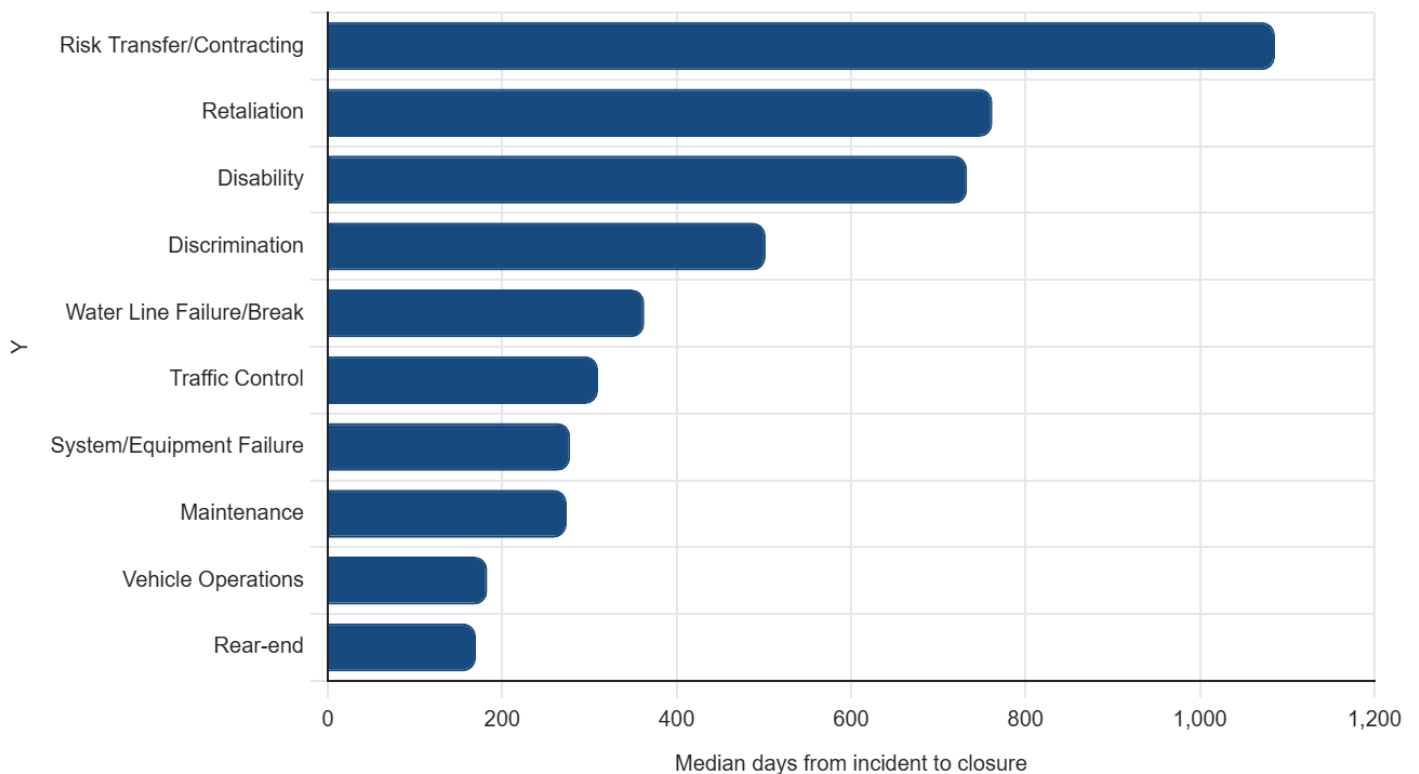
Claim Counts Were Relatively Stable, but Incurred Was Volatile



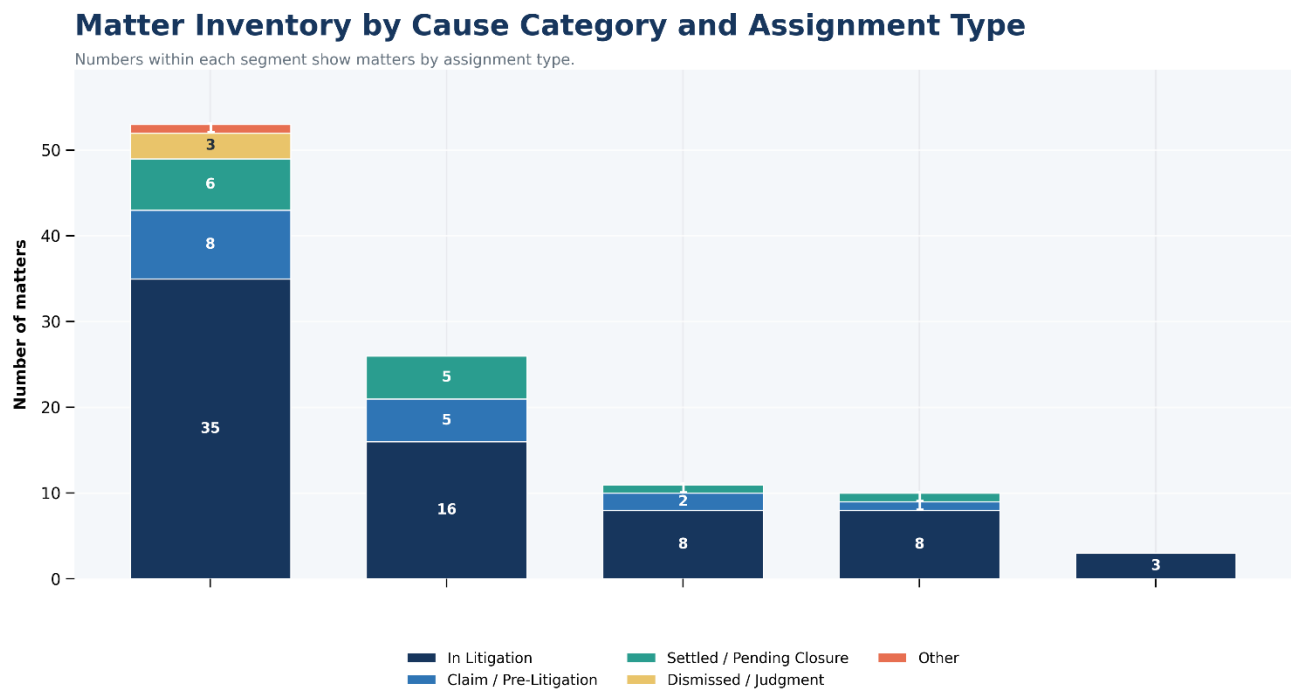
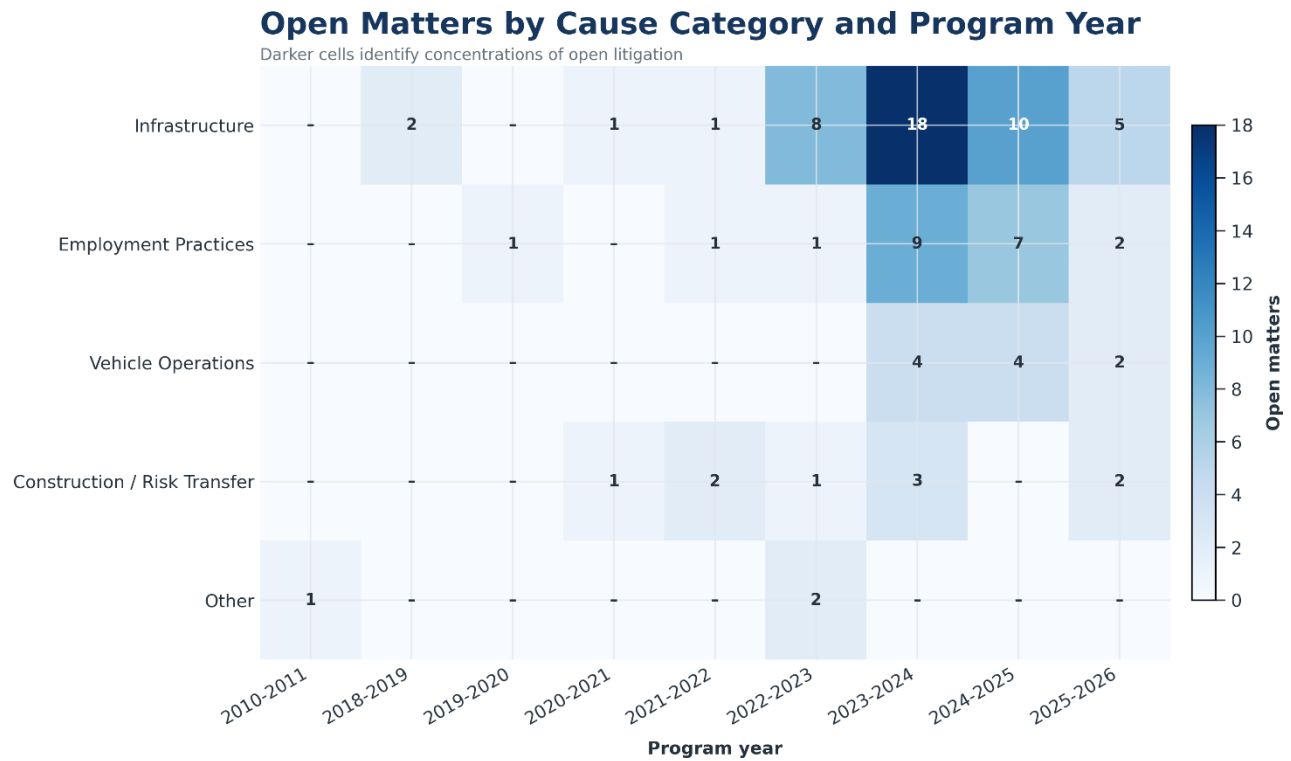
Top 10% of Claims Account for Over 90% of Total Net Incurred



Median Days Claims Remain Open from Date of Incident Through Closure



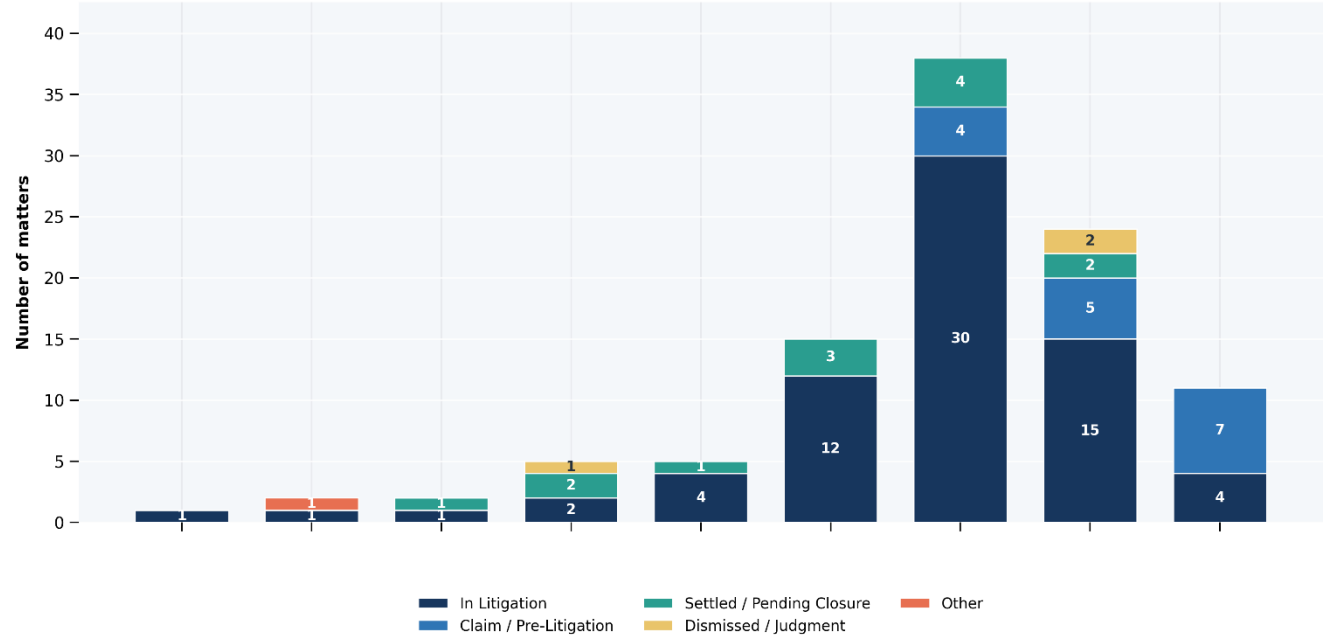
LITIGATED CLAIMS - ACTIVE MATTERS



Cause Category	Infrastructure	Employment Practices	Vehicle Operations	Construction / Risk Transfer	Other / Unspecified
Total Matters	53	26	11	10	3

Matter Inventory by Program Year and Assignment Type

Numbers within each segment show matters by assignment type.



Program Year	2010-2011	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Total Matters	1	2	2	5	5	15	38	24	11

ACWA JPIA
State of the Market Update
September 24, 2026

BACKGROUND

Aon has been JPIA's General Liability Broker since May of 2014.

CURRENT SITUATION

Jennifer Hetzel, West Coast AB Leader, Aon, will provide the Liability Program Committee with a State of the Market presentation and the effect upon upcoming renewals.

RECOMMENDATION

None, information only.

The Public Entity Market Update

Casualty market conditions, capacity and loss cost trends

Stabilized

Overall capacity vs. peak hard market

\$4B

Los Angeles County revive-statute
settlement

Firm

Underwriting discipline on high-severity risk

Discipline holds as capacity finds its footing

The public entity casualty market continues to navigate pressure from legal system abuse, escalating loss cost trends and shifting legislative landscapes. Capacity has stabilized against the peak of the hard market — but underwriting discipline has not loosened.

Highest-severity exposures under sustained underwriting focus

Law Enforcement

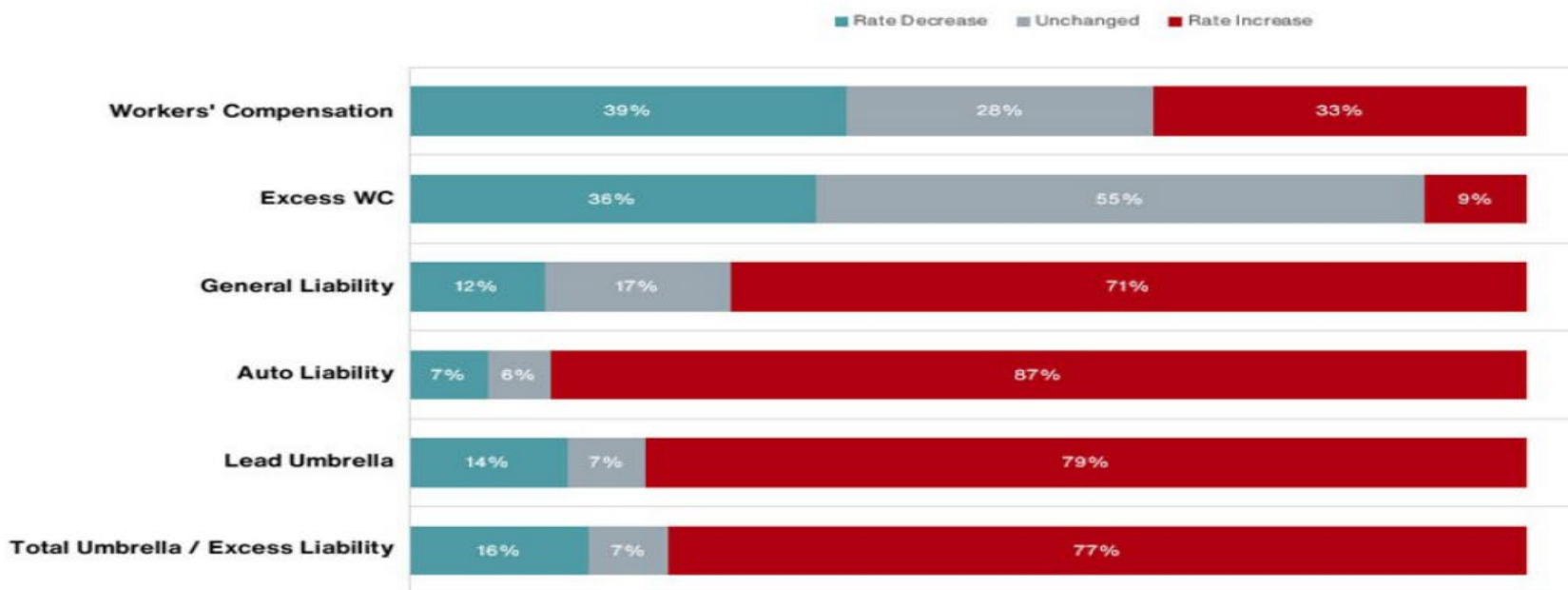
Severity-driven scrutiny and constrained appetite in the lead layer.

