

# CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES

JOINT POWER RISK AND INSURANCE MANAGEMENT AUTHORITY

# 2025 ANNUAL REPORT



*Your insurance partners beyond the policy.*

# Board President & Chief Executive Officer's Message

The insurance environment in 2025 continued to test organizations across the industry. Rising reinsurance costs, tightening market conditions, cyber threats, and the increasing frequency of climate-related catastrophic events all shaped the risk landscape. CalMutuals JPRIMA met these challenges with resilience, drawing on the expertise of our insurance administrator, Allied Public Risk, and the steady leadership of our staff and Board of Directors.

At our core, we remain focused on supporting California's water systems—especially small and independent providers—through dependable insurance coverage, practical technical assistance, and resources designed to help members manage risk while controlling costs.

A key part of that commitment is reinvesting in the communities we serve. We are proud to continue offering free resources and support to member systems with fewer than 500 connections, helping strengthen small systems, and expanding assistance to disadvantaged communities.

A major accomplishment in 2025 was the successful securing of support from our members to update and strengthen the CalMutuals JPRIMA governing agreement. Thanks to the active engagement and participation of our members, the proposed amendments to the JPA were approved with a clear majority of members voting in favor. This milestone reflects not only member confidence in the Authority but also ensures the JPA is positioned for growth, improved governance, and the continued delivery of dependable insurance coverage, stable pricing, and exceptional service. Expanded membership, streamlined administrative processes, grant-making authority, and updated

safety program flexibility are all outcomes of this collaborative effort, representing a stronger, more resilient JPA ready to meet the evolving needs of California water systems.

In 2025, CalMutuals JPRIMA also took on a critical leadership role in advocating for fair treatment of water suppliers in the face of inverse condemnation liability. By actively engaging with policymakers, exploring legal strategies, and educating stakeholders, the Authority laid an important foundation to ensure that utilities are not unfairly held responsible for losses caused by natural disasters. These efforts protect the financial stability of water systems, safeguard ratepayers, and reinforce the principle that disaster-related losses are best managed through insurance and public disaster-response mechanisms.

CalMutuals JPRIMA deeply values the trust and confidence placed in us by our members and insureds. We look forward to building on this success, advancing our mission, and providing leadership in protecting water suppliers while supporting their essential work in California communities.



**P. David Michalko**  
*Board of Directors President*

A handwritten signature in black ink that reads "P. Michalko".



**Susan E Allen, Ed.D.**  
*Chief Executive Officer*

A handwritten signature in black ink that reads "Susan Allen".

# CalMutuals JPRIMA Members Approve Key Amendments to the Authority’s Joint Powers Agreement

This year, CalMutuals JPRIMA achieved a significant milestone: the majority of our membership voted in favor of important updates to the Joint Powers Agreement (JPA) that governs the Authority, permitting CalMutuals JPRIMA to operate beyond California and reflecting practices that have been refined as the Authority has matured. Unlike traditional insurance programs, CalMutuals JPRIMA requires consultation and engagement from its members/insureds for all critical actions and decisions.

JPRIMA was created to provide insurance options to systems in California that other insurance programs and companies wouldn’t. These amendments allow JPRIMA to continue to provide essential coverage to systems beyond California! Highlights of the approved amendments are summarized below:

## **ARTICLE 1 - DEFINITIONS**

Updates definitions of “Company,” “Affiliate Member,” and “District” to include similar entities under California law or similar entities under the laws of any other state [these changes address the potential for insurance to be provided to out-of-state entities].

Removes “Finance and Audit Committee” as the functions envisioned by this Committee are undertaken by the Board of Directors as a whole.

## **ARTICLE 2 – PURPOSES**

Adds cybersecurity coverage and pollution liability coverage to the list of insurance offerings; expands eligibility to participate by Members organized and existing under the laws of the State of California or of any other state.

## **ARTICLE 4 – TERM OF AGREEMENT**

Clarifies that new Members are approved by the Authority’s Insurance Administrator, subject to review by the Board of Directors.

## **ARTICLE 6 – POWERS OF AUTHORITY**

Adds the power to provide grants or funding assistance as necessary to pay the costs of Services provided by any non-profit organization, including, but not limited to, the California Association of Mutual Water Companies.

