

Annual Report 2012



**WASHINGTON
COUNTIES
RISK POOL**

Created by Counties for Counties

www.wcrp.info



On the front cover: *Jefferson County Courthouse*
On the back cover: *Benton County Courthouse*



Washington Counties Risk Pool

Created *by* Counties *for* Counties

Annual Report 2012

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Washington Counties Risk Pool



From WCRP Executive Director *Vyrle Hill*

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:

The presentation of the Annual Report of the Washington Counties Risk Pool ("Pool" or "WCRP") represents the culmination of the operating year; that is, except for resolving outstanding claims and lawsuits. 2011-12 ("Py2012") was the Pool's 24th operating year. The Pool's journey has included its fair share of obstacles, but there have been many learning experiences with pleasant rewards as well.

Membership: The Pool's membership grew from fifteen to nineteen during its first operating year, and then continued to grow over the years with eleven (county) additions, three departures and one return by Py2003 when its membership reached twenty eight Washington counties. WCRP's membership remained stable until another withdrawal occurred at the end of Py2010. Membership has remained at the present 27 counties since October 2010.

Joint Self-Insurance Liability Program: The Pool has provided 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 \$1M during the Pool's initial two months to \$5M, then to \$10M and onto \$15M before reaching the \$20M occurrence limit that has existed since 2003-04. NOTE: Optional additional occurrence limits of \$5M have been available for individual members since 2005-06.

Submission trends have been quite favorable – down 15% (110 claims) from Py2011, which was down 3% (25 claims) from Py2010. Py2012 submissions were down more than 34% (332 claims) from Py2009, which was the Pool's 'high-water' mark.

Even more significant was the mere \$5.4M increase in "ground up" Incurred Loss estimates (payments made plus reserve estimates for open claims) during Py2012. This raised the Pool's life-to-date Incurred Loss totals to \$242.8M. The Py2012 amount represents just 34% of the corresponding \$16.0M increase in Py2011, 30% of the \$17.8M in Py2010, and only 26% of the \$20.8M annual average during Py2007 – Py2009.

Washington Counties Property Program: Seven years ago (Py2006) the Pool began offering as a member option a fully insured and jointly-purchased property insurance coverage. Participation has more than doubled and total covered property values have nearly doubled. During Py2012, twenty six counties with covered properties totaling nearly \$2.7 billion participated in this program. There were 13 property claims submitted in Py2012 with incurred losses-to-date totaling nearly \$0.66M.

Financial: The Pool's financial position improved still further during Py2012 and continues to remain the strongest it has ever been. Here are a few highlights:

Net Operating Income realized was \$1.8M. This represented a 132% year-over-year increase and nearly tripled the \$0.6M averaged annually the past ten years (Py2002-11). Contributing substantially to Py2012's improvement was a \$1.3M reduction by the Pool's independent actuary in the claims reserve estimates for the WCRP-retained coverage layer (\$4.3M from \$5.6M).

Interest Income slipped even further (-16%) in Py2012 due to lower interest rates for municipal investors and Washington State's investment regulations.

Claims Reserves for the Pool's direct reserving exposures (in total) decreased slightly to \$14.7M in Py2012, down 2.0% from Py2011. This represented a 23% increase from the \$11.9M averaged the past ten years (Py2002-11). The Py2012 amount includes:

- The \$4.3M noted earlier for losses in the coverage layer retained by the Pool is 23% less than the year before and just half of the average of the past ten years (Py2002-11);
- \$9.4M for the combined aggregated stop losses from the retained layers associated with the "corridor" program for automobile and general liabilities, up 10% from the year before. NOTE: This program is six years old, but its liabilities are only beginning to mature. Its occurrence coverage maximum has been \$1.0M since Py2010 following the \$0.5M level applicable during its first three years. Its occurrence coverage minimum remains the greater of the applicable member county's deductible or \$0.1M.
- \$1.0M for unallocated loss adjustment expenses, up 17% from one year ago and up one-third from the past ten years' (Py2002-11) average.

Total Assets grew \$1.0M (2%) during Py2012 to \$42.1 million. Current assets increased \$1.2M (3%) while non-current assets decreased \$0.2M (-16%). Since its low-point that existed at year-end Py2003, the Pool's Total Assets have nearly quadrupled (+359%). Also, Py2003's current assets, excluding member reassessments receivables ("retroactive assessments"), represented only 52% of that year's current liabilities. Py2012's current assets, on the other hand, totaled 146% of the year's current liabilities.

(Continued on page 18)



Washington Counties Risk Pool

*From **Steve Bartel**, PY-2012 President*



Steve Bartel
Spokane
County,
2012
President

It was my distinct honor to serve as your Pool President for PY-2012. Several challenges were presented, and then met head on by our extremely dedicated and professional team of staff and member counties' representatives with positive results. The Pool continued its forward-looking focus upon the ever-changing insurance marketplace. We increased our loss control relationship with our reinsurers and broker and demonstrated a high level of integrity throughout a period of larger than normal turnover of valuable, knowledgeable and experienced designees from our member counties. I am very encouraged with those member representatives that have stepped-up their dedication and responsibility to the Pool and welcome all the new member appointees to "our" organization. Our future remains bright as we continue to recognize that the strength of the Pool has always been the excellent relationship between Pool staff and the membership overall. WCRP is proud of the following accomplishments over the past year:

- Continuing on the path of reducing the files adjudicated by the Pool's Claims Manager so she has more opportunity to focus directly upon the development and training of the claims and the administration of the member counties' claims.
- Pool Officers, Executive Director and Producer meeting with reinsurance and excess liability insurance companies' representatives in Boston, New York and San Francisco that resulted in both an increased Pool responsibility with a quota share across all casualty coverage lines and very favorable renewal rates.
- The Pool's net position (members' equity) continuing to increase and resulting in an even higher underwriting confidence factor, compliance with current and proposed State funding requirements upon the pooling community, and greatly-enhanced organizational and financial versatility overall.
- Modification of the Pool's Investment Policy and establishment of an Investment Committee to oversee the Pool's investment management and increase the Pool's investment opportunities and investment returns.
- Increasing the number of elected Pool officers to three to now include a Vice President (and President-elect) along with the President Secretary/Treasurer.

Looking back, I have personal satisfaction from the true feeling of promise that we (the Pool) will continue to meet all challenges with the same level of focus, cooperation and commitment that has made this Pool the successful organization it has become. And forward looking, I am also encouraged that in passing the torch onto President Wilsdon and Vice President Devlin, their dedication and leadership will continue to provide the Pool and its member counties with positive, efficient and effective direction.

