



Risk Management Service Agency

# RMSA

2016 Annual Report

SECURITY | STABILITY | SERVICE



## Providing shelter from financial storm

In my seventh consecutive year as President of the AWC Risk Management Service Agency (RMSA), I am more pleased than ever to not only be the President of the governing body of this important and successful program, but also to be a councilmember of one of its members.

A 45-year career in the insurance industry has only solidified my true belief in the benefits of public entity pooling as a means of providing stability for our members.

The insurance market has seen significant fluctuation and volatility over the past 28 years and has repeatedly left its policyholders reeling with rate instability, insolvency, and a marked absence of loss prevention assistance. RMSA has provided shelter from this financial storm for scores of Washington cities, towns, and special districts. I am proud to report we are retaining net assets of nearly \$11 million. While these assets help cover the cost of member claims when they occur, I'm also proud to note that RMSA's total liabilities have decreased by over \$500,000, which can be directly attributed to focused and diligent work toward reducing claims costs.

While coverage is always needed, what ultimately makes RMSA truly valuable to its membership is the access to its professional and dedicated staff, loss prevention and pre-litigation resources, and numerous programs and benefits that help our members avoid losses, reduce the costs of unavoidable loss, and access resources that help take the guess work out everyday risk management needs.

The only thing better than enjoying a successful year, is being able to look forward to a promising future. Thank you to all the RMSA members, staff and service providers for helping to build the AWC RMSA program that will give Washington cities, towns, and special districts the support, service, stability, and coverage they need for many years to come.

Best wishes,

A handwritten signature in black ink, appearing to read 'S. Ekberg', written in a cursive style.

Steven Ekberg, President  
Risk Management Service Agency



## A bright and promising future

It is my pleasure to present the 2016 AWC Risk Management Service Agency (RMSA) Annual Report to the RMSA Board of Directors, Operating Committee, and membership.

RMSA continues to be an important full-service risk management choice for Washington's cities and towns and is rapidly becoming a viable option for special districts. As an agency comprised of and governed by its members, RMSA remains singularly focused on delivering services consistent with our mission, vision, and core values.

Reflecting on this past year, we all faced uncertainty and challenges – the impact of changing weather patterns, the targeting of our public safety professionals for harm, cybersecurity threats, healthcare availability and cost, and changes in our political landscape. In the midst of turmoil, we also have a desire for a stable future. RMSA is here to add stability by helping manage the risks cities, towns, and special districts face; and we face them together.

With staff retirements and transitions, RMSA also had the opportunity to revisit what members need, who delivers, and how we deliver critical management and day-to-day services. Our goal is to assure a stable future, to the extent that is possible in these turbulent times. To that end, AWC took a strategic and targeted approach to hire outstanding professional staff to shepherd RMSA into a bright and promising future. With a Board and Operating Committee strategic retreat planned for 2017, we look forward to shaping a future that continues to put members' needs first.

AWC will continue to strive to assure RMSA becomes synonymous with its key words: service, security, and stability. As such, we are proud to support our members by providing excellent service, helping to manage risk, stabilizing costs, and assisting in establishing and maintaining stronger and safer communities.

We hope that your review of this report provides you with valuable and useful information about RMSA. A few highlights from 2016:

- A \$1.1 million increase in net position
- Over 100% claims closure rate
- \$165,000 awarded in loss prevention grant funds
- Completion of 163 loss prevention recommendations by members

We exist to serve our members and we welcome your comments and questions.

Sincerely, 

Peter B. King, Chief Executive Officer  
Association of Washington Cities



# Our mission

Protect employees, assets, and officials of Washington's cities and towns through security, stability and service.

# Our vision

The AWC RMSA is the full-service risk management choice for small and medium-sized cities and towns in our state. We are large enough to protect your assets, yet small enough to know your name. We strive to solve problems before they happen, and protect your future when they do; constantly innovating to meet your needs.

## Coverage summary

AWC RMSA is a group of cities, towns and other special purpose districts, which have joined to group self-insure and group purchase excess and/or reinsurance coverage. This group-purchasing of insurance coverage allows all AWC RMSA members to enjoy reduced premium costs and the benefits of personal, in-house professionals handling their claims and risk management issues.

