

Annual Report 2011



**WASHINGTON
COUNTIES
RISK POOL**

Created by Counties for Counties

www.wcrp.info



On the front cover: *Walla Walla County Courthouse*
On the back cover: *Olympia, WA Waterfront*



Washington Counties Risk Pool

Created *by* Counties *for* Counties

Annual Report 2011

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Washington Counties Risk Pool



From WCRP Executive Director *Vyrle Hill*

Respectfully presented to the Board of Directors and the Member Counties of the Washington Counties Risk Pool, and to the citizens of the state of Washington served by those Member Counties:

This presentation of the 2011 Annual Report of the Washington Counties Risk Pool ("the Pool" or "WCRP") represents the culmination of the Pool's 23rd operating year; that is, except for the resolution of some outstanding claims. And though the Pool's long journey thus far has been challenging with its fair share of obstacles, it has resulted in many learning experiences intermixed with some very pleasant rewards. A few examples follow:

Membership: Fifteen of Washington's thirty nine counties were recognized as the Pool's initial voting members when it was established in August 1988. The Pool's membership grew to nineteen counties during its first operating year and continued to grow over the years with eleven counties added, three departing, and one returning. By 2003, its membership totaled twenty eight Washington counties. Membership remained stable until another withdrawal occurred at the end of Py2010 leaving the present 27 counties.

Joint Self-Insurance Liability Program: The Pool has been providing its member counties with occurrence-based, jointly self-insured and/or jointly purchased 3rd-party liability coverage since October 1, 1988. Total coverage limits have grown from the \$1 million limit that existed during the Pool's initial two months to \$5 million, then to \$10 million and onto \$15 million before reaching the \$20 million occurrence limit that has existed the past eight years. (Note: Additional occurrence limits of \$5 million have been available as an option for individual members to acquire for several recent years.)

The Pool's claims database increased during Py2011 with the addition of 744 new claims (and lawsuits) raising the third-party liability claims to-date total submitted by member counties to 17,982. Incurred loss estimates (payments made plus reserve estimates for open claims) increased \$16 million during the year to nearly \$237.4 million.

Washington Counties Property Program: Since the Pool began offering an optional, fully-insured and jointly-purchased property insurance coverage six years ago, participation has grown by more than 50% and the total value of covered properties has nearly doubled. Twenty six member counties with more than \$2.6 billion in covered properties participated in this program during Py2011.

There were 13 property claims submitted in Py2011 with incurred losses-to-date totaling nearly \$0.85 million. During its first six years being offered as a 'county option' insuring program through the WCRP, there have been 78 property claims filed with incurred losses-to-date totaling nearly \$9.75 million. Premiums paid for this coverage total \$13.75 million resulting in a to-date loss ratio of 0.71.

Financial: The Pool's financial position continues to improve and remains the strongest it has ever been. Highlights include:

Net Operating Income realized during Py2011 was \$0.8 million, a 58% decrease from the prior year but 105% of the annual average of the past ten years (2001-10). Of much greater significance is the \$9.8 million in Net Operating Income realized during the past eight years. Contributing substantially to Py2011's improvement was the \$0.6 million dollar reduction in the independent actuary's claims reserve estimate for the Pool-only coverage layer (\$5.6 million, down from \$6.1 million).

Interest Income slipped even further (-17%) in Py2011 due to the low interest rates associated with the existing national and global recessions and the nearly non-existent rates available to municipal investors under Washington State's regulations.

Claims Reserves for the Pool's direct reserving exposures increased in total to nearly \$15.0 million in Py2011, up 6.7% from Py2010 and an increase of 39.7% since Py2003. This total includes: \$5.6 million for losses in the coverage layer retained by the Pool, down 9.3% from one year ago and down more than 45% since Py2003; \$8.6 million for the aggregated stop losses in the retained layers associated with the "corridor" program for automobile and general liabilities, up 22% from the year before; and \$0.8 million for unallocated loss adjustment expenses, down 5% from one year ago but up 53% from Py2003.

NOTE: The corridor program is now five years old yet still not fully matured. Also, its occurrence coverage maximum was increased to one million dollars beginning with Py2010, up from the half million dollar level that existed during the program's first three years. The program's occurrence minimum remains the greater of the applicable member's deductible or \$100,000.

Total Assets grew \$2.2 million (6%) during Py2011 to \$41.1 million. Current assets increased \$2.3 million (6%) in Py2011 while non-current assets decreased 4%.

Since the low-point that existed at year-end Py2003, the Pool's Total Assets have more than quadrupled (+348.5%). Furthermore, year-end Py2003 current assets, excluding member reassessments receivables ("retroactive assessments"), represented only 52% of the year's current liabilities. Py2011 current assets on the other hand totaled 137% of the year's current liabilities.

Net Position (also referred to as "Net Assets" or "Members' Equity") increased \$0.8 million (+8%) to \$11.0 million as of September 30, 2011. Net Position has steadily increased \$12.8 million from the negative \$1.75 million existing year end Py2003, which was aided by \$2.88 million in member reassessments receivables. Of the Py2011 total, \$5.5 million is classified "Restricted" - \$0.9 million to satisfy the State's solvency provisions (WAC 200.100.03001) plus \$4.6 million to address the Pool's Underwriting Policy requirements; \$0.2 million remains invested in a real property (fraud) recovery; and \$1.0 million held in Capital Assets (net of debt); with \$4.4 million classified "Non-Restricted" and available for use as directed by the Pool's Board of Directors.

Confidence Factor, which is determined annually by an independent actuary and typically referred to as the *actuarial confidence level*, remains the more recognized measure of a pooling entity's financial well-being. The WCRP *actuarial confidence level* has grown steadily the past several years and far exceeds the 98% goal set by the Board of Directors in early 2007.

More challenges lie ahead, that we know. But the Pool's 23-year journey has provided those involved in this "pooling" concept the opportunity to mature – from the innocence associated with infancy to the awareness and wisdom that are customary of adulthood. The Pool continues on, but now with even greater optimism. Its qualities and the insuring options available for its membership combined with its strong financial position should serve to convince several Washington counties to "join the ranks" and become WCRP members over the course of the next few years. I remain most pleased having been associated with this very unique public service organization from its establishment many years ago.



Washington Counties Risk Pool

From Marilyn Butler, PY-2011 President



Marilyn Butler
Skamania
County,
2011
President

Another successful year at the Washington Counties Risk Pool! We celebrated our 23rd year with stronger financial health, a talented and dedicated staff, reductions in the number of both claims filed and open claims, continued emphasis on loss control, and active Directors/Alternate Directors and Claims Administration and Risk Management staffs from our counties. Thanks to all of you who made this a truly great year. I am honored to have served as your President.

While we can revel in our successes, we need to keep moving forward as an organization. In addition to all of the accomplishments Steve Bartel noted in his Secretary/Treasurer's message, we are focusing on the ongoing strengths of our organization. The development of a Continuity of Operations and Succession Plans for the Pool will help prepare us for unexpected events and leadership transitions when those needs arise.

As I experience my final year with Skamania County and thus the Pool and look forward to my retirement and traveling later this year, I take great pride in my 23 years of association with the Washington Counties Risk Pool and the leadership opportunities afforded me by the Pool. I have seen tremendous growth in the organization, both in membership and in the quality of the programs and services the Pool offers its member counties. While I have experienced the Pool's less stellar financial periods, I am delighted that we are in a period of unprecedented financial strength and a forward vision. I will miss being associated with such a fine group of people, but I have great confidence that you will continue the tradition of excellence.



Steve Bartel
Spokane
County,
Secretary/
Treasurer 2011
And 2012
President

From Steve Bartel, PY-2011 Secretary/Treasurer and PY-2012 President

First, I want to thank the Pool's member representatives, its Directors and staff for your support and help this past year. Even more so, I want to thank you for your efforts in continuing the Pool's legacy as a forward-looking entity that provides an encouraging direction for our future. I am most encouraged knowing that our extremely dedicated and professional member representatives and staff will face the future challenges of the economy and loss control in an ever-changing insurance marketplace with the same level of focus, cooperation and commitment that have proven to be the Pool's benchmarks for success and growth.

