

# Preparation Meets Opportunity

*2016 Annual Report*



Washington State  
Transit Insurance Pool

# Table of Contents

Message from the President .....	2-3
Board of Directors .....	4
Executive Director’s Message .....	6
Staff and Service Providers .....	7
2016 Coverages .....	8-11
Comparative Statement of Net Position .....	12
Comparative Statement of Revenues, Expenses, and Changes in Net Position .....	13
Comparative Statement of Cash Flows .....	14
Comparative Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities .....	15
DES Schedule of Expenses .....	16-17
Comparative Statement of Key Financial Indicators .....	18-19
Claims Development Information .....	20-21

# Preparation Meets Opportunity

## *A Message from Board President Emmett Heath*

The theme of our annual report this year is Preparation Meets Opportunity. In 2016, the Washington State Transit Insurance Pool Board of Directors began reaping the first fruits of opportunity planted from a single seed in 2015. That year, we transitioned our strategic planning framework to one based on SMART goals (Specific, Measurable, Achievable, Results, Timeline). As a result, we were able to explore, launch, and fulfill several new and innovative initiatives.

We established an Emerging Risks and Opportunities Committee, focused on getting to the bottom of our primary accident causes—rear-enders, pedestrian/bicyclist collisions, and passenger injuries. The committee also explored policies around non-transit exclusion; that is, protecting WSTIP members from liabilities involving scheduled events at transit facilities that may be higher-risk in nature but do not involve transit service per se. More and more, transit facilities are becoming popular for multi-use activities, such as basketball or rock climbing. This presents a

risk exposure for WSTIP members. In 2016 we established a policy requiring organizers of higher-risk, non-transit activities and events at transit facilities to provide special event coverage or purchase a separate insurance policy.

In the arena of risk management, we piloted a new telemetric program for vanpools. This involves a monitoring device that plugs into a data port on a vehicle and tracks speed, fuel consumption, erratic driving and hard braking. The device can also call attention to maintenance needs, which helps with overall safety as well. Intercity Transit and Island Transit have installed them in several of their vans, and other member transits are exploring the idea.

Our Collision Avoidance Technology study, launched in 2015, came to a close in July of 2016. This study gathered data on the use of passive collision avoidance technology deployed on 38 buses statewide. The study gathered a tremendous amount of useful data, which now needs to be analyzed. Analysis will continue well into 2017.

While study conclusions will not be finalized until the data analysis phase is complete, we have already begun to wonder if this new technology could revolutionize our actuarial calculations. Over the years, we've determined that two specific types of transit events account for 80 percent of claim losses: rear-end accidents, and collisions with pedestrians or bicyclists. Nearly all these accidents occur at speeds under 12 mph, and collision avoidance technology can detect and prevent accidents at speeds under 15 mph. In other words, this technology shows the potential of eliminating a significant portion of our claim losses. If the conclusions of the study bear this out, a sizeable portion of resources paid out in the form of claims could be re-allocated to safety improvements and other pro-active solutions for risk management challenges.

We are also proud that this study has created a model for



public private partnerships in the transit arena. The study was funded through a \$100,000 matching grant provided by Federal Transportation Research Board, with matching funds coming from WSTIP, Munich RE, GEM and Alliant Insurance Services.

One of our member transits, Pierce Transit, is already so impressed with the performance of the passive collision avoidance technologies that it set out to expand the possibilities in 2016. They applied for and won a \$1.8 million Federal Transit Administration grant and matching grants (including one from WSTIP) to begin installing collision avoidance technology on all its fixed route coaches —with 30 being tested with active collision avoidance technology—such as automatic braking. WSTIP contributed \$100,000 toward this effort.

We sought ways to encourage and uplift transit drivers whose commitment to the safety and well-being of their passengers and traveling public is exemplary. We established two awards in 2016:

- **Accident Free Driver Recognition:** this program is designed to reward transit drivers with long-standing safety records (20+ years). WSTIP will provide up to \$500 for each award, which can be presented in the form of a check or gift card(s).

- **Above and Beyond Award:** This is a \$250 award for any member transit operator deemed to have reached well beyond their driver responsibilities to minimize loss to the public and/or their transit agency.

