



AWC Risk Management Service Agency

2022 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. In 2022, we welcomed Deanna Dawson to the helm of AWC as Peter King stepped into retirement. A big thank you to Alicia Seegers Martinelli, Interim CEO for taking firm hold of the reins as the new AWC CEO recruitment took place. Deanna has hit the ground running and RMSA hasn't skipped a beat during the leadership change.

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. This year we were able to meet in person for our meetings, trainings, and educational opportunities and also facilitate virtual options. It has been wonderful to see everyone again other than through a screen.

Thank you to the AWC Board of Directors who provide oversight for the RMSA program with visionary, determined leadership. To the AWC staff who are always so quick to respond to member queries and carry out the ongoing, day-to-day business of AWC and to our fellow member organizations 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 Struck". The signature is fluid and cursive.

Julie Struck
AWC RMSA President
Mayor, South Bend



Stability in a difficult market

I am pleased to present this 2022 AWC Risk Management Service Agency (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 is the premier full-service risk management choice for Washington's small and medium cities and towns, alongside a growing number of non-city public entities.

In 2022 as we emerged from the COVID-19 pandemic, many elements of life began to feel "normal" again. However, the global reinsurance market reacted to war and natural disasters with a continuing hard market. To respond, RMSA leveraged our unique relationship with NLC MIC, which combined with a favorable loss experience, allowed us to secure better reinsurance pricing than members would have received on their own.

Notably, in 2022 RMSA:

- Ended the year in solid financial standing with a net position of \$14.3M.
- Retained strong membership and welcomed new members.
- Delivered on its mission to offer risk reduction grants, provide training, and deliver on-demand risk management services.
- Resumed in-person member site visits.

Read the enclosed report containing valuable information about the RMSA program and our commitment to serving our members.

Please contact me or one of our RMSA staff members at any time if you have any questions or comments.

Sincerely,

Deanna Dawson
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

2022 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 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 2022. 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, and employment practices liability	None*	\$500,000	\$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	\$50,000,000
Crime – Employee fidelity	None	\$200,000	\$1,000,000
Pollution	None	\$100,000	\$2,000,000
Cyber liability	None	\$250,000	\$3,000,000
Aviation general liability**	None	None	\$2,000,000
Drone liability/property***	5% of the loss	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

271

claims reported during 2022

222

claims reported to date from events occurring in 2022

313

claims closed during 2022

0

liability claims occurring in 2022 reserved over \$250k

0

property claims occurring in 2022 reserved over \$200k

Pre-litigation program

In 2022, we collaborated with 37 members on pre-litigation files, investing \$327k in proactive legal services in furtherance of avoiding litigation.



AWC RMSA member resource utilization

48

48 Loss prevention & annual meeting grants totaling \$188,006

27

Scholarships

27 Scholarships paid to support members' training efforts totaling \$5,459

618

RMSA-U online training

618 Member employees completed 1,267 risk management courses

21

21 Lexipol grants totaling \$61,711

736

Enquiron resources

Members utilized 736 employment law, human resources, and cybersecurity trainings, templates, and attorney help hotlines



Statement of net position

as of December 31, 2022 and December 31, 2021

	2022	2021
Assets:		
Current assets:		
Cash and cash equivalents	\$3,559,919	\$3,128,290
Cash and cash equivalents	3,559,919	(3,589,197)
Restricted cash	-	6,717,487
Investments	7,397,921	3,272,273
Receivables:		
Assessments receivable	-	503
Excess/reinsurance recoverable	331,380	1,012,750
Contract receivable (current portion)	2,500	2,500
Member deductibles	3,744	-
Prepaid expense	117,416	145,707
Accrued interest	56,141	40,500
Total current assets:	\$11,469,021	\$7,602,523
Non-current assets:		
Equipment, Net of Accumulated Depreciation	-	-
Contract receivable	\$15,000	\$17,500
Reinsurance deposit	239,149	239,149
Equity in NLC MIC	3,345,102	3,284,668
Investments	7,117,112	11,557,190
Total non-current assets:	\$10,716,363	\$15,098,507
Total assets:	\$22,185,384	\$22,701,030
Liabilities:		
Current liabilities:		
Claim reserves:		
Incurred but not reported (IBNR)	\$1,791,875	\$616,974
Unpaid claims	810,863	423,146
Unallocated loss adjustment expenses	220,000	230,000
Accounts payable	499,384	272,483
Total current liabilities:	\$3,322,122	\$1,542,603
Non-current liabilities:		
Claim reserves:		
Incurred but not reported (IBNR)	\$2,687,813	\$2,991,119
Unpaid claims	1,210,679	2,571,854
Total non-current liabilities:	\$3,898,492	\$5,562,973
Total liabilities:	\$7,220,615	\$7,105,576
Net position:		
Invested in Capital Assets	-	-
Unrestricted	\$14,964,769	\$15,595,454
Total net position:	\$14,964,769	\$15,595,454
Total liabilities and net position:	\$22,185,384	\$22,701,030

The condensed financial statements shown are derived from AWC RMSA's unaudited financial statements for 2022 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, 2022 and December 31, 2021

