

Working together, helping communities.

2017 ANNUAL REPORT





Since 1981, Washington Cities Insurance Authority has empowered, protected, defended, and restored municipal entities across Washington State. By being a member-driven organization with a strong financial foundation, as well as offering innovative education programs, WCIA helps reduce the risks its members face, while increasing their security and savings.

WCIA offers generous coverage and stable rates, with a member-run board and committees to ensure that each member has a voice in decisions. WCIA helps to minimize risks for its members, so they can focus on maintaining outstanding communities.

A MESSAGE TO THE MEMBERSHIP

We are happy to share with the membership the challenges and accomplishments WCIA experienced in 2017. As always a strong dedication to members through active risk management, robust training and responsive claim handling is a hallmark of WCIA. The membership's long term commitment to prudent financial stewardship allows for continued financial strength despite challenging losses.

In 2017 claim payments continued at close to the same high pace as last year, largely due to three claims that settled for amounts well over \$1 million. In addition to high payments, overall increased reserves resulted in a net position decrease of approximately \$7.8 million bringing WCIA's unrestricted net position to \$55,753,133. While the decrease is disappointing, this net position is stronger than any risk pool in the State of Washington.

The negative claim trend is not unique to WCIA, with record breaking verdicts and multi-million settlements occurring throughout the public liability sector. Police, employment practices and road design liability are the main drivers of large exposures nationally.

In 2017 over 13,600 attendees were educated by WCIA utilizing regional, exclusive, co-sponsored and reimbursed trainings. Close to \$200,000 was returned to members in the form of reimbursements for certifications, accreditations and exclusive trainings. Police and employment risks received an increased emphasis with multiple offerings with a variety of exposure topics. Additionally in 2017, WCIA's Supervisor Credentialing Program graduated over 101 member employees. Through the use of forums, WCIA member Police Chiefs, Risk Managers and Human Resource professionals were allowed to roundtable risk exposures and share best practices with one another in multiple sessions throughout the year.

As occurs every year, all WCIA members were visited by their assigned WCIA Risk Management Representative for the annual review of coverage and programs along with performance of the risk management audit. Over 60% of members participated in either police or employment audits with the remaining members choosing volunteer programs, or targeted risk management reviews of contracts, special events or facilities.

The memberships' COMPACT to be attentive members, adhere to risk management reviews and audits along with mandatory trainings celebrated its 22nd year in 2017. The membership also benefited from usage of WCIA's popular Pre-defense review, Risk Management Legal Consultation, and Risk Reduction Grant programs.

Through the dedication of our member run boards and committees and the hard work of staff, WCIA continued its mission of providing professional risk management and stable risk financing while being responsive to membership needs.