## **ARTICLE 13 – ACCOUNTS AND RECORDS**

Clarifies that quarterly unaudited financial statements are available to Members on request. Clarifies that checks, warrants, or electronic payments shall be reviewed by the President of the Board and the Treasurer and approved or ratified by the Board of Directors.

## **ARTICLE 16 – RESPONSIBILITIES OF MEMBERS**

Recognizes that some Members do not have a designated safety officer and adds “other designated personnel” to address the Authority’s requirement that Members maintain an active safety program.

## **ARTICLE 18 – NEW MEMBERS**

Update the process for approval of new Members to reflect that approval is provided by the Insurance Administrator, following guidance of the Board, and possible review by the Board. The update further clarifies requirements for regular reporting and consultation with the Board by the Insurance Administrator and the Board’s prerogative to raise objections and refuse membership.

## **ARTICLE 22 – TERMINATION AND DISTRIBUTION**

Clarifies that upon termination of this Agreement, all properties and cash of the Authority shall be distributed after payment of all liabilities among the current Members in proportion to their cash contributions (including payments and property contributions at market value when received) made during the term of this Agreement.

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*CalMutuals JPRIMA leadership with Assemblymember Cristina Garcia*

## About

# CalMutuals JPRIMA

CalMutuals JPRIMA is a joint powers authority formed in 2016 through the passage of Assembly Bill 656.

### CALMUTUALS JPRIMA WAS FORMED WITH THREE PURPOSES:

- **To provide** cost-effective, value-added, and best-in-class insurance to its members,
- **To provide** financial sustainability for CalMutuals and
- **To enable** technical and managerial resources to small and independently minded water systems.

Upon formation, CalMutuals JPRIMA became the first joint powers insurance authority in the nation to provide insurance and technical assistance to help small community water systems.

# CalMutuals JPRIMA Insurance Products Include:

## PROPERTY & CASUALTY

CalMutuals JPRIMA provides high-quality, cost-effective property and liability insurance to protect and enhance member assets and operations and reduce overall risk management costs. While many carriers offer property and liability coverage, CalMutuals JPRIMA brings creative underwriting expertise to craft policies designed to meet each water system's needs.

## CYBERSECURITY

CalMutuals JPRIMA provides water entities with best-in-class cyber liability and network security insurance protection at affordable and stable rates. An experienced claims team of privacy attorneys, data forensics experts, and crisis managers stands ready to help before, during, and after a covered event.

## WORKERS' COMPENSATION

CalMutuals JPRIMA partners with The Zenith Insurance Company to provide high-quality workers' compensation insurance that blends competitive rates with meaningful value-added service and impeccable financial security

## ENVIRONMENTAL POLLUTION

CalMutuals JPRIMA offers environmental pollution insurance tailored for water and sewer districts and provides third-party pollution liability and remediation expenses as well as first-party pollution clean-up. Coverage applies to losses arising from onsite activities (i.e., locations including piping infrastructure) as well as transportation and hauling, contracting operations, non-owned disposal sites, and spreading of biosolids. This innovative product, with its proprietary water-related emphasis, is one of the first of its kind in California — if not the entire country.



# Insurance Partners



## ALLIED PUBLIC RISK

Allied Public Risk, LLC (APR) is a full-service Managing General Underwriter (MGU) providing a broad spectrum of services to CalMutuals JPRIMA. Its tenure in the public water system industry dates back more than two decades—one of the longest of any insurance organization in California.

APR assists in managing CalMutuals JPRIMA's property and liability and workers' compensation insurance and reinsurance solutions. It assists CalMutuals in securing reinsurers that are "A" rated by AM Best for financial security. Equally important, APR is experienced, knowledgeable, and respected within the California marketplace.



