



# Utility Resource

INSURANCE SERVICES

Managing Insurance Risks: How to protect your system?

Dustin Hardwick - Managing Agent





Specialized Insurance for  
California's Water & Wastewater Utilities



- Utility Resource Insurance Services is a subsidiary of California Rural Water Association. URIS was formed to meet the commercial insurance needs of water and wastewater utilities.
- California Rural Water Associations Insurance Program
  - Water Districts & Entities
  - Private Water Companies
  - Sewer Districts & Entities
  - Irrigation Districts



# Who Are We And Why Were We Formed?

- Licensed California Corporation owned by California Rural Water Association
- Licensed with the California Department of Insurance as an independent agency to sell specifically Commercial Property and Casualty Insurance.
- Dustin Hardwick
  - Managing Agent/Broker Utility Resource Insurance Services- Agency Management
  - Director of Resource Development - California Rural Water Association
  - Contract Manager of Training and Technical Assistance Grant Programs
- Utility Resource Insurance Services (URIS) is a wholly owned subsidiary of California Rural Water Association (CRWA) based out of Sacramento California
- Utility Resource Insurance services was started in 2010 with a vision I had for an agency that focused on affordable tailor made insurance for small water systems
- Insure over 100 water and wastewater systems in the state
- Insurance technical staff that understand water and wastewater utility operations





# Our Mission Is Simple:

To provide outstanding service and quality coverage to each and every client. We assist you in identifying your specific utility insurance needs in order to develop the most comprehensive, cost-effective solution.



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# URIS Core Values

- **Utility Resource Insurance Services (URIS)** is an agency that prides itself on understanding the target market of water utility risk management Insurance
- **We take the time to design a customized program** that meets the needs of each one of our water agencies, in this rapidly changing insurance climate. Coverage assessments- site risk evaluations
- **Our agents are not generalist in the insurance business**, but specialize in water and wastewater utility insurance.
- **We strive towards achieving long-term relationships** focused on bringing value to insurance/meeting risk management needs





# Presentation Outline

## Insurance – Important Coverage Elements

- Lines of Coverage

- Property
- Crime
- Automobile
- General Liability
- Management Liability/Public Officials
- Excess/Umbrella
- Workers Compensation



# Why Insurance?

## Common thoughts about insurance:

- Confusing/Complicated
- Comprehensive site assessment by qualified insurance specialist
- Time Consuming
- Initial set-up takes time commitment
- Waste of Money
- Insurance is money well spent
- Cheaper is Always Better
- Value of insurance is having broad form of coverage
- Insurance is All the Same
- False assumption as water utility insurance is specific





# Cheaper is Always Better

- **Not true.** A cheaper price may save you upfront, but what if there is an uncovered claim
- The best strategy to avoid an uncovered claim is to look for the best protection at a reasonable cost



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# Insurance is All the Same

- **Not True.** Seek coverage designed for water entities
- Pay attention to the details/policy language



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# Insurance Agents

- Experience is important
- Does your agent understand water exposures? Avoid generalists
- Does your agent have access to insurance programs for water entities?
- Does your agent provide additional services (i.e. claim reporting, risk control) and technical support if needed?



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# How to Avoid Frustration

- It's vital to choose an agent that understands water exposures
- Choose a specialized insurance program that is designed for water entities and has a proven record



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# What's Next?

- **What should you look for first? What's important to your utility?**
  - Savings? Quality Protection? Both?
  - A balance of both is best
- **Compare short-term price with long term costs**
  - Premium vs. Budget Constraints (Difficulty in raising rates to pay the higher premium to protect the system and board from major losses.)
  - How well is your system protected?
    - Are catastrophic events covered?
    - Are your board members personal assets protected?
  - What are you going to get for your money?

**Lets look next at Insurance lines of coverage**





# Property Exposures

- Fire, wind, collapse, equipment malfunction, flood, pollution, and earthquake
- Extra Costs to Replace
- Cost of Debris Removal
- Business Interruption
- Extra Expense to Operate
- Contamination



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# Property Coverage Elements

- Real Property (Buildings)- Proper Valuation- Storage Tanks-Pumps, Motors and controls frequently undervalued
- Personal Property (Contents)
- Equipment Breakdown (submersible pump failure/treatment plant failure)
- SCADA system
- Mobile Equipment (Inland Marine) portable generator or portable equipment
- Loss of Income (disaster causes loss of revenue)
- Pollution Cleanup (First Party)
- Pipe breaks (Line ruptures)
- Valuable Papers and Records
- Fire
- Flood





# Property Typically Excluded

- Aircraft or Autos
- Dams, Ditches, Levees, etc.
- Bridges, Roadways, Patios, Paved Surfaces
- Wells, perhaps underground pumps
- Underground piping away from premises
- Some typically excluded items can be added to a systems policy



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# Crime Exposures

- Fellow employees
- Officers of the Company or District
- Customers
- Volunteers



# Crime Coverage

- Employee Theft (embezzlement)
- Forgery or Alteration
- Inside The Premises – Theft of Money & Securities
- Inside The Premises – Robbery or Safe Burglary
- Outside The Premises
- Computer Fraud
- Funds Transfer
- Money Orders and Counterfeit Paper Currency
- *Crime coverage is often confused as crime to premises, such as vandalism to a storage tank - this would fall under property coverage*





