



# ALL ABOARD

WASHINGTON STATE TRANSIT INSURANCE POOL  
2010 ANNUAL REPORT



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# WSTIP ACHIEVES MARKET SATURATION

A MESSAGE FROM TOM HINGSON, 2010 WSTIP BOARD PRESIDENT

In January 1989, eight transit agencies came together to launch the Washington State Transit Insurance Pool (WSTIP) with the aspiration that, one day, all qualifying transit agencies in the state would join the pool. Twenty-one years later, that ambition has been realized. The last qualifying\* transit agency joined WSTIP in December 2010: C-Tran of Vancouver. We now are 25 transits strong. We are delighted to welcome them aboard!

The welcoming of C-Tran capped an outstanding year for us. In 2010, we made major strides in refining our policies and operations.

The WSTIP Board completed a multi-year transition from resolutions-based governance to a policy-based governance structure. The only remaining resolutions are those required by other agencies with whom we have contractual agreements. While the transition process was laborious, it will greatly enhance Board efficiency, continuity and understanding.

While we're on the topic of policies, the WSTIP Board added several important policies in 2010:

## **ASSESSMENT ALLOCATION**

This policy defines the formula used to calculate the annual assessment each member pays into the pool. By memorializing this formula, Board members will have easy access to determine how their transit agency's assessment was calculated. This policy works in conjunction with the Budget Development Policy.

## **LOSS PREVENTION PROGRAM**

The identification and implementation of best practices are key elements in helping our members reduce their risk exposure. This policy defines the term "best practices" and states how best practices are to be developed.

\*King County Metro is the only remaining publicly funded transit agency in the state that does not belong to WSTIP. King County Metro is a great friend to the pool; however, it does not qualify for membership because it is too large for the pool to insure.

### IRM BENCHMARK POLICY

This policy gives guidance on how and when WSTIP's integrated risk management program should be reviewed.

The WSTIP Board also revamped its committee structure and established charters for each committee. Doing so clarifies the purpose and intent of each committee, providing continuity for committee members and allowing dissolution of committees that have fulfilled their mission. The committees chartered in 2010 are:

- Governance Policy Committee
- Legislative Committee
- Underwriting Committee
- Audit Committee
- Cyber Liability Committee
- Rebranding Committee

Another important step the Board took was to authorize the WSTIP Executive Director to settle claims up to \$100,000 for first- and third-party claims. Up until now, the Executive Director has been authorized to settle claims up to \$60,000; however this benchmark did not adequately meet current conditions. The Executive Director will present a quarterly report to the Board regarding these settlements that fall between \$60,000 and \$100,000 for the Executive Committee's information.

This has been an exciting year for WSTIP, especially in meeting our longstanding goal of bringing all qualified public transit agencies into the fold, and we can at last say, All Aboard!

*Tom Hingson is the Transportation and Transit Services Director for the City of Everett, Washington.*



