



2015 ANNUAL REPORT

UNFOLDING THE FUTURE

WASHINGTON
STATE TRANSIT
INSURANCE POOL

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UNFOLDING THE FUTURE

A Message from Board
President **Nick Covey**

How time flies. What a wonderful year it's been and I want to thank everyone for their hard work and being part of such a great organization. And ready or not, here comes the future!

Thanks to the staff and Board, we took great strides in 2015 towards the future for transit safety. The future we're building is not only for our members but also for our customers and communities.

One of our most exciting multi-year initiatives (ever) launched in 2015 was the study to explore how collision-avoidance technology,

now becoming available for passenger cars, could make transit coaches safer. WSTIP and our funding partners: the federal Transportation Research Board, Munich RE, Government Entities Mutual and Alliant Insurance Services, and our research partner, the University of Washington, invested \$225,000 into studying this new technology that will hopefully reshape our future.

This potentially life-saving technology will ultimately be installed on 35 buses distributed throughout seven transit providers and could revolutionize transit safety nationwide. The system we are currently studying is intended to alert transit drivers in time to take corrective action in two types of potential accidents: pedestrian/bicyclist interactions and forward-motion collisions. These are highly severe accidents where the driver may not otherwise have adequate time or information to respond to conditions.

Seven WSTIP transit members agreed to install the collision avoidance technology on their buses as part of the study and by year-end four of those seven had completed installations. 2016 will see the rest of the installations, including a new partner King County Metro, and the actual pilot and subsequent University of Washington research work. We have great hope that the knowledge gained will make an impact

on the availability and acceptance of safety technology on buses. Speaking for the Board, I want to acknowledge the effort Deputy Director Jerry Spears put into this project. Thank you, Jerry!!

THE FUTURE WE'RE BUILDING IS NOT ONLY FOR OUR MEMBERS BUT ALSO FOR OUR CUSTOMERS AND COMMUNITIES.

We made other impressive strides toward the future as well. In 2015, we renewed our Interlocal Agreement among our members. While only a super majority is needed for the Interlocal Agreement to be approved, our 2015 agreement received unanimous approval meaning it was presented and passed by all 25-member transit agency boards. This alignment speaks powerfully to the level of communication and cooperation each member agency has offered and received for the betterment of the whole.

Speaking of cooperation, we also took our member cooperation to a new level in 2015. We

launched a new initiative called the WSTIP Mutual Aid Agreement. While its name isn't very exciting, its potential is tremendous. It establishes "direct diplomatic relations" of sorts among members who choose to participate by enabling them to directly support and assist each other as needed. For example, if Member Agency A requires a certain type of expertise that is available on staff at Member Agency B, then Member Agency B can extend the expertise to the agency in need. If Member Agency C's coach fleet experiences a shortage, Member Agency D can make its spare coaches available. The 18 participating transit agencies have always been eager to help each other in service to the public, and this agreement greatly simplifies their ability to do so.

One of the efforts the Board and staff put high on the priority list for 2015 was to educate the Board on WSTIP. Because self-insurance, risk management and purchasing secondary insurance as a pool is a complex set of processes and decisions, and we want our board to be well-prepared to make those decisions, we started a new orientation program for incoming Board members and their alternates called "Behind the Curtain." Testing is included in the orientation to identify where we may have left new members confused or under-informed. To make sure all Board members were on the same page, all Board members

were invited to take the orientation program. As a compliment to the orientation program, we also achieved 100-percent compliance with a new state law that requires Board members to take training regarding open public meeting requirements. I want to thank Member Services Manager Tracey Christianson and her team for the effort they put forward in preparing “Behind the Curtain.” I know for myself, it was a very good learning tool! Thank you!

Even our “general housekeeping” items were exciting in 2015:

- We began exploring strategies to enable us to self-fund the first \$5 million on any one claim by 2023.
- Our surplus position grew by 6% between October 2014 and September 2015, from \$20.9 million to \$22.2 million. That’s a big deal, considering our original surplus target way back in 1989 when WSTIP began was \$10 million.
- We completely deconstructed and rebuilt our strategic plan in a way that energized and galvanized our Board’s commitment to fulfilling it.

