



# 2021 Annual Report

## CalMutuals JPRIMA Protects Water Systems Statewide

CalMutuals JPRIMA provides insurance and support to California water systems spanning from Crescent City to San Diego.



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# PRESIDENT AND CHIEF EXECUTIVE OFFICER'S MESSAGE



**Jim Byerrum**  
President and Chief Executive Officer

“

*As I bid you farewell as  
Board President  
and CEO,  
you can trust  
that our values endure  
and our leadership  
team promises  
proactive continuity.*

”

In only 5 years we have built one of the largest insurance pools in the United States for public and private not-for-profit community water systems. At the time of this writing, we were only 10 members shy of our 400th member. Our success isn't only about providing insurance, but about advancing values centered around supporting our smallest members, and assuring our organizational integrity and stability.

When we formally launched our effort providing affordable high quality insurance for small water systems in 2016, we were delighted when larger water systems similarly saw the same value for their organizations. Today we find among our members California's largest irrigation districts, and large urban water providers from all over California.

One of our top value propositions is helping small water systems not only with insurance, but with managerial and operational resources. As it turns out, larger water systems need this support too. When they sign-up with CalMutuals JPRIMA for insurance it expands the portfolio of technical support for small water systems.

CalMutuals JPRIMA has aimed for organizational stability to buttress confidence in our insurance and technical services for our members. A prime example is that we quickly set aside reserves to cover a year of our operational costs. More recently we executed a succession plan as I concluded my service as President of the Board and Chief Executive Officer at the end of 2021.

The Board of Directors has elected long-time Board Vice Chair David ("Dave") Michalko as President of the Board, Douglas ("Doug") Nunneley as Board Vice President, and Dr. Susan Allen as our Chief Executive Officer to guide us in 2022 and beyond.

Dave has served as CalMutuals JPRIMA's Vice President since its inception, and has been Valencia Heights Water Company General Manager for the last 26 years. It seems that he and I drove the entire state of California meeting potential members and, over the years, revisiting many of them as CalMutuals JPRIMA members. He is passionate about helping small water systems, recently leading our efforts to help many with drought contingency plans in cooperation with the California Department of Water Resources.





# PRESIDENT AND CHIEF EXECUTIVE OFFICER'S MESSAGE

Doug was an early member of the CalMutuals JPRIMA Board of Directors. He is also General Manager of Oildale Mutual Water Company and the North of the River Water District, both near Bakersfield. Doug is a major driver of growth for new members in the Central Valley, frequently introducing JPRIMA insurance and support services to other water suppliers. Doug is also dedicated to helping small water systems and has worked with the State Water Resources Control Board to consolidate struggling smaller water systems with Oildale.

Dr. Susan Allen brings rich experience as a long time college and university educator and administrator. For the past three years she has kept our business processes in order and has been forging the means to provide our members with technical support and training resources. She is our representative, for example, with IE Works which is expanding resources to train water system operators who are scarce, for placement with our members.

With our team intact which includes our Board of Directors, Insurance Administrator Paul Fuller, and Communications manager Adan Ortega, our members can be assured of the continuity of our progressive improvement and stability.

As I bid you farewell as Board President and CEO, you can trust that our values endure and our leadership team promises proactive continuity. My hope and request is that it all adds up to your trust and recommendations to your professional colleagues which are the engine of our growth.



Jim Byerrum  
President and Chief Executive Officer



David Michalko  
President of the Board



Doug Nunneley  
Board Vice President



Dr. Susan Allen  
Chief Executive Officer





# MISSION



The California Association of Mutual Water Companies, Joint Powers Risk and Insurance Management Authority (CalMutuals JPRIMA) remains committed to its mission to provide first in class insurance, technical support and resources for California's small and independently-minded water systems.



CalMutuals JPRIMA is proud to provide our members/insureds with:

- High quality and cost-effective insurance products to protect and enhance its members' assets and operations and reduce overall risk management costs
- Efficient and effective claims, underwriting, distribution and risk control services
- Technical support, continuing education, safety engineering, operational and managerial advisory assistance in order to reduce risk liabilities and further their technical, managerial, and financial capacity.

