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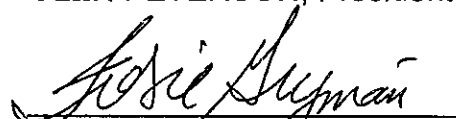
MEMBER AGENCY OF THE
METROPOLITAN WATER
DISTRICT
OF SOUTHERN CALIFORNIA

Call and Notice of Special Meeting of the Board of
Directors of Las Virgenes Municipal Water District

A Special Meeting of the Board of Directors of Las Virgenes Municipal Water District is hereby called and notice of said Special Meeting is hereby given for **9:00 a.m. on Friday, September 23, 2016**, Las Virgenes Municipal Water District, 4232 Las Virgenes Road, Calabasas, California, 91302, to consider the following:

1. **Call to Order and Roll Call**
2. **Approval of Agenda**
3. **Public Comments**
4. **Property & General Liability Insurance (See attached agenda)**
5. **Adjournment**

By Order of the Board of Directors
GLEN PETERSON, President



Josie Guzman, CMC
Deputy Secretary of the Board

c: Each Director

Dated September 20, 2016



LAS VIRGENES MUNICIPAL WATER DISTRICT
4232 Las Virgenes Road, Calabasas, CA 91302

AGENDA
SPECIAL MEETING

Members of the public wishing to address the Board of Directors are advised that a statement of Public Comment Protocols is available from the Clerk of the Board. Prior to speaking, each speaker is asked to review these protocols and **MUST** complete a speakers' card and hand it to the Clerk of the Board. Speakers will be recognized in the order cards are received.

The **Public Comments** agenda item is presented to allow the public to address the Board on matters not on the agenda. The public may present comments on any agenda item at the time the item is called upon for discussion.

Materials prepared by the District in connection with subject matter on the agenda are available for public inspection at 4232 Las Virgenes Road, Calabasas, CA 91302. Materials prepared by the District and distributed to the Board during this meeting are available for public inspection at the meeting or as soon thereafter as possible. Materials presented to the Board by the public will be maintained as part of the records of these proceedings and are available upon written request to the Clerk of the Board.

9:00 AM

September 23, 2016

PLEDGE OF ALLEGIANCE

- 1 **CALL TO ORDER AND ROLL CALL**
- 2 **APPROVAL OF AGENDA**
- 3 **PUBLIC COMMENTS**

Members of the public may now address the Board of Directors ON MATTERS NOT APPEARING ON THE AGENDA, but within the jurisdiction of the Board. No action shall be taken on any matter not appearing on the agenda unless authorized by Subdivision (b) of Government Code Section 54954.2

4 **ACTION ITEMS**

A Property & General Liability Insurance (Pg. 3)

Accept the proposal from Tolman & Wiker Insurance Services, LLC, to purchase general liability and property insurance from Argonaut Insurance Company/ Trident Public Risk Solutions, in an aggregate amount of \$738,362, for the term of October 1, 2016 through September 30, 2017; and authorize the General Manager to execute the related contracts and forms.

5 **ADJOURNMENT**

Pursuant to Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and applicable federal rules and regulations, requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the Executive Assistant/Clerk of the Board in advance of the meeting to ensure availability of the requested service or accommodation. Notices, agendas, and public documents related to the Board meetings can be made available in appropriate alternative format upon request.



September 23, 2016 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Liability and Property Insurance Renewal

SUMMARY:

The District purchases insurance from third parties to transfer its exposure to risk from losses. For the period of October 1, 2016 through September 30, 2017, the District received quotes for participation in three distinct risk-transfer programs: a traditional insurance program and two risk pools. Due to the complexity of evaluating the different programs, staff retained the services of The Johnson Group, Ltd., to assist in comparing the coverages. Based on a thorough review of the programs, staff recommends the Board accept the proposal from Tolman & Wiker Insurance Services, LLC, for the District to continue purchasing liability and property insurance from Argonaut Insurance Company/Trident Public Risk Solutions (Trident).

RECOMMENDATION(S):

Accept the proposal from Tolman & Wiker Insurance Services, LLC, to purchase general liability and property insurance from Argonaut Insurance Company/Trident Public Risk Solutions, in an aggregate amount of \$738,362, for the term of October 1, 2016 through September 30, 2017; and authorize the General Manager to execute the related contracts and forms.

FISCAL IMPACT:

Yes

ITEM BUDGETED:

Yes

FINANCIAL IMPACT:

Sufficient funds are available in the adopted Fiscal Year 2016-17 Budget for the proposed general liability and property insurance with a total annual cost of \$738,362.

DISCUSSION:

Background:

The District purchases insurance to transfer its exposure to risk from significant losses. For more than 15 years, the District has purchased traditional liability and property insurance through Tolman & Wiker Insurance Services, LLC, serving as its insurance broker. Although the District has been pleased with the insurance services received through Tolman & Wiker, staff sought quotes from both Tolman & Wiker and the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) for the policy year beginning on October 1, 2016.

Types of Coverage:

For coverages beginning on October 1, 2016, the District received quotes for three distinct types of risk-transfer programs: traditional insurance (Trident), a risk pool with full reinsurance (JPRIMA) and a risk pool with a member self-insured retention (ACWA/JPIA). Each program involves the transfer of risk from the District in exchange for the payment of a premium; however, the mechanisms of risk transfer are different as are the premiums.

With the traditional insurance program (Trident), the District purchases its own insurance directly from an insurance company through its broker. The coverage is governed under regulations issued by the State of California Department of Insurance, is not subject to binding arbitration, and, if the insurance company becomes insolvent, claims may be handled by the California Insurance Guaranty Association. Ambiguous policy language is generally decided in favor of the insured.

In the ACWA/JPIA risk pool, the District purchases its coverage as part of a pool with multiple other agencies sharing the first \$5 million of risk. Excess coverage is purchased from commercial insurers. The coverage is governed by a Memorandum of Coverage that is not subject to regulation or review by the State of California Department of Insurance. The Memorandum of Coverage is subject to contract law and coverage disputes are resolved by arbitration.

The JPRIMA risk pool is similar in program design to the ACWA/JPIA program (i.e., it involves a Memorandum of Coverage and not an insurance policy). However, unlike ACWA/JPIA, the JPRIMA program fully reinsures its coverage with commercial insurers. There is no pooling of risk or sharing of losses among JPRIMA members.

Evaluation of Proposals:

Because of the complexities of the three proposals, the District retained the services of The Johnson Group, Ltd., to assist in comparing them. Attached is a report summarizing the results of the review. The report highlights areas of significant difference that should be considered when selecting a risk transfer program. The analysis also indicates that coverages for areas not highlighted below are generally comparable and, therefore, not deciding factors for making a selection.

- Dam liability coverage quoted by ACWA/JPIA excludes spillage or overtopping when the dam remains intact (i.e. no partial or complete failure); whereas, the Trident and JPRIMA

- proposals provide coverage for such events.
- Failure to supply coverage from ACWA/JPIA is limited to sudden and accidental losses and excludes liability arising out of Board or management decisions; whereas the Trident and JPRIMA proposals do not include such this limitation and exclusion.
 - Condemnation and inverse condemnation coverage from ACWA/JPIA excludes liability arising out of Board or management decisions; whereas, the Trident and JPRIMA proposals do not include such an exclusion.
 - Condemnation and inverse condemnation for sudden and accidental losses under the ACWA/JPIA program has a limit of \$60 million; whereas, JPRIMA has a limit of \$21 million and Trident has a limit of \$11 million.
 - Retrospective Premium Adjustment (RPA) – Of the three proposals, the ACWA/JPIA program is unique with its utilization of a retrospective premium adjustment. After the fourth year of the program, ACWA/JPIA adjusts the District's deposit premium by subtracting claims, claims expenses and other cost allocations, including the District's share of losses from the self-insured retention pool. If the adjustment results in the District having a retrospective premium that is less than the estimated deposit premium, the District would be eligible for a return premium from ACWA/JPIA. Conversely, if the adjustment results in a retrospective premium higher than the estimated deposit premium, the District would owe an additional premium to ACWA/JPIA. A detailed discussion of the RPA is found beginning on page 12 of the attached report. During seven of the last 10 years, ACWA/JPIA's RPAs resulted in a credit to the pool as a whole. In any given year, the amount of credit or deduction is based on the experience of the pool as a whole and also the specific experience of the District. If the District had higher or lower than expected claims, its credit or deduction from the RPA could be different than the pool as a whole. Any credit from the RPA would be applied to a rate stabilization fund to cover years when the RPA results in payment due to ACWA/JPIA.

