



2019 ANNUAL REPORT

# Sowing seeds for the future

# 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.

# A message to the membership

Positioning the risk pool for the future while maintaining the high level of programming and services members expect became a hallmark of 2019. Technological improvements, new membership additions, strategic financial decisions and the implementation of a business continuity plan were all accomplished in a very busy year that also saw the pool attaining national recognition from AGRIP (Association of Governmental Risk Pools) for the 24th year in a row.

Ensuring that WCIA will cover the exposures of its members for years to come, the Executive Committee raised the expense for increased confidence level from the previous 75% to 80%. This allocation decreased WCIA's net position by approximately \$7.8 million but with total assets, WCIA continues to be well funded at an over 95% confidence level.

The reputation of WCIA's programs and services along with reasonable rates led to the addition of eight new members in 2019. WCIA's self-insured retention of \$4 million and participation in Government Entities Mutual meant that the large rate increases levied by the traditional public liability insurance market were not experienced by our membership. An independent actuarial review conducted by the State Risk Manager's Office in 2019 found that WCIA's assessments were adequate and that our rating formulas were fair and non-discriminatory.

An investment in the future through technology was a highlight of 2019. The Origami Member portal enabled access to loss data, self-service reports and letters and insurance schedules. The selection and implementation of a new training registration platform allowed for increased automation of announcements and paperless

delivery of materials. A focus on web-based products enabled WCIA staff to perform essential functions remotely. The improvements were incorporated into a robust Business Continuity Plan. Even with new investments, 24% of all administrative expenses were returned to members in the form of pre-defense, risk consults, grants and training.

The memberships' COMPACT to be attentive, attend mandatory trainings, and adhere to risk management reviews and audits celebrated its 24th year in 2019. WCIA's training programs offered over 474 trainings with over 11,500 member employees participating. All WCIA members were visited by their assigned Risk Management Representative and worked collaboratively to formulate tailored risk management solutions. While new claims filed and total payments decreased in 2019, changing juror attitudes resulted in a large verdict and an overall increase in claims reserves at year end. Over the last two years, WCIA has prevailed in three out of four trials while recognizing societal shifts to public entity liability that will inform future claim handling.

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. As we look ahead, 2020 has brought a new set of challenges, however, WCIA will be and is here to help our members through difficult times.

Ann Bennett  
*Executive Director*

Paul Loveless  
*Executive Committee President  
Town Administrator, Town of Steilacoom*



## 2019 BY THE NUMBERS

### RISK MANAGEMENT

**\$150,000**

Risk Reduction Grants paid to members

**92**

Traditional Risk Management audits of Member Exposures in Park & Recreation Programs, Personnel and Public Works