CalMutuals JPRIMA is further gratified to reinvest in programs and services to support small systems and disadvantaged communities, helping to bring free services to member systems with under 500 connections.





# 2021 HIGHLIGHTS



## Growing Membership

**14**  
new  
members

**99%**  
of members  
retained

## Competitive Rates

**Limited rate  
increases**

**Dividend**  
for all Workers  
Comp Clients  
for third  
consecutive year

## Robust Finances

**39%**  
increase  
in total assets  
over 2020

**68%**  
increase  
in net position  
over 2020

**Reserve fund  
established**

## Expanded Offerings

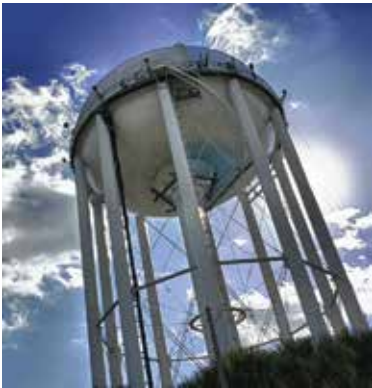
**New  
Cybersecurity  
Insurance.**  
Best in class  
cyber liability  
and network  
security  
protection

## Expanded Resources

Co-authored,  
published and  
distributed  
**risk management  
handbooks**  
for practitioners



# BEGINNINGS



**JPRIMA is a joint powers authority formed in 2016 after the passage of AB 656. The CalMutuals JPRIMA was formed with three purposes:**

- to provide *best-in-class* insurance to its members
- to provide financial sustainability for CalMutuals
- 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 fix their aging infrastructure and comply with water quality regulations. CalMutuals JPRIMA works to provide equal assistance to systems of all sizes and assure they are not left behind.





# INSURANCE PRODUCTS

## CalMutuals JPRIMA insurance products include:

### Property and Casualty

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



### 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.



### Cybersecurity

CalMutuals JPRIMA responded to member/insured requests and prospective regulation to design a risk management and insurance product that blends cybersecurity risk transfer with risk mitigation. Water entities can now obtain best-in-class cyber liability and network security insurance protection at affordable and stable rates through CalMutuals JPRIMA. An experienced San Diego-based claims team of privacy attorneys, data forensics experts, and crisis managers stands ready to help before, during, and after a covered event.

Access to our insurance requires verification of a managed security provider (MSP) that provides timely critical and time-sensitive patching with follow-up patch verification.

CalMutuals JPRIMA recommends enrollment with our partner, NetSecure™, the cyber security division of Alvaka Networks, a prominent California based MSP.



### 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 (including piping infrastructure) as well as transportation and hauling, contracting operations, non-owned disposal sites, and spreading of bio-solids. This innovative product, with its proprietary water-related emphasis is one of the first of its kind in California if not the entire United States.



### Employee Benefits

CalMutuals JPRIMA has partnered with trusted insurance broker, WSP Corporate Benefits and Insurance Services as our preferred provider for Employee Benefits insurance needs.





# LEADERSHIP

## CalMutuals JPRIMA Board of Directors

The Joint Power Risk Insurance Management Authority is managed by strong leaders on the board.  
The officers include:

- President James Byerrum (former President of California Domestic Water Company)
- Vice President David Michalko, General Manager of Valencia Heights Mutual Water Company
- Secretary Kenneth Bradbury, General Manager of Montebello Land & Water Company
- Treasurer Myra Malner, Director of Finance for Rowland Water District



James Byerrum



David Michalko



Kenneth Bradbury



Myra Malner

## Board members

- David Armstrong (South Mesa Water Company)
- Doug Nunneley (Oildale Mutual Water Company)
- Lisa Yamashita-Lopez (Rubio Canon Land & Water Association)
- Kenneth Tcheng (Sunny Slope Water Company)
- Dave Pederson (Las Virgenes Municipal Water District)
- Marina West (Bighorn Desert View Water Agency)



