



2022

ANNUAL REPORT


enduris™
WASHINGTON

MISSION

To provide financial protection, broad coverage, and risk management services responsive to members' needs



PURPOSE

To provide reliability in a risky world

VALUES

We enjoy opportunities to address members' needs

We have a genuine appreciation for the services public entities provide to our communities

We deliver professional quality results

We take ownership in knowing the success of Enduris depends on our respect for one another



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MESSAGE FROM OUR BOARD CHAIR AND EXECUTIVE DIRECTOR

Enduris Board and staff welcomed 2022 with a renewed sense of focus and purpose. Offering exceptional service and coverage while personally connecting with the members of Enduris has been foundational to our success. We are a strong organization consisting of members who care about risk management and partner with others of like mind. Yes, the last two years have had more than its set of challenges, but we have found avenues to turn challenges into opportunities.

The Enduris Board of Directors took the opportunity to focus on generative thinking and strategic planning to imagine what the post-covid environment might look like and how to optimize our response to the changes that affect the membership for the next three to five years. Part of this focus included analyzing and responding to a Capital Funding Study performed by an independent actuary. The resulting discussion and objectives have elevated the Board and staff to the next level of strategic thinking.

With renewed purpose the staff put emphasis on in person meetings with members. The time spent with members and the nuggets we learn during this process is invaluable. It provides an opportunity to learn emerging risk management concerns and to engage in conversation of problem solving. We were able once again to participate in members' association meetings through in person support and educational trainings.

The reinsurance world continues to show disturbing signs of instability, especially in the property market. Costly property losses, mostly weather related, continue to plague the market. Adding to the problem is record inflation rates, supply chain issues and labor shortages. These factors drive up the cost of claims and reinsurance. Because we are a risk pool, we can buffer increased costs to the membership and work with our partners in the industry to minimize the impact of increases.

Regardless of the instability in the reinsurance market and the changes in the post pandemic environment, Enduris exemplifies Reliability in a Risky World. Our members report high satisfaction with services and coverages provided. We appreciate the loyalty and confidence placed in us and will continue to explore ways to engage and exceed expectations.

Matt Schanz

Sherif Brandt



WE ARE RELIABILITY IN A RISKY WORLD

Enduris is a joint self-insurance program authorized by RCW 48.62 to serve local government entities for their property and liability coverage needs.

By jointly self-insuring or 'pooling' their resources, members are able to reduce cost, increase services, and have a voice in the direction of Enduris. Led by a board of directors elected from the membership, Enduris is able to meet the unique needs of the special purpose district which it serves better than other traditional coverage options.



Enduris is able to offer limits that would otherwise be cost prohibitive to individual members; blending the exposures of a diverse membership spreads risk amongst different types of operations and geographically across the state. Combining the overall total insured value of the membership's property gives Enduris greater purchasing power, and self-insuring claims at higher limits allows Enduris to secure broad coverage through the reinsurance market which passes value along to individual members.

Enduris offers its members government risk specialists that have a passion for serving those that serve our communities. Enduris manages claims in-house and provides a broad array of in-depth loss control services, training, and risk consultation. Enduris is widely recognized as the leading risk pool for special purpose districts in Washington State.



MEMBERSHIP

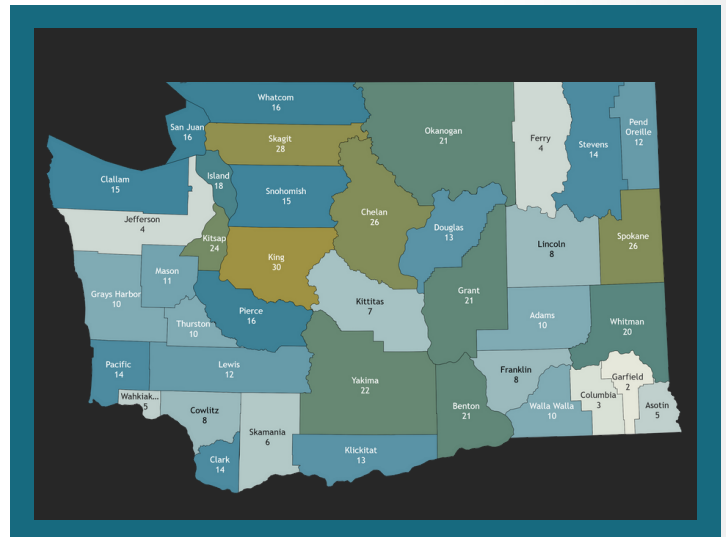


In Policy Year 2022 Enduris had 527 members. These members represent 17 different types of public entities and are spread across all 39 counties of Washington State.

