



# ANNUAL REPORT

Iowa Communities Assurance Pool (ICAP) | 2019

A annual snapshot of the program that provides Iowa public entities with group self-insurance - and so much more.

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We are your local administrative team.  
 We are your Pool.  
**We are ICAP.** And we are working for you.

The ICAP Team | 2019



“  
*The Pool had another great year, and we have you, our members, to thank for ICAP's success.*

# Letter from the Chair

## Jody E. Smith

*At the time of publication of this Annual Report, we continue to face the many challenges of COVID-19.*

*Throughout the pandemic, ICAP continued to do what it always has: provide support, resources and unparalleled service to its members. ICAP is doing that now, as it did throughout 2019.*

I would like to take this opportunity to share some highlights from 2019.

### New Coverages

ICAP regularly reviews its coverage and looks for new ways to enhance and expand the benefits offered to our members. In 2019, ICAP added active assailant coverage at no additional charge to members. ICAP also expanded the non-monetary relief defense expense coverage limit from \$50K to \$500K and expanded terrorism coverage to offer ICAP members even more protection. Please see page 14 of this report for more information about these new coverages.

### New Grant

In addition to new coverages, ICAP also introduced a new grant in 2019. The Law Enforcement Policies and Training Grant provides grant funds to assist with the cost of approved third-party programs that provide policy review and implementation and agency-wide training. For more information about the new grant and related law enforcement training sessions provided throughout 2019, please see page 12 of this report.

### New Workshops

ICAP partnered with Iowa State University and offered members four planning and zoning

educational opportunities at different locations throughout the state.

At the educational workshops, case scenarios were reviewed in a highly-interactive format as well as legal issues frequently faced by local officials. Over 100 member representatives participated in the workshops, which were provided at no cost to the membership.

### Expansion of the Legal Access Program

ICAP Legal Access is a legal consultation service wherein members can consult with attorneys on a wide range of subject matters including employment law, zoning and land use, law enforcement policies and procedures, contract reviews and open records and open meetings laws.

In 2019, ICAP expanded the service to provide each member with up to five hours of consultation at no additional charge. Members expressed special appreciation for this service during the pandemic, as a host of new questions emerged.

As noted in the above highlights and throughout the pages of this report, ICAP had another great year and we have you, our members, to thank for ICAP's success. We look forward to serving you in the years to come as, together, we make ICAP the premier local government risk sharing pool in the country.

# The ICAP BOD

Loyal. Hardworking. Dedicated. Experienced. **Iowans.**



**Jody Smith**

Representing the City of West Des Moines  
jesiaconsult@aol.com

Jody has more than 40 years of experience in local government and has served the ICAP Board since 1987.

In addition to his role as Chairman of the Board, Jody serves as a member of the executive committee and oversees investments made on behalf of the Pool.

He also serves on the Board of the Wastewater Reclamation Authority; as a Trustee of West Des Moines Water Works; and as a member of the Dallas County Board of Review.

Representing the City of Polk City  
gary.mahannah@outlook.com

Gary served as a member of the ICAP Board of Directors from 1987 through 2019. During his tenure, Gary served as Vice Chairman of the ICAP Board, and as the ICAP representative and Vice Chairman of the American Public Entity Excess Pool Board of Directors.

He had more than 43 years of experience working with local government, including 14 as the City Administrator for the City of Polk City, and a long history of participating on various local, regional and state boards.



**Gary Mahannah**



**Dave Hageman**

Representing Winneshiek County  
hagemada@icloud.com

Dave has been a member of the ICAP Board of Directors since 2000 and has been involved with municipal management in a variety of positions.

He served five terms on the Winneshiek County Board of Supervisors and two years as the County Maintenance Superintendent for Allamakee County. He rejoined Winneshiek County as Landfill Administrator in 2004.

Dave has also served many years as a volunteer fireman for the Fort Atkinson Fire Department.

Representing the City of Bellevue  
roth270@hotmail.com

Tom was elected to the ICAP Board of Directors in 1990.

He has a long, varied history in municipal management, and previously served as City Administrator for the City of Bellevue.

Tom last served as the City Administrator for the City of Camanche, a position he held until his retirement in 2017.

Tom currently serves on the Bellevue City Council.



**Tom Roth**



**Lois Huitink**

Representing Sioux County  
lois.jane.huitink@gmail.com

Lois joined the ICAP Board of Directors in August 2012, when she was employed as the Sioux County Auditor (a position she held until her retirement in December 2016).

