



ICAP'S 2023

ANNUAL REPORT

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

www.icapiowa.com

WE'RE GLAD

YOU'RE HERE.

We mean that literally. We are so glad to have you, our members and agents, as a part of the ICAP program; and we are pleased to share a year-end snapshot of the things we did and accomplished together through 2023.

As a coverage and risk services provider, we've worked to overcome some of the hardships presented by continually deteriorating market conditions; while our work continues, we are proud of the progress the team made through 2023.

Take a look at the pages that follow to learn about some of the many things the Pool provided for the ICAP membership through 2023. For quick reference, check out the Table of Contents at right.

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ABOUT ICAP, AKA "THE POOL"

The Iowa Communities Assurance Pool - ICAP, or "the Pool" - is a group self-insurance program for Iowa public entities.

Established at the height of a hard insurance market in 1986, the Pool provides comprehensive coverages and risk management services to more than 800 public entities throughout the state. This includes cities, counties, 28 organizations and fair boards, among others.

In addition to coverages and services, member entities benefit from:

- hands-on assistance and direct engagement with ICAP representatives;
- customized training programs, offered both live and on-demand;
- tailored resources and publications, including litigation guides, market update pieces and a detailed program guide;
- funding opportunities, including a grant program that affords direct funding for items intended to enhance safety and prevent risk; and more.

ICAP's diverse membership includes Iowa cities, counties, townships, 28E organizations, county fairs and more.



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Representing the City of Bellevue
roth270@hotmail.com



Larry Burger, Vice Chair
Representing the Lake Delhi Combined Recreational Facility
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FROM THE CHAIR

I've served ICAP for thirty years, but 2023 marked my first year sitting as ICAP Board Chair. I won't lie - it was a tough year to step into it.

If you've read any of our last few Annual Reports (or the biannual market update pieces the ICAP team creates), you know 2023 was a continuation of hard market circumstances.

I've heard "hard market" a number of times over the years, but I don't think I ever fully appreciated the challenges that go with it. Not until we got into recent budgetary discussions and reinsurance negotiations, that is.

I can confidently say I've now had my eyes opened to the challenges that stem from the volatile weather and deteriorating loss experience imparted on the Pool and its membership over the last few years.

I've also come to realize just how dedicated the ICAP team is to providing for the ICAP membership, and how invaluable the offerings of the Pool really are. In a time when the majority of coverage providers have started to pull away from Iowa public entities, the Pool has wrapped its figurative arms around them. ICAP has not only continued to provide for them, the team has actually been negotiating to offer them more.

I am proud of - and grateful for - the ICAP team's ability to remain steadfast and dedicated in their provision of resources and services to members.

Though hard market conditions will prevail through 2024 (and likely into 2025), we are starting to see signs of a slight softening in certain areas. We look forward to capitalizing on these soft spots and, as a Pool, will continue providing for you, our members, for many, many years to come.



TOM ROTH
ICAP BOARD CHAIR

Facts and figures about the ICAP MEMBERSHIP

At the time ICAP was formed in 1986, the Pool counted just a few municipalities amongst its membership. At year-end 2023, ICAP's member count ballooned to include 802 Iowa public entities, including:

- cities;
- 75 counties;
- fairboards;
- emergency management organizations;
- empowerment boards; and
- other public entities, including 28E organizations.

Over the course of the year, the ICAP membership accounted for:

\$581,162

in new member contributions.

\$211,029,953

in new Total Insurance Value (TIV).

ICAP regularly boasts a retention rate around 99%. We were right on the mark for 2023. Over the course of the year, the Pool experienced nine member withdrawals, leading to a retention rate of 98.9%.

OUR RELATIONSHIP WITH OUR MEMBERS

We lead by putting your interest first
as we stand beside you.



If there is one thing we, as a Pool, have always taken pride in, it's being there for our members. We've worked alongside you for more than 35 years, and 2023 was no different.

Over the course of the year, our team was diligent in ensuring the trainings, resources and educational content we provided were both timely and relevant. We looked to the membership to guide us in determining how sessions were offered (live, via Zoom, with recording links provided after each event) and what content was to be covered.

To facilitate this, we opened direct lines of communication with municipal representatives; we were incredibly pleased to discover how eager the membership was to engage with us.

From online registration forms, direct emails, interactive "chat" sessions and telephone conversations with the ICAP team, member representatives told us what their entities needed, and they enabled us to really provide for them.

Through these efforts, we continued to work with and support our members in ways unique to the Pool. We recently coined it the "ICAP difference," and we're glad to have so many incredible members and agents to stand alongside as part of it.



WE WORK FOR YOU

Our team is local - and we're proud of it.

Year after year, we say the same thing: "we live and work in our member communities, and we care about what's going on in our backyard." We say this again and again because we mean it.

ICAP team members regularly spend time working with member representatives and agents alike, and they often do it in member offices and communities. These interactions with our members provides us unique insight into the risk management wants and needs of Iowa public entities.

Not only that, it also enables us to maintain a specialized understanding of the service and coverage considerations that are most needed - and most appreciated - by the ICAP membership.

We use this to ensure the Pool continues to provide top-of-the-line coverages, well-tailored educational events, responsive claim services and a seamless member experience, among other things. And we do it all while remaining readily available and easy to contact for our members.

Need assistance or looking to learn more? Feel free out to the ICAP team via the information at right.



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2023 HIGHLIGHTS

Despite hard market conditions, the ICAP team continued to provide for the membership and agent base over the course of the year. Our efforts culminated in the following:

We offered members access to nearly five dozen educational events, including 24 separate sessions for law enforcement.

We made general risk management recommendations. Our #1 recommendation for 2023 was to check employee driving records on an annual basis.