# Automobile Coverage



# Automobile Coverage

- **First Party (Water Entity)**
  - Collision
  - Comprehensive
- **Liability/Third Party (Those other than the water entity insured)**
  - Bodily Injury
  - Property Damage
- *Protects you when claims are made against you because of injury to others or damage to their property*
- **Medical Payments (Minimal coverage normally \$10k or less)**
- **Uninsured/Underinsured Motorist Insurance**
- **Hired & Non-owned Autos (Key coverage for Directors and Officers)**





# General Liability Exposures

- You fail to provide proper water pressure/flow to fire hydrants and there is a fire loss that occurs
- You fail to properly treat or changes in water quality occur causing bodily injury (commonly known as pollution liability).
- Your pipeline breaks causing property damage to others. (Entire home or business could sustain damage or complete loss)





# General Liability Exposures Cont.

- Customer trips and fall on your premises
- Chlorine, herbicides, oils or other water treatment chemicals or pollutants escape or enter the system
- Operators improperly dose chemicals into the water system
- Sewer system leaks or backs up (Pollution liability event)
- Dam/Levee collapses and destroys homes
- Pipe breaks and causes a failure to supply water to numerous homes.



# General Liability Coverage

- Failure to Supply Water (Trucked Water/Bottled Water Supplied)
- Pollution Liability (Illness Claim)
- Sewer Back-Up
- Water or Wastewater Professional Activity Liability (Operator Liability)
- Common Limits- \$1 Million per Occurrence, \$3 Million Aggregate per Policy Period
- Deductible (Set an affordable limit to entities budget)



# Management Liability (Public Officials) Exposures

- Non-compliance with Federal laws (Age Discrimination, American with Disabilities Act, etc.)
- Failure to maintain insurance or adequate coverage
- Failure to follow proper rate protocols as applicable to formation type such as Prop 218, AB-54 and AB-240
- Failure to train or supervise employee(s)
- Failure to monitor affairs of the organization (Neglect)
- Wrongful termination



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# Management Liability

- **Wrongful Acts (aka D&O):** coverage applies to any actual or alleged error, act, omission, neglect, or breach of duty, including violation of any civil rights.
- **Employment Practices Liability:** coverage applies to actual or alleged improper employment related practices. Includes violations of civil rights, wrongful termination (age/sex), failure to hire, unequal treatment (pay/promotion), and harassment.
- **Employee Benefits Liability:** coverage applies to acts, errors, or omissions in counseling, interpreting, handling records, or effecting enrollments in your benefit plans
- **Common Limits-** \$1 Million per Occurrence, \$3 Million Aggregate per Policy Period



# Excess Liability

- Provide additional limits above underlying liability lines
- Typically available in 1 million dollar increments
- Common policy limits are \$1 million per occurrence, \$3 million aggregated in a policy period
- Adding \$1 million excess under liability would provide \$2 million per occurrence or \$4 million aggregate
- Following form: General Liability, Auto Liability, Management Liability, and Employers Liability.



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# Workers Compensation

Workers' compensation insurance includes two basic coverages:

1. **Workers' Compensation Insurance:** This provides for medical and loss of earnings payments made to an employee if the employee suffers a job-related injury due to an accident or occupational disease.
  2. **Employers' Liability Insurance:** This provides coverage for lawsuits involving employment-related injuries. These suits can come from a number of sources including the employee, family members of the employee, and third parties who have been sued by the employee in connection with an injury.
- *WC is a very important coverage for smaller systems to evaluate*





# Insurance Company Ratings

- A.M. Best provides an opinion of an insurer's financial strength and ability to meet ongoing obligations to policyholders. [www.ambest.com](http://www.ambest.com)
- **A++**, **A+** (Superior) **A**, **A-** (Excellent)
- **B++**, **B+** (Very Good)
- **B**, **B-** (Fair)
- **C++**, **C+** (Marginal)
- **C**, **C-** (Weak)
- **D** (Poor)
- **E** (Under Regulatory Supervision)
- **F** (In Liquidation)
- **S** (Rating Suspended)



# Take Away Thoughts

- How well your system is protected
- Compare potential savings and quality protection
- Short term price with long term costs
- Premium vs. budget constraints



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**INSURANCE SOLUTIONS THAT WORK FOR YOUR UTILITY**

**Utility Resource Insurance Services (URIS)**, a subsidiary of California Rural Water Association, was formed to meet the insurance needs of water and wastewater utilities.

Our risk management insurance program specializes in public water agencies and private water companies, as we understand the unique needs of these particular entities.

URIS provides competitive insurance solutions and our policies have many features and benefits that demonstrate our knowledge of this industry.

*Our **professionalism, integrity and innovation** set us apart as an insurance agency of choice.*

**AVAILABLE COVERAGES:**

- Property
- Inland Marine
- Boiler Machinery
- Crime
- Automobile
- Professional Liability
- Wrongful Acts
- Employment Practices Liability
- Employee Benefit Liability
- General Liability
- Excess Liability

4131 Northgate Blvd., Sacramento, CA 95834  
Toll-free: 888.370.5806  
Direct: 916.283.8550  
Fax: 916.553.4904

[WWW.URISINSURANCE.COM](http://WWW.URISINSURANCE.COM)

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**Thank You.**  
**Q&A?**



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- For more information on the URIS program, please visit our website at [www.urisinsurance.com](http://www.urisinsurance.com) or contact an agent at (888) 370-5806.
- You may also contact Dustin Hardwick, Managing Agent of URIS at (916) 283-8550.