*From **Mark Wilsdon**, PY-2012 Secretary/Treasurer and PY-2013 President*



Mark Wilsdon
Clark
County,
Secretary/
Treasurer 2012
And 2013
President

My fellow Board members, it's been a great year and it's been my honor to serve as your Secretary/Treasurer. We have endured several hurdles this PY, and I believe we have overcome them stronger than ever.

Our investment returns are poor, many of our long time experienced members have just turned over, and we have faced potentially devastating policy coverage challenges as a result of the "Innocence Project". These all present challenges to our financial security, decision making abilities with so many new members, and our ability to cover our collective exposures.

We decided to more actively manage our investments and our respective counties' assets for a better return on our citizens' tax dollars. So far, it seems we will see a positive result. By layering our investments among three public entities based upon return rates dates of need requirements while staying within legally mandated investment constraints, we believe our returns will increase overall by several hundred percent. I would like to specifically mention our Executive Director and President for their Leadership in making this happen.

It seems the "old-guard" has either retired or not been reelected. Regardless, they're no longer employed with a Member County and hence a WCRP decision-maker. While the continuity issues may seem to be a challenge, they in fact present opportunities for us to start with fresh faces, no preconceived notions, and lots of energy to be the best pool we can be. I am excited about all the new leadership and their energy they bring to the table. Just because a member representative is new doesn't mean they come without experience or capabilities.

I am pleased we continue to endure, even during these challenging times. Our joint coverage document we all wrote together is still standing up; even in the face of new challenges. Cyber losses, losses that occurred before member admittance or the Pool's existence, and losses that occur in the marketplace, such as Hurricane Sandy, all impact our marketability, yet we continue to endure and thrive because of you!

I look forward to the upcoming year as your next President and hope that I can successfully follow such a long line of great past Presidents.



Washington Counties Risk Pool

Executive Committee PY2012

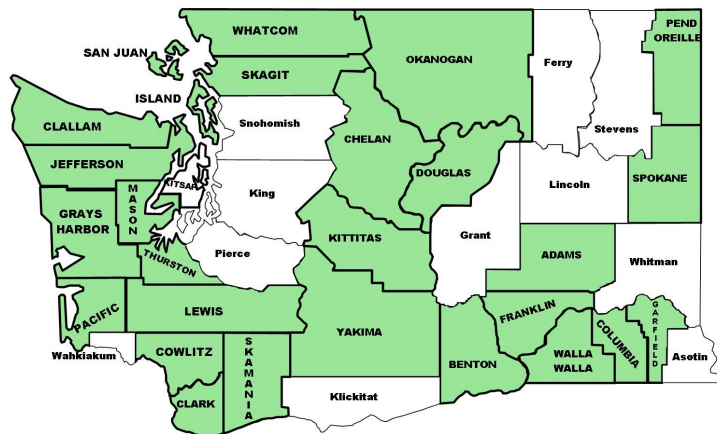
(Term Ending 9/30/XXXX)



MEMBERSHIP PY2012

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

* Founding Member



	WCRP Members	State	% of State
Population	2,829,870	6,817,770	42%
Area (Sq. Miles)	45,649	66,544	69%
County Road Mileage	23,487	39,337	60%
# Bridges	2,106	3,262	65%
# Vehicles	7,347	N/A	N/A
# Worker Hours	27,100,208	N/A	N/A



GOVERNANCE

WCRP Directors and Alternate Directors, Pool Year 2012

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
Rich Sill, Code Enforcement Manager
Michael Chapman, Commissioner
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
Thad Duvall, Auditor
Ken Stanton, Commissioner

FRANKLIN

Bob Koch, Commissioner
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
Terry Willis, Commissioner
Dale Gowan, Director, Central Services

ISLAND

Angie Homola, Commissioner
Elaine Marlow, Budget Director
Betty Kemp, Director, General Services Adm.

JEFFERSON

Philip Morley, County Administrator
David Alvarez, Chief Civil DPA

KITTITAS

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

LEWIS

F. Lee Grose, Commissioner
Paulette Young, Safety Officer/RM

MASON

Tim Sheldon, Commissioner
Steve Bloomfield, Commissioner
Lynda Ring-Erickson, Commissioner

OKANOGAN

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

PACIFIC

Kathy Spoor, County Administrative Officer
Lisa Ayers, Commissioner
David Burke, Prosecuting Attorney

PEND OREILLE

Laura Merrill, Commissioner
Alan Botzheim, Sheriff
Mike Lithgow, Director of Community Dev.

SAN JUAN

Bob Jean, Interim County Administrator
Donald "Pete" Rose, County Administrator
Stan Matthews, Dep. Dir., Administrative Svc.
David Kelly, Dep. Dir., Administrative Svc.

SKAGIT

Jessica Neill Hoyson, HR Director/Risk Mgr.
Billie Kadrmas, HR Director/Risk Manager
Arne Denny, Civil Deputy PA
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

Jesse Nolte, Deputy PA
Jay Winter, Personnel/Risk Manager
James K. Johnson, Commissioner
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 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), Marilyn Butler (Skamania), Jay Winter (Walla Walla/WCRP/Lewis), and Betty Kemp (Island);

15 Years: Melina Wenner (Benton), Claire Hauge (Cowlitz), Randy Watts (Whatcom), and Dean Burton (Garfield);

10 Years: Clyde Carpenter (Cowlitz), Tammy Devlin (Thurston/Lewis), and Linda Reimer (Adams);

5 Years: Keith Goehner and Cathy Mulhall (Chelan), Steve Clem and Thad Duvall (Douglas), Billie Kadrmas (Skagit), Rob Binger and Steve Bartel (Spokane), Larry Peterson (Yakima), Andrew Woods (Columbia), David Alvarez (Jefferson), Bronson Potter and Mark Wilsdon (Clark), Andrew Lampe (Okanogan), Lee Grose (Lewis), and Pete Rose (San Juan).

Unfortunately, farewells were conveyed to some of the longer-tenured board members as they departed their respective counties. Our sincere thanks as well as good wishes are extended to:

Marilyn Butler (retired August 2012) – supported the WCRP Board for 24 years (1988 – 2012) as a director or alternate director from Skamania County. During her long WCRP tenure, Marilyn was elected to multiple terms (8.8 years) on its Executive Committee. She presided over the Pool as Py2011 President following a term as Secretary-Treasurer (Py2010). She also co-chaired the Pool's Underwriting Committee for many years.