Major accomplishments during PY-2011 include, but are not limited to:

- Attained and maintained net financial position with resources for the Pool's retained layer above the actuarial 98% confidence level set by the Pool's Board and fulfilling all financial criteria established by the Office of Financial Management for Risk Pools.
- Studied the current business model of the Pool's optional Property Program to ensure the program meets the needs of the counties selecting this coverage option.
- Established a new cost allocation system for the WCRP Property Program based upon exposure-model criteria.
- Completed the Bid, Selection, Negotiation and Contract processes for Claims Auditing, Actuarial & Producer Services.
- Disposed of the Franjo Beach real property located in Mason County.

Looking forward as your PY-2012 President, I believe our largest challenges center around personnel and the expectation of even more hardening in the commercial insurance markets. With that, my main objectives will be to:

- Encourage new member representatives to participate in the Pool's standing committees so that valuable knowledge and experience can be passed on from the several current member representatives that expect to be leaving County Government soon.
- Promote research necessary to better prepare the Pool for changes in the its liability insuring program that will likely result from the expected hardening insurance market and may require creating an equity program to reduce the effects of increasing Self Insured Retention levels and/or reserves.
- Working through the Executive Committee and Board, establish the appropriate staffing organizational structure needed to provide the level of service expected by our member counties while incorporating both continuity of operations and succession planning.



Washington Counties Risk Pool

Executive Committee PY2011

(Term Ending 9/30/XXXX)



Mark Wilsdon
Clark
County
2012



Jay Winter
Walla Walla
County
2013



Steve Clem
Douglas
County
2012



Andrew Lampe
Okanogan
County
2013



Rose Elway
Grays Harbor
County
To 6-30-2011



Keith Goehner
Chelan
County
2014



Laura Merrill
Pend Oreille
County
7-22-2011 to 2014



Marilyn Butler
Skamania
County
2013



Steve Bartel
Spokane
County
2013



Randy Watts
Whatcom
County
2012



Lee Grose
Lewis
County
2014

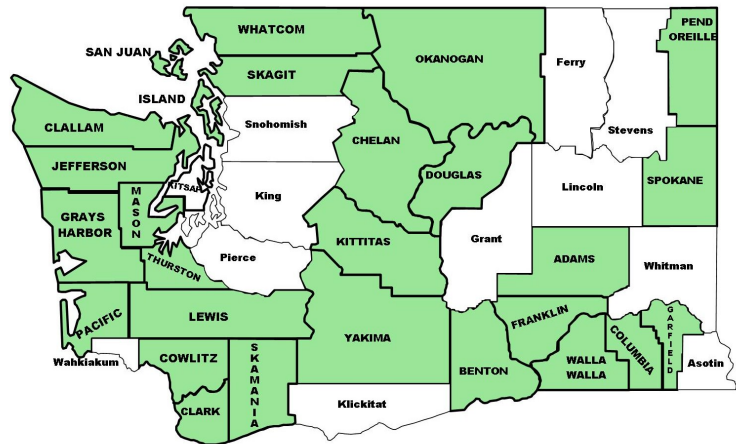


Tammy Devlin
Thurston
County
2014

MEMBERSHIP PY2011

- Adams
- Benton *
- Chelan
- Clallam *
- Clark
- Columbia
- Cowlitz *
- Douglas
- Franklin *
- Garfield *
- Grays Harbor *
- Island
- Jefferson *
- Kittitas
- Lewis *
- Mason *
- Okanogan
- Pacific *
- Pend Oreille
- San Juan
- Skagit
- Skamania *
- Spokane *
- Thurston *
- Walla Walla
- Whatcom *
- Yakima

* denotes initial voting membership of Risk Pool



	WCRP Members	State	% of State
Population	2,792,131	6,724,540	42%
Area (Sq. Miles)	45,649	66,544	69%
County Road Mileage	23,497	39,450	60%
# Bridges	2,094	3,243	65%
# Vehicles	7,428	N/A	N/A
# Worker Hours	28,233,906	N/A	N/A



GOVERNANCE

WCRP BOARD OF DIRECTORS, POOL YEAR 2011

Member Director listed first, others served as Alternate Directors

ADAMS

Jeffrey Stevens, Commissioner
Linda Reimer, Clerk of the Board

BENTON

Melina Wenner, HR Director/Risk Manager
Bryan Perry, Safety/Training
David Sparks, County Administrator

CHELAN

Keith Goehner, Commissioner
Cathy Mulhall, County Administrator

CLALLAM

Marge Upham, HR Director/Risk Manager
James Jones, County Administrator

CLARK

Mark Wilsdon, Risk Manager
Bronson Potter, Senior DPA

COLUMBIA

Andrew Woods, Public Works Director
Dwight Robanske, Commissioner

COWLITZ

Clyde Carpenter, Risk Manager
Claire Hauge, OFM Director

DOUGLAS

Steven Clem, Prosecuting Attorney
Ken Stanton, Commissioner
Thad Duvall, Auditor

FRANKLIN

Bob Koch, Commissioner
Steve Lowe, Prosecuting Attorney
Shawn Sant, Prosecuting Attorney
Ryan Verhulp, Chief Civil DPA/Risk Manager

GARFIELD

Dean Burton, Commissioner
Wynne McCabe, Commissioner
Robert K. Johnson, Commissioner

GRAYS HARBOR

Mike Wilson, Commissioner
Rose Elway, Dir. Management Svc. & Budget
Terry Willis, Commissioner
Dale Gowan, Director, Central Services

ISLAND

Angie Homola, Commissioner
Betty Kemp, Director, General Services Adm.

JEFFERSON

Philip Morley, County Administrator
David Alvarez, Chief Civil DPA

KITITITAS

Lisa Young, HR Manager
Alan A. Crankovich, Commissioner
Judy Pless, Budget & Finance Manager

LEWIS

F. Lee Grose, Commissioner
Harry Green, Risk Manager
Paulette Young, Safety Officer/RM

MASON

Ross Gallagher, Commissioner
Monty Cobb, Chief Civil DPA
Jerry Lingle, Commissioner (Deceased)
Lynda Ring-Erickson, Commissioner

OKANOGAN

Andrew Lampe, Commissioner
Nanette Kallunki, Administration Director
Steve Bozarth, Chief Civil DPA

PACIFIC

Bryan Harrison, County Administrator
Kathy Spoor, Risk Manager
Jon Kaino, Commissioner
David Burke, Prosecuting Attorney

PEND OREILLE

Laura Merrill, Commissioner
Diane Wear, Commissioner
John Hankey, Commissioner

SAN JUAN

Donald "Pete" Rose, County Administrator
David Kelly, Deputy Dir., Administrative Svc.

SKAGIT

Billie Kadrmas, HR Director/Risk Manager
Tim Holloran, County Administrator

SKAMANIA

Jim Richardson, Commissioner
Marilyn Butler, Risk Manager

SPOKANE

Steve Bartel, Risk Manager
Rob Binger, Senior DPA

THURSTON

Sandra Romero, Commissioner
Tammy Devlin, Risk Manager
Jon Tunheim, Prosecuting Attorney

WALLA WALLA

Jay Winter, Personnel/Risk Manager
Gregg Loney, Commissioner

WHATCOM

Randall Watts, Chief Civil DPA
Karen Goens, HR Manager

YAKIMA

Larry Peterson, Senior DPA
James Hagarty, Prosecuting Attorney
Terry D. Austin, Chief Civil DPA



We would like to acknowledge the Pool's longer-tenured board members and thank them for the remarkable service they have provided. Listed hereafter, with the counties from which they are appointed in parentheses, are the Pool directors and alternate directors with at least...

