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The Washington Counties Risk Pool (“WCRP” or “Pool”), “Created *by Counties for Counties*” in August 1988, is an association of member counties independent of all other associations of which the counties are members. Its foundational agreement authorized the Pool’s creation pursuant to Chapters 48.62 and 39.34 Revised Code of Washington (“RCW”) “to provide member counties programs of joint self-insurance, joint purchasing of insurance, and joint contracting for or hiring of personnel to provide risk management, claims handling, and administrative services.”

The WCRP is not an “insurer” (RCW 48.01.050) or an insurance company and is not subject to the special laws and rules that govern insurers and insurance companies. Washington’s pools operate under the State’s “pooling” laws and regulations, specifically RCW 48.62 and Washington Administrative Code (“WAC”) 200-100. Pools are risk-sharing entities that must first be approved by and are thereafter overseen by and report to the State Risk Manager. They are not regulated by the Office of the Insurance Commissioner. As public entities, pools are subject to annual audits by the State Auditor’s Office.

The Pool’s mission is:

- 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.

Its core values include:

- being committed to learn, understand and respond to the members’ insurance needs;
- being committed to establish working relationships with all members that identify business issues and jointly develop solutions;
- members committed to allocate necessary resources to risk management in their 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.

Except for a Membership Compact added in 2000 as an addendum, the WCRP Interlocal Agreement remains as approved in 1988. The Compact constitutes a commitment to strengthen the Pool by helping members implement and/or enhance their local risk management efforts to reduce losses and support the best management of the Pool and its resources. It obligates members to support these goals through three major elements – membership involvement, risk control practices, and a targeted risk management program(s).

**Joint Self-Insurance Liability Program (“JSILP”):** Since October 1, 1988, the Pool has provided risk-shared (jointly purchased and/or jointly self-insured) occurrence-based coverage for 3<sup>rd</sup>-party liability claims against members for bodily injury, personal injury, property damage, errors and omissions, and advertising injury covered by a JSILP. Total “occurrence” coverage has grown from \$1 million in the Pool’s initial two insuring months to \$5 million, then to \$10 million and onto \$15 million before the \$20 million limit that has existed since October 1, 2003. Note: An additional “occurrence” limit of \$5 million has been available during many of the JSILP years for members to acquire as an individual (county-by-county) option. There are no aggregate limits for the payments the Pool will make for any one member county.

The initial \$10 million of occurrence-based coverage is jointly self-insured. Annually, each member selects a deductible amount from the options available, i.e. \$10,000, \$25,000, \$50,000, \$100,000, \$250,000, \$500,000, which is applied towards the member’s occurrences. Reinsurance, with a self-insured retention (“SIR”) equal to the greater of the applicable member deductible or \$100,000, is acquired from higher-rated carriers as protection for the Pool from unexpected losses and the membership from contingent liabilities that might result otherwise. The remaining coverage, up to \$15 million, is acquired from higher-rated commercial carriers as jointly-purchased “following form” excess insurance.

**Washington Counties Property Program (“WCPP”)**: Beginning with the 2005-06 policy year, the WCRP added jointly-purchased property coverage from a consortium of higher-rated commercial carriers as a membership option. All 26 WCRP counties now participate in the WCPP with the composite value of their covered properties totaling more than \$2.6 billion.

Limits include \$500 million for typical (All Other Perils) losses, \$200 million for catastrophe (earthquake or flood), and many sub-limited coverages including Equipment Breakdown / Boiler & Machinery (\$100 million) and Special Flood Hazard Areas (\$25 million). Green Construction Upgrades, Reproduction Coverage for Historic Structures, and Terrorism (\$20 million) coverages are also included. AOP occurrence deductibles ranging between \$5,000 and \$50,000 are selected by the participating counties annually which they are solely responsible for paying. Higher deductibles amounts apply to catastrophe losses.

**Cyber Risk and Other Coverages**: Beginning with the 2014-15 policy year, the Pool added jointly-purchased cyber risk and security coverage from a higher-rated commercial carrier. Additionally, several members utilize the Pool’s contracted producer (broker) to secure other (specialty) insuring products. Examples include crime, special events/concessionaires, underground storage tanks and other environmental hazards, even airport, ferry or railroad operations, as well as public officials surety bonds.

**Governance / Oversight**: The Pool is governed by a board of directors that consists of one director (and at least one alternate director) representing each member county and appointed by the county’s legislative authority. The Board of Directors, which includes both elected and appointed officials, meets three times each year with the Pool’s Annual Meeting being held in the summer. The Directors are responsible for a) determining the risk-sharing extent of the 3<sup>rd</sup>-party self-insured liability coverage provided by approving the insuring document (coverage form), b) selecting the reinsurance(s) to acquire and the excess insurance(s) being jointly-purchased or offered for “member option” purchase, c) approving the Pool’s annual operating budget(s) and work program(s), and d) approving the members’ deposit assessments and, when necessary, reassessments.

Ongoing oversight of the Pool is furnished by an 11-person executive committee elected by and from the WCRP Board to staggered, 3-year terms. The 2014-15 Committee members average more than nine years with the Pool. The committee meets throughout each year to: a) approve all disbursements and review the Pool’s financial health; b) approve case settlements exceeding the applicable member’s deductible by at least \$50,000; c) review all claims with incurred loss estimates exceeding \$100,000; and d) evaluate the Pool’s operations and program deliverables, as well as the Executive Director’s performance. Members are also expected to participate in the Board’s standing committees (finance, personnel, risk management, and underwriting) which develop or review/revise proposals for and/or recommendations to the association’s policies and its coverages for the Board’s formal consideration.

**Staffing and Support Teams**: Six of the Pool’s 11-person staff handle and/or manage the several hundred liability cases annually filed upon and submitted for risk-shared coverage consideration by the member counties. This includes determining coverage, establishing reserves for covered events by estimating future payments for the losses and their related claims adjustment expenses. These claims professionals have 115 years of combined claims handling experience. The remaining staff support the Pool’s administrative needs or provide member services that include assessing members’/potential members’ risks, coordinating trainings; compliance auditing, coverage development and marketing.

Then, there are the professionals from some of the most respected organizations worldwide retained by the Board to address specific needs of the Pool – PricewaterhouseCoopers, LLP furnishes independent actuarial services; Strategic Claims Direction, LLC conducts independent claims auditing; Arthur J. Gallagher Risk Management Services, Inc. provides insurance producer (broker) and advanced loss control services; and J. William Ashbaugh of Hackett Beecher & Hart serves as coverage counsel. NOTE: Claims audits are occasionally performed by commercial insurers. The numerous (case defense) attorneys assigned, and the State Risk Manager and State Auditor’s Offices as well, cannot be overlooked.

