

20 / 22  
ANNUAL  
REPORT



## 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

2022 presented numerous challenges, making it one of the most demanding periods since WCIA's establishment in 1981. The traditional insurance market remained challenging for public entities, with carriers reducing capacity and demanding higher premiums, or even discontinuing coverage altogether. However, WCIA's substantial liability insurance retention and our steadfast commitment to risk management allowed us to secure renewals in liability, property, cyber, and pollution liability, albeit with some reductions in available limits for liability and cyber coverage.

In 2022, we experienced a decrease in WCIA's net position by \$40,088,999, primarily due to increased claim reserves and a decrease of \$20 million in the fair market value of investments. The drop in investment value can be attributed to sudden and substantial increases in interest rates throughout the year. Because WCIA holds its investments to maturity and has a significant cash position we do not anticipate realizing loss with these investments. Uncertainties surrounding risk led WCIA to significantly increase reserves to be positioned properly if the high values of claims is the new reality. The substantial impact of claim reserves and unrealized investment loss has resulted in WCIA having a \$2 million net position for year-end 2022.

WCIA faced an influx of new claims and lawsuits, making it the busiest year in the last decade. Notably, road design, sidewalk falls, and excessive force were among the leading litigation filings. The civil litigation landscape continues to pose difficulties, with increasing loss costs affecting the insurance industry nationwide. Legislative and judicial outcomes in Washington have led to a rise in large jury awards and settlements, further exacerbating



Ann Bennett



Deborah Knight

the situation. Moreover, economic inflation has introduced greater volatility and uncertainty in claim values. The pandemic's impact has resulted in a backlog of legal cases, and when resolved, claim costs were notably higher compared to settlements reached just a few years prior. Despite the challenging environment, our dedicated WCIA staff and defense counsel achieved noteworthy milestones, securing 16 summary judgment dismissals, 3 arbitration defense verdicts, and 4 defense verdicts at trial.

Throughout the year, WCIA continued its commitment to assist members in risk reduction through risk management reviews, advice, and training. Our diligent Risk Management Representatives conducted 71 Police Liability Audits, 10 Fleet Liability Audits, and over 60 targeted Risk Management Reviews. Moreover, we provided training to over 12,600 member employees on various liability and risk management topics. In early 2022, we launched the Risk Management Credentialing Program, aimed at helping members establish a risk management culture within their organizations.

Although 2022 presented significant obstacles for WCIA, we remained resolute in our efforts to minimize municipal exposures through a range of programs and services. Your unwavering support and collaboration have been instrumental in navigating these challenges, and we deeply appreciate our members' commitment to WCIA's mission.

Ann Bennett  
*Executive Director*

Deborah Knight  
*Executive Committee President; City Administrator, City of Monroe*

# 2022 by the numbers

## RISK MANAGEMENT

\$175,000

Risk Reduction Grants  
paid to members

282

Pre-defense Reviews and  
Risk Management Legal  
Consultations provided

82

Traditional Risk Management  
Audits of member exposures in  
Fleet Liability, Homelessness,  
and Police Liability

60

Targeted Risk Management  
Reviews of member programs,  
policies and procedures

## CLAIMS LITIGATION

\$44,540,286

Claim and lawsuit payments

52%

Percentage of lawsuits  
closed with no indemnity  
payment made  
to plaintiffs

1,897

Number of new  
claims and lawsuits



**TRAINING**

550

Trainings offered

\$390,190

Paid to members  
for educational  
and accreditation  
reimbursements

520

Eligible requests  
for educational  
and accreditation  
reimbursements

12,605

Participants in trainings

23

Member employees who  
received a WCIA Risk  
Management Credential

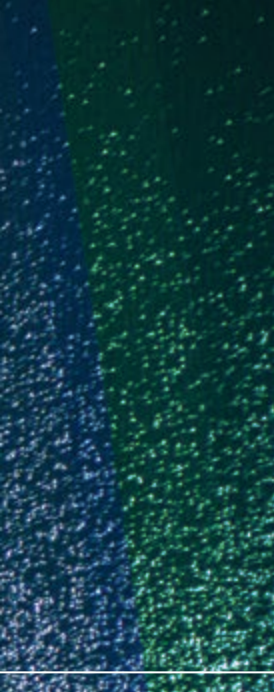
**INSURANCE  
PROGRAMS**

166

Number of  
members



# Our members



Aberdeen • Anacortes • Arlington • Auburn • Bainbridge Island • Battle Ground • Benton City • Bonney Lake • Bothell • Bremerton • 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 911 • Hoquiam • Issaquah • Jefferson County 911 • Kelso Kenmore • Kennewick • Kirkland • Kitsap 911 • La Conner • Lacey • Lake Forest Park Lake Stevens • Lake Stevens Sewer District • Lakewood • Leavenworth • Long Beach Longview • LOTT Clean Water Alliance • Lynden • Lynnwood • Mabton • Maple Valley

