

Annual Report 2008



**WASHINGTON
COUNTIES
RISK POOL**

Created by Counties for Counties



On the front cover: *State Hall of Justice, home to Supreme Court, Olympia*
On the back cover: *South view of the State Capitol Building*
(Photos ~ C. Thompson)



Washington Counties Risk Pool

Created *by* Counties *for* Counties

Annual Report 2008

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GOVERNANCE

WCRP BOARD OF DIRECTORS, POOL YEAR 2008

Member Director listed first, others are Alternate Directors

ADAMS

Jeffrey Stevens, Commissioner
Linda Reimer, Clerk of the Board

BENTON

Melina Wenner, HR Dir./Risk Mgr.
David Sparks, Co. Adm.
Bryan Perry, Safety/Training
(added in 2008)

CHELAN

Keith Goehner, Commissioner
Cathy Mulhall, Co. Adm.

CLALLAM

Marge Upham, HR Dir./Risk Mgr.
Toni Gilbert, Safety/Training
Officer
James Jones, Co. Adm.

CLARK

Mark Wilsdon, Risk Manager
Bronson Potter, Senior DPA

COLUMBIA

Andrew Woods, Co. Engr/Risk
Manager
Dwight Robanske, Commissioner

COWLITZ

Clyde Carpenter, Risk Manager
Claire Hauge, OFM Director

DOUGLAS

Steven Clem, Pros. Atty.
Ken Stanton, Commissioner
Thad Duvall, Auditor

FRANKLIN

Neva Corkrum, Commissioner
Steve Lowe, Pros. Atty.
Ryan Verhulp, Chief Civil DPA/
Risk Manager (added in 2008)

GARFIELD

Dean Burton, Commissioner
Vacant, awaiting designation

GRAYS HARBOR

Bob Beerbower, Commissioner
Rose Elway, Director,
Management Services & Budget
Anne Sullivan, Risk/Emerg. Mgr.

ISLAND

Phil Baake, Commissioner
Betty Kemp, Director, General
Services Adm.

JEFFERSON

Dennis Richards, Acting Co. Adm.
David Alvarez, Chief Civil DPA

KITSAP

Mark Abernathy, Risk Manager
Jacquelyn Aufderheide, Chief
Civil DPA

KITTITAS

Alan Crankovich, Commissioner
Kirk Eslinger, HR Dir.

LEWIS

F. Lee Grose, Commissioner
Harry Green, Risk Manager
Paulette Young, Safety Officer
(added in 2008)

MASON

Tim Sheldon, Commissioner
Lynda Ring-Erickson,
Commissioner
Ione Siegler, Budget/Finance
Director

OKANOGAN

Andrew Lampe, Commissioner
Vacant, awaiting designation

PACIFIC

Bryan Harrison, Co. Adm.
Jon Kaino, Commissioner

PEND OREILLE

Laura Merrill, Commissioner
Ken Oliver, Commissioner

SAN JUAN

Donald "Pete" Rose, Co. Adm.
David Zeretke, Admin. Services
Dir. (through May 2008)
Adina Cunningham, Admin.
Services Dir. (added in 2008)

SKAGIT

Gary Rowe, Co. Adm.
Billia Kadrmas, HR Dir./Risk
Manager

SKAMANIA

Marilyn Butler, Admin. Services
Director
Debra Van Camp, Assistant Risk
Manager

SPOKANE

Steve Bartel, Risk Manager
Rob Binger, Senior DPA

THURSTON

Diane Oberquell, Commissioner
Ed Holm, Pros. Atty.
Tammy Devlin, Risk Manager

WALLA WALLA

Jay Winter, Personnel/Risk
Manager
Greg Tompkins, Commissioner

WHATCOM

Randall Watts, Chief Civil DPA
Peter Kremen, Co. Executive

YAKIMA

Ronald Zirkle, Pros. Atty.
Larry Peterson, Senior DPA

Executive Committee Pool Year 2008 (Term Ending 9/30/XXXX)



Keith Goehner
Chelan
County
2008



Toni Gilbert
Clallam
County
2008



Steve Clem
Douglas
County
2009



Neva Corkrum
Franklin
County
2010



Rose Elway
Grays Harbor
County
2008



Mark Abernathy
Kitsap
County
2009



Marilyn Butler
Skamania
County
2010



Steve Bartel
Spokane
County
2010



Diane Oberquell
Thurston
County
2008



Jay Winter
Walla Walla
County
2010



Randy Watts
Whatcom
County
2009



Washington Counties Risk Pool

From Keith Goehner, PY 2008 President

The Washington Counties Risk Pool is pleased to present this 2008 Annual Report to its Members and Board of Directors, as well as the public served by Members throughout the State of Washington. WCRP is proud of its accomplishments over the past year. The Pool's actuarial confidence factor continued to rise, and our premium renewals are an indication of the confidence our reinsurers have in the Pool. We continue to market our services and have received interest by other counties in becoming part of the organization. In spite of the current turmoil in the markets and specific companies, we are positioned well and are confident of our position with respect to coverages.

The Executive Committee and Board members reflect the awareness and concern for strengthening and building an organization that will be able to withstand the challenges in the liability and property insurance environment. Each county is to be commended for its involvement in the training offered which contributes to a safer and more respected workplace.

WCRP consists of a great group of people who cooperatively make it the effective organization it is. Their continued commitment to good practices is appreciated, and is critical to the ongoing success of the Pool. I continue to appreciate the work of our staff and our Executive Director, who continue to provide leadership and a commitment to diligent risk management. It has been a great honor and privilege to serve as President of the Risk Pool this past year, and I look forward to continued involvement.



Keith Goehner
Chelan County,
President 2008

*From Mark Abernathy, PY 2008 Secretary/Treasurer
and PY2009 President*



Mark Abernathy
Kitsap County,
Secretary/
Treasurer 2008
and Py2009
President

It is an honor to serve and be a part of a great organization like the Washington Counties Risk Pool. There has been a fundamental shift in the financial risks that public entities face. In the past, we worried primarily about real and personal property, boiler and machinery, automobiles/mobile equipment, general liability, special events and crime. Nowadays, we confront multi-million dollar lawsuits from our own employees, fines and sanctions from requests for public documents, and claims for errors and omissions associated with the critical services we provide.

WCRP's programs are built with the members' goals and these changing risk fundamentals in mind. Beyond the traditional insurance coverage that we've come to expect, we also receive the following services:

- A stable risk financing and database system
- Education for members about avoiding and reducing risks
- Loss control through effective legal defense and claims handling
- An expert source of information on risk management for counties

My goal is to maintain premium stability in these tough times. Rate stability should be the linchpin of the Pool's goals for the near future. This can best be achieved through effective use of the Pool resources in order to prevent losses.