It’s been an honor to serve as President of the WSTIP Board. Our organization is a national leader and innovator in the pooling of risk with direct and real benefits to those we serve. I’m very proud of all we’ve been able to accomplish.

I want to thank the WSTIP staff for their professionalism and how they are a leader in the pool industry and I look forward to additional innovations in 2016.

Sincerely,

Nick Covey, President

Washington State Transit Insurance Pool
Finance and Facilities Manager,
Link Transit, Wenatchee



2015 Safety Star Award Winners

Encouraging safety and stewardship has always been a high priority for WSTIP members, and in 2015 we awarded our first Safety STARS Initiative rewards. We recognized three member transit agencies whose employees contributed in a significant way to fulfilling WSTIP’s mission by reducing risk exposure or claims: **Ben Franklin Transit, Whatcom Transportation Authority** 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 2015.

2015 BOARD OF DIRECTORS

Asotin County PTBA

Kim Gates, PTBA Coordinator

Jenny George, Vanpool Coordinator

Ben Franklin Transit

Gloria Boyce, Administrative Services

Manager/ Kevin Hebdon, Interim

Administrative Services Manager

ALT: *Dennis Solensky, General Manager/*

Gloria Boyce, Interim General Manager

ALT: *Jim Thaelke, Safety/Training Supervisor*

Clallam Transit

Wendy Clark-Getzin, General Manager

ALT: *Melinda Smithson, Finance Manager*

ALT: *Clint Wetzel, Operations Manager*

Columbia County Public Transportation

Stephanie Guettinger, General Manager

ALT: *Steve Mertens, Finance Manager*

Community Transit

Emmett Heath, Director of Administration

ALT: *Mike Burress, Risk Manager*

C-Tran

Diane O'Regan, Controller

ALT: *Terry Lohnes, Safety and Training*
Manager

ALT: *Laura Merry, Risk Specialist*

Everett Transit

Tom Hingson, Transportation Services
Director

ALT: *Mary Lamb, Financial Analyst/ Paul*
Gonzales, Safety/Security Coordinator

ALT: *Chris Muth-Schulz, Risk Manager*

Grant Transit

Greg Wright/ Michael Wagner,
General Manager

ALT: *Brandy Heston, Administrative*
Assistant

Grays Harbor Transit

Ken Mehin, General Manager

ALT: *Patti Carlin, Operations Manager*

Intercity Transit

Ben Foreman, Finance and Administrative
Director

ALT: *Leslie Williamson, Finance Manager*

Island Transit

Vacant, Administrative Services Director

ALT: *Vacant, General Manager*

ALT: *Staci Jordan, Rideshare Coordinator*

Jefferson Transit

Sara Crouch, Finance & Human Resources
Administrator

ALT: *Tammi Rubert, General Manager*

Kitsap Transit

Paul Shinnors, Finance Director

ALT: *Brian Rojo, Finance Assistant*

Link Transit

Nick Covey, Finance Manager

ALT: *Lynn Bourton, Administrative Services*
Manager

Mason Transit

Mary Ann Norquist/ Danette Brannin,
Finance Manager

ALT: *Rikki Johnson, Human Resources*
Manager

Pacific Transit

Richard Evans, General Manager

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

Pierce Transit

Rob Huyck, Risk Manager

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

Pullman Transit

Bill Mulholland/ Leann Hubbard, Finance
Director

ALT: *Michael Wagner/ Wayne Thompson,*
Transit Manager

River Cities Transit

Corey Aldridge/ Amy Asher, Transit
Manager

ALT: *Chris Smith, Risk Manager/*

Jeff Cameron, Public Works Director

Skagit Transit

Dale O'Brien, General Manager

ALT: *Motoko Pleasant, Finance and*
Administrative Manager

Spokane Transit

Lynda Warren, Director of Finance &
Information Services

ALT: *Lynn Holmes, Assistant Director of*
Finance

ALT: *Mike Toole, Assistant Manager Safety*
and Security

Twin Transit

Rob LaFontaine, General Manager

ALT: *Aaron Rollins, Operations Manager*

Valley Transit

Ed McCaw, Deputy General Manager

ALT: *Dick Fondahn, General Manager*

Whatcom Transportation Authority

Pete Stark, General Manager

ALT: *Shonda Shipman, Director of Finance*

Yakima Transit

Alvie Maxie, Transit Manager

ALT: *Kevin Futrell, Transit Planner*

A Message from Executive Director **Al Hatten**