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



Marysville Fire District • Mason County Emergency Communications • Mattawa McCleary • Medical Lake • Medina • Mercer Island • Metropolitan Park District of Tacoma Mill Creek • Millwood • Milton • Monroe • Monroe Transportation Benefit District • Moses Lake • Mount Vernon • Mountlake Terrace • Mukilteo • Multi Agency Communications Center • Newcastle • NORCOM • Normandy Park • Normandy Park Metropolitan Park District • North Bonneville • Northshore Park and Recreation Service Area • Northshore Utility District • Northwest Incident Management Team • Oak Harbor • Ocean Shores Olympia • Olympia Metropolitan Park District • Olympic View Water and Sewer District Orting • 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 & Sewer District • Skagit 911 • Skagit Council of Governments • Snohomish • Snohomish County 911 Snohomish Regional Fire and Rescue • Snoqualmie • Soap Lake • South Correctional Entity South Sound 911 • Spokane Regional Emergency Communications • Spokane Valley Stanwood • Steilacoom • Stevenson • Sumas • Sumner • Sunnyside • Three Rivers Regional Wastewater Authority • Thurston 911 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 Metropolitan Planning Organization • Warden • Washington Multi-City Business 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	2022*	2021
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$2,996,584	\$29,837,748
Accrued Interest	606,081	452,435
Investments	135,907,300	138,602,107
Accounts Receivable	22,834	1,640,378
Leases Receivable	150,921	77,465
Prepaid Expenses	17,674,903	14,006,525
TOTAL CURRENT ASSETS	\$157,358,623	\$184,616,658
<b>Noncurrent Assets</b>		
Investment in GEM	\$2,810,619	\$2,810,619
Leases Receivable	477,116	444,779
Net Pension Asset	332,049	1,900,458
Capital Assets	7,144,580	7,144,580
Accumulated Depreciation	(3,007,793)	(2,829,922)
TOTAL NONCURRENT ASSETS	\$7,756,571	\$9,470,514
<b>TOTAL ASSETS</b>	<b>\$165,115,194</b>	<b>\$194,087,172</b>
Deferred Outflows of Resources - Pension	\$772,226	\$244,505
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$165,887,420</b>	<b>\$194,331,677</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts Payable & Accrued Expenses	\$89,982	\$15,347,716
Payroll Liabilities	41,187	44,451
Compensated Absences	186,293	219,606
Deposits Payable	173,890	545,830
Deferred Inflows - Leases	157,166	111,903
Property & Vehicle Claims Reserve	8,118,961	3,501,778
Claim Reserves		
IBNR	7,427,583	14,731,081
Open Claims (Case Reserves)	33,140,661	19,364,507
Unallocated Loss Adjustment Expenses	945,000	943,329
TOTAL CURRENT LIABILITIES	\$50,280,723	\$54,810,201
<b>Noncurrent Liabilities</b>		
Compensated Absences	\$69,961	\$73,986
Claim Reserves		
IBNR	20,081,983	39,828,477
Open Claims (Case Reserves)	89,602,527	52,355,890
Unallocated Loss Adjustment Expenses	2,555,000	2,550,483
Deferred Inflows - Lease	435,674	389,156
Net Pension Liability	-	-
TOTAL NONCURRENT LIABILITIES	\$112,745,145	\$95,197,992
<b>TOTAL LIABILITIES</b>	<b>\$163,025,868</b>	<b>\$150,008,193</b>
Deferred Inflows of Resources - Pension	\$805,056	\$2,177,989
<b>NET POSITION</b>		
Investment in Capital Assets	\$4,136,787	\$4,314,658
Unrestricted	(2,080,291)	37,830,837
TOTAL NET POSITION	\$2,056,496	\$42,145,495
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$165,887,420</b>	<b>\$194,331,677</b>

