



**Local Government Self-Insurance Program
Examination Report
for
Public Utility Risk Management Services Self-Insurance Fund**

November 17, 2007

Independent Examiner's Report

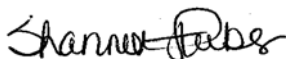
Mr. Richard Rodruck
Public Utility Risk Management Services Joint Self-Insurance Fund
12611 Des Moines Way South
P.O. Box 68787
Seattle WA 98168

Dear Mr. Rodruck:

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 and 2006. The accuracy of information provided by Public Utility Risk Management Services Joint Self-Insurance Fund 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.

During the examination period, the pool was granted a waiver which allowed a variance from standard reserving practices. In our opinion, the Public Utility Risk Management Services Joint Self-Insurance Fund 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

Public Utilities Risk Management Services Joint Self-Insurance Fund Seattle, Washington November 17, 2007

Our Examination

This report contains the results of our independent compliance examination of Public Utility Risk Management Services Joint Self-Insurance Fund (PURMS).

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

Waivers in effect:

According to WAC 82-60-70, the State Risk Manager may waive certain requirements if, in the State Risk Manager's opinion, circumstances warrant a waiver, and such a waiver will not jeopardize the financial condition of the self-insurance program. During the examination period, the pool operated under a waiver granted by the former State Risk Manager. The waiver allowed a variance in standard reserving practices described in WAC 82-60-31.

In other areas, the Pool complied with state laws and regulations, in addition to guidelines adopted by the State Risk Manager. Our report contains no findings or additional communications to the management or Board of PURMS.

Examiner's Remarks

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

Areas Examined

**Public Utilities Risk Management Services Joint Self-Insurance Fund
Seattle, Washington
November 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 Public Utility Risk Management Services Joint Self-Insurance Fund

The Public Utility Risk Management Services Joint Self-Insurance Fund is composed of 18 public utilities and one non-profit mutual corporation. The Fund operates three distinct pools: the Liability Pool, the Property Pool and the Health and Welfare Pool. Not every member belongs to every pool. During the examination period, the membership remained stable and no changes occurred in the third party administrator or broker for the program.