In recognition of the importance of building leadership capacity, WSTIP awarded 15 Jeffrey S. Ristau scholarships worth over \$14,000 total in 2016. This scholarship fund gives us the opportunity to develop current transit employees into even stronger leaders in their agencies specifically and public transportation in general. To qualify for a scholarship, candidates must be:

- a current employee of a WSTIP member transit agency
- engaged in study at an accredited college or university, conference or continuing education program
- pursuing their education in areas that further the vision, mission, ethical practices, safety and/or reduction of the cost of risk for public transportation in Washington State.

With the enthusiastic commitment and strong bond of our member transits, WSTIP will explore the many opportunities made available to us through innovation and hard work. In the next section, Executive Director Allen Hatten will describe just some of the challenges we encountered in 2016 that we couldn't have transformed into opportunities if it wasn't for solid preparation.

It has been my pleasure to serve as President of the WSTIP Board of Directors in 2016, and the future for WSTIP is bright under the leadership of incoming President, Paul Shinnors of Kitsap Transit.

# 2016 Board of Directors

## ASOTIN COUNTY PTBA

Kim Gates, PTBA Coordinator  
Jenny George, Vanpool Coordinator

## BEN FRANKLIN TRANSIT

Kevin Hebbon, Administrative Services Manager  
*Alt:* Gloria Boyce, General Manager  
*Alt:* Jim Thoelke, Safety/Training Supervisor

## CLALLAM TRANSIT

Wendy Clark-Getzin, General Manager  
*Alt:* Melinda Smithson, Finance Manager  
*Alt:* Clint Wetzell, Operations Manager

## COLUMBIA COUNTY PUBLIC TRANSPORTATION

Stephanie Guettinger, General Manager  
*Alt:* Steve Mertens, Finance Manager

## COMMUNITY TRANSIT

Emmett Heath, Director of Administration  
*Alt:* Mike Burress, Risk Manager

## C-TRAN

Diane O'Regan, Controller  
*Alt:* Terry Lohnes, Safety and Training Manager  
*Alt:* Laura Merry, Risk Specialist

## EVERETT TRANSIT

Tom Hingson, Transportation Services Director  
*Alt:* Paul Gonzales, Safety/Security Coordinator  
*Alt:* Chris Muth-Schulz, Risk Manager

## GRANT TRANSIT

Michael Wagner, General Manager  
*Alt:* Brandy Heston, Administrative Assistant

## GRAYS HARBOR TRANSIT

Ken Mehin, General Manager  
*Alt:* Patti Carlin, Operations Manager

## INTERCITY TRANSIT

Ben Foreman, Finance and Administrative Director  
*Alt:* Leslie Williamson, Finance Manager

## ISLAND TRANSIT

Staci Jordan, Rideshare Coordinator  
*Alt:* Mike Nortier, General Manager

## JEFFERSON TRANSIT

Sara Crouch, Finance & Human Resources Administrator  
*Alt:* Tammi Rubert, General Manager

## KITSAP TRANSIT

Paul Shinnors, Finance Director  
*Alt:* Brian Rojo, Finance Assistant

## LINK TRANSIT

Nick Covey, Finance Manager  
*Alt:* Lynn Bourton, Administrative Services Manager

## MASON TRANSIT

Danette Brannin, General Manager  
*Alt:* Rikki Johnson, Human Resources Manager/LeeAnn McNulty, Finance Manager

## PACIFIC TRANSIT

Richard Evans, General Manager  
*Alt:* Audrey Olson, Office Manager/Clerk of the Board

## PIERCE TRANSIT

Rob Huyck, Risk Manager

*Alt:* Alberto Lara/Vivienne Kamphaus, Chief Administration Officer  
*Alt:* Wayne Fanshier, Chief Financial Officer

## PULLMAN TRANSIT

Leann Hubbard, Finance Director  
*Alt:* Michael Wagner/Wayne Thompson, Transit Manager

## RIVER CITIES TRANSIT

Amy Asher, Transit Manager  
*Alt:* Jeff Cameron, Public Works Director

## SKAGIT TRANSIT

Dale O'Brien, General Manager  
*Alt:* Motoko Pleasant, Finance and Administrative Manager

## SPOKANE TRANSIT

Lynda Warren, Director of Finance & Information Services  
*Alt:* Lynn Holmes, Assistant Director of Finance  
*Alt:* Mike Toole, Assistant Manager Safety and Security