Street & Road Design

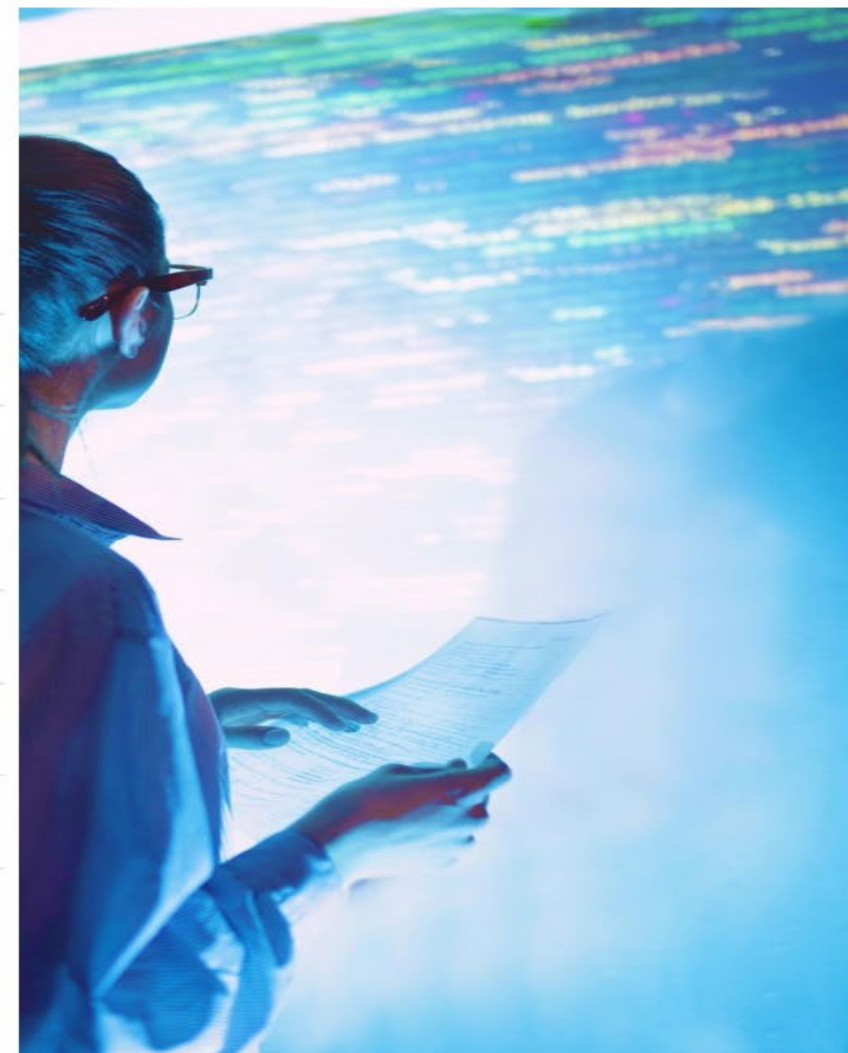
Persistent high-severity exposure under continued underwriting pressure.

SAM Claims

Juvenile detention and foster care programs remain the sharpest exposure.



AON



A thinner tower demands sharper structuring

01 Lead layer participation is narrowing

Fewer carriers are willing to sit in the lead layer, concentrating negotiating leverage in a smaller pool of markets.

02 Line sizes are shrinking

Deployed limits per carrier continue to compress, requiring more participants to assemble the same tower.

03 Excess markets are increasingly selective

Excess participants are screening harder on class, jurisdiction and loss history before committing capacity.

Implication: creative structuring and deliberate market positioning are now prerequisites for comprehensive coverage.

Verdicts, funding and reviver statutes

Nuclear verdicts

A significant driver of rising liability costs, concentrated in law enforcement and transportation-related claims.

Third-party litigation funding

Intensifies settlement pressure and makes claims resolution more costly and less predictable.

Reviver statutes

Staggering consequences for K-12 schools, municipalities and counties as time-barred claims are revived.

Severity, not frequency, is setting the pricing tone

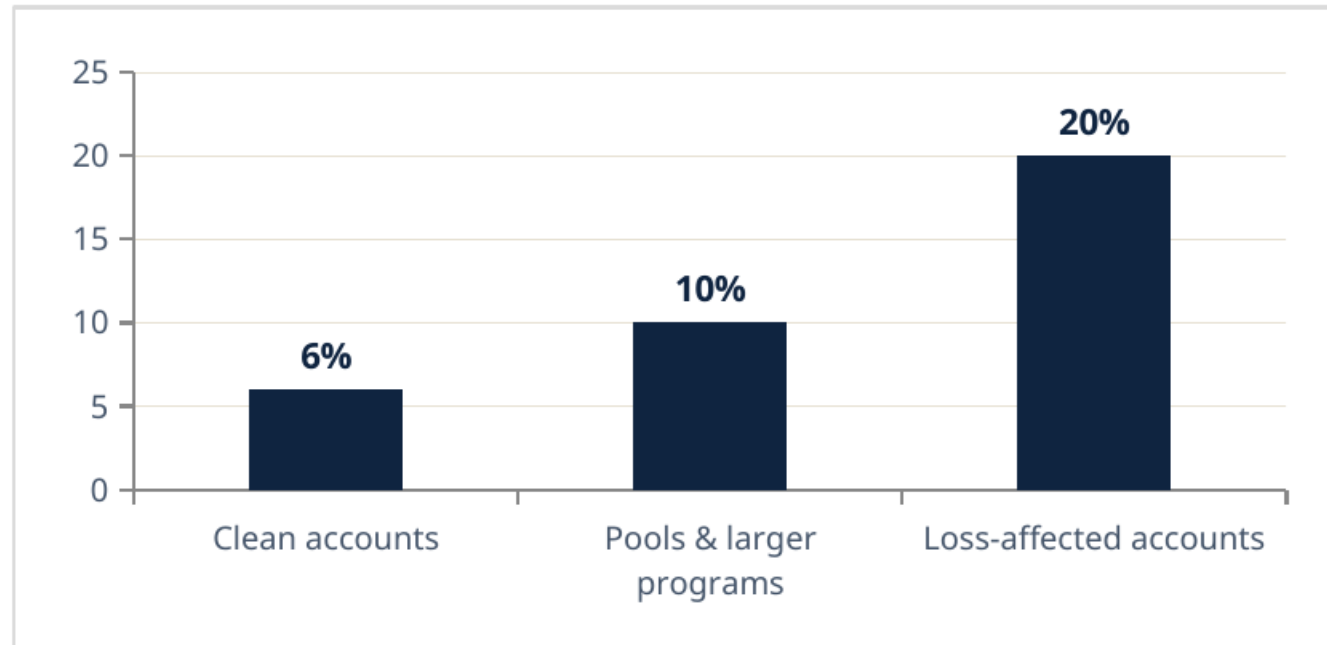
CASE IN POINT

\$4B

Los Angeles County's historic settlement, tied to thousands of claims across foster care, juvenile detention facilities and educational institutions.

Rate pressure eases, discipline holds

Typical rate increase at renewal



Upper end of typical ranges. Loss-affected outcomes vary by jurisdiction and claims history.

Clean accounts: 4% to 6%

Accounts with losses often face jumps of more than 20%, depending on jurisdiction and claims history.

Pools and programs: 8% to 10%

Larger programs show wider variation, averaging 8% to 10% even where carriers set lower targeted increases.

Loss-history windows have tightened

Where 10 years of experience once drove pricing models, many underwriters now weight the most recent three to five years — amplifying increases for deteriorating trends.

Historical pricing inadequacies are still being corrected, and carriers continue to lean heavily on credible, recent loss experience.

ACWA JPIA
2027-28 Experience Modifier (E-mod) Calculation Revision Options
September 24, 2026

BACKGROUND

As part of the annual billing process, each member is determined an experience modifier (“e-mod”). The e-mod adjusts each member’s billed amount, either increasing or decreasing it based on claims experience. The e-mod is intended to incentivize strong risk management practices and reduce claims that could negatively impact future billing.

The Liability Program e-mod has remained unchanged for over 20 years. In May 2026, during the Spring Membership Summit, staff presented to the Committee various options and factors to consider if the e-mod were to be changed. The Committee expressed a desire to consider some of the changes discussed in the last meeting.

In that meeting some of the significant factors affecting the e-mod discussed were:

- Number of program years used for claims
- Limit amount per claim that impacts the calculation
- Volatility of the e-mods from year to year
- Size of members

CURRENT SITUATION

Staff will present findings with proposed e-mod changes. After walking the Committee through these changes, staff will provide a recommendation.

Any approved changes are intended to be effective with the 2027-28 Program Year. Throughout the 2026-27 Program Year staff will communicate with the membership to ensure they are aware of the upcoming changes and potential impacts to their member contributions well in advance of the 2027-28 renewal.

RECOMMENDATION

That the Liability Program Committee recommend that the Executive Committee approve changes to the e-mod calculation, effective October 1, 2027.

ACWA JPIA
2026-27 General Liability Memorandum of Coverage (MOC)
September 24, 2026

BACKGROUND

Staff annually reviews the MOC to identify any recommended changes and ensure the coverage continues to appropriately reflect the Program's operations and exposures. Any recommended changes are presented to the Liability Program Committee for review and consideration.

The Liability Program provides up to \$55 million in coverage. JPIA retains the first \$5 million of each occurrence, with reinsurance providing limits above the JPIA's retained layer.

CURRENT SITUATION

Staff completed the annual review of the MOC in preparation for the October 1, 2026, renewal. No significant changes to the existing coverage structure are proposed.

Separately, staff continues to address an emerging issue related to changes in member operations and the resulting impact on the JPIA's liability exposure. Section II – Coverage currently requires members to report new activities or services to the JPIA at least 60 days before commencing operations. As member operations evolve, substantive changes can significantly alter a member's exposure. This may occur when a member with historically limited operations transitions into a more fully operational agency, or when an established operating member assumes new or expanded responsibilities that materially change its existing exposure.

Staff is addressing this issue on multiple fronts, including discussions with the Executive Committee and Board of Directors regarding timely notification of operational changes and the JPIA's ability to appropriately evaluate resulting exposures, coverage considerations, and contributions. Those discussions will also help inform future member communication and education efforts.

As that work progresses and any related process changes are implemented, corresponding revisions to the MOC may be appropriate. Staff anticipates bringing any recommended MOC revisions forward as part of the 2027-28 renewal process.

The MOC incorporates annual programmatic updates, including coverage dates and the reinsurance coverage structure.

RECOMMENDATION

That the Liability Program Committee recommend that the Executive Committee approve the 2026-27 Liability Program Memorandum of Coverage, as presented, effective October 1, 2026.

MEMORANDUM OF LIABILITY COVERAGE

For The

Association of California Water Agencies
Joint Powers Insurance Authority

DECLARATIONS

FORM NUMBER: MOLC-10012~~65~~

MEMBER AGENCY: Member Agency

MAILING ADDRESS: P.O. Box 123
Anytown, CA 95432-0123

COVERAGE PERIOD: October 1, 202~~65~~ to October 1, 202~~76~~
12:01 A.M. Pacific Standard Time

LIMIT OF LIABILITY: \$5,000,000 per occurrence

Signed by: _____
(Authorized Representative)

Date:

MEMORANDUM OF LIABILITY COVERAGE

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

MEMORANDUM OF LIABILITY COVERAGE

FORM NO. MOLC-1001265

This is a **Memorandum** of understanding between all of the **Member Agencies** of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), a California public entities risk pool operating under Sections 990.4 and 990.8 of the Government Code and other provisions of law. The purpose of this **Memorandum** is to set forth the terms on which the ACWA JPIA's **Member Agencies** have agreed to pool certain third-party liability risks among their membership, and have agreed to purchase excess liability insurance (or reinsurance) above the limit of coverage provided by the **Member Agencies'** pooled funds. This **Memorandum** shall be applied according to the principles of contract law, giving full effect to the intent of the **Member Agencies** of the ACWA JPIA in adopting this Memorandum of Liability Coverage. None of the parties to the Memorandum are entitled to rely on any contract interpretation principle which would require the interpretation of ambiguous language against the drafter of an agreement. The **Member Agencies** participating in the pool understand and acknowledge that their risk-pooling arrangement governed by this **Memorandum** is not insurance nor is it subject to regulation under the Insurance Code. As the ACWA JPIA is not an insurer, it has no obligation to issue reservation of rights letters, nor does it have any obligation to provide *Cumis* counsel to a **Covered Party** in a disputed coverage situation, as an insurer might have under Civil Code Section 2860.

Throughout this **Memorandum**, words and phrases that appear in bold have special meaning. They are defined in Section I - Definitions. Words that appear in CAPITAL LETTERS have reference to the like titled section in the **Memorandum**.

Neither the terms nor conditions of this **Memorandum** may be changed, except by addendum issued by us to become part of this **Memorandum**.

In consideration of the premium paid by the **Member Agency**, and subject to all terms and conditions herein, the **Authority** and the **Member Agency** agrees as follows:

SECTION I - DEFINITIONS

Administrative Relief means a non-judicial remedy provided by an agency, board, commission or any other like organization.

Aerial application means the delivery of herbicides and/or pesticides by use of an agricultural **aircraft** including but not limited to airplanes, helicopters, and/or **unmanned aircraft**.

Aircraft means a vehicle designed for the transport of persons or property principally in the air.

Authority means the Association of California Water Agencies Joint Powers Insurance Authority.

Automobile means a land motor vehicle, trailer or semi-trailer.

Bodily injury means physical injury, sickness, disease, or emotional distress sustained by a person, including death resulting therefrom, and also includes care and loss of services by any person or persons.

Claim(s) means a demand for money. An Employment Practice claim is deemed to exist upon first notice from the Civil Rights Department and/or Equal Opportunity Commission.

Covered Party means any person or entity set forth in Section IV of this **Memorandum**.

Cyber Liability means any liability arising out of or related to the acquisition, storage, security, use, misuse, disclosure, or transmission of electronic data of any kind, including, but not limited to, technology errors and omissions, information security and privacy, privacy notification cost, penalties for regulatory defense or penalties, website media content, disclosure or misuse of confidential information, failure to prevent unauthorized disclosure or misuse of confidential information, improper or inadequate storage or security or personal or confidential information, unauthorized use, unauthorized access to computer systems containing confidential information, or transmission or failure to prevent transmission of a computer virus or other damaging material.

Dam means any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which either: (a) is 25 feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not

across a stream channel or watercourse, to the maximum possible water storage elevation; or (b) has an impounding capacity of 50 acre-feet or more.

Any such barrier which is not in excess of 6 feet in height, regardless of storage capacity, or which has a storage capacity not in excess of 15 acre-feet, regardless of height, shall not be considered a **dam**.

No obstruction in a canal used to raise or lower water therein or divert water therefrom, no levee, including but not limited to, a levee on the bed of a natural lake the primary purpose of which levee is to control floodwaters, no railroad fill or structure, tank constructed of steel or concrete or of a combination thereof, no tank elevated above the ground, and no barrier which is not across a stream channel, watercourse, or natural drainage area and which has the principal purpose of impounding water for agricultural use shall be considered a **dam**. In addition, no obstruction in the channel of a stream or watercourse, which is 15 feet or less in height from the lowest elevation of the obstruction and which has the single purpose of spreading water within the bed of the stream or watercourse upstream from the construction for percolation underground shall be considered a **dam**.

Regardless of the language of the above definition, however, no structure specifically exempted from the jurisdiction of the State of California Department of Water Resources, Division of Safety of Dams, shall be considered a **dam**, unless such structure is under the jurisdiction of any agency of the Federal Government.

Damages means monetary compensation legally recoverable from a **Covered Party**, for past injury caused to a claimant by the unlawful acts or omissions of said **Covered Party**, except for the following:

1. Punitive or exemplary damages, statutory multiples of damages, civil fines or penalties, or any other liability over and above actual damages, by whatever name called, irrespective of whether the **Covered Party's** governing board has taken any action or passed any resolution electing to pay such damages;
2. Criminal fines or penalties;
3. Back-pay awards or any other restitutive relief awarded to compensate a claimant for services rendered to, or financial benefit otherwise conferred upon, a **Covered Party**; and any FLSA Wage and Hour or any CA Wage Order or any similar

Federal or State law claims or suits against, either the **Member Agency** or **Covered Party**; and

4. Injunctive and/or **Administrative Relief**.

Defense costs means reasonable fees charged by an attorney appointed by the **Authority** to defend the **suit** and all other reasonable fees, costs and expenses attributable to the investigation, defense or appeal of a **suit** that is within the scope of coverage afforded by this **Memorandum**, and that has been, and remains, duly tendered to the **Authority** for defense and indemnity under this **Memorandum**, except salaries of employees of the **Covered Party**, the office expenses of the **Member Agency**, and expenses of any claims servicing organization the **Member Agency** has engaged.