Membership diversity is a key element to the long-term success of Enduris. Diversity in the types of entities and their geographic location ensures the membership as a whole is protected from any unexpected losses contributed to a single type of exposure or location.

All Enduris members provide vital services to our communities. From fire protection districts to water districts, and from public health districts to library districts, Enduris is proud to serve those that serve our communities.

Number of Members by Washington County



BOARD OF DIRECTORS

The Board of Directors is comprised of 8 members, 7 of which are elected from the Enduris Membership. Board members represent a variety of member types from across the state, bringing diverse perspectives and coming together for the good of their fellow members. The Board sets the direction and organizational goals for the Pool and works closely with the Executive Director to serve the members.



MATT SCHANZ

Chair

Northeast Tri County
Health District



BIJAY ADAMS

Vice-Chair

Liberty Lake Sewer
and Water District



VICKI CARTER

Secretary/Treasurer

Spokane Conservation
District



NOEL HARDIN

Director

Asotin County
Fire District #1



SARA YOUNG

Director

Port of Skagit



DONNA WATTS

Director

Port of Pasco



KELLY WILLIQUETTE

Director

Spokane Water District #3



SHERYL BRANDT

Ex-Officio

Enduris



STAFF

Our staff is here to serve the membership in a variety of ways. The Administration and Operations team at Enduris oversees the general administration and operations of the risk pool. The Member Relations & Risk Management team works directly with members to provide risk management resources, meet with members, maintain policies and answer member questions. The Claims team at Enduris is responsible for working with members when they experience a loss and managing all aspects of member claims. The Finance team provides support to the other Enduris teams assisting with member contributions, claim payments, billing and budgeting. Together the Enduris staff works as a single team focused on serving the members.

ADMIN/OPERATIONS



SHERYL BRANDT
Executive Director



ALRIC BALKA
Director of Operations



RYAN WILSON
Technology/Business
Systems Coordinator



SHAWNA MASTERTON
Executive Assistant

FINANCE



KIMBERLY MILLIKAN
Director of Finance



BRITTNAY DESJARDINS
Financial Analyst



ERIC SWAGERTY
Financial Analyst



KELLY ALLEN
Legal Counsel

CLAIMS



HOLLY NELSON
Director of Claims



LISA MCMEEKIN
Claims Analyst



KAREN EASTERDAY
Claims Analyst



KIM LEWIS
Claims Associate

MEMBER RELATIONS & RISK MANAGEMENT



JOE DAVIS
Director of Risk Management
and Member Relations



SINDY JOSEPH
Member Relations Coordinator



MITCH EADON
Risk Manager



KATHY JOHNS
Member Relations Associate

2022 HIGHLIGHTS / STATISTICS

Enduris completed a strong financial year in 2022 with an increase to net position of \$7.8 million. An adjustment by the actuary to Enduris claim ultimate loss in prior years made a large positive impact on the financial results for the year.

In Policy Year 2022 Enduris worked with their actuary on completing the Pool's first ever Capital Adequacy Assessment. This study provides vital information to the Pool that will drive net position targets and help determine the financial health of the organization.

With the subsiding of the pandemic, Enduris increased in person meetings, member visitations, and risk management consultations in policy year 2022. Virtual trainings and meetings still remain popular and are utilized by many members. Enduris has been able to adjust to the changing landscape, engaging with members is a variety of ways that are reflective of our members' needs.

Policy Year 2022 saw the redesign of the Enduris website. New features include an updated and fresh design, searchable blog posts, and member only login for member only content. New integration allows members to login to the website and also access their member portal with a single sign on.