She has a long history of public service and previously worked as a Civil Servant in the Pentagon. Lois joined the Sioux County Auditor's Office in 1984, and has served on the Iowa Secretary of State Advisory Board and the State Election Administrator's Training Board.

Lois currently serves as the Clerk for Holland Township.

Representing the Combined Lake Delhi Rec Facility & Water Quality District | lburger@burgerdelhi.com

Larry has served on the ICAP Board of Directors since 2008, and has served on the Board of Directors for the Combined Lake Delhi Recreational Facility and Water Quality District's Board of Directors since 2012 (marking his second stint on the District's Board).

He has been a Vice President at Speer Financial, a Registered Independent Municipal Advisor that serves Iowa public entities, since 1993. Prior to this, he gained experience in the public sector as a City Clerk/Finance Director and as a Deputy County Auditor.



**Larry Burger**



**Michael Bergan**

Representing HAWC Partnerships for Children  
berganmr@gmail.com

Michael was appointed to the ICAP Board of Directors in 2012, when he served as the Executive Director of the HAWC Partnerships for Children, an Early Childhood Iowa/Decategorization Area.

Prior to HAWC, Michael served a number of local boards including the Winneshiek County Board of Supervisors (1997-2004).

He currently serves as a state representative for House District 55 in the Iowa legislature.

Representing the Iowa State Association of Counties  
bpeterson@iowacounties.org

Bill has served as an ex-officio member of the ICAP Board of Directors since the Iowa State Association of Counties (ISAC) endorsed the Pool in 2001.

He has held a variety of positions within ISAC, dating back to 1979, when his primary role was to manage the Association's health insurance program and assist counties with personnel issues.

He moved into his current role as ISAC's Executive Director in 1995.



**Bill Peterson**



**Alan Kemp**

Representing the Iowa League of Cities  
alankemp@iowaleague.org

Alan began serving as an ex-officio member of the ICAP Board of Directors after he was named the Executive Director of the Iowa League of Cities in January 2008.

Prior to joining the League in 1999, Alan gained experience in the public entity sector by serving as the City Administrator for the City of Mitchellville and the Administrative Assistant for the City of Windsor Heights.

# The Local Team


We're a crew of lowans scattered around the state.



*We have varying areas of expertise, but one thing is for certain: we have expertise.*

*Our team consists of individuals with varying backgrounds in public safety, risk management, underwriting, information technology, municipal representation and more. It is the diversity of our backgrounds that enables our team to understand the complexities of municipal risk management, and to provide services, coverages and other offerings that are tailored to Iowa public entities.*


# #icapiowa




**Kasi**  
Local Administrative Manager  
kasi@icapiowa.com




**Dan**  
Director of Risk Control  
dan@icapiowa.com



**Charlotte**  
Senior Underwriter: NB & QA  
cmiller@icapiowa.com



**Todd**  
Senior Risk Control Specialist  
todd@icapiowa.com



**Joni**  
Executive Assistant  
joni@icapiowa.com




**Tim**  
Senior Underwriter  
tim@icapiowa.com



**Janis**  
Senior Risk Control Specialist  
janis@icapiowa.com



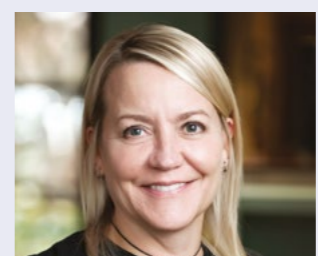
**John**  
Underwriter  
jkamerick@icapiowa.com



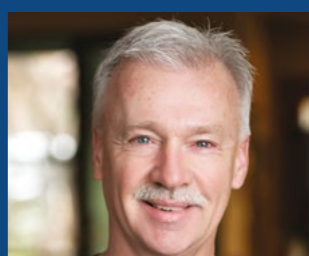
**Lindsay**  
Risk Control Specialist III  
lindsay@icapiowa.com



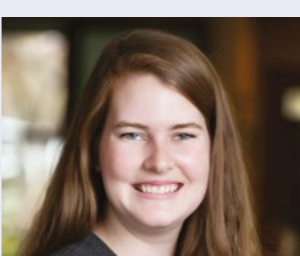
**Scott**  
Underwriter  
scott@icapiowa.com



