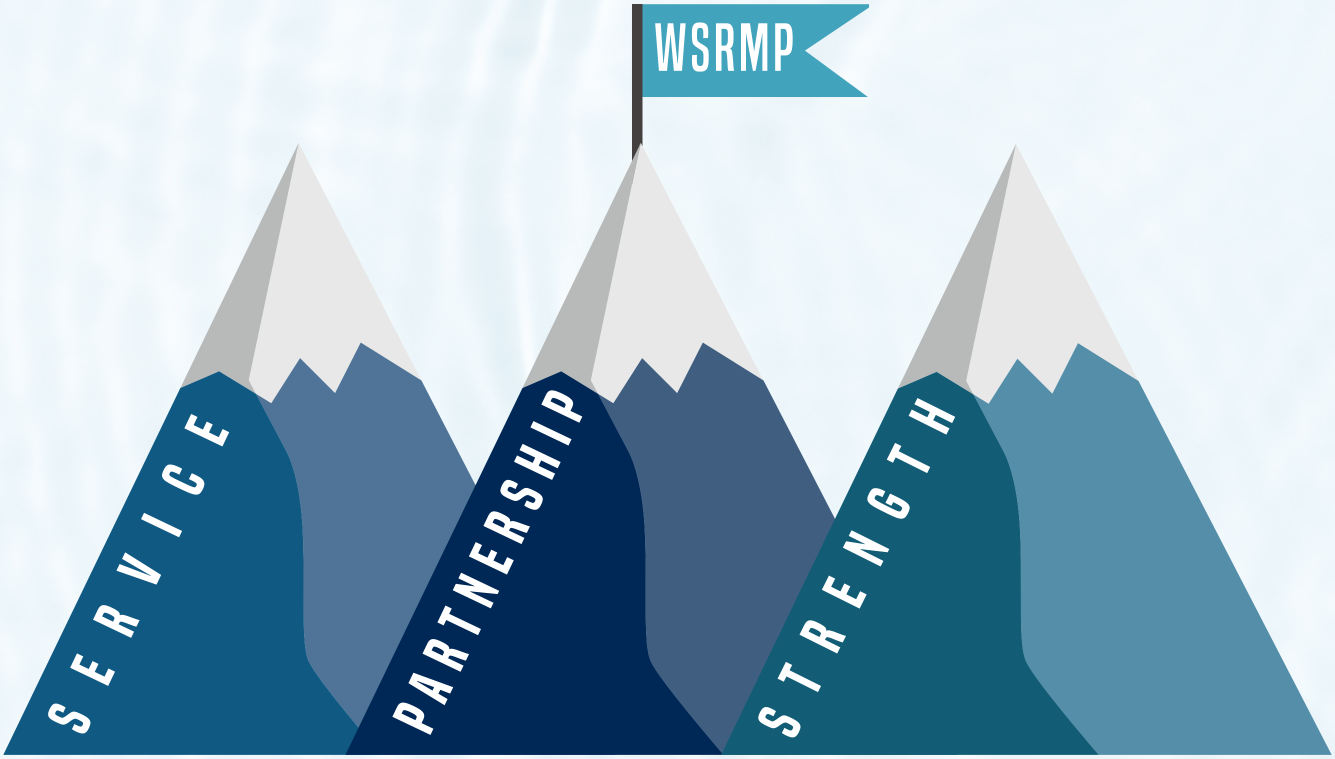
A New Era of STRENGTH

WATER & SEWER
RISK MANAGEMENT POOL
2025 ANNUAL REPORT

OUR 3 PILLARS



WHAT WE DO

OUR MISSION

To protect Water and Sewer utilities with specialized risk management services and broad coverage at a stable cost.

WHAT WE ASPIRE TO BE

OUR VISION

To be the recognized expert in providing comprehensive protection, risk management, customer service and support to water and wastewater districts in the Pacific Northwest while increasing member equity in an alternative risk structure.

HOW WE WORK

OUR VALUES

Respectful, Accurate, Reliable and Ethical (RARE)

Compassionate, Curious, Consistent, Conservative and Competitive

WHERE WE ARE HEADED

OUR FOCUS

Protect Our Strong Financial Position

Expand Risk Management Services

Strengthen Relationships with Members

Improve Coverage

Broaden Our Membership Base

Leading with Vision, **Delivering Results**

DEAR MEMBERS,

WSRMP finished policy year 2025 with a net position of $5.5M – the highest in pool history. Since 2017, our net position has increased 166% and our total assets have grown to $15,652,621. During this same period, reinsurance expenses increased 371% from $1,165,107 to $5,596,518 due to the most challenging reinsurance market in generations and the addition of more than 22 new members. Throughout this time, we worked hard to keep rates affordable. Member contributions increased 158% from 2017 to today, demonstrating how lower-than-expected claim activity and strong expense controls have contributed to WSRMP's strongest financial and market share position to date.

