



2017 ANNUAL REPORT

WASHINGTON STATE TRANSIT
INSURANCE POOL

CHANGING OF THE SEASONS, CHANGING OF THE GUARD

TABLE OF CONTENTS

Message from the President	2-3
Board of Directors	4
Executive Director’s Message	5-6
Staff and Service Providers	7
Hatten-Christianson Interview	8-11
2017 Awards	12-13
2017 Coverages	14-17
Comparative Statement of Net Position	18
Comparative Statement of Revenues, Expenses, and Changes in Net Position	19
Comparative Statement of Cash Flows	20
Department of Enterprise Services Schedule of Expenses	21
Claims Development Information	22-23
Operating Expenses	24

CHANGING OF THE SEASONS, CHANGING OF THE GUARD

A MESSAGE FROM PRESIDENT OF THE BOARD PAUL SHINNERS

It has been said that every ending is the start of a new beginning. In 2017, WSTIP Executive Director Allen Hatten notified the Board of his intention to retire. Though he did not actually retire until early 2018, this is a good time to pause and recognize all he has done for this organization and its members.

For nearly 25 years, Al has led our organization from its infancy to the powerhouse it is today. When we hired Al back in 1993, he was our only employee. We didn't even have an office yet so Al had to provide his own workspace, which turned out to be in his basement. From that basement, through sheer guts and willpower, he transformed WSTIP into an organization that is recognized nationally and even internationally for its contributions to reducing risk exposure for transit providers. The outstanding staff he has assembled virtually guarantees WSTIP's future as a leader in risk management.

Al will tell you one of the best things he did was hire Tracey Christianson. We so agree with Al that we selected Tracey to serve as our new Executive Director upon Al's retirement. Tracey has served WSTIP as our Member Services Manager for many years and became the Deputy Director when her predecessor, Jerry Spears,

moved to Montana. We have great faith in Tracey's experience, skills, and outstanding judgement to take us to the next level.

Al would also tell you that he could not have done all of this on his own. He would say that the Board's support has made all the difference. One of the reasons for that is our Board treasurer, Ben Foreman of Intercity Transit. Ben served as our treasurer for 18 years, working hand in hand with Al to move WSTIP toward greater and greater financial strength and stability. In 2017, Ben Foreman retired from Intercity Transit, leaving a giant hole there and on our Board. We are grateful that his successor at Intercity Transit, Suzanne Coit, has agreed to step into his shoes on our Board, and we look forward to her service as our treasurer with great optimism and gratitude.

Board General Counsel Ron Franz also retired in 2017 after nearly 22 years of service to WSTIP. As WSTIP has grown in stature and reputation over the years, we have relied on Ron's counsel to guide us. We are grateful for his service, and we wish him well in his retirement. The Board has hired Richard (Rick) Hughes to succeed Ron. Rick has extensive experience in civil litigation and arbitration, with areas of specialty well-aligned with the work of our organization.

In the midst of all these transitions, the work of WSTIP continued. Of particular note:

- After years of research and evaluation, we began insuring members' underground storage tanks. This is a major accomplishment that involved a lot of hard work on the part of our members and staff.
- For many years we have invested funds with the Thurston County Investment Pool (TCIP), managed by the Thurston County's Treasurer's Office. Because we are investing public funds, we've always maintained three investment priorities: safety, liquidity, and return on investment. In 2017, we signed a new investment agreement with the Thurston County Treasurer that will allow WSTIP to invest funds in designated securities in the future. This is a new type of investment strategy not generally available to the county or other members of TCIP, so we are pleased that the county agreed to this strategy. We expect these investments to

produce a higher rate of return than we would have had in the TCIP.

- We completed a nationally-recognized collision avoidance study partially funded by a \$100,000 grant from the Federal Transit Authority. This study explored the viability of applying newly developed collision avoidance technology to the transit industry. Completion of the study enabled Pierce Transit to apply for and receive an additional grant to manage a subsequent two-year effort that will further study the viability and usefulness of collision avoidance technology for transit vehicles.

We closed the year in a strong position, with WSTIP's total assets growing by 1.5 percent. Our surplus position is now over \$20.5 million. We also awarded \$11,000 in scholarships through the Jeffrey S. Ristau Scholarship Fund.

This was a challenging, exciting year for WSTIP, and it was an honor to serve as President of the Board in 2017.