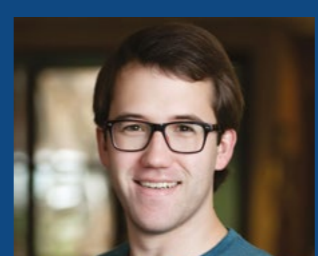
**Tonia**  
Staff Accountant  
thartman@icapiowa.com




**Charlie**  
Risk Control Specialist III  
charlie@icapiowa.com



**Leah**  
Administrative Assistant  
leah@icapiowa.com



**Alec**  
Underwriter  
alec@icapiowa.com



**Colette**  
Senior Mgr - IT Risk Control  
colette@icapiowa.com

ICAP also engages a team of claims representatives and litigation specialists. Visit [www.icapiowa.com/team](http://www.icapiowa.com/team) to learn more.



DO GOOD. BE IOWAN is an initiative - and a revolution.

We started it, we called upon you to join us, and we couldn't believe the response we were met with throughout the state. #dogoodbeiowan

## Do Good, Be Iowan

**We started a statewide revolution last year. And so many people took part in it.**

As with most years, the Pool had a lot going on in 2019. We grew our membership; we expanded our services; we enhanced our coverages; and we hosted events for members and agents alike (more on those later).

We also did something very special: we unveiled our "Do Good, Be Iowan" initiative.

This initiative was intended to bring out the best in us - *all* of us. Members, agents, coworkers and neighbors - all were involved, and all were challenged to do something good.

From random acts of kindnesses to preplanned assistance, the idea was to spread positivity and kindness wherever they went.

Individuals throughout the state were encouraged to buy coffee for strangers; help someone load groceries into their car; rake a lawn or help shovel a sidewalk.

They were encouraged to do something - anything! - good. They were encouraged to do something *Iowan*, because being Iowan is something we hold near and dear to our hearts. It's something we are proud of.

We've said it before and we'll say it again: we, your ICAP representatives, are Iowans.

We are located throughout the state. We live

and work in our member communities, and we are incredibly invested in them, even beyond our roles with the Pool.

We know one of the greatest things about Iowa is the people.

We know this because we see it.

We, as a team, work with thousands of different Iowans each year. They care about our state, and they care about each other. This initiative is simply a means of showing it.

We are proud to report individuals throughout the state rose to the occasion.

So, too, did your Pool representatives. Here are just a few of the "good" things we did as a team last year:

- We organized a canned food drive at the ICAP Agent Seminar (you wouldn't believe how many generous donations attending agents brought in!)
- We provided care packages to a soldier and his family.
- We volunteered as a team at the Food Bank of Iowa.
- We took food to neighbors.
- We hosted multiple trainings for law enforcement officials - and we provided them for free.



The initiative was so successful, we are continuing it through 2020!

We invite all Iowans - members and non-members alike - to join us in this revolution. We invite them to do good.

We invite them to Be Iowan.

# Special Offerings

Over the course of the year, we often referred to 2019 as “The Year of Law Enforcement.”

*We did this as a result of the events, activities and resources the Pool introduced for member law enforcement personnel during the twelve-month timeframe.*

For several years, members have benefited from ICAP's Law Enforcement Portal, through which supervisory and managerial law enforcement officials have access to recommended policies and procedures, as well as other training resources, from the Legal and Liability Risk Management Institute (LLRMI).

In 2019, the Law Enforcement Portal saw both updates and expansions, with a number of new resources having been added.

So, too, did a number of other ICAP member services, including The ICAP Grant, through which every ICAP member can receive up to \$1,000 per year for the purchase of select loss control and risk management items. In 2019, the program was expanded to allow for the purchase of select risk management training and service solutions.

The ICAP Grant was offered in addition to a new Law Enforcement Policies and Training Grant, which was unveiled to ICAP members early in the year. This offering was initiated to help member agencies afford the cost of qualified, third-party programs that assist with policy review, implementation and related training.

We're pleased to announce the initiative was an instant success. Participating members benefitted from grant funding, of course, and from the quarterly, regional law enforcement trainings ICAP began offering in 2019.

These training sessions will continue through 2020. All member law enforcement officials are eligible to attend these trainings, which are provided at no additional cost to the ICAP membership.

Also provided at no additional cost to the membership was the Pool's 2019 Educational Summit, which focused on all things law enforcement.