## THE ZENITH

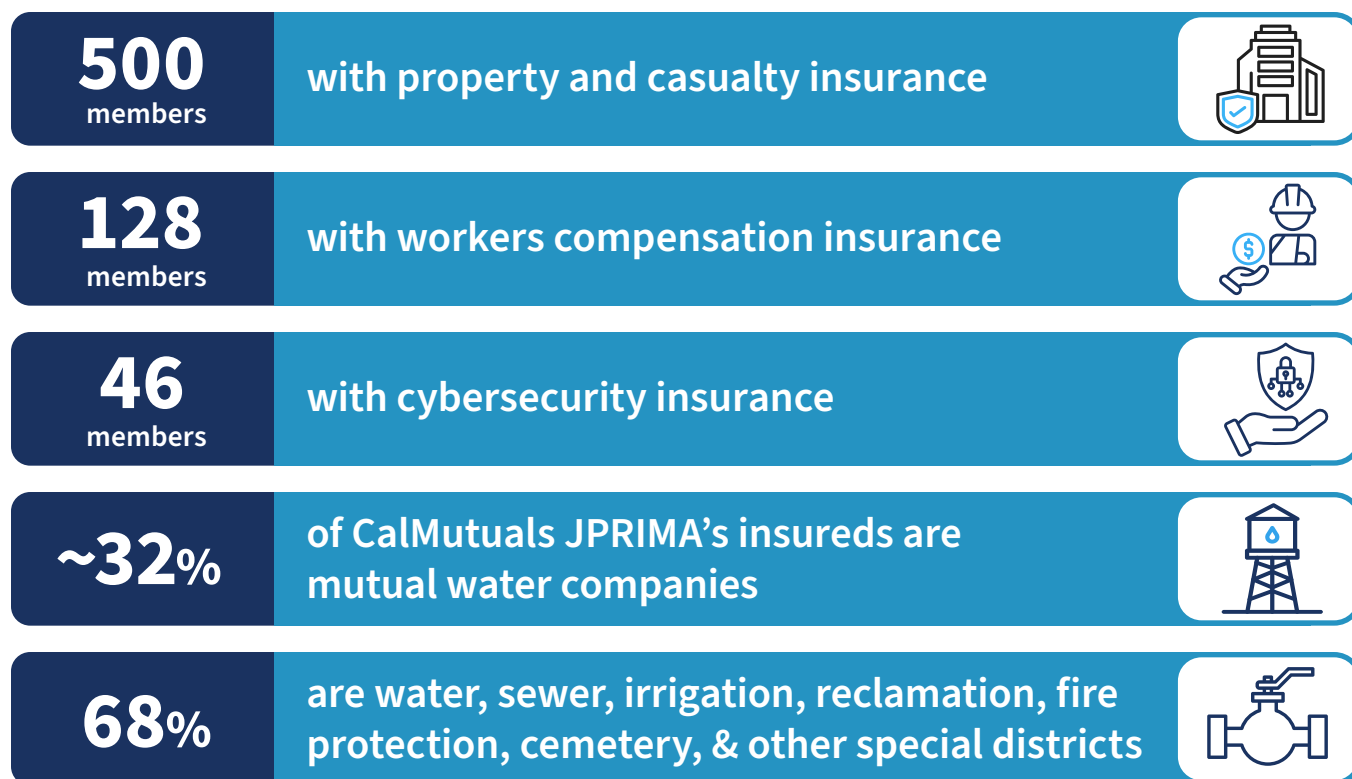
For more than 60 years, The Zenith has specialized in workers' compensation. The Zenith built its reputation as an industry leader by providing customers with superior service and achieving results that continually outperform the industry.

In June 2015, AM Best affirmed the financial strength rating of "A" for Zenith National Insurance Corp. and its subsidiaries.

# Membership Profile

CalMutuals JPRIMA members/insureds include some of the leading water agencies in California, such as the San Diego County Water Authority, Westlands Water District, Friant Water Authority, Salton Sea Authority, Las Virgenes Municipal Water District, and the Palo Verde Irrigation District. While CalMutuals JPRIMA values its large clients, it effectively supports smaller water systems, as insurance residuals from the larger water agencies bring needed funding for small system programs.

## In 2025, CalMutuals JPRIMA supported members/insureds:



Membership in the California Association of Mutual Water Companies is required to access CalMutuals JPRIMA Insurance. CalMutuals waives the first year of annual membership dues for new members. Dues are based on annual revenue and range from \$50 to \$500 per year.