COVERAGES/ EXPOSURES

COVERAGE / EXPOSURES

The Enduris program provides for various forms of joint self-insurance and reinsurance coverage for its members. All coverages (with the exception of pollution and cyber coverage) are written on an “occurrence” form which provides coverage for members for any claims that occur during the policy period, even if the claim is made after the policy is ended or the member is no longer part of the pool. Enduris directly pays for covered losses that fall within its Self-Insured Retention (SIR). For claims that exceed the Pool’s SIR, Enduris purchases excess and reinsurance policies that provide coverage up to the policy limits. Detail tables of the Pool’s SIR, reinsurance limits and member deductibles/co-pays by coverage type can be found in the Pool’s fiscal 2022 Financial Statements with the Washington State Auditor’s Office (SAO) Audit Reports on our website.

LIABILITY COVERAGE

Enduris includes General, Automobile, Public Officials’ Errors and Omissions, Terrorism and Employment Practices in their liability program. Enduris self-insures liability losses up to \$1 million and procures reinsurance for losses up to their liability policy limit of \$20 million. Generally, members have a \$1,000 deductible though other deductible options are available.

PROPERTY COVERAGE

Enduris includes Building and Contents, Mobile Equipment, Boiler and Machinery, Business Interruption/Extra Expense, Automobile Physical Damage (APD), Crime, and Cyber coverage in their property program. Enduris provides a broad and specialized property form for members under the Alliant Property Insurance Program (APIP), the largest public entity property program in the world. Enduris self-insures property losses up to \$250,000 and procures excess insurance to cover members up to their policy limits which are based on their detail property schedules. Members deductibles are generally \$1,000 for basic property and \$250 for APD though other deductible options are available.

OTHER COVERAGES

Enduris offers other coverages designed to meet the unique needs of the public entities which it serves. Identity Fraud Expense Reimbursement coverage is provided for members’ full time employees with no deductible and a \$25,000 limit per member. Fire district members have access to a \$25,000 in the Line of Duty Accident and Health coverage. Enduris can also assist members in procuring specialty policies. Specialty coverages are not part of the Pool and procured by Enduris agent of record. Specialty policies include Airport Liability, Marina Operators Legal Liability, Pollution Liability, Railroad Liability, Notary Bonds and more. Special event coverage is available for short-term, member sponsored events or for third party users for events held at a member location.



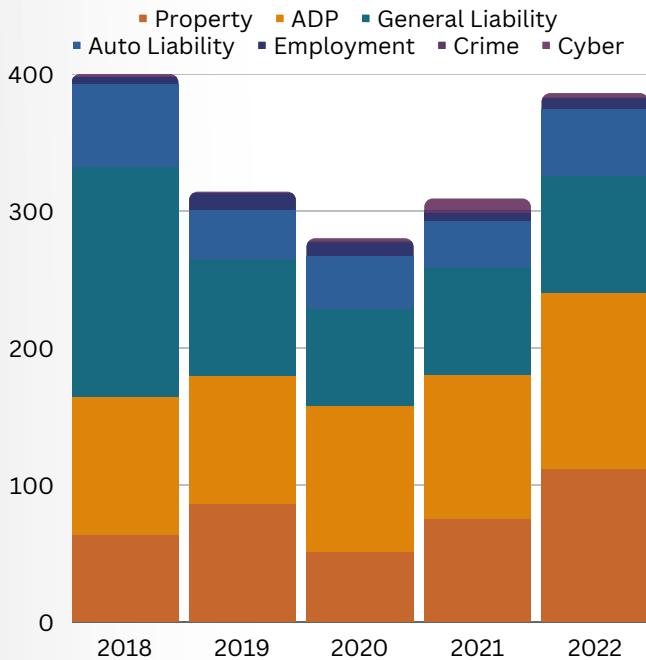
CLAIMS

The Enduris claims team works diligently with members to ensure that claims are addressed accurately and fairly. Claims decisions are made locally and managed by Enduris staff. Members' claim satisfaction survey results are consistently above 90%.

