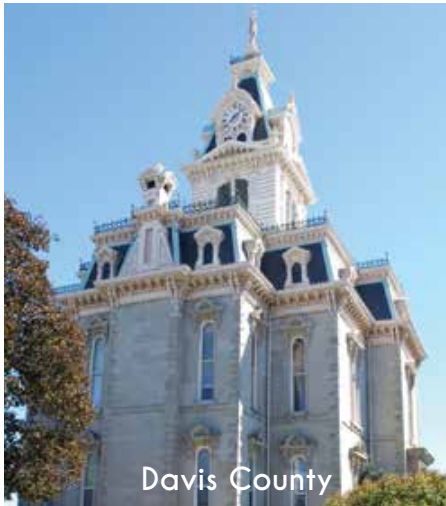




Monroe County



City of Okoboji



Davis County

# 2017 ICAP ANNUAL REPORT



Dickinson County



**JODY SMITH**

ICAP Board Chairman

# FROM THE MESSAGE CHAIR

Greetings ICAP Members,

It has been said that two heads are better than one, but when it came to obtaining input to better serve ICAP members, we figured 10 would be even better. In 2017, ICAP formed a Member Advisory Committee consisting of 10 public entity representatives with an intentionally wide range of experience and expertise. The Committee membership reflects a county auditor, city administrator/manager, police chief/sheriff, county engineer, technology expert and a fair board representative, among others. Various loss control resources and programs were discussed with the Committee in order to obtain feedback on existing resources, as well as additional resources that ICAP members would benefit from in the future. At the Committee's recommendation, ICAP is developing new programs that will be introduced in 2018 and beyond, so keep an eye out for new developments coming your way soon.

While ICAP was obtaining feedback on potential new resources, it also was freshening up its existing resources. In 2017, the new and improved Resource eLibrary was launched. The new portal provides members with a fresh and engaging platform and a more interactive way to navigate resources. New features include:

- Tailored member content centered around member interaction and feedback
- Capability to perform a site-wide search or a streamlined search within a specific resource type
- Resources on the Go: a mobile-friendly platform
- A visible shopping cart that contains resource selections





The eLibrary now provides members with access to over 300 safety online training courses, 400 streamed videos, hundreds of helpful, up-to-date employment and HR forms, policies, and procedures, HR webinars and Public Entity University courses. We encourage all members to check out the new platform and make use of the new resources and user-friendly features the relaunched eLibrary has to offer.

The eLibrary wasn't the only resource that was updated in 2017; the Legal Access program, a free legal consultation service, was expanded as well. Recognizing how valuable this service is to members, ICAP increased the time allowance for this service to 180 minutes per member, per year. Members may use this service to obtain legal consultation on questions regarding governmental operations or general municipal law, including employment matters, wage and hour issues, zoning and land use matters, law enforcement civil liability, questions relating to open records and meetings laws, public works civil liability, contract review and recommendations, governmental immunities and much more. Please take a minute, or better yet, 180 minutes, to take advantage of this program.

And on a final note of providing more, the Cyber Breach Expense Limit for all members was increased to \$250,000, effective January 1, 2017. The increased limits were provided to ICAP members at no additional charge in order to offer more protection against emerging cyber-related risks.

As you will see in the following pages of this report, ICAP had another great year financially and closed out 2017 with a net position of \$57,529,032, up from \$54,522,701 in 2016. We have you, our members, to thank for ICAP's success. We look forward to serving your community in the years to come as together we make ICAP the premier local government risk sharing pool in the country.