## TWIN TRANSIT

Rob LaFontaine, General Manager  
*Alt:* Aaron Rollins, Operations Manager

## VALLEY TRANSIT

Ed McCaw, Deputy General Manager  
*Alt:* Dick Fondahn, General Manager

## WHATCOM TRANSPORTATION AUTHORITY

Pete Stark, General Manager  
*Alt:* Shonda Shipman, Director of Finance

## YAKIMA TRANSIT

Alvie Maxie, Transit Manager  
*Alt:* Kevin Futrell, Transit Planner



# ...But Be Prepared

*A Message from Allen Hatten,  
WSTIP Executive Director*

**W**hile the motto, “be prepared,” may be short in length, it is long in meaning. Embedded within it are hundreds of details, including meticulous foresight, planning, and action.

In 2016, the Washington State Transit Insurance Pool weathered a number of changes—some expected, some quite unexpected—and we emerged even stronger than before. Such an outcome was only possible because we were well-prepared.

One of the major changes came as a result of several significant member transit accidents in 2014. While our overall safety rate improved in 2015 and was even better in 2016, our five-year loss ratio was at 165 percent. This triggered Government Entities Mutual (through which we purchase our secondary insurance) to notify us in 2016 that we were out of compliance with their Operation 4.12 non-renewal and pricing policy. In other words, they were authorized to substantially increase our rates or drop us altogether.

GEM CEO Andrew Halsall recommended a price increase to the GEM board rather than choosing non-renewal. The GEM board agreed, and raised our premium rate by 60 percent. We were able to negotiate that increase downward, however, because we were well-prepared. WSTIP had been diligently building our reserves over the years, and we had the resources available to increase our self-insured retention to \$2.5 million from our previous \$2 million. Doing so enabled GEM to charge only a minor rate increase.

A second and unexpected change came with the departure of our Deputy Director, Michael (Jerry) Spears. Spears had been an integral part of WSTIP’s success for 18 years, and a driving force in innovating products and services for WSTIP members. His enthusiasm and out-of-the-box thinking contributed to making WSTIP one of the best risk pools in the nation. We were sorry to see him go (he accepted an exciting position heading up a risk pool in Montana), but we were ready. We were ready because we had already prepared a comprehensive succession plan.

Our succession plan included cross-pollinating our employees’ understanding of each others’ jobs so that, should anything happen unexpectedly, we would still have the knowledge and expertise onboard to keep running smoothly. And we did. Our Member Services Manager Tracey Christianson was ready, able and willing to step in as Deputy Director. Joanne Kerrigan stepped in to become Member Services Manager. These changes allowed us to do some reorganizing to streamline operations, including creating the positions of Claims Manager and Administrative Services Manager. Andrea Powell has filled the Administrative Services Manager position, and we are currently seeking to fill the Claims Manager position. In the course of making these changes, we discovered previously untapped talents and capabilities in each of our staff members, and we are extremely proud and grateful they have committed to continuing with us.

As always, I wish to express my gratitude to our innovative board and to our outstanding staff who responded to so many changes and challenges in 2016 with grace, insight and know-how.

# Staff Members

*Allen F. Hatten, EXECUTIVE DIRECTOR*

Responsible for oversight of all operations, purchasing, and placement of insurance, and Board relations.

*M. Jerry Spears/Tracey Christianson, DEPUTY DIRECTOR*

Serves as the claims manager, information services manager, and finance manager for the program. Supervises claims and information services staff.

*Tracey Christianson /Joanne Kerrigan, MEMBER SERVICES MANAGER*

Responsible for member communications, loss prevention programs, and training. Manages the activities of the Washington State Transportation Training Coalition and the driver record monitoring program.

*Ronald A. Franz, GENERAL COUNSEL*

Provides legal advice to the Pool on a wide range of questions and issues.

*Denise Ellison, CLAIMS SPECIALIST*

Licensed independent adjuster. Adjusts third party injury and property claims against the members, in addition to managing and pursuing transit damage recoveries. Also develops, organizes, and manages the annual claims coordinator conference. Provides training for, and support of, member claims coordinators on the Origami database.

*Andrea Powell,*

**ADMINISTRATIVE SERVICES MANAGER**

Responsible for network administration, desktop application support, and hardware troubleshooting for the WSTIP and WSTA staff. Also serves as the webmaster for all WSTIP supported websites.