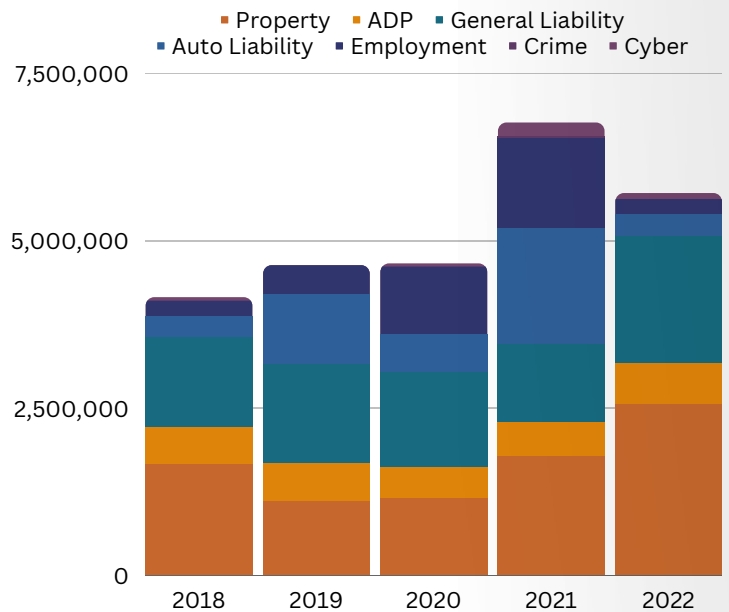
The frequency and severity of member claims continues to rise compared to historical averages. Weather extremes, aging infrastructure, escalating construction/repair costs and social inflation all remain areas of concern for both the Pool and the reinsurance market in general.

In Policy Year 2022 Enduris saw an uptick in claims with a total of 380 claims reported, 12% higher than the Pool's average reported claims for the last 5 years. At the end of Policy Year 2022 these claims had an expected cost of approximately \$5.7 million, 27% higher than the average of the last five years. The Pool's actuary projected an ultimate loss for Policy Year 2022 of \$9.2 million.

