



# Annual **REPORT**

A year-end snapshot of the Pool's activities, operations, financials and more.

## 2022

# Welcome to ICAP's **2022 Annual Report**

We are pleased to share a year-end snapshot of the Pool's activities, operations and financial performance through 2022.

The implications of a hardened insurance market have been well-covered by ICAP over the last several years; in addition to educating members and agents alike, Pool representatives continued their work in the field and behind the scenes to ensure members experienced as little market-related impact as possible in 2022.

While our work in these areas will continue well into 2023 and beyond, the ICAP membership is already benefitting from the fruits of our labors from 2022.

The Pool has once again proven itself an invaluable resource for Iowa public entities, providing not only comprehensive coverages but also much-needed risk management services to municipalities of all sizes.

Take a look inside the pages that follow to learn more about what the pool has done - and what it will continue to do - for your entity.

# TABLE OF CONTENTS

5	Program overview
6	Information from/on the ICAP BOD
10	The membership
12	The ICAP team
14	New for '22
16	Trainings review
18	Partnership with agents
20	Risk services
22	Emphasis on the market
24	Pool financials
26	Oversight and evaluations

# ICAP

# IS...

The Iowa Communities Assurance Pool, a group self-insurance program for Iowa public entities.

# Overview of The program

The Pool was formed pursuant to Iowa Code Chapter 670.7 in 1986.

What started as a liability coverage program for a small group of Iowa public entities has grown into a full-fledged risk management program that provides members access to:



## Liability coverage

From law enforcement to automobile to public officials and more, if there's a liability exposure for your entity, odds are, we cover it.



## Property coverage

We provide protection against most risks for member-owned property, structures and vehicles.



## Risk Management Services

ICAP underwrites the cost of a great many offerings, several of which are detailed in the pages that follow.



## Partnership

We don't just work for Iowa public entities, we work with them. That's an important distinction, and it's one we're proud of.

# Letter from the **BOARD CHAIR**

Another year has come and gone; it was a year that brought change - and growth - to the Pool.

Two years ago, I started the annual “Letter from the Chair” lamenting market conditions and their impact on Iowa public entities.

Last year, I addressed the fact coverage providers were once again facing significant hurdles as a result of a continued hard market.

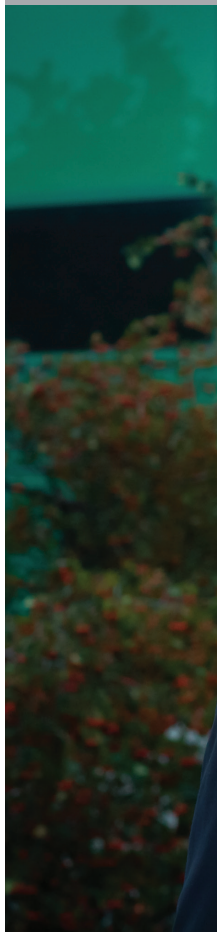
While market conditions continue to be less than desirable, that did not diminish the Pool's successes in 2022.

ICAP's service team not only managed to overcome the challenges of the last few years, their efforts evolved and the team emerged stronger than before. Our bottom line might be down (again, market conditions) but the Pool's membership, and portfolio of risk management offerings, both increased in 2022.

Despite continued conditions of the hardened insurance market, ICAP coverages were also enhanced in 2022.

Our services were amplified and our ever-growing roster of events was expanded. And, here's the most important tidbit: it was all done based on direct feedback and requests from ICAP members!

I am pleased to again acknowledge the incredible efforts of the individuals who represent the Pool. They work in the field and in the office to ensure ICAP continues to not only meet, but exceed, the evolving needs of ICAP members. Last, but certainly not least, is the input/suggestions received from Pool members and the dedication/diligence of the Board of Directors. Collectively, over the last 36+ years, we have made ICAP the premier local government risk sharing pool in the country.





“To say I’m proud of all the Pool has accomplished would be an understatement. ICAP has changed the course of risk-management (insurance) history for Iowa public entities. We would not be where we are today without ICAP offering affordable and extensive options to local government.



**Jody Smith, ICAP Board Chair + City Representative**

Representing the City of West Des Moines

[jesiaconsult@aol.com](mailto:jesiaconsult@aol.com)

## *On a personal note*

The year 2022 was especially noteworthy for me as it marked my final year serving on the ICAP Board; I hung my hat at the end of December when I officially retired.

My retirement from the Board is bittersweet. It marks the end of my 35 years of service to the Pool, the last 30 as Board Chair.

Both the Pool and I have changed a lot over the last four decades. While ICAP continues to provide, the time has come for me to step aside and pursue other interests.

