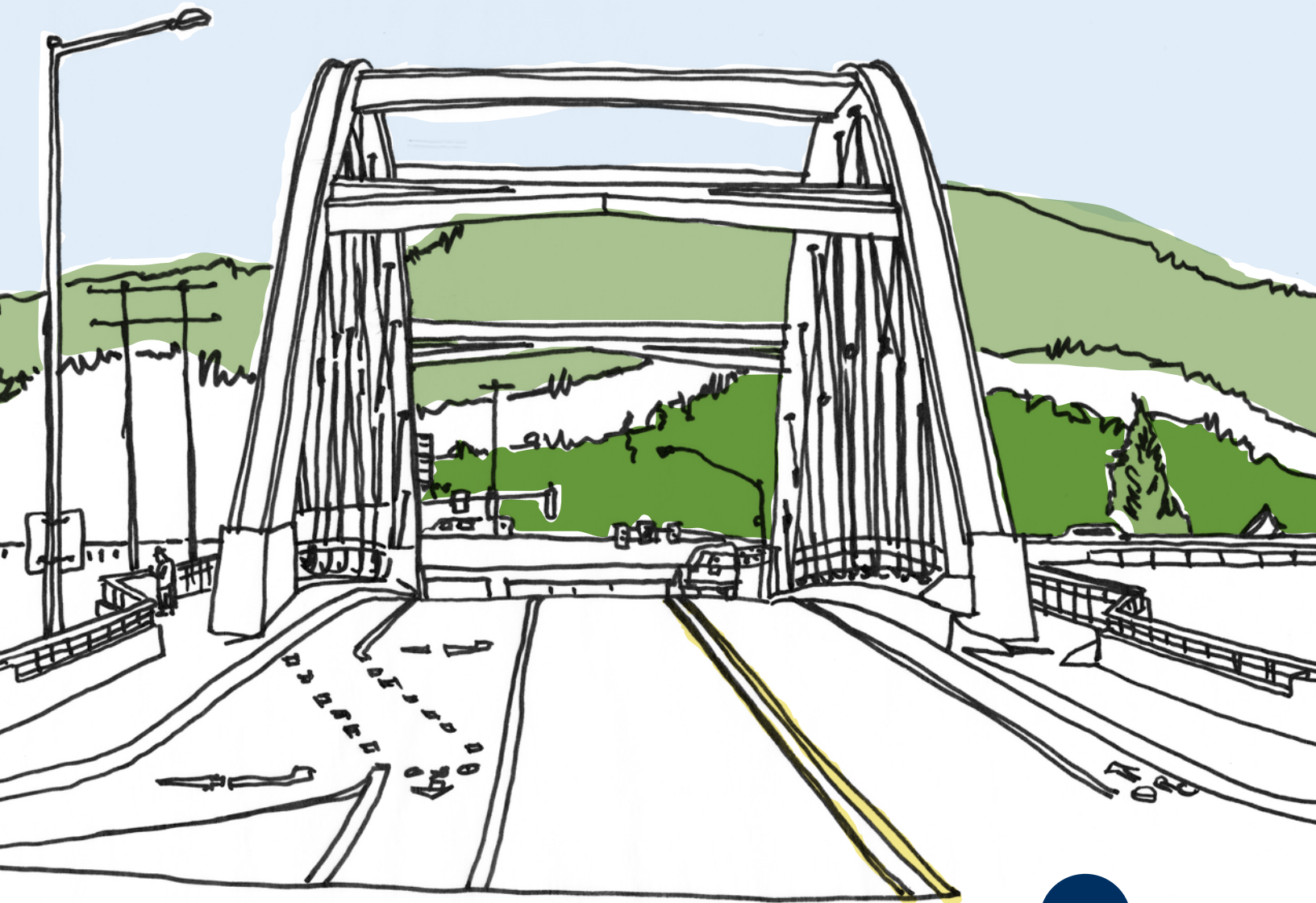


A BRIDGE TO THE FUTURE

2014 CIS Annual Report



ROGUE RIVER BRIDGE



citycounty insurance services
cisoregon.org

THANK YOU!



Kent Taylor (left), receiving the Character & Integrity Award from CIS Board Chair Ralph Wyatt (right) and former Trustee Larry Lehman (center). Kent served as a member of the CIS Board of Trustees from 1983, two years after CIS was founded, until his December 1, 2014 retirement.

Kent Taylor – 2014 CIS Character & Integrity Award Winner

Kent Taylor, the city manager of McMinnville who retired on December 1, served CIS and our members for 31 years as a member of the Board of Trustees. As he moved toward retirement, CIS staff and trustees recognized Kent with the coveted Character & Integrity Award. The award was established in 2009 to recognize those associated with CIS whose actions illustrate what it means to be Trust-worthy in service to our members.

