



2015 ANNUAL REPORT

MESSAGE FROM THE CHAIRMAN

Greetings ICAP Members,

In 2014, the ICAP Board of Directors conducted a comprehensive two-day strategic planning session, which led to new coverages and programs being introduced that year. And just when we thought we did all there was to be done, we ended up doing a lot more in 2015! Here are some highlights of what we worked on in 2015 to provide even more resources and programs to our members:

Comprehensive Cyber Resource Portal

ICAP has introduced, over the last several years, new and enhanced cyber-related coverages to stay ahead of this emerging exposure. With broad cyber coverages firmly in place, the Board turned its attention to securing a comprehensive cyber security and data breach resource for its members. In 2015 alone, the Identity Theft Resource Center estimated more than 781 breaches occurred exposing more than 169 million records. Thus, ICAP partnered with a cyber expert to launch the eRiskHub® at eriskhub.com/icap, a portal that provides ICAP members with an array of cyber risk management resources and tools, including risk assessments, state breach law summaries and guides, cloud risk management resources, data protection and breach readiness guides, sample policies on acceptable use, antivirus and malware, and sensitive information handling. Importantly, the Hub provides contact information for a Breach Coach, who will provide ICAP members with a free initial consultation regarding the steps to take following a data breach and assist members in assembling a team to contain the breach and draft notifications in compliance with data breach notification laws.

Educational Summit

Hand-in-hand with the launch of the cyber resource portal, ICAP sponsored the 2015 Smart Connections Conference. The one-day conference was hosted in April 2015 as a collaboration among the Iowa State Association of Counties, the Iowa League of Cities and the County Strategic Technology Advisory Resource. The event educated local government officials on select cyber risks and informed attendees of ways to be more secure using email, mobile devices and more. The conference attracted nearly 150 local officials who had the opportunity to hear from a former computer crime investigator for the FBI's Cyber Crimes Task Force.

Property Valuations

What can at times be as difficult as navigating the cyber world is obtaining current valuations on hard-to-value properties such as historical buildings and water and wastewater treatment plants. To assist our members with this task, we introduced a property valuation program wherein ICAP partnered with an expert professional appraisal company to offer members comprehensive appraisals of their historical buildings, water plants, wastewater treatment plants and buildings valued at more than \$200,000. This program helps members identify and value their properties and structures and has been very well received by the membership.

Water and Wastewater Operators Continuing Education Credits

In addition to assisting members with valuing water and wastewater treatment plants, we also introduced a program to help the operators too. In 2015, ICAP offered 14 courses approved by the Iowa Department of Natural Resources for continuing education credits for water and wastewater operators, allowing ICAP members to get the training they need – anytime, anywhere, at no cost to the member. These courses can be accessed through ICAP's online resource eLibrary.

Back To School

Another 2015 addition to ICAP's online resource eLibrary was Public Entity University (PEU). PEU provides 300 interactive online training courses conveniently organized into various "workplace colleges" including Employment Liability, Streets and Roads, Internet Security/Social Media, Fire and Health Departments, Law Enforcement and General Safety, among others. For more information about this new resource, please see pages 8-9 of this report.

Fair Price and Returns of Member Equity

ICAP has stayed true to its commitment to provide members with broad coverage at a fair price - year in and year out. In addition to a fair price, ICAP members also benefit from distributions. In accordance with its surplus management and distribution policies, the ICAP Board conducts an annual review of operations to determine whether a distribution is in order. The Board declared a 2015 casualty distribution in the amount of \$2,500,000 and a property distribution in the amount of \$500,000. By carefully managing the financial aspects of the program, ICAP is able to both return a portion of surplus to its members today and retain surplus to meet the coverage and service needs of tomorrow.

Strong Financial Health

As you will see in the financial pages of this report, ICAP had another great year financially and closed out 2015 with a total fund balance of \$51,423,505 up from \$49,893,845 in 2014. We have you, our members, to thank for ICAP's success.

On behalf of the Board, I extend a sincere note of appreciation for your membership in ICAP. In planning for tomorrow, we will continue to be on the leading edge as, together, we make ICAP the premier local government risk sharing pool in the country.

