



STABILITY

STRENGTH

SECURITY

2015 ANNUAL REPORT

WA  **cities**
Insurance Authority

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 our 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.



STABILITY

MESSAGE FROM THE PRESIDENT AND EXECUTIVE DIRECTOR

For 35 years, WCIA has protected members with a strong financial foundation and robust risk management services. The WCIA COMPACT, a commitment made by all members to participate in training, risk management and pool governance, reached its 20th year in 2015.

Liability reinsurers Government Entities Mutual (GEM), CV Starr and Allied World Assurance Company (AWAC) continued to strengthen the pool's 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.

Because of the \$4 million per occurrence liability self-insured layer, WCIA has worked to maintain a strong financial reserve. In 2015, WCIA member losses resulted in large payments and reserves resulting in a net position decrease. Even with the loss, WCIA's overall financial position remains strong.

WCIA achieved the Association of Governmental Risk Pools (AGRiP) Recognition in 2015, a recognition it has held for 21 years. This demonstration of high standards in all areas of pooling from governance, financial management, coverage and member services, gives members validation of their choice to pool risk through WCIA.

Member services are a hallmark of WCIA and include in-house claim handling, customized risk management services and extensive training. In 2015, members saw the continuation of WCIA's commitment to reduce and mitigate municipal exposures through a variety of programs and offerings. The newly designed risk profiles assisted members in understanding their individual loss experience. WCIA's risk services and claims departments collaborated to assist members in the reduction of sidewalk accidents. Their joint effort led to a sidewalk toolkit that included sample programs, grant information and resources along with customized plans for members who wished to reduce their exposure. Member elected officials benefited from an expansion in our training offerings that included nationally recognized speakers as well as local experts. WCIA also offered public relations assistance to members responding to high profile police liability incidents. While this program has existed for several years, the increased media interest in police liability has seen a growth in its usage. All of this was in addition to our long-standing programs of pre-defense review, risk management consultation, educational reimbursement and training offerings.

Our member run boards and committees worked tirelessly to ensure the continued success of WCIA and help minimize risks so members could focus on maintaining outstanding communities.

Jared Burbidge
PRESIDENT

Ann Bennett
EXECUTIVE DIRECTOR



Jared Burbidge
Assistant Director,
Thurston Regional
Planning Council



Ann Bennett

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



STRENGTH

\$130,000

RISK REDUCTION
GRANTS PAID TO
MEMBERS



RISK MANAGEMENT

341

Pre-defense reviews
and Risk Management
Legal Consultations

TRAININGS
OFFERED

387



TRAINING

80

Members completed
COMPACT mandated
harassment training
for their staff

19,049

Participants in on-site
and on-line trainings

\$182,339

PAID FOR MEMBER
EDUCATIONAL AND
ACCREDITATION
REIMBURSEMENTS

52

Programs eligible
for reimbursement



180

NUMBER OF MEMBERS

**INSURANCE
PROGRAMS**



6

TRIALS
DEFENDED

**CLAIMS
LITIGATION**



\$24,081,685

Claim and lawsuit payments

1,734

Number of new claims and lawsuits

STATEMENT OF NET POSITION

As of December 31,	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and Cash Equivalents	\$24,570,408	\$20,202,743
Accrued Interest	302,650	283,118
Investments	136,270,951	139,276,304
Accounts Receivable	53,764	56,332
Prepaid Expenses	4,770,648	5,034,205
TOTAL CURRENT ASSETS	\$165,968,421	\$164,852,702
Noncurrent Assets		
Investment in GEM	\$848,389	\$1,597,541
Capital Assets	6,392,587	6,185,466
Accumulated Depreciation	(1,857,783)	(1,685,121)
TOTAL NONCURRENT ASSETS	\$5,383,193	\$6,097,886
TOTAL ASSETS	\$171,351,614	\$170,950,588
Deferred Outflows of Resources - Pension	\$156,568	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$171,508,182	\$170,950,588
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts Payable & Accrued Expenses	\$116,451	\$19,562
Deposits Payable	326,636	332,304
Property & Vehicle Claims Reserve	2,032,214	1,462,433
Claim Reserves		
IBNR	12,598,147	10,619,598
Open Claims (Case Reserves)	8,537,045	6,648,839
Unallocated Loss Adjustment Expenses	731,177	626,711
Reserve for Increased Confidence Level	28,864,000	23,765,000
TOTAL CURRENT LIABILITIES	\$53,205,670	\$43,474,447
Noncurrent Liabilities		
Compensated Absences	\$160,032	\$149,685
Claim Reserves		
IBNR	37,794,440	31,858,794
Open Claims (Case Reserves)	25,611,138	19,946,518
Unallocated Loss Adjustment Expenses	2,193,532	1,880,134
Net Pension Liability	1,730,961	-
TOTAL NONCURRENT LIABILITIES	\$67,490,103	\$53,835,131
TOTAL LIABILITIES	\$120,695,773	\$97,309,578
Deferred Inflows of Resources - Pension	\$265,931	-
NET POSITION		
Investment in Capital Assets	\$4,534,804	\$4,500,345
Unrestricted	46,011,674	69,140,665
TOTAL NET POSITION	\$50,546,478	\$73,641,010
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$171,508,182	\$170,950,588

