



milestones

WASHINGTON STATE TRANSIT INSURANCE POOL



milestones

WASHINGTON STATE TRANSIT INSURANCE POOL



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milestones

PRESIDENT'S
MESSAGE

/mīl.stōn/: An action or event marking a significant change or stage in development.

This year's annual report theme is Milestones; and, in 2013, we marked some great ones.

25-Year Anniversary Honored

IT'S BEEN 25 YEARS since eight transit agencies in Washington State came together to form what would become a trailblazing organization – the Washington State Transit Insurance Pool. In that time we've made astounding advancements in protecting the long-term financial health of 25 transit agencies across the state. We marked the occasion at our annual meeting, where we also celebrated one of our founding members, Jeff Ristau of Community Transit, who retired in 2013. Our celebration took place 25 years to the day that Jeff co-signed the Memorandum of Agreement establishing WSTIP. In honor of Jeff's outstanding service, we established the Jeffrey S. Ristau Continuing Education Scholarship. The annual scholarship, worth \$1000, is to be presented to a deserving employee of a member transit agency to further the vision, ethical practices, public safety and risk reduction to public transportation in Washington State.

Strategic Plan Developed and Implemented

THOUGH WE HAVE ALWAYS been systematic in our approach to goal setting and achievement, in 2013 we set in place our first-ever board-driven Strategic Plan. Our mission and vision remain the same as always: to reduce member agencies cost of risk, and to be the premier provider of high-quality, cost-effective risk management products and services for its member agencies. However, as part of our planning efforts, we decided to revisit and revise our core values statement.



OUR REVISED CORE VALUES

Integrity: Doing the right thing. Member representatives and staff strive to always be honest and straightforward with each other, operating within the letter and spirit of the law, and utilizing all available tools to recognize, assess, and manage risk.

Leadership: Vision, focus and results. Member representatives and staff have a clear vision of where the Pool is going, focusing resources on Board-defined objectives and strategies, developing collaboration skills, and taking on assigned areas of responsibility with a deep commitment to deliver results.

Ownership: We're all in this together. Member representatives place the interests of the Pool above the interests of their member systems, understanding that all members benefit most when the Pool is successful. This includes accepting responsibility for the entire Pool's needs, and seeking not only to improve their own systems but others' as well.

Enthusiasm for Success: Determined to be great. Member representatives and staff are determined to be the best at what matters most. They have a healthy dissatisfaction with the status quo, a compelling desire to improve and excel, and are committed to excellent customer service.

Trust: Good people doing great work. Member representatives and staff respect Pool colleagues, members, and stakeholders, treating them as they would want to be treated. They have confidence in each other's capabilities and intentions, and believe people work best when there is a foundation of trust.

Member Satisfaction Expanded

IN PREPARATION FOR DRAFTING the WSTIP Strategic Plan, we conducted a member survey that explored the pool's purpose, priorities and performance. We were gratified to see that, on the whole, member transit agencies are quite satisfied with the direction and progress we've made over the years. We were especially pleased with the level of member participation in the survey itself, which produced a high level of confidence in the results. In 2014, we will be creating the road map to implement the Strategic Plan.

Self-Insurance Retention Revised

IN 2013 WE TOOK ACTION on a self-insurance retention policy discussion that actually began in 2012. The discussion started with a question about how much is enough surplus to set aside for claims. We'd been using a loss ratio formula that didn't really address the realities of our situation. We concluded that WSTIP needs to set aside a surplus of about \$21 million so that we can cover claims worth up to \$5 million. Between now and 2023, we'll be working toward our target set-aside. When we reach it, that surplus will greatly increase our flexibility in staying out of the insurance market when rates are excessive.

Integrated Risk Management Integrated

FOR SEVERAL YEARS, WSTIP has been testing the wisdom and effectiveness of members incorporating risk management into all aspects of their operations. In 2013, we concluded the evidence is solidly in favor of doing so. We have now integrated IRM into our Loss Prevention Program so that it no longer is a stand-alone effort but is part of all we do.

