

AWC Risk Management Service Agency

2021 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





Reducing risks, protecting assets, and keeping municipalities safe

It is my honor and pleasure to serve as your RMSA President for 2022. A huge thank you to RMSA Past President Jim Bailey who sat seven years on the RSMA Board before becoming President in 2018. During his tenure, RMSA continued to grow in membership and the fiscal health of the organization increased steadily. We will miss his presence on the board but we wish him well as he is enjoying his retirement!

RMSA is governed by a Board of Directors comprised of elected officials from our membership. It is focused on being responsive to member needs, and in keeping with RMSA's mission to inspire and support the risk management efforts of its members to reduce their risk, protect their assets, and keep them safe. RMSA is a strong and financially secure organization.

One of the greatest benefits to our members is the ongoing training and education opportunities made available through RMSA. Even through the pandemic, meetings, training, and educational opportunities never ceased. Big kudos to the RMSA staff who were able to efficiently and nimbly navigate the virtual world we were all thrown into.

Thank you to the AWC RMSA Board of Directors who provide oversight for the program with visionary, determined leadership. To the staff who are always so quick to respond to member queries and carry out the ongoing, day to day business of RMSA, and to our fellow member pooling programs within the AWC family – thank you.

I look forward to another successful year of reducing risks, providing valuable trainings, and protecting RMSA members.

Respectfully,

A handwritten signature in blue ink that reads "Julie K Struck". The signature is written in a cursive, flowing style.

Julie Struck
AWC RMSA President
Mayor, South Bend



Partners in protection

I am pleased to present this AWC Risk Management Service Agency (AWC RMSA) Annual Report to the Board of Directors, Operating Committee, and membership. As a member-owned risk pool that protects members' employees and assets, RMSA continues to be the premier full-service risk management choice for Washington's small and medium cities and towns.

As the country and world reacted to unprecedented cyber-attacks, wildfires and other natural disasters, and the COVID-19 pandemic, the global reinsurance market proved more difficult than prior years. However, through the power of pooling, RMSA was able to attract more reinsurance carriers and secure better pricing than members would have received on their own. Further, RMSA's comprehensive risk management approach helped minimize our members' loss exposure, protecting assets for individual members and the pool.

Notable highlights from 2021 include:

- Once again, we ended the year financially strong with a net position of \$15.6M.
- RMSA's members remained committed to pooling, and we welcomed two new members.
- Despite ongoing COVID-19 restrictions, RMSA delivered on its mission to offer risk management grants and provide training and on-demand risk management services.
- RMSA responded to member needs with increased cybersecurity training and technical assistance.
- RMSA continued to earn recognition through the Association of Governmental Risk Pools (AGRiP).

I trust this report will provide you with valuable information about the RMSA program and our commitment to serving our members. I encourage you to contact me or a staff member if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Alicia Seegers Martinelli'. The signature is fluid and cursive.

Alicia Seegers Martinelli
Interim Chief Executive Officer
Association of Washington Cities

Mission statement

The 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 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

2021 Coverage summary

AWC RMSA is a group of cities, towns, and special districts that 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 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 2021. 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	\$15,000,000
Property	None*	\$200,000	\$250,000,000
Automobile physical damage	None	\$200,000	\$13,000,000
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	\$100,000,000
Crime – Employee fidelity	None	\$200,000	\$1,000,000
Pollution	None	\$100,000	\$2,000,000
Cyber	None	\$100,000	\$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

249

claims reported
during 2021

221

claims reported to date from
events occurring in 2021

277

claims closed during 2021

0

liability claims occurring in 2021
reserved over \$250k

1

property claim occurring in 2021
reserved over \$200k

Pre-litigation program

In 2021, we collaborated with 39 members on pre-litigation files, spending \$245,890 in furtherance of avoiding litigation.



Significant Liability Insurance
Claims Experience

Deer Park

Park Management Service

ARMS

PARK MANAGEMENT SERVICE

Risk Management

Scottsdale

ARMS

Risk Management

North Beach

Risk Management

AWC RMSA member resource utilization

49

49 Loss prevention / annual meeting grants - \$190,530

40

Scholarships

40 scholarships paid to support members' training efforts - \$6,065

528

RMSA-U online training

Member employees completed 1,336 risk management courses

19

19 Lexipol grants - \$44,081

826

Enquiron – Employment law and human resources assistance

Members utilized employment law, human resources, and cyber security trainings, templates, and attorney help hotlines.