I appreciate your confidence in me and I look forward to the continued success of the Washington Counties Risk Pool.



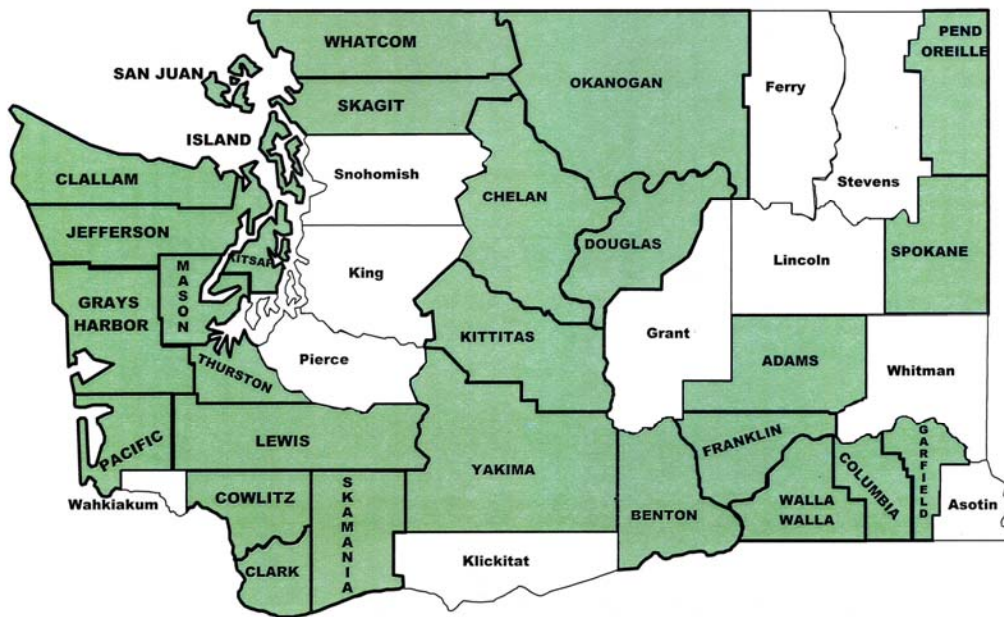
Washington Counties Risk Pool

MEMBERSHIP

MEMBER COUNTIES - POOL YEAR 2008

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

* denotes initial voting membership of Risk Pool



DEMOGRAPHICS

	County Members	State	% of State
Population	2,966,400	6,587,600	45%
Area (Sq. Miles)	46,045	66,544	69.2%
Roads (Miles)	24,503	39,852	61.2%
# Vehicles	8,039	Unknown	
# Worker Hours	31,369,405	Unknown	



Washington Counties Risk Pool

Organization Summary 2008



Washington Counties Risk Pool (WCRP) was formed August 18, 1988, by an Interlocal Agreement with an initial voting membership of 15 of Washington's 39 counties. Thirteen of the original counties began using WCRP programs and services immediately (October 1st), while the other two, along with four more, joined throughout the first year as their existing insurance programs expired. WCRP membership now stands at 28 counties.

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 services, claims handling and risk management. The WCRP operates under Washington's "pooling" laws, more specifically Chapter 48.62 via Chapter 39.34 RCW. It is overseen by the State Risk Manager with audits regularly performed by the State Auditor.

The Pool's enabling Interlocal Agreement was amended once in 2000 to add the Membership Compact, a commitment to strengthen the WCRP by helping its member counties implement and/or enhance local risk management efforts to reduce losses and support the best management of the WCRP and its resources. The Compact established member county obligations to support these goals through three major elements: membership involvement, risk control practices, and a targeted risk management program.

Members contract initially to remain in the Pool for at least five years. New members are also required to pay the Pool modest admittance fees to cover the members' share of organizational expenses and the costs to analyze their data and risk profiles. Following their initial 5-year term, a county may terminate its membership at the conclusion of any Pool fiscal year if the county timely files the required advance written notice. Otherwise, the Interlocal Agreement is renewed automatically for another year. Even after termination, former members remain responsible for assessments from the Pool for any unresolved, unreported, and in-process claims for the periods they were signatories to the Interlocal Agreement.

*The Pool is a cooperative program with joint liability amongst its participating members. Such contingent liabilities are established when assets are not sufficient to cover liabilities. This includes establishing reserves for both reported and unreported covered events, as well as estimates of the undiscounted future cash payments for losses and related claims adjustment expenses. Deficits resulting from any Pool fiscal year are financed by proportional reassessments against that year's membership. **The Pool's (re)assessments receivable balance at September 30, 2008 was ZERO.***

Member counties presently acquire \$20 million (with another \$5 million optional) of joint 3rd-party liability coverage for bodily injury, personal injury, property damage, errors and omissions, and advertising injury, and includes public officials' errors and omissions on an "occurrence" basis. And members select "occurrence" deductibles of \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. The initial \$10 million of coverage, less the retention (the greater of the member's

(Continued on page 8)



(Continued from page 7)

deductible or \$100,000), is fully reinsured. The remaining limit, up to \$15 million, is acquired as "following form" excess insurance. There are no aggregate limits to the payments being made for any one member county or all member counties combined.

Member counties are required to timely submit their 3^d-party liability claims. Over half of the Pool's 10-person staff handles and/or manages the several hundred liability cases filed upon and submitted by the Pool's member counties annually. These claims professionals have more than eighty years combined claims-handling experience. The Pool's "open" file count remains fairly constant between 400 and 500 cases. Other staffers provide various member services including conducting risk assessments and compliance audits, coordinating numerous trainings, and researching other coverages and marketing, with some simply supporting the organization's administrative needs.

Property insurance, with composite limits of \$500 million for normal ("All Other Perils") coverage and \$200 million for catastrophe coverage and with participant deductibles between \$5,000 and \$50,000, was added to the Pool coverage lines a few years ago as an individual county option. Twenty-seven counties purchased this program during some or all of 2008. Scheduled structures, vehicles, mobile equipment, EDP equipment, and equipment breakdown, etc., are covered. Participating jurisdictions are responsible for their claims' deductibles. The insurers are responsible for covered losses exceeding the participant deductibles to the maximum limits of the policy.

In addition, many members used the Pool's producer (broker) services to assist with other insurance coverage placements, e.g. public officials bonds, crime – fidelity, special events – concessionaires, and environmental hazards.

The Pool is governed by a board of directors consisting of one director (and at least one alternate director) designated by each member county. The board of directors, made up of both elected and appointed officials from the member counties, meets three times each year with the summer meeting being the Annual Meeting. The board is responsible for determining the 3^d-party liability coverage being offered (approving the insuring agreement or coverage document), the reinsurance program to acquire, the excess insurances to be jointly purchased or offered for optional purchase, and approving the Pool's annual operating budgets and work programs, and the member contribution/deposit/assessment formulas.