*Anna Broadhead,*

**BOARD RELATIONS**

Serves as the Clerk of the Board, provides overall administrative support to staff, and accomplishes special projects for members and staff.

*Marisa Espinoza, FINANCE SPECIALIST*

Responsible for payroll, accounts receivable, accounts payable, prepares financial documents, helps coordinate the annual budget, underwriting, and provides administrative support to the Deputy Director.

*Joanne Kerrigan,*

**RISK AND TRAINING COORDINATOR**

Provides administrative support for Transit Risk Consultant and Serious Loss Analysis Team. Coordinates registration, set up,

and facilitation of training activities for the Washington State Transportation Training Coalition. Provides backup to Finance Specialist.

*Christian DeVall,*

**TRANSIT RISK CONSULTANT**

Conducts loss prevention reviews by meeting with members, reviewing operations, and making recommendations for compliance with Best Practices and state and federal regulations.

*Brenda Barnett, RECEPTIONIST*

Provides receptionist phone services, manages the Washington State Transportation Training Coalition video loan library, and provides administrative support for the WSTIP staff.

*Karey Thornton,*

**CLAIMS & ADMINISTRATIVE ASSISTANT**

Performs support functions for the claims department including auditing and monitoring the database and claim files, assisting with data-entry of initial claims, managing and maintaining diaries from multiple claims, and helping with the maintenance of the existing and implementation of the new risk management information system. Performs general support for all other departments as needed.

## Service Providers

*Broker Services* Alliant Insurance Services, Newport Beach, CA

*Actuarial Services* PricewaterhouseCoopers, Seattle, WA

*Accounting Services* StraderHallet, PS, Lacey, WA



# 2016 Coverages

Coverages provided by WSTIP are a combination of self-insurance, coverage purchased from a captive insurance pool, and commercial market insurance. The following shows the amount of coverage available to WSTIP regular members including all layers. Some members purchase umbrella coverage above the limits listed in this table.

## WSTIP Liability Coverages

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### Liability Coverage\*

Bodily Injury and Property Damage	\$20 million each occurrence (and in the aggregate for products/ completed operations hazard)
Personal Injury and Advertising Injury	\$20 million each offense
Vanpool Driver Medical Expense Protection†	\$35,000 each occurrence
Underinsured Motorist Coverage†	\$60,000 each occurrence for bodily injury

### Public Officials Liability Coverage††

Deductible	\$20 million per occurrence and aggregate \$5,000
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\* no deductible applies

† optional coverage

†† claims made coverage, retroactive to the member's entry date into the program



## Property Excess Program (July 1, 2016 to June 30, 2017)

### WSTIP/APIP Alliant Property Insurance Program

Per occurrence, all perils, coverages and insureds/members combined, below:	\$500 million subject to sublimits
Flood zones A & V – annual aggregate (separate deductible)	\$10 million
All flood zones except A & V – annual aggregate (separate deductible)	\$50 million
Earthquake, volcanic eruption, landslide, and mine subsidence – annual aggregate (separate deductible)	\$25 million
Combined Business Interruption, rental income and tax interruption – except \$500,000 per member subject to a maximum of \$2,500,00 per occurrence limit if specific values have not been reported	\$100 million
Extra Expense	\$50 million
Miscellaneous unnamed locations	\$25 million
Automatic acquisition for new locations (report within 120 days) including boiler and machinery	\$25 million
Unscheduled landscaping	\$1 million
Errors and omissions	\$50 million
Course of construction and additions (including new) for projects with completed values not exceeding the sublimit shown	\$25 million
Money and Securities (named perils only)	\$2.5 million
Unscheduled Fine Arts	\$2.5 million
Pollution cleanup and removal, accidental contamination per occurrence and annual aggregate	\$250,000
Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)	\$2 million