# CalMutuals JPRIMA Leadership

## CalMutuals JPRIMA Board of Directors



**PRESIDENT**  
**David Michalko**  
*Covina Valley  
Water Company*



**VICE PRESIDENT**  
**David Pedersen**  
*Las Virgenes  
Municipal Water District*



**SECRETARY**  
**Korey Bradbury**  
*Montebello Land  
& Water Company*



**TREASURER**  
**Marina West**  
*Bighorn-Desert View  
Water Agency*

## Board Members



**David Armstrong**  
*South Mesa  
Water Company*



**Lynda Noriega**  
*California Domestic  
Water Company*



**Ryan Nunnely**  
*Oildale Mutual  
Water Company*



**Kenneth Tcheng**  
*Sunny Slope  
Water Company*



**Lisa Yamashita-Lopez**  
*Rubio Cañon  
Land & Water Company*

## Staff

**CHIEF EXECUTIVE OFFICER**  
**Susan Allen**

**LEGAL COUNSEL**  
**James Ciampa**

**INSURANCE ADMINISTRATOR**  
**Paul Fuller**

**FINANCIAL MANAGER**  
**Gloria Galindo**

**INSURANCE ADMINISTRATOR**  
**George Pappas**

**INSURANCE ADMINISTRATOR**  
**Chase Gilmore**

**COMMUNICATIONS DIRECTOR**  
**Adán Ortega**

**MEMBER SERVICES SPECIALIST**  
**Ceili Tuttle**

### Past Broker of the Year Recipients

2017 – Susan Blankenburg  
*Arthur J. Gallagher Insurance*

2021 – David McNeil  
*EPIC Insurance Brokers & Consultants*

2022 – Shaun Alley  
*InterWest Insurance Services*

2023 – Hilary Erickson  
*Atwood Insurance Agency*

### Past Broker of Excellence Recipients

2017 – David McNeil  
*Edgewood Partners Insurance Center*

2017 – Oscar Pineiro  
*Roberge-Fries Insurance Agency*

### Past Insurance Administrator of the Year Recipients

2021 – Mayra Hernandez  
*Walter Mortensen Insurance INSURICA*

2022 – Shelley Birdzell  
*EPIC Insurance Brokers & Consultants*

2023 – Beth Espinoza  
*AssuredPartners of California*

### Past Partners of Distinction

2024 – Lisa Bailey  
*InterWest Insurance Services, LLC*

2024 – Jamie Mills  
*Morris & Garritano Insurance*

2024 – Mayra Hernandez  
*Walter Mortensen Insurance/Insurica*



# CalMutuals JPRIMA Partner Brokers

CalMutuals JPRIMA relies on a network of independent brokers for support with marketing, outreach, and binding our insureds/members. Continued engagement, partnership, and recognition of the crucial role brokers play are essential to our success.

CalMutuals JPRIMA partner brokers share a keen understanding of both large and small water suppliers, a commitment to finding the best insurance products to meet their unique needs, and a strong customer service ethos. CalMutuals JPRIMA has recognized insurance administrators and brokers in past years whose contributions exceed the high baseline provided by all our partners.

## 2025 Broker of the Year – Oscar Piniero

### ROBERGE-FRIES INSURANCE AGENCY

*DBA INLAND COUNTIES INSURANCE SERVICES, INC.*

Oscar Piniero has devoted four decades to the insurance industry, establishing a career marked by expertise and integrity. His commitment to providing comprehensive insurance solutions has benefited clients throughout the Inland Empire, including several mutual water companies.

Oscar was among the inaugural group of insurance partners who bound the first 100 systems with coverage when CalMutuals JPRIMA was founded on April 1, 2016.

Today, Oscar serves as CalMutuals JPRIMA broker partner for approximately 25 water systems – a testament to the trust and confidence our members place in his guidance. His nearly nine years of steadfast dedication make him not only a cornerstone of CalMutuals JPRIMA's growth, but a truly trusted and valued partner in every sense of the word.