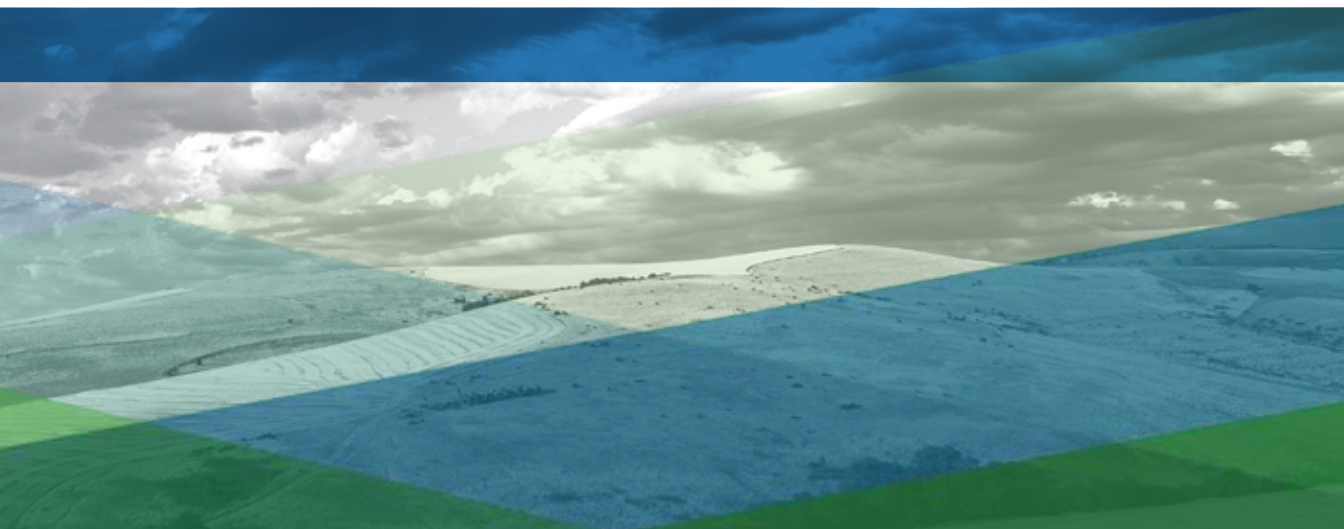
COMPARATIVE STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET POSITION

For the years ending December 31,	2015	2014
Operating Revenues		
Member Assessments – Liability	\$26,319,889	\$24,619,399
Member Assessments – Property	9,816,612	9,511,230
Member Assessments – Fidelity	130,223	135,362
Building Revenues	447,434	433,493
Seminar Revenues	30,030	36,721
Total Operating Revenues	\$36,744,188	\$34,736,205
Operating Expenses		
Loss & Loss Adjustment Expenses	\$37,792,183	\$17,138,392
Confidence Level Expense	5,099,000	465,208
Insurance – Members	7,047,497	6,952,043
Salaries and Wages	2,086,134	2,015,317
Personnel Benefits	658,632	712,137
Professional Services		
Claims Adjusting	420,637	447,230
Pre-Defense Review	686,678	572,568
Consultants	269,424	381,514
Legal	86,402	67,643
Actuarial	36,400	35,000
Audit	14,927	23,622
Financial Services	17,737	17,868
Risk Management Audit	11,734	11,734
Rent	120,000	120,000
Transportation	114,013	101,511
Printing	6,532	12,397
Communications	24,620	19,061
Supplies	49,360	48,217
Dues and Conferences	29,786	25,624
Retreat/Board Meetings	23,239	24,652
Depreciation	175,004	177,925
Miscellaneous	60,323	38,514
Repair and Maintenance	5,229	2,375
Risk Reduction Grant	100,495	121,882
Building Expenses	226,895	222,903
Seminars and Training	702,729	697,809
Total Operating Expenses	\$55,865,610	\$30,453,146
Operating Income (Loss)	(\$19,121,422)	\$4,283,059
Non-Operating Revenue (Loss)		
Interest Income	4,776,801	4,274,269
Net Increase (Decrease) in the Fair Value of Investments	(6,107,178)	2,423,594
Income (Loss) from Investment in GEM	(749,152)	424,955
Total Non-Operating Revenue	(\$2,079,529)	\$7,122,818
Change in Net Position	(\$21,200,951)	\$11,405,877
Net Position – January 1, as previously reported	\$73,407,842	\$62,235,133
Cumulative Effect of Change in Accounting Principle	(1,893,581)	–
Adjustment for overstatement of insurance expense in 2014	233,168	–
Net Position – January 1, as restated	71,747,429	62,235,133
NET POSITION AS OF DECEMBER 31	\$50,546,478	\$73,641,010