2017 Board of Directors

ASOTIN COUNTY PTBA

Jenny George, General Manager
Alt: Greg Gill, Operations Manager

BEN FRANKLIN TRANSIT

Kevin Hebbon, Administrative Services Manager
Alt: Jim Thoecke, Safety and Security Manager

CLALLAM TRANSIT

Wendy Clark-Getzin/Kevin Gallacci, General Manager
Alt: Melinda Smithson/Leslie Williamson, Finance Manager

COLUMBIA COUNTY PUBLIC TRANSPORTATION

Stephanie Guettinger/Dwight Robanske, General Manager
Alt: Steve Mertens, Finance Manager

COMMUNITY TRANSIT

Geri Beardsley, Director of Administration
Alt: Emmett Heath, Chief Executive Officer
Alt: Mike Burress, Risk Manager

C-TRAN

Diane O'Regan, Chief Financial Officer
Alt: Terry Lohnes, Safety and Training Manager/Jim Quintana, Chief of Safety and Security
Alt: Laura Merry, Risk Administrator

EVERETT TRANSIT

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

GRANT TRANSIT

Michael Wagner, General Manager / Brandy Heston, Administrative Services Manager
Alt: Jim Ackley, Financial Resources Manager

GRAYS HARBOR TRANSIT

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

INTERCITY TRANSIT

Ben Foreman, Finance and Administrative Director/Heather Stafford-Smith, Director of Administrative Services
Alt: Leslie Williamson/Suzanne Coit, Finance Manager

ISLAND TRANSIT

Staci Jordan, Program Coordinator
Alt: Mike Nortier, Executive Director

JEFFERSON TRANSIT

Sara Crouch, Finance Manager
Alt: Tammi Rubert, General Manager

KITSAP TRANSIT

Paul Shinnors, Finance Director
Alt: Brian Rojo, Accounting Supervisor

LINK TRANSIT

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

MASON TRANSIT

Danette Brannin, General Manager
Alt: LeeAnn McNulty, Finance Manager

PACIFIC TRANSIT

Richard Evans, Director
Alt: Audrey Olson, Operations/HR Supervisor

PIERCE TRANSIT

Vivienne Kamphaus, Executive Director of Administration
Alt: Rob Huyck, Risk Manager

Alt: Brett Freshwaters, Executive Director of Finance
Alt: Kristine Dupille, Employee Services Manager

PULLMAN TRANSIT

Leann Hubbard, Finance Director
Alt: Wayne Thompson, Transit Manager

RIVER CITIES TRANSIT

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

SKAGIT TRANSIT

Dale O'Brien, Executive Director
Alt: Motoko Pleasant, Manager of Finance and Administration

SPOKANE TRANSIT

Lynda Warren, Director of Finance & Information Services
Alt: Lynn Holmes, Assistant Director of Finance/Nancy Williams, Director of Human Resources and Labor Relations
Alt: Mike Toole, Manager Safety and Security

TWIN TRANSIT

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

VALLEY TRANSIT

Ed McCaw, Deputy General Manager/Jesse Kinney, Chief Accountant
Alt: Dick Fondahn, General Manager

WHATCOM TRANSPORTATION AUTHORITY

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

YAKIMA TRANSIT

Alvie Maxie, Transit Manager/Agustin Ortega, Operations Specialist
Alt: Scott Schafer, Public Works Director

CHANGING OF THE SEASONS, CHANGING OF THE GUARD

A MESSAGE FROM EXECUTIVE DIRECTOR, ALLEN HATTEN

It's hard to believe it's been almost 25 years since I first signed on as Executive Director for the Washington State Transit Insurance Pool. We've achieved so many important milestones as an organization and on behalf of our members and the public they serve. Nevertheless, retirement calls, and in 2017 I submitted notice to the WSTIP Board that I would retire in 2018.

Frankly, the timing couldn't be better. We just recently reorganized our outstanding team of professionals and added new staff to better meet future challenges and opportunities. We have a strong, committed Board, and we have the absolute perfect successor for the position of Executive Director in Tracey Christianson.

Tracey has served as our Member Services Manager for many years. She assumed the duties of Deputy Director in 2017 upon the departure of Jerry Spears, another valued and longtime team member. The Board wholeheartedly selected Tracey to become Executive Director upon my retirement.

When Tracey became Deputy Director, Joanne Kerrigan assumed Tracey's responsibilities as Member Services Manager, and Andrea Powell became our Administrative Services Manager. We also hired Laura Juell to serve as our Risk and Training Coordinator. Laura

brings extensive risk management expertise, working for Amtrak and Geico Insurance.

Meanwhile, one of the first employees I hired at WSTIP, Denise Ellison, announced that she, too, was ready to retire. In those early days as WSTIP was getting its feet on the ground, Denise took on many difficult assignments, and she flourished. Eventually, she headed up our Claims Management Program. She was an absolute master when it came to subrogation, bringing in more than \$1 million in claims payments owed to WSTIP each year. One of her greatest contributions was to coordinate and lead our Claims Coordinator Conference, designed to help transit agency claim coordinators hone their skills and knowledge. We have deeply appreciated Denise's professionalism and her can-do attitude all these years.

Since Denise's retirement, we have appointed Cedric Adams to assume the duties of claims manager, and he is already doing a great job for WSTIP. We've reorganized the program and look forward to great new things in the future. Cedric comes to us from Drake Law School and the United States Air Force, where he served as an Aircraft Maintenance Officer.