Member oversight is furnished by an 11-person executive committee. The committee persons are elected by the Pool's board of directors from its membership during each Annual Meeting to staggered 3-year terms. The committee meets several times throughout the year to: approve all disbursements and examine the Pool's financial health; approve case settlements exceeding members' deductibles by more than \$50,000; evaluate the Executive Director's performance, the Pool's operations and its program deliverables; and participate in the standing committees (finance, personnel, risk management, and underwriting) for development or review/revision of the operational policies and coverage documents.

Professionals from some of the most respected organizations worldwide are called upon periodically to address specific needs of the Pool. For example, independent actuarial and claims auditing services have been furnished by PricewaterhouseCoopers, LLP; insurance brokerage and advanced loss control services are being provided by Arthur J. Gallagher Risk Management Services, Inc.; coverage counsel is provided by Stafford Frey Cooper; and special claims audits are performed regularly by the Pool's insurers and re-insurers. These professionals are in addition to the many counselors assigned by the Pool to defend cases.



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 43.09.26, "The examination of the financial affairs of all local governments shall be made at such reasonable, periodic intervals as the state auditor shall determine. ...local government self-insurance programs shall be made at least once every two years.

On every examination, inquiry shall be made as to the financial condition and resources of the local government; whether the Constitution and laws of the state, the ordinances and orders of the local government, and the requirement 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/applications/internetreportsearch/AuditReportSearch.aspx>

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

LOCAL GOVERNMENT SELF INSURANCE PROGRAM EXAMINATION

The Office of Financial Management, 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 82-60.

The mission of LGSI is to protect taxpayer resources by ensuring that local government owner/members 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. Their mission is accomplished through review and approval of new programs and continuing on-site examinations of approved programs. Collection of financial, membership and key data between examinations allows continuous monitoring of the programs.

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



**AUDITING/
ACCOUNTING
OFFICER**
Sue Colbo



MANAGER
David Goldsmith



**LOSS CONTROL
COORDINATOR**
Jill Lowe



**ADMIN/CLAIMS
ASSISTANT**
Claire Thompson

MEMBER SERVICES DIVISION

CLAIMS DIVISION



MANAGER
Susan Looker



**CLAIMS
ANALYST**
Mike Cook



**CLAIMS
ANALYST**
Candy Drews



**CLAIMS
REPRESENTATIVE**
Tammy Cahill



**CLAIMS
ASSISTANT**
Lisa Daly

PROFESSIONAL SUPPORT

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

PricewaterhouseCoopers LLP, for independent actuarial & claims auditing services

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

Arthur J Gallagher, Risk Management Services, Inc., for insurance brokerage
& loss control services

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

Local Government Self Insurance Program - State of Washington

Shannon Stuber, Program Administrator

Auditor - State of Washington

Hon. Brian Sonntag



Washington Counties Risk Pool

From WCRP Executive Director *Vyrle Hill*

This 2008 Annual Report denotes the conclusion of the first 20 years of operations of the Washington Counties Risk Pool ("the Pool" or "WCRP"). It is my pleasure to have been a part of this fine service organization.

The Pool's success in part has resulted from the combined efforts of the professionals – actuaries, auditors, brokers and insurers – the board of directors has decided to employ and its professional and highly dedicated staff. However, it is the member counties' holding to sound risk management principles and the contributions and involvement of the member counties' elected and appointed officials and their employees serving as directors and alternate directors, officers and committeepersons that has been the key to the success, and it is the attribute that sets the Washington Counties Risk Pool apart from most of the other pools. We hope that recent marketing efforts will result in even more counties becoming members of the Washington Counties Risk Pool over the course of the next few years.

Joint Self-Insurance Liability Program: The Pool has been providing its membership with occurrence-based, joint self-insured coverage for 3rd-party liabilities since October 1, 1988. Coverage limits have grown over time, from the \$1 million limit that existed during the initial couple of months, to \$5 million, \$10 million and \$15 million until reaching the \$20 million limit that has existed the past five years. (Note: \$5 million additional limits were available some years as individual county options.)

Washington Counties Property Program: Participation in the property program during Py2008 grew to 27 counties with covered properties totaling nearly \$2.4 billion. In just the few years the Pool has offered this optional, jointly-purchased property insurance coverage, participation has grown nearly 60% and the value of covered properties by more than 70%. Coverage for the members' historic properties was substantially enhanced during Py2008 with the inclusion of the Historic Properties Valuation Amendment.

Headquarters Office: During Py2008, the WCRP exercised its joint tenancy rights and purchased other interests in Building 2558 of the office condominium

complex known as the Mottman Plaza in Tumwater. This resulted from the Washington Counties Insurance Fund's decision to relocate to another building in the complex. Much of the acquired space was almost immediately leased to a private party.

Financial Position: The following are some highlights from Fiscal (and Policy) Years 2008, along with some 5-year comparables:

Total Assets grew by \$3.3 million (12%) during Fy2008 to nearly \$31.1 million. The 5-year increase was an astounding \$17.8 million (133%), but it would have been more except for the fact that Fy2003 included nearly \$2.9 million of reassessment receivables. During Fy2008, current assets increased \$2.9 million while non-current assets increased \$0.4 million.

Operating Income of \$800,000 was experienced, representing a \$1 million improvement from the \$200,000 Operating Loss experienced the prior year. A 7% reduction in the estimates for claims reserves (\$8.2 vs. \$8.8 million) by the independent actuary substantially contributed to this change. During the 5-year window, claims reserves were reduced 24%, more than \$2.5 million from Fy2003's \$10.7 million claims reserves total.

Interest Income slipped \$130,000 (17%) even with larger surpluses for investing (funds not needed for current operations). This reduction is believed to have resulted from the lowering of interest rates to address the declining national and worldwide economies.

Net Assets (sometimes referred to as Members' Equity) rose almost \$900,000 during Fy2008 and almost \$4.4 million during the past five years to nearly \$6.8 million at September 30, 2008. \$5.7 million is listed as being 'Restricted' to satisfy, in large part, the Section D provisions of the Pool's Underwriting Policy, which was enhanced by the Board of Directors in March 2007. The remaining \$1.1 million is invested in Capital Assets (net of debt). The Pool's board of directors retains authority to determine if, how much, and when distributions of the Net Assets are to be made.