Non-Coverage Consideration:

One non-coverage consideration pertains to differences in how claims are managed and processed under the three programs. Currently, and under both the Trident and JPRIMA programs, District staff would resolve claims under \$50,000. However, under the ACWA/JPIA program, ACWA/JPIA would process all claims. Additionally, under the Trident and JPRIMA programs, the District could utilize the services of District counsel to resolve claims. However, under the ACWA/JPIA program, ACWA/JPIA counsel would be utilized when necessary to resolve claims. The ACWA/JPIA program also includes additional inspections, training and other resources that must be utilized to help minimize risk to the pool and could affect District operations.

Recent Changes to ACWA/JPIA Program:

It should be noted that ACWA/JPIA is in the process of updating its risk program. Over the past month, significant changes have been made to ACWA/JPIA's Memorandum of Coverages. Following are the most significant changes that would affect the District: (1) elimination of an exclusion for liability arising from effluent disposal to Malibu Creek; (2) decrease in the total limit of coverage available for subsidence claims from \$30 million to \$20 million; and (3) increase in the members' self-insured pooled layer from \$2 million to \$5 million. Above the self-insured pooled layer, ACWA/JPIA purchases insurance to transfer risk.

Premium Comparison:

Following is the annual cost of the three programs: \$518,420 for ACWA/JPIA, \$544,911 for JPRIMA, and \$551,623 for Trident, without Difference in Conditions (DIC) coverage, which is discussed separately below. Based on the results of the analysis and the differences in coverage for the three programs, staff recommends the Trident program because it provides broader coverage for dam failure, failure to supply, and inverse condemnation for a modest additional annual premium.

Difference in Conditions Coverage (Earthquake and Flood):

The District received a quote, in the amount of \$189,969, for Difference in Conditions (DIC) coverage, which pertains to earthquake and flood risks. The quote was from Tolman & Wiker and provides an option to purchase an additional \$10 million in coverage, for a total of \$40 million, for an additional \$7,574. Given the cost of the additional coverage, staff recommends that the District purchase the additional \$10 million in coverage.

The District's current broker, Tolman & Wiker, is the Broker of Record for the DIC program. ACWA/JPIA could not receive a DIC quote for the District without being named as Broker of Record for the District. However, since the policy would likely be quoted and purchased from the same insurance market, the premium for the DIC coverage is expected to be the same whether quoted by Tolman & Wiker or ACWA/JPIA. Because there is not sufficient time for the District to change its Broker of Record and obtain new quotes by September 30, 2016, staff recommends the Board authorize the purchase of DIC coverage through Tolman & Wiker, for the period of October 1, 2016 through September 30, 2017, even if the ACWA/JPIA program is selected.

Terrorism Coverage:

The recommendation includes purchasing terrorism coverage. Terrorism coverage under the Trident program would be an additional \$26,274 to match the program's property and general liability limits. Alternatively, under the Trident program, the District could purchase a lesser amount of terrorism coverage for a reduced premium. Staff recommends the District purchase \$11 million of terrorism coverage for an annual premium of \$7,624. Under the provisions of the terrorism policy, the incident would have to be declared by the Secretary of the Treasury as an act of terrorism. Should this situation arise, the District's liability and property policies would not cover the resulting losses absent the purchase of terrorism coverage. The proposed ACWA/JPIA policy does provide terrorism coverage within its proposed premium.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration

ATTACHMENTS:

Comparison Report for Proposals
Trident Proposal

JPRIMA Proposal
ACWA/JPIA Proposal

Las Virgenes Municipal Water District

Property & Casualty Insurance Proposal Comparison Trident vs. JPRIMA vs. ACWA-JPIA

September 2016

Presented by
Greg Johnson

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TABLE OF CONTENTS

Outline of Decision-Making Strategies	1
Basic Program Information	3
Comparison: Insurance vs. Risk Pool.....	6
Liability – Dam Failure	8
Liability – Failure To Supply	9
Liability – Condemnation & Inverse Condemnation	10
Liability – Other Limits	11
Deductibles ~ Retentions ~ RAPs	12
Annual Premiums	15

OUTLINE OF DECISION-MAKING STRATEGIES

1. Eliminate DIC (Earthquake & Flood coverage) from the comparative analysis.
 - a. Already have an "as-is" renewal quote through Tolman & Wiker.
 - i. \$30M limit for \$175,000 premium (before fees & taxes)
 - b. No competing quote at this limit of coverage.
 - c. If LVMWD wants to continue stand-alone DIC coverage at a \$30M limit, then recommend binding renewal coverage through T&W as soon as possible.
2. Eliminate Cyber coverage from the comparative analysis.
 - a. LVMWD does not have a current cyber policy that is up for renewal, so a decision by 10/1 is not required.
 - b. Cyber policies are not standardized throughout the insurance industry. Therefore, a full-court marketing effort to obtain multiple quotes from U.S.-based and London-based insurers would give LVMWD the broadest range of options.
 - c. Management and the Board should then make a concentrated evaluation of the cyber coverage options in comparison to the LVMWD cyber risk exposures.
 - d. Recommend delaying the cyber coverage decision until later this year when more options can be presented and the decision-making process can focus on cyber coverage alone.
3. Eliminate Crime coverage from the comparative analysis.
 - a. All renewal proposals offer Crime coverage.
 - b. Crime coverage is *not* a deciding factor in this year's renewal process.
 - c. Crime coverage can "tag along" with the winning program.
4. Eliminate Property coverage from the comparative analysis:
 - a. Property coverage is a key component of all the renewal options under consideration for 10/1.
 - b. The property renewal proposals provide similar coverages, limits and sublimits. Where the proposals are different, the differences are not significant and are not likely to swing a vote one way or the other.

continued on next page....

OUTLINE OF DECISION-MAKING STRATEGIES

- c. Although you might be able to split the Property and Liability programs apart and purchase them from different providers, it would be better to keep the programs together with a single provider.
 - d. Thus, recommend allowing the Property coverage to follow suit with the decision on the Liability program.
5. Recommend selecting coverage for 10/1 based on an evaluation of the Liability program proposals. Consider:
- a. Plan Design – Review traditional insurance design features vs. risk pool design features.
 - b. Key Coverages & Limits – Assess LVMWD risk exposures vs. liability limits for key coverages.
 - c. Deductibles & Retention – Understand the different approach to risk transfer offered by the competing programs. Even though the nominal dollar amount of retentions & deductibles is almost identical, the actual transfer of risk is quite different.
 - d. Premiums – Can't neglect the bottom line.

