



AWC Risk Management Service Agency

RMSA

2018 Annual Report

SECURITY | STABILITY | SERVICE



30 years and going strong

Thirty years ago, the Association of Washington Cities (AWC) came together with Washington's cities and towns to form the AWC Risk Management Service Agency (AWC RMSA) as a way to secure financial stability in the insurance market. While our model has proven successful for decades, today our members are looking for more and AWC RMSA is meeting the call. Our members expect sound risk management advice, the latest in relevant trainings and educational materials, and the tools and resources to help them address their property and liability risks.

AWC RMSA's mission and work is summed up by three simple but powerful words: Security, Stability, Service. These words are at the core of everything we do. AWC RMSA strives to maintain a wide breadth of member-focused offerings to help you manage your risks and has forged new relationships to bring you the latest and greatest in loss prevention education and training. For example, AWC RMSA is the only municipal risk pool in the state to offer pollution liability coverage, defense coverage for Public Records Act and Open Public Meetings Act violations, provides the highest cyber liability limits of any municipal risk pool in the state, and in 2018, released a new Lexipol grant program to help member police departments establish clear, defensible policies and effective training.

All that we do has one common theme: to support our members. It is every one of you that makes the difference every day. We can provide you with tools and advice, but it is your efforts to proactively reduce risks that helps keep your communities safe and AWC RMSA stable. We commend you for your efforts and thank you for taking your role as risk managers seriously.

I'd like to close by thanking our Board of Directors, Operating Committee, staff, and all of you, for the work that you do to help us build safer and more resilient communities. Thank you for your continued support of the AWC RMSA program.

Sincerely,

A handwritten signature in black ink that reads "James L. Bailey". The signature is written in a cursive style with a large, looping initial "J".

Jim Bailey
AWC RMSA President
Councilmember, City of Wenatchee



Delivering on our promise

It is my pleasure to present the AWC Risk Management Service Agency (AWC RMSA) Annual Report to the Board of Directors, Operating Committee, and membership.

AWC RMSA's mission has always been to support its members with unparalleled service and we believe we have delivered on that promise. We partner with members to solve problems before they happen and protect their future when they do. And we strive to provide our members with tools, innovative resources, and sound advice to help them address their risk management needs.

In 2018, our staff continued to carry out the Board's vision of providing relevant, personalized, and unparalleled services in order to retain quality members for the continued financial integrity and strength of the pool.

A few highlights from 2018:

- \$1,822,640 increase in net position
- 118% claims closure rate
- 66% subrogation recovery rate

- 239 member employees/elected officials trained regionally
- Achieved Association of Governmental Risk Pools (AGRiP) recognition
- Introduced the Lexipol grant program
- Increased scholarship utilization by members
- Revised and streamlined renewal process
- Added two new members: Town of Lyman and Gig Harbor Transportation Benefit District

AWC and AWC RMSA exist to serve our members. We hope that your review of this report provides you with valuable and useful information about the AWC RMSA program.

As always, we welcome your questions and comments.

Sincerely,

A handwritten signature in black ink that reads "Peter B. King". The signature is fluid and cursive, with a small mark at the end.

Peter B. King
AWC Chief Executive Officer

Direction of AWC RMSA

AWC RMSA mission statement

AWC RMSA inspires and supports the risk management efforts of its members in order to reduce their risk, protect their assets, and keep them safe. We do this with:

A clarity of focus on the member

A passion for risk management

A fiscal responsibility to the health of the organization

A dedication to loss prevention education

Goals

Membership growth and retention

Proactively and strategically manage membership growth by identifying cities and towns that meet ideal member criteria

Provide relevant, personalized, and unparalleled services in order to retain quality members for the continued financial integrity and strength of the pool

Financial health

Review equitable rating for revenue, service value, and allocation of resources

Technology

Continue strategic and financial investments in information technology to improve and enhance the member experience and staff efficiencies

Education

Ensure member awareness and promote high utilization of educational services to develop a more informed and engaged membership

Product/Services

Strive to continually maintain a relevant, member-focused offering of risk management coverages and services to minimize pool risk, protect the member, and attain and attract new members

2018 Coverage summary

AWC RMSA is a group of cities, towns, and special districts, which have joined to group self-insure and group purchase excess and/or reinsurance coverage. This group-purchasing of insurance coverage allows all AWC RMSA members to enjoy reduced premium costs and the benefits of personal, in-house professionals handling their claims and risk management issues.