## MAINTAINING ACCURATE INSURED VALUES

- Review insured property values **every year** to ensure coverage reflects current replacement costs.
- **Update values after major capital projects**, including new wells, tanks, treatment facilities, or system upgrades.
- Account for **inflation in construction materials, labor, and regulatory requirements** that can increase rebuilding costs.
- Maintain a **current inventory of system assets**, including equipment, structures, and major components.
- Consider **engineering reviews or professional appraisals** for complex or higher-value facilities.

Accurate insured values help ensure that, if a loss occurs, insurance coverage will be sufficient to restore critical infrastructure.



*Rubio Cañon Calaveras Tank in the aftermath of the Eaton Fire*



# Lessons Learned from the Eaton Fire

## PROTECTING WATER SYSTEMS AND MAINTAINING INSURABILITY

The experience of several CalMutuals JPRIMA members during the recent wildfires affecting Altadena highlighted important lessons for water systems across California. While every emergency is different, two themes consistently emerged: the importance of accurate insurance valuations and the value of proactively hardening critical facilities against wildfire risk.

Members navigating the Eaton Fire found that systems with well-documented assets and regularly updated insured values were better positioned and began recovery quickly after damage occurred. Because water infrastructure is specialized and costly to rebuild, outdated valuations can leave systems underinsured at the very moment coverage is needed most. Regularly reviewing insured property values—particularly after capital improvements or periods of construction inflation—helps ensure coverage limits reflect the true cost of restoring wells, tanks, treatment facilities, and other essential infrastructure.

At the same time, the fires reinforced the growing importance of wildfire risk mitigation. Facilities that had taken steps to maintain defensible space, protect electrical equipment, and reduce combustible materials around critical infrastructure were better



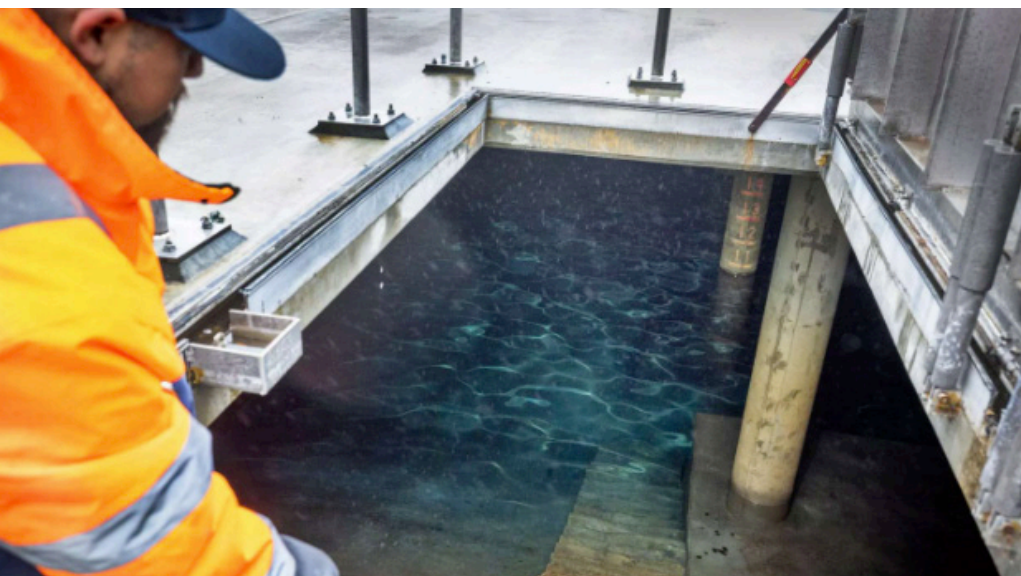
*Entire Neighborhood destroyed by the Eaton Fire*

positioned to withstand extreme conditions. These kinds of risk-reduction measures play a critical role in assessing coverage and pricing.

By investing in practical steps to harden facilities against wildfire, water systems not only protect critical assets and maintain service to their communities, but also demonstrate the strong risk management practices that support continued access to affordable insurance coverage.

Together, these lessons underscore an important takeaway from the Eaton Fire experience: resilience planning and insurance preparedness go hand in hand. Accurate asset valuation and proactive wildfire mitigation are foundational steps that help ensure water systems can recover quickly from disasters while maintaining the insurance protection they depend on.

