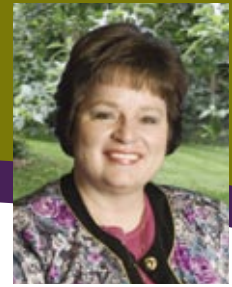


2008 Annual Report



Gayla Gjertsen
AWC RMSA Director of
Insurance Services



Karen Rogers
AWC RMSA
Board President

Report to Our Members

On behalf of the Association of Washington Cities Risk Management Service Agency (RMSA) we are pleased to present to the members and the RMSA Board of Directors the 2008 annual report. This report highlights our financial position, program activities, our accomplishments, and identifies goals we hope to achieve in our future.

2008 was extraordinary for the RMSA; among the highlights was new leadership. As new leaders of this program we took a very strong approach of transparency, accountability and due diligence in how we manage and account for this program. The RMSA Board, the staff and Operating Committee worked diligently together and completed a comprehensive update to our bylaws and adopted the following Resolutions:

- a financial benchmark policy;
- member equity and dividend distribution policy;
- updated our service agreements;
- established standards our service providers should expect;
- adopted a code of conduct; and
- adopted an Investment policy;

In addition, we acknowledged and agreed to implement standard business practices and authorized *request for proposals* (RFPs) for the RMSA General Counsel, external independent claims auditor and all layers of re-insurance. These actions alone will serve the RMSA well on several layers; from significant financial savings to organizational strengths.

Our members' loss control efforts are unyielding and we all recognized the need for additional training. The training calendar was significantly enhanced and we now work in partnership with another leading pool in the state for cities, in providing significantly improved training and more training. Certainly we all know too well that we cannot eliminate all claims, but our members are showing a conscious effort to examine and work on areas of potential risk to further reduce claims and participate in fine-tuning our loss control program. This will mean more inspections and audits with consistent and thorough feedback to all of our members keeping us all on the right track to the reduction of claims.

Our financial position is strong and secure. As of December 31, 2008, the assets of the RMSA totaled over eleven million dollars. In addition, as of that date, our assets exceed our liabilities by nearly four million dollars. This results in our pool achieving an over ninety percent confidence level. Regulators perform best business practices and industry standards and define a pool above a seventy percent confidence number as well capitalized.

Our biggest goals for the coming years are to stay on a proven track of being transparent and accountable to our members and renew our commitment to help our members in whatever way we can. RMSA's members are very fortunate given we have the support and sponsorship from the Association of Washington Cities – this makes our program very unique and very strong. AWC's goals align with RMSA's goals in doing all we can to assist all our members, our entire city family, in being everything you wish to be for your citizens.

Thank you for this opportunity to serve you. We sincerely extend our thanks to you, the members, the Operating Committee and the RMSA Board of this great organization – together we are a winning combination.

Gayla Gjertsen
AWC RMSA Director of Insurance Services

Karen Rogers
AWC RMSA Board President



Protecting
Employees, Assets,
and Officials
of Washington's
Cities and Towns

Program Highlights

“Protecting Employees, Assets and Officials of Washington Cities and Towns”. For 20 years, RMSA has been a member owned Pool providing property and liability insurance services to Washington cities and towns. As the only non-deductible Pool, RMSA services are focused towards small to medium cities/towns.

As the years pass, RMSA has seen its membership grow to 86. As membership expands, so has the RMSA program. RMSA has stepped up its training schedule and is proud to state that over 30 “free” member trainings will be conducted in our member cities/towns by our experienced defense attorneys. Trainings provide a valuable opportunity to educate our members to assist in eliminating and/or reducing losses.

To ensure that RMSA provides its members with exceptional service, we have partnered with our property and liability reinsurers, our broker and hired an independent loss control consultant to assist with inspections and provide other loss control services that are specialized and customized to our members’ needs. These professionals provide many years of experience that are applicable to the daily needs of our members.

To insure that we continue to offer competitive rates, RMSA was able to secure new re-insurers. This change resulted in a 25% reduction in re-insurance rates for the liability program.

As we move forward, RMSA encourages its members to become more involved and take ownership in the program. Members can actively participate by joining the Operating Committee and attending the annual meeting.

Remember it’s your Pool, You OWN It.

Financial Highlights

2008 was extraordinary for RMSA with the events of the year creating mixed financial results.

Member assessment rates increased slightly in 2008. Including the contributions of new members joining the program, total member assessments collected increased approximately 3.8% in 2008. Three new members joined in September 2007 and two new members joined in September 2008.