David Armstrong



Doug Nunneley



Lisa Yamashita-Lopez



Kenneth Tcheng



Dave Pedersen



Marina West

## Staff

- Insurance Administrators - Paul Fuller, George Pappas
  - Managing Director - Susan Allen
- Communications Director - Adan Ortega
- General Counsel - Jim Ciampa



Paul Fuller



George Pappas



Susan Allen



Adan Ortega



Jim Ciampa



# INSURANCE PARTNERS

## Insurance Partners

CalMutuals JPRIMA partners with distinguished leaders in the insurance industry who are experts in water system risk management, including:



### 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. Their tenure in the public water system space goes back 20+ years, one of the longest of any insurance organization in California. APR assists in the management of our property & liability and workers' compensation insurance and reinsurance solutions. They have assisted CalMutuals in securing reinsurers that are 'A' rated by AM Best Company 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 been a specialist in workers' compensation. The Zenith has built its reputation as an industry leader by providing its customers superior service and achieving results that continually outperform the industry. In June 2015, AM Best Company affirmed the financial strength rating of 'A' (Excellent) of Zenith National Insurance Corp. and its subsidiaries.



### Navigators Specialty Insurance Company

CalMutuals JPRIMA's Environmental Pollution reinsurance partner is Navigators Specialty Insurance Company (Navigators), a brand of The Hartford. Similar to our Property & Liability and Workers' Compensation products, they bear 100% of the risk and oversee the underwriting and claims operations. Navigators is a specialist in environmental underwriting and offers experienced professionals, industry-leading policy forms, augmented pollution appetite, and flexibility to meet the needs of water-related entities. With expertise in environmental law, engineering, insurance, compliance, and regulation, Navigators is uniquely positioned to assist JPRIMA members with protecting their balance sheets against environmental liabilities. Navigator's is rated 'A' (Excellent) by AM Best Company and 'A+' (Strong) by Standard & Poor's.



### Lloyd's of London

CalMutuals JPRIMA is collaborating with Lloyd's of London as our major carrier partner and one of the world's largest insurance writers of cyber liability and network protection. Lloyds is on the cutting edge of this new insurance frontier. 15 years ago technology played a marginal role in our lives. Today it is part of everything we do, from the way we socialize, to the way we do business. While the explosion of technology opens up a wealth of possibility for human progress, it also creates huge potential for cyber risk. Lloyd's provides access to the combined scale, expertise and capacity of more than 77 expert cyber risk insurers in one place. It is this ability to create relevant and tailored insurance solutions from the diversity of the market that sets Lloyd's apart.



### Alvaka Networks

CalMutuals JPRIMA has engaged Alvaka Networks, the industry leader in the area of Advanced Network Management (managed services) to provide robust information security and regulatory compliance services to our members/insureds. Access to CalMutuals JPRIMA's Cybersecurity insurance program requires verification of a managed security provider (MSP) that provides timely critical and time-sensitive patching with follow-up patch verification. CalMutuals JPRIMA recommends enrollment with NetSecure™, the cyber security division of Alvaka Networks. The NetSecure™ "6" step security process was designed to discover the unique role that critical data plays within your IT environment, and then protect that data from loss or harm.



# MEMBER/INSURED RESOURCES



## Member/Insured Resources include:



### Continuing Education

CalMutuals JPRIMA provides online water treatment and distribution operator training courses. All training courses are in compliance with the State Water Board certification requirements.



### AB54/AB240 Board of Directors' Training

CalMutuals JPRIMA developed an online, 2 hour, training, compliant with the AB54/AB240. The training is available at no cost to our membership.



### Background Checks

Through OPENOnline, CalMutuals JPRIMA provides its membership with background checks for potential employees and leadership.



### Financial Management Tools and Training

In partnership with the Rural Community Assistance Corporation, CalMutuals JPRIMA offered financial management training and tools to our members/insureds. This year CalMutuals JPRIMA provided workshop participants with a one-year QuickBooks subscription to support their work.