John Caulfield
EXECUTIVE COMMITTEE PRESIDENT
CITY MANAGER, CITY OF LAKEWOOD

Ann Bennett
EXECUTIVE DIRECTOR



John Caulfield



Ann Bennett

2017 NUMBERS



RISK MANAGEMENT

\$150,000

RISK REDUCTION
GRANTS PAID TO
MEMBERS

300

PRE-DEFENSE
REVIEWS AND RISK
MANAGEMENT LEGAL
CONSULTATIONS



INSURANCE PROGRAMS

161

NUMBER OF
MEMBERS



CLAIMS LITIGATION

\$31,213,170

CLAIM AND LAWSUIT
PAYMENTS

1,699

NUMBER OF NEW
CLAIMS AND LAWSUITS

3

TRIALS
DEFENDED



TRAINING

397

TRAININGS OFFERED

\$193,705

PAID FOR MEMBER
EDUCATIONAL AND
ACCREDITATION
REIMBURSEMENTS

13,620

PARTICIPANTS IN
ON-SITE AND
ON-LINE TRAININGS

80

PROGRAMS
ELIGIBLE FOR
REIMBURSEMENT



STATEMENT OF NET POSITION

As of December 31,	2017*	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and Cash Equivalents	\$10,329,125	\$15,647,308
Accrued Interest	388,429	407,498
Investments	142,804,416	139,180,024
Accounts Receivable	122,375	102,627
Reinsurance Receivable	2,823,870	-
Prepaid Expenses	4,925,901	5,912,986
TOTAL CURRENT ASSETS	<u>\$161,394,116</u>	<u>\$161,250,443</u>
Noncurrent Assets		
Investment in GEM	\$1,385,780	\$923,432
Capital Assets	6,384,909	6,392,761
Accumulated Depreciation	(2,036,167)	(2,023,181)
TOTAL NONCURRENT ASSETS	<u>\$5,734,522</u>	<u>\$5,293,012</u>
TOTAL ASSETS	<u>\$167,128,638</u>	<u>\$166,543,455</u>
Deferred Outflows of Resources - Pension	\$210,821	\$341,034
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$167,339,459</u>	<u>\$166,884,489</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts Payable & Accrued Expenses	\$97,753	\$166,059
Compensated Absences	94,496	92,114
Deposits Payable	251,636	276,636
Property & Vehicle Claims Reserve	3,624,530	2,701,237
Claim Reserves		
IBNR	13,524,174	12,368,642
Open Claims (Case Reserves)	7,403,142	6,160,515
Unallocated Loss Adjustment Expenses	622,163	597,997
Reserve for Increased Confidence Level	18,400,000	16,985,000
TOTAL CURRENT LIABILITIES	<u>\$44,017,894</u>	<u>\$39,348,200</u>
Noncurrent Liabilities		
Compensated Absences	\$58,467	\$50,760
Claim Reserves		
IBNR	38,491,880	37,105,926
Open Claims (Case Reserves)	21,070,480	18,481,545
Unallocated Loss Adjustment Expenses	1,770,770	1,793,992
Net Pension Liability	1,525,775	2,092,658
TOTAL NONCURRENT LIABILITIES	<u>\$62,917,372</u>	<u>\$59,524,881</u>
TOTAL LIABILITIES	<u>\$106,935,266</u>	<u>\$98,873,081</u>
Deferred Inflows of Resources - Pension	\$302,318	\$37,722
NET POSITION		
Investment in Capital Assets	\$4,348,742	\$4,369,580
Unrestricted	55,753,133	63,604,106
TOTAL NET POSITION	<u>\$60,101,875</u>	<u>\$67,973,686</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$167,339,459</u>	<u>\$166,884,489</u>

*Unaudited - subject to change

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET POSITION

For the years ending December 31,	2017*	2016
OPERATING REVENUES		
Member Assessments - Liability	\$29,726,818	\$27,075,985
Member Assessments - Property	10,412,921	9,862,676
Member Assessments - Fidelity	131,121	126,190
Building Revenues	353,057	343,858
Seminar Revenues	28,612	20,843
Total Operating Revenues	\$40,652,529	\$37,429,552
OPERATING EXPENSES		
Loss & Loss Adjustment Expenses	\$27,167,932	\$18,859,838
Confidence Level Expense (Reduction)	8,712,285	(11,879,000)
Insurance - Members	8,363,372	8,335,904
Salaries and Wages	2,135,794	2,095,777
Personnel Benefits	656,035	723,085
Professional Services		
Claims Adjusting	505,530	425,527
Pre-Defense Review	474,468	653,712
Consultants	286,055	239,597
Legal	71,841	89,128
Actuarial	46,400	87,900
Audit	16,606	24,961
Financial Services	17,223	24,909
Risk Management Audit	11,720	11,734
Transportation	80,830	101,430
Printing	5,426	14,798
Communications	29,213	19,442
Supplies	47,334	45,832
Dues and Conferences	28,564	30,387
Retreat/Board Meetings	31,508	32,964
Depreciation	177,456	170,622
Miscellaneous	35,156	28,059
Repair and Maintenance	-	2,929
Risk Grant Reduction	149,823	150,000
Building Expenses	267,377	246,836
Software License Fees	199,828	37,645
Seminars and Training	696,976	787,819
Total Operating Expenses	\$50,214,752	\$21,361,835
Operating Income (Loss)	(\$9,562,223)	\$16,067,717
NON-OPERATING REVENUE (LOSS)		
Interest Income	6,128,043	5,258,291
Net Increase (Decrease) in the Fair Value of Investments	(4,899,979)	(4,001,781)
Income (Loss) from Investment in GEM	462,348	75,043
Total Non-Operating Revenue	\$1,690,412	\$1,331,553
Change in Net Position	(\$7,871,811)	\$17,399,270
Net Position - January 1, as previously reported	\$67,973,686	\$50,574,416
Net Position - January 1, as restated	67,973,686	50,574,416
NET POSITION AS OF DECEMBER 31	\$60,101,875	\$67,973,686

*Unaudited - subject to change

OUR MISSION

WCIA WILL TAKE A LEADERSHIP ROLE TO PROVIDE PROFESSIONAL RISK MANAGEMENT AND STABLE RISK FINANCING PROGRAMS THAT RESPOND TO MEMBERS' NEEDS.