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”



JODY E. SMITH

ICAP Board of Directors Chairman

BOARD OF DIRECTORS



Jody E. Smith, Chairman
Representing the City of West Des Moines
jesiaconsult@aol.com | 515-202-5639

Jody has been involved with local Iowa governments for more than 38 years and has served as a member of the ICAP Board of Directors since 1987. In addition to serving as Chairman of the Board since 1992, Jody also serves as a member of the executive committee and oversees investments made on behalf of the Pool. Since retiring from the City of West Des Moines, Jody continues to represent that community on the Board of the Wastewater Reclamation Authority and recently he began serving as a Trustee of West Des Moines Water Works. Prior to working for the City of West Des Moines as Finance/Budget Director, Director of Administrative Services, City Clerk, Deputy City Manager and twice as Interim City Manager, Jody gained experience as the City Clerk/Treasurer for the City of Clinton and as Mayor of the City of Ayrshire.



Gary Mahannah, Vice Chairman
City Administrator, City of Polk City
gmahannah@polkcity.org | 515-984-6233

Gary has been a member of the ICAP Board of Directors since 1987. He has been the City Administrator for the City of Polk City since 2005 and was employed as the City Administrator/Clerk for the City of Sac City for 23 years prior. In addition to serving as Vice Chairman, Gary also serves on multiple committees for the ICAP Board and is the ICAP representative and Vice Chairman of the American Public Entity Excess Pool Board of Directors. He has 39 years of experience working with local government and a long history of participating on various area and state boards and previously served as President of the Iowa Municipal Finance Officers Association.



Dave Hageman, Secretary
Landfill Manager, Winneshiek County
hagemada@icloud.com | 563-382-4073

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 was the Allamakee County Maintenance Superintendent for two years before rejoining Winneshiek County as the County Landfill Manager in 2004. In addition to his involvement with various organizations and committees, Dave has served many years as a volunteer fireman for the Fort Atkinson Fire Department and as an adjutant for the Local American Legion Post.



Larry, Burger, Vice President
The Combined Lake Delhi Rec Facility & Water Quality District
lburger@speerfinancial.com | 319-291-2077

Larry was elected to the Board of Directors of The Combined Lake Delhi Recreational Facility and Water Quality District in August 2006. This was the start of his second round of service to the Lake, as he also served 12 years in the 1980s and 1990s on the Lake Delhi Recreation Association. Since 1993, Larry has been a Vice President at Speer Financial, a Registered Independent Municipal Advisor that serves Iowa cities, counties and schools. Prior to this position, he gained experience in the public sector as a city clerk/finance officer and as a deputy county auditor.



Tom Roth, City Administrator
City of Camanche (Representing the City of Bellevue)
troth@camancheia.org | 563-259-8342

Tom was elected to the ICAP Board of Directors in 1990, when he was employed as the City Administrator for the City of Bellevue. Eight years later, Tom assumed the position of Vice President/Compliance Officer for the Bellevue State Bank, where he obtained his Iowa Insurance License and became the only current Board member to hold the designation. In 2007, Tom returned to municipal management where he assumed the role of City Administrator for the City of Camanche.



Michael Bergan
Executive Director, HAWC Partnerships for Children
hawcmb@neitel.net | 563-382-4447

Michael was appointed to the ICAP Board of Directors in 2012 and has been serving as the Executive Director of the HAWC Partnerships for Children, an Early Childhood Iowa/Decategorization Area for Howard, Allamakee, Winneshiek and Clayton Counties since 2005. Prior to HAWC, Michael served on a number of local boards and commissions including the Winneshiek County Board of Supervisors (1997-2004), the Iowa Early ACCESS Council, the Iowa Empowerment Board, and the Mental Health Developmental Disabilities Commission, among others.



Lois Huitink
Auditor, Sioux County
loish@siouxcounty.org | 712-737-2216

Lois joined the ICAP Board of Directors in August 2012. She has been employed with Sioux County for 32 years and currently serves as the Sioux County Auditor and Commissioner of Elections, having been appointed to that position in 2006.