Jay Winter (retired February 2012) – supported the WCRP Board for 21 years (1991 – 2012) as a director from Walla Walla County, a Pool staffer, and a director from Lewis County. During his long WCRP tenure, Jay was elected to multiple terms (5.4 years) on the Executive Committee. He presided over the Pool as Py2010 President following a term as Secretary-Treasurer (Py2009). He also served on all of the Pool's Standing Committees, chairing several of them.

Betty Kemp (retired June 2012) – supported the WCRP Board for 20 years (1992 – 2012) as an alternate director from Island County. Betty also served on the Pool's Risk Management Committee.

Billie Kadrmas (retired February 2012) – supported the WCRP Board for more than 8 years (2004 – 2012) as a director from Skagit County. She co-chaired the Pool's Personnel Committee.

Donald "Pete" Rose (resigned June 2012) – supported the WCRP Board for 5 years (2007 – 2012) as a director from San Juan County.



Washington Counties Risk Pool

Organization Summary 2012



Washington Counties Risk Pool (“Pool” or “WCRP”) was formed August 18, 1988, via Interlocal Agreement signed initially by 15 of Washington’s 39 counties. Thirteen of the original members began utilizing the WCRP insuring program and services that October, while the other two and another four that joined the Pool later that first year began receiving coverage as their commercial insurance programs expired. Over its first quarter century 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 Chapter 48.62 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. Members annually select an “occurrence deductible” of \$10,000, \$25,000, \$50,000, \$100,000, \$250,000, or \$500,000. The initial \$10 million of coverage is jointly self-insured;*

(Continued on page 9)



(Continued from page 8)

however, reinsurance is acquired to protect the Pool directly and its members indirectly from large losses. 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 presently purchase this coverage. Some members also use the Pool’s contracted insurance producer to secure insurance products, e.g. special events and concessionaires, environmental hazards, public official surety bonds, and airport, ferry and railroad operations coverages.

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 form), 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 by the Pool Board from its membership to staggered three-year terms. The present make-up includes an average of 8.5 years 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.

Six of the Pool’s ten-person staff handle and/or manage the several hundred liability cases submitted yearly. These claims professionals have nearly 100 years of combined claims handling experience. With the recently added resources, the “open” file count is declining, having been reduced to under 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.

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’s office.





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 program'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>



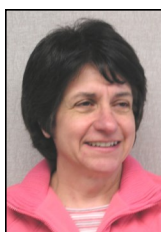
Washington Counties Risk Pool

OPERATIONAL STAFF

ADMINISTRATION



**EXECUTIVE
DIRECTOR**
Vyrle Hill



**ACCOUNTING
OFFICER**
Sue Colbo



**ADMIN
ASSISTANT**
Stacey Spears

MEMBER SERVICES DIVISION



**SPECIALTY
SERVICES**
David Goldsmith



**LOSS CONTROL
COORDINATOR**
Jill Lowe

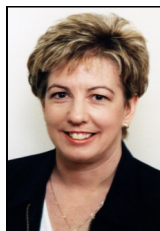
CLAIMS DIVISION



MANAGER
Susan Looker



**SR. CLAIMS
ANALYST**
Mike Cook



**SR. CLAIMS
ANALYST**
Candy Drews



**CLAIMS
ANALYST**
Tammy Cahill



**CLAIMS
REPRESENTATIVE**
Lisa McMeekin



**CLAIMS
ASSISTANT**
Carli Easter

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

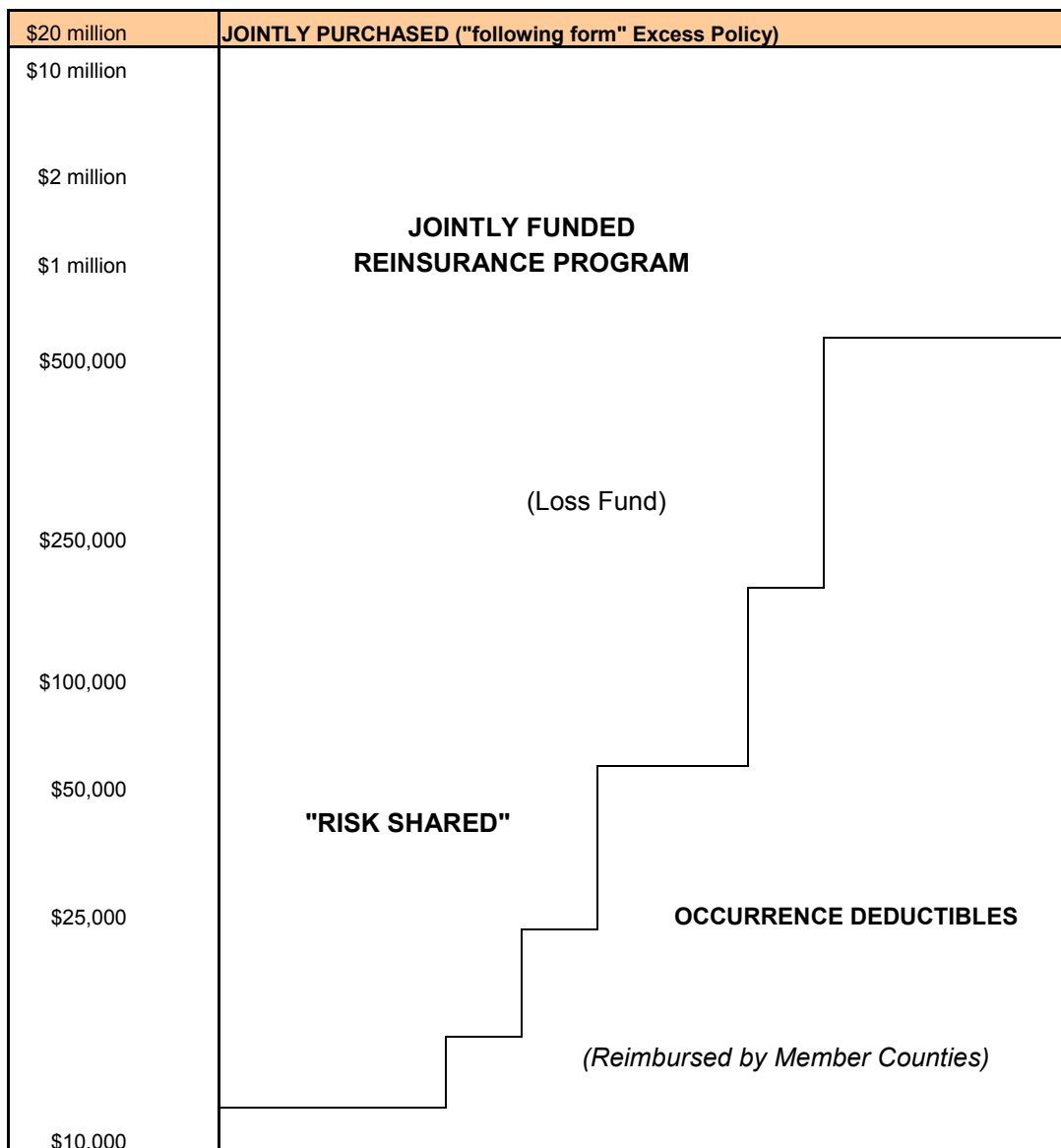


Washington Counties Risk Pool

SUMMARY OF 2011-12 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.



