



2014 ANNUAL REPORT

Continually Responding to Member Risks



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

President's Message

It has been my pleasure to serve on the Executive Committee for the last nine years and most recently as President of this great organization. I would like to express my appreciation to the other members of the Executive Committee who continually demonstrate our core values: responsiveness, integrity, stewardship, and courage. I would also like to acknowledge the critical role of board members, and delegates who spend their time serving on committees and promoting WCIA and risk management principles in their agencies and jurisdictions.

Over the last year I have had the great responsibility and pleasure of overseeing a seamless leadership succession. WCIA is in good hands with Ann Bennett as the Executive Director. She continues to build upon the legacy that has been established over the last thirty years and is poised to take the organization to new heights. I am encouraged at the progress that has already been made in the areas of responsiveness and member outreach. We are fortunate to have excellent staff working at WCIA who perform their duties with professionalism and confidence.



Jared Burbidge
*Assistant Director, Thurston
Regional Planning Council*

Successes in 2014 include implementation of the Risk Reduction Grants Program, increased member attentiveness through training and utilization of pre-defense programs, and the addition of cyber liability coverage. While claim payments remained at record levels, the reduction of overall reserves resulted in improved financial strength. I was pleased that the Executive Committee assisted members by approving a liability rate subsidy using funds from undesignated reserves. The WCIA philosophy of stable rates was realized and members continue to reap the benefits of fiscal prudence.

I am optimistic about the future of WCIA. Advancements in technology mean new risks but also new opportunities. As an Executive Committee we will continue to encourage innovation and forward thinking without compromising the values that have gotten our organization to this point.

2014 BY THE NUMBERS

11,307 Participants in WCIA training

176

Number of members

Free trainings offered to members **337**

1,677

Number of new claims and lawsuits handled

Claim and lawsuit indemnity and expense paid

\$26,989,732

Risk management legal consultations performed **129**

254 Pre-defense reviews opened

9 Cases taken to trial for members

3% Overall rate subsidy to members

\$160,221

Member educational and accreditation reimbursements

\$121,882

Spent for risk reduction grants to members

Message from the Executive Director

In 2014, WCIA continued its long-established practice of responsiveness to the risks facing its membership. Our commitment to education, active risk management, and effective claim/litigation resolutions remained strong. We were able to introduce new programs, increase offerings and add new coverage for the membership. All accomplished by hard work throughout the year by our member-run board and committees, along with WCIA staff.



Ann Bennett

WCIA increased its net position by 17.26 percent over 2013. Through a three percent assessment subsidy, taken from undesignated reserves, we were able to offer members competitive liability program rates in a buyer's market in the insurance industry. The COMPACT, a commitment made by all members to participate in training, risk management and pool governance, was a continued success in its 19th year.

2014 saw new records in training with over 11,300 member employees attending 337 sessions covering employment, public safety, public works, land use, public official, park and automobile liability exposures. WCIA took a record nine cases to trial in defense of members and their employees. The cases involved police liability, employment liability, jail liability, and code enforcement. Additionally, a state-wide exposure regarding the administration of public defenders received significant training, risk management consultation and litigation support.

A Risk Reduction Grant Program was introduced in 2014 to assist members with sidewalk repairs, pedestrian safety enhancements, and security camera installations. Over \$121,000 was awarded by the Grant Committee to members to reduce their exposures. Also introduced in 2014 was Cyber Insurance for the entire membership. The coverage was purchased by WCIA through National Union offering \$1,000,000 in cyber liability limits along with regulatory action coverage, privacy event services, and event management for members.

Liability reinsurers Government Entities Mutual (GEM), Ironshore and Allied World Assurance Company (AWAC) continued to strengthen the pools ability to respond to significant exposures while maintaining a \$4 million per occurrence self-insurance layer. The WCIA property program insured approximately \$6 billion in member assets with a self-insured layer of \$750,000 per loss.

2014 demonstrated that WCIA continues to provide professional risk management and stable risk financing programs that respond to members' needs.

Statement of Net Position

As of December 31,	2014	2013
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$20,202,743	\$38,958,024
Accrued Interest	283,118	230,205
Investments	139,276,304	121,485,689
Accounts Receivable	56,332	79,582
Prepaid Expenses	4,801,037	662,220
TOTAL CURRENT ASSETS	<u>\$164,619,534</u>	<u>\$161,415,720</u>
Noncurrent Assets		
Investment in GEM	\$1,597,541	\$1,172,586
Capital Assets	6,185,466	6,189,209
Accumulated Depreciation	(1,685,121)	(1,540,668)
TOTAL NONCURRENT ASSETS	<u>\$6,097,886</u>	<u>\$5,821,127</u>
TOTAL ASSETS	<u>\$170,717,420</u>	<u>\$167,236,847</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts Payable	\$19,562	\$491,691
Deposits Payable	332,304	330,304
Property & Vehicle Claims Reserve	1,462,433	2,713,306
Claim Reserves		
IBNR	10,619,598	9,384,486
Open Claims (Case Reserves)	6,648,839	10,210,758
Unallocated Loss Adjustment Expenses	626,711	689,750
Reserve for Increased Confidence Level	23,765,000	23,299,792
TOTAL CURRENT LIABILITIES	<u>\$43,474,447</u>	<u>\$47,120,087</u>
Noncurrent Liabilities		
Compensated Absences	\$149,685	\$147,413
Claim Reserves		
IBNR	31,858,794	26,709,690
Open Claims (Case Reserves)	19,946,518	29,061,388
Unallocated Loss Adjustment Expenses	1,880,134	1,963,136
TOTAL NONCURRENT LIABILITIES	<u>\$53,835,131</u>	<u>\$57,881,627</u>
TOTAL LIABILITIES	<u>\$97,309,578</u>	<u>\$105,001,714</u>
NET POSITION		
Invested in Capital Assets	\$4,500,345	\$4,648,541
Unrestricted	68,907,497	57,586,592
TOTAL NET POSITION	<u>\$73,407,842</u>	<u>\$62,235,133</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$170,717,420</u>	<u>\$167,236,847</u>