ICAP began offering a Limited Election Conduct Defense Coverage Endorsement, effective 10/1/22.

The local team started the ICAP Chats podcast.

We offered more than 640 hours of agent education, along with 636 CE credits.

We conducted nearly 100 IT Risk Control reviews and made hundreds of cyber-related recommendations. Our top suggestion? Implement a password policy.

We provided members access to 138 hours of complimentary legal consultation via ICAP Legal Access.

We made more than 800 safety recommendations to members. Our #1 recommendation was to repair or replace damaged and worn equipment.

We sponsored registrations for 10 members to attend Intro to Planning and Zoning Workshops. We also hosted “upleveled” P&Z workshops that benefitted the whole of the ICAP membership.

ALL THE TALK EDUCATION

Continuing our efforts from previous years, we placed heavy emphasis on member and agent education in 2023. As noted on the previous page, we gave specific attention to:

- Law enforcement
- Planning & Zoning committee members
- Local insurance agents and CSRs

Despite the focus, our educational efforts did not stop there. In addition to the above, we also placed emphasis on:

- Legal Advice for Human Resources
- Case Law + Legislative Updates
- Appropriate valuations for property
- Awareness of market conditions

ICAP's marketing, risk control and IT risk control teams also made great efforts to educate members and agents alike on new and emerging exposures.

ICAP's marketing and communications team worked diligently to ensure member representatives understood the challenges of a hardened insurance market and the complications it can present for municipalities. They hosted multiple live, interactive sessions on the topic over the course of the year, then drove the messaging home at the 2023 ICAP Agent Seminar.

While the Agent Seminar happens annually, 2023 marked a particularly monumental year for the event. It drew a crowd of nearly 150 attendees, making it the Pool's largest Agent Seminar to-date. Focus topics for the session included:

- Updates on reinsurance
- Property insurance considerations
- Changing customer expectations (and the changing needs of municipalities)
- Coverage, pricing and market considerations for the future



We've said it before, and we'll say it again: our partnership with local agents is not only important, it's crucial to the success of the ICAP program.

AGENT UPDATE

The following local insurance agents, who achieved the "ICAP Certified" designation in 2023.

- Brandan Schoenfeld, Kingsgate Insurance Center
- Al Edmondson, FNIC Trusted Insurance Advisors
- Darcy Swick, Ramsey-Weeks, Inc.
- Teresa Phipps, Ramsey-Weeks, Inc.
- Trisha Cannoy, Perspective Insurance
- Larry Smit, Perspective Insurance
- Nick Clark, Town & Country Insurance
- John Evers, John Evers Agency
- Paige Shanks, Pedersen, Dowie, Clabby & McCausland Insurance, Inc.
- Taylor Stansbury, Nordland Agency, Inc.
- Trent Rolffs, Town & Country Insurance

ELEVATED PARTNERSHIPS

Local insurance agents are invaluable when it comes to ensuring we, as a Pool, are addressing and meeting the needs of every individual ICAP member. It's why we work exclusively with and through them to provide for - and service - ICAP members.

We regularly place emphasis on the relationships between ICAP representatives and local insurance agents, and we were pleased to continue this through 2023.

Over the course of the year, we worked hand-in-hand with local agents to ensure members were receiving the care and coverages they need, despite trying market conditions. With that, we also coordinated multiple educational sessions and live, interactive events featuring both local agents and representatives of the Pool.

At present, ICAP works with more than 350 local insurance agents and CSRs throughout the state.

THE FINANCIALS

A year-over-year snapshot for your review.

ASSETS	2023	2022
Cash and cash equivalents	\$5,290,428	\$7,951,703
Investments, at fair value	44,071,095	34,995,583
Member contributions to be billed in the future	31,234,916	30,192,981
Other assets	6,553,498	3,770,111
Total Assets	87,149,937	76,910,378

LIABILITIES	2023	2022
Claims and claim adjustment expense reserves	35,448,607	32,320,164
Unearned premium reserves	340,906	365,233
Other liabilities	2,178,159	1,628,596
Total Liabilities	\$37,967,672	\$34,313,993

Hard market conditions prevailed through 2023 and will continue through 2024, possibly longer. More stringent underwriting and budgeting requirements, combined with adjustments to ratings, have been effected in order to ensure the Pool remains stable, present and resolute in its offerings for many years to come.

ICAP has continued to give back to its membership in the form of grant funds. Roughly \$520,000 was awarded through the offering in 2023.

OPERATING REVENUE	2023	2022
Member contributions	\$63,718,496	\$53,746,610
Reinsurance premiums ceded	(18,143,934)	(13,814,528)
Change in contributions that will be billed in the future to pay unpaid claims	1,041,935	2,059,904
Total operating revenue	46,616,497	41,991,986

OPERATING EXPENSES	2023	2022
Provision for claims	25,953,798	25,107,895
General and administrative expenses	17,759,928	16,101,075
Total operating expenses	43,713,726	41,208,970
Net operating income	2,902,771	783,016

NON-OPERATING REVENUE (EXPENSE)	2023	2022
Investment earnings - interest & dividends	1,344,184	506,167
Net realized and unrealized gains (losses) on investments	2,384,769	(4,252,962)
Cumulative reserve fund distributions	(41,387)	(27,612)
Total non-operating revenue (expense)	3,687,566	(3,774,407)
Withdrawals - member capital	(4,457)	(2,069)
Change in net position	6,585,880	(2,993,460)
Net position, beginning of year	42,596,385	45,589,845
Net position, end of year	49,182,265	\$42,596,385

Independent Evaluations and **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 32 consecutive years.

Demotech's AAA Rating is the highest in its class and 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 28th 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

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



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, 2022, 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 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 2022 financial data.



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, 2022. 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 28 consecutive years.



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