The following is an outline of the coverages and various applicable member deductibles and pool retentions offered to AWC RMSA members for 2016. The property coverage limits are offered at full replacement cost for real and personal property and at actual cash value for vehicles, trucks, trailers, and equipment. Please refer to the declarations page, as well as language found in each individual policy or document for additional conditions, provisions and exclusions that may apply.

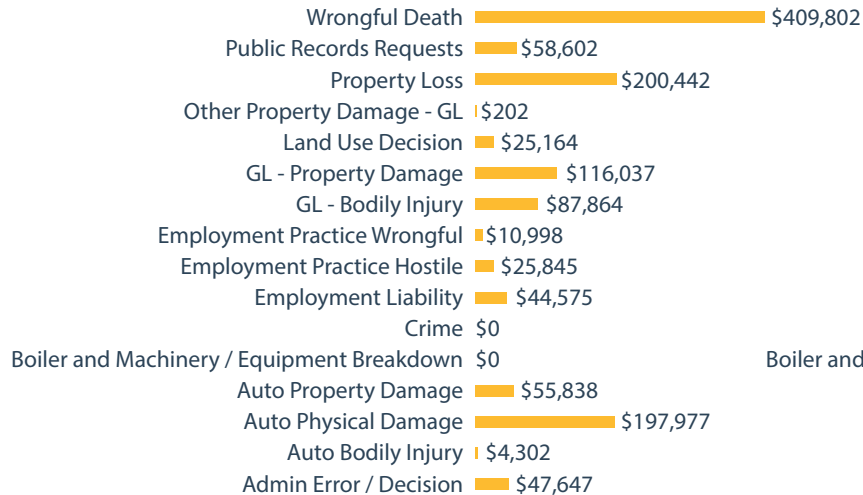
	Member deductible	Pool retention or deductible	Coverage limits
<b>Property</b>	None (Higher Optional)	\$100,000 Deductible	\$250,000,000
<b>Flood</b>	\$100,000 \$500,000 high zones	None	\$50,000,000 \$10,000,000 high zones
<b>Earthquake</b>	3% - \$250,000 min	None	\$50,000,000
<b>Equipment breakdown</b>	\$5,000	\$100,000 deductible	\$100,000,000
<b>Automobile physical damage</b>	None	\$100,000 deductible	\$250,000,000
<b>General and automobile liability</b>	None*	\$250,000 retention	\$15,000,000
<b>Crime - Employee fidelity</b>	None	\$1,000 deductible	\$1,000,000
<b>Aviation general liability**</b>	None	None	\$2,000,000

\*Optional member-specific deductibles may be selected and are reflected under the declarations page

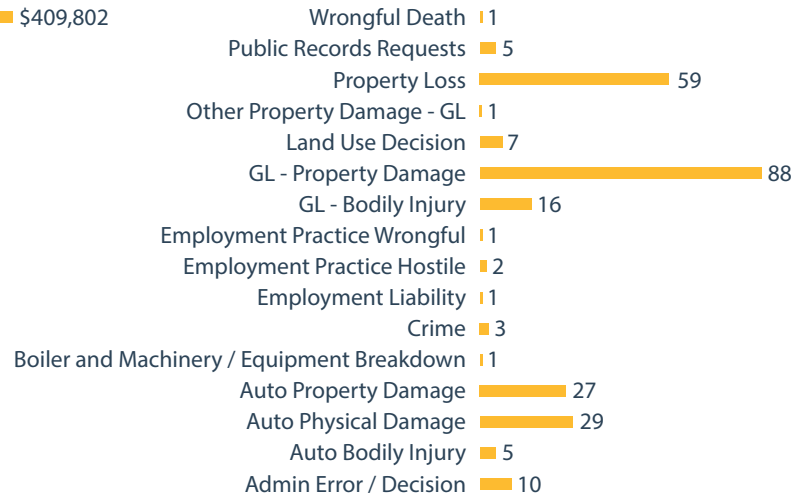
\*\*Aviation coverage purchased by participating members