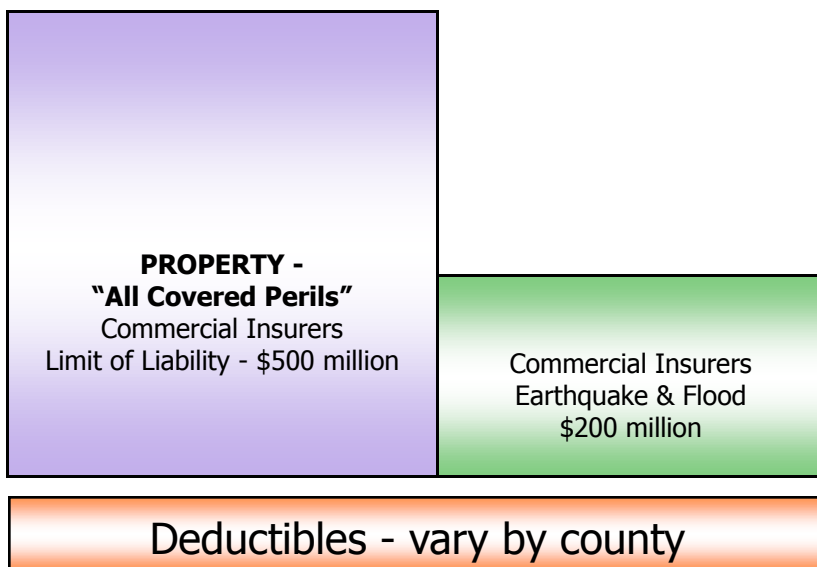


Washington Counties Risk Pool

SUMMARY OF 2011-12 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 inevitable. There are multiple offices/departments that make up county government. Continued 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 both line and management employees, as well as elected officials to consider.

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 claims in a fair and cost effective manner. Performing these functions during Py 2012 was a dedicated staff of six. 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 McMeekin (Claims Representative) in 2008; and Carli Easter (Claims Assistant) in 2012. Combined with me (1989), there were more than 90 years of claims/insurance experience addressing the WCRP member counties claims.

634 claims (and lawsuits) were added to the Pool's claims database during Py2012. This raised the to-date total (Oct 1988—Sep 2012) of third-party liability claims submitted by WCRP member counties to 18,616. The Pool paid \$13.8 million in indemnity and expenses during Py2012. With 18,241 of the claims designated as *closed*, only 375 claims remained classified as *open* at year's end. There were four open claims preceding Py2004 at the end of Py2012. The Pool's independent actuary estimates another 332 claims could be filed for covered occurrences from all WCRP years through September 2012. That would bring the estimated ultimate claims total to 18,948.

93 of the 716 claims open during Py2012 were valued at approximately \$38.15 million. Four cases went to trial with all four resulting in defense verdicts. Nine open cases were valued over \$1 million; the collective value of these cases was \$14.2 million. Of those nine cases, seven involve joint and several liability potentials.

Even though nearly 40% of claims are resolved without any payments, more than \$205.1 million have been paid addressing the Pool's claims to-date. 40% of the amounts paid (\$81.2 million) are deductibles reimbursed by the applicable member counties. 3% (\$6.8 million) was covered under excess insurance policies and reimbursed by the applicable commercial insurers. The remaining 57% (\$117.1 million) represents the "risk shared" portion of the joint self-insurance coverage paid from "pooled" funds—\$54.6 million retained by the Pool itself and \$62.5 million reimbursed by its commercial reinsurers.

CASE DISTRIBUTION (Severity)

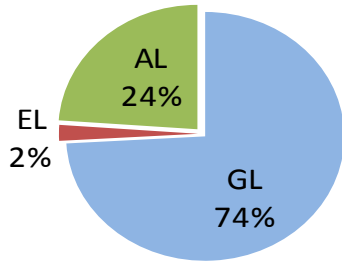
Value Range (between)		Count	Percentage
\$0	\$0	7,405	39.78%
\$.01	\$5,000	8,862	47.60%
\$5,000	\$10,000	605	3.25%
\$10,000	\$25,000	585	3.14%
\$25,000	\$50,000	415	2.23%
\$50,000	\$100,000	305	1.64%
\$100,000	\$250,000	237	1.27%
\$250,000	\$500,000	114	.61%
\$500,000	\$1,000,000	55	.30%
\$1,000,000	Over	33	.18%

Open Events as of 9/30/12

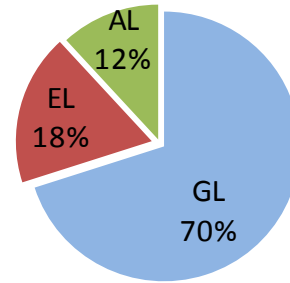
Pool Year	Open Claims
A-N (88-02)	3
O (02-03)	1
P (03-04)	2
Q (04-05)	8
R (05-06)	9
S (06-07)	12
T (07-08)	23
U (08-09)	51
V (09-10)	59
W (10-11)	56
X (11-12)	151
Total Open	375



**Total # Events
(Frequency)
by Claim Type
PTD through 9/30/2012**



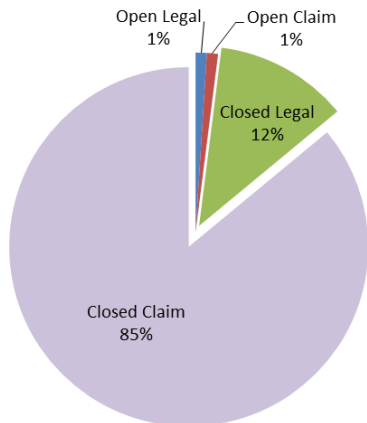
**Incurred Loss Estimates
(Severity)
by Claim Type
PTD through 9/30/2012**



