



**Local Government Self-Insurance Program  
Examination Report**

*for*

**Washington State Transit Insurance Pool**

**June 20, 2008**

## Independent Examiner's Report

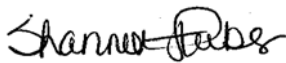
Mr. Allen F. Hatten  
Executive Director  
Washington State Transit Insurance Pool  
2629 12<sup>th</sup> Court SW  
Olympia, WA 98502

Dear Mr. Hatten:

We have examined the Pool's compliance with RCW 48.62, WAC 82.60 and guidelines established by the State Risk Manager for the years ended December 31, 2003, 2004, 2005, 2006 and 2007. The accuracy of information provided by Washington State Transit Insurance Pool is the responsibility of the Pool's management. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that we examine, on a test basis, evidence supporting compliance and that we perform such other procedures as we consider necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Washington State Transit Insurance Pool has complied, in all material respects, with other laws, regulations and guidelines established by the State Risk Manager as set forth above.



Shannon Stuber  
Program Administrator  
Local Government Self Insurance Program  
Office of Financial Management

## **Examination Summary**

**Washington State Transit Insurance Pool  
Olympia, Washington  
June 10, 2008**

### **Our Examination**

This report contains the results of our independent compliance examination of Washington State Transit Insurance Pool.

We performed procedures to determine whether the Pool complied with state laws and regulations, in addition to guidelines adopted by the State Risk Manager. The areas examined were selected based on an analysis of financial trends and transactions from the period January 1, 2003 through December 31, 2007.

### **Examination Results**

The Pool complied with state laws and regulations and guidelines adopted by the State Risk Manager. Our report contains no findings or other communications to the management or Board of WSTIP.

### **Examiner's Remarks**

We appreciate the cooperation and assistance of the staff and management of WSTIP during our examination.

## **Areas Examined**

### **Washington State Transit Insurance Pool Olympia, Washington June 20, 2008**

We examined the Pool's compliance with state laws and regulations, in addition to guidelines adopted by the State Risk Manager in the following areas:

- Claims Audits
- Actuarial Study
- Member Assessments
- Insurance Coverage
- Unreserved Equity
- Member Agreements & Bylaws
- Elections and Governance
- Communication with Members
- Membership Criteria & Programs
- Contracts & Competitive Process
- Compliance with Financial Guidelines
- Evaluation of Financial Trends
- Reporting of Liabilities
- Submission of Timely Quarterly and Annual Reports

We examined, on a test basis, evidence of compliance with requirements set forth above, and we performed such other procedures as we considered necessary under the circumstances. Our examination does not provide a legal determination on the Pool's compliance with specified requirements.

## **About the Local Government Self-Insurance Program**

The Local Government Self Insurance Program provides initial approval and continuing oversight of joint property and liability self-insurance pools established by local governments per Chapter 48.62 RCW. The State Risk Manager, with assistance from the Property and Liability Advisory Board, adopts guidelines and establishes examination fees and annual assessments to cover administrative costs. Board members are appointed by the governor. The Property and Liability Advisory Board meets quarterly.

Field examiners conduct regularly scheduled examinations to determine whether self-insurance programs comply with state laws and regulations. In addition, adherence to guidelines designed to foster financially sound management practices is also evaluated. Finally, examiners also communicate with local government owner/members to ensure they are informed about the program's financial condition and participate in decisions which affect insurance services provided by their programs. Costs of these examinations are based on the actual time and expense required for program review as provided in RCW 48.62.161.

## **About the Washington State Transit Insurance Pool**

The Washington State Transit Insurance Pool (WSTIP) is a coalition of 23 public transit agencies in Washington State that have pooled their resources to acquire affordable insurance coverage and provide risk management and other services to the members. WSTIP insures its members and purchases additional insurance coverage from the commercial market. WSTIP manages claims on behalf of its members, and keeps insurance rates down by providing risk management training, encouraging best practices and providing a forum where members can share ideas and observations.

WSTIP is governed by a Board of Directors consisting of one representative from each member entity. The staff of WSTIP manages claims and provides other risk management services under the direction of the Executive Director.