### Total paid by claim type



### Frequency by claim type







# Loss prevention and risk consulting

*Because the best claim is the one you never receive.*

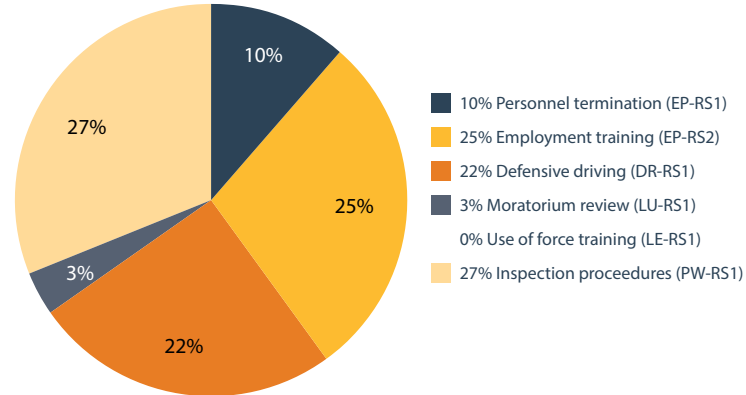
## Loss prevention

- Staff conducted loss prevention surveys at 42 member sites and attended 5 on-site surveys conducted by our reinsurance partner.
- Members completed 163 loss prevention recommendations.
- Updated catalog of Loss Prevention Resource Guides to answer common risk-related topics.
- Developed a recommendation tracking method for trend analysis and follow up communications.

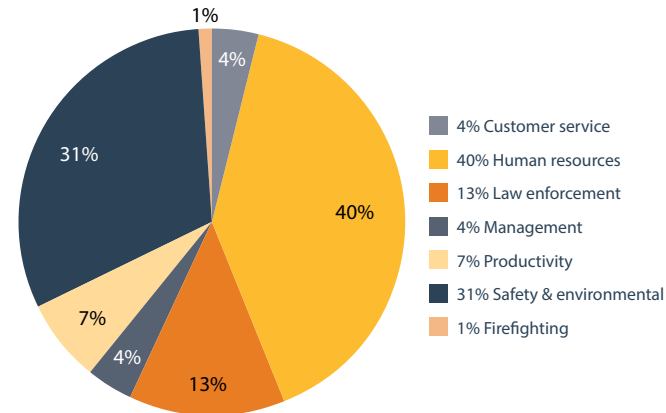
## RMSA provides members with tools and educational opportunities that help manage risk

- 1,646 RMSA•U courses were completed by individuals from 40 RMSA member entities.
- 101 scholarships totaling \$34,500 were granted to individuals representing 43 RMSA member entities.
- 41 members received \$165,000 through the annual loss prevention grant program for approved projects to reduce or eliminate property and liability related exposures. Additionally, 28 members claimed \$13,750 through the Annual Meeting grant program.

Required Member Standard recommendations by category



RMSA-U usage by category



## Statement of net position

as of December 31, 2016 and December 31, 2015

### ASSETS:

	2016	2015
Current Assets:		
Cash and Cash Equivalents	\$13,561,419	\$10,146,976
Receivables:		
Assessments Receivable	6,076	-
Excess/Reinsurance Recoverable	287,842	2,097,392
Member Deductibles	34,541	22,571
Prepaid Expense	-	1,060,169
Total Current Assets:	\$13,889,878	\$13,327,108
Noncurrent Assets:		
Contract Receivable	32,500	35,000
Reinsurance Deposit	239,149	239,149
Equity In NLC MIC	2,626,430	2,536,231
Total Noncurrent Assets:	\$2,898,079	\$2,810,380