20 Years: Marge Upham (Clallam), Rose Elway (Grays Harbor), Marilyn Butler (Skamania), and Jay Winter (Walla Walla/WCRP/Lewis);

15 Years: Betty Kemp (Island), Melina Wenner (Benton), Claire Hauge (Cowlitz), and Randy Watts (Whatcom);

10 Years: Dean Burton (Garfield), Clyde Carpenter (Cowlitz), Tammy Devlin (Thurston/Lewis), Linda Reimer (Adams), and Harry Green (Lewis); and

5 Years: Keith Goehner and Cathy Mulhall (Chelan), Steve Clem and Thad Duvall (Douglas), Bryan Harrison (Pacific), Billie Kadrmas (Skagit), Rob Binger and Steve Bartel (Spokane), Larry Peterson (Yakima), Andrew Woods (Columbia), David Alvarez (Jefferson), Bronson Potter (Clark), and Andrew Lampe (Okanogan).

Unfortunately, we recently had to bid farewell to two of the longer-tenured board members as they left their respective counties. We extend our sincere thanks and good wishes to:

Rose Elway – Rose retired and left her employment with Grays Harbor County. Rose served as the alternate director from/for Grays Harbor County almost from the Pool's beginning in August 1988 through June 2011. During her long tenure, Rose presided over the Pool as President in Py2005 and served several terms (12 years) on its Executive Committee. She was a very committed and strong member of its Finance Committee. We extend our sincere thanks, and wish for Rose and her family the very best that life has to offer.

Harry Green - Harry represented Lewis County as an Alternate Director from 2001 through 2011. During his 10-year tenure with the Pool, he was an active member of the Risk Management Committee and served a couple of years as a Co-Chair of the Committee.



Washington Counties Risk Pool

Organization Summary 2011



Washington Counties Risk Pool (“Pool” or “WCRP”) was formed August 19, 1988, via an Interlocal Agreement signed by 15 of Washington’s 39 counties. Thirteen of the original members began utilizing WCRP programs and services that October, while the other two and another four that joined the Pool later that first year began receiving coverage as their insurance programs expired. Over its 23 plus years of operation, the Pool has continued to grow and now serves 27 counties.

The WCRP was established to provide its member counties with “joint” programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative, claims handling and risk management services. The WCRP operates under Washington’s “pooling” laws, specifically RCW Chapters 48.62 and 39.34 and WAC 200.100, and is overseen by the State Risk Manager with fiscal and accountability audits performed annually by the State Auditor.

The WCRP mission:

- *to provide comprehensive and economical risk coverage;*
- *to reduce the frequency and severity of losses; and*
- *to decrease costs incurred in the managing and litigation of claims.*

The Pool’s core values include:

- *being committed to learn, understand and respond to member insurance needs;*
- *establishing working relationships with all members who identify business issues and jointly developing solutions; and*
- *allocating resources to risk management in their own member county operations.*

The Pool’s Board of Directors and staff share a commitment to manage the organization based on sound business principles, benchmarked industry standards and measurable outcomes; and to continuous planning and innovation in product development and service delivery.

The enabling Interlocal Agreement was enhanced in 2000 with the addition of the Pool’s Membership Compact, a commitment to strengthen the Pool by helping its member counties implement local Risk Management Programs to reduce losses and support the best management of the WCRP and its resources. The Compact established obligations to support these goals through three major elements: membership involvement, risk control practices, and a targeted risk management program.

Joint Self-Insurance Liability Program: *WCRP members presently acquire \$20 million (with a county-by-county option to \$25 million) of joint liability coverage on a “per occurrence” basis for third-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury. The initial \$10 million of coverage is jointly self-insured; however, reinsurance is acquired to protect the Pool directly and its members indirectly from large losses. Members annually*

(Continued on page 9)



(Continued from page 8)

select an “occurrence deductible” of \$10,000, \$25,000, \$50,000, \$100,000, \$250,000, or \$500,000. The remaining insurance, up to \$15 million, is acquired as “following form” excess insurance. There are no aggregate limits to the claims payments for any one member county or all member counties combined.

Property Program and Other Coverages: Beginning with the 2005-06 policy year, the WCRP added fully-insured property coverage with limits of \$500 million (normal) and \$200 million (catastrophic) as a member county option. Twenty-six counties purchased this coverage for Py2012. Some members also use the Pool’s contracted insurance producer to secure insurance for special events and concessionaires, environmental hazards, and other coverages.

Governance: The WCRP is governed by a Board of Directors consisting of one Director (and at least one Alternate Director) designated by each member county. The Pool’s Board, comprised of both elected and appointed county officials, meets three times a year with its Annual Meeting in the summer. The Board is responsible for determining the liability coverage being offered (approving the insuring agreement or coverage document), the reinsurance to purchase, the excess insurance(s) to be jointly purchased or offered for purchase, and for approving the Pool’s annual operating budget, its work programs and the member-assessment formulae.

Regular oversight of the Pool is furnished by an 11-person Executive Committee, members of which are elected during the Annual Meetings by the Pool Board from its membership to staggered three-year terms. The present make-up includes 105 combined years of experience working with the Pool. The Executive Committee meets several times throughout the year to approve all WCRP disbursements and examine the Pool’s financial health; to approve case settlements that exceed member deductibles by at least \$50,000, and to review resolution strategies for all claims with incurred loss estimates exceeding \$100,000. The Committee also evaluates the Executive Director and the Pool’s operations and program deliverables. Committee members also participate in the Board’s standing committees (Finance, Personnel, Risk Management and Underwriting) for development or review/revision of the organization’s policies and coverage documents.

Staffing: Six of the Pool’s ten-person staff handles and/or manages the several hundred liability cases submitted yearly. These claims professionals have more than 90 years of combined claims handling experience. With the recently added resources, the “open” file count is declining, having been reduced to less than 400. Other staff are responsible for supporting Pool administrative needs and providing member services that include assessments of risks, training, compliance auditing, coverage development and marketing.

Professional Support: Other professionals from some of the most respected organizations worldwide are called upon regularly to address specific needs of the Pool: PricewaterhouseCoopers, LLP, furnishes independent actuarial services; Strategic Claims Direction, LLC, furnishes independent claims auditing services; Arthur J. Gallagher Risk Management Services, Inc., provides insurance producer (broker) and advanced loss control services. Also, claims audits are occasionally performed by the Pool’s insurers and reinsurers. These professionals are in addition to the many assigned defense counsel and the “pooling” oversight by the State Risk Manager and audits performed by the State Auditor.





FINANCIAL EXAMINATION AND REPORTS FROM THE STATE AUDITOR



The State Auditor's Office independently serves the citizens of Washington by promoting accountability, fiscal integrity and openness in state and local government. Working with governments and citizens, it strives to ensure the efficient and effective use of public resources. According to RCW 43.09.260, "The examination of the financial affairs of all local governments shall be made at such reasonable, periodic intervals as the state auditor shall determine. ...an examination of ...local government self insurance programs shall be made at least once every two years. On every such examination, inquiry shall be made as to the financial condition and resources of the local government; whether the Constitutions and laws of the state, the ordinances and orders of the local government, and the requirements of the state auditor have been properly complied with; and into the methods and accuracy of the accounts and reports.

The most recently published audit reports are available for viewing at:

<http://www.sao.wa.gov/EN/Audits/Pages/Search/AuditReportSearch.aspx>

(In the left-side box labeled "Government Type," select **Insurance Pool/Risk Management** before selecting **Washington Counties Risk Pool** from the right-side box.
Select from the listed reports.)

OR... you can find them on the WCRP website at: www.wcrp.info/reports.html

LOCAL GOVERNMENT SELF INSURANCE PROGRAM EXAMINATION

The Department of Enterprise Services, through the Risk Management Division, Administers the Local Government Self-Insurance Program (LGSI). The program provides approval and oversight of joint self-insured local government property/liability programs and individual or joint self-insured local government employee health/welfare (medical) benefit programs as provided in Chapter 48.62 RCW and WAC 200-100.

The mission of LGSI is to protect taxpayer resources by ensuring that local government self-insurers are informed about the programs's financial condition, participate in decisions which affect insurance services for entities they represent, and ensure compliance with laws and regulations designed to foster financially sound management practices.