In addition to our outstanding staff, we rely heavily on technology in providing service to our members. Here at WSTIP,

we see technology not just as a tool, but as a team member, with capabilities, contributions and resource needs as well. In 2017, the data collection and analysis system we use, Origami, became even more valuable to our team, as we added new functionality to it. It can now collect additional metrics in support of the Board's strategic plan. Additionally, Origami is now fully integrated with individual members' data collection systems so that risk management data doesn't have to be entered and analyzed on multiple platforms. At Pierce Transit, we implemented a mobile application of Origami and began implementing the mobile form at C-Tran.

We also completed Phase 1 of our headquarters remodeling plan. When we are finished, we will have a much more efficient use of space while better managing our utility costs. Here again, incorporating new technologies will help us with new efficiencies, from better sound system, AV and idea-capturing support for Board discussions, to improved fire and security systems.

We were disappointed to have to bid farewell to the Washington State Transportation Training Coalition—a long-standing collaborative effort that WSTIP has coordinated for years. The coalition provided industrywide best practices training to transit agencies statewide. A change in how the state awards training grants led to the end of the coalition, but it has not dampened WSTIP's enthusiasm and commitment to training. WSTIP will now operate its own training program, receiving grants directly from the state, and we remain committed to giving all transit agencies in the state access to the training, whether they are members of WSTIP or not.

Training is a key component to our success in managing risk for our members. We teach many courses for transit supervisors,

managers, vanpool drivers and others. One of the courses, Reasonable Suspicion for Supervisors, we took on the road and taught at six different transit agencies in 2017. This course trains transit supervisors how to observe and identify potential substance abuse issues among employees and the proper circumstances under which to order targeted drug testing.

Another key component to successful risk management practices and to providing outstanding service to our members is active listening and interaction with each other. One of the listening tools we developed at WSTIP to help with this process is the ASK Program. ASK creates a forum where member transit agencies and staff can pose questions for discussion. It's rare that any one transit agency is isolated in the issues they are dealing with. Being able to raise and discuss pressing issues amongst the membership moves everyone forward, and greatly increases the value each member brings to the pool. In 2017, the ASK Program addressed more than 100 member-posed questions, and we are excited for even more expanded use in 2018.

It has been my honor, privilege, and utter joy to serve as Executive Director for WSTIP these last 25 years. My wife, Kandy, and I are looking forward to many happy years ahead of us as we step into retirement, and we are grateful for all that WSTIP has made possible for us.

Staff Members

ALLEN F. HATTEN, EXECUTIVE DIRECTOR

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

TRACEY CHRISTIANSON, DEPUTY DIRECTOR

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

JOANNE KERRIGAN, MEMBER SERVICES MANAGER

Responsible for member communications, loss prevention programs, and training. Manages best practice compliance and updates and the driver record monitoring program.

CEDRIC ADAMS, CLAIMS MANAGER

Coordinates the management of claims and lawsuits incurred by WSTIP members. Supervises the claims staff and manages independent adjusters, litigation managers, and attorneys assigned to WSTIP files.

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.

ANDREA POWELL, ADMINISTRATIVE SERVICES MANAGER

Responsible for finance, facilities and technical services. Manages administrative services budget, purchasing, and vendor contracting. Also serves as the Public Records Officer and Audit Liaison to the state auditor.

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 Administrative Services Manager.

LAURA JUELL, RISK AND TRAINING COORDINATOR

Provides administrative support for Transit Risk Consultant and Serious Loss Analysis Team. Coordinates registration, set up, and facilitation of WSTIP training activities and provides backup to Finance Specialist.

CHRISTIAN DEVOLL, 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, ADMINISTRATIVE ASSISTANT

Coordinates facilities maintenance and Wellness Committee events; provides administrative support services for WSTIP training activities, the claims department and assists the Public Records Officer. Performs general support for all 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

THE PASSING OF THE BATON

AN INTERVIEW WITH AL HATTEN AND TRACEY CHRISTIANSON

Early next year, WSTIP Executive Director Allen Hatten will retire. The Board has chosen Deputy Director Tracey Christianson to become the new Executive Director. We sat down with both of them to take a closer look at WSTIP's past and future.

Al, WSTIP's Board hired you as their first executive director nearly 25 years ago. What were some of your concerns and hopes for where the organization was headed back in 1993?

AL: Number one was financial stability. We had less than a million dollars in surplus and just 11 members, with lots of exposures to liability. As a newcomer to the industry and the only employee at WSTIP (working out of the basement of my house), I needed to build trust while at the same time figure out how to reduce risk exposures, learn about third-party administrator services, and so on. To tell you the truth, I was just hoping this thing would last for three more years until I could find a real job! But you know what? It was absolutely the greatest thing that ever happened in my life.

What attracted you to this job?