Operational Shifts Engaged

A SUCCESSFUL PILOT PROGRAM during 2013 brought about a full migration from paper to electronic packets. This change saved thousands of dollars and countless hours assembling and distributing paper packets. Board members now work electronically using electronic tablets purchased using grant funds by WSTIP. Additionally, the board took on the responsibility of determining what out-of-state training and travel is needed for board members to expand their knowledge and capabilities as board members. Such decisions had been made by staff in the past, but staff felt was best placed in the hands of the board, and we agreed. One of the out-of-state leadership trainings several of our members (and WSTIP staff) availed ourselves of in 2013 was particularly fascinating. We traveled to Gettysburg to see first-hand how differing leadership styles can vastly affect the outcomes of decisions. Understanding the importance of rallying all participants to support the mission especially resonated with the Gettysburg Battlefield Leadership program participants.

The WSTIP Board of Directors and staff worked hard in 2013 to advance the mission of WSTIP and to help make WSTIP one of the finest risk pools in the nation. It's been an honor to serve as President.

Ben Foreman, President

WASHINGTON STATE TRANSIT INSURANCE BOARD OF DIRECTORS
Administration and Finance Director, Intercity Transit, Olympia

We made a full migration from paper
to electronic board packets in 2013.



board of directors

ASOTIN COUNTY PTBA

Kim Gates, PTBA Coordinator
Jenny George, Vanpool Coordinator

BEN FRANKLIN TRANSIT

Gloria Boyce, Administrative Services Manager
Alts: **Tim Frederickson**, General Manager,
Jim Thuelke, Safety/Training Supervisor

CLALLAM TRANSIT

Wendy Clark-Getzin, General Manager
Alts: **Jamie Collier**, Finance Administrator,
Clint Wetzel, Operations Manager

COLUMBIA COUNTY PUBLIC TRANSPORTATION

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

COMMUNITY TRANSIT

Jeff Ristau, Chief Financial Officer
Alts: **Emmett Heath**, Director of
Administration; **Mike Burress**, Risk Manager

C-TRAN

Diane O'Regan, Contoller
Alts: **Julie DeBoever**, Senior Resource Manager,
Laura Merry, Risk Specialist

EVERETT TRANSIT

Tom Hingson, Transportation Services
Director
Alts: **Mary Lamb**, Financial Analyst;
Chris Muth-Schulz, Risk Manager

GRANT TRANSIT

Greg Wright, General Manager
Alt: **Brandy Heston**, Administration Services
Manager

GRAYS HARBOR TRANSIT

Mark Carlin, General Manager
Alt: **Jean Braaten**, Bookkeeper

INTERCITY TRANSIT

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

ISLAND TRANSIT

Barb Savary, Administrative Services Director
Alts: **Martha Rose**, General Manager, **Staci
Jordan**, Rideshare Coordinator

JEFFERSON TRANSIT

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

KITSAP TRANSIT

Paul Shinnors, Finance Director
Alts: **Jeff Cartwright**, Human Resources
Director; **Brian Rojo**, Finance Assistant

LINK TRANSIT

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

MASON TRANSIT AUTHORITY

Danette Brannin, Finance Manager
Alt: **Rikki Johnson**, Human Resources
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

RIVER CITIES TRANSIT

Corey Aldridge, Transit Manager
Alt: **Chris Smith**, Risk Manager

SKAGIT TRANSIT

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

SPOKANE TRANSIT

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

TWIN TRANSIT

Rob LaFontaine, 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
Alts: **Chris Waarvick**, Public Works Director;
Kevin Futrell, Transit Planner

milestones



/mīl.stōn/: An important point in the progress or development of something; a very important event or advancement.

In 2013, we took some major steps that really do serve as milestones as we advanced our technology, administrative efficiency and risk-management effectiveness.

Migration to “The State Data Center” Completed

WSTIP is a nimble, forward-thinking organization, and part of that capability comes from staying up on technological advancements. In 2013, we moved our IT and functionality from the WSTIP headquarters to the State of Washington’s state-of-the-art servers. This is especially important in the event of a disaster such as an earthquake or fire, that could have greatly hindered our ability to recover data.

Risk Management Advanced

Risk Management is the key to keeping people and property safe, and insurance costs down. Our 2013 advancements in risk management are too numerous to list here, but we will mention a few. Nine member transits participated in our Reasonable Suspicion for Supervisors course on how to recognize the signs of employee drug and alcohol use. We developed a training video on the proper securement of wheelchairs. We launched a new newsletter called Trans-ACTION, which features valuable information on how to make transit service safer. We made more than 40 loss-prevention visits to member transits. We launched a winter driving campaign for vanpool drivers in eastern Washington. We completed the RiskMaster vehicle data import project. And we processed 24 risk management grants.