Las Virgenes Municipal Water District

Basic Program Information	Trident Traditional Insurance	JPRIMA Full Reinsured Risk Pool	ACWA-JPIA Risk Pool
1. Coverage provider	Argonaut Insurance Company (and affiliated insurance companies)	Joint Powers Risk and Insurance Management Authority (JPRIMA)	Joint Powers Insurance Authority (JPIA)
2. Program formed by	Trident Public Risks Solutions	California Association of Mutual Water Companies in conjunction with Alteris	Association of California Water Agencies
3. Program manager	Trident Public Risks Solutions <i>(a member of Argo Group)</i>	Alteris Insurance Services, Inc. <i>(a member of Argo Group)</i>	ACWA-JPIA
4. Program type	Traditional insurance	California public entities risk pool with full reinsurance	California public entities risk pool with excess reinsurance
5. Portion of program pooled with other members?	None; Program is fully insured with independent insurance carriers	None; Program is fully reinsured with independent insurance carriers	First \$5 million* is pooled with program members; Excess layers are reinsured with independent insurance carriers <i>(*\$2M before 10/1/16)</i>
6. Insurer for primary layer	Argonaut	Allied World	Not applicable; Primary layer is self-insured risk pool
7. Best's Financial Rating & Size for primary layer (Rating can range from A+ "superior" to D "poor") (Sixe XII means policyholder surplus of \$1B to \$1.25B) (Size XV means policyholder surplus of \$2B or greater)	Argonaut Ins Co A (excellent) XII Outlook: stable	Allied World Ins Co A (excellent) XV Outlook: stable	Not applicable; Primary layer is self-insured risk pool

Las Virgenes Municipal Water District

Basic Program Information	Trident Traditional Insurance	JPRIMA Full Reinsured Risk Pool	ACWA-JPIA Risk Pool
<p>8. Is the risk pool accredited by the California Association of Joint Powers Authorities (CAJPA)?</p> <p>(Accreditation provides assurances that pool governance and fiscal practices conform to standards promulgated by CAJPA.)</p>	Not applicable	Not applicable Fully reinsured, no pool	Yes
9. How long providing this program?	This program since 2010, but Trident has been in the water agency arena for decades	New program 2016 <i>(Alteris management has 21 years of experience serving over 900 public water system insureds in CA)</i>	Since 1979
10. Approximate number of insureds or members?	1,000+	90+	Liability = 290+ Property = 260+
11. Common anniversary date for program renewal?	No	Yes—April 1	Yes—10/1 for liability 4/1 for property 7/1 for workers comp
12. Requires an initial three-year commitment to remain in the program?	No—Insured may exit program at any renewal	Yes—Three-year member enrollment required <i>(Exit is allowed if a rate increase exceeds 15%)</i>	Yes—Three-year member enrollment required

Las Virgenes Municipal Water District

Basic Program Information	Trident Traditional Insurance	JPRIMA Full Reinsured Risk Pool	ACWA-JPIA Risk Pool
13. Exit notification required?	No	Yes—180 day exit notification required after the 3-year commitment	Yes—After the 3 year commitment, there is a 12 month <i>Notice of Intent to Withdraw</i> , with a final determination required 90 days prior to the end of the program year
14. Is the pool assessable, i.e., in the event of insufficient funds to pay claims, can the pool assess its members?	Not applicable	Not applicable; Fully reinsured, no pool	Yes—Has annual retrospective premium adjustments (RPAs) beginning 4 years after program inception; RPAs can result in additional premiums or return premiums
15. Claims handling within the retention?	Administered by LVMWD staff	Administered by LVMWD staff	Administered by ACWA-JPIA
16. Broker for program? (Broker-related services include marketing, contract review, safety and loss control seminars, and other risk management services.)	Tolman & Wiker	Tolman & Wiker	No Broker—However, JPIA offers similar services

Las Virgenes Municipal Water District

Comparison: Insurance vs. Risk Pool	Trident Traditional Insurance	JPRIMA Full Reinsured Risk Pool	ACWA-JPIA Risk Pool
1. Coverage provider	Argonaut Insurance Company (and affiliated insurance companies)	Joint Powers Risk and Insurance Management Authority (JPRIMA)	Joint Powers Insurance Authority (JPIA)
2. Program type	Traditional insurance	California public entities risk pool with full reinsurance	California public entities risk pool with excess reinsurance
3. Is the program subject to insurance law precedent?	Yes	No—Contract law applies	No—Contract law applies
4. Ambiguous contract language decided in favor of the insured?	Yes	No (This contract is subject to arbitration)	No (This contract is subject to arbitration)
5. Is the program subject to regulation by the California Department of Insurance?	Yes	No (Not insurance, thus not subject to regulation under the Insurance Code)	No (Not insurance, thus not subject to regulation under the Insurance Code)
6. Must the program provider issue a reservation of rights letter to protect its ability to deny coverage for a claim submitted by LVMWD?	Yes	No	No
7. Mandatory binding arbitration to resolve disputes with program provider?	No	Yes	Disputes shall be resolved by either administrative proceedings or binding arbitration as described in the Memorandum

Las Virgenes Municipal Water District

Comparison: Insurance vs. Risk Pool	Trident Traditional Insurance	JPRIMA Full Reinsured Risk Pool	ACWA-JPIA Risk Pool
<p>8. Eligible for CIGA to handle claims of an insolvent insurance company?</p> <p>(The risk of insolvency of an <i>admitted</i> carrier is mitigated by the California Insurance Guaranty Association (CIGA), which provides some coverage in the event of such insolvency. CIGA coverage does not apply to <i>non-admitted</i> carriers or to reinsurance.)</p>	<p>Yes, if using <i>admitted</i> insurers</p> <p>No, if using <i>non-admitted</i> insurers</p> <p>(Argonaut Insurance Co is an <i>admitted</i> insurer in CA)</p>	<p>Not applicable; This program is not eligible for CIGA reimbursement.</p>	<p>Not applicable; This program is not eligible for CIGA reimbursement.</p>

Liability – Dam Failure	2015-16 Trident	2016-17 Trident	2016-17 JPRIMA	2016-17 ACWA-JPIA
1. Covers bodily injury or property damage arising from structural failure, collapse, bursting, flooding, cracking, settling, subsidence, landslide or other earth movement of any dam?	Yes, if dam is scheduled on policy	Yes, if dam is scheduled on policy	Yes, if dam is scheduled on policy	Yes, if supplemental coverage is purchased
2. Liability – Dam Failure Maximum limit available for a single occurrence	\$11,000,000	\$11,000,000	\$21,000,000	\$10,000,000
3. Covers <i>spillage</i> or <i>overtopping</i> when the dam remains intact (i.e., there is no partial or complete failure of the dam)?	Yes	Yes	Yes	No
4. Liability – Dam spillage or overtopping where dam remains intact; Maximum limit available for a single occurrence	\$11,000,000	\$11,000,000	\$21,000,000	-0-
5. Covers <i>seepage</i> whether or not there is structural damage to the dam?	No	No	No	No
<p>Trident: "This [dam failure] exclusion does not apply to bodily injury or property damage, loss, costs or expense arising directly or indirectly out of the structural failure, collapse, bursting, flooding, cracking, settling, spillage, subsidence, landslide or other earth movement of any dam, reservoir, levee or dike which is scheduled by endorsement to the policy."</p> <p>JPRIMA: "This [dam failure] exclusion does not apply to bodily injury or property damage, loss, costs or expense arising directly or indirectly out of the structural failure, collapse, bursting, flooding, cracking, settling, spillage, subsidence, landslide or other earth movement of any dam, reservoir, levee or dike which is scheduled in the coverage Supplemental Declarations."</p> <p>ACWA-JPIA: "The Authority will pay on behalf of the Covered Party all sums....which the Covered Party shall become legally obligated to pay by reason of liability imposed by law, for damages of bodily injury, property damage, errors and omissions or personal injury arising out of the partial or complete structural failure of any dam scheduled under this Coverage Supplement." "This Coverage Supplement does not apply to occurrences arising out of the overtopping, accidental discharge, or any sudden escape of water, unless partial or complete failure of the covered dam(s) ensues, or unless caused by partial or complete failure of the covered dam(s)."</p>				