Employee means any person whose labor or services is engaged and directed by a **Covered Party**, whether past or present, including a volunteer, official, or applicant for employment. This includes part-time, seasonal, and temporary labor or services, as well as any person employed in a supervisory, managerial, or confidential position. **Employee** shall not include leased employees, independent contractors or subcontractors, agents, or servants of any **Covered Party**, unless the **Covered Party** has the right to and does control and direct the details of their work rather than the result of that work. **Employee** also shall not include spouse, child, unborn fetus, parent, brother, or sister of the **employee**.

The exclusion of independent contractors or subcontractors from the definition of **employee** shall not apply to a **claim** for sexual harassment specifically authorized under California Government Code 12940(j)(4) and (5).

Employment Practices Liability means liability of the **Covered Party** for compensatory damages payable to any prospective, present or former **employee** on account of a violation by **Covered Party** of any federal or state **Employment Liability Statute** or conduct held to be in violation California public policy, arising from:

1. Refusal to employ such person; or
2. Termination of such person's employment; or
3. Coercion, discrimination, retaliation, harassment, demotion, reassignment, discipline or other employment-related practice, policy, act or omission, provided such practice policy act omission does not include the willful commission of a crime or intentional infliction of **bodily Injury**.

Liability to the **employee** shall include liability to any spouse for economic damages or emotional distress incident to any of the acts 1 through 3 above. **Employment Practices** Liability excludes anything not enumerated above, specifically excluding liability for breach of any employment contract, including without limitation any liability for lost wages and interest thereon, prejudgment interest, salaries, bonuses, stipends, expenses, overtime, retirement, medical or disability benefits, back pay, or any severance or other amount payable as a result of and arising from any of the enumerated offenses, 1 through 3 above.

Employment Liability Statute shall include the following:

Title VII of the Civil Rights Act of 1964 and amendments thereto; the Americans with Disabilities Act; the Age Discrimination in Employment Act; the Equal Pay Act; the Pregnancy Discrimination Act of 1978; the Immigration Reform Control Act of 1986; the Family and Medical Leave Act of 1993; the Genetic Information Nondiscrimination Act of 2008; the Health Insurance Portability and Accountability Act of 1996; the California Fair Employment and Housing Act; and any California or Federal statute to the extent it proscribes the same conduct.

Hired automobile means an **automobile** used under contract on behalf of, or loaned to, the **Member Agency**, provided such **automobile** is not owned by or registered in the name of the **Member Agency** or an **employee** or authorized volunteer of the **Member Agency**.

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 Liability Program.

Member Agency's product means any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by the **Member Agency** or by others trading under its name, including, but not limited to, domestic water, agricultural water, recycled water, waste water, or electricity. Member Agency's product also includes containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

Memorandum means this document, the MEMORANDUM OF LIABILITY COVERAGE.

Nuclear material means source material, special **nuclear material**, or byproduct material. "Source material," "special **nuclear material**," and "byproduct material"

have the meanings given to them by the Atomic Energy Act of 1954 or in any law amendatory thereof.

Occurrence means:

1. With respect to the **bodily injury, property damage, or sudden and accidental pollution**: an accident, including continuous or repeated exposure to substantially the same generally harmful conditions, which results in **bodily injury** or **property damage** neither expected nor intended from the standpoint of the **Covered Party**.

All allegations by the same injured party in the same claim shall be considered one **occurrence** for the purpose of the Limit of Coverage, and such **occurrence** shall be deemed to exist on the date of the alleged first act, policy, or conduct, in the event of an allegation of multiple acts, policies, or course of conduct.

Property damage that is the loss of use of tangible property not physically injured shall be deemed to occur at the time of the **occurrence** that caused it.

2. With respect to **personal injury** and **Public Official's errors and omissions** respectively: an offense described in the definition of those terms in this **Memorandum**.
3. With respect to **Employment Practices Liability**: an act, policy, or course of conduct by a **Covered Party** during the coverage period which results in a claim for wrongful employment if the first act, policy or course of conduct occurred during the coverage period.

All allegations by the same **employee** in the same claim shall be considered one **occurrence** for the purpose of the Limit of Coverage, and such **occurrence** shall be deemed to exist on the date of the alleged first act, policy, or conduct, in the event of an allegation of multiple acts, policies, or course of conduct.

Owned automobile means an **automobile** owned by or under long term lease to the **Member Agency**.

Personal Injury means: (a) false arrest, malicious prosecution, or willful detention; (b) libel, slander or defamation of character; (c) invasion of privacy; (d) wrongful entry or eviction, or other invasion of the right of private occupancy; (e) assault and battery; and (f) discrimination or violation of civil rights prohibited

by law or violation of federal civil rights laws, not intentionally committed by or at the direction of a **Covered Party**.

Pollutants means any solid, semi-solid, noise, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, mists, fumes, acids, alkalis, chemicals, biological and other etiologic agents or materials, genetically engineered materials, teratogenic, carcinogenic and mutagenic materials, waste materials, and any irritant or contaminant. Waste material includes materials which are intended to be or have been recycled, reconditioned or reclaimed.

Pollutants does not include domestic water, agricultural water, recycled water, waste water, or water furnished to commercial users, nor include waterborne asbestos.

Products hazard includes **bodily injury** or **property damage** arising out of the **Member Agency's products** or reliance upon a representation or warranty made at any time with respect thereto, but only if the **bodily injury** or **property damage** occurs away from premises owned by or rented to the **Member Agency** and after physical possession of such **Member Agency's products** has been relinquished to others.

Property damage means physical injury to or destruction of tangible property, including the loss of use thereof at any time resulting therefrom; or loss of use of tangible property which has not been physically injured or destroyed.

Public Official's errors and omissions means any and all breaches of duty by any **Covered Party** arising from mistake, misstatement, misleading statement, error, neglect, inadvertence, omission or negligent action or inaction, in the discharge of his/her duties for the **Member Agency** including service with any other entity at the direction of any **Member Agency**, except for the following:

1. Willful commission of crime or other dishonest, fraudulent or malicious act;
2. Obtaining financial gain to which the **Covered Party** is not legally entitled;
3. Faulty preparation or approval of maps, plans, reports, surveys, designs, bid documents, or specifications unrelated to the operations of a **Covered Party**; but this exception does not apply to reports provided to any other water purveyor or to services provided by a **Covered Party** for another **Covered Party**; or

4. Adoption or administrative application of any ordinance, resolution or regulation.

Sexual Abuse or Molestation means any actual or alleged negligent or intentional act, error or omission, amounting to or resulting in sexual abuse or molestation or threatened sexual abuse or molestation of any minor.

Subsidence shall mean earth movement including, but not limited to, landslide, mudflow, earth sinking, earth rising or earth shifting.

Subsidiary shall mean a public entity that is wholly or partially owned and controlled by a **Member Agency**. The **Member Agency** typically has the same Board of Directors as the subsidiary and those Board members are the same as the **Member Agency** not independently elected. The **Member Agency** makes all decisions over the subsidiary's operations and decision-making processes. The subsidiary operates as a separate legal entity but is subject to the control and influence of the **Member Agency**.

Sudden and accidental pollution means the sudden and accidental discharge, dispersal, release, or escape of **pollutants**, resulting in **property damage** or **bodily injury** neither expected nor intended from the standpoint of the **covered party**, onto or upon land, into the atmosphere, into or under the ground, or into any watercourse, whether natural or man-made, or body of water or aquifer, but does not include any discharge, dispersal, release, or escape of **pollutants**, whether sudden or accidental or gradual or intentional from any fixed or stationary contained, vessel, or tank of any description whatever, when located above ground or underground.

Suit(s) means a civil proceeding in which **damages** are alleged because of **bodily injury, property damage, personal injury, or Public Official's errors and omissions** to which this **Memorandum** applies. **Suit** includes:

1. An arbitration proceeding in which such **damages** are claimed and to which a **Covered Party** must submit or does submit with the consent of the **Authority**; or
2. Any other alternative dispute resolution proceeding in which such **damages** are claimed and to which a **Covered Party** submits with the consent of the **Authority**.

Terrorism means an act, including but not limited to the use of force or violence and/or 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.

Ultimate net loss means the sum actually paid or payable in cash in the settlement or satisfaction of **claims** or **suits**, for which the **Covered Party** is liable either by: (1) adjudication, or (2) compromises with the written consent of the **Authority**, after making proper deduction for all recoveries and salvages collectible, and includes **defense costs**, court costs and interest on any judgment or award, but excludes all unallocated loss adjustment expenses and all salaries of employees and office expenses of the **Covered Party** and **Authority**.

Unmanned Aircraft means an **aircraft**, aerial system or device that is not designed, manufactured, or modified after manufactured to be controlled directly by a person from within or on the **aircraft**, aerial system or device.

Weapon means an instrument that in the manner it is used, or intended to be used, can produce death or serious bodily injury, and includes but is not limited to: any pistol, rifle, gun, or other device capable of expelling or propelling one or more projectiles by the action of an explosive, combustible propellant, or compressed air; baton, bow or crossbow, arrow, knife, mace, stun gun, sword, or chemical spray.

SECTION II – COVERAGE

The **Authority** shall pay on behalf of any **Covered Party** the **ultimate net loss** which that **Covered Party** shall become legally obligated to pay to a third party by reason of liability (1) imposed by law, or (2) assumed by contract, for **damages** because of:

1. **Bodily Injury** Liability;
2. **Property Damage** Liability;
3. **Public Official's Errors and Omissions** Liability;
4. **Personal Injury** Liability; or
5. **Employment Practices** Liability

to which this **Memorandum** applies, caused by or arising out of an **occurrence** during the coverage period.

This coverage applies only to claims for **damages** caused by an **occurrence**, for damage or injury. The occurrence causing the injury or damage, regardless of the discovery of the injury or damage must take place during the coverage period of this **Memorandum**, and then only if, prior to the first day of the coverage period of this **Memorandum**, no person or party authorized by any **Covered**

Party to give or receive notice of an **occurrence** or claim knew that the injury or damage had occurred, in whole or in part. If such an authorized person or party knew, prior to the first day of the coverage period of this **Memorandum**, that the injury or damage had occurred, then any continuation, change or resumption of such injury or damage during or after the coverage period of this **Memorandum** will be deemed to have been known prior to the coverage period. Injury or damage will be deemed to have been known to have occurred at the earliest time when any person or party authorized by any **Covered Party** to give or receive notice of an **occurrence** or **claim**: (1) reports all, or any part, of the injury or damage to the **Authority** or to any other risk pool, any insurer, or any other indemnitor; or (2) receives a written or verbal demand or **claim** for **damages** because of the injury or damage; or (3) becomes aware by any other means that injury or damage has occurred or has begun to occur.

This coverage applies only to **claims** for **damages** arising out of those activities the **Member Agency** was engaged in at the inception date of this **Memorandum**, and not to **claims** arising out of any activity or service which the **Member Agency** added to its operations after the inception date of this **Memorandum**, unless such new activity or service is reported by the **Member Agency** to the **Authority** at least 60 days prior to commencing the new activity or service.

Coverage for claims arising out of any activity or service in any way related to a consolidation, merger, or acquisition of operations requires concurrence of the **Authority**. The **Member Agency** must report any new service or activity to the **Authority** at least 60 days prior to the effective date of the new activity or service. The **Member Agency's** notice to the **Authority** must include comprehensive information including any changes to payroll and/or total insured values. Without the approval from the **Authority**, any and all losses will not be covered.

This coverage does not apply to **claims** for **damages** which are either expected or intended by the **Covered Party**.

Any increase in the **Member Agency's** exposure with regard to levee maintenance, hydroelectric generation, fire, police or ambulance services must have prior approval of the Executive Committee in order to have coverage under this **Memorandum**.

Coverage for Class III events/activities requires the concurrence of the **Authority**. Without the approval from the **Authority**, any and all losses stemming from the event will not be covered.

Coverage for the following types of events/activities will not be granted by the **Authority** unless approved by the Executive Committee:

- Swimming Pools
- Water Parks
- Water Playgrounds – not including splash pads
- Water Slides

SECTION III – LIMIT OF LIABILITY

Regardless of the number of (1) **Covered Parties** under this **Memorandum**, (2) persons or organizations who sustain injury or damage, or (3) **claims** made or **suits** brought, the **Authority's** liability for the **ultimate net loss** for any one **occurrence** shall be the greater of:

1. \$5,000,000 Aggregate. Any one **occurrence**, arising out of **bodily injury, property damage, Public Official's errors and omissions, personal injury or Employment Practices Liability**, or any combination thereof; or
2. The total limit for all **Covered Parties** provided by any purchased excess insurance or reinsurance, subject to the **Authority's** ability to recover from those excess insurers or reinsurers.

SECTION IV –WHO IS COVERED

Each of the following is a **Covered Party** to the extent set forth below:

1. The **Member Agency** and any subsidiary or special district or agency totally governed by the **Member Agency**;
2. Any director of the **Member Agency** while acting within the course and scope of his/her duties;
3. Any **employee** or authorized volunteer of the **Member Agency** while acting within the course and scope of his/her duties; and
4. Any party designated in the foregoing paragraphs 1 through 3 while acting within the course and scope of his/her duties with respect to the use of an **automobile** not owned by the **Member Agency** and then only excess over any other insurance specifically insuring said **automobile**. Any person while using any **owned** or **hired automobile** and any person legally responsible for the use thereof,

provided the actual use of the **automobile** is with the permission of the **Member Agency**.

SECTION V - DEFENSE OF THE MEMBER AGENCY

On causes of action covered by this **Memorandum** and only those causes, the **Authority** shall have the right and duty to defend any **suit** against any **Covered Party**, even if all allegations are groundless, false or fraudulent. The **Authority** may make such investigations, negotiations or settlement of any **claim** or **suit** as it deems expedient. The **Authority** shall not be obligated to pay any **claim** or judgment or to defend any **suit** after any of the **Authority's** limits of liability have been exhausted.

The **Authority** shall have no duty to defend any **suit** against a **Covered Party**, nor to pay any costs or expenses incurred by any **Covered Party**, at any time before the **suit** is tendered to the **Authority**, nor shall the **Authority** have any duty to pay any costs or expenses incurred by any **Covered Party** at any time after the **Covered Party** withdraws its tender of the **suit** to the **Authority** for any reason.

With respect to any covered claim or suit against the **Covered Party**, the **Authority** shall select and assign counsel to defend the **Covered Party(s)** against the claim or suit. The **Authority** will consider the wishes of a **Covered Party** with respect to the assignment of counsel; however, the **Authority** retains the sole right to make the assignment of counsel. If the **Covered Party** refuses to be defended by the counsel assigned by the **Authority** then this **Memorandum** shall not provide any defense or indemnity to such **Covered Party** for such claim or suit, and the **Authority** shall not be required to contribute to any defense costs, settlement or judgment arising from such claim or suit. The procedures and requirements for selecting approved legal counsel under this Section are further described in the Authority's Litigation Management Guidelines, which is incorporated by reference into this Memorandum.

Any claim for damages by one **Member Agency** against any other **Member Agency**, if otherwise covered by this **Memorandum**, shall be submitted to binding arbitration pursuant to Section VII. – Conditions, F. RESOLUTION OF DISPUTES.

SECTION VI – EXCLUSIONS

This **Memorandum** does not apply to any defense or indemnification for the following items, whether the act or **occurrence** is alone, or is concurrent with other, covered matters:

- A. Liability arising out of the ownership, maintenance, loading, unloading, use or operation of any airfield, or similar aviation facility; or

Liability arising out of the ownership of **aircraft**, or the maintenance or use of owned **aircraft**.

This exclusion does not apply to claims arising out of the ownership, operation, use, maintenance or entrustment to others of any **unmanned aircraft** owned or operated by or rented to or loaned by or on behalf of any **Member Agency** if operated in accordance with all applicable federal, state, and local laws, rules, and regulations, including but not limited to Federal Aviation Administration (FAA) Rules and Regulations for **unmanned aircraft** detailed in part 107 of Title XIV of the Code of Federal Regulations.

- B. Any obligation for which any **Covered Party**, or any carrier as insurer therefore, may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law; or

Liability of any **employee** or authorized volunteer with respect to **bodily injury** of another **employee** or authorized volunteer.