Member Transits Championed

Even with the benefits of risk management, issues do arise. In 2013 WSTIP went to bat for several member transits who experienced damage and injury legal actions. Of the three lawsuits filed, we prevailed at trial on one with a defense verdict, on the two matters that went to mandatory arbitration, we won one and got a much more favorable result on the other. One of our member transit agencies experienced a major IT security breach. Although no actual money was lost, WSTIP assisted

in the required legal notifications, offered credit monitoring to the affected parties, and participated/coordinated intensive recovery and hardening operations for the transit agency. Additionally, staff handled approximately 1,000 claims in-house, as well as 215 subrogation claims.

WSTIP owes its success to its strong and engaged Board of Directors as well as its outstanding staff.

Housekeeping Issues Attended To

The day-to-day operations of WSTIP often go unsung, but they make all the other advancements possible. For instance, we

completed property appraisals on all 22 member transits in the property program for 2013-2014 property reinsurance renewals. We once again achieved accreditation from the Association of Government Risk Pools. We developed a preliminary Succession Readiness Plan. We revamped our phone system so that members can reach each WSTIP employee directly rather than going through one central line. And all WSTIP staff completed network security training. 2013 was a great year, filled with opportunities and advancements for our member transits and WSTIP overall. WSTIP owes its success to its strong and engaged Board of Directors as well as its outstanding staff.

Allen F. Hatten, Executive Director

WASHINGTON STATE TRANSIT INSURANCE POOL

staff members

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 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 Riskmaster database.

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, helps coordinate the annual budget, underwriting, and provides administrative support to the Deputy Director.

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.

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.

service providers

Broker Services Alliant Insurance Services, Newport Beach, CA

Actuarial Services PricewaterhouseCoopers, Seattle, WA

Accounting Services McSwain & Company, Olympia, WA



2013 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 [†]	\$35,000 each occurrence
Underinsured motorist coverage [†]	\$60,000 each occurrence for bodily injury
Public officials liability coverage ^{††}	\$12 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

WSTIP PROPERTY COVERAGES

PROPERTY EXCESS PROGRAM

WSTIP / APIP (JULY 1, 2013 TO JUNE 30, 2014)

Per occurrence, all perils, coverages and insureds/members combined, subject to sublimits below:	\$1 Billion
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
Combined business interruption, rental income and tax interruption - except \$500,000 per member subject to a maximum of \$2,500,000 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 up (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)	\$500,000

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
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	\$300 million
Information security & privacy with electronic media liability (cyber liability) included	
Boiler and machinery	\$100 million
Member deductible (per occurrence)	\$5,000
C-Tran & Pierce	\$10,000
Spokane	\$25,000
For damage or loss except for CNG facilities at Pierce and Valley	\$250,000 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, than calculated at replacement cost	Fair Market Value
For auto physical damage to insured vehicles stored off member's premises except for buses less than 10 years old and valued over \$250,000, than calculated at replacement cost	Fair Market Value
APD member deductible for damage or loss (per occurrence)	\$5,000
C-Tran & Pierce	\$10,000
Spokane	\$25,000

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).

comparative statement of net position



	2013*	2012
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$34,011,461	\$30,367,094
Member Assessments Receivable	25,225	1,436
Reinsurance Recoverable		
Prepaid Expenses	455,390	523,163
Total Current Assets	34,492,076	30,891,693
NONCURRENT ASSETS:		
Capital Assets (Net of Accumulated Depreciation)	452,171	437,217
Total Noncurrent Assets	452,171	437,217
OTHER ASSETS:		
Investments	1,423,405	1,423,405
Total Other Assets	1,423,405	1,423,405
TOTAL ASSETS	\$36,367,652	32,752,315
LIABILITIES		
CURRENT LIABILITIES:		
Unpaid Claims Liability	14,544,828	11,792,298
ULAE Reserve	610,000	490,000
Accounts Payable	92,100	36,514
Unearned Member Assessments/Contributions	546,077	98,672
Total Current Liabilities	15,793,005	12,417,484
NONCURRENT LIABILITIES:		
Compensated Absences	130,383	124,056
Total Noncurrent Liabilities	130,383	124,056
TOTAL LIABILITIES	\$15,923,388	12,541,540
NET POSITION		
Invested in Capital Assets, Net of Related Debt	452,171	437,217
Non-Restricted Building Reserve	34,115	48,599
Non-Restricted Net Position	19,957,978	19,724,959
TOTAL NET POSITION	\$ 20,444,264	20,210,775
TOTAL NET POSITION AND LIABILITIES	\$36,367,652	\$32,752,315

