

2018 - 19



ANNUAL REPORT

EXECUTIVE DIRECTOR'S MESSAGE

To the WCRP Board of Directors:

IN FUTURE annual report messages from me, you will hear about all that we have overcome, all that went into our achievements, and all that we have built over the past few years. Until then, and for right now, we continue to overcome, to achieve, and to build.

At the time this report is being published, the COVID-19 Coronavirus is consuming our time and our thoughts and is leaving us with many questions that only time will provide the answers to. The actual financial impact that the virus, and our Nation's response to it, will have on insurance rates and the WCRP, is very much unknown. What we do know, however, is that we are a resilient, flexible and financially stable organization that will most certainly weather this COVID-19 storm. The diligence we have shown these past few years, and will continue to show for many more, in reducing risk, driving down costs and evolving into the exceptional organization that we are, will only make our transition back to normal that much easier. This virus will surely come and go, so let's remain focused on the WCRP's successes, our future plans and maintain our forward direction.

AN UNUSUAL wind blew over the entire country over the past several years. While its impact didn't happen overnight, it changed the way that people view their government, the way insurers and members view risk pools, and in turn, the way risk pools view themselves. There are various contributors to this change, including national politics, the increased cost of litigation, the use (and sometimes the abuse) of the public records act, and the immediate transmission of behaviors and opinions that smart phones and social media give us. So, what is the real change then? The answer is expectations. The expectations of businesses, individuals and the government have changed radically in a very short amount of time. Everyone is expected to be perfect. Perfect in their speech and behavior, perfect in their tweets, and perfect in their choices and decisions. There is no room for error anymore. Perfection is now expected and anything short of that is going to cost you.

With this new change, or expectation, came our own need to look at how we do things. How we manage risk, how we handle claims, how we are spending money. In order to rise to the challenge of meeting these new expectations, we needed to improve our efficiency and our processes which would, in turn, improve our financial strength.

Last year we had a \$1,000,000 Self-Insured Retention (SIR). As I write this now in the current year, we have a \$2,000,000 SIR. These are large SIRs that bring with them the need for efficiencies, along with the need to increase our capital, or net position. How do we do that? We focus on risk management at the macro level, searching for trends that can be traced to root causes. We focus on member services, where educating our members isn't about having a few canned training sessions but is about using data analysis to dial in our focus and guide the training we offer. And finally, we focus on thorough, precise and cost-conscious claims management, acknowledging our liability, resolving claims early, and preventing costly litigation. The result of all these efforts will be the perfect combination of reducing the amounts paid in claims and reducing the premiums we pay to insurers. When less is paid in claims and to insurers, our liabilities go down. When our liabilities go down, our capital and interest earnings go up.

While we are moving forward fast, I would like to stop and take a moment to look back at last year and say thank you to the Board of Directors and Executive Committee for your support as we made difficult changes and re-directed the organization. Thank you also to our professional and hard-working staff for your commitment and flexibility this past year. I can't wait for the future.

Derek Bryan

WCRP Executive Director

2018-19 WCRP BOARD OF DIRECTORS

Adams County	Roger Hartwig, Commissioner
Benton County	Paul Schut, Risk Manager
Chelan County	Kevin Overbay, Commissioner
Clallam County	Rich Sill, HR Director
Columbia County	Mike Talbott, Commissioner
Cowlitz County	Ronda Hollis, Risk Manager
Douglas County	Thad Duvall, Auditor
Franklin County	Bob Koch, Commissioner
Garfield County	Wynne McCabe, Commissioner
Grays Harbor County	Vickie Raines, Commissioner
Island County	Janet St. Clair, Commissioner
Jefferson County	Philip Morley, County Administrator
Kittitas County	Lisa Young, HR Director/Risk Manager
Lewis County	Gary Stamper, Commissioner
Mason County	Randy Neatherlin, Commissioner
Okanogan County	Tanya Craig, HR Director/Risk Manager
Pacific County	Kathy Spoor, Administrative Officer
Pend Oreille County	Teresa Brooks, Risk Manager/Office Manager
San Juan County	Michael Thomas, County Manager
Skagit County	Donnie LaPlante, Director of HR/Risk Management
Skamania County	Adam Kick, Prosecuting Attorney
Spokane County	Steve Bartel, Director of Risk Management
Thurston County	Gary Edwards, Commissioner
Walla Walla County	Jesse Nolte, Deputy Prosecuting Attorney
Whatcom County	Karen Goens, HR Manager
Yakima County	Joseph Brusic, Prosecuting Attorney