AL: I'm a risk taker, and this was an incredible risk. But it was

also an unbelievable opportunity that only comes along once in a lifetime. I didn't want to spend the rest of my life saying, "coulda, woulda, shoulda." I had no real background or experience to demonstrate I could succeed at it, but I knew the members were there to help me succeed.

In 2001, you hired Tracey Christianson to manage Member Services. What did you see in Tracey that led you to choose her?

AL: First of all, commitment. Tracey exhibited a remarkable loyalty and commitment and dedication to her work, which I saw during her tenure at the Association of Washington Cities. She is focused on service, and she has the desire to be all that she can be, not only for her organization but for the members she serves. I remember telling her just a couple of years ago that she has it in her to do anything she wants to do in this organization, including my job.

Looking back, what do you think are your greatest accomplishments over the last 25 years?

AL: The staff. My greatest contribution to the organization is finding the right people at the right time to move this organization to the next level. I hired Denise Ellison to take care of our administrative needs, and I brought Doug Bird in, who helped me see how much we needed to advance in technology. We needed

to see technology as another member of the staff and provide for its needs in terms of hardware and software. When we brought Jerry Spears on Board, he was an absolute magician in making technology work for us. Doug brought us Jerry, and Jerry found us Tracey right when we needed to begin expanding our member services. So the two greatest accomplishments are assembling our staff and advancing our use of technology.

Al and Tracey, what are some of the core principles that have contributed to the overall success of WSTIP?

TRACEY: The mission and vision of WSTIP really hasn't changed since its inception. It's been tweaked a little here and there. Even before we had formal, written values, those core values were already present in our staff. Integrity. Leadership. Ownership. Enthusiasm for Success. Trust. Staying true to all those values, as well as our mission and vision, is what has brought us this far.

AL: Right off the top, I can think of five principles that we adhere to: First, we know who our customer is. We are in service to the public transit industry in Washington state. Second, we know how to listen. We have established several programs that emphasize listening, such as the ASK program and building time into the Board meetings to hear from our individual member agencies. Third, we embrace change. We're not afraid of it. We don't step back from it. We try to understand it. We look at how we can help our members adjust to it and engage with it. Fourth, we accept failure as part of our core business. We understand that in the business of risk there are sometimes setbacks. But we learn from the setbacks. We're not afraid to continue to go forward understanding that that is a risk. And, fifth, we cultivate personal and professional growth in our staff and our members. We see and treat our employees as whole people, with commitments and responsibilities not only for their work, but also for

their families and their community. None supersedes the other.

Al, the WSTIP Board has chosen Tracey to succeed you when you retire in 2018. What strengths do you see Tracey bringing to the position of Executive Director?

AL: Tracey brings an incredible commitment to the success of the organization, the staff and the Board. She is technically and tactically proficient. She understands the business we're in, and she understands the governance process. She recognizes that you can't please all of the people all of the time, so she focuses on finding workable compromises. She knows when she may not have an answer, and she's not afraid to say, "I don't know." She's not afraid to ask questions—sometimes very pointed questions. She'll challenge the dialogue to make sure we are maintaining an open, transparent conversation about what is best for the organization. And she holds herself accountable—that's one of her best attributes. Will she be a great leader? I have no reservations whatsoever about that.



Tracey, how do you see your role as Executive Director in serving the needs of WSTIP in the future?

TRACEY: To continue to stay focused on the membership and be sure we're serving their needs. Because our fortune follows transportation, we will need to change too. That will be our real challenge. What are we going to do incrementally to be sure we're well-positioned for change, and how are we going to thrive in the future? Al took us from three years old to 30, and I'm hoping to get us to 30 or 40 or years old so we're well-positioned to reach the 50-year mark. We're well-funded, but that is not all WSTIP is about. It's about service. Funding and paying claims is just one piece of the service we provide.

Al and Tracey, what are some of the challenges and opportunities you see coming down the road for WSTIP?

TRACEY: How do we stay relevant to our membership, particularly if our fundamental focus—auto liability—drastically shifts? That's where our funding comes from. How can we position ourselves to continue thriving as an organization in service to its members? Yes, something may be ending, but something new will come forward. Anticipating what that will be and acting on that opportunity is pretty exciting.

AL: It's the shift from being an insurance entity to a true risk management service provider for public transit. At some point, the "I" in WSTIP will become silent.

Al, what are you most proud of in your 25 years of service to WSTIP?

AL: No question about it—the staff. I have relied on their candor in conversations regarding how we approach things. It's not about "I," "me," "my." It's about "we." I'm also proud of our Board.



The relationship our staff and Board have is unparalleled in comparison to other organizations. We have an incredible, engaged and committed Board that wants to ensure WSTIP's success because it's their success as well. I am also proud of our reputation statewide, nationwide and even internationally. Lastly, I'm proud of our financial integrity and stability. We are rock solid.

Tracey, what do you see as Al's greatest contributions to the success of WSTIP?