This year also brought changes to the Executive Committee. Donna Cross, Ed Cebron, and Darcey Peterson concluded their service after many years of meaningful oversight, advice, and contribution to the Pool's success. We welcomed Shane Young of King County Water District #125, Kevin Plambeck of Juniper Beach Water District, and Jack Broyles Jr. of Alderwood Water and Wastewater District to the Committee during the year.

We were pleased to welcome Lakewood Water District and Skagit County Sewer District #2 as new members after they determined that WSRMP offers more comprehensive coverage and lower premiums compared to their prior carriers. We are also proud to report another year of 100% membership retention, a reflection of the trust our members place in the Pool.

WSRMP earned continued recognition from the Association of Governmental Risk Pools (AGRiP) by meeting its rigorous best practices standards for another three-year term. Fewer than one-quarter of AGRiP members achieve this distinction, highlighting the Pool's unwavering commitment to strong governance, accountability, and operational excellence.

As you will see from this report, our work continues to center on exceptional **SERVICE**, member **PARTNERSHIP** and financial **STRENGTH**. We remain focused on growing membership, enhancing coverage, and identifying cost-saving opportunities to help stabilize rates and support members.

Thank you for another great year.

Mike A Johnson

MIKE JOHNSON
President, WSRMP
Executive Committee

CARY J ECKER, MSF
Executive Director, WSRMP

Collective Expertise, **Shared Purpose**

EXECUTIVE COMMITTEE

The Executive Committee provides strategic leadership and governance for the organization, bringing a seasoned perspective from across Washington's water and sewer districts. Collectively, this committee contributes **77 years of industry experience**, offering informed oversight, practical insight, and a strong understanding of the operational challenges facing our members.

77 YEARS industry experience

MIKE JOHNSON
President

General Manager, Cross Valley Water District
Commissioner, Mukilteo Water and Wastewater District

TOM KEOWN
Treasurer

General Manager, Covington Water District

DAVID LOGAN
Vice President

Finance Director, Clark Regional Wastewater District

LEN ENGLUND
Secretary

Commissioner, Lakehaven Water and Sewer District

JACK BROYLES, JR.
Member At-Large

Commissioner
Alderwood Water and Wastewater District

KEVIN PLAMBECK
Member At-Large

Commissioner
Juniper Beach Water District

SHANE YOUNG
Member At-Large

General Manager
King County Water District #125

STAFF

Our staff works collaboratively to manage day-to-day operations and support member needs with consistency and expertise. Together, they bring **66 years of experience in risk pooling and insurance**, applying deep technical knowledge and hands-on experience to help ensure effective program administration and responsive service.

CARY ECKER, MSF
Executive Director
Serving since 2017

JASON BARNEY, MBA CPCU ARM AIC
Claims Director
Serving since 2019

ALISA DODD
Office Manager
Serving since 2012

CONTRACTED PROFESSIONALS

Our contracted professionals complement internal expertise with specialized knowledge and independent perspective. Each with **decades of specialized experience in risk pooling and insurance**, they provide technical guidance, industry best practices, and professional support that strengthens the organization's overall risk management approach.

GENERAL COUNSEL
Bennett Law, PLLC
Joseph P. Bennett, J.D.
Serving since 2001

INSURANCE BROKER
Alliant Public Entity Insurance Solutions
Kevin Bibler, Brian White and Jamie Arnoldi
Serving since 2004

ACTUARIAL SERVICES
Bickmore
Mike Harrington, Becky Richard
Serving since 2008

CPA SERVICES
Baber & Mason
Phillip C. Baber, CPA
Serving since 1998

"The strength of WSRMP lies in the depth of expertise across its leadership, staff, and partners—bringing decades of experience to every decision."

Mike Johnson, WSRMP President

Service Built On **Partnership**

MEMBER SERVICES

WSRMP provides a range of member services designed to strengthen risk management practices and prevent losses before they occur. These services include employment practices consultations, coverage assessments, contract review, and online training developed specifically for water and wastewater districts. By offering practical, timely guidance, the pool helps members make informed decisions and manage risk effectively in their day-to-day operations.