Liability – Failure To Supply	2015-16 Trident	2016-17 Trident	2016-17 JPRIMA	2016-17 ACWA-JPIA
1. Covers bodily injury or property damage arising from failure to adequately supply water?	Yes, with exceptions	Yes, with exceptions	Yes	Yes, for sudden and accidental loss; No, for Board or management decision-making
2. Liability – Failure To Supply <i>due to sudden & accidental loss</i> ; Maximum limit available for a single occurrence	\$11,000,000	\$11,000,000	\$21,000,000	\$60,000,000
3. Liability – Failure To Supply <i>due to LVMWD decision</i> Maximum limit available for a single occurrence	\$11,000,000	\$11,000,000	\$21,000,000	-0-
<p>Trident: The Failure To Supply exclusion “does not apply if there is a limit shown on the Declarations extending coverage for Failure to Supply to a designated utility service.” (The Declarations page shows a Failure To Supply limit of \$1 million.)</p> <p>Failure To Supply is not covered if the failure is due to any of the following:</p> <ul style="list-style-type: none"> a) Lack of regular and customary maintenance; b) Inadequate power source if such inadequacy was known to LVMWD prior to the occurrence and LVMWD did not take steps to correct the inadequacy; c) Inadequate or improper training of responsible person(s); or d) Breach of an insured contract. 				
<p>JPRIMA: The policy does not mention Failure To Supply, i.e., it does not specifically exclude Failure To Supply, nor does it specifically affirm coverage for Failure To Supply. The underwriter says the basic insuring agreement provides coverage: “We will pay those sums that the Enrolled Named Member becomes legally obligated to pay as damages because of <i>bodily injury or property damage</i> to which this insurance applies. We will not cover an intentional breach of contract by LVMWD.”</p>				
<p>ACWA-JPIA: “This Memorandum does not apply to any defense or indemnification...for the following...: Liability arising out of the Covered Party’s delivery or non-delivery of water or electricity, 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...”</p>				

Liability – Condemnation & Inverse Condemnation	2015-16 Trident	2016-17 Trident	2016-17 JPRIMA	2016-17 ACWA-JPIA
1. Covers damages, loss or expense arising from any method or proceeding used to take control of private property for public use including <i>condemnation, adverse possession and dedication by adverse use?</i>	No	No	No	No
2. Covers damages, loss or expense arising from <i>inverse condemnation?</i>	Yes	Yes	Yes	Yes, for sudden and accidental; No, for Board or management decision-making
3. Liability – Inverse Condemnation <i>due to sudden & accidental loss</i> ; Maximum limit available for a single occurrence	\$11,000,000	\$11,000,000	\$21,000,000	\$60,000,000
4. Liability – Inverse Condemnation <i>due to LVMWD decision</i> Maximum limit available for a single occurrence	\$11,000,000	\$11,000,000	\$21,000,000	-0-
<p>Trident: "This policy does not apply to damages, loss or expense arising from any method or proceeding used to take control of private property for public use including condemnation, adverse possession, and dedication by adverse use. This exclusion applies whether or not any claim is made directly against any insured or by virtue of any agreement into, by or on behalf of any insured."</p> <p>(Note that <i>inverse condemnation</i> is not listed in the above exclusion.)</p>	<p>JPRIMA: "This insurance does not apply....to damages, defense expenses, costs or loss arising from any method or proceeding used to take control of private property for public use including condemnation, adverse possession, and dedication by adverse use other than inverse condemnation."</p>		<p>ACWA-JPIA: "This Memorandum does not apply to any defense or indemnification... for the following...: 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. Notwithstanding the above, claims for accidental property damage to a third party or bodily injury otherwise covered shall be covered herein."</p>	

Las Virgenes Municipal Water District

Liability – Other Limits	2015-16 Trident	2016-17 Trident	2016-17 JPRIMA	2016-17 ACWA-JPIA
1. Subsidence Maximum limit available for a single occurrence	36,000,000	36,000,000	46,000,000	20,000,000
2. General Liability Maximum limit available for a single occurrence	61,000,000	61,000,000	61,000,000	60,000,000
3. Product Liability Maximum limit available for a single occurrence	61,000,000	61,000,000	61,000,000	60,000,000
4. Vehicle Liability Maximum limit available for a single occurrence	61,000,000	61,000,000	61,000,000	60,000,000
5. Public Officials Wrongful Act Maximum limit available for a single occurrence	11,000,000	11,000,000	21,000,000	60,000,000
6. Employment Practices Liability Maximum limit available for a single occurrence	11,000,000	11,000,000	21,000,000	60,000,000

Deductibles ~ Retentions ~ RAPs ⁴	2015-16 Trident	2016-17 Trident	2016-17 JPRIMA	2016-17 ACWA-JPIA
1. Property <i>(SIR = self-insured retention)</i>	\$50,000 <i>deductible</i>	\$50,000 <i>deductible</i>	\$50,000 <i>SIR</i>	\$10,000 <i>deductible</i>
2. Vehicle Physical Damage	10,000 <i>deductible</i>	10,000 <i>deductible</i>	10,000 <i>SIR</i>	10,000 <i>deductible</i>
3. Vehicle Liability	25,000 <i>SIR</i>	50,000 <i>SIR</i>	50,000 <i>SIR</i>	50,000 <i>RAP⁵</i>
4. General Liability	50,000 <i>SIR</i>	50,000 <i>SIR</i>	50,000 <i>SIR</i>	50,000 <i>RAP⁵</i>
5. Public Officials & Management Liability (POML)	50,000 <i>SIR</i>	50,000 <i>SIR</i>	50,000 <i>SIR</i>	50,000 <i>RAP⁵</i>
6. Stop-Loss Aggregate ¹	500,000	500,000	500,000	n/a
7. Maintenance Deductible ²	10,000	10,000	10,000	n/a
8. Aggregate Excess Limit ³	1,000,000	1,000,000	1,000,000	n/a
<p>9. ¹Stop-Loss Aggregate – For the Trident and JPRIMA programs, the amounts in rows 1-5 represent the “retained limit.” Each payment made by LVMWD in excess of the ²Maintenance Deductible and within the “retained limit” will reduce the outstanding ¹Stop Loss Aggregate shown above by an equal amount until the ¹Stop Loss Aggregate is exhausted. When the ¹Stop Loss Aggregate is exhausted, a ²Maintenance Deductible will apply to each every loss and the Company (Trident or JPRIMA) will pay the balance up to the ³Aggregate Excess Limit. Each payment above the ²Maintenance Deductible will reduce the ³Aggregate Excess Limit by an equal amount. When the ³Aggregate Excess Limit is exhausted, LVMWD is once again responsible for the applicable “retained limit” under the terms and conditions of each of the respective coverage parts.</p>				
<p>10. ⁴Retrospective Allocation Point (RAP). <i>See next page.</i></p>				

Deductibles ~ Retentions ~ RAPs ⁴	2015-16 Trident	2016-17 Trident	2016-17 JPRIMA	2016-17 ACWA-JPIA
<p>11. ⁴Retrospective Allocation Point (RAP) The JPIA pays for a loss from first dollar—there is no out-of-pocket cost to the member at the time of a loss. The deposit premium is designed to prefund expected losses below the RAP. During the <i>retrospective premium adjustment</i> (RPA), all losses below the RAP are deducted from the initial deposit premium paid by the member.</p>				
<p>12. Retrospective Premium Adjustment (RPA) RPAs are annual adjustments to the original premium collected by JPIA. RPAs are calculated separately for each policy of each program year. The initial RPA is made at the end of the fourth full year of operations and then annually thereafter. If LVMWD joins the JPIA program, its first liability and property RPAs would be after 10/1/20.</p>				
<p>13. RPA Stabilization Fund In 1998, JPIA established an <i>RPA stabilization fund</i> for the Liability Program. JPIA maintains a separate RPA stabilization fund for each member and future RPAs flow through the member's individual RPA stabilization fund. The member receives a refund from JPIA when the balance of the member's stabilization fund exceeds 50% of the current year's basic liability premium. (Quoted deposit premiums for the Liability Program range from \$260k to \$394k.)</p>				
<p>14. What are the components of the Retrospective Premium Adjustment (RPA)? The RPA is the sum of the following:</p> <ul style="list-style-type: none"> a. losses incurred within the member's retrospective allocation point (RAP); plus b. the member's allocated share of other member's excess losses (i.e., losses above their RAP values); plus c. the member's share of other costs (e.g., unallocated claims expense, excess insurance premiums, administrative expense charged to members); plus d. an allocation for the member's share of catastrophic losses and reserves for claims incurred but not reported based on each member's premiums as a percentage of all members' premiums. 				
<p><i>Continues on next page....</i></p>				