Jody E. Smith, Chairman  
ICAP Board of Directors

# BOARD OF DIRECTORS



**Jody Smith, Chairman**

**Representing the City of West Des Moines | [jesiaconsult@aol.com](mailto:jesiaconsult@aol.com)**

Jody has been involved with local Iowa governments for more than 40 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 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**

**City of Polk City | [gmahannah@polkcityia.gov](mailto:gmahannah@polkcityia.gov)**

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 42 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**

**Representing Winneshiek County | [hagemada@icloud.com](mailto: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 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**

**The Combined Lake Delhi Rec Facility & Water Quality District | [lburger@speerfinancial.com](mailto:lburger@speerfinancial.com)**

Larry was elected to the Board of Directors of The Combined Lake Delhi Recreational Facility and Water Quality District in August 2012. This was the start of his second round of service to the Lake, as he also served a total of 12 years in the 1980s, 1990s and 2000s 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, schools and community colleges by assisting in financial advice and issuance of debt. Prior to this position, he gained experience in the public sector as a City Clerk/Finance Director for a major Iowa City and as a Deputy County Auditor.



**Tom Roth**

**Representing the City of Bellevue | [roth270@hotmail.com](mailto:roth270@hotmail.com)**

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 when he assumed the role of City Administrator for the City of Camanche, a role he filled until his retirement.



**Michael Bergan**

**Representing HAWC Partnerships for Children | [berganmr@gmail.com](mailto:berganmr@gmail.com)**

Michael was appointed to the ICAP Board of Directors in 2012. He currently serves as a state representative for House District 55 in the Iowa legislature. He served as the Executive Director of the HAWC Partnerships for Children, an Early Childhood Iowa/Decategorization Area for Howard, Allamakee, Winneshiek and Clayton Counties 2005-2017. 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**

**Representing Sioux County | [lois.jane.huitink@gmail.com](mailto:lois.jane.huitink@gmail.com)**

Lois joined the ICAP Board of Directors in August 2012. She began her career working for the Federal Government as a Civil Servant at the Pentagon in Arlington, Virginia. In 1984 Lois joined the staff of the Sioux County Auditor's office. She held the position of Sioux County Auditor from June 2006 until her retirement in December 2016. She has served on the Iowa Secretary of State Advisory Board and the State Election Administrator's Training Board. Currently Lois serves as the Clerk for Holland Township.



**Alan Kemp**

**Iowa League of Cities | [alankemp@iowaleague.org](mailto: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 as the Administrative Assistant for the City of Windsor Heights.



**Bill Peterson**

**Iowa State Association of Counties | [bpeterson@iowacounties.org](mailto: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 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.



# THE MANY FACETS OF ICAP LOSS

Loss Control is an organized and continuous effort to prevent, reduce and decrease claims and losses. This is accomplished through the identification and analysis of risk and implementation of loss control measures, all with the help of ICAP's loss control team. The team has decades of experience in providing customized loss control services, training and resources to members in an effort to help keep ICAP communities safe.

**Dan Cruse**

*Loss Control Manager*  
dan@icapiowa.com



**Charlie Gerken**

*Loss Control Specialist*  
charlie@icapiowa.com



## Resource eLibrary

- HR Database
- Online Courses
- Webinars
- Video Streaming
- DVDs
- Public Entity University

## Grant Program

*\$1,000 in Grant Funds*

All members are eligible to receive up to \$1,000 in reimbursement for items that aid members in their risk management efforts.



## Law Enforcement Portal

ICAP partners with a law enforcement policy vendor, Legal & Liability Risk Management Institute, to provide sample jail and road operations policies to assist law enforcement agencies.

**Janis Hochreiter**

*Loss Control Specialist*  
janis@icapiowa.com

# CONTROL

**Lindsay Gomez**  
*Loss Control Specialist*  
lindsay@icapiowa.com

## Property Valuations

ICAP partners with Valuations Northwest, a professional appraisal company, to provide property valuations for historical buildings, water and wastewater treatment plants and structures valued above \$200,000.



## Cyber eRisk Hub

ICAP partners with NetDiligence to provide ICAP members with a cyber portal that provides access to the tools and resources necessary to help combat a data breach.

## Legal Access

ICAP members may obtain up to 180 minutes per year of free legal consultation on questions regarding governmental operations or general municipal law.



**Colette Klier**  
*Loss Control IT Specialist*  
colette@icapiowa.com



**Todd Christianson**  
*Loss Control Specialist*  
todd@icapiowa.com

# CYBER SERVICES

## MEET COLETTE KLIER



In 2017, ICAP welcomed Colette Klier, an IT Loss Control Specialist, to the ICAP Loss Control Team. Colette brings with her nearly 20 years of information and technology experience.