### Internship and Apprenticeship Support

In 2021 CalMutuals JPRIMA became a member of the *IE Works* and funded participation for interested Inland Empire members/insureds. *IE Works* supports Inland Empire community college outreach efforts and workforce development programs for students exploring water industry careers and helps ensure sufficient numbers of qualified candidates are available meet the needs of Inland Empire water suppliers and the communities they serve.

In addition to coverage, CalMutuals JPRIMA offers a variety of services through the California Association of Mutual Water Companies to make sure that its members/insureds get the support that they need to be successful. Most resources are available at no cost for member systems with fewer than 500 connections and members purchasing both JPRIMA P&C AND Workers' Comp Insurance. All remaining members have access to the resources at significant discounts.



# MEMBER/INSURED RESOURCES



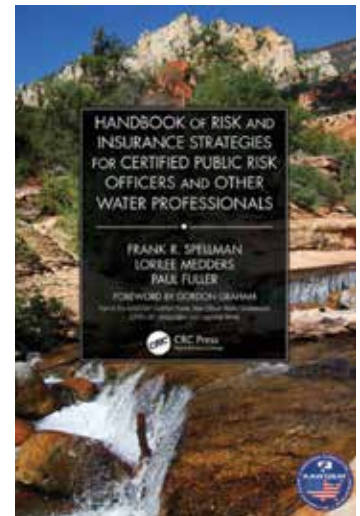
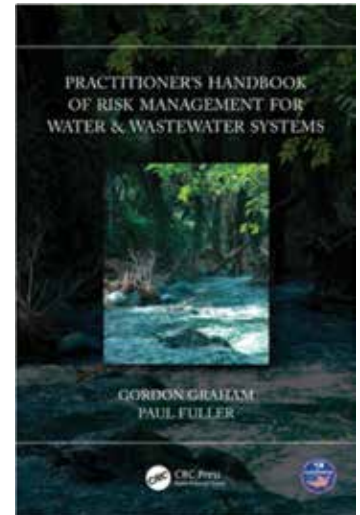
## Management Training

In conjunction with the American Association of Water Distribution & Management (AAWD&M), CalMutuals JPRIMA produced management training films on subjects such as inverse condemnation, critical infrastructure, and climate change. The courses provide a comprehensive overview from the perspectives from attorneys, insurance professionals and case studies. Additionally, the Association produced a nine part series on risk management, available to all members at no cost.



## Risk Management Guidance

In 2021 CalMutuals JPRIMA was proud to share copies of newly released book, *Practitioner's Handbook of Risk Management for Water & Wastewater Systems* written by risk management expert, Gordon Graham and CalMutuals JPRIMA's own, Paul Fuller. The book distills years of risk management experience into a thoughtful book that delivers real insights into the practice with enough personality and humor. We were also pleased to share a copy of the *Handbook of Risk and Insurance Strategies for Certified Public Risk Officers and other Water Professionals*, co-authored by Paul Fuller. This book provides a functional comprehension of water and wastewater operations as well as a broad understanding of industry derivations and various stakeholder interconnectivity. It also examines risk management best practices and provides an actionable review of doing the right thing, the right way, every time through a combination of core risk management principles.



## Safety and Human Resources Tools

All CalMutuals JPRIMA Worker's Compensation members/insureds are given access to the *Zenith Solution Center*, which includes a large selection of safety training literature and videos, compliance report templates, HR compliance regulations and much more. The Solution Center offers assistance such as draft job descriptions, benchmark salary information, and webinar training opportunities.





# MEMBERSHIP PROFILE



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*CalMutuals JPRIMA proudly serves 269 member agencies, from the smallest to the largest, throughout California.*

”

## Serving California Water Agencies:

CalMutuals JPRIMA members/insureds include some of the leading water agencies in California such as Friant Water Authority, Las Virgenes Municipal Water District, Palo Verde Irrigation District, Salton Sea Authority, San Diego County Water Authority and Westlands Water Districts.