Ordinance or law (including losses to undamaged portion, demolition and increased cost of construction) and includes boiler and machinery	\$50 million
Property in transit	\$25 million
Unscheduled Animals; not to exceed \$50,000 per Animal	\$2.5 million
Unscheduled Watercraft (under 27 feet in length unless scheduled)	\$2.5 million
Off-premises services interruption including extra expense resulting from a covered peril at non-owned/operated locations	\$25 million
Contingent business interruption, contingent rental values, and contingent extra expense resulting from a covered peril at a non-power generating facility	\$3 million
Claims preparation expenses	\$1 million
Expediting expenses	\$50 million
Jewelry, Furs, Precious Metals and Precious Stones	\$500,000
Personal Property Outside of the USA and Canada	\$1 million
Per Member/Entity for Terrorism	\$500 million
Information Security & Privacy with Electronic Media Liability (Cyber Liability)	Included
Boiler and Machinery	\$100 million
Member Deductible (per occurrence)	\$5,000
C-TRAN	\$10,000
Pierce & Spokane	\$25,000
For Damage or Loss except for CNG Facilities at Pierce and Valley	\$250,000 SIR per occurrence

For Auto Physical Damage while the insured vehicle is underway except for buses less than 10 years old and valued over \$250,000, then calculated at Replacement Cost	Fair Market Value or Replacement Cost \$20,000,000 per occurrence \$1,000,000 any one vehicle \$1,000,000 newly acquired vehicles
APD Member Deductible for damage or loss (per occurrence)	\$5,000
C-TRAN	\$10,000
Pierce & Spokane	\$25,000
Pool Self-insured retention	\$250,000

## WSTIP Miscellaneous Coverages

### Crime Coverage/Public Employee Dishonesty National Union Fire Insurance Company of Pittsburgh

Employee theft (per loss)	\$1 million per occurrence
Forgery or alteration	\$1 million per occurrence
Theft disappearance and destruction (inside premises)	\$1 million per occurrence
Robbery and safe burglary (inside premises)	\$1 million per occurrence
Outside premises	\$1 million per occurrence
Computer fraud	\$1 million per occurrence
Funds Transfer Fraud	\$1 million per occurrence
Money orders and counterfeit money	\$1 million per occurrence
Deductible	\$10,000 per occurrence

WSTIP also group purchases a pollution liability policy (carrier: XL Insurance) and, for those members that need it, underground storage tank coverage (carrier: Liberty Surplus Insurance Corporation).

# Comparative Statement of Net Position

For the years ended Dec. 31, 2016\* & 2015

	2016*	2015
<b>ASSETS</b>		
CURRENT ASSETS		
Deposits and Investments	\$38,071,612	\$35,134,263
Accounts Receivable	37,680	18,757
Prepaid Expenses	538,342	540,389
TOTAL CURRENT ASSETS	\$38,647,635	\$35,693,409
NONCURRENT ASSETS		
Capital Assets (Net of Accumulated Depreciation)	394,186	409,300
Equity in GEM	1,273,834	1,182,079
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	158,484	108,318
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$40,474,139</b>	<b>\$37,393,106</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Unpaid Claims Liability	\$16,307,512	\$15,709,610
Unearned Revenue	—	1,620
ULAE Reserve	610,000	600,000
Accounts Payable	53,562	83,247
TOTAL CURRENT LIABILITIES	\$16,971,074	\$16,394,477
NONCURRENT LIABILITIES:		
Compensated Absences	159,408	151,633
Owed to Risk Pool Leadership Program	19,062	—
Net Pension Liability	895,328	719,451
TOTAL NONCURRENT LIABILITIES	\$1,073,798	\$871,084
<b>TOTAL LIABILITIES</b>	<b>\$18,044,872</b>	<b>\$17,265,561</b>
DEFERRED INFLOWS OF RESOURCES		
Pension Related	16,139	110,958
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$394,186	\$409,300
Unrestricted Building Reserve	71,193	56,193
Unrestricted Net Position	21,947,749	19,551,094
TOTAL NET POSITION	\$22,413,128	\$20,016,587
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<b>\$40,474,139</b>	<b>\$37,393,106</b>

\*At the time of publishing, 2016 financial statements had not been audited.