The most recently published examination reports are available for viewing at:

<http://www.ofm.wa.gov/rmd/lgsi/poolrpts.asp>



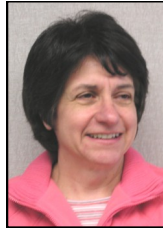
Washington Counties Risk Pool

ADMINISTRATIVE STAFF

ADMINISTRATION



EXECUTIVE DIRECTOR
Vyrle Hill



ACCOUNTING OFFICER
Sue Colbo



ADMIN ASSISTANT
Stacey Spears



SPECIALTY SERVICES
David Goldsmith



LOSS CONTROL COORDINATOR
Jill Lowe



ADMIN ASSISTANT
Claire Thompson
Retired Dec. 2011

MEMBER SERVICES DIVISION

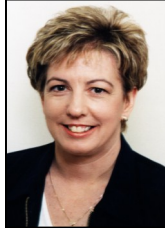
CLAIMS DIVISION



MANAGER
Susan Looker



SR CLAIMS ANALYST
Mike Cook



SR CLAIMS ANALYST
Candy Drews



CLAIMS ANALYST
Tammy Cahill



CLAIMS REPRESENTATIVE
Lisa Daly



CLAIMS ASSISTANT
Carli Gochnour

PROFESSIONAL SUPPORT

WCRP is backed by professionals with some of the best organizations worldwide:

PricewaterhouseCoopers LLP, for independent actuarial services

Kevin Wick, FCAS, MAAA
Craig Scukas, FCAS, MAAA

Strategic Claims Direction, for independent claims auditing services

Gary Jennings, Principal

Arthur J Gallagher Risk Management Services, Inc., for insurance producer (broker) and advanced loss control services

Mike Croke, ARM, Senior Vice President, Elizabeth Miser, Area Vice President & Darin Puryear, Area President
Julie McCallum, Vice President, Risk Management Services & Tim Chace, Director of Risk Control

DES Local Government Self Insurance Program - State of Washington

Shannon Stuber, Program Administrator

Auditor - State of Washington

Hon. Brian Sonntag

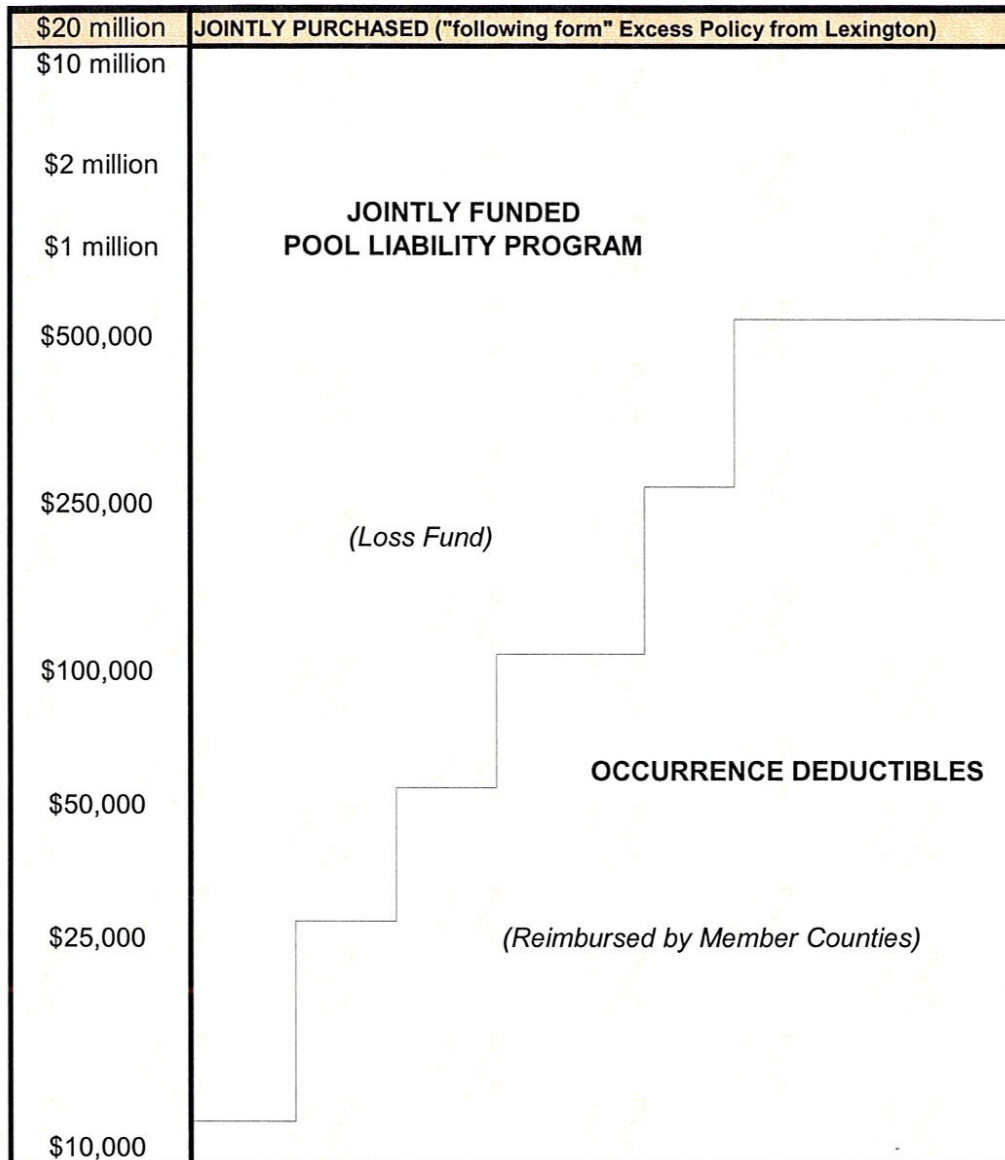


Washington Counties Risk Pool

SUMMARY OF 2010-11 LIABILITY INSURANCE PROGRAM

The Washington Counties Risk Pool provides its member counties with tort liability limits of \$20-\$25 million per occurrence. Subject to member-selected deductibles, this includes \$10 million in joint (self-insured) financial protection plus \$10-\$15 million in "following form" excess coverage. Member counties select their occurrence deductibles each policy year from either \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000 options. There are no annual aggregate limits to the payments the Pool might make for any one member county or all member counties combined.

The coverage form for the Pool's joint self-insurance liability policy covers bodily injury, personal injury, property damage, errors and omissions, and advertising injury.



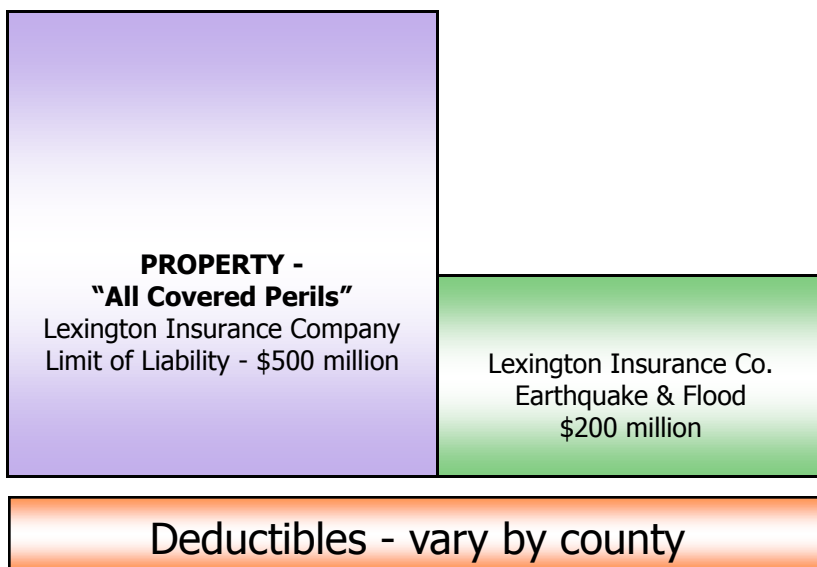


Washington Counties Risk Pool

SUMMARY OF 2010-11 PROPERTY INSURANCE PROGRAM

Participating Counties

- Adams
- Benton
- Chelan
- Clallam
- Clark
- Columbia
- Cowlitz
- Douglas
- Franklin
- Garfield
- Grays Harbor
- Island
- Jefferson
- Kittitas
- Lewis
- Mason
- Okanogan
- Pacific
- Pend Oreille
- San Juan
- Skagit
- Skamania
- Spokane
- Thurston
- Walla Walla
- Whatcom



Program Limits

Total Insured Values

Composite schedules total \$2.6 billion.