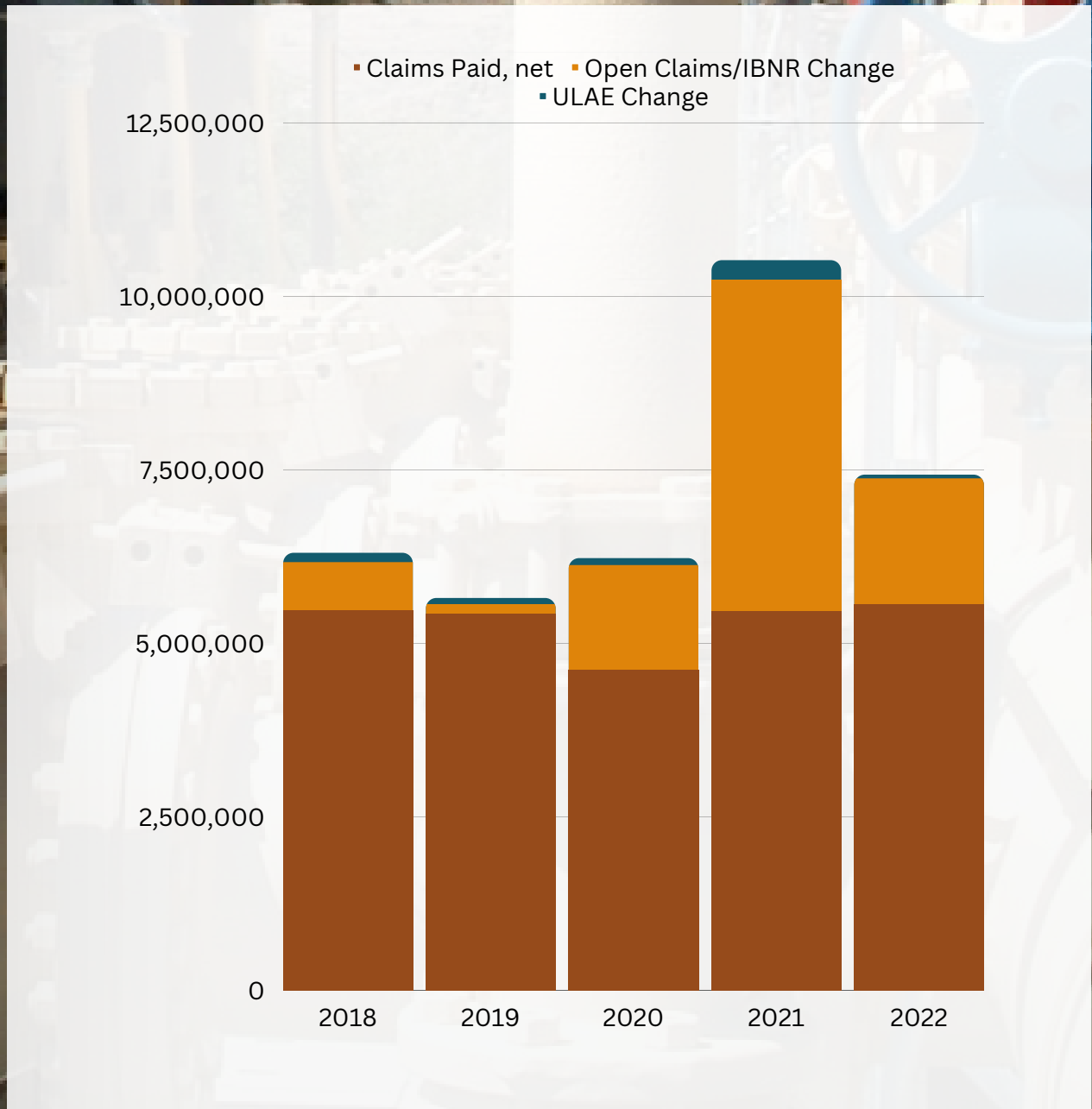
NUMBER OF NEW CLAIMS REPORTED



COST OF NEW CLAIMS REPORTED



CLAIMS EXPENSE



FINANCIAL OVERVIEW

ENDURIS STRENGTHENS FINANCIAL RESERVES IN 2022

Enduris is a public entity. Our earnings are set aside for your benefit—to pay future claims. The Pool’s capital helps keep your rates stable year after year and ensures strong coverage no matter what calamities occur.

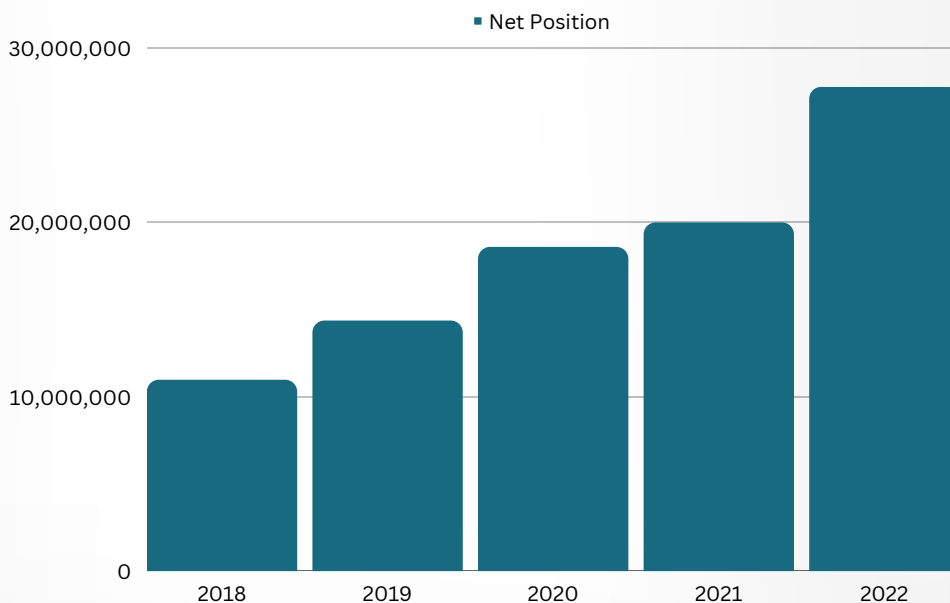
Despite the hard reinsurance market and rising claims costs, Enduris had a solid financial year.

The Pool’s net position (assets minus liabilities) for the year came in at \$27.8 million, which is \$7.8 million more than a year ago. Operating Income made up \$6.9 million of the change, while Non-Operating Income was \$0.9 million.