In the years going forward, ICAP will continue to provide for its member law enforcement agencies in a number of ways, including:

- ICAP's Law Enforcement Portal;
- The Law Enforcement Policies and Training Grant, which is in effect until 2022;
- The ICAP Grant;
- ICAP's Cyber eRisk Hub;
- The Resource eLibrary; and more.



*ICAP's risk control and local administrative teams are always available, should members have questions regarding any of the services ICAP affords.*

*We encourage members and agents alike to email [info@icapiowa.com](mailto:info@icapiowa.com) if they wish to learn more.*

63

## Member Agencies

signed up for ICAP's Law Enforcement Policies & Training Grant in the first nine months of service alone. Agencies received up to \$7,500 each.

8

## Regional Training Sessions

were held over the last six months of the year. More than 150 law enforcement representatives attended these sessions.

175

## Individuals

attended the Educational Summit and benefitted from law enforcement claim scenarios and legal recommendations that were reviewed at the event.



### Waiver

Effective March 2019, ICAP began waiving the costs associated with any mid-term changes of Total Insured Value (TIV) changes, provided such changes totaled no more than \$100,000.

This waiver was implemented automatically for all members of the Pool.



### Terrorism

Effective July 1, 2019, the Pool implemented a Terrorism Endorsement as primary coverage over the Governmental Property Agreement (GPA).

This endorsement provides the lesser of the blanket limit or a \$25M per member per occurrence sub-limit for property damage and the same sub-limit for Automobile Physical Damage.



### Active Assailant

Effective May 1, 2019, Active Assailant Coverage was provided automatically, and at no additional cost to the membership.

This coverage provides for property and liability exposures, as well as loss of business and relocation expenses to help members return to business. Counseling and psychological services, as well as related public relations assistance, are covered.

# Enhancements

## Services, coverages and resources all saw expansions and enhancements again last year.

The Pool regularly reviews and enhances its programs to best meet the needs of its nearly 800 members.

This is evidenced by the regular coverage expansions and additions to services that are introduced year after year, and we are pleased to report 2019 was no exception.

The ICAP Board of Directors unveiled a number of new program offerings last year, as noted in the boxes at left and the text below.

Such enhancements are evidence of the ICAP Board of Directors' dedication to Pool members; of the ICAP team's understanding of Pool members' ever-evolving exposures and needs; and of our commitment to being the upmost coverage provider and risk management Pool in the state.



### Legal Access

*The annual allowance for this program was expanded for all members of the Pool.*

All member entities can now obtain up to 300 minutes (five hours) of free legal consultation each year.

Consultation can be provided in any number of areas, including Employment Law and Zoning & Land Use, among others.

This service is provided through partnership with Hopkins & Huebner, P.C., a full-service law firm in Iowa.



### New Trainings

*As noted on the previous page, ICAP began offering quarterly, regional law enforcement trainings in 2019.*

In addition, the Pool sponsored registrations for four Intro to Planning & Zoning Workshops. This was exclusive to ICAP members.

More than 100 member representatives took part in these workshops, which were hosted at no cost to the membership.

The workshops proved high-value for members, a number of whom requested the Pool host additional workshops in coming years.



### The ICAP Grant

*Previously, grant funds were approved for tangible risk management purchases only.*

Based on member needs, the Pool expanded eligible grant purchases to include select service, software and training expenditures that are intended to help members mitigate risks and reduce the potential for loss.

This grant is separate from the Law Enforcement Policies & Training Grant noted on the previous page. Eligible members are able to receive funding from both grant programs.