\*Unaudited - subject to change

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

<b>For the year ended December 31</b>	<b>2022*</b>	<b>2021</b>
<b>OPERATING REVENUES</b>		
Member Assessments - Liability	\$45,920,050	\$39,787,141
Member Assessments - Property	21,680,917	17,628,192
Member Assessments - Fidelity	128,521	121,460
Building Revenue (Loss)	129,304	260,454
Seminar Revenues	6,085	5,845
<b>Total Operating Revenues</b>	<b>\$67,864,877</b>	<b>\$57,803,092</b>
<b>OPERATING EXPENSES</b>		
Loss & Loss Adjustment Expenses	\$60,842,935	\$47,851,948
Insurance - Members	26,501,779	19,535,671
Salaries and Wages	2,687,197	2,659,797
Personnel Benefits	588,135	58,220
Professional Services		
Claims Adjusting	327,861	222,711
Pre-Defense Review	593,197	591,125
Consultants	97,647	135,279
Legal	51,347	39,011
Actuarial	117,000	49,600
Audit	16,440	19,487
Financial Services	33,050	27,611
Risk Management Audit	2,930	7,325
Transportation	59,039	11,131
Printing	4,103	3,506
Communications	27,384	25,395
Supplies	42,021	47,407
Dues and Conferences	40,196	36,366
Retreat/Board Meetings	20,918	15,428
Depreciation	177,871	199,139
Miscellaneous	13,342	17,350
Risk Grant Reduction	167,573	108,609
Building Expenses	260,536	204,069
Software License Fees	88,241	251,411
Seminars and Training	854,147	685,317
<b>Total Operating Expenses</b>	<b>\$93,614,889</b>	<b>\$72,802,913</b>
Operating Income (Loss)	(\$25,750,012)	(\$14,999,821)
<b>NON-OPERATING REVENUE (LOSS)</b>		
Interest Income	6,040,907	4,934,615
Net Increase (Decrease) in the Fair Value of Investments	(20,379,894)	(9,259,443)
Income (Loss) from Investment in GEM	-	306,989
<b>Total Non-Operating Revenue</b>	<b>(\$14,338,987)</b>	<b>(\$4,017,839)</b>
Change in Net Position	(\$40,088,999)	(\$19,017,660)
Prior Period Adjustments	-	33,862,811
Net Position - January 1	\$42,145,495	\$27,300,344
<b>NET POSITION AS OF DECEMBER 31</b>	<b>\$2,056,496</b>	<b>\$42,145,495</b>

\*Unaudited - subject to change

# 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 1*

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  
*Senior Risk Management Rep*