TRACEY: I'd just like to point out that Al deflected on that last question. His personal contribution to WSTIP shouldn't be ignored, and he ignores it all the time. He was able to stabilize WSTIP's funding foundation and to elicit commitments from the Board to continue to grow our funding. WSTIP would not even be here if it wasn't for that. Secondly, he started as a sole employee, so he had to put the whole thing together, and refine it over the years. He helped found Government Entities Mutual (a national reinsurance organization), and he is the longest-standing Board member of that organization. Without GEM, we wouldn't be as far as we are today. He has been amazingly committed to staff growth, financial growth and pooling as an industry. He hasn't helped just us—when other risk pools or individuals wanting to form a risk pool want help, Al has been willing to help them. I also think Al never gets enough credit for the insurance package that he puts together every year. It's not that easy. It looks easy because he just takes care of it. But it's not. We all think it just happens. But it doesn't. Encouraging the Board to build the surplus we have today gives us the flexibility we need for those policy negotiations. I think it's one of his most important contributions—putting together a great insurance package year after year after year.

AL: Well, I couldn't have done it without our brokers. They're really incredible.

TRACEY: See? There he goes deflecting to other people again. Yes, we have a great team and great brokers. But you've got to know a lot about your members to tell their story and sell that story to the underwriters. Al can tell the public transportation story here in Washington better than anybody.

AL: Well, it's the underwriters who listened.

TRACEY: See? He just did it again.

Al, when people picture "Retired Al," what can they picture you doing?

AL: I hope to be giving tours of the Capitol Campus by the end of the year. I hope to be giving back to my community, including through my civic group, the Olympia West Lions Club. I'll be serving as chair of the water quality committee in my neighborhood. I should add that's a committee of one—me. I'll get to spend more time with my grandkids. Kandy and I want to do more domestic travel, and we've got a truck and a camper to help us enjoy that. I'm also excited about my new model railroad that I want to put together in our yard. It's going to be spectacular.

Al and Tracey, what did I not ask you that you wish I had?

AL: I wish you had asked me about what motivates me.

Al, what motivates you?

AL: One answer—Kandy, my wife. I would not be where I am today if it wasn't for her. She's been my greatest champion. She's seen more in me than I've ever seen in myself. She's pushed me to be more than I ever thought I could be. That's what motivates me.



2017 AWARDS

WSTIP Safety Stars 2017 Award Winner

Encouraging safety and stewardship has always been a high priority for WSTIP members, and in 2017 we awarded our 2016 Safety STARS award recognizing three member transit agencies whose employees contributed in a significant way to fulfilling WSTIP's mission by reducing risk exposure or claims: Intercity Transit, Island Transit, and Jefferson Transit. The cash awards can be used in whatever way each winning agency chooses, as long as it's used for employee recognition. The Safety Star Award was just one way we encouraged outstanding performance in 2017.

Above and Beyond Award

The Above and Beyond recognition program recognizes individual employees that go above and beyond their expressed job responsibilities during a significant event, demonstrating courage and heroism, or other extraordinary acts deserving recognition, resulting in a saved life or lives, and/or minimizing the impact of a loss to the agency or the public. In 2017, the following were selected to be awarded \$250 each:

Tommy Dickinson, Asotin County PTBA

Chris Roetting, James Dean, Steve Ellertsen, and Brenton Schnitzer, Mason Transit Authority

Andre Smith, Island Transit

James Anderson, Pierce Transit

Matt Behm, Pierce Transit

Joy Crummett, Clallam Transit

Jeffrey S. Ristau Continuing Education Scholarship Fund

The WSTIP Board established a scholarship program in 2014 to honor founding and longtime Board member Jeffrey S. Ristau for his years of dedicated service. In 2017, we awarded a combined total of \$11,000 in scholarships to the following people:

Shaney Edington, Pierce Transit

Margaret Dickinson, Whatcom Transportation Authority

Miranda Nash, Jefferson Transit

Tunisia Price, Pierce Transit

Melissa Lang, Link Transit

Robert Steen, Spokane Transit

Angie Shamburger, Intercity Transit

Agustin Ortega, Yakima Transit

Jo Ann Cravens, Ben Franklin Transit

Jennifer Hayslip, Everett Transit

Shellie Hunter, Clallam Transit

These scholarships are available to WSTIP-member employees pursuing education and training that furthers the vision, mission, ethical practices, safety and/or reduction of the cost of risk for public transportation in Washington State.

Driver Recognition Awards

WSTIP's Driver Recognition Program recognizes drivers for their 20 or more years of consecutive and/or cumulative accident-free years of driving in transit service. Vehicle accidents are first and foremost the kind of risk WSTIP regularly pays from its loss fund. For every year a driver is accident-free, the savings to the transit agency and to WSTIP are substantial. Therefore, this program is designed to recognize and reward drivers for their accident-free driving history. In 2017, WSTIP recognized 51 employees from Ben Franklin Transit, Community Transit, C-Tran, Intercity Transit, Kitsap Transit, Link Transit, Spokane Transit and Whatcom Transportation Authority. \$8,250 was awarded in 2017.