	2022	2021
Operating revenues:		
Member assessments	\$10,001,641	\$9,741,649
Other income	(493,227)	(291,514)
Total operating revenues:	\$9,508,414	\$9,450,135
Operating expenses:		
Claims loss expense – current year	\$3,678,000	\$2,995,000
Claims loss expense – prior years	(1,158,597)	(1,112,736)
Unallocated loss adjustment expenses	(10,000)	(50,000)
Insurance premiums	4,358,408	3,395,346
Claims administration and loss prevention services	1,137,890	1,176,693
General and administrative expenses	2,445,592	2,036,537
Total operating expenses:	\$10,451,293	\$8,440,840
Operating income (loss):	(\$942,879)	\$1,009,295
Non-operating revenues/expenses:		
Interest (investment) income	\$251,761	\$237,541
Equity in NLC MIC	60,433	224,374
Total non-operating revenues and expenses:	\$312,194	\$461,915
Income (loss) before equity distribution:	(\$630,685)	\$1,471,210
Equity Distribution	0	0
Change in net position:	(\$630,685)	\$1,471,210
Total net position - January 1:	15,595,454	14,124,244
Total net position - December 31:	\$14,964,769	\$15,595,454

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2022 RMSA Board of Directors



Julie Struck
President
Position 7
Mayor
South Bend

Jose Trevino
Vice President
Position 4
Mayor
Granger

Dee Roberts
Position 1
Mayor
Raymond

Matthew Schuh
Position 2
Councilmember
Bridgeport

Leanne Guier
Position 3
Mayor
Pacific

Stefany Smith
Position 5
Mayor
Springdale

Micki Harnois
Position 6
Councilmember
Rockford

2022 RMSA Operating Committee

Dawn Masko
Chair
Position 1
Finance Director
Pacific

Miranda Noah
Position 2
Accountant
Wenatchee

David Vorse
Position 3
Public Works Director
Castle Rock

Tanya Dashiell
Position 4
Assistant Clerk-Treasurer
Airway Heights

Raena Hallam
Position 5
Clerk/Treasurer
Kettle Falls

Karen Bennett
Position 6
HR Manager
Yelm

Brandy Rinearson
Position 7
City Clerk
Port Orchard

Brenda Martinez
Position 8
City Clerk/HR Manager
Black Diamond

Jord Wilson
Vice Chair
Position 9
City Administrator
Pateros



AWC RMSA staff

Deanna Dawson, AWC CEO
Alicia Seegers Martinelli, AWC Deputy CEO/COO
Gene Emmans, AWC CFO
Carol Wilmes, AWC Director of Member Pooling Programs
Carol Rehnberg, RMSA Program Director
Ashley Jones, RMSA Claims & Pre-Litigation Manager
Anthony Vasquez, RMSA Claims Coordinator
Andrea Luper, RMSA Membership Supervisor
Shaylee Dipo, RMSA Membership Specialist
Henry Dietz, Risk Management Coordinator

Insuring partners

NLC Mutual Insurance Company
Hallmark Specialty Insurance Company
Lexington Insurance Company
AIG Specialty Insurance Company
Chubb Environmental
AXA XL
National Union Fire Insurance Company
United States Aircraft Insurance Group

AWC RMSA service contractors

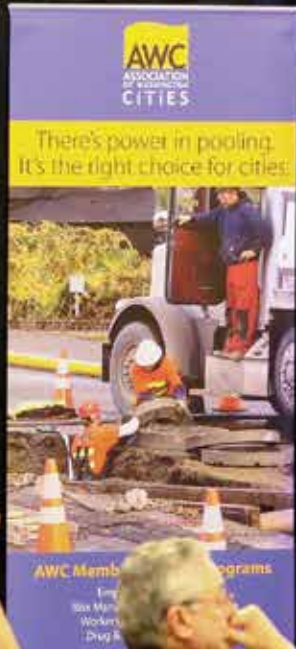
Aon Management Services – Insurance broker
PricewaterhouseCoopers – Actuary
Tri-State Adjusting – Independent adjusting company
ClaimCo – Independent adjusting company
LocalGovU – Online training/education
Enquiron – HR, employment practices liability, and cyber liability resources
Lexipol – Police, fire, and jail policy management and training resources
AssetWorks – Appraisal services and property management software
Government Portfolio Advisors – Investment advisory services

AWC RMSA coverage counsel

Terri Sutton and Shauna Elhert / Cozen O'Connor

AWC RMSA general counsel

Charles H. (Skip) Houser III / Budd Bay Law, P.S.



member
expo



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** • Chippewa Water and Sewer District • **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 • **Odessa MPD** • Northport • **Oakesdale** • Odessa • **Olympic Area Agency on Aging** • Orting • **Pacific** • Pateros • **Pe Ell** • Peninsula Regional TPO • **Pomeroy** • Port Orchard • **Prescott** • Prescott Parks & Recreation District • **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** • Yakima Valley Emergency Management • **Yelm**



AWC Risk Management Service Agency

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