# 2010 BOARD OF DIRECTORS

## ASOTIN COUNTY PTBA

*Kim Gates*, PTBA Coordinator

## BEN FRANKLIN TRANSIT

*Allen Walch*, Administrative Services Manager

Alt: *Tim Frederickson*, General Manager

Alt: *Jim Thielke*, Safety/Training Supervisor

## CLALLAM TRANSIT

*Terry Weed*, General Manager

Alt: *Jamie Collier*, Finance Administrator

Alt: *Clint Wetzel*, Operations Manager

## COLUMBIA COUNTY PUBLIC TRANSPORTATION

*Stephanie Guettinger*, General Manager

## COMMUNITY TRANSIT

*Jeff Ristau*, Chief Financial Officer

Alt: *Emmett Heath*, Director of Administration

Alt: *Mike Burriss*, Risk Manager

## C-TRAN

*Diane O'Regan*, Contoller

Alt: *Julie DeBoever*, Human Resource Manager

## CUBS

*Chris Smith*, Transit Manager

Alt: *Jeff Cameron*, Public Works Director

## EVERETT TRANSIT

*Tom Hingson*, Transportation Services Director

Alt: *George Baxter*, Operations Manager

Alt: *Chris Muth-Schulz*, Risk Manager

## GRANT TRANSIT

*Greg Wright*, General Manager

Alt: *Brandy Heston*, Administrative Assistant

## GRAYS HARBOR TRANSIT

*Mark Carlin*, General Manager

Alt: *Jean Braaten*, Bookkeeper

## INTERCITY TRANSIT

*Ben Foreman*, Finance and Administrative Director

Alt: *Leslie Williamson*, Finance Manager

## ISLAND TRANSIT

*Barb Savary*, Administrative Services Director

Alt: *Martha Rose*, General Manager

Alt: *Staci Jordan*, Rideshare Coordinator

## JEFFERSON TRANSIT

*Van Church*, Finance & Human Resources Administration/*Sara Crouch*, Finance & Human Resources Administration

Alt: *Dave Turissini*, General Manager/*Peggy Hanson*, General Manager

## KITSAP TRANSIT

*Paul Shinnors*, Finance Director

Alt: *Jeff Cartwright*, Human Resources Director

## LINK TRANSIT

*Lynn Bourton*, Administrative Services Manager

Alt: *Nick Covey*, Finance Manager

## MASON TRANSIT

*Kathy Cook*, Administrative Services Manager

Alt: *Dave O'Connell*, General Manager

## PACIFIC TRANSIT

*Tim Russ*, General Manager

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

## PIERCE TRANSIT

*Terence Artz*, Risk Manager

Alt: *Alberto Lara*, Vice President Human Resources & Technology

## PULLMAN TRANSIT

*Bill Mulholland*, Finance Director

Alt: *Rod Thornton*, Transit Manager

## SKAGIT TRANSIT

*Dale O'Brien*, General Manager

Alt: *Motoko Pleasant*, Finance and Administrative Manager

## SPOKANE TRANSIT

*Jim Plaster*, Director of Finance and Administration

Alt: *Jim Richey*, Financial Analyst

Alt: *Steve Blaska*, Director of Operations

## TWIN TRANSIT

*Ernest Graichen*, General Manager

Alt: *Cathy Whitney*, Operations Manager

## VALLEY TRANSIT

*Ed McCaw*, Administration and Finance Manager

Alt: *Dick Fondahn*, General Manager

## WHATCOM TRANSPORTATION AUTHORITY

*Richard Walsh*, General Manager

Alt: *Patricia (Pat) Dunn*, Director of Finance

## YAKIMA TRANSIT

*Ken Mehin*, Transit Manager

Alt: *Chris Waarvick*, Public Works Director

# STRENGTH IN NUMBERS

A MESSAGE FROM ALLEN HATTEN, WSTIP EXECUTIVE DIRECTOR

As Executive Director of the Washington State Transit Insurance Pool, I share our Board's excitement in welcoming C-Tran aboard. C-Tran is an impressive transit operation, and we look forward to learning from them and sharing what we've learned as a pool about risk management. C-Tran's arrival also expands the pool's capacity to self-insure our members and places us in an even better negotiating position for purchasing insurance products and services.

To that end, I serve on the board of Government Entities Mutual, Inc. (GEM). GEM is a member owned and controlled reinsurance captive. GEM provides reinsurance coverage to its members for liability, property and workers' compensation. I completed the first year of my two-year term as chairman of the GEM Board in 2010.

In 2010, we saw measurable results from the Integrated Risk Management (IRM) program we launched in 2008 and built upon in 2009. Between 2009, 2010, and the beginning of 2011, 110 site visits were completed. This includes 25 best practices assessments and 57 serious loss reviews. The IRM program will be providing its benchmark report in 2011 and the Board will decide whether this program should remain in place. As part of WSTIP's overall Best Practices program, the following Best Practices were developed in 2010:

## **BEST PRACTICES, VANPOOL PROGRAM OPERATIONS**

This best practice gives guidance for vanpool driver selection, retention, orientation, training and record keeping, as well as defining and addressing issues related to child riders.