**288**

Pre-defense Reviews and Risk Management Legal Consultations provided

**60**

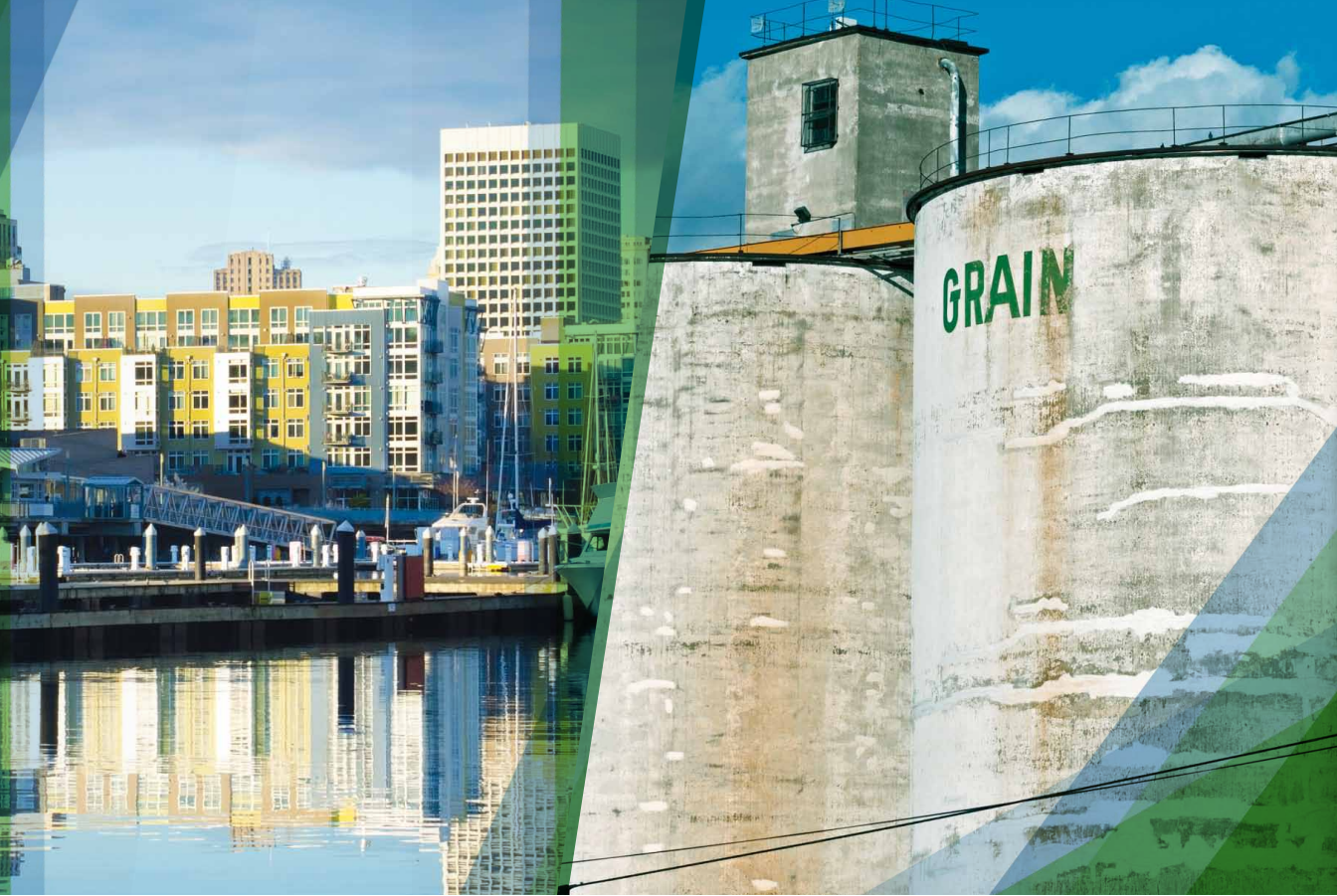
Targeted Risk Management Reviews of Member programs, policies and procedures

### INSURANCE PROGRAMS

**163**

Number of members





## CLAIMS LITIGATION

**\$26,764,369**

Claim and lawsuit payments

**41%**

Percentage of lawsuits closed with no indemnity payment made to plaintiffs

**1,727**

Number of new claims and lawsuits

## TRAINING

**474**

Trainings offered

**11,511**

Participants in on-site and on-line trainings

**96**

Programs eligible for reimbursement

**\$230,512**

Paid to members for educational and accreditation reimbursements

# Statement of net position

As of December 31	2019*	2018
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$2,624,115	\$5,538,947
Accrued Interest	357,333	265,473
Investments	147,762,445	142,535,159
Accounts Receivable	70,001	15,131
Reinsurance Receivable	-	-
Prepaid Expenses	8,930,376	5,986,629
TOTAL CURRENT ASSETS	<u>\$159,744,270</u>	<u>\$154,341,339</u>
<b>Noncurrent Assets</b>		
Investment in GEM	\$2,044,010	\$1,548,402
Capital Assets	6,770,592	6,384,909
Accumulated Depreciation	(2,450,582)	(2,219,938)
TOTAL NONCURRENT ASSETS	<u>\$6,364,020</u>	<u>\$5,713,373</u>
<b>TOTAL ASSETS</b>	<b><u>\$166,108,290</u></b>	<b><u>\$160,054,712</u></b>
Deferred Outflows of Resources - Pension	\$197,899	\$186,059
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$166,306,189</u></b>	<b><u>\$160,240,771</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts Payable & Accrued Expenses	\$120,684	\$95,032
Payroll Liabilities	116,315	76,946
Compensated Absences	118,806	107,015
Deposits Payable	177,944	199,436
Property & Vehicle Claims Reserve	3,038,703	5,191,130
Claim Reserves		
IBNR	13,740,496	14,971,822
Open Claims (Case Reserves)	9,111,694	8,354,379
Unallocated Loss Adjustment Expenses	725,624	735,724
Reserve for Increased Confidence Level	26,475,000	19,249,000
TOTAL CURRENT LIABILITIES	<u>\$53,625,266</u>	<u>\$48,980,484</u>
<b>Noncurrent Liabilities</b>		
Compensated Absences	\$56,789	\$48,127
Claim Reserves		
IBNR	41,221,489	38,498,972
Open Claims (Case Reserves)	27,335,083	21,482,689
Unallocated Loss Adjustment Expenses	2,176,871	1,891,860
Net Pension Liability	824,100	994,413
TOTAL NONCURRENT LIABILITIES	<u>\$71,614,332</u>	<u>\$62,916,061</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$125,239,598</u></b>	<b><u>\$111,896,545</u></b>
Deferred Inflows of Resources - Pension	\$500,396	\$495,509
<b>NET POSITION</b>		
Investment in Capital Assets	\$4,320,010	\$4,164,971
Unrestricted	36,246,185	43,683,746
TOTAL NET POSITION	<u>\$40,566,195</u>	<u>\$47,848,717</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$166,306,189</u></b>	<b><u>\$160,240,771</u></b>