# Comparative Statement of Revenues, Expenses & Changes in Net Position

For the years ended Dec. 31, 2016\* & 2015

	2016*	2015
<b>OPERATING REVENUES</b>		
Member Assessments	\$12,864,133	\$12,245,048
Program Revenues	246,845	218,222
<b>TOTAL OPERATING REVENUES</b>	<b>\$13,110,978</b>	<b>\$12,463,270</b>
<b>OPERATING EXPENSES</b>		
Incurring Loss/Loss Adjustment Expenses		
Claims Paid	\$6,463,393	\$6,403,818
Change in Unpaid Claims Liability	(1,014,747)	82,334
Unallocated Loss Adjustment Expense	402,229	368,538
Excess/Reinsurance Premiums	2,107,752	1,999,363
Depreciation Expense	15,114	17,552
General and Administrative Expenses	2,504,064	2,369,065
Insurance Services:		
Brokerage Fee	101,200	101,200
Other Insurance Services	560,642	549,036
<b>TOTAL OPERATING EXPENSES</b>	<b>\$11,139,647</b>	<b>\$11,890,906</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$1,971,331</b>	<b>\$572,364</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and Dividend Income	\$333,454	\$276,209
Change in Equity in GEM	91,756	(480,491)
<b>CHANGE IN NET POSITION</b>	<b>2,396,541</b>	<b>368,082</b>
TOTAL NET POSITION, January 1	\$20,016,587	\$19,648,505
<b>TOTAL NET POSITION, December 31</b>	<b>\$22,413,128</b>	<b>\$20,016,587</b>

\*At the time of publishing, 2016 financial statements had not been audited.

## Comparative Statement of Cash Flows

For the years ended Dec. 31, 2016\* & 2015

	2016*	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Members	\$12,864,133	\$12,245,048
Cash Payments to Suppliers for Goods and Services	(9,757,364)	(10,650,860)
Cash Payments to Employees for Services	(1,357,621)	(1,232,356)
Increase (Decrease) in Claim Reserve	607,902	(246,371)
Other Operating Revenues	246,845	218,222
Net Cash Provided (Used) by Operating Activities	\$2,603,895	\$333,683
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Net Cash Provided (Used) by Non Capital & Related Financing Activities	—	—
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets		
Net Cash Provided (Used) by Capital & Related Financing Activities	—	—
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from Sales of Investments		
Interest Received	\$333,454	\$276,209
Net Cash Provided (Used) by Investing Activities	333,454	276,209
Increase (Decrease) in Cash and Cash Equivalents	2,937,349	609,892
Cash and Cash Equivalents, January 1	35,134,263	34,524,371
Cash and Cash Equivalents, December 31	\$38,071,612	\$35,134,263

\*At the time of publishing, 2016 financial statements had not been audited.

## Comparative Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

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*For the years ended Dec. 31, 2016\* & 2015*

	2016*	2015
OPERATING INCOME	\$1,971,331	\$572,364
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	\$15,114	\$17,552
(Increase) Decrease in accounts receivable	(18,923)	17,779
Increase (Decrease) in other prepaid expenses	2,046	(72,338)
Increase (Decrease) in claim reserves	607,902	(246,371)
(Increase) Decrease in payables	(29,684)	54,178
Increase (Decrease) in other liabilities	26,837	7,291
Increase (Decrease) in unearned revenue	1,620	0
(Increase) Decrease in deferred outflows of resources	(50,166)	(48,374)
Increase (Decrease) in deferred inflows of resources	(94,819)	(128,356)
(Increase) Decrease in net pension liability	175,877	159,958
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$2,603,895</b>	<b>\$333,683</b>

\*At the time of publishing, 2016 financial statements had not been audited.