After all the years, I am proud to look back knowing ICAP has accomplished what it was designed to accomplish - and then some. The Pool has grown in membership size, financial wherewithal, coverages offered, price stability and services provided, and I have every confidence the Pool will continue doing so decades into the future.

I thank you all for allowing and trusting me to be a small part of the ICAP success story!

# Get to know the Board

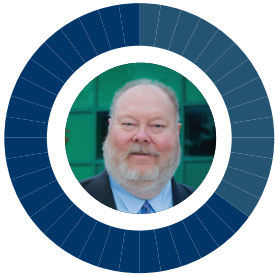
*Nine individuals came together to guide the Pool and represent you.*



The ICAP Board of Directors is comprised of seven ICAP member representatives and two ex-officio officers. Each member representative is nominated and elected by the membership to serve a four-year term.

Board membership consists of the following representation: three representatives from member cities, two from counties and two at-large, which can be nominated by any member type.





**Jody Smith**, Board Chair + City Representative

Representing the City of West Des Moines

*jesiaconsult@aol.com*



**Tom Roth**, Secretary + City Representative

Representing the City of Bellevue

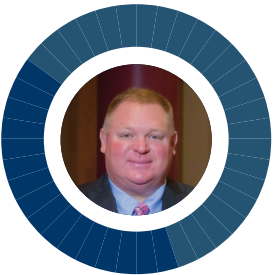
*roth270@hotmail.com*



**Jack Seward**, County Representative

Representing Washington County

*jseward@co.washington.ia.us*



**Matt Mardesen**, City Representative

Representing the City of Nevada

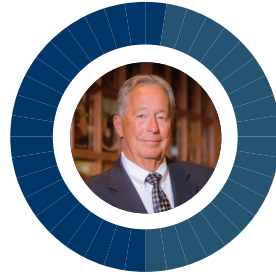
*matthewmardesen@gmail.com*



**Bill Peterson**, Ex-Officio Board Member

Representing the Iowa State Association of Counties (ISAC)

*bpeterson@iowacounties.org*



**Larry Burger**, Vice Chair + At-Large Representative

Representing the Lake Delhi Combined Recreational Water Authority

*lburger@burgerdelhi.com*



**Michael Bergan**, At-Large Representative

Representing HAWC Empowerment Board

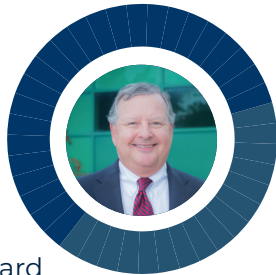
*berganmr@gmail.com*



**Becky Bissell**, County Representative

Representing Adams County

*auditor@adamscounty.iowa.gov*



**Alan Kemp**, Ex-Officio Board Member

Representing Iowa League of Cities

*alankemp@iowaleague.org*

Numbers related to

# The ICAP Membership

*ICAP's membership has grown year over year since the Pool's inception back in 1986. At year-end 2022, ICAP counted 798 Iowa public entities - including 74 of the state's 99 counties - as members of the program.*





The Pool attracted eight new members over the course of the year and lost just three to withdrawal.

In addition, the member count dropped by one due to the dissolution of a member entity.


At year-end, ICAP membership consisted of the following:

- 338 cities
- 74 counties
- 79 fair organizations
- 307 other public entities

ICAP's retention rate was an incredible 99.5% for 2022.

The Pool collected \$392,329 in new business contributions and \$576,357,010 in new Total Insurance Value (TIV).

Additional information regarding the Pool's financials can be viewed on pages 24-25 of this report.



# Here's insight to how **We work for you**

**ICAP's local service team is comprised of lowans - and we're proud of it.**

From our risk control field reps to our claims representatives, underwriters and more, ICAP engages team members who live and work in member communities.

Our local presence and direct relationship with members enables us to have a specialized understanding of Iowa public entities' risk management wants and needs.

We regularly communicate with members and agents alike to ensure our team is providing top-of-the-line coverages, specialized services, well-tailored educational events, timely claims handling and so much more.

ICAP team members work closely with one another to ensure a seamless member experience.

Members are free to contact one - or all! - of our representatives via the information at right.