Deductibles ~ Retentions ~ RAPs ⁴	2015-16 Trident	2016-17 Trident	2016-17 JPRIMA	2016-17 ACWA-JPIA
<p>15. What has been the recent history for Retrospective Premium Adjustments (RPAs)?</p> <ul style="list-style-type: none"> a. In the past decade, annual RPAs for the Liability Program have resulted in JPIA owing a net return premium to members in seven years and members collectively owing JPIA additional funds in three years. (These results are the aggregate for all members combined; results for individual members could be positive or negative in any given year.) b. In the past decade, annual RPAs for the Property Program have resulted in JPIA owing a net return premium to members in every year. (These results are the aggregate for all members combined; results for individual members could be positive or negative in any given year.) 				
<p>16. ACWA-JPIA Retrospective Summary</p> <ul style="list-style-type: none"> a. Under the JPIA programs, the Deposit Premiums are estimates to be credited against the amount of Retrospective Premium determined under the cost allocation plan. Thus, the actual premium for any given program in any given policy year might not be known for several years. b. Claims and claim expenses up to the Retrospective Allocation Point (RAP) are subtracted directly from the member's deposit premium during the Retrospective Premium Adjustment (RPA). c. The Retrospective Premium Adjustment (RPA) occurs annually for the Liability Program beginning at the end of the fourth full year of operations (if switching to JPIA now, then the first calculation for LVMWD will be after 10/1/20). d. If the RPA results in a balance due to the member, then the return premium is placed in the member's stabilization fund. Return premium is disbursed to the member only when the balance of the stabilization fund exceeds 50% of the current year's liability premium. 				

Las Virgenes Municipal Water District

Annual Premiums	2015-16 Trident	2016-17 Trident	2016-17 JPRIMA	2016-17 ACWA-JPIA
1. General Liability	\$ 135,340	\$ 130,787	\$ 125,151	\$ 382,736
2. Public Officials & Management Liability (POML)	23,805	23,717	22,334	
3. Vehicle Liability	67,914	67,143	53,726	
4. Excess Liability	197,835	211,815	249,654	
5. Dam Failure Liability	included	included	included	29,929
6. Property	110,104	118,161	57,828	105,755
7. Administrative Fees	-	-	36,218	-
8. Premium for Liability & Property	\$ 534,998	\$ 551,623	\$ 544,911	\$ 518,420

no terrorism coverage *includes premium for terrorism* *includes premium for terrorism* *terrorism covered automatically*

9. Premium for Liability & Property <i>without optional terrorism coverage</i>	\$ 534,998	\$ 525,349	\$ 528,312	\$ 518,420
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no terrorism coverage *no terrorism coverage* *no terrorism coverage* *terrorism covered automatically*

Robert E. Acquistapace
Gregory C. Anderson
Shawn E. Carson
Steven W. Carter
Raymond M. Clem
Dennis W. Corte
Ronald F. Cossa
Jeffrey G. Dann
Judith M. Diaz
Jeffrey T. Dodds



John A. Feliciano
Kipton Keller
Shaun M. Kelly
Joan M. Kirchhof
David L. Rucker
David R. Shore
Denise D. Sutton
Richard W. Toohey
Gregory W. Van Ness
Barbara J. Ward

**PROPOSAL FOR:
LAS VIRGENES MUNICIPAL
WATER DISTRICT**

POLICY TERM: 10/1/2016 – 10/1/2017

Presented by:

**Jeffrey T. Dodds
Managing Member**

July 26, 2016

LAS VIRGENES MUNICIPAL WATER DISTRICT 2016 PROPOSAL SUMMARY

	EXPIRING 2015-2016	RENEWAL 2016-2017
Coverage/Policy Type	Carrier/AM Best Rating Limits & Coverages	Carrier/AM Best Rating Limits & Coverages
Property	<p>Argonaut Insurance Co. A XII, Admitted \$118,652,559 Real and Personal Property \$50,000 deductible</p> <p>Business Income: \$1,000,000 Extra Expense: \$1,000,000 Rental Income Coverage- Limit \$62,000- (4232-B Las Virgenes Rd.) Accounts Receivable: \$250,000 on premises / \$10,000 in transit Fine Arts: \$100,000 per occurrence / \$5,000 per item Property in Transit: \$100,000 Valuable Papers and Records: \$250,000 on premises / \$50,000 off premises Outdoor Property: \$50,000 Trees, shrubs, plants and lawns: included in Outdoor Property Water Plus 360 enhancement endorsement. Building Ordinance or Law: 125% Margin Clause; Demolition Costs and/or Undamaged Portion of Building: \$10,000,000 Increased Cost of Construction: 10% of building value; Replacement Cost; Agreed Amount</p>	<p>Argonaut Insurance Co. A XII, Admitted \$131,704,145 Real and Personal Property \$50,000 deductible</p> <p>Business Income: \$1,000,000 Extra Expense: \$1,000,000 Rental Income Coverage- Limit \$62,000- (4232-B Las Virgenes Rd.) Accounts Receivable: \$250,000 on premises / \$10,000 in transit Fine Arts: \$100,000 per occurrence / \$5,000 per item Property in Transit: \$100,000 Valuable Papers and Records: \$250,000 on premises / \$50,000 off premises Outdoor Property: \$50,000 Trees, shrubs, plants and lawns: included in Outdoor Property Water Plus 360 enhancement endorsement. Building Ordinance or Law: 125% Margin Clause; Demolition Costs and/or Undamaged Portion of Building: \$10,000,000 Increased Cost of Construction: 10% of building value; Replacement Cost; Agreed Amount</p>
Premium	\$110,104	\$115,273
Scheduled Equipment	Argonaut Insurance Co. A XII, Admitted	Argonaut Insurance Co. A XII, Admitted
Limits	<p>Inland Marine/Contractors Equipment – \$423,000 \$50,000 Deductible Coverage form includes equipment and tools Employees' tools included at \$250 any one employee/\$1,000 all employees Borrowed Equipment limit - \$250,000 Equipment Leased or Rented From Others- \$250,000 (up to 12 months in your CCC); Actual Cash Value</p>	<p>Inland Marine/Contractors Equipment – \$548,000 \$50,000 Deductible Coverage form includes equipment and tools Employees' tools included at \$250 any one employee/\$1,000 all employees Borrowed Equipment limit - \$250,000 Equipment Leased or Rented From Others- \$250,000 (up to 12 months in your CCC); Actual Cash Value</p>
Premium	Included	Included

LAS VIRGENES MUNICIPAL WATER DISTRICT 2016 PROPOSAL SUMMARY

	EXPIRING 2015-2016	RENEWAL 2016-2017
Coverage/Policy Type	Carrier/AM Best Rating Limits & Coverages	Carrier/AM Best Rating Limits & Coverages
EDP Computer Protection	Argonaut Insurance Co. A XII, Admitted Included in Limit	Argonaut Insurance Co. A XII, Admitted Included in Limit
Premium	Included	Included
Equipment Breakdown	Argonaut Insurance Co. A XII, Admitted	Argonaut Insurance Co. A XII, Admitted
Limit/Deductible	\$100,000,000 limit with \$50,000 Deductible Sublimits: \$100,000 as respects the following: Ammonia / Refrigeration Contamination Perishable Goods Spoilage Expediting Expenses Hazardous Substances Data Restoration \$250,000 as respects to Building Ordinance, Demolition and Increased Cost of Construction	\$100,000,000 limit with \$50,000 Deductible Sublimits: \$100,000 as respects the following: Ammonia / Refrigeration Contamination Perishable Goods Spoilage Expediting Expenses Hazardous Substances Data Restoration \$250,000 as respects to Building Ordinance, Demolition and Increased Cost of Construction
Premium	Included	Included
DIC (Earthquake/Flood)	Empire Indemnity 58.33% - Non-Admitted A XV; General Security Indemnity 25%- Non-Admitted A XV; Princeton E&S 16.67% - Non Admitted A + XV	Empire Indemnity 58.33% - Non-Admitted A XV; General Security Indemnity 25%- Non-Admitted A XV; Princeton E&S 16.67% - Non Admitted A + XV
Limits	\$30,000,000 Loss Limit, Covers Buildings, BPP and EDP. Rental Income Coverage- Limit \$62,000- (4232-B Las Virgenes Rd.). Building Ordinance \$3,000,000 sublimit Total Insurable Value (rating basis): \$118,652,559; Replacement Cost; Foundations included	\$30,000,000 Loss Limit, Covers Buildings, BPP and EDP. \$1,000,000 Extra Expense; Rental Income Coverage- Limit \$62,000- (4232-B Las Virgenes Rd.). Building Ordinance \$3,000,000 sublimit Total Insurable Value (rating basis): \$131,704,145; Replacement Cost; Foundations included
Deductible	Earthquake - 10% Deductible Per Unit of Insurance; Minimum \$50,000, All Other Perils \$25,000 Flood – \$100,000 except Tapia which is \$5,000,000 retention plus 15% deductible per building.	Earthquake - 10% Deductible Per Unit of Insurance; Minimum \$50,000, All Other Perils \$25,000 Flood – \$100,000 except Tapia which is \$5,000,000 retention plus 15% deductible per building.
Premium	\$175,000 Premium \$ 600 Policy Fee \$ Inspection Fee \$ 5,619 Surplus Taxes/Fees \$ 8,750 Surplus Broker Fee \$189,969 Total	\$175,000 Premium \$ 600 Policy Fee \$ Inspection Fee \$ 5,619 Surplus Taxes/Fees \$ 8,750 Surplus Broker Fee \$189,969 Total