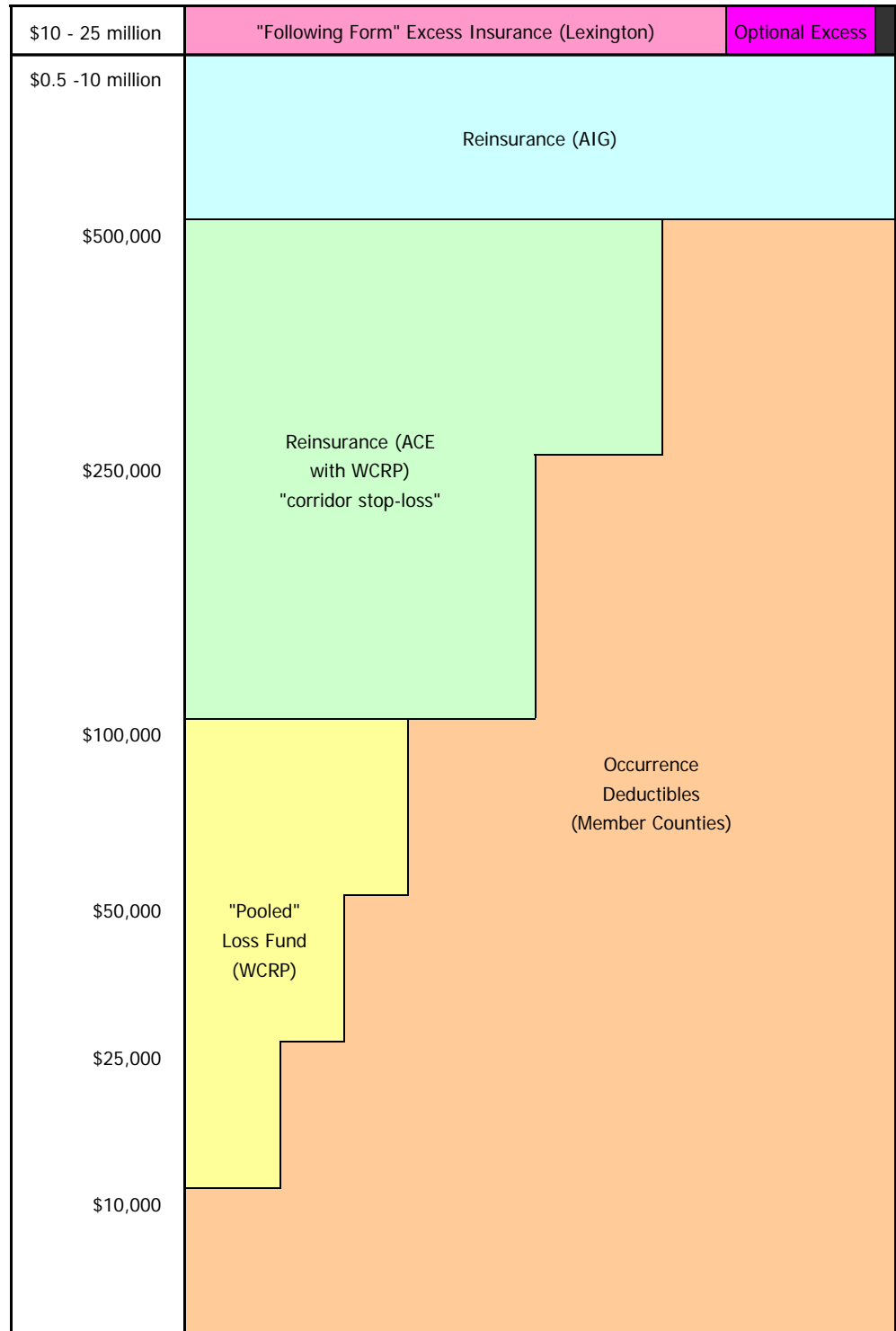
Washington Counties Risk Pool

SUMMARY OF 2007-08 LIABILITY INSURANCE PROGRAM

The Washington Counties Risk Pool provided its member counties with liability insurance limits of \$20 million (option of \$25) million per occurrence. Subject to the county-selected deductible, included was \$10 million in joint self-insured coverage plus \$10 (or \$15) million in "following form" excess coverage.

Member counties selected a "per occurrence" deductible of either \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. There were no annual aggregate limits to the payments the Pool might make for any one member county or all member counties combined.

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



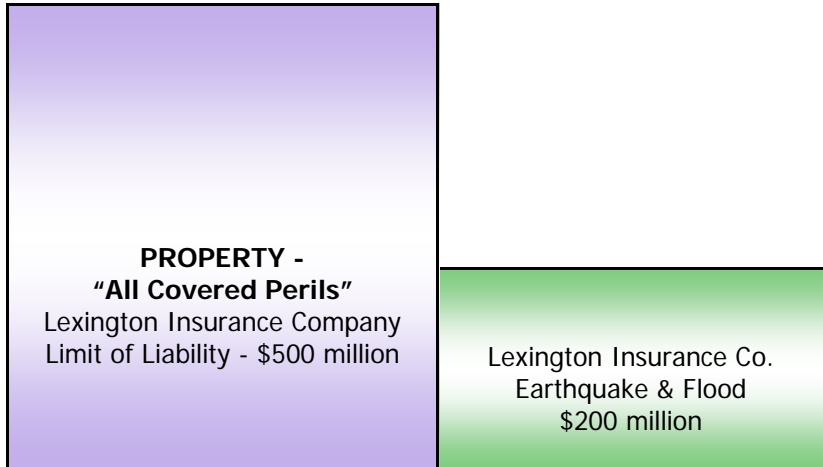


Washington Counties Risk Pool

SUMMARY OF 2007-08 PROPERTY INSURANCE PROGRAM

Participating Counties

- Adams
- Chelan
- Clallam
- Clark
- Columbia
- Cowlitz
- Douglas
- Franklin
- Garfield
- Grays Harbor
- Island
- Jefferson
- Kitsap
- Kittitas
- Lewis
- Mason
- Okanogan
- Pacific
- Pend Oreille
- San Juan
- Skagit
- Skamania
- Spokane
- Thurston
- Walla Walla
- Whatcom
- Yakima (March 08)



Deductibles - vary by county

Program Limits

Total Insured Values

Composite schedules total \$2.37 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*

Claims are the inevitable result of the Pool's member counties conducting business on a day-to-day basis. When claims are filed, it is the purpose of the Claims Department to review, determine coverage, investigate, set adequate reserves, and resolve claims in a manner that is fair while at the same time controlling costs. The Claims Department must also keep accurate records of all activity in such a way that the information is useful for underwriting, actuarial and loss control functions.