When it comes to unfolding the future, 2015 was an exceptionally bright year for WSTIP. From new safety systems to data collection, storage and analysis to cyber security, we saw huge advancements in fulfilling Board policies, strategies, and initiatives.

Perhaps the most exciting project we worked on was obtaining a \$100,000 matching grant from the federal Transportation Research Board to fund WSTIP's collision avoidance technology study (see Board President Nick Covey's message for more details). We also secured three additional funding partners for the study in 2015:

- Munich RE (contributing \$37,000),
- Government Entities Mutual (contributing \$5,000), and
- Alliant Insurance Services (contributing \$5,000).

Munich RE is a prominent worldwide reinsurer; GEM is a captive reinsurance company for public

entities throughout the United States, and Alliant is a leading insurance broker that focused on public entities. We thank all of them for their help in testing this new technology.

Another important advancement was purchasing a new risk management data collection and analytics system. This means moving from our former platform, RiskMaster, to a new platform called Origami Risk. This shift enables us to gather and store much more useful data, and it's substantially easier to use, saving us time and effort. We purchased the program in late March and spent the rest of the year converting 27 years of data consisting of 23,000 claims and equaling over \$80 million in claims payments. We look forward to 2016 for the end of the old system and the complete transition to the new.

Cyber security, of course, has become an enormous concern for individuals and organizations. In response to these concerns, WSTIP developed technology best practices in 2014 and in 2015 initiated a large-scale procurement process for a vendor to help us with tasks identified in those best practices. Network security is tremendously important to our mission, and WSTIP's five-year initiative is on the leading edge for risk pools nationwide.

While maintaining cyber security and technology are key to WSTIP's future, we still rely on old-fashioned values and principles

as our foundation. Trustworthy stewardship of public resources and proper adherence to the ethical standards of our industry are also essential. We are very proud of the fact that WSTIP received a 100-percent clean audit once again from the Office of the Washington State Auditor for the year 2014. We also received renewal of our Risk Pool Recognition from the Association of Government Risk Pools (AGRIP), and a clean audit from the Washington State Auditor's Office. These audits are challenging and time consuming. We are especially grateful to the work of Deputy Director Jerry Spears and Financial Specialist Marisa Espinoza for their outstanding efforts to provide and present the financial information required to pass the audits, and special thanks to Paul Shinnors, WSTIP's 2015 Secretary, for spending several days with us auditing our application to AGRIP for the Risk Pool Recognition program.

Most importantly, we continued to find ways to improve overall safety—for our members' passengers, their communities and the general public in 2015. Doing so freed up resources for service advancements that would otherwise have to be dedicated to claims. In 2015, we reduced our claims expenditures by nearly 20% (from \$11.5 million in 2014 to \$9.6 million in 2015). While claims can vary widely from year to year, our ongoing commitment to continuous risk-management improvements and our

Jeffrey S. Ristau Scholarship Program

The WSTIP Board established the scholarship program last year to honor founding and longtime Board member Jeffrey S. Ristau for his years of dedicated service. In 2015, we awarded a combined total of \$20,000 in scholarships to 22 employees of 14 member transit agencies. 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.

outstanding claims negotiations play a huge role in the bigger financial picture.