- C. Liability for **property damage** to:

1. Property owned by the **Covered Party**;
2. **Aircraft** in the care, custody or control of the **Covered Party**.

- D. Liability arising out of:

1. The **Covered Party's** delivery or non-delivery of **Member Agency's product**, based on any decision made by the **Covered Party's** with respect to either obtaining a supply of water or electricity for, or allocating the available supply of water or electricity, among the **Covered Party's** water or electricity users;
2. Any claim based upon taxes, fees, service charges, rates or assessments charged by the **Covered Party** for delivery of the **Member Agency's product**; or

3. The **Covered Party's** claim to, right to or ownership of any supply of **Member Agency's product**.

E. Liability for:

1. **Bodily injury, property damage, personal injury or Public Official's errors and omissions** which would not have occurred or taken place in whole or in part except for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** at any time; or
2. Any loss, cost or expense arising out of any:
 - a. Request, demand, or order that a **Covered Party**, or any others, test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**; or
 - b. **Claim or suit** by or on behalf of a governmental authority for **damages** because of testing for, monitoring, cleaning, removing, containing, treating, detoxifying or neutralizing, in any way responding to, or assessing the effects of **pollutants**.
 - c. **Aerial application** of weed abatement or spraying or pest abatement or spraying.

However, this exclusion shall not apply to **bodily injury, property damage, personal injury, or Public Official's errors and omissions** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** that:

- a. Was sudden and accidental, and neither expected nor intended by a **Covered Party**; or
- b. Resulted from the use, handling, storage, discharge, dispersal, release or escape of chlorine or any other chemical used in the water treatment process or waste water treatment process; or
- c. Arose out of explosion, lightning, windstorm, vandalism or malicious mischief, collapse, riot and civil commotion, flood,

earthquake or the collision, upset or overturn of an **automobile** or equipment; or

- d. Arose out of the heat, smoke or fumes from a hostile fire; a hostile fire is defined herein as a fire that becomes uncontrollable or breaks out from where it was intended to be; or
 - e. Arose out of weed abatement or spraying, unless by and/or through **aerial application**; or
 - f. Arose out of pest abatement or spraying, unless by and/or through **aerial application**; or
 - g. Arose from propane or natural gas; or
 - h. Arose from the **products hazard**.
- F. Any loss, cost, or expense arising out of any Perfluoroalkyl and Polyfluoroalkyl (PFOS/PFAS) in all variations including but not limited to all definitions in the reinsurance and/or excess policies.
- G. Liability for bodily or personal injury arising out of the intentional use of a weapon that creates a high probability of great bodily harm.
- H. Liability arising out of:
- 1. Estimates of probable costs, or cost estimates being exceeded, or failure to award contracts in accordance with statute or ordinance which under law must be submitted for bids; or
 - 2. Failure to perform or breach of a contractual obligation; or
 - 3. Settlement Agreements. Claims alleging breach of a settlement agreement involving a **Covered Party** in an underlying matter that was afforded coverage under this **Memorandum** will be covered for no more than \$25,000.00 reimbursement by the **Authority** to the **Covered Party** for indemnity and defense as a combined total.
- I. Liability at any time arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers, or asbestos dust; or

To any obligation of the **Covered Party** to indemnify any party because of damage arising any time as a result of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers, or asbestos dust; or

To any obligation to defend any **suit** or **claim** against the **Covered Party** seeking **damages**, if such **suit** or **claim** results from or is contributed to, by any or any combination of the following: manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers, or asbestos dust.

J. **Property damage** to impaired property or property that has not been physically injured arising out of:

1. A defect, deficiency, inadequacy or dangerous condition in “your product” or “your work”; or
2. A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to loss of use of other property arising out of sudden and accidental physical injury to “your product” or “your work” after it has been put to its intended use.

K. Liability for past, present, or future **claims** arising in whole or in part, either directly or indirectly, out of selenium, or any compound containing selenium.

L. Liability for punitive or exemplary damages, statutory multiples of damages, civil fines or penalties, or any other liability over and above actual **damages**, by whatever name called, irrespective of whether the **Covered Party's** governing board has taken any action or passed any resolution electing to pay such damages.

M. Liability arising out of the hazardous properties of **nuclear material**.

N. Liability arising out of the partial or complete structural failure of any **dam**.

O. Liability arising out of or in connection with land use regulation, or land use planning, the principles of eminent domain, condemnation proceedings, or inverse condemnation by whatever name called, to the extent that such liability is alleged to, or does, result from deliberate, decision-making conduct by the governing body of the **Covered Party**, and whether or not

liability accrues directly against any **Covered Party** by virtue of any agreement entered into by or on behalf of any **Covered Party**.

This exclusion does not apply to inverse condemnation liability arising from accidentally caused physical injury to or destruction of tangible property, including all resulting loss of use of such property, for which the **Covered Party** may be legally responsible.

- P. Liability imposed by any “No-Fault,” “Uninsured Motorist” or “Underinsured Motorist” law, or any similar law.
- Q. Liability arising out of any claim for **Cyber Liability** or by any name by which it is called.
- R. Liability arising out of injunctive and/or **Administrative Relief**.
- S. Liability arising out of the actual or threatened abuse or **molestation** of any minor, including but not limited to physical abuse, corporal punishment, **sexual abuse**, or sexual **molestation** by any **Covered Party**, or anyone acting on behalf of the **Covered Party**.
- T. Liability arising out of the adoption or administrative application of any ordinance, resolution or regulation.

This exclusion shall not apply to the physical enforcement of an ordinance, resolution or regulation, such as liability arising from the act of delivering a fine, citation, warning, notice or inspection.

- U. Liability arising out of or by reason of:
 - 1. The purchase, sale, offer of sale, or solicitation of any security, debt, bank deposit, or financial interest or instrument;
 - 2. Any representations made at any time in relation to the price or value of any security, debt, bank deposit or financial interest or instrument;
 - 3. Any depreciation or decline in price or value of any security, debt, bank deposit, or financial interest or instrument; or
 - 4. Employee Retirement Income Security Act of 1974 or any law amendatory thereof, or any similar law, or arising out of fiduciary activities with respect to employee benefit plans.

- V. Failure to have a written contract or failure to include risk transfer in a written contract will result in a sublimit equal to the policy limits of the other party to the contract.

SECTION VII - CONDITIONS

A. MEMBER CONTRIBUTION

All Member Contributions required by this **Memorandum** shall be computed in accordance with the Joint Powers Agreement and the cost allocation plan adopted by the **Authority's** Board of Directors. The Member Contribution is an estimate to be credited against the amount of Retrospective Member Contribution determined under the cost allocation plan.

B. INSPECTION AND AUDIT

The **Authority** shall be permitted, but not obligated, to inspect the **Member Agency's** property or operations at any time. The **Authority** shall have the right to examine and/or audit any data provided by the **Member Agency** which affects or may affect the **Member Agency's** financial obligations under this **Memorandum**.

C. SEVERABILITY OF INTEREST

The term **Member Agency** is used severally and not collectively.

D. **MEMBER AGENCY'S DUTIES IN THE EVENT OF OCCURRENCE, CLAIM, OR SUIT**

1. The **Covered Party's** duties in the event of an occurrence, **claim**, or **suit** reasonably likely to involve the **Authority** are as follows. These provisions are conditions precedent to coverage afforded under this **Memorandum**.

Written notice containing particulars sufficient to identify the **Covered Party** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of the available witnesses, shall be given by or for the **Covered Party** to the **Authority** or any of its authorized agents.

- a. The **Covered Party** shall immediately notify the **Authority** upon receipt of notice of a claim involving:
 - i. One or more fatalities;
 - ii. Loss of limb or amputation;
 - iii. Loss of use of any sensory organ;
 - iv. Spinal cord injuries (quadriplegia or paraplegia);
 - v. Third degree burns involving 10% or more of the body;
 - vi. Serious facial disfigurement;
 - vii. Paralysis;
 - viii. Closed head injuries;
 - ix. Serious loss of use of any body functions;
 - x. Long-term hospitalization;
 - xi. Class action suits; or
 - xii. Sexual abuse or molestation.
2. If **claim** is made or **suit** is brought against the **Covered Party**, and the **Covered Party** seeks defense or indemnity against the **claim** or **suit** from the **Authority**, the **Covered Party** shall immediately forward to the **Authority** every demand, notice, summons or process received.
3. The **Covered Party** shall cooperate with the **Authority** and with defense counsel appointed by the **Authority** and, upon the **Authority's** request, assist in making settlements, in the conduct of **suits** and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Covered Party** because of injury or **damage** with respect to which coverage is afforded under this **Memorandum**; and the **Covered Party** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The **Covered Party** shall not, except at the **Covered Party's** own cost, voluntarily

make any payment, assume any obligation, or incur any defense attorney's fees or costs or any other expense other than for first aid or damage mitigation.

4. With respect to "In-house **Claims** Resolution" as defined below, the **Member Agency** may elect to make investigations and settlements. At the request of the **Member Agency**, however, the **Authority** shall investigate, handle, deny, accept or otherwise settle any such **claim** or **claims** on behalf of the **Member Agency**.

"In-house **Claims** Resolution" within the meaning of this condition:

- a. Must be for **property damage** only, with no apparent potential for related **bodily injury** allegations;
- b. Must not have estimated **damages** for all **claims** arising out of the **occurrence** exceeding the **Member Agency's** applicable Retrospective Allocation Point; and
- c. Must be settled within six (6) months of the date of receipt of the claim.

If a **Member Agency** incurs a loss which meets the above constraints, it may use the following procedures:

- a. Negotiate settlement of the **claim** up to the specified limits;
 - b. Issue a check to claimant or otherwise compensate claimant for the agreed upon **damages**; and
 - c. Report the settlement to the **Authority** with a copy of the **claim** report, along with a copy of any release taken, and receive reimbursement for the amount of the settlement.
5. The **Authority** shall not be liable for **occurrences, suits** or **claims** with regard to which the **Member Agency** fails to comply with this subsection D.

E. ACTION AGAINST THE **AUTHORITY**

No action shall lie against the **Authority** unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this **Memorandum**, nor until the amount of the **Covered Party's** obligation to pay shall have been finally determined either by judgment against the

Covered Party after actual trial or by written agreement of the **Covered Party**, the claimant and the **Authority**.

No person or organization shall have any right under this **Memorandum** to join the **Authority** as a party to any action against any **Covered Party** to determine the **Covered Party's** liability, nor shall the **Authority** be impleaded by the **Covered Party** or the **Covered Party's** legal representative. Bankruptcy or insolvency of the **Covered Party** or of the **Covered Party's** estate shall not relieve the **Authority** of any of its obligations hereunder.

F. RESOLUTION OF DISPUTES

Review by Executive Committee and Arbitration

This shall be the sole and exclusive method of review of the **Memorandum** of Coverage and any decisions based thereon.

Any **claim**, dispute or controversy arising out of or relating to this Coverage Agreement shall first be submitted to ACWA JPIA to be reviewed by the Executive Committee of ACWA JPIA. The Executive Committee shall consider all written submissions by either party, and, if requested by either party, provide both parties equal opportunity for oral argument. Unless otherwise agreed by the parties and ACWA JPIA, the Executive Committee shall determine if ACWA JPIA's position should be upheld or if the **Member Agency** should be granted coverage according to its position, and the Executive Committee shall issue its decision in writing within thirty (30) days of submission of such claim, dispute or controversy to the Executive Committee. Such written opinion shall briefly state the reasons for its decision and the basis for such decision, including but not limited to the documents, witness statements, and oral presentations made to the Executive Committee.

If a **Member Agency** disagrees with the written decision of the Executive Committee, then the **Member Agency** may submit, in writing, such **claim**, dispute or controversy to arbitration to be held in Placer County, California or such other location as the parties may agree upon, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The review by the arbitrators shall be limited to a determination of the sufficiency of the basis of the decision of the Executive Committee and may not include any documents, testimony, legal theories, oral evidence, or other materials that was not previously presented to the Executive Committee when rendering its written opinion.

There shall be three arbitrators, the **Member Agency** and ACWA JPIA each selecting one arbitrator; the third arbitrator shall be selected by the two previously appointed arbitrators. The party demanding arbitration shall name its arbitrator in the demand for arbitration. The responding party shall name its arbitrator within fifteen (15) days after receipt of demand for arbitration. The third arbitrator shall be named within fifteen (15) days after the appointment of the second arbitrator. A Commissioner or Judge in the Placer County Superior Court shall be empowered to appoint any arbitrator not named in accordance with the procedure herein. The decision of the arbitrators shall be final and binding upon the parties.

Any award rendered by the arbitrators shall be final and judgment thereon may be entered by any court having jurisdiction thereof. The panel of arbitrators shall have the discretion to apportion the costs and expenses of the arbitration (including reasonable attorneys' fees) in accordance with the merits of the arbitration. The panel must render its decision by a majority of the panel within ninety (90) days of the appointment of the third arbitrator, following reasonable opportunities for presentation of evidence, law and argument.

The parties to this agreement hereby waive any right to a jury trial.

These arbitration provisions are intended to bind only the **Authority** and its Member Agencies. They are not intended to be binding upon any of the **Authority's** re-insurers or excess carriers.

G. OTHER COVERAGES

The coverage afforded in this **Memorandum** shall be excess of, and shall not contribute with, any valid and collectible insurance or self-insurance or other coverage, other than any excess, or umbrella insurance, or reinsurance procured by the **Authority** or the **Member Agency**.

Any and all payments made by others on behalf of the **Member Agency** towards defense costs, settlement, or satisfaction of a claim or suit to which this **Memorandum** applies, including but not limited to payments made by any valid and collectible insurance or self-insurance or other coverage but not including payments made by any excess insurance, umbrella insurance or reinsurance, procured by the **Authority** or the **Member Agency**, shall serve to satisfy the **Authority's** liability for **ultimate net loss** and shall be treated as though paid by the **Authority** hereunder. Such payments shall not be considered "recoveries and salvages collectible" under the definition of **ultimate net loss** set forth under Section I. – Definitions of this **Memorandum**.

H. SUBROGATION

The **Authority** shall be subrogated to the extent of any payment hereunder to all the **Covered Parties'** rights of recovery thereof and the **Covered Parties** shall do nothing after loss to prejudice such right and shall do everything necessary to secure such right. Any amounts so recovered shall be apportioned as follows:

- a. The highest layer of coverage shall be reimbursed first, and if there are sufficient recoveries, then the next highest layer shall be reimbursed until all recoveries are used up.
- b. The expenses of all such recovery proceedings shall be paid before any reimbursements are made. If there is no recovery in the proceedings conducted by the **Authority**, it shall bear the expenses thereof.

I. WITHDRAWAL/CANCELLATION

The **Member Agency** may withdraw from the **Authority** and cancel this coverage only:

1. At the end of one of the **Authority's** Liability Program Coverage Years;
2. After three or more years following its first day of coverage by the **Authority's** Liability Program; and
3. After twelve months' advance written notice of such intent to withdraw is given by the **Member Agency** and received by the **Authority**.

The **Authority** may cancel the **Member Agency's** participation in the **Authority's** Liability Program upon a two-thirds vote at any duly constituted Board of Directors' meeting of the **Authority**. However, any canceled **Member Agency** shall be permitted a reasonable time to obtain other basic liability coverage before such cancellation becomes effective.

COVERAGE SCHEDULE

FOR COVERAGE PERIOD 10/1/202~~6~~⁵ - 10/1/202~~7~~⁶

COVERAGE LIMIT	COVERAGE TYPE	CARRIER
\$5,000,000*	Self-funded	ACWA JPIA
\$5,000,001 to \$10M*	Reinsurance	Safety National Casualty Corporation
\$10,000,001 to \$20M	Reinsurance	California Water Insurance Fund
\$20,000,001 to \$30M	Reinsurance	Everest Reinsurance Company/ Continental Indemnity Company/Upland Specialty Insurance Company
\$30,000,001 to \$35M	Reinsurance	Midvale Indemnity Company
\$35,000,001 to \$45M*	Excess Insurance	Allied World National Assurance Company
\$45,000,001 to \$50M	Excess Insurance	StarStone Specialty Insurance Company
\$50,000,001 to \$55M	Excess Insurance	SCOR

***SUBLIMITS:**

\$ 5,000,000 **Terrorism**
 \$10,000,000 **Communicable Disease**
 \$45,000,000 **Subsidence**
 \$45,000,000 **Lead**
 \$45,000,000 **Mold**

**It should be noted this is not an exhaustive list of all reinsurance/excess sublimits.*

All coverage renews at 12:01 a.m. Standard Time at Roseville, California.

ACWA JPIA
2026-27 Liability Program Reinsurance Renewal and Excess Policies
September 24, 2026

BACKGROUND

The Liability Program renews October 1, 2026, inclusive of all reinsurance and excess coverage. The JPIA retains the first \$5M of each occurrence, with reinsurance and excess coverage extending the Program's total limit to \$55M.