Assisting with the claims functions listed above is a staff of five dedicated employees who demonstrate exceptional

CASE DISTRIBUTION (Severity)

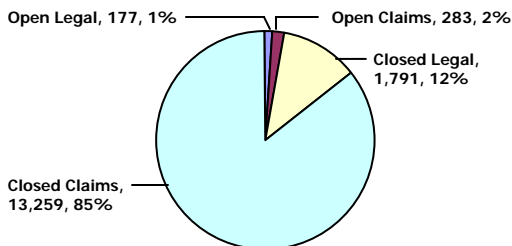
Value Range (between)		Count	Percentage
\$0	\$0	6,181	39.85%
\$.01	\$5,000	7,410	47.78%
\$5,000	\$10,000	495	3.19%
\$10,000	\$25,000	486	3.13%
\$25,000	\$50,000	358	2.31%
\$50,000	\$100,000	250	1.61%
\$100,000	\$250,000	191	1.23%
\$250,000	\$500,000	85	0.55%
\$500,000	\$1,000,000	33	0.21%
\$1,000,000	\$2,500,000	18	0.12%
\$2,500,000	\$5,000,000	2	0.01%
\$5,000,000	\$25,000,000	1	0.01%

(Continued on page 15)

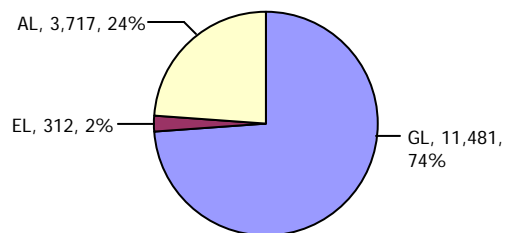
ALLOCATION OF INCURRED LOSSES by Claim Status, as of 9/30/08

Status	Incurred	Counties	WCRP SIR	Corridor	Total SIR	Insurers
Open Legal	\$ 26,351,690	\$ 10,844,690	\$ 2,183,000	\$ 875,000	\$ 13,902,690	\$ 12,449,000
Open Claims	7,784,529	4,990,029	1,359,500	900,000	7,249,529	535,000
Closed Legal	111,949,923	34,987,173	40,270,554	-	75,257,728	36,692,195
Closed Claims	25,306,743	16,387,530	6,038,996	22,429	22,448,954	2,857,789
TOTAL	\$ 171,392,885	\$ 67,209,422	\$ 49,852,050	\$ 1,797,429	\$ 118,858,901	\$ 52,533,984

TOTAL # EVENTS (Frequency)
By Claim Status
as of 9/30/08



TOTAL # EVENTS (Frequency)
By Claim Type
As of 9/30/08





Washington Counties Risk Pool—Total of all Member Counties, as of 7/08

Claim Type	# of Claims	Paid + Reserved	Average Cost Per Claim	% of Total Claims	% of Costs
Law Enforcement	2146	\$25,806,482	\$12,025	12%	16%
Negligent Vehicle Operation	2005	\$20,511,975	\$10,230	12%	12%
Employment Law Claims	430	\$33,731,882	\$78,446	2%	20%
Land Use Planning & Permits	487	\$ 7,722,046	\$15,856	3%	5%
Road Design & Maintenance	8223	\$30,280,857	\$ 3,682	48%	18%
All Other Allegations	3880	\$48,136,817	\$12,406	23%	29%

(Continued from page 14)

skills in their work habits, organization, time management, decision making, and analytical abilities. Mike Cook (Claims Analyst) began his career in insurance in 1982; Candy Drews (Claims Analyst) in 1998; Tammy Cahill (Claims Representative) in 1987; and Claire Thompson (Claims Assistant) in 1994. Combined with me (1990), there are a total of 89 years of insurance experience addressing the Pool's member counties' files.

During Py2008, Candy Drews completed her course of study to receive the AIC designation. In addition to these four professionals, the Pool hired Lisa Daly as a new Claims Assistant beginning in September 2008; Claire Thompson continues to train Lisa.

The Risk Pool received 967 claims in Py2008 (a slight increase over recent years), closed 996 (approximately 100 more than the previous pool year), and continues to work on the 458 that remain open. There were no open claims preceding Py1999 at the end of Py2008. The Pool paid \$10.2 million in indemnity and expenses during Py2008, which is an average amount for the last five years.

During Py2008, 24 files were closed with incurred (payments + reserves) losses totaling over \$100K; 18 of them were lawsuits and 6 were claims. One file settled while on appeal, one was dismissed by a judge, 21 were settled via negotiation, and one resulted in a "defense verdict." Of the same 24 files, 15 (62.5%) were General Liability, 6 (25%) were Employment Practices Liability, and 3 (12.5%) were Auto Liability. A total of \$6.75 million was paid on these top 24 files.

Open Claims as of 9/30/08	
Pool Year	Open Claims
A (88-89)	0
B (89-90)	0
C (90-91)	0
D (91-92)	0
E (92-93)	0
F (93-94)	0
G (94-95)	0
H (95-96)	0
I (96-97)	0
J (97-98)	0
K (98-99)	1
L (99-00)	1
M (00-01)	3
N (01-02)	4
O (02-03)	18
P (03-04)	21
Q (04-05)	69
R (05-06)	78
S (06-07)	73
T (07-08)	190
Total Open	458



Washington Counties Risk Pool

From Member Services Manager *David Goldsmith*

County Visits

Executive Director Vyrle Hill and Member Services Manager David Goldsmith met with each of the 28 WCRP member counties during the spring and summer of 2008. During those visits, the 20-year history of the Risk Pool, structure and finances, and the county contribution (premium) rate setting process were discussed with the counties' elected and appointed leadership and staffs. Claims and loss histories were reviewed, comparing individual counties with the overall Pool and similar (peer) counties, along with experience rate modification factors. The discussions also included the Membership Compact audits and compliance schedules, current and future loss control trainings, and program enhancements.

Non-member Marketing

Marketing visits were completed with the elected leaderships in four, non-WCRP member counties – Asotin, Klickitat, Wahkiakum and Whitman. This pre-marketing effort allowed staff to articulate the strengths of the WCRP programs and the positive financial position the Pool now enjoys. This effort was well received and resulted in Wahkiakum County deciding to take a 'formal' closer look at the advantages of becoming a member of the WCRP.

Compact Compliance

Over the course of Py2008, member counties received follow-up assistance with addressing the deficiencies identified in the Membership Compact audits. Assistance ranged from general information and policy sharing to specific one-on-one consultation. A composite compliance schedule was developed to assist in tracking completed items.

New Director Orientation

Member Services regularly conducts orientations for new directors and alternates appointed to the Board of Directors. Some new directors received one-on-one orientations following their appointments and before attending their first formal board meeting. In addition, a new directors' orientation dinner was conducted during the Spring Conference. In Py2008, seven newly-appointed directors and alternates received orientation.

WSAC/WACO Partnerships

The Pool continues to play an active role as partner to both the Washington State Association of Counties and the Washington Association of County Officials. In addition to the Pool providing financial support for their annual conferences, Member Services maintains booths at their vendor fairs, as well as conducting trainings on issues of risk management and liability in the public sector, including discussing various risk financing options, for newly elected commissioners and councilpersons.

