

TRANS FOR MA TION



2020 ANNUAL REPORT



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.

MISSION

WCIA will take a leadership role to provide professional risk management and stable risk financing programs that respond to members' needs.

CORE VALUES

Responsiveness • Integrity • Stewardship • Courage



A MESSAGE TO THE MEMBERSHIP

Twenty-twenty became a transformational year for the Authority resulting in an evolution of member programs and services. From how business was conducted, to expanding public entity exposures and changes in the traditional insurance marketplace, the year 2020 gave the Authority opportunities and challenges.

At the start of 2020, WCIA was examining opportunities to harness and utilize the technological improvements added in 2019. When the pandemic hit, the ability to swiftly transition to a completely remote delivery of services maximized the technology investments. Having been a business that was primarily in-person focused, the transformation to remote transactions which once seemed daunting, occurred almost overnight offering new prospects for the future.

A variety of new liability exposures caused by the COVID-19 pandemic became an immediate challenge. The Authority responded quickly through virtual trainings, risk management bulletins and frequent consultations considering the serious threat COVID posed. From protecting the public, management of remote workers, code enforcement and reopening services, WCIA helped members navigate the whole new world of risks.

In the summer of 2020, the country experienced a social justice movement that placed an emphasis on police reform and accountability. WCIA covers approximately ninety police departments throughout the state who utilized trainings, risk management advice and consultation to reimagine policing. The accountability sought by the movement resulted in law enforcement claim

exposures significantly increasing placing pressure on our ability to renew insurance coverage in addition to rates we were required to pay to obtain that coverage.

The approach taken to the valuation of public entity claims changed due to nationwide claim inflation caused by nuclear verdicts and high-profile settlements. The shutdown of the Federal and State Courts halted the normal progression of civil litigation through the courts. As a result, the Authority's claim payments and reserved increased over \$9.2 million from the previous year.

The traditional insurance market changed significantly in 2020 with concerns about the pandemic risk and years of underpricing of risk. Carriers significantly rebalanced and repriced their book of business. Public entity exposure became a focus and carriers approached the risk with demands for exclusions, high attachment points, and significant rate increase through various lines of coverage. WCIA's large liability insurance retention, relationships with underwriters and the membership's commitment to risk management, allowed for renewals in liability, property and cyber insurance while adding a new coverage for members for premises pollution liability.

While 2020 became a year of change, WCIA's commitment to reduce and mitigate municipal exposures through a variety of programs and services never wavered.

Ann Bennett
Executive Director

Paul Loveless
Executive Committee President
Town Administrator, Town of Steilacoom

2020 BY THE NUMBERS



RISK MANAGEMENT

\$150,000

Risk Reduction Grants paid to members

60

Traditional Risk Management audits of Member Exposures in Homelessness, Personnel and Public Works