The following is an outline of the coverages and various applicable member deductibles and Pool retentions offered to AWC RMSA members for 2018. The property coverage limits are offered at full replacement cost for real and personal property and at actual cash value for vehicles, trucks, trailers, and equipment. Please refer to the declarations, as well as language found in each individual policy or coverage document, for additional conditions, provisions, and exclusions that may apply.

	Member deductible	Pool retention or deductible	Coverage limits
General, automobile, errors and omissions, and employment practices liability	None*	\$250,000 retention	\$15,000,000
Property	None*	\$100,000 deductible	\$250,000,000
Automobile physical damage	None	\$100,000 deductible	\$250,000,000
Flood	\$100,000 \$500,000 high zones	None	\$50,000,000 \$10,000,000 high zones
Earthquake	2% – \$250,000 min	None	\$50,000,000
Equipment breakdown	\$5,000	\$100,000 deductible	\$125,000,000
Crime – employee fidelity	None	\$1,000 deductible	\$1,000,000
Pollution	None	\$50,000 deductible	\$2,000,000
Cyber	None	\$25,000 deductible	\$2,000,000
Aviation general liability**	None	None	\$2,000,000

*Optional member-specific, per occurrence deductibles may be selected.

**Aviation coverage purchased by participating members.

Claims report

221

claims reported during 2018

261

claims closed during 2018

208

claims reported to date from events occurring in 2018

0

2018 liability claims over \$250k

0

2018 property claims over \$100k

Claims received in 2018 breakdown by type

Liability – 3 rd party	Claims	Paid	Reserved
GL - bodily injury	21	\$31,004.94	\$248,721.75
GL - property damage	58	\$95,110.10	\$164,683.20
Auto bodily injury	4	\$35,200.00	\$35,000.00
Auto property damage	25	\$49,852.87	\$5,000.00
Property – 1st party			
Equipment breakdown	2	\$22,661.31	\$0.00
Auto physical damage	39	\$188,541.38	\$13,498.65
Building / facility damage	48	\$507,522.55	\$28,000.00
Errors & omissions	3	\$17,578.16	\$6,500.00
Crime	2	\$0.00	\$27,000.00
Employment			
Wrongful	4	\$214,470.08	\$0.00
Hostile	2	\$9,719.53	\$55,280.47
Discrimination	1	\$3,568.85	\$41,431.15
Land Use	3	\$75,960.48	\$94,039.52
Public records	8	\$9,146.95	\$60,853.05
Pollution	0	\$0.00	\$0.00
Total(s)	221	\$1,260,337.90	\$1,828,011.09

Subrogation

Since 2011, AWC RMSA has identified 288 files with subrogation potential. AWC RSMA handles the majority of subrogation files in-house. Subrogation monies received bolster and protect the equity position and ensure responsible third parties cover the cost of claims expenses.

Year	Count	Paid	Recovered	Percentage recovered
2011	36	\$104,301.16	\$66,168.24	63%
2012	21	\$73,450.65	\$60,269.24	82%
2013	33	\$137,204.52	\$83,974.39	61%
2014	29	\$111,830.08	\$88,063.62	78%
2015	50	\$233,584.17	\$167,184.49	71%
2016	35	\$213,837.60	\$189,002.03	88%
2017	39	\$180,404.02	\$93,104.66	51%
2018	45	\$268,339.96	\$179,107.95	66%
Total	288	\$1,322,952.16	\$926,874.62	70%

Pre-litigation

In 2018, we collaborated with 36 members on pre-litigation files. Our primary focus in pre-litigation continues to be on employment exposures.