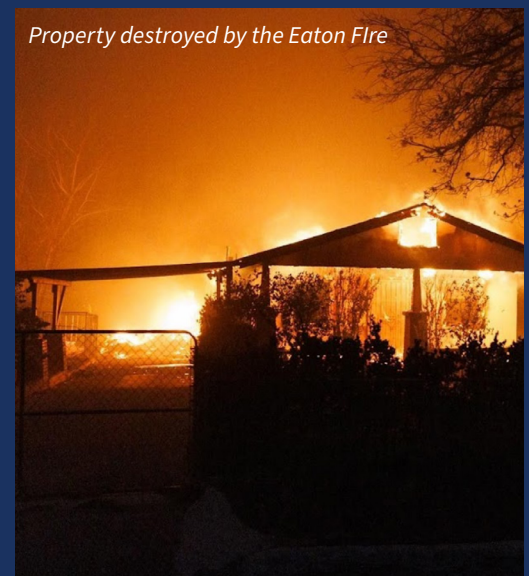
*Dave Castillo of Lincoln Avenue Water Co. shows how water flows through the Glenrose Reservoir site after the company restored pressure to its system, (Allen J. Schabert/Los Angeles Times).*



## PRACTICAL STEPS THAT REDUCE FIRE RISK AND SUPPORT INSURANCE COVERAGE

- Maintain **defensible space** around wells, tanks, pump stations, and treatment plants by clearing vegetation and combustible materials.
- Use **fire-resistant construction materials** when building or upgrading structures.
- Protect **electrical panels, SCADA equipment, and generators** from heat and ember exposure.
- Ensure **reliable backup power** for critical wells and pumping facilities.
- Maintain **clear access for emergency responders** to critical facilities.
- **Document mitigation measures**, as insurers increasingly consider wildfire risk management when evaluating coverage.

Proactive mitigation strengthens system resilience while demonstrating responsible risk management to insurance providers.



*Property destroyed by the Eaton Fire*

# Key Priorities

CalMutuals JPRIMA's Strategic Plan focuses on retaining current and enrolling new insureds; providing long-term financial support to CalMutuals and playing a primary role in delivering relevant resources to mutual water companies, as well as community service, fire, reclamation, and other special district members.

## Retained Current Members and Enrolled New Insureds/Members

CalMutuals JPRIMA has achieved recognition as best-in-class insurance for the water industry and appealing to mutual water companies, community service, fire, reclamation, and other special districts, and several large public water agencies.

Retained  
**98%**

of existing members



Increased Enrollment by  
**408%**

since its founding in 2016



**26**

New Members

added in 2025.