## **BEST PRACTICES, HIRING**

This document establishes guidelines for member hiring practices. These best practices address publishing job vacancies, screening applications, interviewing, conducting background checks, issuing conditional job offers, requiring medical examinations, hiring, complying with immigration law, and monitoring during probationary periods.

## **BEST PRACTICES, REDUCTION IN FORCE**

This best practice is particularly timely as many transit agencies are feeling the devastating impact of national and local economic challenges in 2010. A number of member agencies are severely reducing costs, including laying-off employees. This policy sets out guidelines and considerations to minimize unintended consequences that could generate risk exposure for members.

## BEST PRACTICES FOR VEHICLE OPERATIONS, DIGITAL RECORDING SYSTEMS ON FLEET VEHICLES

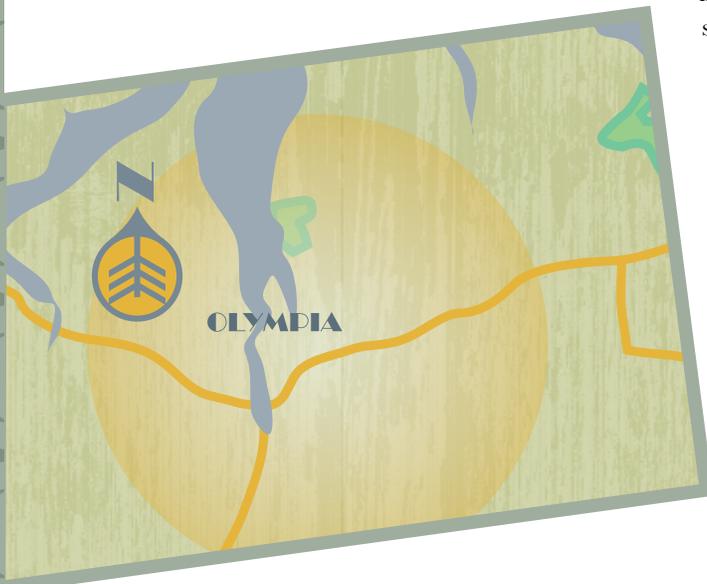
This unique Best Practice started with a Committee of the Board evaluating what WSTIP's position and role would be in encouraging members to have digital recording systems installed on their fixed route and paratransit vehicles. The culmination of the Camera Initiative Committee's work was this Best Practice for Vehicle Operations, Digital Recording Systems on Fleet Vehicles. The package includes resource documents on digital recording system set-ups, and how to articulate the benefits of the digital recording systems.

We also moved forward with the driver record monitoring project WSTIP first explored in 2009. The goal of this program is provide better monitoring of driving records so we can be alerted when drivers may be in violation of the law. In order to develop this system, WSTIP must create proprietary software to accurately communicate with the Washington State Department of Licensing database. 2010 served as a year of project organization, including negotiating the start of a vendor application pilot (pilot continued in 2011). The aim is to provide a product offering to the membership in 2011.

IT security continues to be a concern for virtually every organization and business in the country, if not the world. In 2008, WSTIP launched a project to conduct network security reviews for all non-city members. By the end of 2010, we completed reviews and recommendations for 20 member agencies. The scope of this effort includes reviews of

infrastructure, networks, servers, workstations, application security, technology management, and business processes related to IT operations and security. This project will continue in 2011 to follow-up on the recommendations.

Further innovation came in 2010 when WSTIP, in tandem with the Washington State Transit Association, launched a joint-member website that provides easy access to a vast array of transit-related information and resources. Its focus is not on either organization, but rather on the needs and interests of their member transit agencies. The Washington Transit Portal can be accessed from WSTIP or WSTA's website and creates a collaborate place to share information.