2018-19 EXECUTIVE COMMITTEE MEMBERS

STEVE BARTEL – President

Director of Risk Management, Spokane County

VICKIE RAINES – Secretary Treasurer

Commissioner, Grays Harbor County

DAVID ALVAREZ

Chief Civil Deputy Prosecuting Attorney, Clallam County

LISA YOUNG

HR Director/Risk Manager, Kittitas County

DAWN TWIDDY

HR/Risk Manager, Mason County

KAREN GOENS

HR Manager, Whatcom County

MICHAEL THOMAS – Vice President

County Manager, San Juan County

PHILIP MORLEY

County Administrator, Jefferson County

GARY STAMPER

Commissioner, Lewis County

TAMMY DEVLIN

Risk Manager, Thurston County

JOSEPH BRUSIC

Prosecuting Attorney, Yakima County

CYBER	PROPERTY	LIABILITY
\$1M in Limits (Per Occurrence - \$5M Aggregate)	\$500M in Limits	\$5M Excess of \$20M
\$25K Pool SIR	\$0 Pool SIR	\$10M Excess of \$10M
\$0 Member Deductibles	Member Deductibles from \$5K-\$25K	\$5M Reinsurance Excess of \$5M
	Earth Movement: \$200M limit w/\$100K Member Deductibles	\$3M Reinsurance Excess of \$2M
	Flood: \$200M limit w/\$100K Member Deductibles (in SFHA: \$25M limit w/\$1M Member Deductibles)	\$1M Reinsurance Excess of \$1M w/\$2.5M Corridor
		\$1M SIR w/Member Deductibles from \$10K-\$500K

WCRP STAFF



Lynda Bishop,
Senior Claims
Analyst



Patrick Conesa,
Risk Analyst



Erin Konrady,
Senior Member
Services Specialist



Chuck Boyd,
Deputy Director
of Risk & Claims



Jovan Cruz,
Claims Analyst



Jenifer Sliva,
Deputy Director of
Finance & Operations



Derek Bryan,
Executive Director



Sally King,
Claims Specialist



Kimberly Weber,
Member Services
Specialist

WCRP MISSION STATEMENT

"To provide comprehensive and economical risk coverage, reduce the frequency and severity of losses, and decrease costs incurred in the managing and litigation of claims."

SERVICE PARTNERS

Independent Actuary: PricewaterhouseCoopers

Producer/Broker Services: Gallagher

Independent Investment Advisor: Chandler Asset Management

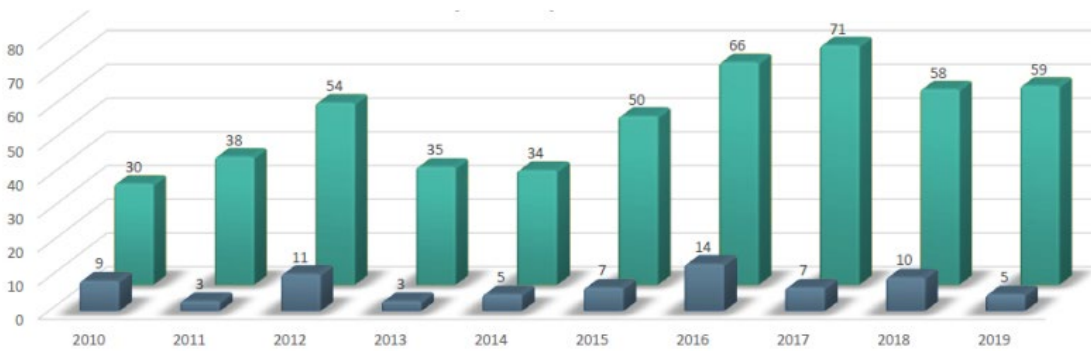
Member Services 2018-2019	Workshop Attendees 886	WCRP On-Line University Classes Completed 485	Member Visits 26
Training Workshops Provided 15	Scholarships Awarded \$29,781	Certified Risk Managers 26	Certified Claims Administrators 26