**7<sup>th</sup>**

Consecutive Year

issuing Workers' Comp Dividend



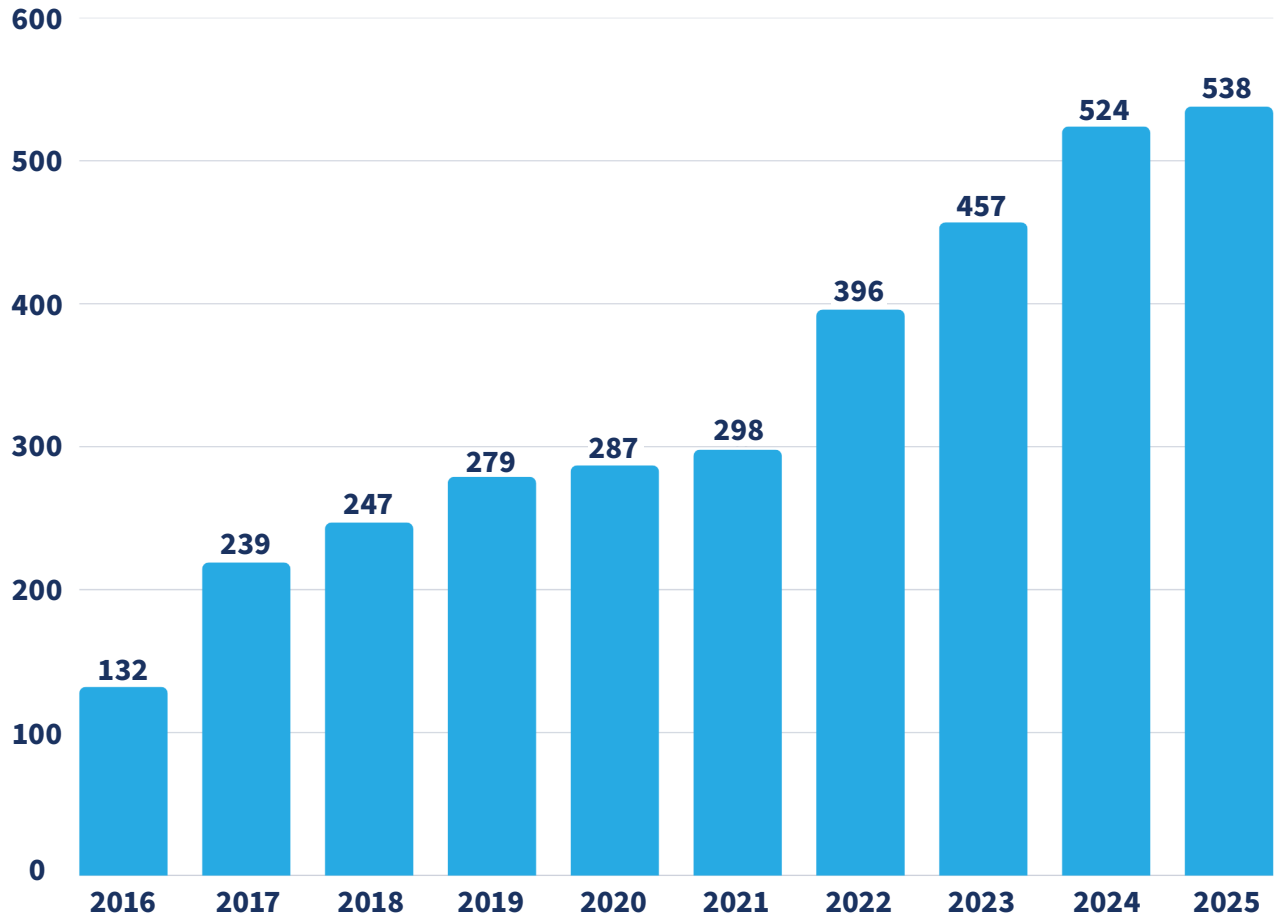
**Expanded  
Membership  
to IOUs**

through the successful passage of AB  
428 (Rubio), a JPRIMA and California  
Water Association partnered bill



## Overall CalMutuals JPRIMA Member Growth

Number of Members per Year



### Maintained Competitive Pricing and Value “Beyond the Insurance Policy”

- **Limited Rate Increase** for property and casualty and workers’ compensation coverage
- **Extended rebate to workers’ Compensation clients** for the 2022/23 policy year (seventh consecutive year)



## Provided Robust Financial Support & Resources for CalMutuals

In addition to coverage, CalMutuals JPRIMA offers a variety of services through an annual grant to the California Association of Mutual Water Companies to ensure its members/insureds receive the support they need to succeed. Most resources are available at no cost for member systems with fewer than 500 connections and members purchasing both JPRIMA property and casualty AND workers' compensation insurance. All remaining members have access to the resources at significant discounts.

### CALMUTUALS JPRIMA GRANT SUPPORTS:



#### CONTINUING EDUCATION

Online water treatment and distribution operator training courses in partnership with the American Water College. All training courses comply with the State Water Resources Control Board (SWRCB) certification requirements. In 2025, 330 courses were completed by 228 unique users.



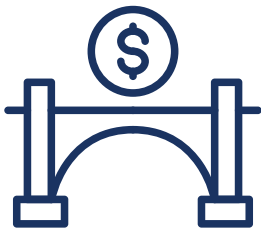
#### SAFETY AND HUMAN RESOURCES TOOLS

All CalMutuals JPRIMA workers' compensation members/insureds have access to The Zenith Solution Center, which includes a large selection of safety training literature and videos, compliance report templates, HR compliance regulations, & much more. The Solution Center has assistance for drafting job descriptions, benchmarking salary information, & webinar training opportunities.