# STAFF MEMBERS AND SERVICE PROVIDERS

## **ALLEN F. HATTEN, EXECUTIVE DIRECTOR**

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

## **M. JERRY SPEARS, DEPUTY DIRECTOR**

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

## **TRACEY CHRISTIANSON, MEMBER SERVICES MANAGER**

Responsible for member communications, loss control and prevention programs, and training. Manages the activities of the Integrated Risk Management Program and the Washington State Transportation Training Coalition.

## **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 Riskmaster database; and, approves facility vendor schedules and invoices.

## **ANDREA POWELL, INFORMATION SERVICES SPECIALIST**

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

## **ANNA BROADHEAD, MEMBER SERVICES ASSISTANT**

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, RiskMaster reports, underwriting, provides administrative support to the Deputy Director, and RiskMaster support.

## **JOANNE KERRIGAN, RISK AND TRAINING COORDINATOR**

Provides administrative support for Risk Management Specialist 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.

## **TRACIE HENDERSON, CLAIMS ASSISTANT**

Serves as support for the claims department for first and third party claims, with emphasis on transit recovery work; provides back-up telephone support along with completing special projects for the Claims Manager.

## **CHRISTIAN DEVOLL, RISK MANAGEMENT SPECIALIST**

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.

## **WSTIP SERVICE PROVIDERS**

### **BROKER SERVICES**

Alliant Insurance Services, Newport Beach, CA

### **ACTUARIAL SERVICES**

PricewaterhouseCoopers, Seattle, WA

### **ACCOUNTING SERVICES**

McSwain & Company, Olympia, WA

# 2010 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

### LIABILITY COVERAGE\*

Bodily Injury and Property Damage	\$12 million each occurrence (and in the aggregate for products/completed operations hazard)
Personal Injury and Advertising Injury	\$12 million each offense
Vanpool Driver Medical Expense Protection <sup>†</sup>	\$35,000 each occurrence
Underinsured Motorist Coverage <sup>†</sup>	\$60,000 each occurrence for bodily injury

### PUBLIC OFFICIALS LIABILITY COVERAGE<sup>††</sup>

	\$12 million per occurrence and aggregate
Deductible	\$5,000

\* No deductible applies

<sup>†</sup> optional coverage

<sup>††</sup> claims made coverage, retroactive to the member's entry date into the program

## WSTIP PROPERTY COVERAGES

### PROPERTY REINSURANCE PROGRAM

*WSTIP / Governmental Entities Mutual*

(July 1, 2009 to July 1, 2010 AND  
July 1, 2010 to July 1, 2011)

Per occurrence, all perils, coverages and insureds/members combined, subject to the sublimits*:	\$350 million
Flood zones A & V – annual aggregate	\$10 million
All flood zones except A & V - annual aggregate	\$50 million
Earthquake, volcanic eruption, landslide, and mine subsidence – annual aggregate	\$25 million
Business Interruption, rental income and tax interruption (if values are reported) with 120 days extended period of indemnity	\$25 million
Business Interruption, rental income and tax interruption (if values are not reported) with 120 days extended period of indemnity	\$2.5 million
Extra Expense	\$50 million
Miscellaneous unnamed locations	\$10 million
Automatic acquisition for new locations up (report within 120 days) including boiler and machinery	\$25 million
Automatic acquisition for new locations up (report after 120 days) including boiler and machinery	\$10 million
Unscheduled landscaping	\$1 million
Errors and omissions	\$25 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
Ordinance or law (including losses to undamaged portion, demolition and increased cost of construction) and includes boiler and machinery	\$25 million
Property in transit	\$25 million
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	\$2.5 million
Claims preparation expenses	\$50,000
Expediting expenses	\$5 million
Accounts receivable	\$10 million
Electronic data processing equipment and data and media	\$10 million
Contractors Equipment	\$10 million
Auto Physical Damage (over the road)	\$1.5 million
Auto Physical Damage (excluding over the road)	\$25 million
Boiler and Machinery	\$100 million
Debris Removal	Greater of \$2.5 million or 25% of the loss