12951 University Avenue  
Suite 120  
Clive, IA 50325



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



(800) 383-0116



## Marketing, Underwriting & Events | 1-800-383-0116

Joni Biggart, Executive Assistant | joni@icapiowa.com | 515-727-1589

Tim Butler, Senior Underwriter | tim@icapiowa.com | 515-727-1584

Bonnie Gibson, Underwriting Assistant | bgibson@icapiowa.com | 515-727-1588

Tonia Hartman, Staff Accountant | thartman@icapiowa.com | 515-727-1592

Megan Hirst, Communications Director | megan@icapiowa.com | 984-329-6687

John Kamerick, Underwriter | jkamerick@icapiowa.com | 515-727-1599

Kasi Koehler, Program Director | kasi@icapiowa.com | 515-727-1585

Charlotte Miller, Underwriting Coordinator | cmiller@icapiowa.com | 515-727-1597

Alec Moore, Underwriter | alec@icapiowa.com | 515-251-1733



## Risk Control & IT Risk Control

Todd Christianson, Risk Control Field Manager | todd@icapiowa.com | 515-710-0881

Brian Courtney, Law Enforcement Risk Control Specialist | bcourtney@icapiowa.com | 515-724-9609

Cruise Davis, Risk Control Specialist | cdavis@icapiowa.com | 515-322-7114

Lindsay Gomez, Risk Control Specialist | lindsay@icapiowa.com | 515-336-0507

Janis Hochreiter, Senior Risk Control Specialist | janis@icapiowa.com | 515-490-1397

Colette Klier, Senior Manager IT Risk Control | colette@icapiowa.com | 515-339-8321

Lee Sharp, IT Risk Control Specialist | lsharp@icapiowa.com | 515-350-8381



## Claims | 1-888-520-4074

Marjie Akers, Senior Administrative Assistant | marjie@icapiowa.com | 515-727-1593

John Baum, Litigation Claims Manager | jbaum@icapiowa.com | 515-727-1587

Johanna Beason, Claims Representative | johanna@icapiowa.com | 515-251-1729

Lori Crittenden, Litigation Consultant | lori@icapiowa.com | 515-251-1728

Jeanette Fish, Claims Examiner | jfish@icapiowa.com | 515-727-1586

Shannon Killam, Claims Examiner | shannon@icapiowa.com | 515-639-3117

Allison Menish, Litigation Claims Specialist | allison@icapiowa.com | 515-954-3606

Carey Miller, Claims Representative | carey@icapiowa.com | 515-727-1590

Amy Miner, Senior Claims Manager | amy@icapiowa.com | 515-727-1594

Nancy Muetzel, Claims Examiner | nmuetzel@icapiowa.com | 515-251-1731

John Mullarkey, Claims Examiner | john@icapiowa.com | 515-727-1596

Aaron Scharmota, Claims Team Lead | aaron@icapiowa.com | 515-727-1591

Tonia Sherman, Claims Examiner | tonia@icapiowa.com | 515-251-1726

Brenda Snyder, Claims Examiner | brenda@icapiowa.com | 515-727-1595

Karla Starman, Claims Examiner | kstarman@icapiowa.com | 515-251-1727

# Things we did new in '22

*We expanded our offerings, enhanced coverages and even added a new role on the team.*

#newfor2022



## New Trainings

ICAP added a number of new training opportunities to its 2022 event roster. This included the addition of:

- Legislative and Case Law Updates, monthly training sessions *and* Policy Updates for law enforcement
- Quarterly HR webinars
- Uplevelled Planning and Zoning Workshops



**Additional services and a comprehensive training roster meant ICAP offered something for everyone - and every member.**



ICAP has continually invested in resources for members; 2022 was no different. Early in the year, the Pool provided its membership access to two litigation guides - one focusing on Law Enforcement Liability (LEL), the other on Employment Practices Liability (EPL). These guides were custom-created by a local law firm to address the exclusive needs and exposures of Iowa public entities.

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ICAP introduced Limited Election Conduct Defense Coverage, an enhancement that extended limited coverage for defense costs associated with the election law changes introduced in 2021.

ICAP also introduced an electronic vandalism endorsement to replace the previous Computer Virus Extension in the GPA. This endorsement increased the relevant coverage limit and allowed coverage for loss, costs and expenses caused by "electronic vandalism" systems.

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Understanding the unique needs of law enforcement agencies, ICAP's Board of Directors approved creation of a new risk control position in 2022. Shortly thereafter, Brian Courtney, a former police officer himself, was hired to fill the position of Law Enforcement Risk Control Specialist for the Pool.

# We offered additional trainings to **Help Reduce Claims**

In addition to the new services and training courses highlighted on the previous page, ICAP members also benefitted from several other training additions in 2022. This includes sessions regarding:



## **First Amendment Auditors**

Members had questions about their rights and reactions when dealing with First Amendment auditors, so we provided for them. In addition to hosting live, virtual sessions to discuss the issues surrounding First Amendment auditors, we also developed a quick-hitting handout to help educate members and minimize their risk of related liability.