*At the time of publishing, 2013 financial statements had not been audited.

comparative statement of revenues, expenses & changes in net position



	2013*	2012
OPERATING REVENUES		
Member Assessments	\$11,225,365	\$10,662,805
Program Revenues	160,222	131,426
Total Operating Revenues	11,385,587	10,794,231
OPERATING EXPENSES		
Incurring Loss/Loss Adjustment Expenses		
Claims Paid	6,563,252	6,293,512
Change in Unpaid Claims Liability	(128,413)	(772,646)
Unallocated Loss Adjustment Expense	331,812	330,677
Excess/ Reinsurance Premiums	2,166,030	1,903,835
Depreciation Expense	12,347	11,291
General and Administrative Expenses	1,980,812	1,825,394
Insurance Services:		
Brokerage Fee	103,844	103,845
Other Insurance Services	335,813	282,539
Total Operating Expenses	11,365,497	9,978,447
OPERATING INCOME (LOSS)	20,090	815,784
NONOPERATING REVENUES - EXPENSES		
Interest and Dividend Income	213,399	430,029
CHANGE IN NET POSITION	233,489	1,245,813
TOTAL NET POSITION, January 1	\$20,210,775	\$18,964,962
TOTAL NET POSITION, December 31	\$20,444,264	\$20,210,775

*At the time of publishing, 2013 financial statements had not been audited.

comparative statement of cash flows



	2013*	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members	\$11,201,576	\$10,687,474
Cash Payments to Suppliers for Goods and Services	(9,701,766)	(8,564,814)
Cash Payments to Employees for Services	(1,074,294)	(1,012,090)
Increase (Decrease) in Claim Reserve	2,872,531	1,384,290
Other Operating Revenues	160,222	131,426
Net Cash Provided (Used) by Operating Activities	3,458,269	2,626,286
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net Cash Provided (Used) by Non Capital & Related Financing Activities	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of Capital Assets	(27,301)	(63,800)
Net Cash Provided (Used) by Capital & Related Financing Activities	(27,301)	(63,800)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceed from Sales of Investments	—	—
Equity in GEM	—	(160,129)
Interest Received	213,399	430,029
Net Cash Provided (Used) by Investing Activities	213,399	269,900
Increase (Decrease) in Cash and Cash Equivalents	\$3,644,367	\$2,832,296
Cash and Cash Equivalents, January 1	\$30,367,094	\$27,534,798
Cash and Cash Equivalents, December 31	\$34,011,461	\$30,367,094

*At the time of publishing, 2013 financial statements had not been audited.

comparative reconciliation of operating income to net cash provided by operating activities



	2013*	2012
OPERATING INCOME	\$20,090	\$815,784
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	12,347	11,291
(Increase) Decrease in member assessments receivable	(23,789)	24,669
(Increase) Decrease in accounts receivable	—	—
(Increase) Decrease in other prepaid expenses	67,773	(243,203)
(Increase) Decrease in insurance recoverables	708,980	—
Increase (Decrease) in claim reserves	2,872,531	1,384,290
Increase (Decrease) in payables	55,586	(94,575)
Increase (Decrease) in other liabilities	6,327	18,588
Increase (Decrease) in deferred revenue	447,404	462
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$3,458,269	\$2,626,286

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

The Pool did not borrow under any capital lease, receive any contribution of capital assets from governments, or have an increase in the fair value of investments during 2013.