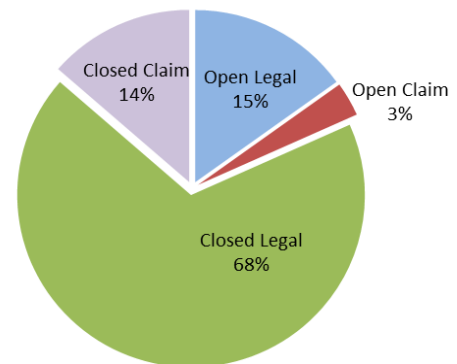
ALLOCATION OF INCURRED LOSSES by Claim Status, PTD through 9/30/12

Status	Incurred	Counties	WCRP SIR	Corridor	Total SIR	Insurers
Open Legal	\$ 36,700,071	\$ 16,860,000	\$ 2,265,071	\$ 6,170,000	\$ 25,295,071	\$ 11,405,000
Open Claims	7,699,121	4,289,621	1,014,500	1,395,000	6,699,121	1,000,000
Closed Legal	165,474,913	53,973,122	43,334,982	2,822,293	100,130,397	65,344,515
Closed Claims	32,900,569	22,808,701	6,629,319	170,548	29,608,569	3,292,000
TOTAL	\$ 242,774,674	\$ 97,931,444	\$ 53,243,872	\$ 10,557,841	\$ 161,733,158	\$ 81,041,515

**Total # Events (Frequency)
by Claim Status
PTD through 9/30/2012**



**Incurred Loss Estimates (Severity)
by Claim Status
PTD through 9/30/2012**





Washington Counties Risk Pool

From *David Goldsmith, Member Specialty Services*

Specialty Member Services

Member Services include both loss control and special membership support activities. These include activities that are intended to further the development of the Pool overall and the insuring products and services provided to/for its member counties, as well as to assist its member counties with administering their risk management/self-insurance programs. Strategic planning, membership communications including orientation/development of members' Pool appointees, marketing (internal and external), and review/enhancement of the Pool's insuring products and services are some examples of specialty member services.

New Pool Directors' Orientation

A feature added to the Pool's annual spring conference a few years ago is an orientation for WCRP (Board of) Directors and Alternate Directors that have been appointed recently by their member counties' legislative authorities. The 2012 orientation included a review of the history and operations of the Pool and provided an introduction into how the pooling community conducts business differently from the commercial insurance, both in terms of structure and in operating philosophy. Attendees were also provided the Pool's financial statements and a briefing about 'how to read and interpret' them. Special emphasis was given to the factors being used by the State's oversight agents and the Pool itself which indicate the Pool's health and that of the pooling community in general.

Member Counties Visitations

A cornerstone to the Pool's success is its open communication with member counties' elected and appointed leaderships. To this end, Executive Director Vyrle Hill and Member Services' David Goldsmith met in and with each of the WCRP member counties over the course of the spring and summer. The focuses of these discussions were the Pool's mission and the insuring programs it offers, its governing and organizational structures, an overview of casualty claims loss information and the Pool's financial/operational health, and the claims management and loss control/educational program support provided by the Pool for/to its membership.

Marketing/Partnerships

Marketing visitations expressing the advantages of membership in the WCRP as a member-driven service organization were conducted with four non-member counties. Additionally, the Pool was represented at the Washington State Association of Counties (WSAC) and the Washington Association of County Officials (WACO) conferences to maintain presence as both a casualty and property insuring resource and an administrative partner to Washington's counties. Of specific note was a review by Whitman County conducted during the year of its insuring program(s) and comparing that against what the Pool offers. While Whitman County did not decide to change and join the WCRP, the Pool will continue to assist non-member counties with analyzing their present insuring program(s) and comparing those to the Pool's.

Property Inventory Management System (PIMS)

An electronic property inventory management system (PIMS) was designed and developed by the Pool several years ago to support its Washington Counties Property Program (WCPP) and assist the WCPP participants with maintaining their insured properties schedules and presenting the same to the WCPP underwriter(s). PIMS continues to be upgraded in an effort to make the system more 'user friendly' and more closely align the schedules with the WCPP underwriting needs. Newer underwriting standards have come into play as the insuring industry attempts to further refine rating projections for catastrophe coverage. The recent adjustment to PIMS is an attempt to correlate these properties inventories with that refined criteria to derive the best pricing available to WCPP participants for this unique property insurance program.

Membership Satisfaction Survey

Every other year the Washington Counties Risk Pool surveys its member counties' appointees to assess the levels of satisfaction with various aspects of the Pool's operations. Using a 1 to 5 scale, 1 representing the lowest/unacceptable rating and 5 being the highest/exceptional, the overall score for satisfaction with the Pool and the services it is providing at the conclusion of Py 2012 was 4.63. That is the highest overall rating shared since the Pool began conducting this biennial survey.



Washington Counties Risk Pool

From Loss Control Coordinator *Jill Lowe*



Loss Control works closely with the Claims department and the Board of Directors Risk Management Committee 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 innovative 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 2012:

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. The ability to conduct critical conversations directly influences whether employment issues are effectively addressed. During this pool year, “Conducting Difficult Conversations” workshops were enthusiastically received, filling all available seats in nine locations throughout the state.

Conducting Effective Performance Evaluations Training – Performance evaluations are critical for identifying and coaching employees that have performance and conduct issues. This class was offered in four locations throughout the state, in addition to the 12 classes offered last year.

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. One Management & Supervisory Training workshop was offered this Pool year.

Other Loss Control Programs

Permit Error - The Pool offered its first webinar this Pool year. Permit error allegations occur on a frequency that requires refresher training. A one hour webinar with over 150 attendees was presented by an attorney who specializes in land use cases.

Risk Manager, Claims Administrator, Board Members – The Pool Board meets three times a year to discuss Pool business and receive training. “Mentally Ill in Jails”, “Tort Reform”, “Employment Investigations” and “Contracts and Your Joint Self-Insurance Coverage” were topics presented for conference attendees.

Law Enforcement/Corrections – Sixteen member county law enforcement agencies participate in the Lexipol Daily Training bulletin program. Law enforcement deputies receive daily training in low frequency and high severity issues. A Seattle law attorney specializing in law enforcement and corrections wrote papers addressing allegations relating to Negligent Supervision, Negligent Handling, Excessive Force, Civil Rights and False Arrest. The papers are being used by members as educational training tools.