Members benefit from quality insurance, robust resources "beyond the policy" and play an important role in assisting small water systems, as insurance residuals bring needed funding for small system and disadvantaged community programs and services.

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

To date, JPRIMA has:

**269**

members/insureds

**264**

Property & Casualty  
insureds

**113**

Workers' Compensation  
Insureds

**57%**

of insureds are mutual  
water companies

**43%**

of insureds are  
special districts





# BROKER PARTNERS

“

*JPRIMA's measured growth and sustainable arc are supported by a carefully selected network of broker partners. These water insurance professionals provide our members with meaningful risk management, claims advocacy, and value corroboration. They are an integral part of JPRIMA's value differential and a core reason for our success.*

”

## 2021 Broker and Insurance Administrator of the Year



### **David McNeil - EPIC Brokers**

Principal and Risk Management Consultant David McNeil was acknowledged at the 2021 Annual Meeting as 2021 CalMutuals JPRIMA Broker of the Year. The award is given to an exceptional, high-performing risk management professional who has made a meaningful contribution to California public water systems and water-related entities and goes above and beyond in support of this industry.

David serves on several federal, state and local task forces for critical infrastructure exposure mitigation, transfer and avoidance. He is an executive producer and an advisory member of the American Association of Water Distribution & Management (AAWD&M) Thought Leadership Lab Video Module Series. This resource helps CalMutuals JPRIMA insureds/members stay abreast of risk management best practices and emerging issues. He represents many mutual water companies, public water districts and investor-owned utilities, with many client relationships spanning decades of service.



### **Mayra Hernandez - Walter Mortensen Insurance/INSURICA**

At its November Board of Directors meeting CalMutuals JPRIMA virtually recognized Mayra Hernandez of Walter Mortensen Insurance / INSURICA as Account Executive of the Year; a first of its kind award. For over a decade, Mayra has been a stalwart advocate for her mutual water company and special district clients. She provides the best blend of customer service, technical expertise, and meaningful solutions. It has been a privilege to partner with Mayra and an honor that she views JPRIMA as the best overall value for her clients.

## Past Broker of the Year Recipients

2017 – Susan Blankenburg – Arthur J. Gallagher Insurance

## Past Broker of Excellence Recipients

2017 – David McNeil – Edgewood Partners Insurance Center

2017 – Oscar Panero – Roberge-Fries Insurance Agency



# TRIBUTE TO OUR FOUNDING PRESIDENT AND CEO, JIM BYERRUM

## TRIBUTE TO OUR FOUNDING PRESIDENT AND CEO, JIM BYERRUM

By Adán Ortega, Executive Director  
California Association of Mutual Water Companies

Here's a bit of trivia about water that likely never made it into a tribute. A fogbow is a very rare white rainbow, sometimes also called a "ghost rainbow" that forms like a regular rainbow but made of fog instead rain. Fog is comprised of nature's smallest droplets of water that form to look like a singular mass. I've never seen a fogbow in the sky, but I did begin to spot one in a San Gabriel water district board room in 2008 when I met Jim Byerrum, our retiring President and CEO of the California Association of Mutual Water Companies Joint Powers Risk Insurance Authority (CalMutuals JPRIMA).

As the long-time President and CEO of the California Domestic Water Company, Jim built a reputation for diplomacy, personal kindness, and fine political skills. When one meets him though, what strikes you is his humility. He laughs easily and actively works to deflect attention from himself. He strikes me this way every time he leaves the room.

Jim is a veteran of several seemingly impossible water-related quagmires. He played a central role in bringing federal relief to remediate the main San Gabriel basin that was polluted by the air defense industry. At the time, it was the largest U.S. EPA Superfund safe drinking water challenge in the nation. While many share in credit for the effort, Jim's presence brought people together to lobby the U.S. Congress, several presidential administrations and the U.S. EPA. Jim also brought leaders in the San Gabriel Valley together to create the local governmental joint powers authorities to channel Federal, State and local funding for the clean-up effort.