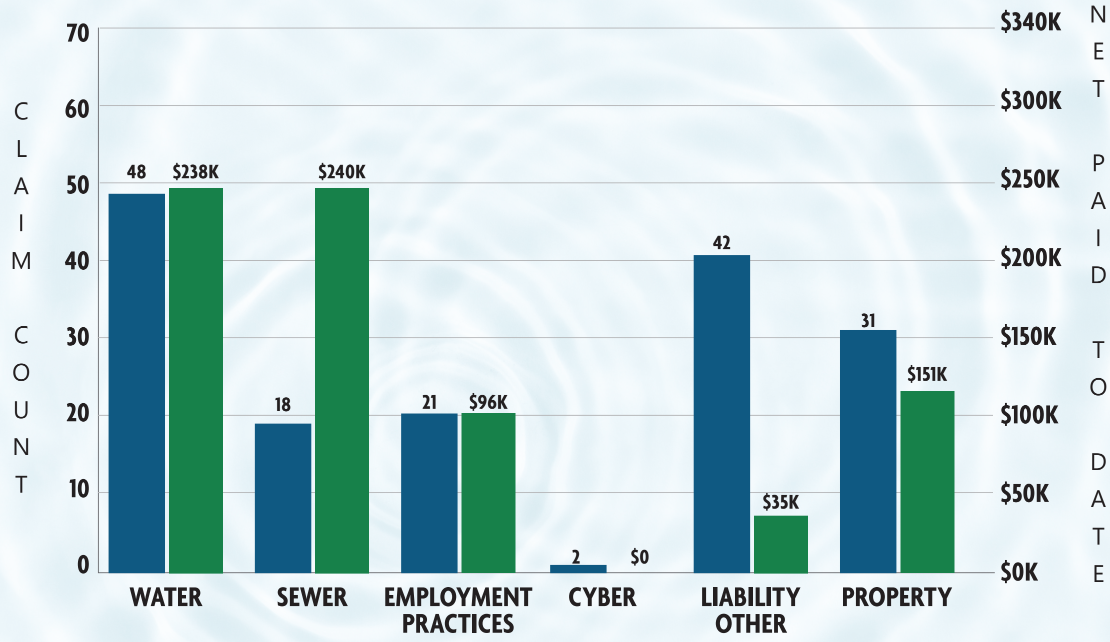
One of the most valuable aspects of these services is early intervention. In the past year, WSRMP assisted with 21 employment-related incidents requiring consultation, with only one ultimately developing into a claim. This outcome demonstrates how proactive engagement can significantly reduce both the frequency and severity of claims, reinforcing the value of the pool's hands-on support approach.

CLAIMS SERVICES

Members' feedback highlights the strength of WSRMP's claim services team—delivering responsive, knowledgeable support when it matters most. Guided by experienced leadership and supported by trusted partners, the team prioritizes accuracy, empathy, and timeliness from initial report through final resolution.

For members, the experience is simple: **you have an easy button**.

CLAIMS BY TYPE & COST



In 2025, members reported 162 claims and incidents, with $761,939 paid to date. While some claims remain open and will continue to develop, most are resolved within four to six months—providing timely outcomes while ensuring appropriate claim handling.

Liability claims represent the majority of activity, with 131 reported and $610,854 paid to date, including:

- 48 water
- 18 sewer
- 21 employment practices
- 2 cyber

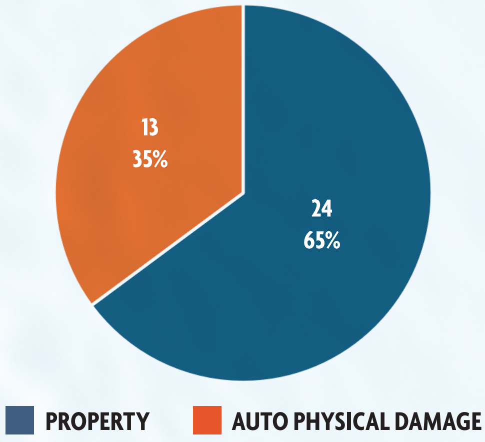
After reinsurance and recoveries, paid losses totaled:

- $238,189 water
- $240,303 sewer
- $96,872 employment practices

Incurred losses are higher in categories where claims develop over time—particularly water and sewer—reflecting the nature of these exposures rather than any shift in overall performance. The pool also managed 37 property claims, including 24 auto-related losses, with $127,302 paid to date. While less frequent, these claims can be more severe, reinforcing the need for a conservative approach to property risk.

Overall, claim frequency and severity remain well within expected ranges—supporting **strong financial results, favorable loss ratios, and long-term rate stability**.

PROPERTY CLAIMS BY TYPE



Financial Strength **with Purpose**

STRONG TODAY. BUILT FOR WHAT'S AHEAD.

>98% confidence level

WSRMP's financial results reflects a disciplined, member-focused strategy built exclusively for water and sewer utilities.

The pool has grown steadily while maintaining strong financial results and controlling costs even in a more complex and volatile risk environment. Every dollar generated is reinvested back into the membership—supporting long-term stability, coverage strength, and rate predictability.