The actuarial estimate for claims loss expense for the current and prior years increased \$3,423,289. The significant increase relates to the settlement of the outstanding 1994 and 1995 claims and the increased claim activity relating to years 2006 through 2008.

Additionally, due to an increase in severity and frequency of prior year property claims, we experienced a significant rate increase for property insurance effective June 2008. The overall increase in the cost of insurance coverage in 2008 was \$392,942.

As a result of effective cost containment measures, total claims administration, loss control, and general and administrative expenses were down slightly at \$978,810 in 2008 compared to \$987,423 in 2007.

AWC RMSA financial position remains strong with assets totaling \$11,254,611. The assets exceeded liabilities at December 31, 2008 by \$3,950,314. The total amount of \$3,950,314 represents unrestricted net assets (member equity).



RMSA Re-Insurance Partners

General Liability

Provider	Amount	% of Risk
AWC RMSA	\$0 – 400,000	4%
ACE	\$400,001 – 1,000,000	6%
Everest National Insurance Company	\$1,000,001 – 5,000,000	40%
Everest National Insurance Company	\$5,000,001 – 10,000,000	50%

Property

Provider	Amount	% of Risk
AWC RMSA	\$0 – 50,000	<1%
Allianz	\$50,001 – 500,000,000	>99%

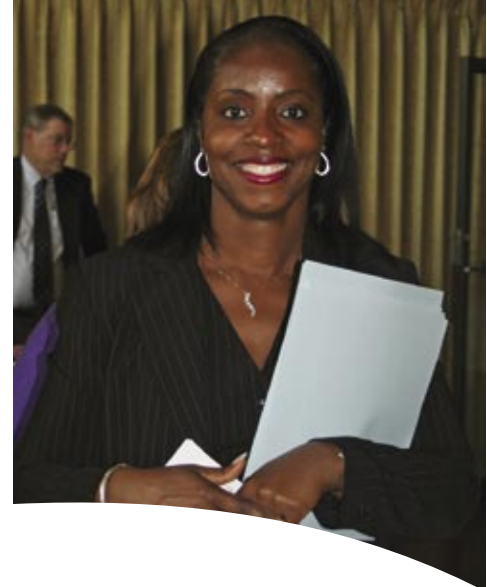
Comparative Statement of Net Assets

December 31, 2008 & 2007

Assets	2008	2007
Current Assets		
Cash and Cash Equivalents	\$ 8,523,466	\$ 9,099,846
Other Receivable from Reinsurers	313,711	1,359,766
Prepaid Expense	496,911	371,412
Total Current Assets:	\$ 9,334,088	\$ 10,831,024
Non-current Assets		
Equipment, Net of Accumulated Depreciation	\$ —	\$ 6,519
Dividends Receivable from Reinsurers	2,335	2,335
Reinsurance Deposit	239,149	239,149
Equity in NLC MIC	1,679,039	1,679,039
Total Non-current Assets	\$ 1,920,523	\$ 1,927,042
TOTAL ASSETS	\$ 11,254,611	\$ 12,758,066
Liabilities		
Current Liabilities		
Loss Reserves	\$ 6,899,504	\$ 4,966,069
Reserve for Unallocated Loss Adjustment Expenses	265,850	—
Accounts Payable	138,943	103,058
Total Current Liabilities	\$ 7,304,297	\$ 5,069,127
TOTAL LIABILITIES	\$ 7,304,297	\$ 5,069,127
Net Assets		
Invested in Capital Assets	\$ —	\$ 6,519
Unrestricted	3,950,314	\$ 7,682,420
Total Net Assets:	\$ 3,950,314	\$ 7,688,939
TOTAL NET ASSETS & LIABILITIES	\$ 11,254,611	\$ 12,758,066

The condensed financial statements shown are derived from RMSA's state audited financial statements for 2007, 2008 and do not include notes. A copy of the complete audited financial statements can be obtained from the Pool upon request.





