



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

for

Washington Cities Insurance Authority

December 17, 2007

Independent Examiner's Report

Mr. Lewis E. Leigh, Executive Director
Washington Cities Insurance Authority
320 Andover Park East
P.O. Box 88030
Tukwila WA 98138

Dear Mr. Leigh:

We have examined the Pool's compliance with RCW 48.62, WAC 82.60 and current guidelines established by the State Risk Manager for the years ended December 31, 2003, 2004, 2005, and 2006. The accuracy of information provided by Washington Cities Insurance Authority (WCIA) 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 and the standards applicable to examinations contained in Government Auditing Standards issued by the Comptroller General of the United States. 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, Washington Cities Insurance Authority has complied, in all material respects, with 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 Cities Insurance Authority
Tukwila, Washington
December 17, 2007**

Our Examination

This report contains the results of our independent compliance examination of Washington Cities Insurance Authority (WCIA).

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, 2006.

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 WCIA.

Examiner's Remarks

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

Areas Examined

**Washington Cities Insurance Authority
Tukwila, Washington
December 17, 2007**

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.

A team of field examiners conducts 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 Washington Cities Insurance Authority

The Washington Cities Insurance Authority provides member cities and special districts with property and liability coverage to reduce the amount and frequency of member cities' losses and to decrease the cost incurred by member cities in the handling and litigation of claims. The Authority administers a joint protection program through which the cities jointly pool and self insure losses and claims, and jointly purchase excess insurance.

A Board of Directors, composed of one representative from each member city, oversees the Authority. The day to day operations are managed by an executive director, who manages the staff of 18 employees. The staff provides services including claims adjusting, data processing, risk-management consulting, loss prevention, legal and related services.