# DES Schedule of Expenses

For the years ended Dec. 31, 2016\* & 2015

	2016*	2015	2014	2013	2012
<b>DESCRIPTION</b>					
Claims Self Insurance Fund	\$6,865,622	\$6,772,356	\$6,892,488	\$6,895,064	\$6,624,189
Excess Insurance Premiums	2,107,752	1,999,364	2,206,372	2,166,032	1,903,835
<b>CONTRACTED SERVICES</b>					
Driver Record Monitoring	\$410,168	\$299,830	\$278,718	\$220,931	\$162,266
Pierce Transit Sub Contracted Clms	0	0	0	0	0
Actuary	64,500	108,000	59,500	66,525	114,900
Administrative Services	47,554	41,855	19,868	22,383	27,227
Broker Fees	101,200	101,200	101,200	103,845	103,845
Contract Web Design	0	0	0	0	95
Backup Services	7,819	6,121	5,950	8,000	20,600
Integrated Risk Management	0	0	0	0	46,860
Software Coop/IT Security	0	0	0	0	2,817
Contracted Services	27,288	23,899	46,826	54,759	46,485
Legal and Accounting	28,427	12,728	12,271	14,613	13,501
Loss Control Services	513,088	507,181	384,102	313,430	205,635
Audits	35,392	22,493	26,247	31,204	19,593
<b>ADMINISTRATIVE EXPENSES</b>					
Staff Wages, Taxes and Benefits	\$1,357,621	\$1,211,566	\$1,120,035	\$1,074,293	\$1,012,090
Staff Conferences and Travel	100,870	90,322	87,332	82,668	82,203
Board Expenses	158,393	145,721	119,269	175,379	114,304
Information Services	181,825	328,265	97,785	94,880	80,181
Communications	20,085	18,986	19,083	23,588	24,887
Occupancy Costs	43,072	45,233	39,629	65,732	71,279
Office Expenses	66,283	50,455	52,276	55,417	52,154
Depreciation	15,114	17,552	20,560	17,106	11,290
Miscellaneous	2,321	5,446	8,991	12,822	10,857
Operating Expenses	12,154,394	11,808,573	11,598,502	11,498,671	10,751,093
Change in Unpaid Claims Liability	-1,014,747	82,334	690,961	-128,413	-772,646
<b>TOTAL OPERATING EXPENSES</b>	<b>\$11,139,647</b>	<b>\$11,890,907</b>	<b>\$12,289,463</b>	<b>\$11,370,258</b>	<b>\$9,978,447</b>

\*At the time of publishing, 2016 financial statements had not been audited.

## OPERATING EXPENSES (2016 - 2014)



2016



2015



2014

# Comparative Statement of Key Financial Indicators

For the years ended Dec. 31, 2016\* & 2015

	2016*	2015	2014	2013	2012
<b>DESCRIPTION</b>					
Capital Assets	\$394,186	\$409,300	\$426,852	\$447,412	\$437,217
Investments	1,182,079	1,182,079	1,703,760	1,480,218	1,423,405
Liabilities	18,868,519	17,265,561	16,731,012	15,923,388	12,541,540
Total Net Position	21,362,740	20,016,587	20,428,558	20,496,318	20,210,775
<b>OPERATING REVENUES</b>	<b>\$13,110,978</b>	<b>\$12,463,270</b>	<b>\$11,783,693</b>	<b>\$11,385,587</b>	<b>\$10,794,231</b>
<b>OPERATING EXPENSES</b>					
Claims Paid on Current Losses	\$6,865,622	\$6,403,818	\$6,892,488	\$6,895,064	\$6,624,189
Adjustment to Prior Years' Claims Reserves	-25,223	82,334	690,961	-128,413	-772,646
Excess Insurance Premiums	2,107,752	1,999,363	2,206,372	2,166,030	1,903,835
Depreciation Expense	15,114	17,552	20,560	17,106	11,291
Operating Expenditures	2,473,172	2,369,065	1,973,911	1,980,812	1,825,394
Broker Fee	101,200	101,200	101,200	103,844	103,845
Other Insurance Services	560,642	549,036	403,970	335,813	282,539
Total Operating Expense	12,500,508	11,890,906	12,289,462	11,370,256	9,978,447
Operating Income (Loss)	610,470	572,364	-505,769	15,331	815,784
Non-Operating Revenue	333,454	276,209	438,009	213,399	269,900
Change in Net Position	943,924	368,081	-67,760	233,489	1,085,684
<b>KEY POOL INDICATORS</b>					
Total Net Position	\$21,362,740	\$20,016,587	\$20,428,558	\$20,496,318	\$20,210,775
Total Liabilities	18,868,519	17,265,561	16,731,012	15,923,388	12,541,540
Operating Revenues	13,110,978	12,463,270	11,783,693	11,385,587	10,794,231
Claims Paid on Current Losses	6,865,622	6,403,818	6,892,488	6,895,064	6,624,189
Operating Expenditures	2,473,172	2,369,065	1,973,911	1,980,812	1,825,394
Excess Insurance Premiums	2,107,752	1,999,363	2,206,372	2,166,030	1,903,835
Operating Income (Loss)	610,470	572,364	-505,769	15,331	815,784
Non-Operating Revenue	333,454	276,209	438,009	270,212	269,900
<b>TOTAL OPERATING EXPENSES</b>	<b>\$11,139,647</b>	<b>\$11,890,907</b>	<b>\$12,289,463</b>	<b>\$11,370,258</b>	<b>\$9,978,447</b>

\*At the time of publishing, 2016 financial statements had not been audited.