Kent was recognized not for his tenure, but for how he spent his time guiding CIS. With a quiet passion for the members

and the organization, and a willingness to engage the difficult issues and work toward solutions, Kent has been instrumental in making CIS what it is today. That’s reinforced in reading Board minutes from the early years of CIS, which consistently report Kent sharing his knowledge as a city manager, and his ideas for moving the organization forward in a Trust-worthy manner. His perspective and wisdom have been invaluable to executive directors and staff past and present. We thank Kent and wish him and his wife Sylvia much happiness in retirement. ●

CIS Benefits to the Rescue!

The Affordable Care Act provides many benefits, but it also has costs to insurers and to self-insured employers and groups like CIS. These costs include temporary taxes and fees such as a federal assessment, a fee to fund outcomes research, and a State of Oregon transitional reinsurance program to help stabilize premiums for coverage in the health

care exchange. Citing the unexpected financial burden for members and the desire for rate stability, the CIS Board of Trustees made a decision to fund these taxes and fees in full from reserves. CIS covered \$2.05 million in 2014 state and federal fees for our members. Talk about a member benefit! ●



Some of Oregon’s many beautiful bridges star in this year’s annual report. Clockwise, from upper left: Astoria-Megler Bridge, Rogue River Bridge, Sutherlin Covered Bridge, Susan Creek Pedestrian Bridge, Florence Bridge, Brownsville Bridge, Oregon City Bridge, Drake Park Footbridge, Jackson County Dodge Park Bridge, Crooked River Bridge. Thanks to Gary Halvorson, Oregon State Archives, for providing the Astoria and Drake Park images, and to CIS Multimedia Specialist Jessie Charlton for all other images in the report.

JACKSON COUNTY DODGE PARK BRIDGE



2014:
Bridge-building in Action

WHEN we think of bridges, particularly the many bridges around Oregon, we may think of architectural or engineering marvels. But in their simplest form, bridges provide a way to travel safely from one place to another; to get somewhere you might not otherwise be able to go. They connect us with each other.

CIS knows a lot about bridges, and not just because we insure the ones in your city or county. Working with members, CIS uses its people and programs to build bridges; bridges that help each community reach its own destination, with financial and human resources intact.

In this report, you’ll find several 2014 examples of bridge-building in action, from helping members achieve a healthier workplace, to lowering the cost and pain of employment claims. These bridges stand on CIS’ mission: to provide members of the League of Oregon Cities and Association of Oregon Counties with Trust-worthy results in trustworthy ways.

On behalf of our Board of Trustees, thank you for your membership in CIS. We look forward to traveling as your partner across all of the bridges ahead.

Lynn McNamara
Executive Director



Ralph Wyatt Chair 2013–14 **Lou Ogden** Chair 2014–15

CIS Leadership

Board of Trustees

- Earl Fisher** Commissioner, Columbia County
- Scott McClure** City Manager, Monmouth *term began 12/1/14*
- Lou Ogden** Mayor, Tualatin
- Jeff Rasmussen** Administrative Officer, Jefferson County
- Kent Taylor** City Manager, McMinnville *term ended 11/30/14*
- Fred Warner, Jr.** Commission Chair, Baker County
- Kenneth L. Woods, Jr.** City Council, Dallas
- Ralph Wyatt** Administrative Officer, Linn County
- Nolan Young** City Manager, The Dalles
- Mike McArthur** Executive Director, Association of Oregon Counties
- Mike McCauley** Executive Director, League of Oregon Cities

Executive Staff

- Lynn McNamara** Executive Director
- Kirk Mylander** General Counsel
- Carolyn Van Dyke** CIS Benefits Director
- Scott Moss** P/C Trust Director
- Mike Mischkot** Chief Financial Officer
- Steve Norman** Administrative Officer
- Mark Snodgrass** Chief Information Officer

A BRIDGE TO LOWER EMPLOYMENT CLAIMS: *meet H₂R*

CIS members heard a lot about employment claims in recent years, but hadn't felt the full impact of them until 2014, when employment and other liability claims drove a double-digit rate increase. It was time to take action.

THE bridge to lower claims? Risk management, in the form of a brand-new program called “Hire to Retire (H₂R).” The CIS Board of Trustees approved implementation of H₂R early in 2014. The purpose of the program is to reduce employment claims by working with members to identify and address foundational HR issues that can lead to employment claims – including in the hiring process, orientation, retention, and termination. The focus is on extensive training, providing sample forms and tools, and developing relationships with members that will help prevent issues that lead to claims.

CIS knew that a key to success would be hiring the right team. Administrative Officer Steve Norman, whose background is with an HR services company, was put in charge of the H₂R program. The team came together in late summer, with the hiring of two senior consultants, Sharon Harris and Kurt Chapman, both HR professionals who were working for CIS members. Sharon works primarily with city and county administrators and HR staff while Kurt works primarily with senior management and HR staff of our members' law enforcement agencies. Kurt and Sharon are H₂R's “boots on the ground,” spending the vast majority of their time on-site with members around the state.