Comparative Statement of Revenues, Expenses & Changes in Net Assets

For the Years Ended December 31, 2008 & 2007

Operating Revenues	2008	2007
Member Assessments	\$ 4,902,219	\$ 4,718,773
Assessments for Coverage Over \$5 Million	79,352	68,244
Other Income	97,163	1,770
TOTAL OPERATING REVENUES	\$ 5,078,734	\$ 4,788,787
Operating Expenses		
Claims Loss Expense – Current Year	\$ 3,085,000	\$ 2,348,000
Claims Loss Expense – Prior Years	2,614,015	(72,274)
Unallocated Loss Adjustment Expenses	265,850	—
Insurance Premiums	2,062,551	1,669,609
Insurance Premiums – Coverage Over \$5 Million	79,352	68,244
Claims Administration and Loss Control Services	722,719	714,684
General and Administrative Expenses	256,091	272,739
TOTAL OPERATING EXPENSES	\$ 9,085,578	\$ 5,001,002
Operating Income (Loss)	(\$ 4,006,844)	(\$ 212,215)
Non-operating Revenues/Expenses		
Interest Income	\$ 268,219	\$ 508,712
Increase/<Decrease> in Equity in NLC MIC	—	—
TOTAL NON-OPERATING REVENUES & EXPENSES	\$ 268,219	\$ 508,712
Income (Loss) Before Equity Distribution	(\$ 3,738,625)	\$ 296,497
Equity Distribution	\$ 0	\$ 0
Change In Net Assets	(\$ 3,738,625)	\$ 296,497
Total Net Assets – January 1	\$ 7,688,939	\$ 7,392,442
Total Net Assets – December 31	\$ 3,950,314	\$ 7,688,939



RMSA Service Contractors

General Counsel

Skip Houser
Valz, Houser, Kogut & Barnes, P.S.

Coverage Counsel

Craig Bennion
Cozen & O'Conner

Defense Counsels

Bob Christie, Jason Rosen, Tom Miller
Christie Law Group PLLC
Carol Morris,
Morris and Taraday
Mike Patterson, Pat Buchanan, Duncan Fobes,
Charles Leitch
Patterson Buchanan Fobes Leitch Kalzer
& Waechter
Charles Zimmerman
Ogden Murphy Wallace
Dale Kamerrer, Guy Bogdanovich, Jeff Meyers,
Don Law, Elizabeth McIntyre
Law, Lyman, Daniel, Kamerrer & Bogdanovich, P.S.
Sheryl Willert, Jesse Harris, Todd Sorenson
William Kastner & Gibbs PLLC
Eileen Lawrence
Davis Grimm Payne and Marra
John Kugler
Burgess, Fitzer, P.S.
Pat McMahon
Carlson, McMahon & Sealby PLLC
Steve Lamberson, Jennifer Underwood
Etter, McMahon Lamberson, Clary, Troppman &
Oreskovich, P.C.
Kenyon E. Luce
Luce & Associates PS

Insurance Broker

Michael Croke, Elizabeth Miser,
Tim Chace
A J Gallagher

Structured Brokers

Diane Bendixen, Ringler Associates
Bob Jeans, JMW Settlements

Actuary

Kevin Wick
PricewaterhouseCoopers LLP

Adjuster Services

Washington/Oregon Claims
Arcadia Claims Services
Claimco, Inc
Zaremba Claims
McLaren Young International
Engle Martin & Associates, Inc
J. G. McDonald & Associates
J & E Appraisals

Engineer Consultants

BHC Consultants

Mitigation/Construction

SIR Construction
Belfor Property Restoration

Graphic Design

Barbara Bayer, I Design Studio

Association of Washington Cities RMSA Board of Directors

Executive Committee

President Karen Rogers
Councilmember, Port Angeles
Vice President Glenn Johnson
Mayor, Pullman
Secretary Kathy Turner,
Councilmember, Puyallup
Past President Richard Munson
Mayor, Spokane Valley

Directors

Dist. 1 – Vacant
Dist. 2 – Rebecca Francik, Councilmember, Pasco
Dist. 3 – Bob Goedde, Mayor, Chelan
Dist. 4 – Norm Childress, Mayor, Grandview
Dist. 5 – Jeanne Harris, Councilmember, Vancouver
Dist. 6 – Kathy Turner, Councilmember, Puyallup
Dist. 7 – Don Gerend, Mayor, Sammamish
Dist. 8 – Joe Marine, Mayor, Mukilteo
Dist. 9 – Nancy McLaughlin, Councilmember, Spokane
Dist. 10 – Bill Baarsma, Mayor, Tacoma
Dist. 11 – Jean Godden, Councilmember, Seattle
Dist. 11 – Nick Licata, Councilmember, Seattle
Dist. 12 – Ed Stern, Councilmember, Poulsbo
Dist. 13 – Jim Haggerton, Mayor, Tukwila
Dist. 14 – Beth Munns, Councilmember, Oak Harbor
At-Large Western #1 – Cindy Ryu, Mayor, Shoreline
At-Large Western #2 – Robert Gilman,
Councilmember, Langley
At-Large Eastern #3 – Jerry Cummins,
Councilmember, Walla Walla
At-Large Eastern #4 – Micki Harnois, Councilmember,
Rockford
WCMA – Ben Yazici, President, Sammamish
WCMA – Andrew Neiditz, Past President, Lakewood