The California Water Insurance Fund (CWIF), JPIA's captive, provides the \$10M excess of \$10M layer, subject to a \$30M aggregate limit. The remaining layers of the coverage tower are placed with commercial reinsurance and excess carriers.

CURRENT SITUATION

The public entity liability market has shown greater stability over the past year, with capacity generally available and increased competition in portions of the casualty market. However, conditions remain challenging for excess liability as carriers continue to respond to increasing claim severity, nuclear verdicts, litigation funding, and other adverse litigation trends. Underwriting remains disciplined, particularly for public entity risks, with carriers closely evaluating loss experience, jurisdictional exposures, attachment points, and the amount of capacity deployed within individual layers.

Against this market backdrop, the JPIA achieved a favorable 2026-27 Liability Program renewal. Rate adjustments across the commercial excess and reinsurance layers ranged from a 10.8% decrease to an 8.6% increase. The most significant decrease occurred at the top \$5M excess of \$50M layer, where a new carrier entered the Program at a rate 10.8% below the expiring carrier. The renewal maintains the Program's existing coverage structure and total limit of \$55M.

The total cost of excess and reinsurance coverage, including CWIF participation at the \$10M excess of \$10M layer, is estimated at approximately \$12.5M, compared with \$10.9M for 2025-26, representing an overall change of approximately 14.72%. Estimated member payroll increased approximately 1.37% during the same period.

CWIF continues to participate in the Liability Program by reinsuring the JPIA's \$5M self-insured retention and providing the \$10M excess of \$10M layer, subject to a \$30M aggregate. The cost allocated to the \$10M excess of \$10M CWIF layer for 2026-27 is approximately \$4.1M, compared with \$3.1M in the prior year, representing a 32% change. Comparable commercial market pricing for this layer was estimated at approximately \$4.9M. Retaining this layer within CWIF, therefore, continues to provide a cost-effective alternative to transferring the risk to the commercial market. The layer continues to be funded at the 90% confidence level.

Staff and Aon maintain an active presence in the liability marketplace throughout the year, including regular engagement with incumbent and prospective carrier partners at

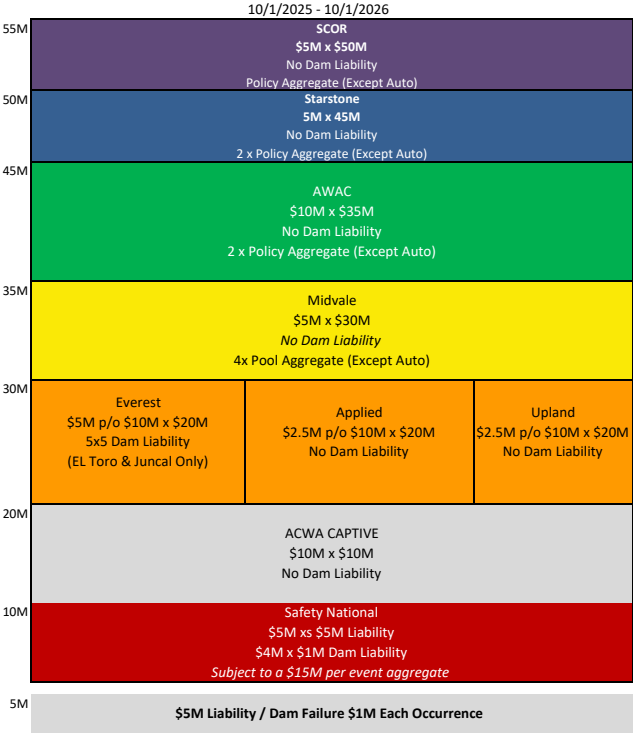
industry events and tours of member facilities. These interactions strengthen established underwriting relationships, increase carriers' familiarity with the JPIA's membership and risk profile, and develop potential sources of future capacity. This engagement proved particularly relevant during the 2026-27 renewal. Seven incumbent commercial excess and reinsurance carriers renewed their participation, while the carrier providing the top \$5M excess of \$50M layer exited the U.S. market. The replacement carrier had previously expressed interest in the JPIA's Program, and one of its underwriters had participated in a tour of a member facility, gaining firsthand exposure to member operations and risks. When replacement capacity was needed, the carrier entered the tower at a rate 10.8% below the expiring carrier. This transition illustrates the value of cultivating prospective markets outside of the formal renewal process.

The strategic use of CWIF, together with sustained engagement in the commercial marketplace, provides the JPIA with greater flexibility in managing the Liability Program's risk financing strategy. The 2026-27 renewal maintains the Program's existing coverage structure and \$55M total limit while preserving established carrier relationships, adding new capacity to the tower, and retaining risk within CWIF where financially advantageous.

RECOMMENDATION

That the Liability Program Committee recommend that the Executive Committee approve the reinsurance and excess terms, conditions, and premiums as presented, effective October 1, 2026.

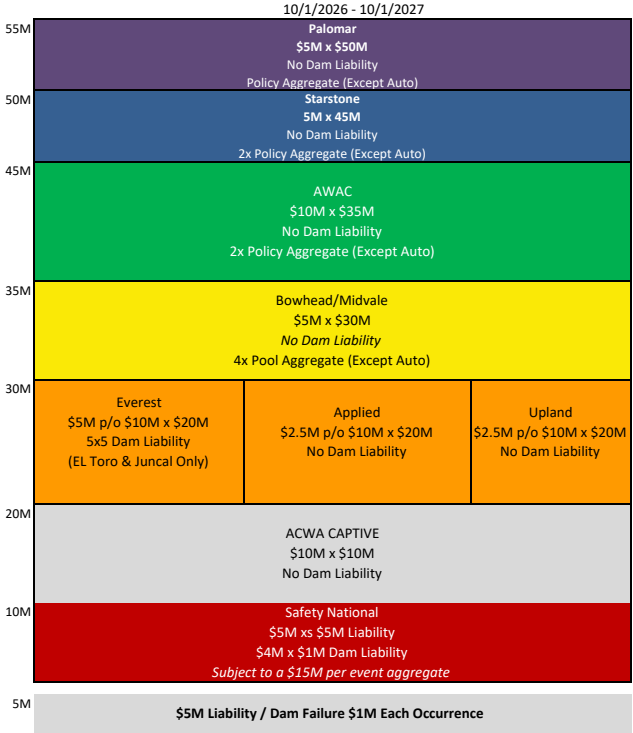
2025 EXPIRING



TOTAL PREMIUM
\$8,445,520

Reinsurance

2026 RENEWAL



Reinsurance

TOTAL PREMIUM
\$9,088,488

ACWA JPIA
2026-27 Member Contributions
September 24, 2026

BACKGROUND

Attached are worksheets showing the funding requirements for the Liability Program. The Deposit Contribution (line 2) for the program year is calculated by totaling:

Actuary Projected Losses (within JPIA's SIR) – line 6
Excess Insurance Costs – line 7
Projected G&A Expenses – line 8
Contributions to the Self-Insured Excess Fund (0-7% of premiums) – line 10
Contributions to the Catastrophic Reserve Fund (0-10% of premiums) – line 11
Less Projected Investment Income – line 4

Invoices for the 2026-27 policy year are made available to the members via the Portal in October.

CURRENT SITUATION

Net investment income is projected at a 5% return. This is due to the JPIA's use of its Captive – the California Water Insurance Fund (CWIF). It is anticipated that CWIF will reinsure the risks for each occurrence from Dollar One up to \$5 million as well as provide a reinsurance policy for \$10 million excess of \$10 million (from \$10 million to \$20 million per occurrence) layer.

Payrolls for the 2026-27 Program Year indicate an increase of approximately 1.37% (line 14). There is an increase in the paid claims and claims reserves (line 6) of about 5.5%. This is mostly due to the increase in the estimated loss rate. The proposed excess insurance costs have increased 14.72% (line 7), largely due to an increased rate for the \$10 million in excess of \$10 million layer from CWIF.

Two options have been presented for a point of reference.

The 1st option presents pricing with no change. In this scenario, the Rate of Deposit Contribution to Payroll (line 16) remains unchanged. Under this option, Retrospective Contribution Adjustments (line 3) would result in \$187 thousand additional funds being refunded to members.

The 2nd option is presented with a 5% increase to the Rate of Deposit Contribution to Payroll (line 16). Under this option, Retrospective Contribution Adjustments (line 3) would result in \$2.66 million returned to members.

Staff recommends approval of option 2 – the 5% rate increase.

RECOMMENDATION

That the Liability Program Committee recommend that the Executive Committee approve a 5% rate increase for the 2026-27 Program Year.

Prepared by: David deBernardi, Director of Finance

Date prepared: September 21, 2026

ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY

LIABILITY PROGRAM

EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

As of September 24, 2026

OPTION 1 - No Change

	Program Year 10/1/2024-25 Budget	Program Year 10/1/2025-26 Budget	Program Year 10/1/2026-27 Budget	% Change from 10/1/2025-26 10/1/2026-27
1 REVENUE:				
2 Deposit Contributions Earned	\$ 36,501,763	\$ 40,812,890	\$ 41,367,986	1.36%
3 Retrospective Contribution Adjustments	(1,578,947)	(3,380,590)	(187,910)	-94.44%
4 Net Investment Income	6,360,619	7,003,160	6,798,704	-2.92%
5 Total Revenue	41,283,435	44,435,460	47,978,780	7.97%
 EXPENSES:				
6 Paid Claims and Claims Reserves	27,050,474	28,912,177	30,502,229	5.50%
7 Purchased Excess Insurance	9,996,565	10,975,283	12,590,751 A	14.72%
8 General & Admin. Expenses	4,236,396	4,548,000	4,885,800	7.43%
9 Total Expenses	41,283,435	44,435,460	47,978,780	7.97%
 CATASTROPHIC LOSS RESERVES:				
10 Self Insured Excess Fund	-	-	-	0.00%
11 Member Contributions	-	-	-	0.00%
12 Total Cat. Loss Reserves	\$ -	\$ -	\$ -	0.00%
 13 Number of Program Members	348	348	348	0.00%
14 Total Payrolls (000's omitted)	\$ 1,005,594	\$ 1,070,821	\$ 1,085,489	1.37%
 15 Ratio of Incurred Losses to Payroll	\$ 2.690	\$ 2.700	\$ 2.810	4.07%
16 Ratio of Deposit Contribution to Payroll	\$ 3.630	\$ 3.811	\$ 3.811	-0.01%
 17 District RAPs	\$2,500 - 100,000	\$2,500 - 100,000	\$2,500 - 100,000	
18 Pooled Layer	SIR to \$5,000,000	SIR to \$5,000,000	SIR to \$5,000,000	
19 Program Limit	\$ 55,000,000	\$ 55,000,000	\$ 55,000,000	

CALCULATIONS

Line #

2 Deposit Contribution - Calculation backed into by netting all other amounts in column

4 Net Investment Income - 5.0%

6 Claims Expense - Actuary projected loss rate x (payroll / 100)

7 Excess Insurance - Fixed at renewal

8 G&A Expenses - 30% of Annual Budget \$16,996,000***

10 Self Insured Excess Fund - 0% of Deposit Contributions

11 Contribution to Cat. Reserve Fund - 0% of Deposit Contributions

VARIABLES	BUDGET 10/1/2025-26	BUDGET 10/1/2026-27
PAYROLL	\$1,070,821,388	\$1,085,488,564
LOSS RATE/\$100 OF P/R - Actuary	\$2.700	\$2.810

G&A Budget 2026-27	16,996,000 ***
B-Swift	(420,000)
DIR/PCORI	(290,000)
	<u>16,286,000</u>

Purchased Excess Insurance Detail

Net Premium	8,220,765
CWIF Premium \$10M x \$10M	4,189,986
Brokers Fee	180,000
	<u>12,590,751</u>

A

INTEREST EARNINGS CALCULATIONS

10/1/2025-26

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings	Future Value	
		5.00%		
	29,837,607			11
19.9%	23,899,923	1,343,438	2,297,735	10
46.8%	15,873,607	994,338	1,619,672	9
72.6%	8,175,504	601,228	932,702	8
87.1%	3,849,051	300,614	444,144	7
91.5%	2,536,197	159,631	224,617	6
94.2%	1,730,581	106,669	142,947	5
98.9%	328,214	51,470	65,690	4
99.4%	179,026	12,681	15,414	3
99.7%	89,513	6,713	7,772	2
100.0%	-	2,238	2,467	1
FV OF ANNUAL EARNINGS			5,753,160	
CAT FUND CONTRIBUTION			0	
Interest Earnings			0	
SIEF			0	
Other Interest Earnings (CAT Fund)			1,250,000	
TOTAL INTEREST EARNINGS			<u>7,003,160</u>	

10/1/2026-27

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings	Future Value				
		5.00%					
	28,777,235			11		<u>G&A Allocation</u>	<u>Claims Allocation</u>
19.9%	23,050,565	1,295,695	2,216,078	10	0.399	1,951,323	6,069,944
46.8%	15,309,489	959,001	1,562,112	9	0.282	1,375,487	14,275,043
72.6%	7,884,962	579,861	899,555	8	0.162	792,085	22,144,618
87.1%	3,712,263	289,931	428,360	7	0.077	377,183	26,567,441
91.5%	2,446,065	153,958	216,635	6	0.039	190,753	27,909,539
94.2%	1,669,080	102,879	137,867	5	0.025	121,396	28,733,099
98.9%	316,550	49,641	63,356	4	0.011	55,786	30,166,704
99.4%	172,663	12,230	14,866	3	0.003	13,090	30,319,215
99.7%	86,332	6,475	7,495	2	0.001	6,600	30,410,722
100.0%	0	2,158	2,380	1	4E-04	2,095	30,502,229
FV OF ANNUAL EARNINGS			5,548,704			4,885,800	
CAT FUND CONTRIBUTION			0				
Interest Earnings			0				
SIEF			0				
Interest from Catastrophic Fund			1,250,000				
TOTAL INTEREST EARNINGS			<u>6,798,704</u>				

ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY

LIABILITY PROGRAM

EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

As of September 24, 2026

OPTION 2 - 5% Rate Increase

	Program Year 10/1/2024-25 Budget	Program Year 10/1/2025-26 Budget	Program Year 10/1/2026-27 Budget	% Change from 10/1/2025-26 10/1/2026-27
1 REVENUE:				
2 Deposit Contributions Earned	\$ 36,501,763	\$ 40,812,890	\$ 43,440,538	6.44%
3 Retrospective Contribution Adjustments	(1,578,947)	(3,380,590)	(2,660,083)	-21.31%
4 Net Investment Income	6,360,619	7,003,160	7,198,324	2.79%
5 Total Revenue	41,283,435	44,435,460	47,978,780	7.97%
 EXPENSES:				
6 Paid Claims and Claims Reserves	27,050,474	28,912,177	30,502,229	5.50%
7 Purchased Excess Insurance	9,996,565	10,975,283	12,590,751 A	14.72%
8 General & Admin. Expenses	4,236,396	4,548,000	4,885,800	7.43%
9 Total Expenses	41,283,435	44,435,460	47,978,780	7.97%
 CATASTROPHIC LOSS RESERVES:				
10 Self Insured Excess Fund	-	-	-	0.00%
11 Member Contributions	-	-	-	0.00%
12 Total Cat. Loss Reserves	\$ -	\$ -	\$ -	0.00%
 13 Number of Program Members	348	348	348	0.00%
14 Total Payrolls (000's omitted)	\$ 1,005,594	\$ 1,070,821	\$ 1,085,489	1.37%
15 Ratio of Incurred Losses to Payroll	\$ 2.690	\$ 2.700	\$ 2.810	4.07%
16 Ratio of Deposit Contribution to Payroll	\$ 3.630	\$ 3.811	\$ 4.002	5.00%
17 District RAPs	\$2,500 - 100,000	\$2,500 - 100,000	\$2,500 - 100,000	
18 Pooled Layer	SIR to \$5,000,000	SIR to \$5,000,000	SIR to \$5,000,000	
19 Program Limit	\$ 55,000,000	\$ 55,000,000	\$ 55,000,000	

CALCULATIONS

Line #

2 Deposit Contribution - Calculation backed into by netting all other amounts in column

4 Net Investment Income - 5.0%

6 Claims Expense - Actuary projected loss rate x (payroll / 100)

7 Excess Insurance - Fixed at renewal

8 G&A Expenses - 30% of Annual Budget \$16,996,000***

10 Self Insured Excess Fund - 0% of Deposit Contributions

11 Contribution to Cat. Reserve Fund - 0% of Deposit Contributions

VARIABLES	BUDGET 10/1/2025-26	BUDGET 10/1/2026-27
PAYROLL	\$1,070,821,388	\$1,085,488,564
LOSS RATE/\$100 OF P/R - Actuary	\$2.700	\$2.810