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 are currently in compliance with certification requirements.

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 human resource professionals and elected officials who attended the Association of Washington Cities Labor Relations Institute.

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

(Continued on page 18)



(Continued from page 17 - Loss Control Report)

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. 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 2013:

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 Staying Out of Court on Employment Claims. This employment law class will focus on the ten most prevalent employment-related claims that counties face. The class will include information on how to avoid lawsuits through knowledge and understanding of the law, implementing and following proper policies, and dealing with employee issues as they arise, legally and factually.

Law Enforcement/Corrections – 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. In addition, WCRP is conducting a test program for Lexipol's newly released Custody Manual. Twelve county corrections departments are participating in the this program.

(Continued from page 4 - Executive Director's Report)

Net Position (also referred to as "Net Assets" or "Members' Equity") increased \$1.8 million (+17%) to \$12.9M as of September 30, 2012. Net Position has increased steadily more than \$14.6M from the negative \$1.75M that existed at year

end Py2003 and that earlier year was aided by \$2.9M in member reassessments receivables. Of the Py2012 total,

- \$4.8M is classified "Restricted" — \$0.8M to satisfy the State's solvency provisions (WAC 82.60.03001) plus \$4.0M to address the Pool's own Underwriting Policy requirements; and
- \$1.0M held in Capital Assets (net of debt); leaving
- \$7.1M classified as "Non-Restricted" and available for use per the directives of the Pool's Board of Directors.

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

More challenges remain ahead, that we do know. But the Pool's 24 year journey has provided those involved in this "pooling" concept the opportunity to mature – from the innocence of infancy to the awareness and wisdom customary of adulthood. The Pool continues on, yet now with even greater optimism! Its qualities and the insuring options available for its member counties combined with its strong financial position should serve to convince more Washington counties to "join the ranks" and become WCRP members over the course of time. I am most pleased to have been associated with this very unique public service organization since its establishment many years ago and proud to have been its Executive Director since 2005.



WASHINGTON COUNTIES RISK POOL
COMPARATIVE STATEMENT OF NET POSITION

	Pre-audit	Audited			
	FY-2012	FY-2011	FY-2010	FY-2007	FY-2002
ASSETS:					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 21,544,798	\$ 35,737,237	\$ 33,026,490	\$ 24,902,986	\$ 6,660,652
Cash and Cash Equivalents - Restricted	14,695,575				
Investments		-	-	-	2,905,707
ISILP Deductibles & Reinsurance Receivables	1,019,378	1,837,842	2,105,001	898,868	1,509,159
ISILP Assessments Receivable	897,477	2,139,792	1,917,055	795,467	3,457,977
Member Reassessments Receivable		-	-	332,708	4,224,996
WCPP Assessments Receivable	2,857,829	243,299	535,517	-	
Prepaid Expenses	3,500	2,000	2,850	-	-
Other Accounts Receivables	140,530	33,322	116,230	100,600	-
A. Johnson Restitution Recovery		-	-		
TOTAL CURRENT ASSETS	\$ 41,159,087	\$ 39,993,492	\$ 37,703,143	\$ 27,030,628	\$ 18,758,491
NONCURRENT ASSETS:					
Total NonCurrent Assets	\$ 950,134	\$ 1,133,848	\$ 1,183,510	\$ 716,338	\$ 590,086
TOTAL ASSETS	\$42,109,221	\$41,127,340	\$38,886,653	\$27,746,966	\$19,348,577
LIABILITIES:					
CURRENT LIABILITIES:					
Claim Reserves - Pool's SIR					\$ 12,380,643
Reserves for Open Claims	\$ 2,486,685	\$ 3,219,531	\$ 3,861,864	\$ 3,250,952	
IBNR Claims Reserve	1,814,161	2,353,447	2,283,272	4,692,992	
Reserves - AL/GL \$400k/\$900k xs \$100k Corridor					
Reserves for Open Claims	4,853,147	5,358,868	3,829,925	350,000	
IBNR Claims Reserve	4,554,868	3,216,068	3,180,914	1,650,000	
Accounts Payable	117,772	496,219	636,229	182,130	33,117
Unearned Revenue - Members Assessments	14,339,071	14,523,683	13,918,411	11,430,175	7,022,200
Custodial Account - L&I Retro Program					
TOTAL CURRENT LIABILITIES	\$ 28,165,704	\$ 29,167,816	\$ 27,710,615	\$ 21,556,249	\$ 19,435,960
NONCURRENT LIABILITIES:					
Reserve for ULAE	\$ 986,717	\$ 844,207	\$ 889,299	\$ 819,633	\$ 550,000
Accrued Liabilities	93,783	85,266	77,370	52,821	88,295
TOTAL NONCURRENT LIABILITIES	\$ 1,080,500	\$ 929,473	\$ 966,669	\$ 872,454	\$ 638,295
TOTAL LIABILITIES	\$ 29,246,204	\$ 30,097,289	\$ 28,677,284	\$ 22,428,702	\$ 20,074,255
NET POSITION:					
Restricted - WAC 200.100.03001(3) Compliance	\$ 797,841	\$ 905,393			
Restricted - WCRP Underwriting Policy Section D	4,036,935	4,558,616	\$ 5,847,409	\$ 4,601,926	\$ (725,678)
Restricted - Franjo Beach Property Recovery	-	150,000	150,000		
Capital Assets Net of Debt	950,134	983,848	1,033,511	716,338	590,086
Non Restricted Net Position	7,078,107	4,432,194	3,178,450	-	-
Total Net Position	\$ 12,863,017	\$ 11,030,051	\$ 10,209,370	\$ 5,318,264	\$ (135,592)
TOTAL LIABILITIES AND NET POSITION	\$ 42,109,221	\$41,127,340	\$38,886,654	\$27,746,966	\$19,938,663