LAS VIRGENES MUNICIPAL WATER DISTRICT 2016 PROPOSAL SUMMARY

	EXPIRING 2015-2016	RENEWAL 2016-2017
Coverage/Policy Type		
General Liability	Argonaut Insurance Co. A XII, Admitted "Water Plus 360" coverage enhancement endorsement included; Dam Failure coverage; Professional Liability coverage; Sewer Backup; Pollution; Employee Benefits Liability; Waiver of Subrogation; Subsidence	Argonaut Insurance Co. A XII, Admitted "Water Plus 360" coverage enhancement endorsement included; Dam Failure coverage; Professional Liability coverage; Sewer Backup; Pollution; Employee Benefits Liability; Waiver of Subrogation; Subsidence
Limits	\$1,000,000 Premises Operations – Per Occurrence \$1,000,000 Personal and Advertising Injury \$1,000,000 Damages to Premises Rented By You \$3,000,000 General Aggregate Per Location \$3,000,000 Products Completed Operations Aggregate	\$1,000,000 Premises Operations – Per Occurrence \$1,000,000 Personal and Advertising Injury \$1,000,000 Damages to Premises Rented By You \$3,000,000 General Aggregate Per Location \$3,000,000 Products Completed Operations Aggregate
Pollution Coverage	Per Location Aggregate; Pollution Coverage for: Hostile Fire, Heating/Air Conditioning, Mobile Equipment, Pesticides/Herbicides, Water, Sewer and Compost operations	Per Location Aggregate; Pollution Coverage for: Hostile Fire, Heating/Air Conditioning, Mobile Equipment, Pesticides/Herbicides, Water, Sewer and Compost operations
Deductible	\$50,000 SIR Occurrence	\$50,000 SIR Occurrence
General Liability Premium	\$129,239	\$120,798
	Stop Loss of \$500,000 (max payout- all claims- all lines of coverage)	Stop Loss of \$500,000 (max payout- all claims- all lines of coverage)
Stop Loss Premium	\$6,101	\$5,253
Management Liability/ Public Officials Liability/Employment Practices Liability	Argonaut Insurance Co. A XII, Admitted Includes coverage for: Wrongful Acts; Employment Practices; Employee Benefits Administration; Inverse Condemnation; Failure to Supply – Services and Board decisions. Occurrence Form	Argonaut Insurance Co. A XII, Admitted Includes coverage for: Wrongful Acts; Employment Practices; Employee Benefits Administration; Inverse Condemnation; Failure to Supply – Services and Board decisions. Occurrence Form
Limits	\$1,000,000 Per occurrence \$1,000,000 Aggregate	\$1,000,000 Per occurrence \$1,000,000 Aggregate
Deductible/SIR	\$50,000 SIR	\$50,000 SIR
Management Liability Premium	\$23,805	\$23,717
Auto	Argonaut Insurance Co. A XII, Admitted	Argonaut Insurance Co. A XII, Admitted
Limits	\$1,000,000 Combined Single Limit Owned Auto Liability \$1,000,000 Per Accident Hired & Non-owned Auto \$1,000,000 Per Accident Uninsured/Underinsured \$10,000 Deductible- Physical Damage; \$25,000 Deductible Liability; 88 vehicles	\$1,000,000 Combined Single Limit Owned Auto Liability \$1,000,000 Per Accident Hired & Non-owned Auto \$1,000,000 Per Accident Uninsured/Underinsured \$10,000 Deductible- Physical Damage; \$50,000 Deductible Liability; 92 vehicles
	Hired Auto Physical Damage	Hired Auto Physical Damage
Auto Premium	\$67,914	\$67,143

LAS VIRGENES MUNICIPAL WATER DISTRICT 2016 PROPOSAL SUMMARY

	EXPIRING 2015-2016	RENEWAL 2016-2017
Crime	Zurich - Fidelity and Deposit Co of Maryland – A XV Admitted	Zurich - Fidelity and Deposit Co of Maryland – A XV Admitted
Limits	\$3,000,000 Employee Dishonesty \$3,000,000 Forgery or Alteration \$100,000 Theft, Disappearance & Destruction \$1,000,000 Computer Fraud \$1,000,000 Funds Transfer Fraud \$3,000,000 Faithful Performance of Duty	\$3,000,000 Employee Dishonesty \$3,000,000 Forgery or Alteration \$100,000 Theft, Disappearance & Destruction \$1,000,000 Computer Fraud \$1,000,000 Funds Transfer Fraud \$3,000,000 Faithful Performance of Duty
Deductible	\$25,000 Employee Theft, Faithful Performance and Forgery or Alteration \$10,000 all other coverages	\$25,000 Employee Theft, Faithful Performance and Forgery or Alteration \$10,000 all other coverages
Premium	\$7,857	\$ 7,846

LAS VIRGENES MUNICIPAL WATER DISTRICT 2016 PROPOSAL SUMMARY

	EXPIRING 2015-2016	RENEWAL 2016-2017
Excess Liability (First Layer)	Argonaut Insurance Co. A XII, Admitted	Argonaut Insurance Co. A XII, Admitted
Excess Limit	\$10,000,000 Excess of \$1,000,000	\$10,000,000 Excess of \$1,000,000
	Excess of underlying Liability Limits: Includes Sewer Backup, Failure to Supply, Professional Liability, Dam Failure; Inverse Condemnation; Subsidence	Excess of underlying Liability Limits: Includes Sewer Backup, Failure to Supply, Professional Liability, Dam Failure; Inverse Condemnation; Subsidence
Premium	\$60,710	\$56,040
Excess Liability (Second Layer)	RSUI Indemnity Company - A XIII; Admitted	RSUI Indemnity Company - A XIII; Admitted
Excess Limit	\$25,000,000 Excess of \$11,000,000 for total of \$36,000,000	\$25,000,000 Excess of \$11,000,000 for total of \$36,000,000
Exclusions Include but are not limited to:	Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; NO Subsidence exclusion	Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; NO Subsidence exclusion
Premium	\$91,000	\$91,000
Excess Liability (Third Layer)	Arch Insurance Co. -- A+ XV; Admitted	Arch Insurance Co. -- A+ XV; Admitted
Excess Limit	\$25,000,000 Excess of \$36,000,000 for a total of \$61,000,000	\$25,000,000 Excess of \$36,000,000 for a total of \$61,000,000
Exclusions Include but are not limited to:	Lead, Silica, Fungi and Bacteria, Earth Movement or Subsidence, Errors & Omissions, EPLI, D&O, Failure to Supply, Punitive Damages, Communicable Disease, Discrimination, Eminent Domain/Condemnation, Dam Failure; Inverse Condemnation	Lead, Silica, Fungi and Bacteria, Earth Movement or Subsidence, Errors & Omissions, EPLI, D&O, Failure to Supply, Punitive Damages, Communicable Disease, Discrimination, Eminent Domain/Condemnation, Dam Failure; Inverse Condemnation
Premium	\$45,000 Premium \$ 1,125 Wholesale Broker Fee \$46,125 Total	\$45,000 Premium \$ 1,125 Wholesale Broker Fee \$46,125 Total
Total Premium	\$732,824	\$723,164