# TRIBUTE TO OUR FOUNDING PRESIDENT AND CEO, JIM BYERRUM



As Jim faced the last decade of his tenure at CalDomestic Water Company, he set his sights on addressing the issue of struggling small water systems that was weighing down larger well run water companies with added regulation. A fogbow needs light at a unique angle to take shape, and Jim was the light. To illustrate the point, I only recently came to realize that most of the members of the California Association of Mutual Water Companies original leadership team, hadn't met before Jim initiated creation of the association in 2012.

At the time, mutual water companies existed like tiny droplets in the air surrounded by larger water systems. The Association of California Water Agencies (ACWA), for example, stopped insurance coverage for mutual water companies in 2007, as a result of changes to tax laws. Many "primacy agencies" like county health and public works departments around California, refused to take responsibility for helping small water systems comply with new laws and regulations, impacting mutual water companies.

Before 2012, the State Division of Drinking Water would entice some small water systems to consolidate with larger systems, only to leave them stranded facing fines for violations they couldn't afford to fix. Some corrupt politicians in Los Angeles County tried using mutuals to launder state funds for phony projects that would be awarded to crony engineering and construction firms. While threatened, the mutuals' general managers resisted. Exasperated state legislators would introduce "one size fixes all" measures that would create as many new problems as they would fix. This was the general environment for mutual water companies until Jim and thirteen other local leaders came together to form the fogbow that became CalMutuals and CalMutuals JPRIMA.

I heard Jim first utter the words about our mission: "We're about large water systems helping small water systems," he said. That is and remains our organizing principle since 2012. It also became the bedrock of our moral imperative. Jim recruited a team of professionals such as our attorney Jim Ciampa, insurance administrator Paul Fuller, accountant Myra Malner, and Susan Allen to put the collective vision which he first recognized to work.





# TRIBUTE TO OUR FOUNDING PRESIDENT AND CEO, JIM BYERRUM



In the years since 2012, Jim's simple vision of larger water systems helping small ones has launched a similar initiative for special districts and municipal utilities that serve disadvantaged communities -the Community Water Systems Alliance. The growth in our membership from 14 to close to 400 in the last decade since we formed CalMutuals, and 5 years after the establishment of CalMutuals JPRIMA, is a rare fogbow.

Ask Jim about his start as a water department manager in the City of La Habra in the 1960's; or his family's legacy which built parks and water systems in North Orange County -there's a park in Fullerton named after his grandfather. Or, ask him about his early years growing up in La Habra. What about his long-time chairmanship of the Main San Gabriel Watermaster? The answers you'll hear from Jim are about how he met attorney Richard Jones; or, about the feats of builder Pete Beard; the battles led by Tony Zampiello on endangered species challenges; the recruitment of Lynda Noriega as his successor at CalDomestic; or, the young women he met in 2016, from Washington Middle School which he once attended, who lobbied for water conservation legislation as "the Water Guardians." Jim will recall with fond thanks how you met, helped him and the circumstances that brought you to a common place.

Jim's grown-up children, Josh and Kim, follow in their dad's footsteps. They are gentle and kind, dedicated to their professions and in those who comprise their lives -their spouses, children, friends, colleagues, Jim and his wife Cindy. Jim appeared on the horizon at a time when I did not expect the course of my career to be so thoroughly redirected for a great cause. For CalMutuals and CalMutuals JPRIMA, we came together as the smallest droplets in the water policy arena. The light of Jim's wisdom, faith and humility forged us into something unexpected that is now making a good difference in California. In the world of management manuals, Jim ranks as a "level 5 leader." Such leaders not only envision an enterprise, they inspire us to continue building for the betterment of all, especially those least able to help themselves. We rest in our luck, wonder and thanks for the opportunity of beholding our own very rare fogbow, thanks to Jim Byerrum. Let's wish him the great benefit of all he has earned.





# OUR COMMUNITY







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