## 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: Ace) and, for those members that need it, underground storage tank coverage (carrier: Zurich)

# BALANCE SHEET

FOR THIS FISCAL YEAR ENDING DECEMBER 31, 2010\*

	2010	2009
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 24,226,783	\$ 24,042,975
Member Assessments Receivable	506,758	14,027
Prepayments	274,333	229,771
<b>TOTAL CURRENT ASSETS</b>	<b>25,007,874</b>	<b>24,286,773</b>
NONCURRENT ASSETS:		
Capital Assets (Net of Accumulated Depreciation)	395,648	407,216
<b>TOTAL NONCURRENT ASSETS</b>	<b>395,648</b>	<b>407,216</b>
OTHER ASSETS:		
Investments	1,182,576	1,182,576
<b>TOTAL OTHER ASSETS</b>	<b>1,182,576</b>	<b>1,182,576</b>
<b>TOTAL ASSETS</b>	<b>26,586,098</b>	<b>25,876,565</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Unpaid Claims Liability	9,552,443	9,784,996
ULAE Reserve	390,000	310,000
Accounts Payable	100,572	93,665
Prepaid Rent	—	1,862
Deferred Revenue	68,799	57,074
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,111,814</b>	<b>10,247,597</b>
NONCURRENT LIABILITIES:		
Compensated Absences	116,060	110,526
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>116,060</b>	<b>110,526</b>
<b>TOTAL LIABILITIES</b>	<b>10,227,874</b>	<b>10,358,123</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	395,648	407,216
Unrestricted Building Reserve	82,489	67,489
Unrestricted Surplus	15,880,087	15,043,737
<b>TOTAL NET ASSETS</b>	<b>16,358,224</b>	<b>15,518,442</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>\$ 26,586,098</b>	<b>\$ 25,876,565</b>

\*At the time of publishing, 2010 financial statements had not been audited.

# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN ASSETS

FOR THIS FISCAL YEAR ENDING DECEMBER 31, 2010\*

		2010	2009
<b>OPERATING REVENUES</b>	Member Assessments	\$ 10,214,682	\$ 8,321,754
	Program Revenues	132,387	137,495
	<b>TOTAL OPERATING REVENUES</b>	<b>10,347,069</b>	<b>8,459,249</b>
<b>OPERATING EXPENSES</b>	Claims Paid on Current Losses	6,720,394	5,104,932
	Adjustment to Prior Years' Claim Reserve	(376,608)	706,599
	Excess Insurance Premiums	1,650,603	1,733,993
	Depreciation Expense	11,568	16,044
	Operating Expenses	1,653,541	1,523,327
	Insurance Services:		
	Brokerage Fee	129,806	101,419
	Other Insurance Services	315,258	256,456
<b>TOTAL OPERATING EXPENSES</b>	<b>10,104,562</b>	<b>9,442,770</b>	
<b>OPERATING INCOME (LOSS)</b>	<b>242,507</b>	<b>(983,521)</b>	
<b>NONOPERATING REVENUES (EXPENSES)</b>	Interest and Dividend Income	597,275	1,019,020
	CHANGES IN NET ASSETS	839,782	35,499
	<b>TOTAL NET ASSETS, JANUARY 1</b>	<b>15,518,442</b>	<b>15,482,943</b>
	<b>TOTAL NET ASSETS, DECEMBER 31</b>	<b>\$ 16,358,224</b>	<b>\$ 15,518,442</b>

\*At the time of publishing, 2010 financial statements had not been audited.