# Risk Management Trends

## ICAP's team of representatives works in the field to evaluate risks and respond to member requests.

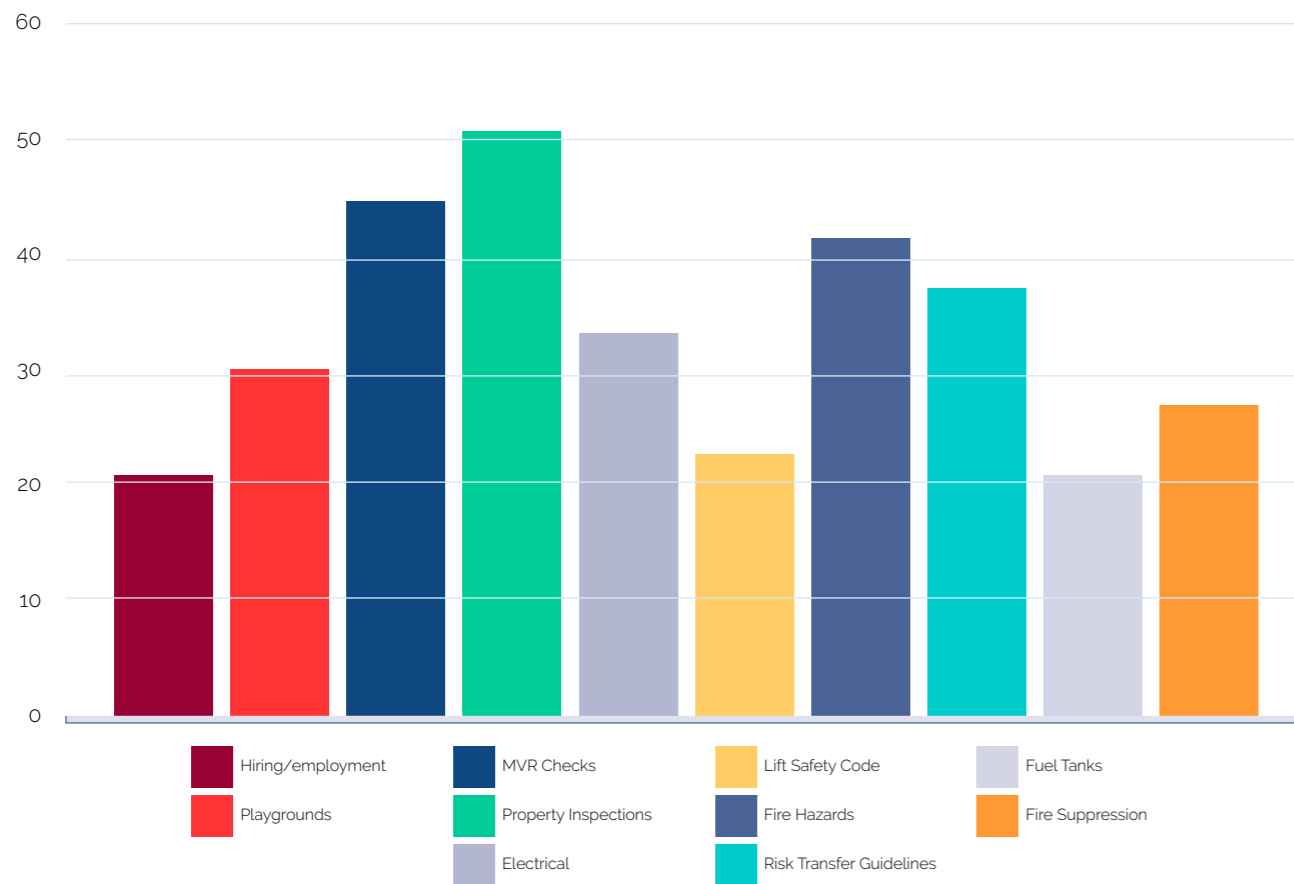
Over the course of the year, ICAP's Risk Control team responded to thousands of member inquiries and special requests.

With representatives located throughout the state, the team offers a hands-on approach to evaluating properties and conducting inspections. And they do it in a timely manner, no less.

Time and time again, this has proven invaluable to the ICAP

membership. 2019 was no different.

Members had questions, and the Pool's Risk Control Team offered solutions. The chart below outlines ICAP's top ten (10) general risk control areas of inquiry in 2019, and the content below indicates the areas of resource development intended to address related member needs.



## FOUR MAIN AREAS OF RESOURCE DEVELOPMENT

- 1 Best Practices**  
*The Risk Control team added more than 60 best practices and checklists to the Resource eLibrary.*
- 2 Videos**  
*Available for streaming on demand, new training videos are being added to the Resource eLibrary.*
- 3 Packets**  
*Informational packets containing valuable risk control information were developed for members.*
- 4 PowerPoints**  
*The team created presentations that enable members to work through trainings at their own pace.*

## CYBER NEEDS

Information technology (IT) and cyber recommendations continued to be hot topics throughout the year.

ICAP's IT Risk Control Specialist found the majority of members visited in 2019 did not have a comprehensive inventory of their IT assets and were not adequately prepared for a disaster or possible breach scenario. The latter became a reality for seven member entities over the course of the year, five of which were hacked and

one of which experienced a ransomware attack.

We continued to see member entities prepare for such instances throughout 2019, with 95% of the ICAP membership requesting assistance establishing a disaster recovery plan for cyber purposes.