Optional Washington Counties Property (Insurance) Program

Member Services is overseeing the creation and delivery of both a web-based property loss/claim tracking system and a web-based property inventory reporting system. The development of the property claim tracking system was a team effort involving member counties, the Pool's broker, and property insurers and adjusters to create a real-time reporting and tracking system that allows the Pool's staff to monitor participating counties' property claims and assist with resolving matters. The property inventory system will be the basis for preparing the Composite Statements of Values used by the insurance underwriter(s) for the Washington Counties Property Program. This real-time, web based system will allow easy access and a uniform way to update, add or delete properties – structures, contents, equipment, vehicles and mobile equipment – included in the counties' property and equipment inventories. 10% of the participating counties' scheduled properties will be appraised in Py2009. This system is scheduled to be available for the Py2010 WCPP renewal.



Washington Counties Risk Pool

From Loss Control Coordinator *Jill Lowe*



At WCRP, it is believed that training county officials, employees and volunteers aids significantly in the reduction of losses and decreases cost, resulting in more economical risk coverage. The Risk Pool offers numerous training opportunities for its members, including:

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, discrimination. This training also includes an in-depth review of employment-related liability legal cases. During Py2008, the Pool offered 15 Management & Supervisory Training seminars in 15 different counties; 545 persons attended.

Skid Cars – WCRP sponsored "Skid Cars" – regular county vehicles equipped with an apparatus that simulates vehicle skidding/loss of control – help employees learn what to watch out for when operating in poor driving conditions, and how to handle a vehicle in an unpredictable environment.

Collision Investigation – Offered regularly since the Pool's inception more than 20 years ago, these lively and provocative sessions generally involve several specialties in the field of scene investigation including photographing evidence, documenting statements, interpreting vehicle damage, calculating speed, and reconstructing the mishap. Many attendees are repeat participants, but the course always draws a few new ones each time it is presented. During Py2008, two Collision Investigations were offered; 22 persons attended.

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 given by WCRP several times a year. During Py2008, 33 county employees attended four Compact training opportunities.

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. Individual member county employees can apply for a scholarship 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.

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 the counties, their officials and personnel of Washington state. The program helps familiarize and acquaint elected and appointed officials and county staffs with the responsibilities and potential liabilities related to serving in public office.

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.

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 must offer.

In addition to the training classes offered above, the Risk Pool has provided classes in Claims Administration, Leadership, Public Works Issues, Open Public Records, Contracts Management, Pre-Trial Release/Probation, Avoiding Jail Related Liability, Land Use Issues, and Law Enforcement Liability.



WASHINGTON COUNTIES RISK POOL
COMPARATIVE STATEMENT OF NET ASSETS
As of September 30, 2008 and September 30, 2007

	YTD 9/30/2008	AUDITED 9/30/2007
ASSETS:		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 19,317,651	\$ 24,902,986
Member Deductible & Reinsurance Receivables	2,639,448	898,868
Member Assessment Receivable	943,787	795,467
Retro Assessment Premium Receivable	-	332,708
Property Insurance Assessment Receivable	412,721	-
Prepaid Expenses	6,647,495	-
Other Accounts Receivables	-	100,600
TOTAL CURRENT ASSETS	29,961,103	27,030,628
NONCURRENT ASSETS:		
Capital Assets (Net of Accumulated Depreciation)	1,103,766	716,338
TOTAL ASSETS	\$ 31,064,869	\$ 27,746,966
LIABILITIES:		
CURRENT LIABILITIES:		
Claim Reserves		
Reserves for Open Claims	\$ 2,898,097	\$ 3,250,952
IBNR Claims Reserve	4,395,431	4,692,992
\$400M xs \$100M AL/GL Corridor Reserves		
Reserves for Open Claims	1,225,000	350,000
IBNR Claims Reserve	2,577,571	1,650,000
Reserve for ULAE	860,564	819,633
Accounts Payable	591,462	182,130
Accrued Liabilities	57,684	52,821
Unearned Revenue - Members Assessments	11,680,555	11,430,175
TOTAL CURRENT LIABILITIES	\$ 24,286,365	\$ 22,428,702
NET ASSETS:		
Restricted Net Assets - Underwriting Policy Section D	\$ 5,674,738	\$ 4,601,926
Capital Assets Net of Debt	1,103,766	716,338
Non Restricted Net Assets	-	-
TOTAL NET ASSETS	\$ 6,778,505	\$ 5,318,264
TOTAL NET ASSETS AND LIABILITIES	\$ 31,064,869	\$ 27,746,966



**WASHINGTON COUNTIES RISK POOL
STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN FUND NET ASSETS**

For the Fiscal Years Ended September 30, 2008 and September 30, 2007

	YTD 9/30/2008	AUDITED 9/30/2007
OPERATING REVENUES:		
Member Assessments -- Liability Insurance	\$ 9,141,287	\$ 9,141,407
Member Assessments -- Property Insurance	2,322,429	2,286,503
Miscellaneous Operating Income	100,000	28,776
Total Operating Revenues	<u>\$ 11,563,716</u>	<u>\$ 11,456,687</u>
OPERATING EXPENSES:		
Current Year's "Claims" Reserve	\$ 1,264,343	\$ 1,182,993
Current Year's "Corridor" Reserve	1,825,000	2,000,000
Adjustment of Prior Years' Claims Reserves	(251,088)	554,843
Reserve for ULAE	40,932	174,960
Reinsurance Premiums	3,806,063	3,772,810
Excess Insurance Premiums	384,790	384,790
Property Insurance Premiums	2,260,094	2,266,927
Depreciation Expense	70,947	65,372
Operating Expenditures	1,341,814	1,256,874
Total Operating Expenses	<u>\$ 10,742,895</u>	<u>\$ 11,659,569</u>
OPERATING INCOME	<u>\$ 820,820</u>	<u>\$ (202,882)</u>
NON OPERATING REVENUES (EXPENSES):		
Interest Income	\$ 630,365	\$ 760,477
Rental Income on Suite 104	10,314	-
Rental Suite 104 Expenses	(2,114)	-
Miscellaneous Income	855	4,645
Total Nonoperating Revenues (Expenses)	<u>\$ 639,420</u>	<u>\$ 765,122</u>
CHANGES IN NET ASSETS:	<u>\$ 1,460,241</u>	<u>\$ 562,240</u>
TOTAL NET ASSETS, Beginning of Year	<u>\$ 5,318,264</u>	<u>\$ 4,756,024</u>
TOTAL NET ASSETS, End of Year	<u>\$ 6,778,505</u>	<u>\$ 5,318,264</u>