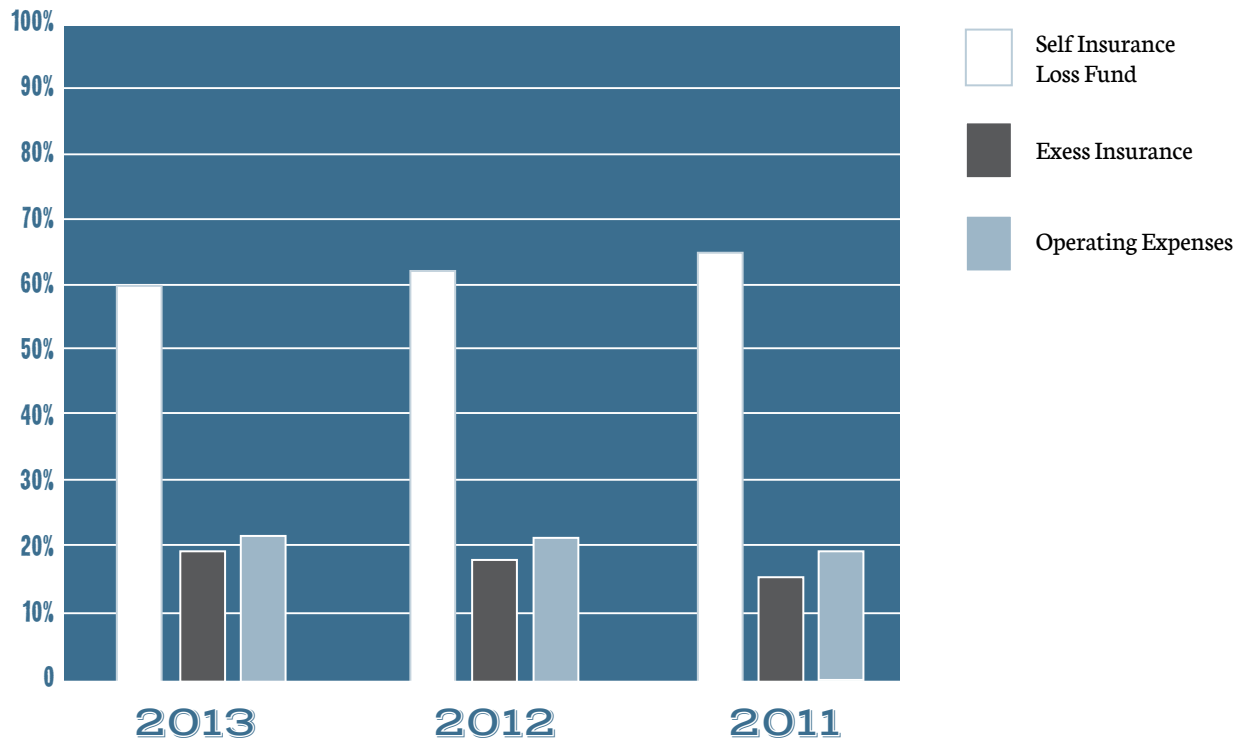
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pool expenses by major category



POOL EXPENSES	2013	2012	2011
Claims Self Insurance Fund	5999 %	61.61 %	64.38 %
Excess Insurance Premiums	18.85	1771	1571
Driver Recording Monitoring	1.92	1.51	0.57
Pierce Transit Sub Contracted Clms	0.00	0.00	1.03
Actuary	0.58	1.07	0.66
Administrative Services	0.19	0.25	0.30
Broker Fees	0.90	0.97	0.91
Contract Web Design	0.00	0.00	0.33
Backup Services	0.07	0.19	0.01
Integrated Risk Management	0.00	0.44	0.70
Software Coop/IT Security	0.00	0.03	0.17
Contracted Services	0.48	0.43	0.27
Legal and Accounting	0.13	0.13	0.13
Loss Prevention Services	2.73	1.91	2.16
Audits	0.27	0.18	0.25
Staff Wages, Taxes and Benefits	9.35	9.41	8.80
Staff Conferences and Travel	0.72	0.76	0.71
Board Expenses	1.53	1.06	0.83
Information Services	0.83	0.75	0.75
Communications	0.21	0.23	0.22
Occupancy Costs	0.57	0.66	0.53
Office Expenses	0.48	0.49	0.43
Depreciation	0.11	0.11	0.09
Miscellaneous	0.11	0.10	0.08