212

Pre-defense Reviews and Risk Management Legal Consultations provided

4

Risk Reduction Plans

58

Targeted Risk Management Reviews of Member programs, policies and procedures

INSURANCE PROGRAMS

162

Number of members

CLAIMS LITIGATION

\$21,852,890

Claim and lawsuit payments

52%

Percentage of lawsuits closed with no indemnity payment made to plaintiffs

1,436

Number of new claims and lawsuits

TRAINING

128

Programs eligible for reimbursement

\$191,687

Paid to members for educational and accreditation reimbursements

10,819

Courses completed in the WCIA Online Academy

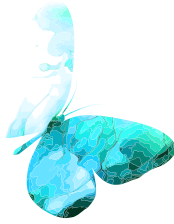
808

Trainings offered

15,371

Participants in training

OUR MEMBERS



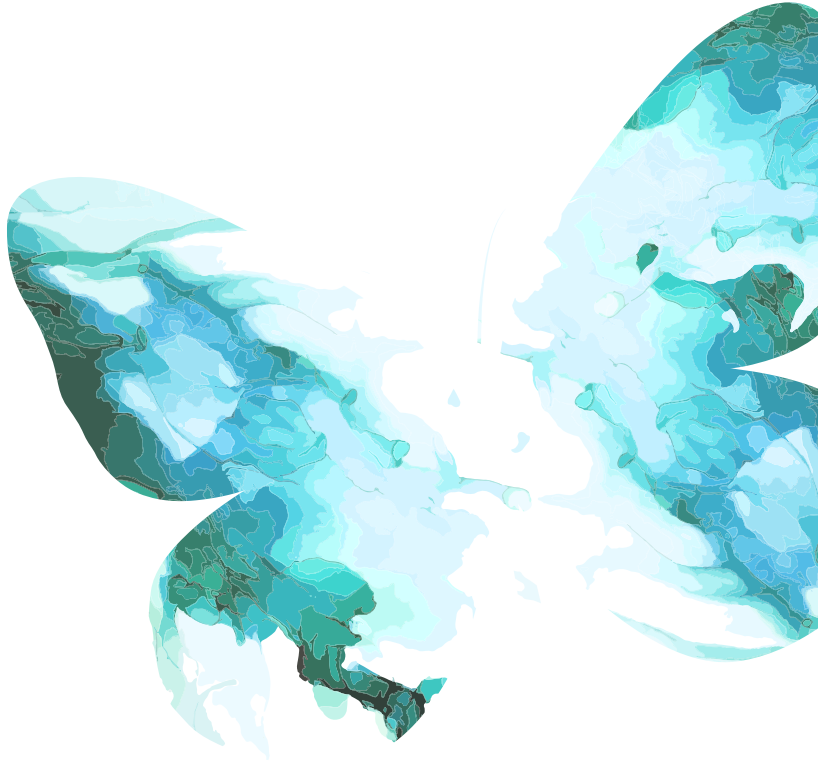
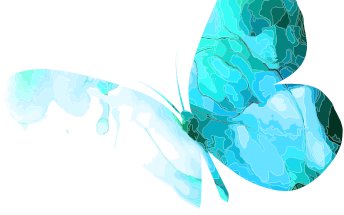
WCIA will take a leadership role to provide professional risk management and stable risk financing programs that respond to members' needs.

Aberdeen
Anacortes
Arlington
Auburn
Bainbridge Island
Battle Ground
Benton City
Bonney Lake
Bothell
Brewster
Brier
Burien
Burlington
Camas
Cashmere
Centralia
Chehalis
Chelan
Cheney
Clark Regional
Emergency Services
Agency
Clarkston
Cle Elum
Clyde Hill
College Place

Coupeville
Covington
Cowlitz 911
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
Everson
Federal Way
Ferndale
Fife
George
Goldendale
Grandview
Granite Falls

Grays Harbor
Communications Center,
E9-1-1
Hoquiam
Issaquah
Jefferson County 911
Kelso
Kenmore
Kennewick
Kirkland
Kitsap 911
La Conner
Lacey
Lake Forest Park
Lake Stevens
Lakewood
Leavenworth
Long Beach
Longview
LOTT Clean Water
Alliance
Lynden
Lynnwood
Mabton
Maple Valley

Marysville Fire District
Regional Fire Authority
Mason County
Emergency
Communications
Mattawa
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
Olympic View Water and
Sewer District
Othello
Pasco
Port Angeles
Port Townsend
Poulsbo
Pullman
Pullman Metropolitan
Park District
Pullman-Moscow
Regional Airport Board

Puyallup
Richland
Ridgefield
Sammamish
Seattle Southside
Regional Tourism
Authority
Selah
Sequim
Shelton
Shelton Metropolitan
Park District
Shoreline
Silver Lake Water and
Sewer District
Skagit 9-1-1
Skagit Council of
Governments
Snohomish
Snohomish County 911
Snohomish County Fire
Protection District No. 7
Snoqualmie
Soap Lake
South Correctional Entity
(SCORE)

South Sound 911
Spokane Regional
Emergency
Communications
Spokane Valley
Stanwood
Steilacoom
Stevenson
Sumas
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
Tumwater Metropolitan
Park District

Union Gap
University Place
Valley Communications
Center
Valley Regional Fire
Authority
Walla Walla
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

STATEMENT OF NET POSITION

As of December 31	2020*	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and Cash Equivalents	\$29,086,373	\$2,624,115
Accrued Interest	319,360	357,333
Investments	132,913,617	147,762,445
Accounts Receivable	81,296	70,001
Prepaid Expenses	11,627,778	8,930,376
TOTAL CURRENT ASSETS	<u>\$174,028,424</u>	<u>\$159,744,270</u>
Noncurrent Assets		
Investment in GEM	\$2,503,630	\$2,044,010
Capital Assets	7,064,014	6,770,592
Accumulated Depreciation	(2,646,467)	(2,450,582)
TOTAL NONCURRENT ASSETS	<u>\$6,921,177</u>	<u>\$6,364,020</u>
TOTAL ASSETS	<u>\$180,949,601</u>	<u>\$166,108,290</u>
Deferred Outflows of Resources - Pension	\$247,684	\$197,899
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$181,197,285</u>	<u>\$166,306,189</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts Payable & Accrued Expenses	\$87,078	\$120,684
Payroll Liabilities	153,621	116,315
Compensated Absences	204,845	118,806
Deposits Payable	177,944	177,944
Property & Vehicle Claims Reserve	5,096,451	3,038,703
Claim Reserves		
IBNR	13,074,221	13,740,496
Open Claims (Case Reserves)	16,992,097	9,111,694
Unallocated Loss Adjustment Expenses	927,206	725,624
Reserve for Increased Confidence Level	32,224,000	26,475,000
TOTAL CURRENT LIABILITIES	<u>\$68,937,463</u>	<u>\$53,625,266</u>
Noncurrent Liabilities		
Compensated Absences	\$76,041	\$56,789
Claim Reserves		
IBNR	35,348,820	41,221,489
Open Claims (Case Reserves)	45,941,596	27,335,083
Unallocated Loss Adjustment Expenses	2,506,891	2,176,871
Net Pension Liability	822,693	824,100
TOTAL NONCURRENT LIABILITIES	<u>\$84,696,041</u>	<u>\$71,614,332</u>
TOTAL LIABILITIES	<u>\$153,633,504</u>	<u>\$125,239,598</u>
Deferred Inflows of Resources - Pension	\$263,437	\$500,396
NET POSITION		
Investment in Capital Assets	\$4,417,547	\$4,320,010
Unrestricted	22,882,797	36,246,185
TOTAL NET POSITION	<u>\$27,300,344</u>	<u>\$40,566,195</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$181,197,285</u>	<u>\$166,306,189</u>