**WASHINGTON COUNTIES RISK POOL
STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN WCRP NET POSITION**

	Pre-audit FY 2012	AUDITED			
		FY 2011	FY 2010	FY 2007	FY 2002
OPERATING REVENUES:					
Member Assessments -- Liability Insurance	\$ 11,648,053	\$ 11,354,006	\$ 11,508,205	\$ 9,141,407	\$ 6,678,588
Member Assessments -- Property Insurance	2,799,807	2,606,107	2,890,723	2,286,503	
Insurance Recovery					
Reassessments for Prior Years					-
Miscellaneous Operating Income	107,627	106,930	110,964	28,776	14,402
Total Operating Revenues	\$ 14,555,487	\$ 14,067,043	\$ 14,509,892	\$ 11,456,687	\$ 6,692,991
OPERATING EXPENSES:					
Current Year's SIR Reserve	\$ 1,605,472	\$ 1,570,125	\$ 1,502,751	\$ 1,182,993	
Prior Years' SIR Reserves Adjustment	(1,913,306)	(850,922)	(1,652,831)	554,843	4,866,241
Current Year's "Corridor" Reserve	2,375,000	2,375,000	2,475,000	2,000,000	
Prior Years' "10% \$8Mx\$2M QS" Reserves Adj.					
Over SIR Claims Expense (unbilled)					
Reserve for ULAE	142,510	(45,092)	(14,850)	174,960	-
Reinsurance Premiums	5,602,250	5,480,000	5,480,000	3,772,810	3,592,235
10x10 Excess Insurance Premiums	454,345	459,103	515,258	302,581	
Optional 5x20 Excess Insurance Premiums	56,513	65,951	64,500	82,209	
Property Insurance Premiums	2,726,208	2,535,007	2,787,059	2,266,927	
Depreciation Expense	55,831	49,661	53,666	65,372	
Bad Debt Expense		-	-	-	
Operating Expenditures	1,677,653	1,663,458	1,474,664	1,256,874	938,714
Total Operating Expenses	\$ 12,782,476	\$ 13,302,291	\$ 12,685,217	\$ 11,659,569	\$ 9,397,190
Operating Income	\$ 1,773,011	\$ 764,752	\$ 1,824,675	\$ (202,882)	\$ (2,704,199)
NON OPERATING REVENUES (EXPENSES):					
Interest Income	\$ 47,004	\$ 55,930	\$ 67,537	\$ 760,477	\$ 362,516
Rental Income on Suites 104 & 110	17,269	-	5,322	-	
Suite Rental Expenses	(6,319)	-	(527)	-	
Gain (Losses) on Capital Asset Disposition	2,000	-	-	-	-
Miscellaneous Income		-	-	4,645	
Fraud: Recovery of Franjo Beach Property		-	150,000		
Total Nonoperating Revenues (Expenses)	\$ 59,954	\$ 55,930	\$ 222,332	\$ 765,122	\$ 362,516
CHANGES IN NET POSITION	\$ 1,832,965	\$ 820,682	\$ 2,047,007	\$ 562,240	\$ (2,341,683)
TOTAL NET POSITION, Beginning of Year	\$ 11,030,052	\$ 10,209,370	\$ 8,162,363	\$ 4,756,024	\$ 1,616,005
TOTAL NET POSITION, End of Year	\$ 12,863,017	\$ 11,030,052	\$ 10,209,370	\$ 5,318,264	\$ (725,678)



WASHINGTON COUNTIES RISK POOL
STATEMENT OF CASH FLOW

For the Fiscal Years Ended September 30, 2012 and 2011

	Year Ended 9/30/2012	Year Ended 9/30/2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from Members & Insurers	\$ 13,709,915	\$ 15,091,864
Cash payments for goods and services	(12,529,436)	(11,566,518)
Cash payments to employees for services	(867,101)	(870,530)
	\$ 313,378	\$ 2,654,816
Net Cash Provided (Used) by Operating Activities		
CASH FLOW FROM CAPITAL ACTIVITIES:		
Purchase of Equipment & Building	\$ (22,116)	\$ -
Cash from Rental of Office (net)	12,870	-
Gain on Sale of Assets	2,000	-
Sale of Property Held for Resale	150,000	-
	\$ 142,754	-
Net Cash Provided (Used) by Investing Activities		
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Income	\$ 47,004	\$ 55,930
	\$ 47,004	\$ 55,930
Net Cash Provided (Used) by Investing Activities		
Increase (Decrease) in Cash and Cash Equivalents	\$ 503,136	\$ 2,710,747
Cash and Cash Equivalents - Beginning of the Year	\$ 35,737,238	\$ 33,026,490
	\$ 36,240,374	\$ 35,737,238
Cash and Cash Equivalents (including restricted) - End of the Year		
	\$ 36,240,374	\$ 35,737,238
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 1,773,011	\$ 764,752
Adjustments to Reconcile Net Operating Income to Net Cash provided (used) by Operating Activities:		
Depreciation Expense	55,830	49,662
Decrease (Increase) in Accounts Receivable	(660,960)	419,547
Increase (Decrease) in Claims Reserves	(1,272,133)	(572,158)
Increase (Decrease) in AL/GL Corridor Reserves	833,079	1,564,096
Increase (Decrease) in Reserve for ULAE	142,510	(45,092)
Increase (Decrease) in Unearned Revenue	(184,612)	605,272
Increase (Decrease) in Accounts Payable	(380,366)	(140,010)
Increase (Decrease) in Accrued Liabilities	8,516	7,896
Increase (Decrease) in Prepaid Expenses	(1,500)	850
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 313,378	\$ 2,654,816
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Investment Held for Resale - Franjo Beach Property	\$ 150,000	\$ -



Washington Counties Risk Pool

CLAIMS DEVELOPMENT

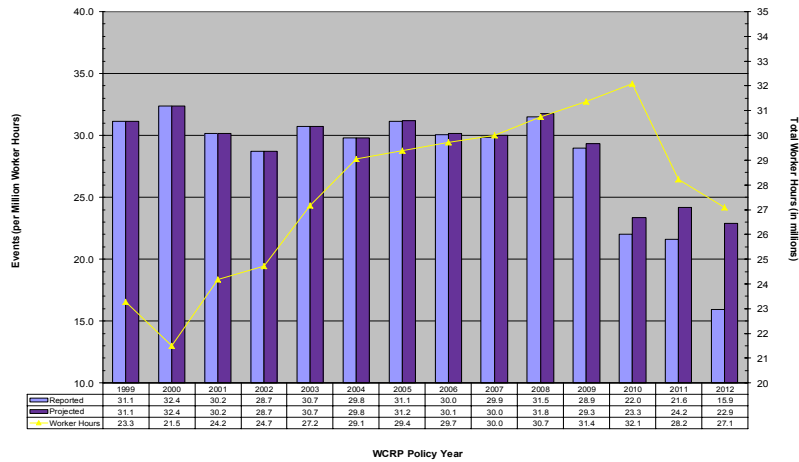
October 1, 2003 - September 30, 2012 (in thousands)