Pictured: Emmett Heath, CEO of Community Transit, Tracey Christianson, Executive Director of WSTIP, and Jon Nehring, Mayor of Marysville.

2017 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 members including all layers. Some members purchase umbrella coverage above the limits listed in this table.

WSTIP Liability Coverages

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**

	\$20 million per occurrence and aggregate
Deductible	\$5,000

* 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/Aspen).

Comparative Statement of Net Position

For the years ended Dec. 31, 2017* & 2016

	2017*	2016
Assets		
CURRENT ASSETS		
Deposits and Investments	\$38,859,269	\$38,071,612
Accounts Receivable	\$151,506	\$37,680
Prepaid Expense	\$508,269	\$538,342
TOTAL CURRENT ASSETS	\$39,519,044	\$38,647,635
NONCURRENT ASSETS		
Capital Assets (Net of Accumulated Depreciation)	\$456,942	\$394,186
Equity in Government Entity Mutual (GEM)	\$1,385,780	\$1,273,834
TOTAL NONCURRENT ASSETS	\$1,842,722	\$1,668,020
TOTAL ASSETS	\$41,361,766	\$40,315,655
Deferred Outflows of Resources		
PENSION RELATED	\$99,992	\$158,484
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$99,992	\$158,484
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$41,461,758	\$40,474,139
Liabilities		
CURRENT LIABILITIES		
Accounts Payable	\$170,221	\$53,562
Unpaid Claims Liability	\$17,000,771	\$16,307,512
Unallocated Loss Adjustment Expense Reserve	\$630,000	\$610,000
TOTAL CURRENT LIABILITIES	\$17,800,992	\$16,971,074
NONCURRENT LIABILITIES		
Compensated Absences	\$167,743	\$159,408
Owed to Risk Pool Leadership Development Program	\$10,779	\$19,062
Net Pension Liabilities	\$656,773	\$895,328
TOTAL NONCURRENT LIABILITIES	\$835,295	\$1,073,798
TOTAL LIABILITIES	\$18,636,287	\$18,044,872
Deferred Inflows of Resources		
PENSION RELATED	\$127,964	\$16,139
TOTAL DEFERRED INFLOWS OF RESOURCES	\$127,964	\$16,139
Net Position		
Net Investment in Capital Assets	\$456,942	\$394,186
Unrestricted Building Reserve	\$17,786	\$ 71,193
Unrestricted Net Position	\$22,222,779	\$21,947,749
TOTAL NET POSITION	\$22,697,507	\$22,413,128
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$41,461,758	\$40,474,139

*At the time of publishing, 2017 financial statements had not been audited.

Comparative Statement of Revenues, Expenses & Changes in Net Position For the years ended Dec. 31, 2017* & 2016

	2017*	2016
OPERATING REVENUES		
Member Assessments	\$14,327,086	\$12,864,133
Program Revenues	\$643,944	\$246,845
TOTAL OPERATING REVENUES	\$14,971,030	\$13,110,978
OPERATING EXPENSES		
Incurred Loss/Loss Adjustment Expenses		
Claims Paid	\$7,793,770	\$6,463,393
Change in Unpaid Claims Liability	\$1,685,521	(\$1,014,747)
Unallocated Loss Adjustment Expense	\$448,776	\$402,229
Total Incurred Loss/Loss Adjustment Expense	\$9,928,067	\$5,850,875
Insurance Services		
Excess/Reinsurance Premiums	\$2,215,091	\$2,107,752
Brokerage Fee	\$101,200	\$101,200
Total Insurance Services	\$2,316,291	\$2,208,952
General and Administrative Expenses		
Member Services Expenses ¹	\$555,215	\$560,642
Depreciation Expense	\$15,923	\$15,114
Program Expenses ²	\$371,749	\$0
TOTAL OPERATING EXPENSES	\$15,250,306	\$11,139,647
OPERATING INCOME (LOSS)	(\$279,276)	\$1,971,331
NONOPERATING REVENUES (EXPENSES)		
Interest and Dividend Income	\$451,709	\$333,454
Change in Equity in GEM	\$111,946	\$91,756
TOTAL NONOPERATING REVENUES AND EXPENSES	\$563,655	\$425,210
Change in Net Position	\$284,379	\$2,396,541
TOTAL NET POSITION, January 1	\$22,413,128	\$20,016,587
TOTAL NET POSITION, December 31	\$22,697,507	\$22,413,128

[1] Previously reported as Other Insurance Services.

[2] Program Expenses includes Driver Record Monitoring (DRM) and the WSTIP Training programs which was previously reported as part of General Administrative Expenses.