RISK MANAGERS

Adams County	Patricia Phillips, Clerk of the Board
Benton County	Paul Schut, Risk Manager
Chelan County	Cathy Mulhall, County Administrator
Clallam County	Rich Sill, HR Director
Columbia County	C. Dale Slack, Prosecuting Attorney
Cowlitz County	Ronda Hollis, Risk Manager
Douglas County	Jordyn Giulio, Records & Risk Manager
Franklin County	Jennifer Johnson, Civil Deputy Prosecuting Attorney
Garfield County	Adam Hodges, Risk Management Services
Grays Harbor County	Joy Carossino, Risk Manager/Safety & Claims Coordinator
Island County	Elaine Marlow, GSA/Risk Manager
Jefferson County	Philip Morley, County Administrator
Kittitas County	Lisa Young, HR Director/Risk Manager
Lewis County	Erik Martin, County Manager
Mason County	Nichole Wilston, Risk & Safety Compliance Manager
Okanogan County	Tanya Craig, HR Director/Risk Manager
Pacific County	Kathy Spoor, Administrative Officer
Pend Oreille County	Teresa Brooks, Risk Manager/Office Manager
San Juan County	James Wolf, HR & Risk Manager
Skagit County	Donnie LaPlante, Director of HR/Risk Management
Skamania County	Adam Kick, Prosecuting Attorney
Spokane County	Steve Bartel, Director of Risk Management
Thurston County	Tammy Devlin, Risk Manager
Walla Walla County	Shelly Peters, HR/Risk Manager
Whatcom County	Karen Goens, HR Manager
Yakima County	Cindy Erwin, Paralegal

WCRP PRE-DEFENSE

Analysis by Fiscal Year



Total spent on PDR's:
2018-19 • \$318,622.46

■ PDRs to Claims
■ PDRs Issued

CLAIMS ADMINISTRATORS

Adams County	Patricia Phillips, Clerk of the Board
Benton County	Paul Schut, Risk Manager
Chelan County	Cindy Dietz, Legal Administrative Supervisor
Clallam County	Rich Sill, HR Director
Columbia County	Michelle McCleary, Legal Administrator
Cowlitz County	Ronda Hollis, Risk Manager
Douglas County	James Mitchell, Civil Deputy Prosecuting Attorney
Franklin County	Jennifer Johnson, Civil Deputy Prosecuting Attorney
Garfield County	Adam Hodges, Risk Management Services
Grays Harbor County	Joy Carossino, Risk Manager/Safety & Claims Coordinator
Island County	Elaine Marlow, GSA/Risk Manager
Jefferson County	Leslie Locke, Executive Assistant
Kittitas County	Greg Zempel, Prosecuting Attorney
Lewis County	Tawni Shepherd, Safety Officer
Mason County	Nichole Wilston, Risk & Safety Compliance Manager
Okanogan County	Tanya Craig, HR Director/Risk Manager
Pacific County	Kathy Spoor, Administrative Officer
Pend Oreille County	Terra Sirevog, HR Manager
San Juan County	James Wolf, HR & Risk Manager
Skagit County	Donnie LaPlante, Director of HR/Risk Management
Skamania County	Adam Kick, Prosecuting Attorney
Spokane County	Lauren Williams, Liability Adjuster
Thurston County	Tammy Devlin, Risk Manager
Walla Walla County	Shelly Peters, HR/Risk Manager
Whatcom County	George Roche, Deputy Prosecuting Attorney
Yakima County	Cindy Erwin, Paralegal

CLAIMS YEAR-END SNAPSHOT

FY2018-2019

536 New Claims Reported

142 Open claims as of 9-30-2019

588 Files Closed

121 Open lawsuits as of 9-30-2019

6 Claims over \$100k

0 Claims over \$1M

STATEMENT OF REVENUES & EXPENSES & CHANGES IN FUND NET POSITION

For Fiscal Years Ended September 30, 2019 and 2018

OPERATING REVENUES

	As of 9/30/19	As of 9/30/18
Members' Assessments — MLC Coverage	16,062,464	12,480,319
Members' Assessments — Cyber Coverage	138,060	102,264
Members' Assessments — WCPP Insurance	2,809,340	2,658,361
Other Operating Revenues	991	75,770
Member Services - Revenues		150,000
Total Operating Revenues	\$19,010,855	\$15,466,714

OPERATING EXPENSES:

Current Year's "SIR" Reserves	7,269,000	1,096,921
Current Year's "Corridor" Reserves	1,739,000	4,350,000
Adjustment in Prior Years' "SIR" Reserves	(230,518)	(215,940)
Adjustment to Prior Years' "1st/2nd Layers' Corridor" Reserves	940,802	(261,275)
Adjustment in Reserve for ULAE	(21,324)	(246,730)
Adjustment of Prior Year's "8x2 10% Quota Share" Reserve	(60,000)	(40,000)
MLC/Excess Reinsurance Premiums	5,180,310	4,570,539
Cyber Premiums /Deductible	163,060	102,264
WCPP Insurance Premiums	2,669,207	2,508,363
Depreciation Expense	73,244	81,078
Operating Expenditures	2,360,091	2,054,632
Total Operating Expenses	\$20,082,872	\$13,999,852

OPERATING INCOME (LOSS)