**WASHINGTON COUNTIES RISK POOL
COMPARATIVE STATEMENT OF CASH FLOW
AND CHANGES IN FUND NET ASSETS**

For the Fiscal Years Ended September 30, 2008 and September 30, 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from members & Insurers	\$ 9,945,781	\$ 15,143,551
Cash payments for goods and services	(14,966,278)	(8,580,328)
Cash payments to employees for services	(745,883)	(665,913)
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,766,380)</u>	<u>\$ 5,897,311</u>
CASH FROM CAPITAL ACTIVITIES:		
Purchase of Equipment & Building	\$ (458,374)	\$ (22,778)
Miscellaneous Revenues	855	
Cash from Rental of Office (Net)	8,199	5,339
Net Cash Provided (Used) by Capital Activities	<u>\$ (449,320)</u>	<u>\$ (17,439)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from Sales of Investments	\$ -	\$ -
Interest Received	630,365	760,477
Net Cash Provided (Used) by Investing Activities	<u>\$ 630,365</u>	<u>\$ 760,477</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (5,585,335)</u>	<u>\$ 6,640,350</u>
Cash and Cash Equivalents - Beginning of the Year	\$ 24,902,986	\$ 18,262,636
Cash and Cash Equivalents - End of the Year	<u>\$ 19,317,651</u>	<u>\$ 24,902,986</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	\$ 820,821	\$ (202,882)
Adjustments to reconcile net income to net cash:		
Cash provided by operating activities:		
Depreciation expense	\$ 70,946	\$ 65,372
Decrease (Increase) in Accounts Receivable	(1,868,314)	1,398,096
Increase (Decrease) in Claims Reserves	1,152,154	2,204,930
Increase (Decrease) in Reserve for ULAE	40,932	174,960
Increase (Decrease) in Unearned Revenue	250,380	2,288,768
Increase (Decrease) in Accounts Payable	(6,237,468)	(42,884)
Increase (Decrease) in Accrued Liabilities	4,169	10,951
Net Cash Provided for (Used By) Operating Activities	<u>\$ (5,766,380)</u>	<u>\$ 5,897,311</u>

Washington Counties Risk Pool

CLAIMS DEVELOPMENT

October 1, 1999 - September 30, 2008 (in thousands)