To say that Kurt and Sharon hit the ground running is a bit of an understatement. Between mid-September and the end of the year, the team had met on-site with a total of 52 administrators/managers and 29 law enforcement agencies, and touched many more by developing and delivering four webinars. They provide guidance on HR best practices and conduct comprehensive assessments of members' HR practices and policies. They are also developing regional roundtable meetings as a forum for members' HR staff to meet on a regular basis to network, discuss issues, share ideas, and hear presentations on HR topics. One other important role is to provide support for CIS Pre-Loss Attorney Tamara Jones when an on-site visit to a member to review information will help guide a pre-loss action.

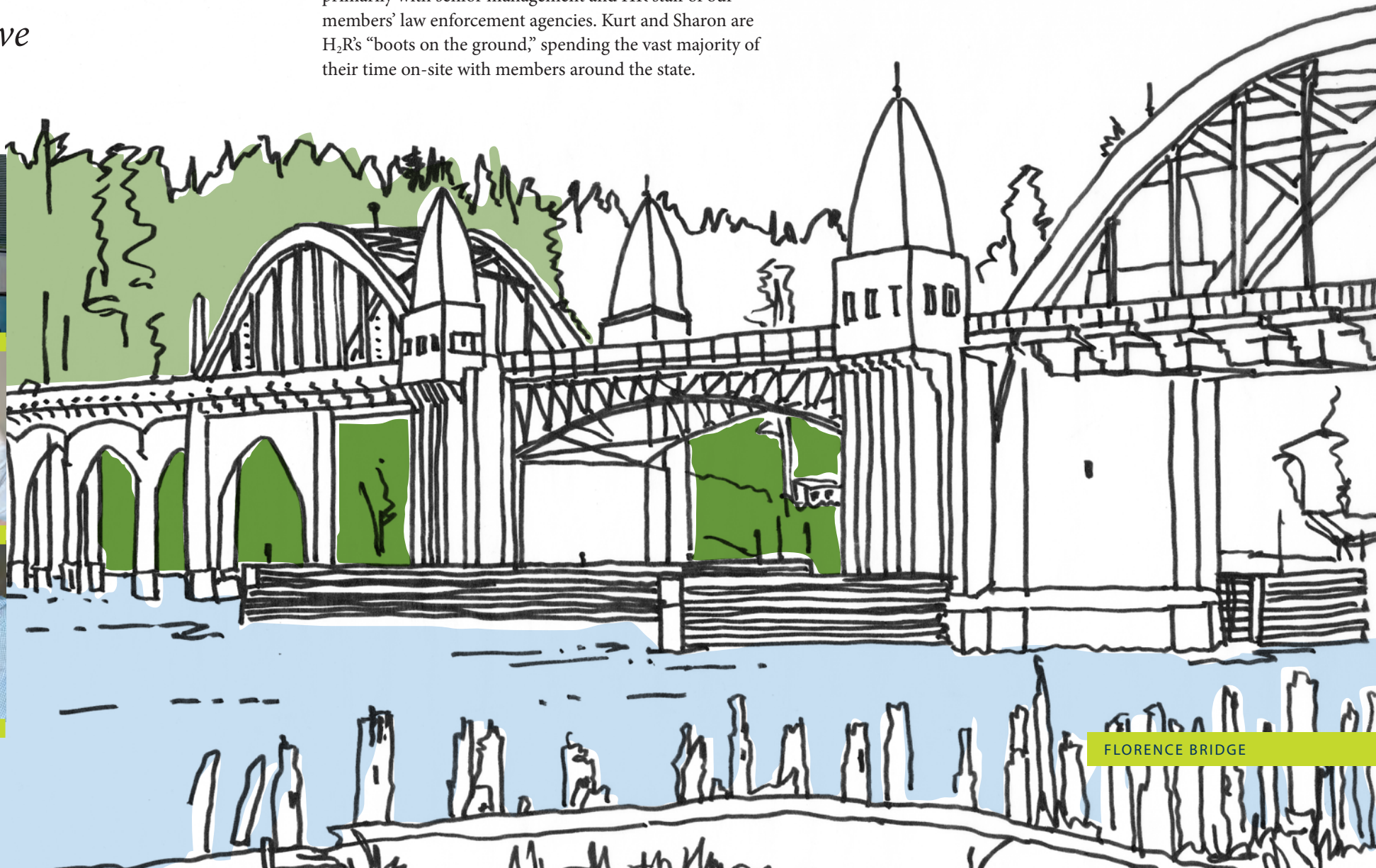
In 2015, the H₂R team will continue to support CIS members one-on-one and in regional meetings by providing experience, knowledge, and understanding of the unique needs and concerns they face in trying to reduce employment claims. ●



TOP: Sharon Harris (right) works with Tina Gray in Ashland

CENTER: Melissa Huhtala and Tom Corrigan meet with Sharon Harris in Talent

BOTTOM: Kurt Chapman (right) sharing information with Linn County Staff Sergeant Micah Smith



FLORENCE BRIDGE

A BRIDGE TO A HEALTHIER WORKPLACE & LIFESTYLE: *one step* AT-A-TIME

Let's take a walk ... to Kansas!? That was the challenge issued in October by CIS Healthy Benefits to the staff at CIS, the City of Sweet Home and the Portland Development Commission.