STRENGTH THAT SUPPORTS STABILITY

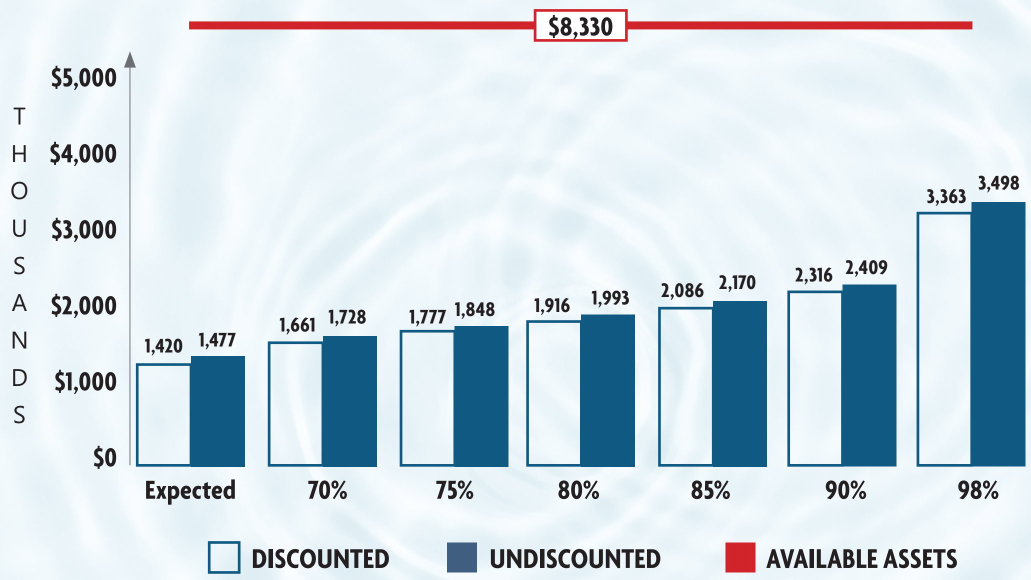
WSRMP operates from a position of exceptional financial strength:

- Confidence level exceeds 98% (vs. 80% required)
- Assets exceed required levels by $4.97M
- Self-insured retention at $500K

This strength allows the pool to take on more risk, reduce reliance on reinsurance, and limit long-term cost pressures on members.

Only one claim since 2018 has exceeded the SIR—demonstrating the effectiveness of this approach.

CONFIDENCE LEVELS



CONSISTENT PERFORMANCE. GOLD STANDARD RESULTS.

WSRMP continues to deliver results that exceed industry benchmarks—reflecting both strong member practices and disciplined financial management.

In recent years, the pool has intentionally priced below actuarial levels—returning value to members while maintaining strong financial results.

- 2025 Loss Ratio: 42.56%
- Industry Average: ~70.9%
- Long-term Average (since 2017): 36.87%

This level of performance is widely recognized as a **gold standard in risk pooling**.

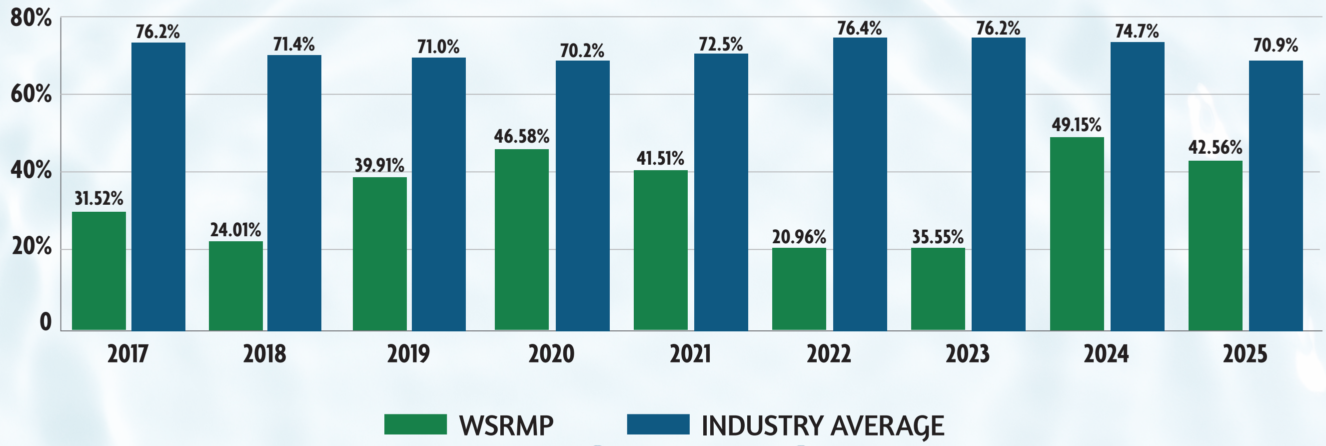
Notably, loss ratios have been intentionally allowed to rise slightly in recent years as part of a strategic decision to charge members below actuarially indicated levels—returning value directly to the membership while maintaining financial strength.