AWC
ASSOCIATION
OF WASHINGTON
CITIES

Thank you to our 2021 Financial Planning Sponsors

Platinum sponsor Keynote sponsor

EML **enquiron**

V&O

RMSA

Jim
Kinser
Program & Strategy Director
The Deal Group

Speaker

BALLROOM

Statement of net position

as of December 31, 2021 and December 31, 2020

	2021	2020
Assets:		
Current assets:		
Cash and cash equivalents	\$3,128,290	\$2,822,762
Investments	3,272,273	6,072,301
Receivables:		
Assessments receivable	503	-
Excess/reinsurance recoverable	1,012,750	-
Contract receivable (current portion)	2,500	2,500
Member deductibles	-	13,008
Prepaid expense	145,707	201,394
Accrued interest	40,500	63,116
Total current assets:	\$7,602,523	\$9,175,081
Non-current assets:		
Contract receivable	\$17,500	\$20,000
Reinsurance deposit	239,149	239,149
Equity in NLC MIC	3,284,668	3,060,295
Investments	11,557,190	9,991,900
Total non-current assets:	\$15,098,507	\$13,311,344
Total assets:	\$22,701,030	\$22,486,425
Liabilities:		
Current liabilities:		
Claim reserves:		
Incurred but not reported (IBNR)	\$616,974	\$838,110
Unpaid claims	423,146	426,789
Unallocated loss adjustment expenses	230,000	280,000
Accounts payable	272,483	147,302
Total current liabilities:	\$1,542,603	\$1,692,201
Non-current liabilities:		
Claim reserves:		
Incurred but not reported (IBNR)	\$2,991,119	\$3,796,769
Unpaid claims	2,571,854	2,873,211
Total non-current liabilities:	\$5,562,973	\$6,669,980
Total liabilities:	\$7,105,576	\$8,362,181
Net position:		
Unrestricted	\$15,595,454	\$14,124,244
Total net position:	\$15,595,454	\$14,124,244
Total liabilities and net position:	\$22,701,030	\$22,486,425

The condensed financial statements shown are derived from AWC RMSA's unaudited financial statements for 2021 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, 2021 and December 31, 2020

	2021	2020
Operating revenues:		
Member assessments	\$9,741,649	\$9,078,519
Other income	(291,514)	77,976
Total operating revenues:	\$9,450,135	\$9,156,495
Operating expenses:		
Claims loss expense – current year	\$2,995,000	\$3,300,000
Claims loss expense – prior years	(1,112,736)	(377,747)
Unallocated loss adjustment expenses	(50,000)	10,000
Insurance premiums	3,395,346	2,910,546
Claims administration and loss prevention services	1,176,693	1,297,472
General and administrative expenses	2,036,537	2,104,977
Total operating expenses:	\$8,440,840	\$9,245,248
Operating income (loss):	\$1,009,295	(\$88,753)
Non-operating revenues/expenses:		
Interest income	\$237,541	\$340,943
Equity in NLC MIC	224,374	111,575
Total non-operating revenues and expenses:	\$461,915	\$452,518
Change in net position:	\$1,471,210	\$363,765
Total net position - January 1:	14,124,244	13,760,479
Total net position - December 31:	\$15,595,454	\$14,124,244

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2021 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

2021 RMSA Operating Committee

Dawn Masko
Vice Chair
Position 1
Deputy City
Administrator
North Bend

Miranda Noah
Position 2
Accountant
Wenatchee

Duncan Wilson
Chair
Position 3
Town Administrator
Friday Harbor

Tanya Dashiell
Position 4
Assistant City Clerk-
Treasurer
Airway Heights

Kameil Borders
Position 5
City Clerk
Gig Harbor

Mary Madole
Position 6
City Clerk
Carnation

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

Alicia Seegers Martinelli, AWC Interim Chief Executive Officer
Gene Emmans, AWC Chief Financial Officer
Carol Wilmes, AWC Director of Member Pooling Programs
Ashley Jones, RMSA Claims & Pre-Litigation Manager
Anthony Vasquez, RMSA Claims Coordinator
Kim Dennis, RMSA Risk Control Coordinator
Andrea Luper, RMSA Membership Coordinator

Insuring partners

NLC Mutual Insurance Company
Argonaut Insurance Company
Hallmark Specialty Insurance 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 / Bud Bay Law, P.S.

AWC RMSA service contractors

Aon Management Services, Inc. – Insurance broker
PricewaterhouseCoopers LLC – Actuary
Tri-State Adjusting – 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 – Investment advisory services

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 Buchannan Fobes & Leitch, Inc., PS
Peck, Rubanoff, and Hatfield
Summit Law Group

WE ENERGIZE THE POWER OF POOLING

AGRiP

ASSOCIATION OF GOVERNMENTAL RISK POOLS

BE
EFFECTIVE

BE
COLLABORATIVE

BE
INFORMED

www.agrip.org



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** • Gold Bar • **Granger** • Grant County FPD#6 • **Hamilton** • Harrah • **Harrington** • Hatton • **Hunts Point** • Index • **Kalama** • King County Regional Homelessness Authority • **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#1 • **Whitman County FPD#3** • Wilson Creek • **Winthrop** • Yacolt • **Yelm**

AWC Risk Management Service Agency

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360.753.4137



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