LEFT: CIS Administrative Officer Steve Norman, taking the stairs

CENTER: Sweet Home Parks & Rec's Troy Hazelton, work-walking

RIGHT: Members of PDC's winning team, *Leaving Las Vegas* – front row: Robin Raffety, Anne Crispino-Taylor, Gina Wiedrick; back row: Gina Bell, Craig Seeger, Irene Bowers, Geraldene Moyle, Morgan Masterman, Lene Hopson



NINE teams from the three entities agreed to take part in the Great Pedometer Step-Off (GPS), challenged to complete a 1,200 mile – or 2.4 million step – trek!

To make it fun and interesting, the teams were given different “virtual” starting points that all ended at Lebanon, Kansas – the geographical center of the United States. It wasn’t just steps that counted, participants could also convert other exercise into steps. For example, kickboxing accrues 290 steps per minute and dancing will add 109 steps per minute.

The purpose of the GPS challenge was to get people on their feet, and then keep them moving! The spirit of competition helped spur things along, with teams coming up with creative ways to increase steps – from getting up early to exercise before work, to walking meetings – even in the rain! The 10-week challenge kicked off on October 15th so that the last day of logging activity and steps would fall on Christmas Eve.

One first and fun task was developing names for the teams.

PORTLAND DEVELOPMENT COMMISSION TEAMS:

Sole Train, Leaving Las Vegas, Run DMC

SWEET HOME TEAMS: *Pensacola, Las Vegas*

CIS TEAMS: *Ain't Walking Bout Love, The Risk Takers, The Shoe-Ins and Walkie Talkies*

Each week the team members were asked to post their steps completed to the central tally board. Prizes were awarded to the teams and individuals who had made it the farthest on the trek. Comments from the participants noted surprise and enthusiasm:

Molly Laycock with the City of Sweet Home noted, “Watching my steps increase each week encouraged me to continue to increase, thus, more exercise! I really like this challenge.” And Wendy Younger, also from Sweet Home, said “I considered myself a fairly active person but was surprised at how little I was actually moving during the work week. This program has helped made me aware of what I wasn’t doing and got me motivated to move more. I now watch my steps and try to increase total steps each day. I started exercising several days a week to increase my activity and even completed a 5K event for the first time!” In fact, the City is contemplating starting a 5K race this year to do even more to promote wellness.

Over at PDC they’re looking forward to partnering with CIS again, and one participant sent a note stating, “Thank you for doing this challenge. I didn’t realize how much a pedometer would change my life.” The PDC Wellness Committee is also working on a “goal-setting” workshop for employees as another way to promote healthy eating and exercise.

The benefits of the challenge also extended beyond the human participants – one lucky dog who was overweight at the beginning of the challenge shed pounds just by walking with his owner.

And while all of the participants are truly winners for focusing on their health and wellness, the first team to reach their Kansas destination, PDC’s *Leaving Las Vegas*, will enjoy a healthy catered luncheon and gift cards for all!

Keep walking! 🌸

SUSAN CREEK PEDESTRIAN BRIDGE



Over \$680,000 was reimbursed to members in Employer-at-Injury Program purchases, wage reimbursements and CIS grants to get injured employees back to work

2,285 new claims were handled by the Property Liability and Workers' Compensation teams

153 new lawsuits and a total of just over \$4 million for defense costs

H,R Consultants visited nearly **70 members** in the last four months of the year

3,042 attendees received training on Pre-Loss, Risk Management and Benefits by CIS staff. Trainings were held in person and via webinar