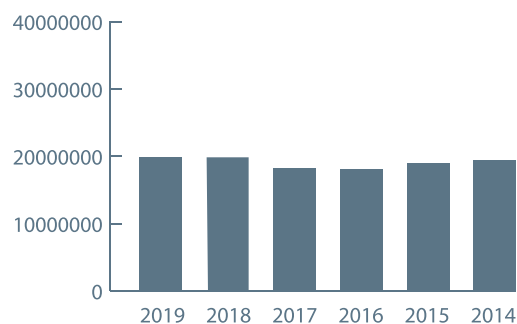
(1,072,017) 1,466,862

NON OPERATING REVENUES (EXPENSES)

Interest and Investment Income	615,889	374,604
Rental Income	43,824	46,263
Rental Expense	(5,627)	(5,940)
Fair Value Adjustment on Investments	399,134	(188,646)
Gain (Losses) on Capital Assets Disposition		8,713
Total Nonoperating Revenues (Expenses)	1,053,220	234,995
CHANGES IN NET POSITION	(18,796)	1,701,857
TOTAL NET POSITION, Beginning of Year	19,850,179	18,148,322
TOTAL NET POSTION, End of Year	19,831,383	19,850,179

The accompanying notes are an integral part of this financial statements

NET POSITION



STATEMENT OF NET POSITION

For Fiscal Years Ended September 30, 2019 and 2018

ASSETS

	As of 9/30/19	As of 9/30/18
CURRENT ASSETS:		
Cash and Cash Equivalents	6,265,147	9,215,205
Investments	46,034,399	24,566,998
Receivables:		
Members' MLC Deductibles Receivable	460,948	1,108,600
Excess Insurance/Reinsurance Recoverable	743,516	3,113,857
Members' MLC Assessments Receivable	4,174,411	7,083,380
Members' Cyber Liability Receivable	36,150	74,340
Members' WCPP Assessments Receivable	1,946,956	2,854,973
Other Accounts Receivables	2,190	30,052
Accrued Interest	96,279	50,361
Prepaid Expenses	30,231	2,510,613
TOTAL CURRENT ASSETS	59,790,227	50,608,380
NONCURRENT ASSETS:		
Capital Assets (Net of Accumulated Depreciation)	830,805	888,983
TOTAL NON CURRENT ASSETS	830,805	888,983
TOTAL ASSETS	60,621,032	51,497,362
TOTAL DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	62,516	73,362

LIABILITIES

CURRENT LIABILITIES:

Claims Reserves:		
"SIR" Reserves		
Open Claims - SIR Reserves	1,143,330	741,149
IBNR Reserve - SIRZ	0	0
"1st/2nd Layers' Corridor" Reserves	0	0
Open Claims - Corridor Reserves	3,232,620	1,891,050
IBNR Reserve - Corridor	0	0
Accounts Payable	122,672	46,358
Compensated Absences	9,575	45,877
Unearned Revenue - Members Assessments	22,725,827	19,009,864
TOTAL CURRENT LIABILITIES	27,234,025	21,734,298

NON CURRENT LIABILITIES

Claims Reserves:		
"SIR" Reserves		
Open Claims - SIR Reserves	321,942	1,227,535
IBNR Reserve - SIR	7,054,724	468,694
Open Claims - Corridor Reserves		914,314
IBNR Reserve - Corridor	4,807,037	5,769,090
"8x2 10% Quota Share" Reserve		60,000
Reserve for ULAE	955,274	976,598
Compensated Absences	43,590	32,750
Net Pension Liability -- GASB 68	245,110	364,469

TOTAL NON CURRENT LIABILITIES 13,427,677 9,813,450

TOTAL LIABILITIES 40,661,701 31,547,748

TOTAL DEFERRED INFLOWS OF RESOURCES

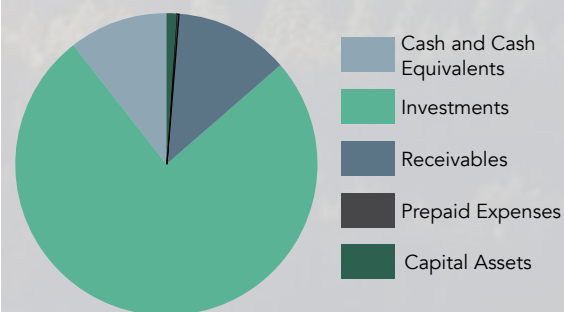
Deferred Inflows related to pensions 190,465 172,796