2018 Pre-litigation expenditures	
General	\$8,654.71
Employment	\$125,695.35
Land use	\$17,307.80
Public records	\$2,482.80
Total	\$154,140.66

AWC RMSA member resource utilization

54

Loss prevention grants
\$166,900

10

Annual Meeting grants
\$4,757

11

Lexipol grants
\$20,217

62

Scholarships
\$21,975

RMSA-U online training

456

unique users
completed 1,457
courses

Regional trainings

7

in-person trainings
239 attendees

Employment law and
human resources
assistance

84%

of members used it

Loss prevention and risk consulting

AWC RMSA Member Standards were adopted by the Board of Directors to provide consistent administrative practices for members to reduce property and liability losses and protect the long-term financial stability of the Pool. A members' failure to comply with a Required Member Standard results in a deductible being applied to any claims that result. Advisory Member Standards are principles and practices which have been recognized by AWC RMSA and the pooling industry as sound best practices. During loss prevention visits, members are evaluated on their compliance with Member Standards and recommendations are made accordingly.

Because the best claim is the one you never receive.

43 member visits completed

92 recommendations completed since previous loss prevention visit

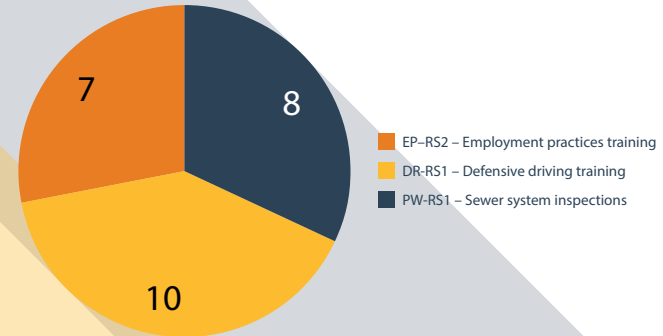
250 total recommendations made

25 required Member Standard recommendations

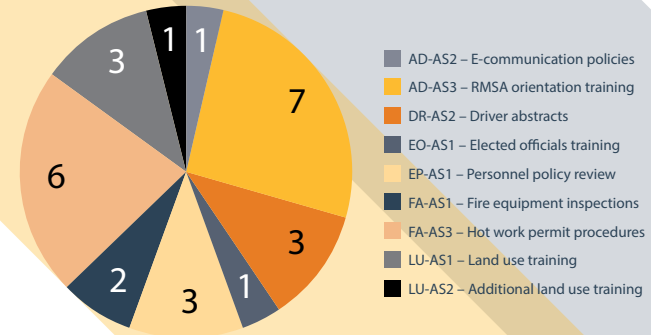
27 advisory Member Standard recommendations