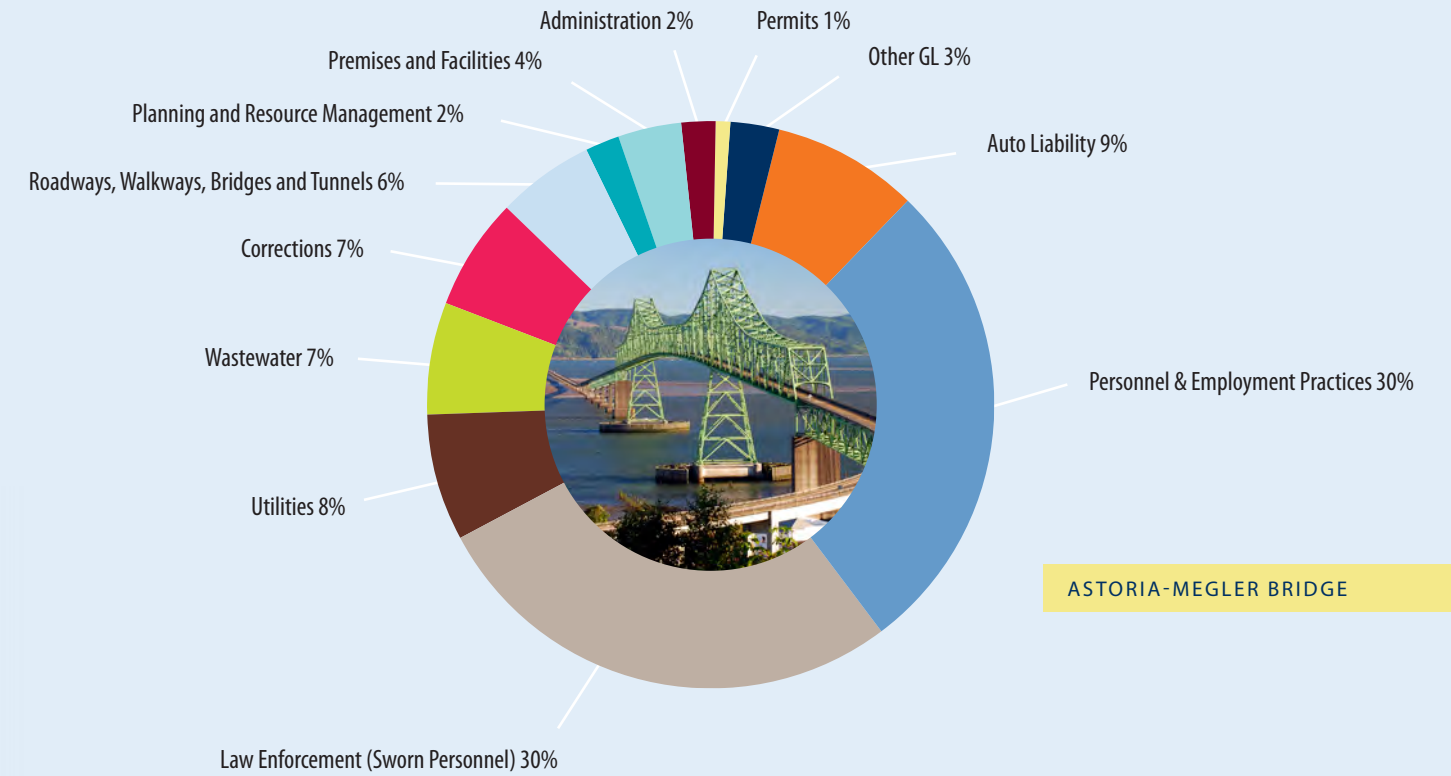
CIS Learning Center attracted **4,589 users** who completed **3,247 courses**

100 Learning Plans were completed by 21 members

7,722 employees completed the Open Enrollment process online

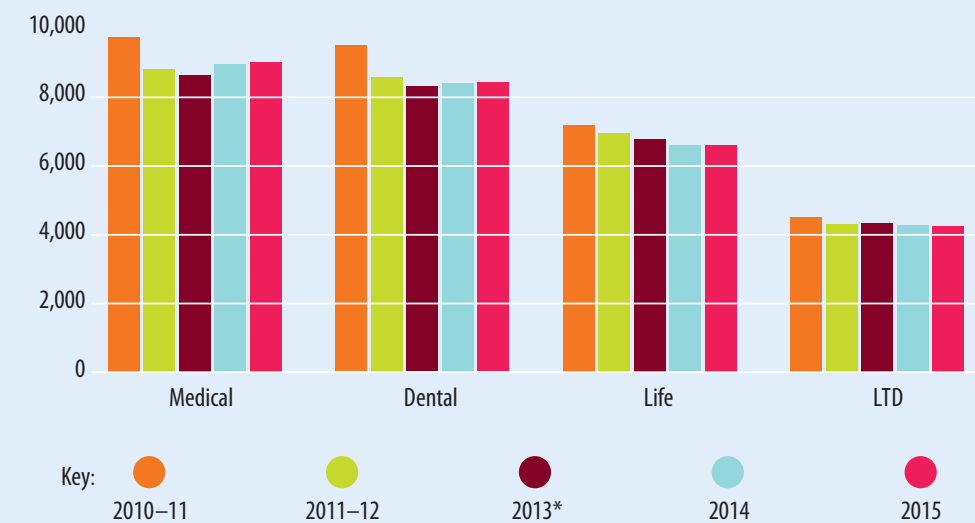
Risk Management Consultants spent **3,575 hours** engaging with members either via email, phone, or in person

Total Liability Claims: % Incurred 5 Years (FY 2009–10 to 2013–14) As of 6/30/14



Employees Enrolled in CIS Benefits: 2010–11 to 2015

* As of 8/1/2012



BROWNSVILLE BRIDGE

when AGENTS ARE THE BRIDGE

A qualified and experienced local insurance agent is a valuable partner for many CIS members. Agents serve as a bridge between the member and CIS, offering expertise in insurance coverage, markets, pricing and risk management.



Agent Joseph Bain of Bain Insurance Agency (left) and Bandon City Manager Matthew Winkel review coverages.