G&A Budget 2026-27	16,996,000 ***
B-Swift	(420,000)
DIR/PCORI	(290,000)
	<u>16,286,000</u>

Purchased Excess Insurance Detail

Net Premium	8,220,765
CWIF Premium \$10M x \$10M	4,189,986
Brokers Fee	<u>180,000</u>
	A 12,590,751

INTEREST EARNINGS CALCULATIONS

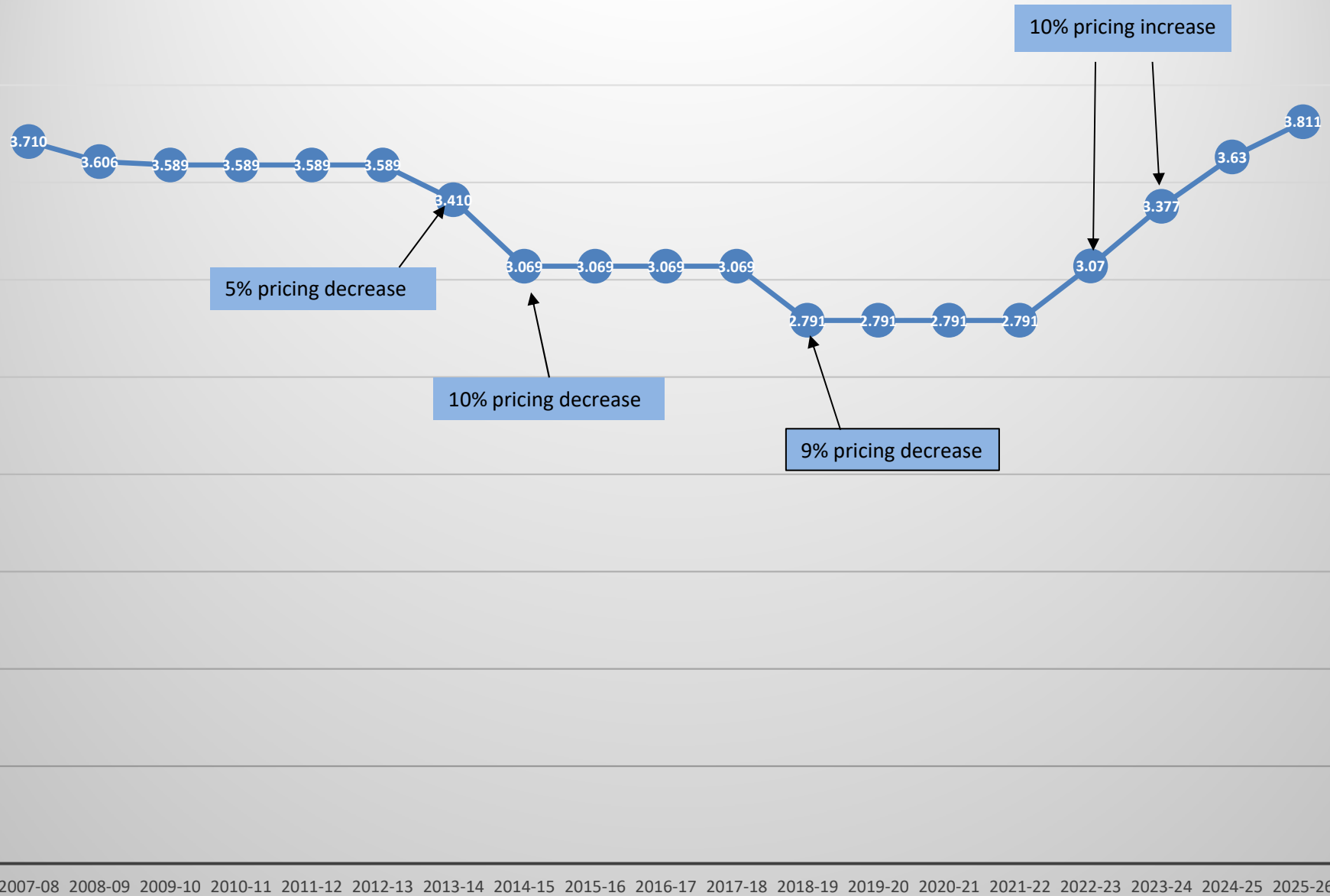
10/1/2025-26

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings	Future Value	
		5.00%		
	29,837,607			11
19.9%	23,899,923	1,343,438	2,297,735	10
46.8%	15,873,607	994,338	1,619,672	9
72.6%	8,175,504	601,228	932,702	8
87.1%	3,849,051	300,614	444,144	7
91.5%	2,536,197	159,631	224,617	6
94.2%	1,730,581	106,669	142,947	5
98.9%	328,214	51,470	65,690	4
99.4%	179,026	12,681	15,414	3
99.7%	89,513	6,713	7,772	2
100.0%	-	2,238	2,467	1
FV OF ANNUAL EARNINGS			5,753,160	
CAT FUND CONTRIBUTION			0	
Interest Earnings			0	
SIEF			0	
Other Interest Earnings (CAT Fund)			1,250,000	
TOTAL INTEREST EARNINGS			<u>7,003,160</u>	

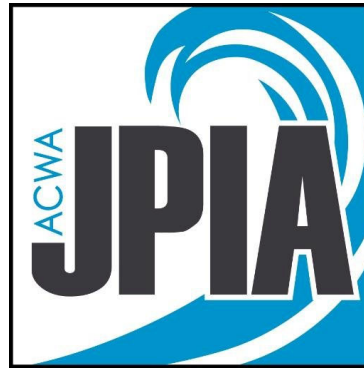
10/1/2026-27

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings	Future Value				
		5.00%					
	30,849,787			11		<u>G&A Allocation</u>	<u>Claims Allocation</u>
19.9%	24,710,679	1,389,012	2,375,681	10	0.399	1,951,323	6,069,944
46.8%	16,412,087	1,028,069	1,674,616	9	0.282	1,375,487	14,275,043
72.6%	8,452,842	621,623	964,342	8	0.162	792,085	22,144,618
87.1%	3,979,623	310,812	459,210	7	0.077	377,183	26,567,441
91.5%	2,622,232	165,046	232,237	6	0.039	190,753	27,909,539
94.2%	1,789,288	110,288	147,796	5	0.025	121,396	28,733,099
98.9%	339,348	53,216	67,918	4	0.011	55,786	30,166,704
99.4%	185,099	13,111	15,937	3	0.003	13,090	30,319,215
99.7%	92,549	6,941	8,035	2	0.001	6,600	30,410,722
100.0%	0	2,314	2,551	1	4E-04	2,095	30,502,229
FV OF ANNUAL EARNINGS			5,948,324			4,885,800	
CAT FUND CONTRIBUTION			0				
Interest Earnings			0				
SIEF			0				
Interest from Catastrophic Fund			1,250,000				
TOTAL INTEREST EARNINGS			<u>7,198,324</u>				

Liability Pricing



Association of California Water Agencies Joint Powers Insurance Authority



Liability Program Actuarial Overview as of June 30, 2025

Tracy Fleck, ACAS, MAAA

Senior Consultant and Actuary

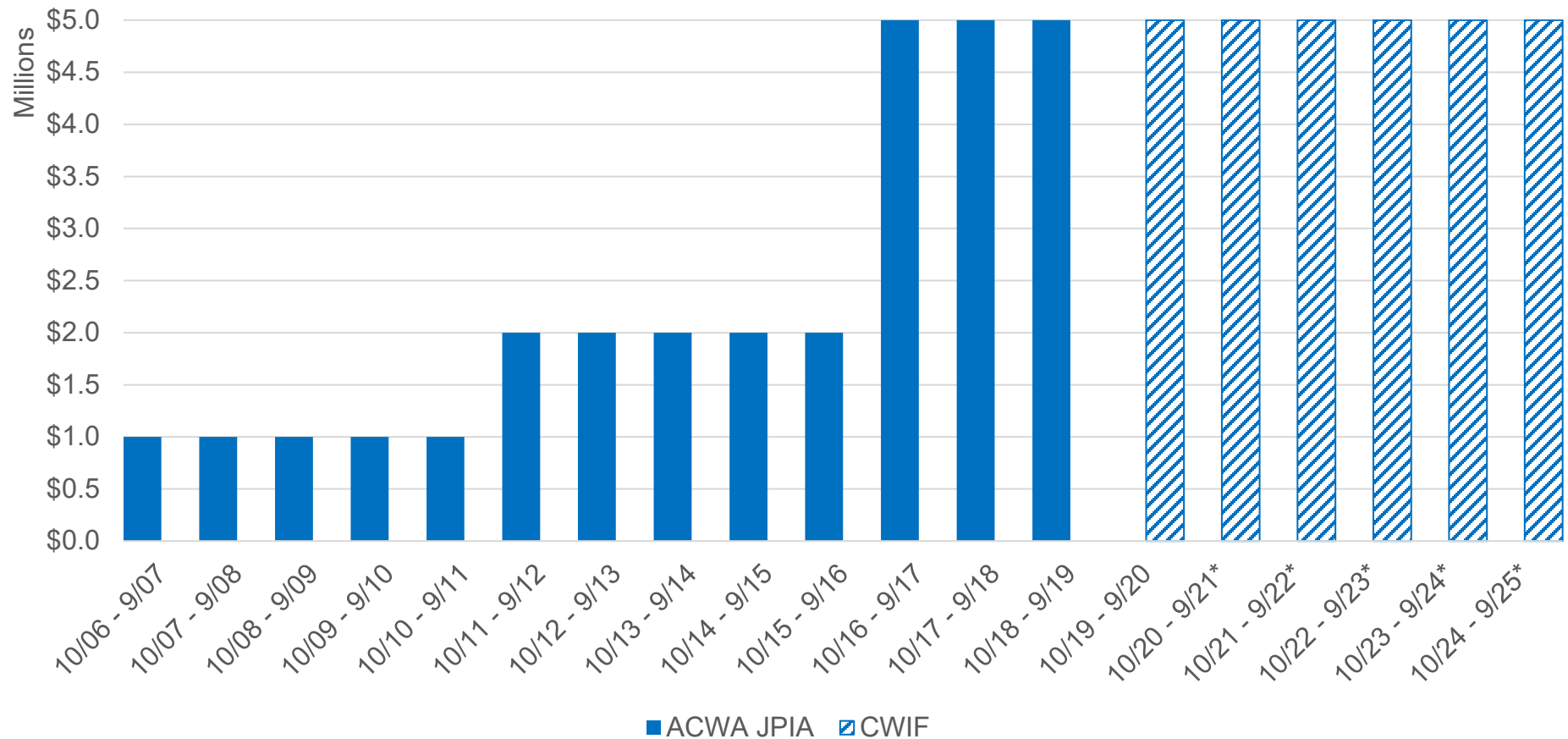
September 29, 2025

AON

Discussion Points

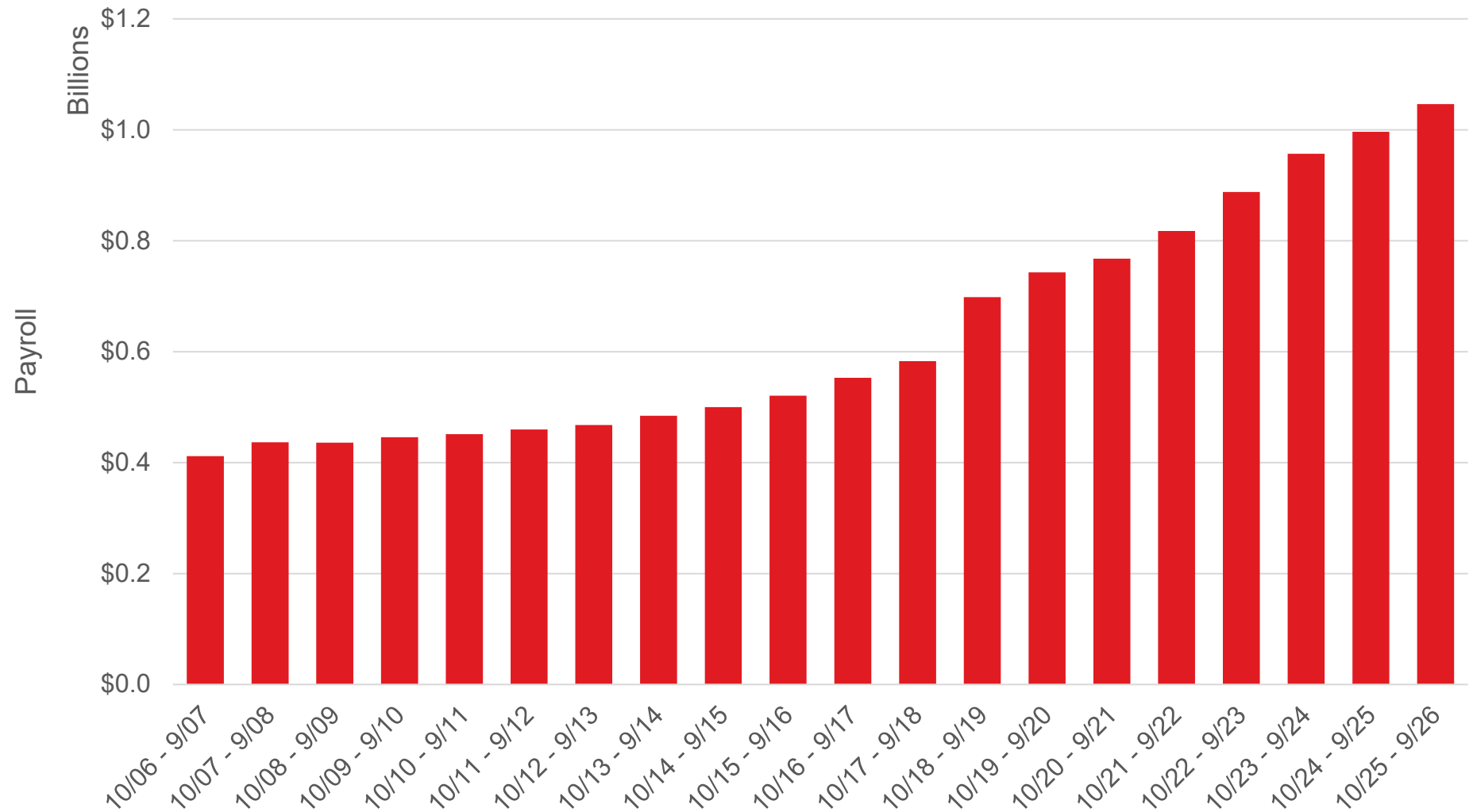
- Program background
- Conclusions from the actuarial report
- Historical perspective

Self-Insured Retention History



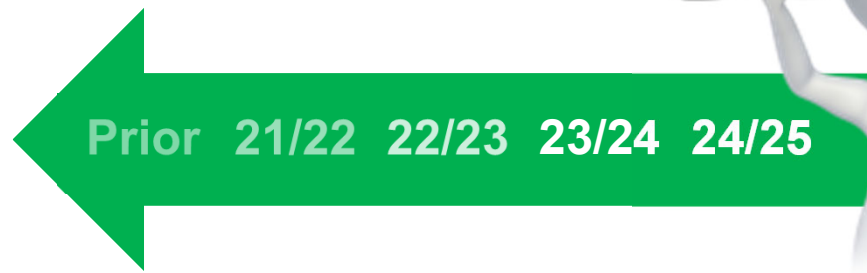
Notes: * \$5 million plus the layer \$10 million to \$20 million
 Amounts above CWIF's aggregate retention revert to ACWA JPIA.