Alan Kemp
Executive Director, Iowa League of Cities
alankemp@iowaleague.org | 515-244-7282

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 as the Administrative Assistant for the City of Windsor Heights.



Bill Peterson
Executive Director, Iowa State Association of Counties
bpeterson@iowacounties.org | 515-244-7181

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 to assist counties with personnel issues. His job duties have changed multiple times, most recently in 1995, when he moved into his current role as ISAC's Executive Director.

EXPANDING RESOURCES

What started decades ago as an offering of sample documents and VHS tapes has continued to grow over the years into a robust, high quality, wide ranging, virtual eLibrary that offers a number of helpful resources in a variety of convenient and high tech formats. Visit the eLibrary to check out the following:



DVDS

With access to over 2,000 DVDs that are conveniently mailed directly to your door, training has never been easier. There is a vast array of subjects available, ranging from workplace betterment topics such as Communication Breakdown and Ergonomics to technical information and training such as Gun Safety/311 Non-Emergency, HIPPA: Rules & Compliance, Confined Space Entry: Keeping Public Employees Safe, Bucket Truck Safety Awareness and Trenching & Shoring Safety, to name a few.



HR DATABASE

ICAP members can access a comprehensive HR Database through the eLibrary, which contains everything you need to stay on top of employment matters including current state and federal employment laws, customizable forms, policies, and procedures, an employee handbook generator and guides covering complex topics including: FMLA, background checks, drug and alcohol policies, exempt vs. non-exempt employee definitions, interviewing, safety orientations and terminations.



CONTINUING EDUCATION CREDITS

ICAP offers 14 courses approved by the Iowa Department of Natural Resources for continuing education credits for water and wastewater operators, allowing ICAP members to get the training they need – anytime, anywhere, at no cost to members.



ONLINE COURSES

With over 800 online courses available, ICAP members can continue along their educational paths right from their desktops or tablets. Examples include False Arrests and Arrest Liability, Avoiding Litigation Landmines, Ethics Leadership: Tone at all Levels, Bloodborne Pathogens for Fire and Rescue, Discrimination & EEO, Defensive Driving for Governmental Employees, Data Security Awareness and Officer Safety Tactics for Bomb Threat Response, among many more.



WEBINARS & VIDEO STREAMING

Recognizing that members are busy and attending a conference in person can be a challenge, now the information comes to you through ICAP's Webinars & Video Streaming resources. Simply log in to the eLibrary to gain access to a number of webinars and streamed videos including Progressive Discipline, Navigating the Wild West of Cyber Security, Emergency Action Plan: The Team Approach, Winter Safety and Navigating the Complex Waters of New Compliance Regulations to name a few.

VALUE ADDED PROGRAMS

PROPERTY VALUATION

Through ICAP's Property Valuation Program, ICAP members can obtain on-site professional property appraisal valuation services from an experienced and specialized vendor for structures valued above \$200,000, historical buildings and water/wastewater plants. Members are provided with a complete inventory of properties and accurate valuations to ensure that their properties are properly identified, valued and insured.



LEGAL ACCESS

Legal Access provides ICAP members with 90 minutes of free legal consultation on questions regarding any governmental operation or matter of general municipal law. Examples include employment matters, wage and hour issues, zoning and land use matters, law enforcement civil liability issues, questions relating to open records and meetings laws, public works civil rights issues, contract review and recommendations, governmental immunities and much more.



EDUCATIONAL SUMMIT PROGRAM

ICAP members stay informed on the hottest topics through ICAP's Educational Summit program. This program brings high quality educational opportunities to ICAP members on a range of issues involving member operations, such as Protecting Your Entity from Cyber Crime, presented by an FBI computer security specialist. Next up is an educational session on Gauging the Risk of an Active Shooter Threat in Your Community, so keep an eye out for more member educational opportunities in 2016 and beyond.