*At the time of publishing, 2017 financial statements had not been audited.

Comparative Statement of Cash Flows

For the years ended Dec. 31, 2017* & 2016

	2017*	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members	\$14,327,086	\$12,864,133
Cash Payments to Suppliers for Goods and Services	(\$11,803,188)	(\$9,757,364)
Cash Payments to Employees for Services	(\$1,395,405)	(\$1,357,621)
Increase (Decrease) in Claim Reserve	(\$1,357,811)	\$607,902
Other Operating Revenues	\$643,944	\$246,845
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$414,626	\$2,603,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	\$451,709	\$333,454
Net Cash Provided (Used) by Investing Activities	\$451,709	\$333,454
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(\$78,678)	\$0
Net Cash Provided (Used) by Capital & Related Financing Activities	(\$78,678)	\$0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$787,657	\$2,937,349
Cash and Cash Equivalents, January 1	\$38,071,612	\$35,134,263
Cash and Cash Equivalents, December 31	\$38,859,269	\$38,071,612

*At the time of publishing, 2017 financial statements had not been audited.

Department of Enterprise Services Schedule of Expenses

For the years ended Dec. 31, 2017* & 2016

	2017*	2016
INSURANCE SERVICES		
Claims Self Insurance Fund ¹	\$8,242,546	\$6,865,622
Excess Insurance Premiums	\$2,215,091	\$2,107,752
Change in Unpaid Claims Liability	\$1,685,521	(\$1,014,747)
Total Insurance Services	\$12,143,158	\$7,958,627
CONTRACTED SERVICES		
Actuary	\$62,350	\$64,500
Administrative Services	\$34,423	\$47,554
Broker Fees	\$101,200	\$101,200
Backup Services ²	N/A	\$7,819
Contracted Services	\$39,307	\$27,288
Legal and Accounting	\$27,366	\$28,427
Loss Control Services	\$520,792	\$513,088
Audits	\$30,220	\$35,392
Professional Services (Tech)	\$42,600	N/A
Total Contracted Services	\$858,258	\$825,268
ADMINISTRATIVE EXPENSES		
Staff Wages, Taxes and Benefits ³	\$1,327,167	\$1,357,621
Staff Conferences and Travel	\$87,936	\$100,870
Board Expenses	\$145,185	\$158,393
Technical Services	\$199,701	\$181,825
Communications	\$17,261	\$20,085
Occupancy Costs	\$31,669	\$43,072
Office Expenses	\$49,980	\$66,283
Program Expenses ⁴	\$371,749	N/A
Driver Record Monitoring ⁵	N/A	\$410,168
Depreciation	\$15,923	\$15,114
Miscellaneous	\$2,321	\$2,321
Total Administrative Expenses	\$2,248,892	\$2,355,752
TOTAL OPERATING EXPENSES	\$15,250,306	\$11,139,647

[1] Includes Claims Paid and ULAE

[2] Backup Services included with Technical Services Administration Budget starting 2017

[3] Includes Staff Wages, Taxes and Benefits and Pension adjustment

[4] Program expenses includes Driver Record Monitoring (DRM) and the WSTIP training program previously reported as part of General and Administrative Expenses.

[5] Driver Record Monitoring is now included in Program Expenses.

*At the time of publishing, 2017 financial statements had not been audited.

Claims Development Information

For the years ended Dec. 31, 2017* & 2016

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.