With an educational background in computer network administration and criminal justice, Colette has a broad understanding of information security and the importance of enhancing security measures for both public and private industries.

Today, data and security breaches continue to be common occurrences. Whether you are looking to update your entity's IT security policies and procedures, prevent a data breach or recover from one, Colette can make the recommendations to help your entity stay safe and secure.

**Colette was very knowledgeable and offered helpful feedback!**

- Heidi L. Burhans of Madison County





## In 2017...

Taking steps to prevent a cyber breach is an entity's strongest defense. ICAP can help your entity find the resources and solutions to reduce the risk of a cyber breach.

The median cost of third party breaches was comparable to in-house events, but exposed twice as many records.

Ransomware / Cyber Extortion affected every sector with maximum breach costs in excess of \$500,000.

Hackers were identified as the most common Cause of Loss, followed by Malware / Virus, Ransomware / Cyber Extortion and Staff Mistake.

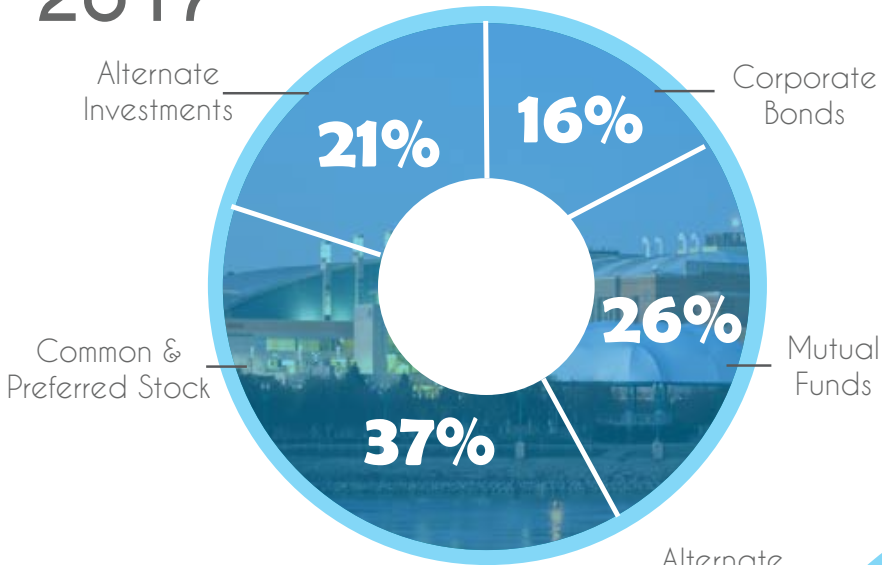
Maliciously motivated insider events resulted in more expensive claims by a factor of four.

The average total breach cost was \$394,000; the median was \$56,000.

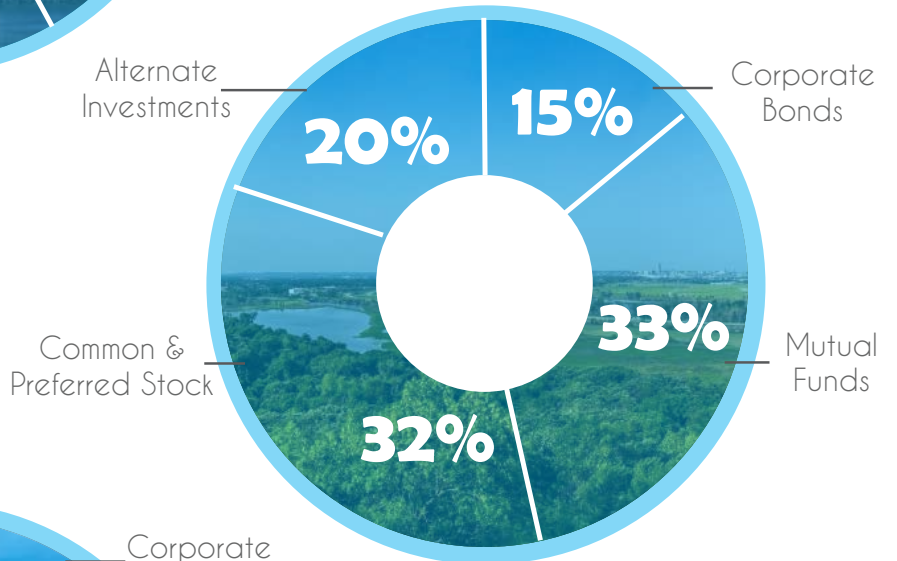
\*Source: NetDiligence® 2017 Cyber Claims Study - eRiskHub® Exclusive Expanded Edition