CYBER RESOURCE PORTAL

Through ICAP's Cyber Resource Portal, ICAP members can access a range of tools and resources to help understand cyber threats and exposures, establish a response plan and minimize the effects of a data breach. Importantly, the portal provides members access to a "Breach Coach" who will consult and coordinate with other expert vendors in responding to a data breach, which may involve working with computer forensic specialists to contain the breach and secure systems, drafting notifications in compliance with breach notification laws and facilitating the credit monitoring process.



INTRODUCING...

PUBLIC ENTITY UNIVERSITY

In 2015, the eLibrary was expanded to include Public Entity University (PEU). PEU is a portal that offers more than 300 in-depth, interactive online training courses specifically tailored to public entities. The courses are conveniently organized into 12 Workplace Colleges for easy navigation. Learn more about what these Workplace Colleges have to offer here.





LAW ENFORCEMENT

Check out this Workplace College to take courses such as Below 100 Tenets, Bloodborne Pathogens for Law Enforcement, False Arrests and Arrest Liability, Off-Duty Conduct, Bomb Threat Response and many more.



INTERNET & SOCIAL MEDIA

Check out this Workplace College to take courses such as Email in the Workplace, Information Security and Privacy Awareness, Internet Usage and Blogging in the Workplace, Preventing Phishing, Privacy Awareness and Records Management.



STREETS AND ROADS

The knowledge and skills needed by Public Works Departments are unique and crucial to the safety of all. Check out this Workplace College to take courses such as Avoiding the Crush Zone, Flagger Safety, Work Zone Safety and Working in Extreme Temperatures.



HUMAN RESOURCES

Sharpen your skills with the courses offered in this Workplace College including Coaching for Performance Excellence, Complying with HIPAA for Covered Entities, Dealing with Difficult Workplace Behaviors, Intro to Finance, New Employee Safety Orientation, Stress Management and many more.



PARKS & RECREATION

Parks & Recreation are an integral part of any municipality, as are the employees who staff them. Check out this Workplace College to take courses such as Aquatic Safety, Injury Prevention in Youth Sports, Playground Safety, Working Outdoors in Warm Weather and many more.



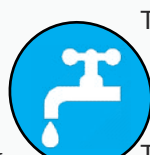
FIRE & HEALTH DEPTS

These courses provide safety training and general education unique to fire and health department employees. Check out this Workplace College to take courses such as Fire & Explosion Hazards, Fire Prevention, Occupational Disease Prevention for Firefighters, Safe Patient Handling and Toxicology Training.



KEEPING CHILDREN SAFE

Courses in this Workplace College provide training for anyone who works with children and include topics such as Bullying Prevention at Camp, Crossing Guard Training, Child Sexual Abuse Prevention at Camp, Defensive Driving for Passenger Vans and Playground Supervision, in addition to other courses.



WATER & WASTEWATER

The courses in this Workplace College provide training in Electrical Safety, Hazard Communication, Hydrogen Sulfide Safety Awareness and Waste Management and other topics, which have been approved by the Iowa DNR for continuing education credits for water and wastewater operators.



GENERAL SAFETY

Safety is an important service to your community and the safety of others is paramount. This Workplace College offers training in Arc Flash Safety, Basic Construction Safety, Carcinogen Safety, Emergency and Disaster Preparedness, Emergency Evacuation and Indoor Air Quality, among many others.



DRIVING & TRANSPORTATION

The courses in this Workplace College cover the risks inherent in driving and offer tips on how to reduce the likelihood of an accident. Courses include Avoiding Collisions While Backing & Parking, DOT Hazardous Materials Transportation, Ergonomics, Cell Phones and Driving and Safe Following, in addition to several others.



SOFTWARE TRAINING

Courses in this Workplace College provide training in some of the most popular software programs including Excel, PowerPoint, Word, Outlook and SharePoint.



