

AWC Risk Management Service Agency 2020 Annual Report

S E C U R I T Y | S T A B I L I T Y | S E R V I C E

R M S A





Powerful member support

RMSA is governed by a Board of Directors comprised of elected officials from our membership. We're focused on being responsive to member needs, and in keeping with RMSA's mission of providing security, stability, and service.

I am happy to report that in its 31st year of operation, RMSA continues to be a strong and financially secure organization. 2020 was the second year of your Board's three-year strategic plan, and I am pleased to report that we are on pace to complete the objectives outlined in our workplan. While we maintained our commitment to the strategic plan, we were also able to nimbly respond to the unprecedented needs caused by the COVID-19 pandemic. We are prepared to continue through uncertain times and provide stability. We have acted to secure strong coverage offerings and member resources in a changing marketplace. We hope these offerings support your organization as you proactively handle your everyday risks.

The Board's goal is to support each member's efforts to manage risk. The decisions you make each and every day to address, manage, and mitigate risk helps our organization remain strong into the future. I am grateful for each of your efforts over the last year, THANK YOU!

Lastly, I want to express my most sincere thank you to the AWC RMSA Board of Directors, the Operating Committee, staff, and all our member organizations for your hard work and perseverance through a difficult year. Looking forward to a more normal 2021.

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, Wenatchee



Partners in protection

AWC and RMSA exist to serve our members; if ever there was a year where risk management's importance was highlighted, 2020 was it.

As we all cope with significant change to our personal and professional lives, these effects combined with a changing public perception of public entity liability are leading to a more challenging market. And yet, I am pleased to report that amidst challenging global factors, RMSA members continue to receive outstanding security, stability, and service.

AWC RMSA is well positioned to help members get through the hardening market with a strong financial position, risk management resources, and relevant coverage offerings. Staff continued to move the risk pool forward in 2020 ~ here are a few highlights:

- Welcomed four new members: Kitsap Regional Coordinating Council, Olympia Area Agency on Aging, Spokane County Fire Protection District #12, and the Town of Washtucna
- We launched a new, more equitable rating methodology for membership
- Added UAV / drone coverage
- Expanded cyber risk management resources and coverage
- Implemented more robust risk management software

RMSA continues to be an advocate for you in a challenging marketplace. It is my pleasure to present this annual report to you, and 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

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



2020 Coverage summary

AWC RMSA is a group of cities, towns, and special purpose districts that have joined together to self-insure and purchase excess and/or reinsurance coverage as a pool. This group-purchasing of insurance coverage allows all AWC RMSA members to enjoy reduced 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 retentions offered to AWC RMSA members for 2020. 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*	\$200,000 deductible	\$250,000,000
Automobile physical damage	None	\$200,000 deductible	\$10,000,000
Flood	\$200,000	None	\$25,000,000 property \$5,000,000 vehicles \$10,000,000 high zones
Earthquake	\$200,000**	None	\$25,000,000 property \$5,000,000 vehicles
Equipment breakdown	\$5,000	\$200,000 deductible	\$100,000,000
Crime – Employee fidelity	None	\$200,000 deductible	\$1,000,000
Pollution	None	\$50,000 deductible	\$2,000,000
Cyber	None	\$25,000 deductible	\$3,000,000
Aviation general liability**	None	None	\$2,000,000
Drone liability/property***	5% of the loss for physical damage	None	\$1,000,000 liability \$5,000 physical damage aggregate

*Optional member-specific deductibles may be selected.

**Members have coverage from \$200,000 - \$3,000,000 but will still be responsible for meeting the excess deductible of 2% - min \$250,000, if 2% exceeds \$3,000,000.

***Aviation/drone coverages purchased by participating members.



Claims report

262

claims reported during 2020

224

claims reported as of May 2021 from events occurring in 2020

320

claims closed during 2020

0

2020 liability claims over \$250k

2

2020 property claims over \$200k

Pre-litigation

In 2020, we collaborated with 29 members on pre-litigation files spending \$187,730 in furtherance of avoiding litigation.





AWC RMSA member resource utilization

80

Loss prevention/
Annual meeting
grants -
\$281,810

82

Scholarships

82 scholarships paid to
support members' training
efforts - \$13,120

24

24 Lexipol
grants -
\$68,485

548

RMSA-U online training

548 member employees
completed 1,832 risk
management courses

59%

Enquiron - Employment law and human resources assistance

59% of members utilized
employment law and human
resource assistance



Statement of net position

as of December 31, 2020 and December 31, 2019

	2020	2019
Assets:		
Current assets:		
Cash and cash equivalents	\$2,822,762	\$3,878,413
Investments	-	5,300,308
Receivables:		
Assessments receivable	-	3,582
Excess/reinsurance recoverable	2,500	-
Member deductibles	13,008	18,808
Prepaid expense	201,394	108,168
Accrued interest	63,116	62,73
Total current assets:	\$3,102,780	\$9,372,015
Non-current assets:		
Contract receivable	\$20,000	\$25,000
Reinsurance deposit	239,149	239,149
Equity in NLC MIC	3,060,295	2,948,719
Investments	16,064,201	9,355,100
Total non-current assets:	\$19,383,645	\$12,567,967
Total assets:	\$22,486,425	\$21,939,982
Liabilities:		
Current liabilities:		
Claim reserves:		
Incurred but not reported (IBNR)	\$838,110	\$652,755
Unpaid claims	426,789	435,170
Unallocated loss adjustment expenses	280,000	270,000
Accounts payable	147,302	248,150
Total current liabilities:	\$1,692,201	\$1,606,075
Non-current liabilities:		
Claim reserves:		
Incurred but not reported (IBNR)	\$3,796,769	\$3,633,598
Unpaid claims	2,873,211	2,939,830
Total non-current liabilities:	\$6,669,980	\$6,573,428
Total liabilities:	\$8,362,181	\$8,179,503
Net position:		
Unrestricted	\$14,124,244	13,760,479
Total net position:	\$14,124,244	\$13,760,479
Total liabilities and net position:	\$22,486,425	\$21,939,982