As Executive Director of WSTIP, I would like to applaud the extraordinary work and talents of our WSTIP staff for all the achievements they made possible in 2015:

- Deputy Director Jerry Spears;
- Member Services: Tracey Christianson, Anna Broadhead, Christian DeVoll and Joanne Kerrigan;
- Claims Services: Denise Ellison and Karey Thornton;
- Administrative Support: Marisa Espinoza, Brenda Barnett and Andrea Powell.

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 Technology Program Manager

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

ANNA BROADHEAD, 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 Transit Risk Consultant and Serious Loss Analysis Team. Coordinates registration, set up, and facilitation of training activities for the Washington

State Transportation Training Coalition. Provides backup to Finance Specialist.

CHRISTIAN 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, Receptionist

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

KAREY THORNTON, Claims & Administrative Assistant

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

SERVICE PROVIDERS

Broker Services Alliant Insurance Services, Newport Beach, CA

Actuarial Services PricewaterhouseCoopers, Seattle, WA

Accounting Services StraderHallett, PS, Lacey, WA

2015 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	\$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

WSTIP PROPERTY COVERAGES

Property Excess Program (July 1, 2015 to June 30, 2016)

WSTIP/APIP

Per occurrence, all perils, coverages and insureds/members combined, subject to sublimits below:	\$1 billion
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 \$2,500,000 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 (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	\$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	\$400 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 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 & Pierce	\$10,000
Spokane	\$25,000
Pool Self-insured retention	\$250,000

WSTIP MISCELLANEOUS COVERAGES

Crime Coverage/Public Employee Dishonesty

National Union Fire Insurance Company of Pittsburgh

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

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

COMPARATIVE STATEMENT OF NET POSITION

		2015*	2014
ASSETS	CURRENT ASSETS:		
	Cash and Cash Equivalents	\$35,134,263	\$34,524,371
	Member Assessments Receivable	18,757	36,536
	Reinsurance Recoverable	-	-
	Prepaid Expenses	540,389	468,051
	TOTAL CURRENT ASSETS	\$35,693,409	\$35,028,958
	NONCURRENT ASSETS:		
	Capital Assets (Net of Accumulated Depreciation)	\$409,300	\$426,852
	Equity In GEM (Note 8)	1,118,647	1,662,570
	TOTAL NONCURRENT ASSETS	\$1,527,947	\$2,089,422
	TOTAL ASSETS	\$37,221,356	\$37,118,380
	Deferred Outflows of Resources		
	Pension Related (Notes 1, 6, 17)	84,852	36,478
	Total Deferred Outflows of Resources	84,852	36,478
	TOTAL ASSETS and Deferred Outflows of Resources	\$37,306,208	\$37,154,858
LIABILITIES	CURRENT LIABILITIES:		
	Unpaid Claims Liability	\$15,709,610	\$15,920,981
	ULAE Reserve	600,000	635,000
	Accounts Payable	83,247	29,069
	Unearned Revenue	1,620	
	TOTAL CURRENT LIABILITIES	\$16,394,477	\$16,585,050
	NONCURRENT LIABILITIES:		
	Compensated Absences	\$151,633	\$145,962
	Net Pension Liability	719,451	559,494
	TOTAL NONCURRENT LIABILITIES	\$871,084	\$705,456
	TOTAL LIABILITIES	\$17,265,561	\$17,290,506
	Deferred Inflows of Resources		
	Pension Related (Notes 1, 6, 15)	87,491	215,847
	Total Deferred Inflows of Resources	87,491	215,847
NET POSITION	Net Investment in Capital Assets	\$409,300	\$426,852
	Unrestricted Building Reserve	56,193	41,192
	Unrestricted Net Position	\$19,487,663	\$19,180,461
	TOTAL NET POSITION	\$19,953,156	\$19,648,505
TOTAL NET POSITION AND LIABILITIES		\$37,306,208	\$37,154,858

*At the time of publishing, 2015 financial statements had not been audited.