Claims data reinforces this stability:

- Liability losses remain consistent and predictable
- Property losses, while more variable, remain well-managed and limited in exposure

> “With a loss ratio of 42.5%, WSRMP continues to perform at a level widely recognized as a gold standard in risk pooling.”
>
> Brian White, Alliant Insurance Services

LOSS RATIOS



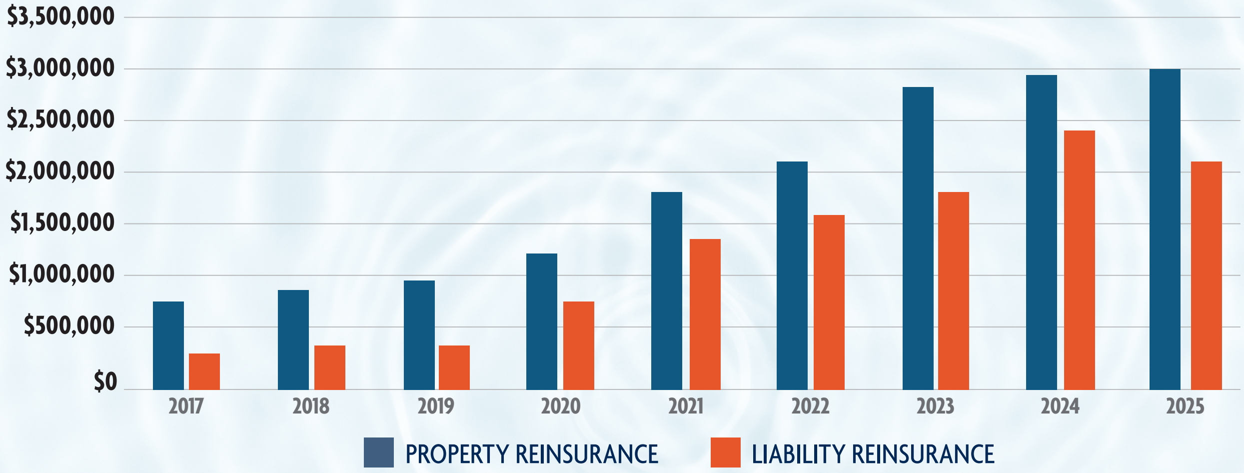
MANAGING COSTS IN A CHANGING MARKET

Like all pools, WSRMP continues to operate in a shifting insurance and reinsurance environment, and the pressures in the reinsurance market in particular have pushed costs higher across the industry. Reinsurance expenses, for example, have grown significantly over time—from representing 39.5% of member allocations in 2017 to 71.9% in 2025. While those costs appear to be leveling off, they remain elevated compared to historical norms.

Even with these challenges, WSRMP has taken a proactive approach. By increasing its SIR, the pool has been able to reduce its reliance on reinsurance, manage expenses more deliberately, and shield members from as much volatility as possible. Claims experience continues to reinforce this strategy: claims paid remain a relatively small portion of total allocations, and long term trends remain favorable.

> "Even in a rising cost environment, our focus remains the same: protecting members from volatility while maintaining long-term strength."
>
> Tom Keown, WSRMP Treasurer

REINSURANCE COST TREND



GROWTH THAT BENEFITS MEMBERS

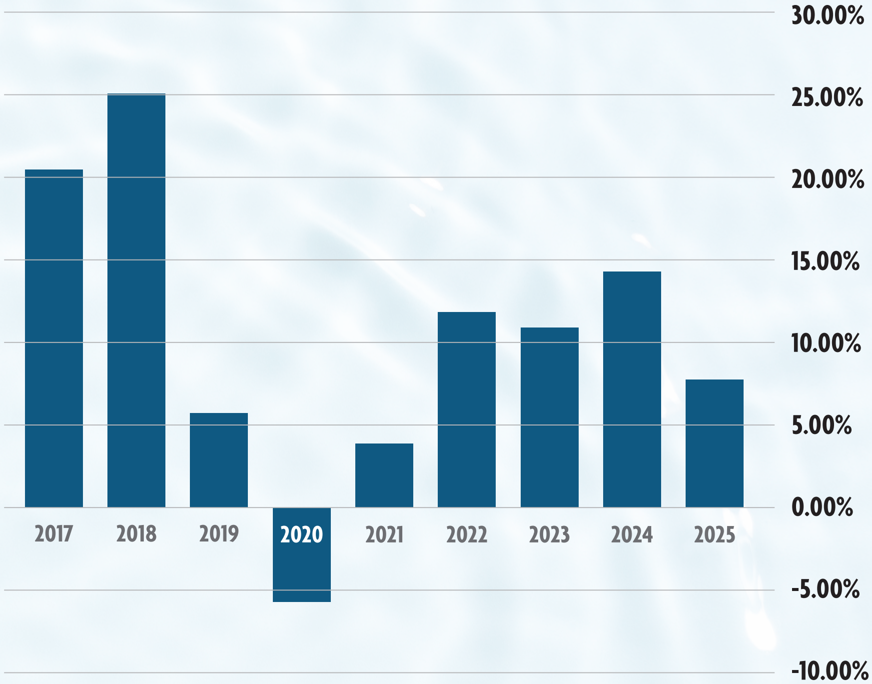
WSRMP's financial growth continues to be both measurable and meaningful, with every dollar directly supporting the membership. The pool's net position has strengthened over time, reaching $5.5 million in 2025, reflecting a consistent upward trend driven by membership growth, strong loss experience, and disciplined cost control. This performance is also reflected in the 2025 net margin of 8.32%, which demonstrates solid, sustainable operations and places WSRMP within—and often above—industry benchmarks.