THEY can help a member evaluate exposures, coverage design and pricing alternatives, and when it comes to seeking new or renewing coverage, the agent provides valuable oversight of the process, timing, and input on budgets; as well as reviewing paperwork, forms and other information required.

Agents also step into the process to assist with claims and loss prevention, assisting the member in the submission of the claim and preparing necessary documentation and follow up. Encouraging best practices in risk management and loss prevention as well as evaluating risk patterns and suggesting improvements are also tasks completed by agents.

Unlike many insurance companies, CIS does not “appoint” agents. Instead, the relationship is between the member and the local agent of its choosing. While CIS facilitates the relationship by collecting the fees or commissions, and paying the agent on the member’s behalf, the agent works for the member, not for CIS.

The City of Bandon is a great example of a member that takes full advantage of the services an agent can offer. Bandon City Manager Matt Winkel, who recently retired, once told

his fellow city managers that the service provided by Agent Joseph Bain was particularly helpful when citizens, “complain about things on City property or in the rights-of-way that they feel are a safety or liability for the City, we call Joseph and have him give us a determination.”

“He also attends all of our Safety Committee meetings, gives us advice, and brings donuts and bananas,” Matt told his colleagues.

In the spring of 2014, the City looked at its workers’ compensation coverage, trying to determine if sticking with CIS was the right decision. Joseph and Matt both knew that much of what CIS brings to the table is in the form of value-added services: pre-loss legal assistance, training, risk management, coordination of benefits and workers’ compensation claims, law enforcement assistance and much more. Working together they were able to make a recommendation to stick with CIS for just slightly more cost than what was quoted by another provider.

“It just doesn’t make sense to give up the value of the combined services CIS has and will continue to offer” said Joseph. “How do we put a dollar figure to that? *Priceless.*”

OREGON CITY BRIDGE



easing THE BRIDGE TO THE NEXT CHAPTER

Sometimes you just have to say “good-bye” to an employee who is not doing what he or she has been hired to do. It can be a long process followed by a difficult discussion – and is not on any supervisor’s list of favorite things to do.



Lynn Findley,
Vale City Administrator



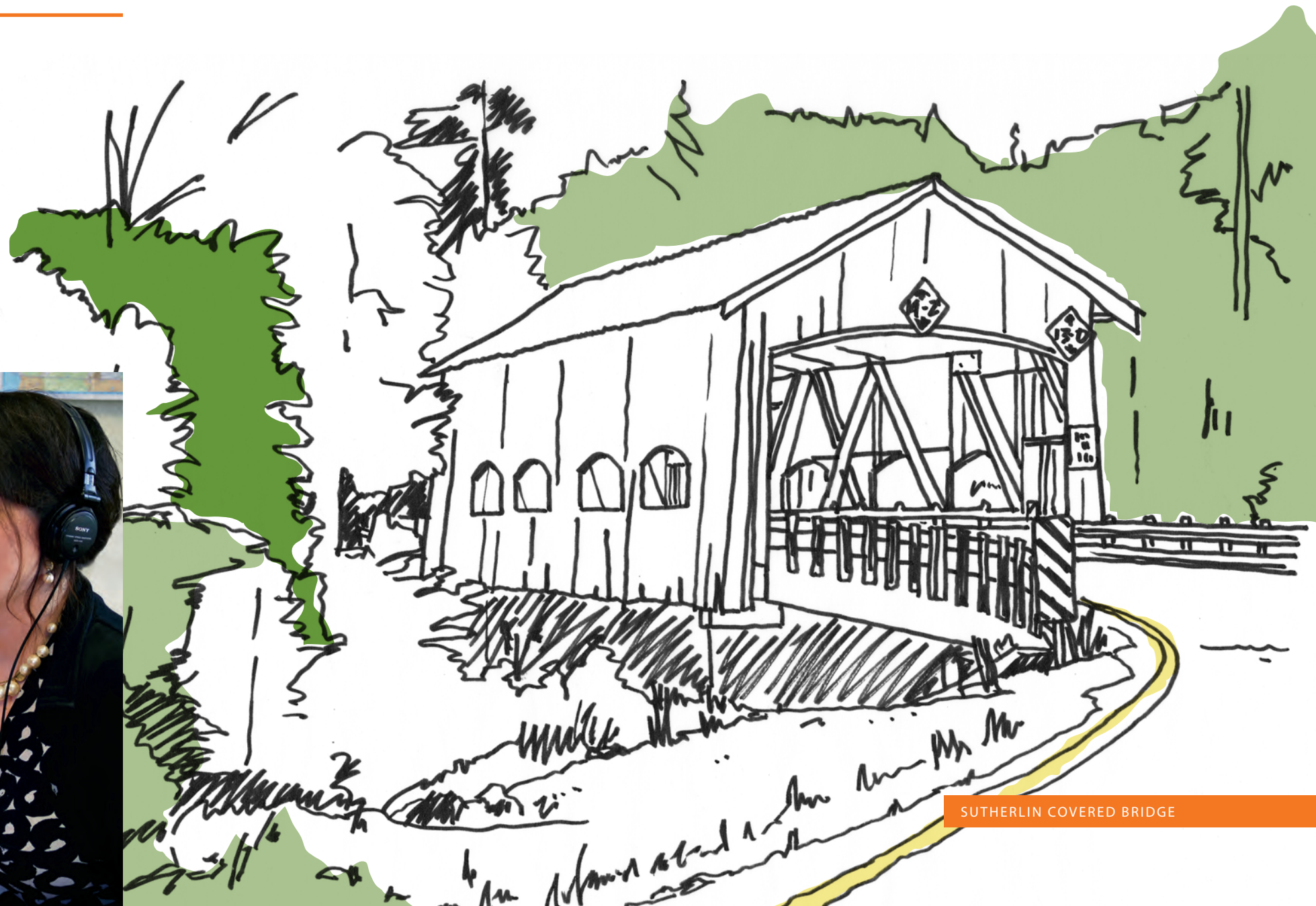
CIS Pre-Loss Attorney Tamara Jones,
conducting one of her popular pre-loss webinars