EMPLOYMENT LIABILITY

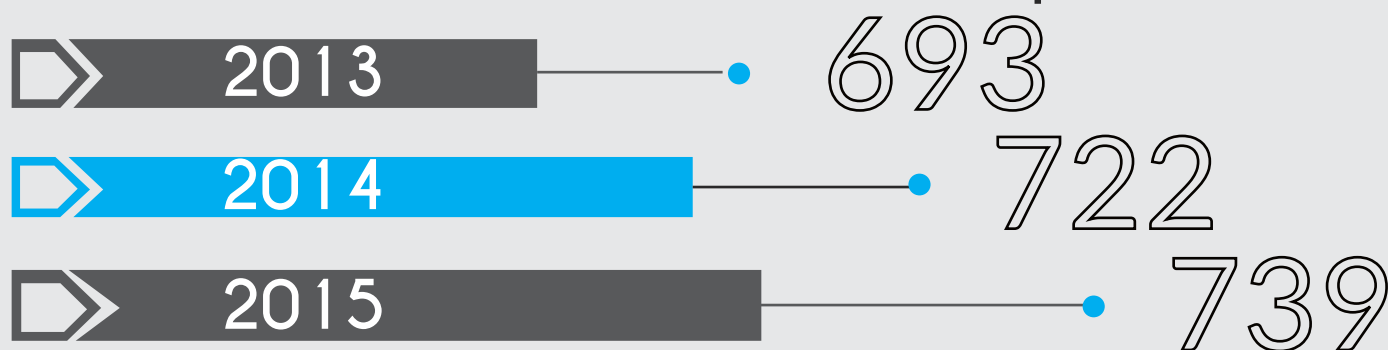
Check out this Workplace College to take courses such as Americans with Disabilities Act & Amendments, Discipline and Discharge, Diversity Benefits for all Employers, Ethics in the Workplace, Family and Medical Leave Act, Lawful Hiring, Substance Abuse & the Drug-Free Workplace Act and many more.

FINANCIAL OVERVIEW

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

	2015	2014
Assets		
Cash and cash equivalents	\$4,508,301	\$3,302,958
Investment securities - At fair value	\$48,759,060	\$48,317,441
Member contributions to be billed in the future	\$13,325,130	\$12,333,426
Other assets	\$898,609	\$1,272,148
Total current assets	\$67,491,100	\$65,225,973
Liabilities		
Claims and claim adjustment expense reserves	\$14,598,231	\$13,687,224
Unearned premium reserves	\$789,465	\$638,675
Other liabilities	\$679,899	\$1,006,229
Total liabilities	\$16,067,595	\$15,332,128
Net Position - Unrestricted	\$51,423,505	\$49,893,845

Growth in Membership



FINANCIAL OVERVIEW

The following table shows the major components of income from operations for the current year compared to the prior year:

Assets	2015	2014
Operating Revenue		
Member contributions	\$34,550,091	\$32,422,799
Reinsurance premiums ceded	\$(4,786,852)	\$(4,443,852)
Change in contributions that will be billed in the future to pay unpaid claims	\$991,704	\$(832,082)
Total operating revenue	\$30,754,943	\$27,146,865
Operating Expenses		
Provision for claims	\$13,929,545	\$12,188,284
General and administrative expenses	\$11,430,846	\$10,254,990
Total operating expenses	\$25,360,391	\$22,443,274
Operating Income	\$5,394,552	\$4,703,591
Nonoperating Revenue (Expense)		
Investment earnings - Interest and dividends	\$990,985	\$1,059,148
Net realized and unrealized gains (losses) on investments	\$(1,730,714)	\$1,445,873
Budgetary distributions	\$(3,009,029)	\$2,485,062
Cumulative reserve fund distributions	\$(113,264)	\$(558,725)
Total nonoperating (expense) revenue	\$(3,862,022)	\$(538,766)
Withdrawals - Member Capital	\$(2,870)	\$(153)
Increase in Net Position	\$1,529,660	\$4,164,672