#### TOTAL ASSETS

\$16,787,957

\$16,137,488

### LIABILITIES:

Current Liabilities:		
Claim Reserves:		
Incurred but Not Reported (IBNR)	\$1,068,900	\$1,086,200
Unpaid Claims	712,600	724,100
Unallocated Loss Adjustment Expenses	200,000	220,000
Accounts Payable	174,471	275,008
Unearned Member Assessments	500	-
Total Current Liabilities:	\$2,156,471	\$2,305,308
Noncurrent Liabilities:		
Claim Reserves:		
Incurred but Not Reported (IBNR)	\$2,824,478	\$2,853,664
Unpaid Claims	811,942	1,135,531
Total Noncurrent Liabilities:	\$3,636,420	\$3,989,195

#### TOTAL LIABILITIES

\$5,792,891

\$6,294,503

### NET POSITION:

Unrestricted	10,995,066	9,842,985
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#### TOTAL NET POSITION

\$10,995,066

\$9,842,985

#### TOTAL LIABILITIES AND NET POSITION

\$16,787,957

\$16,137,488

The condensed financial statements shown are derived from RMSA's state-audited financial statements for 2016 and do not include notes. A copy of the audited financial statements can be obtained from RMSA upon request.

## Statement of revenues, expenses and changes in net position

For the Years Ended December 31, 2016 and December 31, 2015

	2016	2015
<b>OPERATING REVENUES:</b>		
Member Assessments	\$7,245,654	\$6,457,518
Other Income	78,981	78,762
Total Operating Revenues	\$7,324,635	\$6,536,280
<b>OPERATING EXPENSES:</b>		
Claims Loss Expense -- Current Year	\$2,355,000	\$2,495,000
Claims Loss Expense -- Prior Years	(502,335)	(1,673,291)
Unallocated Loss Adjustment Expenses	(20,000)	(40,000)
Insurance Premiums	2,391,513	2,101,290
Claims Administration and Loss Prevention Services	637,495	564,201
General and Administrative Expenses	1,462,840	1,375,698
Total Operating Expenses	\$6,324,513	\$4,822,898
<b>OPERATING INCOME (LOSS):</b>	<b>\$1,000,122</b>	<b>\$1,713,382</b>
<b>NONOPERATING REVENUES:</b>		
Interest Income	\$61,760	\$18,564
Increase/<Decrease> in Equity in NLC MIC	90,199	87,361
Total Non-Operating Revenues	\$151,959	\$105,925
<b>CHANGE IN NET POSITION:</b>	<b>\$1,152,081</b>	<b>\$1,819,307</b>
<b>TOTAL NET POSITION - JANUARY 1</b>	<b>9,842,985</b>	<b>8,023,678</b>
<b>TOTAL NET POSITION - DECEMBER 31</b>	<b>\$10,995,066</b>	<b>\$9,842,985</b>

The condensed financial statements shown are derived from RMSA's state-audited financial statements for 2016 and do not include notes. A copy of the audited financial statements can be obtained from RMSA upon request.

## 2016 AWC RMSA Board of Directors



James Bailey  
*Position 1*  
Councilmember,  
Wenatchee



Robert Whisman  
*Position 2*  
Mayor,  
Deer Park



Jeanne Pettersen  
*Position 3*  
Councilmember,  
North Bend  
Vice President



Craig George  
*Position 4*  
Mayor,  
Dayton



Mike Schaub  
*Position 5*  
Mayor,  
Eatonville



Steve Ekberg  
*Position 6*  
Councilmember,  
Gig Harbor  
President



Julie Struck  
*Position 7*  
Mayor,  
South Bend

## 2016 AWC RMSA Operating Committee

Duncan Wilson  
*Position 3*  
Town Administrator,  
Friday Harbor  
Chair

Dawn Masko  
*Position 1*  
Assistant City  
Administrator,  
North Bend  
Vice Chair