OUR CORE VALUES

RESPONSIVENESS • INTEGRITY • STEWARDSHIP • COURAGE





OUR MEMBERS

A Regional Coalition for Housing • Aberdeen • Anacortes • Arlington • Arlington Transportation Benefit District
Auburn • Bainbridge Island • Battle Ground • Benton City • Benton County Emergency Services • Bonney Lake
Bothell • Brewster • Brier • Burien • Burlington • Camas • Cashmere • Centralia • Chehalis • Chelan • Cheney
Chewelah • Clark Regional Emergency Services Agency • Clarkston • Cle Elum • Clyde Hill • Coupeville
Covington • Cowlitz-Wahkiakum Council of Governments • Des Moines • Des Moines Pool Metropolitan Park
District • Duvall • Eastside Public Safety Communications Agency • eCity Gov Alliance • Edgewood • Edmonds
Ellensburg • Elma • Enumclaw • Enumclaw Transportation Benefit District • Everson • Ferndale • Fife • Fife
Transportation Benefit District • George • Goldendale • Grandview • Grays Harbor Communications Center, E9-1-1
Hoquiam • Issaquah • Jefferson County 911 • Kelso • Kenmore • Kennewick • Kirkland • Kitsap 911 Public Authority
Kitsap Regional Coordinating Council • La Conner • Lacey • Lake Forest Park • Lake Stevens • Lakewood
Leavenworth • Leavenworth Transportation Benefit District • Long Beach • Longview • LOTT Clean Water Alliance
Mabton • Maple Valley • Marysville • Marysville Fire District • Mason County Emergency Communications
McCleary • Medical Lake • Medina • Mercer Island • Metropolitan Park Dist. of Tacoma • Mill Creek • Millwood
Milton • Monroe • Monroe Transportation Benefit District • Moses Lake • Mount Vernon • Mountlake Terrace
Mukilteo • Multi Agency Communications Center • Newcastle • Normandy Park • Normandy Park Metropolitan
Park District • North Bonneville • Northshore Utility District • Northwest Incident Management Team • Oak Harbor
Ocean Shores • Olympia • Olympia Metropolitan Park District • Olympia Transportation Benefit District • Othello
Othello Transportation Benefit District • Pasco • PENCOM • Port Angeles • Port Townsend • Poulsbo • Pullman
Pullman Metropolitan Park District • Pullman-Moscow Regional Airport Board • Puyallup • Richland • Ridgefield
Sammamish • Seattle Southside Regional Tourism Authority • Shelton • Shelton Metropolitan Park District
Shoreline • Silver Lake Water and Sewer District • Skagit 9-1-1 • Skagit Council of Governments • SNOCOM
Snohomish • Snohomish County Emergency Radio System • SNOPAC • Snoqualmie • Soap Lake • South
Correctional Entity (SCORE) • South Sound 911 • Spokane Valley • Stanwood • Steilacoom • Sumner • Sunnyside
Three Rivers Regional Wastewater Authority • Thurston 9-1-1 Communications • Thurston Public Utility District
Thurston Regional Planning Council • Toppenish • Tukwila • Tukwila Pool Metropolitan Park District • Tumwater
Union Gap • University Place • Valley Communications Center • Valley Regional Fire Authority • Walla Walla
Walla Walla Transportation Benefit District • Walla Walla Valley Metro Planning Organization • Warden • Washington
Multi-City License & Tax Portal Agency • Washougal • Water Operating Board • West Richland • Westport
WHITCOM 911 • William Shore Memorial Pool District • Woodinville • Woodway • Yakima Valley Conference of
Governments • Yarrow Point • Zillah

COMMITTEE / VENDORS / STAFF

WCIA EXECUTIVE COMMITTEE MEMBERS

John Caulfield
City of Lakewood

President

Pete Rose
City of Lake Forest Park

Vice President

Stan Strebel
City of Pasco

Steve Taylor
City of Kelso

Rob Roscoe
City of Auburn

David Timmons
City of Port Townsend

Deborah Knight
City of Monroe

Paul Loveless
Town of Steilacoom

Lyman Howard
City of Sammamish



Executive Committee, from L-R Top Row: John Caulfield; Rob Roscoe; Lyman Howard. From L-R Middle Row: David Timmons; Pete Rose; Paul Loveless. From L-R Bottom Row: Deborah Knight; Steve Taylor; Stan Strebel.

CONTRACTED SERVICE VENDORS

Baber & Mason, CPAs
Accountant

PricewaterhouseCoopers
Actuary

Evergreen
Adjustment Service
Claims Service Company

Keating, Bucklin &
McCormack Inc., P.S.
General Counsel

JTConnex
Information Technology Services

Marsh USA, Inc.
Insurance Broker

Lisa Thatcher, Inc.
Lobbyist

WCIA STAFF

Administration

Ann Bennett
Executive Director

Heidi Jones
Finance & Administrative Services Manager

Eric B. Larson
Deputy Director, Insurance Programs

Tiffany Woods
Programs & Information Technology Coordinator

Michele Neumann
Administrative Services Assistant

Kellyn Olson
Finance Assistant

Jennifer Lawson
Office Assistant/ Receptionist

Member Services

Patti Crane
Member Services Manager

Maria Orozco
Member Services Coordinator

Katie Madsen
Member Services Assistant

Risk Management

Robin Aronson
Risk Services Manager

Lisa Knapton
Senior Risk Management Rep

Debbi Sellers
Senior Risk Management Rep

Tanya Crites
Senior Risk Management Rep

Carlene Brown
Risk Management Rep

Claims

Reed Hardesty
Claims Manager

Gordy Van
Senior Adjuster

Jason Barney
Senior Adjuster

Luis Fragoso
Senior Adjuster

Doug Martin
Claims Representative



THE WASHINGTON CITIES INSURANCE AUTHORITY (WCIA) IS A MUNICIPAL ORGANIZATION OF WASHINGTON PUBLIC ENTITIES THAT JOIN TOGETHER FOR THE PURPOSE OF PROVIDING LIABILITY AND PROPERTY FINANCIAL PROTECTION TO ITS MEMBERS.

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