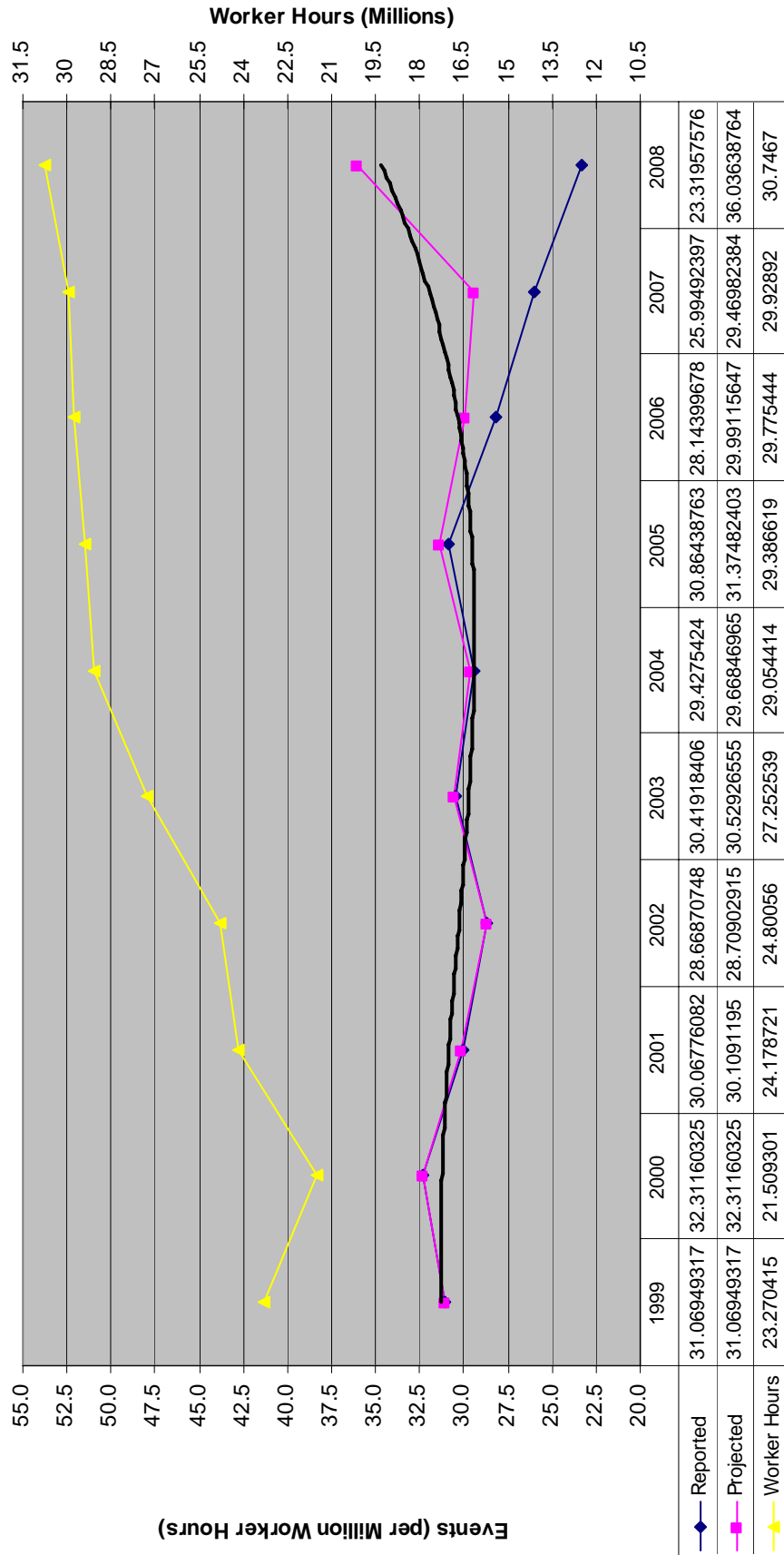


	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
1 Net earned required contributions and investment revenues	\$ 13,194	\$ 6,342	\$ 6,800	\$ 7,056	\$ 10,416	\$ 11,716	\$ 12,042	\$ 12,391	\$ 11,428	\$ 11,564
2 Unallocated expenses	\$ 3,765	\$ 3,734	\$ 4,216	\$ 4,531	\$ 5,635	\$ 8,071	\$ 9,678	\$ 9,437	\$ 7,747	\$ 7,864
3 Estimated incurred claims and expenses, end of policy year	\$ 1,900	\$ 2,000	\$ 2,249	\$ 1,860	\$ 1,615	\$ 1,900	\$ 1,510	\$ 1,354	\$ 1,183	\$ 1,264
4 Paid (cumulative) as of:										
End of Policy Year	\$ 10	\$ 18	\$ 3	\$ 36	\$ 51	\$ 68	\$ -	\$ 100	\$ -	\$ 87
One year later	\$ 77	\$ 205	\$ 204	\$ 160	\$ 240	\$ 274	\$ 161	\$ 443	\$ 185	
Two years later	\$ 258	\$ 365	\$ 389	\$ 282	\$ 596	\$ 426	\$ 295	\$ 1,001		
Three years later	\$ 424	\$ 680	\$ 695	\$ 618	\$ 836	\$ 655	\$ 773			
Four years later	\$ 636	\$ 747	\$ 725	\$ 927	\$ 1,103	\$ 928				
Five years later	\$ 904	\$ 788	\$ 742	\$ 1,075	\$ 1,202					
Six years later	\$ 926	\$ 825	\$ 753	\$ 1,096						
Seven years later	\$ 926	\$ 830	\$ 753							
Eight years later	\$ 926	\$ 830								
Nine years later	\$ 826									
5 Reestimate incurred claims and expense:										
End of Policy Year	\$ 1,900	\$ 2,000	\$ 2,249	\$ 1,860	\$ 1,615	\$ 1,900	\$ 1,510	\$ 1,354	\$ 1,183	\$ 1,264
One year later	\$ 1,725	\$ 1,985	\$ 1,800	\$ 1,685	\$ 1,890	\$ 1,765	\$ 1,610	\$ 2,345	\$ 1,770	
Two years later	\$ 1,650	\$ 1,580	\$ 1,730	\$ 1,380	\$ 1,950	\$ 1,510	\$ 1,890	\$ 2,575		
Three years later	\$ 1,220	\$ 1,460	\$ 1,350	\$ 1,445	\$ 1,505	\$ 1,335	\$ 1,540			
Four years later	\$ 1,115	\$ 1,370	\$ 1,150	\$ 1,432	\$ 1,343	\$ 1,168				
Five years later	\$ 1,142	\$ 1,218	\$ 935	\$ 1,392	\$ 1,348					
Six years later	\$ 1,083	\$ 1,031	\$ 833	\$ 1,275						
Seven years later	\$ 998	\$ 946	\$ 793							
Eight years later	\$ 961	\$ 896								
Nine years later	\$ 845									
6 Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ (1,055)	\$ (1,104)	\$ (1,456)	\$ (585)	\$ (267)	\$ (732)	\$ 30	\$ 1,221	\$ 587	\$ -



Washington Counties Risk Pool

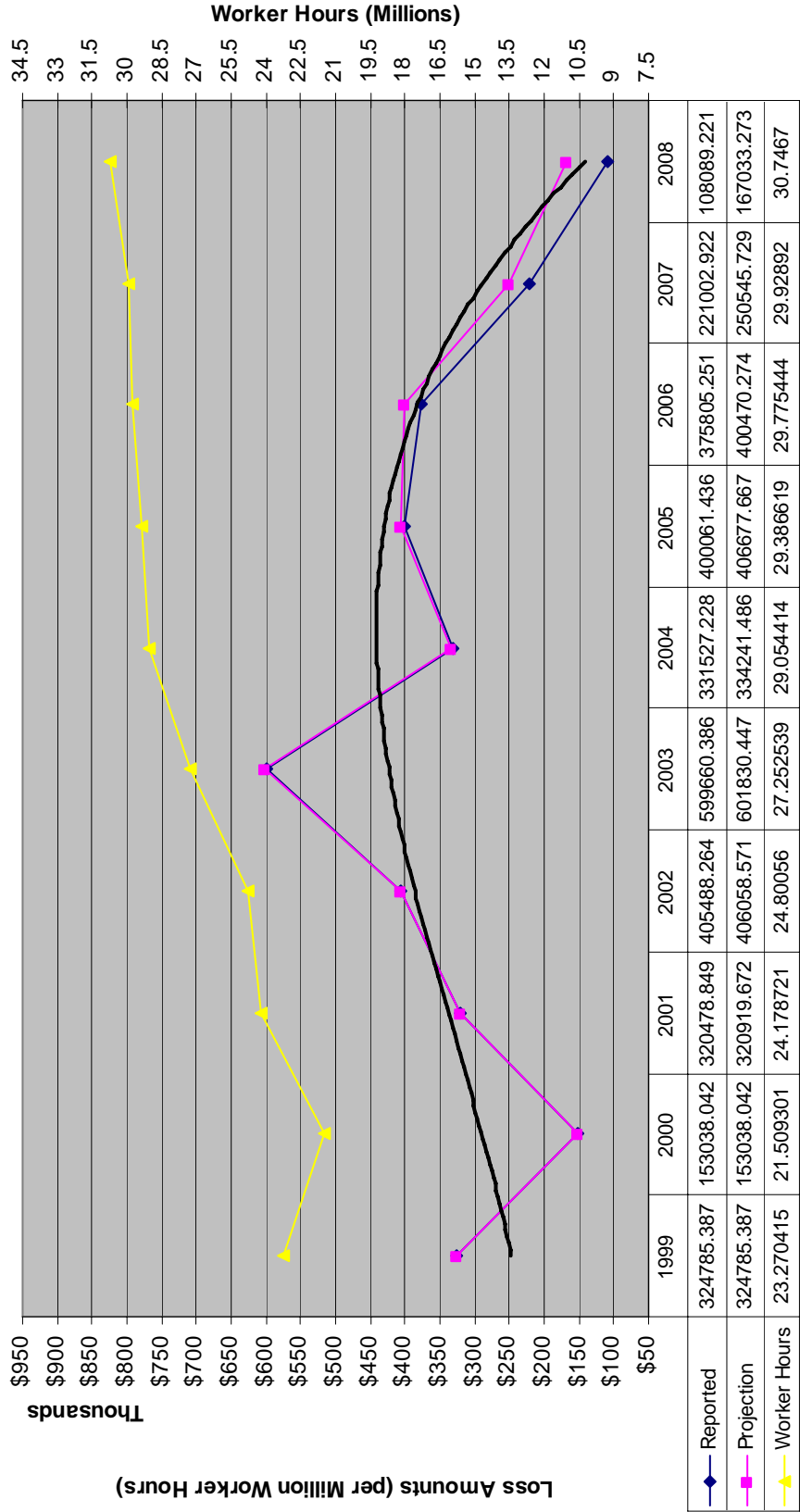
FREQUENCY of 3rd-PARTY LIABILITY EVENTS with EXPOSURE DATA 10-Year Summary (at close of Py2008)



Washington Counties Risk Pool



SEVERITY OF 3rd-PARTY LIABILITY EVENTS with EXPOSURE DATA 10-Year Events Summary (at close of Py2008)



WCRP Policy Year



**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/Auditing Officer Sue Colbo.