Program Payroll History



Actuarial Study Conclusions

Outstanding losses



September 30, 2025



Projected funding

Net Outstanding Losses & ALAE

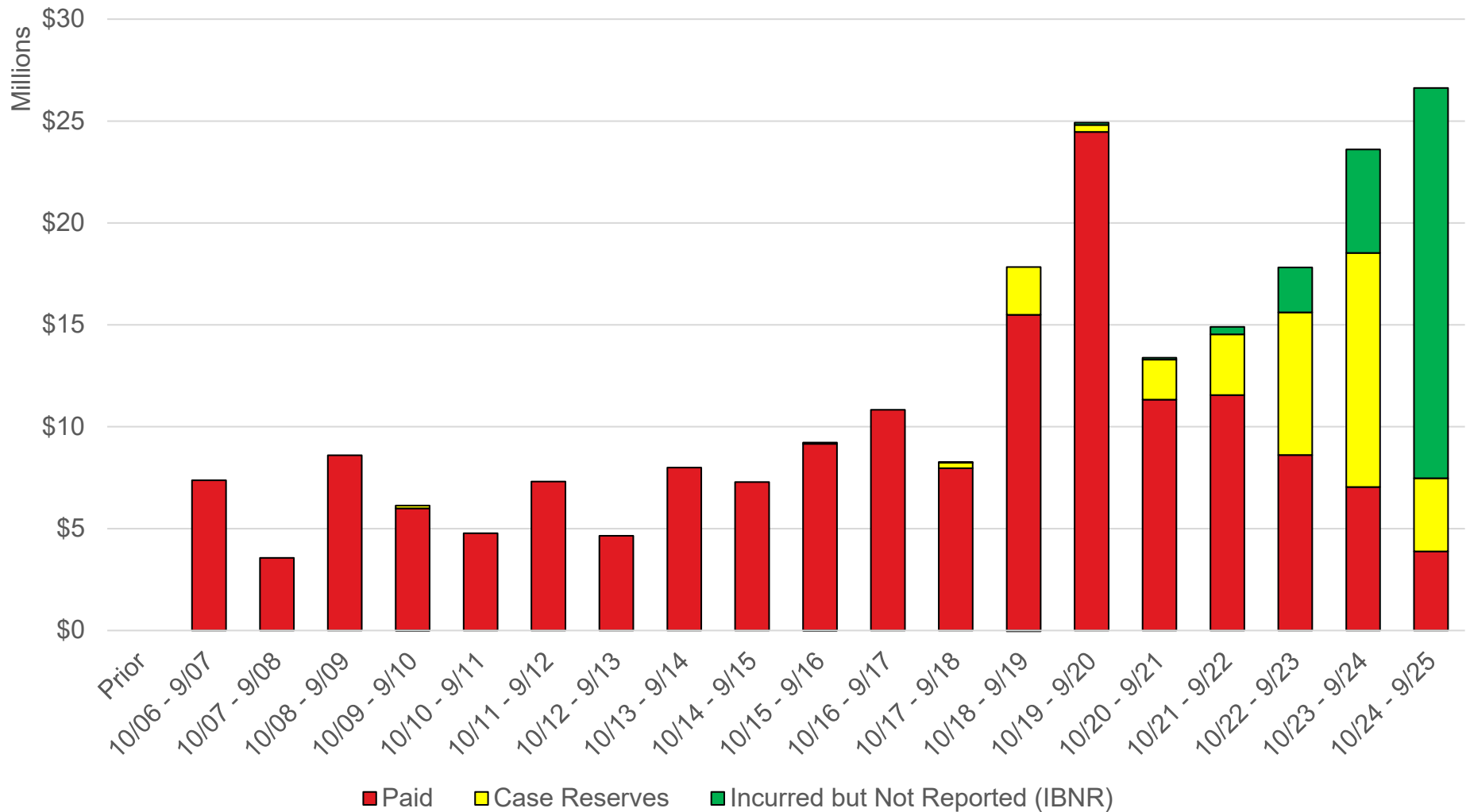
\$Millions

Program	As of September 30, 2024 (Prior)	As of September 30, 2025 (Current)	Change	
ACWA JPIA	\$8.5	\$3.3	-\$5.3	
CWIF	41.4	53.9	+12.5	
Total	\$49.9	\$57.2	+\$7.2	+14%

Notes: Amounts are undiscounted, at the expected confidence level, exclude unallocated adjustment expenses (ULAE), and reflect projected payments during 7/1-9/30.
ACWA JPIA amounts include losses excess of CWIF's aggregate retention.

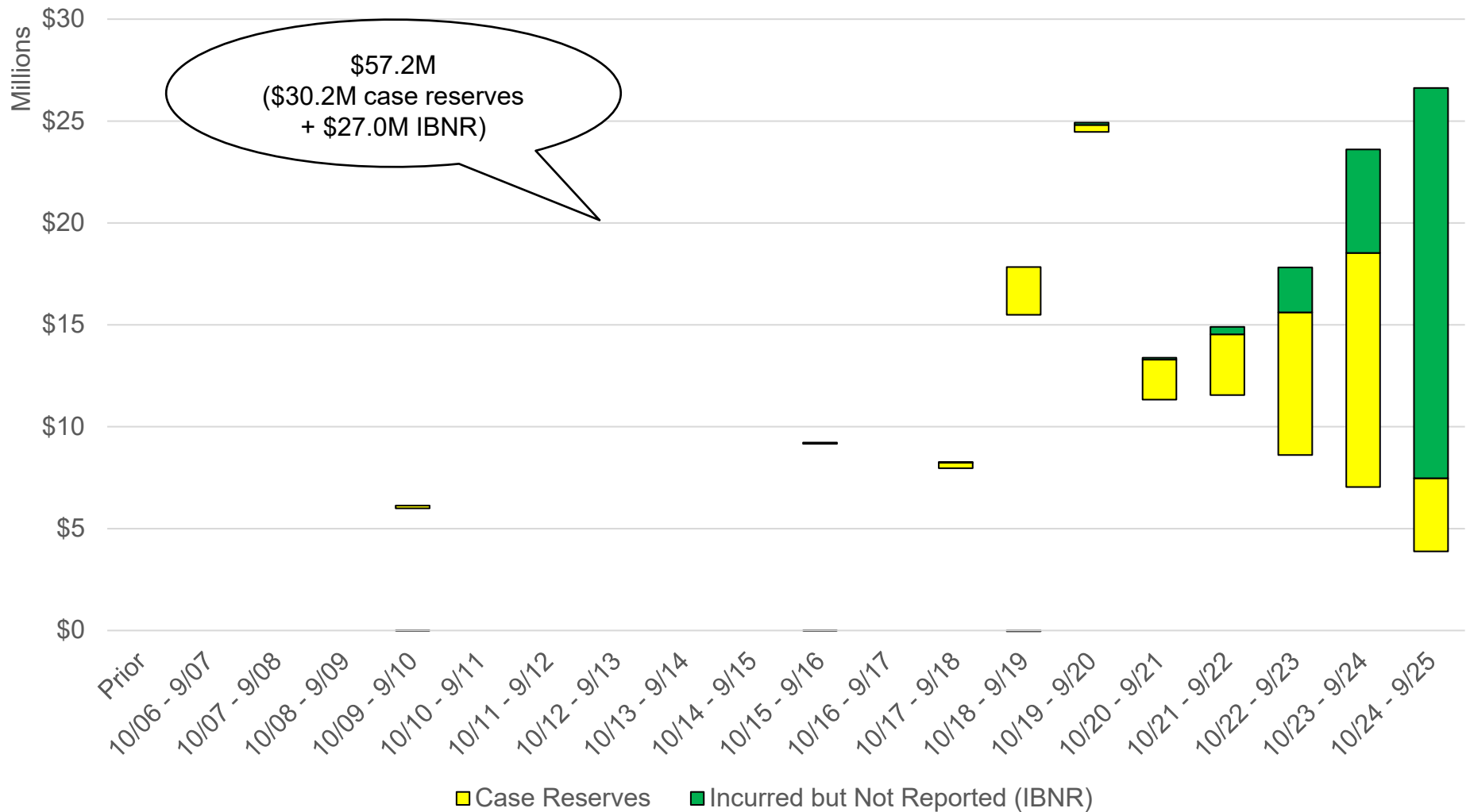
Components of Projected Ultimate Limited Losses

As of September 30, 2025



Outstanding Losses = Case Reserves + IBNR

As of September 30, 2025



Reconciliation of Outstanding Losses

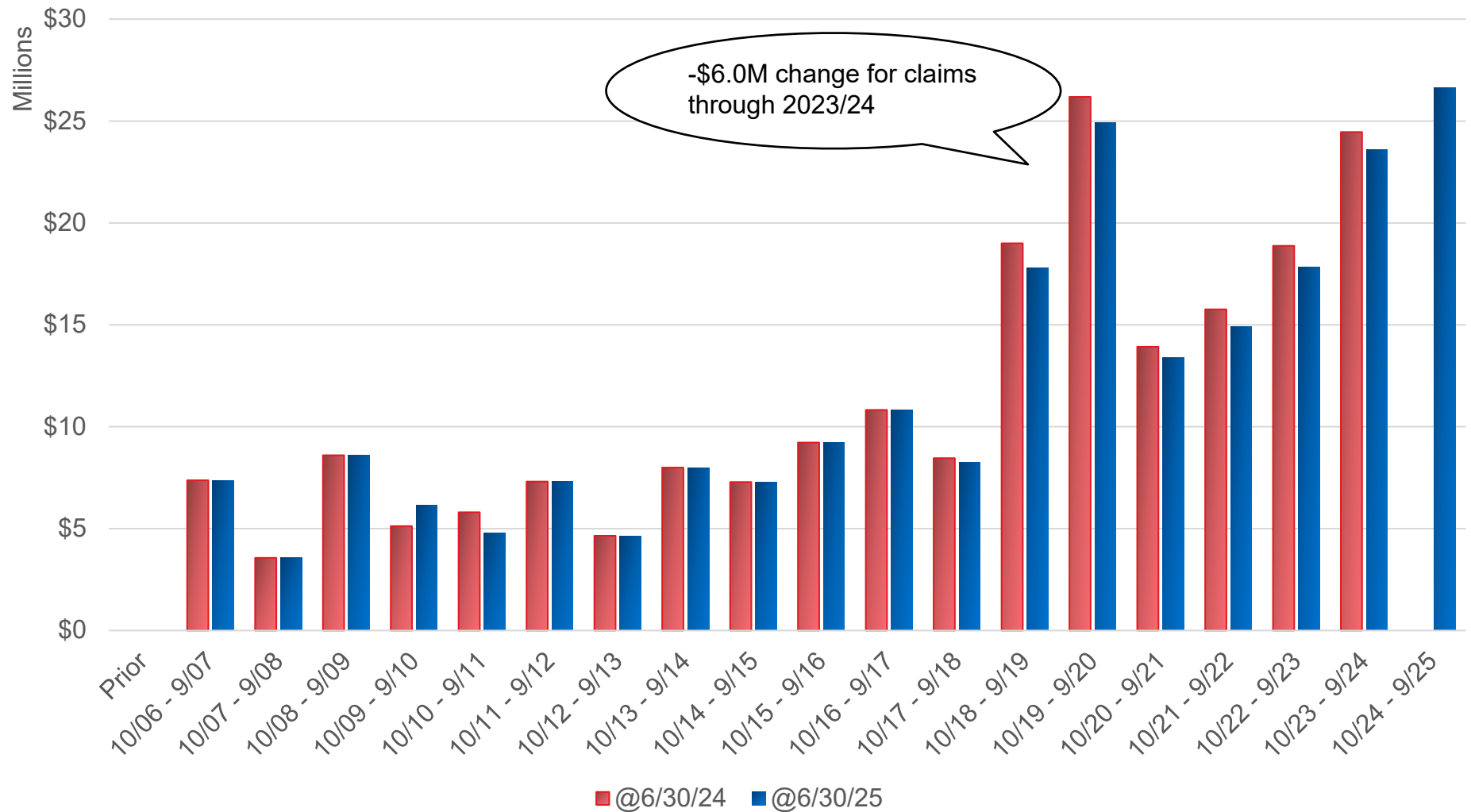
Change from September 30, 2024 to 2025; \$Millions

	Estimated outstanding losses 9/30/24	\$49.9
Activities in FY 2024/25	Additional claim period (2024/25)	+26.6
	Losses projected paid from 10/1/24 to 9/30/25	-13.4
	Change in projected ultimate losses through 2023/24	-6.0
	Estimated outstanding losses 9/30/25	\$57.2

Notes: Amounts are undiscounted, at expected level, and exclude ULAE.

Projected Ultimate Limited Losses

Total for all years = \$341 million from program inception



Claims with change in incurred > \$500,000

Limited to SIR

Claim Number	Claim Period	As of June 30, 2024	As of June 30, 2025	Change
20-0173	10/18 - 9/19	\$2,100,000	\$1,550,000	(\$550,000)
21-0513	10/19 - 9/20	1,050,000	36,568	(1,013,432)
24-0248	10/22 - 9/23	0	630,000	630,000
24-0003	10/22 - 9/23	60,000	920,000	860,000
23-0865	10/22 - 9/23	80,000	2,100,000	2,020,000
24-0381	10/23 - 9/24	1,250,000	736,055	(513,945)
24-0907	10/23 - 9/24	100,000	800,000	700,000
24-0834	10/23 - 9/24	1,726,000	4,786,000	3,060,000
25-0513	10/23 - 9/24	N/A	575,000	575,000
25-0629	10/24 - 9/25	N/A	565,241	565,241
25-0627	10/24 - 9/25	N/A	533,676	533,676
25-0708	10/24 - 9/25	N/A	1,195,000	1,195,000

Projected Limited Losses

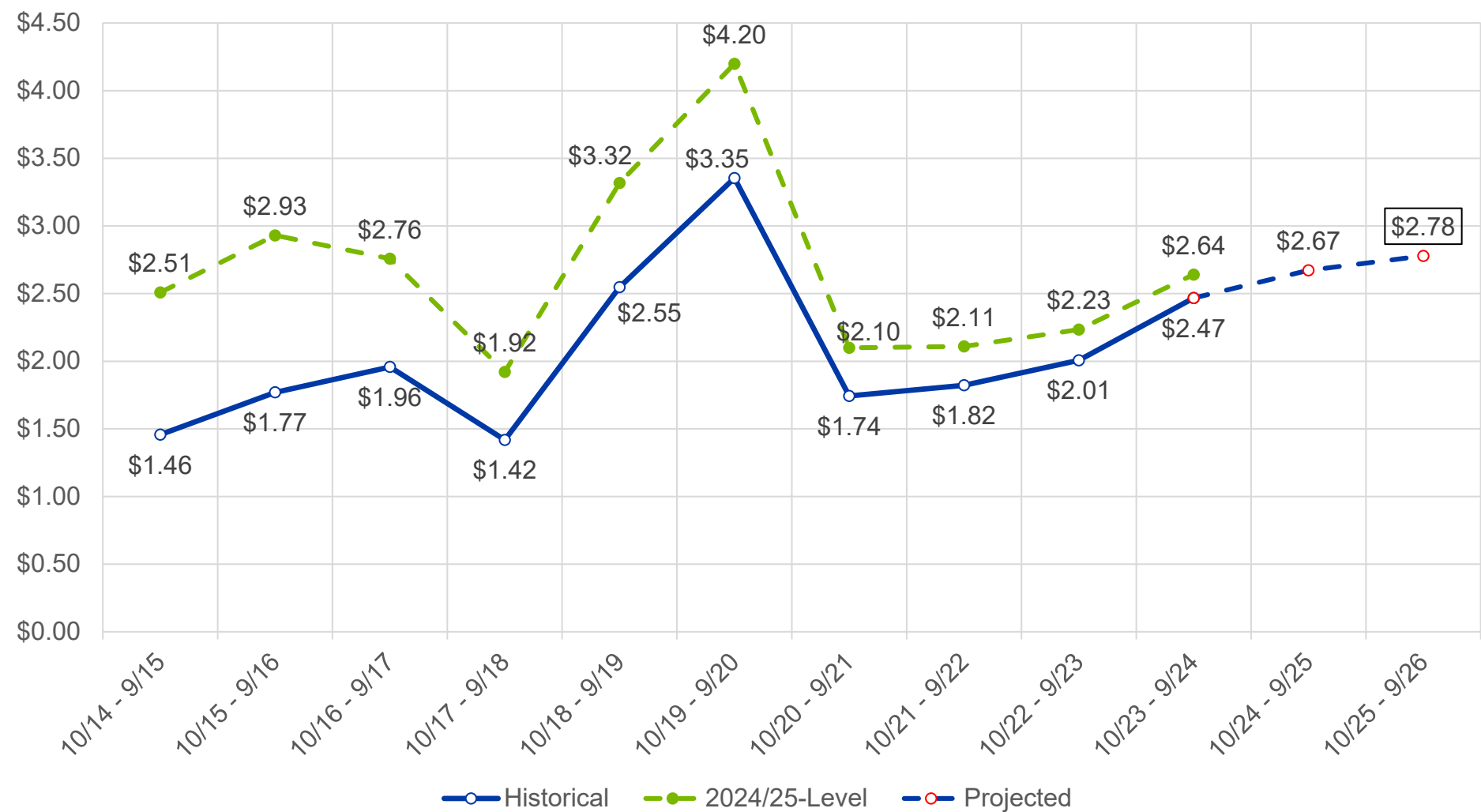
\$Millions

	2024/25 (Prior)	2025/26 (Current)	Change	
Loss rate per \$100 payroll	\$2.770	\$2.779	+\$0.009	+0.3%
Payroll	\$990	\$1,046	+\$56	+5.7%
Projected Losses	\$27.4	\$29.1	+\$1.6	+6.0%

Notes: Amounts are undiscounted, at expected level, and exclude expenses for claims administration (ULAE), general administration, and excess insurance.