# INVESTMENTS

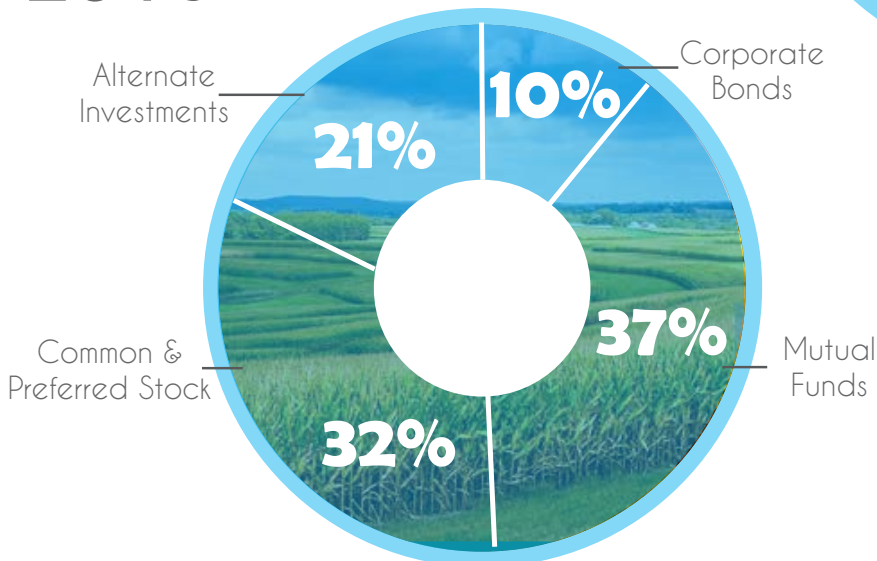
2017



2016



2015



# EVALUATION & OVERSIGHT

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

**Crowe Horwath, 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. Crowe Horwath issued an unmodified opinion on the financial statements for the year ended December 31, 2017, which means that ICAP's basic financial statements present fairly, in all material respects, the financial position of the Pool, in conformity with generally accepted accounting principles.

**Demotech, Inc.**, a financial analysis firm with over 30 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 2017, Demotech issued ICAP the highest rating of AAA, Unsurpassed, in each area, based upon 2016 financial data.

**The Government Finance Officers Association (GFOA)** awarded ICAP a Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended December 31, 2017. 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 22 consecutive years.

## Reinsurance

Adequate and appropriate reinsurance is essential to protect the financial integrity of a group self-insurance program. ICAP reinsures its casualty claims through APEEP, General Reinsurance and Markel Global Reinsurance. Property and vehicle losses are reinsured through APEEP and Lexington Insurance.

**99.1%**

2017 Member Retention Rate:



**768**

Members



# FINANCIAL OVERVIEW

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

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$3,202,463	\$5,187,984
Investments, at fair value	56,704,131	52,225,937
Member contributions to be billed in the future	14,804,044	14,382,755
Other assets	1,288,640	899,776
<b>Total assets</b>	<b>75,999,278</b>	<b>72,696,452</b>
<b>LIABILITIES</b>		
Claims and claim adjustment expense reserves	16,678,995	15,783,274
Unearned premium reserves	766,633	838,548
Other liabilities	1,024,618	1,551,929
<b>Total liabilities</b>	<b>18,470,246</b>	<b>18,173,751</b>
<b>Net position - unrestricted</b>	<b>\$57,529,032</b>	<b>\$54,522,701</b>