*Unaudited - subject to change

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET POSITION

For the years ending December 31	2020*	2019
OPERATING REVENUES		
Member Assessments - Liability	\$37,148,963	\$33,006,304
Member Assessments - Property	14,584,656	11,575,253
Member Assessments - Fidelity	119,149	117,121
Building Revenues	368,702	355,405
Seminar Revenues	3,562	24,819
Total Operating Revenues	\$52,225,032	\$45,078,902
OPERATING EXPENSES		
Loss & Loss Adjustment Expenses	\$43,017,668	\$32,285,176
Confidence Level Expense (Reduction)	5,749,000	7,226,000
Insurance - Members	14,888,104	10,859,119
Salaries and Wages	2,609,442	2,384,405
Personnel Benefits	649,489	746,710
Professional Services		
Claims Adjusting	265,911	485,185
Pre-Defense Review	616,099	524,662
Consultants	138,309	156,869
Legal	44,933	61,071
Actuarial	47,800	104,600
Audit	26,467	18,003
Financial Services	31,497	26,289
Risk Management Audit	11,720	11,720
Transportation	19,473	115,528
Printing	5,283	6,826
Communications	21,495	24,759
Supplies	45,153	32,460
Dues and Conferences	13,669	42,798
Retreat/Board Meetings	10,717	37,421
Depreciation	195,885	230,644
Miscellaneous	42,487	40,066
Risk Grant Reduction	148,820	149,893
Building Expenses	227,028	279,872
Software License Fees	298,811	241,058
Seminars and Training	510,901	787,632
Total Operating Expenses	\$69,636,161	\$56,878,766
Operating Income (Loss)	(\$17,411,129)	(\$11,799,864)
NON-OPERATING REVENUE (LOSS)		
Interest Income	5,791,481	7,531,028
Net Increase (Decrease) in the Fair Value of Investments	(2,105,823)	(3,509,294)
Income (Loss) from Investment in GEM	459,620	495,608
Total Non-Operating Revenue	\$4,145,278	\$4,517,342
Change in Net Position	(\$13,265,851)	(\$7,282,522)
Net Position - January 1	\$40,566,195	\$47,848,717
NET POSITION AS OF DECEMBER 31	\$27,300,344	\$40,566,195

*Unaudited - subject to change

WCIA EXECUTIVE COMMITTEE

Paul Loveless
Town of Steilacoom

President

Deborah Knight
City of Monroe

Vice President

Heidi Behrends Cerniwey
City of Tumwater

Woody Edvalson
City of Bonney Lake

Brian Loos
City of Longview

Lyman Howard
City of Clyde Hill

Paul Ellis
City of Arlington

Arlene Fisher
City of Union Gap

Erwin Vidallon
Metropolitan Park District of Tacoma

WCIA STAFF

Administration

Ann Bennett
Executive Director

Rob Roscoe
Deputy Director

Jared Burbidge
Finance & Administrative Services Manager

Tiffany Woods
Programs & Information Technology Coordinator

Peter Kang
IT Administrator

Michele Neumann
Administrative Services Assistant

Kellyn Popp
Accountant I

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 Claims Adjuster

Luis Fragoso
Senior Claims Adjuster

Drew Brien
Senior Claims Adjuster

Rachel Roberts
Claims Representative

CONTRACTED SERVICE VENDORS

Baber & Mason, CPAs
Accountant

PricewaterhouseCoopers (PwC)
Actuary

Sedgwick Claims Management Services, Inc.
Claims Service Company

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

Marsh USA, Inc.
Insurance Broker

Lisa Thatcher, Inc.
Lobbyist

WHO WE ARE

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.



TRANSFOR MATION