The condensed financial statements shown are derived from AWC RMSA's unaudited financial statements for 2020 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, 2020 and December 31, 2019

	2020	2019
Operating revenues:		
Member assessments	\$9,078,519	\$8,425,393
Other income	77,976	146,017
Total operating revenues:	\$9,156,495	\$8,571,410
Operating expenses:		
Claims loss expense – current year	\$3,300,000	\$3,375,000
Claims loss expense – prior years	(377,747)	(198,699)
Unallocated loss adjustment expenses	10,000	60,000
Insurance premiums	2,910,546	2,298,118
Claims administration and loss prevention services	1,297,472	958,793
General and administrative expenses	2,104,977	2,233,648
Total operating expenses:	\$9,245,248	\$8,726,859
Operating income (loss):	(\$88,753)	(\$155,449)
Non-operating revenues/expenses:		
Interest income	\$340,943	\$435,173
Equity in NLC MIC	111,575	116,704
Total non-operating revenues and expenses:	\$452,518	\$551,877
Change in net position:	\$363,765	\$396,428
Total net position - January 1:	13,760,479	13,364,051
Total net position - December 31:	\$14,124,244	\$13,760,479

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2020 RMSA Board of Directors



James Bailey
President
Position 1
Councilmember
Wenatchee



Bruce Albert
Position 2
Councilmember
Index



Leanne Guier
Position 3
Mayor
Pacific



Jose Trevino
Position 4
Mayor
Granger



Mike Schaub
Vice President
Position 5
Mayor
Eatonville



JW Foster
Position 6
Mayor
Yelm



Julie Struck
Position 7
Mayor
South Bend

2020 RMSA Operating Committee

Dawn Masko
Vice Chair
Position 1
Deputy City
Administrator, North
Bend

Kynda Browning
Position 2
Clerk-Treasurer
Tekoa/Waverly

Duncan Wilson
Chair
Position 3
Town Administrator
Friday Harbor

John Millard
Position 4
Clerk-Treasurer
Tenino

Kameil Borders
Position 5
City Clerk
Gig Harbor

Abby Gribi
Position 6
Town Administrator
Eatonville

Brandy Rinearson
Position 7
City Clerk
Port Orchard

Brenda Martinez
Position 8
City Clerk/HR Manager
Black Diamond

Jord Wilson
Position 9
City Administrator
Pateros



AWC RMSA staff

Peter King, AWC CEO
Alicia Seegers Martinelli, AWC COO/Deputy CEO
Carol Wilmes, AWC Director of Member Pooling Programs
Harlan Stientjes, RMSA Program Manager
Ashley Jones, RMSA Senior Claims Analyst
Joe Rogers, RMSA Claims Coordinator
Ezra Stark, RMSA Risk Control Coordinator
Andrea Luper, RMSA Membership Specialist
Bailey Takacs, RMSA Membership Specialist

Insuring partners

NLC Mutual Insurance Company
Argonaut Insurance Company
Allied World National Assurance Company
Lexington Insurance Company
Chubb Environmental
XL Catlin
National Union Fire Insurance Company
United States Aircraft Insurance Group

AWC RMSA coverage counsel

Terri Sutton and Shauna Elhert, 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
PricewaterhouseCoopers LLC – Actuary
Tri-State Adjusting – Independent adjusting company
Seaport Claims Service – Independent adjusting company
LocalGovU – Online training/education
Enquiron – Human resources, employment practices liability, and cyber liability resources
Lexipol – Police, fire, and jail policy management and training resources
AssetWorks – Appraisal services and property management software
Government Portfolio Advisors (GPA) – Investment advisory services

AWC RMSA defense counsel panel

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





AWC
ASSOCIATION OF
MUNICIPALITIES
AND CITIES

Risk Management Service Agency

Managing your risks, so you can manage everything else

Southwest
RMISA

Northwest
RMISA

WestCare 911
RMISA

Proctor, Harbort
RMISA

Black Diamond
RMISA

Edgemoor
RMISA

Westchase
RMISA

K
ENT
EY
service

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 • **OAAA** • Orting • **Pacific** • Pateros • **Pe Ell** • PRTPO • **Pomeroy** • Port Orchard • **Prescott** • Prescott P&RD • **Rainier** • Raymond • **RiverCom 911** • Riverside • **Rock Island** • Rockford • **Rosalia** • Roslyn • **Roy** • Ruston • **Si View MPD** • Skykomish • **South Bend** • South Prairie • **Spangle** • Spokane County FPD#12 • **Springdale** • Tekoa • **Tenino** • Tieton • **Toledo** • Tonasket • **Twisp** • Vader • **Washtucna** • Waverly • **Wenatchee** • White Salmon • **Whitman County FPD#3** • Wilson Creek • **Winthrop** • Yacolt • **Yelm**



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S E C U R I T Y | S T A B I L I T Y | S E R V I C E

RMSA