Covered Perils Include: Real and personal property, business interruption, extra expense rental value, demolition and increased cost of construction, valuable papers, accounts receivable, transit, EDP (Equipment/Media/Extra Expense), newly acquired property, course of construction, contractors equipment, errors and omissions, offsite storage and personal property of the insured's officers and employees while on the premises of the insured.

Limits of Liability

\$500,000,000 - All covered Perils, excluding EQ & FL

\$200,000,000 - Earthquake & Flood with:

\$25,000,000 Special Flood Hazard Areas

Deductibles

All Covered Perils: \$5,000 to \$50,000 (county option). Earthquake and Flood deductibles vary with specific circumstances.



Washington Counties Risk Pool

From Claims Manager *Susan Looker, AIC*

As counties go about their day to day business, third party liability claims are bound to occur. There are multiple offices/departments that make up county government. Budget cuts mean officials and employees now do more with less. In the automobile liability (AL) area, there are many county drivers, including public works employees and sheriff deputies. In the general liability (GL) area, there are miles of county roads to design and maintain, permits regarding land use that are issued, jails that are operated, and executive decisions that are made. In the employment liability (EL) area there are unions, contracts and management employees, as well as elected officials.

When claims are reported to WCRP, it is the responsibility of the claims staff to timely review each claim, determine coverage, investigate allegations, set appropriate reserves, report to proper authorities and resolve the claim in a fair and cost effective manner. Performing these functions during Py 2011 was a dedicated staff of five that increased to six as of January 2012. Mike Cook (Senior Claims Analyst) began his career in insurance in 1982; Candy Drews (Senior Claims Analyst) in 1998; Tammy Cahill (Claims Representative) in 1987; Lisa Daly (Claims Representative) in 2008; and Carli Gochnour (Claims Assistant) in 2012. Combined with me (1989), there are more than 90 years of claims/insurance experience addressing the WCRP member counties claims.

744 claims (and lawsuits) were added to the Pool's claims database during Py2011. This raised the to-date total (Oct 1988—Sep 2011) of third-party liability claims submitted by WCRP member counties to 17,982. The Pool paid \$13.09 million in indemnity and expenses during Py2011. With 17,584 of the claims designated as *closed*, only 398 claims remained classified as *open* at year's end. There were two open claims preceding Py2004 at the end of Py2011. The Pool's independent actuary estimates another 394 claims could be filed for covered occurrences from all WCRP years through September 2011. That would bring the estimated ultimate claims total to 18,376.

Approximately 103 of the 716 claims open during Py2011 were valued at \$45.9 million. Two cases went to trial and both resulting with defense verdicts. Eleven open cases are valued over \$1 million; the collective value of these cases is \$19.75 million. Of those eleven cases, seven involve joint and several liability.

Even though nearly 40% of the claims are resolved without any payment, more than \$191.3 million have been paid addressing the Pool's claims to-date. 39% of the amounts paid (\$74.9 million) are deductibles reimbursed by the applicable member counties. 4% (\$6.8 million) was covered under excess insurance policies and reimbursed by the applicable commercial insurers. The remaining 57% (\$109.6 million) represents the "risk shared" portion of the joint self-insurance coverage paid from "pooled" funds—\$51.7 million retained by the Pool itself and \$57.9 million reimbursed by its commercial reinsurers.

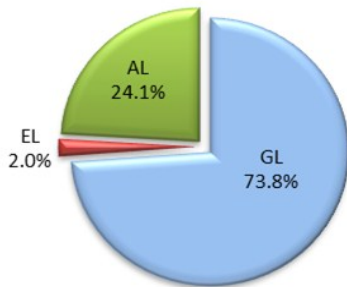
CASE DISTRIBUTION (Severity)

Value Range (between)		Count	Percentage
\$0	\$0	7,148	39.75
\$.01	\$5,000	8,594	47.79
\$5,000	\$10,000	581	3.23
\$10,000	\$25,000	546	3.04
\$25,000	\$50,000	389	2.16
\$50,000	\$100,000	292	1.62
\$100,000	\$250,000	239	1.33
\$250,000	\$500,000	104	0.58
\$500,000	\$1,000,000	56	0.31
\$1,000,000	Over	33	0.19

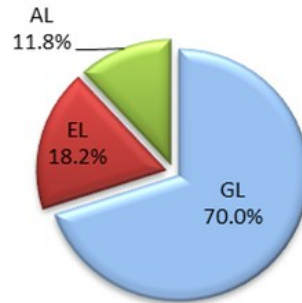
Open Events as of 9/30/11	
Pool Year	Open Claims
A-L (88-00)	1
M (00-01)	1
N (01-02)	0
O (02-03)	0
P (03-04)	6
Q (04-05)	11
R (05-06)	13
S (06-07)	34
T (07-08)	48
U (08-09)	60
V (09-10)	76
W (10-11)	141
Total Open	391



**Total # Events (Frequency)
by Claim Type
PTD through 9/30/2011**



**Incurred Loss Estimates (Severity)
by Claim Type
PTD through 9/30/2011**



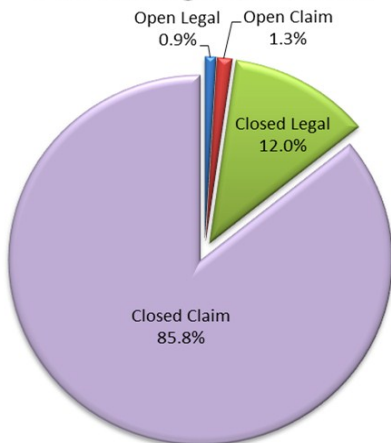
Washington Counties Risk Pool—Total of all Member Counties, PTD through 7/20/2011

Claim Type	# of Claims	Paid + Reserved	Average Cost Per Claim	% of Total Claims	% of Costs
Law Enforcement	2507	\$ 42.6 M	\$16,981	13%	18%
Negligent Vehicle Operation	2373	\$ 25.8 M	\$10,884	12%	11%
Employment Law Claims	476	\$ 43.3 M	\$90,863	2%	19%
Land Use Planning & Permits	530	\$ 11.6 M	\$21,979	3%	5%
Road Design & Maintenance	9283	\$ 41.5 M	\$ 4,469	47%	18%
All Other Allegations	4566	\$ 68.6 M	\$15,023	23%	29%

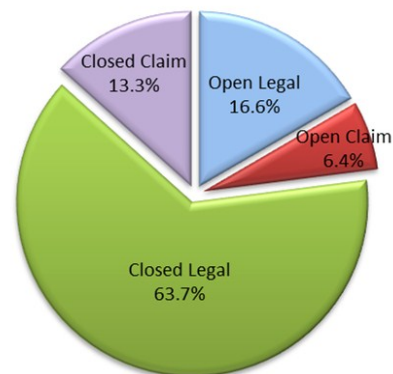
ALLOCATION OF INCURRED LOSSES by Claim Status, PTD through 9/30/11

Status	Incurred	Counties	WCRP SIR	Corridor	Total SIR	Insurers
Open Legal	\$ 39,442,935	\$ 17,882,935	\$ 2,380,000	\$ 4,400,000	\$ 24,662,935	\$ 14,780,000
Open Claims	15,112,882	5,738,282	1,609,600	2,765,000	10,112,882	5,000,000
Closed Legal	151,272,407	48,186,112	42,572,375	1,393,277	92,151,763	59,120,643
Closed Claims	31,563,996	21,742,268	6,471,712	170,548	28,384,527	3,179,468
TOTAL	\$ 237,392,220	\$ 93,549,597	\$ 53,033,687	\$ 8,728,825	\$ 155,312,107	\$ 82,080,111

**Total # Events (Frequency)
by Claim Status
PTD through 9/30/2011**



**Incurred Loss Estimates (Severity)
by Claim Status
PTD through 9/30/2011**





Washington Counties Risk Pool

From *David Goldsmith*, Member Specialty Services

Member Services (Specialty Services)

The Member Services division of the Washington Counties Risk Pool includes both loss control and specialty services. Specialty Services includes marketing (internal and external), Membership Compact compliance oversight, Strategic Plan administration, Property Program services, and other activities designed to assist the Pool's member counties with the administration of their risk management and insuring program(s), and to further the products and services provided with membership in the WCRP.