Because WSRMP is a member driven pool, these financial gains are not distributed externally. Instead, they are reinvested back into the program, supporting rate stability, maintaining strong coverage, and reinforcing the long term sustainability of the pool.

5.5 MILLION
net position

NET POSITION

NET MARGIN



BALANCE SHEET

Assets & Liabilities Over the Past Eight Years

	2025	2024	2023
ASSETS			
Cash and Equivalents	$ 5,052,074	$ 4,505,238	$ 3,545,927
Investments	-	-	525,065
Member Receivables	$ 8,359,979	$ 7,574,370	$ 6,445,150
Other (including prepaids)	2,054,135	$ 2,014,229	$ 1,906,324
Capital Assets	$ -	$ -	$
Subscription Asset - Software	$ 27,085	46,204	
Net Pension Asset	$ 131,887	$ 103,479	$ 131,035
Right of Use Asset (Office Lease)	$ 28,075	$ 28,386	$ 28,705
Deferred Outflows - Pension OPEB	$ 158,221	$ 137,260	$ 105,477
TOTAL ASSETS AND OUTFLOWS	**$ 15,811,456**	**$ 14,409,166**	**$ 12,687,683**
LIABILITIES			
Accounts Payable	$ 50,985	$ 32,623	$ 9,925
Claim Reserves Current Year	$ 952,000	$ 878,000	$ 1,108,000
Unearned Member Allocations	$ 8,347,286	$ 7,584,243	$ 6,461,635
Subscription Liability - Software	$ 20,075	38,238	
Claim Reserves Prior Year	$ 558,000	$ 556,000	$ 691,000
Finance Lease Liability	$ 34,133	$ 33,137	$ 32,396
Compensated Absences	$ 94,108	$ 75,238	$ 66,638
Net Pension Liability	$ 31,668	$ 43,550	$ 56,498
Deferred Inflows - Pension	$ 52,282	$ 41,512	$ 71,195
Other Post Ret. Benefits Payable	$ 93,322	$ 165,926	$ 252,243
TOTAL LIABILITIES & INFLOWS	**$ 10,233,859**	**$ 9,448,467**	**$ 8,749,530**
NET POSITION	**$ 5,577,597**	**$ 4,960,699**	**$ 3,938,153**
TOTAL LIABILITIES & NET POSITION	**$ 15,811,456**	**$ 14,409,166**	**$ 12,687,683**

2022	2021	2020	2019	2018
$ 2,087,425	$ 3,702,623	$ 3,686,968	$ 3,975,603	$ 3,479,009
1,976,732				
$ 5,529,254	$ 5,153,449	$ 4,176,255	$ 3,182,652	$ 2,938,534
$ 1,409,695	$ 1,262,362	$ 879,711	$ 651,267	$ 537,077
$	$ 266	$ 797	$ 1,872	$ 3,733
$ 117,123	$ 305,821	$		
$ 211,473	248,253			
$ 121,141	$ 45,711	$ 47,393	$ 39,157	$ 33,907
$ 11,452,843	**$ 10,718,485**	**$ 8,791,124**	**$ 7,850,551**	**$ 6,992,260**
$ 8,241	$ 191,56	$ 53,368	$ 70,757	$ 74,751
$ 1,053,000	$ 1,004,000	$ 810,000	$ 639,000	$ 451,000
$ 5,545,722	$ 5,161,221	$ 4,129,706	$ 3,409,930	$ 3,020,940
$ 725,000	$ 691,000	$ 575,000	$ 458,000	$ 300,000
$ 230,052	259,616			
$ 50,611	$ 44,081	$ 36,343	$ 23,804	$ 20,208
$ 67,604	$ 29,151	$ 118,699	$ 110,873	$ 138,787
$ 118,765	$ 313,840	$ 33,648	$ 63,398	$ 53,572
$ 306,573	$ 452,348	$ 444,971	$ 299,454	$ 336,454
$ 8,105,568	**$ 7,974,413**	**$ 6,201,735**	**$ 5,075,216**	**$ 4,395,712**
$ 3,347,275	**$ 2,744,072**	**$ 2,589,389**	**$ 2,775,335**	**$ 2,596,548**
$ 11,452,843	**$ 10,718,485**	**$ 8,791,124**	**$ 7,850,551**	**$ 6,992,260**