## **De-escalation**


Through APEEP, the Pool's reinsurance partner, ICAP members had access to a series of live de-escalation and crisis intervention trainings with the Verbal Judo Institute.



## **Employment Practices**

In addition to quarterly HR webinars, which were hosted live by the legal team at Hopkins & Huebner, P.C., member representatives were provided a comprehensive overview of the top issues impacting claims and losses related to employment practices. The 2022 Educational Summit, ICAP's annual member education event, was hosted as a two-day affair, with one of the days wholly dedicated to Employment Practices Liability (EPL). The other day focused on issues impacting local law enforcement agencies and officers.





*As always, the reduction of claims remained at the forefront and served as the goal of the Pool's educational efforts in 2022.*

We emphasized our

# Partnership with local agents

*ICAP works with more than  
300 local insurance agents  
throughout the state.*

We work exclusively through independent insurance agents to provide for and service ICAP members.

Local agents are undeniably valuable - we'd go so far to say they're instrumental - when it comes to understanding member needs and ensuring appropriate coverages are in place.

In 2022, we reinvigorated our relationships with local insurance agents through the provision of multiple continuing education (CE) courses and several direct outreach initiatives.

We also created a comprehensive checklist to better enable agents to provide ICAP members the top-of-the-line service they need and deserve.





“Our partnership with local agents is every bit as important as our relationships with members. Both are crucial to the success of the ICAP program.”

- Kasi Koehler, Program Director



Ten (10) individuals completed the ICAP Agent Academy and achieved the “ICAP Certified” designation in 2022.



We awarded 347 continuing education (CE) credits to ICAP agents over the course of the year.



## We placed value on our continued **Risk Control Services**

To assist members with their risk management efforts, the ICAP team provided a number of specialty articles, checklists and handouts throughout the year. These included:



A detailed article, followed by a live session, on the issues impacting jails.



An article overviewing new ATV laws and their impact on Iowa public entities.



A specialty article, followed by a live discussion, of breed-specific legislation.



A cyber best practices handout with tips and tricks to help protect members.

*In addition to online trainings and educational offerings, ICAP members continued to benefit from onsite visits with the Risk Control team.*

ICAP's Risk Control team conducted 499 member visits over the course of the year. Members used 1,970 resources from the eLibrary, including:



**750+ courses  
in Public Entity  
University (PEU)**



**490 online  
training sessions**



**370 documents,  
including sample  
policies**

**IT Risk Control also provided for a number of specialty requests in 2022.**

In addition to offering live presentations at member locations and affiliate events, ICAP's IT Risk Control team conducted 126 cyber risk services liability visits, through which 455 member locations with more than 16,800 assets were visited.

In connection with these visits, the team provided over 580 recommendations. The most requested area of assistance was the development and implementation of a password protection policy. Other frequently requested areas of cyber assistance included the development and/or implementation of:

- A disaster recovery plan with cyber
- Sender policy framework (SPF)
- Advanced threat protection email filtering
- Security awareness training



## The Pool operated with a

# Renewed Focus in 2022

ICAP strove to minimize the impact of the hard insurance market, and to ensure members had access to appropriate coverages, services and limits.

Our team also continued its efforts to educate on market implications. We hosted and engaged in repeat meetings, conversations and initiatives to keep members and agents alike informed of factors impacting the insurance industry and, ultimately, the Pool. To accommodate members, we provided:



### Live discussions via Zoom

ICAP representatives hosted multiple live discussions regarding the impact of the hardened insurance marketplace via Zoom. Special sessions were hosted to discuss property values, means of valuation, the impact of the markets on pricing, and more.



### Biannual market updates

In keeping with the publication from the year prior, the Pool published two market update pieces in 2022. These documents were shared directly with the member and agent base, and also made available for download via the ICAP website.



### CE courses + ICAP Agent Seminar

In addition to “off the cuff” discussions the ICAP team hosted via Zoom, ICAP also provided agents access to related continuing education courses in 2022. Implications of the insurance landscape also served as the focus for the 2022 ICAP Agent Seminar.