Newly Elected Officials / Pool Directors Orientations

Major features of the 2011 Spring Conference were orientations conducted for fourteen newly elected officials (county commissioners/council members, sheriffs and prosecuting attorneys) and twelve more recently appointed Pool directors/alternate directors. The newly elected orientation reviewed the history and operations of the Pool, as well as how a pool conducts its business differently from that of a commercial insurer, both in structure and in operating philosophies. The recently appointed director orientation focused on the role of the Pool director/alternate director including how to read the financial statements as well as other factors which are used to indicate the health of the Pool. Both orientations were well received. In addition to these group orientations, individual orientations were conducted throughout the year as new directors/alternate directors were appointed and when requested by other newly elected officials who were unable to attend the group session.

Member County Visitations

A cornerstone to a success of the WCRP program is open communication with each county's elected and appointed leadership. To this end, Executive Director Vyrle Hill and Member Services Representative David Goldsmith met with leadership of each of the WCRP member counties over the course of the spring and summer. The focuses for these discussions were the financial and operational health of the Pool, loss control and educational programs, assistance provided by the Pool for its membership, and the insurance industry assessment/outlook.

Marketing/Partnerships

Marketing visitations were conducted with four non-member counties expressing the advantages of membership with the WCRP as a member-driven, Washington counties-only service organization. Also, the Pool was represented at the annual conferences of WSAC and WACO to maintain its presence as a resource and partner to counties within the state of Washington.

Strategic Plan Update

Every year the Board of Directors reviews, and amends as necessary, the WCRP Strategic Plan. This year's review resulted in a fairly major overhaul of the plan, eliminating and consolidating various elements. The result is a more condensed and focused plan which will become the driver for future annual work programs.

Property Program Administration

A Property Inventory Management System (PIMS) was developed by the Pool and at the expense of those counties participating in the Washington Counties Property Program. PIMS continues to be upgraded with more recent efforts focused upon making the system more 'user friendly' and closer alignment with the underwriting needs for the property program. The next PIMS upgrade is expected to be launched prior to spring's call to the participating counties for statement of values updates.



Washington Counties Risk Pool

From Loss Control Coordinator *Jill Lowe*



Loss Control works closely with the Claims department and the Risk Management Committee of the Board of Directors to develop training, conduct site visits and offer loss control expertise that will positively impact Pool losses. Decreasing losses isn't easy. We are effective though. We work with members to integrate best practices. We offer cutting edge workshops with presenters who challenge as well as educate workshop attendees. By gathering and utilizing the wisdom of and within member counties, we work to ensure positive loss control change.

Loss Control Workshops offered in Pool Year 2011:

Employment Law Related Claims - Risk Pool claims are relatively consistent with claims experienced by public entities throughout the United States. Employment law related claims, while relatively few in number, account for the highest average per claim cost. Performance evaluations are critical in identifying employees who have performance and conduct issues. During this pool year, "Conducting Performance Evaluations" workshops were enthusiastically received filling all available seats in 12 locations throughout the state.

Management & Supervisory Training – WCRP's instructors guide supervisory staffers through a curriculum addressing a myriad of current issues, and how to constructively hone their skills in areas including establishing/maintaining a leadership atmosphere, managing a diverse workforce, conducting pre-employment inquiries and employee performance reviews, and avoiding/responding to claims of harassment, bullying and discrimination, along with a review of employment-related liability legal cases. Five Management & Supervisory Training workshops were offered with staff from 25 different counties participating and 465 persons attending. In total, this class has been offered 49 times throughout the state.

Collision Investigation Training – In this workshop risk managers, claims administrators and county employees involved in the oversight of claims and traffic related investigations were reminded of the documentation needed above and beyond what is provided in traditional collision reports. This workshop was taught by a Spokane County Sheriff's Office Detective with the Traffic Unit.

Employment Law Dos and Don'ts – This workshop addressed employment related claims from the viewpoint of the litigation attorney. Attendees received advice and direction beginning with advertising a position to receiving a jury verdict on a litigated case. Avoiding claims and positioning a best defense was discussed.

Other Loss Control Programs

On-Site Risk Assessments - Working with the Loss Control Department of Arthur J. Gallagher Risk Management Services, Inc., the Pool's designated insurance producer, we completed in-depth risk hazard assessments of all member counties. Transfer stations, inmate medical issues, quarries, parks and fairgrounds are just a few of the county functions that pose a significant potential loss control hazard. Without exception, we found that counties are aware of the potential hazards posed and they strive to be proactive in ensuring that the public is safe while utilizing county facilities.

Law Enforcement – Law enforcement officers in Washington State are required to receive a minimum of 24 hours of training per year. WCRP provides nearly twice the number of required hours of training by

(Continued on page 18)



(Continued from page 17)

providing daily training bulletins. The bulletins address high risk law enforcement issues. Lexipol provides the bulletins and documents the subject matter and time. Three quarters of member counties took advantage of this offering.

Membership Compact – WCRP's Membership Compact, an agreement amongst and between the member counties, outlines educational courses required for each member's designated risk management and claims administration personnel, which includes both introductory and advanced-level courses offered through the American Institute for Chartered Property Casualty Underwriters/Insurance Institute of America. Study reviews and exams are offered by WCRP several times a year. All 27 County Risk Managers met Basic and/or Advanced Certification requirements. What about County Claims Administrators?

Scholarships/Train-the-Trainer/Sponsorships – Funds have been approved yearly to help provide extensive, highly specialized and/or instructor-level risk management-related training that WCRP is unable to provide directly. County employees apply for scholarship funds with approval from the respective county's designated risk manager. The Pool also supports special training requests from/ and/or in conjunction with its member counties including 16 human resource professionals and elected officials who attended the Association of Washington Cities Labor Relations Institute and 7 county risk managers who attended the PRIMA Annual Conference in Portland Oregon.

New County Public Officials Training Program (formerly Certified Public Officials) – WCRP is one of the sponsoring agencies offering "core" and "elective" courses in county/public entity operations and management for county officials and personnel in Washington State. The program helps familiarize and acquaint elected and appointed officials and county staffers with the responsibilities and potential liabilities related to serving in public office. Through the County Training Institute, the risk pool offers an on-line Risk Management course.

Member Roundtables – Usually scheduled with the thrice-yearly Board Meetings, WCRP staff with assistance from the Pool's Risk Management and Underwriting committees, host legal liability trainings and facilitate roundtable discussions. In an informal setting, county Risk Managers and Claims Administrators share successes, concerns and various risk-related issues, and learn of new trends in the insurance industry. Right of Way Issues and Jail Liability are two subject areas addressed during recent roundtable discussions. CLE credits are often earned by attorneys who are present.

Model Policies/Reference Library – WCRP's website features an extensive up-to-date electronic library of model policies and procedures covering the broad range of issues its counties offer. Why reinvent the wheel when someone before us has already put in that time and effort? If the subject you need isn't there, just let us know and we'll find it.

Coming in Pool Year 2012:

Employment Law – Employment law related claims and lawsuits can often be avoided by addressing uncomfortable issues quickly and directly. WCRP will offer 8 workshops on Conducting Difficult Conversations. Decreased liability, increased productivity, office morale and employee retention are benefitted by skillfully handling difficult conversations. Instructors will use case studies as teaching and learning tools, and attendees will leave feeling more confident in knowing what they should and should not say.

Law Enforcement – WCRP will continue to contract with Lexipol to provide law enforcement officers Daily Training Bulletins (DTB's). DTB's are accessed each day via computer and take approximately 5 minutes to complete. The subject matter is geared toward Washington State Law. The passing of each test offered at the end of the daily bulletin and the subject matter is documented. For most counties during this time of recession, especially the smaller ones, the training requirement has become onerous due to cuts to budgets and staff coverage limitations. If all member counties signed up for the Daily Training Bulletins, nearly 1200 law enforcement officers in Washington State would be receiving daily training in high risk subjects.