FACED with this situation, Vale City Manager Lynn Findley turned to CIS for help. An employee had ongoing performance issues, and Lynn was unsure of what he could, or should, do. Another city manager suggested he contact CIS, which he did through his agent. Enter CIS Pre-Loss Attorney Tamara Jones, who began by asking to review what the City had already done and documented about the employee’s performance. She quickly realized that he had decisions to make, and set out to help him put the facts in a definable and defensible manner.

“We do a lot of training and sharing information on how to avoid termination, but we also recognize that sometimes termination is the best course of action”, said Tamara. “When we knew there was no other option, we provided Lynn what he needed to ease the transition for the employee and for the City.”

Tamara and Lynn worked together to put forth the documentation in a way that was very self-explanatory. She included a decision tree with actions that could be used if follow up was needed. When Lynn presented a letter to the employee, it specifically defined the “monumental” performance issues in question. The employee responded by resigning, declaring that the City was right, and that there was nothing left to say. And Lynn left the meeting relieved.

The situation with this employee was not unusual. It included performance issues that predated Lynn’s tenure, and a potential for a long, drawn out battle. According to Lynn, the CIS Pre-Loss advice he received made all the difference. “CIS Pre-Loss lived up to my wildest dreams. I never felt that Tamara was trying to nudge me in one direction or another; rather I was encouraged to display information in a logical, thoughtful format. The facts lead you to the end.” 🌟



SUTHERLIN COVERED BRIDGE

Consolidated CIS Assets, Liabilities and Net Position

	As of June 30,	
	2014	2013
ASSETS		
Cash and Investments	\$ 167,485,822	\$ 151,198,511
Receivables	2,652,659	6,795,823
Deposits and Prepaid expenses	954,470	1,718,734
Other noncurrent assets	1,492,213	1,570,907
Capital assets, net	3,399,309	3,422,484
Total Assets	\$ 175,984,473	\$ 164,706,459
LIABILITIES		
Unearned contributions	\$4,293,552	\$2,908,100
Accounts & Accrued expenses payable	3,359,195	1,509,335
Claims liabilities – current portion	19,678,056	20,412,290
Member dividends payable	-	755,418
Current Liabilities	27,330,803	25,585,143
Claims liabilities – noncurrent	28,693,797	25,189,388
Total Liabilities	56,024,600	50,774,531
NET POSITION	119,959,873	113,931,928
Total Liabilities and Net Position	\$ 175,984,473	\$ 164,706,459