198 property and liability risk management recommendations

Required standards recommendations made



Advisory standards recommendations made



Statement of net position

as of December 31, 2018 and December 31, 2017

	2018	2017
Assets:		
Current assets:		
Cash and cash equivalents	\$6,851,854	\$10,007,121
Investments	3,472,845	1,995,586
Receivables:		
Assessments receivable	1,456	-
Excess/reinsurance recoverable	-	-
Member deductibles	3,315	8,097
Prepaid expense	261,571	125,540
Accrued interest	38,474	29,849
Total current assets:	\$10,629,515	\$12,166,193
Non-current assets:		
Contract receivable	\$27,500	\$30,000
Reinsurance deposit	239,149	239,149
Equity in NLC MIC	2,832,015	2,726,726
Investments	6,469,199	2,978,959
Total non-current assets:	\$9,567,863	\$5,974,834
Total assets:	\$20,197,378	\$18,141,027
Liabilities:		
Current liabilities:		
Claim reserves:		
Incurred but not reported (IBNR)	\$654,628	\$892,320
Unpaid claims	436,419	594,880
Unallocated loss adjustment expenses	210,000	215,000
Accounts payable	199,060	263,832
Unearned member assessments	-	500
Total current liabilities:	\$1,500,107	\$1,966,532
Non-current liabilities:		
Claim reserves:		
Incurred but not reported (IBNR)	\$3,509,781	\$3,166,781
Unpaid claims	1,823,439	1,466,303
Total non-current liabilities:	\$5,333,220	\$4,633,084
Total liabilities:	\$6,833,327	\$6,599,616
Net position:		
Unrestricted	\$13,364,051	\$11,541,411
Total net position:	\$13,364,051	\$11,541,411
Total liabilities and net position:	\$20,197,378	\$18,141,027

The condensed financial statements shown are derived from RMSA's state-audited financial statements for 2018 and do not include notes. A copy of the audited financial statements can be obtained from AWC RMSA upon request.

Statement of revenues, expenses and changes in net position

For the years ended December 31, 2018 and December 31, 2017

	2018	2017
Operating revenues:		
Member assessments	\$8,358,831	\$7,822,278
Other income	104,313	52,470
Total operating revenues:	\$8,463,144	\$7,874,748
Operating expenses:		
Claims loss expense – current year	\$2,480,000	\$2,850,000
Claims loss expense – prior years	(811,999)	(446,070)
Unallocated loss adjustment expenses	(5,000)	15,000
Insurance premiums	2,214,462	2,467,420
Claims administration and loss prevention services	1,134,869	938,783
General and administrative expenses	2,030,078	1,762,810
Total operating expenses:	\$7,042,410	\$7,587,943
Operating income (loss):	\$1,420,734	\$286,805
Non-operating revenues/expenses:		
Interest income	\$296,617	\$159,245
Equity in NLC MIC	105,289	100,295
Total non-operating revenues and expenses:	\$401,906	\$259,540
Change in net position:	\$1,822,640	\$546,345
Total net position - January 1:	11,541,411	10,995,066
Total net position - December 31:	\$13,364,051	\$11,541,411

The condensed financial statements shown are derived from AWC RMSA's state-audited financial statements for 2018 and do not include notes. A copy of the audited financial statements can be obtained from AWC RMSA upon request.



Town of South Prairie

2018 RMSA Board of Directors



James Bailey
President
Position 1
Councilmember
Wenatchee



Bruce Albert
Position 2
Councilmember
Index



Leanne Guier
Position 3
Mayor
Pacific



Craig George
Position 4
Mayor
Dayton



Mike Schaub
Vice President
Position 5
Mayor
Eatonville



JW Foster
Position 6
Mayor
Yelm



Julie Struck
Position 7
Mayor
South Bend

2018 RMSA Operating Committee

Dawn Masko
Position 1
Deputy City
Administrator
North Bend
Vice Chair

Kynda Browning
Position 2
Clerk-Treasurer
Tekoa/Waverly

Duncan Wilson
Position 3
Town Administrator
Friday Harbor
Chair

John Millard
Position 4
Clerk-Treasurer
Tenino

Molly Towslee
Position 5
City Clerk
Gig Harbor

Abby Gribi
Position 6
Town Administrator
Eatonville

Brandy Rinearson
Position 7
City Clerk
Port Orchard

Mark Bethune
Position 8
City Administrator
Orting

Jord Wilson
Position 9
City Administrator
Pateros



AWC RMSA staff

Peter King, AWC Chief Executive Officer
Alicia Seegers Martinelli, AWC Deputy Chief Executive Officer/Chief Operating Officer
Lucy Lu, AWC Chief Financial Officer
Carol Wilmes, AWC Director of Member Pooling Programs
Adrienne Beatty, RMSA Program Manager
Harlan Stientjes, RMSA Claims Manager
Kaitlin Riley, RMSA Claims Specialist
Nate Sulya, RMSA Membership Coordinator
Ryan Tisi, RMSA Membership Specialist