COMPARATIVE STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

	2015*	2014
OPERATING REVENUES		
Member Assessments	\$12,245,048	\$11,570,191
Program Revenues	218,222	213,502
TOTAL OPERATING REVENUES	\$12,463,270	\$11,783,693
OPERATING EXPENSES		
Incurred Loss/Loss Adjustment Expenses		
Claims Paid	\$6,403,818	\$6,535,847
Change in Unpaid Claims Liability	82,334	690,961
Unallocated Loss Adjustment Expense	368,538	356,641
Excess/Reinsurance Premiums	1,999,363	2,247,567
Depreciation Expense	17,552	20,560
General and Administrative Expenses	2,369,065	1,973,911
Insurance Services:		
Brokerage Fee	101,200	101,200
Other Insurance Services	549,036	403,970
TOTAL OPERATING EXPENSES	\$11,890,906	\$12,330,657
OPERATING INCOME (LOSS)	\$572,364	\$(546,964)
NONOPERATING REVENUES (EXPENSES)		
Interest and Dividend Income	\$276,209	\$396,819
CHANGE IN Equity in GEM	(543,922)	
TOTAL Non-operating Revenues and Expenses	\$(267,713)	\$396,819
Changes in NET POSITION, January 1	\$304,651	\$(150,145)
TOTAL NET POSITION, JANUARY 1	\$19,648,505	\$20,496,318
Cumulative Effect of Change in Accounting Principle (Note 15)		(697,668)
Net Position, beginning of year, restated		19,798,650
TOTAL NET POSITION, DECEMBER 31	\$19,953,156	\$19,648,505

*At the time of publishing, 2015 financial statements had not been audited.

COMPARATIVE STATEMENT OF CASH FLOWS

	2015*	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members	\$12,245,048	\$11,570,191
Cash Payments to Suppliers for Goods and Services	(10,650,860)	(11,766,367)
Cash Payments to Employees for Services	(1,232,356)	(1,120,035)
Increase (Decrease) in Claim Reserve	(246,371)	1,401,152
Other Operating Revenues	218,222	213,502
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$333,683	\$298,443
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
NET CASH PROVIDED (USED) BY NON CAPITAL & RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of Capital Assets	-	-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceed from Sales of Investments	-	-
Equity in GEM	-	\$(182,352)
Interest Received	276,209	396,819
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$276,209	\$214,467
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$609,892	\$512,910
CASH AND CASH EQUIVALENTS, JANUARY 1	\$34,524,371	\$34,011,461
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$35,134,263	\$34,524,371

*At the time of publishing, 2015 financial statements had not been audited.

COMPARATIVE RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED USED BY OPERATING ACTIVITIES

	2015*	2014
OPERATING INCOME	\$572,364	\$(546,964)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	\$17,552	\$20,560
(Increase) Decrease in member assessments receivable	17,779	(11,311)
(Increase) Decrease in accounts receivable	-	-
Increase (Decrease) in other prepaid expenses	(72,338)	(12,611)
(Increase) Decrease in insurance recoverables	-	-
Increase (Decrease) in claim reserves	(246,371)	1,401,152
(Increase) Decrease in payables	54,178	(63,030)
Increase (Decrease) in other liabilities	7,291	15,579
Increase (Decrease) in deferred revenue	-	(546,077)
(Increase) Decrease in deferred outflows of resources	(48,374)	(2,085)
Increase (Decrease) in deferred inflows of resources	(128,356)	215,847
(Increase) Decrease in net pension liability	159,958	(172,567)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$333,683	\$298,493
Change in Equity in GEM	-	-

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 2015.