INCOME STATEMENT

Analysis of Income and Expenditures

		2025		2024		2023
OPERATING REVENUES						
Member Assessments	$	7,630,389	$	7,225,695	$	5,467,764
Other	$	199,233	$	167,626	$	132,564
TOTAL REVENUES	**$**	**7,829,622**	**$**	**7,393,321**	**$**	**5,600,328**
OPERATING EXPENSES						
Reinsurance	$	5,687,096	$	5,239,923	$	3,975,993
Claim Reserve Adjustment	$	76,000	$	(365,000)	$	21,000
Claims Paid on Current Losses	$	846,457	$	926,643	$	506,187
Wages, Benefits and Payroll Taxes	$	646,094	$	567,252	$	541,230
Legal	$	59,927	$	74,660	$	56,542
Office Supplies	$	31,646	$	31,596	$	26,807
Travel	$	1,861	$	1,942	$	2,870
Accounting & Auditing	$	51,767	$	53,734	$	43,735
Rent	$		$		$	
Interest Expense Office Lease	$	13,078	$	11,212	$	2,729
Amortization	$	35,701	$	36,434	$	27,944
Claims Audit	$	4,550	$	-	$	
Claims Adjusting	$	16,663	$	49,299	$	24,071
Seminars	$	6,849	$	10,933	$	18,434
Actuarial	$	14,700	$	9,200	$	8,900
Telephone	$	5,123	$	7,673	$	5,811
Depreciation	$		$		$	
Dues, Subscriptions, Meetings	$	3,118	$	3,289	$	116
Promotion	$	3,810	$	6,289	$	6,954
EC Expense Reimbursement	$	-	$	-	$	
Postage	$	1,675	$	1,404	$	1,444
State Risk Manager Assessment	$	11,720	$	11,720	$	7,325
Consultants	$	44,422	$	45,397	$	6,050
Other	$	29	$	162	$	283
TOTAL EXPENSES	**$**	**7,562,286**	**$**	**6,723,762**	**$**	**5,284,425**
Interest Income	$	349,562	$	336,556	$	202,629
Increase (Decrease) in Investments Fair Value	$	-	$	-	$	4,672
Realized Gain on Investments	$	-	$	16,431		67,674
NET INCOME	**$**	**616,898**	**$**	**1,022,546**	**$**	**590,878**

2022	2021	2020	2019	2018
$ 5,037,537	$ 4,021,601	$ 3,384,538	$ 2,965,794	$ 2,848,932
$ 148,062	$ 117,751	$ 67,908	$ 65,076	$ 78,795
$ 5,185,599	**$ 4,139,352**	**$ 3,452,446**	**$ 3,030,870**	**$ 2,927,727**
$ 3,433,372	$ 2,346,311	$ 1,464,181	$ 1,220,166	$ 1,063,907
$ 83,000	$ 310,000	$ 288,000	$ 346,000	$ 38,000
$ 283,416	$ 681,782	$ 871,261	$ 573,742	$ 324,951
$ 369,610	$ 415,757	$ 620,470	$ 391,894	$ 384,227
$ 182,623	$ 65,545	$ 114,839	$ 95,648	$ 132,598
$ 30,540	$ 34,458	$ 26,744	$ 32,432	$ 27,552
$ 4,018	$ 1,774	$ 7,474	$ 10,122	$ 15,760
$ 36,082	$ 40,942	$ 37,665	$ 36,959	$ 37,930
$	$	$ 45,118	$ 43,089	$ 39,741
$ 12,315	$ 13,722			
$ 36,780	$ 36,780			
$ 4,900	$			
$ 52,793	$ 13,612	$ 23,179	$ 122,976	$ 103,617
$ 19,938	$ 10,630	$ 16,232	$ 32,407	$ 35,270
$ 8,700	$ 9,000	$ 10,550	$ 12,300	$ 7,900
$ 5,935	$ 5,857	$ 5,911	$ 6,847	$ 5,918
$ 266	$ 531	$ 1,075	$ 1,861	$ 2,735
$ 5,765	$ 2,600	$ 6,416	$ 4,877	$ 10,124
$ 10,342	$ 6,050	$ 14,951	$ 6,662	$ 5,426
$	$	$ 573	$ 1,145	$ 4,469
$ 1,292	$ 1,557	$ 1,322	$ 1,861	$ 1,791
$ 2,930	$ 7,325	$ 11,720	$ 11,720	$ 11,720
$ 5,100	$ 5,950	$ 160,750	$ 10,550	$ 13,725
$ 1,026	$ 101	$ 4,709	$ 343	$ 195
$ 4,010,284	**$ 4,010,284**	**$ 3,733,140**	**$ 2,963,601**	**$ 2,267,556**
$ 22,775	$ 28,146	$ 94,748	$ 111,518	$ 62,275
$ (14,428)				
$ 603,203	**$ 157,214**	**$ (185,946)**	**$ 178,787**	**$ 722,446**