Other prominent cyber security requests are noted in the chart below.

CYBER RECOMMENDATION	% OF MEMBERSHIP TO REQUEST IT
Disaster Recovery Plan with Cyber	95%
Password Policy	74%
Acceptable Use Policy	73%
Records Management Plan	54%
Anti-Virus End Point Security	51%
Wi-Fi Security Plan	26%
Upgrade Windows XP/Vista Desktop	18%
General/Shared Account Policy	15%
Security Awareness Training	11%
Removable Media Policy	9%

### THE ICAP GRANT

\$494,452.99

For the fourth consecutive year, ICAP has provided members of the Pool an opportunity to receive up to \$1,000 for the purchase or reimbursement of approved risk management items, solutions, resources or materials.

More than 500 member entities took advantage of the grant opportunity in 2019, and received a collective \$494,452.99 from the Pool. That's \$494,452.99 put directly back in the hands of Iowa public entities.

The chart at left indicates the primary areas of expenditure for member grant purchases in 2019.

APPLY  
AGAIN  
IN 2020!

# Independent Evaluations & Oversight

**ICAP engages external professionals to audit and evaluate the financial statements of the Pool.**

*The firms noted below work individually to evaluate and assess the Pool's financials.*



## Crowe LLP

audits ICAP's financial statements by examining evidence supporting amounts and disclosures; assessing accounting principles; and evaluating the basic financial statement presentation. Crowe issued an unmodified opinion on the financial statements for the year ended December 31, 2018, which means ICAP's basic financial statements fairly present the financial position of the Pool, in conformity with generally accepted accounting principles.



## Demotech, Inc.

is a financial analysis firm with nearly 30 years of experience providing independent opinions on the financial stability of property and casualty insurance companies, title underwriters and government risk pools. Demotech conducts analysis in four key areas: financial stability, loss reserves, administration and overall performance. Demotech issued ICAP the highest rating of AAA, Unsurpassed, in each area, based upon 2019 financial data.



## GFOA

The Government Finance Officers Association (GFOA) awarded ICAP a Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended December 31, 2018. This signifies ICAP has excelled in publishing an easily readable and efficiently organized financial report, satisfying generally accepted accounting principles and legal requirements. ICAP has earned this Certificate of Achievement for 24 consecutive years.

The assessments and evaluations provided by these firms are independent from the Pool in all aspects. Their findings are evidence-based, credible and reliable.

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Since its inception, ICAP has consistently met and exceeded the rating, auditing and reporting standards set by independent financial services.

2019 marked the 24th consecutive year ICAP received The Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

Per the GFOA, this indicates ICAP has gone beyond the minimum requirements of generally accepted accounting principles (GAAP) to prepare comprehensive annual financial reports in the spirit of transparency and full disclosure.

2019 also marked the 28th consecutive year ICAP received Demotech's AAA Rating.

AAA means ICAP possesses unsurpassed financial stability related to maintaining positive surplus with regard to policyholders, liquidity of invested assets, an acceptable level of financial leverage, reasonable loss and loss adjustment expense reserves and pricing.

This rating is a leading indicator of the financial stability of the Pool, and is based upon a series of quantitative ratios and quantitative considerations using financial data and insurance accounting principles.

Only 15% of the pools and insurers reviewed by Demotech receive a Financial Stability Rating of AAA, Unsurpassed. ICAP is proud to hold a place in this exclusive group.



# Financial Overview

The analysis that follows presents a comparison of the Pool's current year financial position to the prior year.

ASSETS	2019	2018
Cash and cash equivalents	\$4,110,469	\$2,334,665
Investments, at fair value	50,551,896	52,520,503
Member contributions, to be billed in the future	25,906,388	21,505,523
Other assets	1,321,268	1,514,178
Total assets	81,890,021	77,874,869
LIABILITIES		
Claims and claim adjustment expense reserves	29,070,475	23,544,357
Unearned premium reserves	505,825	656,264
Other liabilities	1,760,604	1,822,765
Total liabilities	31,336,904	26,023,386
Net position - unrestricted	\$50,553,117	\$51,851,483

 **99.6%**

The Pool's membership retention rate sits at an impressive 99.6%.

This means 99.6% of ICAP members elected to continue securing property and casualty coverage, along with countless risk management offerings, through the Pool at their 2019 Anniversary Date.

