

Resolution No. _____

WHEREAS, the Los Angeles Department of Water and Power (LADWP) has exposure to liability losses resulting from its water and power operations; and

WHEREAS, LADWP seeks to protect itself and its operating partners' financial stability and interests by purchasing an Excess Liability and Wildfire Insurance Policy from the commercial markets, purchasing Wildfire Catastrophe Bonds ("CAT Bonds"), establishing a captive cell, and funding LADWP's Wildfire Self-Insurance Trust Fund, all subject to expenditures not-to-exceed \$95,000,000; and

WHEREAS, over the last several years, the available capacity in the wildfire commercial insurance markets has been steadily decreasing, and insurance premiums have soared, for some layers, to uneconomical levels; and

WHEREAS, LADWP Financial Services Organization (FSO)/Risk Management requests to reduce its use of commercial insurance where premiums are deemed excessive and primarily self-insure or use alternative risk transfer options for its liability exposure; and

WHEREAS, LADWP FSO/Risk Management requests approval to establish a captive to replace traditional, commercial insurance as the primary and lead insurance layer of the non-wildfire insurance tower and fund the captive using with the same premium previously paid for commercial insurance to provide a \$35M primary insurance layer; and

WHEREAS, LADWP FSO/Risk Management requests the ability to purchase any reasonably priced "high layer excess liability wildfire insurance" (\$125,000,000 layer and above) from commercial insurance markets and Wildfire CAT Bonds while continuing to work to establish a fund of \$200,000,000 within the Wildfire Self-Insurance Trust Fund; and

WHEREAS, the Wildfire Self-insurance Trust Fund shall continue to be funded by the Power Revenue Fund using any funds remaining after the purchase of other insurance products under this Resolution or at such amount to be determined by the General Manager (GM), or such person as the General Manager shall designate, subject to the not-to-exceed amount established in this Resolution; and

WHEREAS, AON Risk Insurance Services West, Inc. (AON), LADWP's Casualty Insurance Broker of Record, conducts an extensive marketing effort in order to assist LADWP in obtaining the most cost-effective excess liability insurance policy on the commercial insurance markets as part of the wildfire program and conducts such marketing up to the date of policy inception.

NOW, THEREFORE, BE IT RESOLVED that the Chief Accounting Employee, upon proper certification of such delivery, is authorized to draw and authenticate demands on the Power Revenue Fund and Water Revenue Fund payable to AON or any designated Broker of Record or any participating insurance carrier or captive provider, for payments of premiums for Excess Liability Insurance and Wildfire Insurance, the purchase of Wildfire CAT Bonds, establishment of a captive cell for non-wildfire insurance coverage, and transfer(s) to the LADWP Wildfire Self-insurance Trust Fund in an amount not-to-exceed \$95,000,000 including taxes and fees for the 2025-2026 policy year.

BE IT FURTHER RESOLVED that the Wildfire Self-insurance Trust Fund be funded within the 2025-2026 policy year and any disbursement of excess amounts shall be recovered through the Incremental Reliability Cost Adjustment (IRCA) under the rate ordinance.

BE IT FURTHER RESOLVED that the President or Vice President, or the GM, or such person as the GM shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said agreement for and on behalf of LADWP.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held on March 11, 2025

APPROVED AS TO FORM AND LEGALITY
HYDEE FELDSTEIN SOTO, City Attorney

By

Bethany A Burgess,

BETHANY A. BURGESS

Deputy City Attorney

Date: February 12, 2025

Secretary