



Cities Insurance Association of Washington

BOARD OF DIRECTORS UPDATE



www.ciaw.us

June 2010

Letter from the Administrator

In our continuing effort to keep you and the members informed regarding the Order issued to the CIAW on January 14, 2010, we have provided the following update to all CIAW members in the most recent newsletter that was sent. Please find a recap of our discussions as well as new information regarding a meeting between the CIAW's Lobbyist and the OFM.

The State hired James Marta of James Marta and Company to review the CIAW plan submitted on February 25, 2010. Specifically the State asked Mr. Marta to evaluate the submitted plan with regards to three key issues:

- Does the plan provide for sufficient liquidity to fund claims as they become due?
- Will the plan fund the deficit and provide a contingency margin sufficient for safety and security as provided for under the statutes of the State of Washington?
- Do the assumptions under the plan

appear reasonable and achievable?

We are pleased to announce that we received Mr. Marta's final report from the State and have included a summary of his conclusions regarding the three key issues below:

- Based upon the actuarially projected paid loss development, and consideration of the program assets and claim liabilities, the plan appears to provide for sufficient liquidity to fund the claims as they may arrive.
- The plan provides for funding of the deficit with a margin above the expected claim liabilities and thus provides for a contingency margin sufficient for safety and security as provided under the statutes of the State.
- Given reliance on the current claim reserves and actuary estimates and understanding that there is inherent variability in any claims estimate, the assumptions under the plan appear reasonable and achievable.

The findings in Mr. Marta's Report are quite clear: CIAW's plan presented per CIAW Resolution 09-10-03 more than meets the statutory requirements for solvency and safe financial operations. Most importantly it confirms that the CIAW has sufficient cash flow to pay all claims as they become due, just as it has for 22 years without exception. In addition, the plan provides the CIAW a fully funded stop loss policy for the current year as well as in all past years.

Notwithstanding this positive news, and even though the State's own consultant has approved the plan, the Office of Financial Management (OFM) has not. Marsha Fromhold (CIAW's Lobbyist) has met with Marty Brown the director of OFM to try to resolve this matter. We will keep you informed of that process and any new developments from this and other meetings. In addition we will keep you informed regarding the status of the appeal.

2010/2011 Renewal

As the CIAW renewal approaches we have encouraged all the members in the most recent member newsletter to make sure that each their locations are adequately scheduled as they complete their renewal applications. If they need assistance in the property valuation process, they can contact their broker or the Canfield Underwriting or Risk Control Department for guidance.

It is important to remember that accurate

valuation helps to ensure that you are not paying for excessive coverage and most importantly, it guarantees that your property has adequate insurance coverage. Rising construction fees affect the cost to rebuild, which in turn, causes the need to increase replacement cost values reported to the insurer.

An alternative option that can use instead of replacement cost coverage is Functional Building Valuation. This

option can replace the original building at a lower cost than would be required by an identical replacement. This option is designed for buildings that have become obsolete or have expensive features that are unnecessary to the current use of the building. Functional Building Valuation provides a lower value than the standard replacement cost option, which results in a reduction of the amount of insurance coverage required. This approach may also potentially provide a lower premium.

New Account Education Services

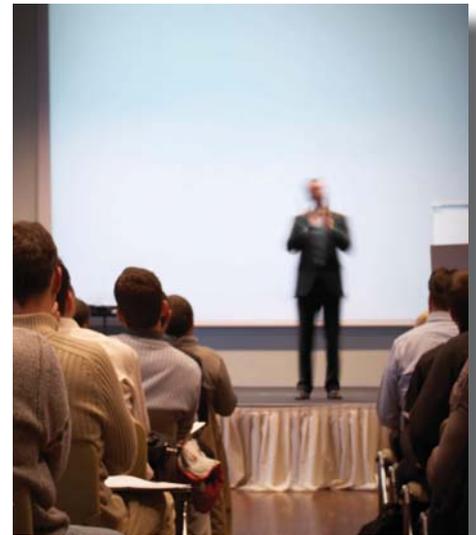
The Account Education Department continues to be busy meeting the needs of the members with informative, customizable and valuable on-site trainings, as well as a growing list of on-line offerings. In the most recent member newsletter we have informed the membership of the new trainings offered to all CIAW members. The new trainings are:

- **Managing Conflict** - In this workshop we will discuss the myths and truths, the greatest mistakes and the ingredients that are involved in conflict. You will learn how to manage conflict, develop your communications skills and how to resolve conflict within your organization.
- **Bullying in the Workplace** - This training will give attendees a framework to recognize workplace bullying, the effect that it has on the victim, as well as, the entire organization, and what to do about it.
- **Confidentiality in the Workplace** - The purpose of this workshop is to understand the definition and importance of confidentiality, know what information

is confidential and be aware of the liability involved in a confidentiality breach. You will learn the four point test to determine confidentiality and become familiar with "incidental disclosures" and how to minimize a breach of confidentiality.

In addition, The Account Education Department recommends considering the following trainings as a resource for continued education within your organization.

- **Public Record Request** - Because the public records disclosure statutes are sometimes difficult to interpret and often a source of litigation, this training is a must for your public records officer and any other staff that is involved in handling a request for disclosure.
- **Excited Delirium** - In the most tenuous moments, it is essential for officers, security staff, or other key personnel to be equipped with the knowledge necessary to deal with those affected by excited delirium. After attending the Excited Delirium Instructor



Training in Scottsdale, AZ in May, Mark Sherwood is now certified in "excited delirium and in custody death" recognition/prevention response and investigation.

Members can visit www.ciaw.us or call us directly at 800.407.2027 to learn more about each of these training sessions or any of our existing trainings that we provide.

CIAW Calendar of Events

- You will soon be receiving notices of dates and times for upcoming June and July budget meetings.
- All upcoming meetings will also be posted on the CIAW web site at www.ciaw.us.



Board of Directors Sit Down Meeting

When: June meeting date to be announced*

Where: Site TBD*

*Once determined the meeting date and location will be announced and sent to all the board members