WASHINGTON COUNTIES RISK POOL COMPARATIVE STATEMENT OF NET POSITION

As of September 30, XXXX

	AUDITED				
	FY 2011	FY 2010 1 Year Ago	FY 2009 2 Years Ago	FY 2006 5 Years Ago	FY 2001 10 Years Ago
ASSETS:					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 35,737,237	\$ 33,026,490	\$ 22,767,431	\$ 18,262,636	\$ 8,584,700
Investments		-	-	-	3,791,188
JSILP Deductibles & Reinsurance Receivables	1,837,842	2,105,001	8,981,245	1,106,316	465,632
JSILP Assessments Receivable	2,139,792	1,917,055	2,086,033	1,394,041	2,199,423
Member Reassessments Receivable	-	-	-	1,022,823	5,032,724
WCPP Assessments Receivable	243,299	535,517	706,987	960	
Prepaid Expenses	2,000	2,850	-	-	-
Other Accounts Receivables	33,322	116,230	109,009	1,598	-
A. Johnson Restitution Recovery		-			
TOTAL CURRENT ASSETS	\$ 39,993,492	\$ 37,703,143	\$ 34,650,705	\$ 21,788,374	\$ 20,073,667
NONCURRENT ASSETS:					
Capital Assets (Net of Accumulated Depreciation)	\$ 1,133,848	\$ 1,183,510	\$ 1,058,202	\$ 758,932	\$ 511,640
TOTAL ASSETS	\$ 41,127,340	\$ 38,886,653	\$ 35,708,907	\$ 22,547,306	\$ 20,585,307
LIABILITIES:					
CURRENT LIABILITIES:					
Claim Reserves	\$ 5,572,978				\$ 11,760,146
Reserves for Open Claims		\$ 3,861,864	\$ 3,354,196	\$ 2,680,897	
IBNR Claims Reserve		2,283,272	3,738,490	5,058,118	
\$400M x \$100M AL/GL Corridor Reserves	8,574,936				
Reserves for Open Claims		3,829,925	3,476,000		
IBNR Claims Reserve		3,180,914	1,659,214		
Reserve for ULAE	844,207	889,299	904,149	644,672	515,000
Accounts Payable	496,219	636,229	81,019	224,319	16,526
Accrued Liabilities	85,266	77,370	72,808	41,870	90,736
Unearned Revenue - Members Assessments	14,523,683	13,918,411	14,260,668	9,141,407	6,586,894
Custodial Account - L&I Retro Program					
TOTAL CURRENT LIABILITIES	\$ 30,097,289	\$ 28,677,284	\$ 27,546,544	\$ 17,791,283	\$ 18,969,302
NET ASSETS:					
Restricted Net Assets - Underwriting Policy Section D	\$ 5,464,009	\$ 5,847,409	\$ 6,345,958	\$ 3,134,357	\$ 1,104,365
Restricted Net Assets - Franjo Beach Property	150,000	150,000			
Capital Assets Net of Debt	983,848	1,033,511	1,058,202	758,931	511,640
Non Restricted Net Assets	4,432,194	3,178,450	758,203	862,735	-
Total Net Assets	\$ 11,030,051	\$ 10,209,370	\$ 8,162,363	\$ 4,756,023	\$ 1,616,005
TOTAL NET ASSETS AND LIABILITIES	\$ 41,127,340	\$ 38,886,654	\$ 35,708,907	\$ 22,547,306	\$ 20,585,307



**WASHINGTON COUNTIES RISK POOL
STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN WCRP NET POSITION
For Fiscal Years Ending September 30, XXXX**

	Audited				
	FY 2011	FY 2010 1 Year Ago	FY 2009 2 Years Ago	FY 2006 5 Years Ago	FY 2001 10 Years Ago
OPERATING REVENUES:					
Member Assessments -- Liability Insurance	\$ 11,354,006	\$ 11,508,205	\$ 9,139,429	\$ 9,800,082	\$ 6,269,032
Member Assessments -- Property Insurance	2,606,107	2,890,723	2,546,189	1,438,461	
Insurance Recovery				1,152,677	
Reassessments for Prior Years					-
Miscellaneous Operating Income	106,930	110,964	70,566	-	18,109
Total Operating Revenues	<u>\$ 14,067,043</u>	<u>\$ 14,509,892</u>	<u>\$ 11,756,184</u>	<u>\$ 12,391,221</u>	<u>\$ 6,287,142</u>
OPERATING EXPENSES:					
Current Year's "Claims" Reserve	\$ 1,570,125	\$ 1,502,751	\$ 1,437,299	\$ 1,353,914	
Current Year's "Corridor" Reserve	2,375,000	2,475,000	1,825,000		
Adjustment of Prior Years' Claims Reserves	(850,922)	(1,652,831)	(878,038)	(1,520,697)	3,537,189
Over SIR Claims Expense (unbilled)					
Reserve for ULAE	(45,092)	(14,850)	43,585	(83,139)	-
Reinsurance Premiums	5,480,000	5,480,000	3,697,000	6,398,438	3,263,852
10x10 Excess Insurance Premiums	459,103	515,258	287,452	302,581	
Optional 5x20 Excess Insurance Premiums	65,951	64,500	82,209	71,100	
Property Insurance Premiums	2,535,007	2,787,059	2,460,925	1,443,465	
Depreciation Expense	49,662	53,666	45,564	74,236	
Bad Debt Expense		-	-	-	
Operating Expenditures	1,663,458	1,474,664	1,608,706	1,147,101	930,153
Total Operating Expenses	<u>\$ 13,302,292</u>	<u>\$ 12,685,217</u>	<u>\$ 10,609,702</u>	<u>\$ 9,186,999</u>	<u>\$ 7,731,194</u>
Operating Income	<u>\$ 764,751</u>	<u>\$ 1,824,675</u>	<u>\$ 1,146,482</u>	<u>\$ 3,204,222</u>	<u>\$ (1,444,052)</u>
NON OPERATING REVENUES (EXPENSES):					
Interest Income	\$ 55,930	\$ 67,537	\$ 221,392	\$ 483,808	\$ 512,448
Rental Income on Suites 104 & 110		5,322	20,518		
Suite Rental Expenses		(528)	(4,533)		
Gain (Losses) on Capital Asset Disposition		-	-	307,555	(22,390)
Miscellaneous Income		-	-	329	
Fraud: Recovery of Franjo Beach Property		150,000			
Total Nonoperating Revenues (Expenses)	<u>\$ 55,930</u>	<u>\$ 222,331</u>	<u>\$ 237,377</u>	<u>\$ 791,692</u>	<u>\$ 490,058</u>
CHANGES IN NET ASSETS	<u>\$ 820,681</u>	<u>\$ 2,047,006</u>	<u>\$ 1,383,859</u>	<u>\$ 3,995,914</u>	<u>\$ (953,994)</u>
TOTAL NET POSITION, Beginning of Year	\$ 10,209,370	\$ 8,162,363	\$ 6,778,505	\$ 760,110	\$ 2,569,999
TOTAL NET POSITION, End of Year	<u>\$ 11,030,051</u>	<u>\$ 10,209,369</u>	<u>\$ 8,162,363</u>	<u>\$ 4,756,024</u>	<u>\$ 1,616,005</u>