Consolidated CIS Revenues, Expenses, and Changes in Net Position

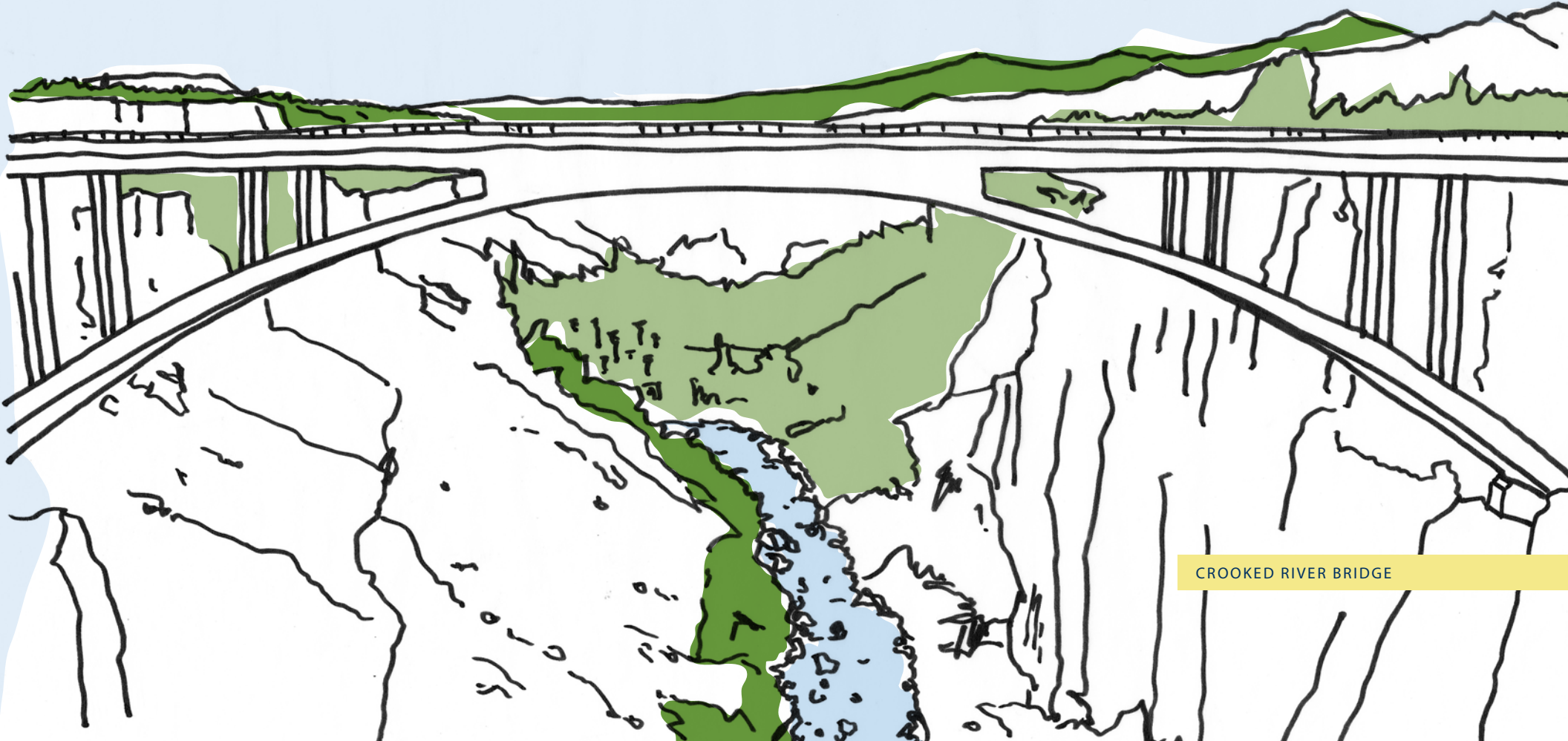
	For the fiscal year ended June 30,	
	2014	2013
REVENUE		
Member contributions	\$ 166,862,671	\$ 162,484,700
Investment and Other income (Loss)	5,849,784	(751,899)
Total Revenue	172,712,455	161,732,801
EXPENSES		
Claims expense	115,016,792	109,987,138
Reinsurance expense	7,462,887	6,785,500
Ceded insurance	22,114,742	20,994,345
Acquisition costs	10,293,300	9,223,885
Administrative expense	12,094,884	12,328,576
Total Expenses	166,982,605	159,319,444
Excess Revenue over Expenses before Member Dividends	5,729,850	2,413,357
Member dividend credits expired	298,095	-
Total change in Net Position	6,027,945	2,413,357
Net Position – beginning of year	113,931,928	111,518,571
Net Position – end of year	\$ 119,959,873	\$ 113,931,928

Consolidated CIS Net Position by Trust

	As of June 30,	
	2014	2013
CIS P/C	\$ 28,420,651	\$ 29,982,411
EBS	63,635,716	59,693,781
AOCIT	27,903,506	24,255,736
	<u>\$ 119,959,873</u>	<u>\$ 113,931,928</u>

The Summary Financial Information at June 30, 2014 has been derived from the Financial Statements with Independent Auditor’s Report for the Fiscal Years Ended June 30, 2014 and 2013; which is readily available at cisoregon.org/General/Publications.aspx. CIS’s Financial Statements with Independent Auditor’s Report is also filed annually with the Oregon Secretary of State–Audits Division and those filings are available at <http://egov.sos.state.or.us/muni/public.do>; search for government name starting with “CITY CO”.

The Summary Financial Information is unaudited and does not contain all the disclosures, Management’s Discussion and Analysis and other required supplementary information required by generally accepted accounting principles as established by the Governmental Accounting Standards Board who considers that information an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic or historical context. Reading the Summary Financial Information at June 30, 2014, therefore, is not a substitute for reading the Financial Statements with Independent Auditor’s Report for the Fiscal Years Ended June 30, 2014 and 2013.



CROOKED RIVER BRIDGE



citycounty insurance services
cisoregon.org

MAIN OFFICE: 503-763-3800 800-922-2684
1212 Court St. NE, Salem, OR 97301

CLAIMS OFFICE: 503-763-3875 800-922-2684 ext 3875
PO Box 1469, Lake Oswego, OR 97035

cisoregon.org

CIS is your partner across all of the bridges ahead ...



DRAKE PARK FOOTBRIDGE