Increase in Net Position

2015

\$1,529,660

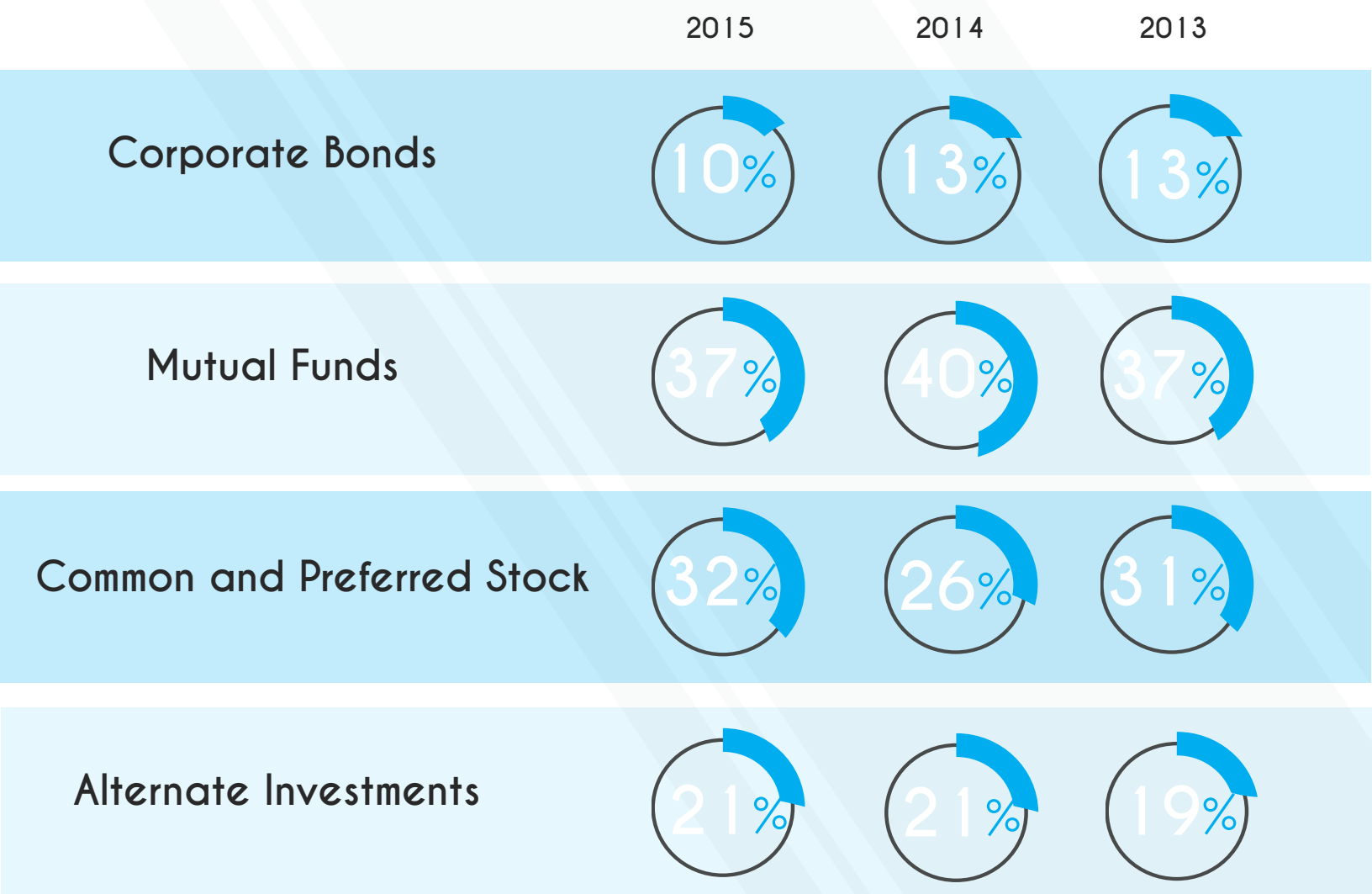
2014

\$4,164,672

INVESTMENTS

During the year ended December 31, 2015, the Pool experienced net investment losses totaling \$739,729 compared to net investment earnings of \$2,505,021 during the year ended December 31, 2014. Growth in Membership, however, more than offset the net losses on investments. Of the 2015 and 2014 net investment losses and earnings, (\$1,730,714) and \$1,445,873, respectively, consisted of realized and unrealized (losses) gains.