WASHINGTON COUNTIES RISK POOL STATEMENT OF CASH FLOW

For the Fiscal Years Ended September 30, 2011 and September 30, 2010

	Year Ended 9/30/2011	Year Ended 9/30/2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from members & insurers	\$ 15,091,864	\$ 21,377,105
Cash payments for goods and services	(11,566,518)	(10,371,363)
Cash payments to employees for services	(870,530)	(790,039)
	\$ 2,654,816	\$ 10,215,703
CASH FROM CAPITAL ACTIVITIES:		
Purchase of Equipment & Building	-	\$ (28,974)
Cash from Rental of Office (net)	-	4,793
	-	\$ (24,181)
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	\$ 55,930	\$ 67,536
	\$ 55,930	\$ 67,536
Increase (Decrease) in Cash and Cash Equivalents	\$ 2,710,747	\$ 10,259,058
Cash and Cash Equivalents - Beginning of the Year	\$ 33,026,490	\$ 22,767,431
Cash and Cash Equivalents - End of the Year	\$ 35,737,238	\$ 33,026,490
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
OPERATING INCOME	\$ 764,752	\$ 1,824,675
Adjustments to Reconcile Net Operating Income to Net Cash provided (used) by Operating Activities:		
Depreciation Expense	49,662	53,666
Decrease (Increase) in Accounts Receivable	419,547	7,209,471
Increase (Decrease) in Claims Reserves	(572,158)	(947,550)
Increase (Decrease) in AL/GL Corridors Reserves	1,564,096	1,875,626
Increase (Decrease) in Reserve for ULAE	(45,092)	(14,850)
Increase (Decrease) in Unearned Revenue	605,272	(342,257)
Increase (Decrease) in Accounts Payable	(140,010)	555,210
Increase (Decrease) in Accrued Liabilities	7,896	4,562
Increase (Decrease) in Prepaid Expenses	850	(2,850)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,654,816	\$ 10,215,703
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Investment Held for Resale - Franjo Beach Property	-	\$ 150,000
Recovery of Franjo Beach Property	-	(150,000)



Washington Counties Risk Pool

CLAIMS DEVELOPMENT

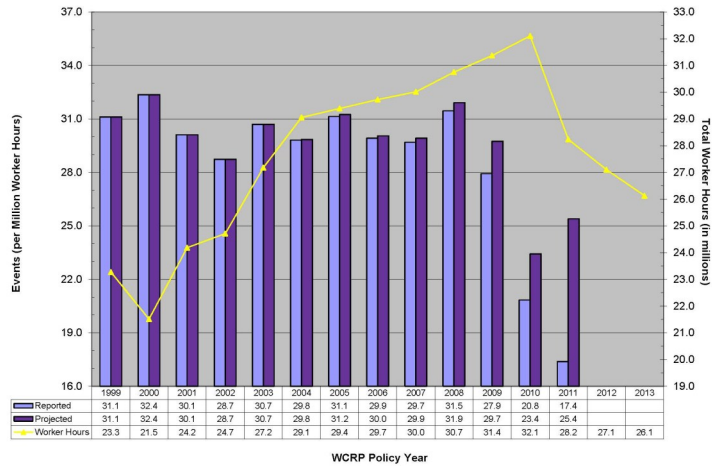
October 1, 2002 - September 30, 2011 (in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
1. Required Contribution and investment revenue:										
Eamed	7,056	10,416	11,722	12,042	13,183	12,222	12,203	11,994	14,732	14,123
Ceded	3,330	4,286	6,791	7,019	6,398	3,773	3,806	3,697	5,480	5,480
Net eamed	3,725	6,130	4,931	5,023	6,784	8,449	8,397	8,297	9,252	8,643
2. Unallocated expenses	1,201	1,349	1,376	1,590	2,955	4,149	4,099	4,528	4,880	4,728
3. Estimated claims and expenses end of policy year:										
Eamed									14,000	13,000
Ceded									9,750	8,950
Net incurred	1,860	1,615	1,900	1,510	1,850	3,895	3,875	4,075	4,250	4,050
4. Net paid (cumulative) as of:										
End of policy year:	36	5	68	-	101	75	87	-	41	43
One year later	160	240	274	161	443	208	227	198	519	
Two years later	282	596	426	295	1,001	751	541	605		
Three years later	618	836	655	773	1,251	1,278	1,245			
Four years later	927	1,103	928	974	1,414	1,655				
Five years later	1,075	1,202	957	1,066	1,463					
Six years later	1,096	1,279	1,006	1,069						
Seven years later	1,107	1,291	1,009							
Eight years later	1,108	1,292								
Nine years later	1,147									
5. Reestimated ceded claims and expenses	4,656	10,946	3,818	5,588	12,225	9,910	6,529	9,140	8,700	8,950
6. Reestimated net incurred claims and expenses:										
End of policy year:	1,860	1,615	1,900	1,510	1,850	3,895	3,875	4,075	4,250	4,050
One year later	1,685	1,890	1,765	1,610	2,345	3,770	3,700	3,875	4,300	
Two years later	1,380	1,950	1,510	1,890	2,575	3,350	3,200	3,660		
Three years later	1,445	1,505	1,335	1,540	2,060	3,520	2,971			
Four years later	1,432	1,343	1,168	1,320	1,579	3,090				
Five years later	1,392	1,348	1,084	1,103	1,575					
Six years later	1,275	1,348	1,055	1,070						
Seven years later	1,230	1,311	1,039							
Eight years later	1,206	1,292								
Nine years later	1,147									
7. Increase (decrease) in estimated net incurred claims and expenses from end of policy year	(713)	(323)	(861)	(440)	(275)	(275)	(805)	(904)	(415)	50

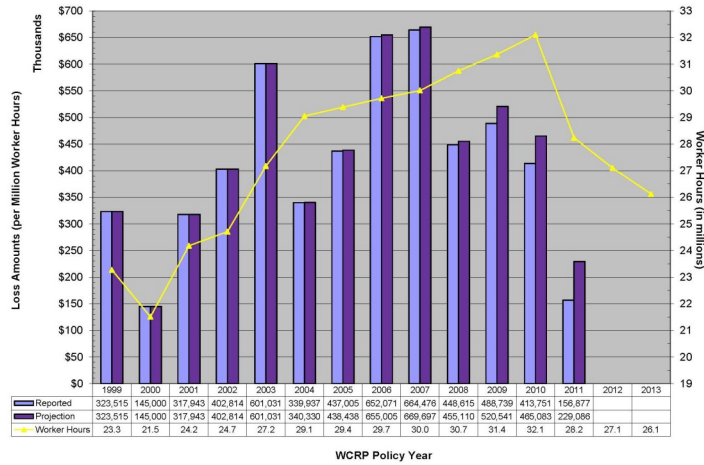


Washington Counties Risk Pool

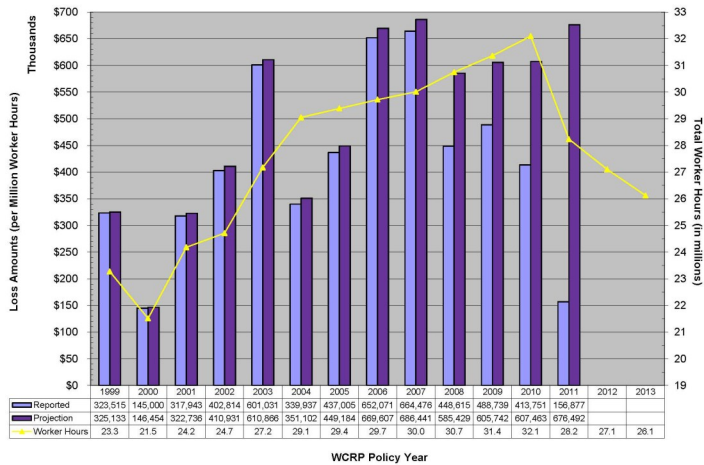
FREQUENCY of 3rd-PARTY LIABILITY EVENTS with EXPOSURE DATA
Summary of Event Frequencies at close of Py2011



SEVERITY of 3rd-PARTY LIABILITY EVENTS with EXPOSURE DATA
Summary of Event Severities at close of Py2011



SEVERITY of 3rd-PARTY LIABILITY EVENTS with EXPOSURE DATA
Summary of Actuarially-Projected Event Severities at close of Py2011





**WASHINGTON
COUNTIES
RISK POOL**

Created by Counties for Counties

2558 R.W. Johnson Rd SW, Suite 106
Tumwater WA 98512-6103

Phone: (360) 292-4500

Fax: (360) 292-4501

www.wcrp.info

REQUEST FOR INFORMATION:

The information included is designed to provide a general overview of the Washington Counties Risk Pool. Questions concerning this information or requests for additional information should be addressed to Executive Director Vyrle Hill or Accounting Officer Sue Colbo.