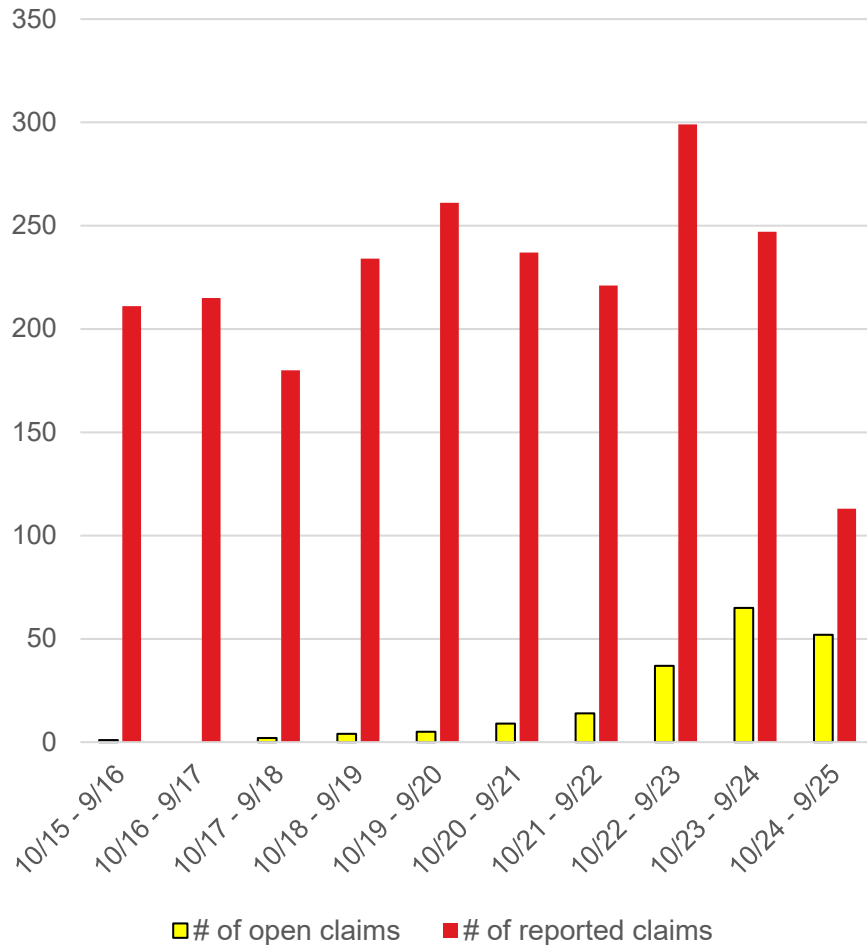
Loss Rate

per \$100 of payroll

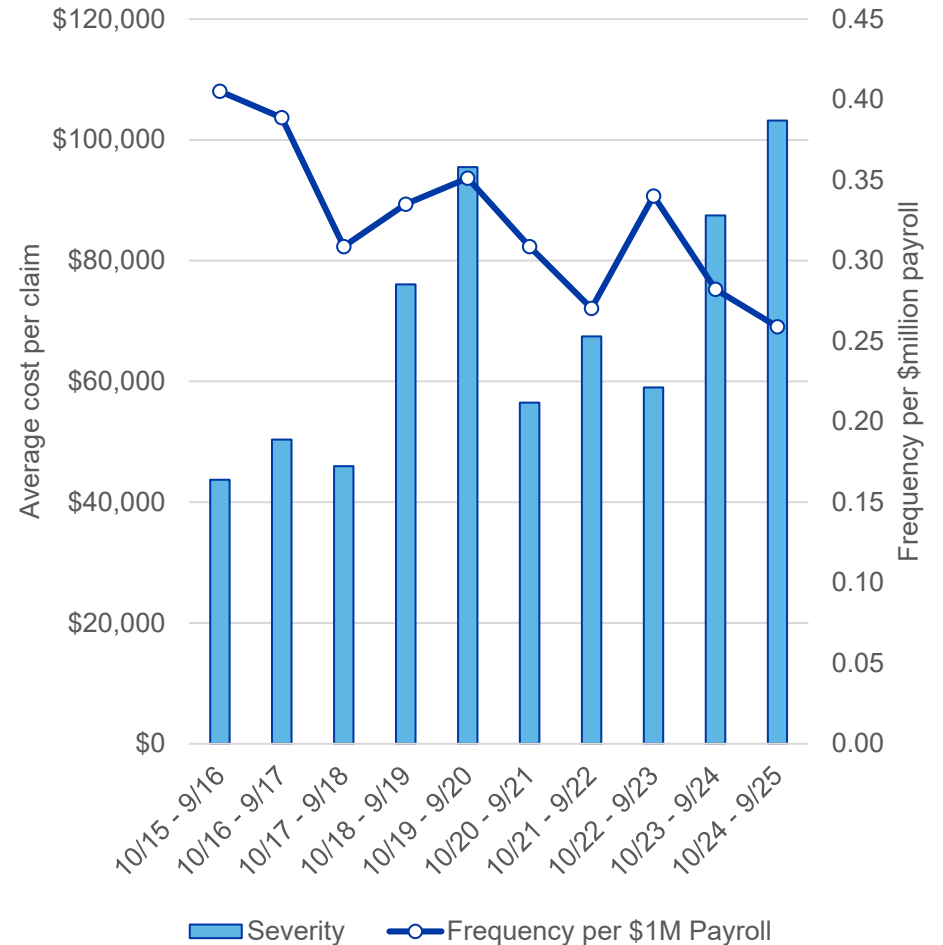


Frequency & Severity

of Claims as of June 30, 2025



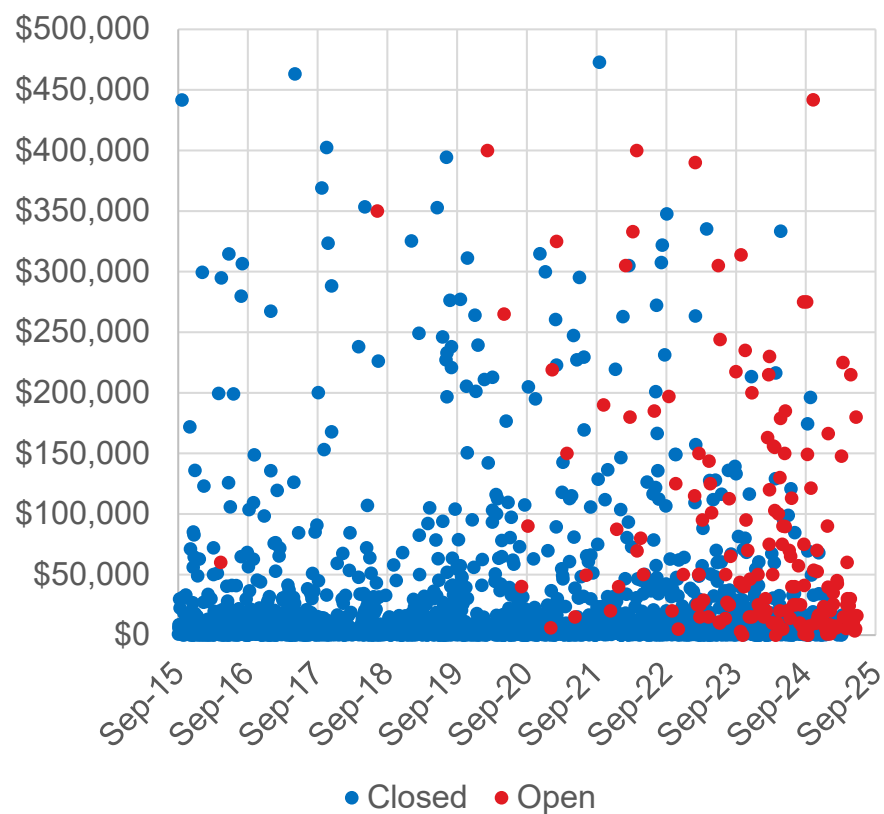
Frequency & Severity



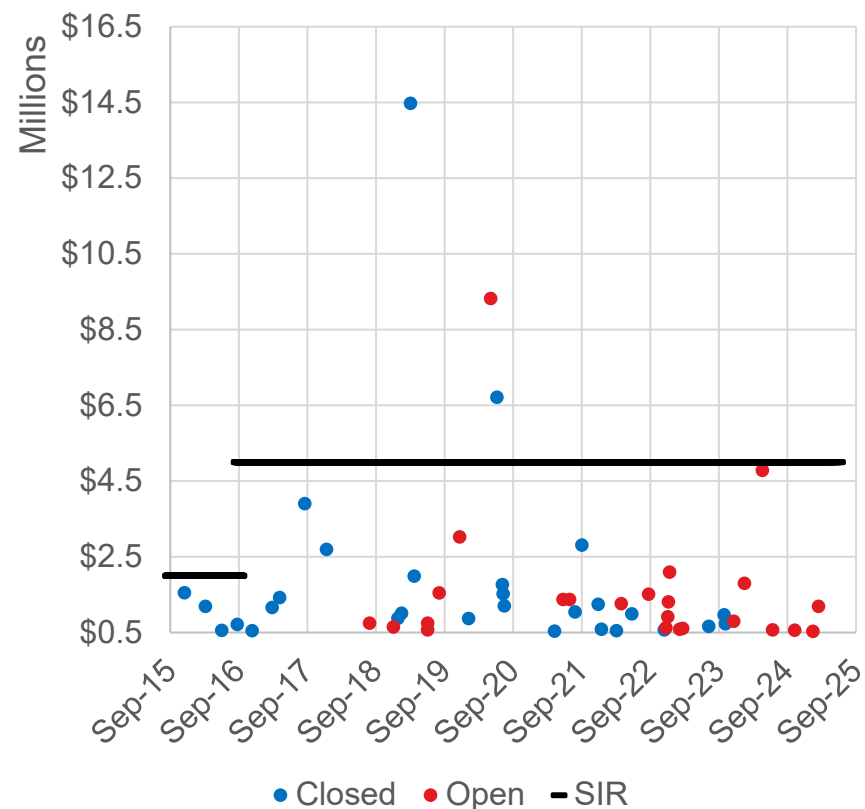
Notes: Counts, frequencies, and severities exclude \$0 claims.

10-Year Distribution of Losses

Below \$500,000



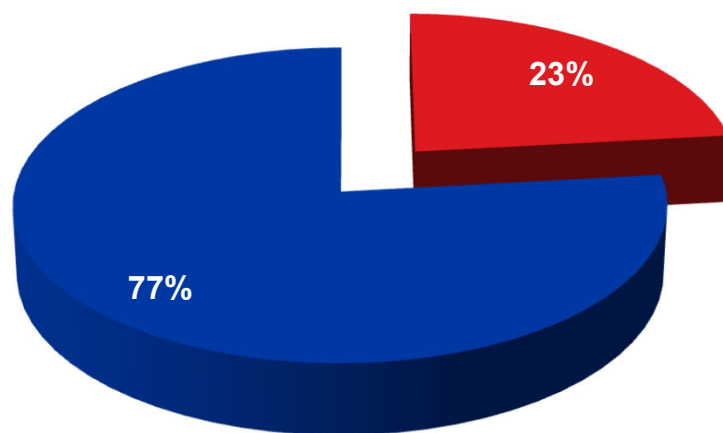
Above \$500,000



Claim Size Distribution

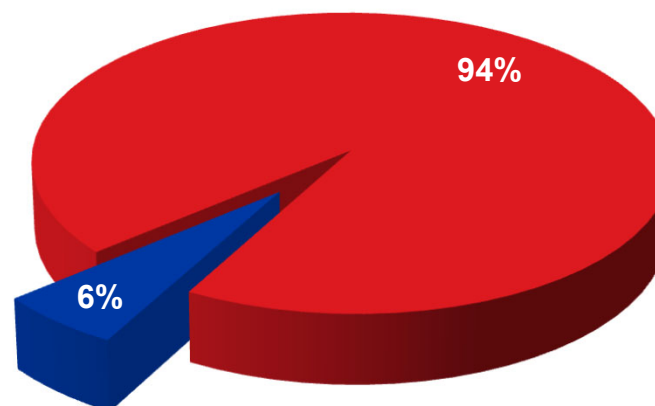
77% of claims < \$25,000 and cost 6%, remaining 23% cost 94%

Number of Claims



■ >\$25,000 ■ <\$25,000

Incurred Losses



■ >\$25,000 ■ <\$25,000

Notes: Based on reported losses limited to SIR as of June 30, 2025 for claims incurred October 1, 2015 and subsequent.

Summary

- Outstanding losses increased by \$7.2 million from 9/30/24 to 9/30/25
 - New year (2024/25) projected losses higher than payments on prior years
 - Decrease in projected ultimate losses for 2023/24 and prior
- Funding loss rate: +0.3% change from 2024/25 (prior study) to 2025/26 (current study)
- Few claims drive majority of the losses

Questions?



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tracy.fleck@aon.com

ACWA JPIA MEETINGS CALENDAR – 2026

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT	CWIF
					Emp. Benefits	Liability	Property	Work Comp		
JAN 16		8:00 AM*								
JAN 21			3:00 PM							
JAN 22		10:30 AM							8:00 AM	
FEB 11							11:00 AM*			
FEBRUARY 19-20 STRATEGIC PLANNING SESSION - SAN DIEGO										
MARCH 1-4 AGRIP GOVERNANCE CONFERENCE - NASHVILLE										
MARCH 8-10 CICA CONFERENCE - PALM DESERT										
MAR 26				1:00 PM			3:00 PM			
MAR 27		8:00 AM								
APRIL 27		4:00 PM*								
APRIL 30					9:00 AM*					
MAY 4-7 ACWA JPIA SPRING MEMBERSHIP SUMMIT AND ACWA CONFERENCE - SACRAMENTO										
MAY 4	2:00 PM					8:15 AM				
MAY 29										9:00 AM (UTAH)
JUNE 3			10:00 AM *							
JUNE 25								3:00 PM		
JUNE 26		8:00 AM								10:30 AM
JULY 29		3:00 PM			1:00 PM					
SEPTEMBER 15-18 CAJPA ANNUAL CONFERENCE – SOUTH LAKE TAHOE										
SEPT 10			4:00 PM *							
SEPT 24				1:00 PM		3:00 PM	10:00 AM			
SEPT 25		8:00 AM								11:00 AM
NOVEMBER 30-DECEMBER 3 ACWA JPIA FALL MEMBERSHIP SUMMIT AND ACWA FALL CONFERENCE - ANAHEIM										
Nov 30	2:00 PM									8:15 AM

*Virtual Meeting

ACWA JPIA MEETINGS CALENDAR – 2027

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	P R O G R A M S				RISK MGMT	CWIF
					Emp. Benefits	Liability	Property	Work Comp		
JAN 19			3:00 PM							
JAN 20		10:30 AM							8:00 AM	
MARCH 7-10 AGRIP GOVERNANCE CONFERENCE – NEW ORLEANS										
MARCH 7-9 CICA CONFERENCE – SCOTTSDALE										
MAR 30				1:00 PM			3:00 PM			
MAR 31		8:00 AM								
MAY 10-13 ACWA JPIA SPRING MEMBERSHIP SUMMIT AND ACWA CONFERENCE – SAN FRANCISCO										
MAY 10	2:00 PM				8:15 AM					
MAY 27										9:00 AM (UTAH)
JUNE 11			10:00 AM *							
JUNE 24						1:00 PM		3:00 PM		
JUNE 25		8:00 AM								11:00 AM
JULY 29		3:00 PM			1:00 PM					4:30 PM
SEPTEMBER 21-23 CAJPA ANNUAL CONFERENCE – MONTEREY										
SEPT 10			9:00 AM *							
SEPT 29						3:00 PM	1:00 PM			
SEPT 30		10:00 AM		8:00 AM						12:00 PM
OCTOBER 3-5 AGRIP STAFF INSTITUTE – HOLLYWOOD										
NOVEMBER 29-DECEMBER 2 ACWA JPIA FALL MEMBERSHIP SUMMIT AND ACWA FALL CONFERENCE - ANAHEIM										
Nov 29	2:00 PM									8:15 AM

*Virtual Meeting



Hybrid Meeting Participation Guidelines

For Remote Meeting Participants

Remember to mute yourself until you are ready to speak.

If you have a question or comment, raise your hand in Zoom.

To raise or lower your hand:

1. For PC users:
 - a. Press 'Alt-Y' on your keyboard
 - b. Or go to 'Reactions' on your Zoom screen
2. For IPAD users, go to 'More'.
3. For telephone (audio only) users, press * then 9.

For In-House Meeting Participants

Remember to use your microphone when speaking.

- Remote participants will not hear you if you don't.
- Before speaking, check that your mic is unmuted (green light).

For in-house participants that do not have a microphone, please wait for the mic runner before speaking.