Insuring partners

Allied World National Assurance Company
Argonaut Insurance Company
Berkley Public Entity Managers
Chubb Environmental
Fidelity & Deposit Insurance Company
Lexington Insurance Company
National Union Fire Insurance Company
XL Catlin

AWC RMSA coverage counsel

Craig Bennion / Cozen O'Connor

AWC RMSA general counsel

Charles H. (Skip) Houser III / Pope Houser & Barnes

AWC RMSA service contractors

Aon Management Services, Inc. – Insurance broker
AssetWorks – Appraisal services and property management software
Enquiron – Human resources and employment practices liability resources
Government Portfolio Advisors – Investment advisory services
Lexipol – Police and jail policy management and training resources
LocalGovU – Online training/education
PricewaterhouseCoopers LLC – Actuary
Seaport Claims Service - Independent adjusting company
Tri-State Adjusting – Independent adjusting company

AWC RMSA defense counsel panel

Carlson McMahon & Sealby PLLC
Christie Law Group
Douglas Foley & Associates
Dyan & Associates
Keating, Bucklin & McCormack, Inc.
Law Lyman Daniel Kamerrer & Bogdanovich PS
Lighthouse Law Group
Lukins & Annis
Northwest Urban Law PLLC
Ogletree Deakins
Patterson Buchanan Fobes & Leitch, Inc., PS
Peck, Rubanoff, and Hatfield
Summit Law Group



AWC RMSA serves the property and liability needs of Washington's municipal entities

AWC RMSA partners with members to navigate the property and liability exposures that come with running municipal services. Cities, towns, and special purpose districts are eligible for coverage.

Airway Heights • Airway Heights TBD • **Algona** • Almira • **Beaux Arts Village** • Bingen • **Black Diamond** • Bridgeport • **Bridgeport TBD** • Bucoda • **Carbonado** • Carnation • **Castle Rock** • Castle Rock TBD • **Cathlamet** • Conconully • **Concrete** • Coulee City • **Creston** • Cusick • **Darrington** • Dayton • **Deer Park** • DuPont • **DuPont TBD** • Eatonville • **Fairfield** • Farmington • **Forks** • Friday Harbor • **Garfield** • Gig Harbor • **Gig Harbor TBD** • Gold Bar • **Granger** • Grant County FPD#6 • **Hamilton** • Harrah • **Harrington** • Hatton • **Hunts Point** • Index • **Kalama** • Kettle Falls • **La Center** • Lamont • **Langley** • Latah • **Lincoln County FPD#8** • Lyman • **Mesa** • Metaline • **Metaline Falls** • Morton • **Mossyrock** • Naches • **North Bend** • Northport • **Oakesdale** • Odessa • **Orting** • Pacific • **Pateros** • Pe Ell • **Pomeroy** • Port Orchard • **Prescott** • Prescott P&RD • **Rainier** • Raymond • **RiverCom 911** • Riverside • **Rockford** • Rosalia • **Roslyn** • Roy • **Ruston** • Sequim • **Si View MPD** • Skykomish • **South Bend** • South Prairie • **Spangle** • Springdale • **Tekoa** • Tenino • **Tieton** • Toledo • **Tonasket** • Twisp • **Vader** • Wapato • **Waverly** • Wenatchee • **White Salmon** • Whitman County FPD#3 • **Wilson Creek** • Winthrop • **Yacolt** • Yelm



AWC Risk Management Service Agency

RMSEA

2018 Annual Report

SECURITY | STABILITY | SERVICE

Association of Washington Cities
1076 Franklin Street SE
Olympia, WA 98501-1346

wacities.org/RMSA
1.800.562.8981
360.753.4137