Year-End

# Financial Overview

*This analysis presents a comparison of the Pool's current year financial position to the year prior.*

ASSETS	2022	2021
Cash and cash equivalents	\$7,951,703	\$8,705,586
Investments, at fair value	34,995,583	38,216,913
Member contributions to be billed in the future	30,192,981	28,133,077
Other assets	3,770,111	3,335,936
<b>Total Assets</b>	<b>76,910,378</b>	<b>78,391,512</b>

LIABILITIES	2022	2021
Claims and claim adjustment expense reserves	32,320,164	30,297,370
Unearned premium reserves	365,233	409,968
Other liabilities	1,628,596	2,094,329
<b>Total Liabilities</b>	<b>\$34,313,993</b>	<b>\$32,801,667</b>



ICAP's bottom line has been impacted by continued volatility in the areas of claims, reinsurance and investments. Despite this, the Pool remained stable and resolute in its provisions for members.

ICAP once again gave back to the membership in the form of grant funds. In 2022, nearly \$480,000 was awarded through the offering.



<b>OPERATING REVENUE</b>	<b>2022</b>	<b>2021</b>
<b>Member contributions</b>	\$53,746,610	\$44,441,631
<b>Reinsurance premiums ceded</b>	(13,814,528)	(12,118,916)
<b>Change in contributions that will be billed in the future to pay unpaid claims</b>	2,059,904	(2,352,042)
<b>Total operating revenue</b>	<b>41,991,986</b>	<b>29,970,673</b>

<b>OPERATING EXPENSES</b>	<b>2022</b>	<b>2021</b>
<b>Provision for claims</b>	25,107,895	20,537,879
<b>General and administrative expenses</b>	16,101,075	14,887,244
<b>Total operating expenses</b>	<b>41,208,970</b>	<b>35,425,123</b>
<b>Net operating income (loss)</b>	783,016	(5,454,450)

<b>NON-OPERATING REVENUE (EXPENSE)</b>	<b>2022</b>	<b>2021</b>
<b>Investment earnings - interest &amp; dividends</b>	506,167	365,422
<b>Net realized and unrealized (losses) gains on investments</b>	(4,252,962)	3,686,697
<b>Budgetary distributions</b>	-	(3,104)
<b>Cumulative reserve fund distributions</b>	(27,612)	(190,439)
<b>Total non-operating revenue</b>	<b>(3,774,407)</b>	<b>3,858,576</b>
<b>Withdrawals - member capital</b>	(2,069)	(1,892)
<b>Change in net position</b>	(2,993,460)	(1,597,766)
<b>Net position, beginning of year</b>	45,589,845	47,187,611
<b>Net position, end of year</b>	<b>\$42,596,385</b>	<b>\$45,589,845</b>



## Independent **Evaluations & Oversight**

*ICAP consistently meets and exceeds the rating, auditing and reporting standards set by independent financial services.*

The Pool has received an AAA Rating from Demotech, a financial analysis firm, for 31 consecutive years.

Demotech's AAA Rating is the highest in its class. It 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. The rating is a leading indicator of the financial stability of the Pool, and is based upon a series of quantitative ratios and qualitative considerations using financial data and insurance accounting principles.

ICAP also received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 27th consecutive year. Per the GFOA, 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 disclosure.

# External professionals

audit the financial statements of the Pool.

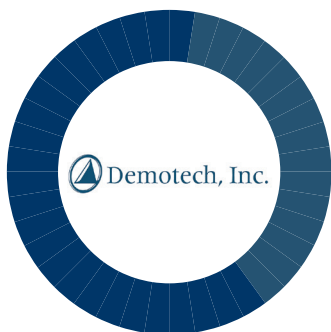
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The firms noted below work independently to evaluate and assess the Pool's financials.



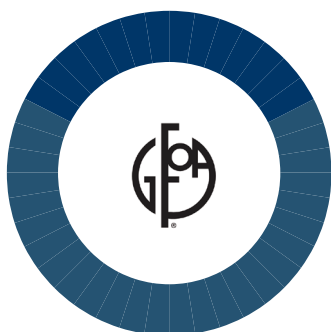
## **Crowe, LLP**

Crowe 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, 2021, which means ICAP's basic financial statements fairly present the financial position of the Pool, in conformity with generally accepted accounting principles.



## **Demotech, Inc.**

Demotech, Inc. is a financial analysis firm that provides 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. As noted on the previous page, Demotech issued ICAP the highest rating of AAA, Unsurpassed, in each area, based upon 2021 financial data.



## **GFOA**

The Government Finance Officers Association (GFOA) again awarded ICAP a Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended December 31, 2021. This suggests ICAP has excelled in publishing an easily readable and efficiently organized financial report, satisfying generally accepted accounting principles and legal requirements. As noted on the previous page, ICAP has earned this Certificate of Achievement for 27 consecutive years.



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

12951 University Ave., Ste 120  
Clive, IA 50325

P. 800-383-0116

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

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

[www.facebook.com/icapiowa](https://www.facebook.com/icapiowa)