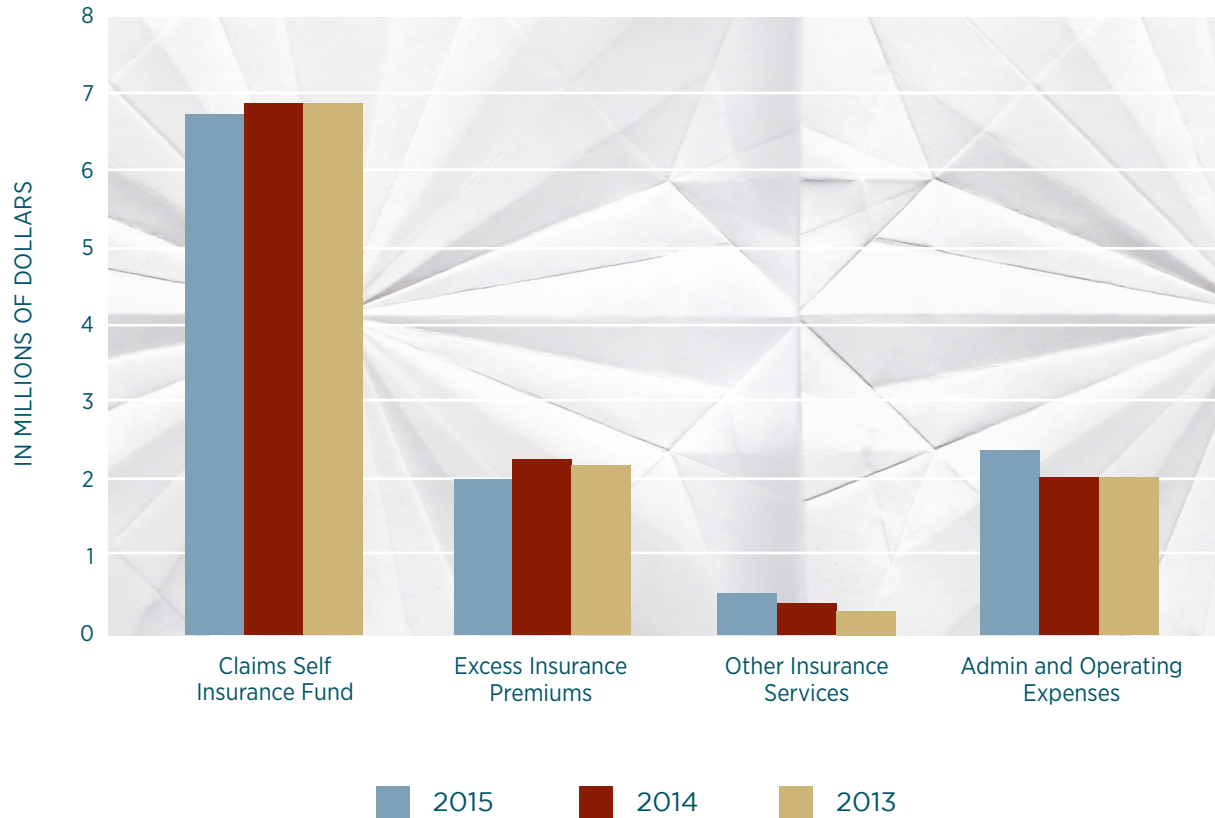
*At the time of publishing, 2015 financial statements had not been audited.

SCHEDULE T-2 OFM SCHEDULE OF EXPENSES

DESCRIPTION	2015*	2014	2013
Claims Self Insurance Fund	\$6,772,356	\$6,892,488	\$6,895,064
Excess Insurance Premiums	1,999,364	2,206,372	2,166,032
CONTRACTED SERVICES			
Driver Recording Monitoring	\$299,830	\$278,718	\$220,931
Actuary	108,000	59,500	66,525
Administrative Services	41,855	19,868	22,383
Broker Fees	101,200	101,200	103,845
Backup Services	6,121	5,950	8,000
Contracted Services	23,899	46,826	54,759
Legal and Accounting	12,728	12,271	14,613
Loss Control Services	507,181	384,102	313,430
Audits	22,493	26,247	31,204
ADMINISTRATIVE EXPENSES			
Staff Wages, Taxes and Benefits	\$1,232,356	\$1,120,035	\$1,074,293
Staff Conferences and Travel	90,332	87,332	82,668
Board Expenses	145,721	119,269	175,379
Information Services	328,265	97,785	94,880
Communications	18,986	19,083	23,588
Occupancy Costs	45,233	39,629	65,732
Office Expenses	50,455	52,276	55,417
Depreciation	17,552	20,560	17,106
Miscellaneous	5,446	8,991	12,822
Operating Expenses	11,829,363	11,598,502	11,498,671
OTHER			
Change in Unpaid Claims Liability	82,334	690,961	-128,413
TOTAL OPERATING EXPENSES	\$11,911,697	\$12,289,463	\$11,370,258

*At the time of publishing, 2015 financial statements had not been audited.