Comparative Statement of Revenues, Expenses & Changes in Fund Net Position

For the years ending December 31,	2014	2013
Operating Revenues		
Member Assessments – Liability	\$24,619,399	\$23,455,378
Member Assessments – Property	9,511,230	8,888,197
Member Assessments – Fidelity	135,362	129,508
Seminar Revenues	36,721	29,790
Total Operating Revenues	\$34,302,712	\$32,502,873
Operating Expenses		
Loss & Loss Adjustment Expenses	\$17,138,392	\$38,745,914
Confidence Level Expense	465,208	7,309,822
Insurance – Members	7,185,211	7,500,229
Salaries and Wages	2,015,317	1,958,647
Personnel Benefits	712,137	686,109
Professional Services		
Claims Adjusting	447,230	366,297
Pre-Defense Review	572,568	770,540
Consultants	381,514	434,840
Legal	67,643	39,773
Actuarial	35,000	84,000
Audit	23,622	17,509
Financial Services	17,868	20,983
Risk Management Audit	11,734	11,734
Rent	120,000	120,000
Transportation	101,511	118,847
Printing	12,397	9,558
Communications	19,061	21,642
Supplies	48,217	51,502
Dues and Conferences	25,624	28,079
Retreat/Board Meetings	24,652	23,819
Depreciation	177,925	185,456
Miscellaneous	38,514	41,219
Repair and Maintenance	2,375	4,998
Risk Grant Reduction	121,882	—
Seminars and Training	697,809	733,756
Total Operating Expenses	\$30,463,411	\$59,285,273
Operating Income (Loss)	\$3,839,301	(\$26,782,400)
Non-Operating Revenue (Loss)		
Interest Income	4,274,269	2,704,626
Net Increase (Decrease) in the Fair Value of investments	2,423,594	(6,368,963)
Income (Loss) from Investment in GEM	424,955	3,571
Net Profit (Loss) from Building Operations	210,590	224,393
Total Non-Operating Revenue	\$7,333,408	(\$3,436,373)
Net Income	\$11,172,709	(\$30,218, 773)
Net Position – January 1	62,235,133	92,453,906
NET POSITION AS OF DECEMBER 31	\$73,407,842	\$62,235,133



“The success of WCIA is a direct reflection of the membership getting involved in committees, attending full board meetings, and implementing risk management in their organizations. In 2014 members really stepped up to the plate and made those things happen!”

– Jared Burbidge, President, Thurston Regional Planning Council



Members

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



“Back in the early days of WCIA, we talked of building to a position of strength so the pool could absorb a blow, such as a multi-million dollar loss. In 2014, we came back from our most difficult loss year, and regained a lot of our lost strength.”

– Pete Rose, City of Lake Forest Park



Executive Committee

Jared Burbidge
*Thurston Regional
Planning Council
President*

John Caulfield
*City of Lakewood
Vice President*

Stan Strebel
City of Pasco

Arlene Fisher
City of Mountlake Terrace

Rob Roscoe
City of Auburn

David Timmons
City of Port Townsend

Paul Schmidt
City of Chelan

Paul Loveless
Town of Steilacoom

Pete Rose
City of Lake Forest Park

Below: Executive Committee, from L-R: Rob Roscoe, City of Auburn; Arlene Fisher, City of Mountlake Terrace; Paul Schmidt, City of Chelan; Stan Strebel, City of Pasco; Paul Loveless, Town of Steilacoom; John Caulfield, Vice President, City of Lakewood; David Timmons, City of Port Townsend; Jared Burbidge, Thurston Regional Planning Council and Pete Rose, City of Lake Forest Park.

Our Staff

Administration

Ann Bennett
Executive Director

Jill Marcell
*Deputy Director,
Administrative Services*

Eric B. Larson
*Deputy Director, Insurance
Programs*

Tina Smith
Administrative Services Assistant

Tiffany Woods
Programs 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 Knaption
Senior Risk Management Rep

Debbi Sellers
Senior Risk Management Rep

Tanya Crites
Senior Risk Management Rep

Chip McKenna
Senior Risk Management Rep

Claims

Reed Hardesty
Claims Manager

Gordy Van
Senior Adjuster

Jason Barney
Senior Adjuster

Doug Martin
Senior Adjuster

Carlene Brown
Claims Representative

Shelley O'Keefe
Claims Assistant

Danielle Stephens
Claims Office Assistant

Contracted Service Vendors

Accountant
Baber & Mason, CPAs

Actuary
PricewaterhouseCoopers

Claims Service Company
Evergreen Adjustment Service

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

Insurance Broker
Marsh USA, Inc.

Lobbyist
Lisa Thatcher, Inc.



“The last year once again shows WCIA is the risk management pool of choice here in Washington State, reflecting our ability to continuously enhance our relationships with members to better serve your risk management and coverage needs.”

– John Caulfield, Vice President, City of Lakewood



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