Deductibles / Retentions

<u>Coverage</u>	<u>Expiring</u>	<u>Renewal</u>
Property	\$50,000	\$50,000
Scheduled Equipment	\$50,000	\$50,000
Equipment Breakdown	\$50,000	\$50,000
DIC- Earthquake*	10% Per Unit of Insurance	10% Per Unit of Insurance
DIC- Flood*	\$100,000	\$100,000
General Liability	\$50,000	\$50,000
Management Liability	\$50,000	\$50,000
Auto- Liability	\$25,000	\$50,000
Auto- Physical Damage	\$10,000	\$10,000
Crime*	\$25,000	\$25,000
* see detail in coverage section		
Deductible Stop Loss (maximum deductible- all lines of coverage)	\$500,000	\$500,000

Premium Summary 2016-2017

<u>Coverage</u>	<u>Actual Expiring</u>	<u>Comparative Expiring</u>	<u>Renewal</u>
Property	\$110,104	\$121,866	\$115,273
Scheduled Equipment	included	included	included
EDP	Included	included	included
Equipment Breakdown	included	included	included
DIC (Earthquake & Flood)	\$189,969	\$210,266	\$189,969
General Liability	\$129,239	\$129,239	\$120,798
Stop Loss Aggregate	\$6,101	\$6,101	\$5,253
Management Liability	\$23,805	\$23,805	\$23,717
Auto	\$67,914	\$71,001	\$67,143
Crime	\$7,857	\$7,857	\$7,846
Excess Liability (First Layer: 10M x 1M)	\$60,710	\$60,710	\$56,040
Excess Liability (Second Layer: 25M x 11M)	\$91,000	\$91,000	\$91,000
Excess Liability (Third Layer: 25M x 36M)	<u>\$46,125</u>	<u>\$46,125</u>	<u>\$46,125</u>
Total	\$732,824	\$767,970	\$723,164
Features:			
Earthquake & Flood			Covered
Dam Failure Liability			Covered
Inverse Condemnation- including intentional acts			Covered
Failure To Supply- Services & Board Decisions			Covered
Defense Costs- unlimited (outside of limits)			Yes
Multi-Year Commitment & Program Exit Conditions			No/None
Selection of Claims Counsel & Administration			Yes
Retrospective Adjustable Premium			No
<u>Options:</u>			
Increase DIC/Earthquake limit from \$30,000,000 to \$40,000,000			\$7,574
Decrease DIC/Earthquake deductible from 10% to 5% @ 30m limit (see analysis)			\$54,100
<u>Changes in 2016:</u>			
Auto Liability SIR from \$25,000 to \$50,000			
Property & DIC limits increased to \$131,704,145 from \$118,988,344			
Scheduled Equipment limits increased to \$548,000 from \$423,000			
Auto schedule increased to 92 vehicles from 88 vehicles			
DIC policy includes \$1,000,000 Extra Expense limit			
<i>Note: "Comparative Expiring" premiums reflect expiring rates against renewal limits/exposures</i>			

About the Insurance Carrier and Program

Trident Public Risk Solutions provides products and services to large individual governmental entities and self-insured governmental pools. Using both traditional and creative approaches, TPRS aligns interests with its clients by targeting sophisticated accounts who participate in the risk bearing. Trident Public Risk Solutions provides unbundled alternative risk structures supporting both carriers and program managers.

Trident, LLC., is part of **Argo Group International Holdings, Ltd.**, an international underwriter of specialty insurance and reinsurance products in the property and casualty market with a total capitalization of \$2 Billion. Argo Group's insurance subsidiaries are rated 'A' (Strong) by S&P and 'A' (Excellent) by AM Best.

Loss Control:

Trident Risk Control will consult with LVMWD and provide necessary loss prevention, training and tools as required:

- Planning material
- Checklists
- Training tools and guides on environmental and safety issues plus employee productivity
- Compliance assistance: FEMA; Consumer Product Safety Commission; DOT

Claims Administration:

Trident Public Risk Solutions will allow Las Virgenes Mutual Water District to contract with a Third Party Claims Administrator of choice.

Issuing Company:

Argonaut Insurance Company

Optional Program

Joint Powers Risk and Insurance Management Authority

Alteris Insurance Services, a sister company to Trident Public Risk Solutions has developed a 100% fully-reinsured (A XV carrier) Joint Powers Authority: Joint Powers Risk and Insurance Management Authority (JPRIMA). Tolman and Wiker Insurance Services is offering this program as an option to the current program with Trident Public Risk

Coverage is essentially the same in both programs, though there are some differences which are outlined on the following page.

The claims-handling is different within JPRIMA, in that, JPRIMA need not hire a Third Party Claims Administrator (TPA), thus saving claims administration hard costs. Alteris Insurance Services is the Administrator and will handle underwriting, policy service, claims and loss control. Claims authority will be given to LVMWD to settle all claims expected to stay with the Self-Insured Retention, as it the structure with the Trident Public Risk Solutions program.

Policy Term:

- There is a common anniversary date of April 1st. All policies in the JPRIMA program renew on this common date. If LVMWD enters the program at the October, 2016 anniversary, the first policy term will be prorated with the policy to expire April, 1, 2017. Premiums presented in this proposal would be prorated from 10-1-16 to 4-1-17.

Program:

- JPRIMA is a Joint Powers Authority 100% backed by an A XV reinsurer.

Program Exit Conditions:

- There is a three-year initial Program commitment, however, if a rate increase exceeds 15%, an exit is allowable
- Standard notification for Program exit is 180 days, after the three-year commitment

Joint and Several Liability:

- Unlike many JPA's, JPRIMA has no Joint and Several Liability or assessment liability

Premium Adjustment:

- There is no retrospective adjustable premium (RAP), upward or downward. The premiums quoted are the firm and final costs

Claims and Loss Control:

- Alteris Insurance Services is responsible for the cost and handling of claims and loss control services
- Alteris has agreed to allow claims-handling authority to LVMWD, as is the current process. Complete claims control remains with LVMWD. Any extraordinary circumstance, e.g. - death claim, would require a tender of the claim to Alteris Claims
- Alteris has agreed to hire Scott Towns, who has claims-handling experience with LVMWD, to be the Field Adjuster, at Alteris expense
- Alteris has agreed to add Lemieux & O'Neill to their approved panel counsel

Coverage Form:

- Paul Fuller, CPCU, President of Alteris Insurance Services, authored the coverage forms for the JPRIMA program

Optional Program (con't)

Coverage and Limit Variances Trident vs JPRIMA

<u>Coverage</u>	<u>Trident</u>	<u>JPRIMA</u>
Property:		
• Business Income	\$1,000,000	\$2,000,000
• Extra Expense	\$1,000,000	Included in above
• Equipment Breakdown- Business Income & Extra Expense	None- direct damage only	\$2,000,000
• Margin Clause	Pays up to 125% of unit's limit on schedule	True Blanket Limits
Liability:		
• General Liability Aggregate	\$3,000,000	\$10,000,000
• Management Liability Aggregate	\$1,000,000	\$10,000,000
• Cyber Liability Package	None	\$1,000,000
• Dam Liability, Inverse Condemnation, Failure to Supply, Management Liability/EPL	\$11,000,000	\$21,000,000
• Subsidence	\$36,000,000	\$46,000,000
Structure/Legal:		
• Risk Bearing	Argonaut	Allied World Assurance
• AM Best Rating	A, XV (Excellent)	A, XV (Excellent)
• Rates and Forms	CA Department of Insurance	Not controlled by DOI
• Insurance Law / Contract Law	Insurance Law	Contract Law
• Cumis Counsel Mandate	Yes	No
• Mandatory Binding Arbitration	No	Yes
• Time Commitment	None	Three years (unless rate increase > 15%)
• Notification Requirement	none	180 days
• Claims Administration	TPA subject to SIR-level control by LVMWD	Alteris, subject to SIR- level control by LVMWD
• Claims Costs	Yes, estimated at \$7,500	None