Kynda Browning  
*Position 2*  
Clerk Treasurer,  
Tekoa/Waverly

Albert Tripp  
*Position 4*  
City Administrator,  
Airway Heights

Molly Towslee  
*Position 5*  
City Clerk,  
Gig Harbor

Sue Hagner  
*Position 6*  
Director of  
Administrative  
Services,  
Sequim

Brandy Rinearson  
*Position 7*  
City Clerk,  
Port Orchard

Mark Bethune  
*Position 8*  
City Administrator,  
Orting

Jenna McDonald  
*Position 9*  
Clerk-Treasurer,  
Rosalia

## **AWC RMSA staff**

Peter B. King – AWC CEO

Luann Hopkins – AWC COO

Linda Triplett – AWC CFO

Carol Wilmes – AWC Director of Member Pooling Programs

Roger Neal – RMSA Program Manager

Caitlin Magee – RMSA Program Supervisor

Lynnda Hummel – RMSA Claims Coordinator

Dylan Anderson – RMSA Loss Prevention Specialist

Katie Hutchinson – RMSA Claims Specialist

## **Insuring partners**

Berkley Public Entity Managers

Argonaut Insurance Company

Allied World National Assurance Company

Lexington Insurance Company

Fidelity & Deposit Insurance Company

National Union Fire Insurance Company

## **Service contractors**

Arthur J. Gallagher Risk Management Services, Inc. – Insurance Broker

PricewaterhouseCoopers LLC – Actuary

VeriClaim – Adjusting company

Norcross – Adjusting company

Tri-State Adjusting – Adjusting company

LocalGovU – Online training/education

Enquiron – Employment Helpline/online education

## **RMSA defense counsel panel**

Carlson McMahon & Sealby PLLC

Etter McMahon Lamberson Clary & Oreskovich PC

Law Lyman Daniel Kamerrer & Bogdanovich PS

Morris Law PC

Sebris Busto James

Turner Kugler Law PLLS

Williams Kastner

Patterson Buchannan Fobes & Leitch, Inc., PS

Keating, Bucklin & McCormack, Inc.

## **RMSA coverage counsel**

Craig Bennion / Cozen O'Connor

Franklin Cordell / Gordon Tilden Thomas & Cordell LLP

## **RMSA general counsel**

Charles H. (Skip) Houser III / Pope Houser & Barnes



## **RMSA serves the property and liability needs of Washington's cities and towns**

RMSA provides property and liability coverage to Washington's cities and towns. Special purpose districts are also eligible for coverage. In 2016, RMSA retained 100% of its membership.

**Airway Heights** • Airway Heights TBD • **Algona** • Almira • **Beaux Arts Village** • Bingen • **Black Diamond** • Bridgeport • **Bucoda** • Carbonado • **Carnation** • Castle Rock • **Castle Rock TBD** • Cathlamet • **Conconully** • Concrete • **Coulee City** • Creston • **Cusick** • Darrington • **Dayton** • Deer Park • **DuPont** • DuPont TBD • **Eatonville** • Fairfield • **Farmington** • Forks • **Friday Harbor** • Garfield • **Gig Harbor** • Gold Bar • **Granger** • Grant County FPD #6 • **Hamilton** • Harrah • **Harrington** • Hatton • **Hunts Point** • Index • **Kalama** • Kettle Falls • **La Center** • Lamont • **Langley** • Latah • **Lincoln County FPD #8** • Mesa • **Metaline** • Metaline Falls • **Morton** • Mossyrock • **Naches** • North Bend • **North Bend TBD #01** • Northport • **Oakesdale** • Odessa • **Orting** • Pacific • **Pateros** • Pe Ell • **Pomeroy** • Port Orchard • **Prescott** • Prescott P&RD • **Rainier** • Raymond • **RiverCom 911** • Riverside • **Rockford** • Rosalia • **Roslyn** • Roy • **Ruston** • Sequim • **Sequim TBD** • Si View MPD • **Skykomish** • South Bend • **South Prairie** • Spangle • **Springdale** • Tekoa • **Tenino** • Tieton • **Toledo** • Tonasket • **Twisp** • Vader • **Wapato** • Waverly • **Wenatchee** • White Salmon • **Whitman County FPD #3** • Wilson Creek • **Winthrop** • Yacolt • **Yelm**



Risk Management Service Agency

# RMSA

2016 Annual Report

SECURITY | STABILITY | SERVICE

Association of Washington Cities  
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Olympia, WA 98501-1346

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360.753.4137