	<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>	<u>2012</u>
1. Required Contribution and investment revenue:										
Earned	10,416,405	11,721,713	12,042,031	13,182,912	12,221,809	12,203,136	11,993,561	14,732,223	14,122,973	14,602,491
Ceded	4,286,341	6,791,100	7,019,288	6,398,439	3,772,810	3,806,063	3,697,000	5,480,000	5,480,000	5,602,250
Net earned	6,130,064	4,930,613	5,022,743	6,784,473	8,448,999	8,397,073	8,296,561	9,252,223	8,642,973	9,000,241
2. Unallocated expenses	1,348,625	1,375,775	1,590,008	2,955,343	4,148,923	4,098,577	4,528,441	4,880,297	4,728,089	5,113,060
3. Estimated claims and expenses end of policy year:										
Incurred								14,000,000	13,000,000	10,200,000
Ceded								9,750,000	8,950,000	6,375,000
Net incurred	1,615,000	1,900,000	1,510,000	1,850,000	3,895,000	3,875,000	4,075,000	4,250,000	4,050,000	3,825,000
4. Net paid (cumulative) as of:										
End of policy year:	5,092	68,432	0	100,676	75,153	87,032	0	41,325	42,951	193,680
One year later	240,284	273,951	161,478	443,146	207,883	227,021	197,532	519,161	648,326	
Two years later	595,806	425,821	294,511	1,001,021	751,102	541,119	605,051	477,611		
Three years later	836,430	655,369	773,209	1,251,293	1,278,211	1,244,824	1,071,363			
Four years later	1,102,556	928,018	974,077	1,414,271	1,654,586	2,066,751				
Five years later	1,201,556	956,566	1,066,499	1,462,579	2,071,627					
Six years later	1,279,277	1,005,907	1,068,789	1,488,882						
Seven years later	1,290,585	1,009,105								
Eight years later	1,291,975	1,009,500								
Nine years later	1,308,712									
5. Reestimated ceded claims and expenses	10,946,066	3,818,345	5,587,673	12,224,511	9,910,450	6,528,605	9,140,000	8,700,000	8,950,000	6,375,000
6. Reestimated net incurred claims and expenses:										
End of policy year:	1,615,000	1,900,000	1,510,000	1,850,000	3,895,000	3,875,000	4,075,000	4,250,000	4,050,000	3,825,000
One year later	1,890,000	1,765,000	1,610,000	2,345,000	3,770,000	3,700,000	3,875,000	4,300,000	3,575,000	
Two years later	1,950,000	1,510,000	1,890,000	2,575,000	3,350,000	3,200,000	3,660,000	3,745,000		
Three years later	1,505,000	1,335,000	1,540,000	2,060,000	3,519,745	2,971,395	3,472,159			
Four years later	1,343,000	1,168,000	1,320,000	1,579,433	3,089,550	2,664,731				
Five years later	1,348,000	1,084,000	1,103,064	1,575,489	2,946,327					
Six years later	1,347,800	1,055,394	1,069,664	1,488,882						
Seven years later	1,311,212	1,038,861	1,068,789							
Eight years later	1,291,975	1,009,500								
Nine years later	1,318,712									
7. Increase (decrease) in estimated net incurred claims and expenses from end of policy year	(296,288)	(890,500)	(441,211)	(361,118)	(948,673)	(1,210,269)	(602,841)	(505,000)	\$475,000	

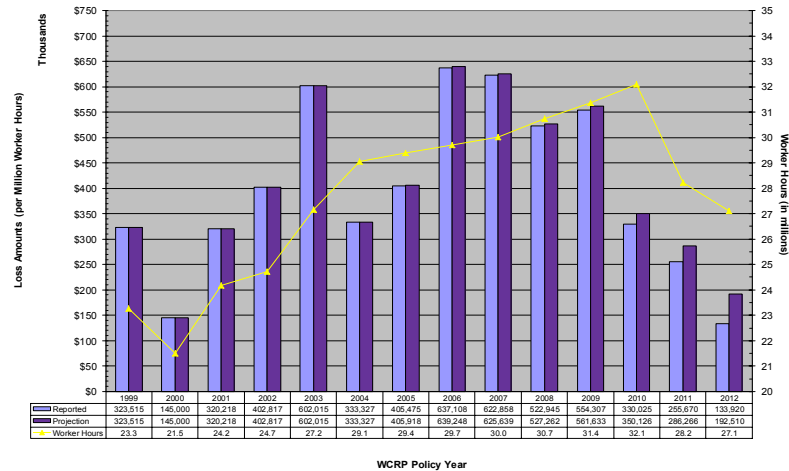


Washington Counties Risk Pool

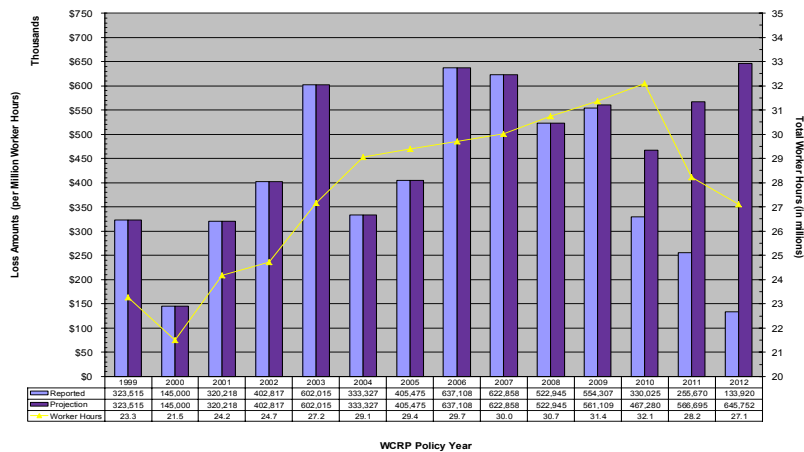
FREQUENCY of 3rd-PARTY LIABILITY EVENTS with EXPOSURE DATA
Summary of Event Frequencies at close of Py2012



SEVERITY of 3rd-PARTY LIABILITY EVENTS with EXPOSURE DATA
Summary of Event Severities at close of Py2012



SEVERITY of 3rd-PARTY LIABILITY EVENTS with EXPOSURE DATA
Summary of Actuarially-Projected Event Severities at close of Py2012





**WASHINGTON
COUNTIES
RISK POOL**

Created by Counties for Counties

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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.