The Board works to protect the Pool’s capital position to ensure we continue to have a strong reserve to assure the availability of coverage and to stabilize rates for members. Capital helps to minimize the impact of catastrophic claims and the volatile excess/reinsurance markets.

Enduris works diligently to save our members money by keeping contributions as low as possible while providing risk management services and comprehensive coverage to protect their valued assets. Commercial insurers typically build in a 10-15% profit margin in their pricing. Since Enduris is a public entity like our members, we’re not profit-driven but we do need to maintain adequate capital to support future risks.

NET POSITION



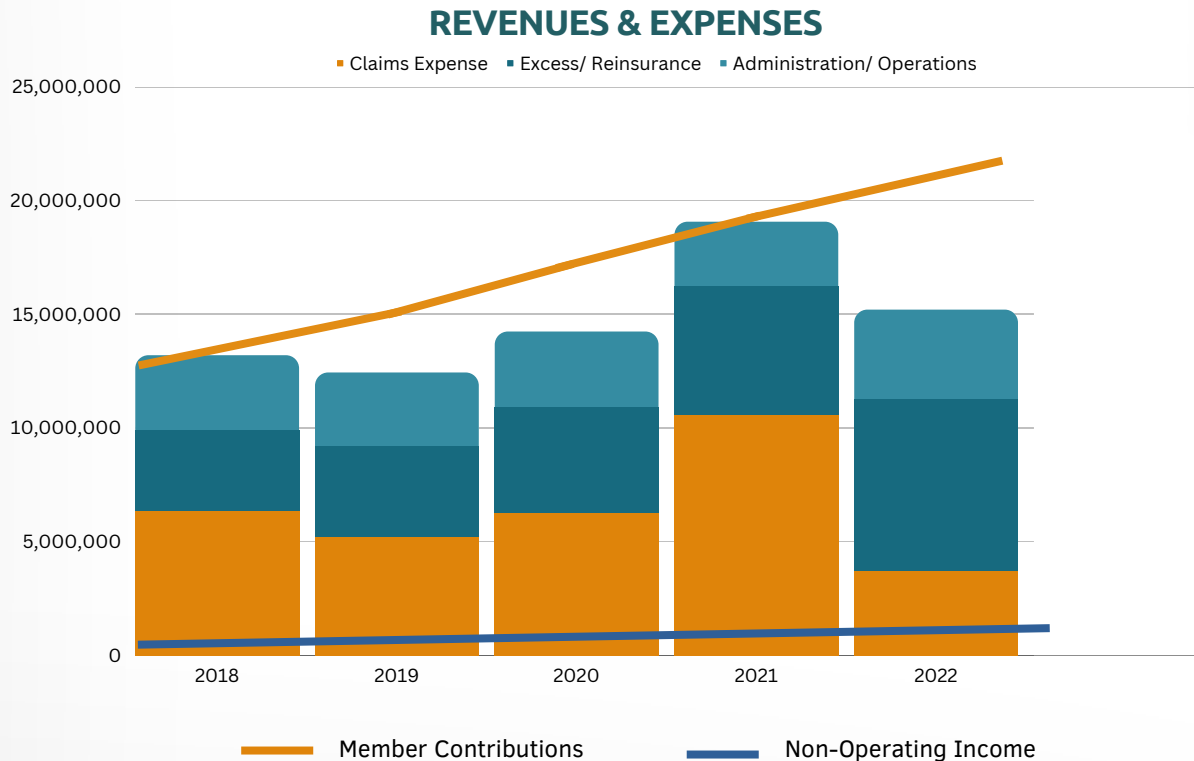
FINANCIAL OVERVIEW

ENDURIS STRENGTHENS FINANCIAL RESERVES IN 2022 (CONTINUED)

Our Board sets rates for our coverage programs. The Pool works with our actuary to assure that rates are stable, fair and equitable. Rates and premium allocation are based on anticipated claims, reinsurance costs, operational costs and members' exposures, risk and loss experience. Member rates (excluding changes in exposure) have increased in the last few years as the Pool works to keep up with rising claims and excess/reinsurance costs.