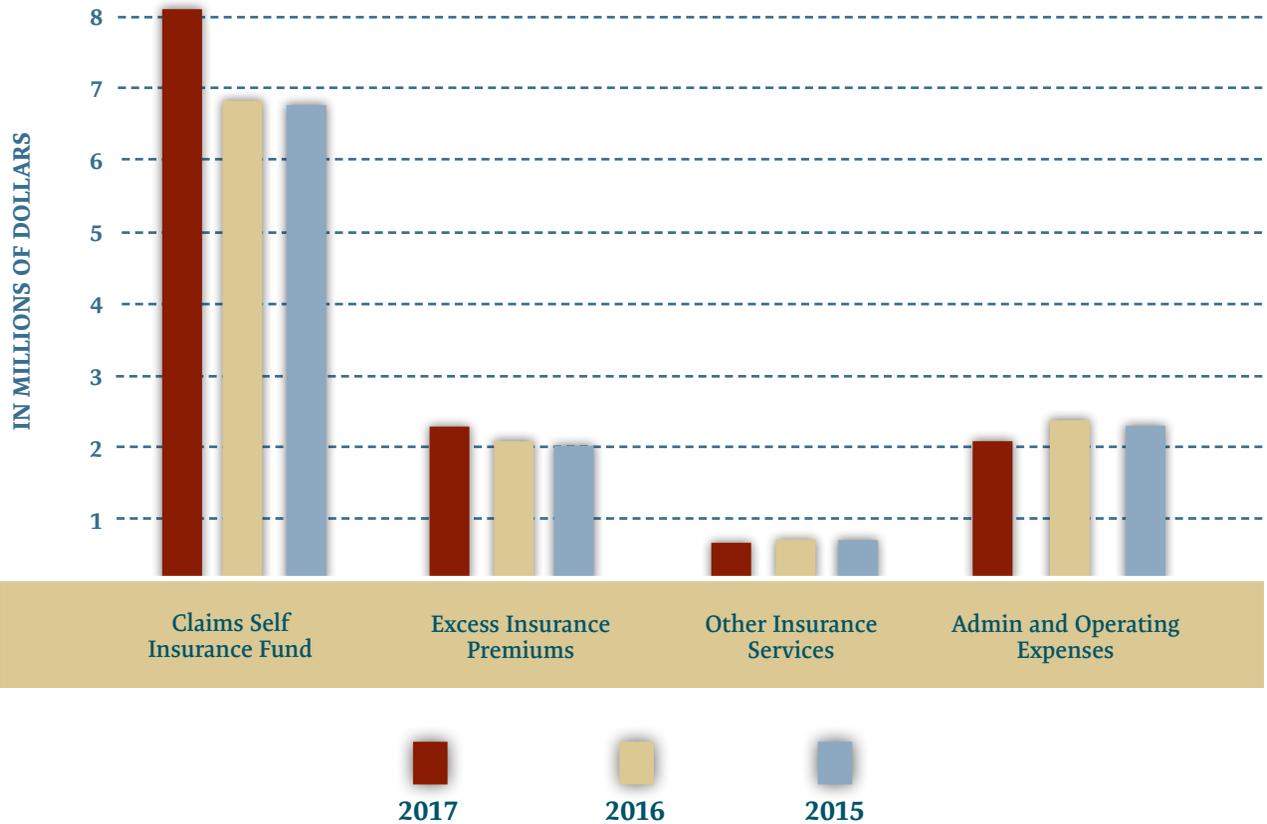
FISCAL AND POLICY YEAR ENDED (IN THOUSANDS OF DOLLARS)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Gross required contribution and investment revenues	9,147	9,341	10,785	11,217	10,933	11,439	11,785	12,521	13,198	14,779
Ceded	1,763	1,734	1,651	1,793	1,904	2,166	2,206	1,999	2,150	2,215
Net earned	7,384	7,607	9,134	9,424	9,029	9,273	9,579	10,522	11,048	12,564
2. Unallocated operating expenses	2,132	1,897	2,111	2,272	2,223	2,433	2,500	3,058	3,142	2,735
3. Estimated Losses & Expenses End of Policy Year										
Incurred	5,170	5,041	5,648	5,727	4,994	5,470	7,047	5,764	5,395	8,106
Ceded**	1,467	837	191	4,411	180	202	408	521	547	361
Net Incurred	3,703	4,204	5,457	1,316	4,814	5,268	6,639	5,243	4,848	7,745

*At the time of publishing, 2017 financial statements had not been audited.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
4. Paid (cumulative) as of:										
End of policy year	1,185	789	825	1,077	927	1,075	983	1,086	805	1,870
One year later	2,191	3,064	2,398	2,774	1,828	2,172	2,050	2,270	2,056	
Two years later	3,991	3,366	3,581	3,744	2,692	3,141	3,815	4,814		
Three years later	4,641	4,005	4,220	4,910	4,348	3,827	5,730			
Four years later	5,025	4,224	5,876	7,000	4,855	4,951				
Five years later	5,044	4,398	6,056	7,087	4,906					
Six years later	5,047	4,411	6,064	7,494						
Seven years later	5,189	4,424	6,065							
Eight years later	5,271	4,426								
Nine years later	5,300									
5. Re-Estimated Ceded Losses & Expenses	2,098	721	213	8,803	1,254	118	3,214	1,254	228	361
6. Re-estimated net incurred claims and expenses:										
End of policy year	5,170	5,041	5,648	5,727	4,994	5,470	7,047	5,764	5,395	8,106
One year later	5,356	4,946	5,364	6,783	4,320	5,052	7,640	5,735	6,214	
Two years later	5,350	4,788	5,975	8,144	4,755	5,448	7,340	7,320		
Three years later	5,069	4,509	6,500	9,075	4,858	6,220	6,470			
Four years later	5,154	4,521	6,288	8,473	4,976	6,918				
Five years later	5,124	4,486	6,142	8,295	5,065					
Six years later	5,117	4,440	6,107	7,671						
Seven years later	6,165	4,480	6,169							
Eight years later	6,197	4,486								
Nine years later	6,231									
7. Increase (decrease) in estimated net incurred claims and expenses for end of the policy year	1,061	(555)	521	1,944	71	1,448	577	1,556	819	





2629 12th Court SW | Olympia, WA 98502
(360) 786-1620 | www.wstip.org