NET POSITION

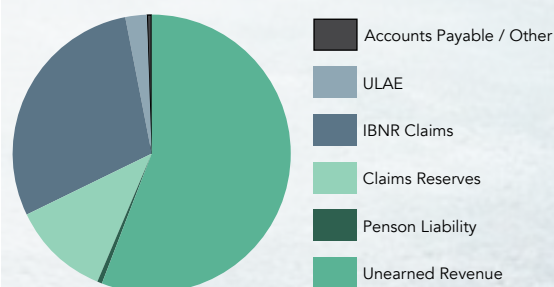
Investment in Capital Assets 830,850 888,983
Unrestricted Net Position 19,000,532 18,961,197

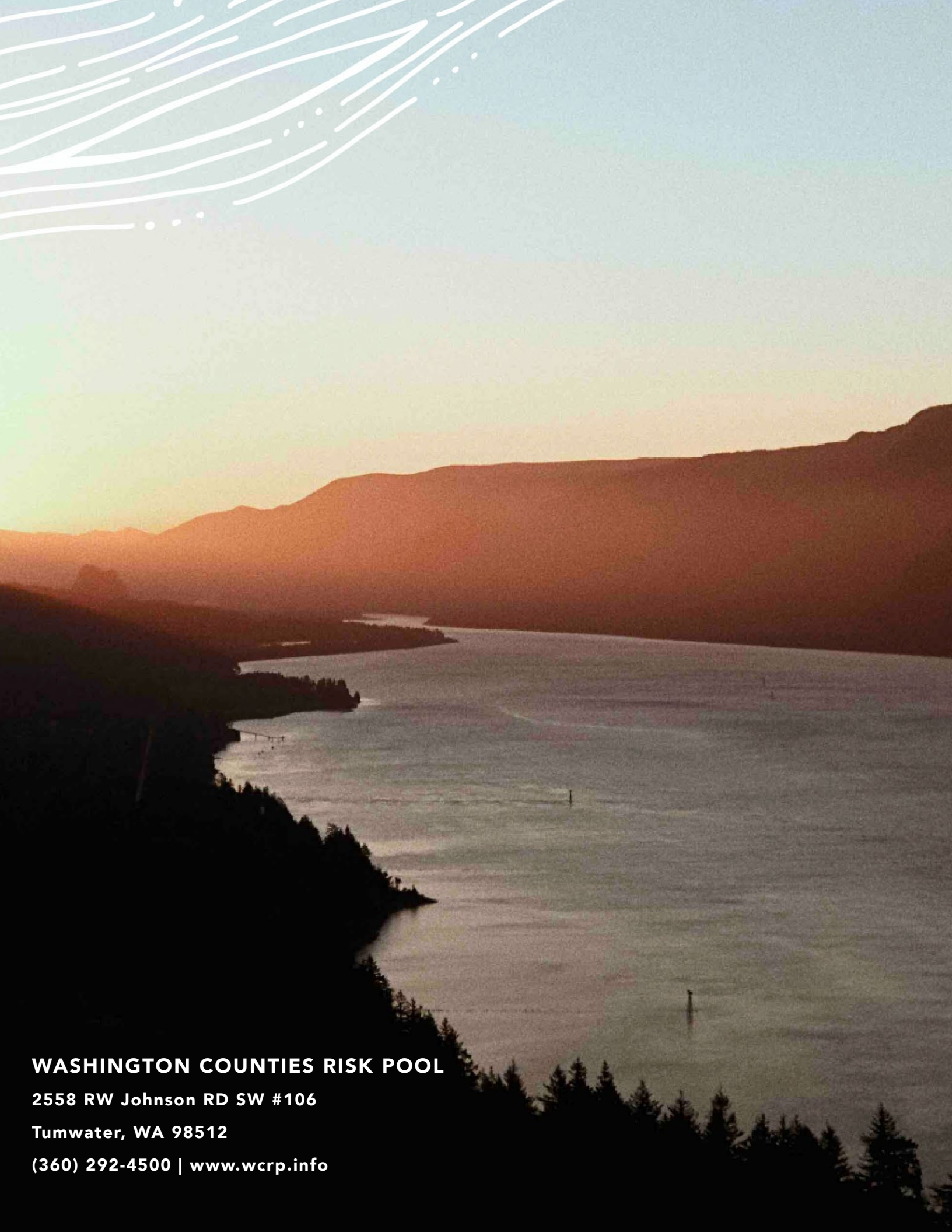
TOTAL NET POSITION 19,831,383 19,850,179

TOTAL ASSETS



TOTAL LIABILITIES





WASHINGTON COUNTIES RISK POOL

2558 RW Johnson RD SW #106

Tumwater, WA 98512

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