#### MANAGEMENT TRAINING

Management training films developed in conjunction with the American Association of Water Distribution & Management (AAWD&M) on subjects such as risk management, inverse condemnation, critical infrastructure, and climate change. The courses provide a comprehensive overview from attorneys, insurance professionals, and case studies.



#### BRIDGE FINANCING SUPPORT

CalMutuals JPRIMA provided a low-cost bridge loan to enable CalMutuals to participate as a technical assistance provider in the DWR Small Supplier Water Conservation Assistance Program that operates on a reimbursement basis. With project costs at times exceeding available reserves — and financing interest being non-reimbursable — affordable bridge financing was essential.

## CALMUTUALS JPRIMA GRANT SUPPORTS (CONTINUED):



### WORKPLACE VIOLENCE PREVENTION TRAINING

Senate Bill 553-compliant online training, as required for California employers with 10 or more employees, to implement a comprehensive workplace violence prevention plan and training through a contract with Easy Llama.



### CYBER HYGIENE TOOLS AND DISCOUNTS

Cutting-edge cybersecurity tools, at reduced costs, to protect members against the top cybersecurity threats facing public water systems today.



### COMPLIANCE TOOLS & GUIDANCE

Practical guidance and resources to understand and comply with new and evolving laws and regulations, including SB 3 residential water service discontinuation compliance, TMF assessment compliance (SB 1188), the SWRCB Cross-Connection Control Handbook, and other regulatory obligations.



### FINANCIAL MANAGEMENT TOOLS AND TRAINING

Financial management training and tools for our members/insureds in partnership with Rural Community Assistance Corporation (RCAC). Upon successful completion of a workshop, members/insureds are eligible for reimbursement of a one-year QuickBooks subscription.



### AB54/AB240 BOARD OF DIRECTORS' TRAINING

Online, two-hour AB54/AB240-compliant training course available at no cost to members. In 2025, 140 members/insureds completed this training.



### BACKGROUND CHECKS

Background checks through Universal Background for potential employees and board members to assure the quality of employees.

# Provided Robust Financial Support & Resources for CalMutuals

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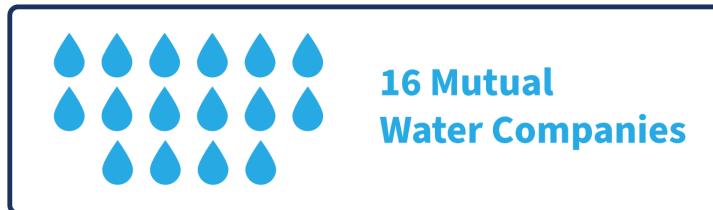
## CONSERVATION AND DROUGHT PREPAREDNESS ASSISTANCE

CalMutuals JPRIMA played a leadership role in securing an \$8 million directed contract (reduced due to State budget challenges to \$4.6 million) from the California Department of Water Resources to provide technical assistance to the Small Supplier Water Conservation Assistance Program.

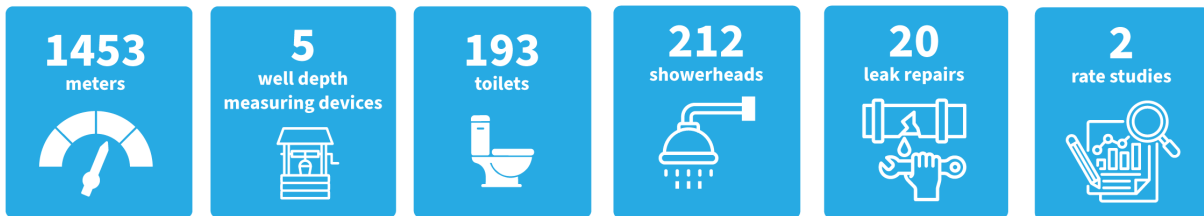
The Program supports conservation and drought preparedness for mutual water companies in Southern California and the Central Coast by providing well depth measurement equipment, leak repair, residential service meters for unmetered systems, rate studies, and water-efficient fixtures for shareholders.

As of the end of  
**2025**

through the Program, CalMutuals assisted:



providing



These efforts are anticipated to save nearly



# Members of Our Community





**2025**

ANNUAL REPORT