Stronger Together **Through Partnership**

Acme Water District No. 18

Alderwood Water and Wastewater District

Beacon Hill Water and Sewer District

Belfair Water District #1

Birch Bay Water and Sewer District

Camano Vista Water District

Cape San Juan Water District

Cascade Water Alliance

Cattle Point Water District

Cedar River Water and Sewer District

Clark Regional Wastewater District

Clearview Water Supply Agency

Clinton Water District

Coal Creek Utility District

Covington Water District

Crockett Lake Water District

Cross Valley Water District

Discovery Clean Water Alliance

East Gig Harbor Water District

Fall City Water District

Fisherman Bay Sewer District

Glacier Water District

Grays Harbor Co. Water District #1

Grays Harbor Co. Water District #2

Greater Bar Water District

Hartstene Pointe Water and Sewer District

Highland Water District

Highlands Utility District

Holmes Harbor Sewer District

Inchelium Water District

Juniper Beach Water District

Kapowsin Water District

King County Water District #125

King County Water District #49

King County Water District #54

King County Water District #90

Kitsap County Sewer District #7

Kittitas County Water District #5

Lake Meridian Water District

Lake Wenatchee Water District

Lake Whatcom Water and Sewer District

Lakehaven Water and Sewer District

Lakewood Water District

Lenora Water and Sewer District

Lewis County Water District #2

Lewis County Water Sewer District #4

Mackaye Harbor Water District

Maggie Lake Water District

Mukilteo Water and Wastewater District

North Perry Avenue Water District

Northeast Sammamish Sewer and Water District

Point Roberts Water District #4

Regional Water Supply System

Sammamish Plateau Water and Sewer District

Saratoga Water District

Skagit County Sewer District #1

Skagit County Sewer District #2

Skagit County Water District #1

Skyway Water and Sewer District

Snoqualmie Pass Utility District

Steptoe Sewer and Water District

Sunland Water District

Sunnyslope Water District

Terrace Heights Sewer District

Trails End Water District

Union Hill

Valley View Sewer District

Valley Water District

Vashon Sewer District

Walla Walla Housing Authority

Water District #19

West Sound Utility District

Whatcom County Water District #2

Whatcom County Water District #7

Williams Lake Sewer District #2

Wollochet Harbor Sewer District

Woodinville Water District

“Membership in WSRMP represents more than coverage—it’s a partnership built on trust, service, and shared success.”

David Logan, WSRMP Vice President

About WSRMP

The Water and Sewer Risk Management Pool (WSRMP) was established in 1987 by Washington State water and sewer special purpose districts in response to a lack of affordable and comprehensive commercial insurance options. Formed under RCW Chapter 48.62, WSRMP operates as a public entity risk pool, enabling members to collaborate and self-insure through a cooperative model designed specifically for their needs.

Owned and governed by the member districts it serves, WSRMP is guided by a commitment to stability, broad coverage, and service. All financial gains are reinvested to benefit water and sewer districts in Washington, reinforcing the strength and sustainability of the organization over time.

Strategic oversight is provided by a seven-member Executive Committee composed of General Managers, Commissioners, and Officers from within the membership. Their leadership ensures that WSRMP remains aligned with member priorities while maintaining sound governance and long-term organizational direction.

WSRMP's coverage offerings are developed through careful evaluation of the unique and evolving risks faced by water and sewer utilities. As new challenges emerge, the organization proactively identifies potential impacts and implements solutions designed to reduce exposure and strengthen resilience. In addition to coverage, WSRMP delivers value through a wide range of member and claims services, including legal consultation, education and training, safety and risk management programs, and personalized guidance tailored to each member's needs.

The founding vision—to provide comprehensive coverage, proactive risk management, and responsive, high-quality service—remains at the core of WSRMP's mission today. Building on this foundation, WSRMP enters **a new era of strength**—defined by adaptability, informed decision-making, and an enduring commitment to supporting the long-term success of its members.

Gratitude, Collaboration, **and Continued Success**

WATER & SEWER
RISK MANAGEMENT POOL

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