**779**

Iowa public entities participated in the program at year's end, contributing to the Pool in the form of member contributions.

“  
ICAP'S FINANCIAL STRENGTH ENABLES THE POOL TO BE FLEXIBLE AND RESPONSIVE TO ITS MEMBERS' NEEDS.

+ 14

ICAP's membership growth remained positive over the course of the year. This is considered "the norm" for the Pool.

In fact, ICAP's membership base has grown consistently, year after year, since the Pool's inception in 1986.

OPERATING REVENUE	2019	2018
Member contributions	\$38,122,444	\$38,087,495
Reinsurance premiums ceded	(6,404,776)	(5,744,125)
Change in contributions that will be billed in the future	4,400,865	6,701,479
Total operating revenue	36,118,533	39,044,849
OPERATING EXPENSES		
Provision for claims	26,080,942	25,056,110
General and administrative expenses	13,675,504	13,495,710
Total operating expenses	39,756,446	38,551,820
Net operating income (loss)	(3,637,913)	493,029
NONOPERATING REVENUE (EXPENSE)		
Investment earnings - interest and dividends	1,085,364	1,241,116
Net realized and unrealized gains (losses) on investments	4,998,087	(3,535,209)
Budgetary distributions	(3,496,245)	(3,683,293)
Cumulative reserve fund distributions	(246,547)	(177,032)
Total nonoperating revenue (expense)	2,340,659	(6,154,418)
Withdrawals - Member capital	(1,112)	(16,160)
Change in net position	(1,298,366)	(5,677,549)
Net position, beginning of year	51,851,483	57,529,032
Net position, end of year	\$50,553,117	\$51,851,483

THINK OF THIS AS A FINANCIAL SNAPSHOT, IF YOU WILL.

# Say Hello

## To ICAP's new members

The Pool welcomed 14 of them in 2019, but who's counting?

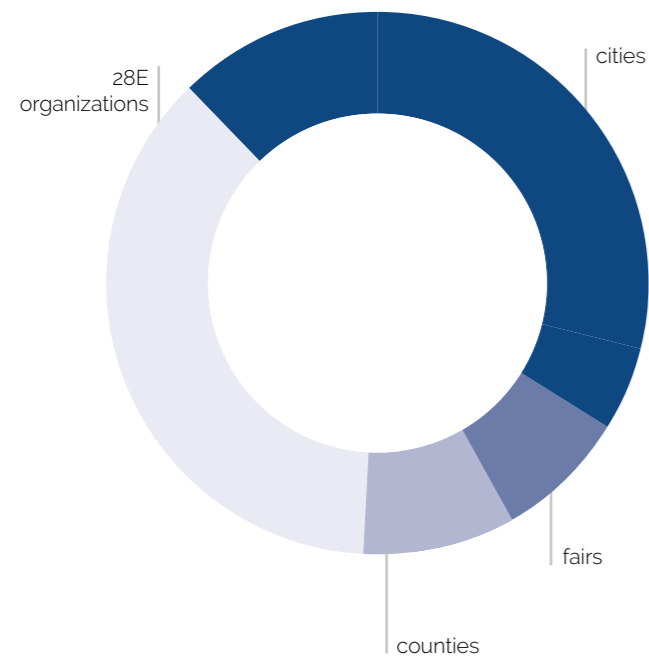
Okay, we are. And we're keeping tabs of where they are located (see for yourself in the image at right).

These entities joined hundreds of other members - including 75 of Iowa's 99 counties - and grew the Pool's membership to an incredible 779 Iowa public entities at year's end.

Curious what the Pool's membership looks like? Take a peek at the breakdown below.

## The Membership

*A look at the Pool's composition based on member class.*



# YOUR MEMBERSHIP, YOUR POOL. AND IT ENCOMPASSES THE ENTIRE STATE.



*ICAP is here for you - all of you. We're here for the 779 Iowa public entities that enjoy membership in the Pool. We're here for the 256 local insurance agents who work alongside us to provide our members the coverages and services they need. We're here for the affiliates we work with, who are equally committed to providing for Iowa public entities, and for the partner organizations who help us meet their needs. We're here for Iowa public entities, and we're here for Iowans.*

*After all, you are the reason ICAP was formed, and you are the reason the Pool exists today.*



[info@icapiowa.com](mailto:info@icapiowa.com)



[www.icapiowa.com](http://www.icapiowa.com)



(800) 383-0116