POOL EXPENSES BY MAJOR CATEGORY



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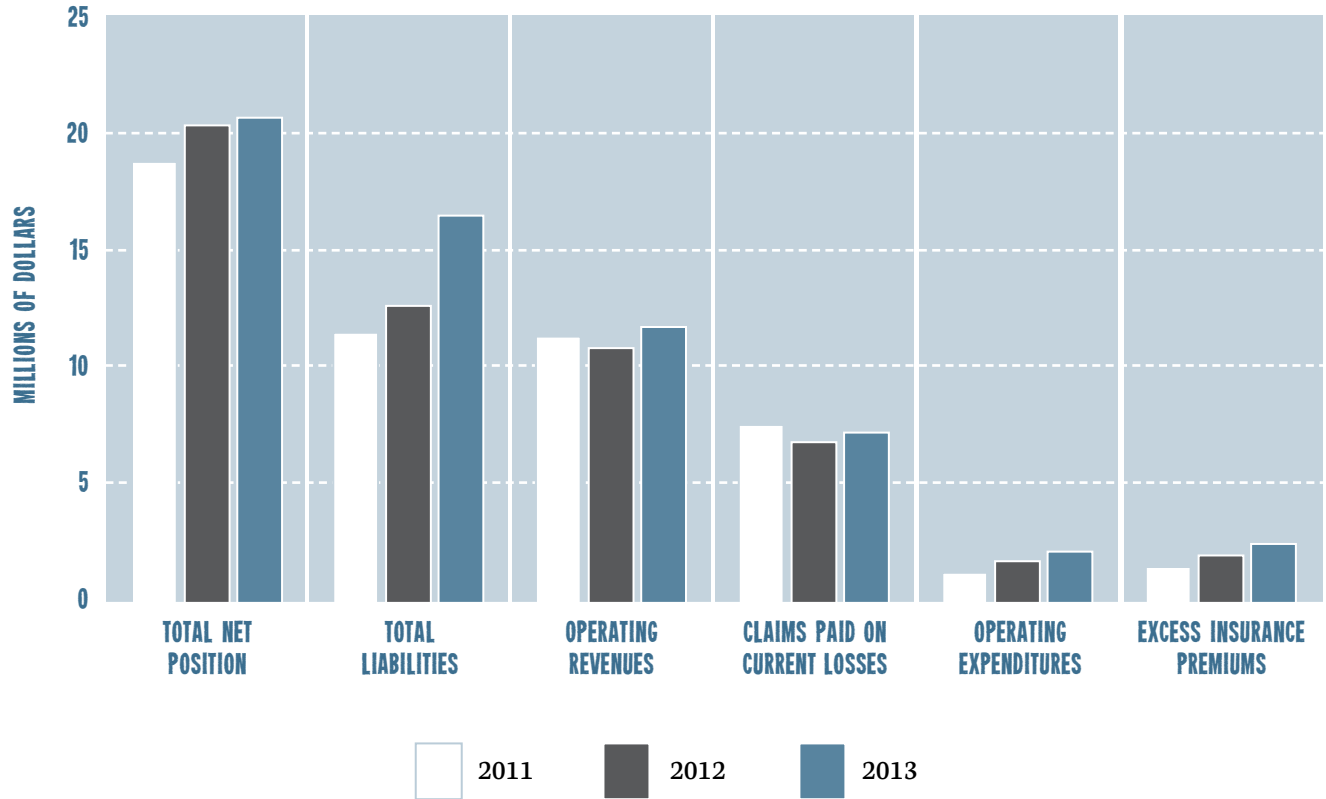
comparative statement of key financial indicators



DESCRIPTION	2013*	2012	2011
Capital Assets	\$452,171	\$437,217	\$384,617
Investments	1,423,405	1,423,405	1,155,943
Liabilities	15,923,388	12,541,540	11,232,774
Total Net Position	20,444,264	20,210,775	18,857,629
Operating Revenues	\$11,385,587	\$10,794,231	\$11,014,515
OPERATING EXPENSES			
Claims Paid on Current Losses	\$6,895,064	\$6,624,189	\$7,344,828
Adjustment to Prior Years' Claims Reserves	-128,413	-772,646	-2,604,562
Excess Insurance Premiums	2,166,030	1,903,835	1,792,669
Depreciation Expense	12,347	11,291	10,135
Operating Expenditures	1,980,812	1,825,394	1,691,837
Broker Fee	103,844	103,845	103,845
Other Insurance Services	335,813	282,539	466,067
Total Operating Expense	11,365,497	9,978,447	8,804,819
Operating Income (Loss)	20,090	815,784	2,209,696
Non-Operating Revenue	213,399	269,900	317,237
Change in Net Position	233,489	1,085,684	2,526,933
KEY POOL INDICATORS			
Total Net Position	\$20,444,264	\$20,210,775	\$18,857,629
Total Liabilities	15,923,388	12,541,540	11,232,774
Operating Revenues	11,385,587	10,794,231	11,014,515
Claims Paid on Current Losses	6,895,064	6,624,189	7,344,828
Operating Expenditures	1,980,812	1,825,394	1,691,837
Excess Insurance Premiums	2,166,030	1,903,835	1,792,669
Operating Income (Loss)	20,090	815,784	2,209,696
Non-Operating Revenue	213,399	269,900	317,237

*At the time of publishing, 2013 financial statements had not been audited.