Premium Comparison 2016-2017 Trident vs JPRIMA

<u>Coverage</u>	<u>Risk Bearing</u>	<u>Trident</u>	<u>JPRIMA</u>
Property	Allied World	\$115,273	\$57,248
Scheduled Equipment	Allied World	Included	Included
EDP	Allied World	Included	Included
Equipment Breakdown		Included	Included
DIC (Earthquake & Flood)	(Same carriers)	\$189,969	\$189,969
General Liability	Allied World	\$120,798	\$123,844
Stop Loss Aggregate		\$5,253	Included
Management Liability	Allied World	\$23,717	\$22,334
Auto	Allied World	\$67,143	\$53,726
Crime	(Same carrier)	\$7,846	\$7,846
Cyber Liability Package	Allied World	n/a	\$1,996
Program Administrative Fees		0	\$36,218
Excess Liability (First Layer: 10M x 1M)	Allied World	\$56,040	\$87,032
Excess Liability (Second Layer: 10M x 11M)	Allied World	\$91,000	\$54,621
Excess Liability (Third Layer: 25M x 21M)	RSUI	\$46,125	\$57,414
Excess Liability (Fourth Layer: 15M x 46M)	Arch	Included above	\$35,875
Total		\$723,164	\$728,123

Note: JPRIMA premiums and fees are annualized in this display for an equitable comparison. Actual premiums/fees will be prorated from October 1 to April 1 for first year in program.

JPRIMA administration fees consider the outside costs of accounting, legal services and administrative services.

JPRIMA "Risk Bearing" column is the reinsurance carrier behind JPRIMA program:

- Property/Scheduled Equipment/EDP/Equipment Breakdown
- General Liability
- Management Liability
- Auto Liability
- Excess Liability- First Layer

JPRIMA "Risk Bearing" column is the direct insurance carrier:

- Excess Liability- Second, Third, Fourth Layers



YOUR BEST PROTECTION

COVERAGE PROPOSAL



Las Virgenes Municipal Water District

4232 Las Virgenes Rd.
Calabasas, CA 91302

Date Presented: September 8, 2016

**ACWA JPIA
PROPERTY PROGRAM QUOTATION**

Property Program Limit \$150,000,000
Per Loss

All risk coverage of direct physical loss
or damage. Including by not limited to
fire, lighting, wind, theft, water damage.

Includes:
Employee Dishonesty Coverage - \$100,000
Business Income - \$10,000,000
Extra Expense - \$10,000,000
Other coverages per MOPC*

4/01/16 to 4/1/17 Deposit Premium:

Option 1 - \$10,000 Deductible	
Participation in 2 JPIA Programs	\$109,095
Participation in 3 JPIA Programs	\$105,755
Option 2 - \$25,000 Deductible	
Participation in 2 JPIA Programs	\$103,265
Participation in 3 JPIA Programs	\$100,103
Option 3 - \$50,000 Deductible	
Participation in 2 JPIA Programs	\$ 98,051
Participation in 3 JPIA Programs	\$ 95,049

Reinsurance Provider
XL Insurance America

AM Best Rating
A: XV

Scheduled Values provided by member. Premium/values may vary upon appraisal by the Cost Estimator.
*Hard copy of Memorandum of Property Coverage available from Member Services upon request.

**ACWA JPIA
BOILER & MACHINERY COVERAGE**

Property Damage
Limit per accident: \$ 150,000,000

Sublimits:

Expediting Expenses	\$ 2,000,000
Ammonia Contamination	\$ 2,000,000
Hazardous Substance	\$ 2,000,000
Water Damage	\$ 2,000,000
Spoilage	\$ 1,000,000
Loss of Income	\$ 10,000,000
Extra Expense	\$ 10,000,000

Deductible Schedule

I. Property Damage:

- a. Turbine Units and Associated Equipment, including Electrical Generators, electrical power distribution, and turbine control - \$50,000 or \$5 per kilowatt, whichever is greater.
- b. Internal Combustion Engines and Driven Engines - \$25,000 or \$10 per horsepower, whichever is greater.
- c. Electrical Generators driven by Internal Combustion Engines - \$50,000 or \$5 per kilowatt, whichever is greater.
- d. Pumps and Pump Shafts - \$25,000 or \$10 per horsepower, whichever is greater.
- e. Electric Motors and Motor Controllers - \$25,000 or \$8 per horsepower, whichever is greater.
- f. Transformers - \$25,000 or 25 per kilovolt-ampere based upon largest voltage, whichever is greater.
- g. All other Objects - \$25,000.

II. Business Interruption and Extra Expense:

- a. Turbine Units and Associated Equipment, including Electrical Generators, Electrical Power Distribution and Turbine Controls – 30 times 100% of the Average Daily Value.
- b. All other “Covered” Objects – 1 times 100% of the Average Daily Value.

Annual Premium:

Included with Property Coverage

Reinsurance Provider
XL Insurance America

AM Best Rating
A: XV

**ACWA JPIA
EXCESS CRIME QUOTATION**

Group Purchase **Excess** Crime \$2,000,000

Includes:

Public Employee Dishonesty

Forgery or Alteration

Computer Fraud

Faithful Performance of Duty

Sub limit: \$1,000,000

Estimated Annual Premium*:	\$ 3,385
JPIA Administrative Fee:	<u>\$ 50</u>
TOTAL Estimated Premium	\$ 3,435

The JPIA's Property Program automatically provides members with coverage for Employee Dishonesty including Faithful Performance, Forgery/Alteration and Computer Fraud. Coverage is extended to include Treasurers and Board Members. The limit of coverage is \$100,000 per loss with a \$1,000 deductible. This quotation for additional coverage to apply in excess of the coverage provided by the Property Program.

Excess Coverage Provider
Hartford Fire Insurance Co.

AM Best Rating
A: XV

**ACWA JPIA
DAM FAILURE LIABILITY
COVERAGE INDICATION**

LOCATIONS

Westlake Reservoir
Los Angeles County

COVERAGE:

Program year: 2016-2017

Limit of Liability: \$10,000,000 Per Occurrence
\$10,000,000 Aggregate Limit

Self Retained Limit: \$50,000*

*Any one **occurrence** arising out of liability for bodily injury, property damage, errors and omissions or personal injury, or any combination thereof.

Annual Premium:	\$ 29,429
JPIA Annual Administrative Charge:	\$ <u>500</u>
TOTAL ESTIMATED PREMIUM:	\$ 29,929

EXCLUSIONS: To occurrences arising out of the overtopping, accidental discharge, or any sudden escape of water, unless partial or complete failure of the covered dam(s) ensues, or unless caused by partial or complete failure of the covered dam(s).

**ACWA JPIA
PREMIUM SUMMARY
September 8, 2016**

Las Virgenes Municipal Water District

Pooled Program	Estimated Annual Premium 2016-17	Estimated Annual Premium (Multi-Program Discount 5%)
Liability Coverage - Option 2 - \$100,000 RAP	\$273,958	\$260,260
Property Coverage - Option 3 - \$50,000 Deductible	\$100,052	\$95,049
Existing - Workers' Compensation Coverage	\$317,043	\$301,190
Total Premium – Pooled Program	\$691,053	\$656,499

* Cyber Liability Coverage up to \$2M coverage is included in the Liability Premium.

*The JPIA Property Program includes Earthquake and Flood Coverage with shared limit of \$2.5M Earthquake and \$25M Flood (subject to the MOPC).

**OTHER COVERAGES
2016-17**

Coverage	Estimated Premium
Excess Crime Coverage – Group Purchase \$2,000,000 Limit	\$3,435
\$1,000,000 Limit	\$2,200
Dam Liability – Group Purchase	\$29,929
<i>Earthquake & Flood (DIC) Group Purchase – Shared limits*</i>	\$279,428

*The JPIA will secure a stand-alone DIC program for Las Virgenes Municipal Water District. Aon Insurance Services indicates premium will be no greater than expiring premiums.