## Claims

Harlan Stientjes  
*Claims Manager*

Luis Fragoso  
*Senior Claims Adjuster*

Drew Brien  
*Senior Claims Adjuster*

Jessica Dedman  
*Claims Adjuster*

Sierra Wright  
*Claims Adjuster*

Rachel Roberts  
*Claims Representative*

# Contracted Service Vendors

Baber & Mason, CPAs  
*Accountant*

PricewaterhouseCoopers (PwC)  
*Actuary*

Sedgwick Claims Management Services, Inc.  
*Claims Services*

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

Marsh USA, Inc.  
*Insurance Broker*

Lisa Thatcher, Inc.  
*Lobbyist*

# Executive Committee

Deborah Knight  
*City of Monroe*

## President

Brian Loos  
*City of Long Beach*

## Vice President

Shelley Acero  
*City of Burlington*

David Cline  
*City of Tukwila*

Farah Derosier  
*LOTT Clean Water Alliance*

Paul Ellis  
*City of Arlington*

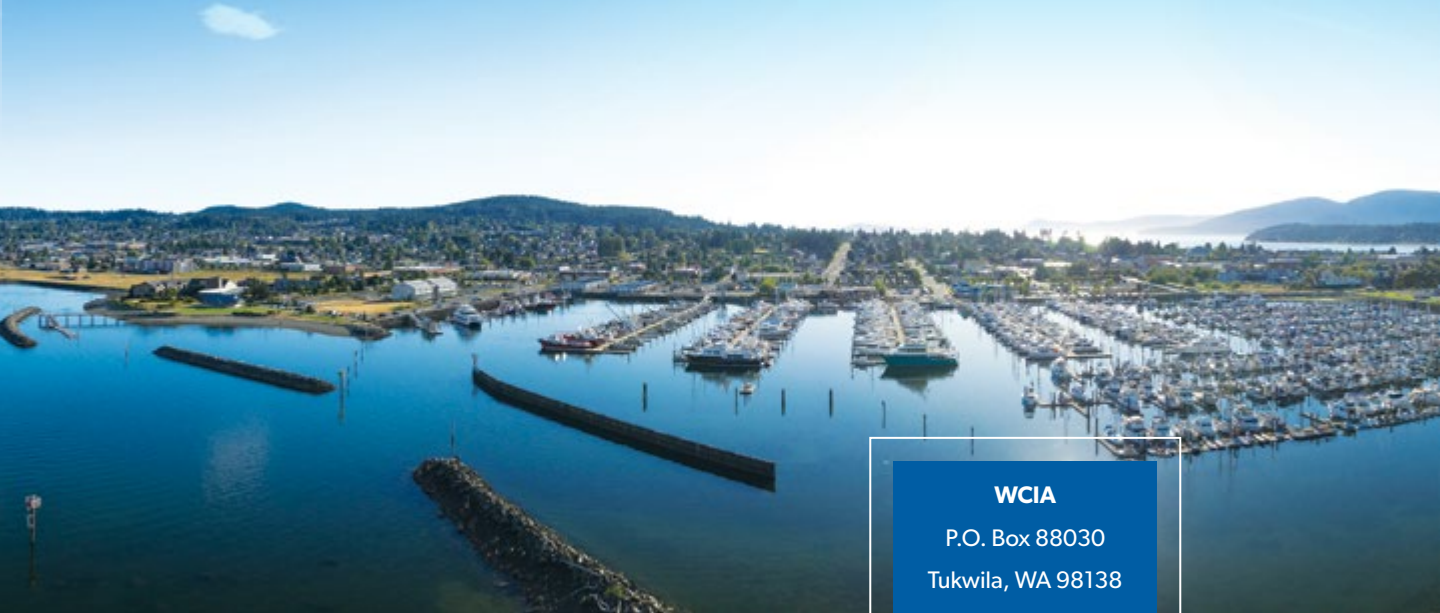
Wade Farris  
*City of Chelan*

Mitch Lackey  
*City of Camas*

Dave Zabell  
*City of Pasco*



Executive Committee, from L-R Top Row: Mitch Lackey, Wade Farris, Dave Zabell, Paul Ellis; from L-R Bottom Row: Brian Loos, Deborah Knight, Farah Derosier, Shelley Acero. Not pictured: David Cline.



**WCIA**

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## WCIA Sub-committees

A delegate from each member is represented on the WCIA Board of Directors. The Board of Directors elects the President, Vice President and members of the Executive Committee. The Executive Committee sets the general operational direction for the organization.

Annually, WCIA asks for volunteers from the Board of Directors to participate on seven sub-committees. Each committee includes a liaison from the Executive Committee. The sub-committees are designed to improve operation in various areas of pool business. By encouraging member involvement with operating decisions and financial strategies, WCIA is evolving through its members. The sub-committees are as follows:

**Audit Committee:** Performs an in-house financial audit oversight function by annually reviewing elements of the Comprehensive Risk Financing Plan, State Accountability Audit, Assessment formula purpose and effect, investment strategy and effect, and annual financial report accuracy.

**Budget Committee:** Reviews revenue and expenditure budget elements, actuarial confidence level, loss projections and funding, assessment formula elements and member assessment recommendations; recommends administrative and operations budgets to Executive Committee.

**Investment Committee:** Develops policy and annually reviews investment goals, strategies,

portfolio development and apportionment by vendor; reviews third party investment firm's performance and transactions; recommends vendor contract renewal and policy changes to Executive Committee.

**Legislative Committee:** Reviews, identifies, and monitors legislative matters that could impact liability exposures for the membership; and makes recommendations for advocacy and strategy to address legislators.

**Long-Range Planning Committee:** Employs visioning and strategic planning in areas of membership types and growth, COMPACT multi-year direction, creation of membership procedures such as the Member Action Plan (MAP) and other strategic plans; makes recommendations to Executive Committee.

**Risk Management Committee:** Reviews and explores risk management issues pertinent to the membership; creates and monitors user-friendly generic risk guidelines for specific and evolving municipal activities; and makes recommendations for training programs related to risk management.

**Risk Reduction Grant Committee:** Reviews and awards risk management grants to members in amounts not to exceed the total amount budgeted for this purpose in the annual approved operating budget of WCIA and consistent with the written guidelines for risk management grant applications and awards approved by the Executive Committee.

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