## KEY POOL INDICATORS (2016 - 2014)



2016



2015



2014

# Claims Development Information

*For the years ended Dec. 31, 2016\* & 2015*

The table below illustrates how the Fund's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last ten years. The table of rows are defined as follows:

- 1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues.
- 2) This line shows each fiscal year's other operating costs of the Fund including overhead and claims expenses not allocated to individual claims.
- 3) This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- 4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- 5) This section shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- 6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. Columns of the table show data for successive policy years.

## FISCAL AND POLICY YEAR ENDED (IN THOUSANDS OF DOLLARS)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>1. Gross required contribution and investment revenues</b>	8,401	9,147	9,341	10,785	11,217	10,933	11,439	11,785	12,521	<b>13,198</b>
Ceded	1,943	1,763	1,734	1,651	1,793	1,904	2,166	2,206	1,999	<b>2,150</b>
Net earned	6,458	7,384	7,607	9,134	9,424	9,029	9,273	9,579	10,522	<b>11,048</b>
<b>2. Unallocated operating expenses</b>	1,687	2,132	1,897	2,111	2,272	2,223	2,433	2,500	3,058	<b>3,142</b>
<b>3. Estimated Losses &amp; Expenses End of Policy Year</b>										
Incurred	2,990	5,170	5,041	5,648	5,727	4,994	5,470	7,047	5,764	<b>5,395</b>
Ceded**	23	1467	837	191	4411	180	202	408	521	<b>2,150</b>
Net Incurred	2,967	3,703	4,204	5,457	1,316	4,814	5,268	6,639	5,243	<b>3,245</b>

\*At the time of publishing, 2016 financial statements had not been audited.

	2007	2008	2009	2010**	2011	2012	2013	2014	2015	2016
<b>4. Paid (cumulative) as of:</b>										
End of policy year	451	1,185	789	825	1,077	927	1,075	983	1,086	<b>805</b>
One year later	891	2,191	3,064	2,398	2,774	1,828	2,172	2,050	<b>2,270</b>	
Two years later	1,374	3,991	3,366	3,581	3,744	2,692	3,141	<b>3,815</b>		
Three years later	2,050	4,641	4,005	4,220	4,910	4,348	<b>3,827</b>			
Four years later	2,301	5,025	4,224	5,876	7,000	<b>4,855</b>				
Five years later	2,371	5,044	4,398	6,056	<b>7,087</b>					
Six years later	2,387	5,047	4,411	<b>6,064</b>						
Seven years later	2,424	5,189	<b>4,424</b>							
Eight years later	2,440	<b>5,271</b>								
Nine years later	<b>2,440</b>									
<b>5. Re-Estimated Ceded Losses &amp; Expenses</b>	<b>3</b>	<b>2,014</b>	<b>710</b>	<b>191</b>	<b>8,801</b>	<b>1,219</b>	<b>54</b>	<b>3,563</b>	<b>622</b>	<b>547</b>
<b>6. Re-estimated net incurred claims and expenses:</b>										
End of policy year	2,990	5,170	5,041	5,648	5,727	4,994	5,470	7,047	5,764	<b>5,395</b>
One year later	2,325	5,356	4,946	5,364	6,783	4,320	5,052	7,640	<b>5,735</b>	
Two years later	2,462	5,350	4,788	5,975	8,144	4,755	5,448	<b>7,340</b>		
Three years later	2,718	5,069	4,509	6,500	9,075	4,858	<b>6,220</b>			
Four years later	2,600	5,154	4,521	6,288	8,473	<b>4,976</b>				
Five years later	2,640	5,124	4,486	6,142	<b>8,295</b>					
Six years later	2,511	5,117	4,440	<b>6,107</b>						
Seven years later	2,420	6,165	<b>4,480</b>							
Eight years later	2,436	<b>6,197</b>								
Nine years later	<b>2,440</b>									
<b>7. Increase (decrease) in estimated net incurred claims and expenses for end of the policy year</b>	<b>(550)</b>	<b>1,027</b>	<b>(561)</b>	<b>459</b>	<b>2,568</b>	<b>(18)</b>	<b>750</b>	<b>293</b>	<b>(29)</b>	<b>0</b>

\*\* At policy year end 2010 our actuary started calculating estimated ceded ultimate loss.



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