\*Unaudited - subject to change

# Statement of revenues, expenses & changes in fund net position

For the years ending December 31	2019*	2018
<b>OPERATING REVENUES</b>		
Member Assessments - Liability	\$33,006,304	\$30,645,461
Member Assessments - Property	11,575,253	10,883,031
Member Assessments - Fidelity	117,121	133,986
Building Revenues	355,405	327,914
Seminar Revenues	24,819	18,561
<b>Total Operating Revenues</b>	<b>\$45,078,902</b>	<b>\$42,008,953</b>
<b>OPERATING EXPENSES</b>		
Loss & Loss Adjustment Expenses	\$32,285,176	\$35,478,327
Confidence Level Expense (Reduction)	7,226,000	849,000
Insurance - Members	10,859,119	9,453,520
Salaries and Wages	2,384,405	2,298,278
Personnel Benefits	746,710	576,546
Professional Services		
Claims Adjusting	485,185	453,581
Pre-Defense Review	524,662	744,526
Consultants	156,869	191,697
Legal	61,071	74,163
Actuarial	104,600	47,900
Audit	18,003	24,544
Financial Services	26,289	21,129
Risk Management Audit	11,720	11,720
Transportation	115,528	100,422
Printing	6,826	9,941
Communications	24,759	26,944
Supplies	32,460	41,365
Dues and Conferences	42,798	33,862
Retreat/Board Meetings	37,421	33,751
Depreciation	230,644	183,771
Miscellaneous	40,066	30,255
Risk Grant Reduction	149,893	150,000
Building Expenses	279,872	267,853
Software License Fees	241,058	209,883
Seminars and Training	787,632	693,378
<b>Total Operating Expenses</b>	<b>\$56,878,766</b>	<b>\$52,006,356</b>
<b>Operating Income (Loss)</b>	<b>(\$11,799,864)</b>	<b>(\$9,997,403)</b>
<b>NON-OPERATING REVENUE (LOSS)</b>		
Interest Income	7,531,028	6,896,587
Net Increase (Decrease) in the Fair Value of Investments	(3,509,294)	(9,314,964)
Income (Loss) from Investment in GEM	495,608	162,622
<b>Total Non-Operating Revenue</b>	<b>\$4,517,342</b>	<b>(\$2,255,755)</b>
Change in Net Position	(\$7,282,522)	(\$12,253,158)
Net Position - January 1	\$47,848,717	\$60,101,875
<b>NET POSITION AS OF DECEMBER 31</b>	<b>\$40,566,195</b>	<b>\$47,848,717</b>

\*Unaudited - subject to change





# Our Members

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

A Regional Coalition for Housing • Aberdeen • Anacortes • Arlington • Auburn • Bainbridge Island • Battle Ground  
Benton City • Benton County Emergency Services • 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 • Grays Harbor Communications  
Center, E9-1-1 • Hoquiam • Issaquah • Jefferson County 911 • Kelso • Kenmore • Kennewick • Kirkland • Kitsap 911  
Public Authority • 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 • 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 • 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 • 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

# Committee/staff/vendors

## WCIA Executive Committee members

Paul Loveless  
*Town of Steilacoom*

**President**

Deborah Knight  
*City of Monroe*

**Vice President**

Dave Zabell  
*City of Pasco*

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*

Jay Burney  
*City of Olympia*



Executive Committee, from L-R: Paul Loveless; Deborah Knight; Brian Loos; Woody Edvalson; Jay Burney; Dave Zabell; Paul Ellis; Lyman Howard. Not pictured: Arlene Fisher.

## 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  
*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 Claims Adjuster*

Luis Fragoso  
*Senior Claims Adjuster*

Drew Brien  
*Claims Adjuster*

Rachel Roberts  
*Claims Representative*

## Contracted service vendors

Baber & Mason, CPAs  
*Accountant*

PricewaterhouseCoopers (PwC)  
*Actuary*

Evergreen Adjustment Service  
*Claims Service Company*

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

Marsh USA, Inc.  
*Insurance Broker*

Lisa Thatcher, Inc.  
*Lobbyist*



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.

## 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



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