## Growth in Membership



# FINANCIAL OVERVIEW

	2017	2016
<b>OPERATING REVENUE</b>		
Member contributions	\$37,877,816	\$36,845,545
Reinsurance premiums ceded	(5,999,516)	(6,033,689)
Change in contributions that will be billed in the future to pay unpaid claims	421,289	1,057,625
<b>Total operating revenue</b>	<b>32,299,589</b>	<b>31,869,481</b>
<b>OPERATING EXPENSES</b>		
Provision for claims	17,640,092	14,164,932
General and administrative expenses	13,337,362	13,055,185
<b>Total operating expenses</b>	<b>30,977,454</b>	<b>27,220,117</b>
Net operating income	1,322,135	4,649,364
<b>Nonoperating revenue (expense):</b>		
Investment earnings - interest and dividends	1,036,884	1,128,904
Net realized and unrealized gains (losses) on investments	4,321,678	510,493
Budgetary distributions	(3,689,164)	(2,997,991)
Cumulative reserve fund distributions	47,319	(191,195)
<b>Total nonoperating revenue (expense)</b>	<b>1,716,717</b>	<b>(1,549,789)</b>
Withdrawals - Member capital	(32,521)	(379)
Change in net position	3,006,331	3,099,196
<b>Net position, beginning of year</b>	<b>54,522,701</b>	<b>51,423,505</b>
<b>Net position, end of year</b>	<b>\$57,529,032</b>	<b>\$54,522,701</b>

# MARKETING REPORT

**F**rom new business to membership retention to specialized services, coverage enhancements, and more, 2017 proved another busy – and tremendous – year for the Pool.

In addition to achieving a membership milestone, hitting high financial marks and maintaining the Pool's excellent retention rate, ICAP also celebrated the success of several outstanding educational events.

We host such events each year, and 2017 proved exceptional in terms of participation, feedback and response.

For the Pool's annual Educational Summit, overall attendance was through the roof, making it ICAP's most successful member event to date. With nearly 200 individuals present, including member representatives and local insurance agents, the Summit featured a house full of individuals perched on the edges of their seats.

## *Curious what had everyone so rapt?*

It was the dynamic presentations offered on real-world claim scenarios and emerging exposures, including drones, self-driving vehicles and more.

Attendees left the Educational Summit with a wealth of information relevant specifically to Iowa public entities, and participating agents were provided details regarding related coverages at ICAP's annual Agent Seminar, which piggy-backed on the Educational Summit's presentation content.

Presentations at the Agent Seminar took subject matter one level deeper, with discussions of how ICAP coverages would respond to and address select exposures and claim trends. More than 170 local insurance agents benefited from this content, making the event yet another tremendous success.

Such a success, in fact, that the 2017 Agent Seminar brought the number of continuing education (CE) credits achieved at ICAP events in one year to our highest total yet – an impressive 737 CEs.



In addition to the Educational Summit and Agent Seminar, the Pool participated in a number of affiliate events, hosted eight ICAP 101 sessions and completed its third consecutive year of the ICAP Agent Academy, through which ten local agents achieved the designation of ICAP Certified Agents.

The Pool is pleased to continue offering such events for our member and agent base, and we recognize the benefits are two-fold. These events provide us, as a Pool, the opportunity to educate our members and agents while simultaneously learning from those who attend. The feedback we receive from attendees is indispensable, as it helps us identify subject matter and areas of improvement for future educational opportunities, of which there are many.

We are already deep in planning future ICAP events, and we are pleased to announce we are offering an additional educational opportunity - on-demand, interactive, web-based video sessions - in 2018.

On behalf of ICAP, we truly enjoy hosting such opportunities for our members and agents and we hope to see you at an ICAP educational event in 2018!

**737**  
CE Credits

in fewer than

**12**  
months





Cherokee County



Appanoose County



City of Wayland

# 2017 ANNUAL REPORT