The Pool's policy of structuring the investment portfolio so that securities mature to meet cash requirements of ongoing operations minimizes the need to sell securities in a volatile market. The Pool maintains a well-diversified investment portfolio, as detailed below (percentages are as of December 31, 2015):



EVALUATION & OVERSIGHT

ICAP works with three organizations to obtain independent review, analysis and audit of its financial operations.

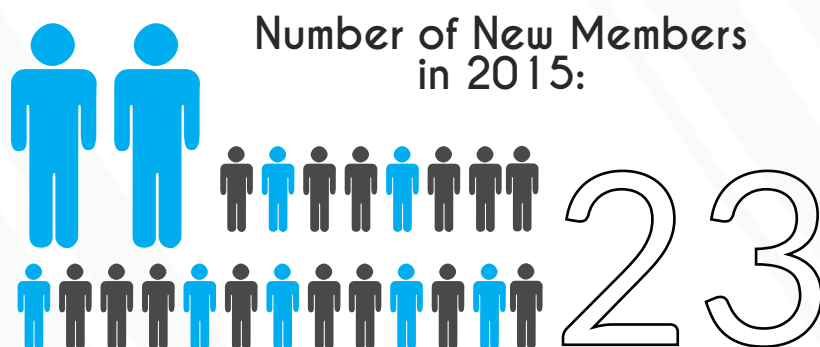
Plante Moran, PLLC audits the financial statements of the Pool, which includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made, as well as evaluating the overall basic financial statement presentation. In 2015, Plante Moran issued an unmodified opinion, which means that ICAP's basic financial statements present fairly, in all material respects, the financial position of the Pool at December 31, 2014 and 2015, in conformity with generally accepted accounting principles. An independent auditor conducts an audit of the financial statements on an annual basis.

Demotech, Inc., a financial analysis firm with over 25 years of experience in providing independent opinions on the financial stability of property and casualty insurance companies, title underwriters and government risk pools, conducts an analysis in four key areas: financial stability, loss reserves, administration and overall performance. In 2015, Demotech issued ICAP the highest rating of AAA (unsurpassed) in each area.

The Government Finance Officers Association (GFOA) awarded ICAP a Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended December 31, 2014. This Certificate signifies that ICAP has excelled in explaining the financial information and all of the supporting data that goes with the numbers. ICAP has earned this Certificate of Achievement for 20 consecutive years.

Reinsurance

Adequate and appropriate reinsurance is essential to protect the financial integrity of a group self-insurance program. ICAP is a member of a reinsurance risk sharing arrangement known as American Public Entity Excess Pool (APEEP). This reinsurance arrangement is composed of public entity pools that mirror ICAP in their operation and as such, ICAP members benefit from the advantages of pooling at both the primary and reinsurance levels. ICAP, through its administrator and APEEP, works with reinsurers to make individual arrangements for members that require excess limits. Casualty claims are reinsured through APEEP, General Reinsurance and Argonaut Insurance. Property and vehicle losses are reinsured through APEEP and Lexington Insurance.



2015 Member Retention Rate:

99.2%

MEET OUR TEAM

COMPREHENSIVE POOL ADMINISTRATION



York Risk Pooling Services, Inc.
31555 W Fourteen Mile Road
Suite 110
Farmington Hills, MI 48334
(800) 367-4818

EXPERIENCED MARKETING & MEMBER SERVICES



Bilbrey Insurance Services, Inc.
5701 Greendale Road
Johnston, IA 50131
(800) 383-0116

SPECIALIZED CLAIM HANDLING & LOSS CONTROL



Public Entity Risk Services of Iowa
5701 Greendale Road
Johnston, IA 50131
(888) 520-4074





INDEPENDENT AUDITING SERVICES



Plante Moran, PLLC
1111 Michigan Avenue
East Lansing, MI 48823
(800) 827-1280

FINANCIAL STABILITY RATING



Demotech, Inc.
2715 Tuller Parkway
Dublin, OH 43017
(800) 354-7207

INVESTMENT MANAGERS



Greystone Consulting, inc.
505 Market Street
Suite 300
West Des Moines, IA 50266
(800) 488-0411