OPERATING EXPENSES (2015 - 2013)

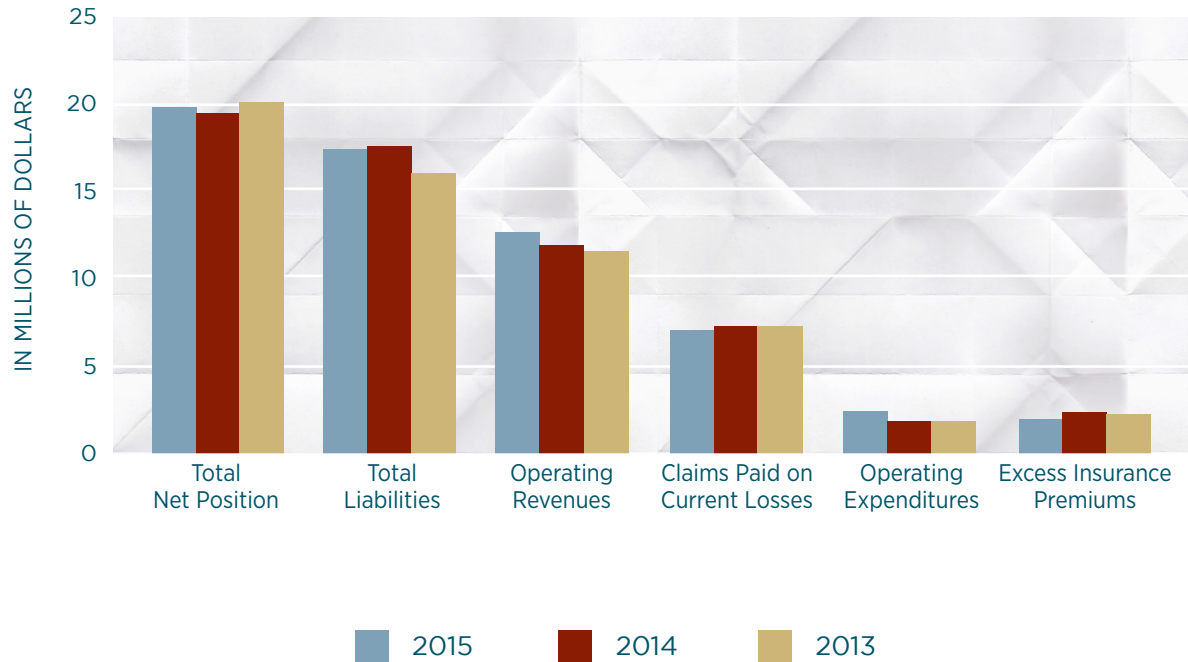


COMPARATIVE STATEMENT OF KEY FINANCIAL INDICATORS

DESCRIPTION	2015*	2014	2013
Capital Assets	\$409,300	\$426,852	\$447,412
Investments	1,118,647	1,662,570	1,480,218
Liabilities	17,265,561	17,290,506	15,923,388
TOTAL NET POSITION	\$19,953,156	\$19,648,505	\$20,496,318
OPERATING REVENUES	\$12,463,270	\$11,783,693	\$11,385,587
OPERATING EXPENSES			
Claims Paid on Current Losses	\$6,772,356	\$6,892,488	\$6,895,064
Adjustment to Prior Years' Claims Reserves	82,334	690,961	-128,413
Excess Insurance Premiums	1,999,363	2,206,372	2,166,030
Depreciation Expense	17,552	20,560	17,106
Operating Expenditures	2,369,065	1,973,911	1,980,812
Broker Fee	101,200	101,200	103,844
Other Insurance Services	549,036	403,970	335,813
TOTAL OPERATING EXPENSE	\$11,890,906	\$12,330,657	\$11,370,256
OPERATING INCOME (LOSS)	572,364	-546,964	15,331
NON-OPERATING REVENUE	276,209	396,819	213,399
CHANGE IN NET POSITION	\$304,651	-\$150,145	\$285,543
KEY POOL INDICATORS			
Total Net Position	\$19,953,156	\$19,648,505	\$20,496,318
Total Liabilities	17,265,561	17,290,506	15,923,388
Operating Revenues	12,463,270	11,783,693	11,385,587
Claims Paid on Current Losses	6,772,356	6,892,488	6,895,064
Operating Expenditures	2,369,065	1,973,911	1,980,812
Excess Insurance Premiums	1,999,363	2,206,372	2,166,030
OPERATING INCOME (LOSS)	572,364	-546,964	15,331
NON-OPERATING REVENUE	\$276,209	\$396,819	\$270,212

*At the time of publishing, 2015 financial statements had not been audited.

KEY POOL INDICATORS 2015-2013



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 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 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)

	2006	2007	2008	2009	2010	2011**	2012	2013	2014	2015
1. Gross required contribution and investment revenues	7,982	8,401	9,147	9,341	10,785	11,217	10,933	11,439	11,785	12,521
Ceded	1,710	1,943	1,763	1,734	1,651	1,793	1,904	2,166	2,206	1,999