Member contributions increased by \$2.6 million (13%) from 2021 while the Pool's operating costs decreased by \$3.9 million (20%). Claims Expense decreased by \$6.8M (60%) compared to the prior year due to the reduction in the actuary's estimate of unpaid claim reserves for member losses incurred in prior policy years. Excess/Reinsurance costs increased by \$1.8 million (30%) and Administration/Operations costs increased by \$1.1 million (40%).

The Pool must maintain adequate assets and liquidity to be in compliance with the various solvency standards for risk pools in Washington State. We continue to pass these tests and have strengthened our results in the last few years.



CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Years ended August 31st – Dollars in Millions

	2022	2021	2020
Operating Revenues:			
Member Contributions	\$ 22.0	\$ 19.4	\$ 17.4
Operating Revenues	\$ 22.0	\$ 19.4	\$ 17.4
Operating Expenses:			
Claims Expense	\$ 3.7	\$ 10.5	\$ 6.2
Excess/Reinsurance	7.5	5.7	4.7
General & Administrative	3.9	2.8	3.3
Total Operating Expenses	\$ 15.1	\$ 19.0	\$ 14.2
Operating Income	\$ 6.9	\$ 0.4	\$ 3.2
Non Operating Income (Loss):			
Interest Income (Expense)	\$ 0.3	\$ 0.4	\$ 0.5
Change in Equity In GEM	\$ 0.4	\$ 0.6	\$ 0.6
Other Non-Operating Income (Loss)	0.2	0.1	(0.1)
Non Operating Income	\$ 0.9	\$ 1.1	\$ 1.0
Change in Net Position	\$ 7.8	\$ 1.5	\$ 4.2
Net Position beginning of year	19.9	18.5	14.3
Net Position end of year	\$ 27.7	\$ 20.0	\$ 18.5

CONDENSED STATEMENT OF NET POSITION

As of August 31st – Dollars in Millions

	2022	2021	2020
Assets and Deferred Outflows:			
Cash and Cash Equivalents	\$ 44.8	\$ 38	\$ 35.6
Prepaid Excess/Reinsurance	7.6	6	3.7
Other Current Assets	0.3	0	0.4
Capital Assets, net	4.5	5	5.1
Investment in GEM	3.6	3	2.6
Lease Receivable	2.4	2	-
Pension Asset	0.6	1	-
Deferred Outflow related to Pensions	0.6	0	0.2
Total Assets & Deferred Outflows	\$ 64.4	\$ 57	\$ 47.6
Liabilities and Deferred Inflows:			
Unearned Member Contributions	\$ 16.1	\$ 14	\$ 14.0
Claims Reserves-Current	4.7	6	6.5
Claims Reserves-Non-Current	12.2	12	7.2
Other Current Liabilities	0.3	0	0.4
Other Non-Current Liabilities	0.4	0	0.8
Deferred Inflow related to Pensions	0.6	1	0.2
Deferred Inflow related to Leases	2.4	2	-
Total Liabilities & Deferred Inflows	\$ 36.7	\$ 37	\$ 29.1
Net Position:			
Investment in Capital Assets	\$ 4.5	\$ 5	\$ 5.1
Restricted Net Position related to Pensions	0.6	0	-
Unrestricted Net Position	22.6	14	13.4
Total Net Position	\$ 27.7	\$ 20	\$ 18.5





FINANCIAL SUMMARY

FOR FISCAL YEARS ENDED AUGUST 31, 2022, 2021 AND 2020

The summary Financial information at August 31, 2022 has been derived from the Financial Statements with the Washington State Auditor's Office (SAO) Audit Reports for the Fiscal Years Ended August 31, 2022, 2021 and 2020. These reports are readily available on the Enduris website and on the SAO website at <https://sao.wa.gov/reports-data/audit-reports/>.

The Enduris Financial Statements with the SAO's Audit Report are also filed with the Washington State Risk Manager at the Department of Enterprise Services, Office of Risk Management for Local Government and Self Insurance Programs.

This summary financial information is unaudited and does not contain all of the disclosures, Management's Discussion and Analysis, and other required supplementary information required by generally accepted accounting principles as established by the Governmental Accounting Standards Board who considers that such information an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. Reading the Summary Financial Information at August 31, 2022, therefore, is not a substitute for reading the Financial Statements with the State Auditor's Report for the Fiscal Years Ended August 31, 2022, 2021 and 2020.



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