KEY POOL INDICATORS



*At the time of publishing, 2013 financial statements had not been audited.

claims development information



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 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.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
1. Gross required contribution and investment revenues	6,800	7,860	7,982	8,401	9,147	9,341	10,785	11,217	10,933	11,439
Ceded	1,803	1,755	1,710	1,943	1,763	1,734	1,651	1,793	1,904	2,166
Net earned	4,997	6,105	6,272	6,458	7,384	7,607	9,134	9,424	9,029	9,273
2. Unallocated operating expenses	1,256	1,370	1,331	1,687	2,132	1,897	2,111	2,272	2,223	2,433
3. Estimated Losses & Expenses End of Policy Year										
Incurred	3,153	2,484	3,329	2,990	5,170	5,041	5,648	5,727	4,994	5,470
Ceded**	1,256	245	85	23	1,467	837	191	4,411	190	202
Net Incurred	1,897	2,239	3,244	2,967	3,703	4,204	5,457	1,316	4,804	5,268

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
4. Paid (cumulative) as of:										
End of policy year	358	307	472	451	1,185	789	825	1,077	927	1,075
One year later	826	758	1,276	891	2,191	3,064	2,398	2,774	1,828	
Two years later	1,983	1,635	1,581	1,374	3,991	3,366	3,581	3,744		
Three years later	2,391	1,850	3,416	2,050	4,641	4,005	4,220			
Four years later	2,416	1,989	3,917	2,301	5,025	4,224				
Five years later	2,569	2,235	4,105	2,371	5,044					
Six years later	2,570	2,235	4,331	2,387						
Seven years later	2,570	2,235	4,334							
Eight years later	2,575	2,234								
Nine years later	2,575									
5. Re-Estimated Ceded Losses & Expenses	1,202	231	70	6	1,653	720	120	8,276	102	202
6. Re-estimated net incurred claims and expenses:										
End of policy year	3,153	2,484	3,329	2,990	5,170	5,041	5,648	5,727	4,994	5,470
One year later	2,715	2,371	3,768	2,325	5,356	4,946	5,364	6,783	4,320	
Two years later	2,653	2,186	3,957	2,462	5,350	4,788	5,975	8,144		
Three years later	2,810	2,138	4,341	2,718	5,069	4,509	6,500			
Four years later	2,546	2,230	4,623	2,600	5,154	4,521				
Five years later	2,591	2,251	4,689	2,640	5,124					
Six years later	2,580	2,241	4,673	2,511						
Seven years later	2,570	2,235	4,677							
Eight years later	2,575	2,234								
Nine years later	2,575									
7. Increase (decrease) in estimated net incurred claims and expenses for end of the policy year	(578)	(250)	1,348	(479)	(46)	(520)	852	2,417	(674)	0

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schedule T-2 OFM

schedule of expenses



DESCRIPTION	2013*	2012
Claims Self Insurance Fund	\$6,895,064	\$6,624,189
Excess Insurance Premiums	2,166,032	1,903,835
<hr style="border-top: 1px dashed #000;"/>		
CONTRACTED SERVICES		
Driver Recording Monitoring	\$220,931	\$162,266
Pierce Transit Sub Contracted Clms	0	0
Actuary	66,525	114,900
Administrative Services	22,383	27,227
Broker Fees	103,845	103,845
Contract Web Design	0	95
Backup Services	8,000	20,600
Integrated Risk Management	0	46,860
Software Coop/IT Security	0	2,817
Contracted Services	54,759	46,485
Legal and Accounting	14,613	13,501
Loss Prevention Services	313,430	205,635
Audits	31,204	19,593
<hr style="border-top: 1px dashed #000;"/>		
ADMINISTRATIVE EXPENSES		
Staff Wages, Taxes and Benefits	\$1,074,293	\$1,012,090
Staff Conferences and Travel	82,668	82,203
Board Expenses	175,379	114,304
Information Services	94,880	80,181
Communications	23,588	24,887
Occupancy Costs	65,732	71,279
Office Expenses	55,417	52,154
Depreciation	12,347	11,290
Miscellaneous	12,822	10,857
TOTAL OPERATING EXPENSES	\$11,493,911	\$10,751,093

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