Net earned	6,272	6,458	7,384	7,607	9,134	9,424	9,029	9,273	9,579	10,522
2. Unallocated operating expenses	1,331	1,687	2,132	1,897	2,111	2,272	2,223	2,433	2,500	3,058
3. Estimated Losses & Expenses End of Policy Year										
Incurred	3,329	2,990	5,170	5,041	5,648	5,727	4,994	5,470	7,047	5,764
Ceded**	85	23	1,467	837	191	4,411	180	202	408	521
Net Incurred	3,244	2,967	3,703	4,204	5,457	1,316	4,814	5,268	6,639	5,243

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	2006	2007	2008	2009	2010	2011**	2012	2013	2014	2015
4. Paid (cumulative) as of:										
End of policy year	472	451	1,185	789	825	1,077	927	1,075	983	1,086
One year later	1,276	891	2,191	3,064	2,398	2,774	1,828	2,172	2,050	
Two years later	1,581	1,374	3,991	3,366	3,581	3,744	2,692	3,141		
Three years later	3,416	2,050	4,641	4,005	4,220	4,910	4,348			
Four years later	3,917	2,301	5,025	4,224	5,876	7,000				
Five years later	4,105	2,371	5,044	4,398	6,056					
Six years later	4,331	2,387	5,047	4,411						
Seven years later	4,334	2,424	5,189							
Eight years later	4,546	2,440								
Nine years later	4,591									
5. Re-Estimated Ceded Losses & Expenses	67	4	1,978	713	102	8,801	1,224	79	4,195	521
6. Re-estimated net incurred claims and expenses:										
End of policy year	3,329	2,990	5,170	5,041	5,648	5,727	4,994	5,470	7,047	5,764
One year later	3,768	2,325	5,356	4,946	5,364	6,783	4,320	5,052	7,640	
Two years later	3,957	2,462	5,350	4,788	5,975	8,144	4,755	5,448		
Three years later	4,341	2,718	5,069	4,509	6,500	9,075	4,858			
Four years later	4,623	2,600	5,154	4,521	6,288	8,473				
Five years later	4,689	2,640	5,124	4,486	6,142					
Six years later	4,673	2,511	5,117	4,440						
Seven years later	4,677	2,420	6,165							
Eight years later	4,675	2,436								
Nine years later	4,591									
7. Increase (decrease) in estimated net incurred claims and expenses for end of the policy year	1,262	(554)	995	(601)	494	2,746	(136)	(22)	593	0

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



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