MEMBERS

A Regional Coalition for Housing	Burien	Des Moines Transportation Benefit District	Grandview Transportation Benefit District	Lakewood Transportation Benefit District
Aberdeen	Burlington	Duwall	Grandview Transportation Benefit District	Leavenworth
Anacortes	Camas	Eastside Public Safety Communications Agency	Grays Harbor Communications Center, E9-1-1	Leavenworth Transportation Benefit District
Anacortes Transportation Benefit District	Cashmere	Agency	Hoquiam	Long Beach
Arlington	Centralia	eCity Gov Alliance	Issaquah	Longview
Arlington Transportation Benefit District	Chehalis	Edgewood	Jefferson County 9-1-1	LOTT Clean Water Alliance
Auburn	Chelan	Edgewood Transportation Benefit District	Kelso	Mabton
Bainbridge Island	Cheney	Edmonds	Kenmore	Maple Valley
Bainbridge Island Transportation Benefit District	Chewelah	Edmonds Transportation Benefit District	Kenmore Transportation Benefit District	Maple Valley Transportation Benefit District
Battle Ground	Clark Regional Emergency Services Agency	Ellensburg	Kennewick	Marysville
Battle Ground Transportation Benefit District	Clarkston	Elma	Kirkland	Marysville Fire District
Benton City	Clarkston Transportation Benefit District	ESCA	Kitsap Regional Coordinating Council	Marysville Transportation Benefit District
Benton County Emergency Services	Cle Elum	Enumclaw	La Conner	Mason County Emergency Communications
Bonney Lake	Clyde Hill	Enumclaw Transportation Benefit District	Lacey	McCleary
Bothell	Coupeville	Everson	Lake Forest Park	Medical Lake
Brewster	Covington	Ferndale	Lake Forest Park Transportation Benefit District	Medina
Brier	Cowlitz-Wahkiakum Council of Governments	Fife	Lake Stevens	Mercer Island
	Des Moines	George	Lakewood	
	Des Moines Pool Metropolitan Park District	Goldendale		

Mercer Island Transportation Benefit District	Northwest Incident Management Team	Shelton Metropolitan Park District	Steilacoom Sumner	Valley Regional Fire Authority
Metropolitan Park Dist. of Tacoma	Oak Harbor	Shoreline	Sunnyside	Walla Walla
Mill Creek	Ocean Shores	Shoreline	Three Rivers Regional Wastewater Authority	Walla Walla Transportation Benefit District
Millwood	Olympia	Shoreline Transportation Benefit District	Thurston 9-1-1 Communications	Walla Walla Valley Metro Planning Organization
Milton	Olympia Transportation Benefit District	Silver Lake Water and Sewer District	Thurston Public Utility District	Warden
Monroe	Othello	Skagit 9-1-1	Thurston Regional Planning Council	Washington Multi- City License & Tax Portal Agency
Monroe Fire District	Pasco	Skagit Council of Governments	Toppenish	Washougal
Monroe Transportation Benefit District	PENCOM	SNOCOM	Tukwila	Water Operating Board
Moses Lake	Port Angeles	Snohomish	Tukwila Pool Metropolitan Park District	West Richland
Mount Vernon	Port Townsend	Snohomish County Emergency Radio System	Tumwater	Westport
Mountlake Terrace	Poulsbo	SNOPAC	Tumwater Transportation Benefit District	WHITCOM 9-1-1
Mountlake Terrace Transportation Benefit District	Pullman	Snoqualmie	Union Gap	William Shore Memorial Pool District
Mukilteo	Pullman Metropolitan Park District	Snoqualmie Transportation Benefit District	University Place	Woodinville
Multi Agency Communications Center	Pullman-Moscow Regional Airport Board	Soap Lake	University Place Transportation Benefit District	Woodway
Newcastle	Puyallup	South Correctional Entity (SCORE)	Valley Communications Center	Yakima Valley Conference of Governments
Normandy Park	Renton	South Sound 9-1-1		Yarrow Point
Normandy Park Metropolitan Park District	Richland	Spokane Valley		Zillah
North Bonneville	Ridgefield	Stanwood		
Northshore Utility District	Sammamish	Stanwood Transportation Benefit District		
	Seattle Southside Regional Tourism Authority			
	Shelton			



COMMITTEES

WCIA EXECUTIVE COMMITTEE

Jared Burbidge
*Thurston Regional
Planning Council*
President

John Caulfield
City of Lakewood
Vice President

Stan Strebel
City of Pasco

Lyman Howard
City of Sammamish

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

CONTRACTED SERVICE VENDORS

Baber & Mason, CPAs
Accountant

PricewaterhouseCoopers
Actuary

Evergreen Adjustment
Service
Claims Service Company

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

Marsh USA, Inc.
Insurance Broker

Lisa Thatcher, Inc.
Lobbyist

WCIA STAFF

Administration

Ann Bennett
Executive Director

Jill Marcell
*Deputy Director,
Admin 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 Knapton
*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*

As of 12/31/2015



SECURITY

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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WA  **cities**
Insurance Authority