# STATEMENT OF CASH FLOW

FOR THIS FISCAL YEAR ENDING DECEMBER 31, 2010\*

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Members	\$ 10,207,925	\$ 8,294,248
Cash Payments to Suppliers for Goods and Services	(9,601,247)	(8,465,958)
Cash Payments to Employees for Services	(999,479)	(973,272)
Increase (Decrease) in Claim Reserve	(232,553)	1,545,834
Other Operating Revenues	132,387	137,495
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(492,967)</b>	<b>538,347</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
<b>NET CASH PROVIDED (USED) BY NONCAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>0.00</b>	<b>0.00</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>0.00</b>	<b>0.00</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from Sales of Investments	—	—
Purchase of Investments	—	288,416
Interest Received	597,275	1,019,020
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>597,275</b>	<b>730,604</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>104,308</b>	<b>1,268,951</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>24,042,475</b>	<b>22,773,524</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 24,146,783</b>	<b>\$ 24,042,475</b>

\*At the time of publishing, 2010 financial statements had not been audited.

# RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

FOR THIS FISCAL YEAR ENDING DECEMBER 31, 2010\*

	2010	2009
<b>OPERATING INCOME</b>	\$ 242,507	\$ (983,521)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	11,568	13,044
(Increase) Decrease in member assessments receivable	7,770	28,006
(Increase) Decrease in accounts receivable—2009 reserve account	(500,000)	—
(Increase) Decrease in other prepaid expenses	(44,562)	(83,278)
(Increase) Decrease in insurance recoverables	—	—
Increase (Decrease) in claim reserves	(232,553)	1,545,834
Increase (Decrease) in payables	6,366	16,648
Increase (Decrease) in other liabilities	4,212	24,602
Increase (Decrease) in Deferred Revenue	11,725	(22,488)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (492,967)</b>	<b>\$ 538,847</b>

\*At the time of publishing, 2010 financial statements had not been audited.

# CLAIMS DEVELOPMENT INFORMATION

FOR THIS FISCAL YEAR ENDING DECEMBER 31, 2010\*

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 years 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 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)

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1.	Net earned required contribution and investment revenues	3,262	3,188	3,963	4,996	6,104	6,272	6,459	7,483	8,322	10,215
2.	Unallocated expenses	859	1,196	1,134	1,256	1,370	1,331	1,687	2,132	1,897	2,110
3.	Estimated incurred claims and expenses, end of policy year	2,200	1,853	2,020	3,153	2,484	3,329	2,990	5,170	5,041	5,648

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>4.</b> Paid (cumulative) as of:										
End of policy year	204	178	125	358	307	472	451	1,185	789	825
One year later	459	255	435	826	758	1,276	891	2,191	3,064	
Two years later	927	897	724	1,983	1,635	1,581	1,374	3,991		
Three years later	1,086	987	1,078	2,391	1,850	3,416	2,050			
Four years later	1,200	1,057	1,156	2,416	1,989	3,917				
Five years later	1,272	1,186	1,186	2,569	2,235					
Six years later	1,272	1,243	1,194	2,570						
Seven years later	1,272	1,247	1,194							
Eight years later	1,272	1,247								
Nine years later	1,272									
<b>5.</b> Re-estimated incurred claims and expenses:										
End of policy year	2,200	1,853	2,020	3,153	2,484	3,329	2,990	5,170	5,041	5,648
One year later	1,867	1,628	1,569	2,715	2,371	3,768	2,325	5,356	4,946	
Two years later	1,764	1,424	1,361	2,653	2,186	3,957	2,462	5,350		
Three years later	1,450	1,203	1,224	2,810	2,138	4,341	2,718			
Four years later	1,334	1,237	1,246	2,546	2,230	4,623				
Five years later	1,272	1,245	1,212	2,591	2,251					
Six years later	1,272	1,264	1,193	2,580						
Seven years later	1,272	1,261	1,194							
Eight years later	1,272	1,281								
Nine years later	1,272									
<b>6.</b> Increase (decrease) in estimated incurred claims and expenses for end of the policy year	(928)	(572)	(826)	(573)	(233)	1,294	(272)	180	(95)	0

\*At the time of publishing, 2010 financial statements had not been audited.



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