Association of Washington Cities RMSA Operating Committee

Position 1 – Howard Roberts
Finance Director, West Richland
Position 2 – C. King Fitch
City Administrator, Friday Harbor
Position 3 – Dawn Masko
Asst. City Administrator, DuPont

Position 4 – Chair Person – Dan Leinan
Clerk-Treasurer, Forks
Position 5 – Molly Towslee
City Clerk, Gig Harbor
Position 6 – Sandra Smeller
Human Resources Director, Wenatchee

Position 7 – Duncan Wilson
City Administrator, North Bend
Position 8 – Janine Schnepf
Clerk-Treasurer, Yelm
Position 9 – Vice Chair – Hester Gilleland
Clerk-Treasurer, Raymond

RMSA Trainings

Roles and Responsibilities of Elected Officials and Conducting Efficient Public Meetings

Your role as an elected official is an important one. This workshop will cover the basic powers of government, different forms of city government, and the statutory duties of the mayor and council. Also included is an overview of different types of meetings and practical advice and tips to help you in your role as a mayor or councilmember.

Personnel and Employment Law

This session focuses on interactive problem solving for complex employment issues, including a discussion of overlapping legal issues and employer/employee rights. Attendees are invited to participate in a group discussion regarding different approaches to problem employment situations.

Land Use

Learn about land use planning from comprehensive plan adoption through issuance of development permits and appeals. Topics not addressed in standard codes will be covered, such as how to handle the open record hearing, appearance of fairness doctrine, the vested rights doctrine and how to write legally sufficient findings and conclusions.

Circuit Rider Program

This on-site member-specific training offers education, training and assistance in land use matters to RMSA members only. This program educates members on issues regarding proper zoning, permit issuance and other land use decisions. The program endeavors to prevent litigation resulting from uninformed or misinformed decisions related to land use and reduce legal expense and indemnity payments on land use matters.

Police Liability

This course will cover exposures to liabilities that are related to the basic tasks of law enforcement and serve as a guide to legal trends impacting the law enforcement profession.

Understanding and Avoiding Liability for Public Works Functions

This training is designed to provide solutions to problems and inform you of legal issues relating to many city functions. Topics you will cover include: contracts and agreements, special event planning, streets and sidewalk hazards, and sewer overflow mitigation.

Pre Litigation Program

This program assists members with free legal advice, on a first come, first serve basis for issues that could potentially arise into claims. In order to take advantage of this program, members will need to contact Janice Howard.



RMSA Staff

Gayla L. Gjertsen

Director of Insurance Services

Linda Triplett

Associate Director/Finance Manager

Janice Howard

Program Coordinator/Claims Manager

Keziah Apuzen

Insurance Services Claims Analyst

Caitlin Magee

Insurance Services Administrative Asst.

Laura Langston

Insurance Services Administrative Asst.



**Association of
Washington Cities**

1076 Franklin Street SE
Olympia, WA 98501-1346

www.awcnet.org/RMSA

Toll Free: 1-800-562-8981

Phone: 360-753-4137

Fax: 360-753-0148

Airway Heights Algona Beau Arts Village
Bridgeport Brier Bucoda Carbonado Carnation
Castle Rock Cathlamet Conconully Concrete
Coulee City Cusick Darrington Deer Park DuPont
Eatonville Ellensburg Fairfield Farmington Ferndale Forks
Friday Harbor Garfield Gig Harbor Gold Bar Granger Hamilton
Harrah Harrington Hatton Hunts Point Ilwaco Index
Kalama Kettle Falls La Center Lamont Langley Latah
Malden Mesa Metaline Morton Mossyrock Naches
North Bend Northport Oakesdale Odessa Orting Pateros
Pe Ell Pomeroy Port Orchard Poulsbo Prescott
Prescott Parks & Rec Rainier Raymond RiverCom Rockford
Rosalia Roslyn Roy Ruston Sequim Si View MPD Skykomish
South Prairie Spangle Springdale Tenino Toledo Twisp Vader
Wapato Waverly Wenatchee West Richland
Wilson Creek Winlock Winthrop Yacolt Yelm

